



**SPI 344**

# How Studio Neat Became Physical Product Rockstars through Kickstarter

November 7th, 2018

Pat Flynn:

Hey, thank you so much for taking the time to listen in today. You know, it's been an interesting week here in the podcast because last week had two episodes come out; one on Wednesday and another one on Friday. The one on Friday was about me and my videographer's new invention called SwitchPod. You can find it at [SwitchPod.co](http://SwitchPod.co). This is a physical product. We've never done anything like that before so if you wanted to hear more about why that exists and how it was put together and a lot of the experimentation that we're doing there, you can listen to the previous episode, [Episode 343](#). But this episode, 344, I'm really excited because our special guests are Tom and Dan from [Studio Neat](#). The funny story about Tom and Dan is that both Caleb and I met them in person and watched them speak on stage at [Craft + Commerce](#), which is the convention and event that ConvertKit puts on. I was a keynote at that event so I got to meet Tom and Dan.

What's really cool about their business is they create physical products and put them on Kickstarter, and they've been very successful. You may have heard about a product once, called [Glif](#). This was their first product that did extremely well, which was the very first iPhone tripod sort of adapter. It made six figures in the Kickstarter world and they've since created multiple physical products. They've got the system down. They've got some really interesting techniques, they have some really great structures in their business, and they have some very interesting tactics for getting involved with new physical products. They've also had a number of failures as well, which they're coming on to talk about on the show.

I just wanted to do a couple of things here; one, just expose Tom and Dan to you because they are amazing, generous people. They've had a direct impact on where SwitchPod has gone to. Again, you can check out [SwitchPod.co](http://SwitchPod.co), which is live on Kickstarter right now at the time that this episode comes out. If you're listening to this in the future and you're interested in physical products, you can still check out SwitchPod.co to kind of see where we're at now with that, if it was successful. Hopefully, it will be. But Tom and Dan are amazing, they have some amazing approaches to their business

and I wanted to share how they do what they do and what they taught us too, to help us with our physical product. And even if you don't have a physical product, this is going to be a great episode because it teaches you a lot about just how to approach different problems that your target audience might have and how you can test things to make sure that what you're about to launch is going to be successful. So, thank you for listening in, let's cue the music, then we'll get right to it. Here we go.

**Announcer:** Welcome to The Smart Passive Income Podcast, where it's all about working hard now so you can sit back and reap the benefits later! And now your host—he likes to doodle when he's on a conference call—Pat Flynn!

**Pat Flynn:** Hey, what's up? Pat here, with Tom and Dan from Studio Neat. I'm so excited for this conversation today. Tom and Dan, thank you for being on the show today.

**Dan Provost:** Thanks for having us.

**Tom Gerhardt:** Thanks for having us.

**Pat Flynn:** I would love to know how this all started, and then we'll get into the how-to, because I was first introduced to Studio Neat at a conference in Boise, Craft + Commerce, which is run by ConvertKit. Your presentation, out of all the presentations that were there—both of you were on stage—was the most inspiring to me. That's largely in due to the fact that myself and my partner, Caleb and I, we were coming out with our own physical product, too. This is what you guys do and your story and the way you've made it seem so achievable just was really, really great. As many people who are listening to this know, we came out with our own physical product. I just wanted to thank you both publicly for helping us and guiding us in the right direction here. Many people have, but since you're here I just wanted to thank you both publicly for that.

**Tom Gerhardt:** Awesome, yeah. Well, thanks a lot. I mean, that's why we like

speaking and having a podcast and blog posts because, you know, from our perspective it's pretty insane that we're doing what we're doing. I guess as a little backstory, Dan and I were both living and working in New York City as designers, kind of just out of grad school, like full time. The iPhone 4 had just come out and that was kind of the first nice camera on a smartphone. Dan was like, "Man, I wish I had a way to stick this thing on a tripod." So, that was kind of the first little text message. From there, we just kind of started making sketches and doing some kind of 3D modeling like we're kind of used to doing as designers, and then we kind of arrived at this thing that we liked. We thought it was a pretty cool design. We had been able to make some 3D prints and so we knew it worked and it was this physical thing. But, we were like, "Okay, this is a cool thing. We wish other people had it," but we didn't know how to get there and we didn't have any way to really raise money. We didn't have any experience being like, in business or anything like that.

This thing, Kickstarter, had kind of come out that year and we hadn't really ever seen like, a physical product go big or be big on there before. We figured, "Hey, let's try it." We had a goal of \$10,000 and we ended up tripling that goal in the first day. It was kind of crazy. It was the first big Kickstarter product really, for like a physical product before. It was in the Apple world so we got a ton of press. Our minds were kind of like blown. We didn't really know what we were doing so pretty quickly we were like, "Okay, I guess we have to make company now." Ever since, and that was in 2010, ever since then we've kind of been doing the same thing where we have an idea for a product we think would be really great or useful for people and we make it kind of the best way we can, find the best way to get it made, and then release it. That's kind of what we do over and over again.

Pat Flynn:

That's amazing. I love that story. And, Dan, from your perspective, what was it like to get this sudden rush of customers on Kickstarter for a product that really hasn't even been created yet, or a company that hasn't even been formed yet?

- Dan Provost: It was nuts. It was crazy. Yeah, I can still kind of feel—I can remember that feeling of just incredible excitement. I think exhilarating is probably the best way to describe it. It was just so exciting. You know, we had kind of, a little bit been kind of doing things where you could write a blog post and maybe it gets picked up or something and you get a lot of views and it's really exciting like, "Wow, all these people are reading this thing that I wrote." But, to have that then kind of translate into actual dollars, where instead of page views it's just like dollars and customers ratcheting up and up and up, it was really just tremendously exciting to know that we had hit on something that people were interested in. That feeling kind of never gets old for every Kickstarter that we do. It's just an awesome feeling.
- Pat Flynn: That's amazing. Dan, how many Kickstarter campaigns and products have you gone through at this point?
- Dan Provost: I think we've done nine Kickstarter campaigns and then we've also done several products kind of off Kickstarter for various reasons. In total, over twenty products, but we've kind of lost count at this point, which is also crazy.
- Pat Flynn: That's incredible. That's incredible. We're going to definitely dive into the how-to. I mean, you've definitely done this multiple times so I'm sure there's a lot of knowledge there of things that have worked every time, things that didn't work and then you stopped doing those things. We're going to get into that. Tom, I wanted to talk about that first product really quick. Correct me if I'm wrong, this was called the Glif, right?
- Tom Gerhardt: Mm-hmm, yep.
- Pat Flynn: I was a part of that campaign. I backed it because I needed that thing. I didn't even make that connection until I saw you guys in Boise, until later in the presentation when you showed the image of that. I was like, "I have that thing. That's so amazing." It wasn't like, a complicated thing, either.

Tom Gerhardt: No.

Pat Flynn: It fulfilled a hole in the market for when that iPhone 4 came out. Go through the iterations that kind of at the start—okay, you draw it up and then you design it, but you didn't have business experience and I'm assuming you didn't have manufacturing experience. How do you take an idea in your head of just like, "Okay, I need a thing that holds an iPhone," to an actual physical product?

Tom Gerhardt: Yeah. I think we got really lucky. We like, somehow picked the best product to ever start with because it is, like you said, so simple. It's like, one piece of injected-molded plastic with one insert in it. It's kind of one of the simplest things you can make at scale. You know, we got pretty far with the skills we knew how to do, which was like, sketching, using some 3D modeling on the computer, and then 3D printing using a third party service. It was [Shapeways](#) back then, which is still great. We had these plastic things in our hand, but they weren't exactly what we wanted. We wanted them to be more rubber and nice. We had never done anything anywhere like that. I said we were designers, but like Dan was doing UI design at Frog Design and I was doing like, software and some other stuff.

We had never done anything that interfaced with manufacturing or industrial design. We kind of just took a leap. We knew that injection molding was kind of the piece we needed. We got some idea of how much money we needed to make that happen. That's where that \$10,000 goal came from, to make this very expensive steel mold that you need to make these things. But, after the Kickstarter blew up and got big, there was kind of these series of people helping us out. One of the first ones was this guy named Patrick who, I don't know if you remember DODOcase, but it was this iPad case that was like bamboo and nice materials and it blew up on the internet. Not on Kickstarter, but it just blew up. He had to scramble and figure out all this stuff and he just happened to be in New York after we had launched and he was like, "Hey, I have a lot of advice for you guys. Let's meet for lunch."



We chatted with him and he gave us a lot of direction on how to manage this as a small team. He told us about third party fulfillment and just kind of gave us some pushes toward some service that would help us kind of figure that out. That was a huge help in kind of grounding us and like, “Okay, there are some services for this that can help us out and we can get there.” Then the next huge help came. There was this company in South Dakota called Premier Source. Their IT guy had just heard about the campaign and saw it. He talked to one of the engineers of the company like, “Hey, we should help these guys out. They probably need help and this is perfect for us.” They basically, what they do is they make injection molds and they do injection molding in South Dakota in Brookings, South Dakota. We just got a cold email from them being like, “Hey, here we go.”

That started a really great, over a decade-relationship with this company in South Dakota where they really helped us walk through kind of what we needed to do to tweak the design, and how the manufacturing works, and then manufactured it for us. So, you know, the thing we, I think, really learned from that process is people are such a great help and it never . . . the best thing to do often is to just straight up call people, like cold call manufacturers or email people that are doing something similar to you and just kind of ask for advice because it’s this huge shortcut. That was, I think, the life saver for us. A, we had a simple product, but also it was this kind of confluence of things. The crazy thing, which eventually we learned that this is definitely not the case, but we went from the Kickstarter ending to shipping all of the product to all the customers in three months, which is a ridiculous timeline. That like, doesn’t happen and it’s never happened again. It’s super fast. After we had done that, we were like, “Oh, this is easy. What are you talking about?” We learned that that is not the case almost ever, but I don’t know, the stars aligned with that first product.

Pat Flynn:

The reason it happened so quickly is because you had already had these relationships and you kind of figured out the process beforehand. I remember, I think I backed a few things that I still haven’t even gotten yet and it’s been a year and a half. I actually

need to go check on those. Thanks for the reminder.

I would love to know, when developing this product—so Tom going to you now—was there any forums that you went to in person? Did you share it with people and get feedback? How many iterations until you got it to the point where you're like, "Okay, this is what the final prototype's going to be like, and let's now go into the molding and the injections. Let's get to that phase." How much research was done before actually getting to that point?

Dan Provost: Yeah. This is Dan, by the way.

Pat Flynn: Oh yeah, sorry.

Dan Provost: That's alright. Yeah, we did . . . I mean, we were so new at kind of this process, like Tom said, kind of interfacing with manufacturers, that we didn't do a ton of research or really even user testing. It was a lot of just gut intuition. We would get 3D prints in the mail from Shapeways and then kind of test them out ourselves and get feedback from our then girlfriends, now wives. That was kind of pretty much it. I think that was another key lesson, is just learning that Kickstarter actually acts as idea validation as well. The two of us were feeling good about it and the handful of people that we showed it to thought it was cool, but getting all those customers flooding in on the first day, that was the best kind of user testing or idea validation we could have asked for, is just all these people with real money saying, "Yes, I want that thing." Then we kind of just scrambled from there.

In terms of figuring out how to actually manufacture this thing, we didn't have a choice. It was like, "Well, we have all these customers now. We better make this happen." It was kind of an incredible motivator and instigator to be like, "Well, there's no turning back now. We've got to figure this out." I think we're really fortunate that, like Tom said, it kind of all . . . the stars aligned and it just went really smoothly for our first campaign, which wasn't always the case in future campaigns.



Tom Gerhardt: Yeah, so to provide some advice—so now having done this and kind of tried some more difficult and more complex products, our development process takes well over a year sometimes just from idea to, “Okay, now it’s ready for a Kickstarter campaign.” We’ve learned that we got really lucky with the Glif and partially that was because the . . . it was so simple functionally, like you could describe the whole product in a single tagline, completely. There wasn’t a lot of like gotchas there. It was like, okay, it just had to hold your phone securely. That was pretty simple. But now that we’ve tried at some of these larger and more complex products that have a different value proposition or need to function in some way, we’ve started doing a lot of that stuff where we’ll make prototypes, we’ll get to a point where we’re pretty happy with it and then we’ll send it to some kind of beta testers.

We have friends who we trust where we will make some prototypes that are betas and then send them out to them and try to have them honestly use them and honestly evaluate them. There’s that whole design of the usability side and market fit, which like Dan mentioned, Kickstarter super helps. But then, there’s the whole manufacturing validation like, “Okay, is this . . . can you make this thing?” The design kind of works in like three phases as we see it. There’s this first ideation where you have an idea of what it should be, you kind of bring it to life from your mind, and you kind of develop it into something that works and it works pretty well. It might look good on paper, it might look good in a rendering, and you might have an idea about how it would be manufactured, but you don’t know how much it would cost, and it’s kind of just this fuzzy thing.

That’s good enough to where you can send it to people and get feedback, but then you have to figure out, “Okay, how do you make this thing and how much is it going to cost? What changes do you need to make to get there?” For that, we do a lot of . . . Well, A) we’ve learned a lot over time so that helps us, but really, sending drawings to manufacturers that, by the way, we find by just Googling. Sending drawings to manufacturers, getting them to look at that and talk about it. You can just call them up on the phone and

they'll walk through like, "Oh, this is tricky. This might be expensive. Blah, blah, blah." It's kind of this massaging process where you try to talk to manufacturers, find the suppliers, find the pricing, and then massage the design as you go. Then, you know, you launch it. Hopefully with Kickstarter you get a successful Kickstarter and everything works.

But then there's a hidden third design phase which is, after it's started being manufactured or you're getting production samples, often there are problems that come up and that requires you to change the design usually. There's that third process is the thing I think that people really underestimate, especially on Kickstarter. It's their first time, things are going to go wrong or things are going to be not what you expect. Learning to be flexible and really have an open communication with your manufacturers, the people making it for you, doing a lot of prep work to kind of minimize what can go wrong in that third phase.

Pat Flynn: Yeah, I'm scared. We're still on our first one and so far things have been going fairly well. But we are flexible, we're entrepreneurs, we know that that's just part of the process. I'm curious, Dan, can you speak on, after your first idea, which kind of came from A, "Hey, this new product came out. We need this solution." You've done many more products now. Are these just random ideas that come at you or do you have people pitching you these ideas? Where are these ideas coming from? I'd love to speak on this for the audience who . . . physical products sound interesting, but they just don't know where to start.

Dan Provost: Yeah. That's a great question. The vast majority of our product ideas come from basically scratching our own itch, kind of finding what we like to say, just like these little frictions in our lives that we think we could design a solution for. We're basically, selfishly, we're kind of designing products for ourselves. We're designing things that we want and kind of assume that other people want them as well, and then we can use Kickstarter to validate if that's actually true. We don't really take solicitations of ideas from just random people, but initially, when we were starting, we were just kind of bouncing all

over the place from product category to product category, and that was fun and interesting, but also created some problems. I think we've settled down a little bit since then, to where we have these kinds of genres or like product categories, and we're interested in building them out a little bit and seeing what happens.

For example, we have stationery stuff now. We have a notebook and a pen, and we're interested in making more notebooks and more pens to kind of all work together. So, we're doing a lot of that stuff now, but we're still always willing, if we get a really exciting idea, we're willing to jump into another product category, because that's what we've kind of been doing this whole time.

Just to give a specific example that I think is kind of interesting, is when we followed up the Glif with our second Kickstarter, which was the [Cosmonaut](#), which is a wide-grip iPad stylus. That idea kind of came about . . . we didn't necessarily think that would be a product. It actually started as a blog post that we wrote that was just like, "Hey, we think that all these people that are making iPad styluses kind of have it a little bit wrong, and it should be more like a marker instead of a pen, because of the low-fidelity nature of using an iPad for sketching."

So we made this crude, kind of dry erase marker-sized stylus, like a very crude DIY prototype thing, and that blog post kind of took off. It got some traction, and some kind of influential Apple bloggers were like, "This is a cool idea. If this was a real product, I would buy it." And I think that kind of inspired us to actually make it into a product. That was kind of putting something out in the public, and kind of seeing if you can validate the idea before it even is on Kickstarter. That was kind of interesting, in that case.

Pat Flynn:

Yeah, I love that, the idea of using your platform that you have to kind of just tease different things that you could potentially come up with to gauge interest, even before you get on Kickstarter.

I love, by the way, the [Panobook](#). That is such a great design, and it just makes sense. So, for those of you who don't know the Panobook, it's another Studio Neat product which is essentially a notebook that you keep in front of your computer, but it's shaped in a way that fits, like right in front of your keyboard, versus the eight and a half by eleven nature of a normal notebook.

Like you said, scratching your own itch, and I definitely agree, you kind of have to keep your eyes and ears open for those little frictions. That was the phrase I took away from your presentation in Boise, was like little frictions, and definitely this tool that we're creating for vloggers now is one of those things. It validated the fact that we are onto something for sure, and of course now we're on to the Kickstarter phase, and I'd love to kind of move into that now.

So, we talked about the ideation, kind of starting process, design process. Kickstarter, it sounds simple. Put a video up, launch it on Kickstarter, boom, you're done. See if people want it, but obviously there's a lot more to that. Tom, can you speak on like, all the ins and outs and kind of the hidden unknowns that we, who haven't gone on Kickstarter yet, should know about?

Tom Gerhardt: Yes, it's tricky. It's such a broad world, but if you're making a physical product and launching it, I guess in the way that we typically do, there are definitely some big pitfalls that we see people fall into a bunch that might not be that obvious.

So, one thing we see a lot, I guess like our general biggest tip is to keep things simple, especially if you are starting out. That means—that can be what the product is. Keep the product simple. Make it small. I would encourage everyone, if you're interested in a physical product and interested in Kickstarter, make the simplest, smallest thing you can, and hope and try to get just a hundred backers, and then make that thing and ship it to the backers. And what you'll learn is, you'll see the full production cycle of what it means to make and deliver a physical product. You kind of learn everything, even if you're only making a hundred of something. You kind of learn the whole thing, and it's way less risk, and it's way easier for you.

Keeping it simple, especially when you're starting out, is huge. That also extends to the rewards. A lot of people will do stretch goals or stretch rewards where they have their main product, or thing, or goal that they have. Like, I want to make a sledgehammer, this really awesome sledgehammer, but then there's kind of this trope on Kickstarter where you have stretch goals where it's like, "Okay, well if we get to \$400,000.00 we can make a green one." Or, "Oh, if we get to five hundred thousand we'll give you this extra spike, or something, that you can use with your sledgehammer." That seems like a great idea because it might juice the numbers and help you drive the campaign some, but it also is very distracting because to make that spike that you're also selling with the sledgehammer might be more complex to make than the sledgehammer.

It's really difficult to know, especially from the beginning, where the problems will lie, and what happens. So, wouldn't it be a shame to have all these problems and delays and cost overruns from the kind of add-on things, opposed to the original product you just really wanted to give to people?

We advise people to just stick with one or two tiers for the reward, and keep it just really simple. There's no reason to kind of goose it, and then Dan, can you think of anything else that's like, an obvious one? Those are the huge ones. Oh, sorry. I know one more.

Time. Do overestimate, A. How much time it will take for you to deliver the product to people, by like three times. So tell your backers, if you think it's gonna take you six months, tell them it's gonna take a year. Tell them it's gonna take 18 months, because likely it might. So, that's one, really under promise and over deliver.

Then the other big thing for estimating is costs and how much money it will take to fulfill the thing. So, one of the hardest parts about physical products is actually the logistics of moving it from you or your manufacturer to the customer. So make sure you do your due diligence on how much it costs to ship domestically and how much it costs to ship internationally. Of course, for us, 30 percent or 40 percent of our backers are typically international



backers, and if you haven't got those shipping costs right that can suck up all your profit real quick.

So, here's another big one, is really kind of do your work in figuring out the logistics part. It's really boring, but it's actually kind of the hardest part of the whole process of getting that to run smoothly, and we still mess that up all the time. It's a really difficult thing to get right.

Pat Flynn: So, logistics, how would one even begin to figure out how to solve that? And you had mentioned something earlier, third party logistic companies. Dan, do you have recommendations, or where do you find them?

Dan Provost: Sure. That was actually—Tom mentioned Patrick from DODOcase giving us some advice in our early days and that was, I believe he was the one that pointed us to [Shipwire](#) as a fulfillment partner, and we've been using them ever since.

Third-party logistics, like 3PL, you'll see they're kind of all the same in some ways, and there's quite a few of them. There's [Whiplash](#), is another pretty well regarded one, I think.

We're really excited about [BlackBox](#), which is, yeah, that's an offshoot of Cards Against Humanity. They basically started a fulfillment company, and I want to recommend them specifically, because they're doing something really interesting where, they're kind of geared specifically towards first time Kickstarter creators, where they have a kind of soup to nuts, complete solution, for people that are getting into shipping physical products for the first time.

So, they handle all the shipping obviously. They handle all the customer service related to shipments, and then they also have kind of like an ecommerce aspect, to where if you wanted to sell your product after your Kickstarter, which I assume most people do, they have this kind of like, plug and play checkout button that you



can just drop into your website, and that ties to their backend, and handles all the fulfillment.

So, if Blackbox existed when we were starting off, I can't imagine why we wouldn't use them. I think they're the only ones that are offering that type of solution, where it's just like, "We handle everything." I mean, I guess that's the name, it's literally a black box that they're kind of doing everything behind the scenes. Yeah, for first time people, I'd give it a strong recommendation to them, for sure.

Pat Flynn: Cool. Thank you for that, Dan. Dan, do you have any other thoughts on kind of hidden things in Kickstarter we need to learn about?

Dan Provost: Yeah, I think Tom touched on a lot of them. I would say, to me it's always about clarity, and so, have a short video that's really focused. Don't have a ton of reward tiers. Try to keep it really simple, and really clear, because I think a lot of people, they want to have all these bells and whistles, or they want to have all these color options, or all these confusing tier packages. I think it's really to your benefit for many reasons to just keep things really simple and really clear, because it makes it easier for a potential backer to kind of understand what it is you're doing, and why you're doing it, but then also for your benefit, the less skews you have or whatever, the easier it is gonna be to make the thing and ship it and everything. So I would stick to that.

Pat Flynn: Thank you. I think this is very common in both a physical and digital space software, especially where you get this thing called feature creep, where you always want to add new things, and you could, but then it would end up looking like the AT&T U-Verse remote, with like a hundred buttons that nobody uses, right? I'd love a remote control with four giant buttons, channel up, down, and volume up and down—but going back to the pledge goals.

It's really funny too, because we had even considered multiple colors for the SwitchPod, and it could have been you guys at the

conference, or other people, multiple people said, “Don’t.” Like, don’t go there yet.

Dan Provost: Yeah. Do not. Do not.

Pat Flynn: And you’re saying it again, and even multiple sizes, but we’re just making it easy, so I’m glad to hear we’re on the right path. I’m curious about the pledge goals though, because I’ve been a part of Kickstarter campaigns where as a backer, where there are twelve different levels, from the dollar, just kind of support you one, all the way up to the \$10,000.00 meet the founders one. You say just have a few for a physical product, specifically.

Tom, let’s go to you. What would those pledge goals be? Would it simply be the product, and then maybe three of that product, and that’s it? What do those pledge levels look like?

Tom Gerhardt: Yeah. If we had our druthers, we’d always just have one. One thing. We often end up with two or three, and it’s because of multiples, like you said, where you want to buy . . . Like recently, our most recent Kickstarter was for the [Mark One pen](#), and we had two colors of pen. We had a white one and a black one, and we knew a lot of people would probably want both, and so we had a tier for one, and we had a tier for two, but then we also had a tier for a pen and a pen book. That was kind of an odd one.

We wouldn’t have guessed that that’s the right thing to do, but after doing these campaigns for so long, often people will message us, “Oh, hey, what do I do if I want to pledge for two?” And you usually you have to tell them, “Oh, okay, we’ll add extra money to your thing. We’ll figure it out later.” It just becomes kind of a logistics problem. So, we ended up usually having like tier for two or so if it makes sense for the product, but often if we could just have one, we would totally just have one. I think people are coming to your Kickstarter campaign to support you as a human being, and also for your product, and the main product, they might pick the one that makes the most sense for them, but I don’t know. I don’t think that’s going to be the thing that pushes them over the edge.

However, there is kind of a caveat to this now. Lately, we've been using this thing called [BackerKit](#), which is a thing that kind of helps, especially if you have a larger campaign. It makes a lot of sense, because it kind of sucks the information out of Kickstarter and then it helps you get the surveys from people, and organize your shipping and logistics, but another thing it does is it provides a space for people to add on to their pledge.

So, that's really a great place for someone to add multiples of something, and so now if someone's like, "Oh, well, okay, I want a third pen. What do I do?" We just say, "Hey, when we send out the survey there's gonna be a way to do that." So now, there's kind of some more technology with BackerKit, and some other services. [CrowdOx](#) is another one. There's more of a way to do that. It used to be that there wasn't really a way, and you'd be like manually entering something on a spreadsheet, and it was just a pain to keep track of, but now there's some better stuff.

Honestly, like Dan said, I think it's just about simplicity, and not overwhelming people. One other thing I thought of while Dan was talking that I wanted to make sure I mentioned about Kickstarter, and something about the video—Obviously, the Kickstarter video is kind of the thing. It's the thing that people watch, but the thing that I think we always try to remember, and we actually got this note from the very first Kickstarter we made: We made it, we sent it in to Kickstarter, and then they were like, "Oh, you know what? The thing you guys didn't do was ask for help." And we realized that really all a Kickstarter video is, if it's done right, it's you as a human being asking another human being for help across the screen.

So, all of our videos always are the same way, where it's Dan and I sitting on a couch saying, "Hey, we made this thing. We think you'll like it." And then there's like a little edited series of, "This is all the stuff we think is really cool about it, this is what it does," and at the end, we're like, "We need your help to make this thing. Honestly, we do." And that's kind of the whole video, and for us, it's true. If we don't get the Kickstarter money, we can't make this thing. It's like, straight up honest.

Now, there are lots of other ways to use Kickstarter. There are companies who have the product made already. They have easy funding and they're using Kickstarter as a marketing tool, but for us it just makes sense. Like, Kickstarter in its most authentic sense is like a place where creators ask people for help, ask people on the internet for help. So, we think your video should reflect that, because people really respond to that.

They respond to authenticity, and one thing that really proved that to us was, you talked about the extra tiers. One of the tiers we had on our first Glif campaign was you give us \$250.00 and we'll have dinner with you in New York, which is a weird thing in hindsight that we did, but some amazing stuff came out of that. We had a couple strangers actually back it, and choose that goal, and we went to dinner with them. Typically it was like—one time it was a couple lawyers who literally wanted to help us. They're like, "Hey, we just think this is awesome. We want to help you and give you some legal advice." And then the other person was a very wealthy person from the Middle East who was like, "Hey, I think what you're doing is really awesome. If you ever need any contact, blah, blah, blah, let me know."

That wouldn't have happened if we were some faceless corporation asking for money. It was because we were two guys sitting on a couch asking for your help. So, I think it's a really important thing to remember about a Kickstarter video, is that it is often just you asking for help, and I think doing that is important.

Pat Flynn: Thank you for that, Tom. I really appreciate that.

Dan, when it comes to getting something up on Kickstarter, like Tom was saying, Kickstarter is . . . There is some marketing that can happen, just by being on that platform. Did you guys do anything more to get the word out there?

Dan Provost: Yeah, totally. I think it's a mistake to put a project on Kickstarter and assume that you're finished, you've done all the work. Really the work begins once your project is on Kickstarter. I kind of liken it to

the state of the App Store these days, where you can't just put an app on the App Store and expect it to sell or be downloaded. You have to do marketing and promotion outside of that, and I think Kickstarter is more or less the same way. They probably are better than Apple at like, internal promotion, where you can be project of the day and things like that, but really, you have to do your own marketing.

We've built up press contacts over the years, like our very first project for the Glif literally took off because of one blog post from John Gruber on Daring Fireball, and then Gizmodo and all these other places picked it up, and it kind of snowballed from there. We were really fortunate in that regard, but yeah, it's all about outreach. You have to find a way to share it with people that would be interested in sharing it. Like Tom was saying, going back to the authenticity, it can't be PR spam either because again, at this point Kickstarter primes are a dime a dozen. What is special about yours? What is interesting about it? Why are you super excited about it? That needs to come through in your pitch, otherwise it's just another Kickstarter project. Yeah, that authenticity and why you're excited about it, and why you think it's interesting, it's super important to communicate that.

Pat Flynn: So Tom, you guys didn't do a massive ad campaign or Facebook ads and things like that, or any . . . ?

Dan Provost: Until the last campaign, we had never done any paid advertising for Kickstarter. It was all organic, but we tried out this company called [Jellop](#), which is like dollar spun 180 degrees, but what they do is they do Facebook ads for Kickstarter campaigns and they come in the last week, but they only work with you if you have a somewhat successful campaign and they know you already have some traction. They come in, and they run Facebook ads for you, and then they basically take a cut of whatever they bring into your campaign. And that was the first time we had ever done any paid advertising for a Kickstarter campaign. It's like an experiment. We didn't put a lot of money into it, but we tried it out. And it was pretty successful. It was pretty good. It ended up being, after you pay for



the advertising and their fee, it was a 30 percent, roughly, take off of any pledge that we got, and we had the margins to support that.

Pat Flynn: Yeah.

Tom Gerhardt: Sorry, go ahead if you had . . .

Pat Flynn: No, I was just saying that's awesome that it was positive ROI.

Tom Gerhardt: Oh, yeah. Definitely. So, that positive ROI is the thing that scares me about Facebook advertising like that, because I would imagine that a lot of companies start doing the Facebook advertising for the Kickstarter and they start getting down to like, "Okay, well we're spending 50, 80 percent on this ad spin to get this pledge," and at that point I bet there's almost no product out there that you're gonna have the margins to really support that. The problem is you're not going to find that out until the end. And so, especially for first time creators, I would basically just stay away from paid advertising, because Dan and I have done this enough to where we're pretty solid on what our end gross margins would be, but it's a really hard thing to know. Things pop up all the time, and so it's difficult.

And the thing that's scary about some of that online or Facebook advertising with Kickstarter is if it blows up, that could actually be really bad. Dan and I, our campaigns are always around \$200,000 dollars. We're happy with that. A couple thousand backers are great. It lets us make the product. If we had a campaign with 50,000 backers, a couple million dollars, even for us who have done it a lot of times, it would be pretty rough, I think, because the game changes when you're at that level.

And so I don't know if, especially when you are starting out Kickstarter, that huge growth is what you want. I don't know. It's a really risky proposition in my mind.

Pat Flynn: Yeah, I'd love to talk a little more on next steps and growth of the company and those kinds of things but before that, I'm just curious



. . . Dan, do you guys have any experience with failed campaigns? It sounds like everything has always been rainbows and unicorns at this point, but I'm assuming that's not the case, because you hinted at it earlier. What were some of the failures that you experienced along the way?

Dan Provost: Yeah. So, we've had one failed Kickstarter campaign to date, and it was for a product called Obi, which was a smartphone-controlled laser cat toy, which is just ridiculous coming out of my mouth. But yeah, that was when we were in our phase of, "Oh, we can . . . Product categories? What product category? We can jump around as much as we want." So, up until that point, we had done iPhone accessories and iPad accessories, then cocktail tools and iPhone apps. And so we felt like we were jumping around so we could jump to this other pet toy category which, by the way, was desperately in need of a design touch. Almost every pet toy is really bad. And so, that's what inspired us to go into that product category, and we think we made a compelling product, but it turns out it was a real misalignment with A, our existing audience, and we just had a hard time finding the audience for it.

So, that campaign failed. It was our most ambitious campaign to date. Our funding goal was \$120,000 dollars, and we ended up raising basically half that, like \$60,000. It wasn't an abject failure, but it was clear that we just didn't have the traction to make it happen.

Honestly, it was a blessing because, again, the whole idea validation idea is—we could have sunk tens of thousands or hundreds of thousands of dollars in that if we had not had Kickstarter to tell us no, basically, "Don't make this thing."

And so, aside from that, I think it was a real . . . It was kind of a come to Jesus moment for us a little bit as a company where it was like, "Okay, we need to acknowledge our existing audience and think of ways to serve them." So, we followed that up with some more Apple related products. We made some iPhone and Apple watch docks, charging docks, and things like that. But even though we've

continued to fuel the freedom to jump product categories, like I said—we're doing stationary stuff now—it still feels like a much tighter alignment with our existing audience and our existing fan base than the pet toy, which I think was a little too off-kilter. I really value that moment as a really important moment in the history of our company even though it felt terrible while it was happening. I think we came out the other side so that's good.

Pat Flynn: Yeah, good for you guys. Tom, after a Kickstarter campaign, obviously you'd want to sell this product and continue to sell it, and you sell it on your website. You have a lot of amazing things to look at at StudioNeat.com, so go ahead and check it out, for all of you listening right now. StudioNeat.com, you can see a lot of their previous Kickstarter successes now for sale for you, like the [Panobook](#) and things like that. But I remember asking you a question, I think it was in the green room before you spoke about . . . Or maybe it was on stage, I can't remember. It was about the reasons why I don't see these things in retail stores. Why don't I go to Target and see the Panobook? Why don't I go to Walmart and see the Glif? Can you speak to why you don't, or choose not to go down the retail route, and just stick to selling on your own?

Tom Gerhardt: Yeah, complex question. I think one of the biggest reasons is we make products that are a little too niche for most retailers. I think some of our things could fit in a Crate & Barrel or West Elm or something like that, and we've had some of those discussions with some of those companies before. So, that's one. I think if we had a product that was awesome for Target, we would maybe put more effort into it, but the thing that ends up happening a lot is there is a huge amount of risk associated with major retail. Being a small company that we are, we often just . . . The math never works. A, major retailers want pretty large margins, which is pretty standard, but they want at least a 50 percent discount, usually a little more. And that works for us typically, but it's a little bit painful. But then when you start talking about, "Okay, well how much are they gonna buy?" and sometimes they want to validate your factory and be like, "Oh, we want to make sure your factory can produce at this quantity," all this stuff. It ends up being a lot of steps you have to

go through, and then you find out, “Oh! Well, they have a buyback program where if we don’t sell all your products, you have to buy it back from us.”

So, it ends up being this situation where, “Oh, great let’s go to Target!” And they’re like, “Okay, great. Make 20,000 units for us, okay? And then we’ll pay you ninety days later. And if we don’t sell them all by not placing it well or whatever, or it’s not a good fit, then you guys have to buy them back from us.” So, it’s just a lot of risk associated with major retail, and we don’t see a lot of upside. That’s not always the case. Sometimes there are some smaller places, like a Crate & Barrel or something, where they don’t want as many units and we could do it, but it’s a lot of rigamarole and packaging requirements and things you have to go through.

And really, we’ve decided to set ourselves up for ecommerce really well. So, we have our own website that’s direct-to-consumer. So you go on there, it ships from our warehouse directly to you, it’s great. We have a good customer relationship there. Then, we also do . . . Sometimes half of our revenue is on Amazon.com, and for us that’s kind of our wholesale channel. It’s not wholesale, but it feels that way. So Amazon takes like thirty-ish percent, and we use their Fulfilled by Amazon program, so it’s really cool because people with Amazon Prime get free shipping on our stuff.

So, we just send bulk inventory to Amazon, they put it in their warehouse, they distribute it all over the country, so it will ship quickly, and they literally handle the customer service, they handle everything after that. And so, for us, that’s where it makes sense to us. We can have our branded, personal experience on our website and if someone is wanting something quick, or they are just browsing Amazon or whatever, they can go through Amazon. So, for us, it . . . That’s fitting the bill for us instead of major retail. And honestly, we have a little mastermind Slack group with a bunch of other companies that are similar to us, and none of them have had a good experience doing major retail. I think we’re just too small. Honestly, I just don’t think we have the infrastructure and the scale to do it well. It’s really tricky.

Pat Flynn: Well, even if you did, it's like . . . You know? Initially when I think about physical products, I'm like, "The dream is to get into a Walmart," or, "The dream is to get into Target and just have it be in tens of thousands of people's hands," but then like you were saying, the logistics, and is that what you really want? That was the dream, I think, for a lot of people, but now with the internet, and the tools that we have access to, and the experiences that we can give our customers on a much more deeper level, maybe that's not even a thing that you would want anymore.

Tom Gerhardt: Yeah, I don't think so. So, we have a friend company, Lumi, and they . . . Now they do their Designed To You line. They're really cool. So, if you ever want custom packaging or anything, go to [Lumi.com](http://Lumi.com). But before that, they made this thing called Inkodye, which was basically this really cool way to do screen printing and have it be sun activated and stuff on shirts and leather. So, they built their whole business where they did their own in-house manufacturing, and they went full on like, "We're gonna be in Hobby Lobby, Michael's, all . . ." And they were in every craft store around the country, but they had to have a huge sales team to pull that off. It was a big deal.

And so, they walked away from that eventually, because it was just too hard to deal with the net-ninety day terms, and they had huge cash flow problems dealing with these large retailers, because they . . . They're a huge corporation. They're like, "What do you mean? Why is \$30,000 dollars a big deal?" It's like, "No, it's a huge deal for us," so it's kind of playing the wrong game. And for us, the way we think about our business is we let the big companies make these big products and we fill in the gaps. We don't need to sell 100,000 of a product for it to make sense to us. We can sell 5,000, 10,000. It's a great product.

And so, we do the things that the large companies just won't do because it's too nice or whatever, so we're super happy being where we are. I mean, we don't have any aims to go clobber any big company. It's like, "What's the point? They make boring stuff anyways."

- Pat Flynn: Yeah. That's . . . I love that line of thinking, Tom. Thank you for that. And Dan, I'd love for you to help finish this off by talking about your team and the size of it. I was very surprised to learn who was all involved with the amazing business that you have. Can you share and reveal the size of your team, Dan?
- Dan Provost: Yeah. So, as Tom was talking, I did want to clarify because I don't think we actually mentioned it. Our company, Studio Neat is literally just the two of us, so—
- Pat Flynn: Just the two of you?
- Dan Provost: Just the two of us, and we . . . So, we don't have a sales team or anything like that, so that obviously plays into not doing these retail things and such.
- Pat Flynn: Right.
- Dan Provost: And yeah. Just being the two of us, it's been a very conscious decision of the kind of company we want to be, and in our hearts we're both designers, and we just love making new products, and we've kind of, by trial and error over the years, realized that the best way to do that is to just stay small, keep things simple, and . . . The formula we have, it seems to have illustrated that we can have repeated success by just kind of doing the same process over and over again. So, our current plan is just to keep doing that for as long as we can, and we don't . . . It's not like we're anti-growth or anything like that, but we're definitely anti-growth for growth's sake. And so we're trying to be very organic, and take things slow, and be just totally satisfied with it just being the two of us. So, it's been working great so far. Next month will be our eighth year anniversary of being in business, so—
- Pat Flynn: Wow, congrats!
- Dan Provost: Thank you! We're gonna keep going as long as we can.



Pat Flynn: I think that's really inspiring to hear, because I think a lot of us just feel like we have to keep growing, and going bigger, and we often forget about, "Okay, well why did we get into this in the first place, and what actually makes us happy?" And it's so cool to see a company that's been around for so long stick to that, and you're doing amazing things, you're creating amazing products, and you're both happy. I mean, it's awesome.

Tom Gerhardt: Yeah. I mean, just behind the curtain, I'm sitting in my home office, so is Dan. We both made choices to not have a space. We wanted to work from home to be close to our kids, and not have the overhead and all that stuff, but also that doesn't mean that we don't want to grow revenue-wise. The really amazing thing about the way we set up our company is we could sell ten times as much product next year and literally nothing would change, because all of our warehousing, fulfillment, manufacturing, everything is outsourced. So, when an order comes into our website it goes straight to one of our warehouses. We have one in L.A., one in the U.K.. And then it gets shipped out to the customer the next day. And so, that could happen at a way faster rate and it doesn't really change us at all.

And so, we are really optimizing to outsource stuff and keep it really simple, and keep it focused on what we're on, and I think we're actually in a really good position for the future, because I think the future for physical products is all about niche. It's gonna be . . . Like you said, you can be a small team and reach so many people. You can build this really niche product, like for vloggers. You could reach all the vloggers in the world pretty easily, and that's a huge, big market. And you don't need . . . You could be one person and reach all of the people. So, for us, it feels like we're set up for the future, because all the things that are hard right now are gonna get easier. So, manufacturing is gonna get easier, logistics are gonna get easier, outreach, advertising, it's all gonna get easier, and if we keep on our toes and keep leveraging technology to extend ourselves, I feel like we can grow. From a revenue point of view, there's no limit really.

So, it feels good. It feels like we're in the right spot, and I would



encourage anyone who's interested in that . . . I mean, just keep it slow and don't . . . There's another way to do it, and if you haven't read Rework by 37signals, Jason Fried, check out that book. That's been really helpful to us. And just knowing that the stories you hear about how businesses are run is not the only way. You know? You can do it your own way.

Pat Flynn: Guys, you guys are amazing! Thank you so much for coming on and giving us inspiration. You've been extremely helpful for me, and again, thank you so much for all the help you've given me and Caleb toward whatever the end results are gonna be for this SwitchPod. I'm just really excited.

Tom Gerhardt: It'll be great!

Pat Flynn: Thank you, man. Thank you. Dan, where can people go to find more info and check out your products?

Dan Provost: Yeah. I mean, you said it before, just StudioNeat.com is our website where you can check out all our products. We have a weekly newsletter, called The Gazette, if you're interested in hearing from us on a more frequent basis, and we also have a podcast called Thoroughly Considered over at Relay.fm. So, yeah. Lots of places to hear more of us if you're interested in that.

Pat Flynn: I love it. And Tom, any . . . One minute for a final piece of inspiration for everybody.

Dan Provost: Just do it. Honestly, I think if you're sitting there, and you are wanting to make a physical product, I'm serious, start something small. Make something you can sell to fifty people and put it on Kickstarter. Kickstarter projects don't have to be big, and you will learn so much by just going through that full process of making and delivering a product to someone. And if you like it, you'll just keep going. You can do bigger next time, but you can do it. I mean, Dan and I are a bunch of dummies. We don't know anything about business. We make our decisions on our gut, what feels good, and we just try to do it the right way, and you can totally do it too.

Pat Flynn: Love you guys. Thank you so much for coming on. I appreciate you.

Tom Gerhardt: Yeah, thank you.

Dan Provost: Thanks. Thanks for having us.

Pat Flynn: Alright, I hope you enjoyed that episode with Tom and Dan from Studio Neat. You can find them at [StudioNeat.com](http://StudioNeat.com) and all the amazing products there, if you want to check out the show notes and get links to all their other resources, the products that were mentioned. Unfortunately, that cat laser thing is not available, but I can see why it didn't make sense for them to continue to put more resources into that or try again, because they've really honed in on what they do, how they do it. It's just so interesting that they've stuck with a small team, yet they've been incredibly successful. So, hopefully some encouragement for you, especially as you hear a lot of these business owners continue to grow, and build, and scale with large teams. You don't have to do that, and I think that's a big lesson there that is one of the many takeaways in this episode.

So, if you want to check out the show notes, all you have to do is go to [SmartPassiveIncome.com/session344](http://SmartPassiveIncome.com/session344).

If you haven't yet listened to the episode with me and Caleb talking about the beginnings of our invention and how we put it together, you can find that in the latest episode on your device or [SmartPassiveIncome.com/session343](http://SmartPassiveIncome.com/session343). Anyway, thanks again. I appreciate you. Make sure you hit [subscribe](#) if you haven't already. We've got a lot of great episodes, and information, and encouragement, and motivation coming your way. And a big shout out to everybody who has recently left a review for the show as well. It's just so meaningful to me. It motivates me to keep going, keep creating for you, because I'm here to serve you. So, keep up the great work. Thanks, and I'll see you in the next episode. Bye.

Announcer: Thanks for listening to The Smart Passive Income Podcast at [www.SmartPassiveIncome.com](http://www.SmartPassiveIncome.com)!

RESOURCES: [SwitchPod.co](http://SwitchPod.co)  
[Session 343 of The Smart Passive Income Podcast](#)  
[Craft + Commerce](#)  
[Shapeways](#)  
[Glif by Studio Neat](#)  
[Cosmonaut by Studio Neat](#)  
[Panobook by Studio Neat](#)  
[Mark One by Studio Neat](#)  
[Shipwire](#)  
[Whiplash](#)  
[BlackBox](#)  
[BackerKit](#)  
[CrowdOx](#)  
[Jellop](#)  
[Lumi](#)  
[Rework by Jason Fried](#)  
[The Gazette newsletter](#)  
[Thoroughly Considered podcast](#)

*[\*Full Disclosure: As an affiliate, I receive compensation if you purchase through these links.]*

