

Saxx: The Underwear Company Conceived, Grown And Sold With Non-Stop Hustle – with Trent Kitsch

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Here's your program.

Andrew: Hey everyone, it's Andrew Warner. I'm the founder of Mixergy.com, home of the ambitious upstart. What do you do if you have a great idea for a business but you don't have any money to fund it? Today's guest has a few clever ways that he hustled and funded his company. We're going to find out about them including how he went on Dragon's Den, the Canadian TV show where founders pitch investors on backing their companies. His name is Trent Kitsch. He is the found of Saxx Apparel which makes underwear for men that prevents contact between the scrotum and the legs. Of course, it's for men only. I want to find out how his business grew, what happened after he went on TV, and why he sold the company. So, Trent, welcome to Mixergy.

Trent: Yeah, thanks, Andrew, nice to be here.

Andrew: So, the idea came to you when you were fishing. Can you tell my audience the story? How did you come up with this idea for this underwear?

Trent: If you're familiar with the show, the Deadliest Catch, with the ocean fisherman wearing the big red inflatable life preserving suits?

Andrew: Yep.

Trent: I was sitting in the front triangle of the boat with my legs pressed for about three days. The inflatable suit was kind of pressing my package against the inner part of my leg as all men can relate to. I was sitting there uncomfortable, just staring off into China, and I thought to myself, how can I redesign men's underwear to prevent contact and be more comfortable? My previous life was in baseball. I was a back catcher and I'd been around a lot of hard garments trying protect your nuts but, you know, in a kind of plasticky way.

So I took that hard concept and kind of morphed it in my mind into a side panel design of soft mesh that prevents your balls from touching your legs. It's essentially like a hammock inside a boxer brief. That's how I came up with the idea, and it was only about two weeks before my second year of my MBA. So I went back to school with this new idea.

Andrew: What I'm wondering is, I could see that the idea makes sense. I could see that you would want somebody to create it or you'd want it to exist in the world, but it doesn't seem like underwear is a huge growth business. It feels like all the people out there, all the young people who are building successful companies are jumping into the Internet. Why wouldn't you just say, yeah, this is a great idea, somebody else should make it. I've got to go focus on maybe a dot com startup or something. Why did you have to go and launch a business based on the idea?

Trent: I think it was kind of like my definition of entrepreneurship is recognizing problems. If you can recognize a problem and if that problem is big enough, maybe there's a business there is my thought.

Andrew: Okay.

Trent: I kind of recognize the problem as my problem, and maybe it was a problem kind of looking for a solution. But then once I kind of started talking to people about it, they thought it was crazy. Yes, I got laughed out of a bunch of rooms. I think it was something that was appealing to me because it made sense. I could see that there was room for margin. Then when I looked at some of the macro things that you look at, like market

size, it's a huge, huge industry, like \$6 billion a year domestically in North America, \$20 billion annually in the world. I think it was kind of something that didn't have any attention brought to it in a long time too, so although it was a mature market or industry, men's underwear really hadn't changed since the boxer brief came around, Calvin's like in the mid-90s.

Andrew: Okay.

Trent: Then other underwear innovation has been mostly like either metro metro or hard gay, so I was still trying to be the next evolution in men's underwear while improving comfort by offering a function as well.

Andrew: All right. Before we go back and find out how the business evolved I have to ask you about the numbers because my audience loves questions like this. Even though you don't own the majority of the company anymore, do you know and can you say what sales are? What sales were last year?

Trent: Yeah, our sales basically went from 2007, the first year, somewhere around 60,000. In 2008, somewhere around 200,000. In 2009 somewhere around 600,000 to 700,000, so kind of like 200%, 300% growth rate there. Now, this last year 2010, nearly 2 million in sales.

Andrew: Wow.

Trent: So, it's been big growth rates, but I mean not huge, huge homerun. I mean, the trend for Saxx is only to continue to grow because there are new customers coming in all the time buying their first pair. Then there's the repeat customer that's buying when they become used. Then also there's the customer who's buying multiples because the guy has ten pairs in his drawer.

Andrew: Is it available in the U.S.? Can I just go over to the local store here and pick up a pair?

Trent: Yeah, you can go to Saxx's apparel or Saxx's underwear.com and there's a store list in the U.S. We're in about 300, 400 stores in Canada and about the same in the U.S. now. It's in some pretty cool shops down there like Nordstrom's, you can get Saxx, some bigger independent chains. Then online, obviously, anytime we'll mail them right to your door.

Andrew: All right. So I said that you had a couple of clever ways for getting money when you were starting out. Can you tell people the first way that you brought money into this business?

Trent: Basically I just kind of told a lie to the bank and said. . .

Andrew: Told a lie to the bank?

Trent: Yes, I told a lie to the bank. I told the bank that I needed \$20,000 for my student loan for my MBA tuition, which wasn't true. Then I took that \$20,000 and put it all in inventory and development and made the first 200 pairs. Then I had my prototype and the first 200 pairs to try and see what people were going to think of Saxx.

Andrew: It cost you \$20,000 to get the prototype done and the first 200 pairs?

Trent: Yeah, basically what I did is hired a professional fashion designer on a lump sum basis. I'm going to pay you 1,500 bucks or \$2,000 to produce the underwear, and then after the girl produced the first prototypes, then I had to find domestic manufacturing in Canada, which was its own whole obstacle. Then I ended up paying \$15 a pair to get them made, well above my wholesale cost of goods. Yeah, that's what it cost. I guess in some ways it's not that expensive to develop the prototype, but when you look at the prototype today, the first pair of Saxx, it's pretty funny compared to how much better they are now.

Andrew: I've got a lot of questions based on that. The first is, you're saying that when you had a designer, maybe I get too hung up on the details here, but I wouldn't even know where to go and get a designer. What do you do, go to Craigslist? Do you look at the back of the New York Times design section? Where do you even get a designer?

Trent: Basically I was in a big university town in Canada at the time, so I just went into my thought process. Where would I find a designer? There was a big fashion college in this town. I went to the president of the college of fashion at this university and I said, "Who's your all star?" Like who is your best designer, I need to talk to who's your best student designer chick. Then she thought I was crazy too with my idea of balls and legs and whatever. She introduced me to this girl who's name was Kara Megan and she agreed to

work with me. She and I would meet up after class and I would bring material and designs and stuff. Then I would literally get like not naked but when necessary pull down the drawers and we'd be doing different measurements and getting the prototypes figured out.

Andrew: So yes, naked then. You'd get naked, she would measure.

Trent: Yeah, sometimes, yeah.

Andrew: Okay. All right. Then she gives you the finished product. Then she says this is the prototype, you need to go and have this manufactured.

Trent: Yeah, exactly. Then I went on to, I kind of placed on Service Canada where you find out who were manufacturers in Toronto or in Ontario for men's underwear. Then I just went and knocked on their door and told them I had this cash and I was legit. I wanted to make these pairs. Then once I had the first 200 pairs, it was about a week before Christmas break. So, I got down to the cafeteria with my like table there and started slinging pairs just to random strangers and told them where to find me in the future because these were the first 200 pairs of this invention. I needed to hear what the comments were on their response. We sold the first 200 pairs in that time. Then when I came back from the Christmas break, there were a bunch of people who wanted more pairs. Then I was like, okay, cool, I'll make 400. Then I made 400 pairs and then...

Andrew: Let me pause the story right there. The first pairs that you made, you said are different from what they looked like now. I'd love hearing what that first version looks like, mistakes and all. What did it look like?

Trent: Oh, yeah, it was totally a different product. The product that we had in the first one had a rough waistband and not quite as good of a mesh. The first ever concept I had had a penis pouch; like its own pouch for your dick. That was crazy. That didn't work out. Yeah, when I look at the very first concept, the cuts and the patterns are irregular. Now, when you look at them today where you've had three years of professional fashion designers and different people too doing their part to help the product improve, the changes are dramatic.

Andrew: The cut is irregular. I would imagine looking at that going, “They screwed me over, these manufacturers. I asked them for 200 and this is what they give me.” Did you feel that way?

Trent: Not so much because I was so green too.

Andrew: So, you didn’t even notice the mistakes?

Trent: No, exactly. I wouldn’t notice them as much as somebody with more experience. Like a different trim or a different serge cut or the way that they’d sewn it, whether it’d be two or four stitch, when it was 2007, I didn’t even know how to sew. I still don’t know how to sew. Now it’s 2010 and I’ve heard those things or educated myself. It’s just that at that time I didn’t know what I was really even doing, to be honest.

Andrew: I see. So to you it looked okay. You saw that it didn’t look exactly like store bought underpants but it looked okay.

Trent: Yeah, it looked pretty good. When you’re looking at it with your eyes then, it looked like the best thing ever.

Andrew: Gotcha. It’s because you were in love with your product; because your vision was tangible, now.

Trent: Exactly. Yeah, it was a physical thing. It came off the napkin and was actually in a bag and I was selling them for \$25 to people I didn’t know, not like friends and family around who will tell you it’s awesome but really it’s shit.

Andrew: You’re showing it to people and they’re laughing, some of them are laughing and giggling. Does it hurt you at all to have people react that way to something you created?

Trent: Not really because I’ve got a pretty thick skin. I know that when you’re talking about balls and that some people are going to be uncomfortable anyways. I’ve definitely taken a lot of heat and passive comments and stupidity at trade shows or got rejected at a sales call or whatever. It’s all happened, so that’s part of, I think, showing people your secret, your little product or dream idea. There are too many people out there for 100% of the people to agree with you.

Andrew: Can you give me an example of one person who rejected you on a sales call, maybe one that's especially painful or one that you got especially revengeful about?

Trent: I wouldn't say I'm spiteful or revengeful on them, but I would say that when I went on the "Dragon's Den" and really wanted to do a deal with these great entrepreneurs and got turned down out of the den. Then now, two years later being featured on the den and winning the People's Choice Award, some of those things, I would say that's the most rewarding to, look what you missed the boat on. I still have huge respect for all those people that said no to me on the Den. At that time, I didn't have as developed of a business as I do maybe now or a year later. So that was a good rejection. Then also I would say some of the stores like the bigger retailers.

Andrew: Can you give me one example of one of the bigger retailers?

Trent: Like the Hudson's Bay Company, the Bay in Canada would be very similar to like a Neiman-Marcus or a Nordstrom's down there. They have continued to turn us down. We're still not in the Bay. We're selling tens of thousands of pairs at their competitors all around the Bay. That's another thing when someone says no but you still meet your sales number in the same mall or in the same area where that person is trying to compete.

Andrew: This was you walking into the mall to sell or you called up the buyer, right?

Trent: Yeah, called up the buyer, exactly. Flew to Toronto, did a bunch of things like got ready for it. Thought it was a big, big day in the business and got turned down.

Andrew: Right there, in the meeting they said sorry.

Trent: Yeah, exactly.

Andrew: Did they say why?

Trent: They wanted 63% margins when the normal retailer wants 50, a bunch of things. It's even more difficult doing business with them sometimes. Yeah, basically they said no because Saxx didn't have national advertising. We weren't advertising, you know, Calvin Klein on the side of buses and on TV, etc. Then they said no because of our packaging. I can respect them on our packaging which since has changed.

Andrew: What was it like at the time?

Trent: It was pretty amateur. The packaging for a product, especially underwear that's inside the box, your package is what I'm picking up and feeling and the box. Our box was bad. Our box has been bad for two and a half years. It just got better.

Andrew: What was bad about it? What makes a package bad?

Trent: I think it was designed on a legacy process. It wasn't ever let's start new and here's our new packaging. It was like here's our original packaging and let's add to it and let's add to it and let's add to it.

Andrew: Like what? Can you give me an example of one thing that you added to it.

Trent: Oh, yeah, exactly, like different text or a 3D, like, kind of blueprint type graphic that doesn't mesh with modern logo. For example, the ways that people could get into the box, we never even thought of that. Obviously, everyone wants to touch the fabric. Our new boxes allow people to touch the fabric. It extends down to how the retailer would display the product. If he has to always have customers getting in there and digging around wrecking the POS. Little learnings but our...

Andrew: Why didn't all these little flaws destroy the business?

Trent: I think because of the quality of the product and the innovation of the product. There's nothing like it on the market and it actually works. It's actually a good product, like the sizzle is part of it. Actually, fundamentally when a guy puts it on and he likes it, and I say the word of mouth for Saxx has been way more important than the packaging or the few marketing things that we've done. We had a billboard that said, "Comfort for your

balls.” We had a billboard that said, “Balls and legs need some time apart.” Those things got pretty big news. They were in the newspaper. They were on a TV show. Just putting the word balls on a billboard is going to create controversy, and I think if you can polarize audiences sometimes, like, you know somebody’s not going to like it if it says balls on a billboard. You know that going in, and you know somebody’s going to like you for doing it too. So it’s 50-50.

Andrew: Let me see what else I have here in my notes. The feedback, you said you sold the first 200 pairs because you wanted feedback. Most of my interviewees are entrepreneurs who work online. They could get feedback pretty easily because they have e-mail addresses and they stay in touch with their users. How can you get feedback from someone who buys your underwear, in a cafeteria, and then has to come back and talk to you about their junk, their business.

Trent: Yeah, basically I just kind of started to be known around campus as the underwear guy.

Andrew: So, people would just come back to you and say, “Hey, underwear guy, I bought your underwear. Let me tell you something, this is great.”

Trent: Yeah, exactly, that’s exactly it. Yeah, they’d come back up or they knew where to kind of find me. I was always either at the business school in the downstairs or I’d be at the Student Union. There were only two spots where you could find me or buy them, so that became part. Then also I always had my e-mail on the first packages so people could e-mail me and we got lots of great responses back.

Andrew: What’s one of the criticisms that you got back?

Trent: The criticisms were with regards to the seam that actually made contact with, like, you know, you like at a Ken doll and how the curve of the U of the lower body is. Just how the seams were too thick and riding too hard on people, that was one the first cool changes we made. Then we changed from like a 32nd of an inch to a 1/16th of inch merrill seam and it just changed. Little things, like customers I think are always going to tell you what they think if you are open and honest enough to listen.

Andrew: You're using words now like merrill seam and other terminology that you couldn't have known when you started. Why did you say to yourself, "I'm going to take \$20,000 of the bank's money under false pretenses and go launch this business?" Instead of saying I'm going to go and spend two years working for the number one underwear manufacturer. I'm going to suck up as much information as I can about underwear, without revealing my idea for these special ball underpants that I have in mind and then I'll launch it. Why didn't do that approach? Why did you take the approach you took?

Trent: That's a good question, that's a very good question. I guess, naivety is bliss. If I knew what I know now of how difficult it was going to be or how many things go into creating a consumer packaged good and selling and manufacturing it, I bet I probably wouldn't have done it. Now, when I look even at my next business ideas like I definitely want to get involved in something where I don't know much about it. I want to get involved in something that I'm green at because I think that brings a certain amount of clarity to a situation too. So, it might sound strange, but yeah, I think that's really good to do, to go into the places where you don't know much about it. You can always hire experience.

Andrew: You know what? I hadn't seen it that way, as an advantage to not know about the merrill seam and about all the intricacies of packaging and everything else because then you do feel overwhelmed. If you just say this is what I'm passionate about, I'll figure the rest out, you can go and execute. You can get something out there.

Trent: I think people too it's hard to do because all of us have a little bit of too much ego in our way when we're trying to be entrepreneurs and trying to get something going. We're blinded by it. But if you actually can hire people that are smarter than you on a variable basis, like this designer, for example, it wasn't a fixed cost. It was based off of something or just hiring people who are smarter than you around you. When I got in bed with our distributor, for example, we were in 50 stores and then it opened up to 200 like immediately. If I didn't try to find the people who were smarter than me or had made more experienced connections to do it, Saxx couldn't have been successful or wouldn't have gotten to the next stage.

Andrew: What does the name Saxx mean? Where'd you come up with Saxx Apparel, S-A-X-X?

Trent: I just came up with it in my brain. It's kind of a double entendre on like sack, like your sack.

Andrew: Uh-huh.

Trent: But also a little sexy with the double x's, Saxx, it adds some sex appeal. Then also the, we're a S-A-X-X, I like the one syllable of it and like Saxx, you know, it's mannish but it's not too like gay. It's just a good brand name for underwear.

Andrew: Yeah, I could see how it would fit for everybody. We can all superimpose our own feelings on it. I thought you were going to say because it sounded a little bit like sex and so guys would want it.

Trent: It's odd, I've heard people say that to me before, but it was always like, you know Spanx?

Andrew: Yes.

Trent: How they have the "x" on spank. [TD] how she used the "x" for pluralization, so a little bit of just noticing other cool brands around us.

Andrew: You said earlier that it also doesn't sound gay. Is there, in the underwear business, the idea that if heterosexual men see that underwear is made for gay men they're not going to buy it, but it doesn't work vice versa? Do you know anything about that?

Trent: I think it exists somewhat, but I think it exists more on the extremes like the 80/20 principle. You know, I think the majority of the underwear market is really mainstream discount. It's like tidy whites for less than \$10 a pair or boxer briefs for less than \$10 per pair. Saxx is playing into, like, discount, not the discount place and not the luxury place — but like the premium place. I think that is probably more to how people judge underwear with relation to price. A gay underwear, for example, might have more things to make your package look bigger or be more pronounced for your ass or some of these things.

Andrew: Okay. All right. I think now we're going off the scope of the interview. Now, I'm taking it in a whole other direction. Let me go back to business.

Trent: I think it's more related to price.

Andrew: I see, interesting.

Trent: It's really more related to price. I say that to all entrepreneurs about your product, The 4 P's, you know. There not, they are not equal in my mind. I think price is the most important thing that every product has. It tells your customer what you are right away.

Andrew: Price, more than, what do we have in the Ps — price, promotion, what are the other two?

Trent: Product, place, price, promotion.

Andrew: Product, place, and you say price is more than the kind of promotion, more than the place that you get it in, more than anything else because you're signaling so much with the price.

Trent: Yeah, I think so.

Andrew: What were you signaling with your price?

Trent: I think we're signaling luxury in the sense that we're more expensive than a Calvin Klein, but I think we're imposing quality and we're telling the customer that, yeah, you will pay \$30 for this and we expect you to have a good experience. If you were paying \$30 and we didn't back up what we were doing, we wouldn't have a business. But I think because we are telling the customer we're more expensive but we have this innovation and you can depend upon it and we back it up, then they're on board. But if I price Saxx at \$15 a pair, they're not as cool because they're not as premium.

Andrew: What do they cost?

Trent: \$25 to \$35 a pair.

Andrew: Okay. All right. Where was the business when you decided to apply to get on "Dragon's Den"?

Trent: Basically at the point in most entrepreneur's life of should I take this forward or shouldn't I.

Andrew: How many pairs had you sold at that point?

Trent: About 1,000.

Andrew: 1,000, how? Not from your cafeteria, right?

Trent: Yeah, yeah.

Andrew: Just from your cafeteria?

Trent: Yeah, basically I ordered the first 200 pairs, sold those. Then I ordered 400, sold those. Then I ordered 800, sold those. Then I just was about to order the next one up, like 2,000 pairs. That's about when I was there. This was before I went to China, too. I had an offer, a couple of offers from banks to get jobs. I turned them down and went to China to try to find a manufacturer.

Andrew: You can sell a thousand pairs of underwear, in school, to other students, and they're not going to kick you out and say, "Hey, dude we're running food operation here in this school. We're not trying to sell underwear where people are eating."

Trent: No, actually it was cool. There was always like a kind of little vendor village at my university.

Andrew: That's great.

Trent: It was kind of okay and I kind of always, I live under the rule like, you know, it's easier to beg forgiveness than ask permission. I just went out there and sold it. I'm the kind of guy too, if I had to sell, five pairs, I would be the guy with my jacket on the street, "Hey, you want to buy five pairs of underwear?" Like, you know, just getting it out there man.

Andrew: Why'd they pick you to be on "Dragon's Den?"

Trent: I think because of the TV value because of the, you know, topic. It was good TV. There were probably better businesses out there, but it was good TV.

Andrew: I saw that. It was actually kind of fun to hear them talk about, they didn't use the word junk. Did they use the word your business or your package?

Trent: Your package, yeah.

Andrew: Your package. They actually went a little bit further than that, but package was the word they wanted to use.

Trent: Yeah, it was a great experience for us, a million plus people watching you for three minutes. Captively too, not like a real commercial where they're passive, whatever. It's like people are waiting to, whatever you're saying they're on your every word.

Andrew: You wanted something from them. There was a certain deal that you wanted. What was that deal?

Trent: We went in for a valuation of \$2.5 million and the business was really probably worth like \$250,000 that time. We went in. I wanted the exposure and the connection to the Dragon, so I went in with the crazy valuation knowing that the Dragons were going to blow me out of the water on my valuation and that the deal probably wouldn't go through and Saxx would probably get on TV. So it all worked out perfect for us.

Andrew: I see. You didn't so much want their money as their exposure.

Trent: Yeah, exactly, and I went in with the intent of having a crazy valuation. I knew my valuation was five, ten times what the business was worth.

Andrew: One of Dragons offered you an investment. I think she said 25% of the company for, was it \$100,000 of her money?

Trent: Yeah, exactly, no 50%.

Andrew: Oh, what was it?

Trent: 50, yeah, 50%.

Andrew: She wanted 50% of your business for \$100,000.

Trent: Yeah, exactly.

Andrew: Why didn't you say, you know what, this is a person who is a successful business woman, she's a well-known investor, it would be helpful to have her on. I have nothing here except underpants that I'm practically selling out of my coat. I'm selling them in a cafeteria here. Why didn't you say, "I'm going to take it, let's do it"?

Trent: I guess just because I wouldn't get involved in a deal that was worth \$200,000. I kind of believed if a person is going to go out on their own and take the risks and whatever that's involved with entrepreneurship, it's got to be a million dollar idea. Otherwise she wasn't interested in listening to me, or I wouldn't have people interested in buying it. I kind of put through a few risks that I would rule on. Is it a million dollar idea? Even if I don't have anything to prove that it is a million dollar idea yet, it is a million dollar idea, otherwise you wouldn't be talking.

Andrew: Gotcha, I see.

Trent: That's how I got my first seed of investment too. I got 5% of the company I sold for \$50,000 to my MBA professor, and that's how we came to the valuation. There was no way that we could put a valuation on the business, so we just said, listen. I said to him, "You wouldn't be trying to invest with me if we didn't both think that it was a million dollar idea. I wouldn't be turning down jobs if I didn't think it was a million dollar idea. That's the value of the business today." He agreed and then he put in 50 grand for 5% and that equaled almost 200 and some thousand when we sold the business for him.

Andrew: Did you just reveal what you sold the business for.

Trent: Oh, I guess, almost.

Andrew: Almost. We'll let people piece it together.

Trent: Yeah, then that was how I got that. Then I had one more angel invest 100 grand for 5% about a year later based on the same principal. Like, listen man, I sold it for a million a year ago. The business has got better. It's got to be worth two million today. The sales at that time weren't to two million, but, you know, we ended up selling the business for more than that, again, so it was true.

Andrew: For more than \$2 million?

Trent: Yeah.

Andrew: Remember what we talked about in the beginning of the interview, where entrepreneurs end up revealing too much in these interviews? We said that we would limit what you didn't feel comfortable revealing. We're going to leave it there. We're not going to talk anymore about what you sold the company for, but we've given people a good indication of it and they could do the math or not. As you're saying that, what I'm thinking is, this guy doesn't sound like someone who would go to business school. You're kind of making up stuff as you go along. You're not sitting down, plotting it out perfectly the way they teach you in business school. Why did you decide to take business school?

Trent: That's a really good question too, man. You're exactly right. I really went to business school to try and connect with a new league of peers. Like my peer group at business school are some of the smartest people I'd ever been around. I think I wanted to go to business school because of the personal confidence of having a master's in business, knowing that, you know, not in a cocky way but just knowing that I have as much education as most people in my peer group in business. Then thirdly, I really wanted to go to Western, like the Richard Ivey School of Business because it's the best business school in my country, Canada. It'd be like going to Harvard or something if you're an American.

I knew I was going to get exposed to some of the best professors there. It was totally true. It was the best experience of my life, man. I would say also for entrepreneurs if you go into MBA school with an idea and you go into an entrepreneurship program, it's an amazing incubator to nurture your idea for two years because every floor, there's some expert that can tell you the answer to your question. When I was developing Saxx, it was so helpful to develop it in an MBA setting because I was writing a business plan. I was

part of a business plan competition. I had mentors that were watching over the process of the new venture.

Andrew: Can you give me an example of what they did? What's one piece of feedback that you got from a mentor in school?

Trent: Okay. Like the new venture project is what Saxx was, what it was born out of. One piece of information that I got from Bob Norris was that, to define the problem. A lot of time entrepreneurs just pitch their solution and I was guilty of that. So, before we did the national business plan competition, he helped me pitch. How do you pitch things? Really just to define the problem. So when I was trying to define the problem for Saxx, I would put men in the uncomfortable positions that we all relate to, to start the pitch. Put yourself on the golf course on the 14th hole, it's 75 degrees out or you're on the long bus trip. Then you start shaping or putting the listener in the problem place and then hit him with the solution. I use that all the time today. It still works.

Andrew: Okay. So, you go on, you get rejected. It was your plan but you're still rejected. How do you feel at the end of that show?

Trent: I guess I didn't feel too low because it wasn't going air for another six months. I knew I had about six months to improve the business before everybody else knew that I got turned down. We really took that opportunity, and then when we aired in November, we turned the website on the day before. We were in a huge rush to get the website ready for ecommerce because we knew a million people were going to hear about Saxx tomorrow. Our sales the day before "Dragon's Den" was about two hundred and some dollars, and then the day of "Dragon's Den," we sold \$30,000 through our website.

Andrew: People went over to your website right after watching the show, saying I've got to see what this is. \$30,000 worth of business came after that.

Trent: Oh, yeah, exactly. Then the in follow-up, when they did the Saxx follow-up the year after that, when we had more products to buy, we sold almost 60 grand in our website in one night after that TV show.

Andrew: I scribbled this down earlier to come back to it. You said that before “Dragon’s Den” your business wasn’t really developed, or was it your business plan, that you said, wasn’t really developed. They were right to reject you. They were right to not see what you saw in it. How was it different? What was it like before?

Trent: I think that just the product wasn’t there. The product was still very, was still prototype or two versions from the prototype. The cost of goods sold were not proven because I hadn’t started manufacturing them in China or in a low cost region. I was still making them in Toronto for like \$15 a pair, and my wholesale price was \$12.50. So they recognized that my business wasn’t far enough along because I hadn’t proven the cost structure yet like relative to my competitors.

Andrew: I see. You can’t prove that you can get it lower than, I see. What do you pay now? What do you pay in China to get underpants made?

Trent: Basically, like a Calvin Klein for example would be paying, because they’re ordering millions of pairs, they’d be paying \$2, \$3 a pair, max. We’re ordering hundreds of thousands of pairs now, so we’re paying, our cost of goods sold would be competitive to that, like \$5, \$6 a pair but that’s just your cost of goods. Then you have tariffs and transportation and things, but the margins are still great because we’re selling a premium product.

Andrew: Okay. All right. The other thing that happened afterwards was the people voted in a different direction. The people said we want to give you money. We want you to get funded. Of all the people who didn’t get funded, we want you to get funded and you won \$50,000. Why you? Why do you think you connected?

Trent: I think because we had a really good grass roots campaign to get people to vote for us too.

Andrew: How?

Trent: We were drawing on our personal networks, our university networks, our business networks, and I don’t think other people were doing that. Like that next closest competitor to Saxx in the votes was like 10,000 votes less. We had like 30 some thousand votes, and there really wasn’t a second place. We just saw the opportunity to win if we voted enough and we really, I

think, we couldn't have controlled the vote entirely with my network, but it definitely helped out.

Andrew: Interesting, Okay. So, you got out the vote. You get money without having to give up shares. That's the perfect solution. Not the perfect solution, that's a great outcome.

Trent: Yeah. It was like a free equity investor, what it really was. We got \$50,000 cash and in Canada, if you win a game show, it's tax free.

Andrew: Really?

Trent: Yeah, yeah. So then we got the \$50,000 and I put that right into inventory, so it ended up equaling about 100 something thousand in revenue. It was amazing. It was perfectly timed.

Andrew: \$20,000 to pay off the student debt that you took and \$30,000 into inventory to get things going.

Trent: Yep, exactly, exactly, yep.

Andrew: How did things change after you had that money? We really never really had much money ever to speak of because we were always putting it back into inventory, and the payables for retail is bad, like 90 days sometimes. We really always were struggling along, and then we started growing too fast. Then I was running out of money, and we were getting around to 10,000 pairs and then I really needed to find somebody to help us take it to the next level. That's when we started seeking out distributors, and then we found, or No Limits found us and we found a distributor. They put up working capital.

Andrew: How do you grow too fast? That sounds to me like then I got too handsome and too happy. What do you mean by grew too fast?

Trent: For example, my apartment was like overflowing with underwear. There was underwear coming out of the bathroom, every guest room, under the bed, like boxes from China in my van. It was just getting too insane. Then the calls from retailers, the Internet business, it was really just kind of growing faster than I could handle. Then I hired one other person and then we were kind of doing jack of all trades. Like everyone's doing every job.

Andrew: How do you get to that level? I understand the day of being on “Dragon’s Den,” you get \$30,000 in sales. I understand that. What happens to sustain things and to grow after it?

Trent: Hustle with your feet, that’s what I say I did.

Andrew: Like what, what kind of hustling did you do?

Trent: I bought a van, literally I bought a van for like three grand and then I put SaxxApparel.com all over it, outside. Balls on the van, got some notoriety and then I would drive it around to stores. Talk to every store I could talk to. I would go to trade shows, pull up guerilla style at trade shows. Robson in Vancouver is like Madison Avenue, right? So I would drive to Robson, guerilla park the van on the side of the road. Get out, talk to people about it. When the security would come, I’d hop in the van, shut the door, and look like no one’s there. Pop back out. We did really good use of the billboards. I would say the billboards were huge on our national highway. We put up the balls and legs could use some time apart. That got in the national newspapers. So we got some good breaks, but we tried to create controversy and ultimately I think we were always just hustling. We were just hustling.

Andrew: When somebody walks past you at the mall and sees that you’re selling underwear, do they buy it from you? Are you actually selling to them? Or are you saying, go tell that store that we should be carried in there? What do you do?

Trent: Yeah. I’ll do anything. I mean I’ve sold pairs off the side of the van so many times. Even, for example, you know that there’s going to be a bunch of people at the Boxing Day sale in Canada. When there’s the Boxing Day sale, I took the van and we had free hot chocolate for anybody to come over. So, everyone was coming over, and then now there’s a hundred people around a van. Everyone else is saying, “What’s going on over there?” Then everyone comes and checks it out. That’s it too, just kind of taking every opportunity. Richard Branson, when I heard he was going to be on MTV live in Toronto, so I like smuggled a pair of Saxx in my jacket, wore a Saxx t-shirt. Then when the producer asked does anyone have any questions for Richard? In the middle of the commercial break, I was like yeah, I do. I told him this whole story about like I wanted to ask him about Virgin Airlines getting blocked out of Heathrow and this shit. When he gave me the mike,

I just went off on national TV, live, about Saxx and dropped my jacket and gave Richard Branson a pair of Saxx. Then he put the Saxx on over his jeans. Then we were talking about Saxx and underwear on MTV for like three minutes with Richard Branson. It was so awesome. I was just like, “Yea!” I just did that total guerilla, against all rules. Then when it went back to commercial break, the security guards tried to grab me and I just ran out the side door.

Andrew: Dude, that’s awesome. That’s freaking awesome I love that .

Trent: Yeah, so like...

Andrew: You know what though, that’s awesome because it succeeded though. If it had failed, maybe you would have seen it in a different light. What I’m wondering is, you’re a guy who’s going to go take on a banking job. Your friends went to business school with banker’s suits, ties. There’s a Town Car driving them home at night if they have to go home after six o’clock. You’re hustling underwear with coffee and hot chocolate. Did you ever feel at that point, what am I doing, this is just... you do, you’re smiling a little recognition?

Trent: Oh, yeah, totally man, you’re exactly right.

Andrew: So how do you keep going at that point? Why didn’t you say...

Trent: Oh, yeah, and Saxx came very close to going bankrupt a few times because it’s just working capital and you don’t have cash or whatever. I was making, like in the first year, I paid myself 24,000 after I could even figure out if I could pay myself anything when I turned down a job for like almost 200 grand at a bank. Yeah, it wasn’t smart. It wasn’t what most people would’ve done like to leave MBA school and just go out and no guarantees. It worked out. I made 24 grand that year, 26 thousand the next year, I made like 30 thousand, and then...

Andrew: So, how do you keep yourself going? Do you keep yourself going by every night before you go to sleep saying, this is going to be so big that it won’t even matter. I’m going to be able to sell this thing and all this will go away. Is that what it is? Or I’m going to be the next Calvin Klein. Is that what does it for you? What does it for you?

Trent: No, I think it was the fear of failure, mostly.

Andrew: Fear of failure, why? If you failed, what did you say in your head that would happen that you can not allow to have happen?

Trent: Oh, just the opportunity costs that I passed up.

Andrew: I see, the gremlin is the opportunity cost. If I fail, those years, those days, those, the hard work will be for nothing.

Trent: Exactly, yeah. in comparison to the opportunities that I passed up or even my peer group, you know, who would say, I don't know, man, this is a risky thing you're taking out. Just kind of the adventure and the fear of failure, those are the two motivators for me.

Andrew: You started to say that you got a distribution deal that helped you grow the business. How did you get that deal?

Trent: Basically Saxx was selling really well at a few stores and so these retail owners were getting distributed products from this distributor. They had a relationship, the owner of this distributor and the owner of this retailer. This retailer told that distributor, hey, have you heard about Saxx and then the distributor contacted us. We were selling thousands of dollars worth out of this little snowboard shop. This distributor was like hey, if you're doing that out of this shop we could probably introduce you to these many people. We met in Vancouver at their offices. Then within a month or two we had a deal where they were distributing for us and had the option to buy our business at the end of the thing. That's initially what they exercised was their option to buy us after they distributed us.

Andrew: In addition to distributing you, they had the option to buy you? That seems a little unorthodox, is it?

Trent: I guess, yes, definitely. At the same time that was my goal, my goal has always been to take it to somebody like that and sell it to them and hold a little piece. It was right along the lines of my goals and my two investors goals, like what we had all said we wanted to try to do.

Andrew: I see so you knew you were going to sell it at some point when they said hey, we'll distribute it with the option to buy it. It actually made sense with your world view and your plans.

Trent: Exactly, yep, and it's been great for both people. I wish them nothing but success and they're taking it to another level right now. They have no hard feelings about me wanting to sell it at that point and hold 10%.

Andrew: You own 10% of the business, we won't get into details of how much you sold it for but you did clearly say that it's, you said over a million dollars, I leave it there. How does life change the day that that check hits your account or the wire transfer? What was it a wire transfer?

Trent: No, it was a check.

Andrew: How did life change when you looked at that check?

Trent: It was trip definitely, you're right. Like it was different. I never had even a 100+ thousand dollars ever. It was totally different and life, I guess, has changed a considerable amount in the year since I've sold it. I bought an orchard in my hometown. I got a cool new house that I'm renovating with my fianc. I also, it wasn't all dreams like at the end I was so burned out, I wanted to sell it too. Like, I was, I had some issues, even like being so deep in it. I was, like never leaving work or being so part of the business that when I did leave it, it was good for me because I really needed a break.

Andrew: Why did, what did being burned out feel like to you? What was it like?

Trent: It was just like that creative sigh, you know when you're so burned and you're doing like, just blowing the air out of your life all the time. I had been so much the driver from going into grad school year and then 3 1/2 hard years of being on the sidewalks, being at the trade shows, pitching things day and night. Everyone you talk to wants to talk about this. Being burned out was just a physical thing of literally like losing 10, 15 pounds and being exhausted.

Andrew: What's the one thing that you did for yourself afterwards to help recover.

Trent: People tell me I should still do something, I haven't done anything significant. I really want to take some time to chill but I'm, just kind of not in my nature either to chill out too hard.

Andrew: Yeah, I can tell you're already starting to talk about what you want to do next. We were talking about South America and plans. Maybe you just don't need that, maybe you don't need to go sit on a beach somewhere or go disconnect from the world. Maybe you just need a new challenge without all the pressures and constancy of the old one.

Trent: Exactly, you're right on, man. Repetition of the old lifestyle, seven days a week, and all that, I'm still for that. In my next business the same rules will apply but I think I just needed to take a break. It was at the end of my eraser or the candle had burned down, whatever cliché we want to use.

Andrew: You have a copy of the check somewhere?

Trent: Yeah.

Andrew: Me too, where's yours.

Trent: Actually it's behind a little like thing in my office, like I have the first ever pair of Saxx framed, the first ever pair that we made, that prototype pair. It's in the back of that.

Andrew: Oh, so if we were to pull the, we'd have to flip over the frame, I see and then on the back is...

Trent: Exactly like when you like hide the money behind the picture frame. It's right there. It's all in the same thing, the first pair and the check, it's a circle.

Andrew: You just took it to a copy machine and you copied it and you made yourself a copy forever.

Trent: Exactly, yeah.

Andrew: A keepsake, oh, that's awesome.

Trent: Yeah.

Andrew: All right, do you feel comfortable saying what you're going to do next? Do you know what you're going to do next?

Trent: No, basically like I don't have any plans right now. I think that there's a lot of opportunities in energy. Like, I'd really, like I said to you I think I want to get involved in something again that I don't know a lot about. I'd love to get involved in another consumer kind of fashion product. I think it would be cool to have a side interest in something like that. I'm open to anything. I think there's a lot of opportunity though there.

Andrew: Are you mentoring entrepreneurs in Vancouver? I know there are a lot of them out there.

Trent: Yeah, definitely, I do a couple of things, if I ever get asked to do any speaking, I do it and my main message for most entrepreneurs is that everybody has a special sauce, that is their own. That is totally unique. That differentiates you from me. Like I couldn't have done what you did or you couldn't have invented Saxx because you didn't have the background in baseball and nut protection and whatever, right? I think everyone has a unique special sauce that brings their background or their interests together. Which lets them recognize opportunities and lets them do anything in entrepreneurship. That's my motivator to people who are listening. Everyone's unique and everyone can do something that's...

Andrew: What's your special sauce?

Trent: I think mine, mine is hard work. I think being not shy with regards to people or communications and I think I have a certain amount of actual vision when I see things. Like I can see it right there, you know.

Andrew: This is an inspiring interview. I love the stories that you told about how you hustled to get people to pay attention to what you created. That Richard Branson story, I love it. I'm always going to remember that. He put your underwear on over his pants.

Trent: Yeah, it was great and then to top that off just to advise, then I paid another \$100 from his crew because that's who I saw outside MTV, one of his guys that was with him. To tell me what he thought about it, make sure Richard puts them on for sure, you know. Then we got an email from the Virgin group that Richard liked the pairs.

Andrew: After you get kicked out or before?

Trent: After I get kicked out, yeah, I saw one of his entourage hanging outside.

Andrew: You said here's a hundred bucks; tell me how he likes it. Here's my email address, let me know does he like it does he not.

Trent: Yeah, make sure he puts them on. It's because he put them on outside his pants, so I wanted to make sure he put them on for real. That's so cool, like that's the, one of the biggest entrepreneurs that I look up to in the world is Richard Branson. It was just a kick to, you know, I've got to put a picture of him in the Saxx and it's neat.

Andrew: That's awesome. All right, well, I hope you come back on here and do another interview. I've got to meet you in person too. This is a great story, thanks for doing it.

Trent: Yeah, thanks very much and spirit to all the entrepreneurs out there.

Andrew: Yeah, right on.

Trent: OK, man.

Andrew: Thanks for watching, bye.