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Davis Smith, co-founder and CEO of Cotopaxi, poses for a photo at Cotopaxi's headquarters in Salt Lake City on Wednesday.

Cotopaxi doing good business by doing good

BY ART RAYMOND
DESERET NEWS

SALT LAKE CITY — For Davis Smith and his team at Cotopaxi, the Utah company's motto of "Gear for Good" goes far deeper and wider than any tagline constructed to lure socially conscious, outdoorsy types.

It's a concept so built into the business' DNA that to extract it would, according to Davis, "implode the

entire brand."

And that critical, structural underpinning of ensuring that people's lives are being bettered at every touchpoint — whether they're sewing a Cotopaxi daypack, working for the 4-year-old firm, or enjoying one of the company's innovative outdoor products — is a consequence of thoughtful intent.

For Smith, it was an idea seeded in him while growing up in Latin America.

"I grew up loving the outdoors but also had a deep passion and empathy for people," Smith said. "I saw over and over again, my entire childhood, how lucky I was. The people I saw every day were just as smart as me, just as hardworking and just as ambitious, but had no opportunity. From that time, I knew I wanted to play a role in changing things for the better."

How to implement that role was a percolating concept, but one

that stayed with Smith throughout undergraduate work at BYU and later while earning an MBA at the Wharton School of the University of Pennsylvania. Then, he crossed paths with Utah entrepreneurial legend, philanthropist and educator, Steve Gibson. The encounter helped illuminate Smith's path forward.

"Steve really inspired me to find a

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way to do good," Smith said. "And he convinced me to, in a way, follow the path he had taken and become an entrepreneur."

Over the next 10 years, Smith did exactly that, launching a string of e-commerce companies. But, while the companies were successful, he still had not zeroed in on that elusive combination of business and altruism. While working on a project in Brazil, he decided to bring his full focus on an effort to find the nexus.

"I believed that business could amplify my voice and message and believed I could get people to work alongside me to do good. If I could build a brand that inspired people," Smith said. "The outdoor industry was a natural fit ... and I felt like this was also an area where people would understand that mission. Traveling and spending time outdoors, I think, connects people with something that's bigger than themselves."

Smith rallied with a group of like-minded partners in a remote cabin and took the crucial first step in creating Cotopaxi. But the discussion wasn't focused on cool and functional outdoor gear, it was all about what the company would stand for.

"We talked about values and the rituals and traditions built around those values," Smith said. "Core values shape and determine behaviors, behaviors shape and determine culture and culture determines your outcome. If you don't have core values, your outcomes won't be what you want them to be."

And Smith followed that adage, choosing to organize Cotopaxi as a benefit corporation which includes legal obligations to accountability, transparency and purpose. The move was risky, and Smith and his

partners were advised to avoid it as a first step because it would likely scare off investors. But, in keeping with a penchant for doing it differently, they moved ahead anyway.

Smith said it worked out. Very well.

"I really felt strongly about it, and that if there's an investor that's not interested in this mission, then they're probably not the right backer," Smith said. "And, we did get backing ... from exceptional investors."

One of those investors was Boulder, Colorado-based Range Light Ventures. The company, now Ridgeline Ventures, has its own values-driven mission statement, focusing on investments in "healthy living brands".

Ridgeline led a 2016 funding round of \$11.1 million for Cotopaxi, and managing director Lauren Ivison said she'd been tracking Cotopaxi's growth from shortly after the company's launch in 2014. Ivison said Cotopaxi's success at fusing a powerful social commitment with innovative and standout products was both a unique business coup and a perfect fit for investment from her firm.

"We're excited about the fresh energy they bring to the outdoor products space and their social mission," Ivison said. "What they've been able to do is incredibly rare and very powerful. They're the next Patagonia, but for the millennial generation. And that's a target market we believe in."

Smith said appealing to that market is about great products, but also an approach that cultivates enjoyment, interest and engagement.

That was the idea behind Cotopaxi's Questival event, a 24-hour marathon of outdoor activities and targeted social goodness tasks that allows participants to earn points, win prizes and, most of all, have a lot of fun. The company launched its website and

simultaneously held its first Questival. The event drummed up an avalanche of interest, including 30,000 social media posts, but its first incarnation also revealed something about how the Cotopaxi "Gear for Good" concept was resonating with its audience.

"I went to the checkpoint for the first Questival and there was a line like two blocks long," Smith said. "Standing in that line were people with Cotopaxi shirts and hats that they'd made themselves. And there was even a guy who painted our llama logo on his Jeep. It was unbelievable."

Belief runs rampant throughout the world of Cotopaxi. Belief in the company's products, and belief that there really is success to be had by merging bettering others and doing good business. Cotopaxi co-founder, President and Chief Operating Officer Stephan Jacob said there have been easier, cheaper directions to take at nearly every juncture of building Cotopaxi's products and market reach, but the company has stuck to the harder path which, as it turns out, may also prove to be the most sustainable and successful option.

"It's a commitment we've

made as a brand ... doing good is intrinsic, inseparable," Jacob said. "We've shown that you can build a sustainable, profitable, at-scale business that still does things the right way and you don't have to compromise."

Smith noted its a mission that he and his team address and engage every day they come to the office.

"We're working to build something bigger than us," Smith said. "And we're doing that through daily interactions with our values and our mission to remind people why we're here."

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