



Episode 022: Taylor O’Neil – Sustainable Sourcing

BEN Welcome to the Barcode Podcast. My name is Ben Ponder, I'm your host. I'm really excited to have Taylor O'Neil with me today, the CEO of [Richard's Rainwater](#). We're going to talk about a lot of really interesting, obviously water things, but water is one of those deceptively simple things that we are actually going to be able to talk about. A lot of bigger important issues around sustainability. I'm sure we'll touch on climate change and a lot of other interesting things around business as well.

I want to remind all of our listeners and viewers that this podcast is presented by Titanium CPG Insurance. Titanium protects forward thinking consumer brands with a range of insurance products and risk management services designed specifically for natural organic food and beverage brands. And you can learn more at [titaniumcpg.com](#). So, let me go ahead and transition over and welcome Taylor. Really glad that you're here with us today.

TAYLOR Thanks for having me.

BEN Yeah. I've been a fan of and fascinated by the business that you guys have built. So, we're going to dig into Richard's Rainwater in a second. But let's start off with your favorite meal ever.

TAYLOR I grew up in Minnesota as the oldest of five boys and fortunate enough to have a family cabin in northern Minnesota. And my favorite meal ever was definitely the first time I ever caught and cleaned and fried my own fish with the family.

BEN So obviously the land of 10,000 lakes, so fishing's a huge part of the outdoors culture and that sort of thing. In the summer there's also the ice fishing thing too. Were you guys an ice fishing family?

TAYLOR Absolutely. Did some of that. You can go drill a hole or you can literally bring a chainsaw out and cut a giant hole and you can see incredibly deep down into the water when you do stuff like that.

BEN As a kid, does it teach you an element of patience? Like particularly the ice fishing part of it?

TAYLOR I think it teaches your parents patience. As a child, I'm not sure you really don't get that part of it.

BEN Fair.

TAYLOR But it's a great time to be out on the lake with your family or your friends. You're stuck there for hours and the conversation and the comradery of being with your family away from everything else. You go through phases in my experience, as a child, where some days you wish you were back home with your friends.

BEN It's super boring.

TAYLOR Yes, right. But the older you get; you look back on those times and it's an incredibly important part of growing up and being part of your family and building relationships and learning how to fish and swim and water ski and do all that. Be active. It's a really, really special place.

BEN That's awesome. So, your first fish that you caught, fileted, cleaned all that stuff. What kind of fish was it?

TAYLOR Crappie.

BEN Crappie, yeah.

TAYLOR I'm not sure that we have those here in Texas, but it's kind of like a walleye.

BEN I grew up in Arkansas and so we definitely had them there.

TAYLOR Yeah, really good. Really good tasty fish.

BEN Absolutely.

TAYLOR And just beer batter fry it.

BEN That's right.

TAYLOR It's pretty simple, but like I said, something about making it, catching it yourself, special.

BEN That's really powerful.

TAYLOR And then the family aspect.

BEN How old were you when you did that?

TAYLOR I was 13, yeah.

BEN It's like a rite of passage.

TAYLOR Exactly. Yeah. And had a real special relationship with my grandma that was formed in a lot of ways untangling her line and taking weeds off her hook.

BEN It usually goes the other way. It's usually the grandparents untangling the kid's line and all that kind of stuff.

TAYLOR Yeah, yeah, yeah. The older she got, the more help she needed, but I'm pretty good at untangling a line, so it was good.

BEN Hey, you picked up another a useful skill. It also, I'm sure is a really interesting metaphor in business. Untangling all the lines.

TAYLOR Absolutely.

BEN All the time. So, to fast forward a little bit, your career really started off and was always one in finance right?

TAYLOR Yeah.

BEN And so, you worked in the worlds of Wall Street and trading and hedge funds and that sort of thing. Tell us the story about how you got involved in a rain collecting operation in Dripping Springs, Texas.

TAYLOR Yeah, so the owner of Richard's Rainwater today is a guy named Steve Kuhn, who I worked for at an investment firm that he ran. Steve is one of those famous folks for shorting the mortgage bond crisis in 2008 and then he actually also picked up the pieces and went long mortgage bonds in 2009. So, hedge fund of the year.

BEN He made two really solid bets.

TAYLOR Yeah. Two of the legendary trades in the history of Wall Street and was fortunate enough to do very well after those trades.

BEN He can do whatever he wanted.

TAYLOR Absolutely. I worked for Steve. He opened an Austin office down here for the firm and I had two great years working for him there. And at some point, Steve became passionate more about his charitable causes that he cared about than trading more financial securities. And he retired and the office got shut down. And I took a year of reflection and also tried to buy the largest dog daycare provider here in Austin.

BEN That sounds interesting.

TAYLOR Yes. It was a very weird turn. And right about the time I was getting outbid by a private equity firm on that deal, Steve came back into my life and asked me to help him look at different investments that he was evaluating with his own personal capital. And we've done a number of deals in all different sectors, all different sort of styles of investment. And Steve was introduced to Richard himself through a mutual charity contact named Turk Pipkin. Turk runs the Nobility Project here in Austin. They actually do some clean water projects but focus all different needs of children in Africa.

And Turk knew Richard from being a long time Austin guy. He knew Richard and his wife Susie were looking to transition in their lives towards the retirement phase. Knew it was going to take an incredibly unique investor, willing to buy a rainwater collection business in Dripping Springs, Texas, where it doesn't routinely rain. And knew Steve's penchant, both for unique and alternative investments, but also his passion for helping people. And one of the things Steve has given a lot of money to in his life is clean water projects all over the world in places where water is something that kills more people than any other cause of death routinely in the world. Something we're not really familiar with in the United States.

BEN Waterborne diseases with polluted wells, streams, et cetera.

TAYLOR Exactly. There's somewhere around a billion people that live without immediate access to clean water around the globe. And it's honestly routinely or it's very often in the top three causes of death in any given year. So, Steve's interest in the project was unique because of his charity giving.

BEN Right. So, he got introduced to this eccentric guy who's collecting rainwater out in Dripping Springs on a few acres of land and decides, hey, this is actually something that I'd like to sink my teeth into. And he gives you a call and says, hey Taylor, do I have the deal of the century for you?

TAYLOR Yeah, right. And the honest answer is the first time I heard about it, I told him it was stupid and not worth anyone's time. Because of the obvious challenge of it raining not all that often in Texas, out there in Dripping Springs. But he said, "Go meet Richard and Susie, go learn a little bit about the process, do a little bit of homework on charity water," which is one of the charities he's given a lot of money to. "Understand what their mission and values and the needs that they're fulfilling for people are. And if you still think it's stupid, we can walk away from the deal." And I went out there and met him and the water just tastes different honestly. And the simplicity of something so important and so basic that it absorbs everything it touches; rain is the source of all drinking water on the planet. Right, when you think about it. It's some form of precipitation. And yet we make it a lot more difficult than it needs to be. The idea of just keeping it from getting dirty and what advantages that brings is really astounding when you sit down and think about it.

BEN Because when you're evaporating whatever that water is, it evaporates, goes up into the sky and leaves all the bad stuff behind, right?

TAYLOR Exactly.

BEN And then comes back down and then you guys do more filtration and protection to it, yeah.

TAYLOR We do, but we've started actually as a business doing extensive testing of the water in all different steps along the way. And over time we'll actually reduce the amount of purification that we deploy because of how clean the rain is.

BEN Because nature works really well.

TAYLOR Yes, It's fascinating. People always ask me, one of the first questions is, isn't rain dirty? And the true answer is that if there are impurities in the air, rain actually forms around them first. It's heavier so it turns water vapor into raindrops that are also encapsulated by whatever impurities are in the air and falls to the ground first, which is why the only waste in our whole system is a downspout that we run for about the first five to 10 minutes of every rain event. And then we've

started testing the water in the tank after just that downspout from a purification process and it actually tests 100 times cleaner than the strictest bottled water standards in both Dripping Springs and in Kiln, Mississippi where our second collection site is currently located.

BEN That's super interesting. It makes a lot of sense.

TAYLOR Yes. Nature works. Like you said, it's weird how that is. Yeah.

BEN That's right. Yeah.

TAYLOR I am certainly interested in the planet and in the environment and have grown more so through Richard's Rainwater. But it is pretty incredible, honestly just to think about this would work if we just left it alone.

BEN That's right. That's right.

TAYLOR Yeah.

BEN So, let's take a step back. You guys made this investment and you became the CEO of this project and Richard was involved kind of on a consulting basis for a while as you guys made that transition. But at this point you're taking over a company that is kind of a do it yourself version of collecting rainwater. A really great and interesting compelling idea, but was there a brand? They were distributing just a little bit, right?

TAYLOR Yeah. So, Richard's actually the first person in the United States to get approval for bottling rainwater. He took four years of back and forth with TCQ and ultimately got approval in 2002. And then I tell people he spent the next 15 years being kind of an Austin hippie and caring a lot more about the rain and the collection than selling of the rain. He also has installed about 1,000 rainwater collection and systems for people's homes and businesses. For the whole home.

BEN Which you see as you drive around Austin.

TAYLOR Yeah, exactly. So, he kind of pioneered that in a lot of ways as well out in Hill Country. And I think made a bit more money doing that than the bottled water side of the business, which is much more of a hobby. He's sold to some of the coolest people in Austin.

BEN Of course.

TAYLOR Some very famous folks and some places like Bunk House Properties and had some awesome evangelicals of what he was doing but didn't care so much about the business side of things in terms of growth and making it a much larger operation.

BEN Right.

TAYLOR Yeah. So once we became convinced that the water both tasted different and had some really unique characteristics in terms of the ability to scale but also be local in lots of different places and some important traits about clean water, some discussion points that Steve felt would be really important if we could grow a big business. After we bought the company, the first thing we did was rebrand. We worked with a local marketing shop. Helms Workshop did a fantastic job for us.

BEN Yeah, they're really good.

TAYLOR Yep. And then we went about trying to see if anyone else agreed with us. I spent most of the next year with a Yeti cooler in the back of my car and a bunch of Richard's Sparkling Rainwater in there and handing it out door by door to places like McGuire Moorman and The Line Hotel and Loro.

BEN So you started rather than trying to get into a bunch of regular retail accounts, you were focused more on food service and hospitality, right?

TAYLOR Yeah.

BEN And that I assume was a deliberate decision.

TAYLOR I will say, I personally think if you have the time and the patience to be able to do that, that is an incredible way to build a brand rather than sprinting to a grocery store where the fees are exceptional, the competition is fierce, the need to win immediately and justify your space on the shelf is super important to understand. Something we didn't frankly understand because we didn't have any consumer-packaged goods background.

BEN That's right. Yeah.

TAYLOR We have a really good understanding of that now and fortunate to have teammates that learned that before they joined us.

BEN Hard earned.

TAYLOR But it was twofold for me being honest. We've got a lot of mixture of luck and maybe a teeny bit of skill.

BEN Yeah.

TAYLOR Well the reality was when we bought the company from Richard, he was bottling water and delivering water only three days a week. So, there was some institutional muscle that needed to be implemented to have enough water to service H-E-B or Whole Foods.

BEN Of course.

TAYLOR Right, so it was part deliberate strategy, part necessity based on our manufacturing capability at the time.

BEN That's right. Because as you grow the demand, you actually have to-

TAYLOR You have to fulfill it.

BEN There's a finite amount of water that you can get.

TAYLOR One thing that is clear and obvious to me as the CEO is, if you're successful and that's a bad outcome or you're not successful and that's a bad outcome, that's a really bad decision path.

BEN That's very fair.

TAYLOR There's a tree there and you're going to end in a really bad spot. So, for us it was better to go about building a brand at places where ... Austin is such a great food town, such a great restaurant town, such a great supporter of local products and businesses. I think it was definitively the right strategy.

BEN Yeah. It makes sense.

TAYLOR This has really worked for us and it's something we're continuing to do in other markets and in other cities in Texas, is to support any retail placements that we can with strategic on premise and food service business around it. We think it's incredibly important to building the brand the right way.

BEN Easier to do in beverage than in food, right?

TAYLOR Way, way, way. Yeah.

BEN Because food, you're then in that scenario kind of often competing against, or you're hidden in some way because it's just like an ingredient in something else, right?

TAYLOR Absolutely, yeah. Less value. For us, you go to the water aisle or the sparkling water aisle ... I think UNFI, one of the largest natural food distributors in the country told us, I think they had 82 waters and none of them were rainwater, which got them very excited.

BEN That's right.

TAYLOR But the point is there were 82 other waters in their system when we ultimately got approved.

BEN That's right.

TAYLOR So, you're walking down an aisle that has lots of choices, lots of price points, lots of marketing. Or you walk into your favorite restaurant, you get a cocktail with your favorite spirit, and typically we're the only one. So trial is obvious.

BEN Huge.

TAYLOR Brand awareness, brand loyalty can be built through those things.

BEN Brand association with all these really great-

TAYLOR Yeah. With quality restaurants that care about service and care about the quality of the food. If I can get those people to support us after they try our product, why wouldn't you as a consumer? And that has proven to be true.

BEN I think it's a brilliant strategy. In your case, because of the differentiated product, makes all the sense in the world. So again, if it's a me-too product and you were brand 83 of regular filtered water, then who cares? But you guys had a really compelling story to tell.

TAYLOR Absolutely. And uniquely the sparkling water, it stays carbonated 24 hours after you open it. So, if you're making a mixed drink as a bar and your bartenders running around, pouring a drink and then having to leave the bottle on the table-

BEN So, there's a huge functional benefit.

TAYLOR There's actually a real ... It's a real differentiator.

BEN Why is that?

TAYLOR So, it's partly the amount of carbonation that we have. We actually have a patent pending process for our carbonation. It's partly the purity of the water and the bind that happens between the gas and the water because of how clean and crisp the rain is.

BEN I used to joke with people, because Topo Chico, which is huge in Austin and across Texas, is aggressively carbonated. So, it's not just like modestly carbonated.

TAYLOR Yeah.

BEN So, you guys went on the strong carbonation side.

TAYLOR Yeah, we have good levels of carbonation and it is by far the cleanest water. The starting point of the water is the least amount of impurities of any sparkling water on the market. And so, the taste is interestingly different.

BEN Really crisp and clean.

TAYLOR Yes.

BEN Yeah, absolutely. Which is a huge thing too, again, when you're having that trial, can you in that first taste, in that first enjoyment of it, is it meaningfully different than what you're used to? Because frankly, most people would assume, oh, it's just water.

TAYLOR Yeah. I've heard that a lot. I will tell you this. There were a couple of stories that I think are pretty unique to the rainwater. So, one of the things we did during the due diligence process was go talk to the people that had the home systems installed. And they're like, "We thought it was crazy at first, but now we will not drink any other water. Our clothes are cleaner. There's not that nasty film on our dishes when we're doing it. Our hair in the shower, when we rinse it is like noticeably different."

BEN So, these people were not just collecting rainwater for their garden.

TAYLOR No, their whole house. Their sinks, their dishwasher, the whole property runs on rainwater. It's really cool. And so that was one of the reasons we were like, it's not just us. There's other people that validate that this water tastes different than other waters. And then the other story I like telling is, my wife and I obviously drink Richard's Rainwater now, basically exclusively.

BEN You're sponsored.

TAYLOR And there was a day when I was going to the gym and had run out of bottles and filled up a Richard's Rainwater bottle with filtered water from the fridge. So not just city water, other filtered water. And my wife came down and drank out of the bottle and said, "This isn't Richard's Rainwater, what's in here?"

BEN Instantly she knew.

TAYLOR In the bottle.

BEN So, you couldn't dupe someone.

TAYLOR Yeah. You would have assumed that she would have guessed that it was Richard's Rainwater and not something else. And I will say more and more people, if you drink the rainwater consistently, you can tell the difference, for sure.

BEN No, that's awesome. So how did you go about, again with this financial background and that sort of thing, how did you go about acquiring the knowledge and the team that you needed to begin to scale up this business?

TAYLOR So, we asked a lot of questions. It's a great consumer packaged goods town with all kinds of people that have built incredible businesses. Clearly listening to people who've done it before is a really good way to learn. In the world of beverage and consumer packaged goods, there's also an element of you learn by making mistakes and trial and error. And we've done a fair amount of all of that as well. So, it's a really interesting cycle. From manufacturer to consumer and then I was telling you before we started, we're increasingly trying to think about what happens after the consumption to the bottle and how can we play a role in a more circular economy or sustainability pathway that doesn't just stop when somebody buys our bottle. But it's the chain. It is a chain for a reason and trying to figure out how to work within it and make sure that you extract your fair share of value for what you're bringing to the table, but acknowledge that everyone else in between you and the consumers is also an important part of building a successful business has been certainly a unique experience.

BEN Oh, absolutely. I love it. And I want to dig into the circular economy thing. We're going to touch on all of that a little bit more. As you guys, and you pointed out, hey, we're going to buy this company and try to scale up a company that is collecting rainwater in a place that doesn't rain that much. So therefore, we're obviously going to have to grow. If we want to sell more bottles of this rainwater, we're going to need to collect it. And you've begun that process of expanding your collection operations across the country in places where it just rains more, which is quite convenient for the model. And I love that. When you made the transition from these local strategic influencers and outposts in the food service and hospitality spaces, how did you enter into retail? Did you go after one specific anchor account? Did you kind of tip toe? What was your approach there?

TAYLOR Sure. It was actually very recent. I mean for a year and a half we were 100% focused on premise, almost exclusively in Texas. We're fortunate to find distribution partners that took us across the state, but again, almost exclusively in the on-premise world. We did have incredible clients that dated back to Richard, like Royal Blue Grocery, Tom's Market, that are like somewhere in the boutique.

BEN Early stage. Kind of the Austin bodega kind of thing.

TAYLOR Right, exactly. Because it is true that over time it's hard to justifiably spend marketing dollars if the people who fall in love with your product cannot buy it anywhere.

BEN That's right.

TAYLOR We understood that at some level but still spent some money on marketing anyway.

BEN Which is why you don't run the national TV ad if you're not available nationally.

TAYLOR Exactly. Right. So, then the first three retailers that we've got I think make a lot of sense. Two in particular. One is Whole Foods and we're in the region here that encompasses Texas in all 43 stores.

BEN Right. The southwest region.

TAYLOR Yeah. And clearly a good fit in terms of shopper. Their commitment to sustainability, their commitment to local products is a great match for us. H-E-B obviously, you know.

BEN The grocer of Texas.

TAYLOR Yes. It is the grocer of Texas. They've been incredible supporters of local Texas products for sure for a long time. And also, Texas shoppers, they go out of their way to take care of their customers in pretty unique ways in my experience. And then the third one has been the Fresh Market. And that I think breaks probably a cardinal rule for most people in consumer-packaged goods, which is, going deep in markets and the velocity at stores is far more important than the breadth of your reach.

TAYLOR I will say the Fresh Market's a bit of a unique footprint as well.

BEN It is. It's in the southeastern United States primarily. Yeah. And it's kind of is a regional conventional account that has a natural flavor or flair to it.

TAYLOR And a huge ready-made meal, part of the store. Right. The actual grocery shopping section of the store is relatively smaller than in a normal experience.

BEN Focus on the fresh prepared foods.

TAYLOR Yes. And their head of grocery, Dwight Richmond, actually came from Whole Foods.

BEN Used to be here, that's right.

TAYLOR So, he was a local person and fell in love with our products.

BEN Had discovered the product, yeah.

TAYLOR Yes, exactly. Some markets where we struggle to spend money to support the product, but it's a unique enough footprint where it hasn't caused us the problem that other CPG companies have quite frankly died because of where you get into a Kroger or Publix and you don't have enough money to support it. You're on the shelf for 15 minutes and then you're out and that's that.

BEN And you get spread too thin and your velocities are low, et cetera. You get crowded out, you don't get replaced, et cetera.

TAYLOR And you know, there's definitely, especially when you take outside money, there is a mix of metrics that you need to hit in order to satisfy those investors. And the reality of being methodical and deliberate and deep in your markets being clearly the long-term way to build the best business. What's the right way to talk about it? If you can build success stories, it's incredibly easier to replicate that or to convince a store that looks like the success story to do what you've done already than it is to break down all different kinds of things all at one time.

BEN That's right. Yeah. It's a core tenant here at Barcode, historically, I've referred to it as like if you're rock climbing, you don't move on to the next hold until you're very secure in your current hold or you're going to get yourself in trouble really quickly.

TAYLOR Big time. Yeah. And for us, the long-term vision of our company is collection sites all over the country and then to move the water the least possible distance from where it's captured to where it's consumed. I was telling you before the show, this whole movement of farm to table has been powerful in food and in supporting communities and in supporting farmers and produce makers that do things the right way. Occasionally at a higher cost, but at a much greater freshness, at a much greater value to the local economy, to the local community.

BEN Greater nutrient density.

TAYLOR Yeah. Better for you, better for the planet, just better. And yet you look at water in our country, which is by far the most important ingredient to sustaining life of all forms. Water is incredibly backwards in the way that water is delivered to people.

TAYLOR Municipal water streams are typically incredibly wasteful, through no fault of their own. These are good people doing good things, providing water.

BEN That's right. It's just the way the system was setup.

TAYLOR The system is set up with archaic, in some cases, infrastructure. It takes a long time to get from a rain cloud to your faucet. There are waste and chemicals and things like that, but it's in our country at least provided at a level that is good for relatively free.

BEN We take it for granted in most cases.

TAYLOR For an affordable rate that comes out of your faucet. When you look at the water on a shelf, it's really bucketed into two big groups, water that is no different than the water that comes out of your faucet. Maybe occasionally with some filter or flavor, but literally sourced from the same place.

BEN Like literally municipal tap water.

TAYLOR It is that, okay. Very few people understand that, but that is the vast majority of the water on the shelf and it's why you can buy some of them for 2.99 or 3.99 or a 24 pack or a 12 pack, so that we don't have to name any names. You can typically figure it out based on the price of the water.

BEN That's exactly right.

TAYLOR And then the other big bucket they call bottled at the source. Well by definition a source other than rain, it can be found in only one place. So, you're buying water from, let's just say Fiji.

BEN A spring.

TAYLOR Or Italy to name a couple of places that you may have purchased a water from. The carbon footprint of moving a bottle of water from those places to Texas-

BEN Because water's really heavy.

TAYLOR Really heavy. So those companies are typically bad actors in terms of the impact that they have on the availability of clean water for the community where the source is. They are typically incredibly bad actors in terms of their impact on the environment just from shipping.

BEN You're literally shipping a tanker load of water from one side of the globe to another.

TAYLOR Think about how crazy that is. Like it really doesn't make any sense when you spend a few minutes thinking about the water that's in the bottle, right. So, we are the only bottled at the source quality water, typically defined as some level of cleanliness or purity, some level of not being touched by the things that some sources of other drinking water are contaminated by, that can be found in all different places.

BEN So, you can truly create sort of a distributed infrastructure that is authentic.

TAYLOR Right. Rain is a truly renewable resource. You're adding to the availability of clean water when you drink one of our bottles because of how much more efficient it is than letting it land, evaporate, runoff, get dirty, purified, then transported through some pipe or some bottle. Our process is just way different and way better.

BEN And I think that's a really interesting point as I think about it because, sort of the premise of spring water is that you're drinking water that is theoretically really old. It's like in some cases like millions of years.

TAYLOR Rain is billions and billions of years old.

BEN That's right. So, and it kind of comes up and it's filtered by the rock, all of this stuff and it picks up the minerals, et cetera, et cetera. Again, the thesis for Richard's Rainwater is sort of the opposite end of that. It's like, well, it actually cycles through much faster through the clouds and they're equally effective, arguably more effective at cleaning and purifying that water.

TAYLOR We always say, drink water for what's not in it. You want to get some more minerals in your diet, awesome. Eat a leaf.

BEN Yeah, sure.

TAYLOR It's a different kind of absorption for your body. It's far more efficient. Just drink clean water for what's not in it. And it's important. This is the thing that we get passionate about. It's not just that it's the most efficient way to consume water. It's that water is this important and it's not available everywhere and increasingly challenging, even in our own country here in the United States, but in developing parts of the world. One of the biggest problems. So why would we want

to go to a lower efficient way to capture something that's in need and sustains life? The equation doesn't make any sense when you really think about it.

BEN That's right. No, I think it's great.

BEN So you've kind of created this parallel to farm to table. It's cloud to bottle, right?

TAYLOR Yeah.

BEN And then, how does that mentality infuse the way that you guys go about your business and make decisions about processes and where you go next and all that?

TAYLOR Yeah. So, I mean look, we're a small company so we've got a ways to go to be where we want to be in terms of movement of water for. The goal in the next several years is to get it down below 500 miles from every plant. No bottle traveling more than that. I think eventually we can get most of our plants down to significantly less than that even.

BEN If you do that, it'll be like the internet of water.

TAYLOR There we go, right. Or the Bitcoin. I was joking with somebody yesterday, some decentralized network of water, but it makes a lot of sense.

BEN It does.

TAYLOR And yeah, so it educates how we engage with the community. We're incredibly supportive of charity galas and charitable events and things that are trying to raise money for causes that affect our local community. We do give some money every year. Substantial amounts of money in a lot of measurable ways to clean water projects in other parts of the world. And we will, as our company grows, develop more systematic ways of thinking about those charitable causes. Right now, quite honestly because of Steve's involvement, if I told you the metrics, it wouldn't make any sense to a normal person.

BEN I'm sure. That's totally fair.

TAYLOR Or a normal business. But over time as we take on other investors and build a more sort of standalone vehicle, our program will be some formula.

BEN And sort of the missional aspect of it is very straightforward and obvious. That correlation. I think some CPG companies struggle finding, well what's the right cause for us to get behind or whatever. In your case, we provide clean water to our customers, in turn we support clean water projects around the world.

TAYLOR And some CPG companies, or most of them now, are doing what is good. I need to connect with my customer, I want them to know I'm going to give back in some fashion. But in a lot of cases it has nothing to do with the product. It's just a good thing. It's a good thing to do. It's a good mission to have. There's nothing wrong with that. We're fortunate that the whole way that we're

capturing water is more sustainable, better for the planet, better for you. And we don't have to do anything. We didn't have to spend a ton of money on a new process or make our product less shelf stable or do some brain damage thing to our product. It just is simple and better. And all we have to do is keep doing that and it'll make an impact over time.

BEN And because there's so much rain, it's not like there is a risk that you're putting an umbrella over an entire community and so they can't get rain. So, you're collecting a tiny, infinitesimal amount.

TAYLOR Less than 1% of the available water on the planet is potable drinkable. So again, it's just the current way that water is collected, distributed, purified is horribly inefficient. And this is just a better but very simple mousetrap to something that's important.

BEN The best inventions, the best designs are simple. It's a good simple machine. I love it. I think it's fascinating. So, talk a little bit more about your notion around the circular economy. Most consumer-packaged goods companies, there is some degree of awareness around the packaging that we're using and some other things along those lines. But it sounds like what you described kind of dovetails nicely with another movement that I think is gaining some steam in Austin and certainly across the country. And that's really this more holistic regenerative agriculture movement, where there's biodiversity, there is a desire to re-wild certain things along the way. But it's really taking a more holistic approach too, and not just saying, oh, we're only going to do one little sliver of the thing.

TAYLOR Yeah. So, look, in the bottled water world, by far, the thing that consumers are most focused on is the bottle. So, the first thing we want everyone to think about and know is you should really care a lot about what's in the water and where the water came from and how it was purified and we're passionate about that. I'll say that I think this is the first announcement, so we're breaking news.

BEN Excellent.

TAYLOR Not sure it's going to reverberate very far, but we're eliminating plastic bottles from our product portfolio by the end of the first quarter of this year. And all of our still water will be in aluminum or glass and our sparkling water will continue in glass.

BEN And by the way, let me say, first of all, kudos to you on that. That's a thing that again, some people know I've a facility that that manufactures food in addition to this podcast. And I'm a big proponent of glass and I feel like there is at some point in the future, maybe 40 years from now, we're all going to stop and go, you know, maybe it was a terrible idea that we ate and drank everything out of petroleum.

TAYLOR Yeah, yeah, yeah, yeah.

BEN Maybe that wasn't the best idea that we as humanity ever had.

TAYLOR Right, right.

BEN Whereas glass is completely inert, it's made from sand. It's much safer. It is a little heavier, so there's some tradeoffs.

TAYLOR But we offset a lot of that because our future distribution model. And then we'll get into it, but I think there's some really cool things that are going to come back into our country that are still

happening in Europe around glass. Current trends are actually that it's less recycled on average. Not so much by consumer trend, but by the recycling facility's willingness to make it.

BEN Behind the screen, yeah.

TAYLOR Because there's no aftermarket in certain places that is attractive from a financial perspective. However, if we can build enough density in markets and build partnerships, I think the first thing we'll do is unique recycling partnerships. So, I've pushed the team to start those dialogues. So where you get a large corporate campus as a client, we should be partnered with Waste Management and we should be doing studies around how many bottles did we put into that corporate campus and how many of them ended up in the recycling bin versus some other place? And to measure it and track it and report it and tell those people.

BEN Having real metrics.

TAYLOR Yeah, real metrics around it. And we're in active discussions on some cool things like that. I believe that at some point in our company's future, if we're fortunate enough to continue to grow, that we will have at least a plan, if not multiple plans, where you'll be able to return your bottle and we'll reuse it. Which I think is like the milkman deal. It just makes too much sense. If you really care about it, but people are going to have to be willing to pay a little bit for it.

BEN That's right.

TAYLOR And we've got some early looks at what that would be like and what equipment we would need.

BEN Which it makes sense, kind of like milk, if you're drinking enough of it then you can collect it.

TAYLOR Right. And if your markets are dense enough. So you stick to the CPG best practice from a business standpoint, if you implement business practice from a distribution perspective that is both better for the planet and smart business because you might pay less money but your market is dense enough where you get enough bottles back in a single place for it to make sense. And you're willing as a company to invest money and time and energy in those things, all of a sudden, you've got a pretty different deal than just a big company saying, we're carbon neutral cause we bought a bunch of carbon credits.

BEN That's right.

TAYLOR Which by the way, would rather have you do that than do nothing. But we think that it's little companies like this that will make people think about actual different process and change and systems that are really sustainable, not just sustainably sourced written on a bottle. Which by the way, there's no one out there that regulates what that means or who it is. So, we compete with a lot of waters on the shelf that say sustainably sourced.

BEN Air quotes, sustainable.

TAYLOR It's infuriating to me.

BEN Oh sure. Yeah.

TAYLOR So that, and then the other thing that we're working on that I'm really probably the most excited about but is still give me some time to convince people that it's worth doing. We think that we could work with companies like sports stadiums, like grocery stores, like hotels, like airports, where we could collect rain off the roof and dispense it into reusable packaging onsite in the actual place where the rain was falling. So, we'd eliminate the bottles altogether.

BEN Oh wow. That's excellent.

TAYLOR So, we're working on prototype. We're working with the city of Austin. We'll be working with the city of Atlanta to show people what this could be like and how impactful it could be to eliminating single use packaging of any kind. Because the truth of the matter is, if you don't care about the downstream reality, it doesn't matter what you put your consumer packaged goods in from a packaging standpoint, it's not good. There's more of it out there.

BEN That's right. It just keeps accumulating.

TAYLOR So that's why I think that the investment in the thinking, at least ...We don't have enough money yet to invest in the practice of it. But the thinking about, where does the bottle end up or how do we eliminate the bottle altogether, are things that big companies should be thinking about. Not just, hey, can I put it in a new package that consumers generally perceive to be less bad so I can keep selling the same stuff for the same price as I've been selling it for?

BEN Well and I think that somebody has to be a pioneer in these areas, and then hopefully it catches.

TAYLOR The standard.

BEN Yeah. You're the standard.

TAYLOR Once consumers validate it by purchasing behavior, then everyone has to do it.

BEN That's right. Yeah. Yeah. So even people with their reusable Hydro Flasks and Klean Kanteens and whatever the thing, Nalgene bottles. At some point, I remember back when only super-duper hippies had that sort of thing. And then gradually it becomes more mainstream. So, somebody has to be the one to say, no, I believe in this and this and this is how I'm going to live.

TAYLOR Exactly. We got a long way to go. We have to do some more basic blocking and tackling to drive more revenue, so we have more resources. But the early reaction from people is like, if you can do that, that would be pretty cool. And we'd like to follow along. We'd like to be part of it. We're going to purchase your water because we want to support companies that are trying to do the right thing, trying to make a difference. And the feedback is really good. Which I think is encouraging. And it's not just in Austin where there's generally a more forward thinking, educated consumer. We get that feedback in lots of places around the United States.

BEN Yeah, it's pretty noncontroversial.

TAYLOR You would think.

BEN Yeah, of course there's certain ways everything can get its special spin, but yeah, in general if I were a politician, I said I'm pro water. You're like, okay. Fair. Good hard stance.

TAYLOR Yeah.

BEN So that's all really super interesting and exciting and excellent. I think another aspect of this that you guys are doing as you grow that I think's really smart and useful is kind of to ... I think of this as on some level related to some of the circular economy stuff, where we have seen over the last few decades this just proliferation of microbreweries across the country. The reality is, there are a lot of them in Texas. There are a lot of them everywhere. And the equipment's really expensive and they're making local micro brews and, and people love them, but they're not exactly running 24/7, these operations. So you found ways to even begin to have conversations about partnering with them as a way to kind of create this decentralized network, right?

TAYLOR Yes, absolutely. So, the fact that we learned as we were investigating all different ways that we could think about scaling Richard's Rainwater is 70% of the breweries that exist today didn't exist three years ago. So that's a huge growth that's in an industry.

BEN That's a big influx. Yeah.

TAYLOR Like you said, the equipment typically very expensive, typically requires some amount of debt. So, stress for the owner.

BEN So you have to pay that debt, whether you're selling beer or not.

TAYLOR Yes. Like a lot of manufacturing, it's not linear. Like you don't add a piece of equipment and it just helps you methodically increase your production. It's like, you go from here, production levels, once you cap it, the next one is like way up here. Even if your business keeps growing, there's this huge gap. But as competition has increased and the distribution of beer is also highly regulated in my opinion. Very skewed towards the distributor in terms of the rules.

BEN It is.

TAYLOR So what we've seen a lot of breweries do is like a bunch of people brew beer in their garage. It is really good. Their neighbors like it. They open a tap house. The tap house does great because the tap house is very economically sensible.

BEN The tap house ends up being the main way that that microbrewery makes money.

TAYLOR Yeah. But then the tap house is successful and like lots of entrepreneurs and reasonable people, you want the next thing. So, you start distributing the beer maybe in your local community, that goes pretty well. And then you buy the big equipment and you try to take your beer to the next city over, and that step is way harder than any one.

BEN You're going to run into a lot of obstacles.

TAYLOR There are some other beers there that are already being made.

BEN There's a lockdown system there with beer distribution that is very aggressive.

TAYLOR Yeah, so, what we've found is increasing numbers of breweries that are interested in what we're doing. Not all, but many of them need more products so that they can sustain their economic viability.

BEN It's a complimentary revenue stream for them.

TAYLOR Honestly, the only real problem with breweries is the wastewater reality of creating a beer is actually fairly toxic. So, for them it's kind of like buying a carbon credit. We have not yet worked in can the rain be used as an offset to actually change the operation in some way as it relates to that. But it is again, like a big company buying a carbon credit where you actually do care about water in your community, you're contributing to creating more available clean water, even as the wastewater is some kind of an offset to that.

And the craft nature of what we're doing is just enough different than other waters and sodas or juices, where they've found interest in being partnered with us. So, yeah, we did our first one in Kiln, Mississippi with Lazy Magnolia Brewery last year. And we're in process on our next one with a brewery in Atlanta called Monday Night Brewing. And again, hope to have these sites all over the United States. We think it's a win for them. It's a win for the local community, it's obviously great for us. It contributes to our ability to not move the water further than we need to. It creates some level of backup. And from a rain perspective, there's different seasons, different rainfall levels.

BEN Yeah, it's a good risk management strategy too.

TAYLOR Yeah. There's all kinds of really great things that can happen from it. And in order to scale, we didn't have to go build a new roof somewhere. We are leveraging existing infrastructure and just making it better.

BEN Right. No, that makes a ton of sense. It's super fascinating. So, you made the comment to me that, you got into this thing, it was exciting. At first you thought, oh this is a really dumb idea. But then over time you said, maybe there's actually a market here. And you got into it, but then you had no idea, like most people who are starting a new thing, of how challenging it was going to be. If you were to go back, obviously things happen for a reason and I'm sure you're glad that it's gone this direction. But when you think about yourself as a naive, kind of new to CPG person and you're not naive as a person, but you're naive to the particular challenges of a new industry.

TAYLOR Sure.

BEN What are the kind of, maybe the strategic or tactical bits of wisdom or advice that you feel like, oh, if I could go back and tell myself some things and I could have that sit down talk with younger me, what would you have focused on?

TAYLOR Well, it sounds like a theme that comes up on your podcasts all the time and something that all of the smartest CPG mentors or advisors or just conversations I've had suggest. But this idea of density in the market is a real thing. You've got to focus on winning particular geographies, particular stores, particular markets before you can think about conquering something greater than that.

BEN Yeah, I typically refer to it as, like you want to grow your business in concentric circles. Those concentric circles may be geographic, psychographic, demographic. But you don't want to be spread too thin and you're just dancing around and you're like, well I'm going to target yoga moms in Connecticut and mountain climbers in Wyoming. You're like no, no, pick a lane and really make sure you're doing that one well.

TAYLOR Yeah. And we're actually still trying to figure this part out in all honesty. I'm a finance nerd, not a marketing guru. But yes, this idea of like, people ask you, "Who is your customer?" And you're like, "Anyone who buys water."

BEN Thirsty people.

TAYLOR Do you drink a lot of it, because we like you. Yeah. But you know, trying to decide, all right, who's going to buy it? Therefore, where do they shop? Therefore, where do they eat? Where do they work out? Where do they work? Like can you hit a person that is highly likely to care about the things you stand for in lots of different ways. You've got to do that pretty specifically.

BEN Because they're probably going to need to see it a few times before they buy it.

TAYLOR Multiple times. Multiple times. I think the best consumer packaged goods brands have something of a unique ingredient. But if you have a unique ingredient that means almost by definition that people have never tried it before or very few people have. So, convincing them to drive the trial, then convincing them to buy it-

BEN You're taking a risk with their own hard-earned money.

TAYLOR Exactly, right. And often a product that's going to cost a little bit more than an alternative.

BEN And even if that's \$2, \$5, whatever it is, that's still ... If you pay \$5 for something and you put it in your mouth and you want to spit it out, then you feel like oh man, I got duped.

TAYLOR Yes.

BEN That's terrible.

TAYLOR So pack size. One thing that I would say to everyone who's like do not do more SKU's than you can handle. There's this same kind of idea and we've done this in spades, but I mean the ask of an 11-person team to rip bottled water in a PET plastic bottle out of 26 states and like 500 grocery stores. And the conversations that they've had to have about that is incredible. And just the purchasing, the manufacturing reality, the inventory management. And that's a unique one because you're literally changing the SKU. But the same things happen as you add them.

BEN It's quadratic, it's not linear.

TAYLOR It's incredible. You have to purchase different things. You have to store different supplies. I would say simple is better and stick to a core product because the other thing is once you have that success, actually layering in additional SKU's, if it's done at the right time, I think will prove to be easier-

BEN It's easier and you can afford it then because you're selling your more. It's a really beautiful thing.

TAYLOR Yeah. And then I think the two other things are just; I mean one is mental. You just have to be willing to assess that your highs are going to be really high and your lows are going to be really low. I don't think there's anybody who's ever started one of these businesses that doesn't experience that. So, find a good coach, mentor, friend.

BEN Shoulder to cry on.

TAYLOR And then do everything you can do to keep the static line static where you can. Because typically the longer your business lasts for sure it comes back to reality one way or the other.

BEN That's right. The regression to the mean.

TAYLOR And then the second one would just be like, the packaging companies. When you're little, I mean you should just expect to be treated like a third-class citizen, right?

 And you should build in that expectation early on knowing that someday there's going to be a 10 or \$15,000 deal that you find to be horribly negligent on their part that they're just going to literally tell you like you can either deal with it or we're never shipping you another thing.

BEN That's right.

TAYLOR Holes in the bottles, labels that are the wrong size.

BEN Size. And they don't fit around the bottle.

TAYLOR Yeah. I mean, you name it, I've seen it and I've only been doing this two years. I can't imagine the horror stories that are yet to come.

BEN Of course. Well, and at scale, everything gets magnified, right?

TAYLOR Yeah.

BEN So at scale, there's crazy people out there in the world, right? And so, you're like, okay, I never thought anybody would have that response to our water. But like, okay, I guess it makes sense if we're selling more water than we're going to need more people.

TAYLOR Then there's more things. There's more people. Yeah.

BEN There's going to be weird stuff that happens, and you got to be prepared for it.

TAYLOR Absolutely. Yeah. You just take it all in stride, handle it like either your parents or your first businessperson said customer's always right. A lot of humility, a lot of understanding. And yes, the reality is there's a lot of different kinds of people with a lot of different views on the world and your product and it just is what it is.

BEN And hopefully lots and lots of people are going to love your product, but there're going to be a handful of people who irrationally hate it for some reason. And you're like, okay, maybe you can't solve all of those things. And you got to learn to live with that as well.

 I think it's a common misconception that once we get bigger, once we are more successful, once we have greater revenue sales, whatever, man, it's going to be easier. Right. And that's not actually how it goes at all. It's more complex.

TAYLOR Well, and the challenges change. They become more people and process. And I think every person's different. Every leader, whether you're in charge of a division or the company as a whole, your skillset either maxes out might be the wrong word, but it's probably right.

BEN It may not be perfectly fit. Because you're the person that takes something from nothing to \$5 million revenue does not mean that you need to be managing a fortune 50 company. That is not the same skillset.

TAYLOR They're completely different.

BEN In almost every case, that's not the same skillset.

TAYLOR Yes. Yes. And so, adaption, understanding of what you're good at, what you're not good at. I'm trying to get better at reflecting on that. Making sure that the people you bring in to surround yourself with fill your gaps as best as you can.

BEN Which means you have to recognize those gaps.

TAYLOR Yeah, very hard. Whether you're successful or not successful, recognizing why that's happening is hard, I think. For me, I'm going to someday be happy to turn this over to somebody else.

BEN I was just kind of standing in the wrong room.

TAYLOR Yes, yes, yes, yes. But you know, seriously whether that's stepping to the boardroom versus the CEO, or just making a more senior and strategic hire in a certain area. I think if you're going to go the long journey to the ultimate success where you're either a big company or you're acquired or whatever your version of that is, there's going to be a lot of adaption along the way or recognition of things you need that you do not have.

BEN Of your own limitations.

TAYLOR Yeah.

BEN That's right. Yeah. No, I think that's very wise and I think it's true really across the board. Well, you know, as people come to you and I feel like all that advice is really sage, are there any other things that, if, let's say a startup founder came to you and they're asking for your input on something, is there anything that you find yourself saying to people a lot that you think, man, I wish more people knew this thing? Right? That maybe they all think they need to raise \$1 million for whatever cookie business that they're starting or something like that. Is there any other kind of things that you find yourself frequently saying to other people who approach it and go, "Oh, I really love Richard's Rainwater. That's so awesome. What should I do?"

TAYLOR I mean, I've not been doing it long enough to consider what I think yet to be all that valuable. But you know, one thing, the packaging refreshes have been just ... The bigger you get; it is so challenging to do. You're dealing with product that's gone through multiple hands. It's sitting on a shelf. Try some things in small doses, make sure it's perfect.

BEN And ideally you sell through whatever you currently have. This is the gold standard, right? Because otherwise you're spoiling out water and that feels terrible. Why? And so, you're trying to strategically time it so that you get to the very end, but you don't want to go out of stock. So, it's

a very delicate balance. And then you have intermediaries, these distributors and other people like that who, they might be sitting on some certain amount of inventory and sometimes they don't tell you how much inventory they have. And so that can be hard to gauge how much of the new thing do I need to have there?

TAYLOR Once you're on a retail shelf, every change is 100 times more complex than it was when you're selling it anywhere else. So, I would have probably done some more consumer research about what our box looks like. You know, does the label stand out enough? Does this, does that? Because the reality is that most consumers will experience your product for the first time walking through a grocery store.

BEN It's true.

TAYLOR And so making absolutely sure that the way they're going to experience that, assuming it's walking past it, never having seen it before, making sure you have really good advice about what that is, I think is largely like the make or break reality of a lot of consumer packaged goods.

BEN Especially for a new brand. Right? Because you it's going to require the package convincing me. If I've never seen Richard's Rainwater, how do I discover that in fact it tastes better than other other waters? The package is a salesperson.

TAYLOR It's a huge thing.

BEN And if the printing is off, and the color registration is off, if like it looks like, Oh, they can't do anything right. How do I know this word is even clean?

TAYLOR Our first retail box didn't have our logo on all four sides. Now, it's nothing I've ever thought about. Could I have figured that out, that that was stupid? Absolutely.

BEN But you didn't necessarily know the impact of that.

TAYLOR Well you didn't think about it. Oh, the grocery store might display it this way or that way. And if it's displayed that way and it doesn't say your name-

BEN It's a blank box.

TAYLOR What have you done? Like monumental, stupid, stupid, stupid.

BEN But an honest mistake at the same.

TAYLOR Yeah. Clearly. But I think, once you make the leap to that channel in particular to have found someone that is exceptionally experienced in terms of this packaging reality, the introduction of your product to a consumer in that very specific way, it would be well worth your money because trying to change it afterwards is time, money, headache, pain in the ass for everyone involved.

BEN Oh, that's really great advice and super practical. I love it. Well, Taylor O'Neill, thank you for sharing your time wisdom with us. And I know you kind of undersell your experience and you're like, well, I've only done it for two years, but you guys have really made tremendous progress in those two years. And clearly, I think have a unique and differentiated product. I love it when a

business, and you hinted at this before, but I love it when a business, when you do well, it actually makes the world a better place, right? It doesn't like, "Oh well, you know, so we grew the business and we like completely destroyed things." You know, whatever the thing is, right. So, it sounds like you guys really have that mentality as you grow, which is really encouraging and exciting and I think you're onto something pretty big.

TAYLOR Yeah. Thank you. Thanks for having me.

BEN Yeah. So again, thanks for joining us here at the Barcode Podcast. We're really glad that you're listening and watching and please, if you're getting a lot out of this, please don't hesitate to tell a friend. Because I know that a lot of entrepreneurship can feel lonely and you feel like, "Oh, I'm slogging away in this commercial kitchen or in this garage by myself." And there's a community of people out there who are, they're learning and growing together. And we really want you to kind of make those connections and facilitate and kind of share your own experiences with each other. And hopefully these conversations are a useful tool for you to be able to do that. So please use them in that way. That's the spirit in which we're hosting them. So, thanks again for joining us at the [Barcode Podcast](#).