BIRTHING OF GIANTS

JAMES BOETTCHER: TURNING A LOCAL GELATO SHOP INTO A $10 MILLION NATIONAL BRAND

On the season premier of "Dragons' Den" (the Canadian equivalent of "Shark Tank") in October 2016, viewers were introduced to a 31-year-old entrepreneur making his case for a $500,000 investment in his company, Fiasco Gelato. As an assistant scooped the creamy confection from the basket of a Vespa scooter—the company's first delivery method—to serve the six potential investors, James Boettcher relayed how he came to buy a small gelato shop in Calgary, Alberta, with just $1,800 in the bank. "I saw something greater than just a few scoop shops," he told the Dragons, explaining how he grew the tiny company into a profitable $3 million brand available in grocery stores across Alberta.

The Dragons oohed and ahhed as they sampled mango pineapple and raspberry lime sorbetti made from fresh, often local produce—though the verdict on the basil strawberry was less enthusiastic. Between bites, they peppered Boettcher with questions he answered easily:

- **"What's the money for?" asked one.**
  Fiasco had built a $2 million dollar "Willie Wonka meets Google" factory and shop using a $1 million loan. Soon after opening, the site was severely damaged by an electrical fire, essentially shutting down the company.

- **"What's your debt ratio?"**
  Three to one.

- **"Why not get a loan from a bank?"**
  Because the new facility already incurred $1 million in debt.

It was only when Boettcher mentioned his 20-year business plan that the Dragons chuckled knowingly. "After 3-5 years, it's a fairy tale," one said. Boettcher just smiled, undeterred.

Within five minutes of airtime, Jim Treliving, owner of Boston Pizza, a chain with more than 400 restaurants throughout North America, accepted Boettcher's offer as-is. Two more offers came through, but the synergy of Treliving's company was compelling, and Boettcher accepted. Off screen, however, the young entrepreneur decided to turn down the offer and managed to get his wholesale operation up and running within weeks, with the shop itself not long after. The television exposure, however, was priceless.

BECOMING A 'B CORP'

The appearance on "Dragons' Den" is emblematic of James Boettcher's way of working. Part showman, part evangelist and part business savant, he clearly understands the value of a good story. But he's also well aware that the story can't be fiction. (He later related to an interviewer how thoroughly he prepared for the show, even down to softening the gelato moments before so that it scooped smoothly and enticingly.)

Central to the brand is its commitment to eight "core values" that will be familiar to anyone who has read a corporate website: quality, integrity, community culture—all the buzzwords are there. The difference? Boettcher has taken care to commit the company not only to adhering to these values, but also being transparent about it—even down to design decisions like the brand's clear packaging and its glassed-in manufacturing works. In 2020, Boettcher took the bold step of renaming the company Righteous Gelato. That decision, again, had shades of business savvy alongside social responsibility: He was anxious to expand into the U.S. market, where the Fiasco name would run into trademark issues.

Boettcher's most significant step toward transparency was earning B Corp certification in 2016. First issued in 2007, B Corp certification is issued to businesses that agree to meeting high standards of verified performance, accountability and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials. Familiar brands such as Ben & Jerry's and Patagonia are B Corps. In order to achieve certification, a company must:

- Demonstrate high social and environmental performance by achieving a score of at least 80 out of 250 on a "B Impact Assessment."
- Make a legal commitment by changing their corporate governance structure to be accountable to all stakeholders, not just shareholders.
- Exhibit transparency by allowing information about their performance measured against publicly available standards.

Righteous Gelato quickly earned bragging rights by earning a score of 115—beating out Boettcher's hero, Ben & Jerry's, by one point.

FOLLOWING THE '3 PS'

For Boettcher, being a purpose-driven company isn't just window dressing. It's central to the organization's existence. In fact, Righteous has a "mission lock" that defines what a purpose-driven company is and then locks that purpose into the corporate documents of the organization. If someone

were to acquire the company or it changed hands, he says, a lot of what the company stands for today can't be tampered with—such as paying a living wage, diverting as much as it can from the landfill and investing 1% of its total revenue back into the community.

"Purpose-driven for us means that in all of our actions, we're thinking about a wide array of stakeholders," he continues. "Not only the people that work within the company and our shareholders, but also the environment and the community. It influences how consumers feel around our product, because the purpose we align with is important to them as well. We're kind of like if Chobani and Talenti had a baby and Patagonia was the godfather."

Boettcher is careful to point out that the company's social mission wouldn't function if the product couldn't stand on its own. "It's not what we lead with," he says. "We are a delicious, tasty, thoughtful product. People see beautiful packaging, try a flavor like raspberry lime, and fall in love. If they're curious, they'll read more about us on the back of the container. They might come to the website or follow us on social media to interact with the brand, whether that's leaving a comment on a post, connecting with us online or visiting the factory. It's really magical," he says of the relationship that consumers develop with the brand.

Righteous Gelato's business model is a perfect example of the "triple bottom line" first described in 1994 by John Elkington, founder of the management consultancy SustainAbility. Elkington claimed that the traditional bottom line of corporate success—net income—doesn't sufficiently capture its value. Instead, he recommended three bottom lines: people, planet, and profit—the "3 Ps". "There's always a conversation around profit and purpose," Boettcher says. "I don't think they're mutually exclusive. I think you can achieve both. At the end of the day, I think it's the only way to do business."

NAVIGATING THE PERILS OF SOCIAL MEDIA

One word of warning Boettcher offers to anyone interested in pursuing social causes as a corporation is to tread lightly, particularly when it comes to social media. "Personally, I don't spend too much time on social for those very reasons," he says. "But as a brand, it is the arena. You have to be there, and you have to play. But it's become quite dangerous for brands to be bold, due to the 'keyboard warriors' that take over at any moment and try to dismantle things."

In 2020, Righteous Gelato learned firsthand what backlash feels like when they put out a "Black Lives Matter" flavor with $5 from each $12 jar sold going to "support efforts to combat systemic racism and advocate for racialized and marginalized communities." The response was immediate and negative, with critics accusing the company of profiting from the movement. Boettcher pulled the product from shelves within hours after its launch and issued an apology. "It's on us to continue to be mindful of the line that we can tread in being purpose-driven," he says.

EXPANDING ACROSS THE U.S.

Having all but conquered the Canadian market, Righteous is now focused on gaining more traction in the U.S. "In the next three years, you'll see us eclipse our Canadian revenue with our U.S. revenue," Boettcher says. "The goal for us is to be at $50 million in the next five years in the U.S."

And while he describes purpose-driven brands as more collegiate than cutthroat ("We cheer each other on. We work hard, but it's a sport more than a battle when it comes to business"), there's no mistaking the U.S. market for a cakewalk. Not only is the U.S. consumer packaged goods (CPG) market 15 times the size of the Canadian one, but it's also dominated by a few giant players with little patience for amateurs.

Boettcher is undaunted. "Once you start to play big with the Krogers or the Albertsons of the world, it's really about velocity," he explains. They don't have a lot of time to support emerging brands, so you've got to be able to create the velocities that dictate that they'll keep you on the shelf. We've probably done a better job than lots of brands in our space in that we've given enough of a reason for everyone to give us a shot."

Indeed, Boettcher has put a lot of thought into his game plan for entering the U.S. market. "I don't think we can rest on our laurels and think that because we've been successful in Canada, where it's about handshakes and thoughtfulness, we'll succeed in the U.S." he says. "It's on us to make sure that we're connecting with the right conduits." The company has targeted nine population clusters across the U.S., with plans to tackle each taking a tailored approach. "The West Coast is a consumer we know already, who gets what we do," he says. "For the East Coast, you really have to be committed and consistent, and there's not a lot of room for error. In Texas, if we can get them fired up around the product, we'll probably win. And Chicago is just below Ontario for us—we've got some opportunities there."

DECIDING BETWEEN OUTSIDE CAPITAL AND ACQUISITION

Of course, big plans require big money, and while Boettcher says he's not interested in an IPO at the moment, an acquisition by a like-minded buyer is not out of the question. However, he adds: "I am not committed to choosing someone to acquire us right now." He makes his point using the example of Clif Bar, which turned down an offer of $120 million eight years after its founding because it would have jeopardized its mission. (Spoiler alert: Mondelez International bought Clif Bar for $2.9 billion in 2022.)

"We're not focusing on what we would do today to be acquired, but we are building a company that is acquirable or desirable," he says, adding that he's confident the company will meet the requirements of an acquirer when the time comes. "We're ready to talk to those types of people. One of the journeys I loved was a company called Kicking Horse [Coffee] out of Canada. They sold to Swander Pace Capital

at, probably, $15 million, and then scaled up to about $45 million and exited to Lavazza. What's important in that story is that Elana Rosenfeld, who is the CEO and founder, remained through all those transitions, and so did the team. So I think regardless of who writes the checks, it's more about whether we can continue to do what we love."

FIVE TAKEAWAYS

1. **Choose a mission that resonates with you—and your consumers.** James Boettcher is absolutely committed to doing social good with his company, and it shows. You don't have to emulate Righteous Gelato to grow with purpose, but you should still have a mission that compels you and your employees to work hard and one that makes your customers feel good about spending their money on your products.

2. **Focus on profitability.** As much as Boettcher wants to give back to the community, he understands that you can't give what you don't have. For that reason, the obvious bears repeating: The business has to be profitable. And it must continue to be profitable through carefully planned growth. In addition, doing good while doing well doesn't mean you have to be a pushover. Boettcher has a reputation as a demanding boss who expects his employees to work as hard as he does.

3. **Help your brand speak for itself.** What's great about Righteous Gelato is how every detail speaks to the brand mission: the name, the packaging, even the manufacturing facility. Like any good storyteller, Boettcher doesn't just tell. He shows.

4. **Beware the backlash.** Let's face it: Haters gonna hate. Think carefully about how you promote your causes as you promote your brand. There's nothing worse than a supposedly eco-friendly company being called out for "greenwashing," or glomming onto annual causes without actually supporting them. (Think of all the Pride icons you see in June or pink labeling in October for breast cancer awareness.) These shallow efforts are bound to fail.

5. **Persevere.** Boettcher is no stranger to adversity. He made his own way since the age of 14, and he was undaunted when his company was stopped in its tracks by fire—twice. (Yup, that electrical fire that sent him to the "Dragons' Den" was number two.) Entrepreneurs have to pivot when things don't go their way, and push through when no one else believes in them. And they often have to make it look easy.

TIMELINE

2009: Boettcher purchases Fiasco, a small gelato shop in Calgary, Canada, and moves to a garage / commissary space. (A commissary space is a commercial kitchen rented from a third party.)

2012: The company moves to a new location in Calgary.

2013: First pint of gelato sells at a local Calgary grocery store; reaches $1 million in sales.

2015: Company opens the Fiasco Gelato Factory and Coffee Bar—again destroyed by fire, but rebuilt.

2015: The company ranks #75 on Canada's Profit 500 list of the fastest-growing companies.

2016: Fiasco receives B Corp certification; #62 on Profit 500.

2016: Boettcher goes on "Dragons' Den," where he got an offer and turned it down.

2018: Company reaches $8 million in revenues—climbing 716% in five years—and sells in 1,600 retailers. Employees: 50

2020: Boettcher renames Fiasco to Righteous.

2020: Righteous enters the U.S. market by selling in 22 Whole Foods locations across Washington and Oregon; Canadian distribution reaches 2,500 stores.

2022: The company is certified as a living-wage employer in the Canadian province of Alberta.