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Lisa Hu: I wanted to rise in the corporate world, I wanted to be a CFO at a public corporation. That was kind of my ... my goal. I prepared my life to have the white picket fence, have the perfect career, have the perfect background. So, because that's what most people define as success, that's what most people search for. At that point, you know, I was like, I should be so grateful for where I am right now. But I wasn't as fulfilled or happy as I would have expected.

Kurt Greenbaum: From Olin Business School at Washington University in St. Louis, I'm Kurt Greenbaum and this is *On Principle*. Welcome to *On Principle*, where we examine what happens inside the minds of business leaders, executives and entrepreneurs as they make pivotal decisions, decisions that can affect the course of their businesses, their careers and their lives. For today's episode, we're going to follow the story of a WashU Olin alumna. It's the story of a transformational decision, and it's a story that carries baggage. The baggage of cultural expectations. The baggage of corporate expectations. The baggage of failure and really ... just baggage. You'll see what I mean in a few minutes.

Lisa Hu: My name is Lisa Hu, and I'm the founder of Lux and Nyx. And at Lux and Nyx, we empower high-achieving women with multifunctional bags that help them make a difference in the world. I was originally born in this small town called Hai'an in China. It's a fisherman's village, essentially. And yeah. And so, growing up in that culture, it was very different in the sense that the possibilities of starting your own business and, you know, even doing something beyond what you see through your friends, family or on TV is so limited. So, you know, being born as a female in that culture, it felt like I wasn't supposed to be there, because in the Chinese culture, you, they emphasize on the male heirs a lot more.

And so, I was I came into this world with disappointment from my family because I was a female. So, I think that because that was the setting, I always had this notion in my mind that I, you know, I need to exceed everyone's expectations. And so that's when I really started to become super ... like, competitive and being like, I'm going to prove that as a female, it's ... we can be excellent. And I'm going to show, you know, my parents that I am excellent.

Kurt Greenbaum: That was a long process for Lisa. As she tells it, in her culture, boys were weighted with all the expectations. As a girl, the only thing anyone expected was for her to behave more like a boy — short hair, no dressing up, that kind of thing. Then as a youngster, her parents came to the United States while her father was earning his PhD at St. Louis University. She grew out her hair, but more importantly, she became super-competitive with her classmates. She wanted to

prove herself. And when the family moved back to China, Lisa's grandmother told her long hair would make her stupid.

A few years later, she's back in St. Louis as a high school student. That sparked Lisa's competitive streak again. But that wasn't all that sparked her. There were reheated McDonald's hamburgers while her parents worked at night. There were classes in English as a second language so she could keep up with her coursework. It all drove her.

As she told me these stories. Lisa said she couldn't have imagined as a child that eventually she'd be the founder of a fashion e-commerce business. And, in fact, that's not what she imagined at all. Instead, she got her accounting degree at the University of Missouri. She got her MBA at Washington University. And when she got the job, she always thought she wanted — rising junior executive for a major public company — she kept herself on track by keeping up a punishing schedule.

Lisa Hu: I would basically get up every single morning at 5 a.m. and I would head straight to the gym. And right after that, I would just shower at the gym and head straight to work. Before each of my work weeks, I would prep my meals so that that way I can make sure I can work through lunch. You know, at the time I was preparing things for the C-suite executives. I had a lot of control over what I was doing. I was building out an FP&A division — so, financial planning and analysis division. I was the first person they hired to do that. So, I basically got to build up the infrastructure.

So, as a result, I, you know, had a lot of opportunities for connecting with people, not just, you know, from the bottom all the way to the top, because there was no one else who was doing this role at the time, which is a really cool opportunity. And so, you know, I was ... I was set for kind of success. I mean, I was set for, you know, potentially getting and moving up much faster than a traditional role.

Kurt Greenbaum: So, you're working through lunch. You're getting up early in the morning. You're doing all the things that an ambitious young executive in a large corporation should be doing. And you're ... in this in this role, you have exposure to people in senior levels, in levels that are below you. You have a lot of visibility throughout the company. And how are you feeling about your trajectory?

Lisa Hu: You know, going back to, like the competitiveness of it, you know, I was like I was comparing myself to my peers and I was like, oh, you know, I'm actually in a pretty good spot. You know, just one or two tiers away from the CFO position. You know, on the surface, it seemed really great. But I think deep down inside, it was like there's something missing.

Kurt Greenbaum: Now, here's the funny thing. Even as she's having these doubts, even as she's putting in these incredible hours, she's been starting to work on another project with those 5 a.m. wake-up calls and those trips to the gym. She just

wasn't happy with the bag she used to carry lunches and shoes and workout clothes. I mean, come on, she's a young professional woman. There has to be a more functional, more stylish way to haul around her laptop and her files and her clothes — basically her entire professional life.

Lisa Hu: So, I basically assess my life at that time and thought about what are the different things I need to carry? And I was designing around that, designing around the essentials, the, you know, what do I need? You know, laptop, work, papers, pockets for my shoes. Because, you know, I need to go from heels to ... to tennis shoes or flats and, you know, pockets for my clothes. And this bag needs to be completely weather-resistant because I really don't want to have to worry about the bag, it needs to be kind of a, you know, a workhorse. And on top of that, it needs to look good. You know, I'm you know, I'm dressing to impress, right, you dress for the position you want. So, I was dressing for the CFO position. So, I want a nicer-looking bag that could also hold all of my precious belongings that I need to ... to operate day to day.

Kurt Greenbaum: So, you had this idea in your head of what this bag should be able to do ...

Lisa Hu: Yes.

Kurt Greenbaum: ... and then you tried to execute it?

Lisa Hu: Yes, I tried to execute it, not knowing what the process was like. I thought it was going to be easy, and it was anything but easy. So, I just borrowed my ... my mother's sewing machine that she had. And I used some fabric. And I used like, you know, like some cardboard because, you know, you need like a hard bottom underneath to be able to hold all those things ...

Kurt Greenbaum: ... had you ever sewn before?

Lisa Hu: No, no. And I was ... I found out I was really terrible at it. So, I actually ... it was good that I had made the first sample because I learned that I was not a very good seamstress. And then, you know, because I found out I was not a very good seamstress, I realized I can't actually make the bag. So, but at least I had something to work with and to show someone and say, hey, this is, this is what I wanted.

So, next I actually went to find a seamstress, because I thought, "OK, a seamstress can make this." But during this process, I actually also learned seamstresses can't do this, can't make this, either.

Kurt Greenbaum: So, it's quickly become clear that this is a very complicated product that you have in your head and you're going through the process of trying to find the person who can execute this vision. And how's that going?

Lisa Hu: So, it wasn't actually completely clear to me how complicated this process was at that point, and I think that was one of the reasons why I kept going, because in some ways, ignorance is bliss. So, I've always had this, like kind of mindset of like, hey, if there's a problem, I can solve it. And, you know, at the time it was ... these were like small problems, right? Like, a seamstress can't do it? That's OK. I can probably find someone that can make a bag. And so, then, I went to like, you know, the garment district in New York to look. And the only thing that held me back from working with that person was there was a lead time of six months to create that first prototype.

And so, as a result, I was like, well, I can't wait six months for this. Like, I want this to be, like, done tomorrow. I went back to the drawing board and then started searching online. And then, you know, I found ... I went through like friends, relatives and sort of searching on like things like Alibaba. And I was, like, I found a bunch of vendors. So, I was like, you know what? What I'm going to do is I'm just going to send my notes and my samples to everybody and see ... kind of like, take advantage of the fact that everyone's working on it at the same time and see if I can get, you know, samples back.

So, I kind of iteratively did that quite a few times. So, in total, I did about 40 product samples during that process of just like getting them back in, sending them back out, just to have someone else work on it, just to see how they do, and ...

Kurt Greenbaum: That's incredible. And so, each of those is coming back. And are you. Are you impressed, or are you depressed?

Lisa Hu: Depressed! It was like such an iterative process and, you know, you know, it's ... they were executing, but it just wasn't up to standard. It wasn't up to par. And I was still working. I was still working at corporate. And this was, you know, during the time where I was doing this for, you know, on the side.

Kurt Greenbaum: Let's pause here for a second. Remember what Lisa said a moment ago? It was like there's something missing. Well, by this point in her story, it's become very clear to Lisa that it's not really *the bag* itself that's missing from her life. It's the idea of the bag. It's the idea of creating something new. It's the idea that she's not really a rising corporate executive anymore. She's an entrepreneur. Do you remember the day that you decided, "I have to quit my job"?

Lisa Hu: There wasn't exactly one moment, but I do remember — this goes back to kind of like how ... how is the company even named, so, Lux and Nyx? It's Greek for "light and night." And I was deciding whether I want to leave corporate. And I was driving on Highway 40, saw this beautiful sunset and I was thinking, "Hey, like, whatever this company is, whatever this idea is, I'm going to name it after, you know, a time transition and afternoon." So, Lux and Nyx, that's kind of how the name came about, the light and night.

Because I was doing so much, there was this need for that perfect bag that would be able to accommodate all the different occasions. This was just, like, at the time, was just still kind of an idea. But I got caught up in it. Right? Like, you start ... and then I realized I was like, oh, I was like finding myself, spending more time on it and, you know, trying to find solutions for how I can make this, this dream bag that I had in mind.

Kurt Greenbaum: At this point in Lisa's story, we're coming to something of a turning point. Actually, it's two turning points. The first one? Well, Lisa's decided she's all in to make this startup happen. Lux and Nyx is the brand she's backing, the brand she's creating. She's leaving her steady job as a junior executive and she's ready to jump full-time into the enormous market for handbags — a 47 billion dollar global industry, according to some estimates, with about 42% of that market devoted to the kind of handbags she wants to sell.

And the second turning point? Well, let's just say that after 40 failed prototypes, Lisa still didn't have a handbag she was ready to sell.

Lisa Hu: So, at the time, there were like two trade fairs that were going on. So, one in Hong Kong and then one in Guangzhou. You know, these ... these trade shows have, like, you know, thousands of vendors there, and at least hundreds of vendors for ... for handbags. So, I figured I ... surely ... I would be able to find somebody. Then, I was going down the directory list and I saw a vendor that was from, you know, the hometown I was born in, Hai'an.

So, you know, knowing that it's a small fishermen's village, you know, they were famous for their silk, but it was still a very small town. I was like, oh, wow. I was like, I should go and say hi. You know, in the Asian culture, if you're from someone's hometown, you know, they automatically kind of just welcome you. And ... and so she was like pouring me tea and asking me about, you know, my background and why ... what I was doing there. And I was ... I told her ... I was like, hey, I'm looking for a handbag vendor.

And she was, like, oh, OK. She's like, well, you know, we have other people here from the same hometown. And she's like, there's a ... you know, there was like a handful of them. One of them was like, hey, I actually have a business partner who has a handbag company, and he's here, too. Do you want to ... he's at my booth. Do you want to come and say hello? It's like, yeah, of course.

So, I went over and met him and, you know, and his name is Ansen. He's not from the same hometown, but he's from, like, a neighboring hometown, pretty close. And so, the familiarity because of that was there. He was really the one that showed me how the handbag world worked because he gave me his business card and he was like, hey, when you're in Guangzhou, reach out to me and, you know, I'll show you around, you know, and we can go to the Canton Fair together. I'll explain to you how this world works.

I was able to visit manufacturers and also with Ansen's kind of help and guidance, I realized, I'm actually not looking for the big-batch manufacturer. Like, if it's manufactured with over 100 people, their quality is not going to be as great because every single person is just working on one piece of the bag — because it is all handmade, you know. With handbags, everything's handmade. So, they're working on one piece, but they're not actually in control of an entire product. So, therefore, the accountability is not quite there.

Kurt Greenbaum: I see. So, it's if ... if everybody's responsible, nobody's responsible —that sort of thing?

Lisa Hu: Yes. Yes. And when you do get samples from these large manufacturers, the sample that you get is from the master craftsman. So, therefore, that is the best sample you'll get from that manufacturer. And that's one thing that I didn't realize until Ansen taught me that.

So, I was there for about a month. And during that process, I just learned a lot because I took up Ansen on, you know, just kind of seeing the lay of the land and visiting material markets, like, I literally like was shadowing them for a month. I mean, looking back on it, I can't believe they actually ... was OK with that. You know, that was like ... like I'm, you know, beyond thankful that they allowed me to do that. Yeah. Like, it was really hard work because I was with them, you know, I was just following them everywhere. You know, this was like day in and day out. And during that time frame, I was living and breathing making handbags.

Kurt Greenbaum: So, you've made the decision to sort of pitch it all and focus entirely on this vision that you have, and you go to, to China to Guangzhou, and you spend a month basically, after you've finally met Ansen, you spend a month there essentially getting your master's degree in handbags by ... by tagging along with them as they go through these markets.

Lisa Hu: Yeah, and the craziest thing about this is, like, I didn't have a plan before leaving and going there. I was literally booking Airbnbs as we go. So, I didn't even have any ... like, I didn't know where I was going to stay. I didn't know where, you know, my journey was going to lead me. Like, I had the whole month without anything booked in terms of my lodging because I wasn't sure, like, am I visiting manufacturers? And I, you know what ... I don't know what cities they live in. Am I going to hop between cities because I'm going to be all over the place? Like, where are these like material markets? Like, you know, where do I go? Like, I had no idea.

Cliff Holekamp: So, the process of creating 40 prototypes was the audition that Lisa gave to herself. Now, she didn't realize that or know that at the time, but she actually was showing and actually performing the level of tenacity that would be required to enter that business.

Kurt Greenbaum: That's Cliff Holekamp. He's the co-founder of Cultivation Capital, a venture capital firm, and he's an entrepreneur himself and the former director of Olin Business School's entrepreneurship program. In fact, in that role, Cliff added two dozen entrepreneurship classes to the curriculum. He expanded access to the program to students across the entire university, and he helped more than 200 students launch their own startups. Ironically, Lisa Hu wasn't one of them, she never took any of his classes, but he knows her story very well.

Cliff Holekamp: She went through her own screening process by surviving that process and coming out the other side successfully and actually, in a divine way, showed that she was actually the right person to keep going forward. You know, one of the good things about the field of entrepreneurship is people who have the wrong qualities to succeed as entrepreneurs are screened out early on. Right?

Kurt Greenbaum: I see. Talk about that. You mean they ... they realize that they don't have that?

Cliff Holekamp: Well, I don't think they do realize. I think they try to sell a bag. If they even went to the trouble of trying to sell a bag and weren't successful, that's when they give up. And someone that gives up early wouldn't have been happy or successful as an entrepreneur anyway.

Kurt Greenbaum: Yeah, that's an interesting way of thinking about it. Well, and the other word that she used was *ignorance*. She didn't say tenacity. She said if I had known, maybe I wouldn't have been able to continue pursuing it this way.

Cliff Holekamp: It's funny you say that because one, that's actually one of the things that makes being a venture capitalist really hard is that when we are evaluating new ideas, we often bring in business experts or industry experts in that field to help us think about it and evaluate it. And 90% of the time, these experts say everything that's wrong with it. And it almost is to the point where the more an expert someone is, the more close-minded they are to innovation.

A certain amount of ignorance is almost a requirement to be innovative because people who know too much know all the reasons why it won't work. But the fact is, is their expertise is putting on blinders. And ... and when you only know why things can't work that blinds you to the reasons why something might work. You have to have a certain level of naivete to ... to believe you can do something that other people know can't be done.

Kurt Greenbaum: That's great. I really love that. Well, and it dovetails with another question that I wanted to unpack, this idea of delving into whether there is a market for what this idea that you have. And as I talked to Lisa, I asked her that question. I said, "OK, you had a sample size of one. You ... you were the person who had this issue that you thought you could create a solution for."

But I didn't really get the impression from my conversation with her that she had done a great deal of outside market research. I'm not saying she didn't do any research, but I'm not ... I don't ... I didn't get the feeling that it was very extensive research into this. Is that unusual?

Cliff Holekamp: Well, it's not unusual. I do think that that is an important step. Well, the more research you do in advance, then the closer to product market fit you're going to be on day one when you launch. And the shorter the period it's going to take, which is a very expensive period, by the way.

Kurt Greenbaum: Well, and I certainly don't want to give the impression that Lisa didn't do homework, because what we know of Lisa's personality would contradict that idea. She's clearly very professional and thorough. It was a lot about the market writ large for handbags, but not necessarily spreadsheets full of testimonials from women saying this is a need that I have, and I wish there was a way I could solve that, you know?

Cliff Holekamp: Absolutely. You know, one of the things when we talk about prospective customer surveys: If you ask a customer, you know, do you need something that doesn't yet exist, they almost will always tell you no. What you need to know is not asking them, "Do you need my product?" What you need to do is understand the people and their needs. You need to understand the life they're living. You need to understand the issues that they're dealing with. You need to understand the way they think about money, the way they engage with product, the products in this space. What kind of fulfillment do they get from these products? Is it simple, utilitarian? Is there an emotional connection? Is there that there are other factors related to status or you know, there's so many motivations that actually can be so deep that consumers don't even know that they're motivated by them.

So, um, asking people questions is just the beginning. But ... but simply survey responses are not going to get you to a true, deep understanding of the deep consumer psychology that drives people to make decisions. And so, that's really what it's about, is understanding those deep motivations that drive decision making and perhaps people don't even understand themselves.

I think Lisa's story teaches a great lesson that any of us could end up being entrepreneurs. And I think as ... as technological barriers to starting businesses continue to fall, that the possibility of being an entrepreneur is going to open to more people, and that anybody who studies business, anybody who goes to Olin, should prepare themselves to have the option to be an entrepreneur sometime in their future, if that ends up being an opportunity that they want to pursue. And so, my advice to any Olin student is that, that studying entrepreneurship is an investment in a future that you might have.

Kurt Greenbaum: So, do you remember when you sold your first bag?

Lisa Hu: Yeah, it was crazy. I mean, of course, you know, like my ... my mother who ... very traditional Chinese-cultured woman who I love dearly, she, like, she saw me go through all this entire process and she was like, "I don't think you can sell a bag like that," like, "How could you ... why would anyone buy a bag from you?" You know? And so, when I launched ... so I end up launching a Kickstarter during this ... in the beginning. It was kind of like my lightning-strike moment. What am I going to ... you know ... it was my pressure to ... to get myself to activate and start the business.

Ever since that moment, I've learned so much more. And I, like, I can see the mistakes I made and I can see the things I could have done better. But at the same time, if it wasn't for having set that deadline for myself and just saying, hey, just go, I don't think I would be here right now being able to assess that moment.

Now, my finance skills are kicking in in terms of like, OK, like let's manage this. So that way we can prevent, you know, like any uncertainty that comes up and, you know, just preparing for the future. And like, I'm you know, I'm able to kind of use, like, my old skills, which, you know, like now I'm like running a business and also doing my own FP&A and doing all these, like, different analysis, which, you know, just kind of comes full circle.

Kurt Greenbaum: There is this social impact piece of your business that you're trying to advance through the sale of these bags. And I wonder if you can make that connection for us. How does that work?

Lisa Hu: I remember laying in bed one night and thinking like, hey, I really want to figure out what it is that I want to do and whatever that might be, it has to make a social impact or it has to make a change. To start off ... how this started was last year, you know, when we were doing the crowdfunding campaign, we actually did a whole process where we polled over, like, 5,000 women to get their input and what the perfect bag was. During that process, I also did a poll was like, hey, like, you know, we're ... you know ... all about making a difference. Like, what are ... what do you guys believe in or do you guys support?

And we picked the top movement, not-for-profit, and it was for women empowerment. I don't ascribe to say, hey, we're just focused on one avenue. However, because a majority of our women voted for women empowerment, I decided to just focus on not-for-profits related to women empowerment or not-for-profits that are, that are run by women.

We're making handbags for women. This company is owned by me, so, it's by women. And it's also designed by women because we just had, you know, a whole campaign that was designed by 5,000 women. And we contribute to women not-for-profits, whether it's a not-for-profit that supports women, whether it's education, health or whatever that might be or, you know, a not-for-profit that is owned by a woman. So, it's a lot of by-women-for-women.

Kurt Greenbaum: You mentioned earlier that you love getting letters and notes and emails from customers. Do you have one handy, something that you could read to us?

Lisa Hu: I have a ... I actually have ... a lot of times it's like through email and stuff. I had one where a customer actually literally sent me like a paper note. This one says, "Lisa, not only does the Bella bag talk the talk, but it also walks the walk. It is a great bag and is truly designed for the modern, classy, sophisticated woman. The shoe storage area is truly amazing. And I told everyone how great it is to have this functional bag. Thank you for thinking of all the woman who need this bag, for creating such a great company and for being awesome."

Like, that's really nice.

I still didn't know what I was doing. And so, in 2019, to have someone write a handwritten note to me about a bag, like, that really made me feel good about what I was creating. I mean, what she was saying, like, I'm very much about, like, hey, don't talk the talk, just walk the walk.

It's creating a brand. And what that stands for. Like that didn't actually occur to me when I first started the business. It wasn't until I've done it for a while that I realized I'm creating a brand that stands for something and it has more meaning to it.

Kurt Greenbaum: And that's our episode of *On Principle*. Thanks again for joining us and thanks also to Lisa Hu and Cliff Holekamp for sharing their stories and offering their insights. If you have comments or questions about this episode or ideas for future episodes. I'd love to hear from you. Send an email to Olin podcast at W-U-S-T-L dot E-D-U. That's Olin podcast at "wustl dot e-d-u."

Meanwhile, don't forget to visit our website at onprinciplepodcast.com. We'll share a link to Lisa's website for Lux and Nyx, where you can find samples of her bags and learn a little bit more about her story. Plus, you can find all the show notes for today's episode. Of course, if you're listening now, I'd really appreciate it if you'd point your phone wherever you download fine podcasts and subscribe, so you don't miss the next episode of *On Principle*.

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As dean of WashU Olin Business School, Mark Taylor provides support for this podcast, which is the brainchild of Paula Crews, senior associate dean of strategy and marketing for the school. Once again, I'm Kurt Greenbaum, your host for *On Principle*. Thanks for listening.