

Karen Zelnick:

Negotiation. It's a five syllable word that can instill fear in the heart of even the most adept entrepreneur and yet it's a fact of everyday life in the startup world. You eat, sleep and breathe your vision day in and day out but when it comes time to bring that vision to the negotiation table, there are no guarantees. What does it look like to strike that golden balance between standing firm in what you and your company need while also knowing when it's time to meet your partners in the middle?

Karen Zelnick:

This week, we're exploring what it takes to walk this fine line with Pura's CEO and co-founder Bruno Lima and investor Curt Roberts, to bring you both sides of a Perfect Pitch. What is Perfect Pitch? It's a podcast from Kickstart that reveals the minds of both investors and entrepreneurs throughout a startup's journey. Whether that's uncovering what everyone's really thinking during a startup pitch or learning how entrepreneurs like you have managed their first major roadblock. Perfect Pitch offers an honest, quick and tactical guide to help you on your startup journey.

Karen Zelnick:

I'm your host, Karen Zelnick. Bruno and Curt, thank you so much for being here today.

Bruno Lima:

Thanks for having me.

Curt Roberts:

Thanks, Karen.

Karen Zelnick:

Before we jump into the discussion, Bruno, I just want to tell everyone a little bit about you. You're originally from Brazil and moved to Utah when you were nine. I understand that you've always had a passion for understanding how things work. You've got a degree in manufacturing engineering technology. What else should we know about you?

Bruno Lima:

I am father of the best seven year old boy, bar none and the best six year old daughter and three year-old daughter, just fantastic kids in my life.

Karen Zelnick:

So cool.

Bruno Lima:

And I'm married to the most amazing woman in the world. That about sums up everything there is to know about me.

Karen Zelnick:

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So cool. Oh, that's amazing. So glad to have you on. And Curt, it's always great to have you back on the show. As always the link to Curt's bio is going to be in our show notes and you know what I'm going to ask next. Curt, what can you tell us that return listeners don't yet know about you?

Curt Roberts:

I'm running out of things, but I thought of one this morning. I collect rare books. I decided a while ago to kind of stray from that a bit and I found an opportunity to actually pick up the final engineering drawing of Edison's light bulb.

Karen Zelnick:

What?

Curt Roberts:

One of the things I love about some of the things I collect is choosing things that have had a significant impact on the course of sort of history and entrepreneurship is about taking failure in stride. And if you know anything about the story of the development of the light bulb, there were more than a 1,000 attempts to get the filament to work. And once they figured out how to do it, the lead engineer on the project then wrote the engineering drawing of what the final design was and I own that drawing.

Bruno Lima:

That's incredible.

Karen Zelnick:

Wait, Bruno, are you geeking out? Because I'm geeking out right now.

Bruno Lima:

Yeah, no, I actually I didn't know if this was real or if you're just saying this for the podcast because that's incredible.

Curt Roberts:

No, it's real. I actually have it. It's on a wall in my house.

Karen Zelnick:

That was my next question. Is it on display or in a vault?

Curt Roberts:

It is on a wall in my house.

Karen Zelnick:

Oh my gosh, that's incredible.

Bruno Lima:

I guess that gives an idea of how much money Curt really has. That's spendable income or is that what they call expendable income?

Curt Roberts:

This thing was surprisingly inexpensive. It came up at auction and I put a low ball bid in and I won it.

Bruno Lima:

That's insane.

Karen Zelnick:

Man.

Bruno Lima:

That is awesome.

Karen Zelnick:

Oh, I'm still geeking out. I will be for the rest of the podcast.

Bruno Lima:

Geez, I don't have anything. Let's just wrap it up.

Karen Zelnick:

Wait a second, we're about to talk about all the awesome things you've got with the company that you founded. Let's get right into it. Okay Bruno, you have a remarkable founder story. You're the founder and CEO of Pura. Tell us a little bit about what that is.

Bruno Lima:

Pura is a technology company in the home fragrance space. We married IoT, which is internet of things, smart home and home fragrance. And so it's a way for you to control the fragrance in your house, schedule it, adjust it. We work with some of the biggest brands in the world creating fragrances for them. It's been a fun ride so far.

Karen Zelnick:

It is the air freshener of the future, basically, but it's now the future is now. And it's awesome. For everyone who doesn't own one, you need about five so go out and buy them right now. But I want to talk about what got you there. You immigrated to the States when you were a kid and then your family opened their own office cleaning business, which must have been quite an experience, quite an adjustment for you. Could you walk us through that?

Bruno Lima:

When we first moved here, I was nine. None of us spoke English. My parents because they didn't speak English, the only job available to them at the time was doing cleaning services. They actually would go clean during the day and then at nighttime, after get out of school, they would pick up my brother and me, my older sister would stay with my younger sister at home and then we would go clean. We would clean TacoTime, I've cleaned the car dealership, schools. My father actually couldn't afford to go to school, this is why we came to the US is to get an education. He convinced the school to allow him to clean the school at night so that he could study for free. We'd clean till about midnight. My brother and I

would fall asleep in the car. My parents would keep cleaning till about 4:00 or 5:00 in the morning. When we got home, they'd lay us in bed and then I'd have to wake up at 7:30 or something. This was third grade. I'd wake up, make my breakfast and then walk to school.

Bruno Lima:

I know it sounds like a, oh my gosh. But it's we had an amazing, amazing childhood. My parents, they really sacrificed everything they could to give us this lifestyle. We're going to be in the United States. It's going to be safe. We don't have to worry about you getting kidnapped. We came from a little more dangerous place in Brazil so this was heaven. We had to work a lot, but it didn't feel like work. It was a great experience growing up to be honest.

Karen Zelnick:

So much respect for your parents. The work ethic is just really inspiring. And because your parents weren't fluent English speakers, the responsibility of negotiating contracts was put into your hands as I understand it.

Bruno Lima:

At first, none of us spoke English and it was a nightmare where we'd cry, "When we go home? When we go home?" It's always a question we'd ask. But eventually we learned some English. We became my parents' translators for everything. If you meet my mom and anyone that has, you know that she's the best negotiator in the world, my mom is ruthless. She is incredible. She's amazing. When we first moved here, we moved to Sandy, Utah a suburb in Salt Lake City. And Sandy City would have this trash day where everyone would put out larger pieces of furniture. My mom would wake us up in the morning, we'd get the minivan and we'd go through people's trash, essentially in front of their house and we'd pick up all the good articles, the good pieces.

Karen Zelnick:

The dressers the big things.

Bruno Lima:

Yeah, the items that we thought was worth some value. And then what we would do is we'd take it back to our house and we'd do a garage sale and we'd sell it back to the community. And so it's my brother and I and my sister at the time, we would be the ones that would be negotiating and selling to the people that would come to buy stuff.

Curt Roberts:

How old are you at this point?

Bruno Lima:

At this time I was probably 10 or so.

Curt Roberts:

And you're negotiating the sale of items you've pulled out of the garage or out of the trash.

Bruno Lima:

Out of the trash.

Curt Roberts:

That now fit in your home.

Bruno Lima:

Because this would go on for about a week. We could pick it up from a different house. We would run this week long until one of the neighbors complained to the city that's this is a business they're running every day. And then, so the police that would come be like, "You guys can only run garage sales on Saturdays." but it was good money. It was really, really good money.

Curt Roberts:

Wow.

Karen Zelnick:

How long did it take you to start feeling comfortable negotiating?

Bruno Lima:

I don't think I ever noticed I was uncomfortable. At one point my mom used to work with telemarketing service. They would give her these little prizes, with an have Xbox, PlayStation different things for hitting different awards, different things. It was, I have to go to Walmart and return these things. To this day, my wife jokes, I'm an expert return guy. She'll buy something at Sephora or Alta and she's like, "This is a no return policy." Was like, "Oh, I'll take that back."

Karen Zelnick:

You're like, let me at them.

Curt Roberts:

Let me take that back.

Bruno Lima:

I will return it. She always like, "Why did they let you do it?" I'm like, "Baby it's learned years of returning items." I've returned so many things it's unbelievable. It is everyday life. It didn't feel uncomfortable. It's just like, this is what you got to do. Go do it. I was like, okay.

Karen Zelnick:

Oh my gosh, and Curt, how have you seen Bruno's negotiation skills impact his business?

Curt Roberts:

I met Bruno and his co-founder Richie in the Provo area for lunch. And over lunch we're sort of talking about the business. And I thought this sounds kind of interesting, interesting enough to spend some more time I'm on it. I thought, these guys are going to have a hard time raising money. There's hardware and there's technology risk and none of them have any experience in home scents. I thought, this is not

going to be easy. I sort of felt that as we went into the point where we now we're going to negotiate, that I had all the leverage.

Karen Zelnick:

I'm suspecting that maybe you didn't.

Curt Roberts:

Bruno made it very clear that I had no leverage whatsoever. He was willing with the confidence to step forth and say, "My company is worth this." At some point, we hit a number where he was not going to move. And we had a conversation as a team here at Kickstart and there was not unanimity as a team.

Karen Zelnick:

I remember that conversation.

Curt Roberts:

That we should invest in this company in part, because the number was so high. It was like, why would anybody pay this much for this company? And I literally left a conference room where we were discussing as a team, whether or not we would even do this, to Bruno waiting in the reception area, to a conference room right next door to tell him yes, on his number. It was for me not a no-brainer, but I think it was an illustration in part of Bruno's ability to have not just negotiating confidence that's not based in substance, but a willingness to really believe in the opportunity he's presenting to the people on the other side of the table and to not flinch.

Karen Zelnick:

Was it the not flinching that got you over the hurdle of not being fully convinced, but willing to take the leap?

Curt Roberts:

To some degree I think it honestly was in my view, more of a belief in the size of the opportunity that these guys were pursuing something really, really interesting. And the product was actually working, that it did what they claimed it would do and a ton of confidence in Bruno's ability to go out there and strike business deals with partners that in all probability, most companies would have no right to expect. You could see some early signs he was doing it. And because of that, I thought this is a team I can believe in.

Karen Zelnick:

Bruno, what were you thinking on the other side? Literally on the other side of that wall, actually.

Bruno Lima:

Yeah. It was just right there, just down the hall. Honestly to me, negotiation is simple. If you truly, truly believe in what you're selling and you find a plan B, which I always do, you can be confident. You can sit down and you say, "Listen, this isn't my only option. I know what I'm telling you is true. I know this is a win. If you walk away, I'll go with something else." And you sell yourself on that plan B, most of the time you'll get your plan A. Because it's one thing to fake it and BS it and just lie, which I feel is incredibly

unethical and I don't do that, but it's very different when you truly do believe in your business or you do believe in what you're selling.

Karen Zelnick:

I think that is such an awesome takeaway is the always believe in your plan B. What a great tip for everyone listening. I want to know what other tips do you have on negotiating successfully with VCs?

Bruno Lima:

I shopped it. I went to many different VCs before even came to Kickstart. Even when I came to Kickstart, I shopped with other VCs and I don't know how truthful this is, but I heard a rumor that Ocean's Eleven, which happens to be my favorite movie, the way it was created is that the director went to Brad Pitt and he's like, "Hey look, George Clooney's in and he's in and he's in." He's like, "Oh, of course I'm going to jump in." And he did the same thing, he jumped on another one, "Hey, he's in, he's in." And so you basically sell everyone else on the vision.

Bruno Lima:

And so there's a lot of that in the VC world that you can do. You just find one party that's interested in investing enough to give you that leeway, that you can go to everyone else and you say, "Listen, this person's heavily considering it. Do you want to jump in with them?" And so the way we did that is we found a strategic partner, which was the Fragrance House at the time. And we leveraged that as our strategic partner and leveraged that as a strategic investor. And so we got to enough VCs that were kind of interested and we went back to the Fragrance House who was interested, but hadn't signed yet. Now we're like, now we have all these other VCs. You just kind of do the Ocean's Eleven approach, I think works really well with VCs.

Karen Zelnick:

So good. Everyone take notes, the Ocean's Elevens approach and Curt, from your perspective, what are some other lessons they could take away from the way Bruno handled the situation?

Curt Roberts:

I think it is very important to reinforce one thing that Bruno said, which is your plan B needs to be a real plan B. We see hundreds of companies every year. We've seen every attempt and approach to negotiation that you can imagine. And I think we have both a good sense in substance and in intuition about whether options are real or being faked. Bruno was specific enough about his alternatives that he would have had to be very bold in asserting a lie in order for that to not be true. He was specific enough with who else was looking at the company that I think I had a sense that there was real substance behind it. But just to reinforce, make sure your plan B is real, because if you do try to fake it, an experienced investor will figure that out quickly.

Bruno Lima:

There's no faster way to burn your bridge with VCs than lying.

Curt Roberts:

No, no, I think that's exactly right. Every entrepreneur will try to create fear of missing out. That's natural because momentum can materialize very, very quickly if there's a sense that, hey, if I don't do

something fast, I might lose it. I had the sense, I guess, with Bruno that my own background, having worked in consumer and developed an internet of things device in a prior stage of my career, I had a sense that we probably had an advantage. And I also had a sense that the rapport between Bruno and myself was developing pretty positively. And so I didn't have to just accept a price on the assumption that he was indifferent, but I still had to have a sense that his plan B was legit. Otherwise, I could have taken more time on it, really spent more time on diligence, have him and his team prove two or three more months of operating history, but I felt he was being honest with me. And so we needed to take a leap or pass.

Karen Zelnick:

What I'm taking away is Bruno, be fully convicted, have a plan B you really believe in and the don't of negotiating is just don't lie.

Bruno Lima:

Right, yeah, simple.

Karen Zelnick:

That's great.

Curt Roberts:

Bruno has used this ability to negotiate in every single facet of the business. The round size that Bruno raised from us was pretty typical for a seed round, not particularly large. This is a company that builds a physical product. They have to own inventory. There were a bunch of reasons to believe that this would be a very capital intensive business to build. But not only did Bruno use the capability of negotiating to get a good seed round done with us and to get these large fragrance houses to put their resources behind the company, but Bruno's negotiated a partnership with a partner for distribution and for warehousing and third party services that included a line of credit that has made it possible for Bruno to never raise another penny in the history of this company.

Curt Roberts:

We like to think about in this business, what we call a dragon. A dragon is a company that has the potential to return the value of our entire fund, just from that one investment and we make dozens of investments in each fund. I would have never anticipated at the time that we invested in Pura, that it necessarily would have the potential to become a dragon, let alone to become a dragon in 18 months. And it already is. For Bruno to be able to negotiate relationships that's made it possible for him to build the company with no additional capital investment to that level of growth and value is unheard of. It's really phenomenal. It's a testament to the foresight of using a skillset in every dimension of the business, not just in negotiating financing, but it's in partnerships and debt capital and logistics providers and all of the things that are required for the business to operate.

Karen Zelnick:

Okay so Bruno, is negotiating just an innate characteristic that we all have to hope we're born with? Or what skills have you practiced in your life that have made you better at it?

Bruno Lima:



I think it seems counterintuitive and it may sound stupid, but I think a really, really good negotiator is a humble person. I'm often, often one of the dumbest people in the room and I'm okay with that.

Karen Zelnick:

I don't buy that, but okay.

Bruno Lima:

Well, I think it's true. And I think as long as you go in with a humility and understanding, look, I may not be the smartest person here and oftentimes when you go negotiate with someone, they tend to think that they are the smartest person in the room. And if you're just asking questions and let them kind of spill it out, you can usually put together an idea that's look, this is going to make you this. When I sat down with Curt, Curt's actually a pretty humble dude. It makes it very, very...

Curt Roberts:

Most people would not say that about me.

Bruno Lima:

Really? Well, I feel like I know you on a different level.

Curt Roberts:

I appreciate that comment. That's a great compliment.

Bruno Lima:

No, I actually I think that. And with you, it was the whole concept when I sat down with you and I said, "Look, I know what you want to get out of this and trust me, this is going to be bigger than you realize. I promise you what I'm going to bring you."

Curt Roberts:

You did say that.

Bruno Lima:

I literally said that.

Curt Roberts:

You literally promised me. That's right.

Bruno Lima:

I really knew it. And I was like, I'm not afraid to promise that to you. You can look in my eyes and you can say, "This guy is telling the truth," because I believed in it.

Curt Roberts:

I knew you believed it. I did.

Karen Zelnick:

How did you know it though?

Curt Roberts:

Honestly, maybe it's just that I've taken enough laps around the sun at this point that I can sense whether they are trying to use a tactic versus really believing what they're saying. And I really believed that Bruno believed it.

Bruno Lima:

I believe that. I always say that a good compromise is when we both leave unhappy. I leave unhappy that I didn't get a \$300 billion valuation from Curt. And he leaves unhappy that he didn't get me for a dollar.

Curt Roberts:

It wasn't quite that extreme.

Bruno Lima:

It wasn't that extreme, but we almost doubled the valuation. It was pretty freaking close.

Curt Roberts:

From what we were expecting?

Bruno Lima:

Initially, yeah.

Curt Roberts:

Yeah, I think certainly based upon on any metrics that would make sense for what the company should be worth. I think I thought I overpaid by 2X. That's about right.

Bruno Lima:

Yeah. Hey, what do you think now?

Curt Roberts:

I did not overpay.

Bruno Lima:

You got a good deal.

Curt Roberts:

Bruno, would you like some more money on those same terms?

Bruno Lima:

You know what? No thank you. How many times, I have to turn down money this year?

Curt Roberts:

And as the person that invested in you first, having a founder that doesn't have to waste his time raising money is worth its weight in gold. That's perhaps the wrong metaphor to use because we are talking about investing and earning returns. But I really mean that. Value gets created by running a great company, it doesn't get created by negotiating financing rounds. We've seen over the past couple of years, some of what people would have thought would have been the greatest tech companies ever built go down in flames, primarily because those founders were really successful at negotiating financing, but not so great at actually running a great company. And having the luxury of spending all your time on running a great company and not negotiating financing deals, it's a fantastic place for a founder to be.

Bruno Lima:

I couldn't agree with more honestly and I hated fundraising. I remember I went to one of the trainings that we did executives and we were talking to other CEOs and they were like, "I love fundraising."

Curt Roberts:

This is one of our events?

Bruno Lima:

Yes. And I remember saying, I was like, "I absolutely hate fundraising. It feels like I'm giving away my children." And they're like, "Well, if your company is doing really good, then it's great to go around." I'm like, "No, I hate everything that's to do about fundraising because my job is to be running the ship back at home and rather I'm out and about trying to convince people that my baby's cuter than others." I hate it.

Karen Zelnick:

And Bruno, it sounds like humility is one of the most important things that's helped you be so successful. And this is a question we like to ask at the end and I'd love to know, in addition to humility, what's another thing that you've implemented in your work or personal life that's had a great impact on your success?

Bruno Lima:

About five years ago, an individual sat down with my co-founder Richie and myself and their advice was, "You need to give the company your all," which I agree with. But the concept was, "If your wife sees you at home before," I think it was 9:00 PM he said, then he's like, "you're probably failing as a CEO." And I took that and I threw it away right away. The thing that I think really makes Pura so successful is that I live by the concept that it's your family comes first. Your home comes first. 5:00 o'clock on the dot almost every single day everybody's out. I take my three year old daughter on a daddy date multiple times a week in the morning and so I show up to work at 10:00 AM and it's not because I'm the CEO and the CEO shows up late. I want people to know that the most important thing in my life is my family and that the company comes second, which seems really counterintuitive for a business.

Bruno Lima:

But as we've implemented that, it's really changed the culture where everyone there gives everything they have when they're there but then the moment they leave, they refresh and it allows us to focus on

what's most important in life and that is your family, your wellbeing, your health. We focus on all those things well before we focus on the company and it just works out.

Karen Zelnick:

Curt, I'd love your thoughts on that.

Curt Roberts:

I know Bruno's being modest here. He and I will have phone calls at times on the weekend and we're exchanging emails and texts at 10:00 o'clock at night. That's reality. But I think making sure that your employees know what your values are and what you expect them to be able to prioritize and that you model that yourself, I think makes the difference between a company that can sustain itself versus one that has moments of glory and then ultimately the potential to flame out.

Karen Zelnick:

Thank you. I remember growing up and having daddy daughter dates and we'd go get root beer floats. That was our thing. And then his assistant was always told that, "If my kids call, no matter what I'm doing, come get me." I just think that set a really good standard and I really appreciated it.

Karen Zelnick:

Thank you both so much for being here. I think this has been an amazing discussion, so many takeaways and of course thank you for listening as we dive deep into what it takes to create the Perfect Pitch. If you want to learn more about our investor Curt Roberts from Kickstart or our founder, Bruno Lima and his team at Pura, we'll have a link to the company and a longer bio in our show notes at [kickstartfund.com](http://kickstartfund.com). And I might even put in some of my favorite Pura scents in there so be sure to check it out. You can listen to more episodes of Perfect Pitch wherever you listen to your podcasts. And if you like what you're learning, leave us a review or rating. We'll be back next time with more insights from entrepreneurs and the investors who fund them so be sure to subscribe so you don't miss a thing.