CLEAN, GREEN AND PRACTICAL

Jeremy Lee highlights the importance of creating value for customers beyond the sustainability label.

Jeremy Lee founded SimplyGood in the belief that cleaning solutions could be truly eco-friendly. With the goal of reducing single-use plastics, SimplyGood, established in 2021, offers dissolvable cleaning tablets and sheets made with natural, plant-based ingredients. Speaking with Erin Lee from SMU's Office of Impact, Jeremy reflects on the challenges faced, the varied approaches to different target segments and what it means to be an impact-based business.

How did SimplyGood come about? Why did you decide to focus on sustainable cleaning products?

Before SimplyGood, I ran a food waste startup called UglyGood, which I started in 2017 while studying at Singapore Management University (SMU). At the time, I realised how big of a problem food waste was in Singapore, and I wanted to address that with my first business. We took discarded food and upcycled them into usable products, such as using orange rinds to create natural cleaning enzymes.

That brought me to where I am today with SimplyGood. When UglyGood exited in 2021, we found many inefficiencies with our supply chain. Despite the intention of reducing waste through our products, we were using a lot of water and plastic to create them—in fact, many cleaning solutions are 96% water. SimplyGood came about as a way to remove those inefficiencies while adhering to the original mission of being sustainable.

Part of the inefficiencies, too, came from shipping costs. Shipping costs accounted for 10% of our cost structure, and when we removed water and plastic bottles from the equation, our operating cost dropped significantly; it became several times cheaper to ship cleaning tablets and other dry products compared to cleaning solutions. In some ways, SimplyGood was born to solve one of my old business problems while staying true to my original goals with UglyGood.

SimplyGood was founded during the COVID-19 pandemic. How do you think that shaped the way you run your business and make decisions?

The pandemic was certainly an interesting episode for us. We had to really focus on the fundamentals. Back then, especially when we were starting out as a new business, there was a lot of uncertainty in the market. We had to deliver exceptional value to our customers, and sustainability alone wasn't a very strong selling point.

Not many customers were willing to support us in the beginning: although there was a market for sustainable products, it wasn't big. Presenting ourselves as just sustainable was not going to be enough to sustain our business. So that got us to think about ways to create value for our customers: how could we innovate on our products? How could those products deliver value beyond sustainability?

We ensured our products were natural, safe and non-toxic—attributes that people were willing to pay for. The eco-friendly element was a cherry on top: our products are safe and non-toxic, *and* good for the environment. Reframing that thinking really benefitted us.

What was the key challenge you faced in getting consumers to consider and switch to SimplyGood? Did you have to change how you positioned the brand or marketed your products?

During the COVID-19 pandemic, environmental sustainability was not top of mind for everyone. Although there were consumers who were more environmentally conscious, safety was the key concern for many. We then considered changing our marketing position, because we realised there was much more value we were creating than just green. Our products were made of safe and natural materials; they were incurring lower cost structures; and were significantly lighter and smaller than traditional cleaning solutions, making them far more convenient. In a space-constrained city like Singapore, these were the features that appealed more strongly to consumers.

When we began positioning ourselves this way, we were able to connect better with consumers. It was better than simply shouting that we were eco-friendly and reducing carbon emissions. Ultimately, it was the practical everyday benefits of the product that resonated with consumers, not the long-term benefits to the environment.

Did you position yourself differently with the B2B segment?

We began offering our products to B2B customers in our second year. Sustainability was gaining momentum: mandates were emerging, funds were talking about it and even the government was trying to push the sustainability agenda. But when we tried to sell our products to other businesses, they did not support that enthusiasm with their purchases. For them, the value was more from the association with sustainability, and the ability to write a good report around it. That was the practical truth on the ground at the time.

Although we had found a few good stakeholders to support us, there was limited growth and it was difficult to build a business around ESG alone. Much like with the B2C segment, we had to tweak our offerings to something more enticing. In this case, it was cost savings.

When we engaged with potential B2B customers in the initial months, one of the first things we would be asked was, "Are you cheaper than my current option?" It was a key consideration for them, especially for cleaning companies who optimise the bottom line significantly.

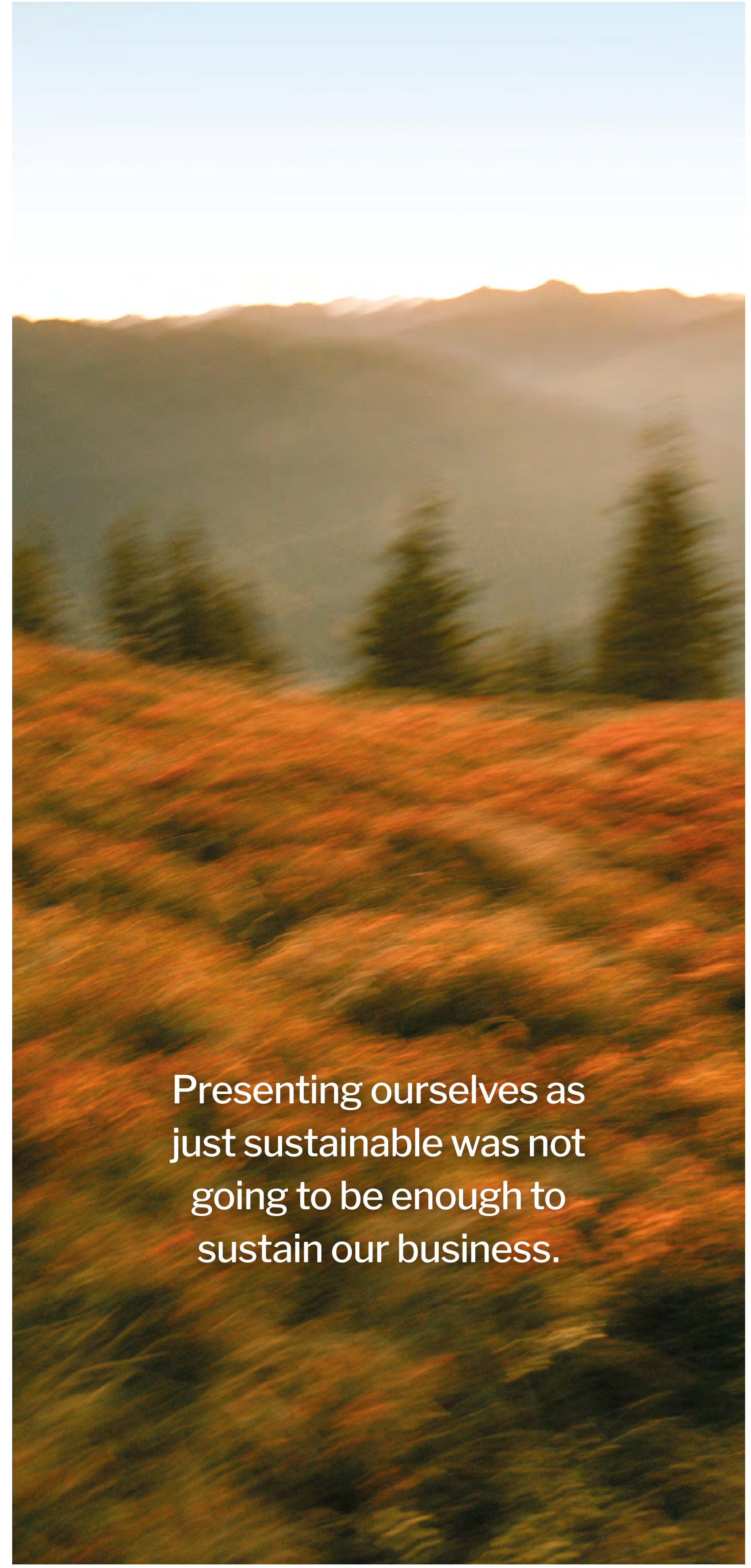
This was one of the key differences we learned about the B2B segment, in that we needed to frame the practical benefits of our product differently for businesses and individual consumers. Where direct consumers cared about safety, convenience and cost, businesses considered cost savings and warehouse storage savings.

The way in which products are framed, or rather, the way in which the *value* of products is framed, has to be right in order for the customer to adopt it. Although B2B consumers are not looking explicitly for eco-friendly products, they consider how those options can be marketed as part of their CSR efforts. Sustainability today must be practical for people to adopt it, at least at our current stage of progress.

You have since expanded to countries such as Malaysia, Australia and New Zealand. How did you choose those markets, and what obstacles did you face scaling up?

When we looked at expansion, we were very conservative. We were dipping our toes into the countries you mentioned, putting up a small budget to see how those markets would react and determine if there was a product-market fit (PMF). Whenever we go into a new market, we want to ensure there is PMF, because what works in Singapore may not work elsewhere.

There are a number of things we consider before entering a new market. The first is whether the market is ready for a product like SimplyGood. Is there acceptance or an inclination of eco-friendliness in the market? Are there competitors in this space that are offering similar products? These are usually signs that the market is ready for the kind of products we are offering. For example, Indonesia is at the forefront with its ban on single-use plastics, and similar signals can be found in countries like Malaysia.



The second thing we consider is the unique economics of the market. Is there a large enough market size? With our brand positioning, does it fit the purchasing priority value and GDP per capita? These were key unit economic factors we had to take into account.

The third thing we look at is localisation. How could we adapt ourselves and our products for the local market? Certainly, markets where English was the primary language were easier to set up, but in markets like Malaysia and Indonesia, or in countries in the Southeast Asian region, there is a lot of cost involved in localisation.

Do you find that there is often a trade-off between cost and sustainability for consumers, especially for B2C consumers?

I think that it is less of a trade-off and more of a difference in priorities. As I mentioned earlier, B2B customers tend to think more about cost while direct consumers prioritise practical benefits.

It's also about additional value creation. For instance, in the B2B context, if there was additional marketing, could your products help them earn more revenue? Would it allow them to secure more contracts? Would it get them certifications? Those are the considerations that B2B consumers go through.

For the consumer segment, it's a lot more targeted at the individual level. Value creation comes in many forms on the consumer market, and it is not limited to price. That is what we have found with the segment we have chosen to market towards. For them, it is really about convenience and safety for the family.

Recently, I have found that the consumer market is more educated and open, and they want to support brands with a purpose. The narrative of a commodity with no purpose simply does not fly anymore. People care about how the products are made and the stories behind them. That to me is really interesting, and certainly very different from the B2B segment.

You have described SimplyGood as an impact-based business. What do you think makes running an impact-based business different from a traditional for-profit business? Can organisations that are not social enterprises become impact-based businesses?

I think one misconception is that we are a non-profit organisation, that we do business out of goodwill. As a social enterprise, we need to be highly profitable to survive, and all business fundamentals still hold true. You need to know your EBITDA margins, your growth trajectory and your team. You don't survive by donations or funding; you survive like all other traditional businesses. I think that is a key misconception people often have when they hear the term "impact-based".

Perhaps the key difference between an impact-based business and a traditional business is when they see success. Certainly, a traditional business could say that their business model made a certain amount of revenue and that they will invest in a CSR programme, but that is not intrinsically tight. To me, an impact-based business is when the business model is built with a DNA of impact. Using UglyGood and SimplyGood as an example, for every additional unit of product we sell, our team does not have to establish a separate CSR programme to contribute positively to society, because our products help to reduce the amount of plastic being dumped into oceans. We are naturally reducing carbon emissions by introducing these products. I think that is the main differing factor in having an impact-based approach, in that impact is incorporated deep into the business model.

Traditional organisations, even if they are not social enterprises, have the potential to be impact-based businesses. Business models are dynamic and fluid, changing with each six-month or annual financial plan. If your company is in banking, it does not mean that your business model cannot positively impact the community or environment. It is simply a matter of how that impact is baked into the business model, as well as the positive externality you're trying to create. I think there is a lot of room for businesses to have an impact-based model altogether.

What lessons of resilience have you learned from leading SimplyGood that you can share with budding entrepreneurs?

The life of an entrepreneur is full of mistakes, painful lessons and lots of failure. When you choose the path of entrepreneurship, things are not going to be easy. It will be full of uncertainty, and you will constantly face failure head-on. But that is the key, isn't it? If you want to be an entrepreneur, perseverance is absolutely necessary. That to me is the main success metric of entrepreneurship. You may be intelligent, have good connections and plenty of resources, but at the end of the day, it is about how long you can take painful lessons for and whether you continue going down that path.

Of course, it is important to also learn from your mistakes, to reiterate and pivot when the time calls for it. But there is definitely a strong element of resilience in this path. The key lesson from me is to just keep at it. As you solve more problems, form larger teams and learn more about the market, things will get better.