

The Rocky Path to Almost-Glory

October 31, 2019

What I and we did right, wrong, and everything in between.

The Big Bang

Bonaverde was born in 2013 in response to an increasingly urgent issue in the coffee industry: the yawning price discrepancy between coffee farmer and consumer, and inequitable pay throughout the supply chain.

We pitched the solution as the Bonaverde ecosystem to great reception. At its core, the Berlin: a world first all-in-one coffee roasting, grinding, and brewing machine, touted with IoT capabilities and a way to connect with (and reimburse) coffee producers directly, and take control of the roasting art with a digital user interface. Farmers and coffee lovers alike all seemed to be incredibly keen on the idea, and we felt good in our ability to make some positive impact on the world.

So at that point in time, we launched what would become the most successful Kickstarter campaign Europe had ever seen, and we were also the first in the world to fund using multiple platforms (Kickstarter, IndieGoGo, Seedrs and Seedmatch). The happy times.

Things I was proud of

Although as a team we've admittedly seen no lack of monumental ballsups along the way, these last 6+ years have still had their fair share of positive milestones, accolades, world-firsts, and assets that we're nevertheless proud to have achieved:

- In a world where so many fail, Bonaverde was one of the few Kickstarter hardware projects that actually made it into production. We faced all of those unexpected issues that first-time entrepreneurial manufacturers suddenly find themselves in. But in fact, we had 4 production runs in total, with over 5,000 Berlin coffee makers manufactured in the end, and in use worldwide today.
- Global distribution deals (China, Korea, USA etc) with some pretty exciting numbers behind them (way, way more than our current production numbers). We got so close, but that deal-money somehow kept evading actually making it to our bank account, so they never hit their stride...
- 2019 German Innovation Award for the Berlin coffee machine. It was heartening to see that at the core of it all, despite our errors, we still had a pretty cool concept.
- Developing two fully functioning mobile apps to cater for both at-home (the Berlin machine) and out-of-home (Urban Coffee Club) coffee consumers.
- We conceived, developed and set up the coffee supply network for the Urban Coffee Club in a crazy two month race. Two weeks into its first month of launch, we were thrilled to discover it was the second most downloaded food & beverage app in Germany. Where we thought the Berlin had failed, this would succeed.

There were more than a few challenges along the way

Many of you know the timeline, and the delays, but here's some points in time, or some seemingly-insurmountable hurdles which perhaps you didn't know of. Though they shook me, and challenged us, we still managed to navigate them and continue onwards; testament to the incredibly hard working people and team who've been involved with this project over the years.

It turns out we chose a fairly pricey concept to disrupt: hardware AND software. Bloody hell! Building a food-safe, electric-safe smart digital hardware product was massive. If you live in Berlin, or work in the tech industry, you probably appreciate the cost of having a tech dev team. If you work in manufacturing, then you probably appreciate the cost of plastic injection mould tooling (for every single prototype and design iteration). If you work in the communications industry you probably appreciate the rate of redundancy — technology becomes obsolete pretty quick. We weren't Samsung's PD team, nor did we have the budget or the time, and my small team felt that far too often.

- After the glory days of 2013, we underwent a design change; the original concept simply wasn't manufacturable, perhaps the first time the crowd really bayed.

- Shortly after establishing a solid relationship with, but prior to any significant production runs, the founder of Homezest (the contracted manufacturer -- and one of the few factories in the world capable of building on-mass a product such as the Berlin) Mr Chen, sadly passed away from a heart attack. Our ally from the ranks of production was no more.
- In the same year as Homezest's founder died, our one lifeline and the CEO of X-Pect Innovations, Henk (the brains behind the Berlin's hardware development) passed away that Christmas also of a heart attack. With no development resource, increasingly strained relationships with supply, manufacturing and design, and with an empty bank account, we danced with permanent closure yet again! All-in-all an incredibly emotional period in our history.
- The average crowdfund pledge didn't cover product development let alone alpha and beta testing: In reality, the pledge was notably below the cost to produce once it was ready to launch in-market.
- We were stuck between a rock and hard place: How can you fulfil a pledge or refund it, when the entirety of crowdfunding pledges were long-since spent in good faith to the develop the product?
- There was a complete fail of the Beta delivery, largely due to stretching human and financial resources way beyond what we should have, we made mistakes along the way by this point we barely had capacity to deal with this. The results of the beta test weren't promising either -- there was going to be plenty more work to do to get it where it needed to be for a minimum viable product.
- We had ordered a first production run of around 5,500 machines from Homezest, but the crowdfunding and subsequent Seedrs campaign only covered around 3,500 as 'pre-orders'. We had to make the tough decision to continually run below economic order quantities and take unexpected financial hits with each production run.
- With virtually no cash, the team number went to zero apart from, well me and Rircardo -- the founding group back to basics. With no office (we were working out of a living room), we were grappling with hope a bit.

2013 truly felt like the Wild West of crowdfunding. In hindsight, and with plenty of flack of their own, it comes as no surprise now that both Kickstarter and IndieGogo are taking sound measures to ensure that campaigns (particularly those requiring physical manufacture) undergo auditing measures, and provide support services with design, and project management with any of this if required to first-time manufacturers to ensure a better success rate.

Where it went wrong:

Explaining late deliveries of pledged machines was generally [understood and accepted](#) by the backer community in those earlier days of crowdfunding. Even running out of capital before manufacturing all the pledges is actually pretty common in Kickstarter campaigns ([one of those inherent crowdfunding risks](#)). But after getting the support we needed from that, we went off-piste from where we started, to the detriment of our community.

That's roughly when we went from the darlings of the crowdfunding world, to that of a tainted brand. We never really recovered fully from that, despite our varied attempts. Perhaps we didn't even realise something was fundamentally wrong at the time -- I certainly didn't *want* to realise something was wrong.

I promised a coffee roasting machine and people truly supported that idea. But after obtaining last-minute funding from angel investors (after that period of working out of a living room, and having nearly gone bust again in 2017), we all got lost in other ideas, business models and strategies. We also struggled to define and control these ideas, so were woefully prone to project scope creep. Although some of these projects actually had some pretty exciting potential, we also dropped the ball along the way more than a few times; for instance:

- opting to design the machines with 3G cellular tech instead of WiFi or bluetooth (we didn't appreciate that PD iterations can take as many years as technologies become extinct in);
- or, corrupting our delivered vs undelivered database of pledged machines without backing it up -- and botching the ensuing strategy to resolve that (ah, hindsight).
- But what it all boils down to is, ultimately: we weren't concentrating on the machine-side of things by the time the recall issue came to light, as we had our eyes set on the glistening potential of the newly

formed Urban Coffee Club. Had we focused more on practices like market research, conversion rates and the like before it was too late -- even then we might've seen that whatever products we were offering at that point in time paled in comparison to our crowdfunding days. We weren't offering what people wanted, but we were still pushing it on people like they did.

As a continuation, as such a small company, we should have followed the doctrine of "do one thing better than everyone else." Get that right first, then maybe try other ideas, but never at the risk of losing the primary business. And if we weren't doing it right, well we should've been prepared to fail fast then. We had so many ideas and we wanted to do them all — and boy, we certainly knew how to pivot with the best of them — but by intuition, or desire to innovate, but not data. Similarly with new investors on board, there was now increased financial pressure to identify new business opportunities, rather than fulfil outstanding obligations (which when you look at it strictly financially, and ignore brand equity, of course isn't a great "investment" otherwise). But at the end of the day we never acknowledged our lack of resource or ability to see any of these through properly to the finish line, and we neglected what started it all: the Berlin. In our attempt to stay one step ahead, we lost our crowdfunding community of backers, supporters, farmers and perhaps worst of all any respect we could muster from them. The kickstarter and IndieGoGo communities in particular represent our most passionately enthusiastic customers — you could perhaps even have once called them our fanbase — they were our supporters in every sense, and we let them go.

Where to from here?

Bonaverde's not the first Kickstarter campaign to get butt-loads of funding only to then fail spectacularly — and presumably it won't be the last one either. I genuinely believed we could do something noble and great, disrupt an industry, and have fun along the way. But unfortunately it just didn't manage to get there. And hey, if you've read this far maybe you've learned something that might help you out in your own future ventures -- after a decade of doing this, I can say I have, and will, even if it's too late to prevent the inevitable for Bonaverde.

Thanks for the incredible ride.

All the Best from Berlin,

Hans Stier

NEXT STEPS

The failure of Bonaverde GmbH isn't the final curtain in the world's desire to rectify a broken coffee economy. Since announcing our insolvency (although our apprehension was of course confirmed -- there was plenty of justifiably angry rhetoric directed at me, and we all of course dreaded the press onslaught), amongst the woodwork of supporters still shone a belief in Bonaverde's original mission, if not necessarily in me or Bonaverde itself per se. Some great things were created along the way that could still go to addressing that desire to change coffee for better using the power of community. After reading all the messages good and bad (don't worry, I've definitely got thick skin by now), I am moved in particular by the outpouring of supportiveness from those who reached out personally. There is no doubt in our minds that there's a group of people out there, that still believes in that core vision, and that it can continue in some new shape or form with renewed energy in the future.