Why Having a VIP Backer Like John Legend Can Boost Your Business

July 4, 2019 8 min read

Opinions expressed by *Entrepreneur* contributors are their own.

I’m a big believer that every startup should bootstrap its fund-raising. Bootstrappinng forces you to be creative, and it allows you to stay lean and maintain control of your brand. When my husband Theo and I started my healthful flavored-water company hint in 2005, we self-financed and fund-raised from friends and family for the first two years.

Related: How to Work with Celebrities and Boost Your Social Media Presence

But after a lot of sweat and tears, we decided that in order to grow the company the way we dreamed, we had to seek outside investment.

Image credit: Kara Goldin

Since then, I’ve been fortunate to raise money through both angel investors and a family office. One source of funding that I get asked about frequently is John Legend, the singer-songwriter and pianist who is the youngest person ever to join the EGOT club (by winning an Emmy, 10 Grammy awards, an Oscar and a Tony.) He has also done a slew of philanthropy work.

Before I get into why having a VIP backer can boost your business, let’s be real: Sometimes, having a celebrity

attached to your brand means zilch. If the high-profile name repping your company doesn't share your values, or if his or her people are unclear why they're promoting your product, you're employing just smoke and mirrors.

And consumers will see right through the magic act. (I'm still scratching my head over Leonardo DiCaprio and the now-defunct photo-sharing app Mobli. Just as confusing: Justin Timberlake and former advertising startup Stipple; Adam Levine and Varsity Tutors; and Ja Rule and the ill-ated Fyre Festival.)

When there's no bang behind the bucks – no fire, no passion – the result feels like a money grab on the part of the celebrity. And while star power can bring visibility to your brand, research by Nielsen shows that celebrity endorsements generally resonate only with Generation Z and millennials.

Additionally, according to the book *Contemporary Ideas and Research in Marketing*, while 85 percent of those surveyed in one study reported that celebrity endorsements enhanced their confidence in, and preference for, a product, only 15 percent said that celebrities actually had an impact on their purchase decisions.

In November 2017, the U.S. Securities and Exchange Commission even issued an investor alert about celebrity endorsements, saying: "It is never a good idea to make an investment decision just because someone famous says a product or service is a good investment."

Sometimes, though, the stars align and a celebrity's lifestyle and passions reflect your brand's mission – and that famous person's investment can bring real clout to your business.

The value of a celebrity who shows

a degree of passion

Take Ashton Kutcher, for example: Many critics thought the former *That ’70s Show* star was going to be a blip on the scene when he began investing in tech companies back in the late 2000s. At the behest of Andreessen Horowitz, he invested $1 million in Skype in 2009 — then quadrupled that number when Microsoft bought the company over a year later.

Since then, Kutcher has backed the likes of Genius, Airbnb, Uber, Spotify, Warby Parker and more, and his portfolio of investments is worth more than $250 million. He’s clearly deeply devoted to the tech industry, and it shows — every startup wants him in its corner.

Related: 15 Celebrities Who Had Epic Fails as Entrepreneurs

When I sought outside investment for hint, I wanted people who shared my passion for both my products and my company’s healthy mission. John Legend met us in that sweet spot — he believes in promoting well-being and he drinks our water — making for a serendipitous match.

Here’s why a VIP backer can enhance your business, and how to make sure he or she is the right fit.

1. Your investor already lives and breathes your brand mission.

Whether Legend is recording or performing, he’s always on the move and trying to stay healthy and hydrated while on the road. In 2010, he saw hint on the shelves at Starbucks and decided our water, without artificial sweeteners or preservatives, was the perfect fit for his lifestyle.

Drinking water has loads of health benefits, of course, and nutritional research shows that it can help people consume

fewer calories. Hydration also has a major effect on energy levels and brain function. Mild dehydration impairs the cognitive performance and mood of men – obviously crucial for a musician like John.

Legend eventually reached out to my husband and me, and we bonded over our passion for healthy living. When we began discussions about investing, it was important to the three of us that Legend didn't just drink our water, but that he legitimately believed in our "Drink Water, Not Sugar" philosophy.

Our product helps Legend maintain and pursue a healthy lifestyle. And he actually drinks hint while he's performing; he keeps a bottle right next to the piano.

It's probably rather unusual having a celebrity reach out to you about investing in your product. We've certainly been fortunate, but I believe that when you create something you truly believe in, people respond. There is incredible power in believing in yourself. Self-confidence has been shown to lead to greater motivation, more resilience, less fear and anxiety, improved relationships and a stronger sense of self.

2. Your investor demonstrates a belief in your vision.

This leads me to a crucial point. If you're seeking funding to grow your business, it's tempting to cast your net wide or say "yes" to the first person who shows interest. But when raising capital, the most important thing is who is giving you the money.

When we were just starting out, a friend connected me to an executive at Coca-Cola who my friend thought could help me scale the business. Midway through our phone presentation, the exec interrupted me to say, "Sweetie, Americans love sweet."

That’s clearly not the kind of person I want on my team. I want financiers who believe in my product and my vision and want to help me get to the next level.

You must find your audience and the people who will support you, even when the going gets tough. If I went into an investment meeting and everyone was chewing on candy bars and drinking soda, that would be a huge red flag.

According to the Organisation for Economic Co-operation and Development, a partnership will be effective if all parties share a strategic vision, pursue compatible targets and show a strong commitment. The organization has also found that, “A successful partnership enhances the impact and effectiveness of action through combined and more efficient use of resources; promotes innovation; and is distinguished by a strong commitment from each partner.”

This is why John was the perfect match for us: Not only does he enjoy the product but also engages in a lifestyle aligned with our values — and communicates that to his fans.

3. Your investor nurtures your success — not just his or her own.

Because of investors like Legend, I’ve been able to grow my company in ways that I never imagined. We’re a multimillion-dollar business and the No. 1 independently owned nonalcoholic beverage company in America.

In the last two years, we’ve expanded outside of beverages and added oxybenzone- and paraben-free scented sunscreens. We also recently launched our beverage in kid-friendly (and car-friendly) packaging.

I ran into John Legend at the annual Cannes Lions Festival in France this June, and he took the time to connect with me for a few minutes to ask about how the business is doing and how

I’m doing. It was a nice reminder that our expansion has been possible in part because of investment, of course, but also because we have the right kind of investors – those who believe in our product and what we stand for.

Related: John Legend Gets the EGOT! 3 Things to Know Today.

A backer Legend has a stake in our success not just for monetary reasons, but because he legitimately cares about what we’re doing. When a VIP investor trusts your vision, he or she can provide the unique opportunity to help you spread your message wider and louder. Who is the right celebrity for you?

https://www.entrepreneur.com/article/336232