



THE WALL STREET JOURNAL.

WSJ.com

August 26, 2014, 1:22 PM ET

Jessica Alba's The Honest Co. Raises \$70M, Preps for IPO

ByLizette Chapman



Brian Lee and Jessica Alba, co-founders of The Honest Co.

The Honest Company

In preparation for an IPO, Jessica Alba's [The Honest Co.](#), a maker of eco-friendly baby products, has raised \$70 million at a valuation just shy of \$1 billion and is beginning partnership talks to expand to China, Dow Jones VentureWire has learned.

"We believe being a public company is the best path for us going forward and it's good to get that validation early on," Honest Chief Executive and Co-founder Brian Lee said, noting that public-markets investor Wellington Management Company led the Series C round. "I can't say when that will be, but we are definitely starting to think and act like a public company."

[Jeremy Liew](#), a partner with early investor Lightspeed Venture Partners, said Ms. Alba, the actress-turned-entrepreneur who co-founded the company in 2011, has leveraged her star power for the benefit of the startup.

"She is an international star. We're starting to see a lot of demand from her fans around the world," he

said. "This idea for non-toxic, chemical free products has resonated around the world in developed and developing countries."

Since launching in 2012 with its non-toxic diapers and other natural baby products, the California-based startup has grown quickly by blending its environmentally sensitive products with a social mission. Annual revenue is tracking to hit north of \$150 million in 2014, or three times the revenue of 2013, according to Mr. Lee.

Roughly 80% of Honest revenue is from customers who subscribe to a monthly service delivering diapers and other consumable products on a recurring basis.

Along with the healthy lifestyle and cleaning products, which will soon include formula for babies and beauty products for moms, the startup is selling a feel-good mission. Like Toms Shoes Inc., Warby Parker Inc., Etsy Inc. and other e-commerce companies that use business to benefit social causes, Honest donates product and revenue.

The company established programs like diaper and crib donations as part of its business model, earning it a B Corp certification from nonprofit group B Lab.

"Nowadays it's about corporate responsibility. The consumer today demands this of companies and we are doing our part to help in any way we can," Mr. Lee said.

Although the company has expanded its retail distributors during the past year from Whole Foods and Costco to include Target, Buy Buy Baby and Nordstrom, just 20% of sales occur offline.

Mr. Lee said that mix is a good balance for the company for now and the company has intentionally held back on marketing efforts because it is now at capacity fulfilling orders.

The Series C funding round will be used to bankroll growth both in the U.S. and abroad.

Honest has been shipping to Canada for more than a year and is making plans to enter England and Australia. China is a major focus and a key reason for raising the recent round. Mr. Lee said he is in early discussions with potential partners but declined to provide details.

Along with Wellington Management Company, a handful of unnamed public financial institutions also participated in the round, as did all existing venture investors, a roster that includes Institutional Venture Partners, Iconiq Capital, Lightspeed Venture Partners and General Catalyst Partners.

The Honest Co., which employs 275, previously raised \$52 million.

Through an Honest spokesman, Wellington declined to comment.

General Catalyst Partner and Honest board member Neil Sequeira said working with Wellington to lead the round was logical because the goal is an IPO.

"Having them as shareholders will help the team understand the metrics, traction and other things public-market investors are going to look for as they enter the market. Having them inside the tent instead of outside the tent makes that dialogue much more open."

Write to Lizette Chapman at lizette.chapman@wsj.com. Follow her on Twitter at [@zettewil](https://twitter.com/zettewil)

Copyright 2015 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com