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Cherrico Pottery

w2020

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Company

Company name:

Cherrico Pottery

Company url, if any:

<http://cherricopottery.com>

If you have a demo, what's the url? For non-software, demo can be a video.

(Please don't password protect it; just use an obscure url.)

<https://store.cherricopottery.com/cosmic-wall-platters>

Describe your company in 50 characters or less.

We make the world's most remarkable mugs.

What is your company going to make?

We make beautiful, useful coffee mugs designed by potter Joel Cherrico. Our long-term goal is for the name Cherrico to become synonymous with Vincent van Gogh and Picasso. When people think of pottery, they will think of Cherrico. Joel handcrafts ultra high-end art that will become sought after by the most prestigious galleries, museums and auction houses. But Cherrico Pottery will also design millions of affordable pottery mugs, made in factories in China and shipped directly to customers.

Our "Made in China" mugs will be to mugs what Apple was to smartphones. Cherrico will be to pottery what Picasso was to painting.

Where do you live now, and where would the company be based after YC?

(List as City A, Country A / City B, Country B.)

St. Joseph, Minnesota, US/St. Joseph, Minnesota, US

Founders

Please enter the url of a 1 minute unlisted (not private) YouTube or Youku video introducing the founder(s). This video is an important part of the application. ([Follow the Video Guidelines.](#))

Category

Which category best applies to your company?

Other

Progress

How far along are you?

9 years full-time with about \$700,000 in revenue so far, but about \$500,000 in revenue in just the past 2.5 years, with 95% from sales online directly to customers. The past 12 months have been our most profitable to date, with about \$270,000 in gross sales.

How long have each of you been working on this? How much of that has been full-time? Please explain.

When I was 18, I devoted my life to making a living as a full-time potter. From 18-22, I studied as an Art major with focus on pottery and entrepreneurship. At 22, I graduated and launched Cherrico Pottery as a full-time business venture in 2010.

For the next 5 years, I lived on less than minimum-wage. In 2015, I created "Cosmic Mugs: Art that lets you taste the Universe everyday" and raised \$34,099 in one month on Kickstarter: bit.ly/csmcmgs

I used the money to craft, pack and ship pottery to 500 customers in 16 countries. Then, I set the Guinness World Records title for 'most pots thrown in one hour by an individual' as a wacky publicity stunt. I won the record, and spent the next few years building cosmicmugs.com. My fiancé joined Cherrico Pottery full-time and now we manage a team of student workers who help us photograph, pack and ship pottery to customers globally.

Are people using your product?

Yes

How many active users or customers do you have? If you have some particularly valuable customers, who are they? If you're building hardware, how many units have you shipped?

We have a free email newsletter list of about 45,000 people, over 350 subscribers paying over \$2,800/month on patreon.com/cherricopottery, and also thousands of customers. Some customers have purchased over 30 pieces of pottery for average price of around \$80 each, for years. A recent milestone was in May, when 4 customers purchased from store.cherricopottery.com/cosmic-wall-platters for \$1395 each. Over 10 celebrity influencers also own our art, because we mailed it to them for free. These include Neil deGrasse Tyson, Tim Ferriss, Ryan Holiday, and Jeff Bezos. We are currently in contact about future collaborations with Tim Ferriss' Director of

Marketing, Neil deGrasse Tyson's StarTalk Community Manager, one of Jeff Bezos' executives and author Ryan Holiday's companies Brass Check and Daily Stoic.

Do you have revenue?

Yes

What was your revenue in the last full calendar month?

(Please use USD. If none, enter '0')

22,138

Your revenue 2 months ago?

21,504

Your revenue 3 months ago?

23,595

Your revenue 4 months ago?

22,449

Your revenue 5 months ago?

21,790

Your revenue 6 months ago?

25,376

Anything else you would like us to know regarding your revenue or growth rate?

Our current growth plan doesn't make sense, until it does. Jeff Koons' "Silver Rabbit" recently sold for a record \$91M at auction. I believe that this piece of art, and others I have already made, will break Koons' record in the future: store.cherricopottery.com/nuka-iron-jar-roughly-3-feet-tall-by-20-inches-wide-nfs/

The interesting thing about Silver Rabbit was that Koons made no money from that sale. His investor did, because he believed in it. His investor bought Silver Rabbit in 1991 for \$945k, and people thought he was crazy. He resold it at auction for \$91M this past May.

If you've applied previously with the same idea, how much progress have you made since the last time you applied? Anything change?

If you have already participated or committed to participate in an incubator, "accelerator" or "pre-accelerator" program, please tell us about it.

Idea

Why did you pick this idea to work on? Do you have domain expertise in this area? How do you know people need what you're making?

Somewhere between 20-30,000 pieces of my handmade pottery are out in the world right now, being used and enjoyed by customers. People have been making pottery since the dawn on human history.

People need genuine human connection more than ever, especially now in the digital age. Proof of this is when we started streaming live video from my pottery studio and videos organically reached 10s of millions of people, with some videos getting over 1M views each, while cosmicmugs.com repeatedly sold out, even after raising prices repeatedly.

Art gives people connection. Cosmic Mugs let people enjoy a cup of coffee, made by their favorite artist, inspired by our place in the Universe.

What's new about what you're making? What substitutes do people resort to because it doesn't exist yet (or they don't know about it)?

Artistic, handcrafted mugs are everywhere. Beautiful, cheap mugs are everywhere. But no artist or company has elevated mugs to ultra high-end art. This will give us a natural monopoly by building innovative bridges between the art world and the coffee industry.

In the luxury world, people know what it's like to have \$50k hanging from their ears or wrist, or \$5M hanging on their wall, but it's never happened with a potter. We can craft and sell the world's first \$10,000 coffee mugs that are honestly embraced as Veblen goods. But we can also design, mass-produce, pack and ship millions of affordable mugs, about \$20-\$40 each, directly to customers globally.

The Art Market generated over \$50B last year with about 50% of sales from only 25 artists, all painters and sculptors-- none of them were potters.

Over 100-400B cups of coffee are consumed annually, with about 400M per day in the US. The US coffee market is about \$18B annually and the global ceramic tableware market is about \$60B. We entering an established industry to solve a problem that has never been solved because coffee mugs have never be revolutionized as art.

Who are your competitors, and who might become competitors? Who do you fear most?

Our competitors might be the countless factories and artists who will copy Cherrico Pottery designs. They might be current artists selling in auction houses, and galleries we bypass by coming to Y Combinator and investors, instead of galleries.

They might be coffee companies like StarBucks, who will try to design and sell their own "Cosmic Mugs." But we plan to partner with StarBucks for shelf space, since the Cherrico Pottery brand will have a sense of celebrity that will be impossible for them to duplicate. Auction house resale of a \$10,000 Joel Cherrico original "Moon Mug" will garner excitement, when people can get their own \$19 Cherrico Pottery Moon Mug, Made in China, available at StarBucks.

What do you understand about your business that other companies in it just don't get?

You can succeed by serving customers with both luxury and affordable products, and all of those products can be art.

How do or will you make money? How much could you make?

(We realize you can't know precisely, but give your best estimate.)

I believe Cherrico Pottery could grow above \$100M in annual sales with three avenues.

#1) \$18M from 500K beautiful, useful coffee mugs made in China, sold around \$36 each online, and shipped directly to customers from Cherrico Pottery facility.

#2) \$10M from 1,000 of Joel Cherrico's handcrafted pottery and sculpture, sold average prices of \$10,000 each (leaving plenty of room for auction house resale 10-100x by investors).

#3) \$100M from a \$10/mug wholesale partnership with Starbucks, Target, Whole Foods or another corporation to sell 10M Cherrico Pottery mugs in stores annually.

How will you get users? If your idea is the type that faces a chicken-and-egg problem in the sense that it won't be attractive to users till it has a lot of users (e.g. a marketplace, a dating site, an ad network), how will you overcome that?

Imagine if Steve Jobs also made thousands of objects with his own hands every year. He didn't, but the Apple II Computer is still in the Museum of Modern Art today. So is Vincent van Gogh's "The Starry Night."

We're going to make beautiful, affordable mugs for the masses, but also unique, rare sculptures for the world's most eminent auction houses: Sotheby's and Christie's. Actually, we're serving investors, who are then serving other collectors at these auctions houses.

Collectors need a new source of revolutionary art. Silicon Valley investors will start a new art movement: "Cosmic Art" inspired by our place in the Universe. It could have the same impact as Cubism and Impressionism did 100 years ago, because those were also launched by investors who followed a simple principle: buy low and sell high.

Vincent van Gogh championed the "Impressionist" art movement and Picasso championed the "Cubist" art movement because they mastered their crafts. They made truly inspiring art. But their art became revolutionary, house names because investors believed in, bought and resold their art publicly. Those investors had real skin in the game and were rewarded for it.

Equity

Have you incorporated, or formed any legal entity (like an LLC) yet?

Yes

What kind of entity and in what state or country was the entity formed?

(e.g. Delaware C Corp)

Minnesota LLC

Please describe the breakdown of the equity ownership in percentages among the founders, employees and any other stockholders. If there are multiple founders, be sure to give the equity ownership of each founder.

100% ownership by Joel Cherrico

List any investments your company has received. Include the name of the investor, the amount invested, the premoney valuation / valuation cap, and the type of security sold (convertible notes, safes or stock).

Please provide any other relevant information about the structure or formation of the company.

My college entrepreneurship program helped me launch with a small business loan that I paid back in 6 months. We have since operated with cash and a small business line of credit for about the past 9 years.

Legal

Are any of the founders covered by noncompetes or intellectual property agreements that overlap with your project? If so, please explain.

No

Who writes code, or does other technical work on your product? Was any of it done by a non-founder? Please explain.

I built cosmicmugs.com and store.cherricopottery.com on Bigcommerce and cherricopottery.com on Wordpress. I hired Ryan Holiday's company Brass Check for consulting and still maintain some contacts that help me figure out e-commerce growth and marketing.

Is there anything else we should know about your company?

(Pending lawsuits, cofounders who have left, etc.)

Small town Minnesota is the perfect place for an artist to live and work. Art requires privacy, time and space to avoid the burnout/tragedy so common in the world's best artists. We can also get large, inexpensive fulfillment facility.

We have also become a talent magnet, with three New York Times Bestselling authors interested in collaborating. We travel to NYC about twice yearly to spend time with Neil deGrasse Tyson and have written a guest blog post for his website. Tim Ferriss' Director of Marketing invited us to sponsor his podcast. This sponsorship could be baked into our time spent at YC. He and author Ryan Holiday collaborate often, and Ryan owns one of our "Cosmic Wall Platters." Neil, Tim and Ryan are three of the world's most influential people, and could play key roles in launching the "Cosmic" art movement.

We also paid for "Cosmic Mugs, Made in China" samples from 6 different Chinese factories and ordered our first 100 from one factory. These 100 mugs launch to customers on cosmicmugs.com in about 1 month. Our research so far shows that sourcing 10M+ mugs from China annually is realistic.

Others

If you had any other ideas you considered applying with, please list them. One may be something we've been waiting for. Often when we fund people it's to do something they list here and not in the main application.

Airbnb founder Joe Gebbia also began as a college art student like me. Joe gave an interview about what it's like to empathize with customers and he said, "They started using the word 'love' in the same sentence as Airbnb." This is something we have been hearing from our fans everyday for years. Customers write us letters, mail us gifts and and share profound stories about how our art has helped them.

Joe is a wonderful spokesperson for Airbnb who can tell beautiful stories. Designing and storytelling could become other businesses we explore.

Over 10 million people have watched me make pottery during live videos on our Facebook page. It became a sort of TV show that I create from a film studio we built in our small town, simply filmed on my iPhone. Tens of thousands of people still watch weekly.

Please tell us something surprising or amusing that one of you has discovered.

(The answer need not be related to your project.)

Between every national TV show host and celebrity guest sits a coffee mug, but it has never been a piece of art. I believe that if we're the first people to bring this background prop to the foreground as Art, then we could change Art History-- especially if Jeff Bezos brought his own Cherrico Pottery "Moon Mug" onto a show during his interview.

Neil deGrasse Tyson has been on Stephen Colbert's TV shows over a dozen times, and we are in conversation with Neil's staff about bringing one of his Cosmic Mugs onto national TV. We've had near misses, but we are optimistic about a natural entry point into mainstream media in the future.

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