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– DANIEL H. PINK, Author *DRIVE* and *A WHOLE NEW MIND*

BREAKTHROUGH

BRANDING



**How SMART ENTREPRENEURS and INTRAPRENEURS
Transform a SMALL IDEA into a BIG BRAND**

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Author of *You Are a Brand*

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**PRAISE for *Breakthrough Branding*
By Catherine Kaputa**

“Whether you’re dying to launch your own company, or are more of a reluctant entrepreneur, you face the imperative to build your brand. Catherine Kaputa has made this challenge her personal and professional study, and in this book she shares secrets worth many times the cost of admission. Now go forth and brand!”

—Daniel H. Pink, Author, *DRIVE and A WHOLE NEW MIND*

“*Breakthrough Branding* is engaging, vital and packed with branding power. With examples from around the world, it’s a must read for entrepreneurs and intrapreneurs who have a business ide but need the tools to grow it into a big brand.”

—William H. Roedy, Former Chairman & Chief Executive of MTV Networks International, and Author, *What Makes Business Rock*

“If you aim to be an entrepreneur and already have a big idea, but you never studied marketing and branding, this book will give you a running start. Catherine is a superb coach and her book delivers a wonderful collection of marketing steps and real world entrepreneur success stories.”

—Philip Kotler, Marketing Professor, Kellogg School of Business,
Northwestern University

“Anything that Catherine writes is worth reading. She was one of my best students on the subject of ‘Positioning’ and building brands. She won’t steer you wrong.”

—Jack Trout, World Famous Marketing Strategist

“If there’s one thing you’ve just got to know about—but is tough to learn about—it’s branding. Catherina Kaputa tells you what you must know in this valuable book. Read it before your competitors do.”

—Jay Conrad Levinson Author,
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“If brand building were courting and marrying, Kaputa’s strategies would be the best dating advice around! She shows you how to romance the marketplace with your package, your name, and your image without sacrificing the heart of your brand.”

—Dr. Wendy Walsh, America’s Relationship Expert,
Co-Host, *THE DOCTORS* and CNN’s *Human Behavior Expert*

“Catherine’s *Breakthrough Branding* is a book you give to the ones you love who are building their own business. She takes us step by step through a process born of security of the perfect job to the jungle of entrepreneurship. She has been thrown into it and mastered it. Her lessons are invaluable. This is a must read for anyone aspiring or working to build a business.”

—Jim Camp, Founder Camp Negotiation Institute,
and Author, *Start With No*

“For both long-standing and newly-minted entrepreneurs, there is no greater defeat than having a customer go elsewhere because they didn’t understand your value. *Breakthrough Branding* clearly and skillfully leads its readers through the need and the creative process of branding a ‘position’ in the marketplace. By first creating a ‘clear benefit or promise of worth’ which is different from that of competitors, and then by allowing social media to be a ‘big microphone,’ each entrepreneur can learn to reinvent and redistribute their personal and business branding. I highly recommend this book as a must-have marketing tool in today’s highly-competitive, global marketplace.”

—Patricia Sigmon, President, David Advisory Group,
and Author, *Six Steps to Creating Profit*

“Having a great idea isn’t enough. You’ve got to develop and build your brand if you want to be a successful entrepreneur, and Catherine Kaputa is just the expert you need to provide you with great ideas in a simple, direct way. Want branding to be easy? Read this book.”

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and Author, *45 Things You Do That Drive Your Boss Crazy*

“An accomplished marketer and world-class businesswoman, Catherine has created the ultimate field manual for any aspiring entrepreneur. A must-have and must-read for anyone who wants their business to succeed!”

—Kevin Allen, Author, *The Hidden Agenda*

“Your brand is a mental picture that consumers carry around in their heads. But the act of branding is something you can control—by using the tools of marketing communications to influence those perceptions. Here is a cheerful crash course on how to get going.”

—Steve Rivkin, Marketing Consultant, and Co-Author,
IdeaWise and *The Making of a Name*

“From one of marketing’s premier thought-leaders, *Breakthrough Branding* is a treasure chest filled with practical and immediately applicable advice on branding and marketing strategy. It is sure to become THE handbook of entrepreneurial branding and marketing strategy.”

—Robert Barnwell, Author, *Lead, Follow or Get the Hell Out of the Way*

What's the Brand Idea?

Find the simple story in the product and present it in an articulate, intelligent, and persuasive way.

—Bill Bernbach, Legendary “Mad Man”

D*estiny* is a dramatic word—but really, the first step in starting a new venture is identifying your business destiny, determining what specific business you—and only you—were born to create. The best idea for you will involve the perfect convergence of your skills, talents, and passions with the needs of the marketplace.

The hardest part of launching a business is beginning. You need to find the brand idea that's right for you. Yet, it's the most important step. Finding your business idea is like examining your DNA. It's finding what's different, relevant, and special about you so that you can share it with others. It's discovering where you belong in the world so you can embark on the journey that will take you there.

The Valley of Death

Entrepreneurs brand the time between coming up with a business idea and having a successful start-up as “The Valley of Death.” As the name implies, the beginning period is no picnic. It's a tough time to get through intact. You don't have enough financing. You don't have all the skills and resources

you need. You can die in the valley if you don't get enough customers and money to cover cash flow.

Yet, in so many ways, this starting period is the most valuable time you will ever have as an entrepreneur. It's the time when you can create tremendous value out of nothing. You're creating a new product or service where there was none before. You're positioning the brand so it can stand out in the marketplace. You're creating *intellectual property* with a brand name and with your brand's look and feel. You're starting to build a reputation for the new brand and for Brand You. You're developing tangible assets such as your product, equipment, and even real estate.

As a bootstrapping entrepreneur, you're creating many valuable brand assets during the beginning phase that will set the course for brand success or failure. The beginning period, this Valley of Death, may be your riskiest time, but it is also your most valuable time creatively and strategically.

Yet, many entrepreneurs rush to market, shortchanging the formulation phase. They want to have a business, yet they don't have a fully formed and viable idea. Or they have a copycat idea. Or a gargantuan, overly complicated idea. Or an idea that tries to appeal to everyone and therefore is destined for failure. When you try to appeal to everyone, you appeal to no one. If you don't use this beginning phase to build a solid foundation of brand assets, you will likely not survive the Valley of Death.

The Paradox: Small Ideas Are Big

It all begins with an idea. In the branding business, people talk a lot about the "big idea."

But I say, "Forget the big idea, go for a *small idea*."

There's a fundamental paradox of business ideas: the bigger the idea, the simpler and more focused it will be. Big ideas are small—simple, focused, and specific—so that they can occupy a unique niche and dominate their category. The best business and product ideas come from drilling down and being very targeted and specific. Drill down until you come up with a way that your brand can be superlative.

That way, you're building a business on something that's small enough to own and create a brand identity around and that will get you big results. You and your business will stand for something, rather than being a mashup of who knows what.

All good branding involves sacrifice—you must sacrifice the things that don't belong to the core business idea. Too many entrepreneurs stumble over this simple reality. When expressing their business idea, they ramble on and on for fifteen minutes, leaving their listeners (investors, potential clients, potential employees) scratching their heads. Either they haven't zeroed in on what they want to accomplish or they haven't figured out how to express it simply. Whatever the case—they are not yet ready for business.

So get a clearly focused business idea. You don't want to be an apple and orange business. You want a clear-cut business that you can define easily and effortlessly. Your simple sentence that defines your business will serve you well when pitching your idea to investors, attracting talent, talking to the press, and, most especially, connecting with your customers.



“SMALL” IDEA: a simple, focused brand promise that defines what's special about your brand.

Your brand idea is your tagline or mantra for your business that expresses the core concept. It's the promise of what your brand will offer customers that others don't. For example, FedEx's brand promise is its advertising tagline: “Your package will get there overnight. Guaranteed.” The Japanese retailer Uniqlo's tagline is “Made for All,” reflecting its mission of creating stylishly simple casual clothes for all to wear. For its fruit smoothies, the U.K. company Innocent uses the tagline, “The fruit, the whole fruit, and nothing but the fruit.”

In breakthrough branding, you'll find that you always convey the most when you say the least. So make it simple. You must figure out a way to articulate clearly, for yourself and others, what the business is, who it's for, why it's needed, and why it will be a success.

Your business idea should be short enough to write on the back of a business card. You want a phrase or sentence, not an elaborate paragraph. Another way of looking at it is, if you can't explain your business idea successfully to a ten-year-old, you don't have a clear-cut idea for your business. You need to be able to sum up what your business is and why it matters. As Einstein said, “Everything must be as simple as possible, but not simpler.”

Your sentence should contain a keyword or phrase that you want everyone to associate with your brand. Think of the way big brands try to own a word or phrase, like Google owns “search,” Volvo owns “safety,” and FedEx

owns “overnight.” So when people think of your brand, they think of “X.” Or when they think of “X,” they think of your brand.



BRAINSTORMER: What’s your brand idea in a sentence? What’s the keyword?

When Your Heart Talks, Pay Attention

To be a successful entrepreneur, your goal has to be more than just making money. Entrepreneurship and finding your business idea are about finding your purpose. Your goal must be tied to your deeper story, your sense of destiny for yourself and your business. It must feel authentic and right for you. It’s discovering your personal vision that reveals your essence, your passion, and your values. That vision comes from your heart, not your head.

Great brands are always built on *authenticity*, on who you are and what your business can be, not what you want it to be. For a decade in the 1990s, Las Vegas marketed itself as a family vacation destination. Think about it, positioning Vegas as a *family* destination. Nobody goes to Vegas for family stuff, well, almost nobody. Vegas is about drinking and gambling like crazy and doing things you want to keep under wraps afterward. Its nickname is “Sin City,” after all. In 2003, when Vegas adopted authentic positioning, the city came up with its famous slogan, “What happens in Vegas, stays in Vegas.” And the branding was a smash success. Now, here was a positioning line that came from Vegas’s DNA. It was a brand promise that people could believe in.



Branding has to come from who you are and what your business can be, not from what you want it to be.

Great brands didn’t get that way by failing to deliver on an authentic brand promise. When customers and prospects believe what you say, you get a *trust premium* over competitors. Procter & Gamble found that its businesses that were growing faster than average, including Pampers, Tide, Downy, and Crest, had a trust advantage that gave these brands a market share advantage. A global study conducted by the former chief marketing

officer of P&G found that the quality of a company's external and internal communications around a shared customer ideal led to business success and the ability to grow.¹

When we believe something is honest and comes from its true nature, what psychologists call *essentialism*, that even gives us pleasure.² And that pleasure is lost when we find out something is “fake” or not what we thought it was. The pleasure of a good wine is influenced by whether we think it's expensive or cheap. Just as we enjoy a painting that we trust is authentic, and don't enjoy it when we are told it is a reproduction or a fake.

You need to build a business based on authenticity, based on what the business is and can be, and who you are and can be. More than working for others, entrepreneurship offers you the opportunity to be who you were meant to be, to succeed on your own terms. You don't have to do it the company way anymore—you can and must do it your way. That's the good news *and* the bad news, of course, because you won't have the company to lean on or to blame when things go wrong. You can't be fired or even reprimanded—but you can lose everything.



BRAINSTORMER: Why is this business the best and *only* business for you to start?

The Mouse That Roared

Small, “high-concept” ideas are different. They're not copycat ideas but try to break new ground. They provide a fresh benefit, appeal to a hungry target audience, have a new process—a different something. Even though you're a small business now, having an important difference will give you a loud voice in the marketplace.

Being different is a cardinal rule of branding. You don't have to have a big idea, but you do have to have an idea that is different from your competitors' ideas. Having a different idea for your business is powerful. Just being different from everything else in your category in some way is immensely helpful for your brand because you can position your business and products as unique, occupying their own niche.

You can't own what someone else owns, so don't even try. Once you've claimed your position in the market, no one can easily move in on your spot, either.

There are a lot of ways to be different. The ultimate way is to create a whole new product category and, in the process, to create a consumer need that no one has previously exploited—possibly even a need that consumers didn't know they had. Apple has been wildly successful at this. But while not all of us are brilliant (or capitalized) enough to create a whole new product platform, we can make changes in the existing ones and be successful.

You could utilize a new technology that gives your product a competitive edge, as the various smartphone makers do every year, in an attempt to outmaneuver their competitors. Or your product might be made out of ingredients or by a process that's different.

The television cook and author Sandra Lee created a new cooking concept she called Semi-Homemade. She came up with the name while walking down the aisle in a grocery store one day and seeing bags of semisweet chocolate for cooking. That's sort of what I'm doing, she thought, because her dishes are made up of about 70 percent packaged ingredients and 30 percent fresh foods. While Lee's concept is more than semi-controversial with many cooks, she has a thriving business with adoring fans who love her easy-to-prepare recipes and her appealing personal brand. Sandra Lee's tagline for her cooking concept is "Keep It Simple, Keep It Smart, Keep It Sweet, Keep It Semi-Homemade."³

Each target market has its preferences and hot points, and your product could tap into the mindset of a specific group or generation. Axe positions its grooming products for teenage boys and young men and what's on their minds. Its "Axe effect" marketing is compelling for this target, namely, smell good with Axe and get the girl.

Price is a differentiator. Most cultures revere innovators, but cheapeners are critical, too. If you come up with a new manufacturing technique or a supply chain process that saves money, you can pass that on to your customers and beat the competition handily, as Wal-Mart has shown.

Customer service could be your differentiator if you develop specific service advantages that competitors don't offer. For example, Amazon took an early and decisive lead in online retailing based in part on the user-friendliness of its interface and in part on its competitive discounting

structure and low shipping costs. Amazon started as the “world’s largest bookstore” but parlayed its early success in a narrow retail category into vastly expanded offerings, including music, housewares, drugstore items, clothes, you name it. Amazon’s small idea wasn’t books, after all, it was online retail sales. A slew of useful business books have been written about Amazon and other retailers (online ones, such as Zappos, as well as brick-and-mortar businesses such as Nordstrom’s and Starbucks) who quickly turned “small ideas” into big profits.

Even something as simple as a new and exciting design can be the differentiator. In the era of iPad, design matters.

Bottom line: you need a different mental angle for your brand, one that shows how your brand is different or superlative. And you need to express that in every communication about your business. You must always be ready to answer the question, “What do you have to offer that’s different from what’s already out there?”

In short, you will never be a breakthrough branding star unless you aim for that small, unique, clearly focused idea—an idea that’s crisp and offers something different. Reaching for something focused and unique pays off. You may not end up on the *Inc.* list of America’s Fastest-Growing Companies, but you won’t end up with a handful of dirt, either.



BRAINSTORMER: My brand is the only
 _____ **that** _____.

Let Your Mind Dream

During the period when you are looking for and refining your business idea, let your mind wander. Dream. Free associate. What calls out to you, even though you’re not sure why? What do you find yourself drawn to? When you’re walking around, what attracts your attention? When you’re on the Internet, what do you find intriguing? Why? What is it telling you?

If you could do anything you wanted, what would it be? What other businesses and entrepreneurs do you admire? Why is that?

What do you find easy to do or easy to learn? What feels good? What gives you satisfaction?

Whether or not you want to start a business in an industry that you have already worked in (and that is something you should certainly consider), it makes sense to examine business areas that you are familiar with. Look at what you know well. What rules have never been questioned in your industry or area of expertise? What would happen if they were? What are the problems that everyone complains about? How could they be solved? Could this lead to an opportunity for you? When you start paying attention, you'll find lots of areas ripe for exploration.

As we all know, successful entrepreneurs look at the same things that everyone else looks at and see something different. They see opportunities. Then we all look at what they've created and say, "Why didn't I think of that? It's so obvious." And the entrepreneur thinks, "I didn't really do it. I just saw something."

Set the Stage for Ideas

While you can't make a business idea come to you on a schedule, there is much you can do to impel the creative process and open your mind to insight.

Think about your business idea then leave the subject behind and do something different. Forget about the question at hand for a while and let your mind wander. Sleep on it. (My most fruitful time for breakthroughs is early in the morning, when I'm half asleep.) Take a walk. Soak in the tub.

Scientists believe that big breakthroughs often seem to come out of nowhere, when we're doing something else. The unconscious mind takes over and makes connections, helping us solve problems we haven't been able to crack consciously—maybe because we were *trying* too hard. This is "peripheral thinking," because it is analogous to peripheral vision. (You've probably noticed that something glimpsed out of the corner of your eye can make a clearer impression than something you are staring directly at.)

Try it and see if a lightbulb goes off. Maybe you think that lightbulb line is a cliché. But you know what? It kind of *is* like that—a "lightbulb" does go off in your mind when you come up with a new idea. Studies have shown that when you have a new idea, there is a burst of brain activity that looks like a light show on brain scans.

This phenomenon is actually gamma waves emanating from the brain's right hemisphere. That's the area of the brain involved in handling associations and assembling elements of a problem. The only difference between

you and me and all of those serial entrepreneurs who come up with business ideas right and left is that they have the courage to act upon their own bursts of insight.



BRAINSTORMER: What business ideas come to you when you let your mind wander?

Hypothetically Speaking

Brainstorming can be easier with the help of a group. Try putting together a small, diverse “focus group” to help you explore your ideas. (Of course, you’ll have to invite them over for dinner first.)

Don’t ask the group to prepare by reading or studying something in advance. Make your initial meeting a session of “freestyle brainstorming” to come up with your initial hypothesis. The initial hypothesis is a technique that many management consultants use successfully. It’s based on the concept that the best ideas often come through on-the-spot brainstorming and by developing an initial hypothesis without the benefit of any research. As we discussed earlier, many ideas come from the unconscious mind—and that is true in group brainstorming sessions as well.

Spontaneous brainstorming involves free thinking without the limitations of conventional thinking or what the experts or skeptics say. Deep down, we already all have a lot of smart ideas and know the answers. The trick is letting them out!

The reason the initial hypothesis can be insightful is simple: it may seem counterintuitive, but conventional wisdom often steers us in the wrong direction. The answer to a question like “What’s the best business for me to start?” is often right in front of your nose. Look first for the obvious solution—or what your intuition tells you. Your hunch is often as accurate or better than the answer derived through careful study.

In your brainstorming and informal focus groups, pay special attention to two things:

Big picture: What are the recurring themes that keep coming up?

Nitty-gritty: What words, phrases, or nuggets of insight could be useful in developing your business idea and its branding?

So, when tackling something as important as your business idea, don't begin by doing a lot of research. You can do that later. Begin by tapping into your gut and the free associations of your brainstorming pals.

When you are in the business idea-generation phase, remember that censoring is taboo. What appear to be dumb ideas often turn out to be good ideas, or they serve as catalysts to better ideas. One thing I observed while working in ad agencies was that the top creative people generated tons of ideas. They didn't self-censor like the rest of us. Nine out of ten ideas were bad, but there was the one gem. So make it your goal to come up with lots of ideas, crazy as well as logical. You can put your ideas on index cards, and if you have dozens, you can lay them out on the floor and gradually remove the weak ones from the group until you have your gem of an idea.



BRAINSTORMER: What would be the dream business for you based on your unique talents, interests, and abilities?

Find the White Space

You know you have a viable business idea when you find the “white space,” which is really just a need in the marketplace that no one is filling or that no one can satisfy in quite the way you will. Look for a powerful emotional need, a big want that people have.

In 1980, Fred Carl Jr., a fourth-generation builder, was designing a kitchen for a new house that he and his wife, Margaret, were building. Margaret wanted a heavy-duty gas range like the one her mother cooked with—a 1947 Chambers range. It turned out that Chambers ranges weren't made anymore, so Carl looked into commercial ranges used by restaurants. But he was told that those weren't really suitable for homes.⁴

Not one to give up when challenged, Carl decided to work nights and weekends to design and make a professional-quality range for his own home use. He did research whenever he went out to dinner with his wife, often embarrassing her by going back into the kitchen to check the ranges and ask about how they performed. Carl found out what it was about commercial ranges that made them unworkable for homes—for one thing, they gave off as much heat as your average furnace.

Carl called all the major manufacturers of ranges in the United States and told them about his idea: a commercial-style range for the home. Everyone thought he was crazy. No one would want a range like that in his home, manufacturers told him.

That's when Carl realized that he had a business idea. It was a small idea: simple, focused, and different. He knew there was a need. His wife wanted one, and no one was making them so it stood to reason that other home cooks would love to have a heavy-duty, commercial-style range as well.

Carl pitched a group of range manufacturers to make about a dozen of the residential commercial ranges he had designed. He'd pay for them, of course, with an added bonus of purchasing more if sales took off. The manufacturers were skeptical, but he finally persuaded one appliance manufacturer to produce his ovens on a limited basis.

Perhaps you've guessed this by now: Carl called his oven "Viking." He chose the name because he thought of Vikings as tough, substantial, and enduring. He started out using his own money and credit cards but soon brought in a small group of investors from his hometown in Mississippi. His first shipment went out in 1987, and the Viking stove was an immediate success.

Fred Carl Jr. had a winning business idea, but that was just the beginning. Very quickly, he had to learn about manufacturing, marketing, and signing up a dealer network. After he got the range launched, naturally his wife wanted all of the appliances in her kitchen to match. Soon, Carl was developing accessories and companion products such as ventilation hoods, built-in ovens, and refrigerators. What had started out as a personal renovation project turned into the hugely successful Viking appliance business.



BRAINSTORMER: What unmet need could lead to a business?

What's Your Passion?

What do you love to do? What are your hobbies? What do other people compliment you about? Is there a business there? Is it a brick-and-mortar business or an online business? How can you make money?

It's powerful to create your business idea out of something that you love to do, because it means that you'll be building your business right smack in the center of your personal sweet spot, and running it may not even seem like work.

The Gilt Groupe was launched in 2007 by two young, fashionable women, Alexis Maybank and Alexandra Wilkis Wilson, who had met at Harvard Business School. Both were working in New York City, and at lunchtime, when they had the chance, they would often steal out of the office and go to designer sample sales, hunting for discounts on clothes and accessories. But they couldn't always spare the time, and they didn't always hear about sales in their neighborhood.⁵

That gave them an idea. What if they brought the sample sale concept online? It was a small, different idea. It was simple and focused. It was different—no one was doing it. They knew there was a need because they had often witnessed the excitement of sample sales firsthand, as had many of their friends.

The duo thought a lot about the sample sale experience (it's a kind of contact sport for New York City women!) and realized that to succeed, they had to replicate some of the frenzy that characterizes an actual New York City sample sale—right down to the tug-of-war matches between fashionably dressed women. How could they create that urgency and competition online, they wondered, along with the sense of exclusivity that comes with being on the mailing lists for the sales? The answer they came up with involved online membership, along with the “flash sale” concept used by online retailers to push limited-time-only sales on the Internet.

In order to participate, shoppers must become Gilt Groupe members—usually by invitation from other members. Every day, just before noon, Gilt Groupe sends out e-mails to its membership about that day's designer fashions on sale. There is a sense of excitement and surprise engendered by the e-mails that is integral to the brand concept. Its status as a member-only site gives it an air of exclusivity. There's also the sense of scarcity. Each item is on sale for that day only—and only while supplies last. This creates an online frenzy that replicates what happens at “live” sample sales in stores.

The two partners chose the name because they felt that the word *Gilt* (meaning covered in gold leaf) sounded timeless and beautiful, like the items they'd offer for sale on the web. They also liked the little bit of wordplay with the word *guilt*. And finally, the two words created a nice

alliteration that would make the name easy to remember. The French spelling of *Groupe* connoted fashion and a certain sense of *je ne sais quoi*. Clearly, they gave the idea and the name a lot of careful thought—and the result has been a stellar success.



BRAINSTORMER: How could you launch a business around a personal passion?

Ask Why? What If? How About?

What attracts your attention? What's in the news? What business ideas look intriguing? What's working in one area but might also work in another area with a little tweaking? What are the hurdles? How can they be eliminated?

In 1999, when he was approached with the idea of an online shoe business, Tony Hsieh was uncertain whether people would buy shoes online without being able to try them on. A comfortable fit is crucial and can be tricky.⁶ Would women, the real shoe fanatics, really buy shoes through the Internet?

But Hsieh did some research and was impressed with the sheer scale of the shoe market. Catalog shoe sales already made up 5 percent of the market. Hmm, thought Hsieh—why not online sales, then, where we can offer a truly vast selection? Hsieh realized this could be an interesting business. It was a small, different idea: an online shoe store offering the largest variety of styles imaginable.

Hsieh's partner suggested calling the company *Zapatos*, after the Spanish word for shoes, but Hsieh thought that might be hard to pronounce, spell, and remember, and he shortened it to Zappos.

Realizing that the biggest hurdle for customers would be their reluctance to pay shipping fees when returning merchandise that didn't fit or suit them, Zappos offered free shipping both ways on all shoe orders, no questions asked.

Knowing that customer service is key, even in an online business, they emphasized their toll-free help number (unlike many companies, who hide it in the fine print on their websites). This emphasis on service became their mantra, and Zappos made it big. Zappos realized that customer service

wasn't a cost but a powerful part of the company's branding. It was a small idea: simple, focused, and different, and Zappos executed it brilliantly.



BRAINSTORMER: Is there something from the brick-and-mortar arena that you could launch on the Internet?

A Marriage Made in Heaven

Some breakout ideas come from connecting with the right partner—someone with complementary strengths.

In 1997, Seth Goldman was looking for a refreshing drink after a run with a friend, but all the choices were too sweet. Figuring that there was a need in the market for healthier, less-sweet drinks, Goldman e-mailed Barry Nalebuff, one of his professors at Yale Business School. Nalebuff had just returned from India, where he had been writing a case study about tea.⁷

Tea is one of the world's cheapest luxuries, Nalebuff told him, yet all of the bottled teas in the United States were made from the poorest quality tea. Goldman and Nalebuff decided to launch a business together based on a perceived gap in the market and an idea for a healthy drink. Now, they had their product to fill it. They'd hit upon a small, different business idea.

The two began brewing tea in Goldman's kitchen, experimenting with different ingredients and recipes. In 1998, they brought thermoses of their best concoctions to Whole Foods, including a sample bottle—an empty Snapple bottle with a pasted-on label—and after one taste, the buyer ordered 15,000 bottles. Over the next two months, the partners had to raise money, manufacture the tea, design the branding and packaging, and bottle the tea.

They discovered that using less sweetener saved them enough money to afford natural sugar. That meant they could advertise their product as “organic”—and get in on the burgeoning trend toward healthy drinks. Their timing was perfect, as the trend toward healthy drinks contributed to their success.

The team called its product Honest Tea (sounds like *Honesty!*), and the initial product line included bottled teas, tea bags, and bulk tea.

In the early years, Goldman focused on building distribution.⁸ The beverage industry can be fickle. If you're not on the shelves and restocked,

you're out of business. He and his team went to a lot of trade shows and spent nights in cheap hotels, sometimes doubling up in the same room to save money as they marketed the company's drinks and lined up distributors.

After about five years, the partners realized that the standout aspect of their real business idea was in the "Honest" part, so they enlarged their brand footprint to include Honest Kids and Honest Ade. (They own the rights to Honest Food, as well.)

After ten years in business, Goldman and Nalebuff sold 40 percent of the company to Coca-Cola. Of course, that partnership has had some growing pains. Not long after the deal, the two companies had a dustup over the label on Honest Tea products that promised, "No high-fructose corn syrup," which some at Coke saw as a rebuke of their products.

In 2011, Coca-Cola bought all of the company under an agreement that leaves Goldman and his management team in place in "recognition that, especially with early-stage brands, the entrepreneurs continue to be relevant and important," said Goldman.⁹

Chalk up this success story to one thirsty guy who found the right partners.



BRAINSTORMER: Is there someone you could partner with who complements your strengths?

You Should Open a Store!

Branding is a competition. It's a competition over product ideas, and it's a competition over customers. Nowhere is this competition more cutthroat than in the fashion and retailing businesses.

Korean immigrants to the United States Do Won and Jin Sook Chang came to Los Angeles in 1981, a time when Korean immigrants were starting to work their way into the garment industry there. While performing menial jobs, they saved enough to open a 900-square-foot retail store in a gritty area of the city in 1984. They initially called the store Fashion 21, a rather generic moniker, but refined it to Forever 21, a name with a concept and a cheeky edge.¹⁰

The Changs were targeting teenage girls, but they understood that fashion is aspirational and that teens would love the idea of looking and

feeling “21.” And, let’s face it, there are plenty of older women who shop there who want to feel twenty-one, too!

Their small idea was fast fashion—cutting edge today but inexpensive enough to replace tomorrow. They were all about cheap chic, turnover, and youthful energy.

From the beginning, the Forever 21 concept was built-in obsolescence. Rather than put out tons of items like other stores did, the Changs put out small groups of hot styles, positioning the newest items at the front of their stores and changing them daily. There was a treasure hunt aspect to the shopping experience. Items were priced so that customers weren’t making a big investment—just buying some hot items they could wear for a while and then discard in favor of the next new thing. (Most items are priced between \$5 and \$40.)

Every day, trucks pulled up to the stores with new merchandise. Fashion-conscious teenagers quickly realized that if they liked something, they’d better grab it, or it wouldn’t be around the next time they were in the store. A typical Forever 21 store might turn over 20 percent of its merchandise in a week, about twice as much as other retailers.

Forever 21 stores look different from any other chain. The interiors are designed to “pop,” with large-scale mannequins and graphics. Some stores have an electronically revolving rack that girls can stop when they want to look at a particular piece—an idea the Changs got from the movie *Clueless*.

The Changs had a small idea, simply focused on teenage girl power and their scramble for affordable, fun fashion. It’s an idea they parlayed into a business encompassing more than 350 Forever 21 stores in the United States and dozens more around the world.



BRAINSTORMER: Could you create a retail store that targets a special niche?

Party Girl

Frustrated that she couldn’t find fun, quality, and affordable party items for her three young children’s parties, Carole Middleton began sourcing

and creating party paraphernalia herself. It led to her small idea. Why not launch a mail-order party business for frustrated moms like herself?

Launched in 1987, Party Pieces was the United Kingdom's first mail-order party company. Initially, it was just Middleton working from the shed in her back garden. Carole developed in-house branded items such as party boxes and party food boxes. They were such a success that Party Pieces created specialty boxes and other products for every party theme. Before long, her husband left his job as a flight dispatcher to help run the business, and their three children got involved. Today, with more than thirty employees and working out of three converted barns, Party Pieces is the U.K.'s leading online and catalog party company. And they keep expanding the party line beyond children's parties to the adult party and celebration category.¹¹

Of course, Party Pieces got some unexpected publicity when the Middleton's eldest daughter, Catherine, became engaged to and then married Prince William, and traffic to the website has spiked dramatically. Mindful of a conflict of interest, the royal family buys its party supplies elsewhere, but the rest of England orders through Party Pieces.



BRAINSTORMER: Is there something missing in the market that you could supply?

The Mashup

When you're trying to come up with a new business idea, you might try putting together two related but unlike things and see what you come up with.

Jack Dorsey first came to fame—and fortune—as the creator of Twitter. The idea for that groundbreaking innovation grew out of his fascination with the way people communicated within cities, especially the “haiku” of people such as bike messengers, delivery truck drivers, firefighters, and taxi drivers who stayed in touch with one another via GPS devices, CB radios, and cell phones. He was intrigued with the code words and special language they developed to communicate with each other quickly and efficiently. The only problem, as he saw it, was that this form of communication was confined to the members of these specific groups. The rest of us were left out—there were no regular people in these networks.¹²



Breakthrough branding connects things that weren't connected before.

Like lots of people, Dorsey was using the instant messaging and texting functions on his cell phone as a way to communicate with his friends. He started thinking about how he might use these means of communication to create networks among groups of friends or colleagues—just as he'd observed within communities of taxi drivers or messengers. In essence, the small idea for Twitter was a mashup of instant messaging and texting with the networking capability of CB radio that ties a group together.

The inspiration for limiting tweets to 140 characters came from the realities of texting. Most basic phones limit messages to 160 characters before they start to split the messages into segments. So to avoid splitting messages, Dorsey decided that Twitter would take twenty characters for the user name and leave 140 for the content. And that's it. Having only a limited number of characters to communicate a thought has changed the way people frame what they have to say to one another.

Twitter fans created branded words like “tweet” for the act of producing the messages and the messages themselves. In the early days, Twitter also used the word “watch”: you could “watch” or “unwatch” someone. But it soon hit upon a better word. On today's Twitter, we “follow” or “unfollow” someone, because that's a more accurate description of the process.

Launched in 2006, Twitter quickly upended the traditional way people communicate. It has become one of the web's most rapidly growing information channels. Twitter began with a simple idea—a simple way of sharing information that came about by combining two different things: texting and the networking systems of CB radios.



BRAINSTORMER: Can you put together two different things to create a new business service?

Hip to Be Square

Having founded Twitter, Dorsey was looking for a new start-up idea in 2008. He got into a conversation with a friend who was a glassblower. His friend was exploring ways to use a smartphone to sell his artwork, because

traditional credit card machines were bulky and expensive to use at outdoor art shows or other locations outside his studio.

The small idea that they hatched together was bringing a “Twitter-like simplicity to the complex world of credit card processing.”¹³ Named after the small, square devices you plug into your smartphone, Square makes it easy for anyone to accept credit card purchases without bulky equipment and monthly fees.

Unlike credit card companies, who charge to set up a merchant account then charge monthly fees for the service and also charge for the credit card reader (or require a long-term contract), Square simply charges vendors a fee per transaction. It's not only cheap but also simple. Square is signing up tens of thousands of new small businesses a month, including entrepreneurs with no fixed location such as flea market vendors, food trucks, and itinerant artists.

The design of the Square device is sleek and minimal and reflects Dorsey's interest in design aesthetics. He had studied botanical drawing and clothing design after all.



BRAINSTORMER: What needs updating to be in sync with today's mobile world?

Imitation with a Twist

You don't have to come up with your small idea from scratch to be wildly successful as an entrepreneur, either. But you do have to tweak it to make it work for your country or region.

In 2009, after the Chinese government blocked Twitter for the twentieth anniversary of Tiananmen Square, Chinese entrepreneur Charles Chao saw an opportunity.¹⁴ He realized that microblogging was a small idea that could be big in China. There was the natural conciseness of the Chinese language that made the text limitations less limiting than it is in English. In Chinese, a single character can represent an entire word or part of a word, not just an individual letter of the alphabet like in most other languages.

But Chao had to make the idea work with the restrictive government of China, where news and open communication can be a problem. He also had to make the concept right for a Chinese audience and to cut off the

Chinese microblogging sites that were starting to pop up. Chao got Beijing's approval based on his track record at keeping sensitive information off the blogs in his existing Internet company, Sina.

Chao called his company Sina Weibo (Weibo means "microblog"), and in 2011 he shortened the domain name to Weibo.com. In essence, Chao owns the domain name for the word that denotes the entire microblog category!

To make his microblog become a daily must-read for a Chinese audience and stand out from Twitter and the other Chinese Twitter clones, Chao actively sought celebrities—actors, singers, TV hosts, economists, and other VIPs—to post their news and doings on Weibo.

The celebrity connection helped Weibo take off like a rocket. Just two years after its launch, Weibo is the biggest microblog in China, with more than 140 million users and more than 60,000 celebrities. Every day, millions of Chinese log into Weibo.com to see what their favorite celebrities and friends are up to and to check who's on Weibo's Top Ten List of Celebrities, the ones with the highest number of fans that day.

Chao's small idea has been a big winner. According to iResearch, Weibo has 56.5 percent of the microblogging market based on active users and 86.6 percent based on browsing time. It is censored, but as Chao points out, it is also one of the most open online platforms in China.



BRAINSTORMER: Is there a successful business in another part of the world that you can adapt for your market?

Up the Ladder

While working at Hotjobs.com, Marc Cenedella noticed a puzzling gap in the online search world. Jobs boards were full of possibilities great for entry- and mid-level job seekers but didn't hold much work for executives. Those job seekers looking for higher-paid jobs were frustrated, and many companies and recruiters didn't post jobs for senior candidates.

Cenedella's small idea was to create a job site focused exclusively on \$100k+ jobs.¹⁵ He launched his company, The Ladders, in 2003. To encourage as many companies as possible to post their openings on his site, the

original business model offered free job posting for companies and charged a fee to job seekers who wanted access to the site.

The Ladders site quickly attracted upscale, out-of-work executives. While small and midsize companies were posting any jobs they had that paid over \$100k+ on the site, large corporations weren't using it. Cenedella was puzzled until one of his sales reps brought back the answer. Corporate human resources people questioned the company's value: "How good could the site be if it's free?" Cenedella took this to heart and adjusted his business model. As soon as he started charging companies a fee, the site took off. Today, it's the number-one site in the world for filling \$100k+ jobs.



BRAINSTORMER: Is there a market segment your current employer is not serving well that you could build as a separate business?

Trend Watcher

After getting his M.B.A. from Stanford in 1954, Joe Coulombe became a researcher with a specialty in convenience stores. In 1958, he acquired his own convenience store chain, called Pronto Markets, and became more than a researcher.¹⁶

In the early years, Coulombe had trouble finding a winning business formula and experimented with different strategies. One day in the mid 1960s, he was intrigued with an article he was reading in *Scientific American* about baby boomers. It pointed out that a change was taking place and that, unlike their parents, the majority of baby boomers qualified to go to college were now going.

That article gave Coulombe his small idea. He speculated that those well-educated baby boomers of Depression-era parents would want a more sophisticated yet offbeat and fun food-shopping experience. His name was Joe and he decided to call his new concept grocery store Trader Joe's, launching the first store in 1967. Coulombe was targeting a specific persona, what one marketer called "a Volvo-driving professor who could be CEO of a Fortune 100 Company if he could get over his capitalist angst."¹⁷

Coulombe's second breakthrough came in the 1970s, again after reading an article in *Scientific American*. (That subscription certainly paid off!) This time it was about the biosphere, and Joe became what is today called “green,” again years ahead of his time. Trader Joe's became a champion of organic products.

Coulombe is believed to have adopted the South Seas motif for his stores after a vacation in the Caribbean. Over the years, Trader Joe's has developed a wide range of branded products. People talk about their favorite Trader Joe's foods, and the store has made private-label goods chic. It has a small-store vibe in a big-store body, and because of its particular qualities and the way Coulombe has tapped into the zeitgeist, it has a devoted cult following.



BRAINSTORMER: What are the new trends that might lead to a business idea?

Want to Change the World?

Some small ideas are motivated more by altruism than any profit motive. In 1989, Wendy Kopp, a senior at Princeton University, was thinking about becoming a New York City schoolteacher—but she couldn't get an entry-level teaching job because she didn't have a master's in education or a teaching certificate. Frustrated, she applied to a Wall Street investment bank and wrote her senior thesis about her idea for a teaching corps: an organization that would attract the best college graduates in all fields to teach at the lowest-performing urban and rural schools.¹⁸

It was a small idea. It was simple, different, and relevant: a teaching corps for the best and brightest college graduates (with or without teaching credentials) to teach for two years in the nation's worst schools.

Today, over 10 percent of college graduates apply for a two-year teaching stint via Teach for America. Unlike school systems that select teachers based on who applies, Teach for America works like a consulting firm, actively recruiting the most talented people and training them throughout their employment. Kopp may not have gotten rich from her idea, but she found her calling and created a powerful nonprofit that was named one of America's best companies to work for in 2011.

There are lots of different ways to make a difference with a nonprofit. Marjorie James was promoting diversity and inclusion in big companies in 2006 when she noticed a group no one was paying much attention to at the time: wounded soldiers and other service people returning to the United States from Iraq and Afghanistan. When she started investigating, James discovered there was a big chasm between the military and the corporate workforce. The military should be part of corporate diversity and inclusion efforts, she realized.

The more James got involved, the more passionate she became about the plight of returning military trying to get corporate jobs in a tough job market. Here were people who had sacrificed and served the country, and many were struggling to find meaningful employment.

Her daughter got engaged to a former soldier who had successfully transitioned to a career in banking, so she knew the leadership skills and other military experience were valuable in the corporate arena, but many military people had always been in the military and didn't know how to market themselves in the corporate world, whether it was for a technical job or a managerial job.

James had found her small idea and her vision for making a difference. She launched a nonprofit, Hire America's Heroes, initially in Washington state, where she has lined up corporate sponsors. She's staging corporate job fairs and training programs specifically for military veterans with the goal of eliminating the chasm between the military and corporate worlds.



BRAINSTORMER: Is there a nonprofit or social entrepreneurship idea you could launch to make the world a better place?

However you go about looking for your idea, a breakthrough brand idea will be obvious when you find it:

It will be *small*: be simple and focused.

It will be *relevant*: solve a problem and satisfy a human need.

It will be *different*: have a different mental angle than competitors.

It will be *authentic*: play to your strengths and values.

It will *connect emotionally*: appeal to feelings not just reason.