

Look Before You Leap

The wisdom of making things physical before spending millions. by Simon Graj



Good Afternoon – I’m happy to see you all. Especially on the afternoon of the last day of the show. I’m here to speak about some ways that might help you to work better and faster, and I hope make your lives easier as well.

We work in a challenging industry and are called to be artists, scientists, and business people on a daily basis. Everyone out there is getting better, and smarter, and it’s tough.

We have learned that by setting up the right conditions - by putting practical rules in place for success, that we could play the game well and win.

So what I would like everyone to take away from this talk are four main things: the importance of space, the importance of research, the power of making things physical, and the power of a process that addresses simultaneous development of many areas of a brand at once - all grounded by a common vision and platform.

There are several areas I would like to touch on.

To begin, I would like to point out some trends and market observations that are worth taking a look at.

The first is that Function and Performance are increasingly becoming drivers of brands. Its no longer about im-

pulse or stylistically driven purchases. We can see this happening in the auto industry, in footwear, in cosmetics, in fashion and in the food we eat.

A continuing trend is that intellectual property and intangible assets - brands, are being valued like never before. In 1978, only 20% of the value of the S&P 500 was based on intangible assets. In 2004, it was 87%! Brands and ideas are king.

Also, there has been a strong shift to a brand management business model - fewer physical assets, faster growth, and less activity managed under one roof. Smart companies are sweeping away the clutter and focusing on brands and intellectual property through licensing, partnerships, and

brand extensions.

The final trend I want to point out is the huge shift in consumer buying habits and traditional loyalties. Consumers are shopping across brands and retail platforms, no longer married to a single cookie-cutter lifestyle or store. And this is just the tip of the iceberg - custom brands, regional brands, and micro-branding are the wave of the future.

Of course, these trends come with their own set of challenges, ones that you might be facing, so I’d like to share with you some challenges that our clients have faced, and how StageSetting and our process are helping us to meet those challenges.

The first big challenge is the need to get your brand to consumers where they shop - to quickly expand your brand to reach into multiple channels of distribution. OshKosh has Genuine Kids for Target, Levi’s has Levi’s Strauss Signature for WalMart, and so on.

Today’s brands need to be elastic and multi-faceted to compete. And a company must host a family of brands. The challenge is to develop and manage this family of brands, to become, really, the equivalent of a production studio of ideas - creating, testing, launching, expanding.

90% of all new products in the US grocery and drug trade are extensions of existing brands.

We believe that the creation of sub-brands, or brand extensions, is one of the best ways to grow. A brand can be extended into new areas of opportunity through expanding current offerings, licensing, and aligning with strategic partners.

Brand Extension is a powerful opportunity for brand and business building, and I would like to put a bit more emphasis on this area by highlighting some examples.

Timberland Pro is an example of brand extension based on “Area of Permission.” In other words, it was natural for Timberland, the boot company, to launch a professional grade work boot brand. This allowed Timberland to open up new avenues of distribution.

OshKosh used the “Trusted Endorsement” brand extension model. In this case, we created Genuine Kids “From OshKosh”, and it allowed a new brand to be born overnight by using their existing infrastructure.

Going into a whole new product category allowed Radio Flyer to touch more people with their brand. By creating the “Backyard Explorer” Radio Flyer Kids Collection, we took the brand into a whole new business based on where we felt we had permission to go from the consumer and from the brand platform.

Levi’s essentially knocked themselves off when creating the Levi Strauss Signature Collection, their value brand being launched at WalMart. The new brand feels like Levi’s, and leverages the brand’s authenticity and heritage, but it is (at least in theory) different enough to not erode the core brand’s aspirational positioning.

We worked with Sears to extend their brand through “niche branding of a core attribute.” By leveraging their reputation as a tool outfitter, and the equity in the Craftsman name, we were able to create the Tool Territory concept, strengthening Sears’ position as an authentic source for tools and building a new business segment for the company.

With Discovery Channel, we helped them extend their brand into a new business sector - from a cable program to a retail concept, as a way to expand their brand experience and grow and become more relevant as a business.

So, in order to take advantage of opportunities like extending your brand, or to face challenges, like evolving your brand in a fast paced, fickle marketplace, one has to find ways to be better & faster. To me, that sounds like bad news, and frankly, it used to be a bit scary.

The two main areas I would like to discuss, StageSetting and The Alignment Process, have helped us meet challenges like these, and helped us create strong brands.

My hope is that our experience in working this way will help to empower your creative process, and that these types of dialogues will further all of our understanding of how things get done.

The answer is not just to try harder or make your teams work longer hours; the answer is to find smarter ways to work - processes that can help you and make your life easier.

And my goal is the same as yours - to find the simplest, most true way to do great work.

One of the most critical parts of the supply chain is where the initial idea, or concept, on which all is built, is born.

A favorite story of mine is about the making of the great American film Citizen Kane.

When Orson Wells wanted to make Citizen Kane, he couldn’t get anyone to back it, because nobody believed in his idea. So, he figured out a way to create a piece of the film, enough for the idea to come alive. He built it, made it physical. Once backers were able to see it, it became real to them, and they eagerly financed the project.

Seeing is believing, and I think it always will be.

Our belief is that seeing an idea brought fully to life early on in the process insures great results and makes development easier.

When you get a chance to really see an idea and to live with it you can have those “a-ha” moments – those times we all love when everything clicks and an answer comes out of nowhere. Things become clear all of a sudden, and you realize how obvious they’ve been all along.

Working in a field where creativity mixes with business, we are always in search of those obvious, clear, true things, because it’s too difficult to achieve quality development otherwise. But real clarity early on only happens under the right conditions, or by accident. And that’s the big problem.

One of the most critical parts of the supply chain is where the initial idea, or concept, on which all is built, is born. Time and time again, we experience situations in which this part of the supply chain is weak. Concepts get adopted and launched into the market that aren’t really ready, or shouldn’t be there in the first place. And then they get shut down, or require lots of capital just to fix them.

And it’s tough! Because you have teams working on a project, people are doing their best, often isolated from one another (working on the parts, not the whole), time goes by, money is spent, egos get invested, there is an extraordinary amount of inertia that gets built up. And then, times up! And for some reason, this is the time, the terrible hour – that clarity comes and problems and solutions are seen, and it’s too late to change anything; too late to cancel goods, or change blueprints without taking a hit.

So, working on brands over the years, fixing them up, or creating new ones, we learned that the more real we made them up front, before substantial investment in development and execution, the smarter it made everyone involved.

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By making things real in the beginning, we engineered the conditions that would give us those insightful, eureka moments. We began to prototype brand experiences, bringing them to life so they could be seen before making final commitments.

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We call this StageSetting, because as we develop we literally set up all of the brand elements and arrange them in an experiential way, like a virtual world, a theatrical StageSet. It’s a method we use during the whole life of a project, and it grows every step of the way, from vision to venture.

Why is it that we have the best ideas, the best solutions, at the 11th hour, right before the deadline, when it’s too late? Wouldn’t it be great to have the 11th hour experience in the beginning? To have that kind of clarity early on, when you can do something with it?

StageSetting leads you to realize your brand’s vision early, allows intuition and entrepreneurial spirit to flourish, strengthens the generation of ideas and intellectual property, super-charges your development process, and gets great ideas to market faster.

StageSetting also helps in other big ways. With the

necessity of dialed-up brand development, another challenge is achieving team buy-in; getting everyone in the company on board, and aligned with your vision.

We recently encountered the team buy-in challenge with Levi’s, a great brand going through a rough patch. We worked with them on clarifying their brand platform for licensing.

The first and most important goal was to come to an understanding of what Levi’s is as a brand, and especially its potential as a brand - not just through words, which can be interpreted differently by different people, but through a physical, visual representation. We immersed ourselves in the brand became archeologists digging for nuggets of truth from history, heritage, culture, and the spirit of the brand adding each true thing to the mix. And as we built a StageSet, we arrived at an ever more accurate portrait of the brand - a physical snapshot that one could walk up to and say, “Yes, I see it, and I get it.” The model allowed extraordinary team buy - in.

Individuals at many levels of the corporation could simultaneously agree on a direction and a vision.

And that’s what happened - we presented these brand StageSets to large groups of Levi’s Management, and for the first time they were able to make decisions together at the same time, because they were experiencing the same thing as a group, and could see and really get a feel for the big picture. And the best part is that this was taking place early in the calendar, well in advance of execution.

StageSetting created clarity and team buy - in for Levi’s management. It then empowered our development of a licensing platform, process, and strategy, and a great kit of tools for licensees. It was a great way to get your team on the same page.

Another great thing that StageSetting offers is to help you get an accurate read on new ideas - you know, getting the best out of focus groups.



With OshKosh B’Gosh, StageSetting played a vital role in the testing process. We worked with OshKosh on company - wide repositioning, helping them to really get back to their roots and expand their brand proposition as “America’s Family Brand.”

One of our goals was to create a new retail concept that would be the ultimate expression of the new platform. In order to make our concept come to life, we built a brand environment in our space, including a model of what the real store experience might be like. This prototype included our development of adult, children’s and home product, packaging and merchandising. It included all of the physical materials that made up the store: fixtures, signage, advertising, lighting, – even music. It was a very accurate expression of the concept.

Most notably, the StageSet became the ultimate tool for testing. We packed it up and sent it on a road trip, allowing customer groups across the country to walk through the model to help us confirm, and validate, before financial commitments were made.

model of the real thing – a real life testing ground for the concept – the ultimate StageSet. It was an opportunity to tweak and test all aspects of the store experience, including value engineering – and it helped them achieve great results right out of the box.

StageSetting is a powerful way to evolve your existing brand to it’s fullest potential...and really get it right, season after season.

StageSetting is the art of sculpting your vision into reality. It’s the best way that I know of to extend, create, pre-sell or test your brand’s vision and strategy.

And it’s not just a tool for creating new things. It’s a powerful way to evolve your existing brand to it’s full potential...and really get it right, season after season.

StageSetting helps you make mistakes faster and hence learn faster, and it really does speed up development.

Business gurus and motivational speakers have always spoken about this very thing – “Visualize it first.” “Hang up a picture of what you want.”

A StageSet is a playground for building and sharing your ideas.

As a CEO, a leader, a project manager, you should be able to walk through your space at any given time and see your company’s visions brought to life.

StageSetting works, because we’re all merchants at heart. And I know, as a merchant, that I always know if I like it when I see it. All the old but true cliches come to mind:

“Build it, and they will come.”

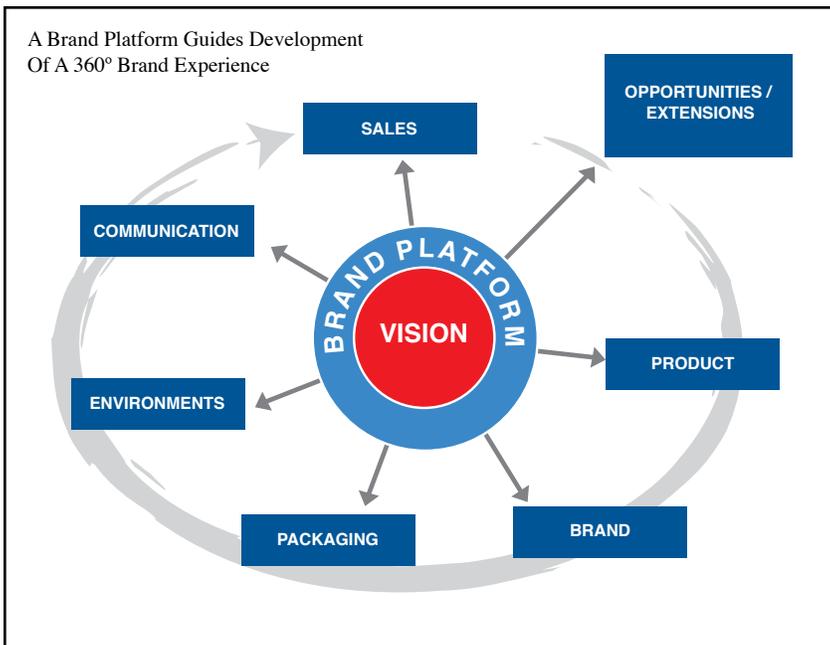
“A picture is worth a thousand words.”

“Seeing is believing.”

Perhaps the greatest strength of StageSetting is that it relies on a fundamental natural truth - the idea of understanding something more clearly by looking at the whole and not the parts.

By simultaneously developing the main areas of a brand or business: Brand, Product, Environment, and Communication (anchored by a vision), a wonderful thing happens.

Each area is tempered and guided by the others, and a self regulating process occurs. Things that don’t belong become obvious and can be skimmed off - like the old Sesame Street song (One of these things is not like the others...) and things that are right add positive direction to the other areas, and so on. What matters is relativity - the relation of each thing to its context of the whole. A brand is like a symphony - every part in tune with every other part.



And we learned a lot. We were able to eliminate 30% of the fixtures, find out which products worked, and discover new product categories (Home, in fact, turned out to be a favorite) – We even learned what type of music people wanted to hear in the environment. We were able to implement these and many other discoveries and changes prior to execution and final design, engineering, architecture, or any production commitments, and most importantly, before roll out money was spent.

Sears took the concept of StageSetting all the way. When we worked with them on creating the Sear’s Tool Territory concept, the evolution of their hardware department, we mocked up a full size department – 6000 square feet – in their Chicago headquarters. It was a full-scale



The 10 Building Blocks Of A Brand Platform

We have all seen great project managers and CEO's approach development this way - but it's usually by gut instinct, so it becomes a mystery to everyone else. The thing is, whole brand development can be looked at as a process, with steps, that can empower teams and whole companies.

Making it happen comes back to some back-to-basics actions: clear out an area, in fact, give your brand the corner office, and in that area create a StageSet - a window display; an area that includes all your brand elements; the whole experience - and update it from concept through final prototype.

This will allow one to look at a brand as a total 360° experience - a landscape of consumer touch points, each brand element ultimately an opportunity to share the brand experience.

Our development process, which I would like to discuss next, is how we create that synchronized 360° brand experience.

StageSetting is the method that empowers development, but it is a tool, and not a full development process. It would be helpful to get a feel for the whole creative process in order to give it context.

The vision and platform guide development of all areas of the brand that together create a 360° brand experience.

We begin our development process by first understanding 4 key areas that inform our development. These areas are the marketplace, the industry, company capabilities and consumer perception of your brand. You could call these the prerequisites of the process, since they form a foundation of knowledge that inform the next steps.

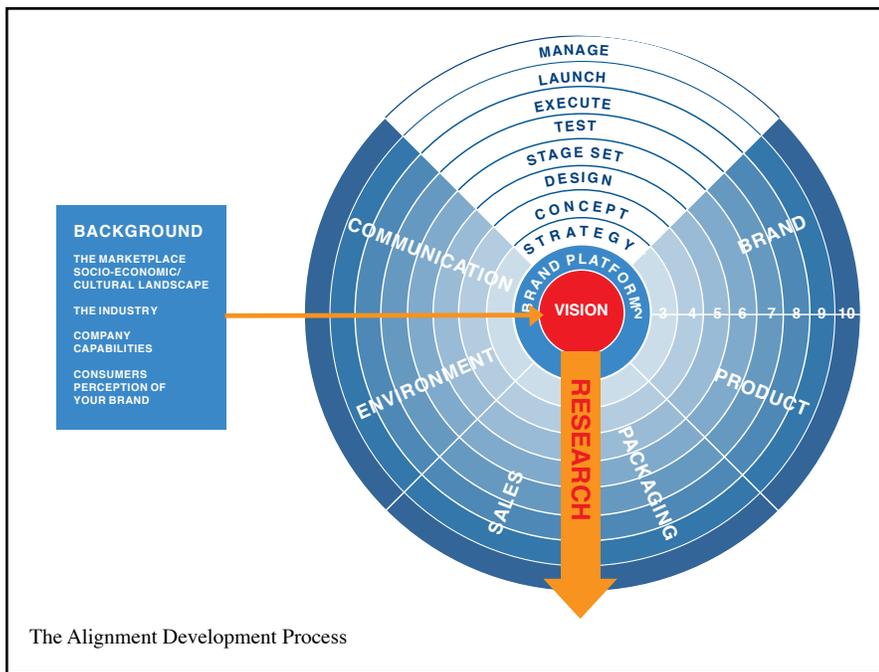
Of these, we have found that understanding a com-

panies ability to execute is key, because one can have wonderful ideas but if they can't be materialized you have then wasted time and effort.

Based on that up-front information, we arrive at vision - a big idea (and an opportunity) that can be a rallying point and serve as a clear target for everyone to aim for.

Next, a brand platform is created, taking into account the background information and the vision. We view a brand platform as consisting of 10 building blocks that together express "Who you are, where you came from, and where you are going." Sort of a "yesterday, today, and tomorrow" scenario. Those building blocks are:

1. The Vision, which we discussed - the guiding big idea and opportunity for the brand.
2. The History + Legacy of the brand, which has become increasingly important as we enter an age when great value is placed on authenticity.
3. The Personality + Character of the brand - the attitude, the lifestyle, the philosophy, the mind set.
4. The Mission Statement which is an officially stated company goal.
5. A look at the Target Customer - who you are approaching, who you are marketing to.
6. Strengths + Weaknesses, which are important to look at, and part of learning what to leverage, and what to avoid.
7. Brand DNA, which is a compilation of all that is true about the brand, it's underlying makeup.
8. Look and Feel, which adds an aesthetic, visual component to the platform.
9. The brand's Reason for Being - In other words, why does the brand exist, and what is it here to accomplish.
10. Areas of Permission, which looks at natural areas for extension and expansion based on the true nature of the brand.
11. Ownable Attributes which looks at which parts of the platform and the DNA are truly unique to the brand and are ownable.



And you can see that the six main brand areas all go through the same phases together, with research continuing through all phases. The phases are:

Strategy, in which a plan of action is created, for research and development.

Concept, in which ideas and strategies come to life with words, props, & images. In this phase, a concept is created for each part of the brand - and the concept should be as visual and expressive as possible - enough so that everyone involved can see what it is.

Design, in which the various elements are designed to the point of being strategically and conceptually right.

StageSetting, in which all of the elements from all the areas are officially set-up together. This is a key phase, and often the point at which we give our first official presentation. This is an opportunity to really see the whole and make

Our ultimate goal regarding a vision and a platform boil down to two main things:

1. Discovery + articulation of the brand's true nature - its core, ownable attributes, and reason for being and its potential.
2. Alignment of the brand's true nature and potential with its best market fit for success.

The vision and platform guide development of all areas of the brand that together create a 360° brand experience.

We see the main areas of this 360° experience as generally being sales, communications, environment, packaging, brand and product. We also look at opportunities and extensions emerging from this process.

These main six areas then move through eight development phases, with research activity beginning with the vision and continuing through all the phases.

Research is the most powerful tool - seeing what is out there, pulling from everywhere, without judgment. Research allows truth to emerge without trying to prove a predetermined notion.

During that time of discovery it's valuable to pause often, and let your awareness do its job.

And when it comes to research, the world is your oyster. There is such a wealth of information to mine - magazines, the internet, shopping, exploring, books - it's all out there.

Now I'll quickly run through the phases, which radiate out from the center vision + platform. We compare this to the ripples in a pond when a stone is thrown in, (the idea) and the ever expanding ripples move out to encompass wider and wider spheres of influence.

At the core is the vision, and built around that is the brand platform. All development is based on, and radiates out from this core. Everything comes from the same place.

adjustments or tweaks or go to the next phase, which is to test. The testing phase is an opportunity to conduct focus groups for qualitative feedback.

Based on this knowledge, and a comfort level that comes from seeing the whole and sharing it with everyone involved, one can move to the execution phase, in which formal design takes place of all brand elements. It is at this time that more than one company or team might be involved in execution - architectural firms, ad agencies, product designers, etc, or in-house teams at either ours or our clients. It's also a time when huge compromises can be made, so it is key that they all work from the same materialized vision.

To help insure that this happens, it is ideal to have a brand keeper - a brand steward in place to oversee the process and make sure that what is being created, ultimately, is a synchronized 360° brand experience.

The launch phase is really the act of managing all the moving parts as the brand experience comes to life in the market. And this management phase is the ongoing work of maintenance and safekeeping in the marketplace, and with licensees and partners.

After each phase, development is checked to see that it aligns with the vision and the platform, and re-aligned if it does not.

Often, the vision evolves and matures throughout the process, getting better as it is informed by the other development.

And, as we discussed earlier, things are made physical whenever possible, so that all of the parts can be seen and experienced together at all development phases. Making these things physical starts in a very basic way - by posting all development as it occurs, until it evolves into a full-blown StageSet.

The combination of checking development against a platform and against related development insures work that feels right, looks right, and rings true with the consumer.

That's our process, and I like to think it's a natural process based on the natural flow of things. I also look at it as a work in progress which changes and hopefully gets better over time.

There is one final story about process that I would like to share. It's a great example of how physical work environments can empower the creative process.

Winston Churchill said: "We shape our buildings. Thereafter, they shape us."

I like that quote because I think it's true. What it means to me is that physical space has a great deal of power to affect our state of mind. The idea is to use that to your company's advantage.

All too often, when a process is just rules on paper, it gathers cobwebs and people go back to their old ways.

Working with Carter's, one of our challenges was to develop a process that would help them with their need for prolific creative development along with a need to shorten their development calendar, and go faster to a market hungry for exclusivity. So to achieve that, we had the opportunity to not only create a process, but to design their new 60,000 square foot Atlanta Headquarters to be a smart space that would guide the process.

We built very specific areas and functions into the architecture that meshed with the process and had the effect of naturally guiding the work process.

One example is what we call the "Yellow Brick Road", a pathway that meanders throughout the main creative floor. All along this pathway are sculpting stations – design boards on which designers create their lines. This allows spontaneous walk-through reviews by management, without the time and stress of official mid-process presentations. A brand room was built into the space as well, and became a permanent home for the full brand expression – a backdrop of the ideal to remind them of the brand vision: a permanent StageSet.

Other ways that the space guides the process, and company culture, are a vision gallery, where everyone can go to be reminded of the big picture. Creative work villages were created for team flow and synergy, and an actual tree house was built that helps to remind the team that Carter's is all about "Celebrating Childhood." The end result is an environment that uses physical parameters to reinforce the brand vision and guide the work process.

And it's working – The process driven environment has resulted in greater creative output and a shorter go-to-market calendar, and it's a great place to work.

You know, there is a trend in business that while jobs are not necessarily getting harder, hours are getting longer. And I think that's because business has gotten very complicated and nuanced, and when people don't feel sure about

something, they wait around for something to happen, and time just gets eaten up.

Great research, open space to work in, making things physical, and working with a process that allows simultaneous development based on vision and platform - those four things - can make everyone smarter and free up time, giving us more aware, "in the moment" time.

That way, we can all spend more time with our kids and families, And that would be a nice thing.

And don't forget - there is always room in the market for great ideas and great brands. Sure the market is tough - but it always was! And things don't have to be perfect, but they do need to be true and have heart.

Well, at this point I've spoken more than I usually do, so I'm happy to open up the floor for questions if there are any.

Thank you so much, and Happy Holidays to all.