

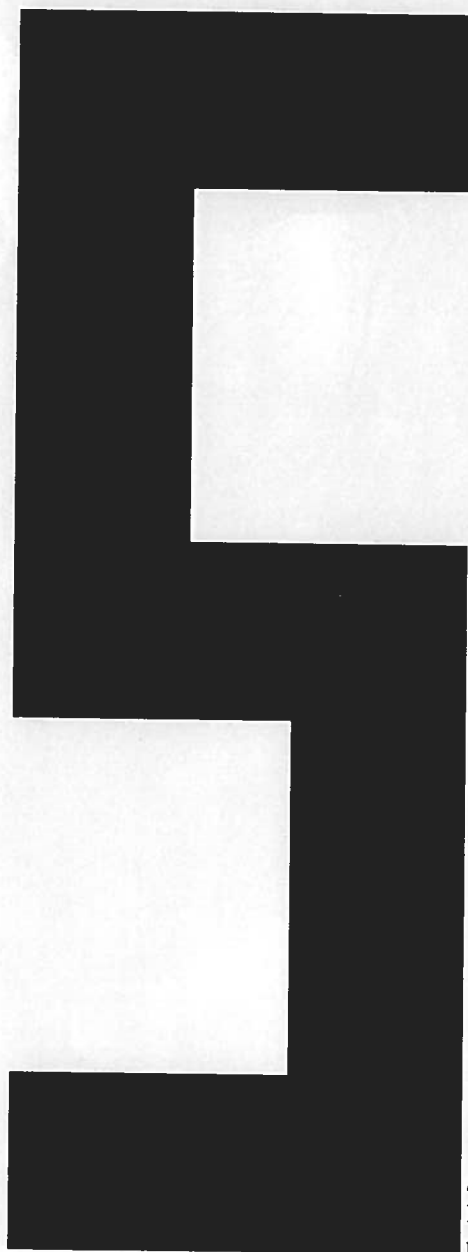
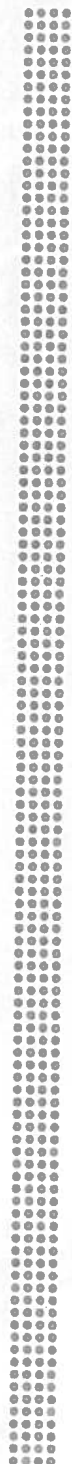
HOW I GOT STARTED

IN THE BEGINNING...

A well-honed founding story can help you connect with investors, employees, and consumers—and, with any luck, keep them listening.

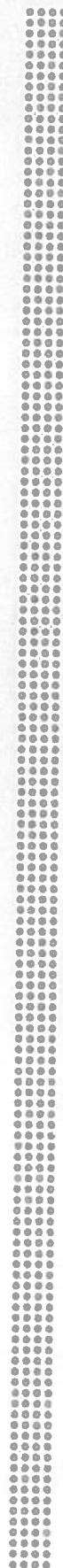
By Adam Bluestein

Photograph by JILL GREENBERG



ARA Blakely
had her
product—an

undergarment that smoothed the contours of a woman's body, making clothes more flattering and comfortable. But she had yet to make her first sale. She managed to land a meeting with a buyer at a Neiman Marcus store in Dallas. Clad in a pair of form-fitting white pants, Blakely invited the buyer to join her in the ladies' room, where she proceeded to demonstrate the difference in the way the pants looked—with her undergarments, which she





SARA BLAKELY,
Founder and CEO, Spanx

**"One day I cut
the feet out
of a pair of
pantyhose.
That was my
'aha' moment."**
(page 32)

LAUNCH

had dubbed Spanx, and without. Three weeks later, Spanx was on the shelves. She pulled the same stunt with buyers for Bloomingdale's, Saks, and Bergdorf Goodman. "I wore those white pants for three years to sell Spanx," Blakely says.

The tale of the white pants has become a key component of the Spanx story, and Blakely still loves to tell it. And why not? It continues to embody the powerful, \$250 million brand she went on to create. "Women have been neglected as customers," she says. "We have been told that beauty is pain. I call that BS—Before Spanx."

BEFORE IT HAS investors, customers, profits, press coverage, or even a perfected product, every startup has at least one valuable asset: its story. So you might want to ask yourself: Who are you?

"In a world where people have a lot of choices, the story may be the deciding factor."

Where did you come from? Why are you doing this?

Even if you're answering these questions only for yourself, your co-founders, or the guy sitting next to you on the plane (hey, he asked), your company's origin story has more power than you might imagine. And that's true whether it begins in a garage (à la Hewlett-Packard, Apple, and Google), a dorm room (Dell), the streets of a far-off country (Toms Shoes), or the offices of a former employer (most everyone else).

"I'm hard-pressed to think

of a company that doesn't have an interesting foundational story," says Paul Smith, an executive coach, former director of market research at Procter & Gamble, and author of *Lead With a Story*. "But I suspect there are many that haven't crafted and told theirs. And they're important. People want to be part of something bigger than themselves. A nameless, faceless corporation with no real purpose, no story, is not an inspiring place to be."

The creation myth is not an asset just for startups. As those businesses grow into established firms and individual founders figure less prominently, the origin story can serve as both a road map and moral compass. Keeping that story alive, keeping it true, and keeping it relevant—these are the challenges more mature businesses must contend with.

"In a world where people have a lot of choices, the story may be the deciding factor," says Nick Morgan, a communications consultant and author of *How to Tell Great Business Stories*.

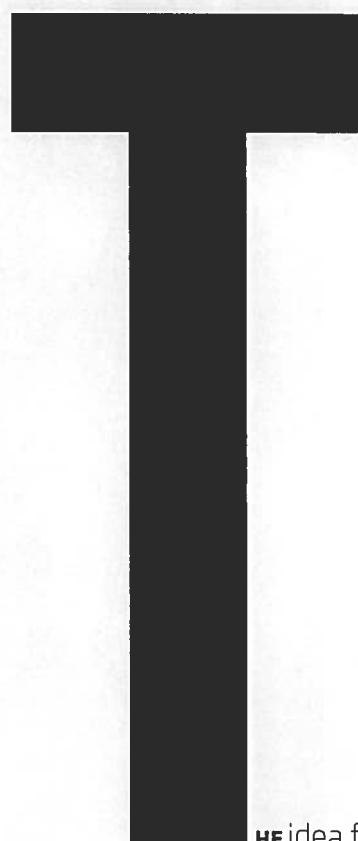
This is especially true of investors. "We are trying to understand the source of the founders' passion," says David Cohen, co-founder of Techstars, a startup accelerator with programs in seven cities worldwide that has provided the launching pad for more than 250 companies. "Why do you care so much? It might be a personal connection to the problem or just a strong vision of a different or better world. If it's 'for the money' or 'because it's a big business,' that's poor motivation. It won't sustain most people through the

Mike McCue

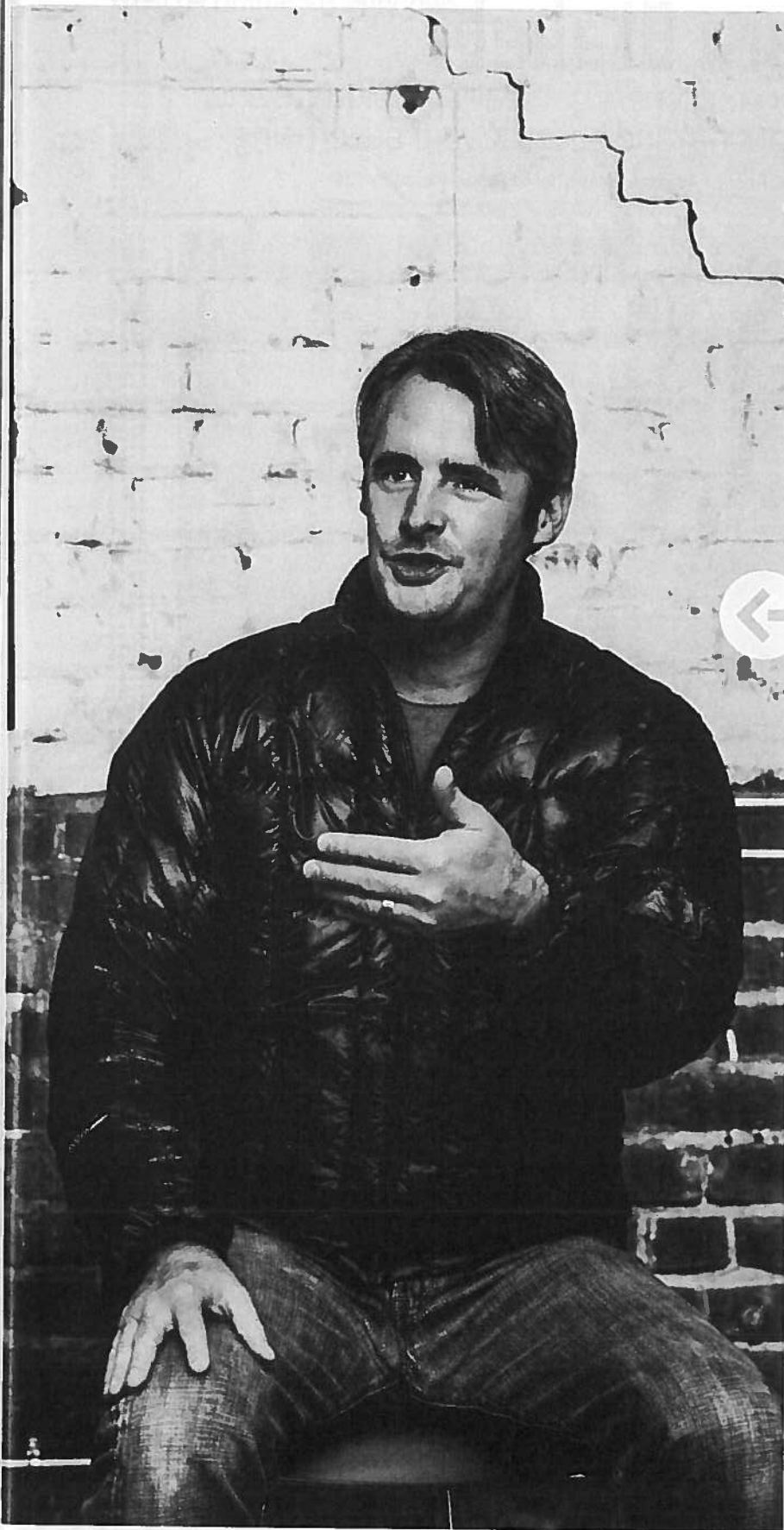
"The original story keeps evolving, but the vision is the same."

FLIPBOARD

Palo Alto, California
Makes personalized digital magazines



HE idea for Flipboard was to take Web content and repackage it to look and feel like a personalized magazine. Users could pick their favorite online sources, and then we'd create a magazine, using algorithms and editors to curate the material. But we also wanted people to be able to



flip through pages, which you can't do on a computer. Tablets were first talked about in the '90s—back then, I launched a startup called Paper Software. The goal was to make computers as simple as paper. But the technology was not advanced enough. Fast-forward to 2009. I was thinking about Flipboard around the same time Apple was rumored to be working on a tablet. Perfect: a computer that acted like paper. So we bet everything on this mythical tablet. I met with venture capitalist John Doerr, who

VISION

"I learned the importance of starting a company with a big idea."

jokes that I came in with no product or device to ship it on. But he liked the idea

that people would want personalized Web-based magazines and agreed that the iPad was going to be a big deal. He signed on, as did others, and I learned the importance of starting a company with a big idea. A startup will take the same amount of energy to launch no matter what the idea. VCs want to fund world-changing ideas. We raised \$100 million during our third round of financing, which closed in November. The story we told this time was that users want to curate their own magazines, and that we wanted to help them do that. Since March 2013, when we introduced that capability, 5.5 million member-curated magazines have been shared with the world. So Flipboard's original story keeps evolving, but the vision is the same: Great content moves the world forward. —AS TOLD TO LIZ WELCH

PHOTOGRAPH BY DREW KELLY

LAUNCH

difficulties of starting and scaling a company."

Indeed, many VCs think of themselves as investors in stories, and storytellers, every bit as much as investors in companies. "How well does the founder's life explain what they're doing at their company?" asks Scott Weiss, a general partner at Silicon Valley venture firm Andreessen Horowitz.

Weiss likes to talk about his first meeting with Ben Kaufman, founder and CEO of Quirky, which manufactures and markets products invented by "regular" people. "I can remember it almost word for word," he says, "this quintessential story of a kid trying to get his first product [iPod accessories] to market with his first company. It was called Mophie, named after his dogs, Molly and Sophie. The process of getting them made in China, the shipping problems—it was so hard to do. He figured, There's got to be a better way. That was how Quirky was born."

"When you heard Ben talk about his struggle and insight, you were convinced that he'd walk through walls to follow his vision," Weiss says.

OF COURSE, it's highly unusual for entrepreneurs to approach investors with their story perfected. In many cases, in fact, a company's narrative may emerge only in retrospect. That's why Steve Jurvetson—the visionary VC behind companies such as Hotmail, Tesla Motors, Synthetic Genomics, and SpaceX—always brings a camera to early meetings with founders. "I say, 'You're going to want these when you're in the Fortune 500,'" Jurvetson says. "We help founders sculpt stories by remembering anecdotes, with a sense for what the outside world might think of as interesting angles."

As you sculpt your own

Sara Blakely

"Your customers get really passionate and emotional and become your advertising."

SPANX, Atlanta. Makes women's hosiery and undergarments



SECRETS "The only people I told were patent lawyers and people in the undergarment industry"

WHEN I WAS in my mid-20s, I spent \$80 of my hard-earned money on a pair of white pants, which I couldn't wear. It was an undergarment issue: Panties bunched or showed lines, thongs were too uncomfortable, and girdles, or shapers, were made of a thick material that felt like you were wearing athletic clothes beneath your nice ones. So one day, I cut the feet out of a pair of pantyhose so I could wear my white pants. That was my "aha" moment. I kept my idea to myself. The only people I told were patent lawyers and people in the undergarment industry. Ideas are fragile in their infancy, and I sensed that if I talked about it with friends, I might be discouraged. A lot of million-dollar ideas are squashed because people want to tell you all their concerns. Once I had the prototype and patent in 2000, I sat my family and friends down and said, "Are you ready? Footless pantyhose." I then had my mom and best friend try them on, and their reaction was instant and emotional. "I love it! So comfortable; no bulges! I can now wear things I wouldn't wear before, like cream-colored pants!" We still get the same reactions from our customers. We have never formally advertised. It's not that complicated—your customers get really passionate and emotional, and they become your advertising. —AS TOLD TO L.W.



SCAN THE PAGE TO HEAR SARA BLAKELY DESCRIBE HER "AHA" MOMENT. (See page 14 for details.)

story, make sure your tales don't grow too tall in the process. Back in the 1990s, many people were tickled to learn that eBay was born out of founder Pierre Omidyar's desire to help his fiancée more easily trade the Pez candy dispensers she liked to collect. Unfortunately, the tale was a pure fabrication dreamed up by an inventive PR manager to generate media interest after

"Every employee, even the guard at the door, needs to know the company's story. Every employee is an ambassador."

Omidyar's earlier, truthful explanation about wanting to create a "perfect market" failed to get traction.

Omidyar was lucky. When the truth came out, years later, eBay was a well-

established business and didn't suffer any consequences. But in our increasingly transparent world, even "harmless" lies risk being found out—and punished—faster. And the Web, as we

well know, can be merciless.

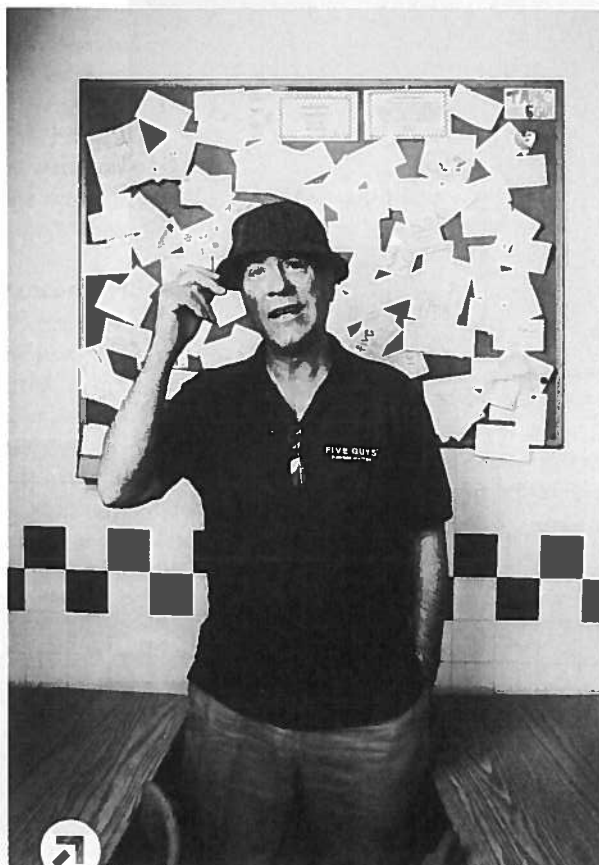
The eBay publicist's instinct to find a personal angle was understandable. Lindsey Scott, vice president of LaunchSquad, a public relations firm in New York City, has worked with companies whose founding stories play well to a popular audience. Consider Diapers.com: "The founders would take U-Hauls and buy up all the stock at Costco, then ship out of their

Jerry Murrell

"It has to be about the quality of the food."

FIVE GUYS BURGERS AND FRIES

Lorton, Virginia. Runs a burger chain



FRY GUY "My mom said, 'If you don't study, you'll be flipping burgers.'"

M

Y MOM SAID to me, "If you don't study, you'll be flipping burgers." That eventually gave me the idea for Five Guys—along with this little hamburger place in northern Michigan where I grew up. What fascinated me was almost everyone ate the owner's burgers—even though he had a cat he'd pet while flipping them.

People called them fur burgers but still ate them, because they were good! So when my eldest sons were not interested in going to college, I suggested they open a burger joint. This was 1986. We opened in Arlington, Virginia—I was a financial planner at the time—and focused on making the best burger possible. We read French cookbooks and figured out how to make the perfect French fry. Word started to spread, and then the local paper did a story on us. We knew we made it. To this day, we use the best ingredients, so we raise prices to reflect food costs. I once suggested using one tomato slice instead of two. That was the devil talking. My sons staged a revolt. We kept using two slices and raised the price. If we started slipping then, we would not be here now. We finally decided to franchise in 2003, but only if folks agreed to our quality control. The people we choose understand our story. It has to be about the quality of the food, or it won't work. It's a simple story: Sell good burgers, and people will pay for them. Now all five sons work at the company, and we have 1,000 locations nationwide. —AS TOLD TO LW

garage, because the diaper companies wouldn't sell to them directly," Scott says. "As new dads, they saw the need to get something quickly, overnight. It was also kind of unexpected that it was men founding the company. They were very relatable, and the story brought the brand to life for a lot of people."

What if your business is more complicated than shipping diapers? In those cases, Scott focuses on the problem the company solves rather than the person who created the solution. But whatever your pitch, the challenge is to find a way to connect with people on a personal level. "The key is to be genuine," Scott says. "If you're not the guy in the garage, don't try to fake it."

Meanwhile, it's important to remember your audience. You don't necessarily want to tell the same story to everyone. Media people, for example, generally look for stories about people. But a potential corporate partner, for example, might be turned off if it sounds as if any one person is too important. "You want to convince them of the institutional strength of the company," says Jurvetson. "That could be a very different pitch, emphasizing an unusual skill set in the company or a unique technology."

ONE ARENA where storytelling matters more than anything is crowdfunding, in which the roles of consumer and investor are merged. On a crowdfunding site, your story has to do a lot of work—and quickly. "There are two elements to a successful Kickstarter campaign: the product and the story," says Slava Menn, co-founder of Fortified Bike Alliance, a manufacturer of heavy-duty, theft-resistant bicycle lights that successfully crowdfunded its way into exist-

Justin Rosenstein and Dustin Moskovitz

"It felt similar to the moment before I decided to drop out of Harvard to start Facebook."

ASANA, Palo Alto, California. Makes collaboration software



REINVENTING TEAMWORK? Moskovitz (left) and Rosenstein

JUSTIN ROSENSTEIN: I was a product manager at Google in 2005 and spending 90 percent of my time in meetings and on email. I was extremely frustrated. So I started asking around: "Is there a better way to do teamwork?"

DUSTIN MOSKOVITZ: I faced similar problems at Facebook, where I was co-founder and head of engineering. All these managers reported to me. Between the one-on-ones and email threads, I was always three weeks behind.

ROSENSTEIN: When Dustin hired me, in 2007, we commiserated over this problem. I showed him the basic internal system I'd worked on at Google, which we then fine-tuned at Facebook. Dustin got so excited about it, he started working on it full time.

MOSKOVITZ: I knew we were onto something when our system started being used by everyone in the company. I could see people get excited about it by walking around the office. It felt similar to the moment before I decided to drop out of Harvard to start Facebook—I noticed that four out of five people on campus were on Facebook. It was the same here. Every desk I walked by, I would see our tool up on screens.

ROSENSTEIN: Work around work is a generic problem, whether you are a tiny startup or a Fortune 500 company. It comes down to groups of people aligning their energy to arrive at some shared goal. But the actual mechanics of teamwork are painful and difficult.

MOSKOVITZ: We left Facebook and launched Asana in 2011. It enables teamwork by combining tasks and conversations together, instead of spreading them out over email or on social networks. It's the place for your team to find what to do next, who's responsible for it, and all the details they need. —AS TOLD TO LW



SCAN THE PAGE TO LISTEN TO JUSTIN ROSENSTEIN DESCRIBE HOW EASIER METHODS OF COMMUNICATION COULD HELP SOLVE SOME OF THE WORLD'S PROBLEMS. (See page 14 for details.)

tence. "For it to be something that people walk away from and remember, it needs to be personal and have emotion built into it."

Menn admits it was a tough case to make: There is nothing particularly emotional about bike lights. "It's one of the more boring products on a bike," Menn says. He and his team struggled to come up with their company's story. And then inspiration hit: "Our friend had his bike light stolen; then he got hit by a car coming home," Menn says. "It was emotional and true and so simple that a person could retell it the same way after hearing it once."

And it worked. Fortified's first product presold \$84,000 on Kickstarter and is carried in 160 bike shops worldwide. Its second line presold more than twice that and is currently being manufactured.

FOUNDING STORIES CAN matter as much inside a company as outside. "They create and maintain a common culture and heritage, a sense of purpose and past," says Smith, the executive coach. "Retelling the story to each generation is important to maintain that." It's not enough to have the founding story on the company website (although that's a good idea). You need to tell it again and again.

Weiss, of Andreessen Horowitz, advises startups in his firm's portfolio to stage quarterly new-employee orientation sessions, at which the founder stands up and talks about how the company was founded and details the company's values. "Everyone, including the guard at the door, needs to know the story and purpose of the company," Weiss says. "Every employee is an ambassador."

Even when a business out-

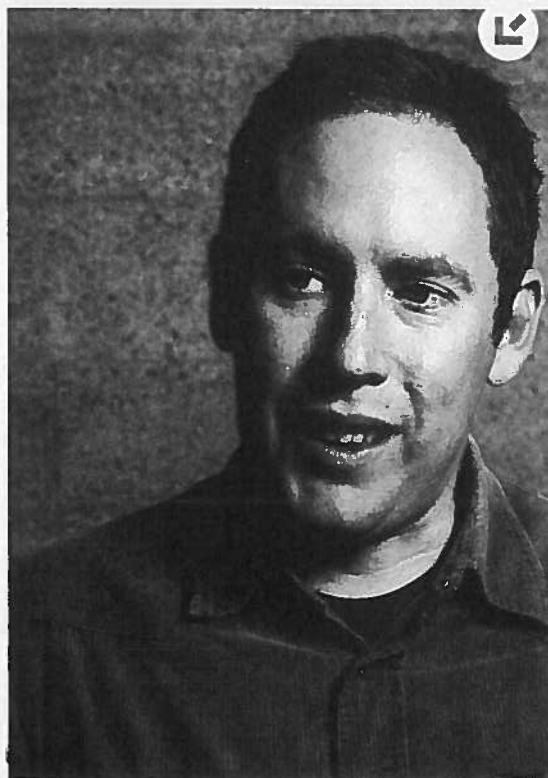
Joe Fernandez

"My biggest mistake?
I kept tweaking my story."

KLOUT, San Francisco. Measures influence of social-media users

CAME UP WITH the idea for Klout while my jaw was wired shut from surgery in 2007. I was stuck in my tiny Manhattan apartment, recovering, and spent a lot of time on Twitter and Facebook—the only way I could communicate. I realized the world was about to change—that everyone was creating content—and thought, Why can't I measure everyone's influence, using social media as data? I built the prototype for Klout and launched on Christmas Eve 2008. Two weeks later, Tech Meetup invited me to present in New York. I stood in front of all these important people and said, "I invented an algorithm to determine how important you are." My idea was to use data from social networks to gauge individual Klout scores, ranging from 1 to 100. The higher the score, the more influence you have. I pitched that idea 150 times during the 18-month postlaunch period and was told no by at least 130 investors. My biggest mistake? I kept tweaking my story. If someone said, "This would be really cool for advertising," I'd

JAWBONING "I realized the world was about to change."



refine my pitch to focus on that. The next person would say, "I like the idea, but advertising is dead! It should be more analytics focused." I kept spinning in circles until I finally decided to pitch the company I originally wanted to build. My refined story was, and still is, that I want to help every person in the world understand his influence and be recognized for it. My clarity and confidence in the idea was what made my core investors sign on.

— AS TOLD TO LW



SCAN THE PAGE TO WATCH JOE FERNANDEZ DISCUSS HOW JAW SURGERY LED TO HIS ENTREPRENEURIAL EPIPHANY. (See page 14 for details.)

PHOTOGRAPH BY GABRIELA HASBUN

lives its founder, his or her story should remain woven into the company's culture. At the Milwaukee-based insurance giant Northwestern Mutual Life Insurance, for instance, employees still learn about a train accident that occurred near Johnson Creek, Wisconsin, in 1859, shortly after the company was founded. Fourteen people were killed, including two Northwestern Mutual policyholders, whose claims totaled \$3,500. The young company had only \$2,000 on hand, but its leaders took out loans to pay the claims in full immediately. "For employees," says Smith, "the story lets them know how to make decisions. And when talking with a potential policyholder, it becomes a really great sales tool."

The celebrated entrepreneur Jerry Greenfield, who is no longer involved in running his namesake ice cream company, says the founding story is something that necessarily evolves over time. "A big part of the story of Ben & Jerry's is not just that it started in a gas station from humble beginnings, but that it made a conscious decision to be a different kind of company that tries to integrate social and environmental concerns in the day-to-day business," Greenfield says. "The story about the founders, Ben and Jerry, makes it human. But the key for the future of the company is a vision of what the organization stands for. The founders—charming as we were—we'll be gone at some point."

Inevitably, social media also play a big part in making yourself heard. Twitter and Facebook may be shrinking attention spans, but they also have an amazing capacity to amplify your voice. "It's harder to tell a story in 140 characters on Twitter," says Smith. "But if you can

get someone interested, you can direct them to your website or post a 10- or 15-minute video on YouTube." Those longer videos, Smith points out, have dramatically "expanded the duration of stories and opportunities to engage beyond traditional advertising."

Entrepreneurs also need to be extrasensitive to the power of consumers to rewrite their stories, for better or worse. Consumers are watchdogs—so if your company touts itself as a social do-gooder, you

had better make sure you are actually doing some good.

"Transparency in business has been a real game changer," says Fred Haberman, co-founder of Haberman, a Minneapolis marketing firm. "It's great for people who want to do good in the world, but it also forces organizations to be very deliberate about how different aspects of their story are going to manifest themselves." Adds Smith: "Brand

equity is owned by consumers, not marketers."

Be mindful if the details of your story start to slip as it makes its way across the Internet. But if consumers and media start telling a story that works even better than the one you came up with, Smith says, "you may not want to fight it. Spending inordinate amounts of effort to maintain the integrity of minute details of a story is often unwarranted. My acid test is, If someone there when the origin story happened heard you tell it now, would they be offended? If not, don't change the story."

And with that, it's time to get started: What's your story? **1**

—
ADAM BLUESTEIN, a Burlington, Vermont-based freelance writer, is a frequent contributor to Inc.

"For employees, the story lets them know how to make decisions. And when talking to potential customers, it becomes a really great sales tool."



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