**How Apple Does Controlled Leaks**

[**M**HYPERLINK "http://www.macobserver.com/tmo/article/wsj\_apple\_to\_release\_tablet\_in\_march\_for\_1000\_maybe\_including\_wifi/"onday's article](http://www.macobserver.com/tmo/article/wsj_apple_to_release_tablet_in_march_for_1000_maybe_including_wifi/) at the *Wall Street Journal*, which provided confirmation of an Apple tablet device, had all the earmarks of a controlled leak. Here's how Apple does it.

Often Apple has a need to let information out, unofficially. The company has been doing that for years, and it helps preserve Apple's consistent, official reputation for never talking about unreleased products. I know, because when I was a Senior Marketing Manager at Apple, I was instructed to do some controlled leaks.

The way it works is that a senior exec will come in and say, "We need to release this specific information. John, do you have a trusted friend at a major outlet? If so, call him/her and have a conversation. Idly mention this information and suggest that if it were published, that would be nice. No e-mails!"

The communication is always done in person or on the phone. *Never* via e-mail. That's so that if there's ever any dispute about what transpired, there's no paper trail to contradict either party's version of the story. Both sides can maintain plausible deniability and simply claim a misunderstanding. That protects Apple *and* the publication.

In the case of yesterday's story, Walt Mossberg was bypassed so that Mr. Mossberg would remain above the fray, above reproach. Also, two journalists at the *WSJ* were involved. That way, each one could point the finger at the other and claim, "I thought *he* told me to run with this story! Sorry."

Finally, the story was posted online late Monday, eastern time, so no one could ever suggest there was any attempt to manipulate the stock market.

The net result is that Apple gets the desired information published by a major Wall Street news outlet, but can always claim, if required, it was all an editorial misunderstanding. The *WSJ* is protected as well.

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**C**ontrolled leaks are almost always the solution to a problem. In this case, it could have been that Apple needed to release the tablet information early because they wanted:

* to light a fire under a recalcitrant partner
* to float the idea of the US$1,000 price point and gauge reaction
* to panic/confuse a potential competitor about whom Apple had some knowledge
* to whet analyst and observer expectations to make sure the *right kind and number* of people show up at the (presumed) January 26 event. Apple hates empty seats and demands SRO at these events.

Of course, if Wall Street draws the right conclusions, and AAPL goes up, as it has, then everybody benefits. But the manipulation of stock is never the purpose. It's simply a favorable outcome of the process. Again, Apple is protected.

That's how Apple does controlled leaks, and the *WSJ* article from yesterday was a classic example.

**Disclosing Your Finances**

Prominent startups such as [Balsamiq](http://balsamiq.com/) and others like [Squarespace](http://www.squarespace.com/) and [37signals](http://37signals.com/) (to some extent) have been open about disclosing their revenue — and in Balsamiq's case also their profit. I'm not sure whether that's such a good long-term strategy and I'll argue why below. You've got to be careful that you're in the right position to share these confidential numbers, and I think that for anyone else the disadvantages outweigh the advantages.

**What's the Advantage?**

The obvious advantage for anyone is that as long as your numbers are large enough to talk about then you're going to generate buzz when you release them. You'll in fact get a lot of good press and praise for being so open. On Sunday, January 2nd Peldi Guilizzoni (Founder of Balsamiq) [posted](http://www.balsamiq.com/blog/2010/01/03/a-look-back-at-2009/) his company's 2009 revenue ($1.6 million), profits ($1.1 million), number of transactions per month, average revenue per transaction, and cash flow. You can't get more detailed than that. In under 24 hours his blog post received over 200 [re-tweets](http://tweetmeme.com/story/405970649/span-classhighlightbalsamiqspan-company-blog), there were over 140 comments spanned across his blog and [Hacker News](http://news.ycombinator.com/item?id=1028418), and over 250 up votes on Hacker News. That's a lot of attention.

Balsamiq isn't the only startup to share their finances. Squarespace shocked people when they released their figures earlier this year in [Inc Magazine](http://www.inc.com/inc5000/2009/company-profile.html?id=200903390), reporting revenue of $269,545 in 2005 and $2.2 million in 2008 — a 723.3% increase. Nobody knew the jump was so big, and now it's known that they are running away with their market. Even 37signals, who as far as I know had never disclosed their revenue, mentioned kind of nonchalantly in their [third podcast](http://37signals.com/podcast/) what they were generating with their new Haystack service (now known as [Sortfolio](http://sortfolio.com/)).

But who are the people who care about this information? Only two sorts of people really care about these figures: (1) other entrepreneurs who want an inspiring story to motivate them, and (2) potential acquirers whom you could interest by other means. Who doesn't care? Most of your customers or potential customers, who don't fall into either of those categories.

Suffice it to say that I don't think that the press you're going to receive outside the entrepreneurial community is enough to justify exposing your finances to the public. There are just too many disadvantages in doing so. I don't think it's going to significantly move your bottom line. I'd actually like to see how many referrals Peldi Guilizzoni generated from his post. I doubt too many.

**What are the Disadvantages?**

What do these three companies have in common? They're all self-funded startups that are all leading their respective markets with no immediate competitive threats. There's no better small business software company than 37signals, Balsamiq is clearly leading the wire-framing and mockups business, and Squarespace has a chokehold on providing managed website building tools. They have nothing to lose. But suppose they had major competition?

One disadvantage of disclosing assets would be if you're a startup hoping to raise money; even bootstrapped startups consider fund-raising after they get their feet wet. I can assure you that openly talking about your revenue if it's not mind-blowing is going to turn off investors. If you show that your company did $100,000 a year in revenue last year and increased to $150,000 this year, then fewer investors are going to be interested in chatting with you. That's just not enough growth. As soon as you publicly reveal your finances you're looked at differently than you were before.

[Jason Fried](http://twitter.com/jasonfried) and many others have argued that many startups don't try to generate revenue from the beginning because that prejudices their valuation when they do try to raise money. The investor can look at your numbers when the time comes and get a true valuation of the company rather than making up ballpark figures based on speculation and spreadsheets. I completely agree.

Another disadvantage is that your competitors know exactly how much you're making. If I know that one of my competitors is making $2.5 mil a year I can work out a lot of information from those figures. In Balsamiq's case they included everything but the kitchen sink, so I can see nearly everything I need to know.

You might say: "Well, how is that information going to help you surpass them?" For one thing, you may be seen as less as of a threat if your competitor doesn't know how much revenue you're generating. I'd bet that most companies undervalue their competition, so they may not try as hard in certain areas to combat them. Why give them the motivation of knowing how much you make? Additionally, it may spawn new competitors who see how well you're doing.

The third disadvantage is that it may be off-putting to your customers. In the case of Carbonmade specifically, our customers are mainly creative people who don't make a lot of money (for the most part), and shoving our finances in their face isn't the most neighborly act. It can also make you seem impersonal and corporate — which is why so many bank ads say they're small and user-friendly. Yes, publishing our revenue could show that we're a healthy and thriving company that's not going away any time soon, but I think there are more subtle ways to express this.

**Don't Do it**

I am all for being open about your business. You only have to read through my essays to see that. [Carbonmade](http://www.carbonmade.com/) even boldly shares our user count on our homepage (many won't even do this), but I don't think the advantages outweigh the disadvantages when it comes to sharing financial information.

If you do decide to publish your revenue, only do it if you're well established and far beyond the startup stage, like Balsamiq, 37signals and Squarespace. Don't do it if you're hoping to raise money or if you're not (or not certain that you are) the leader in your market. These three companies are the exception to the rule.

**Understanding Windows 7's 'GodMode'**

Although its name suggests perhaps even grander capabilities, Windows enthusiasts are excited over the discovery of a hidden "GodMode" feature that lets users access all of the operating system's control panels from within a single folder.

By creating a new folder in [Windows 7](http://www.cnet.com/windows-7/) and renaming it with a certain text string at the end, users are able to have a single place to do everything from changing the look of the mouse pointer to making a new hard-drive partition.

The trick is also said to work in Windows Vista, although [some are warning](http://www.sitepoint.com/blogs/2010/01/05/windows-7-god-mode/) that although it works fine in 32-bit versions of Vista, it can cause 64-bit versions of that operating system to crash.

To enter "GodMode," one need only create a new folder and then rename the folder to the following:

GodMode.{ED7BA470-8E54-465E-825C-99712043E01C}

Once that is done, the folder's icon will change to resemble a control panel and will contain dozens of control options. I'm not sure it's my idea of playing God, but it is a handy way to get to all kinds of controls.

I've asked Microsoft for more details on the feature and how it came to be. But so far, Redmond is silent on the topic.