

the business playground

a grown-up guide to the child inside



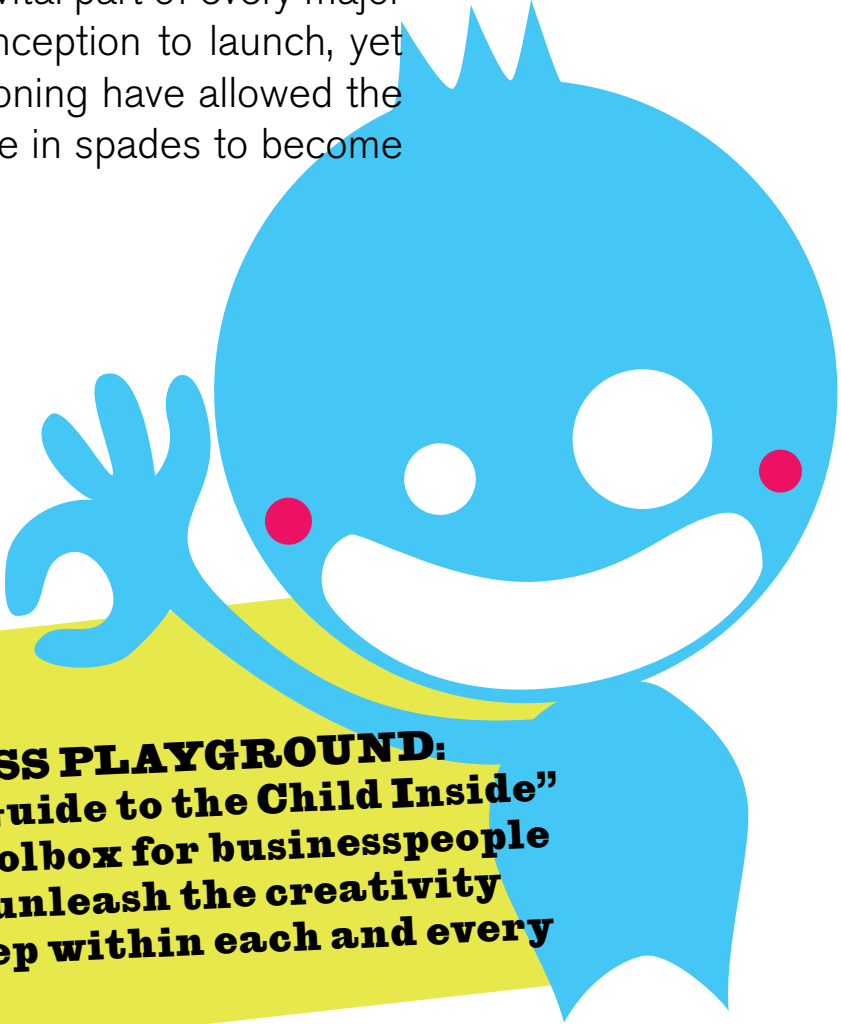
**DAVE STEWART
MARK SIMMONS**

You are a creative genius.

**"Every child is an artist. The problem is
how to remain an artist once we grow up."
Pablo Picasso**

When we were children, our imaginations were allowed to roam free. We were full of big ideas and dreams. We didn't know the rules and thought that everything was possible. As we got older, we learned that facts and logic are better for our careers than art, that it's the left side of the brain that counts in business, and that creativity is something best outsourced to arty types who can't get proper jobs.

But, business has changed. In a flatter world it's big ideas that differentiate one product from another. Innovation and imagination have to be there at every point in the process to appeal to choice-overloaded consumers. Right-brain thinking has emerged in business as a vital part of every major decision from product conception to launch, yet years of corporate conditioning have allowed the creativity that children have in spades to become atrophied and weak.



THE BUSINESS PLAYGROUND:
“A Grown-Up Guide to the Child Inside”
is a creative toolbox for businesspeople
that will help unleash the creativity
still buried deep within each and every
one of them.

NOT BUSINESS AS USUAL

THE BUSINESS PLAYGROUND

won't be a typical business book. It's not about processes, strategy and theory. It's a practical manual on creativity for businesspeople, written by two guys who create for a living, and will be full of games, puzzles and art that will inspire the creativity and sense of play that we all have within us. Dave and Mark know that you can't easily teach creativity, you've got to help people experience it for themselves.

The book will be put together as 10 short, lively chapters each of about 15 pages with as much illustration as words and dotted throughout will be:

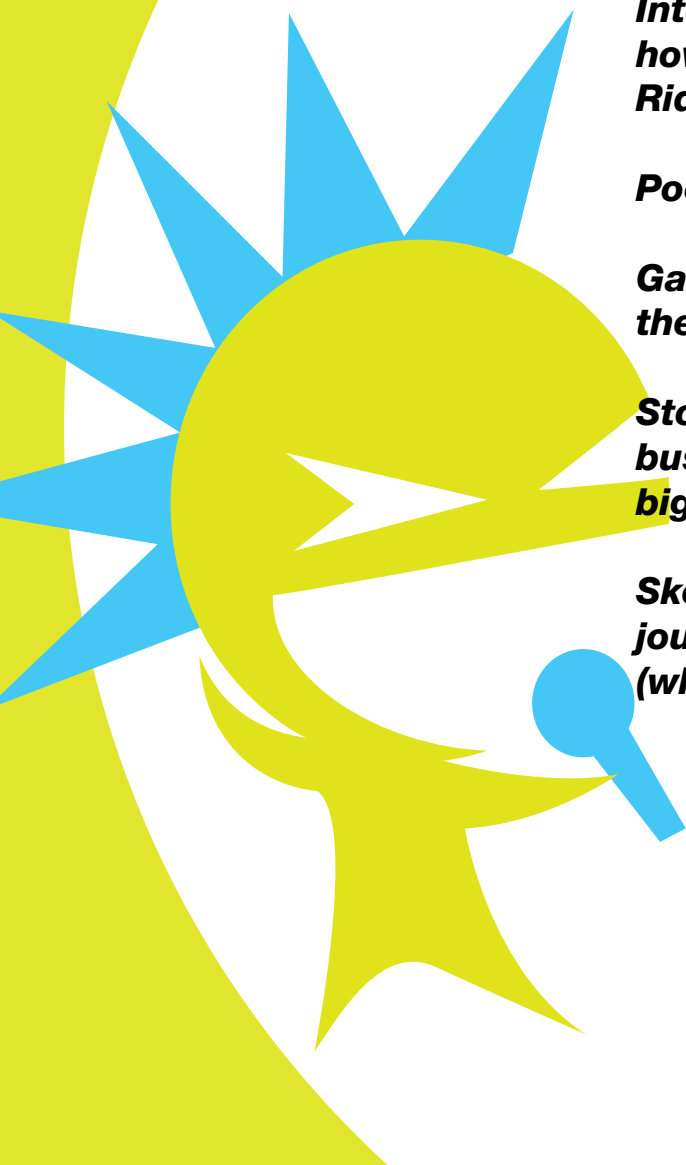
Interviews with contemporary artists about how they think (e.g. Damien Hirst, Bob Dylan, Ridley Scott)

Poems, rhymes, jokes and songs

Games businesspeople can play to free up their thinking

Stories of the Eureka moments when business innovators first came up with their big ideas

Sketches and diagrams that illustrate the journey from notion to fully realized creation (whether a song or new business model)



DAVE STEWART



Dave Stewart is one of the most respected and accomplished talents in the music industry today. A prodigious producer of music, film and photography, he is the “musician’s musician,” an all around multi-media entrepreneur and, in Bob Dylan’s words, **“a fearless innovator.”** Dave’s career spans the last 25 years, having achieved over 100 million album sales with Eurythmics’ partner Annie Lennox. In 1999, the duo was honored with a Lifetime Achievement Award at the Brits. Stewart is also known as one of the most prestigious British record producers, working with the biggest names in the music industry worldwide. He has won Best Producer four times, as well as numerous Grammys, MTV and Best British Songwriter awards.

"Dave Stewart is one of those special people who inspire creativity. If you are an entrepreneur and you spend time with Dave, you will know exactly what your next business idea should be, if you are a philosopher and you get talking to Dave, your mind will suddenly have clarity like never before. If you are a student and you listen to Dave, immediately you will believe in yourself and know exactly what you need to do next. Dave is a creative genius."

- Simon Fuller, Founder and CEO of 19 entertainment (creator of American Idol)

"Innovation requires vision, intuition, courage and ability to see what's other's don't see. Dave has them all."

- Tero Ojanpera, Executive Vice President and Chief Technology Officer Nokia

"Dave is who we all want to be – living his dream and actually changing the world every day with his gentle inspirational genius."

- Janice Vandenbrink, Senior Vice President of Global Systems at Visa International

"Real creativity has me in awe, and Dave Stewart (of the Eurythmics) is one of the most thrilling creative minds I have ever met."

- Anita Roddick, Founder of The Body Shop

"When I met Dave in September of 2000, he talked for 12 hours about the impact of digitalization on the production and distribution of media. As a banker, I didn't know what the hell he was talking about - nor did anyone else. Over the next five years, we all found out"

- Michael Philipp, Chairman and Executive Board Member of Credit Suisse Europe, Middle East And Africa

"Dave is a truly extraordinary blend of creative genius and business person with flair."

- Rita Clifton, Chairman of Interbrand, the World's Leading Brand Consultancy

"Dave Stewart's mind balances the interest and concerns of the artistic community with the goals of the business community while preserving the integrity of both."

- Les Bider, Chief Strategist ITU Ventures Inc., Former Chairman and CEO of Warner/Chappel Music Inc.

"For over 30 years I have been working with creative people the world over; but none compare with Dave. His creative cup overflows with originality, profusion and, most importantly, generosity. He is undoubtedly a genius."

- Andy Law, Worldwide Chairman, The Law Firm

"Jack of All Trades Master of All of Them" – **Sunday Times**

"He's a One Man Advertising Think Tank" – **The Daily Telegraph**



MARK SIMMONS

Mark, a fellow Brit who grew up listening to Dave's music, is coauthor of the book *PUNK MARKETING: Get Off Your Ass and Join the Revolution* (HarperCollins, 2007). He has worked in creative businesses for almost 20 years including a stint as managing director of Crispin Porter + Bogusky, the most highly-awarded ad agency on the planet in recent years, and running his own Anti-Corp agency that in 2000 was described in a three-page feature in the Financial Times the business magazine as being on the

“vanguard of an advertising revolution.”

Recently Mark has been working as an advisor to nonprofit organizations including Al Gore's Alliance for Climate Protection and the Bill & Melinda Gates Foundation and is in the process of launching his own nonprofit, called The Useless Project (“Use less. Give More”), to assist Third World water projects while reducing the environmental impact of the things we consume in the West.

on 'PUNK MARKETING: Get Off Your Ass and Join the Revolution'

"Blunt, fair, fearless and outrageous – just like the marketing style they espouse." – ***Publishers Weekly***

"Taken together, their anecdotes show that truly original, engaging, and – most important – surprising ads will always prevail, whether they're labeled *punk* or not." – ***Business Week***

"The best book on marketing. I devoured every single word here – and I don't even CARE about marketing!" – ***Nick Digilio, WGN Radio***

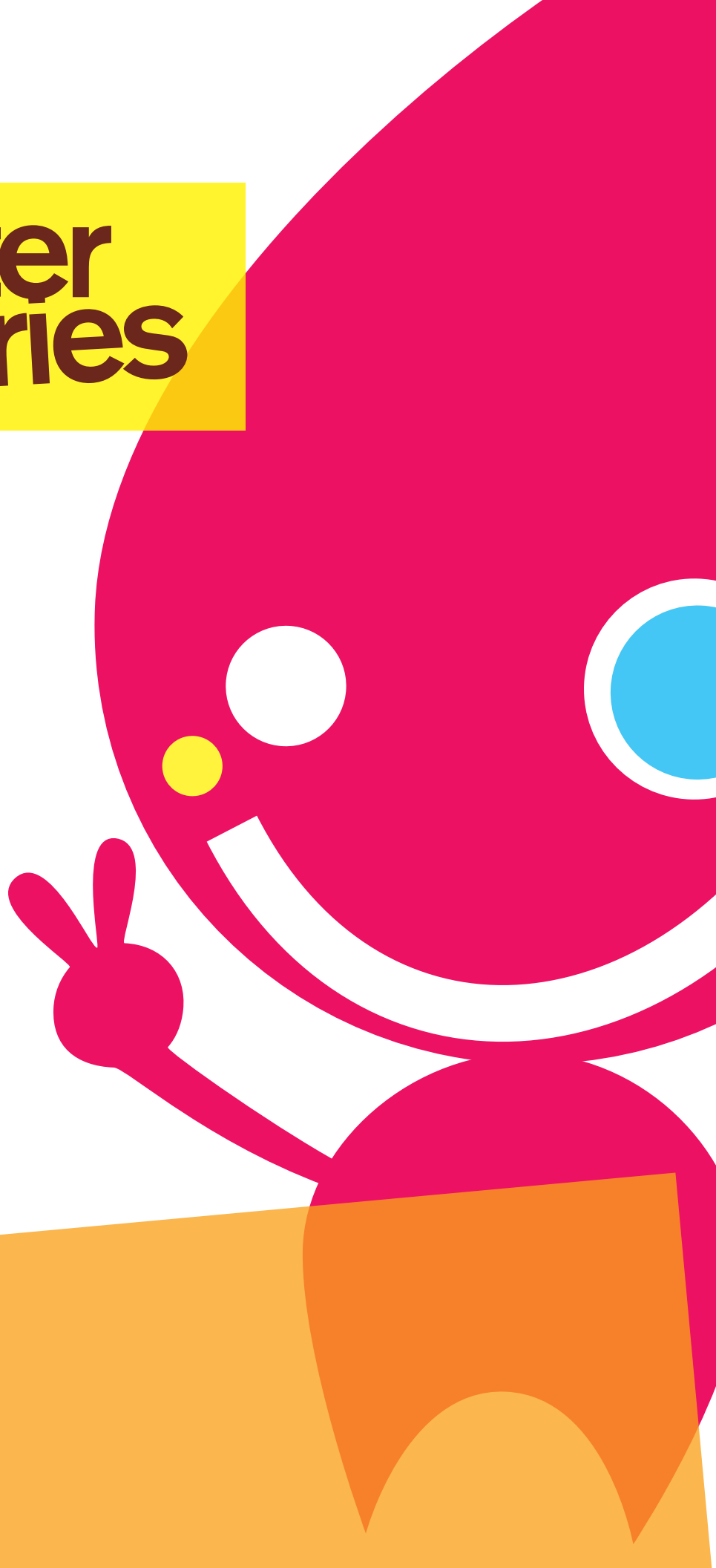
"A mix of in-your-face punk flair and practical techniques, *Punk Marketing* is a manifesto for anyone looking to break away from the old methods and dropkick their sales campaign into the new millennium."
– ***Sales & Marketing Management***

"Welcome to a brand new brandscape. Despite its newness the authors maintain that the message is still the message – it's just delivered with a new media." – ***Silicon Valley Business Journal***

"*Punk* reads like the insider wisdom your tattooed brother gave during your first nose-piercing session: 'Don't show Mom, but the girls at school will dig it.'" – ***Advertising Age***

Also, *PUNK MARKETING* was cited as "One of the books you should have read" in 2007 by Advertising Age.

chapter summaries





CHAPTER ONE: WHAT'S THE BIG IDEA?

Competing products and services can no longer be differentiated through the things that big businesses are skilled at – e.g. manufacturing, distribution, quality or price.

It's not that these aren't important – they are – it's just that all they'll do is create parity. The rational factors that come from logical thinking aren't enough to give the advantage in commerce. Illogical – or creative – thinking is what separates the innovators from the also-rans, yet our system does not encourage it. Our education and our corporate environments place little value on artistry and imagination.

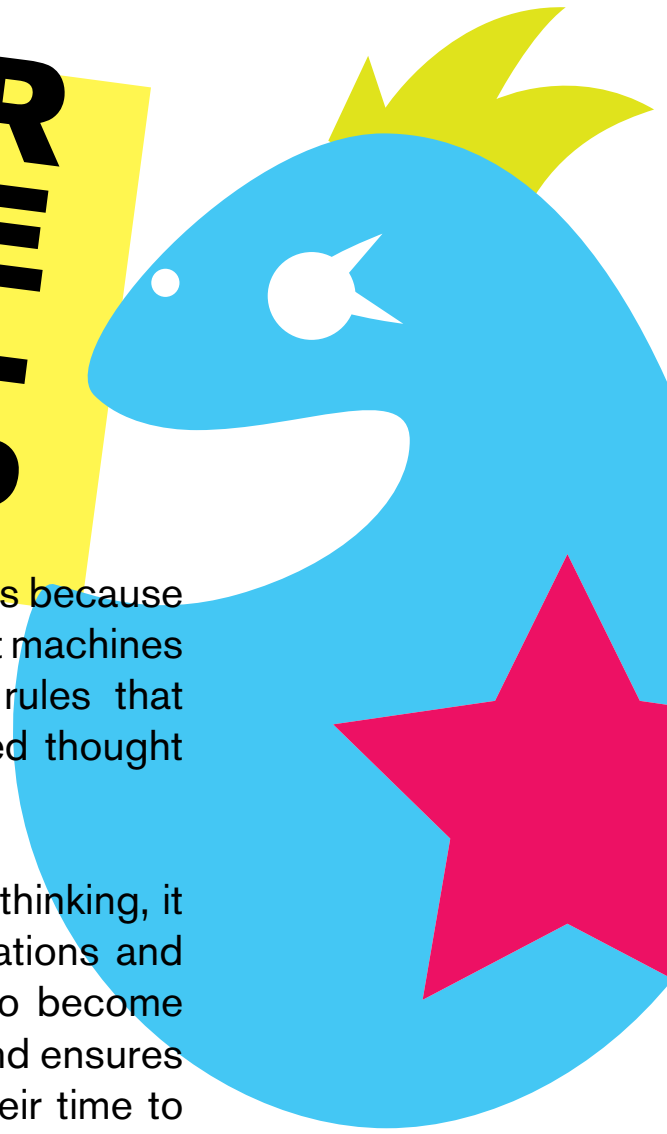
The big business success stories of the last few years – **Google, Starbucks, Apple, Facebook, etc.** – have come from entrepreneurs who saw the world in a different way and created something compelling that shifted and redefined whole industries.

CHAPTER TWO: THE CREATIVITY GAP

Creativity is missing from business because businesses tend to be designed to be efficient machines with established processes, systems and rules that allow little flexibility for the more unstructured thought necessary for ideas to form and flourish.

Even if individuals do find room for maverick thinking, it is rarely encouraged or rewarded in corporations and they often need to leave that environment to become entrepreneurs. Google Inc. recognizes this and ensures that all employees devote a proportion of their time to pet innovative projects that the company will support and fund if they have merit.

The inability to foster a creative environment in corporations means that imagination and innovation are usually outsourced to outside specialist companies such as ad agencies. These outside specialists have very narrow remits and are usually brought in at certain stages very late in the process when almost all of the major decisions have already been made. They are rarely privy to the big picture – partly because their clients do not allow them to see it and partly because their expertise is so narrow – and so even if brought in earlier, they are unable contribute to the other parts of the process.





CHAPTER THREE: LOST CHILDHOOD

We all start off as very creative beings, full of imagination and ideas, but over time most of us seem to lose that ability. It's almost as if we have had to unlearn a natural instinct to explore and question and, that by the time we're adults, following rules and fitting in has dulled this part of our brains.

Early childhood in particular is very conducive to creative thinking. We are allowed and encouraged to dream with few time constraints or rules to rein us in.

By the time we get into school and are made to start learning subjects that are considered to be important for future success, freedom of expression is pushed out in favor of rules and structure. Art and music – the only classes that encourage imagination – are not taken seriously and in most schools are being cut.

CHAPTER FOUR: YOU ARE A CRE- ATIVE GENIUS



Years of being told that it's the rational and logical, not the irrational and imaginative, that matter and of not making use of the creative muscle we were all born with has caused it to become weak and atrophied.

Most businesspeople no longer consider themselves to be creative and think of it as a personality trait rather than a human characteristic.

They get frightened by the thought of having to be creative themselves and prefer to let the outsiders do that bit while they hide behind numbers and logic.

But, we all have creative ability that can be developed and put to work in business that, not only will make us better at our jobs, but also provides its own rewards in how it makes us feel as people.

In this chapter we prove through some fun exercises that every reader can be creative.



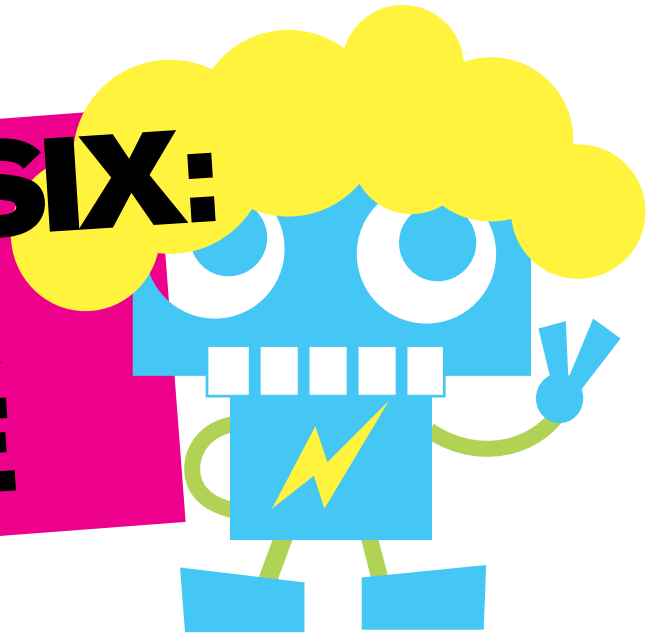
CHAPTER FIVE: HOW ARTISTS THINK

The freewheeling, unconstrained thinking that we had as children is what successful artists still have and use everyday of their lives. Whether painters, musicians, filmmakers or whatever other form of art they practice, these people have all ignored the pressure to conform to convention and think rationally, and have used the power of their imaginations to create something from nothing.

For instance, **great artists think big.** They have audacious ideas that shake some previously held belief. Damien Hirst created a skull made from platinum and diamonds and put a price tag of \$100 million on it. Street artist, Banksy, has become one of the most sought after contemporary artists by putting out art that combines incongruent elements (a masked protester lobbing a bunch of flowers) illegally as graffiti on public buildings.

We are all told what is possible and what isn't from a very early age, and yet artists ignore this wisdom and are constantly questioning the things that others blindly assume are true.

CHAPTER SIX: ACT YOUR SHOE SIZE



If we are being immature or silly, we are told to act our age not our shoe size.

But being silly is an important way of freeing our mind from the restrictions that inhibit creative thought.

Humor is often the mixing of two elements that are usually not found together, or according to social custom should not be found together, and this juxtaposition is often part of creativity too. To encourage imagination in business, we need to introduce an element of play and fun and learn how to find humor. It's no coincidence that some of the most creative people are also some of the funniest.

How can we learn to use fun and humor to free our minds for better ideas in business? In this chapter we teach people not to take work so seriously so as to unleash their creative spirits.

CHAPTER SEVEN: LEFT BRAIN, MEET MR. RIGHT



There is often an uneasy relationship between the people considered to be left-brain thinkers – those who are more rational and analytical – and those who are considered to be right-brain thinkers. But, in fact people are never just one or the other and the best results come when people use both halves in harmony.

It's important to think in a freeform way when generating ideas, and to continue to use creativity and imagination throughout the whole process so every part of it is as good as it can be. But, it's equally important to use the more analytical skills at every step. The perfect (brain)storm, for instance, starts with idea generation in which everything goes and nothing is filtered out, but soon after there must be rigorous editing based on more rational principles.

The best creativity comes through discipline not anarchy (think inside the box not out of it), and it's important to understand when to remove constraints and when to impose them.

In this chapter we will give people the tools they need to structure their newly discovered creativity.



CHAPTER EIGHT: IDEAS CULTURES

To create a creative environment, we can learn from some of the companies out there – from small agencies to large multinationals that consistently come up with the best ideas – e.g. IDEO, GE, Target, Apple, 3M, 19 Entertainment, P&G, Unilever, Sun Microsystems, Weapons of Mass Entertainment, etc.

How are they structured?

Who leads the creative vision?

What processes do they use?

What are their principles?

What sort of people do they employ?

CHAPTER NINE: IN THE PIPELINE



How First Artists' Bank will transform the content industries.

How Wide World Marketplace will revolutionize the way consumers use the web to buy and consume.

How The Useless Project will change the way people think about consumption.

How the ideas started (the original drawing on a napkin).

Developing the idea by bringing in experts.

Adding in partners to help realize the vision.

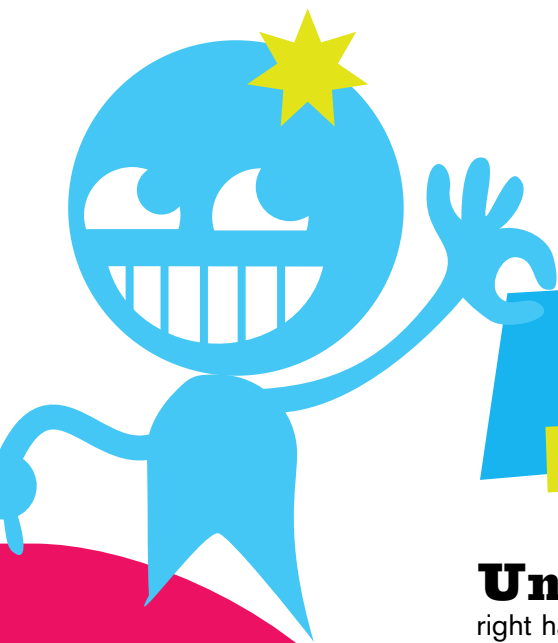


CHAPTER TEN: NOW IT'S YOUR TURN

Test your Creativity Quotient (CQ) – a multiple-choice questionnaire that tells businesspeople their weaknesses and strengths when it comes to creativity.

Depending on scores it will tell them where to focus their efforts to improve their scores – e.g., if the ability to imagine is weak, there will be suggestions on movies to see and books to read.

Finally, we will launch an open call for innovative ideas (maybe from a pre-set list of topics, such as “reducing global warming”) with entries judged by a panel of innovators, and the winners will be announced nationally/globally.



SAMPLE WRITING

CHAPTER 7: LEFT BRAIN, MEET MR. RIGHT

Until relatively recently doctors thought that the right half of the brain was the lesser of the two sides. It really didn't do that much of consequence compared to its left-leaning neighbor. The left side was for all the important work like language and analytic and logical thought, while the right side was concerned with the airy-fairy stuff such as intuition and imagination. Get knocked on the head in a bad accident and so long as the left side of the brain stayed unharmed, you were considered lucky.

Now, the more savvy of the medical profession are starting to see things a little differently. Experiments by cognitive neuroscientist Mark Jung-Beeman of Northwest University have shown that there might be more going on in there than eggheads had previously thought. He realized that for the brain to process something as complex as language, for instance, both halves have to be involved, not just Mr. Left.

While the left side is busy analyzing the basic meaning of the words used in language, the right side is hard at it too, looking at other more subtle cues to help it understand the nuances of what's being said.

When it comes to creativity, as with language processing, it's a game of two halves. People considered to be creative, often the ones wearing black and with funny glasses, are labeled "right brain thinkers," and those that are not, usually more soberly attired and working in big corporations, are thought of as "left brainers." But each one of us is a bit of both and, even if we don't always realize it, is constantly using both sides of our brain.

If you talk to people who have applied their creative talents to business, you'll see how they've got both sides of their brains working in synch. Ethan Imboden, for example, makes vibrators. Not a very creative enterprise, you might think. But, Ethan has created a market for designer sex toys that didn't exist before. His creations are crafted out of precious metals including gold and platinum and are very beautiful to look at. Not sur-

prisingly, they don't come cheap – the starting price for one of his Jimmyjane vibrators is \$125 and the gold version sells at \$325 – but the price makes sense as they are incredibly well-made, work underwater and, apparently, are very effective. What made him think that people would spend such a large amount of money for products that, by their very nature, are considered cheap and tacky?

To discover what led Ethan to set up a company selling designer sex toys (Jimmyjane.com), you need to go back a bit and understand what Ethan is like as a person. He started his career as what would be considered a typical left-brainer, an electrical engineer. But he soon realized that there was something missing in his chosen profession that he couldn't quite put his finger on. So, after graduating he took some time off and went traveling to Europe. He ended up in Milan visiting a family friend who, it turned out, was an industrial designer. A light bulb – a beautifully designed one, of course – went off in Ethan's head. That's what he wanted to do – in fact, that was what he had thought an electrical engineer should and would be doing – design new products that changed the way people thought about them.

Ethan went back to school and earned an MBA in industrial design. He got a job at a highly prestigious design consultancy, Frog Design, and eventually broke off to form his own industrial design shop, Plink Design. He called it Plink because for years he and a group of friends from around the world, all in creative professions, had been “plinking” together. Plinking is a made-up word, but to Ethan and his buddies it means thinking without boundaries about creative solutions to tough problems. And that's what he aimed to do at Plink. So, it looks like Ethan made the switch from left to right-brainer. He had started as an electrical engineer and now was a self-confessed plinker.

But, he hadn't actually switched sides. In reality he had discovered in his career as an industrial designer a way to use both sides of his brain to solve design problems, through a mix of logical thought and imagination.



Research by Mark Jung-Beeman helps us understand how the two halves work together to solve the sort of design challenges that Ethan is given by his clients. Jung-Beeman has conducted experiments in which subjects are asked to solve word puzzles and then say whether they solved them through analysis or insight. Did they work through the puzzle in a methodical fashion until they found the answer, or did the answer suddenly pop into their heads? Using specially developed brain-scanning techniques, Jung-Beeman and co-conspirator John Kounios, a cognitive neuroscientist at Drexel University, have been able to trace where in the brain the activity is going on during puzzle solving. They conclude that, when first starting to try and solve a problem, the left hemisphere focuses a lot of effort on the problem at hand. But, then it relaxes so the right hemisphere can do its work, which it does by collecting information from a larger area of the brain and so from a wider variety of sources.

Solving problems, whether they're language puzzles or design challenges, likely involves using both brain hemispheres. The left collects and analyzes information and goes about trying to solve it in a strictly logical fashion. After this brief period of concentrated effort – one that uses up a lot of the brain's resources, making it difficult for people to do other tasks – the right half kicks in. At this stage the mind “wanders.” We might be doing something completely unrelated to the problem we're trying to solve and suddenly the answer pops into our heads. We might be taking a shower, going for a walk or working out, not even thinking of the problem when inspiration hits. Psychologist Joy Bhattacharya of the University of London thinks that the brain



It's also possible to make new mental connections by finding ways of reinterpreting our own world through the lens of another.

activity that's occurring during this phase of problem solving makes our brains more receptive to new and unusual ideas.

People like Ethan Imboden, people whose livelihood depends on coming up with creative ways to solve business challenges, work in ways that allow their minds to wander after they've done the data collection. And both parts of the process are as important as the other. Without the data collection and analysis, the insight wouldn't be grounded upon anything of substance, and without the insight, the data collection would just yield a logical conclusion, rather than the creative leap that Ethan's clients are hiring him for. Coming up with an idea is rarely a simple single-step process. It's more usually a combination of fact, analysis, insight and intuition that happen over time.

Ethan started Jimmyjane, his high-end sex toy brand, after he kept getting design briefs from clients for products that had sexual associations. Products such as a series of female-oriented books that had sexual storylines. The more he learned about the market, the more he realized that design was largely absent from most sex products, and that this represented a real opportunity. But it wasn't until he stepped out of his work environment and started talking to his friends about his idea to start Jimmyjane that his epiphany struck.

At dinner parties he would often be asked what he did for a living and would start to talk about his Plink Design consultancy. At which point a friend would invariably say, "tell them about your 'other' project, Ethan," and Ethan would explain his idea for Jimmyjane. The conversation

would turn immediately from casual interest in a new acquaintance's profession to sex and sex toys. This was a topic that people loved to talk about. There was almost a pent-up need to talk about it in fact. And that's how he knew that Jimmyjane had potential to be a desirable lifestyle brand around sexuality and stand apart in a market crowded with ugly, cheap, embarrassing products. Some of Ethan's top-of-the-line vibrators even come with a small hole drilled into one end so they can be worn around the neck as a pendant, and celebrities, including Kate Moss, have done just that. And when your product becomes a badge, you know you're onto something.

People like Ethan, who make creativity work for them as part of their professions, do things that all business-people can do to bring out their own creative potential.

They take themselves out of their work environments and allow their minds to wander so the right halves of their brains can do their magic.

The new environment can help spark connections between the new stimuli and the problem they're trying to solve. Going to a movie, seeing an art exhibit, or walking in the park are not only great excuses to get out of the office, but provide the perfect opportunity to introduce new stimuli that the right brain can add to the mix and use to come up with insights that wouldn't have come about otherwise (you can tell the boss we gave you permission to skip out of the office for the afternoon.)

It's also possible to make new mental connections by finding ways of reinterpreting our own world through the lens of another. Talking to people from other professions,

a sushi chef for instance, might allows us to put ourselves in their shoes and consider how they might tackle the problem we are struggling with. Hearing about others' work, lives and experiences might provide a perspective that sparks a new idea.

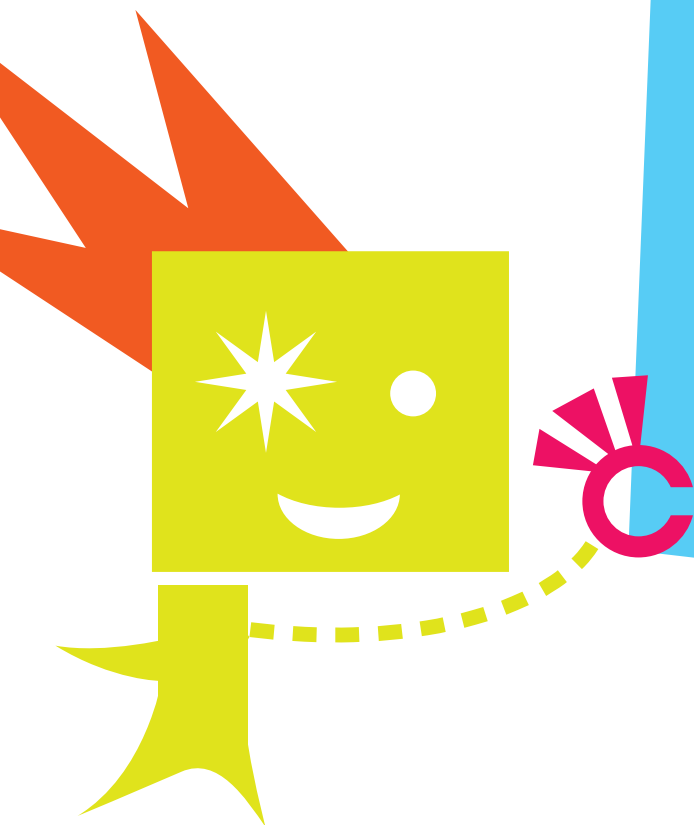
Working alone is one way to solve problems creatively, but it can sometimes be daunting. Instead, people can work together in teams or as a group. A typical advertising agency pairs two "creatives" together to work on specific advertising challenges, usually with one given the role of copywriter and the other of art director. But the pair is equally responsible for coming up with ideas in the belief that the ideas they create together will be better than the ones they can come up with when working alone.

Having someone else to bounce ideas off allows the germ of an idea to become more fully formed and develop in ways that a person working alone might not have been able to do.

One ingredient of the creative process that many creative people cite as being very important is that of verbalizing an idea. Simply explaining it to another person takes the idea to places it might not have been able to go to had it remained an "unverbalized" thought. And working as part of a team forces this to happen.

Brainstorms are another way of working with others to solve creative problems. The perfect brainstorm removes the barriers to creativity by letting all ideas come out and be given a chance to breathe, without the judging and criticism that might otherwise kill them. The setting is as important as the mix of people involved and how it is structured. To get the right brain to do its job, some form of "meditative zoning out" is required so the left-brain doesn't interfere before the ideas have been properly formed. Finding a space without too much formality or rigidity helps. Some people have gone so far as to recreate the feeling of being inside a cloud by putting brainstorm participants inside a chamber made of billowing silk.

The left side of the brain should not be left out altogether though. It needs to be engaged to absorb any relevant information and, once the right half has done its job and been allowed to come up with ideas unencumbered by too much logic or analysis, the left



must be brought back in to edit and shape them. Bringing together a group of people to develop ideas is a mixed blessing. More brains are better than one because one idea can spark a better one in someone else, but it can easily become a competitive process with people pooh-poohing one another's ideas simply because they weren't the ones that had thought of them. The trick is to take the ego out of the process and to "follow Tinkerbell," the brightest light in the room. If the group is rewarded as a whole for the best idea, then people will be motivated to build upon one another's ideas rather than do their best to ensure theirs is the one that wins out.

What's The Big Idea?

Regardless of whether idea generation is done alone, in a team or as a group, one question that might on first blush might seem to have an obvious answer, but really doesn't, is: "What is an idea?" After all, each one of us has ideas everyday. Ones like: "I know, I'll go and get a coffee now," or "I think I'll wear the tie with little fishes on it today." These are hardly earth shattering innovations: they don't involve much of our creative potential, they are just thoughts that pop into our heads. Then there are things we do which aren't ideas, but can loosely be described as creative. We doodle in meetings, we make jokes and we help with our kids' art projects. Again, nothing that will bring us fame and adulation, but we've at the very least made something from nothing that has some sort of meaning to us, and possibly to others.

Music is a great example of creativity at work. The Beatles were naturally gifted musicians and right from the beginning when they performed as The Quarrymen and then as The Silver Beatles they demonstrated amazing raw talent. To start with though, the songs they played weren't their own. They were covers and, while the lads certainly added their own distinctive style and flair, there was a long way to go before The Beatles would reach their creative potential. In their early days John and Paul would write songs that sounded like all the other songs they had been playing in The Cavern Club or in the Hamburg clubs where they would often perform throughout the night. After a lot more practice at songwriting they got better and better at it until, at last, they were able to produce truly original songs, many of which became instant classics.

Their first hit was in November 1962¹, and over the next eight years² they produced some of the finest popular music ever created. One album in particular stands out. On June 1, 1967, they released *Sgt. Peppers Lonely*



Hearts Club Band. This was such an original album – chock full of ideas, experimental recording techniques and unique songwriting. They had begun to understand what a truly original idea was, and their fans could hear it in the music. The day the album was released it could be heard blasting out of houses, bedsits, apartments and palaces all over the world. They had practiced so much at being creative that on *Sgt. Pepper* they broke through the "brain barrier" and delivered a pop music masterpiece.

It inspired other musicians as well as fans. Jimmy Hendrix learned the whole album the day it was released, and just three days later at a gig at the Saville Club in London, much to the amazement and delight of an audience that included Paul McCartney and George Harrison, he performed his own version of it. Jimmy had no trouble in letting his creativity flow. He also knew that the more you practice being creative the better you get at it. A musician can instinctively tell the difference between a great melody and a bunch of notes and, through practice and experience, anyone learn to judge their ideas and decide if they are exciting and compelling – even unique – and, if not, how to improve upon them. You don't need to be a musician or artist to be creative, but you can learn from how they think.

We all have natural creative talents that need to be encouraged and shaped, but we don't all recognize them or do what it takes to bring them out and improve upon them. By unleashing the creativity you had in spades as a kid, by visualizing what an idea will look like once its completed and by using the right thought processes necessary to carry it through, you will find the edge you need to be seen and heard above all of the chatter and noise coming from the more mediocre maelstrom. As The Beatles proved, when we combine the process of creativity that we all innately have with our ability to come up with original ideas, we have the power to transform. And in business that can mean transforming people, transforming market sectors, transforming whole industries.

¹ *Please Please Me*, their second single, was released in November 1962 and went to Number 2 on the UK charts.

² *Paul filed suit for a dissolution of the band on December 31, 1970.*

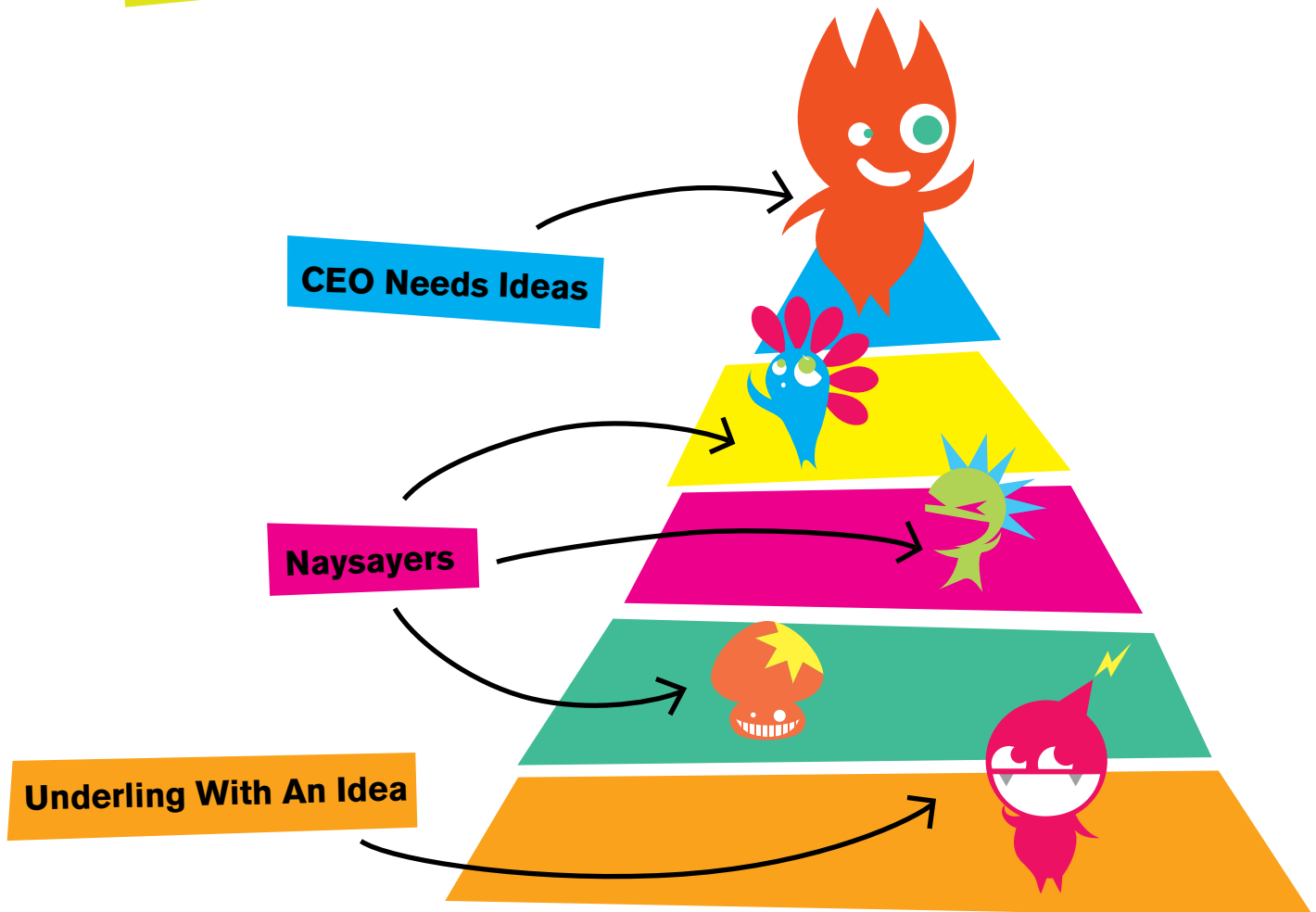
But, one step at a time. We should start small. A mindset of thinking we need to create the big, business-changing, earth-shattering idea might end up leaving us paralyzed with fear, unable to do anything other than business as usual. Even the biggest innovations are usually a series of little ideas added together rather than a single big breakthrough. Take a company like Apple, for instance, one of the most innovative around, one that consistently launches transformative products like the iPod, iTunes and the iPhone. None of these innovations was a single idea, but instead were the combination of many smaller ideas packaged beautifully together. Yes, think big, but start small.

The Pyramid of the Powerless

Even when you have a great idea, the battle isn't over. In fact, it's only just begun. A funny thing happens in corporations when people have ideas. The idea, often created by someone far down the food chain, sometimes never makes it through the multiple layers in order to get to the CEO. At each layer there are people who have the power to say "no," but very little power to say "yes," and the idea dies before it ever gets to the decision-maker. As Charles Kettering, inventor of the starting motor among others, said:

"If all the naysayers had to be met, nothing would ever be invented."

Welcome to the Pyramid of the Powerless.



Jack Welch, former CEO of GE urged corporations to: “Use the brains of every worker. Make sure that it is the person with the best idea who wins. Reward and celebrate new ideas to encourage others to want to contribute as well. Reward those who live the company’s values, show ‘guts,’ and, in doing so, make the numbers.” Most corporations would agree with this. Time after time, in survey after survey, they talk about the need for new innovation to drive business. Yet still, the trash cans of corporate America are full of the rejected ideas of dejected innovators.

Serial entrepreneur and fashion designer, Christian Audigier, structures his business in a very different way. He was the driving force behind clothing brands Von Dutch and Ed Hardy and is credited with making the trucker cap such a hot – or is that, “cool”? – item a few years ago. Audigier allows ideas to be heard from every part of the organization, from whoever has an idea regardless of their position or title. His sprawling offices in Culver City, California, are set up more like a designer hotel than a typical corporate headquarters. Lounge areas and chic young people are everywhere. When a meeting to discuss the latest project is needed, he often invites anyone within earshot who has time to attend and something to contribute. Secretaries and other junior staff members mix with vice presidents and company directors in these free-for-all ideation sessions, shouting out their thoughts without regard for rank. He knows that **if people are given license to be creative, they will be, and that the right environment is critical to helping people kick the right half of their brains into action.**

How Audigier consistently comes up with innovations that rock the fashion industry is something we can all learn from (CONT...)



THE BUSINESS PLAYGROUND

samplewriting

CHAPTER NINE: IN THE PIPELINE

IT MAY NEVER HAPPEN – BUT IT JUST DID!

The music business has been collapsing for the past seven years. In 2000, U.S. consumers bought 785 million albums; last year they bought just 501 million. Digital downloads have been steadily increasing, and in 2004, for the first time iTunes sold more music than Wal-Mart, but it has not been enough to compensate for the decline in CD sales and the rampant piracy.

Dave knew the business was going pear-shaped in 1985 or 1986 when Jose Menendez was brought in from Hertz Rent-A-Car to run RCA Records in New York. The first Dave heard of it was when he went to a meeting at his office (Eurythmics' manager had met him once and refused to work with him). Dave was summoned to meet him and talk about plans for the new Eurythmics' album, called *Be Yourself Tonight*.

He sensed something was wrong as soon as he entered the room and had an instant weird chemical allergic reaction. Menendez was a big man with a big handshake (which didn't save him later when he and his wife were gunned down by their own children).¹ He said in a booming voice: "Great album, Stewart!" adding, as he slapped him on the back, "Sounds just like Ghostbusters!" Dave nearly choked on his gum. Before he could speak Menendez said, "I've done a deal that's gonna blow you out of the water," and proceeded to tell him that McDonald's had agreed to make mini Dave and Annie toys and that with every 10 or 20 (or whatever number it was) of toys collected, you'd get a free album.

Dave was trying to tell him that Annie was vegetarian (and was also on the cover of that month's *Vegetarian Times* magazine) and was a practicing Hare Krishna, but he was very forceful and overbearing, and Dave was soon nudged out of the office. Menendez had artists in and out of there like a revolving door and as Dave left, he saw a confused looking Cyndi Lauper about to be wheeled in.

¹ Lyle and Erik Menendez shot and killed their parents on August 20, 1989. They each received two consecutive life sentences without parole.

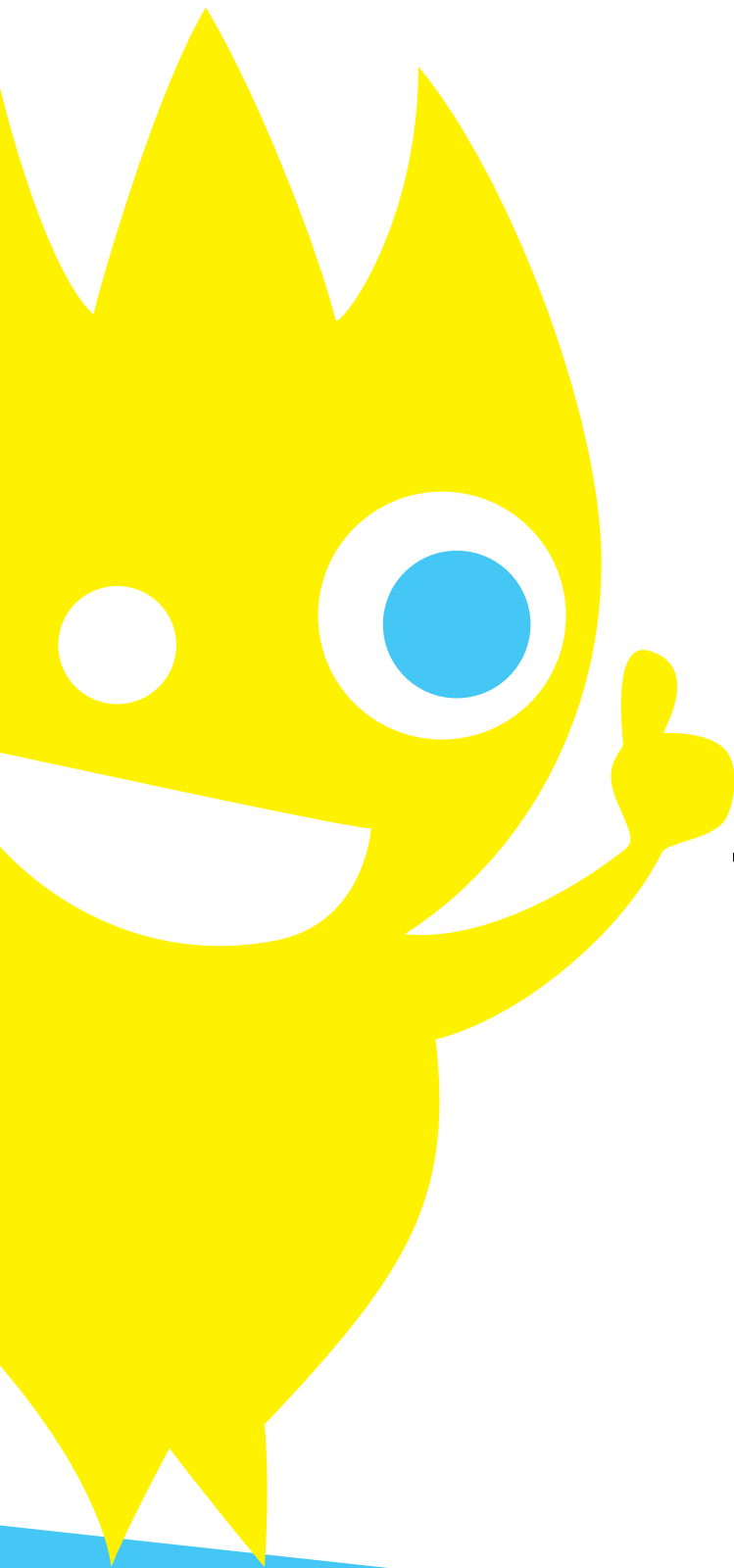
² iTunes was introduced by Apple on January 9, 2001 at the Macworld Expo in San Francisco, and launched as a service in the spring of 2003.



In those 15 minutes Dave saw the future of the entertainment industry. And it was burger-shaped.

Fast forward to 1996 and Dave was busy developing Internet TV (a dozen years before YouTube was launched), which he called the "Sly Fi Network." He was basically using the Internet as a way to start his own TV channel. The audience were just a few hundred of the people who had broadband, but they were howling with laughter and lapping it up as the content was pretty amazing – it had everyone from Bono and The Edge to Damien Hirst and his "penis trick," the very sexy Natalie Imbruglia, visits from aliens, and even Deepak Chopra as an announcer. Dave was into it in a big way and became the first person to do a live 24-hour Internet broadcast (actually he fell asleep for four hours of it and left some alien dummies in front of the webcam that his assistants moved occasionally).

He knew this was the future and that once his channel was up and running with advertising he'd be unstoppable! So he released an album available to download on the web – seven years before iTunes was launched² – and all 500 of his fans that had high-speed Internet access bought it.



By 2000, he'd realized that in order for artists and content creators to survive at all, they had to take control of their situation. And so he came up with the idea that artists should start a "bank" called, surprisingly enough, "The Artists' Bank" (he stole the idea from The Farmers' Bank). As you can imagine, trying to round up lots of artists is a bit like trying to saddle a rat, and getting them to talk about finance often seemed about as difficult as selling Bibles in a brothel. Of course, when he got the attention of Deutsche Bank, things started to happen. Dave pulled together first a meeting in their boardroom in London where Mick Jagger turned up and said loudly, "This is the first time I've been in a fucking bank in 30 years," and then a meeting in their New York boardroom, at which Stevie Wonder arrived on time – a miracle! A miracle because Stevie doesn't see time as particularly relevant.

Now, when you are standing at the head of a huge boardroom table on the top floor of the biggest bank in Europe, addressing everyone from Quincy Jones to Mick Jagger,

YOU HAD BETTER HAVE SOMETHING TO SAY.

So Dave announced that this was the end of the entertainment business as we knew it.

Michael Philipp, who at the time was on the board of Deutsch Bank³ and was at the meeting in London, recalls: "When I first met Dave in September 2000, he talked for 12 hours about the impact of digitalization on the production and distribution of media. As a banker, I didn't know what the hell he was talking about: nor did anyone else. Over the next five years, we all found out."

Everyone was very interested in what Dave was saying, but no one was totally convinced by his idea of a bank for artists. There were lots of heated discussions and plenty of puzzled expressions. All the artists knew that he was making some kind of sense but, because he was an artist too, they must

³ Michael Philipp is now Chairman and Executive Board Member of Credit Suisse Europe, Middle East & Africa.

have thought, “Uh-oh, Dave could be nuts but it’s hard to tell because we are a bit nuts too.” There were non-artists there too – a publisher, a record executive, a lawyer representing Dr. Dre – and, by the looks on their faces, they were petrified that the lunatics were taking over the asylum. As far as Dave was concerned, the lunatics were already running the asylum.



What he was trying to explain to everyone there was that the Internet can be a good thing, if only we take control. The old business model was to retain control of manufacture and distribution, bamboozle the artists with contracts and then, when the money started rolling in, to hold onto it for as long as possible. And then finally, months later, when you had to pay the artists what was owed, deduct as much as you could for as many reasons as you could think of (such as a 25% deduction for costs of packaging). Music publishers were basically the equivalent of bad mortgage companies that loan you money at incredibly high interest rates, then, when you have paid off your loan, they still own your property (i.e. your songs).

Rather than embrace the Internet and find new ways of doing business that reflected consumers’ interest in downloading music digitally, the record industry got scared about cannibalizing existing sales and missed their opportunity. They thought: “If we keep our heads down it might never happen.” On June 15, 2000, the industry’s top executives had gathered for secret talks with Hank Harry, the CEO of Napster, the rogue file sharing website that had been giving fans access to digital music downloads. They discussed a subscription service for Napster’s 38 million users that would give them the ability to carry on downloading for a flat monthly fee of about \$10, revenues to be split between the labels and Napster. But the record executives simply couldn’t take the final leap and the deal was never done. Napster went bust a year later, but it wasn’t for another two years that the industry finally launched a legal, user-friendly service. By then, consumers were too used to other ways of getting the music they wanted.

What Dave was suggesting with his Artists’ Bank was that they create a cooperative that as part of its services to the members/artists, the bank would collect publishing royalties for a low 2% charge, rather than the 25% rate the publishers were currently charging. His logic was that if the new bank charged more favorable rates to the artists and offered other concierge services to them, then all the songwriters and content creators would move their accounts there, and eventually the bank, rather than the greedy publishers, would have the “float.” Payments of royalties to the artists would be transparent and quick – seconds rather than the 9 to 27 months it usually takes to get royalty checks – as the bank would be co-owned by the artists themselves. And the bank would get billions of dollars of royalties streaming in. A win-win, you might think. But, of course, there were, and still are, reasons why others – the intermediaries – might not want to change the model.

One day, very soon, his idea will be realized. It’s taken seven years so far and a lot of meetings, but it is finally beginning to happen. It couldn’t have gotten this far unless he had absolute faith in one simple, big audacious idea.

He kept asking “WHY?” over and over again. He didn’t see why he had to follow the rules if they no longer made sense. Children do this too.

They constantly question us adults about why the world is the way it is and sometimes the answer, “Just because,” isn’t enough. The entertainment industry needed to change and Dave could see a straightforward (he didn’t say an easy) way to change it. As they say, “necessity is the mother of invention,” and in this labor, the birth has been long overdue.

Big ideas like this one happen because the old way is broken, and people who question and put their creative skills to work can come up with amazing solutions.

Muhammad Yunus and his Grameen Bank won the Nobel Peace Prize in 2006 for their innovative system of leveraging small loans into major social change for impoverished families. Yunus started his work over 30 years before in his Bangladeshi village by giving women \$27 loans to buy straw to make stools. He defied conventional thinking – he asked “why?” – by not only loaning money to poor people who had little or no credit, but by loaning the money to women in a Muslim country. Women, he had found, spend the money more wisely (and don’t just drink it away) and are more likely to pay it back. Over the last three decades his Grameen Bank (which means “village” in Bangladeshi) has lent \$5.72 billion and claims a 98% repayment rate. Yunus wants to eliminate poverty in the world and for the past few years has been giving even smaller loans (\$9) to street beggars to supplement their begging and give them back their dignity.

It’s now 2010 and Dave’s bank – the Artists’ Bank – is up and running. He’s having breakfast and on his Nokia mobile device he’s logged onto his virtual world to see what’s happened while he’s been asleep. Ah, nice, he’s had 465 new subscriptions and 1,312 downloads. He flips to “maps” and sees a pin chart of where the download clusters are, then switches back to his world to upload a track he just finished the previous night.



Dave looks at his Artists' Bank account to see a transparent and detailed chart of where his finances stand and how much he's earned in the past 48 hours. He switches it to a colored pie chart that shows revenue from publishing, mechanicals, merchandising and subscriptions. He logs onto his Artists' Bank investment portfolio to check on Fit 'N' Green, a company he's invested in that turns energy burned in gyms into power and gives credit points on memberships. Lastly, Dave goes to his donations map and clicks onto the various families he's supporting to see how they are doing and looks at Kiva to add a new one onto the list.

Later in the day he meets a young songwriter called James Townsend and shows him the Artists' Bank on his Nokia device. Dave sends him some tools to build his own virtual world and then adds one of James' songs that he's sent to his world, so linking their two worlds together.

Dave notices that James has already created a 3-D performance of himself singing

with his acoustic guitar in his bedroom and he watches it on his phone's stereoscopic screen

(3-D, but no silly glasses). It's really cool, so Dave gives him a head's up and, later on, when some friends are round, he links his cell to his 3-D TV through WIMAX, and they drink some wine as they watch James perform live from his bedroom. They chat to him on their cellcam and connect in a friend who has a small club, who checks him out and ends up giving him a gig for Thursday night.

That Thursday they head to the club (it's been going since the 1970s) on Sunset Boulevard. As Dave's wife is driving he flips to music maps on his cell and sees that Bowie and Tom Petty had played there in 1979, and a pop-up on the screen asks if they want to buy a rare Tom Petty track. Hell yeah, he thinks, so he just clicks "yes," puts the phone into the holster and blasts out Tom's "Breakdown" as they drive along. They hop out at the club, Dave touches the phone to the door and they are in, buying drinks from his Artists' Bank account. On the way out he clicks the option to have the audio of what they just saw on stage for \$2.00. When James gets home he sees on his phone that he's made \$88.70 in live downloads from his gig and four people have subscribed to his world at \$1.99 a month each. James sits down and sends them a poem to say thanks and says he'll be sending them a new song next week.

The change that others thought would never happen...well, it just did.

