



CASE: E-455
DATE: 01/08/13

WEDDINGTON WAY

OK – So How Do You Start a Company Again?

Ilana Stern sat at her desk in her Palo Alto pass down house. It had been 48 hours since she graduated from Stanford's Graduate School of Business (GSB). Her housemates rushed around the home they had shared during their second year at business school, busy packing for exotic summer trips, and getting ready to relocate to the East Coast and start exciting new jobs. For Ilana, the moment was bittersweet; saying goodbye (at least for now) to close friends was sad but she was enthusiastic to begin a new chapter of her life and career. She had entered business school nearly two years earlier with a plan to leave Palo Alto and make a difference. Ilana had worked in the fashion business, an industry she saw as being flawed in a number of ways. While some new age retailers had emerged in recent times, many of the old guard were run largely as old boys' clubs and didn't seem to take advantage of the potential benefits possible through technology. What's more, many had missed the fact that their customers had changed the way they lived their lives: how they communicated with friends, how they learned about new products and most importantly how they shopped. While her possible career plans after business school hadn't necessarily included being an entrepreneur, the past two years had led her down a path to forming a new venture, Weddington Way (WW). With those two years in the rearview mirror, she was about to start her company in earnest. During that time she had secured a talented group of advisors, raised some seed money, contracted with suppliers and refined both her understanding of her target customer's pain points and how her company could solve them. The problem was the next steps simply weren't that obvious to her. She knew she needed technical resources to launch her service and acquire customers, but opinions on how to best reach those goals were far from unified.

First, Ilana knew she needed to launch her website. She needed to decide what features the site should have and how refined the offering and scalable the platform should be. Her choices

Professor Jim Ellis prepared this case as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. Revisions were made by Justin Randolph (MBA '12).

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would all have a material impact on initial consumer experience, early reviews, customer satisfaction, sales, as well as demands for human and capital resources. They would also drive her first major personnel decision. Having no technical background herself, Ilana certainly needed to bring someone to the table that could help shape and implement her vision of the service. She had looked preliminarily for someone “across the street” in the Computer Science Department who could be her technical co-founder. Ilana’s advisors had uniformly counseled her to find a strong technical partner and suffer the equity dilution required to get this person on board, and she was fully prepared to share ownership as needed for the right person. Unfortunately, she hadn’t found anyone particularly interested in the problem she was trying to solve. Lastly, she had to consider how the business would acquire customers. She had hoped that there would be a viral groundswell that would drive new customers to the portal, but it seemed to her that she might want a more comprehensive plan for bringing folks to her site if they didn’t catch the virus on their own. Advertising, search engine optimization, blogs, PR, social network advertising - all had been mentioned and touted as “the answer” by one expert or another. The fact was that she had limited resources (\$120,000 largely from classmates and friends) and a team of one (including herself), so she was going to have to make some tough decisions.

BACKGROUND

Ilana Stern grew up in sunny Southern California in a family of two children. Her older brother, Ari, always encouraged and challenged Ilana over the years. Her dad was the son of two holocaust survivors and her mom was the daughter of a successful entrepreneur. They had gone out of their way to instill in their children a sense of personal empowerment. Ilana recalled that, as the younger child and only daughter, her parents made extra effort to ensure that Ilana never felt limited in what she could achieve:

I remember as a kid I always wanted to play in the sandbox with the boys, and Mom and Dad encouraged that. They taught me that I could do anything that my brother could do – period (and I always tried to do more)! Whether it was sports, school or later in my professional life, I never recall either of my parents ever telling me “you can’t do that”. Time after time I’d share with them a challenge, which was typically met with a hug of support and a pat on the back for what I’d accomplished, followed by a gentle kick in the rear and a “well what are you going to do about it?”

After attending the University of Pennsylvania, Ilana endured the chiding of her classmates and turned down her offer at McKinsey to accept a position at Bloomingdale’s. Ilana recalls:

It was a “crazy” decision among the Penn crowd. Most of my friends didn’t understand why I’d do such a nutty thing. It was, for many good reasons, one of the best firms and positions available through on-campus recruiting. I just felt compelled to get some operating experience. I really wanted “to do something” rather than “help figure out what others should do.”

After three years and three promotions at Bloomingdale’s Ilana was ready for a change and applied to Stanford’s GSB (see Exhibit 1):

I left Bloomingdales for a few reasons. First, I had learned a great deal and was given wonderful opportunities, but my next promotion would likely land me in a middle management plateau for an indefinite period of time. Above me were a group of well qualified people who had held positions for years. More importantly I didn't see the opportunity for me to have an impact on the path I was on. My father was an entrepreneur, and while I never romanticized that as a career path, I knew that the thing that motivated him the most was the opportunity to make a difference, to have a meaningful positive effect on outcomes and people's lives. I went to the GSB knowing that I shared that passion with my father, and that I wanted to combine that with my love of fashion. I guess I envisioned joining a company and one day playing a meaningful role in shaping its future, hopefully as CEO. I wanted to make a difference – to an organization, to its customers, and its employees. I guess it also bothered me that there weren't more women running companies that were in retail or that sold to women. It seemed to me that there should be more and I felt an obligation to put myself in a leadership position – if I wasn't going to do it, why should I expect someone else to.

THE IDEA

Ilana's first year at business school went as planned. It was filled with the breadth of courses she had hoped for, and she had also had the chance to meet many GSB alumni who were playing important roles in a range of industries. By the time on-campus recruiting came around in December for summer internships she was torn between fashion retail and consulting:

After looking at all the firms that came to campus I decided that maybe consulting would be fun. I liked my classmates who came from the industry, and at Bloomie's I was so heavy into execution, analysis and projections that I didn't have much time to really sink my teeth into strategy, but really enjoyed it when I did. So it left me wondering, "What would it be like if I had the luxury of time to do strategy all the time?" Consulting to me was that job where I would get this opportunity, and I wanted to try it. I guess I wasn't all that sure that my Penn classmates weren't right four years ago. I needed to find out how good a fit consulting was for me first hand, so I accepted an internship at BCG. It was a wonderful summer experience. I enjoyed the people and the work was interesting. At the end of my internship they made me an offer to return full time after graduation, and I accepted.

Even with that opportunity in front of me, I wasn't 100% willing to leave my passion for fashion or curiosity about start-ups behind. I chose to do two internships because I was spending a lot of time and money on school and only had one summer. So I wanted to make sure I used the time to explore things I most wanted to learn about. Consulting and startups were the two things I was most curious about, so that's where I chose to spend my time.

Bonobos was a startup that had always intrigued me. I met Andy Dunn, co-founder and CEO of Bonobos, in NYC when I was applying to the GSB and he

was just launching Bonobos, and I was really impressed by him. Bonobos was at an early stage and going through some growing pains, and I thought it would be a great place to get that startup exposure. So I emailed Andy and gave him a list of ways I could help Bonobos based on my experience and the growing pains I guessed they were experiencing. He responded in a few hours with an offer.

It was during her time working at Bonobos that Ilana's vision of Wedington Way began to take shape.

I suppose the initial idea for Wedington Way came from my personal experiences. I had been a bridesmaid before and I, along with all my friends, hated the dreaded bridesmaid dress and the whole experience. I remember being the maid of honor for a close friend. Having been in fashion, as part of my duties I was put in charge of the bridesmaid dresses. I decided I would use my contacts in the fashion industry to get all the maids in ready to wear dresses - and it was a disaster. The selection, the fitting, the delivery, the last minute rush – everything! We all hated it. I knew there had to be a better way, but like many things that are occasional annoyances I never thought that much more about it. The spark that lit the fire for me happened during the summer between MBA1 and MBA2 while I was interning at Bonobos. Looking at Bonobos' early customer acquisition models was really helpful in gaining an early understanding of key acquisition drivers for ecommerce businesses, something completely new to me since my prior retail experience was brick and mortar, not e-commerce. In addition to doing projects for Andy I had the flexibility to spend some time thinking about what interested me. It was a great balance being part of a living, breathing startup while working on my own thing. During that time, I started to explore the bridesmaid dress category. I knew it was a pain point but once I really started to dig deeper, I was shocked. Through some sample online shopping, I realized there were few options and those that existed sucked. To me it was clear that my friends and I live our lives differently than our mothers did - Amazon, Facebook, email - but we do wedding planning the same way it was done 30 years ago. It was then that my mentality started to transition from thinking this is a “real consumer pain” to this is “a real consumer pain AND a possible business opportunity.”

Bridesmaid dresses are traditionally sold through local brick and mortar shops that cater to the wedding market. They carry brands that produce made-to-order dresses as opposed to the ready-to-wear brands that the average female consumer is used to seeing in department stores. Unlike a traditional ready-to-wear store, bridesmaid dress stores don't carry inventory (other than floor samples) and the dresses are only produced once the customer has ordered them. These shops typically carry a limited number of brands from manufacturers who specialize in this category. Mainstream dress manufacturers don't cater to this market; some have tried but have found it incompatible with their broader inventory models. On the retailer side, the experience for customers can be very frustrating:

- It takes a lot of legwork to shop a variety of the made-to-order brands. The landscape of brick and mortar stores is fragmented with no real one-stop solution. For those who don't live in a major city, the nearest store could easily be 50 miles away. Furthermore, the brands are different in this space than in traditional ready-to-wear, so brides find themselves shopping an unfamiliar set of brands
- Brick and mortar stores don't accommodate shopping by color well. Color is the key driver in dress decision-making for brides, but brick and mortar stores carry a limited inventory of sample dresses in one color/size combo. Made-to-order bridesmaid dresses often come in anywhere from 12 to 50 colors, but shoppers typically only see a sample in one color
- Coordination is challenging because bridesmaids are usually geographically distributed. This makes shopping together very difficult, and decision-making, purchasing and post-purchase tracking can be a nightmare
- It is very difficult to find one dress that looks good on many different body types. Brides often end up just choosing one dress for everyone because coordinating different people in different dresses is often impractical. Brick and mortar retailers in this market are very unsophisticated when it comes to technology. They often still transmit orders by fax machine (and ask bridal parties to place their orders by pen and paper/fax)

Ilana's idea was to offer bridesmaids a broader made-to-order selection (with more brands, price points and aesthetics covered), social tools to help the bridal party coordinate with one another, better information and assistance on styles and fits, and 100% reliable delivery. If successful, her company would also provide dress manufacturers access to the online market and to consumers through the social networking tools that Weddington Way would employ. Her goal was to match rather than beat the prices of the brick and mortar retailers. She felt that her combination of selection and superior service would support this pricing strategy.

Returning to Palo Alto and second year classes, Ilana chose to use her bridesmaid concept as a vehicle for applying class content to an area she was passionate about:

So I thought what the heck, I'll spend some of my time at the GSB looking into the idea. It will be a learning experience – it wasn't yet a driving passion that I had to launch this – just a good context for learning. I called the idea "Always a Bridesmaid", not half bad for a working title of a class project. Worst case, it would be fun and a useful case study to make GSB cases and projects even more interesting for me. The first stop was a September Session 15-person class called the New Venture Workshop, where I had the chance to pitch a short version of the concept to students, entrepreneurs, and seasoned investors. I included a description of the service and opportunity, as well as some rough estimates of cash and staffing needs and some very preliminary revenue projections. (See Exhibit 2 for an excerpt from this presentation.) I was a former Bloomingdale's buyer pitching an idea to revolutionize the bridesmaid dress industry to a panel of seasoned tech investors, so when I got a really positive response to my pitch I was actually kind of shocked. Don't get me wrong: people pointed out lots of flaws, but I was very surprised that the positive comments outweighed the negative.

After pitching in New Venture Workshop, I realized that “this isn’t just my imagination...seasoned entrepreneurs and investors think this is compelling too.” Over the summer, it felt like it was worth my time as a project BUT, after New Venture Workshop, it became more than just a project yet certainly still far from something I was fully committed to.

New Venture Workshop was valuable as it forced me to do the initial thinking/vision work around the pain/solution as well as the initial analysis around the market size and size of the opportunity. Industry reports indicated that weddings represented a \$50-70bn market. Through a straightforward, top down analysis, I determined that bridesmaid dresses were more than \$2bn of that pie¹. At a reasonable marketing budget, I figured we could conceivably be a company with \$100mm in revenue and still only be 5% of the market – a fact that made me more comfortable with the opportunity.

Overall, the outcome was that I had a good platform to jump off of after getting some good early validation as well as poignant questions from the panel.

Ilana used the time she had during the fall of her second year at the GSB to examine, test and validate her key assumptions:

Over those first 10 weeks of the quarter I talked about the idea with anyone that would listen - alumni, friends, classmates, and faculty. I learned a fair bit of information about the macro market and about entrepreneurship in general, but very little about customers and how they made their decisions. That I gleaned from wedding blogs, and I attended a couple of local wedding “trade shows” which were more targeted at brides than they were at trade. I began having lunch with at least one classmate each week to talk about the concept. These included people who worked in tech, worked at startups, worked in VC – anyone with remotely relevant experience. I also did a call a week or so with an alum who had some sort of related experience, and I participated in two or three advisory sessions at the CES with alums or investors who were willing to give time to students interested in startups. This was all pretty informal during the fall. I was “shooting darts” more than anything, just trying to find people I could talk to about starting companies, raising money, etc.

Over the next couple of months, I refined the New Venture Workshop presentation and I pitched at basically any event I could – Pitch It, e-week, etc. It was great practice pitching and a wonderful source of feedback. I really got to a point where I could predict 99% of questions people would ask, and things they would challenge. For the most part I felt reasonably comfortable with my answers, but there were still a lot of unknowns. The pitching also helped get word out in the GSB community about Weddington Way, which again got some folks cheering me on to keep working on the idea.

¹ Through publicly-available data, Ilana determined that approximately 2.3 million couples get married annually in the US, that an average US wedding includes 4-5 bridesmaids, and that the average bridesmaid dress costs \$200.

TO LEAP, OR PAY THE RENT?

Things were happening quickly for Ilana, but she came to a decision point just before winter break of her second year at the GSB. The idea was building momentum – friends who had heard about the concept were offering introductions, suggestions, ideas and even to invest seed capital. In Ilana's mind, the next steps started to become clearer:

At first, the process of thinking about a new business feels like boiling the ocean. There are so many unknowns and so many possible next steps to take. As the year went on, I came to see the three biggest elements as being pretty simple.

1. I need to get supplier(s). I can't really start selling dresses if no one will sell them to me in the first place.
2. I need customers. It's great that I have felt the pain, but can I convince potential brides that I have a viable solution?
3. In order to effectively address #1 and #2, I'm going to need money.

Compounding all this was the fact that Ilana had already accepted a full time position with BCG. It was painfully clear that getting this business started wasn't going to be a part time job, in fact it already felt like two full time jobs taking classes and just thinking about the idea.

All came to a head on a trip Ilana made to New York City at the start of winter break. While doing research for the idea, Ilana had contacted a number of dressmakers. One in particular, Bruno Elegante, was particularly helpful and took multiple calls to discuss his business as well as offer opinions on what he saw as the benefits and drawbacks of working with a business such as Weddington Way:

As a buyer I knew reasonably well what would sell and what wouldn't. It's hard to explain, but it's like a hit song: there are common elements and characteristics that make a dress bestseller for 5 years, whereas other items cycle more regularly. Some elements of products make them more attractive and sellable. There is consistency and predictability with those "hit dresses". So I selected the vendors to cold call by looking through wedding magazines and seeing who advertised a lot and had product I liked and which I thought fell into the "hit" category. I just cold-called vendors. I literally found the telephone number to the president of one manufacturer on LinkedIn, called the 800 # for other vendors and just asked for the CEO or head of sales, etc.

When I called vendors, I told them "I am a former Bloomingdale's buyer and am creating an amazing new experience for bridesmaid dress shopping, blending a curated assortment of merchandise with social tools to facilitate coordination. I'll be in NYC next week and would love to meet to share what I'm up to." That was basically the gist – the goal was to land the meeting where I could sell them, and I focused on the fact that I was a former Bloomingdale's buyer and was creating something exciting and new in their space. I wanted to make them feel like they

wouldn't want to miss out on at least understanding what we're up to. Most agreed to chat, but some didn't – a few even slammed down the phone and used ... some choice words.

Those that did talk with me on the phone didn't leap at the concept. They were quite skeptical. The biggest fear dress vendors expressed was that their brick and mortar retailers would be mad that they were selling online. Many of them didn't sell online at the time, some still don't, and some are adamant that they never will. Channel conflict was a major concern. I knew getting a vendor to work with me, and risk the wrath of the stores that provided 100% of their business (and were called on every day by their competitors), would be very difficult.

At the end of November Ilana called Bruno Elegante and asked whether he would be willing to meet in New York to discuss the idea further. While Bruno politely declined at first, he eventually agreed to get together but offered repeated caveats that Ilana should only come if she did so knowing it was an unlikely fit. Armed with a one page executive summary and a lot of enthusiasm, Ilana bought her \$99 discount ticket to NY (See Exhibit 3). Ilana recalled the meeting:

Bruno was no pushover. He had a real company with real employees and, real customers. He was a smart businessman with serious reservations about working with a startup like ours. He had a right to be skeptical – we didn't have a website, didn't have customers, didn't have employees, and didn't have any money. He was worried that his retailers would see his dresses online and lower (or eliminate) their orders from him. I couldn't give assurances that wouldn't happen. I also knew what I really wanted was his brand in our lineup just as much as I wanted his designs, so there was no white label solution to make the problem go away. It was a full two hour discussion, and at the end of it I walked out of the building with our first vendor. I didn't know whether to laugh or cry. As I stood there on the sidewalk of the garment district, I called my father to tell him the news. As I started to share my story, the reality hit me: we don't have a website, employees, customers or money... what have I done! I wasn't sure if I should walk back in and apologize or get back to California and start working.

Now all she had to do was make the big decision. Was this a project or a real business? Should she make a real commitment to a vendor with what she knew and the limited progress she had made? She had two quarters left at the GSB, but this felt like a real decision point. If she was going to make this her priority and planned to move forward she felt like she owed BCG the courtesy of a call. If she wasn't going to commit to this new venture completely she felt as though she had an obligation to let Bruno know.

THE REST OF SECOND YEAR

Having announced to BCG that she would no longer be joining the firm and with the difficult decision behind her, Ilana was fully committed to her new venture. The rest of her second year at business school went by in a blur. Ilana spent much of her free time working on Wedington

Way – conducting more research with potential customers, refining the product offering, and devoting thought to the “little details” of team and capital requirements. Ilana recalls:

It really seemed to become a near full time job. I didn’t let it detract from my academic experience – in fact I used WW to enhance it. If there was a project to be done, I had my market and subject matter. 356 became one of my most valuable courses. It gave our effort some structure, facilitated a mentor (who was very valuable), provided teammates to help with the assessment process, and gave me some additional time to examine issues I thought were important to the idea. I also continued to go to as many pitch events as I could. I even started meeting with VCs for feedback. I felt we weren’t yet fundable by any stretch (and if we were I wasn’t convinced VC was the right source of capital for me), but VCs were willing to meet and I valued their pattern recognition and advice. I met with alumni for feedback (one became an advisor and now is a board member). I went to New York in the spring for an actual trade show. I attended events at the engineering school and I worked on product specs for the site with a classmate. I conducted one-on-one interviews and focus groups with over 50 former brides and brides-to-be to better understand the user experience and the target market and received valuable input from over 300 market survey participants. I also developed a unit economics model and leveraged Bonobos’ early customer acquisition model to build a bottoms-up funnel of how the concept could scale and attain profitability.

It was certainly a more serious year for me than for some of my classmates. I really had to sacrifice, prioritize, and pick battles, as I couldn’t do it all – it was a choice that I was willing to make, and I was forced to focus my ‘social’ energy on a couple of friendships that I really valued and a few things I really wanted to accomplish while at the GSB (conducting a “TALK”, participating in the “GSB Show,” etc.).

A LITTLE HELP FROM HER FRIENDS

The second year of business school came to an end all too quickly. The prior two quarters had advanced the thinking of the business a great deal. The name of the business had changed when a classmate helped Ilana come up with Wedington Way (after a series of brainstorms at The Wine Room on Ramona), as a potentially more appealing name to the not-necessarily-flattering “Always a Bridesmaid”. Ilana had also learned more about the market and attracted a few other potential vendors.

While all that was “progress” of one sort or another, as the clock ran out on her student career the lack of financial resources was about to become a major issue:

Having a vendor was nice, but I didn’t have customers and had no capital to spend on things like a website, customer acquisition, employees – even just setting up the company. One day with a week or so left in the academic year I walked into the financial aid office and found out I was eligible for \$45,000 in student loans and borrowed this money right away. I had lived frugally while at Stanford and

anticipated that I could probably cover personal living expenses for the better part of a year on that amount – not well mind you, but I was planning on working all the time anyway so I didn’t need a great deal of entertainment money.

I also discussed the topic of funding with classmates, friends and advisors. As I shared the story and predicament with classmates, support came in all forms of advice and offers to invest. This seemed very attractive although not without risks, and I had to think quickly about how to price and structure a deal with many of my closest friends. By the end of “dis-orientation week” I had offers for \$120,000 from friends and classmates. By graduation I had \$30,000 in the bank from “investors” and a promise of another \$90,000 as classmates received their signing bonuses over the summer.

GO BIG, OR LAUNCH FROM HOME?

Now armed with \$120,000 of capital and commitments, Ilana just needed to have a plan and then get things done – that was all! As usual Ilana reached out to advisors, professors, angels, VC’s – anyone who had an experienced and thoughtful perspective:

This was incredibly useful in those early stages. These meetings helped keep me going and created a sense of accountability when I was on my own and didn’t have employees or a board to answer to. It was really helpful just to have smart people to bounce ideas off of. The good news is that the general sentiment was encouraging. The challenge was that on the three biggest decisions facing the company the “right” direction was far from clear. I saw three major areas that were critical to the success of the business.

1. Technology resources: as a non-technologist, I needed to prove that I could manage an engineer and the building of a technology product.
2. Product: I needed one. I needed a website with features that addressed what I saw as the main benefits of our offering.
3. Demand: I needed to prove that brides and bridesmaids wanted to buy dresses from me, that I was in fact solving a pain.

FINDING A TECHIE

Finding a technical resource seemed like a logical first step for Ilana. That said, there were dramatically conflicting opinions on how to build a team:

I thought, “I need an engineer!” At least that seems to be the mantra for most aspiring GSB entrepreneurs with any online component! So I sought out perspectives from the successful web founders I knew. The advice they shared was, “Find a great technical partner across the street and, well, ‘get married’. You’ll need the horse power. You need a heavy hitter techie on your team. How can you have a tech startup without a tech co-founder? You’ll never regret having

a brilliant engineer as part of your company!" That was all fine and good but I wondered how to find them, how to attract them, and how to pay them. It was also a conundrum that most engineers are male, and I was working on a business targeted at women, solving pain that women relate to much better than men. What's more, I had heard the general buzz that high potential CS engineers weren't all that interested in "partnering" with MBA's. Let's face it, it was MBA's who went looking for them and not the other way around.

Ilana had to acknowledge that she might not be able to find a true technical partner, so she considered other alternatives to getting the product developed. One was to hire a lower level employee to do this work. This would have the advantages of costing less in equity dilution and requiring less of a commitment vs. forming a partnership. On the other hand, there were risks to this approach:

I wasn't sure what I needed: a designer, an architect, a programmer, or all of these in one person. How much was this person going to cost? Would I need to raise a LOT more money to be able to hire a good technologist and pay this salary? Where would I find them? Why would they be attracted to WW?

Ilana also considered the possibility of using contractors:

In some ways this was by far the easiest next step. It was the lowest level of commitment and it felt like I had better control over costs. But I had more than a few folks warn me against that path: "What happens when you want changes RIGHT NOW before a big push or meeting - will they be there? This is the core of your business, and working remotely with a contractor is tough. You don't know their quality and you'll find yourself with a mess, no money, and a less attractive situation for a new hire or partner to walk into".

Ilana knew she needed to sort this out quickly, but she really wasn't even sure where to start.

DEFINING AN MVP

Ilana turned her attention to the Weddington Way service and website. Maybe if she could put a tighter definition around what her initial go to market product would look like, it would help refine her technical needs:

In the valley there is a fair bit of discussion around "The Lean Start-up" and a "Minimum Viable Product" (MVP). That's easy to step back and pontificate on, but, when push comes to shove and you have to build something to attract and serve customers, it's much easier said than done.

I went out to my network and had conversations with entrepreneurs, advisors and experienced investors. No one was against MVP. It was more a question of what defines an MVP. Here are a few examples of the comments I heard:

- One VC said: “you only get one chance to make a good first impression. Don’t pinch pennies, have a great product. You can add some of the extra features later, but what you are selling is a customer experience. Make sure you get that experience, the fit and finish, right. You don’t want early reviews out there that call you unprofessional and cheesy – that can be difficult to undo.”
- One internet entrepreneur from class told me: “It’s trial and error here. Get to market fast. Do the whole thing on paper if you need to but get out there. If you’re not embarrassed about it you’ve done too much work.”
- Another entrepreneur offered perspective from his experience: “You don’t need all the fancy stuff, but make sure what you build is scalable, even if it has minimum features. We went the MVP route which eventually cost us over a million dollars. By the time we were into our second year we had some great traction, but the kludge we put together came apart at the seams. It simply wouldn’t scale, so we had to raise more money and throw the whole old platform out. It was expensive seed capital – we essentially threw out 25% of the company! That hurt. Do it right the first time.”
- Others (the majority) offered advice somewhere in the middle – not all the bells and whistles, but presentable.

But I had never built a website before. How was I supposed to know what was going to be easy and what was going to be time-consuming and expensive. Which features were “low hanging fruit” and “good bang for the buck” and what in the world was the difference between “scalable” and not?

It seemed to Ilana that a technical person would be really helpful about now.

YOU KNOW WHAT WOULD BE NICE – CUSTOMERS!

Last, but certainly not least, Ilana came full circle to where this idea all began – the customer. She knew they were out there; she was one of them. She knew there were millions of “her” out there each year, but how could she get them to the Weddington Way site?

This was certainly the third leg of the stool. A technologist who could build a great site was pretty meaningless if we built it and no one came. I felt we had the luxury of a relatively uncrowded space, at least with quality offerings, but if you Google “Bridesmaid Dresses” you still get 44 million responses – ouch. That still felt like a pretty noisy room.

So I went back to the usual suspects for advice and suggestions:

- “Go Viral. Brides love to talk and share information. This is the easiest and cheapest way to get customers. Your customer acquisition cost will essentially be zero.”
- “Search Engine Optimization – SEO. Buy words on sites, search engines and Google – that’s how people are looking. You have to be visible for them to find you.”
- “Push ads. Since no one is doing this on line in any meaningful way, go after members of wedding groups on Facebook or place ads on Facebook pages of women in your target age bracket who designate themselves as “engaged. That’s a winner.”
- “Partner with other parts of the “wedding process chain”. The wedding planning process seems to start with engagement rings, so find jewelers who will give you leads. Or wedding planners – they typically get involved early. They should be a great source of brides.”
- “Blogs. It’s free – haven’t you ever heard of gorilla marketing? Strike up a relationship with some influential bloggers. They love to tell their readers about cool new products and services, and yours is really cool.”
- “PR. Everyone loves a good story. Just get newspapers and bridal magazines to write about how wonderful you guys are. This is a fun story people would love to read.”
- “Keep it close to home at first. Just email your friends – high school, college, business schools. You know lots of people who are going to be in wedding parties in the next 6 months. They’ll be great customers and you can get your “sea legs” working with folks you have a connection with. They’ll be more forgiving as you iron out the kinks and it will cost you nothing to get them.”

At one level or another all these ideas made sense to me. Other successful on-line businesses had used one or more of these to get their business going and maintain momentum. Even after I solved the technical issues, that still left just me to figure all this out. Let’s be clear: the \$120,000 helped me sleep better at night (at least once I got it all in the bank) but that wasn’t a ton of money and even working seven days a week, I knew I only had so much time.

OK – BACK TO STARTING THE COMPANY

These all felt like they were of life or death importance at this stage of the venture. Ilana had called as many advisors and knowledgeable friends as she could think of. The irony was that every conversation opened up even more new possibilities of directions to go. It had been less than 48 hours since she had graduated from the GSB. It was her first day as full-time CEO, and

she felt the excitement of all the potential, and the terror, of being all alone with so much to get done – and get done right.

Ilana stepped away from her computer to say goodbye as the first of her three roommates pulled out of the driveway. As she sat back at her desk she couldn't help but think to herself, "Ok, what the hell do I do now?"

Exhibit 1
Ilana Stern's Resume (Fall 2009)

ILANA M. STERN

808 Boyce Avenue • Stanford, CA 94305 • (215) 292-6634 • stern_ilana@gsb.stanford.edu

Education

Stanford Graduate School of Business Stanford, California
 Masters in Business Administration Candidate – 2010 2008 – 2010
 • Activities: Executive Board Member, Women in Management, Undergraduate Mentor, Wine Circle

University of Pennsylvania Philadelphia, Pennsylvania
 Bachelor of Arts in International Relations 2001 - 2005
 • Graduated *summa cum laude*, GPA: 3.91 (Major GPA: 4.0), Dean's List all four years
 • Universita di Padova, Italy: Six-month immersion program in Italian Art History and E.U policy
 • Activities: Women in Leadership – Senior Executive Planner; Kappa Alpha Theta member

Experience

Boston Consulting Group San Francisco, California
Summer Consultant 2009
 Strategic Thinking/Analysis
 • Interviewed global senior leadership team of client, a global consumer products company, yielding process and culture insight for organizational restructuring and change management
 • Created methodology to assess scale in emerging markets and position client for rapid growth

Bonobos New York, New York
Summer Project 2009
 Strategic Thinking/Analysis
 • Advised CEO on how to drive growth strategy in the apparel organization through strategic hires and product line expansions

Bloomingdale's (Subsidiary of Macy's Inc.) New York, New York
 Fast-tracked career path with 2 promotions/3 positions in 3 years (fastest in training class)
Associate Financial Planner, Men's Outerwear and Trousers 2007 – 2008
 Strategic Thinking/Analysis
 • Built Spring/Fall 2008 financial plans by location and vendor (\$65M budget, 33 stores, 20 vendors)
 • Initiated and lead multifunctional team of 5 to mitigate liabilities during market downturn, resulting in 10% sales growth in outerwear while protecting flat trouser business
 Supply Chain Management
 • Restructured trouser replenishment business, resulting in returns of \$400K of slow-turning inventory

Senior Associate Buyer, Advanced Designer Sportswear 2006 – 2007
 Strategic Thinking/Analysis
 • Negotiated financial support from vendors for advertising, markdowns, and seasonal profitability
 • Communicated with store operations and managers to ensure timely delivery of receipts and monitor sales, resulting in 2% increase in sales penetration of non-flagship stores
 Supply Chain Management
 • Managed inventory, including return and reorder-swap negotiations with vendors
 Leadership/Team Building
 • Co-managed merchant analyst; trained executive new hire; appointed division advisor

Assistant Buyer, Contemporary and Better Dresses 2005 – 2006
 • Achieved top fiscal 2005 business performance in Women's Ready-to-Wear
 • Executed new brand rollout to 16 stores nationwide, resulting in \$500K sales increase year-to-year

Skills and Interests

- Foreign Languages – Fluent in Spanish and conversant in Italian
- Interests – Travel, fashion, art, sports
- Mentoring – Stanford undergraduate mentor; I-Mentor NYC ; Division advisor to peers and executive new-hire coach at Bloomingdale's; keynote speaker for Wharton Retail Club's "on the job series"

Exhibit 2
New Venture Workshop Pitch – Excerpt (Fall 2009)



Always a Bridesmaid

An online marketplace for bridesmaid dresses

September 17, 2009

Zappos for bridesmaids

Zappos is to shoes as Always a Bridesmaid is to bridesmaid dresses

Always a Bridesmaid will take the “zilla” out of bridezilla by...

- Providing brides with an online marketplace for bridesmaid dresses that will
 - Aggregate vendors in one easy to shop store front
 - Reduce the time a bride spends selecting bridesmaid dresses
 - Increase the bride's visibility into her bridesmaids' activities
 - Ease the time and financial burden her wedding places on her bridesmaids



1

Exhibit 2 (continued)
New Venture Workshop Pitch – Excerpt (Fall 2009)

An online marketplace for bridesmaids' dresses + the selection and service of a brick and mortar bridal shop

Alwaysabridesmaid.com will improve a sub-optimal experience for brides and bridesmaids by offering...

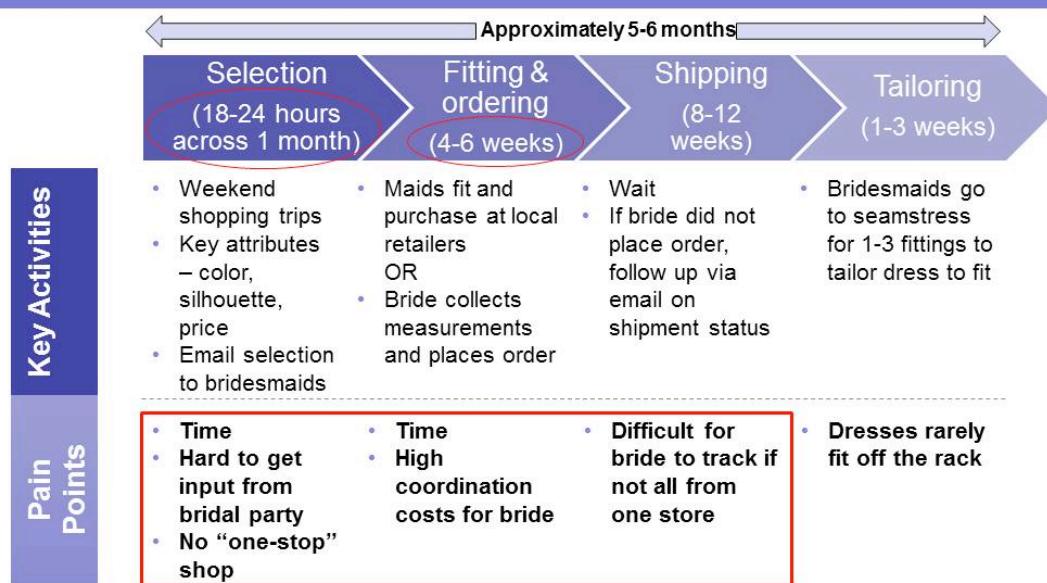
- A large selection
- An easy user experience
- Great customer service
- Technical functionality that enables her to
 - Have visibility into bridesmaids' order activity
 - Create a master calendar to send automatic updates and reminders to her bridesmaids

Why is this different from what's currently out there?

- Today she can only get this experience at a formal bridal shop where she is spending more time and money
- Existing online bridesmaid dress sites offer a limited selection of discounted dresses

2

The traditional purchasing process is time consuming and difficult to coordinate across a dispersed bridal party



3

Exhibit 2 (continued)
New Venture Workshop Pitch – Excerpt (Fall 2009)

Key attributes by distribution channel
 Online retailers offer limited selection of discounted dresses

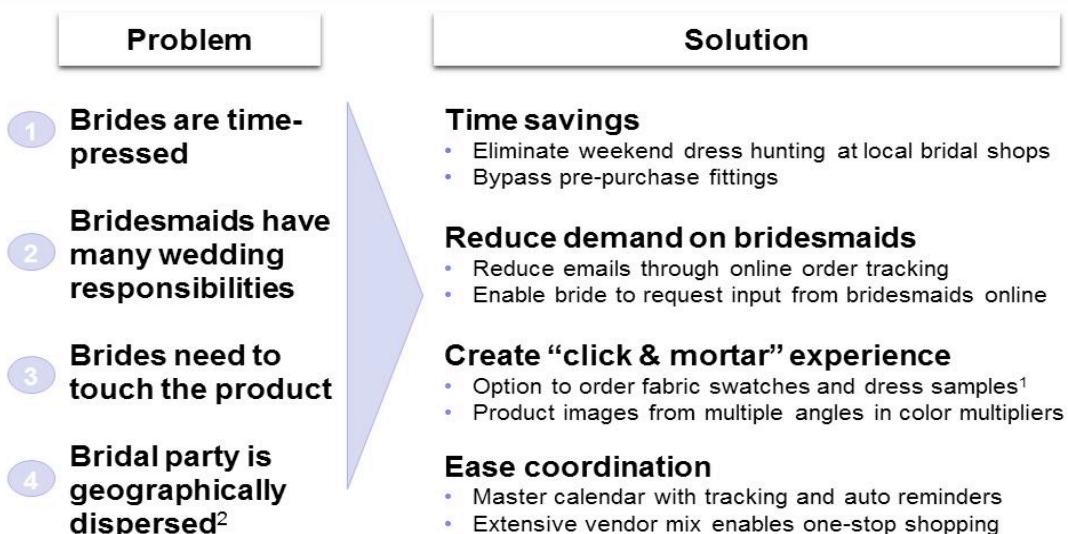
Channel	Price	Service	Turn-around time	Selection	Value-added offerings
Online Retailer	Low	Minimal	Quick	Limited	•Fabric swatches (sometimes)
Full service bridal shop	Med to High	High touch	Slow (but predictable)	Extensive	•Fabric swatches •Seamstress •Accessories
Discount bridal chain	Low	Minimal	Immediate/quick	Limited	•NA
Dept store	Med	Minimal	Immediate/quick	Limited	•Assistance of personal shopper (inconsistent)

Always a Bridesmaid will revolutionize the online space, as online retailer meets brick & mortar bridal shop.

Always a Bridesmaid will break from online standard and look similar to a bridal shop in terms of price, service, & selection

4

Always a Bridesmaid will save the bride up to 1.5 months while offering great service and a rounded assortment



1. Twobirds Bridesmaids has 70% conversion from sample order to dress purchase
 2. Nearly half of all bridesmaids travel over 50 miles for the wedding.

5

Exhibit 2 (continued)
New Venture Workshop Pitch – Excerpt (Fall 2009)

The result is happier brides and bridesmaids
The pictures look good & her girls will still be her friends after the wedding

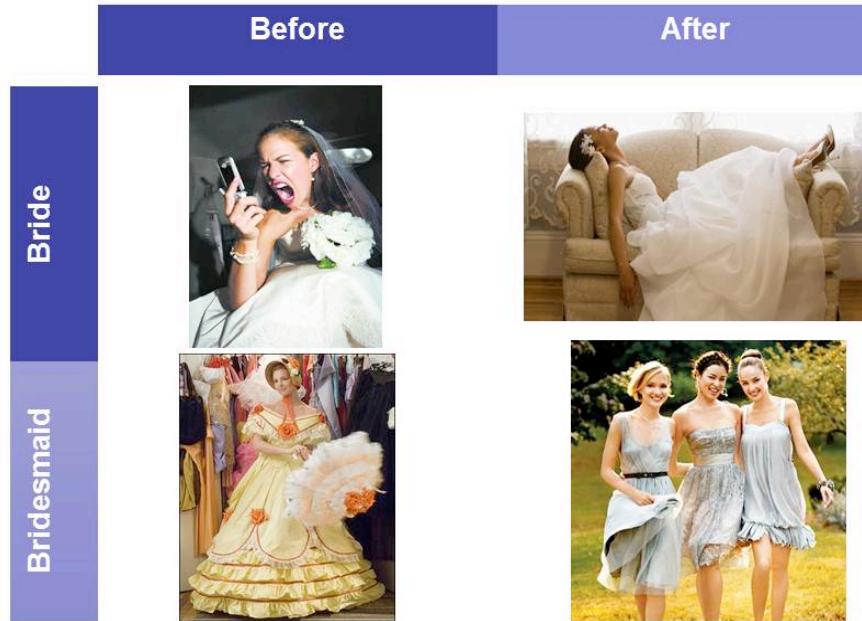


Exhibit 3

Executive Summary Used with Vendors (Fall 2009)



Exhibit 4
Always a Bridesmaid (Working Title), Website Screenshot Mockups (Spring 2010)



Select

- Try the dress before you buy it
- Share the experience with your bridesmaids
- Receive expert advice from AAB advisors

Always A Bridesmaid - Sexy Dresses - Sexy Collection Style 888

Home Dresses My Wedding Help Me!

My Final Selection

Priscilla of Boston Classics STYLE CL0065-S

Material: Silk	Color: Hildnight Blue	Silk Deep Purple
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Dress Sample

In Basket

Discussion Board

Ilana (2 days ago) I love this dress!! It looks so elegant and the midnight blue color is beautiful.

Carrie (4 days ago) Really! I hate it! I think the color is terrible with your theme.

Priscilla of Boston Classics STYLE CL0065-S

Material: Silk	Color: Hildnight Blue	Silk Deep Purple
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Dress Sample

In Basket

Discussion Board

Ilana (2 days ago) I love this dress!! It looks so elegant and the midnight blue color is beautiful.

Carrie (4 days ago) I love this dress!! It looks so elegant and the midnight blue color is beautiful.

Co - ordinate

- Make final dress selections
- Keep track of your bridesmaids
- Stay on top of what you need to do

Always A Bridesmaid - Sexy Dresses - Sexy Collection Style 888

Home Dresses My Wedding Help Me!

Organise Bridesmaids

Diana

Carrie

Kate

Leigh

Zee

Ilana

Priscilla of Boston Classics STYLE CL0065-S

Price: \$150

Material: Silk

Color: Hildnight Blue

ILANA'S TO-DOS

PROVIDE SIZING INFORMATION

DUE DATE: 15TH APR (3 DAYS TIME)

APPROVE DRESS CHOICE

Carrie

Priscilla of Boston Classics STYLE CL0065-S

Price: \$150

Material: Silk

Color: Hildnight Blue

CARRIE'S TO-DOS

PROVIDE SIZING INFORMATION

DUE DATE: 15TH MAY (3 DAYS TIME)

APPROVE DRESS CHOICE