I give keynotes, innovations sessions and after dinner speeches. Contact Keppler Speakers.
“Never, ever, think outside the box!”

Consumer Empowerment
.COMmunist?
Revolutionize business
Make the old world obsolete...overnight

Growth/Change
• Travelocity changed an industry
• Over 60% of travel is booked online today
• Online travel will grow to almost $150 billion by 2010
• Travel is larger than the next four categories of eCommerce combined!

Putting travel online changed...
• Changed how the product was priced
• Changed how the product was distributed
• Changed distribution costs
• Changed market share
$10 billion today

- 34 million members
- 1200 employees
- Public company
- Profitable .com
- $3.3 billion in bookings

Our IPO...

“Just how fresh are these Insights?”

Been busy...

- Security
- Search
- Vertical search
- Advertising
- Access
- Travel
- Accommodations
- Venture capital
- Expert Witness
- Consulting
Over 500 .com’s dead in 2 years

100,000 jobs created then DESTROYED

Many were taken in by The Dopeler Effect

The tendency of STUPID IDEAS to seem smarter when they come at you rapidly!

They failed for many reasons
They didn’t learn how to take this type of relationship, to this one

Technique follows Technology

eCommerce bigger than ever

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$155.00</td>
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<tr>
<td>2008</td>
<td>$172.00</td>
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<tr>
<td>2009</td>
<td>$191.00</td>
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<td>2010</td>
<td>$210.00</td>
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<tr>
<td>2011</td>
<td>$220.00</td>
</tr>
</tbody>
</table>

Alexander Graham Bell thought the telephone would be a tool for the Deaf
Thomas Edison thought the Phonograph would be a Dictation Machine
The invention of the long rifle
EarthLink to Cut Jobs by 39 Percent.

About 1,300 of EarthLink’s 3,300 employees learned Tuesday they will lose their jobs by late March in a dramatic workforce reduction by the Atlanta-based Internet provider.

The 39 percent workforce reduction comes as EarthLink closes call centers across the country. Those centers handle customer service and technical support calls from EarthLink subscribers -- duties that will be shifted almost entirely to outside companies, located both in the United States and overseas.

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Western Outsourcing Lifts Profits at Two Indian Companies

By SARITHA RAI
Published: October 12, 2005

BANGALORE, India, Oct. 11 - India's two largest outsourcing companies, Tata Consultancy Services and Infosys Technologies, announced healthy growth in quarterly profits on Tuesday, indicating that Western corporations continued to vigorously outsource technology and back office operations.

India's $17.2 billion outsourcing industry is flourishing as companies hire skilled yet inexpensive English-speaking programmers and call center workers to carry out technology projects and provide customer support for their American and European clients.
80% of all home buyers search online
1/3 of stocks are sold online
44% of online American’s bank online
150 million travelers search online

“Technology Is Whatever Didn’t Exist When You Were Born”
- Alan Kay

20% of 6-11 Year Olds Have Cell Phones!

98% of college students have purchased online!
Sales projected to decrease 40% in next 4 years!

You won’t get him with this...
73% of college students online daily!

The New Readers

Today’s graduates are tomorrow’s employees...
& internet key to their relationships

We are wired
We have little time
We want to click and go

We buy food at the gas station
We take pictures with telephones
We eat meals in the car
We buy lettuce in a bag
We bank in Grocery Stores
Even Windex multi-tasks
75% of laptop owners take them on VACATION!
47% of US shoppers have shopped in pajamas.

We live in a world driven by speed and convenience.

It is a wired world.

US Population

- 78% of those 18-39 online
- 73% online

Choice happens instantly.

Location, Location, Location? Not here.
Wherever your competitor is... he's only 1/8 of a second away.
Death of distance

World is your Market

World is your Competitor

Transparency

Information has found FREEDOM
Information everywhere

Buyer experiences are shared

"the shower is filthy"

Balance of Power

Power to the customer

- Geographic barriers eliminated
- Price information everywhere
- Buyer experiences shared

“If you don’t like change, you’re going to like irrelevance even less.”

- General Eric Shinseki,
  Former Army Chief of Staff
  Secretary Veterans Administration

SHORT CIRCUITS
"Somewhere out there is a bullet with your name on it. Shot by a competitor, unknown and unborn, who will render your BUSINESS obsolete!"
“Somewhere out there is a bullet with your name on it. Shot by a competitor, unknown and unborn, who will render your BUSINESS MODEL obsolete!”

New opportunity lies where old models are crumbling

Successful leaders must recognize that, customers are...
- Internet Empowered and Tech Savvy
- Time Starved
- Information Rich

Face To Face No Longer Enough

The phone is no longer enough
Build digital relationships

Innovation!

Invention

What’s behind success?

Innovation

Invention

“\textit{A new device, method, or process developed from study and experimentation}”

Wikipedia

Innovation

“\textit{Introduction into the marketplace of something new}”
They probably understand the size of the opportunity

Some will get it no matter how hard

Some can’t figure it out

Some are afraid to go for it!

So, if you want success

A few ideas
Where Does Innovation Start?

At The Top?

Top Had The Information!

Big innovation from the top

Anywhere on the pyramid

Everyone has information

From the bottom
Bozone Layer

Stops bright ideas from moving upwards

Sources of ideas

- Employees
- Biz Partners
- Customers
- Consultants
- Internal R&D

Create a culture of innovation

“Don’t worry about people stealing your idea. If its original you’ll have to cram it down their throat!”

-Howard Allen

Nurture the flame

This is NOT the Olympics
“Success isn’t permanent and failure isn’t fatal ”
-Mike Ditka
Experiment

Fail Fast!

Don’t wait for the train wreck

Keep Tweaking

Auctions

amazon.com

Stores

Play To Your Strengths

A community of book lovers

Decided to sell used books!

- Don’t have to acquire the book
- Store the book
- Pick, pack and ship the book
- Margins are almost equal to new!

Don’t punish...learn
Early on we built a CD Rom based travel product

Spent $1 million dollars

Lost $1 million dollars

“What did you learn?”

“Successful innovation...pitilessly rejects bad ideas when their promise is exhausted”

Jason Pontin, Editor, MIT Technology Review

“When Genetech’s Research Review Committee kills a project...
• No one is fired
• They are asked what they’d like to do next!”

Goffee & Jones HBR

“We allow failure...and harvest learning”

Scott Cook, Founder, Intuit

“We encourage our employees to go down blind alleys and experiment”

Jeff Bezos
Amazon.com
It's all about the team

This New World requires Old World knowledge mixed with youthful exuberance

Earrings & Orange Hair  
This Industry is broken  
Only we can fix it  
Messianic Zeal  
No Industry Knowledge  
No Industry Contacts

Staffing

Suits  
Industry Is Fine  
Doesn't Need Fixing  
Slow Pace  
Domain Expertise

A Balance of views

- Old Dogs - New Tricks
- New Dogs – Old Tricks
People who don’t fit in?

“The world wants Geniuses. It just wants them to behave like other people!”
- Gordon Moore

They don’t want to be led

“If you want them to turn right, tell them to turn left!”
- Martin Sorrell, CEO WPP

Keep teams small

One Persistent Guy Beat Us

Doubled Their Sales!
Listen! Listen To Your Customers!

- The Phone Booth Is A Symbol
- Every person in every job required to listen to two customer calls per month
- Must discuss root cause at staff meeting

Paul English, CTO Kayak.com

"Look Beyond What Is Immediately Apparent"

E-Tickets

- "Our Customers Want Tickets"
- "What Will They Do For Receipts?"
- "They Will Never Accept This Idea"
Oh Yea?
- 99% Etickets Last Month

A Self Service World

Innovation of crowds

“There is more than one right answer”
-Dewitt Jones

180 Degree Camera
“..the big prizes are found when you ask a question that challenges the corporate orthodoxy..”

-Andrew Cossett
intercontinental hotels

Who reviews ideas?

• People in the department?

• Not in the department?
Break the mold!

Remember....put it to work!

““ We bask in the coziness of our unimplemented insights!”

How To Create A Small Business Inside A Large One?
It Isn't Easy

You Can Succeed!

the good of

Big

• You don’t need Venture Capitalists
• You don’t need their money
• You don’t require the types of returns they will demand
• You can draw on a large pool of employees for many skills
• It’s easy to get offices, computers, phones
• You can use their big name to open doors

the bad of

Big

Endless
Numbing
Enveloping
Choking

Bureaucracy!

So what to do?

Building a Startup in a Large Corporation

Organization
To Do's

What to do with the Internet?

President Marketing I.T. Manufacturing

Internet Committee!

Team Culture

President Marketing I.T. Manufacturing

Reported to CEO

- C.E.O. Provided Substantial Air Cover
- Many Wanted Our Money
- Few Wanted to Help
- His Clout Was Necessary
- Supported Risk Taking and Failure

Leader (me)

- Reported to C.E.O.
- Long Time Divisional Leader
- Had Sufficient Networking Relationship and Divisional Clout

Organization Location

"Think outside the building!"

-Rosabeth Moss Kanter

- Moved to a Bankrupt Media Department Building that No One Wanted
- People Worked in Darkrooms and Sound Studios
- Took Almost One Year to Get the IT Guys to Move in as Well
- Had Spectacular Results
“Think outside the building!”
- Rosabeth Moss Kanter

- Find unsolved problems
- Place engineers with customers
- Live in customers' homes!

“We've found in companies that make good decisions, debate is real.”
- Jim Collins

Built to Last

“A Balance of views

Some will leave

“Failure not an option”

Funding
- Budget Decided with CEO
- Little Debate Permitted
- Much Grumbling
- Later Actually Had Debate on Continuing
Great to have them help

- Their name opened doors
- Their buying power could help
- We stole great people

Escape when it hurts

Purchasing too slow and adversarial
IT too expensive and risk averse
Advertising didn’t know B2C
Hiring only from inside made us uncompetitive

When we asked for stock options?

We hid behind them when we got in trouble
Eventually
We sorta ran away

- We didn’t use their
  - PR, Advertising
  - HR Systems
  - Accounting Systems
  - Dress Code

But I...

- Attended staff meetings
- Board meetings
- Beat our drum, beat them off with a stick, and sucked up when it was useful!

Sylvania LED Lighting Division

“I needed someone who was a bit of a dreamer who could navigate our system”

- Geoff Hunt
  Sylvania

Organization

Turned the organization on its side
Do MORE with less

Consumers were getting smarter

First they would search

Then go direct to buy

Meta Search
versus KAYAK

- 3000 People
- Growth Through Traditional Advertising
- Customer Service
- Travel Agent Model
- Supplier = or - !
- Profitable

- 100 People
- Growth Through search
- NO customer Service
- Search Model
- Supplier Support
- Highly Profitable

What’s the number 2 search engine?

what's the number 2 search engine?
Viral Advertising

Now they look like this

Cell phone parking?

1,000,000 Downloads

Behavior just like the desktop!

Social Media
“Word of mouth at the speed of light”
“Just sitting here waiting for Facebook to go away”

“I had my own blog for a while, but I decided to go back to just pointless, incessant barking.”

Marketing used to be a ONE WAY

Now it’s TWO WAY
They’re involved and engaged

- Blogs
- Wikis
- Podcasts
- Reviews
- Social Networks
- Bluetooth Boards
- Shared Video

B 2 C

Brand

Customer

B 2 We!

Brand

Customer

Community

The Ants Have Megaphones!

“You can’t Control what people say about you on the web. You can be a good Listener!”

Advertising Age

“It’s not about a better mousetrap. It’s about more pathways!”

Carl Wilgus

Poconos
A story about change

These kids never met!
The game was built **entirely** online and through Internet Messenger and Chat

A Virtual Company
Lessons learned

Technique follows Technology

It's a different world
- It's wired
- Where information has found freedom
- Buyers have more power than ever before

A world driven by...
- Speed
- Simplicity
- Convenience

Create a culture of innovation
- Culture
- Bozone Layer

Experiment
- Experiment
- Measure
Don’t Punish
Fail Fast
Don’t punish - Learn

It is all about the team
Balance of Views
Small Teams

Look/Listen
Look Beyond
What’s Apparent
Play to your strengths

Staffing
Funding
Organization
Location

Air Cover
“When we come to the edge of the known world...we’re standing on the shores of the infinite.”
-Ronald Reagan

Is to draw your own margins

“The Future Is A Foreign Country. They Do Things Differently There”
Arthur C. Clarke
21st Century Marketing
Leadership in a wired world
Building an electronic Distribution strategy
Terrell Jones
Terrell B. Jones
terry@tbjones.com
twitter: terrellbjones