



Evil Genius Media + Events present...

SETH GODIN—THE LONDON SESSION

Seth talks about Marketing, Leadership & Being Remarkable

Three hours with one of the worlds most lateral thinkers.

On Tuesday 17 February 2009 Seth Godin made a rare public presentation in London.

Titled The London Session it focused on Seth's recent work in Leadership thinking. As the material covered by Seth on the day was so vast the event producers issued an audio file of Seth's presentation and this transcript.

Both are intended to be a reference point for attendees on the day to go back and review what they heard in the presentation. Neither are intended as either stand alone presentation assets.

This transcript in particular is intended as reference material and as such has not been re laid out from its original format.

Sincere thanks to Chris and April Naden of Noble Transcription Services in the US for their great work in transferring the Audio file to a transcript.

If blogging material from this transcript please attribute Seth Godin as the author of the material and that it is derived from an event produced by Evil Genius Media + Events.

The Audio file of this material can be found at <http://soundcloud.com/evil-genius-media/aip-mix-feb-09>

Seth Godin's blog is at www.sethgodin.typepad.com

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Seth Godin: -- sports teams. And they have a convention every year where they trade secrets and talk about what it is to dress as a chicken and go on the baseball field and stuff. The thing that's interesting about the group, even though I couldn't speak to them, is they know exactly what it is they do for a living. They dress up like a chicken and go out on a baseball field.

Shortly after that, I was invited to speak at the largest conclave of people who make balloon animals. And you may not know a lot about the balloon animal world, but there's a schism between the guys who make pornographic balloon animals and the ones who make biblical balloon animals; there's people who make balloon animal clothing; they're quite a rowdy group. I couldn't go speak to them, either. What's interesting about them is they know what they do for a living as well. They make balloon animals.

So I start with the question: What is it that you do for a living? What is it that you define as your job? Some of you would say, I sell soap, or I sell this or I sell that. I'm going to argue that this group -- this select group that decided to spend the time and money to be here -- wants to change everything. That changing everything is the only thing that would be sufficient as a reward for the work and the effort and the emotional labor you put into what you do. And so my goal today is to talk to you about how the world has changed and to sort of plant some seeds about how you can change everything.

Some of the things I'm going to talk about you may have seen before. I'm pretty confident you've never them juxtaposed the way I'm going to juxtapose them today. Some of the things you're going to see in the next hour are consumer examples, even though I'm really interested in business-to-business marketing. I find consumer examples are easier for everyone to understand. Later on, I'll tell you how I think they connect to the business-to-business world. And a lot of what I'm going to talk about today doesn't seem like marketing, which is precisely why I need to talk about it. Because there's plenty of people who can talk to you far better than I can about the way marketing was done 15 years ago.

The inspiring icon for me when I think about the work that I've been doing lately about leadership, is a man named Nathan Winograd. Nathan Winograd, about a dozen years ago, was the number two person at the SPCA of San Francisco. Now, the SPCA in the United States was chartered in New York City as the dog catcher. Their job -- New York City made regulations to allow them to do it and paid them to do it -- was to find all the dogs and cats they could find roaming the streets of New York, round them up, and kill them. And every year, approximately four million dogs and cats are killed in the United States within 24 hours of being taken off the streets. Now the SPCA would like you to believe that they're in the business of running puppy kennels where you can go and adopt a pet. But most of the time, that wasn't the case.

And when Nathan discovered this, he was outraged, as some of you may be. And he and his boss set out to turn San Francisco from a city where almost every single dog and cat captured was killed -- not euthanized, but killed -- into a city where that didn't happen at all. And they went to the city council and they proposed a change in the ordinance to allow them to do this. And humane societies from around the country flew to San Francisco to testify against the bill. It was impossible, it was inhumane, it would raise hopes, it wouldn't work.

And so Nathan went to the community, and he went to people who didn't have a vested interest. He went to people who didn't know it couldn't be done, and he assembled a tribe of these people; all volunteer, all paying for the system that he wanted to put in place. The San

Francisco SPCA raised more money than they needed; a surplus; and within a year, went from being a 100 percent kill city to a 96 percent no-kill city. The only dogs and cats that were killed were either unhealthy or dangerous.

Well, you can say, "That's San Francisco. Anything can happen in San Francisco." So Nathan then got a job in Tompkins County, New York; a total blue-collar, Liverpool-type place in the rural part of New York State. He was the dogcatcher. He had no budget. He did it again. He went to North Carolina, in the southern part of the United States; did it again. Went to Reno, Nevada; did it again. Got hired as a consultant in Houston. The guy who hired him said, "I'm only hiring you because they made me." And in nine months, Houston went from 80 percent kill to 20 percent kill.

The point is that you have the power and the leverage once you see what's available to you, regardless of the economy, regardless of what country you live in, to make substantial difference. Because I believe that what marketers do for a living is spread ideas. We don't buy ads. We don't run the factory. We spread ideas. And if you are successful at spreading your ideas, whether you're in the coffee business or you used to be in the Internet business or you run an airline or you're an author, it doesn't matter whether or not you agree with this person's politics. You understand their power and influence and authority because everyone knows their idea.

And in fact, the whole model of marketing grew up because the only way we could think of to spread ideas was to run ads, was to organize, was to get shelf space, was to have a sales force. But that has changed; and it's changed in a really fundamental idea -- in a fundamental way. But it's not about using your money to interrupt as many people as you possibly can. Yelling louder; skirting the rules; maybe spamming, maybe not; pushing, pushing -- that's not necessarily the way you're going to get to where you want to go anymore.

So, a little story I want to tell you -- a warning. There's a toy that they sell in the States, maybe it'll make its way over here. It's a suction cup with a little rattle on the top. And what you're supposed to do with it is you whap the suction cup on the side of the tub and then your kids can play with the rattle. So I'm giving my kids a bath, and -- this one, thank you for contributing this, if anyone here is from Newcastle; this is my favorite slide of all my slides -- so I'm giving my kids a bath, and they're playing with the rattle and laughing and giggling. I love it when people are laughing and giggling, so I pop the suction cup off the side of the tub and put it on my head. I'm going back and forth; they thought it was hysterical.

And after a few minutes, they got bored, so I popped it off the head and I told them to dry off and I went downstairs. And my wife looks at me and she goes, "Seth, what's that big, ugly red circle on the top of your head?" So my warning -- and I can see from this vantage point some of you need it -- my warning is that the suction cup will break all the blood vessels under your skin, and it takes three or four months for the ugly red mark to go away. (Laughter.)

And the thing is, there's a lot of stuff people will tell you about the new media, about new marketing, about stuff you can do, that seems exciting, that seems fun, but you're worried it might leave a big ugly red mark on your career that could take three or four years to go away. And my job, in addition to giving you a headache, is to push to realize that it's not so bad. In fact, it's a huge opportunity. So before we do that one last piece of advice, and then I'll try to start changing minds, this actual newspaper clipping.

If you're chased by a dog while walking, jogging, or bicycling, stop, turn toward the dog, point, and firmly say, "No," or "Go home." Repeat as needed. This is effective for dogs that do not even speak English. (Laughter.)

So that's the last piece of spot-on advice I'm going to give you. The rest of the time, I'm just going to try to poke around a little bit and see if I can provoke some thoughts. Then when we do our Q&A, we'll turn off the cameras so you don't have to worry about being embarrassed on international YouTube TV. I'm the only one who has to worry about that, and we can go from there.

This is an actual pile of FedEx and overnight mail in front of one of the editors at *Time* Magazine's office on a Tuesday morning. I was there for an interview and on my way by, snapped this photo.

You will not win anymore. You could tie, but you will not win anymore by interrupting your way to sales. Another way of saying it is that the stuff I'm asking you to do is far too important to be left to the marketing department. That, the impact of the kind of marketing that's available to you now only works if you get in early, not get in at the end of the process. We're going to talk about that a lot today.

First, we need to understand the history of modern marketing. It started in Chicago. It started with companies who had the Jolly Green Giant or Charlie the Tuna, "Go ahead. Eat our mascot." That was their motto. But the idea was if you could come up with something clever and advertise it a lot, or a sales force and promote it a lot, or direct marketing campaign and mail it a lot, you could win. That that model, because we lived in a time when it was easy to diffuse ideas far and far and far if you had money, worked great.

The key engine of it is TV; not the television in your house, but TV thinking. TV thinking says, "I'm a marketer. I have power. I have the power to interrupt whoever I want, whenever I want. Because I have money, I can buy attention." If you think about the expression, "pay attention," it makes a lot of sense. You're demanding someone give you something irreplaceable, that they can never get back -- their attention -- and all you're doing to get it is buying an ad on television; putting up a poster on the street; calling somebody at work and leaving a voice mail.

This led to what I call the TV-industrial complex. Let me describe it in terms of the cosmetics business. Near my house was a little company called Revlon, that was started by a guy named Charles Revson. Charles Revson in 1946 did something really lucky. He bought TV ads; the first cosmetics company to advertise around the United States. Those TV ads helped him get distribution in stores all around the country. That distribution helped him sell more stuff. And then he did something brilliant. He bought more TV ads.

Every brand you've ever heard of; every business-to-business brand, every consumer brand, exists because of this; with the exception of the ones mentioned in the last ten years. Because this model of selling average products to average people, to the masses repeatedly, worked. It worked beautifully. You didn't have to be a genius. You just had to spend a lot of money on marketing. So the marketing that exists today is a vestige of the power of this; average products for average people -- except for maybe Pop Tarts -- but the rest of them, carefully chosen to appeal to everyone.

You know why? If you're going to do mass marketing -- mass marketing to businesses, mass marketing to IT executives, mass marketing to consumers -- you better have something the masses want to buy. Average stuff for average people. Which leads to my oldest of all slides. I'm sorry; it's fuzzy; I had a bad cold when I took it. But the importance -- come on, that's a little funny. Autofocus; it doesn't matter if you have a cold -- geesh, I'm dying up here!

So -- blue box. The blue box in the middle, the brand manager spent \$100 million last year trying to interrupt me. A hundred million on coupons and shelving allowances and TV ads and magazine ads and radio ads. Why? Because she figured if I would just try her pain reliever one time, she'd earn back the \$100 million bucks, because I'd like it better. It's four percent better.

And you know what I did to her \$100 million worth of ads? I ignored all of them. And the reason I ignored them is I don't have a pain reliever problem. I solved my pain reliever problem 20 years ago by buying the stuff in the yellow box, or the generic. And the most important thing that I've said so far today is this: you're the blue box. Whatever you're selling, whether it's a service or business or organization -- whatever you're selling is the blue box, because the people who knew they had the problem have already bought it from you. Done.

Who's left? People who don't know they have the problem. People who don't know that you exist. People who haven't been sold. And guess what? They're not listening to you anymore. And there is the rub. The rub is that you may have a better product. But if people don't know you have a better product, you don't exist; you are invisible.

Part of the problem is clutter. At the Whole Foods market near my house, this is the premium sausage department. The inexpensive sausage is in a whole other section of the store. To make up for it, the tofu department. Do you remember when tofu came in two flavors: plain and extra-plain, right? Now, as soon as something starts working, a million variations show up, right? And I'm the world's leading expert on direct marketing in Portuguese. Oh, now there's someone who does direct marketing in Portuguese for left handed people, and on and on and on. There's too much clutter.

Oreos now come in 19 different flavors. Harrod's is empty. Now, you can say Harrod's is empty because of the economy. I'm going to say Harrod's is empty because it's boring. It's boring because it used to be there was no other place to go buy all that stuff. Now, every place will sell you all that stuff. That all of a sudden, all the clutter, the 19,000 different varieties of beverages at Starbucks; the Oreos; the stores; the fact that you can go to a hundred stores, a hundred countries worldwide and buy a certain brand. You don't need to go to one particular place. It's not special anymore. The model that says we can interrupt our way to success has some serious flaws.

So let me talk for a minute about bottled water. Bottled water is tap water in a jar that costs more than petrol. And yet, it's a brand of product that's worth billions of. What a perfect example of how marketing is falling apart. Here's *Hydrate* Magazine; 180 pages of ads and articles about water. (Laughter.) This is water salad: pureed Romaine lettuce in a jar with orange food coloring sold in Japan, aimed at 33-year-old Japanese women. The interesting thing about water salad is it's made by Coca-Cola. Coca-Cola launches a new product every 21 days in Japan. They are dealing with clutter by making more clutter.

How many of you work for companies that have more SKUs, more items, more variety, than you did ten years ago? Everybody. Every business is dealing with clutter by making more clutter. Newsflash: that's not going to get rid of the clutter. It's just going to make the clutter worse. You know, I don't know how far we can take it, but we're certainly going to try. (Laughter.)

So what we've done is decided to brand ourselves to death. We've decided that average ads, average ideas, plenty of ads, and a lot of hypnosis, and somehow over time, if we push and we push and we push, we can hypnotize our way to success. I need to drill into this for a long time because you don't realize how much of your life you spend doing this; forcing your business card on people, going to trade shows, introducing yourself; calling people on the phone; putting up a flyer -- I need to grow my business because I need to interrupt more people.

The average business-to-business marketer in the United States spends £125 to get one new customer. And that's if they sell something cheap. That's insane. This is Caravaggio's painting of the Medusa. She's the patron saint of marketers. We know this because her hair is made out of snakes, and if you look at her, you freeze and turn to stone. And that's what you guys are hoping for every day. That you'll send out that e-mail blast or you'll call someone and -- unable to move until they send you money. And I'm just saying that's not working anymore; that the model that we need to spam our way into success -- e-mail spam, online spam, any kind of spam -- I don't buy it.

A really cool metaphor for this is Speakers' Corner. Because anyone can stand up at Speakers' Corner and speak. Infinite clutter; infinite choice. But only a few people have people listening to them. And it's not because they have money; it's because of the other things we're going to talk about.

So the good news starts 15 minutes in. The good news starts in Canada. I think the most beautiful place on earth is in Algonquin Park, Canada. To get there, you fly to Toronto, you rent a car; you drive up Highway 11. Highway 11 is a disaster. It's an outdoor strip mall filled with run-down businesses; places that sell fireworks, places that sell coffee and donuts but no muffins; you can see that everything's just a little peeling and falling apart. Why? Because there's always one more place on Highway 11. One more kilometer down the road is another coffee place; we'll just keep going. One more place, one more place, and they're all the same. Here's a place that sells fireworks and propane in the same facility. (Laughter.)

So I'm driving down Highway 11 and I come to a place that sells donuts, coffee, French fries, and gasoline. It's okay. I'm not empty; I'm going to keep going. But for some reason, I pulled over, and right next to it is a little tiny candy store so small it doesn't even have a name. It's just called "Candy Shop." And I went in and I met the owner. Her name is Rita. And Rita gave me a tour and she told me about the business. Rita showed me, she has candies from all over the world; 17 kinds of licorice, six sour, eleven sweet. She's got stuff in weird packaging. She's got stuff that at least in North America has really weird names. (Laughter.)

And you walk through the store and she tells you some amazing facts. The first fact is that so many people are coming south on Highway 11, pulling over on the gravel, running across four lanes of high-speed traffic and a barrier, risking their lives to buy candy, she had to open a clone of the store across the highway. So there's two. Second thing she told me is that the

average customer spends \$65 a visit. And the third thing she told me is that she and her husband last year -- this was a couple years ago -- took home \$165,000 in profit.

The thing that astonishes me is not that she's successful. The thing that astonishes me is that it's so difficult to get your friends and your family and your relatives to give you money to start one of these, and so easy to get a backer for yet another gas station. That all your life you've been trained to be in the middle, to be average, to fit in, so you can get promoted, so you can get funded, so you can get supported, so you can get a sale. But what Rita shows us is that the opposite is true. What Rita shows us is that as soon as you go to the edge, everything gets easier. Not everyone stops at Rita's, but guess what? There's 25 summer camps up the road. So one kid stops at Rita's and now every single kid at the summer camp wants to stop on their way home. And so the word spreads.

The second place that I wanted to tell you about -- a story you may have heard before -- is in France. My wife -- I'm not sure if she's here or not -- has transportation narcolepsy, which is a fictional disease she got shortly after we got married. (Laughter.) It causes her to fall asleep in any moving vehicle, unless there's a really good movie on the plane. And we planned a trip to rural France about five or ten years, and we missed a flight and we missed a connection, and for 17 hours, my wife has been asleep. And for 17 hours, my kids have been making a ruckus.

So I'm driving through this pasture -- there's this beautiful cow, it's gorgeous like Monet painted the whole countryside -- driving through this pasture, and I notice for the first time in 17 hours, my kids are no longer making a ruckus. So I look in the rear view mirror to see if they're finally asleep. They're not asleep. They're staring out the window at a perfect specimen of a cow. For about four seconds. And then they went back to making a ruckus. You know why? Because cows are boring. If you've seen five cows, you've seen ten cows; ten cows, a hundred cows, a thousand cows. They're like gas stations on Highway 11. Who cares? Move on.

But what, if out the window, there'd been a purple cow? A real, honest-to-goodness purple cow. I tell you what would have happened. I would have pulled over. My wife would have woken up, "What's going on?" She would have taken out the camera, taken pictures of the cow. I would have gotten on the phone, called people back home, told them I was looking at a real purple cow. My kids -- my kids would have ignored me as usual; opened the door, run across the street, hopped over the fence, run over to the cow, and rubbed it to make sure it's really and truly purple so they could tell their friends back at show-and-tell that they had touched a purple cow.

All a purple cow is, is remarkable. And what remarkable means is really simple. Worth making a remark about. That's critical.

I don't care if you think it's better. If I think it's better, if I think it's remarkable, if I think it's worth talking about, I will talk about it. And if I talk about it, all the spam filters go away. All the noise goes away. All the clutter goes away, because one human being is saying to another human being, "You gotta go there. You gotta try this place. You gotta buy from them." They're not doing it because you paid them. They're not doing it because it's important to you. They're doing it because they want to.

So, next story. Scion decides to make a car -- a car for 23-year-old white men who live near an ocean and wear their baseball caps backwards; a car that's really cool and hip for a certain generation of people. So they sent out the designer and he comes back with this. And the guys at Scion say, "Wait, wait, wait. That's too weird. That's too edgy." And they put another designer on it, and the other designer comes back with this, a more normal car, a more average car, a car that's easier to sell.

Well, lucky for the guys at Scion the designer insisted, so they made both cars. This is the xA and this is the xB. Guess what? The xB outsells the xA three to one. Because if you're going to buy a car you never heard of, why would you buy this? Buy a Toyota; buy a Honda; they're all the same. If you want an edgy car, you're going to buy an edgy car. It's at the edges that marketers win. See that circle? That's now much money per car the BMW Corporation spends advertising each car sold in the United States. And to precisely the same scale, Ford-Lincoln-Mercury. Because Lincoln-Mercury's making average cars for average people and yelling about them as loud as they can, and BMW's giving the advertising money to the marketers -- who they call engineers -- who design cars that people choose to talk about.

So suddenly we're starting to see hints of what's to come; designing stuff people want to talk about. But what is it they want to talk about? Tiffany's now gives away the jewelry. It's the box you have to pay for. You know this because if you ever ask them for one of those free boxes, they won't give it to you. The fascinating thing is if you give somebody jewelry from Tiffany's, they don't get out of loop and look at the thing and say, "Look at the clarity of that diamond." No. All they talk about is the damn box. Because the box is the story; proof that you were willing to pay three times more than something was worth to show your fealty to someone. The box, the story, the bonus, the extra; that's what consumers want.

I got news for you. I don't think Method Soap is that different from some other soaps you could buy. But the story, the container, the point of view, the way it makes you feel to buy it or use it; that's what they're selling you. That's what marketing has become. You, every one of you, no matter how boring you think your business is, is in the fashion business; the same business as Tommy Hilfiger or Giorgio Armani. Because all fashion is, is changing something that's perfectly good to make it into something worth talking about. Change the hems, change the lapel, change the colors, change the style --

"What a nice outfit!"

"Oh, do you like it? It's the latest. I got it at H&M."

That conversation is what fashion is for. Not, "I'm warm today." Because we solved the "warm" problem a long time ago. (Laughter.)

So now we come to the Internet. I started doing business on the Internet in 1990. And when I was going out to fund my first company in 1994, it took me a long time to persuade people that one day soon lots of people would have e-mail. That was considered a radical idea 14 years ago. Now of course, it's everywhere. You can go to a restaurant in Beijing and order stir-fried Wikipedia. (Laughter.)

The thing that the Internet is doing has not a lot to do with Amazon or eBay or the natural poster children for Internet companies. It has everything to do with an industrial revolution. I believe that we are now living through the first industrial revolution of our lifetime, at least if

you're under 60. The one before this was the industrial revolution of mass marketing. And the one before that was Henry Ford's industrial revolution of the assembly line and huge amounts of mass production. And then there were three industrial revolutions before that, most of which happened right here in the United Kingdom.

The key thing to understand is that when you're in an industrial revolution, it's weird. It feels weird to see all the rules changing around you in real-time when only some of the people realize it. When Henry Ford was making cars, there were more than 3,000 car companies in the United States alone. Most of them ignored the fact that you could make a car in a factory, and they made cars by hand, the Rolls-Royce way. And the thing is, Henry Ford won because everyone didn't know the game. Everyone didn't know the revolution was going on.

So what I want to sell you on really hard is the fact that you have an opportunity here, if you can see what the rules are. So the book I wrote, *Meatball Sundae*, which some of you got, and if you didn't, you can trade for it, starts with this idea that most things that have been made for a really long time are meatballs. Meatballs: ordinary products made in quantity with good quality for everyone at the lowest possible price. Lots of meatball businesses out there. Retailers competing on price; manufacturers competing on price; service businesses competing on price.

Then comes the Internet; then comes the revolution; then comes the changes. And a lot of the companies that have money -- if you don't mind, could we try to not do the flash, because I get very distracted -- a lot of the companies that have money, made their money making meatballs. And so they can spend money on the whipped cream, the cherry, the toppings, the hot fudge. And that money is spent on social networking, websites, all this fancy new stuff. And it fails. Because the whipped cream and the toppings are really good, and the meatballs are fine, but when you mix them together you have a real problem.

So let's go back in time a couple hundred years: Josiah Wedgwood. Josiah Wedgwood makes pottery. You probably have seen this -- if you have a mother-in-law, you've probably been to her house and she's served a cup of tea in Wedgwood china. It even smells a little different, not just looks different; right? Well, Josiah Wedgwood's father was a very poor man, an itinerant potter making a couple pots a day; misshapen, but that was fine because the typical person in those days had no plates. You ate your meal off a piece of stale bread. If you were middle class, then you ate the bread and got a new piece tomorrow. If you were poor, you scrapped off the bread and used it again.

So making pottery one at a time in a little village was normal. And Josiah's brother, Thomas, went on to do exactly the same thing. Josiah, for whatever reason, looked around and said, "Wait a minute. There's a revolution going on; a revolution in the way things are made, sold, marketed, shipped." So he built a factory; the world's first pottery factory, with windows and health insurance. He didn't hire apprentices; he hired people to do exactly one job. He invented direct mail. Josiah Wedgwood mailed, on approval, \$2 million worth of plates to the crown heads of Europe and got back enough orders to pay for the entire adventure.

Josiah Wedgwood invented the retail showroom; invented the idea of paying people on commission; and in a well-lit showroom in London, sold his plates to the newly rich bourgeoisie. Josiah Wedgwood invented quality control because he had the first brand, after all. He had a big walking stick and as he walked around with his limp, if he saw a piece of pottery that wasn't perfect, he would smash it and yell, "This will not do for Josiah

Wedgewood." And thus, created the idea that a brand could stand for something. And Josiah Wedgewood lobbied Parliament to have a canal built right past his factory so he could start shipping his china around the world at low cost.

Now when you look at the things that made Josiah Wedgewood the richest man in the world on the day he died -- and by the way, a lot of that money went to his granddaughter, whose husband, Charles Darwin, had his birthday last week, and I was delighted to visit his grave right next door -- so I was thrilled to be able to see that and tie the whole thing together. Josiah Wedgewood, Charles Darwin. Without Josiah Wedgewood, there is no Charles Darwin.

What's fascinating, though, is when you look at those decisions, most of you would not have called those marketing decisions. Most of you would say, "That's beyond my purview. That's not what I do as someone who's trying to change the world. I'm going to change the world by writing a better piece of e-mail. I'm going to change the world by making a cooler ad. I'm going to change the world by interrupting people in a better way."

Josiah Wedgewood dramatically changed the world doing things that I think of as marketing. But first, we've got to look at what the pyramid of marketing looks like. If you think that you're at the top -- right? That's where marketers belong, at the top -- and that the bottom, the factory gives you a product, gives you a service; says, "This is what we make. You go market it." And sometimes they even give you money. "Here's what we make. Here's a budget. You go market it." If you do that, please understand this: what they're giving you in addition to the money is meatballs, because factories make meatballs.

And that as a marketer, if you want to win in this new era, you have to make products that match the market; products that match the story; not the other way around. You don't get to say, "I have this thing. How am I going to market it?" That doesn't work anymore.

Here's the reason. TV, radio, direct mail, sales calls -- all of them exist for you. If you can't make money using them, they go out of business; right? If everybody stopped buying TV ads, there'd be no TV. (Maybe not here, because you have that fancy system.) But in general, if everybody stopped buying magazine ads, there'd be no magazines. I'm safe with that one.

The Internet doesn't care about you. If every one of you stopped marketing on the Internet, the Internet wouldn't be sad. The Internet would be delighted. Because the Internet isn't owned by anyone. The Internet wasn't organized to make you more money. So you can't, say, walk up to the gate and demand attention, demand sales just because you have cash. Doesn't work that way anymore.

Let me insert a little parenthetical here about getting married.

There are two ways to get married. The first way to get married is to go to a singles bar, walk up to the first person you meet, and propose marriage. If that person won't marry you, repeat the process on every person in the singles bar until someone says, "I do." If it doesn't work, realize the problem is your outfit and the location of the singles bar. Go to Saville Row, get a new suit, go to a different singles bar, start over again. That's a stupid way to get married. And yet that's what you guys are doing every day; walking up to strangers, propositioning them to buy something from you, and if they don't buy it from you, go on to the next person.

The alternative is called dating. Go on a date. If it goes well, go on another date. Wait till the third date before you tell them you're on parole from prison. Then if it keeps going well, you meet their parents, they meet your parents, you get engaged, you get married. Worked for me; maybe it would work for you.

So here's the question: Why aren't you dating your prospects? Why isn't your company organized around the idea of turning strangers into friends before you run around trying to turn friends into customers? Then if you can deliver anticipated, personal, and relevant messages to people who want to get them, you will always beat people who don't do that. Now let me explain one thing that has to be made really clear here. Sometimes people send me notes saying, "Is this good permission?" I'm not in charge of whether it is or not. Your users are. But here's the test. If you didn't send out that e-mail, if you didn't make that phone call, if you didn't go on that sales call, would people call and complain? "Where's my mailing? Where's my sales call? Why haven't you called me during dinner lately?"

If they're not going to call when you don't show up, you don't have permission; right? Back to the dating analogy. If you make a date for Saturday night and you don't show up, they'll be hell to pay. But you don't get to show up at someone's door and bang and say, let's go out for dinner. The same thing's true in this mantra I'm talking about. If no one would miss you if you're not there, then you don't have permission.

So in *Meatball Sundae*, I picked 14 semi-random pillars of this new industrial revolution. I want to talk about some of them in quick order; not because you need to do all 14, you don't; but because any one or two or three of them is sufficient to change the world. If you're not doing any of them, then you're in meatball business.

The first one is this. The Internet enables direct communication between the people who make stuff and the people who buy stuff. And that means that the filter you're used to, the retail filter or the distribution filter or the person who has to go to the store filter all goes away.

Simple example. In the United States there's this tiny market, but profitable, for whole-house stereo systems. A whole-house stereo system means you can listen to Bach in the kitchen and Beethoven in the bedroom at the same time. To get one, you have to call what's called a custom installer. He would come to your house, look around, look at your bank balance, and tell you how much it would cost; probably about \$50,000. This is a small market completely controlled by the installers. So Sonos figures out how to use technology to make one of these things for \$1000; £700 or so.

Now, there's not enough room in the £700 item to pay a \$15,000 sales commission to a custom installer. So Sonos decides to go straight to the consumer because they can now. If you go to their website, you'll see they're open on Saturdays. They'll answer their phone on Sundays. You can post a notice at 3:00 a.m. and someone will write back to you, maybe within five minutes; that they want you to call them; that they don't own a recording that says, "Your call is very important to us, please hold." Because if your call is really important, you won't ask people to hold; you'll have enough people standing by. That every time someone interacts with them, they're one step closer to completely bypassing the installer channel. They win by creating direct connections to consumers.

Trend number two: the fact that any single individual now has an enormous amount of power. A friend of mine is a restaurant reviewer for the Globe and Mail in Toronto, the number one newspaper in all of Canada. Her photograph is in the kitchen of most fancy restaurants. Because if Joanne walks in and the waitperson recognizes her, they can rush back to the chef and make sure the food is hotter and the quantities are better and the salting is right, and give Joanne a better experience and that's worth a lot to the restaurant; because a good review really matters. Except, now everyone is Joanne. Now everybody has the power to spread the word.

Comcast Cable spent millions of on advertising, wasn't worth a penny, because they sent an installer to a guy's house in Philadelphia; the installer fell asleep on the couch when he was supposed to be installing cable TV. The guy videotaped him sleeping, posted it on YouTube, it's been seen by millions of people. That guy has a lot of power, at least in that moment.

Taco Bell, a not-so-great Mexican food chain, has its website, "Run For The Border" where you can report bad service or food by store number. Except Taco Bell doesn't run the site. A customer does. And the customer collects up all the complaints, send them to the health department, spreads them out to the world. Taco Bell has no defense except to improve their service, except to improve their quality, because everyone now has power.

But there's good news here, too. A little company called LittleMissMatched in Mamaroneck, New York, makes socks -- socks for 12-year-old girls with a problem. What's their problem? They don't have enough to talk about during recess. These are fashion-forward girls who want to talk about clothes and stuff, and they don't have enough money to buy a new outfit every day. LittleMissMatched makes socks, three to a package. None of them match. 133 styles, \$10 for three. What happens? Twelve-year-old girl, the fashion-forward one, goes to recess the next day and says to her friend, "Wanna see my socks?" Right? "Wanna see my socks" is the company's entire marketing strategy. When I first started talking about them five years ago, they were brand new; \$1 million in sales. This year they're going to do \$40 million in sales. They have boutiques in FAO Schwartz, boutiques in train stations around the United States.

The point is we don't need new socks. We don't have a sock problem. But we have a fashion problem. So they created a fashion solution that spread.

I wrote another book called *All Marketers Are Liars*. It's about telling stories. It has a lousy title; I apologize. What you to understand is if people are going to talk about you, what are they going to say? What are they going to say? When one person sees a Ling ad and then they tell another friend about it, or her website and tell people about it, what are they going to say? You get to pick the story by living it; right? The story is going to happen whether or not you want it to. So you might as well discover the story and live it.

Ask any 12-year-old in the world about Henry VIII. They will tell you the same story. They will not tell you about legislation he enacted, or the way he increased the public works in a various place during his reign. No. They will tell you about the six wives and they'll tell you about the chicken bone and all that other stuff. Why? Because that's his story. Does your business have a story? If it doesn't have a story, I'm not telling anybody. If it does have a story, it might be a story you don't like that the world is telling about you anyway. And you've got to live the story. You've got to design the product for the story.

The next one is this idea of speed. Not just hurry-hurry-hurry speed, or even let's-send-it-by-FedEx speed. I'm talking about this new quantum leap of Internet speed.

Any of you commercial printers? Anybody here bought anything from a commercial printer? Probably. So it takes three weeks to get a price quote and another three weeks to get your job; month-and-a-half later. So I went online to buy some printing. Did a Google search; found a couple places. Found a place, put in my details for a price quote -- this is Sunday, 9:00 p.m. The next morning at 11:00 a.m., three weeks ahead of schedule, I get the price quote from these guys. Too late. I had already ordered it from someone who came in at 9:15 in the morning.

The Internet says, "I want it now. If you don't have it, someone else is one click away." You have to organize for it, though. You can't just say to your staff, "Everyone needs to go faster." You have to say, "If our company's story is we are fast, you have to organize for what fast means." When Federal Express launched, they had competition; people who could deliver packages. But Federal Express says, "We're going to fly every package we collect to Memphis, Tennessee, and then at midnight, sort them and fly back." Well, to do that you need 100 planes. The first day, Federal Express carried less than 200 packages on 100 planes. But they organized for speed. And the Postal Service could never catch up, but they're not organized for speed.

How many of you read Chris Anderson's *The Long Tail*? Well, all of you should read it but I'll tell you what it says so you can pretend you did. (Laughter.) The idea of the Long Tail is in the old days, that red part was the only part the markets could sustain. The radio only has time to play 40 pop songs a week, over and over again, so you don't get to hear an obscure song. A record store, Virgin, only has room to carry a few thousand or 10,000 records, so you don't get to see the Jamaican polka music section because it doesn't fit.

Well, when you unleash choice -- when you give people unlimited choice, guess what? They take it. People like to find what they like. That means if you go to iTunes and they have Jamaican polka music and you're into Jamaican polka music, you're going to buy it. It means -- if you look at the math -- Amazon gets half -- half -- their sales from titles that Waterstones doesn't even carry. That Netflix -- do you have Netflix here? But you know what it is. Netflix gets half their video rentals from titles that Blockbuster doesn't even carry. That if you look at any industry, when you give people big choice, half the sales move out of the hits, into the long tail.

So what happens when the car people finally wake up and get rid of the dealers and let you buy direct from the factory? And what happens if instead of there 10 or 12 kinds of cars to choose from, there's a billion? And what happens is after you buy your car, which is like nobody else's but exactly the one you wanted, they drive it to your house four days later, for less than you could have bought it from the dealer, because they don't have to pay? Can anyone imagine -- "No. I'm going to go to the dealer and buy it the other way." Once the long tail kicks in, that's what everybody wants, because they want it their way. You cannot make a profit by making one obscure variation way out on the long tail. You win by owning a whole chunk of the tail; by working with people, like Etsy does, to say, here's a million craftspeople, pick your one. We don't care which one you pick because we'll profit from any transaction.

Let's talk about Google for a minute. Google, of course, as you know, started in 1964. It was this little form you had to fill out, put a self-addressed, stamped envelope, mail to them, and

six to eight weeks later, they would mail you back the results. Obviously I'm pulling your leg. But the important thing about understanding Google is Google is not going to go away. Google has taken information and exploded it into a trillion little bits; and then helped anyone find the needle. What that means is very few people are going to go to your homepage, look at your site map, see how you've laid the whole thing out, drill three, four, five clicks in, and then see the page they're looking for. No. They're going to go to Google, type something in, and end up on that last page.

So either your organization is Google-friendly, either your brand is Google-friendly, either your personal brand is Google-friendly, or it's not; right? So that means if the number one match on Google is "you're a thief," then as far as the world is concerned, you're a thief. That's not Google-friendly. Google-friendly means organizing it so that your DNA shows up everywhere, on your site, on other sites, on social networks, on every single place you can imagine being with the same story. Because the story is going to change the way people think of you.

Explosion channels. Everyone gets their own channel. Do you have your own channel yet? Your own channel on YouTube with nothing but videos by you? Your own blog, with nothing but writing from you? It used to be you had to get on a TV show so that you could use part of their channel. But now, everyone can have their own channel. Changes everything.

Next idea is the idea of connecting people to one another. There's a charity based in the U.S. that is Kiva, that is completely kicking the butt of every other charity online. Why? Because United Way and the Salvation Army say, "Give me money. I'll figure out who to give it to." Kiva says, "Here's a whole bunch of people who need money; here's a whole bunch of people who have money; meet each other." The same way Paypal said, "Here's a bunch of people who want to buy something; here's a bunch of people who want to sell something; meet each other." That if you can figure out how to be the middleman for transactions without being the owner of the transaction, whatever kind of transaction it is, you win.

The next idea is the idea of who versus how many. If you've ever bought a trade show booth, if you've ever bought an ad -- God forbid you ever bought a Super Bowl ad -- you've asked the question, how many people? How many people are going to watch? How many people are going to be there? How many people are going to see my ad? How many people are going to hear my speech at the conference? In fact, that's irrelevant. That was a stand-in when we didn't know enough. Now what we care about is who's going to be there; who's going to listen; how much permission do I have?

There's a site in the States called Daily Candy. Are they in London? Yes, they're in London. So pretend you're a 23-year-old woman, go there, sign up. And what they will do is every day for the rest of your life, they will e-mail you an anticipated, personal, and relevant newsletter about fashion and cafés and hip bars and new clothes. Guess what? The people who get it, want to get it. There aren't a lot of them. The how many isn't so big, but the who is brilliant. The who is perfect. Because if you open a trendy new boutique in London and they mention you, your store will be jammed for a month. That's how powerful they are. The company was started by a woman named Dani, who I know, in her living room. She sold it for \$115 million U.S. dollars six months ago. Because the privilege -- it's not a right -- the privilege of talking to people who want to be talked to, about something they want to be talked to about, is almost priceless.

Last one, and then a bonus. Gatekeepers. It used to matter that that person could get you in, that you knew someone who could get you where you needed to go. Gatekeepers aren't so important anymore because everyone has their own channel; because the networks are totally different now. It's not about being the boss; it's about being the leader. It's about people wanting to follow you. Where power is going now, where marketing is going now, is in leaning to people who choose to listen, not to listen because they have no choice.

And last one -- it's not in the book -- a bonus; I call it the Seinfeld curve. Jerry Seinfeld, if you're a fan of the show, has two choices, really. There's ubiquitous Seinfeld, who's on television in 515 cities around the world every night for free. You don't have to pay for that, but you can find him. Or, there's scarce Jerry Seinfeld. Scarce Jerry Seinfeld is you've got to fly to Las Vegas, pay \$250, and see him in person. You can make money by building your brand by being ubiquitous. I dare say that my brand is starting to get ubiquitous because lots of people can see my blog. And you can make money by being scarce, because it costs money to get the souvenir edition, to interact, to go somewhere.

Where you can't make money is in the Black Zone, the dead zone in the middle. It's in the Black Zone where it all falls apart, because it's not scarce and it's not ubiquitous. And most organizations are stuck right there in the middle, suing their customers; which I don't think is a great idea.

So, King Gillette -- brilliant metallurgist, brilliant factory man -- understood how to make meatballs called razor blades; understood marketing. He understood that if you gave away the razors, sold the blades, you could make a lot of money. He understood that sponsoring the prize fights, sponsoring American football could make him a lot of money. Last year, Gillette sold more than \$1 billion in the U.S. alone. Question: Does Gillette have a right to thrive in the new world I just described to you? They've got plenty of money. They got a famous brand name.

My answer is no, they don't. They have a choice. They can keep making meatballs -- go ahead; you're not going to grow at Internet speed, but that's a profitable business -- or -- and it's an "or," not an "and" -- or, they can invest their smartest resources and their best people at creating products and service and communities and connection that augment their brand but aren't their brand, online. No one wants to friend Gillette on Facebook. No one wants to follow Gillette on Twitter. "Great news. We have a seven-blade razor now." That's unlikely to interest most people.

But if Gillette could get in the business of introducing you to him in a way that you both enjoyed and then got out of the way, you might sign up for that. They have the opportunity now but they're not going to take it, because they're stuck thinking about meatballs. They're thinking, "Well, that won't sell any razor blades." And I say, "We're not here to sell razor blades. We're here to make a difference. We're here to make a connection."

So I run a little company called Squidoo.com. We took these ideas, the Long Tail idea, the direct connection idea, the creating conversation idea; Squidoo's now the 300th biggest website in the world, and we've got half a dozen people. Because it's not about forcing yourself on the community. Instead, it's about seeing what the wind is at your back.

Remember that Wedgewood china I told you about that you broke at your mother-in-law's? Well, you did break it and you better replace it right away. If you want to replace it, it turns out Replacements.com will be happy to sell you a new teacup for £40, which you have to pay because it's your wife's mom. And he sold last year 65,000 items -- different items -- at auction on eBay. Classic long tail business that could not have existed 10 or 15 years ago.

Zappos, giant shoe store in the United States, hit \$1 billion in sales last year. Zappos wants you to call them on the phone. Look at all the places their phone number is, in Spanish or English. My wife has a friend who works with a woman who every Monday goes onto Zappos, orders three pairs of very expensive shoes; they arrive on Tuesday, she wears them around the office all week, and then on Friday, ships them back for her money back. She's a thief. Zappos knows this, and yet they let her keep doing it. Why? Because the word spreads about how easy it is to return stuff to Zappos. A story is told. The story spreads. The company grows. Just because one little person's taking advantage of them, they can see it, they can interact with you.

So the first question I'll ask is, is your organization structured on finding customers for your products? The answer's probably yes. Are you willing, instead, to products for your customers?

Number two is, do you work for people who demand success before the organization commits? I would argue you probably do. And can you help them see that they're not going to be able to win until they commit, and then they get success? That's how they built the business they have today. Gillette didn't say it has to be a billion dollars or I'm shutting down. It took 70 years to hit a billion dollars.

So what's the new cycle look like? Remember the Revlon one? Step one: be remarkable. If you can't do step one, start over. You don't get to do step two and then go back to step one. You have to do step one right. Step two: tell a story about what you do, tell it to people who want to hear it, tell it to people who'll spread the word. Guess what? Then they do your job. They do what you used to think of as your job. Some of the people who hear this story can then give you permission to tell them the next story; and around and around and around.

So later in Q&A, if you want to, I'm going to talk about 37signals. 37signals is a company that has done almost every single one of these things; and with less than a dozen people, has built a multi-million dollar company right under Microsoft's nose. Because they are building a software company for a new era as opposed to a previous one.

So I want to take a minute here before I do the last part of what I came to talk about -- and there's a lot left -- and have you compare this to this. I hope you can see that in the back. This is in the book if you want it. But what I'm saying is this: on the left is everything we lived with for the last 50 years; truth about the last 50 years. Long product cycles, features matter, you can spam people, there's a barrier between the people who make stuff and the people who consume it, etc. On the right is what I'm saying is taking its place.

Now you can argue with me about one or two, but I bet you can't argue with me about five of them. It's really easy to understand that all the things on the right are happening. We're not going to have spam get more effective. It's going to get less effective. We're not going to have less community sports online. We're going to have more community sports online. Go down

the list. So here's the question: Are you busy pushing to defend the left, or do you have the wind at your back, doing the new stuff on the right?

That's why you should have a headache. Because if you leave here today thinking that it's okay to still do the stuff on the left and thinking that five years from now you're going to be glad you made that decision, I have failed.

On the other hand, if you realize that this is a key moment in your professional life, in the life of your organization, the life of what you do, you're going to see that you really don't have a choice.

I'm running a little bit behind schedule but I think it's worth it to spend a few more minutes, so here we go.

The model that you grew up with, the model that you had until yesterday is this: me-them. The new model is this: connecting. I call it Tribes. Tribes is the idea that people like people who like what they like. The Red Hat ladies, which you can find anywhere in the world; other red hats -- triathletes who don't even like swimming, they go, not because they're going to win the race but because they like being with the other people who are going to race. People in the armed forces, whether it's formal or informal; people who work in a restaurant or white hats on a boat; Ukrainian folk dancers who can now find themselves easily online.

The Internet was supposed to homogenize everyone. Instead, it's doing quite the opposite. It's connecting like-minded people to do the things with each other that they want to do. Volunteer firemen wouldn't exist if it weren't for tribes.

My second favorite photo; no Photoshop involved. Volunteer firemen like doing what they do and they like doing it with each other. A tribe is easily identifiable often. Maybe it has a logo or a look or a language or an eye patch. You can tell when you meet somebody in your tribe, and we want to do that more. A tribe is not a crowd, but a tribe can create a crowd. A crowd is something maybe a marketer demands, but a tribe is when people want to do something with each other. The model is not, "I'm going to yell at everyone until I get what I want." The model is, "I'm going to find five or three or six people who are really into it." And then, the word is going to spread.

So if we look at Al Gore's career arc, Al Gore failed to push his way to being installed in office. But after that, he succeeded in creating a tribe of people who wanted to follow him on the global warming issue. You may not know this, but there's more than 1000 people in the United States who give his lecture on a regular basis. His slides, their lecture, around the country. They're members of the tribe. They're pushing it forward.

Kevin Kelly from Wired explained this. You see the whole market. You don't need the whole market if you're a musician or an artist or somebody who makes pottery or somebody who sells insurance. All you need is 1000 true fans. One thousand people is enough, if your message is powerful enough, if your offering is compelling enough, if what you're doing is remarkable enough -- 1000 is enough to start the movement.

Now, people ask me quite often, what do I need to be a leader? If marketing is the new leadership and leadership is the new marketing, that means I've got to learn how to do it. Tell me; what are the steps? Where is *Leadership For Dummies*, please? And my answer is, "Take

a look at these two leaders. They don't have a lot in common. Their personalities couldn't be more different. Other than the fact that they're about the same age and grew up in similar parts of the world, they don't have a lot in common. It's not about who you are. It's about the way you interact with people.

It also affects what we make. This is my Kindle. I don't know if any of you have one of these. So here's the thing with the Kindle: what a mistake. It's usually successful. It replaces the book for a certain class of people who like it. Ten percent of all Amazon sales of books are now on this device. But what a waste. It'd be like taking a computer and turning it into nothing but a slightly faster typewriter. What would happen if when I'm using my Kindle, I could see what the other people in my group or my company or my tribe were saying about the book we're all reading at the same time? What would happen if, as an author, I could see all the people who were reading my book and be able to give them updates and interact with them and introduce them to each other in real time? What happens when you take this device and turn it from a one-way thing to a connecting thing?

The argument I'm making is most people don't think that way. I mean, Amazon, of all people -- it never occurred to them to make it a community device that also read books, when the technology's already built in. They don't have to do a thing.

The other thing to understand is that you don't have to build a tribe. It might already be there. The Beatles did not invent teenagers. They just led them. There are people out there who want to be led. There are people out there, like Nathan Winograd discovered in San Francisco, who want to hear a story, desperately want to be involved.

When you think about your tribe, one choice is make it big. How many people can I get in here? Another choice is make it small; make it tight. I've invited all of you -- I don't know if all of you got the invitations; later, Mark will be at the back if you didn't -- to the online tribe that's closed, that's tight. We got a few thousand people. Some people don't get it, and they leave. But there's a core group of people, many of them are here today -- raise your hand if you've been there for more than a week or two. All right? These people have been hanging out online for months, meeting each other, connecting to each other, finding value, and I'm not trying to sell them a thing. I would never do that because that's not the point.

The point of leadership is not to sell people something; it's to lead them. So you don't get to lead if you're mediocre; right? No one's going to follow someone because they're average. Oh, yeah. That's a great tribe to try. They don't challenge any status quo. That heretics -- people who stand up and say, "I will not stand for the status quo" -- those are the people who attract followers. Sheepwalking is the enemy. Sheepwalking, the idea of acting like a sheep, sleepwalking through your day, filling in, making sure it works, not getting found redundant - - a phrase I really find horror in -- that doesn't work. That's not how you're going to find people to follow you.

People are afraid to be heretics because, yeah, one in every 50,000 heretics, someone gets burned at the stake. But in general, being a heretic is not that dangerous.

So, another Westminster Abbey story. Robert Faraday, the guy who sort of invented cool things to do with electricity, also invented the balloon; and probably the balloon animal. But for now, we're just going to talk about the balloon. People who work in balloon factories sort of like it. There's no busy season except New Year's for the balloon business. And it's quiet

and comfortable; there's not a lot of sharp objects. When a unicorn shows up in a balloon factory, they really work hard to get rid of the unicorn. The unicorn represents a threat. The unicorn could take everything down. And what you need to do as a unicorn, as a heretic, as someone who's leading, is ignore the people. Because what they don't know is the balloon factory's about to go into foreclosure anyway; that their days are numbered; that the status quo is changing.

And then what we need from you is someone who will look at the petty little rules and say, I acknowledge them but I refuse to follow them. Because unless you refuse to follow the petty little rules, you're not going to find people to follow you.

So my friend Jacqueline Novogratz runs the Acumen Fund. She started a non-profit -- not an easy thing to do -- with no money -- even harder -- in New York City, the month before 9/11. And now she's got \$50 million under management, factories run by entrepreneurs in Tanzania, housing developments in Pakistan, people changing the world in India. Doing it not by forcing things to happen, but by leading; by describing a future the way Nathan Winograd described a future; by finding people who want to follow her. Not a lot of people; enough people.

This is hard for a lot of us, because we don't think it's right. It's not socially appropriate. So I'm going to tell you the subtitle of the book, and I meant it. You're being asked to lead, not just by your boss, but by the people who want to be led. Because that's what being a human is about; being engaged with other people in our community; going places, changing things, making things happen.

So I could go on all day with my slides, but I'm not going to do that. What we're going to do instead is it's 2:30 sharp. We're going to take exactly a five-minute bio break. I'm going to start whether you're back or not, and we're going to switch to Q&A.

Thank you for your attention. I really appreciate it. (Applause.)