

MAVERICK RULES FOR SUCCESS

Moderated by William C. Taylor and Polly LaBarre Photographs by Peter Ross

We live in an era of hyper-competition and nonstop innovation.

You can be in just about any industry—from computers to cars, real estate to mutual funds, cell-phones to video games—and it's a safe bet that people already have more than enough of whatever it is that you're selling. This is an age of overcapacity, oversupply, and utter sensory overload: Too many companies offering too many choices to customers with too little time to make sense of all the marketing messages with which they're being bombarded. So how do you stand out from the crowd—as an executive, an entrepreneur, or even a business soloist—when the crowd keeps getting bigger, better, and louder? That's the challenge that *Success* magazine put to a roundtable of genuine business originals—maverick executives, entrepreneurs, and innovators who are winning big at business by rethinking the logic of how business gets done.

THE SUCCESS ROUNDTABLE THE CORE CLUB, NEW YORK, NEW YORK





ELIZABETH ROBERT
CEO, VERMONT TEDDY BEAR COMPANY

Liz Robert took charge of Vermont Teddy Bear when the lovable company was on the brink of insolvency. She quickly reinvented the operation not as a mass-market toy business, but as a service business targeting the gift-giving needs of young men that she dubbed "Late Jack." Her strategic reinvention ignited the company's revenues and profits. Annual sales, which hit a low of \$17 million before Robert took charge, now exceed \$70 million, and the company is solidly profitable. It has also become an icon in its home state, where its barn-like headquarters has become a top tourist destination.

OUR PANELISTS HAIL FROM A WIDE RANGE OF industries, but they agree on a critical element of success in the 21st century: You can't do big things with your company or career if you're content with doing things a little better than everyone else. In today's fast-moving business environment, winning companies don't just sell competitive products and services. They stand for important ideas—ideas meant to shape the future of entire industries, ideas meant to reshape the sense of what's possible for customers, employees, and investors. Originality has become the acid test of strategy.

Success readers understand this. They know that to succeed in business requires innovation, creativity, and a willingness to think differently. The term maverick was once used to describe a calf that had never been branded, an animal with no master. Mavericks in business are their own masters. They don't follow the rules; they make the rules. That's the core purpose of this roundtable: to introduce our readers to real-life mavericks who are changing the rules of business.

We invited William Taylor and Polly LaBarre, coauthors of *Mavericks at Work: Why the Most Original Minds in Business Win* (William Morrow, 2006) to sit down with four of the mavericks featured in the book and engage in a wide-ranging conversation about the new rules for success. The group included Elizabeth Robert, CEO of Vermont Teddy Bear, the fast-growing gift company based in Shelburne, Vermont; Thomas K. Brown, a high-profile hedge-fund manager whose firm, Second Curve Capital, makes big investments in financial-service companies; Jack Hughes, founder and CEO of TopCoder, a software company based in the unlikely location of Glastonbury, Connecticut (just outside Hartford) that is making huge strides in this hard-charging field by reinventing the process by which software is created; and Rob McEwen, a legendary entrepreneur in the gold-mining business who is CEO of Nevada-based US Gold and spent 18 years before that as chairman and CEO of Goldcorp Inc.

This one-of-a-kind group offered provocative and compelling new answers to some of the most basic questions facing executives and entrepreneurs in all walks of life: What does it mean to have a winning competitive formula? What are the mindsets and attributes of



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successful leaders? And most important of all, How do you define success in the first place? Here are their maverick rules for success.

WHY THE SMART TAKE FROM THE STRONG



BILL: Everybody around this table agrees that winning big in business requires developing big ideas about your business. But you don't have to be part of a huge organization to have big ideas. One of my heroes, back in the eighties, was Pete Carril, the Hall of Fame basketball coach at Princeton University. His team, with no athletic scholarships, and with players who actually had to go to class, would come up against the national powerhouse programs and always hold their own—and often win.

How did he do it? "The strong take from the weak," he loved to say, "but the smart take from the strong." What went for basketball in the 1980s goes for business today. The job isn't to out-muscle the competition. It's to out-think the competition. How do you think differently about the business you're in?



LIZ: How's this for an unlikely strategy for success? We use Howard Stern to sell \$85 teddy bears to grown men! That is not a natural market phenomenon. What we've done at our company—and we've done it with teddy bears, pajamas, flowers, and other gifts—is to take commodity products and give them all kinds of special attributes. Then we present them in different ways to customers who have unique problems, problems we can solve.

For example, the target customer for our BearGrams is someone we call "Late Jack." He's between 18 and 54 years old, he wants to get his wife or girlfriend a gift that she'll remember, but he almost always waits until the last minute—and he's desperate for someone to

save his butt. That's our job; that's the service we provide. We call our telephone agents "bear counselors" for a reason. I like to joke that they need a PhD in psychology to handle these Late Jacks, who are so eager to make an impression, but often so clueless about how to do it.

There will be times when a bear counselor helps a Late Jack craft the perfect message, they'll finally agree that he should end it with "I love you"—then he'll call back in fifteen minutes and say, "I haven't known her long enough, I can't say that." So we enable our bear counselors to put an order on hold and help this guy through the process again. We don't sell teddy bears. We create a goof-proof experience, from how we market to how we take the order to how we deliver the product, that is designed to meet the needs of Late Jack.



POLLY: What we've found—and Liz, it sounds like you'd agree with this—is that once you figure out what's really unique about your company, once you develop that strategic clarity, it allows you not to do lots of things, even if they're standard operating procedure for other companies. For example, you don't sell your products at Wal-Mart or Toys 'R Us, or other big-box retailers—that's not how you reach Late Jack.

Tom, do you see that same phenomenon in financial services—companies that are clear about what makes them different feel free not to offer products or service that other companies consider a standard part of doing business?



TOM: Please allow me to introduce myself: I'm Late Tom. (*Laughter*).



POLLY: Are you one of Liz's customers?



TOM: Absolutely. She makes me look good! The point about creating a truly unique experience is really the heart of success in business today. At my firm, we look for great investment opportunities in financial-services stocks—companies that are in a position to create huge shareholder value. What I find lacking in the companies we don't invest in is any understanding among senior management about the experience that customers go through when they do business with their companies—what it feels like to open an account, or apply for a loan, or go into the

bank for one reason and get "cross-sold" three other products.

We live in an "experience economy." Yes, companies have to make their products more functional and reliable. But they also have to make the experience of being a customer more memorable. And that's where most banks fail to make the grade. The standards are so low in banking, yet most of the banks can't even exceed those standards.



POLLY: Give us a sense of a bank that does it right. What do successful companies understand that other companies don't?



TOM: I have been an investor for years in a company called Commerce Bank. It has created a truly unique experience in the industry—a bank that doesn't act like a bank. It pioneered the idea of staying open seven days a week. The branches are bright, cheerful, and colorful. The employees love entertaining the customers. Commerce's corporate color is red, and every Friday at the bank is Red Friday—employees come to work wearing red hats, red ties, red outfits, and customers really look forward to it.

And it obsesses about doing the little things right. The typical bank offers perhaps 120 different products, and like anything in life, maybe 15 of those products account for 85% of revenues. But the staff gets trained in all of them, so they know a little bit about everything, yet haven't really mastered anything.

Commerce makes sure that its employees absolutely master the account-opening process: a savings account, a checking account, what have you. They believe that if you make that process fast, crisp, easy, friendly, lots of good things will follow—rather than trying to cross-sell someone a home-equity line of credit when all they want to do is open a checking account. They are an incredible success story: If you bought \$100,000 worth of Commerce



JACK HUGHES
FOUNDER AND CEO, TOPCODER

Jack Hughes's unique company is becoming a global force in the technology market. TopCoder, based in Glastonbury, Connecticut, has nearly 100,000 individual members from every country in the world. The members compete against and learn from one another in software-writing competitions that take place over the Internet and through live events. Some of the world's best-known technology giants—including Google, Microsoft, Sun Microsystems, and Yahoo—sponsor competitions in which young programmers battle for software supremacy. TopCoder also writes programs for major corporations, using its model of head-to-head competition to unleash global collaboration.



ROB McEWEN
CHAIRMAN & CEO
US GOLD

Rob McEwen is a legend in the gold-mining business, an entrepreneur famous for his commitment to creativity and innovation in an industry that has a reputation for being slow to change. Today, as chairman and CEO of US Gold, he is implementing an ambitious growth plan in the gold fields of Nevada. Before he took charge of US Gold, Rob spent 18 years as chairman and CEO of Goldcorp, a Canadian company that was worth \$50 million when he acquired a controlling stake and is worth \$10 billion today. One key to Rob's success at Goldcorp was his Internet-based competition to invite outside geologists from around the world to suggest where his company drill for gold. The "Goldcorp Challenge" took the industry by storm and transformed the fortunes of his company.

shares in 1985 you'd have \$3.5 million today. And they've done it by creating an incredible experience for their customers.

BILL: I'm guessing you've devised some in-depth ways to figure out whether or not a financial-service company is creating a unique experience.

TOM: I ask everyone from the CEO to the front-line employees a very sophisticated question: What are you doing that differentiates you in the market? (Laughter). Why should I bank here as opposed to at the bank across the street? And what floors me is that 95% of the people at most companies don't have a good answer—including the CEO. And frankly, a high percentage of companies don't even have a strategy that says, We want to do it.

JACK: Liz and Tom have emphasized the importance of rethinking and redesigning the customer experience. At TopCoder, we are rethinking and redesigning the work experience. That's the disruptive idea behind this company. One of our businesses is to make software for companies to help run their businesses—and believe me, every company needs software that is better, faster, more reliable. How do you write great software? By creating an environment that lets talented individuals do their best work.

We've got nearly 100,000 individual programmers from every country in the world that are part of the TopCoder community. They affiliate with us as individuals, and they compete with, collaborate with, and learn from their fellow TopCoders. It's our belief that talented programmers do their best work as individuals, not as part of giant organizations or software bureaucracies. So we celebrate the accomplishments of individuals. And we give smart people the chance to learn from one another. That's key. The defining reason

programmers stay part of this community is if they believe that they are improving their skills as a result of their participation. Good people are always pushing to get better.

POLLY: So far we've heard innovative ideas about the customer experience and the work experience. What about the new logic of innovation itself? We all believe that one of the most powerful assets in business is a great idea. But that raises the obvious question: Where do ideas come from?

ROB: Let me give you a non-obvious answer. New ideas can come from anywhere in the world, and anywhere in the world, if you're smart enough to ask. That's what I learned during my time as chairman and CEO of Goldcorp, when we tapped the brainpower of the whole world to devise a strategy for mining gold.

I came to the mining industry from the financial industry, and I had an idea about what the "ideal" mining company should look like. But the company we bought was far from ideal, and when it comes to innovation, the mining industry moves at glacial speed. We made management changes, we dealt with a nasty strike and hostile labor relations, and we also did some exploration.

We spent millions of dollars, and came back with promising results—concentrations of ore thirty times what we were finding elsewhere. It was a really exciting find. So I asked my team, How big was the deposit? They weren't sure. Where were the best spots to transition from exploration to deep drilling? They couldn't say with certainty.

We needed new ideas. So first we did internal brainstorming. We gathered all our geologists, started with the youngest people in the room, and said, We want your wildest ideas, the ones you really love, the ones that have been shot down by your boss. We did this for two days, with no hierarchy in the room, and everyone walked away really pumped. But that was just a hint of what could happen if we freed people to do their best thinking about this very promising discovery. I wanted to invite the whole world to be part of this brainstorming too: retired geologists, government geologists, geologists who had spent years working for the competition. That's when I made my breakthrough discovery about innovation.

"Most companies are full of great ideas. The trouble is, people don't have the freedom or the courage to pursue them. They worry about what happens if they fail."

BILL: So you had your very own Eureka moment! People always wonder how that happens: Was it at one of your brainstorming sessions?

ROB: No, and that's another lesson. I was at MIT, at an executive course on information technology and "open-source" software—you know, programs like Linux, where thousands of programmers, working in small teams, volunteer their time and skills to create this really powerful operating system. I heard about Linux and the light bulb went on. That's the template I've been searching for! Let's post all of our geological data on the Internet, along with software to help people analyze the data, and invite the whole world to tell us where to find the next six million ounces of gold on our mine.

The results were staggering. Not just the amount of thinking, but the diversity of thinking. People used advanced physics, applied math, all sorts of disciplines that aren't standard in the gold business. Engineers from the oil-and-gas industry applied their tools to the gold-mining industry. It was a global outpouring of brainpower unlike anything the industry had ever seen—people from 52 countries submitted detailed drilling plans. The result was that the mine is now considered the richest gold mine in the world.

That's what happens when you take ideas from one place—software and the Internet—and move them to a very different place like gold mining.

THE NEW LAWS OF LEADERSHIP

POLLY: Rob's story is a great way to transition to our second theme—what it means to be a leader today. How do you, as "the boss," as the founder, as an entrepreneur, see things that traditional

leaders don't see, and deal with the critics and the naysayers?

TOM: It all starts with being curious about why things are the way they are, and how they can be different.

ROB: That's right. The most important question you can ask is, Why do we do it this way? And once you discover a better way, just run with it.

LIZ: You also have to create a culture within your organization where every aspect of the business involves creativity and innovation. Good ideas don't just come from the R&D department. They can come from anywhere. When you create a culture in which everyone aspires to be part of the creative process, it takes the burden off the CEO to be the one who constantly has to come up with the ideas or create the energy around new ideas.

JACK: One of the most important roles of a leader is to help people understand that the real threat to any successful organization is the organization itself. Most companies are full of great ideas. The trouble is, people don't have the freedom or the courage to pursue them. They worry about what happens if they fail. I call it the Yoda problem.

BILL: The Yoda problem? I'm not a huge *Star Wars* fan, so maybe you should explain.

JACK: One of the famous Yoda sayings is, "There is no try. Do." Well, in business today, it's really better to go the opposite way. "There is no do. Try." Just try something different, apply an old idea in a new way. Maybe it will work, maybe it won't. But you need to create a culture of experimentation in which good ideas have a chance to take hold.

POLLY: I feel a new book coming on, *Management Secrets of Yoda!* One of the other mavericks we write about in our book, Dan Wieden, cofounder of Wieden+Kennedy, the great ad agency, says his job is to "Walk in stupid every day." He has to keep his mind open to what's new, what's different, what's outside the realm of his experience. How do you as leaders feel



THOMAS K. BROWN
FOUNDER
SECOND CURVE
CAPITAL

Tom Brown is one of Wall Street's best-known and most outspoken analysts and investors. For years, he was one of the most heralded banking analysts on Wall Street, a perennial member of *Institutional Investor's* All-American Research Team. Six years ago, he launched Second Curve Capital, a hedge fund that invests in financial-service stocks. The firm now manages \$500 million of capital, and has a compound annual growth rate of more than 19%. Brown also runs a high-profile Web site called Bankstocks.com, where he and his colleagues share their views of the market with the outside world.



POLLY LABARRE
COAUTHOR
MAVERICKS AT WORK

With a sharp eye for the texture of working life and a well-tuned ear for the themes that mark the economic moment, Polly LaBarre has contributed to the business conversation in a range of forums for over a decade. As a core member of the original *Fast Company* team, Polly played a central role in the success of a magazine that changed the way leaders think and talk about competing, working, and winning. In her eight years as senior editor, Polly helped to shape *Fast Company's* thematic agenda and wrote many of the magazine's most talked-about articles.

about your personal habits when it comes to innovation?

TOM: One thing I've discovered is that you can't fill the organization with people from the same industry. I started my company with people who had worked for me in the past. They were great talents, they were good friends, but we were trying to do something different and they couldn't "unlearn" fast enough. Over time, we came to understand that we simply could not hire people who are in similar functions at similar companies. We hire people based on how they think, not where they worked before. I can teach people who have innate brainpower and curiosity about the stock market. I can't teach technical stock pickers how to be more curious.

LIZ: I had that same experience. We recruited someone from one of the big shipping companies to run our distribution center. This new executive wanted to apply a very standard playbook to a very unconventional company. So "relevant experience" becomes less and less a predictor of future performance. It's about what makes you tick, not just what you know at any moment in time.

The other big part of this is just keeping your ego in check. I genuinely believe that at the end of the day, I'm no better than anybody else. And if you can relate to people on those terms, it's just a very powerful way to maintain everyone's creativity.

ROB: Being a leader is as much about asking the right questions as it is coming up with the answers. Sometimes I get accused by my colleagues of being an interrogator because I keep pushing on basic questions. Why do we do it that way? Why not try a different approach? Good questions lead to other good questions, and eventually you get to powerful new answers. If you just give people permission to try—back to Yoda, I suppose—it's amazing what can happen.

THE MEANING OF SUCCESS

POLLY: I don't want to put everyone on a soapbox, but we're gathered here at the invitation of *Success* magazine. What I've come to understand about so many of the

"Very few executives or entrepreneurs flat-out don't care about other people. If you incorporate that into your personal definition of success, I don't think there's anything more fulfilling. What are you doing that translates into being better for other people?"

successful leaders I've met over the years is that they are genuinely introspective. They are not afraid to ask themselves, Am I speaking in a true voice? Who do I think I am? Can I become more of who I genuinely am? Real success requires authenticity of character.

So let's end the conversation by asking the most basic question. We all aspire to be successful. What's your definition of success?

TOM: My definition of success is that I get to help people generate the financial resources to afford their dreams. And what's great about what we do is we see the results every day. We've been on a hot streak lately, and we get letters from our limited partners that talk about what the performance of our fund means to them. In one case, we got a letter that said, "We were able to rebuild a church because of the money you made on the money we gave you." To me that is just incredibly satisfying. So our definition of success is helping our partners pursue whatever dreams they have.

LIZ: In the past, there was a much greater emphasis on specific goals: I've got a plan, and success was hitting the plan. Now I think of success more as progress. We live in a world today where process and progress are more important than necessarily the end goal. Part of the problem with fixed goals is that the world has become so complex, it changes so quickly, that if you focus only on pre-conceived goals, you may go down the wrong path. But if you focus on process and progress, it allows you to shift with the dynamics in the marketplace.

ROB: My definition of success involves a little of both, I suppose—goals and process. In the early days at Goldcorp, I drew a little diagram for myself, said this is where I want to go in the mining industry, and I put my head down and got to work. I

knew what I had to do, but I didn't have a rigid timeline.

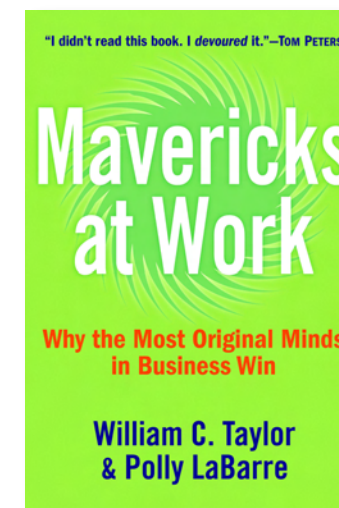
Well, it worked. I achieved what I'd set out to do, and I thought to myself, "Somebody has given me a real gift. How do I share that gift?" And that's where the process part kicks in. I've made donations to hospitals, and I've set up a center for regenerative medicine, and it's amazing what happens when you start down that path. It's like you're walking down a hallway, new doors open up, and you enter a world that you never knew existed. You meet the most remarkable people, working on the most challenging problems. As a result, you have some truly incredible experiences. So I've gone from having very specific goals to wondering with great delight what happens next.

JACK: That's the great thing about defining success in terms of your impact on other people, not just on yourself. I find very few executives and entrepreneurs who flat-out don't care about other people. But if you incorporate that into your personal definition of success, well, I don't think there's anything more fulfilling. It can be a charity, it can be a hospital, or it can be in your normal workaday life. What are you doing that translates into being better for other people? How have you, in the normal course of your work as a CEO, a boss, a colleague, made someone else's situation better? That's what's fulfilling.

BILL: What a great note on which to end. We saw that mindset in so many of the leaders we met during the course of our research for *Mavericks at Work*. Sure, they were tough, they were competitive, they were intense. But they had a generosity of spirit that was palpable. The more you look for reasons to make a helpful gesture to someone, to connect two people who should be connected, to just do something positive in a situation where people don't expect you to—over time, the rewards for that sort of behavior are just amazing. The age of the me-first mogul is coming to an end. We're in a world where generosity leads to prosperity.

One of the executives we wrote about had a great line: "The leader who figures out a way for everybody to win is going to be the leader who wins. The leader who comes with a zero-sum mentality gets zero." To me, that really is the new logic of success.

ABOUT THE BOOK
Mavericks at Work: Why the Most Original Minds in Business Win (William Morrow, 2006), by William C. Taylor and Polly LaBarre, chronicles a new generation of leaders, a special breed of companies, and an exciting mix of disruptive experiments that represent a force for growth and innovation in business today. *Mavericks at Work* was published this fall, and it's already creating a stir. ABC's *Good Morning America* has aired multiple segments of what it calls "Maverick Monday," high-profile publications from the *Financial Times* to *U.S. News & World Report* have reckoned with its ideas, and the book quickly became a *Wall Street Journal* Business Bestseller. But *Mavericks* is more than just a book. Taylor and Labarre hope to build up a 'Maverick Nation,' a community of like-minded businesspeople connected by seminars, lectures, podcasts and meetups across the country. For more information and more *Mavericks* resources, go to www.mavericksatwork.com.



WILLIAM C. TAYLOR
COAUTHOR
MAVERICKS AT WORK

Bill Taylor is an agenda-setting writer, speaker, and entrepreneur who has shaped the global conversation about the best ways to compete, innovate, and succeed. Prior to writing *Mavericks*, Bill was a cofounder and founding editor of *Fast Company*, an award-winning magazine that earned a passionate following among executives and entrepreneurs around the world—and became a major business success. In less than six years, an enterprise that took shape in some borrowed office space in Harvard Square sold for \$340 million.