

The
BEAR
NECESSITIES
of **BUSINESS**

Building a Company with Heart

MAXINE CLARK

Founder and Chief Executive Bear
Build-A-Bear Workshop®
with Amy Joyner



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To “Teddy,” wherever you are—thanks for being my first and furriest best friend.

To Kara, Ainsley, Chelsea, Tiffany, Ashley, Chelsey, Hannah, Taylor, Austin, Jason, and all of the Guests of Build-A-Bear Workshop throughout the world. You are my daily inspiration. May you never outgrow your love of stuffed animals and your child’s imagination.

Maxine Clark will donate 100 percent of her proceeds from the sales of this book to the **Build-A-Bear-Workshop Bear Hugs Foundation**, which supports meaningful philanthropic efforts for children and families through financial and in-kind support for health and wellness causes and educational and literacy programs.



Contents

<i>Introduction</i>	1
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PART ONE

Getting Started

Dream the Dream Supreme	9
Let a Child Inspire You	15
Do What You Love	19
Beware of Conventional Wisdom	24
Pour Your Heart Into It	29
Envision the Core User	34
Imagine Your Company from the Inside Out	40
It's All in the Details	45
Develop Strong Partnerships	50
Be Financially Secure	55
Put Your Plans in Writing	61
Make Investors Come to You	65

PART TWO

Being a Great Boss

Show a Willingness to Do Any Job	75
Seek and Find Those Who Share Your Passion	79

Create a Fun Place to Work	83
Celebrate Mistakes with a Red Pencil Award	88
Respect Those Around You	93
Empower Your Employees to Contribute	99
Know What You Don't Know	104
Seek the Help of Outside Experts	110
Keep Score	116
Read, Act, and Share	121

PART THREE

Connecting with Your Customers

See Yourself Through the Public's Eyes	127
Learn from Your Customers	131
Build an Advisory Board	137
Bring Out the Child in Everyone	143
Spending More Creates More Value	148
Don't Cater to All Audiences	151
Ensure That Each Person Feels Special	156
Answer Customer Letters	160

PART FOUR

Creating an Incredible Experience

Make First Impressions Last	167
Turn Every Day into a Holiday	173
Emulate the Five Pillars of Success	177

Keep Inventory in Check	182
Pay Attention to Packaging	187
Offer an Escape from the Ordinary	191

PART FIVE

Using Essential Marketing Strategies

Be a Great Brand	199
The Best Advertising Is Free	203
Target Your Pitches	208
Respond to the Media	214
Advertise Smart	221
Create Buzz	227
Use the Web Wisely	232
Embrace Viral Marketing	239

PART SIX

Growing Your Business

$1 + 1 = 10$	247
Live in the Now . . . and the Future	253
Learn from the Experiences of Others	257
Grow Without Compromise	262
Be Prepared for the Unimaginable	266
Innovate Incessantly	270
Speak in All Languages	274
Turn “No” into Your Own “Yes”	279

The Harder You Work, the Luckier You Get	284
Five Questions That Will Help Propel Your Business	288

PART SEVEN

Giving Back

Good Works Are Good Business	297
Begin in Your Own Backyard	302
Share and Share Alike	307
<i>Bearisms to Live and Work By</i>	311
<i>Acknowledgments</i>	315
<i>About the Authors</i>	319
<i>Index</i>	321

Introduction

Whether you're looking to start a new business, improve an existing one, be a better manager, hire the best employees, or simply get ahead in your current job, this book was written just for you.

The Bear Necessities of Business is your guide to creating a company that uses the most effective marketing strategies, is staffed by workers who look forward to doing their jobs every day, is well regarded by the community, and has an abundance of happy customers.

Like many of you, I began my journey as an entrepreneur and business owner with a dream. After venturing out on my own about 10 years ago, I had visions of revolutionizing an industry I spent my entire professional life working in.

To give you a bit of background, upon graduating from the University of Georgia in 1971, I started out as a retail trainee with the May Department Stores Company in Washington, D.C. Over time, I worked my way up, taking on various roles in management. I was involved in everything from planning and research to marketing and

product development. Ultimately, I became president of Payless ShoeSource, the discount footwear retailer that May acquired and later spun off.

While I didn't make much money starting out, by the time I rose through the executive ranks I was earning a substantial salary, complete with stock options and a very generous bonus and retirement plan. But I later realized that money alone didn't buy happiness if you weren't doing what you were really passionate about. Quite frankly, I felt the retail business had grown boring and more focused on price than customer satisfaction. Instead, I wanted to put my talents into reenergizing an industry that had been so good to me.

After four years at the top, I left my job at Payless and began looking for another outlet in which to contribute. This time I knew I wanted to create a company of my own, even though at first I didn't know exactly what it would look like.

The concept began to crystallize in my mind during a shopping trip with a young friend of mine to find some collectible stuffed animals. It turned out the store was out of the particular toy she was looking for. You'll read more about this event in the book, but this visit gave me the idea to start what eventually became known as Build-A-Bear Workshop.

In a nutshell, I wanted to create a company that would let people make their own customized furry friends. I initially tried to get the owners of a stuffed animal factory with a similar concept to sell their business to me. When they declined, I began putting together a plan to build this business from scratch. You'll soon discover the blueprint I followed, and the journey that ensued.

Needless to say, my original vision has turned into something bigger than I ever dreamed. The first Build-A-Bear Workshop store opened in October 1997 at a mall in Saint Louis, Missouri. That initial year, we recorded sales of \$1.7 million, well ahead of expectations. Today we are a publicly traded company, with more than 200 locations around the world. We have grown into the leading company (and the only international one) providing customers with a make-your-own-stuffed-animal interactive experience. So far, we have made furry friends for

more than 30 million Guests (which is what we call our customers). We have more than 750 full-time employees (or associates, as we refer to them), along with some 5,000 part-timers. Build-A-Bear Workshop is already one of the nation's top 15 toy retailers with annual sales of more than \$350 million as of the end of 2005.

I'm proud that our company has been continuously lauded and recognized for its excellence in Guest satisfaction, marketing, innovation, and for being such a great place to work. I can't tell you how many letters and e-mails I get from people every day asking how I accomplished so much in such a relatively short amount of time. You'll uncover the answers in *The Bear Necessities of Business*.

Although I wrote this book especially for those of you wanting to know what it really takes to get into business for yourself, I'm convinced that everyone seeking to become more successful can apply the strategies found in each of these chapters to their own lives. The lessons hold true even if you work for someone else and have no plans to strike out on your own. After all, the best employees are those who think like entrepreneurs. That attitude will take you further than you can imagine. It certainly worked for me. I have followed all of the principles in this book during more than three decades in business and throughout my entire life.

Among other things, I'll show you how I built my company from the ground up, and tell you how we managed to develop such an incredible following of loyal Guests of all ages. I learned long ago that the key to long-term survival in any industry is keeping your customers happy. I believe that we are well on our way to accomplishing this, as evidenced by the impressive repeat business we experience at Build-A-Bear Workshop.

The Bear Necessities of Business is divided into seven parts, each built around the essential elements necessary to start, run, and market a thriving company. The principles apply to every industry, and work whether your target audience is children, teenagers, baby boomers, senior citizens, or any age in between. Every part contains a series of short chapters further expanding on required elements necessary for you to stand apart from the competition.

While I primarily draw upon my experiences in creating and running Build-A-Bear Workshop, I also give you the wisdom learned over my entire career, including lessons and examples from some of the other great companies I admire.

Part One of *The Bear Necessities of Business* discusses the essential ingredients to get your business started, including advice for planning your venture, setting goals, creating strong partnerships, and attracting investors. This section will be of special interest to those of you looking to strike out on your own.

Part Two gives you the secrets to being a great boss. For starters, you must be willing to do any job yourself, no matter how insignificant it may seem, and hire only those who are truly a good fit for your company. I also tell you what we do at Build-A-Bear Workshop to keep our associates motivated and happy, something that actually leads to more productivity and higher profits.

Part Three discusses the importance of connecting with your customers, and gives you proven strategies for accomplishing this. Among other things, it's crucial for you to see yourself through the eyes of your customers, learn from what they are telling you (often in unspoken ways), and avoid trying to serve every possible demographic. I also tell you how to bring out the childlike excitement in every customer, regardless of how old they are, and give you techniques for making them feel special.

Part Four provides the ingredients for creating an awe-inspiring experience for your customers. As you'll discover, little details make a big difference, and it's crucial to stuff value into every service you provide or product that you sell. In this part, I reveal how to do that.

Part Five discusses the keys to effectively marketing your business, both through advertising, public relations, and word-of-mouth referral (which is often the most effective and least costly method of all). We have really perfected the art of marketing and public relations at Build-A-Bear Workshop, as evidenced by the strong brand recognition we enjoy for such a relatively young company and the hundreds of media placements we have received in everything from

the *Wall Street Journal* to my numerous appearances on network and nationally syndicated talk shows.

Part Six provides the insights you need to grow your business. I show you how we've taken our company from one store in Missouri to being on track for more than 300 global locations in the next few years—including our biggest store that recently opened on New York's Fifth Avenue.

Finally, Part Seven talks about the importance of giving back—to your customers, employees, and the community at large. My company, Build-A-Bear Workshop, is a big proponent of community involvement and charitable work, and I'm the first to tell you that success in business is about much more than just making money. In addition to helping the world, sharing good fortune is beneficial to your business in more ways than you might think.

The back of the book features a list of Bearisms we live by as a company. These bits of teddy bear wisdom are a lot of fun, and contain many truths that everyone can benefit from.

Incidentally, while this book is filled with the knowledge I have amassed about running a thriving business over the years, know that my door is always open to you. If, after reading *The Bear Necessities of Business*, you have any additional questions, don't hesitate to drop me a line.

My personal e-mail address is maxineclark@buildabear.com. Yes, I read every e-mail, and try to respond to each one as quickly as possible. The fact that you bought this book means a lot to me, and I hope you'll use the knowledge on these pages to become a huge success. You can also find additional advice about starting a business through a special link on our website at www.buildabear.com.

So let's get started on this exciting journey. I have no doubt that what you are about to read will get your entrepreneurial juices flowing, and I can't wait to hear how you've used this information to accomplish many incredible things.

Part One



Getting Started

Dream the Dream Supreme

People often ask how I was able to take the rough idea for Build-A-Bear Workshop and turn it into such a successful business. Above all, it started when I simply allowed myself to dream. And I'm a true believer in dreaming big.

Since the very beginning, I didn't put restrictions on my vision, nor did I let the way others made or sold stuffed animals stand in my way. Instead, I allowed myself to dream of this unique business going from one store at the Saint Louis Galleria to something that could be as huge as I thought it could be. My dream eventually came true, and continues to evolve even beyond my wildest imagination. But you must start by believing you can truly achieve whatever you set your mind to, no matter how monumental it might seem.

Most people don't do that. They stymie themselves and their ideas with negative thoughts. They're so caught up in what they *can't* do that they don't think about how much they *can* accomplish. As Marianne Williamson wrote in *Return to Love*, "Our deepest fear is not that we are inadequate. Our deepest fear is that we are

powerful beyond measure. It is our Light, not our Darkness, that most frightens us.”

Start by believing you can truly achieve whatever you set your mind to.

I’m lucky. I’ve always been a dreamer. I grew up in the 1950s and 1960s, decades when all sorts of seemingly impossible things were happening—small and large. It sounds silly now, in this age of iPods and portable electronic devices, but when I was a kid, transistor radios were a revolutionary invention. You were suddenly able to take sound from faraway voices with you everywhere you went. Someone dreamed up that concept, and the technology became a reality.

My childhood was full of examples of big dreams realized: The first organ transplant was performed, the color television was introduced, a vaccine for polio was developed, Disneyland opened, lasers were invented, the Civil Rights Act was passed, and astronauts rocketed to the moon.

Never discount the power of a positive attitude.

I was fortunate to grow up when I did, in a world where every day brought new inventions. There was nothing to stop me from thinking about what could be, because the unimaginable was becoming reality all the time. Thanks to that inspiration at such a young age, I continue to live in a world of possibility.

My big dream as a kid was to visit Disneyland. I imagined that I was in that magical place every day as I watched my favorite television shows, *The Mickey Mouse Club* and *The Wonderful World of Disney*, each Sunday night. Disneyland represented to me the ulti-

mate in fun, adventure, fantasy, and imagination, as it does for a lot of children—and still does for me.

Not dreaming big enough is one of the biggest mistakes entrepreneurs make.

While I very much wanted to visit the amusement park, my family lived in Florida at the time, a virtual world away from Anaheim, California. (After all, Disney World in Orlando wasn't even on the drawing board then and wasn't built until 1971, the year I graduated from college.) Mom and Dad didn't have the money to spend on something this extravagant. As a result, a cross-country vacation seemed pretty unlikely.

But I didn't let that stop me from dreaming. Although a vacation to Disneyland was temporarily out of reach, it seemed like a perfectly possible goal to one day achieve. I never thought, "Oh, I'll never go there." Instead, I let my imagination go wild, thinking about what it would be like—and what I would do—when I finally arrived.

I had the same optimistic dreamer's mentality when I left Payless ShoeSource and decided to go into business for myself. I never believed I *wouldn't* succeed. I didn't think about the things I *couldn't* do as I built this business. Instead, I focused on what I *could* accomplish. Never underestimate the power of a positive attitude.

Think about what your ideal business would look like if there were no obstacles—financial or otherwise—in your way.

Not dreaming big enough is one of the biggest mistakes entrepreneurs make. They let things like a lack of money or experience ham-

per them from mapping out the ultimate plan for their business. They don't take the broader 35,000-foot view. They focus on what their limitations are instead of seeing the possibilities. You must envision what can be, embrace it, and be empowered by it.

I challenge you to think about what your ideal business would look like if there were no obstacles—financial or otherwise—in your way. That's what I did in the planning stages for Build-A-Bear Workshop. I put aside financial worries, forgot about the bankers for a while, and pretended that I had as much money as Warren Buffett or Bill Gates. Then I imagined, down to the smallest detail, everything I would need to build a successful brand and company.

It was a grand vision indeed, and although I wasn't able to do all the things I dreamed about immediately, I knew the possibilities that were out there. My vision and the resulting business plan provided me with the ultimate blueprint of goals to work toward as the company (and our profits) grew. Surprisingly, I was able to implement many of the ideas in this blueprint thanks to having envisioned and articulated all that I wanted early on.

Only talk about what's possible.

As just one example, I've always liked how McDonald's packages its Happy Meals—complete with a hamburger, fries, drink, and fun toy—into one cleverly designed box. I wanted to create a similar takeaway case for our stuffed animals. Many retailers, without even thinking about it or doing much research, would have rejected such an idea right away. They would have decided that specialty packaging like this was too expensive, and would have used shopping bags instead. But I don't think like most people. I don't use words like "can't" or "won't." I talk about what's possible, and that's what you should do as well.

With some investigating, I found a supplier able to make our cardboard Cub Condo carrying cases more cheaply than we could

buy paper bags! These adorable boxes, now a hallmark of our brand, became carriers for our stuffed animal friends—and double as walking mall billboards.

You alone are responsible for creating your own success.

Sometimes big dreams have to wait. From the time we first opened our doors in 1997, I knew I wanted to have the largest Build-A-Bear Workshop store in the world right in the heart of New York City. Realizing that this location would have to compete with Broadway, the Statue of Liberty, the Empire State Building, and many of the world's biggest and brightest attractions, it was clear that our New York location would have to be magnificent in order to make it in the Big Apple.

That's why we didn't build it immediately. A typical 3,000-square-foot Build-A-Bear Workshop store would have gotten lost in a city where everything is big, bold, and exciting—and where there's so much to do. Plus, when the company was younger, we didn't have the cash or brand recognition to construct such a huge store.

I waited eight years to act on this vision. All the while, my associates, Guests, and I kept thinking up ways to make the New York store even more spectacular. We continued to dream the dream supreme, and now that dream has come true.

Don't let outside forces limit your possibilities.

Build-A-Bear Workshop opened its biggest store in the world on New York's prestigious Fifth Avenue in July 2005. It's what you might call our flagship store. At 20,000 square feet, it's different from any other in the company's portfolio. It's the first store in the

world where Guests can create personalized T-shirts for their furry friends or make their own “United Nations” of bears with our entire international Collectiwear line of outfits. The store even houses the ultimate hands-on dining experience, a restaurant called Eat with Your Bear Hands Café. This location has become one of my favorite places in the world, right up there with Disneyland. It turned out even better than I imagined!

You should never be afraid to dream—and dream big—because it’s only through such thinking that great things happen. If you can’t see it, how can you expect others to? You alone are responsible for creating your own success, so don’t let outside forces limit your possibilities.

Let a Child Inspire You

Truth be told, Build-A-Bear Workshop is a business that almost never was.

When I quit my high-profile, financially rewarding job as president of Payless ShoeSource to become an entrepreneur, I did so because I needed more than I was getting out of this seemingly envious corporate position. Sure, my financial bank account was quite healthy. After all, I made a high six-figure income. But despite this, my psychic income bank account was nearly empty. My growing boredom with the retail business led me to decide to put my money where my mouth was.

Kids are insightful because they look at the world differently.

I've always been a big believer that money is not the most important thing in life, and I wanted to do something that was

unique and different. My idea was to take the concept of interactive and entertainment retailing, especially for kids, a step beyond where it was by turning it into a true experience. That way I could use my creative talents, while building a business that encouraged the same kind of out-of-the-box thinking in children. I realized there was little, if any, other opportunity for kids to truly get involved and participate, even in the best of today's so-called entertainment stores.

The precise blueprint for the business came together for me during a shopping expedition with my wonderful young friend Katie Burkhardt, who was 10 years old at the time.

Katie is the daughter of one of my good friends. Even when she was young, I considered Katie to be one of my best friends, too, since we enjoyed many of the same things.

I know that's an odd thing for a woman in her mid-50s to say. But we were—and still are—very close. Perhaps it has something to do with the fact that I've never had children of my own. One thing's for sure: It was Katie (and her teddy bear George) who provided the initial inspiration for this company.

When I moved from Topeka, Kansas (home of Payless Shoe-Source) to Saint Louis, I used to pick Katie and her brother Jack up from school for fun afternoon outings. One of our favorite things to do together was scour local stores to look for Ty Beanie Babies. Both Jack and Katie were collectors, and we were always looking for pieces of the company's stuffed animal collection they didn't already have. One afternoon, we stopped by a store with a big sign on the door touting its huge selection of Beanie Babies. To our disappointment, we didn't find a single animal there that Jack and Katie didn't own or hadn't seen before.

Listening to children can help you figure out what their parents want.

Katie doesn't really remember this next part, but thank goodness I do. You might say it was that eureka moment that helped to crystallize what kind of new business I wanted to start. She picked up one of the Beanie Babies and examined it with a critical eye. "You know," she said, "these are so simple. We could make these."

She meant that we could buy some plush fabric and beans, go home to my basement, and stitch up some homemade stuffed animals as a craft project. But what I heard with my entrepreneurial ears was a big idea with so much more potential. Suddenly, I'd found the inspiration for my new business. You know what they say: "out of the mouths of babes."

I immediately went into research mode and found a factory (there were actually a few) making bears and giving tours to kids, while allowing them to assist in the manufacturing process. I tried to convince the owners of this factory to sell their business and partner with me to create a bigger vision than what they currently had in place. But they didn't see things the same way and decided not to sell. When I went back to Katie and told her this, she replied, "This is soooo cool, we just have to do it ourselves. Had she said, "You just have to do it," I don't know whether I would have been as excited about it. But she was already engaged in the concept and saw the same possibilities that I saw.

Katie was the first child to provide the initial inspiration for the company, but she's certainly not the last. Every day, I listen to what young children have to say, and not just so I can figure out how to make them or their parents buy more from our stores.

Seek the opinions of kids when starting your business, even if they're not in your target demographic.

Kids are just plain insightful, regardless of the business you're in. You don't have to run a retail store for children to benefit from their

knowledge. They look at the world differently from most adults. They aren't afraid to be silly or show their emotions. They're naturally kind and mostly unafraid. They don't censor themselves for fear of sounding stupid or having their ideas judged to be bad. They speak their minds and say such amazing and spontaneous things. These are all the sorts of traits you need, so seek the opinions of kids when starting your business, even if they're not in your target demographic.

In short, kids are worth listening to, and their opinions are very important. You never know how a child's words might inspire you.