PART ONE

NON-ORDINARY PRODUCTS (AND SERVICES)

1

An elegant woman, slight of stature, apparently in her fifties, stands at the front of a class listening as a twenty-three-year-old poses a question that's actually a veiled criticism. Responding, the woman repeats something she said earlier. She struggles with a remote control, moving back through four or five PowerPoint slides to show something she's shown before. She apologizes for her English, which is in fact eloquent. When she chooses an unusual word, or constructs a sentence oddly, you recognize a better expression of her ideas than anything you thought she might say. But some in the room don't hear the poetry, or it doesn't persuade them. A murmur ripples through the crowd as young people shift in their chairs.

Jette Egelund, chair of a company called "Vipp," has accepted an invitation to lecture to "Managing in the Creative Economy," a class at the Copenhagen Business School, about her experiences growing the company. But now the students—some of them—have begun to lecture *her*. They hasten to offer Ms. Egelund *their*

wisdom, gained from instruction in business school as well as from their twenty-something experiences. She listens politely, but she's got fire in her eye and steel in her backbone.

In a way, she's invited this onslaught: she's told the class that she, unlike them, has no training in business. She's told stories that profess an innocence of conventional business logic (actually, a reluctance to accept it, but the students don't notice that). She's disagreed with the students on such questions as whether she ought to think about customers in distinct segments (she prefers not to). She's spoken proudly of introducing products that, according to conventional business wisdom, should never have been launched (although these products have been successful); of disregarding customer feedback in order to pursue personal notions of design integrity in her products (although this practice doesn't seem to have prevented their success). She professes ignorance on important topics and, disturbingly, appears pleased about this. The students' questions have a subtext: it's only a matter of time before such commercial misbehavior will catch up with her. One student finally says it out loud, not bothering to disguise his opinion as a question.

Vipp sells "designer" trashcans and toilet brushes. The bin (trashcan) is the company's iconic product (Figure 1.1). It's featured in the collections of design museums. It's been on display at the Louvre. The very idea of a museum-worthy designer trashcan or toilet brush raises eyebrows.

But customers appreciate these products. And they pay high prices for them. The floor-standing 30-liter Vipp 24 bin, for example, sells for €350 or $400 or even $500, depending on the market. The company's celebrated toilet brush sells for €129, or more than $200 in some markets. These price points, in combination with the firm's rapid growth rate,[1] constitute a business triumph. Most people think about trash cans and toilet brushes

FIGURE 1.1. Vipp 16 Bin.
Source: Vipp, reprinted by permission.

in purely functional terms, but functionality alone can't justify these prices. Vipp products function well, but not *that* well. Product profit margins are, well, *huge*.[2]

Jette's father, Holger, made the first Vipp bin in 1939, and the bin itself, the physical object, hasn't changed much since. In those days the bins sold in modest volumes, at modest prices. Not until Jette took over, in the early 1990s, did the firm begin to grow. Holger, an artful soul who loved ballroom dancing, could not delegate, and thus never expanded the business beyond a few employees. Production-oriented and practical, he never imagined the bin as anything other than a better-than-average refuse receptacle. He priced it by estimating production cost and adding a small percentage. When Jette, forced to take over the company after her father died, looked at the bin, however, she experienced much more than a functional relationship with a reliable garbage can.

She saw the story of her parents, Holger and Marie, a young couple struggling to make a life together in the years just before and during the Second World War. She saw a stylish home furnishing, a finely designed and sculpted form that reflected her

father's aesthetic sensibilities. She saw a beautiful object worthy of placement in a museum, a thing that she'd lived with all her life, and that she had, with her own hands, made, again and again at her father's side. This bin, in her eyes, in her memory and imagination, seemed *special*.

In the years since, she has made it special for others as well. In 2006, Vipp bins decorated or reconceived by famous designers filled the windows of Copenhagen's posh department store, Det Ny Illum, alongside arrangements of clothing and accessories by Armani, Prada, and Donna Karan. A few months later, the Louvre displayed ornamented Vipp bins as *objets d'art*. By 2009, Ms. Egelund no longer made bins with her own hands, but she gently broadcast the confident authority of someone who knew her business in every detail—even when confronted by twenty-something B-school hotshots.

Standing before that group, she explains her novel conception, an idea more expansive and interesting than will fit into these students' broad mental boxes. The issue of the bin's qualities comes to a head when a student offers a conjecture: if Vipp becomes *too* successful, he says, if the company sells *too many* bins, it will become difficult to keep prices high. When everyone has a bin, he opines, the product will lose its cachet; it won't set the owner of a Vipp bin apart from other people.

Ms. Egelund answers simply, "Do you think so?" Then she explains (again!) why she thinks people buy the bin: They like it. They find it beautiful. The student thinks she misunderstands and repeats the question. Ms. Egelund shrugs and disagrees with his premise. She does not think there is danger in the Vipp bin being everywhere because, as she puts it, "I have looked at it my entire life, and I still quite enjoy looking at it." She speaks briefly of the Vipp toilet brush, opposed by many but selling well. She rejects the student's assumption that the bin appeals only to customer snobbery. Even in the most crowded market,

she counters, there's always room for something that people "quite like to look at." Or listen to. Or experience in some other way. What sets such a thing apart, according to Jette Egelund, is not how many other people have the thing, or how well they can use it to show off their money or good taste, but something internal to the thing itself.

In a different class about Vipp on another day we were startled to hear from a young college student on a tight budget that she owned *five* Vipp bins. Why, we asked, do you own five? Do you even have five rooms in your apartment? No, she confessed, she did not have five rooms, and did not really need five bins. "But," she explained, "I just *love* them. There's something about them that I appreciate."

What is that something? And how does it get in there?

These are central questions in this book.

2

A Bang & Olufsen TV sells for four to five times the price of a functionally comparable Sony. And the price on a B&O TV stays high a long time; typically, the price of a model goes up when the company discontinues it. Apple products, from iPads to MacBooks, sell for higher prices and in higher volumes than comparably equipped competing products. Sales of the iPad reached one million units in twenty-eight days. Something makes other products special, too, products from Alessi, Artemide, BMW, Bodum, Caravaggio, Custo Barcelona, Decathalon, Droog, Ducati, Eva Solo, Ferrari, Fredericia, Fritz Hansen, Frog Design, Gubi, and so on. An understanding of innovation based purely on technological improvement or functionality—and as far as we can tell, this describes much of the current management research on the subject—doesn't get us to these products, can't explain their appeal, and won't point managers toward certain useful competitive strategies. The conventional research on

technological innovation and product development won't lead you to a sixty-year-old trash bin design that sells for $500 or an Mp3 player that sells two hundred million units at considerably better profit margins than the functionally similar competition.[3]

Not all companies can do this. Not too long ago, Walmart—one of the biggest and richest companies on earth, able to summon any marketing company in the world to its Bentonville, Arkansas, headquarters—began to experiment with making products more special. It created "Metro 7" (fashionable women's clothing), "George" (fashionable men's clothing), and "Exsto" (fashionable and organic children's clothing).[4] These lines featured slightly higher prices than Walmart ordinarily charged for clothing, and they aimed at higher product profit margins, though still modest compared with Vipp or Apple. But Walmart's efforts didn't go well. Consumers rejected the company's attempts to move "upscale." *BusinessWeek*, in a cover story, pointed to the firm's difficulties as evidence of a mid-life crisis.[5] Lee Scott, the Walmart CEO, gave *BusinessWeek* his own interpretation of the company's difficulties: "We can't wake up one morning and say we're going to be something different . . . and not earn it."[6]

3

Beautiful. *Elegant*. *Exciting*. *Cool*. People use these and similar words when they encounter something they consider special. Such words express reactions to a thing more than they describe the thing itself. We substitute *reaction* for *description* partly because what's within the thing that provokes the reaction is difficult to grasp and describe. It's not merely a matter of appearance. It's also not a matter of simple emotional response. Your reflexive attraction to a thing—a Big Mac when you're really hungry, say—does not make that thing special. Special things generate feelings, but so do many annoying things: the dog's accident on the carpet, for instance. We're also not talking about pleasure

only; special products provoke a range of responses, some not immediately pleasant at all.

To get at what's within a special thing, that which makes it special, then, it appears we'll need to set aside personal taste and individual response. We'll need to adopt a more technical, more abstract consideration. In our explorations within these pages, we'll try out a number of ideas about this, but we'll start with an internal view. We will, at first, treat our subjects—those special things—as independent of conditions outside themselves. That's not easy to do, and it will take a lot more explaining. But it's worth the effort.

4

We're meditating upon a mystery here, the uncanny power of some products to grab and hold attention, to create desire. We won't claim to have solved this mystery, and we certainly won't suggest reducing it to a set of step-by-step instructions. Far from it. This book won't "prove" anything. Formally, our research approach has been constructed to generate and explore possible ideas, not to solve, reduce, or prove anything. We'll propose an idea (or two) for you to try on. Maybe you'll find that helpful. We offer a way to think sensibly enough, and clearly enough, that you can become "comfortable" in the ambiguity of the mystery's secret, and okay with your inability to penetrate that secret completely. We'll try to get you closer, but you'll have to take yourself the rest of the way as it applies to your situation, your business. We intend to celebrate rather than analyze the mystery. It is, after all, what makes special things special.

5

We have a simple mission in this book: we intend, as carefully and thoughtfully as we can, to explore Jette Egelund's hypothesis that there is something within a special thing that makes it special,

and that changes the way you should think about making and marketing it. Our idea—the basic idea that we suggest you try on, even if it seems like a stretch at first—is that a special thing exhibits the quality of *well-constructed plot*. It's good *plot* that's in there, that's the source of exclaimed reactions, that's at the heart of Ms. Egelund's convictions. We need to say a lot more about what we mean by *plot*, by *well-constructed*, and much else, but bear with us while we finish laying out the idea.

When a thing displays well-constructed plot that is *coherent*, we'll refer to it as *non-ordinary*. Plotted coherently, the interactive parts of a non-ordinary thing together generate *resonance*, an enhancement of power that causes a thing to become greater and more effective than the sum of its parts would predict. Resonance incites reactions from people. It's those reactions that cause people to experience a thing as *special*. And it's those reactions that can lead to commercial success (revenues, profits). The likelihood that a coherent (non-ordinary) thing will generate powerful reactions and commercial success (and thus be considered special) depends, to large but not total extent, on how well a company addresses certain challenges inherent in plotting and making a thing's unique coherence accessible to its audience or customers.

To sum up: a maker plots a structure to achieve coherence; coherence supposes an interaction among parts that generates resonance. We call such things non-ordinary. Resonance, a quality of a coherently plotted non-ordinary thing, incites reactions from people. And it's those reactions that cause people to experience a non-ordinary thing as *special*.

That's it. That's the idea we'd like you to consider.

We still have work to do, of course, to explain it in a way that will provide helpful insights. We'll have to take on the major job of explaining what *plot* means for an object in space, like a TV or an iPad. Most people are accustomed to thinking about plot in books, movies, or plays. We'll start with these familiar notions

of plot before moving to the more abstract and more challenging idea. But extending the idea to objects in space presents no insurmountable problem, as you will soon see, and it leaves us with a powerful toolkit for thinking about special things.

In the course of reflecting on what we've called non-ordinary things, we'll invoke their strange attraction and describe their *self-referential construction*. To do this we won't list features, narrate making processes, or promulgate rules. Instead, we'll gather and reflect on some ideas common to the men and women in our research sample. And we'll make copious use of examples. We intend our examples to show not what some artist or maker did so that you can repeat it, but how the main features of a special thing fit together and how a maker at a particular place and time did that fitting. What we learned in the research, and our descriptions of how that learning applies to non-ordinary products and services, will combine, we hope, in your imagination to create your own unique sensitivity to special things. We seek to present both data and meditations on data that will construct an "idea" of non-ordinary products.

We use that term, *idea*, in a sort of Platonic sense: We invite you to imagine the perfect idea of the extraordinary product. The idea you derive from our meditation won't appear in the world. It will instead apply to all such products and will often exhibit mutually exclusive features. For instance, when we consider magnitude, a thing's proper size, we'll suggest that a non-ordinary product should be as large and/or complicated as possible, but at the same time small and/or simple enough to be apprehended and experienced. There's no rule about percentages of big and little, simple and complex; we have an *idea* of proper magnitude.

Our hope that you'll create your own guiding idea leads us to use examples as our principle method of staging ideas, and to use a number of examples taken from art, often from theater,

work we feel comfortable with and in which the notion of "plot" comes naturally. Works of art create a distance between themselves and the "real" world. It's counterintuitive at first to treat an iPod as a thing complete in itself and independent of function. It's possible, but an understanding of its function and a personal taste in gadgets will interfere. A work of art has a purity here that a useful gadget doesn't.

In short, we'll ask you to set aside some of your industrially conditioned ideas and attitudes about making and selling. Special things don't thrive in the industrial frame of mind that has been so successful in business up to now. They need to be made and sold differently. The aesthetic frame of mind we ask you to explore isn't a dumbing down or a lack of precision. Artists are among the most hardheaded and precise people we know. But they see synthetically, not analytically; they see the path, not the gravel.

And they can do creative work on a schedule. No business deadline is as inflexible as opening night. That launch can't be postponed.[7] So we urge you to leave at the door your false preconceptions, your stereotypes of artists starving in a garret, and join us as we meander through a landscape on a journey that leads to better understanding of the nature of special things and the people and businesses that make and sell them.[8]

6

This book is ultimately about how to manage creative companies. But we'll have to work up to that. At its heart is a notion of what makes a special thing special, and we'll have to deal with that first. The thoughts we have about how to manage creative processes and companies derive specifically from our core ideas about the non-ordinary structure of special products and services. We won't deal with every aspect of how to run a creative

business, just those implied by our explanation of non-ordinary things and how they obtain effects.

This is no small matter, however. Our ideas about what makes products and services special lead to some pretty unconventional management practices. If you take into account what we're saying about special things, you won't manage the way you might have been taught in business school, or the way you learned to manage a factory, an insurance company, or one of many other businesses. We're on the hunt for insights into how to lead creative businesses; we're looking at the things those businesses make in a particular way. To start down this path, we'll need to look more closely at what we mean by *plot*, in a context in which the word seems natural.

7

Plot calls to mind story, because the most obvious evidence of plotting is the sequence of events in a story. We use the word differently, as a term of art. It's important to notice that those story events are almost never arranged in simple chronology. As soon as the story gets the least bit complicated, arrangements must be made: "Meanwhile, back at the ranch. . . . " The decision about where to put this or that incident; the relationships among incidents and other features—that's plotting. Reactions to a special thing occur in space as well as time. The idea, plot, conceived as a quality, can help you organize the arrangements made by a maker.

The Sixth Sense, a movie written and directed by M. Night Shyamalan, did well at the box office and with the critics. Its major star, Bruce Willis, gained it a start on 2,161 screens in the United States, a good-sized opening but not huge. Over the next six weeks, more theaters picked it up, as it became clear that this film "had legs"; audiences liked it. Eventually, the movie's run

extended to thirty-nine weeks, a rather long time in the biz. It won six Academy Award and four BAFTA (British Oscar) nominations, and two People's Choice awards.

Our interest in *The Sixth Sense*, however, is not in proclaiming its artistic merits (though we don't dispute those). We single it out for its quality of plot. The way the maker plots the story he tells, how he creates patterns and arranges trajectories, is not at all subtle. Plot, the way its parts go together, is this film's most prominent feature. And that's an advantage to us as we look at how a maker creates a unique form.

As the movie begins, Dr. Malcolm Crowe, a child psychologist, has just received a prestigious award; he's home with his wife, Anna, after the ceremony. They're celebrating. Their conversation includes information: he's sacrificed a lot for his work, putting everything else second. ("Including," Anna says, "me.") The two enjoy a moment of triumph in their tastefully decorated Philadelphia townhouse. They share an old and expensive wine (an early image shows Anna, in their wine cellar, selecting the bottle).

But watch them celebrate. Remember the ominous music of the opening. This movie is a thriller. Remember that Anna thought she heard something as she picked out that bottle of wine. All the celebrating and self-congratulating seems destined for interruption. Knowledge of movie conventions kicks in: a trajectory, composed of recognizable patterns that range from "too much celebrating" ("Hubris!") to a creepy camera placement on a shot of Anna in the basement ("There's someone behind you!"), points to a likelihood that an intruder has sneaked into the house. Shyamalan fulfills this expectation. As the couple moves upstairs, to the bedroom, Anna discovers a broken window; soon after, they find a weeping, nearly naked young man in the bathroom. Unpleasantness ensues. This sequence contains material both generally familiar (ominous music, broken window) and specifically surprising (nearly naked intruder). Shyamalan will repeat

and develop these materials throughout the movie, plotting the shape of an emerging form. He'll create expectations and then present the actual form he has chosen, eventually leading to a startling reversal and closure.

8

Our approach to special things, our attempt to understand the soul of *design*, owes a big debt to Aristotle. For our money, his ideas about how the form of a thing consists of interdependent, coherently arranged parts have never been eclipsed. Bear in mind that Aristotle had no idea of modern mass production; for him, any made thing was unique, one of a kind. He wrote an important book about making, commonly called *Poetics*. He used for his main example a very complicated made thing he'd studied closely and knew well, a kind of play called tragedy. Greek cities put tragedies at the center of their combination religious, civic, and business festivals. Scholars have mostly translated the full title of his *Ars Poetica* as *On the Art of Poetry*. But Kenneth Telford, one of his best translators, suggests that *Concerning the Productive* might be better, or *Concerning Productive Science*.[9] Aristotle's ideas about how things become what they are, the qualities and parts common to all made things, and much else, can help us to think precisely about making special products and services, things that cannot be compared to other things and must be judged on their own terms.[10]

Aristotle called plot "the soul of tragedy."[11] For him, this soul was the major animating principle that organized the parts of each individual script into a unique example of the class of things called tragedy. It labels the *principle of organization* that creates the self-referential structure of special things. We borrow *plot* from Aristotle's *Poetics* to use it in this exact sense. We need the word, the idea, in order to approach an understanding of the complex interaction of parts in a special thing.