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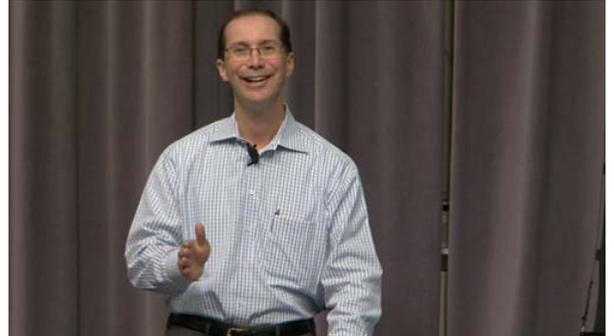
Weekend Warriors Discover the Pivot

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Before Bill Gross founded Idealab, he started Knowledge Adventure, an early educational software company. In this clip, Gross shares how Knowledge Adventure discovered its major pivot through direct interaction with customers. In an effort initially meant to reach sales targets, employees served as a "weekend warriors" demonstrating products in retail outlets. This effort revealed the need to target their software products to specific ages, a key insight to the company's future success.



Transcript

So, I started this company called Knowledge Adventure. Our first product, we came out with Dinosaur Adventure, Knowledge Adventure, Space Adventure. We worked with Buzz Aldrin to make a product called Space Adventure. These were all CD-ROM products, multimedia products in the early '90s. The company made an amazing pivot and there is an important story in the pivot that the company made. We were selling a lot of products, thousands, tens of thousands. We were making a little bit of money. We had got a Silicon Valley investor More Davidow really, really great person on our board. John Fiber joined our company. He really, really helped us, and then from Mayfield, Mike Leventhal.

So, those were our two partners to help us grow the company. We were really challenged to try and explain to people who the product was for. One Christmas, we really wanted to make our sales numbers. My brother, who was in the company with me as well, said, "We should do this thing, where we go into stores and really try and move the products ourselves." We had 65 people in the company at the time. Each one of us took a laptop and a stack of products. We'd go to a CompUSA or Egghead Software or Fry's or whatever in like 100-mile radius of Pasadena, where we were based. We would go in on a Saturday morning and set up, bring in a box of donuts to bribe the salespeople to let us set up at the end of the aisle. We called it Weekend Warriors, everybody the company had to volunteer to take two weekend days then get a day off after in the week to make up for it. So, this was really to try and make our numbers at Christmas time. We went in and we'd demo all day at the end of the aisle, showing parents the product with their kids in the software aisle.

We sold a lot of products. The great thing about it was we would boost the sales in the stores we were at by so much that someone at headquarters, like at Texas or CompUSA, would say there's a big thing in California. They couldn't figure out what it was because we hadn't told them. Again, they would order more for all of their stores. That really, really boosted our sales. Eventually, we got Walmart to carry our product because our numbers were going up so much from CompUSA. But one thing that we learned after doing for about four weeks, every Monday morning after the Weekend Warriors, we'd sit down at the company. We have everybody tell stories about what happened in their stores and funny stories about parents with their children, what people liked. We really had great sessions, where we would learn more about the customer. That's what's so powerful about the companies that can be developed today with Internet.

We had to go out and meet the customer firsthand on the pavement and then come back and tell stories about them. But now, you can be in contact with all of your customers. It's obviously so incredible today. But let me tell you one of the things we learned. One of the people who went out to the stores saw that in the aisle, parents were confused about which product to buy for their particular child. They would look at their child. They would pick up boxes. We see them turn the boxes over. They read

the back. They try and figure it out.

They were so confused because the products had a wide age range. We were competing against EA and Broderbund and other companies who had products as well. There was Dr. Seuss products and others. It was very hard to figure out, "Is this one going to be age-appropriate for my child?" And everybody, to try and make their products more broad, us included, would put the widest age range we could on the box. I think one of our products in Knowledge Adventure said "Fun for ages 8-108" to try and say it was good for everybody. Well, it turned out by saying that, it wasn't good for everybody. People could figure out if we would be good enough for their particular child. The idea we came up with was, "What about if we make a product that was just for one-year age range? What if we make something called JumpStart Kindergarten that was just for kindergarten. So, just parents who had preschoolers or people in kindergarten or just before kindergarten would know this was for kids who are starting kindergarten.

We had a big argument at the company about this. We had argument with the sales team because they thought I can't convince a store to take a product that's for only one-year age range. It's not going to move enough. I can't convince distributors to take it. But we talked about it more. We really felt this was going to be a worthwhile experiment. We should make JumpStart Preschool and JumpStart Kindergarten, put them in the stores. We'll take the risk. It would cost us 250 grand each to make them and let's just find out. It was a pretty big risk but we did it.

The thing sold probably 20-50x our other products, just because parents would come in and pick up the box. There was an aspirational aspect to it where people would say, "Hey, I have a three-year-old. I want him to do really well in kindergarten. I want her to do really well in preschool." They would buy up. When we eventually came out with JumpStart First Grade, parents with preschoolers were buying that because they wanted their kids. We eventually made all the way from toddler to sixth grade. We had JumpStart Toddler, Preschool, Kindergarten and then 1 through 6. We sold 20 million copies of that. It was a wild, wild success. We would have never, ever discover it had we not been in the stores, seen the confusion of parents in the aisle.

It was an enormous risk for our company, maybe not that big a risk because the expense wasn't that great. But we would probably have gotten a pretty big thing had the product not worked out. But if we hadn't heard from the parents so directly what they were looking for and what they were needing to make a decision, we would have never come up with that. I've tried to reuse that lesson as much as I can in other companies going forward. It was what got me so excited about the Internet a number of years later, about how you can have real-time interaction from Web browser and now with apps. You have unbelievable real-time interaction with customers to find out what they like, to iterate and really deliver what they want.