



Selling DisruptionTM Show

With Mark S. A. Smith

*How to Advertise Disruptive Products: The
Difference Between Selling Innovative and
Traditional Products*

Doug Garnett

Mark S A Smith: Our guest today is a bit of a surprise to me. Doug Garnett, I met via Twitter, when he challenged some of my sacred cow positions. We got into a conversation about the important things and I said, "This guy is a thinker. I like how he approaches this. We need more conversations." So, we set up a time for us to talk, and what you're going to listen to is actually an edited version of our telephone conversation, that was so stinking good that I decided I needed to share it with you, listener.

Doug is the CEO and founder of Atomic Direct, who helps companies bring their products to the consumer market. As you listen, you'll hear his background, his story, how he went from being a math major to a mass marketing guru. Welcome, Doug, to the show.

Doug Garnett: Thanks. Glad to be here. Thanks for the opportunity.

Mark S A Smith: Thank you for taking this conversation from just a simple, "Hey, Mark, how's it going?" Phone call to something that really was spectacular. Listener, get ready for some interesting things.

Doug Garnett: Good morning, Mark.

Mark S A Smith: Hey, Doug, it's a delight to connect in person.

Doug Garnett: To connect beyond the Twitter sphere, huh?

Mark S A Smith: No kidding. I really appreciate the dialogue we've had so far. I'm delighted by the fact that you challenge me, thank you.

Doug Garnett: Important issues deserve to be talked about.

Mark S A Smith: Indeed.

Doug Garnett: I try to do it in productive way, where it's about engaging with the issues.

Mark S A Smith: Indeed.

Doug Garnett: Give me a little bit of your background? I'm just curious, I read a bit of how you got into doing the podcast and stuff.

Mark S A Smith: I'm an old radio guy. When I was a teenager, I wanted to be a disc jockey. My first two-year degree is in mass media, radio, TV production, graphic design. Then I discovered I could make three times more money with my head in the transmitter than my face in front of the mic.

So, I went back to school, became an electrical engineer, fully intending to do antenna design and station design, and things like that. And, ended up being hired by Hewlett Packard out of college, straight into sales and marketing,

because that was back in the days when they hired engineers to do their sales work.

Doug Garnett: Right.

Mark S A Smith: I got thrown into the world of disruptive selling of test and measurements. That was back in the days when HP sold test and measurements, and had a few computers.

Doug Garnett: Was that out of Fort Collins?

Mark S A Smith: It was actually out of Colorado Springs.

Doug Garnett: Oh, okay.

Mark S A Smith: Fort Collins is part of that, you're absolutely right. It was all part of that HP in Colorado timeframe. I spent three years in Amsterdam, where I honed my chops doing seminars in front of non-native English-speaking people, and created extraordinary success. I learned then that the most dangerous thing to my competitor is, a customer who's educated. That really kind of kept me rolling. I ended up doing two years as director of sales for a high-tech startup, just selling software. Then I've been on my own ever since 1990. I've done a variety of things primarily in the world of high-tech. My area of expertise is in helping companies sell complex disruptive multi-decider types of products.

Doug Garnett: That's interesting. You and I have crossed over somewhat in the past. I grew up in the Boulder, Denver area.

Mark S A Smith: Oh, yeah? No kidding?

Mark S A Smith: I'm up in Portland, Oregon now, but HP was pretty dominant. I was in super computers, things like that.

Mark S A Smith: Really?

Doug Garnett: Mass marketing.

Mark S A Smith: Who did you work with in the super computer world?

Doug Garnett: Well, it was-

Mark S A Smith: And GD, yeah.

Doug Garnett: I was with them, kind of their last four and a half years of life. While we were trying to kind of pull them out of their nose dive, but like you I was the sales guy. So, I was really more good at the technical sale. Essentially carried a bag for a year, but most of my time was a pitch man. I did an international market for, so, I did a year up in Asia. And I'd work with these new products, that our sales team

were not at all familiar with. I'd go in and basically teach them by example. So, I did a lot of pitching, it was quite fun actually.

Mark S A Smith: You and I both graduated from college in 82'

Doug Garnett: That's great! Well like you said, we've crossed path in quite a few places."

Mark S A Smith: Indeed, so it seems, but math wow! And, here you are running an advertising and marketing agency.

Doug Garnett: Well, it makes complete sense. No ... (laughs)

Mark S A Smith: Of course it does, it's about the numbers, baby.

Doug Garnett: Well, actually, numbers are really important part of it. Being able to think like a business man, is one of the things missing in a lot of agencies.

Mark S A Smith: That's right.

Doug Garnett: A lot of agencies think creatively, good brilliant, but in a fundamental level what we're doing has to effect business.

Mark S A Smith: That's right, for me it's the application of process to sales and marketing business. That's really allowed me to succeed with my clients. And, the engineering part just happened to ... provided some "cred" allowed me to get into the high tech space.

How did you make that transition from, selling high-tech stuff to running Atomic Direct?

Doug Garnett: The whole scoop is, I came out of college went to General Dynamics, in San Diego where I worked on rockets, on missiles, and some space shuttle work-

Mark S A Smith: I interviewed for those same jobs.

Doug Garnett: (laughter) Did you?

Mark S A Smith: Absolutely! They were part of the folks that I talked to.

Doug Garnett: Right. Well, I got offered a TRW position, but I had a grandmother in San Diego. And TRW was in electronics, but it was not nearly as ... I'm still a romantic at heart. (laughter) Not quite as fun as launching rockets into space.

I worked down there, but my math degree was a liberal arts math degree. And, a lot of my compatriots in math would get done with the math class and go take engineering and go take sciences. And, I'd get done with math and go take soviet science fiction, research in English history, and all these kind of soft topics to go with it. So, I was kind of not really on the pure engineering track to begin with.

So, I worked in General Dynamics and then got the job in super computers. Then coming out here I was interviewing, and I'd go to these interviews and be like, "Alright, I should go out, and I should do all my references, and I should call these people, and I should thank you notes, and all this, or I could go fishing." (laughter) When I noticed the fishing wasn't winning out, I decided I better re-examine.

So, I had an opportunity to start with an ad agency, and I went in. They did direct response television. I went in doing business plans for them initially, and then moved into consumer researching strategy.

Mark S A Smith: Interesting.

Doug Garnett: So, I was VP of Strategy with them. The odd thing with all this, I was thinking about with innovation is. Really my whole career has been around, how do you sell innovative things? The stuff we were doing at General Dynamics, we were solving problems nobody ever tried to solve before, or at least we were trying to solve them.

All the way through my career, I've been on this edge of gotta do something nobody has ever done before. And, what we were doing with direct response television was bringing people into it. But the products that get brought into it are all innovative products. So, where most advertising is about, grand strategies and grand this and that. We are a product company. We love interesting products and services, and when they're innovative; how you pitch that. How do you assemble a thing that, gets that ad in the market and makes people look up, and pay attention.

It's kind of funny, but it fit.

Mark S A Smith: Interesting for you to go into that direct response TV. (laughter) I went from selling super computers to pots and pans. (laughing)

Doug Garnett: My analogy is, when I was selling super computers, I would go to a party, and there'd be three people there that had some glimmer of understanding of what I did. Screw drivers, hammers, wrenches, it's a universal language we all pocket that at the store. For me it's fun, because it's much more populist I suppose in the sense, it's mass market.

Mark S A Smith: Yeah, and mass market is a unique approach to sales. I've developed a sales and marketing model. That takes a look at if a product is high consideration versus low consideration. If it's a tactical product purchased to perform a task, or strategic product to perform a mission.

And, then combine that with how many people are involved in making the decision. It ends up being a four-quadrant model. That really defines how virtually any product can be sold, and marketed. That has really helped me

explain why people can be widely successful, and then utterly fail, when it comes to sales success. When you were selling super computers, that's a mission critical product, lots of people involved, high consideration, high risk.

Doug Garnett: Yeah, we were a higher risk company at the time. So, we really had to have our act together at the sales process, because it was toward the end of that company's lifetime, but people do that. We were having to sell past that objection.

There is something interesting that happens, I thought about quite a bit. Which is, when you're in a business to business market. One thing you can take advantage of is this, people buy your product. It's part of their job to get products. They may or may not do a great job, but it doesn't make it easy, but it is part of their job.

Once you shift a consumer, they've got busy lives. They're wrapped up with the kids. You've gotta somehow break through to them, in a different way than you have to in the business to business. I think that's part of the reason I found it tuff for people, I think sometimes to shift between the two at advertising. Because what happens in those different markets, is really very different. So, with the good content based pitch and all those types of things in B2B, there is reason that some of those people will be reading that stuff as part of their jobs.

Mark S A Smith: Sure. You have people that you can get on the radar and finding them becomes a whole lot easier based on asininity.

The interesting thing about consumer marketing is that, dynamic range attacked over a strategic low consideration versus high consideration, sill exists. It's just that we have to do things differently. And, I've recently written an article about this. What end up happening is a combination of two factors. One, is what is their signature level? What can they spend without having to go ask somebody? And, that happens both personally as well as professionally.

Doug Garnett: It does. It happens in the consumer market far too often-

Mark S A Smith: Absolutely! My wife and I have agreed upon limits. Blow this amount, go ahead and do whatever you feel. Beyond that, we'll have a conversation.

Doug Garnett: We did consumer research once where we offered to give them the product, instead of paying them the money. We focused so, we could pay them a hundred bucks for coming in. We offered to give them a hundred and fifty dollar project instead. A significant number said, "Oh, but my wife's already expecting a hundred dollars."

Mark S A Smith: That's interesting.

Doug Garnett: (laugh) It was a fascinating dynamic, that was their negotiation for how to get out of the house for that year.

- Mark S A Smith: Yeah, your right. So, that's the other side of it, which is risk. And, that is, who do they have to explain to, if things go wrong? And, how do they have to insulate themselves, against that potential risk?
- Doug Garnett: I keep a set of models in my mind. In the risk reward model fits fairly often. Which is a great way to evaluate it in terms of, "what is the risk that is perceived, what's the reward for having it? How does the advertising fit into that?" With advertising, we can increase the perception of the reward and we can help take risks out of the equation.
- Mark S A Smith: Absolutely true. That plugs into another part of my model, which is half of our success is based on our customer motivation. And, risk reward is clearly based on motivation. 40% is based on relationship and 10% is product. Product is only a very small part of the overall mix, because they're going to only look at things that deliver an outcome they're looking for. What I find interesting in advertising, it allows us to make people aware of things they didn't know were possible. The reality is, advertising is one of the true news that you get, when you watch TV. The real news is the advertising. It's not the craft that they're selling you. That's just designed to scare you into sitting through the advertisements.
- Doug Garnett: Right.(laughs) It's true actually. We end up focusing on product, because I think your right in the fact that I think it's 10% of the true equation. But in consumer perception it's used to justify a lot of things. A pitch about a product it's this, "wow, I gotta get me one of those." And, that's our goal with every time we do a spot. We want to get to the end of it with people saying, "I gotta get me one of them, or I gotta go use that service, I gotta keep track of that, I need to go there."
- Mark S A Smith: Yes, exactly!
- Doug Garnett: How do you get people to that point, what's difficult in advertising. Is most advertising resources aren't well trained in that kind of process of thinking. We all have these agencies we call, general agencies. But, in a lot of ways what they are, they're generalists in terms of media. They don't have them in absolute loyalty in a specific media. But, in terms of advertising style, they're specialists in brand advertising, which is a specific approach. It is hard and it's really brilliant, some of the stuff they do, without question.
- It's fascinating from our end to watch them with a product, the actual stuff, people need to hear about it, it's kind of buried down below, or ignored. It's like got a little whiff of product.
- Mark S A Smith: Yeah, I really struggled with that for a long time, being a pragmatic engineer; "give me the data dammit." The answer to that is, brand advertising is all about creating identity affinity. Especially when you're selling more expensive products, people have a vision of what they want their tribe to be like. What they want their life to be like. And so, that glossy advertising strategy works really well,

because it is creating this affinity. Yet, that's my tribe, those are my people, that's who I aspire to be, that's what I want to do.

That's the reason why we can continue to spend on what people might consider to be non-direct response, because it's designed to create identity connection, period

Doug Garnett: I think too, for something like a snickers bar, we don't need to go into technical detail about how it's made.

Mark S A Smith: We know what it is.

Doug Garnett: So, what they so is, they place it in the mind what Byron Sharp calls the Mental Availability. You want mental availability at the right point in time, so you don't need people thinking about Snickers all the time. But if they walk into a Seven-11, or if they're feeling like I need a pick me up, you want them to think Snickers.

It's the same thing all the way through what ends up happening is in other categories the product is more important, or there's opportunity to do other things, when you do focus on product. I think at some point if you're like category, whether it's automotive, or we do a lot of tool and hardware work, things like that. If you don't bring a product into your advertising for real feature periodically, the brand becomes soggy.

Mark S A Smith: Yeah, ultimately you have to show people how to connect their identity to the purchase. That for me is further down into the tactical range. For example, when you're selling an escalade, you're not selling the car, you're selling the prestige of the car. Ultimately people are gonna go down and test drive it and they're gonna step on the break and they're gonna kick the tires. "All the things people do when they buy cars." The idea is the advertising in that particular case is to create a preference, because that's my identity. And, when we are selling things like tools, that becomes more tactical. And, what I find has worked really well, is that you can create disruption by taking something out of that tactical world and moving it into the strategic, more tribe type of things.

I know that you've done some work specifically in the world of tools, doing exactly that.

Doug Garnett: We look at product as a key strategic element. What generally is allocated to the tactical level. But, if you look at a new product, or think of a new product, or a disruptive product as this opportunity. All of a sudden figuring out how to get that product across, then advertising becomes this major strategic advantage. And it's a strategy you should ride for a period, it has a lot of side benefits to it. It starts with having to deal with the fundamentals.

We have this product the Double Drive Screw Driver, which has special gearings. So, as you turn the handle back and forth, it continues to go in the same direction. It's like that step beyond the ratchet. And it's really exciting to people.

But if you put it on the shelf, it looks like a lump on the shelf that's really expensive, because there's no way that you're gonna to see what it brings to you. They had us step in and create a TV campaign for it. Where you really show off, look at this, it's got this sexy gearing inside, it's got this clever stuff. Look at this, you're doing these things fast.

And, we work on communicating at all levels, even though we focus on product. The way you get people to the end saying, "I want to get one of those" is you appeal to them emotionally. You appeal to them rationally. You kind of appeal to them at all levels.

Mark S A Smith: That's right.

Doug Garnett: All levels. I find a lot of people when they step into product like adverting, figure well it's about features, and specs and things like that. "It's not for us." It's really about how does that product interact with people's lives. What are the ways that product fits in their life? What is the way the product effects their life. So, we do get across, what is it? But we also are always looking at, what's the impact of this product? Whether that's making this job easier, or whether that's some time with their family. Whatever it might be.

With tools, very often our final pitch is, you buy this tool, you get work done.

Mark S A Smith: You're selling to their desired outcome. You and I are absolutely in alignment with this concept of selling disruptive technologies. Always about the outcome. The tool just happens to be how are they going to get to that outcome, in a new way, more efficient way, cooler way. A way that they can brag about. All of those elements are how we get there. This is great, yes!

Doug Garnett: It's amazing how powerful it is, it kind of revitalizes a lot, because when you do it right, it not only sells that product, it sells it quickly. When we put a campaign on TV we see impact within the first week and week and a half, its on air. At retail stores it goes amazing quick, when you're focused on product. And then it builds and can have a tremendous impact. It also then, for a manufacture, lifts their entire line. And creates this long-term brand value. You want to meet a brand that people say, "oh yeah they do some interesting stuff, I like that stuff." Oh yeah, they did this, there are all sorts of connections that build brand in the long run. We don't buy brands, we buy products that have brands. I can't convince you to buy a Samsung, but I could convince you to buy a Samsung phone.

Samsung is this nebulous big thing out there ... and we all ... some level it comes down to product and then those relate back and forth, in how's the brand effects product, and the product effects brand.

Mark S A Smith: And, taking that a little further, for me my view is that brand is a customer experience that people want to repeat, that they're willing to pay for. That they'll tell others about, and then they can't get anywhere else. And, then with those elements that creates brand. Brand value comes from, "Oh, you know I've had

this great experience that really worked out well, I wonder what else they have, that could repeat a similar experience."

Doug Garnett: The future value of brand is, to not have to do as much advertising to get that next product out there, greasing the works, so you're able to sell a lot more.

Mark S A Smith: What we've done is establish trust, that we're less risky and therefore, a faster yes.

Doug Garnett: Yes.

Mark S A Smith: A solid brand gets us to "yes", faster.

Doug Garnett: Gets us to "yes" faster. And interestingly in the consumer goods world, it gets us the yes both with the consumer, but also with the channel. So, the sales channel is critical-

Mark S A Smith: Absolutely true.

Doug Garnett: And if you're gotta get out there because certain amount of branding in the consumer goods world is about getting Lowe's, or Home Depot, or Menards, or Walmart to pick it up.

Mark S A Smith: Right, and put it on their shelves; they don't have any empty shelves.

Doug Garnett: Their shelf space is valuable, so they're gonna demand something for it, they really want something.

I have another campaign I thought you might be interested in, which is for this Mission Cooling Towel.

Mark S A Smith: Oh yeah!

Doug Garnett: I thought you've seen these. Have you seen those? We started working with them in twenty, thirteen. They wanted to get into the athletic market. They had a whole bunch of athletes specialty products, but this towel came out at the top of the heap as being something that would be great for athletes, but also spread across the market better.

It's got a special weave so it kind of, if you will, hyper evaporates. When you get it wet it cools quickly, it cools further, and then it keeps cooling longer than normal.

We did campaigns in twenty, thirteen, fourteen and fifteen with them, and put them on air. Huge athletes like Serena Williams, and Dwyane Wade, Jimmie Johnson.

Mark S A Smith: Yep, got it, very cool.

Doug Garnett: What's particularly interesting about them though, if you think about it is, a towel was their way to break into a market that's dominated by other very, very large players, right? Because, in a lot of ways, it's a hunk of fabric. So, this year they are coming out with some clothing line, so they have premium shirts, and things like that. (laughter) If they had started there, Colombia Sports Wear, Eddie Bauer, Nike...

Mark S A Smith: ...Patagonia, they'd be killed.

Doug Garnett: Yeah, would've been just destroyed. And, really they couldn't have gotten those athletes involved, because it was too competitive. I'm sure all those athletes had all these detailed contracts, but ... what kind of products they could work with.

Mark S A Smith: You start off with something that was unique, they have a new story to tell. Establish the brand, establish the value, and now they've got a point of a spear that gets them to a whole new place, with instant positioning. That they couldn't get any other way.

What makes this shirt better? Well, it makes you cool. "I'm already cool." I don't mean that. (laughter)

Doug Garnett: Well, that's true, because the towel also established believability for their fabrics, because its sole purpose was to cool. You didn't have to deal with fit, and function, and all those things you get into with sports wear.

Mark S A Smith: Absolutely brilliant! The whole strategy is brilliant.

Doug Garnett: What was critiquely funny this one, was they came to us with athletes, but the product was especially at Lowe's. They had a big deal with them. So, our job was to make sure we drove traffic at Lowe's. I think it actually helped them quite a bit. Once you see an athlete, your mind loses freshness.

Mark S A Smith: Tell me what you mean by that.

Doug Garnett: Let me tell you what we did, and then we can kind of get back to that question, good question.

The product is at Lowe's, the problem is we've got these athletes. As we're looking at it, the natural tendency is think sports stores with the athletes. My concern at the time was, if I start with Serena Williams, the consumer mind immediately goes to Sports Authority who existed then. Right.

It gets distracted, but our problem is they have stocked a certain number of units at the Lowe's, and they have to make sure that they get those products sold.

One of the things people forget with innovation is, when you get to retail it's particularly hard. You have about six weeks. At the end of six weeks, you have a conversation with the buyer, about how things are going. It's not a thumbs up thumbs down, but if you aren't showing-movement...

Mark S A Smith: Velocity.

Doug Garnett: By those six weeks. You've gotta show the beginnings of velocity.

That's one of the problems with applying brand advertisement in a situation like this. It doesn't create velocity that fast. It does brilliant things, but they tend to be long horizon things.

Mark S A Smith: But, then again, we're talking about a product that's twenty bucks. Low risk, low consideration, and I think it's important for us to separate those two. Versus a branding, we're probably talking something that's twenty grand, and you make payments for it, yes.

Doug Garnett: It could be, although there's a lot of brand advertising for lower price products, like Coca-Cola, or Johnson & Johnson, but also, a lot of people that innovate a product, turn to a brand advertising agency to try to get it to happen. Once you're at retail and you've got this six week need its tuff, because you won't succeed at that six week point. If you use kind of a brand approach, you have to use a brand that's focused on something that drives immediate sales.

Mark S A Smith: That's right. And, I call that the "blood spurting" problem. (laughter) It's the same, that we have an immediate problem, and if I don't take care of it, it's gonna cause real problems. Interestingly in this cooling towel, if you would have done this in heart of winter you're screwed.

Doug Garnett: Right.

Mark S A Smith: But, if you do this in the heart of summer, we have a blood spurting problem.

Doug Garnett: Yeah, we went out in May. What we did in the spot was, instead of them starting with the athletes, we chose to start with the contractor. We have a contractor on a work site, telling us about the benefits of the towel. So, he gives us this pitch for the towel, and then we go to, kind of proof points. We bring in Serena Williams, in the original we brought in Sergio Garcia, and Dwyane Wade. They give this proof point, of yeah, this is a great thing. You get really hot, you need to cool off. By turning, it on its head, we got away from what I think is, the negativity of it. They are used in stereotyped ways, and if you're trying to break through to consumers. You gotta get out of the stereotype ways. That was our approach to doing it there.

What was particularly fun is, we put it on air around May first, and somewhere in early June. It hit the Jay Leno monologue-

Mark S A Smith: Oh, you know you made it!

Doug Garnett: Like a trifecta, because he came on and said, "Have you seen these spots for this cooling towel?" ... and of course as an ad agency that's it, that's all I need to hear, he said spots. Then he went on and explained what the spots said it did, which was the second part of, "Oh yeah, he actually got it," they understand what it's suppose to do. Of course, he made a joke, because it's Jay Leno.

Mark S A Smith: Of course, the audience is rolling, they're like, "Yeah!"

Doug Garnett: We were real proud, that first year we had to pull the ads out a month early, because they were selling out at Lowe's.

Mark S A Smith: That's a really good problem to have.

Doug Garnett: Yeah, it is. On my end what's challenging, we were causing disruption, I'd love to shake up the advertising market quite a bit, because there's too little use of advertising to do stuff like this. Companies get kind of stuck with their general agency. Their general agencies brings the brand advertising camera to every problem, instead of kind of finding these clever, innovative, interesting ways to shake things up. To deliver a bunch more value to them.

Mark S A Smith: I think a lot of Entrepreneurial organizations, shy away from TV and the direct response, because they think about how expensive it might be. If they go to traditional brand agencies, that do quarter of a million dollar advertising spots. For those guys they have to sell a hell of a lot of product just to cover the commission.

They are going to be like no, no, no, no, no, versus what you're saying, is no, no, no we don't have to do that. There's a lot of ways of really doing great creative breakthrough. We can get results in six weeks approaches, and be way into it. Let's create this as a long term strategy, versus a short term tactic.

Doug Garnett: Yeah, we still get way more, mixing both of those, because we're delivering a lot of short term. Our minds it's really all about keeping an eye on long range.

Mark S A Smith: That's a plan, baby! (laughter)

Doug Garnett: I'd like to think so, that's what I hope for these things to be. The way they work out ... you mention the TV part of it, it is tuff, because in TV we suffer this challenge that, TV for large market product is, often the most cost effective means, but it has a high cost of retreat, it is perceived. It's tricky. One of the challenges I've come with. Digital options is that, you can get into digital options for a song. A lot of people do that, but it doesn't necessarily deliver the impact you want, or won't come up with any impact cost effectively. I have this term for it ... a lot of companies they go out and do this innovation. One of the problems I find with innovation cycle, is there's tremendous writing about how to find

innovations, how to move them through gate processes, how to do ideation, all this stuff, extensive library.

Once it's ready to go to market, the library gets really thin. There's a few books out there. What ends up happening is, by the time the product builds up market. Marketing of the innovation wasn't planned in. The marketing department is scrambling to try to figure out if they can steal a few bucks from somewhere. To mount some kind of campaign.

Here you might have this absolutely freaking brilliant innovation, that's gonna up-end the market, kind of turn things upside down. We can find money to pay, what need to happen on communication-

Mark S A Smith: I see this happen so often Doug in the world of Entrepreneurship. They'll spend a million dollars developing the product, and they're doing a market budget that's twenty-five thousand dollars.

Doug Garnett: Here's my analogy for it. I call it, "whispering in Grand Central Station." (laughter)

They put it online somewhere, they make a video and post it on YouTube, or mount a little google search campaign. Whatever it is, but then that is like standing in Grand Central Station whispering, "I got really good product, this is great, come see this really good product." Everybody is so busy walking by, nobody hears the message. A lot of innovation suffers.

There was this study by Boston Consulting back in I think was '04. It looked at CEO satisfaction with innovation. They were all dumping money into innovation, but 60% said that their innovation did not return enough.

Mark S A Smith: Sure, of course it doesn't. The reason why is because we have to introduce that innovation to the market place, and often times, they don't know how to introduce that innovation. I think the point here is very clear. If you have a disruptive innovative product, nobody is Googling that.

Doug Garnett: (laughs) True, you probably spent years figuring out what that idea was. You're thinking it's just going to be sitting in the consumers mind. If you have to work that hard and you're a specialist in that area, if you had to work hard to pull it all together. We market it, and we know it, you have to tell them about it.

There's this fundamental thing, I think that sometimes we forget, that you have to tell people what's out there, and it costs money.

Mark S A Smith: We have to bring them the news. We have to tell them about this. Nobody was sitting around thinking, "you know I think I really need a better bandana, to cool me off." They were just down paying a buck, down at Carhartt's to pick one up.

Doug Garnett: It fits with Steve Jobs observation. The thing not to do consumer research is, ask consumers what you should build. They don't know what the opportunities are,

they don't know what the options are. Most of them are struggling, just to kind of make ends meet within their sphere. Only you know the technologies you can bring together, the clever things you can do. How to turn it upside down? How to make jumps of assumptions, that end up paying out really big in the end?

But, then once you've done that, you have to bring it to market. I've always been fascinated with apple because I think in a lot of ways they did, a very product base approach. They had this advantage. Jobs had created a culture within itself to a degree. That they could spend their money on that bid introductory press deal. Those weren't cheap, but it worked, because Jobs had all that magic charisma about him. When he'd say, "here's an iPhone." He just had tons of stuff happening. Although, they still turned to TV after doing that.

Mark S A Smith: Sure of course, ultimately they had to do it. His charisma, his presence, which is what I consider to be the number one characteristic of a Chief Executive. If you don't have charisma, you ain't got nothing! He had that charisma, that he could then with his other skills, gain the attention of the world, and make them sit up and take notice of something that was completely radically different. What Steve fundamentally did was took a consumer packaged good and turn it into a life style product. That's what created the disruption. Everybody says, "We've got the latest iPhone killer." No, you don't. The reason why is, an iPhone killer is going to be a change in how people identify with their phone. Apple fans are Apple fans, and there's no way you can get them to not be apple fans.

Apple doesn't have the market share, they have the wallet share. I'd rather work less hard for more money. (laughs)

Doug Garnett: It seems like we've gotten to a point where there's is a ton of race to the bottom activity...

Mark S A Smith: There is. That's why people are breaking over to that, fast moving consumer packaged goods, how cheap can we go. That's a bad place to play.

Doug Garnett: It is. In my super computer world days, I'd go in on pitches, salesmen very often, would turn to me and say, "You know, let's offer them half off." I'd say, "Actually half off may not be a bad deal, but I'm not offering them anything, until they say, I want your product." They have to value the product, they've gotta want what it is we're offering. If they'll tell me they want our product, then we'll move heaven and earth to get it for them. Until they say that I'm not moving Heaven and Earth, because they're not really interested.

Mark S A Smith: Here's the problem, it that, super computers are high consideration, high trust purchases. And, if you offer a deal out of the box, you have blown your trust. It completely disappears, boom!

For example, in the world of high branded make-up and high branded perfumes. Do they ever go on sale? Never!

Doug Garnett: Absolutely not. Coach consider about that. Do you offer a sale? They finally went last year offered their first sale. Annual, something like that. I want to run an idea past you, because it's about disruption. It kind of gets back to this iPhone question.

I've always been kind of struck, not necessarily well, by this "think outside the box" idea. What fundamentally strikes me is, if somebody is innovative to the level where they're gonna disrupt, there is no box. If we start by think there is a box, we've already lost the battle.

Steve Jobs, goes out and says, "What do I want a phone to be?" Figures it out, and makes it. People who say, "We're gonna do an iPhone killer." Are inside the box. That's thinking inside the box. They've already decided there are limitations, and they might be good at kind of busting out of those limitations, but they're already inside limitations.

Mark S A Smith: That's so good, you're right Doug, absolutely true. The thing is that because they're working within the box that Steve created, they're screwed, forever.

Doug Garnett: Now you've let your opponent, if you will. Define your territory, and that's never good.

Mark S A Smith: He set the rules.

Doug Garnett: Yeah, he set the rules, and that's never really gonna work.

Mark S A Smith: I tell you what, man, if I set the rules, you're gonna lose my game.

Doug Garnett: The other analogy I've been playing with lately too is that, a lot of marketing work I might equate to interior design. There's a lot of landscape that's already put together and so your spending it making it rock within those boundaries. I think in advertising agencies a lot of talk about thinking outside the box often because interior design lives within a box, and might think outside of it. "Hey, let's bust down that wall. It'll be better if we take that wall out, and the kitchen connects to the living room. We got this better flow, that's really good."

I think when you've got an innovation when you've got a disruption coming down. You've got to approach it as an architect, because an architect is given this plot of land. Somebody says four bedrooms, forty-five hundred square feet, I want a pool.

Mark S A Smith: You have some criteria of what creates value. Within that value based criteria, we can then construct what will deliver that value.

Doug Garnett: The product and the market that you are in, and the brand are kind of that land that you're working on. How you pull that together into something that knocks people socks off, is the architecture challenge. And, that's why you're working without walls, there is no box, and really your job is to find the box. I kind of look

at products as laying out on a table, we got all these potential things. We got this feature, we got that feature. The problem is how do you pull that together into something people will go wow, I love that!

Mark S A Smith: The way that we do that it, take something they find familiar, and add something that they find unfamiliar, yet potentially valuable. The differentiation has to be desirable, otherwise we screwed ourselves.

Doug Garnett: They have this interesting study on innovation I was reading recently, that looked at innovating in business plan, and innovating in product, as too different modes of motivation. It looked at returns. What they decided was you got a higher return, by choosing one or the other. When companies went out and tried to do both at once, the returns dropped.

My sense is what you just said, which is, "if you're changing everything at once, you lose people."

Mark S A Smith: We have to increment people along, step them along. Where this has gotta go eventually is based on a conversation that I had with Geoffrey Colon. Where he says, ultimately what we are going to be doing is a bunch of tribes selling to each other's members, (laughter) which I think is a really great way of positioning it, because if I understand my tribe, then I can create things that increment my tribe, without offending anybody else, or working too hard. I think that's a really interesting approach to innovation, if you're gonna innovate, you have to innovate within a container. Otherwise, it's too much.

Doug Garnett: That's a good point. I had a product once that came out of a company that they hadn't done consumer research on it. They were so far ahead of the consumer, and I end up talking to them afterwards, I said, "Look you've gotten really unique, great features on this product. You need to cut it back to three."

Mark S A Smith: Yeah, it's too much.

Doug Garnett: Nobody can take it in. They can't value it, they're kind of intimidated by it. You can't do too much at once. Something as radical as Uber, it's a taxi replacement. So, that makes us feel like okay I got that there's new things about it, I gotta get comfortable with this stranger, I think you're a stranger, but then again, one was a taxi driver, was a stranger.

Mark S A Smith: Right, they were stranger than the Uber drivers. (laughs)

Doug Garnett: The only fall back was, they had a boss and the Uber drivers don't. (laughter)

Mark S A Smith: Yeah, there was a plastic wall between us too, for that matter. (laughter)

Doug Garnett: Familiarity made it worse.

Mark S A Smith: Uber made transportation frictionless. Major innovators today, reduce friction, and what we wish to do. They make our desire passionate outcome as simple and frictionless as possible. What Uber's done is taken the pain of calling a taxi and them not showing up. They make them completely go away. They made the pain for what's it cost, for me to go from here to there, and make it completely go away. It made the concern of the taxi driver is gonna take me around the back side of the barn to rip me off, and made it completely go away. So they took all the pains and friction that I had with taxi drivers, and made them disappear. The taxis haven't addressed those, those are still issues, those are still problems.

Doug Garnett: I agree, I absolutely agree. I hear too many people take that Steve Jobs comment on research the wrong way, because the one thing we're gonna do if we're disrupters and innovators. We gotta always be alerted about the market, and what people think within the market. We have to have that fresh mind that ignores structures and figures out the right answers.

Mark S A Smith: It's gonna be a team that take those things and brands them together, into a successful enterprise. A couple of really interesting thoughts, came out of our conversation. One of which is, innovation has to be incremental. Although, Negroponte says, that incrementalism is the poison of innovation.

Doug Garnett: Isn't more like incrementalism is in the eyes of the beholder. It's really clear like, oh look they added a handle. I think then there is what we just talked about, you can position Uber as an incremental shipped over taxis, but with a huge impact-

Mark S A Smith: Light bulb wasn't invented, because somebody wanted better candles, and the computer wasn't invented because we made a better typewriter. There are leaps without a doubt. All of those examples, are actually false comparisons. (laughs) completely false comparisons. The reality is that innovation came out of interest and curiosity and questions. That ultimately connected to other people's passion. The light bulb allowed those who wanted to read at the end of the day. To do so for the first time. Reading by candlelight is a nightmare. (laughter)

Doug Garnett: I swear I've never tried it, but I can imagine, it's not good.

Mark S A Smith: If we revert back to this concept of allowing people to do something they are passionate about more frictionlessly. I think that explains the innovation that works

Doug Garnett: With all the work we do in tools. That's really what it's all about-

Mark S A Smith: That's your tag line.

Doug Garnett: We need to get more done. Our first big tool product is a funky one its call the Drill Doctor Drill Bit Sharpener. (laughs) it's a hundred dollar product that sharpens a fifty cent drill bit. Together with drill doctor and their retail distributary we were able to drive sales of three million of them.

Mark S A Smith: Wow!

Doug Garnett: How does that happen? Really what we've tapped into, when they came to us they said, well it saves money, it saves time. I thought, that doesn't feel right. There's something wrong in here, so we went out and did some consumer research. What we learned from people was, there were things like. If my drill bit gets dull, it stops me. I have to run to the store and get one, and then I gotta go get a big gulp on the way back. Then pick up the cleaning and then the milk. Then I've lost my Saturday afternoon. (laughter) I didn't get anything done, because I had to go do this. Our pitch revolved around six different values. They were not save time, save money. They were things like, get more done, keep your momentum going. We had this great testimonial from a guy who said, "If you can keep your momentum going, you'll get more done."

Mark S A Smith: You said the truth.

Doug Garnett: ...Without damaging product, it's all sorts of things. It was finding that mix, was really where it worked. It was all about what you said about, like greasing the skids. Having a Drill Doctor, if you have it in your shop, you're never stopped by a drill bit.

Mark S A Smith: Boom! That's it. It means that you can focus on what you're making. Not how you're making it.

Doug Garnett: That's right.

Mark S A Smith: That's the outcome that we're looking for. Thank you, Doug, for being such an amazing guest. Your insights on how to do business-to -consumer processes to bring them to market, has been extraordinary. I know that anybody who works with a disruptive market. Has some magnificent insights, on how to use innovation, and bring it to market successfully.

How do people get a hold of you, what do you have for them next?

Doug Garnett: I've written a book called, Building Brands with DRTV. It's available on Amazon. If they want to get in touch with me, go to our website atomicdirect.com

Mark S A Smith: Of course, you'll have links on the show page to both of those. Excellent, thanks once again, such a delight.

Doug Garnett: Absolutely Mark, thank you.