

Build-A-Business Basics

by Sharon Shinn

Maxine Clark sells teddy bears for a living. Her formal title is Chief Executive Bear. One of the items on her desk is a small stuffed bear dressed in pink pajamas. But despite her whimsy, she is every inch a businesswoman, closely focused on what sells in the market she has helped define.

Before her 1997 launch of Build-A-Bear Workshop in St. Louis, Missouri, Clark spent 19 years with The May Department Stores in a variety of roles. She became president of its Payless ShoeSource division in 1992, and after four years she left to look for a new challenge. A shopping expedition with a ten-year-old friend led her to envision the make-your-own-stuffed animal factory that became Build-A-Bear Workshop.

At Build-A-Bear Workshop, Maxine Clark combined her business savvy and her sense of play to manufacture a unique retail experience.

The company has grown rapidly since opening its first store. Today, there are more than 400 Build-A-Bear Workshop stores in the U.S., Canada, the U.K., Europe, Australia, Asia, and Africa—some owned by the company, some run as franchisees. Build-A-Bear Workshop also has expanded its reach through innovative partnerships with organizations like Major League Baseball, where fans can buy team-branded merchandise at stadiums across the U.S. and build their own mascots at selected ballparks.



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A big part of the store’s success comes from Clark’s creation of a retail experience that’s interactive and fun. “I often say, Build-A-Bear Workshop didn’t invent teddy bears or the factories that make them,” says Clark. “We just invented a unique experience around them.”

That unique retail experience has earned her a series of accolades. In 2008, Clark was named to the list of The 25 Most Influential People in Retailing by *Chain Store Age*; in 2005, she was named a Customer-Centered Leader by *Fast Company*. Last year, Build-A-Bear Workshop was on *Fortune* magazine’s list of Best Companies to Work For, and the online Buildabearville.com received a Best of the Web

award from *WiredSafety*. Clark makes sure she gives back to the community by serving on boards, including the local PBS station and the local and national branches of Teach for America. Her company supports causes devoted to literacy, children’s health, and animal welfare through its nonprofit Build-A-Bear Workshop Bear Hugs Foundation.

Clark graduated from the University of Georgia with a bachelor’s degree in journalism and originally intended to pursue a career in law. But her years in retailing have given her a thorough on-the-job training in business, and she freely shares her insights.

“Business students have to come to the table saying, ‘How can I make my skills useful? How can I make a difference?’” Clark believes. They must have drive, passion, and commitment, she says—and it also helps if they have a single great idea.

Business students are taught that if they’re going to launch a new product, it has to fill an unmet need or serve a neglected niche. When you launched Build-A-Bear Workshop, there were plenty of competing products and retail outlets for stuffed animals. What made you think your company could be different enough to succeed?

When I came up with the idea for Build-A-Bear Workshop, I’d been in retail for 20 years, mostly selling clothes and accessories to adults. I realized that whenever we added the element of fun—perhaps a “Star Wars” theme—any product became much more successful. It would appeal to working adults who might feel jaded or who sometimes wished they were still children.

At the time I was looking for a challenge, and I was looking for a way to use my creative talents. I knew that if I opened a business aimed at children, I would use those talents. I also knew I would be challenged every day, because kids need newness all the time.

Also, back in 1997, the economy was becoming very high-tech. I believe that when life has hard edges, you need something soft in your life—literally and figuratively—and I thought stuffed animals could provide that.

What kind of market conditions existed for stuffed animals when you were creating Build-A-Bear Workshop?

At the time, Beanie Babies were really popular, and they launched stuffed animals into the mainstream. They made it acceptable even for boys to collect stuffed animals. They opened a whole new market.



Back in the '90s, retailers like Wal-Mart and Target sold stuffed animals, but didn't do much to promote them. There were a few well-known names, but it was rare for someone to specifically ask for a teddy bear made by Dakin or Gund. There was room for someone to come in and create a brand in this category.

I also constructed our niche around the notion of field trips, which all kids love. My favorite memories from school involve going to the bakery or the dairy. I wanted kids to feel that going to the Build-A-Bear Workshop was like going on a field trip.

What personal strengths or business experiences could you draw on to get you through the early days of running a startup operation?

I think my biggest strength was that I didn't know what I was getting into. Even at 48, I was somewhat naïve, and that naïveté played to my advantage. I'd written business plans as part of someone else's company. But it was very different when I had to come up with all the funding and worry about whether or not I would make payroll if X or Y didn't happen.

If people knew all the things they had to worry about when they started their own businesses, they wouldn't do it. The bravest of people would be petrified. So, while it's good to have a certain amount of knowledge, it's also good to have a certain amount of naïveté. Entrepreneurs will go nowhere if they don't have a conviction that they can do something, no matter who tells them otherwise. They have to be able to say, "I know what you're telling me. I know there's risk. But I can do this."

What would you tell entrepreneurship students who want to start their own businesses?

They have to make a clear assessment of what they're really good at and what they're not. If they think they have to know everything, they'll soon be out of business. Young business students, especially, don't have enough experience to know everything. But they do need to know where to get the information they don't have.

They also have to love what they do. I frequently ask college students, "What's your idea? Why do you want to go into business for yourself?" Often they reply, "I just don't want to work for anybody else." And I say, "Then why would anybody want to work for you? What's so magical about *you*?"

Working for yourself is much harder than working for someone else. You're the one people call when the place

is burning down. You have so much responsibility for so many other people—for their jobs, their families, their health insurance. Students tell me they want to run their own businesses so they can control their own lives, but a successful business will control *them* in a lot of ways, particularly in the time they must devote to it. They need to be prepared for that commitment.

In your book, *The Bear Necessities of Business*, you say that you're primarily marketing to ten-year-old girls, but I often see teenagers and adults in your stores, too. How did you implement a marketing strategy that would focus on one demographic but also draw in a cross-section of consumers?

The majority of our customers are children under 14, and they're predominantly girls. But those children bring with them parents, grandparents, aunts, uncles, older sisters, and younger brothers. Making the bears becomes a pastime for all of them.

At Build-A-Bear Workshop, kids and adults can personalize their stuffed animals with clothing and accessory choices—and this kind of customization is a key trend in retail today. People can choose the engraving on their iPods and the detailing on their Nikes. How do you think customization will affect the future of retail?

I think it's the biggest, most pervasive trend going. These days, people want everything customized. If I buy an iPod, I can put a hard case or a silicon case on it, and either one can be pink. I can pick my screen saver, I can add the apps I want. I can make it *my* iPod.

When people can customize their products, obsolescence isn't built in. They can add on new features instead. They can update their iPhones with a new app or a new ringtone or a new picture on the desktop.

What people want is control, because in our current crazy environment, they have so little control over anything.

What do you predict for product customization in the future?

It will be more important for the person at the store to recognize *you* and know how you want your personalized products. This is already happening when you make purchases over the Internet. I have a Kindle, which is the coolest thing in the world. When I download a book, it can tell me what other products are available that I might like. I love that.

On the other hand, at the book superstores, not a single

book seller knows what I like to read. Even if someone has waited on me multiple times, no employee has ever said, “Oh, I noticed you like business books. Did you see the new one that just came in?”

I think Barnes & Noble, Borders, and Books-A-Million should use technology to personalize sales. A store could turn membership cards into smart cards that recognize members as they walk in the door. It could send a message to each customer’s iPhone, saying, “Next week, this book comes out. Reserve your copy—here’s a coupon.” Or maybe customers bring their iPhones to a station at the bookstore, and there they download personalized messages. “The newest Nora Roberts book is in Aisle 3” or “You bought the last book by Jack Welch, and now the new one is on the shelves.”

These interactions make customers feel warm and fuzzy, even though they’re talking to computers.

Your company’s computerized interactions with customers also aim to capture that “warm and fuzzy” feeling. You have a blog, which allows you to “speak” directly to customers; you also have a Facebook page, where you can connect with fans and customers. In addition, you’ve created the virtual world of Buildabearville.com. How do these high-tech tools enhance the Build-A-Bear Workshop experience, which is very high-touch?

Technology has enabled us to build on the friendship and fun kids find at the stores. Kids can’t come to the Build-A-Bear Workshop every day, but they can play online all the time at Buildabearville.com.

The site is like a cartoon show that’s on 24/7, and the kids are the stars. They choose their avatars, they create their looks, they can build a fantasy that they can star in. They can decorate their online houses any way they want. If in real life they’re sharing their rooms with 45 brothers, they can go to Buildabearville.com and have their own rooms. They pick decorations from the items we offer in the furniture store and hardware store, and they put the items together any way they like.

By now, we have more than 11 million customers who have avatars on Buildabearville.com. While it’s supposed to be a fun place, we do build in a lot of educational activities.

Kids can work in the café, waiting on other customers, and earn points that they can spend elsewhere on the site.

We also have Build-A-Bear University online, where children can be students or teachers. This spring we’ll have a graduation ceremony that’s really a game. We cover all kinds of subjects—social studies, ecology, geography, math—at different competency levels. Some of the things on the site are silly, but we also want them to have value.

It’s no secret that the economic downturn has had a huge negative effect on retail sales. Do you think your online presence helped you through the crisis?

I do believe our online presence has helped us stay in touch with our customers when they couldn’t come to the mall. It also has enabled us to give customers more for their money.

Whenever anyone buys a stuffed animal at our stores, included in the price is the ability to play online. Although we launched Buildabearville.com in 2007, we didn’t make parents go back and buy all new animals. We let them know that, if they’d come to the store, we’d give them a welcome pass for the animals they’d made before. Of course, we hoped they would buy more—if they came to the store to pick up a pass, we figured they would have a 50 percent chance of making another purchase, such as new clothes or new shoes. Some did, some didn’t.

A familiarity with online interactions is something today’s business students bring with them into the working world.

Yes, they have a great deal of knowledge about social networking. They’re digital natives, and we need that perspective in business.

What else are you looking for when you interview students with business degrees?

Of course I have to ask them technical questions, but mostly I want to know if they’re interested in consumers and marketing. Did they ever have summer jobs that were in the retail industry? Have they been to one of our stores? You’d be surprised at how many people I interview who have never been to a Build-A-Bear Workshop.

But mostly I want to find out what they’re curious about, what kinds of questions they’ll ask. Do they look around my office to see what’s





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“I’m still a customer at heart. I know how customers want to be treated. That’s not something you learn by going to business school. That’s something you learn by being human.”

going on? I’m nosy, so I think that’s a good trait! Do they have skills they could apply from another field? Do they think about how unrelated things might relate?

For instance, I might talk to someone who travels on business and stays at a lot of hotels. Even if she doesn’t know much about toys, she knows what a good hotel experience is. How can she apply that to a retail situation?

Your original plan was to become a lawyer, but once you started a career in retail, you never looked back. What were the most important lessons you learned from your on-the-job training—lessons you don’t think you could have gotten in business school?


I did take a lot of marketing and consumer behavior courses, so I knew a fair amount about business, but I’m still a customer at heart. I know how customers want to be treated. That’s not something you learn by going to business school. That’s something you learn by being human.

Women often find it difficult to break into the upper echelons of the corporate world; some find entrepreneurship more accessible. You’ve been successful in both arenas. Do you have advice for women about the different challenges they might face whether they go into corporate business or decide to start their own enterprises?

When I was younger, I always had a lot of male friends who never treated me differently because I was a girl, so I never thought too much about whether it was a male world or a female world. Once I was in college, I learned that it was more of a male world. For instance, I was working on a group project with Coca-Cola, and the account executive always assumed that a certain guy was the leader, because he was the tallest person in our group. But I was the leader, even though I was only 4’11” and a female.

I knew right away I didn’t want to be in a career where that sort of thing mattered. I wanted to be in a career where I could work hard and prove myself. That’s what I tell young men and women who ask for my advice. Get a job where you can prove yourself.

As it stands now, Build-A-Bear Workshop is a pretty impressive success story. What do you hope to achieve for the company over the next ten years?

Times are challenging right now, but when the economy opens up, we’re well-positioned to grow our business. We expect that more countries will be ready for our stores as well. We don’t have any stores on the South American continent, so that’s a place I consider our greatest opportunity. My ultimate goal is to see this company in more countries, reaching children of all nationalities and backgrounds. 



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