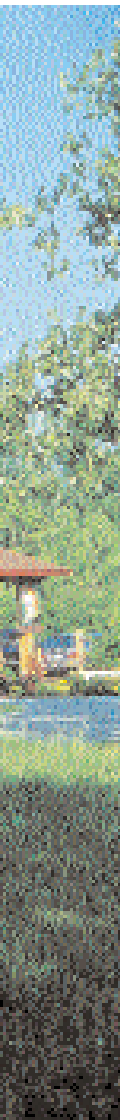




# EURE



If you think that fun at work disappeared with the dot.com millionaires, you will find hope in this story. If you've known in your heart of hearts that training can be stimulating and exciting so that participants can't wait to return, you will find hope in this story. If you think that do-gooders can't have successful businesses that profit while helping people, you will find hope in this story. This story is about a little ranch that could. Welcome to the Eureka Ranch.

It's hard to describe exactly what happens at the Eureka Ranch house, which is a large red building located on 80 acres of land just outside of Cincinnati. Before you arrive, you'd heard that the grounds encompass a sand volleyball court, a lake for water sports, a three-hole golf course, and other recreation facilities. But as you drive there, you pass industrial parks instead of the bucolic, sprawling vistas you expected. No matter, the Ranch is set back from the road in a world unto itself. But before you get any closer, some background.

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This little-Ranch-that-could teaches you to "win more, lose less, and make more money."

KA!

By Eva Kaplan-Leiserson



Eureka Ranch founder Doug Hall

The Ranch, founded in 1997 by Doug Hall, entrepreneur and former Proctor & Gamble “Master Marketing Inventor,” is part creativity institute, part training center; part amusement park, part laboratory. The Ranch’s training program was named by *Human Resource Executive* as one of the top 10 training products of 2000, and 85 percent of participants rate the program as the best training they’ve ever attended.

The stated mission of the Eureka Ranch is to “help our friends, old and new, think smarter and more creatively about how to grow their business.” The services include

- sessions that teach the Ranch’s principles of Marketing Physics and Capitalist Creativity
- inventing sessions, in which a team of “Trained Brains” helps companies generate customized ideas for new products, marketing efforts, or business strategies
- a marketplace simulation, “artificial wisdom” tool that calculates the probability of success for your idea and coaches you on how to increase its odds.

What all of those services have in common is the statement that launches the introduction in Hall’s new book, *Jump Start Your Business Brain*: “I bring you good news. Business success is not random.... There are reproducible scientific lessons and laws that, when applied with diligence, can help you win more, lose less, and make more money....” It’s that absolute obsession for scientific principles and hard data that makes him perhaps different from other creativity gurus.

During 10 years of inventing sessions with such big-name clients as Pepsi-Cola, Nike, and Walt Disney, the Ranch’s parent company collected data through extensive research and development. Groups that came to generate ideas for their business were guinea pigs: Ranch staff gathered quantitative and

qualitative data and generated detailed analyses following the teachings of statistician W. Edwards Deming.

That information is now being used to benefit companies that can’t afford the up to US\$150,000 price tag for an inventing session. The training teaches the six laws driving creativity that were extrapolated from the Ranch’s research, backed up by plenty of figures and formulas overseen by two Ranch employees with mathematics Ph.Ds.

This borrowing from the rich to benefit the not-so-rich is why a Canadian television station recently called Hall “a corporate Robin Hood.” The more moderately priced sessions enable small businesses and individuals to learn the Ranch’s secrets to success, as does Hall’s recently released third book on principles that work with small enterprises. Many of the examples and case studies in that book were generated as he offered services for free or at reduced prices to small businesses.

The third branch of Ranch services, the artificial wisdom program Merwyn (which shares its name with both Hall’s father and Hall’s boyhood magician persona), is available to people with money to burn as well as people with empty pockets. Those who can afford it can use the simulated test marketing and coaching to refine a concept or evaluate a fully formed concept’s name, pricing, and competition. For those short of cash, the Ranch is offering one trial of the idea-refining service free with each purchase of *Jump Start Your Business Brain*.

Merwyn, described by Hall as a thinking system that will empower white-collar workers the same way mechanical tools empowered blue-collar workers, cost US\$20 million to develop over six years. The system tracks real-world customer behavior and was validated by following the success rates of 900 real, new products over five years. The average success rates the sys-

tem predicted were within one or two percentage points of the actual figures. As Hall describes it, Merwyn is “basically a giant bookie that sets the odds.” But it’s also an awesome creativity tool, he adds, because it gives you a laboratory in which to experiment with thought.

### Home, home on the Ranch

You step up to the generous front porch that holds a hammock, rocking chairs, and a large, prominently placed rock with the word *Courage*. Music pulses: It’s Van Halen’s “Jump!” The smell of coffee wafts under your nose. That’s Brain Brew, the Ranch’s signature blend.

People mill around in the front room. You’re asked to fill out a B.O.S.—Brain Operating System—form that will help assess how your brain works. That information will be used in the second half of the session. As you move to the back of the room, you see a bar spread with food: muffins, pastries, fresh fruit, cheeses. You grab some goodies and then look around. Large black-and-white photos of Ranch staff and Hall’s three children and dog fill one wall.

You proceed to the kitchen down a hallway lined with signed pictures of celebrities, including Jay Leno, Dave Thomas of Wendy’s, Loretta Lynn, Mary Lou Retton, Connie Chung, and Julie Andrews. Next to the pictures hang articles written about the Ranch from *Advertising Age*, *CIO*, and *Inc*.

Reaching the kitchen, you see a large wooden case; it’s a wall of tea, with almost every kind of Celestial Seasonings you can imagine, a Ranch client. Refrigerated cases hold soft drinks, including one that you’ve never seen in stores: Pepsi with a twist of lemon. You wonder whether the product was developed during a Ranch inventing session, but discreet staff members don’t discuss



products of client companies without specific permission. Also in the kitchen is a freezer stocked with ice cream pops and ice cream sandwiches.

Then you hit the main room. Immensely tall ceilings “create a space to be big in,” as one participant later tells you. A fireplace is one of the room’s focal points. On its large mantel rests, among other intriguing knick-knacks, a Benjamin Franklin bowling pin and a Benjamin Franklin nut-

cracker. Other Franklin artifacts are scattered throughout the house. You learn that Hall is a huge fan of the inventor because of Franklin’s whole-brained ability to blend science with art. In fact, Richard Saunders, the pen name Franklin used when writing *Poor Richard’s Almanac*, is also the name of the Ranch’s parent company.

Arcade games and pinball machines line the walls in the main room. They’re

turned off now, but participants can play them at lunchtime and after the session. Have you ever had a black m+m? There’s a glass case full of the candies in black and other rare colors, a gift from M&M Mars, a regular Ranch client. Finally, you see the promised lake you’d read about, with boats resting by the shore just past a wooden patio with tables and chairs.

Prominent in the middle of the room is a bronze statue about five feet

high, titled “The Other Side of Eden.” Sculpted by Andrew DeVries, the statue depicts a dancer going through a wall. Hall later explains that he placed the statue where he can see it when he’s standing at the fireplace talking to people. “The statue tells a story of transformation, of a character moving through,” he says. “The wall moves, and the wall hurts. Any amount of change, any change that’s worthwhile, is going to cause pain.”

#### No more Nerf

Hall knows whereof he speaks. This incarnation of the Eureka Ranch, of Richard Saunders, of Doug Hall, is only about four years old. Had you come to Cincinnati just a few years ago, you would’ve seen a different building and a different ideology. What is now Hall’s private residence, the Eureka Mansion next door to the Ranch house, was once the structure in which participants explored the principles of creativity, innovation, and fun. They paid big bucks to shoot Nerf guns, drive go-carts, and generate ideas with Hall and his colleagues.

In his first book, *Jump Start Your Brain*, Hall described principles and programs in operation at the Mansion that he claimed could “make your brain up to 500 percent more creative.” Fun was paramount. But these days, explaining how his just-released third book differs from the first, Hall says, “This one’s based on data, and the first one was my opinion.” Calling it “personally disappointing,” Hall freely admits that some of his opinions were wrong: “I can say with absolute confidence, having looked at the data, that fun is irrelevant when it comes to creating ideas.”

You think about how a willingness to accept being wrong and the flexibility to go forward with new vigor to discover what’s right must have been crucial to the successful transforma-

tion of the company from a creativity institute to a unique environment where scientific principles, data control, and hard numbers rule.

Calling the process “really hard,” Hall cites an absolute, unwavering commitment to growth and the knowledge that he was doing the right things for the right reasons as giving him the courage to lead the transformation. Having been through such a sea change, Hall feels qualified to advocate radical changes to companies that may be uncomfortable with the temporary chaos they create. “If you want to create something magnificent...you’re going to have to become comfortable with a little level of chaos,” he says.

#### Be like Mike

It’s time to get seated; the session is starting. Four long couches—red, blue, brown, and green—circle the fireplace. Some people sit on the couches; some sit on the floor. Hall isn’t there. He has turned over the training to “people who have a genuine gift for it.” However, Hall’s name and sayings are invoked multiple times throughout the session. The presenter, Michael Salvi, introduces himself and requests that you treat this place as if it were your home. That gives you carte blanche to raid the kitchen or the m+m machine. A little voice in your head says, “I think I’m going to like this.”

Mike, as you call him throughout the day, just turned 24 and the night before had been up late celebrating his birthday. Despite that, he’s full of energy and enthusiasm. Participants later describe him as bright, well mentored, upbeat, and professional, and say that he facilitated “just enough.” After a short ice-breaker in which you’re asked to state your name, hometown, and favorite breakfast cereal, Mike explains that he has facilitated or helped facilitate inventing sessions with more than 70 companies in the two years he has been at the

Ranch. (Later, he tells you that Ranch employees count their time differently. Because they work on average 80 hours a week, Mike has been employed there for four “Ranch years.”) Mike says he also helped develop what is now called Trailblazer Training, the sessions like the one you’re attending that teach the Ranch principles but leave you on your own to apply them to your business.

Mike feels particularly qualified to run these sessions, he says, because of his experience in the inventing sessions: He’s not teaching anything that he hasn’t had to do himself. Having solid research to back up his presentation also gives him confidence. When participants ask questions or challenge him, he knows he’s standing on a solid foundation of data, which he says is “very empowering.”

Mike first learned of the Eureka Ranch when Hall came to speak at his Boston business school, Babson College. The infectiously passionate Hall chatted with Mike, whose majors in entrepreneurship and economics seemed ideally suited for the Ranch. Hall called Mike at 6:30 on a Tuesday night and asked him to fly out to Ohio the next day to help lead an inventing session with Johnson & Johnson. An impoverished student, Mike scraped together money from friends for a plane ticket, threw some clothes in a bag, and crammed for the session by reading as much as he could of Hall’s book on the plane. Mike met Hall at the Ranch at 6 a.m. to prepare for the session. Mike also interviewed with each Ranch employee, from Hall down to the office assistant. Seven interviews and a day later, Mike was offered the job.

The Ranch’s recruiting process is a little more standardized these days, but the trial-by-fire philosophy still applies. “The only way you can know if people can handle a 20-hour day,” Mike says, “is to make them work a 20-hour day and see how they react.” The Ranch

offers no formal training to its employees; they all refine their craft on the job.

### Drinking through a firehose

Your day, fortunately, won't be 20 hours long. But in the eight-hour session, Mike warns, he's going to deliver about 100,000 words. He predicts that your efforts to take it all in will be similar to "trying to drink through a firehose." The theme of the day is *the idea*, which Mike calls the only true fuel for sales and profits and the core to every business. There's a caveat: The day isn't about artistic creativity; no warm fuzzies here. The term the Ranch has coined is *capitalist creativity*, meaning creativity that makes money. Capitalist Creativity, in fact, is the title for the set of principles you'll learn in the afternoon.

But first, Mike begins by explaining the difference between traditional brainstorming and the Eureka Ranch approach. Mike calls traditional brainstorming "brain draining." For example, to decide where your family should go on vacation, family members will sit down and squeeze from their brains any ideas that might reside there. In contrast, the Eureka Ranch teaches a system that uses the brain like a computer. Add stimuli in various forms—sights, smells, sounds, and so forth—and the number of ideas multiplies.

To try out the Stimulus Response System, you're assigned to teams randomly by the color of the couch that will be your home base. Each time you do an exercise throughout the day, the groups are mixed so you interact with different people.

The centerpiece of the Stimulus Response System is the Cactus Corral Thinking System, which is laid out on a large piece of paper in front of you. First, you write the objective of the exercise at the top. For most of the day, the exercises relate to Wild Willy, a made-up character who

runs mule rides in the Grand Canyon. Willy has been having trouble attracting customers lately, so he needs help generating ideas to grow his business. Your objective is to increase Wild Willy's sales.

Next, you go through a process that the Ranch calls Mind Dump. You and other group members are each armed with a marker and a pad of sticky notes. As the first words or concepts pop into your head, you write them on the sticky notes and place them on the sheet. Emptying your mind of ideas serves two purposes: 1) It clears your head of the easy answers so that you think beyond them, and 2) it harnesses those terms and ideas to stimulate ideas for the activity.

From a list of 20 or more words or phrases, your group chooses three—either by free choice or by rolling a die. The three chosen sticky notes are placed in the middle of a cactus drawing on the other side of the sheet. You fill the rest of the cactus with free associations from each of the sticky notes. As Mike's example states, *music* might turn into *sing-a-longs*, *boom box*, and *romantic serenades*. Then, your group uses the rest of the sheet, branching outside of the cactus in multiple directions, to turn those free associations into ideas for Wild Willy. For example, kazoos for all guests, sunset trips, newlywed specials, a song leader in every group, and so forth.

Mike urges you not to evaluate any of the ideas yet. There are two phases to the process: idea creation and idea evaluation. Mixing the two will hinder the quality and quantity of the ideas. He urges the scribe who was chosen in each group to write everything she hears and not to censor. Your group doesn't have a problem mixing up the evaluation and creation processes. Ideas flow so fast that the scribe is having trouble keeping up, but she manages to scribble everything down.

Each group must then present one or two of its best ideas to the other groups.

After a vote, winners get star-shaped sheriff's badges, which Mike admits are tacky. That doesn't stop them from being coveted. People wear them proudly on their shirts.

The Cactus Stimulus Response System is just one example of a process that was developed for the big-ticket inventing sessions and trickled down to the training sessions. After ideas are generated, it's time to learn how to evaluate them. Mike tells you that Willy appreciates all of your suggestions but doesn't know which ones to pick. If you don't have a clear picture of success, Mike says, you don't know what's closer or further from it.

Learning what success looks like means learning the Ranch's three laws of Marketing Physics.

**Law 1: Overt benefit.** *Customers maintain established behaviors until they come in contact with an overtly appealing alternative benefit force.* This is otherwise known as the What's in it for me? principle. Benefit has long been known to be important; the new news, the Ranch says, is the overtness. You need to make the benefit crystal clear to customers who are info overloaded. For example, "fast shoe shine" is a feature. "Two-minute shoe shine that gets you in and out of the door" is a benefit. Another important point about overt benefit is that the success of a product or marketing effort decreases with the number of benefits you offer. The message: Do one thing great.

**Law 2: Real reason to believe.** *A new brand will hit the market with a trial force equal to the strength of its benefit times its reason to believe.* Or,  $F_t = B \times RTB$ . Reason to believe involves a company's credibility. Once the company has established *what* it's going to give you, it must establish *how* it's going to deliver on that promise. Types of RTBs include pedigree (a company's history), demonstration,



Ranch participants use unrelated stimuli to fuel their brains and jumpstart new business ideas.

guarantee, testimonial, and so forth.

Each of those methods have demonstrated almost exactly equal success rates in the Ranch's testing, with the exception of the guarantee. While scores for the others range from 41 to 46 percent probability of success, the guarantee stands firm at 60 percent. Indeed, Ranch staff use that method themselves, guarantee-

ing that they'll exceed your expectations or they'll work for free until they do.

**Law 3: Dramatic difference.** *The only way to disrupt marketplace equilibrium is through introducing a benefit and a reason to believe pair that is significantly different than what currently exists.* Dramatic difference means "relevant yet unexpected" ideas. Only 30 percent of

product introductions are actually "new to the world" ideas. The remaining 70 percent are variations on a theme. However, 60 percent of successful launches are "new to the world" products, according to a Booz Allen study. Uniqueness has always been known to be important, but the new news, Mike says, is just how important it really is. Whatever you

think the importance of a dramatic difference is, multiply that by 10.

Mike teaches those three laws of marketing physics through interactive exercises. You're given sheets with three products and product descriptions. Each round, you use poker chips to bet on which one will be the most successful. Each round also coincides with a law of marketing physics. The winning group of all of the rounds gets stars.

It's time to break for lunch. For about 15 minutes, the smells of a feast have been escaping from behind the wooden doors to the kitchen. Your stomach can't help but rumble despite the muffin and fruit you ate a few hours before. Mike dismisses you all, and people begin to line up for the food. There's salad, pasta with tomato sauce, chicken breasts, italian bread, cake, sodas, juices, and even wine.

An hour is plenty of time to finish eating and then hit the games. Mike floats around the room answering people's questions, then calls everyone together again. The afternoon is devoted to learning the three laws of Capitalist Creativity.

**Law 1: Explore stimuli.** Stimuli can be either unrelated or related. Ways to gather related stimuli include visiting the "scene of the crime," talking to experts in the field, and gathering physical props. It was this last approach that sent Mike before one inventing session to the grocery store to buy feminine hygiene products. Per Ranch tradition, items relating to the attending company's industry are scattered throughout the house for inspiration. But before you can feel too sorry for Mike, he tells you about buying thousands of dollars worth of alcohol for a session with the liquor maker Johnny Walker. As the day ended, the Ranch threw a big party to get rid of the goods.

Although the idea of related stimuli is fairly clear, that of unrelated stimuli

needs further explanation. Mike demonstrates the concept in an exercise in which groups are asked to generate ideas for a new candy. Each group uses the Cactus Response System, but are also given other tools—items from a bag of mystery goodies that Mike passes around the room. Digging deep in the bag, your group ends up with a can of hairspray, which sparks the idea of a candy that can be sprayed in liquid form and then crystallized to any shape.

Mike explains that the type of stimuli that work best for a person depends on the way his or her brain works. A related stimulus lets analytical left-brained people start from "inside the box" and be gently pushed outside of it. An unrelated stimulus draws right-brained people who are way outside of the box closer in.

**Law 2: Leverage diversity.** At this point, another Eureka staff member brings in the Brain Operating System forms, which have been tabulated. Mike uses that information to place participants in four groups that correlate to how right-brained or left-brained they are. Some people are fully one or the other; many people reside somewhere in the middle.

Mike says that including people with a variety of brain operating systems in a brainstorming group enables the group to leverage diversity—not diversity according to ethnicity and so forth, but diversity of ideas. As Hall says later, "My definition of diversity is someone whom you'd never invite to a dinner party at your home on a Friday night." The Ranch believes that with a variety of people whose brains work differently, you'll get more ideas and more diverse ones. If you stick with the same people in the same situations, your ideas will always be fairly similar.

**Law 3: Minimize fear.** Once you generate ideas through the laws of Marketing Physics and the first two laws of Capitalist Creativity, you must have the courage to act on them. People are often scared

## Playing by the Numbers

Here are just a few of the numbers the Ranch has generated through its statistical analysis and quality-control charting. Using a base control group of 100 ideas generated without using any of the Ranch's principles,

- applying the first law of Marketing Physics generated 290 percent more ideas
- applying the first and second laws generated 420 percent more ideas
- applying the first, second, and third laws generated 530 percent more ideas.


In an internal research test on the laws of Capitalist Creativity,

- using low stimuli in an inventing session generated 22 practical ideas
- using high stimuli generated 47 ideas
- using low diversity in an inventing session generated 19 practical ideas
- using high diversity generated 46 ideas.

A session in which participants ranked their fear level as high generated 30 practical ideas. A session in which participants ranked their fear level as low generated 42 ideas.

Applying the principles of Capitalist Creativity increased the average number of ideas generated by four people in 45 minutes by 558 percent.

Need more ideas for generating creativity at your company?

 cc: You on page 67 for some simple ways to spark your creative genius



### Three Laws of Marketing Physics

To recap, when evaluating the chance of success of a product, marketing effort, or business strategy, ask yourself these questions:

- What's in it for the customer (overt benefit)?
- Why should the customer believe you'll deliver on your promise (reason to believe)?
- How unique and new to the world is your benefit and reason to believe pair (dramatic difference)?

of failing, looking dumb, or being laughed at, so they may hold back on suggesting ideas that could, in fact, turn out to be successful. Thus, it's key to reduce what the Ranch calls the "fear factor." The formula:

$$E = \frac{S^{B.O.S.}}{FF}$$

Eureka (the idea) is equal to the stimulus to the power of the Brain Operating System divided by the fear factor.

Next, you hear more about the importance of courage and passion in the video clip of Hall that ends the session. Although his words are inspiring, your attention fades in and out as your brain attempts to sort through all of the information thrown at you throughout the day. You know it will take some time to sink in, and you make a mental note to read *Jump Start Your Business Brain*, in which the principles are explained in more detail.

Mike ends the session by saying you all made it the best one he's ever run. Aw shucks, you think, he probably says that to all attendees. But he assures everyone that he learned as much as they did. And, as much as the idea, learning is what it's all about at the Eureka Ranch.

After the session, you wander around talking to other participants. On the

whole, reactions are positive. People are fired up—ready to jump back into their business and try the laws. It seems that the Ranch met its goal of exceeding attendees' expectations. Trish Taylor, staff resource director for the YMCA in Charlotte, North Carolina, tells you later that she arrived at the Ranch thinking that it had been a mistake for her company to send her. An organized, analytical, and structured person, she was out of her comfort zone and wished "someone with a little more creativity" had been sent in her place. But as the session went on, she was amazed at how the unrelated stimuli generated concrete ideas for products and services. "Everyone can be creative and innovative, even me," she says. "I'm glad I attended."

But a couple of people mention that the references to Merwyn and the inventing sessions throughout the training made them feel as if they were being marketed to. Mike and the Eureka staff see the three services as supporting each other, however, calling them "very complementary."

If participants' enjoyment of the session can be calculated by the amount of time they linger after it ends, the day was a success. You stay an hour mingling and chatting, and people are still hanging out when you leave. They're playing pool and video games or just chatting at the bar. When Mike invites everyone to a happy hour later at the Ranch, you wonder whether any of the Johnny Walker is left.

So, will visiting the Eureka Ranch or reading Doug Hall's new book guarantee the success of your business, product, or concept? Yes and no. How you implement the ideas is crucial. Take for example the case of one soft drink product idea that the Ranch gave a 70 percent probability of success. When the actual drink was placed on the market, it bombed. What was the problem? It didn't taste good, says Mike.

Hall explains that although he guarantees (with no fine print) that the Ranch will

exceed clients' expectations, "their ability to execute...that's beyond my scope." He goes on to say, "What I do promise is that if you listen to the laws and to the advice Merwyn gives you...we will increase your odds of success. Anybody who's promising more than that, they're on serious drugs."

The odds must be pretty good. More than 80 percent of the Ranch's business is from repeat clients. TD

More info [www.eurekaranch.com](http://www.eurekaranch.com),  
[www.doughall.com](http://www.doughall.com), [www.merwyn.com](http://www.merwyn.com)

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