OUR STATE-BY-STATE GUIDE TO INNOVATION

CEOs VS. TRUMP

WHY MARVEL RULES THE UNIVERSE

FAST 6

PUINTES TO MANAGER AND RESERVED TO MANAGER AND RESERVE

Lessons on profit, purpose, and good business from Airbnb, Facebook, Uber*and more

> Mark Zuckerberg Bares His Soul









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Cover Story

PUT YOUR VALUES TO WORK

Airbnb, Facebook,
Salesforce, and more
are aligning their
businesses with broader
social imperatives.
Here's how this new age
of corporate responsibility
can be a boon for their
public images and their
bottom lines.

By Robert Safian Page 50

> Airbnb CMO Jonathan Mildenhall believes customer loyalty is fueled by an emotional connection. (page 50)







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ARE YOU PROUD OF **YOUR COMPANY?**

In the days after Donald Trump was elected president, I found myself reaching out to chief executives of several key businesses that Fast Company has covered. The presidential campaign had convinced me that neither party's candidate, and neither party, had a compelling vision for how our technology-driven culture could both energize our country and include all Americans. What I encouraged of these CEOs was to use their perches to fill that leadership vacuum.

There has long been debate in America about the role of the corporation. Is it a job- and wealth-producing marvel? Or is it a nefarious, rapacious beast? "Corporations aren't to be trusted," argues Ian Bremmer, president of global strategy firm Eurasia Group. "The presumption that America supports capitalism has never been true: The number of people who have capital and want to risk it is a tiny fraction. Most Americans just want to be treated fairly."

What's clear is that U.S. businesses and business leaders wield tremendous power. How they use that power will help define the future of our world. Some executives believe that the best way to exercise influence is to move into government from the private sector. (See Austin Carr's report, "President Oprah?," page 23.) Others see the spheres of influence within

Salesforce's Marc Benioff, left. alongside Ivanka **Trump and German** chancellor Angela Merkel, met with the president to discuss workforce development and gender equality. "I made my point," the CEO savs.



companies as their own points of leverage: The combined annual revenues of the 20 largest American businesses is more than \$30 trillion, nearly double the gross domestic product of the United States. And these companies cross many borders. If you calibrate the number of lives that big U.S. companies touch directly—like Facebook, which has nearly 2 billion people in its user base—they have as much potential for impact as any national official.

So what might business leaders do with that influence? That question is at the heart of our cover story ("Put Your Values to Work," page 50), which explores how executives like Mark Zuckerberg and companies from Airbnb to Uber are grappling with their roles. (It also flows through our state-by-state guide, "United States of Innovation," beginning on page 70.) More and more companies are signing on to Pledge 1%, a commitment to dedicate 1% of their equity, their product, and their employees' hours to nonprofits. CEOs like Marc Benioff, at fast-growing software provider Salesforce, are actively proselytizing that aligning a business with higher values, rather than solely pursuing maximum dollars, will actually boost financial performance in the long run. "You've seen the rise of more activist CEOs who stand for things," Benioff says, "and represent their employees and their stakeholders in the same way a politician would represent the people who vote for them. . . . What is your compound growth rate of good over the lifetime of your company?"

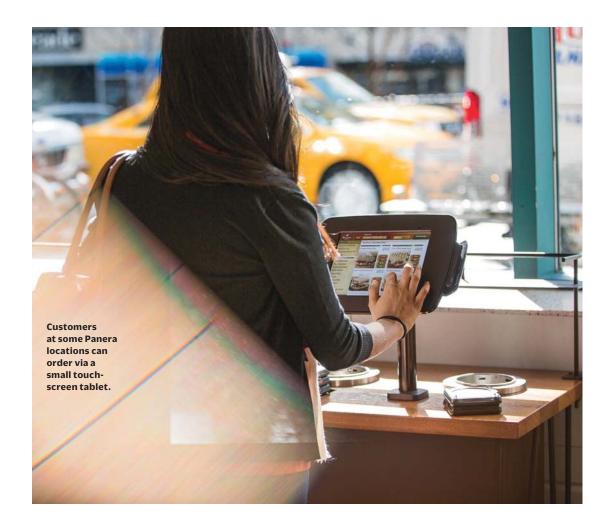
It's possible that all of this is just a fad, and we'll go back to a time when delivering profits and dollars to Wall Street is all that matters in the C-suite. But I hope not. Because some of the smartest people in the world run some of the most impressive, highest-impact businesses in the world. If they use those positions for something more than just making money, for making the human condition better across the globe, then anything is possible.

Robert Safian editor@fastcompany.com





Updates from the MIC alumni



PANERA ON DEMAND

Panera Bread

The soup-and-sandwich café chain has been rethinking customer service across its 2,000-plus outlets, implementing a series of technology-infused initiatives it calls Panera 2.0. The project drives orders through digital platforms that simplify food prep in the back of the house while expediting the customer experience. And it's paying off: Twenty-four percent of the company's sales are made through in-store kiosks, on the web, or on the Panera app (only the pizza giants drive more digital business), and 9% of customers opt to order ahead and pick up in a café. Panera's samestore sales growth in 2016 was 4.2%, well above the industry average. "We asked ourselves, 'What's going to be next?" says CEO Ron Shaich, "and then we made the long-term commitment to build it ourselves."

The company's new big push is in delivery, which it's now rolling out across America, Notably, Panera uses its own cafés to fulfill orders-and hires its own drivers. "We tested with Uber, Postmates, and DoorDash," says president Blaine Hurst, "but we couldn't scale. No one has a national footprint that overlaps with us." The average delivery order is \$22, more than twice that of in-store orders, and Hurst believes it will add around a quarter-million dollars per year

to each store's average annual revenue of \$2.6 million. "Our rapid pickup service, delivery, catering, and Panera at Home [ready-to-eat meals sold in grocery stores] all have the potential to be \$1 billionplus runways for us," says Shaich. The platforms also help Panera improve its "desire-to-friction ratio," a metric Shaich obsesses over. "We're winning at friction reduction," says Hurst. "But to really win you have to drive desire." —David Lidsky

MILESTONES In January, Panera achieved its goal of a 100% "clean" menu, with no artificial preservatives, flavors, or colors.

CHALLENGES Although it ranks first among chain restaurants for customer loyalty, Panera still lacks urban cachet, per YouGov BrandIndex.

BUZZ 1

Twitter

MILESTONES As part of its plan to beef up its antitroll measures, Twitter unveiled an aggressive algorithm that detects word patterns and offensive tweets that might be seen as abusive.

CHALLENGES The increasing backlash about Twitter's flat-footed response to harmful tweets comes amid rising worries about the platform's ability to attract new users.

BUZZ 🔱

Dropbox

MILESTONES Dropbox released Paper, its Google Drive competitor, and a new Smart Sync product that allows users to view files and folders on their desktops, even if they're not stored there. The company also appointed Google veteran Nicholas Jitkoff as its first vice president of design.

CHALLENGES Dropbox's productivity tools are part of a larger, concerted effort to entice the kinds of corporate customers who currently use rivals Google Drive and Box.



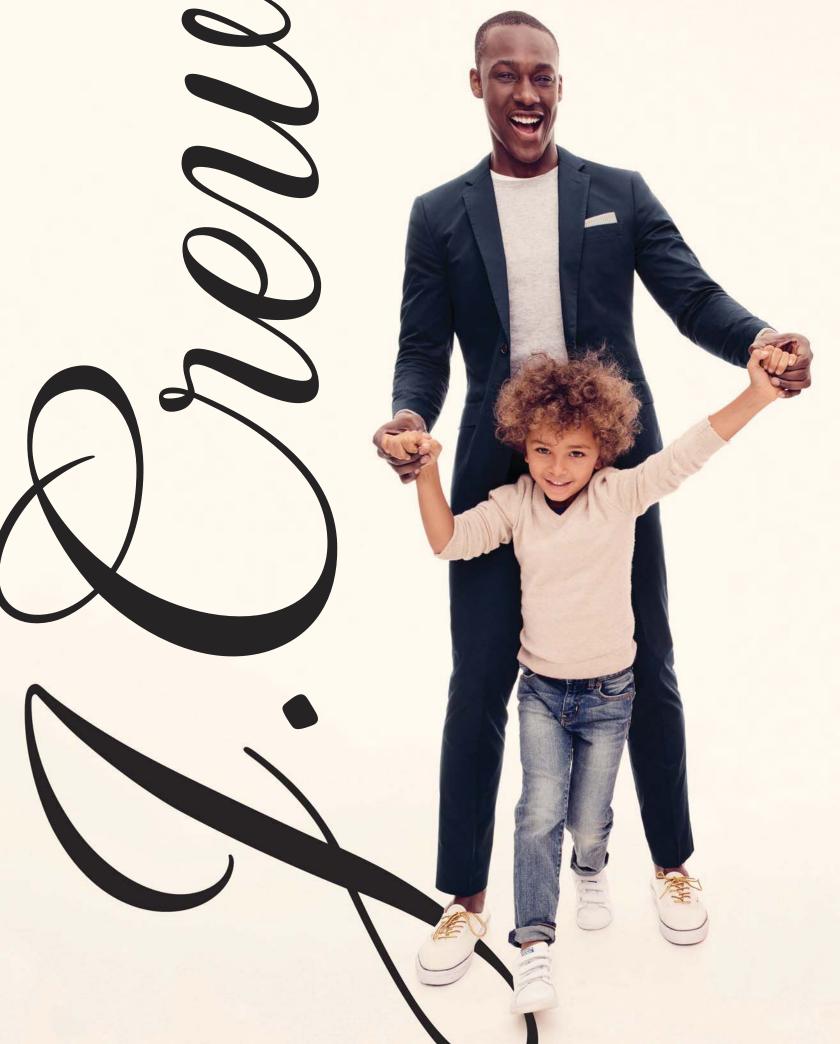
Square

MILESTONES In February, the company released Square for Retail, its first tool kit for multistore businesses. The product helps owners control inventory, manage employees, and create customer profiles to better personalize the shopping experience.

CHALLENGES Square will need to attract larger commercial clients to help offset some of the higher costs of its product development.

BUZZ 🗥











Hudl

MILESTONES Following their long-standing relationship with the Premier League, Hudl has now partnered with U.S. Soccer to bring its performanceanalysis tools to all 18 national teams and youth divisions. It's Hudl's first partnership that works with all levels of a sport.

CHALLENGES As Hudl scales quickly, it will need to make sure the speed and accuracy of its cloudbased services keep pace.





Asos

MILESTONES In January, U.K. e-tailer Asos launched its own plussize clothing line for men. The collection, which includes bomber jackets and ripped jeans, is the first of its kind for a hip, fast-fashion brand.

CHALLENGES Rival British retailer Boohoo may be smaller, but its recent \$20 million acquisition of Nasty Gal gives it a leg up on the American market.

BUZZ ←→



Flipboard

MILESTONES Flipboard introduced a complete redesign in February, creating smart magazines around specific interests like photography and architecture. It's also partnering with a local company to launch Flipboard China.

CHALLENGES With tablet sales falling, the redesign is an effort to woo back readers who are now more apt to turn to things like Apple News and Facebook Instant Articles.



Etsv

MILESTONES In April, the platform for handcrafters launched Etsv Studio, essentially a craftsupplies retailer where people can buy the tools they need to make their Etsy items, alongside DIY product tutorials. The marketplace also added a new interface called Shop Manager, which puts all of a seller's stores in one easy-to-use dashboard instead of requiring separate logins.

CHALLENGES To keep the 800-pound Amazon gorilla at bay, Etsy needs to cultivate a reputation as a fertile ground for budding entrepreneurs, and not just a quirky e-commerce site.

BUZZ 1



Line

MILESTONES Japan's popular messaging app Line has introduced Line Works, a Slack-like workplace chat tool that offers cloud storage alongside the app's signature large, kitschy stickers. This summer, Line is also releasing its own take on Siri (a voice assistant called Clova) and a smart speaker à la Amazon's Alexa called Wave.

CHALLENGES In January, Line posted a loss of 3 million users for the first time in the six-yearold company's history as people migrate to competitors like Facebook and WhatsApp.

BUZZ ←→



CVS COMES TO THE RESCUE

CVS

In January, people suffering from life-threatening allergies found new relief at CVS. The drugstore and pharmacy chain began offering a low-cost generic alternative to the EpiPen. Called Adrenaclick, it's priced at \$110 for two pens, as opposed to \$600 for two EpiPens.

Last year, EpiPen maker Mylan sparked consumer and congressional outrage after it was revealed that the pharma company had raised the price of an EpiPen two-pack by 400% since 2007. As the only major epinephrine injector with enough supply, EpiPen essentially had the market cornered. "This product is unique in that it's a lifesaving medication," says Matthew Leonard, CVS's senior vice president of pharmacy. "Many consumers have to purchase multiple EpiPens. That makes the out-of-pocket expense quite high."

After CVS began hearing from customers with concerns about the high cost of EpiPens, it struck a partnership with Adrenaclick maker Impax Laboratories. With CVS's commitment to stock the generic at all of its 9,700 stores, Impax was able to increase manufacturing while keeping overhead low. With a manufacturer's coupon, the twopack is available for just \$10.

CVS's effort to bring down the price of a vital medication is part of its mission to play a more prominent role in customers' health. In 2014, it removed tobacco products from stores. Recent steps have included making MinuteClinics more convenient with a digital tool that estimates wait times and enables two-way texting for refill reminders. "Obviously this is providing value to the individual consumers," Leonard says of Adrenaclick, "but it's also good for the health care system at large." —Claire Dodson

MILESTONES In February, CVS became the first national pharmacy chain to remove artificial trans fats from its house brands.

CHALLENGES Rival Walgreens has been locking in new pharmacybenefit managers as partners, directing some customers away from CVS.





What the Fast Company community is loving this month

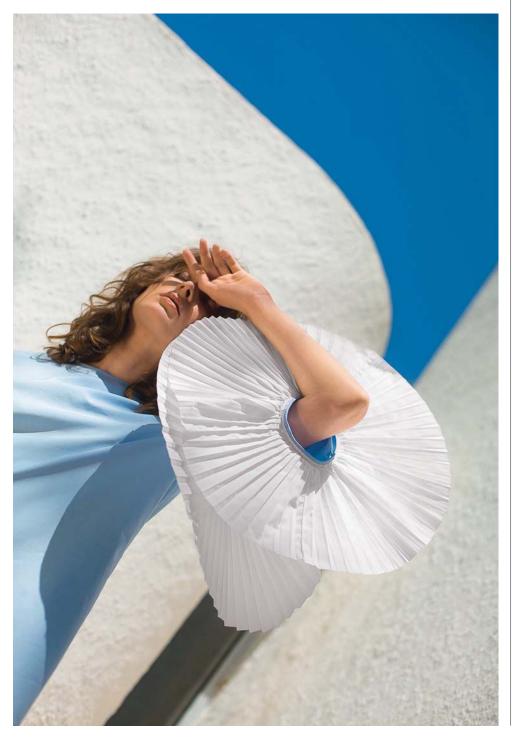
Monographie blouses

From \$270 monographieparis.com

"It's been a long time since I've seen a brand reinvent a must-have classic, like the dress shirt, in a new way. The pleated sleeves on this are my favorite."

Karen Robinovitz

Cofounder and co-CEO, Digital Brand Architects



Poco Dolce Confections

\$7 per bar pocodolce.com







"This chocolate has become a staple in our household. We have it shipped [to Nashville] once a month from San Francisco."

Max Goldberg

Co-owner, Strategic Hospitality



Light + Ladder Ballast planters

lightandladder.com

"I'm loving the Brooklyn design movement and started following Light + Ladder's studio in Greenpoint. My favorite are their planters."

Andrew Lipovsky Founder and CEO, Eponym

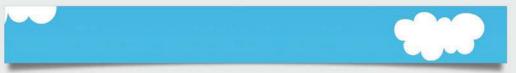


Coolest coolers \$400 coolest.com

"This is an absolute beach essential. It's a decked-out cooler that comes equipped with a Bluetooth speaker, blender, USB charging station, and bottle and wine openers. A Jersey Shore home run."

Scott Tannen Cofounder and CEO, Boll & Branch





44

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Galit Laibow Cofounder and CEO, Foodstirs

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Lisa Marchese CMO, Las Vegas Sands Corp.

Cloth & Company Priced per item



"I am excited to see [DwellStudio founder] Christiane Lemieux disrupt the furniture and textile industries. Cloth & Company is able to turn around customized textiles and furniture in six days by leveraging 3-D-printing technology."

Shilpa Shah Cofounder and CXO, Cuyana

Grillworks

From \$3,475 grillworksusa.com "If you like cooking over wood, this is it. They custom-build wood-fire grills for you, to whatever specs you want. And the crank wheel is adjustable so you can control the level of heat that gets applied to the food."

Dale Talde Chef and owner, Talde

Summer Water Rosé

\$350 for three-month subscription summerwater .winc.com



"A creative collaboration between Yes Way Rosé and [wine club Winc]: It's my favorite rosé—for its light, refreshing taste and, of course, its clever name and cool packaging. I pair it with fresh veggies, which are a perfect complement to its citrus and raspberry notes."

Elizabeth Stein Founder and CEO, Purely Elizabeth



Paloma Beach paloma-beach.com "This beach in Saint-Jean-Cap-Ferrat is a great getaway on the French Riviera, mercifully tucked away from the crowds. Dining right above the water with the sun setting over the bay is magic."

Eugene Chung Founder and CEO, Penrose Studios



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Howard Schultz, Bob Iger, and other biz leaders may be mulling runs. Here's why that matters.

By Austin Carr Illustrations by Ery Burns On a recent afternoon in Washington, D.C., at a Starbucks just a few blocks from the White House, a pair of baristas are explaining why their boss Howard Schultz should run for president. Schultz, the executive chairman of the world's largest coffee-shop chain, had reportedly considered bids for the Oval Office in previous elections, but since he announced in December that he would be stepping down as CEO, speculation has built about his plans for 2020.

Granitz/Wirelmage/Getty Images (Cuban); Tibrina Hobsc nage/Getty Images (Iger); Angela Weiss/AFP/Getty Imag

Employees at this particular store seem eager for "Howard," as they call him, to get in the race. "He's a great guy and a great CEO," says one of the workers, pointing to Starbucks's unusually generous benefits and Schultz's progressive activism on a range of current issues, which include advocating for LGBTQ rights and providing job opportunities to both military veterans and refugees. "I would consider voting for him."

For many Washington pundits and insiders, the idea of a Schultz candidacy is hard to resist. The billionaire Brooklyn native seems to have the means, the private-sector bona fides, the platform and reach, and the strong personal brand to potentially mount a serious challenge to President Trump.

But Schultz is hardly the only executive who is generating excitement in the political world. Ever since Trump's November victory which was significantly aided by his image as a businessman—election watchers are looking toward a range of corporate luminaries as potential presidential candidates. Disney CEO Bob Iger is reportedly thinking about a run, as is Dallas Mavericks owner (and Shark Tank reality-TV star) Mark Cuban. Facebook CEO Mark Zuckerberg is a rumored potential contender (although he has denied it, as has COO Sheryl Sandberg). Even Oprah Winfrey hinted that she might be interested.

"After Trump's success, it's no surprise that nonpoliticians from the worlds of business and entertainment are asking themselves, Why not me?" says Brian Fallon, who served as the press secretary for Hillary Clinton's most recent presidential campaign. "Today, businesspeople are seen almost automatically as effective messengers on the economy, as job creators. That gives them an inherent advantage."

Things were very different when Henry Ford ran for a Senate seat in Michigan a century ago. With his industry-building experience and virtually unlimited finances, the

EXECUTIVE BRANCH

A look at some of the business leaders who could be considering a 2020 White House run



MARK **CUBAN**

WHY IT MIGHT MAKE SENSE:

The Dallas Mayericks owner and Shark Tank star has developed a reputation for blunt political commentary (he recently critiqued Trump's management skills) and customer-first leadership. Cuban has been offering thoughts on serious subjects such as health care and infrastructure spending on his personal blog.

WHY IT MIGHT NOT:

Cuban has said he's "not the ceremonial type"—a problem given that the gig involves so much patience with pomp. He might also have trouble convincing the Democratic party's moreliberal voters: At various points during the last election, he was outspokenly in favor of both Donald Trump and Hillary Clinton.



OPRAH WINFREY

WHY IT MIGHT MAKE SENSE:

Everybody loves Oprah! The liberal-leaning former talk-show host has very strong favorability numbers, according to (nonpolitical) research. Her experience turning around her OWN network—which initially struggled when she launched it—suggests that she can lead when things get tough.

WHY IT MIGHT NOT:

Winfrey knows better than just about anyone how to go about building a strong personal brand, but her broad appeal is largely based on her positive, inspirational message. How will people react if she decides to run and is forced into months of hardball political combat over controversial issues?



WHY IT MIGHT MAKE SENSE:

As the CEO of Disney (which also owns ABC and ESPN), Iger knows what it's like to be at the helm of a sprawling, closely watched enterprise with global influence. He is also an expert strategist who can take credit for Disney's acquisitions of Pixar, Marvel, and Lucasfilm.

WHY IT MIGHT NOT:

Last year, Democratic candidate Bernie Sanders criticized Disney for sending work overseas and underpaying theme-park employees—while Iger's salary neared \$45 million. If he runs as a Democrat and Sanders voters aren't excited, it could be a tough climb to the nomination.



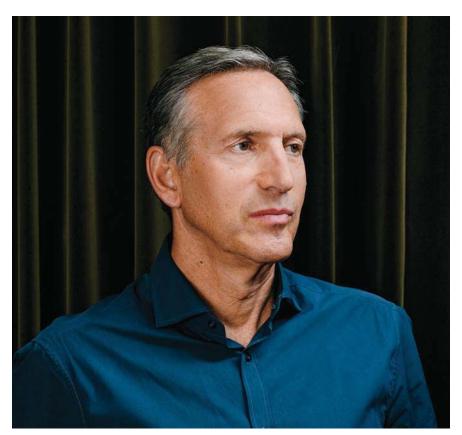
SCHULTZ

WHY IT MIGHT MAKE SENSE:

The executive chairman and former longtime CEO of Starbucks is reportedly mulling a move from lattes to legislation. Having grown Starbucks into an industry giant, worked to address various social issues, and championed worker rights, the coffee executive could have broad appeal to Democratic voters.

WHY IT MIGHT NOT:

Schultz's progressive values have occasionally resulted in tone-deaf moments, such as the well-intended but badly executed (and widely mocked) "Race Together" initiative, which pushed baristas to have awkward conversations with customers. And will voters see his fast-food skills as transferable to the White House?



Grande aspirations Starbucks executive chairman Howard Schultz would be a different kind of

outsider candidate.

automobile magnate was initially thought to be a shoo-in for the seat. He ended up losing, however, in "a defeat that sent shivers through other businesspeople thinking of running for office themselves," according to presidential historian Douglas Brinkley. "Generations of the richest people learned there's a populist rebellion that occurs when voters feel there's someone rich buying [an election]."

Since then, America's perception of wealth, and of CEOs, has changed significantly, easing the way for business-world aspirants such as EDS founder Ross Perot, onetime Godfather's Pizza leader Herman Cain, and former HP CEO Carly Fiorina, most of whom never got much traction with their presidential efforts. (Mitt Romney, who won the Republican nomination in 2012, emphasized his tenure as governor of Massachusetts more than his experience as cofounder of Bain

"Democrats are looking at their senators and governors and saying, 'Yikes, they don't have the right stuff. **But what about** these CEOs?"

Capital.) While career politicians with their easily criticized voting records—are associated with Washington gridlock and entrenched bureaucracy, business success is synonymous with a certain kind of savvy and smarts. "We're in an era when CEOs are the leaders of America," Brinkley says. "More people are going to be interested in the story of Bill Gates or Steve Jobs than some senator."

Trump convinced voters that an outsider from the corporate world would be well-suited to take on big government, but certainly his enormous brand recognition and television celebrity also contributed greatly to his appeal as a candidate. Did people vote for him because he was actually a successful CEO, or because he played one on TV? "There's no question that Trump entered this race with a great advantage for having done The Apprentice," says Stuart Stevens, who ran Romney's

2012 campaign. "The idea that you have to have held elected office before to run for president is now clearly false."

If Trump benefited so greatly from his hit reality-TV show, just think about the boost Oprah would likely get given her decades of ratings success with The Oprah Winfrey Show and her extraordinarily passionate fan base. Or imagine the halo effect Schultz and Iger might enjoy with their leadership being so closely tied to such beloved brands as Starbucks and Disney. "Most people don't experience a Trump hotel, while people all over the country experience Starbucks every day," says Democratic strategist Joe Trippi, who oversaw Howard Dean's unsuccessful presidential campaign back in 2004.

Business leaders can also tap into certain advantages that just aren't available to most traditional politicians. "They have the resources to run," says Trippi, "unlike the Bernie Sanderses of the world, who can only get the resources by attracting a big following." Mark Cuban is a highly engaged social media star with more than 6.5 million Twitter followers. Oprah publishes her own magazine and has countless famous (and wealthy) friends and admirers. And if even a fraction of Starbucks's 170,000 U.S. employees get excited about the idea of a Schultz campaign, that would start him off with a groundswell of campaign volunteers.

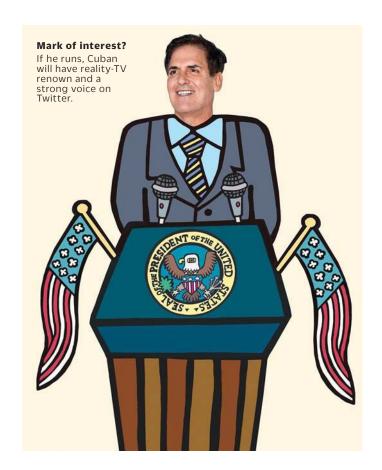
But simply having a megaphone isn't going to be enough. "Regardless of whether you own a platform like, say, a chain of retail locations or a social media network, you need that fluency in identifying and reaching the audience you're seeking," says Fallon. "The type of innovation happening in marketing in C-suites is probably what needs to be imported to political communication."

With no obvious front-runner for the 2020 Democratic ticket, it seems quite likely that other unexpected candidates, each with their own unique brand and platform, will be floated for office in the years

ahead. While reporting this story, I heard various politicos suggest possibilities ranging from billionaire hedge-fund manager turned environmental activist Tom Stever to the actor George Clooney. "There's a talent hunt on right now to fill the void," says Brinkley. "Democrats are looking at their senators and governors and saying, 'Yikes, they don't have the right stuff. But what about one of these CEOs or celebrities?""

But is any of this really a good idea? Do the skills required to run large companies actually translate to government? Former President Barack Obama has said that he thinks business acumen is more helpful for building campaigns than for occupying the White House. And there's no reason to think that traditional top-down, corporatehierarchy thinking is particularly useful in an environment where large-scale change requires consen-

It's hard to picture polished corporate pros like Schultz and Iger at televised debates trading verbal punches.



sus-building and legislative knowhow (just look at Trump's early stumbles). When I ask Mark Cuban about this issue, he responds that exceptional business leaders know how to learn quickly and can adjust to whatever challenges are in front of them, whether in a public or private capacity. "Romney had no problem adapting to being governor," he says. "Nor should any strong candidate have a problem adapting to the job of POTUS. Historically, a preponderance of candidates have been attorneys. I'll take businesspeople any day."

Voters are currently witnessing the disruptive impact of having an outsider CEO in the Oval Office, and it's possible that their appetite for future corporate politicians will depend on what happens over the next few years. "For 2020, business leaders have to start thinking about how they'd run if Trump has so polluted the water for a no-governmentexperience candidate," says Trippi. "If that's no longer in vogue, how are you going to deal with that? Because you can't just say, 'He was a businessman who screwed up governing, but I won't."

It's also worth noting that these titans of industry wouldn't initially be running against President Trump, but rather against one another. It's hard to picture polished corporate pros like Schultz and Iger onstage at a series of televised primary-season debates trading verbal punches. Plus, in order to mount serious presidential campaigns, they would have to be willing to endure some enormous downsides, such as the viciousness of today's political environment and the often-brutal media coverage. "There's one amount of scrutiny you're subjected to when you're accountable to a board, shareholders, and the business press," says Fallon. "It's a whole other thing to subject yourself to the political press corps day in and day out-to have what you're wearing [be judged], have to be 'on' every day, striking the exact right tone and appearance. It's a different set of demands, and it takes a toll."

There is also the real risk of doing damage to their reputations should they suffer an embarrassing public defeat, like Henry Ford once did. "If you're going to run for president, you have to have such an unbelievable hunger for the job," Brinkley says. "If you're the head of Starbucks now, do you want to become this beat-up, battered political figure?"

That's why it's quite possible that none of these rumored candidates will actually decide to run when the time comes. If any of them are seriously thinking about it, they almost certainly wouldn't say so this early in the process, but so far, they've generally been evasive-as have most traditional politicians whose names are in the mix for 2020.

Iger recently said that Disney is his full-time job, and that "I don't think the notion of running for president is something anyone considers either on a part-time basis or in a frivolous way." (He has reportedly informed friends that he's toying with the idea.) Cuban tells me that he is not planning to get into the race "as of now." And when I asked Schultz about his presidential aspirations back in 2015, he responded pretty decisively: "I have no desire to be in an elected position in government. I really do believe that I can do much more as a private citizen to effect change than if I was in Washington."

Of course, that was before the extremely unlikely rise of a celebrity real estate personality, before Hillary Clinton's stunning electoral loss, and before voters made clear just how hungry they are for genuine, serious change. "If more people realize the stakes, and that causes people [like Schultz] to rethink the idea that they can make more of a difference outside Washington, then that's a good thing," says Fallon. "If Trump's presidency might have one silver lining, it's that, yes, politics matters. Public service is extremely relevant, and you don't need to be a career politician to succeed at it."







WHERE BUSINESS AND CULTURE COLLIDE

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SALESFORCE participated in a talk with enterprises on our Most Innovative Companies list, followed by a creative, purposeful networking party.

and Nancy King, from Airbnb.

the worlds of VR and AR.







sports brand in the U.S., Adidas had recently fallen behind Under Armour, whose CEO, Kevin Plank, had called the German brand his "dumbest competitor."

Adidas-with West-had created a moment. Wu compares it to Michael Jordan's 1988 dunk from the free throw line, which made a legend out of Nike's Air Jordan III: West's fiery Ultra Boost debut turned Adidas's Boost technology into a cultural touchstone.

By fall 2016, Adidas had overtaken Under Armour. The company's North American revenue soared by 30% from 2015 to 2016, with sales of Ultra Boosts leaping 98%. And while Adidas doesn't break out many specific numbers, the company credits Ultra Boosts for much of its recent growth. Indeed, the emergence of the line and Adidas's ongoing relationship "Americans are better storytellers and, for our industry, have a better aesthetic sense," says **Adidas chief** marketing officer Eric Liedtke.

Hype man

Kanye West's debut of the white Adidas Ultra Boost during a series of performances in spring 2015 led to a sales frenzy.

with West (which includes the singer's Yeezy-branded Boost shoes and apparel)-reflects a strategy that the German sportswear company has been developing for several years, one that relies on celebrities as much as athletes.

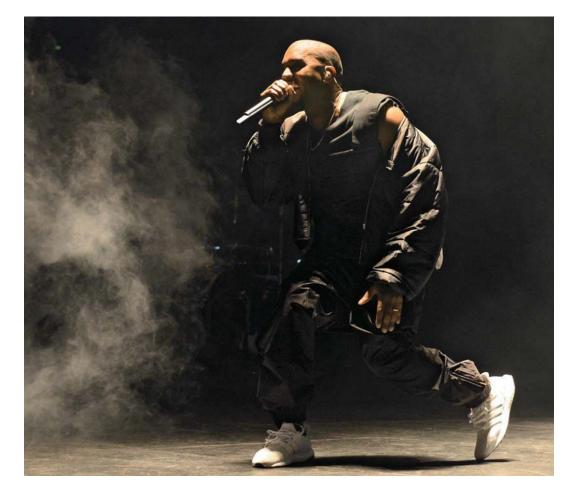
With only one-quarter of the American public buying sneakers for their intended athletic use, according to market-research firm NPD Group, Adidas has been turning to cultural influencers as partners, dropping new shoe styles with increasing speed. This spring, fashion designer Alexander Wang released two capsule collections of his AW Run shoes in as many months. Music impresario Pharrell Williams churns out regular iterations on his blocky, Lego-esque NMD line, which sold almost a half-million units online and in stores in a single day in March 2016, with people lining

up outside of retail locations from Bangkok to New York. And West has now created six models for the Boost brand. (The NMD and Boost lines have become so popular with sneakerheads that Daishin Sugano, cofounder of the shoe resale app Goat, reports that Adidas climbed from just 10% of his sales to almost 40% in two years.) These kinds of collaborations—along with Adidas's own in-house efforts—represent a bold departure for the company, which is now treating shoes as fast fashion: stylish, responsive to trends, and engineered to hit the market quickly.

Adidas laid the foundation for its turnaround during a particular low point. Throughout 2013, stores had been ordering less and less merchandise from Adidas's upcoming seasons, and the company began warning investors quarterly. Shares plunged in August of 2014, and within five months Under Armour had taken the No. 2 spot in the U.S.

Chief marketing officer Eric Liedtke, a 20-plus-year veteran of the company, teamed up with the then-newly promoted global creative director Paul Gaudio in mid-2014 to lead a migration of the creative team from Adidas's headquarters in the Bavarian town of Herzogenaurach, Germany, to Portland, Oregon-right in Nike's backyard. While Adidas doesn't frame it this way explicitly, the company seems to have taken its cue from the market leader. "[The sneaker] industry is born of U.S. culture," says Gaudio. The U.S., after all, represents 45% of the \$55 billion global sneaker market.

Adidas quickly became a transatlantic, co-headquartered brand. Design, advertising, and communications leads were relocated to America, while Germany was tapped to handle materials and manufacturing. "The Americans are better storytellers and, for our industry, have a better aesthetic sense," Liedtke explains. "The Germans, in broad terms, are very



good in engineering, innovations, getting stuff done."

And that wasn't the only change. Adidas's decision-making hierarchy shifted too. In Portland, separate creative silos were established for sports such as football, basketball, and running (again, similar to Nike), allowing teams to develop products tailored to their specific and evolving customers. Both a general manager and a designer sit atop each silo. "If the GMs are driving the car, the creative directors are navigating where to go," says Liedtke. The groups share core technology, materials, and retail strategy with each other, but with their new autonomy, they're now able to develop shoes in weeks rather than months.

This speed facilitates the company's collaborations with outside designers. For more than a decade, Adidas had been exploring creative partnerships with designers such as Yohji Yamamoto and Stella Mc-Cartney on high-fashion and fitness lines. But it wasn't until the company refocused its creative process in the U.S. that it could move with enough speed and authority to make a wider range of collaborations meaningful at scale. Now, Adidas tests the market of a technology—like Ultra Boost—without a celebrity name attached, which takes six months to a year. Then the company brings in a creative partner, such as West, to add a signature touch and make the product line relevant to culture. "Some [sports brands] talk about how hard work equals winning. Some talk about mind over matter," says Liedtke, in a not-so-veiled nod to Nike and Under Armour campaigns. "We like to talk about imagination—imagining what the future could be."

Athletes such as the basketball player James Harden and NFL cornerback Marcus Peters remain prominent in Adidas's marketing. "Everything starts from sport," says Gaudio. "Without it, we don't have any lifestyle offerings." Even so, Adidas's roster of creative partners is significant, from West and Williams to rapper Pusha T and Belgian

HAUTE KICKS

Adidas's creative partners and in-house design team have developed performance sneakers with Instagramworthy style.











1) Pharrell Williams designed the Hu NMD, released in September 2016. 2) Adidas's new Ultra Boost X was designed in-house. 3) Kanye West's Yeezy Boost 350 from 2015 is now a collector's item. 4) Fashion designer Kris Van Assche gave a plaid spin to his 2015 Ultra Boost. 5) Alexander Wang's collection includes a deconstructed basketball shoe.

fashion designer Kris Van Assche. Williams almost single-handedly brought the company's 1973 Stan Smith tennis shoe back from retirement when he wore them to the 2015 Grammys and then championed Adidas's throwback Superstar franchise. His boxy, colorful NMD line is currently Adidas's most aggressive new look since the Ultra Boosts.

Adidas is also developing a broader creative strategy that goes beyond Portland. This spring, it opened the Brooklyn Farm, a store and creative studio that engages local designers for 10-month-long stints. Gaudio sees the outpost as an opportunity to accelerate product and retail innovation. "It is also about connecting with young creators, startups, students, and influencers,"

"Some [sports brands] talk about how hard work equals winning," says Liedtke. "We talk about imagining what the future could be."

he says. "It is about getting out of our ivory towers and being on the ground, living and breathing culture and creativity."

Meanwhile, the company is restructuring again—this time on the manufacturing side. Adidas has already opened an experimental "Speedfactory" in Germany and has a second one planned for Atlanta. The factories treat the shoe as a digital product, deploying new production methods such as motioncapture (to test how new materials respond to movement) and 3-D printing. The company plans to produce as many as a million pairs of shoes at Speedfactories by the end of 2018—opening up more potential for creativity, and getting shoes into sneakerheads' hands even faster. 💿



activated speaker launching in May that functions like Google Home or Amazon Echo devices. But rather than rule the entire house, Aristotle is built to live in a child's room—and answer a child's questions. In this most intimate of spaces, Aristotle is designed to be far more specific than the generic voice assistants of today: a nanny, friend, and tutor, equally able to soothe a newborn and aid a tween with foreign-language homework. It's an AI to help raise your child.

"We tried to solve the fundamental problem of most baby products, which is they don't grow with you," says Robb Fujioka, senior vice president and chief products officer at Mattel. "We spent a lot of time investing in how it would age."

For new parents, Aristotle can be a smart baby monitor: It's equipped with a camera that streams video to your phone. Via an app, parents can program the device to auto-soothe their baby when she wakes up crying, setting it to glow like a nightlight or play a favorite song. The assistant will also help log things like wet diapers and feedings, thus introducing the possibility of automatically replenishing products. Though the device will have various retail partners, it's notably compatible with Amazon's Alexa service. In what Mattel calls "parent mode," anything a parent would ask Alexa can be asked through Aristotle; they simply begin a question with "Alexa" rather than "Aristotle," as if they're addressing two different people.

But it's the child-to-Aristotle connection that makes the device such an interesting entrant in the rapidly commoditized voice-assistant market. Companies like Amazon, Apple, and Google are trying to rule voice with everything-for-everyone personalities that ultimately fail to serve more specific user groups and needs; Aristotle's narrower focus may help it succeed in a competitive space.

Key to that is Aristotle's ability to understand young voices. "It was one of the core things we tried to resolve from the get-go," says Fujioka. "Our audience often says words completely differently [even from one another]." To deal with that complication, Mattel partnered with PullString, a San Francisco-based company that focuses on AI conversation and speech recognition. Embedded with PullString's platform, Aristotle will mature alongside its young listeners, constantly improving its recognition capabilities as children get older. For toddlers, Aristotle will turn its LED various colors and ask the listener to identify them: older kids can ask Aristotle factoids like, "Who was the 16th president of the United States?" or request to play a game.

All of this points at Aristotle's greater intent: It's built for play. Mattel is, after all, a toy company with lots of intellectual property.

"We tried to solve the fundamental problem of most baby products, which is they don't grow with you."

device's camera will use object recognition to identify flash cards, or even a toy without any special electronics, essentially adding interactions to make it feel more dynamic. The company is aiming to roll out these features early next year.

Mattel is also opening Aristotle to third-party developers, allow-

to protect the privacy of its young users. Hackers accessed 6.4 million children's profiles, which included names, birthdays, and photos, at electronic toy maker VTech in late 2015; more recently, Genesis Toys' connected doll was the subject of official complaints in the U.S. and was banned in Germany because it came equipped with a microphone that could, potentially, be manipulated to record users. Mattel has already invested greatly in the privacy of children going online (it debuted its connected Barbie nearly two years ago); it's using one of the highest encryption standards for Aristotle's transmissions to its servers.

While Aristotle's built-in camera and third-party features may open Mattel up to security scrutiny, they're also essential to creating a rich eco-



"Imagine what happens with Hot Wheels and Thomas the Tank Engine when you have this connected hub," says Fujioka of Aristotle's future ecosystem. "Do you hear sound effects? Can you have greater interactions?" Mattel imagines that even cheap, simplistic die-cast cars can be loaded with low-cost chips to connect to Aristotle. Meanwhile, the

ing partners to build connected toys and apps. One such program, which could be available as early as the fall, will support thousands of children's books on the platform so that Aristotle might read kids a story while a tablet projects related art onto the ceiling.

All of these capabilities will undoubtedly put pressure on Mattel

system that can further differentiate Aristotle from the more broadly positioned voice assistants being peddled by Amazon, Apple, and Google. "There is really no point to competing with them," says Fujioka. "They want to be the top of the funnel when it comes to search. Our focus around AI is, how do we educate and entertain children?"

The write stuff

"First and foremost, you have to entertain," says Ridley of writing for television. "But if [a show] is not trying to be disruptive in some fashion, I don't see the value in it."

'YOU DON'T DO THINGS BECAUSE EVERYBODY WILL SEE THEM. YOU DO THINGS BECAUSE THE RIGHT PEOPLE WILL SEE THEM"

Oscar-winning screenwriter of 12 Years a Slave and American Crime showrunner, John Ridley reveals what drew him from film to TV and how stand-up comedy prepared him for Hollywood.

Interview by J.J. McCorvey

пиши

After his 2014 Academy Award win, John Ridley took his nuanced, issue-oriented storytelling to network television. Through his production company, International Famous Players Radio Picture Corporation, he writes, produces, and directs the Emmy-winning ABC anthology drama American Crime. In March, the show returned for its third season, tackling the hot-button topic of immigration. That's just the start: On April 16, Showtime begins airing Guerrilla, a limited series starring Idris Elba and Freida Pinto that Ridley wrote, produced, and directed. His documentary, Let It Fall, about the 1992 Rodney King riots in Los Angeles, will debut on ABC on April 28.

You've had great success in movies. How did you end up going all in on television? I'll tell you something, [before winning the Academy Award] I was reaching a place in my career where I was not very happy with the types of projects coming to me. It's not as though the things I do [generate] an enormous box office. But I'd done interesting things—like *U Turn*, *Undercover Brother*, *Three Kings*—that have cult followings. Then around

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everett Collection (12 Years a Slave); Nicole Wilder/ABC (American Crime); Sky UK Limited/Showtime (Gue

From big screen to small

- 1) Ridley won a 2014 Academy Award for his screenplay for 12 Years a Slave.
- 2) Ridley's miniseries Guerrilla, coproduced by and starring Idris Elba, examines racial tensions in 1970s London.
- 3) The third season of Ridley's American Crime tells the story of migrant workers in the United States
- 4) In his documentary, Let It Fall, Ridley looks at the 1992 Rodney King riots.







2007, [the industry] went off the financial cliff, and Hollywood cut back on deals. It was all about the franchises. Studios weren't betting on the more issue-oriented films.

At that point I [asked myself]: If this is going to be the last thing I can write or try to get made, what should it be? At that time I was really, really passionate about telling a Jimi Hendrix story, but a particular story, in a particular way, about a very particular moment in his life. That became [2013's] All Is by My Side, with [Outkast's] André Benjamin. And even though it wasn't widely viewed, the folks at ABC—a television network—saw the film and said it was one of the most interesting things they'd seen. [They asked,] "Can you take that style of storytelling and bring it to television?" And that was the beginning of American Crime.

So it started with me sitting down and saying, You could chase this certain kind of project and that's all you would be. Or you could be crazy enough to attempt this film about Jimi Hendrix. [I thought,] All right, let me be crazy. You don't do things because everybody will see them. You do things because the *right* people will see them. And now I'm here in London, simultaneously finishing up three projects that are incredibly unique.

You have a close relationship with ABC Studios, which works with your production company to develop content for ABC and other networks. How has that helped you? Business models have changed. Back in the day, you'd have a provider who'd pay a license fee, and the studio would sort of deficit-finance the project. Right now, I have somebody who says, "We really like John, we think he's a creative person. If a content provider or distributor thinks that his idea is equally interesting, we'd love to get in partnership and help finance it." What's great is that I don't have to, on a day-to-day basis, worry about where my next job is coming from. So I'm in an amazing situation. I don't mean amazing as in "good," I mean amazing like, I sit here and think about it, and I can't explain to you how I ended up in a place like this.

Much of your previous work showcases the stories of underrepresented people. Does that carry through in your current projects? With this season of American Crime, we address worker exploitation and workers' rights in this country, and obviously a lot of that deals with undocumented workers. "A lot of the things I talk about have been issues, continue to be issues, and, very unfortunately, will be issues moving forward."

There are large sections of the show where the language is Spanish, a native Mexican dialect, French, or Haitian Creole. We're representing individuals who don't have the capacity to advocate for themselves in the language of the nation. I think that's something that's not normally portrayed—certainly not on broadcast television.

With Let It Fall, [I was] able to take a 10-year-long look at Los Angeles, from 1982 to [the Rodney King riots in 1992. As a black man in America, much of the way I perceive race is black and white. But that is not the only discussion to be had on race in America. So [in the documentary], I explored black, white, Asian American, and Hispanic [perspectives]. It's not just "us against them," but it is all of us together, working toward progressive results within this country.

You also produced Guerrilla, a miniseries that follows a mixedrace couple who become radicalized in racially charged 1970s London. Like this season of American Crime, it confronts this question of who really belongs, and whose humanity gets valued. Is the political climate today informing your work? American Crime started under a different



administration, and the show we're doing would have aired irrespective of who was in the White House. I've wanted to tell the [true-life] story that inspired Guerrilla for decades. A lot of the things that I talk about have been issues, continue to be issues, and, very unfortunately, will be issues moving forward—and need to be addressed, looked at, and dealt with.

I could not be more proud of the last eight years of [President Obama], in terms of what he represented and what he tried to accomplish. But there were still problems that were happening in our own community and the wider country. It's great that people now feel like they need to turn out. They are energized and activated. But in some ways it's unfortunate that it took [Donald Trump's election] for some people to feel like, Oh, we gotta go out and do something. Because if the election had gone a different way, we still should have been out on the street, advocating for change.

Let It Fall is your first documentary. Why did you decide to approach the Rodney King riots as nonfiction? Eleven years ago, Spike Lee called me up and said, "I want to do a story on the L.A. riots. You want to write it?" He set me loose, and I wrote a script about the Rodney King beating and verdict itself. I tried to bring in a variety of perspectives and individuals from across Los Angeles. It was not a typical heroic narrative. It was about systems failing, and good regular people from all different backgrounds either rising or sinking below the moment. The studio was happy with the script, but they could not land on a price [and never moved forward].

This April is the 25th anniversary of the uprisings. When ABC News learned that I had been working on [the topic], they asked if I'd be interested in presenting it as a documentary. The more I'd learned about the uprisings, the less I wanted to fictionalize them. The ABC News division, which produces documentaries, had the capacity to follow the backstory over a decade, to hew more closely to reality, to be more observant. Now we have [interviews with] people who felt the only expression they had left was to pour into the streets.

In the past, you've been very critical of rioting in response to police violence, faulting what you call "Blacktivists" for inciting uprisings. Have your views changed, given your exploration of the L.A. riots in Let It Fall and the recent emergence of Black Lives Matter? Black Lives Matter, to me,

30-SECOND BIO



John Ridley

HOMETOWN Milwaukee

EARLY WORK

Stand-up comedy: sitcom writing for The Fresh Prince of Bel-Air, Martin, and The John Larroquette Show

BIG BREAK

Wrote the novel Strav Dogs, which Oliver Stone turned into the 1997 film U Turn, starring Sean Penn and written by Ridley

GRAPHIC NOVELS

Created the 2007 DC comic book The American Way, featuring an African-American hero in an alternate America of the 1960s; Ridley's second volume, set in the 1970s, comes out this summer.

KEY TO LONGEVITY

"I've been able to do the things that I do for more than 20 years because my work is individualized and unique in its aspirations. That's what keeps bringing people back."

is very thoughtful, very reasoned. It is not a single, emotive reaction to one moment. It's a sustained movement of individuals who are looking for long-term change. I don't have a problem when people are upset and fed up and go out in the streets and protest. I have a problem when it's our neighbors who are hurt in our rage. I have a problem when it's this person over here-who may look like that person I'm upset about but has nothing to do with it-who is hurt in our rage. Among the takeaways of Let It Fall is that of the more than 50 deaths following the L.A. uprising, the majority of them were black.

Is it exhausting to be the writer, showrunner, creator, and director for simultaneous showsespecially when you're grappling with issues of race and socioeconomic disparity? Very much so. This is rare for anybody. But it's definitely rare for people of color—and I don't know when it's going to end. [So] you can get tired, but you can never be tired. You can be emotionally bereft, but you cannot give up. I don't think that we can minimize the value of what happens when we normalize, through entertainment, other cultures and orientations. You look at the way people have responded in the last year to bias toward transgender individuals. You know, five years ago, three years ago, that would not have happened.

You got your start in comedy. What did you learn from it? I was doing stand-up [in the early '90s] around the time of [the rise of] Chris Rock and Dave Chappelle, and those guys are fearless. I was good-I wasn't great. What armed me more than anything was getting to a place of thinking, I'm not worried about how people are going to respond. [Today], people may love [my work], they may hate it, they may think whoever is behind it is incompetent. But you develop a self-confidence being in front of a thousand people and knowing that you can get to where you're going. ®

HEAVY LIFTING

For the disabled, Alphabet's high-tech spoon delivers food and freedom.

By Christina FarrPhotograph by Will Anderson

38 FastCompany.com May 2017

Stefanie Putnam smiles broadly as she eats a spoonful of rice in the cafeteria at Verily, the Alphabet-owned life-sciences research firm. She's here to demonstrate the Liftware Level, a smart utensil designed to help people with movement disorders, such as spinal cord injuries and cerebral palsy, feed themselves without help from a caretaker.

The spoon works by responding to the user's involuntary actions. As 32-year-old Putnam, who was partially paralyzed in a swimming accident eight years ago, raises the device, sensors in the handle trigger two motors located near the spoon attachment. The motors give the spoon motion, allowing it to bend and twist to stay level and keep food from falling. Putnam can also convert the spoon into a fork using a different part. Anupam Pathak, Verily's technical lead and manager of the Liftware project, says his team is expanding the concept to address additional tasks; new extensions could help with hair brushing or painting. He's even issued a challenge to Alphabet employees to prototype their own addons. "With technologies like 3-D printing, we can rapidly test an idea," he says. "We want people to build off of what we have."

As for Putnam, the device has opened up new possibilities. Recently, she asked her father if she could feed him for a change. "I took the spoon and started taking the coffee out of his cup," she says. "It dawned on me in that moment that I could have a family. I could have children someday and be able to take care of them."

Smart spoon Motors in the handle of the Liftware Level counteract unwanted hand movements.



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Airborne Wireless Network is working with the following companies to help advance its development:

Air Lease Corporation, ViaLight Communications, Jet Midwest, Inflight Canada

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SHADES OF THE FUTURE

How ColourPop is putting a new face on the online cosmetics business

By Sheila Marikar

Photograph by Aaron Feaver

Sibling entrepreneurs Laura and John Nelson launched ColourPop with a simple idea: makeup that would be native to Instagram, not drugstore shelves. It was 2014, and the duo—both working as executives at Spatz Laboratories, their father's beauty industry supply company—saw Instagram and YouTube personalities posting makeup tutorials that were attracting huge audiences. The Nelsons also noted an uptick in overall cosmetics spending, which they attributed to excitement over those how-to videos and online product endorsements.

Taking advantage of Spatz's high-volume manufacturing infrastructure, they created a company called Seed Beauty, which they hoped would serve as an umbrella for a range of new brands. The first of these was ColourPop, offering products specifically aimed at the kind of young people who were obsessing over, say, YouTube demos of how to do a cat eye.

Today, ColourPop and Seed are major players in the makeup business (ColourPop has more than 4 million Instagram followers—four times as many as Revlon). Seed now acts as an incubator and venture-capital fund



Bright ideas A key part of ColourPop president Laura Nelson's strategy is reacting fast to fan feedback.



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Next Behind the Brand

for a range of makeup companies. Its highest-profile brand is Kylie Jenner's Kylie Cosmetics, and it produces lines for social media stars such as Jenn Im, Kathleen Lights, and Karrueche Tran. The company's merchandise is developed and made on its 200,000-square-foot Oxnard, California, campus. On any given week, Laura says, there are at least 1,000 different products being manufactured across the enterprises.

In an industry dominated by multinational stalwarts, the Nelsons's digital-first strategy has allowed them to tap into a customer base that has little interest in the brick-and-mortar retail experience. "For us, [digital marketing] is like breathing," says Laura, who serves as the company's president (her brother is CEO). "You don't think about when you're going to take a breath, or how, or how long. It's a fluid, natural part of the rhythm."

Because it makes its own products and sells exclusively online, ColourPop is able to undercut the prices of more established brands; its most popular item, an ultramatte lipstick, costs \$6 (similar ones at Sephora start at around \$12). The company can zip from concept to market in a matter of days, capitalizing on fast-moving trends. Take that lipstick: The Nelsons noticed that similar products were trending on social media in early 2015, and by summer, they had their own take ready to go-long before the heritage brands could react. The concept is similar to that of "fast fashion" brands such as Zara, which make their own versions of high-end designer clothing items at much cheaper prices.

But ColourPop isn't simply knocking off luxury goods. Instead, it's reacting to whatever digital influencers are excited about at any given moment, whether it's a costly MAC eye shadow or a discount-store NYX lipstick. Employees are in constant contact with customers, often making fast tweaks to products or strategy in response to online feedback. "Our business model gives us

Welcome matte
An assortment of
ColourPop's
products, including
its ultra-matte
lipstick



the opportunity to be very in tune with fans," Laura says. "When you ask them to get engaged, it's important to show an immediate response. If it takes months, they feel disenfranchised. Like, 'Why should I even tell you what I think?""

From the start, a core element of ColourPop's strategy has been matching its makeup to the right online beauty stars, who spread awareness with tremendous efficiency. Every employee—there are currently around 1,000, with an average age of 25—is expected to closely follow the beauty-influencer world, no matter how technical their role at ColourPop is. "We have formulators, chemists, and color matchers who say, 'This shade I developed, we have to send it to this blogger," Laura says. That effort doesn't go unnoticed. "They

come up with things you wouldn't imagine wearing, but you put it on the right influencer and it looks perfect," says Karen Gonzalez, a makeup personality with more than 3 million Instagram followers. "It makes you want to step out of your box. Some brands, you don't hear from them [very often]. ColourPop isn't like that—it's constantly happening."

"When you ask fans to get engaged, it's important to show an immediate response."

Two more Seed brands are set to launch in 2017 (the company isn't ready to reveal details). And while the Nelsons say that they currently have no plans to move into brick-and-mortar stores, they are working on ways to make their small-screen brands more tangible, such as live events. "We've heard from our fans that they want to see and touch ColourPop in real life," Laura says. "We're trying to come up with interesting and creative ways to do that." As for future ColourPop products and celebrity partnerships? The Nelsons have no idea—which is exactly how they like it. "We're not coming at this from a top-down approach," Laura says. "It's not a personality-driven brand; it's not a makeup-artist brand. We want to listen to our fans more than we want them to listen to us."



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MEATBALL HERO

How furniture giant Ikea is driving unexpected growth by ramping up its food division

By Jonathan Ringen Photograph by Jeff Brown



ШШШ

A year after the first Ikea store opened in Sweden in 1958, founder Ingvar Kamprad installed an amenity that would be recognizable to current-day shoppers worldwide, from Tempe, Arizona, to Wuxi, China: a sit-down restaurant with a small menu featuring wholesome Scandinavian staples. And for the next 50-plus years, Ikea management

continued to think about its food operation pretty much the same way Kamprad did. "We've always called the meatballs 'the best sofa-seller,'" says Gerd Diewald, who runs Ikea's food operations in the U.S. "Because it's hard to do business with hungry customers. When you feed them, they stay longer, they can talk about their [potential] purchases, and they

A retail smorgasbord

Ikea's food operation, which began as an afterthought, has grown into a \$1.8 billion business.

make a decision without leaving the store. That was the thinking right at the beginning."

But sometimes a company can find its next growth engine in surprising places, if it just looks at its business creatively enough. Over the past several years, Ikea's food division—which also includes the Swedish Food Market (where you

can buy everything from jars of herring to make-at-home versions of the restaurant menu)—has proved to be much more than just a tool to move more Vittsjö TV stands. By focusing on this formerly unloved division, and locking into prevailing trends around ethically sourced ingredients and healthier options, Ikea has turned food into one of its fastest-growing segments. The company is now considering the next phase of this unexpected revenue generator, and it might even expand into stand-alone cafés in city centers.

How could Ikea have missed such an opportunity for so long? "This might sound odd, but it's almost something we didn't notice," says Michael La Cour, Ikea Food's managing director. It turns out that Ikea's main home-goods business is so vast—the company racked up \$36.5 billion in revenue last year—that the comparatively small sales impact of lox sandwiches and chocolate cake got lost. "But when I started putting the numbers into context of other food companies, suddenly I could see, well, it really is not that small." Ikea Food had annual sales of about \$1.5 billion in 2013.

La Cour's team set about examining every part of Ikea's food business, applying the same kind of thinking the company uses for its furniture business. Leveraging its scale, it streamlined the supply chain, forging a key partnership with a sustainable salmon farm in Norway, along with signing on similarly vetted providers of coffee and chocolate. It moved to aggressively reduce wastewhich is down by 30% so far in test locations—by implementing data-analysis tools that determine more precisely how much food to prepare. And it applied the company's core principles of "democratic design" to the menu, emphasizing elegant form, high quality, sustainability, and, of course, low prices when concocting new culinary products. (Ikea has since become a major global purveyor of certified-sustainable seafood. Less momentous but still significant to

jam fans: It's also Sweden's biggest exporter of lingonberries.)

New menu items—particularly chicken and vegan Swedish meatballs, which debuted in 2015—were created in response to customers' desire for healthier, more carefully sourced options, driving sales of what Ikea refers to as "the meatball family" up 30%. (Only about half the menu is Scandinavian—the other half is tailored to each individual market, with a short-rib plate being a current hit in the U.S.) Of course, the biggest thing that differentiates Ikea from other food chains is price. If you're looking to feed a family of four for \$20 or less, there aren't a whole lot of competitors. "It's an experience just going there, and that's what people are looking for in a restaurant meal these days," says Bonnie Riggs, a restaurant-industry analyst at NPD Group. "But more than that, what you get for your money is far superior to many other family-dining restaurants."

In the U.S., all of Ikea's eateries have been updated to reflect the company's new food thinking. The restaurants, which typically can accommodate 600 or more diners at a time, have been reconfigured into zones that roughly correspond to the different categories

Ikea's main business is so vast that the comparatively small sales impact of lox sandwiches and chocolate cake got lost.

of furniture shoppers, from families with kids to young couples furnishing their first apartments. In one area you'll find a comfortable spot outfitted with lounge chairs and sofas-channeling the current hospitality craze of hygge (Danish for "coziness")—aimed at people who want to settle down with a coffee. There's a kids' play section, with an adjoining dining area for parents. And there is a variety of large communal tables,

along with smaller private zones for a more refined experience. "All of our demographic groups intuitively migrate to the right area [for them]," says Diewald. "Just based on the design."

These efforts have increased food sales by around 8% annually since the initiative kicked off. The company now serves some 650 million diners a year, across 48 countries around the world—adding up to around \$1.8 billion in sales in 2016.

Somewhat surprisingly, 30% of Ikea Food's customers are coming to the stores just to eat-which could present a major opportunity. Over the past two years, the company set up successful pop-up restaurants in London, Paris, and Oslo, which allowed people to get their meatball fix without trekking out into the deep suburbs. Now, the company is mulling over the idea of Ikea restaurants that operate separately from the traditional big-box stores. "The mere fact that we don't need so many square feet to do a café or a restaurant makes it interesting by itself," says La Cour. "I firmly believe there is potential. I hope in a few years our customers will be saying, 'Ikea is a great place to eat-and, by the way, they also sell some furniture.'" @

In the zone

Ikea's eateries have been redesigned with different areas for a variety of experiences.



COMES OF

Under parent company PayPal, the millennial-focused peer-to-peer payments app has gotten serious.

By Ruth Reader Illustrations by Danilo Agutoli

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It started with a simple dare: All Mike Linshi had to do was buy a certain shirt from a store nearby and wear it.

The bet was offered up in the easy evening hours after a music and innovation festival in Brooklyn two years ago. There was just something so funny about the thought of Linshi in that particular shirt that Igram Magdon-Ismail and Andrew Kortina, cofounders of the New Yorkbased peer-to-peer payment app Venmo, bet their colleague \$50,000 he wouldn't wear it. The sum was set high "just to shock him a little bit," Magdon-Ismail recalls. And anyway, they had the cash: Venmo had been acquired for \$26 million three years earlier by the payment processor Braintree, which was then bought by PayPal for \$800 million.

Of course the shirt was obtained and worn, and Magdon-Ismail and Kortina were good as their word. They transferred the money on the spot, with an extra \$50,000 going to the Venmo engineer who raised their account limits to make it possible. The next day, after the haze of the previous night wore off, the money was returned.



This kind of story may waft around barstools in San Francisco, where young founders can be more flush with cash than with a sense of what to do with it. But to Venmo parent company PayPal, the incident was grounds for an investigation. Three months after the festival, Magdon-Ismail, the then-president of Venmo, was sitting in front of PayPal's compliance team, trying to explain why he was exchanging tens of thousands of dollars with employees. PayPal eventually closed the case, but Venmo's growing pains lingered.

Magdon-Ismail and Kortina, who met at the University of Pennsylvania, launched Venmo in 2009 as a fee-free, digital way to ferry money between friends. The app pioneered the idea of social payments by publishing users' transactions and memos in an emoji-filled conversational stream—catnip for millennials. Braintree founder and now PayPal COO Bill Ready says it was the "crazy genius" of this stream where you can see friends paying one another for pretzels and beer, roommates exchanging money for utilities and rent, and couples divvying up date-night expenses—that drew him to the app in 2012, despite the fact that it had only 3,000 users.

Today, Venmo is the service to beat in the growing peer-to-peer payments space. It shuttled nearly \$18 billion between people last year-\$5.6 billion in the final quarter alone, up 126% from the previous year. (Though Venmo doesn't release user figures, Verto Analytics estimates it has more than 7 million active monthly users, which still pales next to PayPal's 197 million accounts.) The app's growth is all the more remarkable for the fact that the product itself has remained relatively unchanged since joining the PayPal fold in 2013. For although Venmo's founders had a prescient understanding of the millennial mind-set, they knew little about the financial regulations that applied to their product. For the past few years, Venmo has been consumed with turning itself



A VENMO KILLER?

The big banks have a plan to take on PayPal's darling—and it just might work.

Venmo's growing stickiness among millennials hasn't gone unnoticed by the financial establishment Bank of America, U.S. Bancorp, Wells Fargo, Chase, and Capital One joined up to launch their own moneytransfer service called Zelle. The platform lets people send cash to each other's bank accounts instantly. regardless of which institution holds their money. The technology was initially baked into ordinary banking apps without branding; later this year, Zelle will have a stand-alone app. The ability to tap into an existing base of users gives banks a serious advantage, and could put a damper on Venmo's growth.

from a move-fast-and-break-things kind of company into something more upstanding—and substantial.

As a payments service, Venmo is legally required to prevent money laundering and fraud, but the service launched with virtually no regulatory compliance built into it. It didn't even verify users initially. Before its acquisition by Braintree, Venmo found itself playing whack-a-mole against fraud. People would hook up stolen credit cards to the app and cash out entire lines of credit. Others hacked legitimate accounts. Another ploy was to use Venmo to pay for purchases, and then pull the money back right after the item shipped. It was so easy for people to close out accounts that, Magdon-Ismail recalls, "we saw \$200,000 disappear in one night."

Once it became part of PayPal, Venmo got to work, with chief operating officer Mike Vaughan taking on the additional role of general manager in 2014. By plugging into PayPal's compliance infrastructure, the app began tracking and flagging potentially fraudulent settlements. It added two-factor authentication, and, over the past three years, has created its own technology to ensure that the platform isn't being used for illicit activities. "We have a unique challenge that you might not have with normal bank transfers or writing a check," says Vaughan.

Eight years after launching, Venmo is only now experimenting with ways to generate revenue. Last July, PayPal introduced a product that allows users to pay merchants via Venmo (the app takes a transaction fee). Right now, the service appears as a simple tap-to-pay button inside 12 branded apps, including those of Munchery, White Castle, and Delivery.com. Venmo hopes to expand to more businesses in the coming months.

But Venmo's trajectory isn't likely to be limited to a "buy" button. PayPal has also signaled that it's thinking about how to leverage Venmo's social stream for shopping. After all, if Venmo's passionate users are already talking about companies and products on the feed, why not use that to facilitate direct interactions? "We're trying to figure out ways to bring consumers to their favorite brands, apps, merchants," says Vaughan. "Whether it's [for] loyalty, customer interaction, or rewards, or just brand engagement."

Such ambitions put Venmo—comfortably niche for so many years—in territory similar to Facebook, which has been building out its own payments capabilities on Messenger. If Venmo is to grow up, it may find itself standing alongside the big boys.

Trendina Next

IN YOUR

Why companies from Casper to Prudential are creating their own branded podcasts

By Ieff Beer Illustration by Simon Landrein

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As podcasting grows—

57 million Americans tuned in to at least one a month last year, up 23% from 2015—so do the marketing opportunities the medium presents. Moving beyond simply sponsoring a few episodes ("Mail...kimp?"), brands such as State Farm and Slack are getting increasingly involved by creating podcasts of their own. GE's breakout eightepisode radio drama, The Message, topped more than 5 million downloads and hit No. 1 on the iTunes chart in 2015. The company followed up with last year's Al-focused drama Life-After. "People are making a very conscious choice—to download a podcast, subscribe, and listen," says Alexa Christon, GE's head of media innovation. "That [kind of] relationship is something brands covet."

In response, the major podcasting studios are building out native content arms. Slate's Panoply Media expects such podcasts will make up about 25% of its 2017 business, while Gimlet's branded division is doubling in size this year. According to Gimlet, the average branded podcast investment runs in the midsix figures—far cheaper



than a TV spot, and with a much more attentive audience. A recent study from NPR found that 75% of listeners took action on a sponsored message. Here, a look at how four branded podcasts are engaging listeners.

Spotify, Showstopper

Launched in February and produced with Panoply Media, this series is hosted by The Fader editor-inchief Naomi Zeichner and looks at the intersection

of music and TV through interviews with music supervisors for shows like Stranger Things and Girls.

WHY IT WORKS: Tackles a fun, niche subject that's perfect for podcasts, featuring a behind-the-scenes take on pop culture.

State Farm, Color **Full Lives**

Aimed at women of color, this Loud Speakers Network show is hosted by Angela Yee, Francheska Medina, and podcaster

Tatiana King-Jones, who discuss everything from relationships to financial planning.

WHY IT WORKS: Puts a human face on insurance. while tapping into the increasing diversity of podcasting's audience.

eBay, Open for Business

Now in its second season, this Gimlet series talks to entrepreneurs about how to build a company from the ground up.

WHY IT WORKS: Takes a soft-sell approach to marketing eBay's tools for small-business owners.

Tinder, DTR

The app's six-episode Gimlet series (DTR = "define the relationship") unpacks different topics around dating in the digital age.

WHY IT WORKS: Counters the brand's bro-heavy reputation by telling compelling and engaging stories tailored to female listeners. @





PUTYOUR VALUES TO WORK



WHEN FACEBOOK FOUNDER AND CEO MARK ZUCKERBERG RELEASED A NEARLY **5,800-WORD OPEN** LETTER ON FEBRUARY 16—THE LONGEST SINGLE POST HE HAD EVER SHARED ON HIS FACEBOOK TIMELINE—HE INTRODUCED IT WITH THIS SIMPLE PHRASE: "I KNOW A LOT OF US ARE THINKING ABOUT **HOW WE CAN MAKE** THE MOST POSITIVE IMPACT IN THE WORLD RIGHT NOW."

At that moment, many other businesses, from Google to Starbucks, were publicly fighting policies proposed by President Donald Trump, most notably in the area of immigration. But Zuckerberg didn't mention the president or politics. Instead, he posed a broader question: "Are we building the world we all want?" Facebook, he argued, had a responsibility to help people.

It was a mission statement, shared just as discussion of business leadership's relationship to government leadership was reaching a fever pitch. Facebook itself had been stung by critiques of its role in "fake news" and "filter bubbles." Implicit in Zuckerberg's letter was the idea that, despite Facebook's vacuuming up of ever-larger piles of cash, its real purpose—its reason for existence—wasn't to make money. It was to make the world a better place.

Such moralizing from a billionaire CEO can come across as disingenuous or naive. Zuckerberg devoted most of his letter to outlining how Facebook could be instrumental in "building a global community," which of course isn't too far from what the company's business imperatives would dictate. Was it all just self-serving rationalization? Is Zuckerberg—and any business leader claiming that values matter more than dollars—simply a hypocrite? This is the tension underlying a rising movement across the business landscape. From automakers such as Ford and Audi to fashion houses like Gucci and Ralph Lauren, from health care firms to consumerpackaged-goods makers, companies are increasingly seeking to align their commercial activities with larger social and cultural values—not just because it makes them look good, but because employees and customers have started to insist on it. Some efforts are clearly reactions to the political environment and the divisiveness surrounding Trump; the impact of boycotts (witness #grabyourwallet) and buycotts can't be ignored by CEOs or investors.

Yet whatever impetus the current political climate offers, the business community was moving in this direction well before a new president claimed the White House. An organization called the B Team, which includes the CEOs of major businesses such as Unilever and high-profile leaders like Richard Branson and Arianna Huffington, was launched several years ago "to catalyze a better way of doing business" (as its website puts it). Uber's recent troubles are rooted in issues that long preceded its awkward dance with the Trump administration. Budweiser's much-discussed Super Bowl TV ad about immigration had been planned for months; Audi's Super Bowl spot highlighting the gender pay gap was almost two years in the making. Even Zuckerberg's missive, it turns out, had been in the works for a year.

A practical question looms over this phenomenon: Does business have a higher responsibility to address social values, as Zuckerberg asserts about Facebook, or should the pursuit of profitability-maximizing shareholder value above all else—be the chief purpose of a company? Quickly chasing that question is another one, supported by many acolytes of this new movement: Is it possible that embracing values can actually help profits and share prices in the long run?

These issues are roiling executive leadership at enterprises large and small, and in no place more prominently



than in Silicon Valley. Which makes techland—and firms like Facebook and Uber—an ideal canvas on which to explore how values and value creation are being balanced and integrated in different ways right now. An experiment is under way in parts of corporate America to redefine the role of business in society. To get a sense of how this is playing out, and what it might portend for our future, we've looked at four leading tech companies with varied approaches, as well as a smaller business that's feeling its way through the challenges. These case studies reveal just how much potential, and how much uncertainty, lies ahead.

THE ZUCKERBERG PHILOSOPHY

Five years ago, before Facebook's IPO, Mark Zuckerberg posted what he called a "founder's letter" that spelled out the company's philosophy for prospective investors. "We don't wake up in the morning with the primary goal of making money," Zuckerberg wrote. Instead, Facebook "was built to accomplish a social mission—to make the world more open and connected." Among five specific values that the letter noted (including things like "Move Fast" and "Be Bold") was this declaration: "We expect everyone at Facebook to focus every day on how to build real value for the world."

I recently sat down with Zuckerberg to discuss this letter, and his latest one, in order to learn how his thinking might have changed over time. Facebook's offices have grown to become a sprawling empire in Menlo Park, California, with bulldozers busily constructing new expansions. Building 20, where Zuckerberg works along with hundreds of the company's 17,000-plus employees, features what may be the largest single-room office space in the world, a meandering wall-free topography stretching nearly a quarter mile that includes cafés, open-air meeting spaces, and an eclectic mix of colorful sculptures. Zuckerberg's desk is in Area 3, near the midpoint of the building, one among many workstations. He greets me

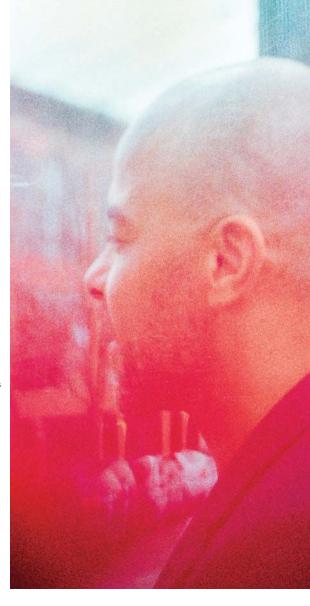
> wearing his usual jeans and gray short-sleeve T-shirt, and we walk over to a glass-enclosed conference room just behind his desk. He may not have a traditional office, but this is where he holds product-review meetings and entertains visitors. We settle in on the couch and begin talking.

> "I didn't start Facebook as a business," Zuckerberg says. "I built it because I wanted this thing to exist in my community. Over some number of years I came to the realization that the only way to build it out to what

I wanted was if it had a good economic engine behind it." In this way, he notes, "Facebook has always been a mission-driven company."

The open letter Zuckerberg posted in February "wasn't exactly a followup" to the founder's letter, he says. "The founder's letter was written for shareholders buying into the IPO to understand how the company operated." The new letter "had a different goal, less about how we work and more about what we're going to do." What's changed dramatically since 2012, according to Zuckerberg, is the rising skepticism about global connectivity. "When we were getting started in 2004, the idea of connecting the world was not really a controversial idea. . . . People thought that this

Jonathan Mildenhall, Airbnb's CMO, knows his company needs to foster trust and openness in order to succeed.



was good," he says. "But in the last few years, that has shifted, right? And it's not just the U.S. It's also across Europe and Asia. Folks who have been left behind by globalization are making their voices louder." Zuckerberg explains, "I feel like someone needs to be making the case for why connecting people is good, and we are one of the organizations that I think should be doing that."

As he talks about these things, Zuckerberg looks directly at me, rarely blinking. His focus is acute. I mention several of the ways that some corporations express their values—Starbucks committing to hiring refugees, for instance, or others that engage in charitable giving. But Zuckerberg isn't steering Facebook toward external social action or philanthropy. "I think the core operation of what you do should be aimed at making the change that you want," he replies. "A lot of companies do nice things with small parts of their resources. I would hope that our core mission is the main thing we want to accomplish: making the world more open and connected. Almost all of our resources go toward that.

"When I want to do stuff like invest in education and science and immigration reform and criminal justice reform," he goes on, "I do that

"PEOPLE WANT

LEADERS-AND

ALL LEADERS—

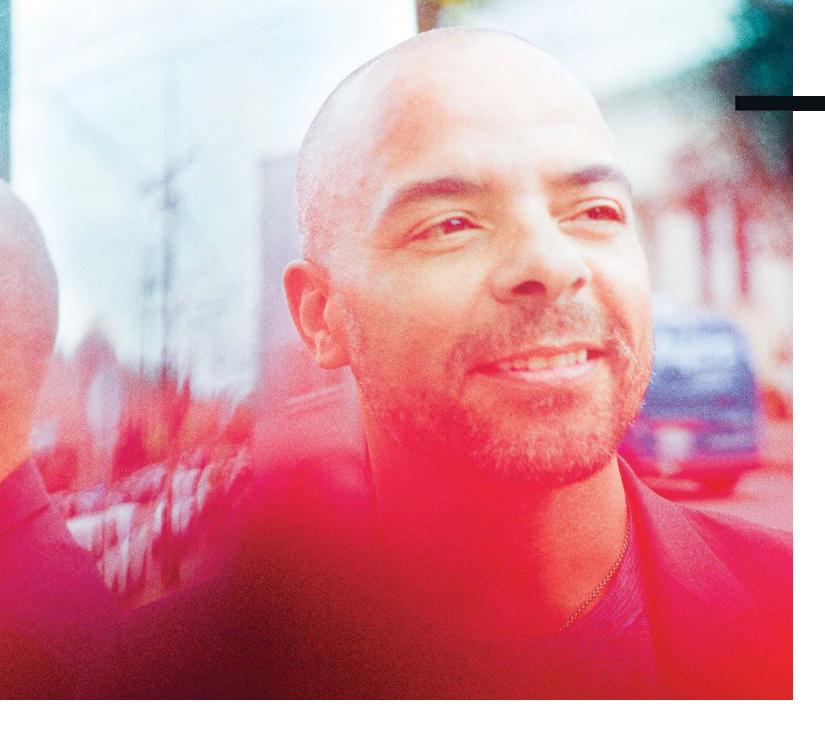
AND STAND FOR

THINGS," SAYS

ZUCKERBERG.

TO BE AUTHENTIC

BUSINESS



through a different organization, through the Chan Zuckerberg Initiative." (He and his wife, Priscilla Chan, created CZI to make good on their pledge to give away 99% of their Facebook shares during their lifetime.) "It's not that people [at Facebook] don't believe in those kinds of things. I just think building social infrastructure for a global community [is Facebook's mission." Within that mission, Facebook has created tools that enable charitable fundraising as well as societal support (like its Safety Check feature, which has helped people find each other during crises).

There is often skepticism when companies claim to be values- or mission-based, because near-term financial results seem to take precedence over other purported corporate values. When I ask Zuckerberg about this, he doesn't acknowledge any disconnect between satisfying a higher mission and meeting financial goals. "People want business leaders—and all leaders—to be authentic and stand for things," he says.

Then Zuckerberg brings up the fake-news controversy that hit Facebook in the past year—the contention that the company wasn't vigilant in removing inaccurate, politically motivated posts by fictional news outlets because they generated ad revenue. His voice rises in intensity.

"One of the most frustrating things is when people assume that we don't do something because it will cost us money. Take, for example, some of the debates going on now around the news industry and misinformation. I mean, there's definitely a strain of criticism [asserting] that Facebook [lets] people share misinformation because it will make [us] more money. And that really is just not true at all."

The underlying value that drives Facebook's content decisions, Zuckerberg says, is freedom of speech. "I believe more strongly than ever that giving the most voice to the most people will be this positive force in society," he says. "Often when you make decisions that aren't exactly what people want, they think you're doing it for some underhanded business reason. But a lot of these things are more values-backed than people may realize."

Zuckerberg does recognize that there may sometimes be unintended consequences to Facebook's actions. "It's a work in progress," he admits. "At each point you uncover new issues that you need to solve to get to the next level.... It's not like they are problems that exist because there's some kind of underlying, nefarious motivation that led to them. I mean, certainly giving people a voice leads to more diversity of opinions, which

if you don't manage can lead to more fragmentation over time, but I think this is kind of the right order of operations. You know, you give people a voice and then you figure out what the implications of that are, and then you work on those things."

When I ask whether Facebook has design flaws that might undercut its values and mission, he agrees in principle, but offers a clarification. "I think it's fair to call them flaws, because every system is imperfect. But [thinking of it as] a work in progress is probably a more realistic framing. I mean, it's not wrong to say that it has flaws, but I wonder if that's an overly negative framing—not just of Facebook, but of any business or system. You got here by doing certain things, and the world is changing around you, and you need to adapt to keep going forward."

Zuckerberg offers an example—not something momentous like Trump's election (he studiously avoids political topics) but rather a more mundane area: clickbait, which at one point generated lots of user complaints. "Our algorithms at that time were not specifically trained to be able to detect what clickbait was," he says. "The key was to make [tools] so the community could tell us what was clickbait, and we could factor that into the product. Now, it's not gone 100%, but it's a much smaller problem. And when I think about things today, whether it's information diversity or misinformation or building common ground, these are the next things that need to get worked on.'

I then pose a moral question: Do successful businesses like Facebook, which have disproportionately benefited from the advent of new technology, have any special responsibility to help people being left behind by technology's march? Zuckerberg looks away and pauses for several seconds, gathering his thoughts. "I think yes," he finally says, "but there's a lot in what you just said." He continues, "A lot of the current discussion and antiglobalization movement is because, for many years and decades, people only talked about the good of connecting the world and didn't acknowledge that some people would get left behind. I think it is this massively positive thing overall, but it may have been oversold. We have a responsibility to make sure it works for everyone.

"The thing that's tricky," he says, "is that I believe a lot of the issues we're currently seeing around the world are not only economic questions.

SALESFORCE HAS LONG CONSIDERED **ITSELF A VEHICLE FOR POSITIVE** CHANGE IN THE WORLD. ALTRUISM, ITS EXECS CONTEND, IS INDELIBLY LINKED TO THE BUSINESS'S FINANCES.

They're social questions of meaning and purpose and dignity and being a part of something bigger than yourself. Certainly the economic part is very big. But I also think that regardless of how well you're doing economically, you're going to have issues in your life and you're going to need a social support structure around you." That's why he is so committed to Facebook's quest to build community.

Zuckerberg's approach is a consistent and disciplined one: If everything the company does is predicated on the goal of connecting people, and if that goal is

a higher-order priority than moneymaking or reacting to near-term political shifts or anything else, then long-term progress along that vector is what matters most. But it also makes him and his enterprise vulnerable: Any shortcomings in any part of the business reflect back on the whole and leave Facebook open to criticism. Zuckerberg clearly has a conscience (he's not happy with how fake-news outlets manipulated his service), and he is devoted to constant improvement. Yet that won't stop charges of hypocrisy. His challenge is to keep using complaints as motivation to make Facebook better, rather than getting defensive or pulling back.

As I walked out of Building 20, I found myself returning to a few sentences Zuckerberg had shared early on in our talk. He asserted that in the future, all businesses will increasingly need to tap into values and mission—that both consumers and employees will demand it. "Especially with folks who are millennials, that is going to be the default," he told me. "When I started Facebook, there were a lot of questions around, Is this a reasonable way to build a company? And then when more millennials started graduating from college and we went to recruit them, it became very clear that they wanted to work somewhere that wasn't just about building a business, but that was about doing something bigger in the world."

His strategy for linking values and commerce through Facebook's core activity is one approach to meeting that goal. There are more intricate ones too, as I soon discovered.

THE CULT OF THE OHANA

"I love to work at the intersection of capitalism, technology, and social justice." Suzanne DiBianca, who was named "most talkative" in her high school graduating class, is animatedly telling me a story about how altruism and financial success go hand in hand at Salesforce, where she has worked for the past 17 years and serves as chief philanthropy officer. We're chatting in an office on the 25th floor of Salesforce East, one of the company's multiple HQ buildings in downtown San Francisco. DiBianca's desk is in an interior space—as are all private offices in the building—but as you look past the adjacent workstations and out the windows, you can see the looming, still-under-construction Salesforce Tower, which is now the tallest structure in the city (it will open in 2018). The 25,000-person company is already San Francisco's largest tech employer, with much future growth obviously in the works.

DiBianca, who helped launch the nonprofit foundation now known as Salesforce.org, begins by describing how one of the hundreds of volunteering activities that it supports also benefits the larger Salesforce community. "Every week kids walk down [to our office] from Chinatown at lunchtime, and people here will listen to them read aloud," DiBianca says. "If you spend your lunch hour working with the children, you'll come back with gratitude, with perspective on the world, inspired, and turned on. If you spend that hour out at lunch with a colleague, venting about what's not working the way you want, you're going to come back deflated."

Like Facebook, Salesforce has long considered itself a vehicle for positive change in the world. But rather than point primarily to the core profit-making operation of the company, as Zuckerberg does for Facebook, Salesforce expresses its larger purpose first through philanthropy and the volunteering activities of its workforce. Yet this altruism, Salesforce execs contend, is indelibly linked to the business's finances. As DiBianca puts it, "there is no distinction" between the company's drive for growth and its social impact. "When you have people living their values every day, you're going to create a heightened sense of teamwork, and a great company."

Salesforce has, from its inception, been an unusual business. CEO Marc Benioff launched the company in 1999 around novel ideas that are now seen as gospel: that enterprise software could be delivered over the internet and as a subscription service. He also wanted to make philanthropy an integral part of the culture and, working with DiBianca, developed what they call a 1-1-1 model, which refers to giving away 1% of Salesforce's products, of its employees' time, and of its resources. (An initial 1% equity grant anchors the foundation's funding.) Salesforce.org has bestowed more than \$160 million in grants, organized more than 2 million employee volunteer hours, and shared low- and no-cost technology with more than 31,000 nonprofits and educational institutions. New hires at Salesforce participate in community activities such as sorting goods for a food bank as part of their orientation, and 80% of employees volunteer in their communities. (They get seven days per year of "volunteer time off" to take part in activities such as coaching Little League, building schools, and assisting at health clinics.) The company's annual Dreamforce conference, which gathers more than 170,000 customers and partners, also integrates volunteer efforts.

This is all part of what Benioff calls the company's "Ohana," a concept based on the Hawaiian word for "family." On a tour of the company's HQ. Elizabeth Pinkham, who oversees Salesforce's buildings and offices around the world, explains how the decor and layout are being designed to evoke the Ohana, including quiet meditation "wellness" corners where cell phones and laptops are discouraged. Thirty Buddhist monks were invited to join last year's Dreamforce gathering and, says Pinkham, ended up being star attractions. "The Salesforce Ohana is a deep-seated support system we nurture inside our company," an in-house blog explains. It can all sound a bit out there for a \$60 billion seller of enterprise software. But fostering values has always been the point for Benioff. "I know that the work I'm doing is making the world better," says the CEO. "Salesforce helps hospitals and schools and all kinds of nonprofits. Salesforce gives guidance to our employees to get out there and volunteer. And I think that's why we have high levels of satisfaction in our employees and why we can attract people. We are creating an environment that gives them satisfaction in their work, not just financial gains."

Salesforce.org may be "the heart and soul of the company," in the words of Ebony Frelix—who runs its philanthropy programs, grants, and volunteering—but the Ohana reaches into Salesforce's operational culture, too. Cindy Robbins, who oversees human resources, recalls how after she was promoted to her current post, she was surprised to discover that the





FACEBOOK'S MOTIVATION PLAYBOOK

TO EXPLORE EMPLOYEE ENGAGEMENT, WHARTON PROFESSOR ADAM GRANT TEAMED UP WITH FACEBOOK HR LEADERS LORI GOLER. JANELLE GALE. AND BRYNN HARRINGTON.

"When people are engaged, they bring their full attention, energy, and effort to their jobs," the Facebook team found in its research. "They perform better, and so do their companies. We analyzed surveys from our people to figure out what drives engagement at Facebook. We found that what matters most isn't having a best friend at work, autonomy, or work-life balance. It is having a sense of pride in the company—and there are three factors that shape those feelings." To read the full report, go to fastcompany.com.



Believing in the company's future

"Pride is fueled by optimism—being able to touch and taste an exciting future for the organization. People are proud to work at Facebook when they expect that the products they build will shape the world, not just inhabit it."



Believing in the company's vision

"Our data show that when people are passionate about Facebook's essential mission—making the world more open and connected—their relationship with the company changes. Work is more than a job or a career: It becomes a calling."



Believing that the company is a force for social good

"When people can actually see how Facebook makes a difference, they find their work more meaningful. It makes them feel connected to something bigger than themselves, and they bring more of themselves to work."

"So many companies think of values as think of values as a check-the-box:
'Okay, we need a values statement,'" says Zendesk's Anne Raimondi.
"They end up with things that are generic and watered down." watered down."

company had never gathered data on how much female employees were paid compared to men in similar jobs. She went to Benioff. "I explained to him that we couldn't lift up the hood on this and, if we found something, simply put it down again," she says. "This could cost us real money to address. He said to go for it."

The pay-gap study did indeed discover discrepancies (for some men as well as women, according to the company). Robbins is proud of how they responded: Salesforce instituted salary adjustments for 6% of its workforce, at an annualized cost of \$3 million, she says. This January, Benioff said the company would implement another round of salary adjustments, with a similar cost, to align employees who had joined as part of acquisitions. "Some things we'll do well and some things we'll learn from," Robbins says. "You have to be very intentional about working at it."

Tony Prophet, who joined Salesforce as its first-ever chief equality officer late last year, points to a different example of the company putting its dollars at risk in support of its values. In 2015, Indiana's then-governor, Mike Pence, signed the so-called Religious Freedom Restoration Act, which would likely have opened the door to discrimination against LGBTQ people. Employees at Salesforce's Indianapolis office objected to the law and raised the situation with Benioff. The CEO then publicly threatened to greatly reduce its investment in Indiana (the company had maintained a significant presence in the state since buying local software developer ExactTarget in 2013). He tweeted that he was canceling programs that would require employees and customers to travel to Indiana, and promised relocation packages to workers who might want transfers. The law was eventually amended to protect LGBTQ rights, and Indianapolis remains the second-largest Salesforce office.

Salesforce has been criticized for not always following through on its values. For example, in the past some African-American employees have suggested that their concerns weren't taken seriously enough by the company. A recent study in the academic journal Sage, focusing on corporate responsibility, reports that "the threat of hypocrisy is amplified for firms with stronger reputations" and that some companies choose to downplay their achievements to avoid tighter scrutiny of areas where they may be less proficient. The Salesforce leadership team seems un-

WHAT DEFINES A BUSINESS IS NOT THE WORDS THAT A CEO OR **HUMAN RESOURCES DEPARTMENT TROT OUT, BUT RATHER** THE WAY AN **ORGANIZATION ACTUALLY BEHAVES.** deterred by those risks. "We're an institution in society, and we have a responsibility to do the right thing," Prophet says. Plus, he argues, it helps the bottom line: "Over the long arc of time, when you do the right thing for the planet, it will be good for you as a business. People will want to work for that company; you'll have a magnetic brand that resonates. It creates loyalty and affinity."

While not every company will warm to Benioff's program of Ohana, more and more are embracing his model of philanthropic engagement. "Trust in

business is higher than trust in any other institution," says DiBianca. How companies deploy that trust, she says, is critical. "I'm super optimistic about next-generation companies." She's referring to the growing number of businesses that have signed on to something called Pledge 1%, a commitment to mirror the 1-1-1 system that Salesforce pioneered. In two and a half years, the number of businesses committed has climbed to 1,600, from education upstart General Assembly to Australian software juggernaut Atlassian. "There's all this incredible energy in [most companies] and you can unleash it for good," says Benioff. "If you're not unleashing it, you're missing something. The ability to do it is relatively straightforward. All you have to do is open the door."

THE AIRBNB ADVANTAGE

Are you a giver or a taker? That's the question at the heart of Wharton professor Adam Grant's best-selling book, Give and Take. Grant shows through empirical studies and anecdotes that "givers" (helping, cooperative, sharing individuals) are the most valuable employees within organizations, despite societal norms and corporate-reward systems that habitually favor individual-achievement-focused "takers" (who tend to rise quickly but ultimately fall).

When Grant is out talking about his book, he is invariably asked whether entire companies can be viewed as givers or takers. "Sure," he says. "You can see what the values and norms [of a company] are internally . . . and the way it interacts in the world." All this is "much more salient" today, he says, because "company behavior and claims are way more visible than before." Plus, he adds, with "the drop in trust of government," the role of the corporation in driving culture "is much bigger than it used to be."

Givers, explains Grant, earn what psychologist Edwin Hollander called "idiosyncrasy credits": By being helpful to others, they accrue trust that allows them to sometimes break from expected behavior. A company with "giver" attributes—"What can I do for you?" versus "What can you do for me?"—may get the benefit of the doubt in difficult moments. "Other companies are constantly skating on thin ice," observes Grant (who works with businesses such as Facebook to help assess and improve their culture; see sidebar on page 57). "When the dots connect, people say, 'Oh, that's why I hate my job,' or, 'That's why I love my company.''

This paradigm offers a compelling lens for examining two techinnovation siblings: Uber and Airbnb. Both are anchors of the sharing economy, both have had to challenge local laws to elbow their way in, and both have reached multibillion-dollar valuations while remaining privately owned. Their headquarters are based just a mile from each other in San Francisco's South of Market district, and it might be natural to look at them as twins. But only one of them is perceived as a giver.

Uber has had a painful 2017. CEO Travis Kalanick has been embroiled in turmoil, first over his decision to join and then drop out of President Trump's business advisory council, then due to allegations of gender bias and harassment at his company, all of which has inspired a wave of #DeleteUber protests. While there are many reasons for this crescendo of snafus, it is also true that Uber's store of "credits" was low before these events unfolded. The ruthlessness that allowed Uber to build dominant market share and disrupt transportation as we know it also imbued its brand with an aura of by-any-means-necessary selfishness. The unflattering video that surfaced this year of Kalanick berating an Uber driver only reinforced those prevailing sentiments.

Airbnb has had its moments of trouble, too, in its confrontations with local regulators and around allegations of racial discrimination by its community of hosts. Yet Airbnb CEO Brian Chesky has largely avoided any cloud of resentment (helped, certainly, by Airbnb's eventual efforts to address the discrimination challenges). What separates these two companies can be illuminated by considering two recent occurrences: When Uber tried to support immigration demonstrations in New Yorkarea airports by holding its prices down, it was swiftly denounced for undercutting striking taxis—it got no benefit of the doubt for what it claimed were altruistic motivations. Meanwhile, when Airbnb aired its "Accept" ad during the Super Bowl, it could have (Continued on page 99)









giant squidlike creature commands the screen and breathes fire. "The fate of the universe lies on your shoulders," a voice-over intones, and for the next two minutes, viewers of the Guardians of the Galaxy Vol. 2 teaser trailer are treated to a mashup of exuberant space battles, cool

gadgets, and comic vignettes, set to the 1975 power-pop anthem "Fox on the Run." Marvel, the studio that created the Guardians franchise, posted the trailer online in December, five months before the highly anticipated sequel was due to hit multiplexes. Within 24 hours, the clip, featuring the film's ragtag superhero vigilantes—a foulmouthed raccoon, a baby tree, and the hunky-but-relatable Star-Lord, played by Chris Pratt—racked up 81 million views. Even the song hit No. 1 on the iTunes rock chart. Hearing the news, James Gunn, who cowrote and directed both the first, \$773 million–grossing Guardians and its sequel, jumped on Facebook to exclaim, "Holy crap!," adding that the trailer was "the biggest Marvel Studios Teaser ever! No kidding—I'm, like, floored."

For Marvel, though, outdoing itself has become something of a regular occurrence. When Guardians Vol. 2 hits theaters on May 5, it will mark the studio's 15th movie since it started making its own nine years ago, and each one has been a hit. Just as impressive as Marvel's box-office record (these films have grossed more than \$10 billion globally): the billions more in revenue it has generated from toys, merchandise, fragrances, and even cruises (yes, there is a Marvel Day at Sea). Disney, which acquired Marvel in 2009 for \$4 billion, has seen an impressive return on its investment.

The outsize success of the Marvel Cinematic Universe, as the company has dubbed its interlocking slate of films in which characters routinely overlap, is currently reshaping Hollywood in Marvel's image. "Any press release about any movie these days comes with the term 'cinematic universe,'" says Joe Keatinge, a comic-book writer who's worked for both Marvel and DC Comics. "If Magnolia came out today, it would be part of a cinematic universe." Universal, which is building a shared world around the movie monsters it first made famous in the 1930s and '40s, such as the Invisible Man, Dracula, the Wolf Man, and Bride of Frankenstein, will release the first of its "Monsterverse" pictures, The Mummy, in June. Legendary plans to interconnect a different set of classic monsters such as King Kong and Godzilla; its initial effort, Kong: Skull Island, performed modestly in March. Meanwhile, Paramount is revisiting its Hasbro toy lines: The studio has outlined the next decade of Transformers movies, and it's creating a separate universe around G.I. Joe, Micronauts, and M.A.S.K. (Mobile Armored Strike Kommand) vehicles. In March, Warner Bros, executives admitted that they were contemplating a return to The Matrix as grounds for a character universe, and Disney, which successfully revivified Star Wars, is thinking about a Tron-iverse.

Marvel, which has ramped up production to be able to make three movies a year, is proving that, if done correctly, these character universes can resemble successful technology platforms-ecosystems that enable both creative risk taking and significant growth and profits. But too often, other companies look at the winning result without appreciating the forethought that produced it. Look no further than Marvel's arch nemesis, DC Entertainment, which, in conjunction with Warner Bros. (its parent company), has tried to catch up to Marvel by launching its own "extended universe" of characters. Last year, it released Batman v Superman: Dawn of Justice and Suicide Squad, both of which frustrated fans and fell short of \$1 billion in global box office. Its Wonder Woman movie will arrive in June amid negative buzz and reports of a troubled production.

Marvel's approach, then, has been easy to replicate but challenging to duplicate. What is the true essence of Marvel's success? The answer lies in the way the studio trusts its instincts, jettisons formula, and constantly looks ahead to galaxies far, far away. Here's how other companies can obtain these powers.

HAVE AN AUDACIOUS VISION, **BUT DON'T RUSH IT**

Every superhero origin story starts with tragedy, and Marvel's is no different: The company, then an independent comic-book publisher, filed for bankruptcy in 1996 following a steep downturn in the industry. In a shortsighted turnaround attempt over the next several years, it pursued harebrained licensing deals (such as authorizing a Hard Rock Cafe-style Marvel Mania chain restaurant), and it sold off movie rights in a scattershot manner to studios across Hollywood.

One of those companies was Artisan Entertainment (later acquired by Lionsgate), where Drew McWeeny, a screenwriter, recalls a meeting in the early 2000s with a new Marvel film executive named Kevin Feige about adapting a Marvel property. "I remember sitting in a room and [Feige] saying, 'Look, in a perfect world, as the rights become available, little by little, we'll start buying back all the Marvel characters, and maybe down the road, just like in the comics, we'll get them to go into each others' movies. And maybe we'll even try to build to an Avengers.' And I remember thinking, He's crazy."

Despite the best efforts of Feige and then-chairman and CEO Avi Arad, Marvel wasn't able to buy back all the rights—Fox and Sony still retain the *X-Men* and *Spider-Man* franchises, respectively. But in 2005, Marvel became an independent studio thanks to a \$525 million line of credit, and it brought all movie production in-house. Feige began to execute an intricate, multiphase plan for releasing various Marvel characters in a series of companion films that would ultimately collide in all-star affairs such as The Avengers. Not that audiences had any idea at first. Only true fans took note when, toward the end of Marvel Studios' debut film, the smart and fun Iron Man, Samuel L. Jackson's Nick Fury casually shows up. The interconnectivity became more apparent with each subsequent (well-received) movie, artfully laying the groundwork for 2012's ensemble The Avengers.

This quiet, deliberate, decade-long planning stands in stark contrast to how DC has attempted to rival Marvel's efforts. In October 2014, shortly after Guardians of the Galaxy

FEIGE, THE MARVEL STUDIOS PRESIDENT. MAKES MOVIES BASED ON A SIMPLE PRINCIPLE: WOULDN'T IT BE COOL IF ...?

became Marvel's 10th smash, Kevin Tsujihara, the head of Warner Bros., suddenly unveiled a slate of 10 superhero films based on DC Comics. The first release after that announcement, the dreary Batman v Superman, is "perhaps the most egregious example of forcing a cinematic universe as opposed to letting it breathe for a very long time," says Keatinge.

Feige's patience is now being rewarded further: Marvel is regaining creative, if not sole financial, control over Spider-Man, by far its most valuable piece of original intellectual property. Marvel had sold off the rights to make Spider-Man movies to Sony in 1999 for a

reported \$7 million. Sony has made five movies featuring the webbed wonder, starting in 2002 with a trio of Tobey Maguire star turns. Its later pictures, featuring Andrew Garfield, were critical and commercial disappointments. Marvel approached Sony after the particularly lackluster fifth movie, 2014's The Amazing Spider-Man 2, about buying back its prized character, but Sony demurred. The series needed a creative jolt, though, and the studios reached a deal: Sony would receive Marvel's creative input on upcoming Spider-Man films, beginning with this July's Spider-Man: Homecoming. In exchange, Marvel would get to incorporate Spidey into the Avengers universe; his first appearance was 2016's Captain America: Civil War.

Fans, needless to say, are excited, and they are looking far ahead to 2018's Avengers: *Infinity War*, which will feature Spider-Man. "When [Marvel] put up a video from the first day of shooting, I showed my kids. You've got Tom Holland as Spider-Man and

SUPERHERO SHOWDOWN

A field manual to Hollywood's top comic-book world builders (and why Marvel's got the edge)

MARVEL DC

Universe creation: 2008 Projects to date: 14 films; 10 TV series **Universe creation: 2013**

Projects to date: 3 films; 5 TV series

STATE OF WORLD DOMINATION

Hulk smash! In the past five years, it produced 4 of the 12 top-grossing films in history; Netflix-based miniverse is humming along with six series in production.

Movies, shmovies! Its blockbusters are not beloved by critics or comics fans. but its live-action and animated TV series are kicky fun.



MAESTROS

Marvel Studios president Kevin Feige focuses on comics fans, bringing everyone else along later.

Jon Berg, Ben Affleck's favorite executive, and Geoff Johns, a comics writer who's branched out into video games, TV, and film, co-run DC Films.

ESSENCE IN 10 WORDS

People in capes running around and punching folks—plus jokes

People in capes moping around in the rain—plus brooding



CREATIVE CONSIGLIERES

Yeoman directors who don't complain too much that Feige is in charge but gradually earn more leeway, such as Joe Russo (far left) and Anthony Russo (Captain America: Civil War) Visual stylists like directors Zack Snyder (Man of Steel, Batman v Superman: Dawn of Justice) and David Ayer (Suicide Squad), whose work is more personal



SUPERPOWER

Making four separate films (or TV shows) before doing the team-up everyone's waiting for. See The Avengers.

Making popular, tween-friendly animated series such as Young Justice and Teen Titans Go!



SORE SUBJECT

Fox keeps making X-Men movies—Logan was good!—and retaining the rights. The sad **Ben Affleck** meme from the BvS press junket (and his decision not to direct the next Batman)



CORPORATE MASTERS

Disney has given Marvel the freedom to spend a reported \$2.5 billion on 14 movies because they drive merchandising, theme-park rides, and so forth.

Warner Bros. reorganized its film business last year to create a dedicated division for DC movies while continuing to excel at producing TV featuring its characters.



COMING SOON TO A THEATER NEAR YOU

Guardians of the Galaxy Vol. 2 (May 5), the sequel to 2014's space buddy comedy Wonder Woman (June 2), which Hollywood has been trying to bring to the big screen since 1996



BINGE-WORTHY TV

The gritty adventures of Daredevil, Jessica Jones, and Luke Cage on Netflix have fans excited about a meetup in the forthcoming series The Defenders.

The Flash, which features poppy visuals, an ensemble cast. and a delightfully light touch



GHOST WHO HAUNTS THEM

Marvel creator Stan Lee, whose cameos have led fans to speculate he's the protean comics character named the Watcher

Christopher Nolan, whose Dark Knight trilogy led DC to buy into dark superhero dramas in the first place



POTENTIALLY FATAL FLAW

Fans might tire of the cross-platform synergies, fragrance deals, and everything else.

It keeps fiddling with its long-term vision for its cinematic universe.

Robert Downey Jr. standing on set talking to each other," says McWeeny, who's now also the publisher of the online film-geek magazine Pulp & Popcorn. "My kids lost their minds. Watching that reaction, I thought, Marvel's got it locked."

MAKE SURPRISE YOUR SUPERPOWER

Feige, who's been the Marvel Studios president since 2007, develops movies based on a simple principle: Wouldn't it be cool if . . . ? Wouldn't it be cool if the movies could match comic books' visual dynamism? Wouldn't it be cool if they had equally crazy plot twists and potential for reinvention? Instead of a surprise on almost every page, the films Feige makes insert deft turns-in casting, plots, and even release dates-when viewers least expect them.

Many critics lump superhero movies together into their own genre, but in truth, Marvel movies defy such a simplistic classification. The first Iron Man and Captain America are essentially war movies; Iron Man 3 is a Bond-style thriller. More recently, Marvel has trotted out the space-set buddy action-adventure Guardians of the Galaxy, the science caper Ant-Man, and the fantasy-tinged Doctor Strange, all of which were decidedly weirder than the Avengers films that preceded them. (Similarly, Fox has begun to take risks with the Marvel characters it controls, moving in a darker, R-rated direction with Deadpool and Logan.)

Not even Marvel loyalists saw Guardians of the Galaxy coming. "No matter how familiar you are with the comics," says comic-book writer Keatinge, "that was not a property that anyone thought, Oh, Guardians of the Galaxy, that's gonna be the next big thing." And now they must prepare to be reoriented again. Director Gunn says that Vol. 2, in contrast with the original, is an "emotional drama" that plays more like a Tarantino film. "There's a huge section of the movie in which we're dealing with the relationships between the characters."

Within the films themselves, Marvel isn't afraid to kill off characters (Avengers: Age of Ultron, Doctor Strange), insert a big twist (Iron Man 3's unadvertised villain),

THE WAY OF THE GUNN

James Gunn, director of Guardians of the Galaxy Vol. 2, talks social media, music, marketing, and Easter eggs.



James Gunn, left, had his brother Sean physically bring Rocket Raccoon to life in the original Guardians.

WHY WERE YOU THE RIGHT PERSON TO DIRECT THE GUARDIANS MOVIES?

When I was a kid. I would sit in my room and listen to AM pop radio and read Marvel Comics. That was my life. I had a [toy] raccoon collection. So Guardians of the Galaxy is really everything I loved all in one soup.

YOU'RE ACTIVE ON SOCIAL MEDIA, ANSWERING QUESTIONS FROM FANS AND TEASING OUT ASPECTS OF YOUR FILMS. WHY ARE YOU SO ACCESSIBLE?

Some of my favorite directors of the 1970s became rich and famous and lost touch with other human beings not like themselves. I can now maintain a connection to other people, not just in the U.S. but all over the world. It allows me insight into someone

who's 15 in Thailand. It makes me feel good too. When I was 15, I met Joe Strummer from the Clash in a record store, and he had a conversation with me. For a kid from Manchester. Missouri, it was the best thing of all time.

WHY ARE YOUR MOVIES' SOUNDTRACKS SO **IMPORTANT TO YOU?**

I always build music into the screenplay and bake it into the story. Not just the soundtrack but the score. We write the score before we shoot the movie so I can film to the music. The fact that people add them at the last minute is insane to me.

ROB ZOMBIE'S VOICE APPEARS IN ALL YOUR FILMS. WHY DO YOU INSERT HIDDEN GEMS LIKE THAT?

[Laughs] Rob's a friend, and he appeared in my

first movie, Slither, so now it's become my signature. But I love putting a lot of stuff in my movies for fans. In Slither, every street sign referenced a classic horror film. There were hundreds of them. I'm in service to those people who want to watch a movie again and again.

WHAT ROLE DO YOU **PLAY IN THE MARKETING** OF YOUR MOVIES?

I love the part of selling the movie. I've been assertive with Guardians that we don't show all of its twists and turns in the trailer. Our trailers center around jokes and the plot that takes place in the first 15 minutes. That can be a hard thing to do. For the first movie, I was insistent that we make a Baby Groot dancing-plant toy. I don't think they were taking me as seriously then, but they are now. -NL

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or rejigger the universe (dissolving the mortal crime-fighting agency S.H.I.E.L.D. in Captain America: The Winter Soldier). Similarly, Marvel consistently uses creative casting to surprise moviegoers. Before Guardians of the Galaxy, Chris Pratt was the paunchy wiseass (and seventhbilled star) on the NBC sitcom Parks and Recreation. What casting director worth her Range Rover would have envisioned the cerebral, pasty-faced Brit from the BBC's Sherlock or romantic-comedy staple Paul Rudd as superheroic? Only now that all these moves and movies have worked do these decisions seem obvious. With this record, subsequent picks such as biopic mainstay Chadwick Boseman as Black Panther and indie actress Brie Larson as Captain Marvel have been generating buzz years in advance of their films' release.

Feige publicly suggested in 2014 that he had already mapped out his future moves into 2028. Yet nothing Marvel does feels formulaic. It's through the company's tight control that whimsy can flourish.

RECRUIT YOUR OWN AVENGERS

Feige has final cut on all movies, but he also enlists a lot of help, developing Marvel's movies and their larger universe with a six-person "creative council" made up of writers and executives, much like the so-called Brain Trust at Disney-owned Pixar. The group discusses characters, plotlines, and tone before turning films over to a director. Feige hired Gunn for the risky space opera Guardians not despite but because of his prior experience, which consisted of a low-budget zombie flick and an indie superhero parody. He sensed that Gunn would bring fresh ideas while still being able to collaborate within the Marvel system. "I needed a lot of help on Guardians 1 because I'd never directed a movie that big," says Gunn, "and I was a little afraid to push it too far. They encouraged me to push it farther, so I did."

Gunn nailed the film's tricky mix of humor, action, and surrealism, layering it with enough Easter eggs to reward repeated viewings. As a result, he won even more creative leeway for Vol. 2. In

his initial pitch meeting for the sequel, he proposed breaking with the Marvel canon and introducing Star-Lord's father—as a sentient planet. "I said, 'Okay, here's what I think is going to happen," Gunn says. "'His father's going to be a living planet, and we're going to get into the suffering of the other characters in the movie.' I wrote the treatment, which was 70 pages long, and they were like, 'Okay.'

Marvel's system largely works because Feige is the calm planet in the middle of it. By contrast, ask around Hollywood who's in charge of the DC movie universe and several executives' names come up, in addition to Zack Snyder, who produced and directed both Man of Steel and Batman v Superman. (Last summer, Warner reorganized to create a dedicated team for its superhero movies.) "The process is beating the shit out of [Snyder]," says a source close to the director. "He's got a corporation breathing down his neck, and there's several billion dollars riding on whether Justice League works or not."

(Warner Bros. declined to comment.)

Further helping Marvel is its fruitful relationship with Disney, which has plugged the brand into its global empire of theme parks, TV networks, toys, and more. "Disney is the gold standard on how to take a piece of [intellectual property] and put it in a million different places," says one marketer at a rival studio. "We're doing everything in our power to be Disney in 10 years."

Many of the tie-ins are no-brainers, such as the Iron Man ride at Hong Kong Disneyland and the Guardians of the

Galaxy attraction at Disney's California Adventure theme park opening this summer (along with an Awesome Dance Off with Star-Lord and a Groot meet-and-greet). Disney has brought Marvel to television with Disney-owned ABC's Agents of S.H.I.E.L.D., now completing its fourth season, and Inhumans, which debuts this fall. In late 2012, Netflix agreed to pay Disney a reported \$300 million annually to stream recent Disney films, including Marvel movies, as well as no fewer than four series devoted to Marvel characters—Daredevil, Jessica Jones, Luke Cage, and Iron Fist—whose stars will join forces later this year in a fifth series called *The Defenders*. "Netflix allows us to tell these darker stories and to show that there are different tones to a Marvel character," says Karim Zreik, Marvel's SVP of original programming. "Agents of S.H.I.E.L.D. works well for ABC as an ensemble show. But the single character works well for this model and has shown that we can play around with tone and try some different things with our characters."

A less visible way that Disney helps fuel Marvel's success is through the steady IV drip of marketing. With teasers hitched to major Disney films such as Star Wars: Roque One, digital shorts that show up on DVDs and online, directors debuting trailers on ABC shows such as Jimmy Kimmel Live, and partnerships with digital platforms like Youku Tudou (China's online video giant), Disney makes sure that Marvel is connecting with fans at all times. "There's never a point where Marvel isn't in the pop culture in some way," says Pulp & Popcorn's McWeeny. Only Pixar arguably has a brand as resonant among consumers.

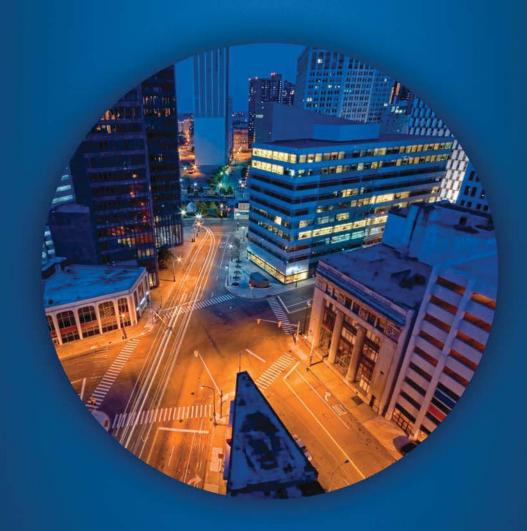
Marvel may seem invincible today, but there are several forces that could vanquish it. Marvel has already promised Disney it will release a sequel for every new title it launches. Will that diminish its creative spark? Is there another creative executive who will develop a character-filled world powerful enough to steal focus from Marvel? Thanks to Fox's success wooing adult moviegoers with Deadpool and Logan, will superhero epics all become violent, profane fare? And finally, after 15 years of relentless remakes and spinoffs, how many superheroes can audiences take?

Comic-book creators would make you turn the page or maybe even buy the next issue to find out. For now, though, it's pretty safe to assume that Marvel's Universe knows no bounds.

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MARVEL MAY SEEM INVINCIBLE TODAY. BUT THERE ARE SEVERAL FORCES THAT COULD VANOUISH IT.

PURE MOBILITY

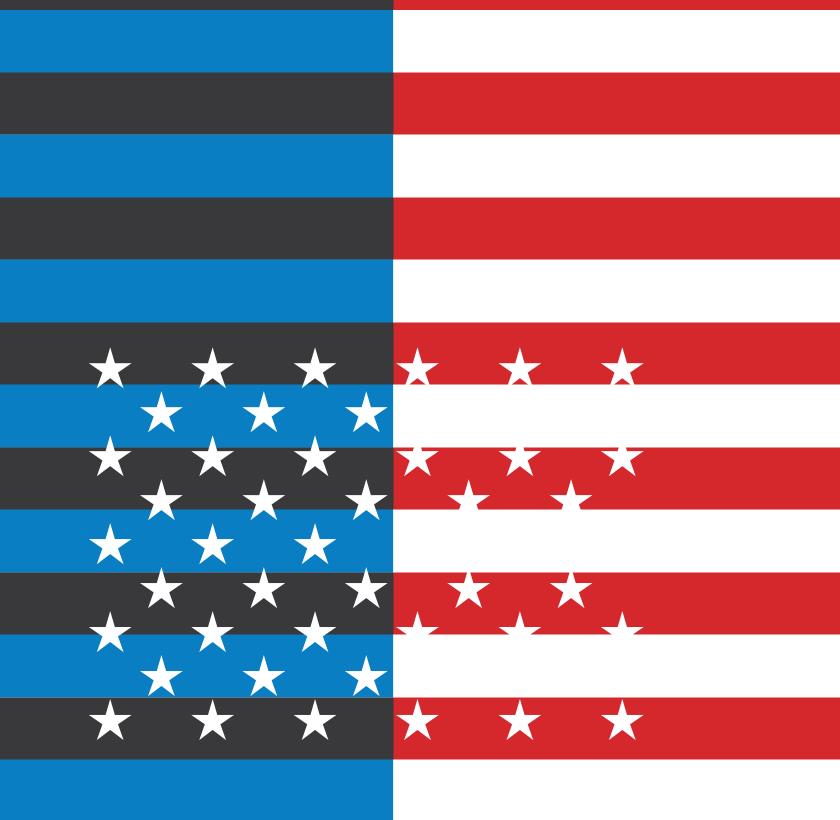


As the automotive world moves toward fully connected and self-driving cars, it's no surprise who's driving the future of the industry. Michigan. Home to the world's first and only real-world testing facility for autonomous vehicles, Michigan leads the country in research, development, innovation and technology. And it all makes up the epicenter of mobility known as PlanetM. Find out why Michigan is the hands-down choice for your business at planetm.com





UNITED STATES O F I N N O V A T I O N 2017



CHANGE DOESN'T HAVE TO COME FROM THE TOP—OR THE COASTS. BOLD LEADERS IN COMMUNITIES ACROSS THE COUNTRY ARE COMING UP WITH INNOVATIVE, SCALABLE SOLUTIONS TO THE CHALLENGES BEFORE THEM. HERE'S OUR STATE-BY-STATE GUIDE TO SOME OF THE MOST PROMISING INITIATIVES.



Alaska

A NATIONAL BRAND BUILT ON LOCAL VALUES

Last fall, a pair of snacks began appearing in Whole Foods and other stores throughout the Pacific Northwest and West Coast: sleek packages of wild Alaskan salmon jerky and jars of smoked sockeye, under the label Dear North. The comestibles company is a subsidiary of the Huna Totem Corporation, which benefits its Alaska Native shareholders and the southeastern Alaskan community of Hoonah (population: 750). For years, Huna Totem has run a thriving cruise-ship port that celebrates the area's Tlingit heritage. In an effort to create year-round revenue and jobs for locals, it launched Dear North, designed to export Alaskan products—and Hoonah's values—to the rest of the country. "We wanted to share a piece of Alaska," says CEO Russell Dick, "but also who we are and how we connect to the land." The company is already planning to expand into other foods.

Road warrior Allie Kelly, executive director of the Ray, is creating a "regenerative highway" that both protects the surrounding landscape and reduces CO, emissions.

<u>Alabama</u>

AN ENTREPRENEURIAL FOOD HALL

Downtown Birmingham's new **Pizitz Food Hall** is helping to ensure the area's urban revitalization by supporting the next generation of restaurateurs. Along with spaces for established eateries, it includes an area where a rotating group of up-and-comers can test their concepts with the public for four to six months, rent-free.

Arizona

A BOOST FOR VETERAN FOUNDERS

Former U.S. Air Force officer Phillip Potter is behind the year-old **Armory**, a Phoenix-based incubator offering mentorship and resources to veteranled startups, which Potter says benefit from their founders' backgrounds. A half-dozen city leaders throughout the country have already asked him to open outposts in their areas.

Arkansas

A PUSH FOR FASTER CLASSROOMS

The state's effort to bring high-speed internet to all K–12 schools will be complete by summer. For Arkansas's 600,000 students, that means additional devices in the classrooms and a more STEM-focused curriculum. The state is now exploring putting Wi-Fi on school buses to allow students to complete homework on the road.

California

A COLLEGE DEGREE FOR FREE

In the fall, San Francisco will become the first city to offer tuition-free community college to residents. It's an idea other cities have toyed with—and former President Barack Obama supported—but San Francisco is the only one that has committed to absorbing all expenses, regardless of income.

72 FastCompany.com May 2017 Illustrations by Adam Avery



Colorado

A MARKETPLACE FOR ADVENTURE

Denver-based **Utivity** applies the peerto-peer model to skills instruction by inviting ski coaches, yoga experts, musicians, and more to list their services on its app and find eager clients. The app, which has developed a robust community with more than 1,000 experiences in the Denver area, is setting its sights on nationwide expansion.

Connecticut

A HELP DESK FOR CITIZENS

New Haven resident Ben Berkowitz created the SeeClickFix app to allow locals to quickly report nonemergency issues (broken meters and streetlights, potholes, and even excessive noise from ice-cream trucks). Officials can track, manage, and reply within the app. It has since expanded to some 300 municipalities across the country.

Delaware

A STATEWIDE EMBRACE OF BLOCKCHAIN

With last year's **Delaware Blockchain Initiative**, the state became the first to adopt distributed-ledger technology, to underpin its public archives. Now it's working to allow corporations to use blockchain for financial filings; Delaware hopes to soon use it to issue shares, making trades instantaneous.

Florida

A PRIVATE TAKE ON PUBLIC TRANSIT

The Brightline, the country's first privately funded passenger-railway service in 100 years, begins rolling from West Palm Beach to Miami this summer, and will eventually extend north to Orlando. New transportation hubs along the route are expected to add more than \$6 billion to Florida's economy and reinvigorate the state's urban centers.

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Hawaii

A SUSTAINABLE TECH FUND

The Honolulu-based Energy Excelerator is securing the islands' finite natural resources by investing in more than 50 energy, agriculture, and mobility startups that champion sustainable, cleantech solutions. The nonprofit program provides up to \$1 million per company and helps them deploy with partners both in Hawaii and worldwide.

Idaho

A NEW LENS FOR NATURE LOVERS

Boise's Travis Leslie and Prince McClinton turned their popular **Art of Visuals** Instagram account, full of Idaho nature photography, into an online platform that provides emerging shutterbugs with a million-person community and tools to perfect and sell their work, including online photo tutorials and preset Lightroom-editing filters.

Illinois

A MORE DELIBERATIVE COURTROOM

Judges hearing bond cases have to make rapid-fire, highly consequential decisions all day long. To help them focus, the **CannonDesign** team in Chicago devised a new courtroom, opening later this year, that improves acoustics, minimizes distraction, and displays signage that better explains the process to defendants.

Indiana

A SOLAR SPARK FOR FARMERS

Founded by a husband-and-wife team of Purdue University professors (and funded in part by USAID), **JUA Technologies** has developed an affordable machine that harnesses the sun to create high-yield dehydrated crops—and give farmers a steady source of electricity. It's being tested on organic farms in Indiana, as well as in Kenya and Senegal.



Iowa

A SCHOOL FOR NEXT-GEN ENTREPRENEURS

Rather than enrolling students in the usual science, English, and math courses, administrators at **lowa Big**, a five-vearold public high school housed in a Cedar Rapids coworking space, ask them to pick a proiect from a pool of ideas and bring it to life. There are no grades or classes at this initiative-based school, where students typically stay for about two years while also taking courses at their traditional high school; instead, teachers weave academics into the projects, which include everything from constructing a sustainable aquaponics farm and modeling ideas for new recreation spaces to creating an inclusive fashion line. Iowa Big, which is funded in part by a local media company and the school district to foster regional innovation, emphasizes community involvement by pairing students with a businessperson who acts as a mentor. Cofounder Shawn Cornally says the school has hundreds of students on a waiting list. It is planning a second campus, thanks to a recent \$1 million grant. "[Many] public schools are trying to teach kids what they need to know and get them out," says Cornally. "We're interested in joy and efficacy, and in students who think of themselves as entrepreneurs."



Maryland

A FRESH TAKE ON URBAN BLIGHT

Like many Rust Belt cities, Baltimore has struggled with housing vacancy. Instead of simply junking the city's 17,000 empty buildings, a pair of social enterprises are creating job opportunities by working together to dismantle the structures mindfully. **Details Deconstruction** hires people facing barriers to employment—incarceration, a history of addiction, or lack of education—and puts them to work taking apart houses and preserving materials. Brick + Board transforms the salvaged hardware and reclaimed wood and brick into covetable products to sell to designers, architects, and homeowners. Their goods can be found trimming Exelon's \$160 million headquarters in downtown Baltimore and in the city's new Open Works makerspace. "Our philosophy is that any solution to these vacancy issues has to begin with a job," says Brick + Board director Max Pollock.

Kansas

A LIFELINE FOR RURAL HOSPITALS

Internist and pediatrician Elisha Yaghmai cofounded Wichita-based Vigilias, a tech platform that connects remote clinics with primary and specialty care from bigger facilities, eliminating the need for long drives or costly transfers. The startup serves 28 Kansas hospitals and is expanding into Nebraska and New Mexico.

Kentucky

A GREEN SCHEME IN COAL COUNTRY

This month, the Mountain Association for Community Economic Development will begin hiring displaced coal workers as paid interns. They will be taught to use existing skills (many are already trained electricians) to become energy-efficiency auditors and energy contractors for the state, providing a boost to Kentucky's post-coal economy.

Louisiana

A MULTITASKING COASTAL BARRIER

Louisiana has turned to unconventional methods to restore and protect its eroding coast. The Living Shoreline Demonstration Project has been planting concrete and metal structures offshore that are designed to combat erosion and stimulate oyster-bed growth. Over time, the efforts will mold a more natural shoreline.

Maine

A PIPELINE FOR LOCAL FOOD

To bolster regional growers, Portland entrepreneur David Stone launched Forager, a platform that digitizes interactions between farmers and retailers. The approximately 100 producers who have signed up can use Forager to connect with sellers, list their inventory, and fast-track payments. Stone is planning a national expansion.

Massachusetts

A LEG UP FOR ASPIRING POLITICIANS

New Politics founder and AmeriCorps veteran Emily Cherniack wants to reinvigorate the political system by helping civic-minded national service alumni and military veterans seek office. Her nonpartisan, four-year-old organization has nurtured 23 rising politicians, helping them hire and build teams, develop strategy, and fundraise.

Michigan

AN ILLUMINATING PLAN IN DETROIT

Just a few years ago, nearly half of Detroit's 88,000 streetlights were out of commission. But after a three-year, \$185 million effort that concluded this past December, the city's Public Lighting Authority replaced old fixtures with 65,000 LED streetlights, making Detroit the largest U.S. city to have entirely energy-efficient streetlighting.

Minnesota

A HIGH-SPEED HOOKUP FOR RURAL RESIDENTS

More of Minnesota will soon have access to what's become a necessity: reliable, affordable high-speed internet. In January, the state announced its latest Border-to-Border Broadband Development Grant to expand service to some 16,000 households and 2,000 businesses in underserved areas.

Mississippi

A RESURGENT MANUFACTURING ZONE

Joe Max Higgins Jr., CEO of the Columbus-based regional economic development organization GTR LINK, has helped generate more than 6,000 jobs in one of America's poorest regions by persuading companies, including a helicopter maker and a steel mill, to set up plants in Mississippi's Golden Triangle.



A DIGITAL CONNECTION FOR SENIORS AND THEIR FAMILIES

When a relative is in a nursing home, health updates are often delivered to the family only after a visit to the doctor. But that doesn't tell the complete story: If a resident stops attending bingo night or meeting friends for a daily walk, it could be a sign that she needs a higher level of care. After experiencing a gap in communication with staff caring for her own relatives, Amy Johnson cofounded **LifeLoop**, a web-based platform that connects employees at seniorcare facilities directly with residents' families. The LifeLoop site offers relatives real-time updates on their loved ones' daily activities, along with the ability to send messages to staff. And by digitizing the onerous task of charting patients' actions on paper, the platform gives staff more time to focus on the residents themselves. "We've eliminated an hour of work per day for [facilities'] lifestyle directors," says Johnson, "and told a story about [the patient's] pattern of behavior." The service, which Johnson developed at an Omaha-based incubator, launched in the Midwest in 2015 and has spread to nine states. Johnson says the senior-care industry has become increasingly open to such innovation: "We're on the cusp of some great advances."



New Jersey

A RISING FOOD REVOLUTION

Inside a converted steel warehouse in Newark, thousands of trays stacked 36 feet high house seeds that will soon become baby arugula, kale, and bok choy—all without the help of sunlight, soil, or even a whole lot of water. The nearly 70,000-square-foot site, among the world's most productive vertical farms, is the new headquarters of AeroFarms and a demonstration of what cofounder David Rosenberg thinks could be the solution to food shortages. The Newark space, which will ultimately farm up to 2 million pounds of sustainable produce per year via a high-tech aeroponic growing system, has been transformative for Newark. The company's greens are sold in area grocery stores, and AeroFarms hires local talent to run its facilities, a practice Rosenberg plans to continue as he expands. His goal is to continue opening farms around the country, and eventually the world. "We want to feed mass populations," he says.



Missouri

A DATABASE FOR SMART CITIES

With free public Wi-Fi, smart traffic signals, and 125 interactive information kiosks, **Kansas City** is one of the country's smartest cities. Even more intelligent: It has opened its data to residents so that they can access traffic patterns and find available parking spots. It's also sharing its information with other cities to help them develop best practices.

Montana

A CANINE CONSERVATION TEAM

Working Dogs for Conservation employs dogs' impeccable sense of smell to protect the environment. Initially, a handful of dogs tracked threatened wildlife, such as grizzly bears; today, 30 dogs monitor aquatic contaminants, detect invasive species (such as zebra mussels), and sniff out diseases affecting livestock.

Nevada

A DRONE-BASED CURE For Drought

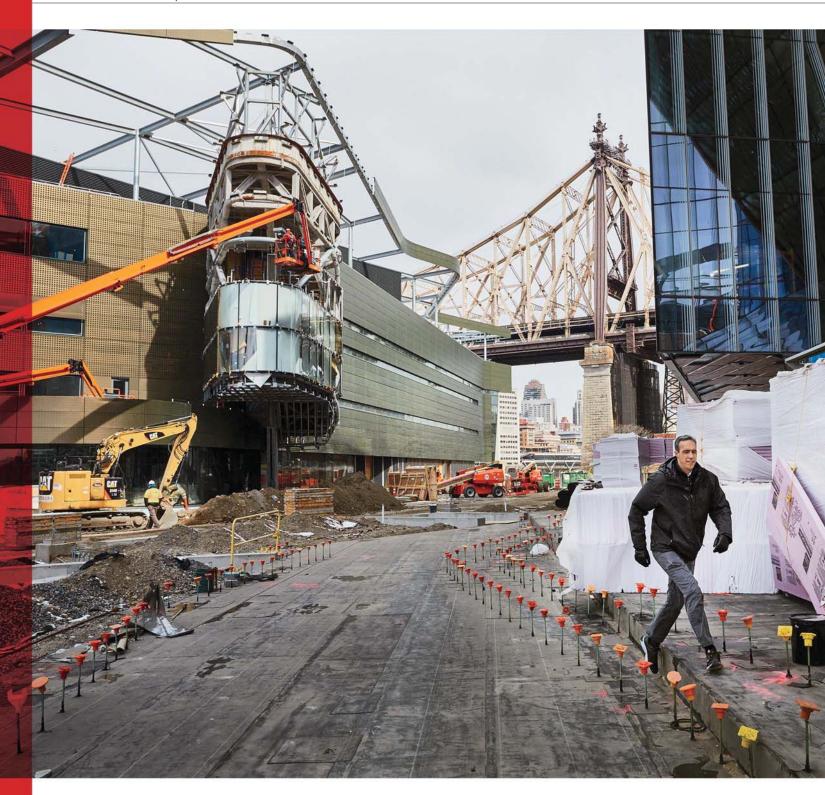
A partnership between Las Vegas's Desert Research Institute, manufacturer Drone America, and aerial-services provider Avisight recently launched a fleet of **drones for cloud seeding** (a process that releases silver iodide to generate rain from clouds). The group plans to deploy in other regions early next year.

New Hampshire

A BRIDGE WITH A MIND OF ITS OWN

Portsmouth's **Memorial Bridge** can now let state officials know when it needs maintenance. Engineers at the University of New Hampshire have installed sensors along the span that gather data on everything from structural soundness and traffic patterns to the effect of the bridge on the marine life below.





New Mexico

A NEW PERSPECTIVE ON THE WORLD

Founded by researchers from the Los Alamos National Laboratory, **Descartes Labs** uses Al to analyze satellite imagery for industries, academia, the government—and, now, everyone. The lab's new online GeoVisual Search tool uses geospatial analysis to let people look for objects (runways, wind turbines, orchards, etc.) across the globe.

North Carolina

A GUILT-FREE TO-GO CONTAINER

Durham's restaurant scene is exploding—as are its landfills. **Don't Waste Durham** recently debuted GreenToGo, a reusable and returnable takeout-container program that, for as low as \$25 annually, allows diners to pick up boxes at participating restaurants (more than 40, and growing) and drop them off throughout the city.

North Dakota

AN OPEN SKY JUST FOR DRONES

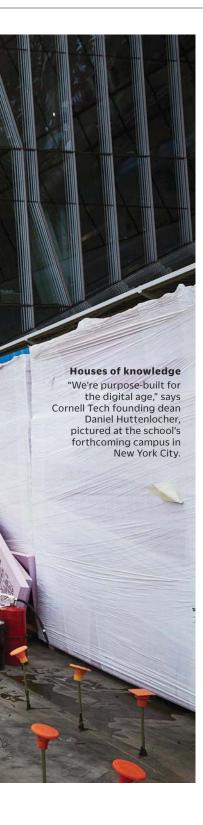
North Dakota is home to the country's first space strictly for flying drones: the **Grand Sky park**, a 217-acre expanse in rural Grand Forks County. There, companies (along with the military) can test and research unmanned aircraft in rugged conditions and away from commercial airspace before releasing products on the market and into the wild.

$\underline{\texttt{Ohio}}$

A HOLISTIC APPROACH TO OPIOID ABUSE PREVENTION

The Inject Hope Regional Collaborative brings together community leaders across public health, education, family services, drug prevention, and rehab sectors to address the region's growing opiate epidemic. It launched an ad campaign last year to humanize and raise awareness of the issue.

78 FastCompany.com May 2017 Photograph by Gus Powell



New York

A BIG-CITY TECH-**TALENT PIPELINE**

This fall, the first batch of graduate students will take up residence at the Cornell Tech campus on New York City's Roosevelt Island. The campus, which will open in stages until it covers 12 acres and accommodates about 2,500 people. is the city's bid to create a vital magnet for tech talent. The school's curriculum, which has been developed for the past few years at Cornell Tech's temporary residence in Manhattan, steeps students in digital product development and entrepreneurial thinking while giving them an appreciation for the real-world needs of society. "Given the pace of innovation today, [schools] need to have closer ties to government and private industries," says founding dean Daniel Huttenlocher. The campus reflects this ethos: In addition to student housing and classrooms, it's also home to the Bridge, a 230,000-foot mixed-use building that includes classrooms. as well as an R&D outpost of the Two Sigma investment firm, a coworking space, and offices for both Cornell Tech and outside companies. Though the project, to be completed in 2043, has been dubbed "Silicon Island" by some, Huttenlocher has a distinctly local vision. "We don't want to lose [New York's] diversity of people and ideas." he says. "One of the things we [emphasize] is building things that matter. And that's something New York is great at."



Oregon

A HOUSING SERVICE THAT **DOESN'T DISCRIMINATE**

Tyrone Poole became homeless after he injured his leg in an accident. He qualified for government assistance but struggled to find a building in Portland that would approve him. Landlords had unique requirements for prospective tenants, and finding out what they were meant paying a nonrefundable fee-money Poole didn't have. To simplify the process, he started **NoAppFee.com**, a platform that runs a background check on applicants and returns a list of buildings guaranteed to approve them. Currently available in Portland and Atlanta, the site charges users a one-time \$35 fee, which is knocked off the first month's rent or moving expenses. Cities around the country are now contacting Poole about building custom versions of the platform for their own low-income housing inventory. "I want to make access to housing instantaneous," says Poole.

Oklahoma

A PARK PAID FOR WITH PENNIES

Oklahoma City recently unveiled a \$777 million public-works initiative called MAPS 3 that is entirely funded by a one-cent sales tax. The project includes multiple senior health centers. new convention facilities, fairground improvements, trails, a modern street car system, and a 70-acre park that will begin opening next year.

Pennsylvania

A MATCHMAKER FOR CRAFTSMEN

Pittsburgh's Craft Business Accelerator helps both traditional artisans (glassblowers, woodworkers) and modern makers with advanced manufacturing know-how grow into small-business owners by facilitating interactions with real estate developers, interior designers, architects, and restaurateurs who might buy their products.

Rhode Island

A FRESH LOOK AT OLD INDUSTRY

The Rhode Island School of Design is piloting an executive education program called **Design for Manufacturing** Innovation to help working professionals transform and accelerate their industry. Classes include seminars on design thinking, workshops on 3-D printing and prototyping, and courses on how to assess and work with new materials

South Carolina

A BOND FOR BABIES

When states need money for public welfare programs, some turn to taxpayers. But South Carolina took the creative step of using social impact bonds in an effort to help its disproportionate number of young, low-income mothers. The funds bolster the Nurse-Family Partnership, which provides nurses to educate and support first-time moms

South Dakota

A PLATFORM TO BREAK ADDICTION

Sioux Falls's Face It Together is battling drug and alcohol abuse with a portfolio of data-driven tech products that enable heath care providers to offer more holistic, long-term solutions and help communities better focus their public-health resources. The organization's technology, piloted in South Dakota, is now being used in four states.

Texas

A GREEN CITY IN A RED STATE

After announcing plans in 2015 to move to 100% renewables, the 60,000person city of Georgetown is on track to achieve its goal. Next year, its municipality-owned utilities will become one of the largest to supply customers exclusively with solar and wind power. And fixedrate contracts mean that what's great for the environment is also smart business.

Utah

AN ENTREPRENEURIAL DORM

Last August, the Lassonde Entrepreneur Institute at the University of Utah, Salt Lake City, unveiled a 400-person dorm that functions like an incubator Open to students of any major, the building is housing meets work space: It supports aspiring entrepreneurs with workshops, lectures, networking events. and business-plan competitions.

Vermont

A HEALTHIER HEALTH CARE MODEL

Beginning this year, Vermont is phasing out the traditional "fee for service" system of health care with a "pay for performance" model that aims to reduce unnecessary tests and expenses by reimbursing medical practitioners based on their overall care of a patient. Vermont hopes to transition the entire state to the plan by 2022.



Wisconsin

A WATER SENSOR THAT CAN SEE UNDERGROUND

Hiring experts to regularly measure the health of a well is expensive but important: Millions of Americans depend on well water. Wellntel, founded in Milwaukee, makes a series of solar-powered sensors that turns any well into a smart one, allowing owners to check on current levels and recovery time (how long it takes a well to refill after pumping) via an app. It also aggregates long-term data on a well's water levels and can compare its performance to neighboring wells—information that's especially useful for people in drought-weary states who can't rely on rainwater. Cofounder Nicholas Hayes says the tracker and data-sharing system compiles more groundwater information than government agencies do. After taking orders from customers in 26 states, he's planning an international expansion. "We developed a system that puts the information in the hands of the people who use it," he says.



Virginia

A TECHNOLOGY EMPLOYER FOR ALL

Richmond's **Maxx Potential** is a five-yearold tech company whose workers are paid (starting at \$12 an hour) to learn on the job. With little technical experience, they work alongside more-seasoned colleagues to build websites and apps for Fortune 500 companies and local nonprofits alike. Some stay for years, developing nuanced skills and training newcomers.

Washington

A SECOND CHANCE FOR FOOD WASTE

A Redmond-based biotech startup is giving leftover food back to the earth. **WISErg** installs its Harvester machines outside grocery stores and restaurants to collect and preserve food scraps until they can be transported to a nearby WISErg facility. There, they are processed into an organic, nutrient-dense liquid fertilizer and shipped to farms.

West Virginia

A GRASSROOTS CURE FOR PTSD

The Veterans and Warriors to Agriculture Program helps vets, who account for an estimated 9% of West Virginia's population, transition into civilian life and contribute to the state's growing farming economy. With new funding from the statehouse, the program plans to offer veterans training, employment, and even help securing land.

Wyoming

A MAP OF THE NATURAL WORLD

Founded by twins Brandon and Brian Reavis, the Cody-based **Natural Atlas** is an interactive mapping system that encourages outdoor enthusiasts to contribute on-the-ground info and photos of the state's trails. The founders are expanding the platform to trails nationwide and are looking for users to add their perspectives.



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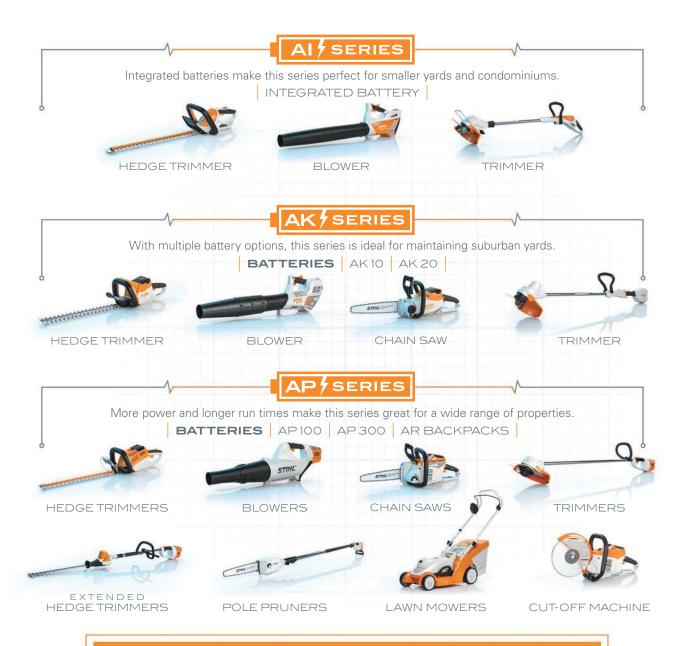
STIHL LIGHTNING BATTERY SYSTEM"

The STIHL Lightning Battery System[™] is designed to get more out of every charge. Our AI, AK and AP series include over 20 pieces of equipment and give you multiple battery solutions. Whether you're an experienced professional or a demanding homeowner, you'll get just what you need – the power of STIHL in a battery.



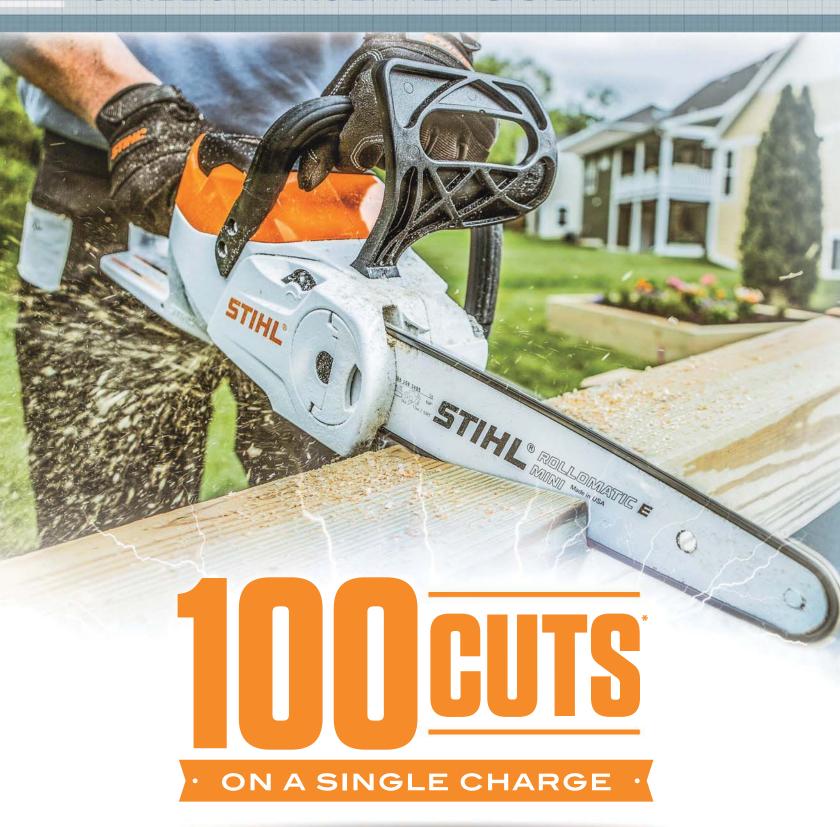


MULTIPLE SOLUTIONS



EXPLORE ALL THE POSSIBILITIES BY VISITING **STIHLbattery.com**

STIHL LIGHTNING BATTERY SYSTEM™



- ON A SINGLE CHARGE

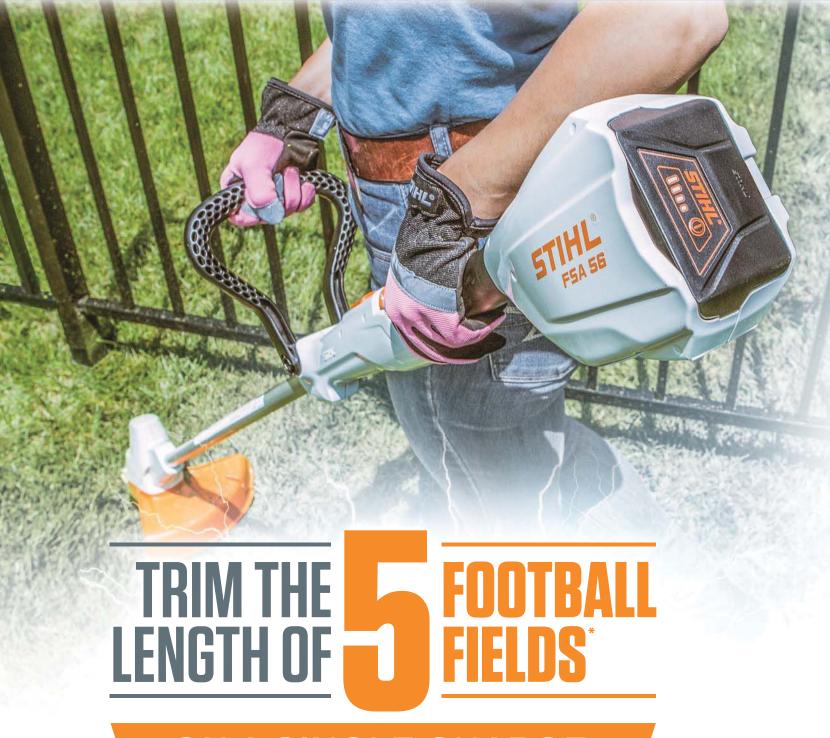


CHAIN SAWS

STIHL Lightning Battery System™ chain saws bring the best of both worlds to your property. First, they deliver strong, consistent performance thanks to STIHL Lithium-Ion technology. STIHL Battery-Powered Chain Saws are also quiet and start instantly with the squeeze of a trigger. It's big performance in a small, lightweight package.



STIHL LIGHTNING BATTERY SYSTEM"



ON A SINGLE CHARGE

ON A SINGLE CHARGE



TRIMMERS

Whether you're a homeowner or a professional, you'll appreciate the power and convenience of STIHL Lightning Battery System™ trimmers. They're great for the environment, producing zero exhaust emissions and great for your wallet, requiring nearly zero engine maintenance. STIHL Battery-Powered Trimmers are lightweight, start instantly and run quietly - ideal for noise-sensitive areas.



STIHL LIGHTNING BATTERY SYSTEM™



ON A SINGLE CHARGE

ON A SINGLE CHARGE



BLOWERS

When you need to clear debris quickly, the benefits of battery power are easy to see. STIHL Lightning Battery System™ blowers are lightweight, powerful and start instantly with the squeeze of a trigger. STIHL Battery-Powered Blowers can also be used in either your right or left hand.











STIHL LIGHTNING BATTERY SYSTEM"



ON A SINGLE CHARGE

ON A SINGLE CHARGE

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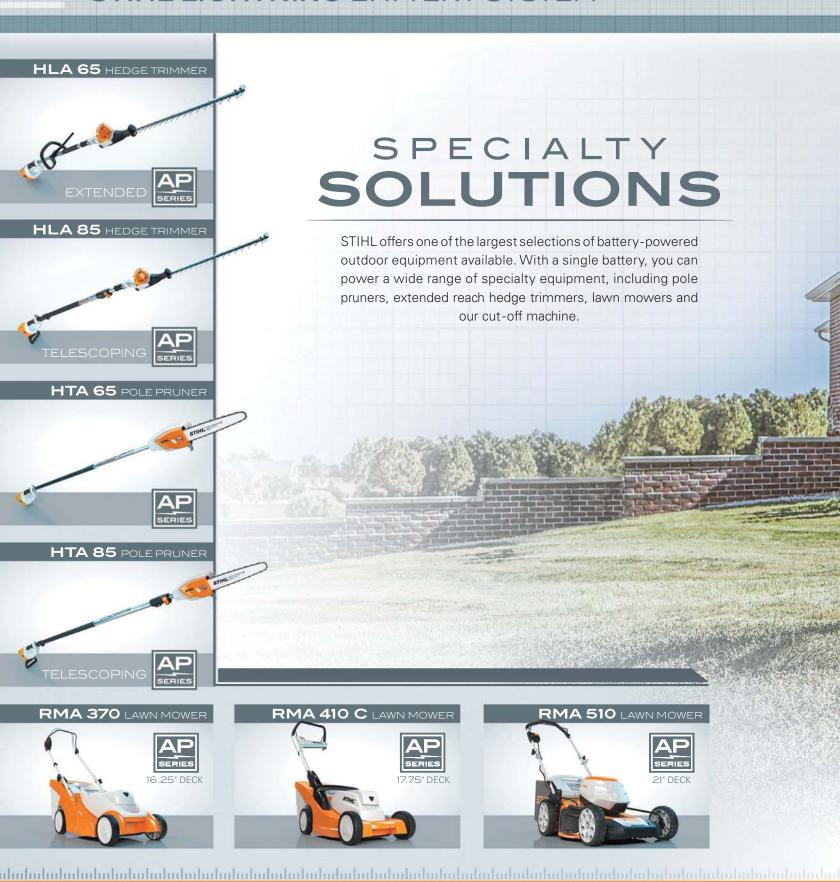


HEDGE TRIMMERS

Whether you use them daily, or just a few times a season, STIHL Lightning Battery System™ hedge trimmers are ready to get the job done. Just pull the trigger and you're ready to tackle overgrown hedges and shrubs. STIHL Battery-Powered Hedge Trimmers are lightweight, start instantly and deliver quiet, powerful performance.



STIHL LIGHTNING BATTERY SYSTEM"







STIHL LIGHTNING BATTERY SYSTEM™



STIHL BATTERIES CHARGERS

STIHL batteries are based on STIHL Lithium-Ion technology, hitting the sweet spot of performance and weight. They're also custom engineered by STIHL to include a host of advanced features.

They're designed to last – even after 500 charges, the battery retains over 80% capacity. Our batteries include specialized voltage monitors and temperature sensors to help ensure optimal operation and a long service life.

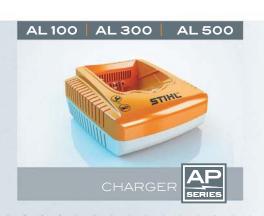
QUICK CHARGE GUIDE

		CHARGERS					
		Al	AL 100	AL 101	AL 300	AL 500	
,0	Al	210-300					
BATTERIES	AK10		80	80	30	30	
	AK 20		150	150	45	45	
	AP 100		90	90	50	35	
	AP 300		250	250	75	35	
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	AR 3000				300	160	

MINUTES TO FULL CHARGE —

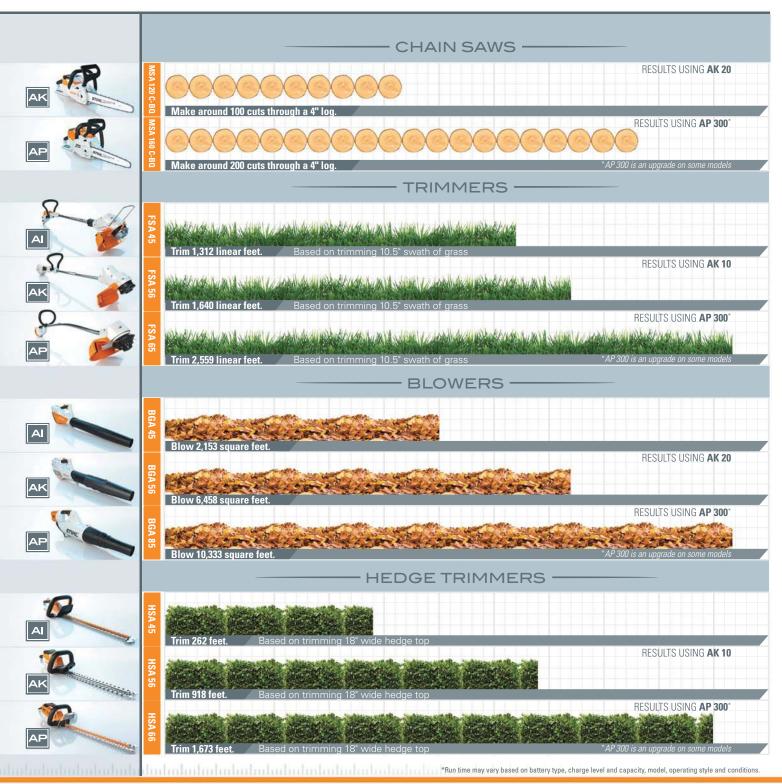


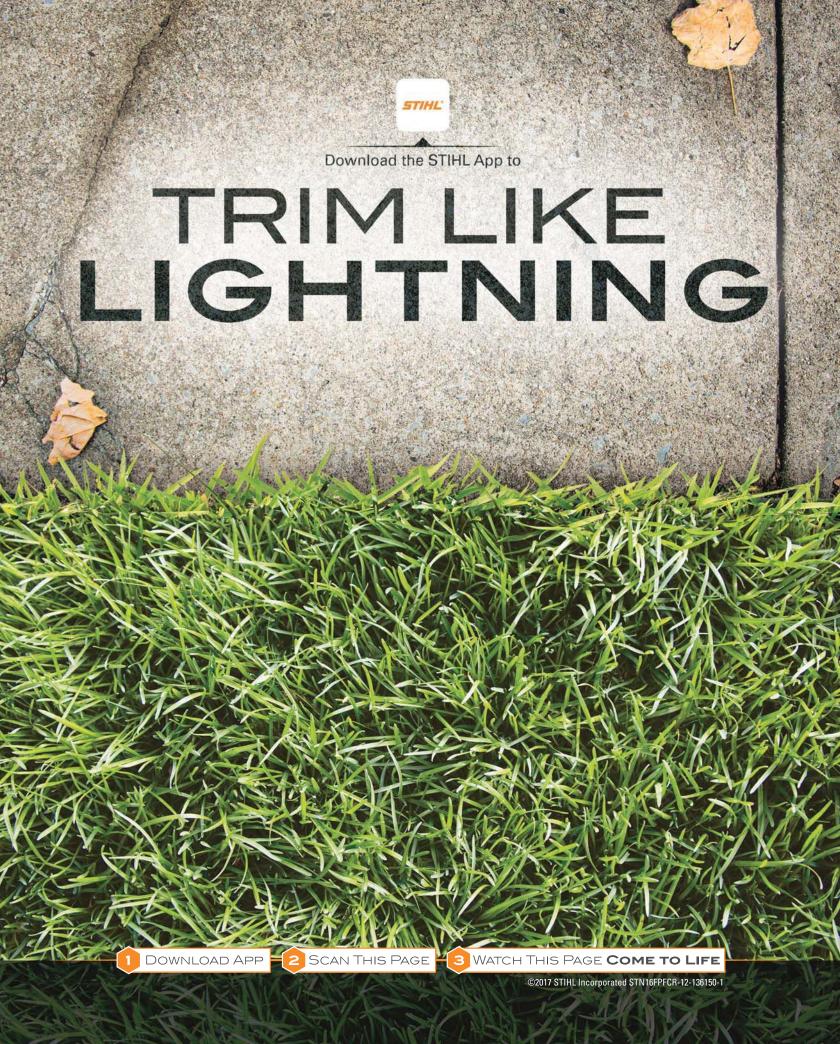






WHAT CAN YOU DO ON A SINGLE CHARGE?





Values

(Continued from page 59)

been pilloried for exploiting pro-immigration sentiment for its own business purposes. That critique never got traction.

I recently visited Airbnb's headquarters, a beautifully rebuilt warehouse with a bright, open atrium and playfully designed studiolike work spaces. I met with Jonathan Mildenhall, Airbnb's chief marketing officer, who was animated about a new internal study he'd undertaken with partners at ad agency TBWA\Chiat\Day titled "The Business Case for Creating an Iconic Brand." The premise is that tech companies (with the notable exception of Apple) undervalue and underinvest in brand building, limiting their growth and impact. Mildenhall hoped to use the study to convince Airbnb's internal stakeholders—CEO Chesky, other executives, the board of directors that an ongoing commitment to enhancing the brand was a worthwhile investment.

Mildenhall is a charismatic, stylish Brit who came to Airbnb from Coca-Cola, where, among other things, he oversaw the diversity-celebrating "It's Beautiful" Coke ad that originally aired in 2014 and also ran during this year's Super Bowl. Mildenhall's aspirations for Airbnb are ambitious: If Coke was the iconic brand of the 1980s, Nike defined the 1990s, and Apple ruled the 2000s, then his goal is to make Airbnb the brand of this decade. "I've got three years," he says.

The study, which has been packaged into a colorful, graphics-heavy 73-page booklet, enumerates how brands can enhance asset valuations, push customer growth, provide pricing support, attract talent and partners, inspire employees, and "drive loyalty beyond reason," as the booklet puts it. It is a rational, pragmatic pitch for building emotional appeal.

While Mildenhall, as a marketer, discusses all of this in terms of brand, it could just as logically be framed around values. (A central component in the study is "standing for higherorder values.") Airbnb's values revolve around "belonging"—its core product requires trust and openness to succeed, whether for hosts offering up their homes or for guests willing to stay with strangers. While Uber might, in the long run, replace its drivers with self-driving cars, Airbnb is inextricably reliant on people.

Airbnb's "Accept" Super Bowl ad, Mildenhall says, was not a strategically developed campaign-it came organically out of the company's values. Members of the marketing team had originally put it together for Airbnb's own website, using pictures of employees and their family members and spending around \$85,000 on production. When they showed it to Mildenhall, the Super Bowl was six days away. Could this work as a commercial during the game? He asked them to cut the video down from 60 to 30

seconds, which they did in 45 minutes. When Mildenhall presented Chesky with the idea of deploying it for the world's biggest media event (Fox still had an open slot), Chesky's only hesitation was whether an ad without additional initiatives behind it would come across as mere hype. So the day it aired, Airbnb announced a goal to provide short-term housing to 100,000 people in need over five years. It also committed to a \$4 million donation to the International Rescue Committee, which helps refugees around the globe.

Uber's challenge, aside from its CEO's need to rehabilitate his own reputation, is that it hasn't convincingly linked its core business operation to a larger social purpose. While ride-sharing can be seen as a conduit to having fewer vehicles on the road, cutting down on traffic and carbon emissions, it is Uber's competitor Lyft that has owned that narrative-plus a more empathetic brand ethos to go with it. (Lyft scored points by making a big donation to the ACLU right after Uber's travel ban-protest fiasco.) Behaving less ruthlessly may have hampered Lyft's business growth, but the company has earned generosity credits that seem to be increasingly difficult for Uber to accrue.

WHERE VALUE BEGINS

Anne Raimondi's office is not particularly impressive. Zendesk's head of marketing works in a small, windowless square that's adjacent to a few rows of open-plan workstations. It's certainly a comfortable place: Her company, which is best known for customer-service software, offers the type of decor typical of a certain kind of San Francisco-area workplace, with blond wood, communal work areas, and a loftlike vibe. Yet compared to the jaw-dropping environs of places like Facebook and Airbnb, it seems rather modest.

But within this relatively unspectacular locale, Raimondi-who is not a boldface name in the business community—illuminates a key aspect of running values-driven businesses better than any other executive I've spoken with. She talks about "stress testing" values—the idea that moments of conflict are when we learn what is really most important to us.

Raimondi got an early lesson in the integration of values and enterprise when she worked at eBay for founder Pierre Omidyar in the early 2000s. "He was super thoughtful on how an open, honest environment brings out the best in people," she says. "He believes that people are basically good and that everyone has something to contribute." And that fit smoothly with eBay's business model of "a marketplace where people could trust—buying items from someone you don't know," she adds.

Since then, Raimondi has occasionally acted as an informal adviser to startups, helping them to construct their own values statements. "Culture is a living, breathing thing that evolves," she says. "Culture becomes a reflection of values at each stage of an enterprise. They manifest themselves differently."

The most effective values, she says, are useful in building strategy. "So many companies think of this as a check-the-box: 'Okay, we need a values statement," she says. "They end up with things that are generic and watered down." (Adam Grant echoes this point: "The research shows that most corporate values are the same—excellence, integrity, teamwork, and so on.")

Among the values statements at Zendesk is "Keep It Beautifully Simple." "That worked when we had one product, but as we move upmarket and take on more complex problems, it doesn't capture enough," Raimondi says. "So we're discussing how to evolve." Raimondi doesn't see this as a weakness; instead, it's a reality. "What are the different perspectives at different stages, and how do you use your values to make difficult decisions?"

What defines a business is not the words that a CEO or human resources department trot out, but rather the way the organization actually behaves. "If no executives are in the room," Raimondi says, "how does everyone hold each other accountable? How do we challenge and make each other better?" Or as Grant says, company values "are lived, not just talked."

Today, we are at a moment of stress-testing for business, exemplified by both Trump administration policies and reactions to them, but extending to more broad proportions. As trust in government and other institutions has suffered, businesses are expected to play an ever-larger role in leading culture, in the U.S. and around the globe. How business leaders tap that power—and express their values—will play a critical role in the evolution of our world.

Grant says that what ultimately differentiates givers from takers is our inner motivations, our intentions. Kalanick's intention at Uber is murky; wouldn't his business model be more efficient if every driver were replaced by an autonomous vehicle? Chesky's intention at Airbnb is clearer: He really does want people to accept each other; that will, after all, push his business forward. The intentions at Salesforce are obvious: It believes philanthropy will help its Ohana both spiritually and financially.

As for Zuckerberg, there's no question that his intention to connect the world is genuine. And if that makes him, his employees, and his shareholders a ton of money, what's wrong with that? "In running a company like this, you're never going to get everything perfect," he says, "but every day you can come in and try to make people's lives better. And if you repeat that process for a long period of time, the value compounds, and you can make a very big impact."

Business has long been ruled by the shortterm demands of Wall Street investors: quarterly earnings results, a rising share price. But when you think about it, that's really a taker's attitude. And maybe that's starting to change. ©

rsafian@fastcompany.com

10 MEMORABLE PRODUCT LAUNCHES

From pen-based pandemonium to viral fried chicken, these debuts had serious impact.

By David Lidsky

Illustration by Peter Oumanski





Reynolds Rocket

October 1945

The Reynolds International Pen Company introduced the first commercial ballpoint pen with much fanfare at New York's Gimbels department store, which promoted it as "miraculous."

What happened: Big lines and a "no-holds-barred fracas," according to one report at the time. An early example of masterful buzz-building.



Microsoft Windows 95

August 1995

After months of buildup, Microsoft gathered thousands of journalists and employees—along with luminaries like Jay Leno—to reveal its operating system.

What happened: People lined up to buy it, making Windows 95 one of the first computing products to have a true pop-culture moment.



Edsel

September 1957

When Ford debuted this mid-priced car line, it tapped into the era's most advanced marketing muscle, amping up expectations with teaser ads and a TV special called *The Edsel Show*.

What happened: Edsels turned out to basically be souped-up Mercuries, and disappointed consumers dismissed the overhyped brand.



Viagra

April 1998

Pfizer spent a reported \$100 million to stoke demand for its breakthrough erectile dysfunction remedy, tapping Cline Davis & Mann to make crafty ads that targeted both men and women.

What happened: Frisky baby boomers snapped up \$1 billion worth of the blockbuster drug in its first year.



Kodak Instamatic

March 1963

The product marketed itself; all Kodak had to do was tell customers, "Now, in the time it takes to read this sentence aloud, you can load the new Kodak Instamatic Camera."

What happened: Kodak sold more than 50 million Instamatics by 1970 and created a generation of camera enthusiasts.



Livestrong wristband

May 2004

The Lance Armstrong Foundation's youth cancer awareness initiative quietly enlisted celebrities such as Tom Hanks and Serena Williams to wear its yellow silicone bracelet, inspiring curiosity and letting people discover it for themselves.

What happened: The foundation has raised \$100 million worldwide from the Livestrong campaign.



Sony Walkman

July 1979

Sony showed off its personal cassette player with a goofy campaign in the streets of Tokyo, which involved demonstrating things that people could do while listening to a Walkman (such as riding a tandem bicycle) as the press watched.

What happened: Onlookers were baffled, but music fans bought more than 200 million units.



KFC Double Down sandwich

April 2010

Gluttons in Omaha and Providence helped KFC's test of a bacon-and-cheese sandwich—with pieces of boneless fried chicken replacing the bread!—go viral. KFC was coy about a national rollout and even teased, "It's Real!" on April Fools' Day.

What happened: It did finally hit stores nationwide, but drove more outrage than sales.



Apple Macintosh

January 1984

A bow-tie-clad Steve Jobs introduced his bold Macintosh computer—as well as his soon-to-befamous penchant for dramatic demo events—at a raucous shareholder conference.

What happened: Mac didn't topple IBM, but Jobs's bravura presentation style paid off when he debuted the iMac, iPod, iPhone, and iPad.



Snap Spectacles

November 2016

Snapchatters couldn't buy these camera glasses in stores; they were initially only available via pop-up vending machines. Scarcity and desirability created an organic sensation.

What happened: By eschewing the hoopla of the failed Google Glass launch, Snap inspired excitement rather than skepticism.

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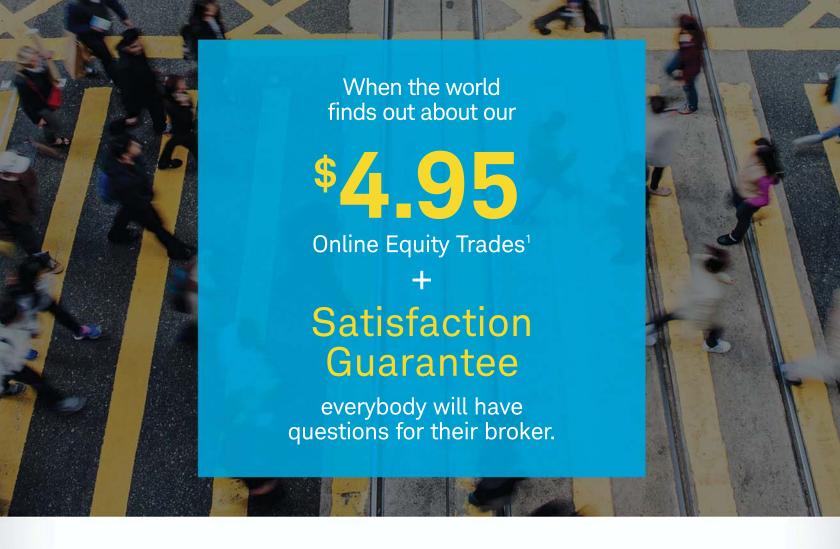


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