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What's Your Obamacare Strategy?
(You do have one, don't you?) page 74

HOW I GOT STARTED

The start-up secrets of
TONY HAWK
RICHARD BRANSON
DAYMOND JOHN
CLIVE DAVIS
BOBBI BROWN

"It's not bluffing. It's thinking on your feet, and it's helped me a million times."
—Bobbi Brown

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WHAT I'VE LEARNED, from the founders of
PATAGONIA
CISCO
EVERNOTE
ZIPCAR
FAB

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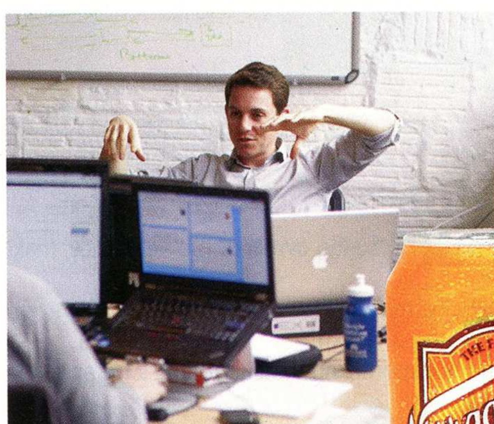

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HANDS ON

FROM TOP: DAVE LAURIDSEN; COURTESY COMPANY (3) we kept our client work, we knew we would never get this out," says Shipton. So last March, he and his partners decided to stop taking on new work from clients. BitMethod launched a pilot of Change just two months later.

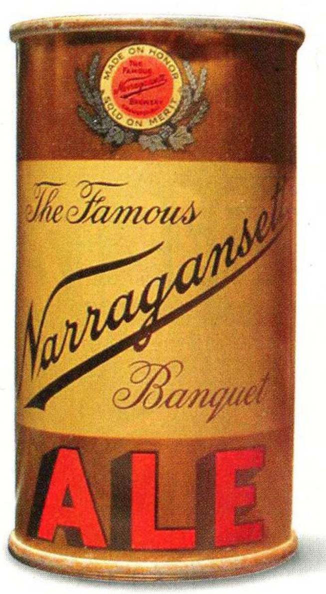
> "Everyone in the company needs to be clear what's the old thing and what's the new thing," says Ries.

MAINTAIN A REVENUE STREAM Dropping app development for outside clients slashed BitMethod's revenue. The company did have a backup source of cash flow, however. Even as its development team focused solely on Change, its IT consulting division, which operates under the name Grand Consulting, continued to accept clients. The two divisions had always worked autonomously, so the company's change in strategy had little impact on the consulting wing's day-to-day operations. Leaving the three-employee consulting division intact also gave the company's employees added confidence in going forward with Change.

Entrepreneurs attempting a pivot often face a Catch-22, says Ries. There's the obvious risk of putting all the eggs in one basket, but keeping two vastly different business units running at once can be detrimental to the pivot's success. Employees, for instance, may be less committed to the new strategy if they get the impression that the company's leaders are hesitant to make a complete break with the old one. But immediately switching over may be unfeasible for some companies. In BitMethod's case, Shipton wanted to preserve a source of revenue so that his company would avoid having to seek outside funding. His decision to house his company's dual functions within separate divisions is a smart approach, says Ries. "Everyone in the company needs to be clear what's the old thing and what's the new thing," he says.

Change went live last November. Since then, the app, which costs $79 a month, has processed more than 20,000 transactions, a modest but promising start. Some loose ends still need to be tied up, however. Shipton has not yet decided whether to formally rename the company, though he now introduces himself to potential customers as the CEO of Change. Also unclear is the future of Grand Consulting; it could be spun out into a separate company, or the consultants could take new positions within Change. "We don't know how it will unfold, but there are lots of options," Shipton says.

BitMethod's main priority now is making sales of Change the company's main revenue stream. Although Change is competing against well-established companies such as Square and ShopKeep POS, Shipton remains confident. He believes the company's previous success developing apps for other companies prepared it well to respond to restaurateurs' and retailers' needs. "The decision to pursue Change was a bit daunting," he says, "but this is clearly in our wheelhouse." —*April Joyner*



Bottoms Up New Englanders welcomed Narragansett Brewing back after a 22-year absence.

Marketing
Gone but not forgotten
Finding new opportunities in reviving classic brands

Before it went out of business in 1983, Narragansett was the quintessential beer of New England. During its heyday in the 1950s through the 1970s, Narragansett was the official beer sponsor of the Boston Red Sox. At the start of every broadcast, longtime Red Sox announcer Curt Gowdy would greet fans with the company's tag line, "Hi, neighbor! Have a 'Gansett." The beer even had a memorable cameo in the movie *Jaws*.

Mark Hellendrung, a native Rhode Islander and former president of Nantucket Nectars, had fond memories of Narragansett. He also happened to be looking for a new business venture. In 2005, Hellendrung and a group of investors relaunched Narragansett Brewing, bringing back a brand that had been out of existence for more than two decades.

Rohit Deshpande, a professor of marketing at Harvard Business School, says this is a perfect time to bring back old brands. Baby boomers have grown nostalgic for the brands they grew up with, while consumers of all ages have shown a willingness to pay more for

Welcome Back

If at first you don't succeed...someone else might. Here's how new ownership helped these brands find success the second time around.

Narragansett Brewing

Founded: 1890
Closed: 1983
Relaunched: 2005

Rather than competing against the big breweries, Narragansett has found its niche among craft beer enthusiasts.

Butterfields Candy

Founded: 1924
Closed: 2009
Relaunched: 2012

As its customers are now mainly adults, Butterfields's candies are sold in gourmet and specialty shops.

Mini

Founded: 1959
Closed: 2000
Relaunched: 2001

The iconic car brand announced its return with a series of innovative ads playing up the virtues of being small.

Lilly Pulitzer

Founded: 1959
Closed: 1984
Relaunched: 1993

Lilly dresses are again a must-have for the preppy socialite set, but the brand has been expanded to include bedding, menswear, and stationery.

FROM LEFT: COURTESY COMPANY; FRAZER HARRISON/GETTY

products with a reputation for high quality, which legacy brands often have. Hence the return of, for example, Lilly Pulitzer and Mini.

Butterfields Candy is another regional favorite that has recently been given a new lease on life. Founded in 1924, its signature product, a hard candy called Peach Buds, was a well-loved treat throughout the South. The company abruptly closed its doors in 2009 after the owner fell ill, and the candies disappeared from store shelves. Dena Manning, the company's new owner, is confident Butterfields can make a comeback. Last year, she bought the company out of foreclosure and put Peach Buds back in production.

Acquiring an old brand does involve some legwork. If a brand has been extinct for a long time, it may require some detective work to determine exactly who maintains ownership of the brand. However, if the owner has no plans for it, then buying the rights to the brand should be a fairly straightforward negotiation. Of course, there may be other expenses to consider, such as outstanding debt or the cost of reestablishing operations. Manning ended up spending close to $200,000 to renovate Butterfields's factory, which had fallen into disrepair.

As Narragansett has revamped its brand, it has attracted a slightly different demographic than in the past. In its original incarnation, Narragansett was a mass-market beer. Today, Narragansett primarily attracts drinkers who prefer craft beers as an alternative to brands such as Budweiser and Coors. Its customers tend to be relatively young, under 45. At first, Hellendrung attempted to draw in more middle-aged, blue-collar consumers, but he soon realized that demographic was less willing to try new beers. "It's the opposite of what we thought when we started," he says. "The younger demographic is so much more experimental. For a party, a young guy might buy six different kinds of great beer. The older guy will buy a 30-pack of Bud Light."

That's not surprising, according to Deshpande. For old brands to regain new life, he says, they must be relevant to contemporary customers. As a result, they may have to undergo a significant departure from their original approach. For instance, Old Spice, though not defunct, had languished until the brand was retooled to reach younger consumers. Though tweaking a long-standing brand's identity is a significant challenge, entrepreneurs who acquire old brands often have an advantage over the brands' previous owners, says Deshpande. "They're not prisoners of history," he says. "They can come up with fresh ideas and rethink what the brand could be."

Alterations may be especially necessary if a brand's reputation has taken a hit. Narragansett, for instance, suffered from the perception that the quality of its beer went down after Falstaff Brewing, the previous owner, moved production out of Rhode Island and into Indiana in 1982. When Hellendrung relaunched the company, he encountered middle-aged consumers who associated the brand with cheap quality and remembered being betrayed by the previous owners. "They really had a bad taste in their mouth, living through that experience," he says. "That's been the group that is most difficult to reach." But the company's frequent attendance at beer festivals and other events has helped combat that perception, he adds.

It's a delicate balance, however, as brands must keep some connections to their pasts to maintain authenticity. Both Narragansett and Butterfields emphasize, on their websites and in their packaging, their products' faithfulness to their companies' original recipes. The owners even recruited former employees to ensure that their products' original quality would be upheld. "Our candy is still made the same way as it was in 1924, and we don't want to change that," says Manning.

At Narragansett, Hellendrung hired the original company's former brewmaster, Bill Anderson, to ensure the authenticity of the new beer. It seems to be working. Last year, the Brewers Association, an industry trade group, ranked Narragansett as one of the top 50 breweries in the U.S.

—April Joyner