

Reinventing Business in Challenging Environments

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Today's Talk - My Experience with Three Business Environments

- Creating a business with a greenfield opportunity (Shutterfly)
- Creating a business based on a proven need (Outback Internet)
- Reacting to significant business challenges (e.g. the pandemic)

Shutterfly - A Business Built on a Vision

- **No** existing market, **Not** solving an existing problem
 - '99 - Digital Cameras were a novelty (1 megapixel, printing limited to home printers).
- Digicams would become mainstream (tech improvements, decreasing cost)
 - No recurring film costs & share photos electronically => *huge value prop*
- The multibillion \$\$ question (and bet)
 - Would consumers still want prints?
 - Could you make the digital experience better than the film?
 - Creative enhancements done online (artistic borders, add text, auto image fix, B&W, etc.)
 - Automatically mail prints to friends and family
 - A safe, digital photo album in the cloud
 - Reprint anytime
- An "old fashioned," but proven business model: pay for physical goods received

Shutterfly “It’s Like Printing Money!”



...So How Did I End Up In Templeton???

- Raised and spent career in Silicon Valley
- Spouse (Cal Poly alumna, family farm in Cambria) introduced me to the Central Coast
- Loved the area
 - Recreational opportunities
 - Lack of urban sprawl
 - Nice environment for raising a family
- Original plan was to telecommute, but there were challenges...
 - **Lack of rural internet connectivity**

Outback Internet...Responding to a Need

- Lesson learned: retiring doesn't mean you don't want high-speed internet
- When others won't step up to the plate...seize the opportunity
- Built our own high-speed network
 - Operated in "stealth mode" for a couple of years
 - Based on huge rural demand (wineries, ranches)
- Differentiated by offering fast, business class speeds, premium customer service
- Built into a successful "lifestyle" business
 - Subscription business model
 - Serves a critical need, not a "nice-to-have"
 - Leveraged cloud based business infrastructure to keep operations efficient

Outback Internet...Responding to a Need



20 Years - Three Devastating Business Challenges

- Burst of the Dot Com Bubble (2000-2002)
- Financial Crisis and Great Recession (2008-2010)
- Covid 19/Pandemic (2020-2021?)
- Each precipitated by different factors, but led to permanent improvements of business models and operations

The Pandemic - A Crisis Like No Other

- Hit very quickly, no previous experience with pandemics
- Changed (and keeps changing) the rules on how businesses can operate
 - Can't operate (e.g. bars, health clubs)
 - Operate with significant modifications (e.g. restaurants, wineries, retail)
- Social Distance requirements - many of our businesses are based on interaction & social experience (tourism)
- Limited experience with operating online/working remotely
- Financial impact
- Fear of unknown/future

Some Key Questions

- Modify your business within the constraints of the pandemic?
- Keep your customers engaged virtually?
- Staff/Customer safety?
- Can various functions of your business be handled remotely?
 - WFH, video conferencing, cloud based tools that allow access/operations from anywhere?

Case Study - Thomas Hill Organics

The Situation:

- Destination restaurant catering to tourists & locals
- Travel restrictions/safety concerns required (at least temporarily) a change in the model
- No previous experience or infrastructure for online ordering

Case Study - Thomas Hill Organics

What they did:

1. With travel restrictions, focused on local clientele by offering "Family Meals." Great food at a lower price point, prepared and packaged to be served at home...Making life easier during a stressful time
 - Implemented online ordering system with appointments for drive through pickup
2. Offering a fixed weekly menu that is pre-ordered and purchased online
 - lowers operational costs and simplifies inventory management
3. Spiced it up with various themes (regional cuisine focus, etc.)

Case Study - Thomas Hill Organics

What they did (cont.):

- Expanded online ordering to general menu as travel restrictions lifted
- Used analytics to understand guest preferences, traffic sources, etc.
- Surveyed customers for feedback and menu preferences
- Augmented layout to make use of adjacent parking lot, etc.

Case Study - Tablas Creek Winery

The Situation:

- Restrictions prevented winery visitors, tastings, etc.
- How to maintain connection with customers?
- Ensuring a safe environment for employees and guests

Case Study - Tablas Creek Winery

What They Did:

- Safety - enabled employees to WFH where possible, established numerous safety protocols and a welcoming outdoor tasting experience for guests
- Maintained contact with their clientele by boosting SM including educational and entertaining short-form videos on YouTube
 - Fortunately demand for wine has increased 👍
 - Educating guests on extensive safety measure encouraged visitation

Case Study - Tablas Creek Winery

What they did (cont.):

- Virtual Experiences - order pre-bundled half bottle packs or “build your own adventure” tastings. Staff walks you through the flight virtually. Partnered with restaurants across the country for virtual winemaker dinners
- Once outdoor tastings started - established online reservation system and “greeter” at the gate to explain updated protocols/experience.

Moving Forward - Some Pandemic Adjustments are Here to Stay

- You need an online presence/business channel - pre-pandemic, few local restaurants offered online ordering options. Now customers expect it.
- New to online? - leverage business analytics to revise/improve your business
 - Google Analytics is an easy option
- Enable WFH where appropriate
 - Lowers operational costs (less office space)
 - Broadens available employee pool, supports parents if distance schooling
 - Requires a solid internet infrastructure which is still a challenge in North County
- Continue to engage out-of-town clients with unique virtual experiences

The Importance of Collaboration

We're majority small business!

- Lack of in-house resources for strategy, SM, marketing, technical infrastructure
 - Especially difficult under stress
 - Even with local competition, there's power in coming together
- Ideas
 - Market the region (leverage combined \$\$), benefits all businesses
 - Chambers qualify and negotiate blanket contracts for online marketing/PR/tech consultants
 - Lowers rates for local businesses & enables steady revenue stream for consulting firms
 - Leverage Cal Poly SBDC for free resources

Thanks and Be Strong!