

PROLOGUE

Almost every child—even the littlest of children—can tell you about Santa Claus' journey every year on Christmas Eve. But while the story of Santa Claus is well-known, most people are surprised to learn that several decades ago, Santa's Workshop was in jeopardy of shutting its doors. The Workshop was in danger of closing, not just for a short period, but FOREVER.

It was 1969, the same year as the moon landing—one of the most triumphant moments in human history. People from around the world watched Armstrong walk on the moon on television and read about it in every newspaper, magazine, and pamphlet the next morning. Because the press was so focused on this revolutionary event, very little was written about Santa's Workshop, so very few people knew about this dark period in the company's history.

Back then, Santa's Workshop operated very differently than it does today. In fact, Santa Claus didn't always deliver his gifts personally to children around the world, and they didn't always arrive on the same day every year. Santa Claus initially sent toys through the mail using the 'good ole reliable postal service.'

First, children asked Santa Claus for a toy either by

writing a letter or calling the North Pole. The Workshop received requests in their sophisticated consumer call center and mailroom. The staff of elves put each child's toy wish on a list and then handed out the requests to the appropriate department in the Workshop—the doll department, the wooden train group, and so on. The elves created the toys by hand, and then the gifts were packaged and shipped out to the kids. One day during the year, a child would get a toy that they themselves requested in the mail.

Santa Claus started the Workshop with a vision to share joy to children around the world. The operations of the company supported this vision for five years, and the Workshop successfully brought smiles to kids throughout these years. But after a while, things started to change. Not only did Santa want to spread joy to children, but he also wanted to spread joy to everyone—even those who did not specifically request gifts from the Workshop.

Two years before the Workshop nearly shut down, Santa began to expand his operations, and this created a lot of unforeseen challenges to his business. The Workshop developed cash flow issues from overexpansion and suffered from significant consumer perception issues. Negative public relations also threatened the Workshop's livelihood. Santa Claus' Workshop was on the brink of collapse.

At that time, Santa Claus and a courageous group of his most trusted company executives decided it was time to change the way things were done at the North Pole. Suffice it to say, the Workshop, as we know it today, may have ceased to exist if not for the brains behind the radical reinvention of Santa's Workshop. They did this by employing a disciplined

branding approach to their business. It not only radically changed the way they did business, but it also revolutionized the way they looked at their products. They began viewing their business as a “brand,” and it changed everything they did.

Let's go back in time to some months before Santa engaged his executives to reinvent the Workshop.

CHAPTER 1 A NEW PRODUCT IDEA

Santa arrived at the door of the workshop out of breath. Holding a drawing tightly in his fists, he headed toward the executive area on the south side of the vast building. Forgetting to brush off his black Wellies, he left a trail of snow on the workshop floor. Chief Toymaker Jacob grabbed a mop and wiped away the trail of dirty snow that Santa left in his wake.

When Santa entered the executive office, a large communal room filled with small desks, he rushed over to Georgia's desk and plopped the drawing on top of the papers she was reading.

“Hey!” she yelled as she turned around.

Santa Claus' big frame towered over her. Embarrassed, she quickly apologized, “Sorry, Santa. I thought you were someone else.”

“I have the greatest idea, Georgia!” said Santa.

“Oh, really,” Georgia uttered as she looked over at Simon with despair.

“A new product! I thought about this as I was watching Mrs. Claus get ready this morning. I don't know why I didn't think about this earlier. I've seen her do this every day since we've been married. That's over twenty years,” he said.

Holding up the paper, Georgia examined the drawing. Sketched on a piece of white paper was an elegantly designed perfume bottle with the words "Santa's Scent" written in cursive on the label.

"What do you think?" asked Santa as Simon walked over to Georgia and looked at the drawing over her shoulder. Georgia turned the paper sideways, upside down, and then held it up close to her face to examine the details. Santa waited eagerly for an answer.

"It's nice," she said, handing it back to him. "But we can't produce it here at the workshop."

"What do you mean? It's simple to make. It's just a bottle. We have the best craftsman in the world at the North Pole. Right, Simon?"

"To tell you the truth, Santa," Simon said as he crossed his arms, "Georgia's right. We mainly use wood and plastic in the workshop. Glass production requires expensive kilns and raw materials that we don't have. I don't think our craftsmen know anything about blowing intricate glass like this. We'd have to bring in a glassblower who knows how to do this."

"As I said, we can't do this," Georgia said as she turned back to her work. She had a line of new dolls that she needed to put into production that week.

But Santa was not ready to give up on his idea. "But you are one of the smartest product developers I know. I know you can figure out a way to do this—even if it takes some investment. I think we can find some money in our budget to do this efficiently. Right, Simon?"

"Don't take this the wrong way," Simon replied, "but

expanding into underwear and socks last year really killed our profit margin. We don't have the working capital to make the kind of investment needed for this type of product."

"You make it sound like it was a mistake to expand," Santa said. "These weren't any 'ole underwear and socks. They're super durable and they're the longest lasting ones available. They beat the socks off of everything on the market today!"

Georgia said, treading lightly, "Santa, when you recruited us to help you create Santa's Workshop, you told us that you wanted to bring joy to children around the world."

"Yes, that's right," said Santa. "At least you're listening to me."

"Well, I'm just wondering how underwear and socks help bring joy."

"People need underwear and socks. Can you imagine? You just got a hole in your socks. And then in the mail, you get a brand new, beautiful pair of long-lasting wool socks. That would delight so many people." Santa was tickled with happiness.

"But do children really need socks to last ten years? Aren't their feet constantly growing?" asked Simon.

"That's not the point," said Santa dismissively.

"And last year, you asked us to expand to adult underwear and socks, and then we added women's handbags and men's ties," Georgia reminded Santa.

"And don't forget women's accessories," added Simon.

"I thought we were going to focus on kids, and now we're making all these products for adults," said Georgia. "What are your corporate sponsors going to say if we keep moving away from our core market of children?" Since the toys

were financed by the companies that licensed Santa's image for children's products, they had to consider whether these companies would favorably view this new line.

"Everyone needs a little joy, don't you think?" Santa sang sweetly. "In fact, Georgia, I think you need a little joy. How about a sleigh ride with me? Won't that make you feel better?"

Feeling exasperated, Georgia shook her head. "I don't need a sleigh ride. I need you to understand the potential issues this will bring. The capital investment will be high. Inventory and material costs will be high. And we'd have to implement new job training."

"What if we bought the glass in bulk and had it labeled here?" asked Simon.

"But everything here is handmade," said Santa.

Simon gave Georgia a look of defeat. Simon didn't have the heart to disappoint Santa. But he was a pragmatist at heart, and he knew this idea was not a good one for the company.

"Georgia, you are a great developer, and Simon, you are the best financial expert I know. The two of you can definitely figure out a way to make these beautiful perfume bottles."

Santa often sang praises to his executives, which made it hard for them to say no to him. Georgia wore a gloomy, hopeless look in her eyes. In her head, Georgia knew she could find a way to make Santa's perfume bottles, but in her heart, she also knew it wasn't the best thing for the Workshop.

Georgia gave Santa a weak smile and then asked, "How much perfume do you want in each bottle?"

"Whatever you recommend!" Santa bellowed. He handed the sketch back to Georgia. As he walked away, he began to laugh with joy. Santa's "ho, ho, ho" could be heard across the workshop floor until the door slammed shut behind him.

CHAPTER 2 THE MAKING OF A PERFUME

Georgia picked up the sketch again and studied it carefully. The bottle design was intricate and delicate, like Venetian glass. A bottle like this would need to be developed by a very experienced glassblower.

“Georgia, I don’t like it either...but we’ll figure out a way to make this work.” Simon took the drawing from Georgia and studied it.

“I know we can figure it out,” said Georgia. “I just feel like we’re expanding too quickly, and we have no direction. I loved the idea of bringing joy to children around the world. That’s why I decided to take this job. But now, he wants to bring joy to everyone. We can’t possibly do that.”

“You know Santa. He thinks big. He always has. Bringing joy to everyone is his new vision,” said Simon, torn about his concern for the financial stability of the company and his loyalty to Santa. Trying to be optimistic, he said, “Look, we can get Melinda to help put the feelers out in New York for someone who can help us set up this perfume line.”

“And where are we going to find a Nose?” she asked.

“A Nose?”

“You know...a person who can put together scents for a perfume—a perfumer,” she answered. “That’s a very

specialized skill. And how do we find an elf to do that work? If we hire a human, we’ll have to retool all the workspaces to be human-sized. And then we’ll have to figure out...”

“Okay, okay. We’ll cross that bridge when we get there,” Simon assured her. “Right now, we need to find the right person. I’ll call Melinda, and then I’ll get on the phone with some people I know in Paris...we’ll start from there.”

They got back to their desks and began making calls. The wheels were in motion to develop Santa’s Scent, a new line of perfume for women.

There was so much to think about in launching this new item. Not only did the team have design issues to contend with, like how to create the delicate glass bottle and develop a unique scent, but they also had to figure out how to fit it within their production schedule. Due to the complexity of the product, these items would take four times the amount of time it would take to make their most intricate toy. And this was contingent on finding a highly skilled glassblower and perfumer. Then there was the cost of purchasing and maintaining a large kiln that the glassblower would use to create the bottles. The Workshop would also need to carry a large inventory of glass rods for the glass production and new ingredients for the creation of the scent. Also, they had to create original packaging for the fragile item, one that safeguarded the product during shipping.

They took all of these challenges to heart and tackled them one by one. And after many production meetings and phone calls with suppliers and machine makers, the line was ready to run in a record three months. The elves’ workspaces were rearranged to make way for the shiny, new equipment

they had purchased from a French manufacturer.

Ethan, the HR director, and Georgia spent hours interviewing the right candidates for the two positions. They spoke with humans and elves alike. The human candidates were real glassblowers and perfumers, and Ethan and Georgia were thrilled to find such high caliber candidates. The candidates, on the other hand, were less than pleased when they arrived at the North Pole on an exceedingly cold winter day surrounded by elves half their size and a village made in elf proportions. When the human candidates returned home to the comfort of their own human-sized homes, all of them respectfully withdrew their candidacy for the two available jobs.

That left the elf candidates, who, for the most part, were not as experienced as the human candidates. The most experienced elf they found for the glassblower job was a craftsman by the name of Oona. Though her specialty was not glassblowing, she was an expert potter who made an impressive array of beautiful pots. Oona convinced Ethan and Georgia that she could do glassblowing equally as well.

They were unable to find an elf who specialized in perfumes because elves did not wear perfume, but they did find a chef who had a wonderful sense of smell and a flare for inventiveness when it came to his food. Chef Milo even came personally recommended by their own Chef Aaron, the chef of their cantina. He was the near-perfect candidate for the job.

When the new hires arrived and settled into the North Pole, Santa hosted a ceremony to welcome them to the company. Then he presided over the ribbon-cutting ceremony

for the new glassblowing space on the workshop floor. Santa beamed with joy as he slashed the red ribbon and welcomed in a new era to Santa's Workshop. As he looked around the workshop at the elves, he wished that they too could feel his delight.

CHAPTER 3 IN FULL PRODUCTION

Just one month into their new production schedule, problems were already arising. When they were producing only toys, production was steady. But when they added the garment manufacturing line, it slowed down the Workshop's overall throughput. The socks, underwear, and ties were handmade, and therefore, required elves to spin cotton, make fabric, and then sew the material into the appropriate garment. The addition of the perfume operations added a whole level of complexity that slowed down production even more.

Chef Milo, while possessing complementary job skills, was far from a perfumer. Mixing essences to create a scent was vastly different from cooking food and developing diverse flavor profiles. It took him a long time to learn how to formulate interesting scents. He went through fifty liters of essences before he could find a formula he was happy with, and even then, it required ten different ingredients that they needed to have on hand at all times. Simon tried to convince Chef Milo to change the formulation since the essences he had chosen for the perfume were extremely expensive, but Chef Milo could not. He would not compromise, because any change to his formula would be an insult to his artistry.

Likewise, Oona was not a professional glassblower. She went through 851 rods before she was able to replicate Santa's design, and even then, it wasn't exact. It took the two new hires four months to produce the very first perfume from Santa's Workshop, even after the line was ready to run.

Over the four months, resentment over the perfume line grew and grew. Because it took up a lot of space, the elves had to make their toys and garments in a smaller area on the factory floor. The heat from the kiln was unbearable at times, particularly by the afternoon when the oven had been running for several hours. The elves also complained about the sticky-sweet scents from the perfume-making station. Ethan and Georgia tried to improve the situation by bringing in fans to get rid of the smell and the heat, but the noise from the fans bothered the elves even more.

The overcrowding, the heat, and the noise began to affect the elves' productivity. The executive team had to increase everyone's hours to make the workshop's production goals for the month. They had already missed their production numbers for the last four months, and if they didn't meet their monthly production goals, they would be severely behind in fulfilling kids' wishes. The list was getting longer and longer each month. Extending everyone's hours was the only option.

Chief Toymaker Jacob came into the executive office and found Simon and Georgia at their desks. "If we continue at this pace, the elves are going to get burnt out," he said. "These conditions are deployable, and now you are requiring them to work ten-hour shifts. This is un-elf-like!"

"Jacob," Ethan said, "I know this is hard. But the hours

will decrease once we became more efficient. We all have to work harder right now. Even the executives are putting in twelve-hour days to manage the complexity of the new operations.”

Jacob didn't look reassured. After he left, Georgia turned to Simon and said, “Well, one thing that would help is to get Santa off these ridiculous new products. If we weren't so diversified, we could handle the workload. I told you making perfume was a bad idea!”

“Okay, I see your point. There's no use complaining to each other. Let's set up a meeting with Santa and tell him what's going on. He'll listen,” said Simon.

CHAPTER 4

AN INTERVENTION

The next day, Georgia, Simon, and Ethan set up a meeting, or rather an intervention, with Santa. At Santa's house, which contained his living quarters as well his office, the executives summoned Santa into the boardroom adjacent to his office, where they met regularly for weekly production and status meetings. As usual, Santa sat at the head of the old oak table, and the executives each took their regular seats—Georgia to his right, Simon to his left, and Ethan next to Simon.

“Why so formal everyone?” asked Santa.

“This is an official business meeting...an important one,” Simon said. The executives had stayed up most of the night, pulling together a presentation on the current state of the Workshop. Simon opened the presentation with an overview of the financial state of the Workshop. He led Santa through the revenue figures of current licensees and the expense numbers—the cost of material, labor costs, delivery charges, and marketing-related expenses. “We are barely breaking even, Santa. But that's not the scariest thing. One change in any of these numbers and the Workshop is in serious trouble. If we lose one of our licensees, we won't survive another month. Our material costs are the highest

they've been in years. If it continues to increase, we will be in a very precarious situation."

"That's not the only thing," said Georgia. "We are not yet fully operational with the perfume line, and it's already slowing the overall throughput of the factory. When it does become fully operational, according to Simon's scenario, we could experience a major financial meltdown."

Santa stared at Simon's bar charts and pie charts in the report in front of him. "Well, we'll have to make sure that none of that happens."

"We need to have a contingency plan, just in case any of those scenarios happen," said Simon.

"You worry too much, Simon. The Workshop will be fine!" said Santa, adding a big belly laugh.

"Santa," Ethan chimed in. "The numbers are not the only thing. We are wearing out our employees. They have been putting in ten-hour days just to keep up with production, and even then, we are falling short. The elves are complaining about their workload. I've been overhearing conversations in the lunchroom, and they're not happy."

"Don't they know that we're trying to spread joy? Isn't that enough to motivate them to work hard?" Santa asked.

"The elves are questioning our strategy. They think we've lost sight of what we're doing. They're wondering why we're making all these things," Georgia explained.

"Because we want to spread joy!" Santa exclaimed. "I want to bring smiles to people all over the world."

"We started by making presents for children, but now we are giving gifts to everyone. Why everyone?" Georgia said, treading lightly.

"Look how much despair there is in the world! There is a cold war going on. Countries are fighting. People are scared that a nuclear war will end the world. That's why we need to spread joy. We have to bring happiness back to this world!" Santa took a deep breath. "I know you're all concerned, but I think we're doing great. I would hate to cut back on anything right now because, while it's a little uncomfortable at the moment, we are still spreading joy."

The three elves looked at each other from across the boardroom table, unsure of what to do. Georgia began to say, "But Santa..."

"Enough," he interrupted. "I don't want to hear it. We are Santa's Workshop, and we have an important mission to fulfill in this world." The conversation ended when Santa got up from the table and returned to his office.

"That went well," Ethan said sarcastically.

"This could be bad. We'll have to hope we don't have any mishaps. We can't afford even a small margin of error," said Simon.

Santa's top three executives gathered their papers from the table and then walked slowly back to their offices with their heads held low.

CHAPTER 5

THE PHONE CALL

A few weeks later, Georgia received an urgent call from Melinda, her head PR rep in New York.

“Georgia. Bad news. I’ve received some intelligence from my guys on the street. They say that people are donating their gifts from Santa to charities. The Salvation Army and Goodwill both reported receiving Santa’s Workshop ties, purses, and perfumes in large numbers across the country. I called our offices in Amsterdam, Beijing, San Paolo, and Nairobi, and they say the same thing is happening in their markets.”

“Are you sure, Melinda? Are you sure they’re Santa’s gifts?”

“I’m positive. The products have Santa’s Workshop labels on them,” she said firmly. “That’s not the only thing. My contacts in the press have heard rumors that Santa is running a sweatshop in the North Pole. They say that the elves are working ridiculous hours. Two of our major licensees are talking about pulling out of their agreements due to these rumors. If any of these newspapers or magazines run a bad story about the Workshop, we’ll be in serious trouble. The rumors aren’t true, are they?”

Georgia fumbled with her words, “Melinda, we’re having

some issues with production. But we’re trying to sort things out. Give me a few days, and I’ll get back to you with our plan.”

“Listen, Georgia, maybe you should bring someone in to help you think through the Workshop’s strategy? I know someone here in New York, a brand strategist. She could work with Santa and the team to turn this around,” Melinda offered.

“What’s a brand strategist?”

“A brand strategist is someone who can help us think about how to improve the health of our brand. She can help us position our brand for growth,” she explained.

Georgia was too busy thinking about the repercussions of Melinda’s news to ask more questions. She scribbled the name and number of the brand strategist on a piece of paper and then tacked it onto her corkboard.

“Thanks, Melinda. I’ll call you in two days,” she said and then hung up the phone.