

W.L. Gore MarketBuster

Summary

Launching a product or service that busts the market is a difficult task. Yet W.L. Gore has managed to do it many times in its 47 year history. What is most impressive about W.L. Gore's success is not the quantity of its MarketBusters, but rather the wide variety of markets that the company has entered successfully. It has introduced new innovations that have busted markets ranging from dental floss to guitar strings, from Gore-Tex fabrics to heart patches and synthetic blood vessels.

The Story

The company was founded by Bill Gore, a former research chemist at DuPont, in 1958. Gore left DuPont to pursue market opportunities for PTFE (polytetrafluorethylene), one of the most versatile polymers known to man. He opened up his new business venture with his son Bob, a chemical engineering student at the University of Delaware.¹ Bill and his wife Genevieve raised seed capital for the business from their bridge club. In the early days of the company, employees slept in the Gore's basement and set up a production line in the backyard. Bob Gore produced the startup's first product: a plastic coating for insulating electrical cables. The production line for the product was set up in the backyard and employees often raided the kitchen for equipment they could use in manufacturing. An egg beater was used to coil cables and early customers of the cables were often surprised to find blades of grass caught in the coiled cable.²

W.L. Gore moved into its first plant in 1961 and continued production of its cables. In 1969, its small, light-weight, high-temperature cables were used by Edwin Aldrin Jr. and Neil Armstrong to install seismographic equipment on the moon. However, it was in 1971 that W.L. Gore made a major breakthrough with the discovery of the GORE-TEX fiber. A new industrial product line was born and the company began to innovate and expand into other industries using the GORE-TEX technology as a springboard.³

The founders and employees attribute the success and continual growth of W.L. Gore to its unique company culture that Bill Gore initiated upon the formation of the company. There are no bosses in the company and as a result, decision-making hierarchies are nonexistent. Since there are no hierarchies, there are no predetermined communication channels and employees are free to communicate with everyone in the company. In addition, there are no job titles at W.L. Gore; employees from engineers to secretaries are called associates and are not locked into specific tasks, but are encouraged to think and act outside of their traditional job descriptions.⁴

Bill Gore created this structure in the company because he believed that innovation was spurred only from collaboration among employees. In his experience at DuPont, he found that the only place where people spoke to each other freely and without regard for the chain of command was in the car pool. Additionally, he observed that most companies only create task forces and throw out the rules in times of crisis. It is only then that they are willing to take risks, but by eliminating the formal structure they often were able to make big breakthroughs.⁵ Gore wanted his employees to take risks continually and did not want them to be constricted by a formal chain of command structure. As a result, the culture at W.L. Gore is one where

¹ Anfuso, 1999.

² Deutschman, 2004, p. 57.

³ 'About Gore', 2005.

⁴ Anfuso, 1999.

⁵ Deutschman, 2004, p. 58.

employees feel free to pursue ideas on their own, communicate with each other, and collaborate out of self-motivation.

MarketBusting Moves

The company culture at W.L. Gore is important because it is one of the main reasons that the company has been able to launch so many successful products. Gore makes so many products that the total number is hard to estimate. With all the variations on each product, the count is estimated to be around 1000.⁶ The company is organized around the industries in which it operates: aerospace, automotive, chemical processing, computer/telecom/electronics, energy, environment, industrial/manufacturing, medical/healthcare, military, and textiles.⁷ As a private company, Gore does not have the pressures of reporting quarterly results. It can, therefore, take more time to develop a product from the invention stage to profitability. The following examples highlight the way that Gore develops and innovates to bring a product to market combining both technical excellence and creative marketing.

#12: Capture the value you deliver--Gore-Tex

Realizing that the discovery of the Gore-Tex fabric had great commercial potential, W.L. Gore faced the challenge of finding a way to market it in retail clothes. Gore needed to find a way to bypass the middlemen who manufactured apparel and talk directly to potential customers. However, the traditional supply chain had Gore selling the laminated fabrics to apparel manufacturers, which relied on retailers for all marketing and sales.⁸ To combat this problem, Gore produced tags that read, "GORE-TEX: Guaranteed to Keep You Dry."⁹ These tags allowed customers to know when they were purchasing a product with Gore materials and led to an increased demand and brand awareness. Gore-Tex fabrics are used widely in the sportswear apparel industry today and the Gore-Tex brand name is widely recognized. This branding strategy was copied by Intel in the 1990s when it introduced its "Intel Inside" ad campaign.¹⁰

Move 33: Shift in a dimension of merit

Glide

Gore employees had been trying to attract consumer-products manufacturers to its technology for creating a better dental floss for over 20 years. Because manufacturers kept dismissing Gore's idea, John Spencer suggested that Gore should take the floss to market by itself. However, there were objections to this strategy from Gore's medical-technology group. They thought that putting Gore's name on a dental floss would tarnish the company's image as a medical-technology leader. In order to avoid this problem, Gore took the floss to market under the name Glide and used a clinical trial to introduce the product in a way that the medical-technology group would approve of. After the clinical trial, the American Dental Association gave its seal of approval to the floss.¹¹

Next Spencer had to find a way to sell and market the floss. He began by convincing a local Delaware drugstore chain to stock the floss. To build a following, Gore gave away free samples of the floss to dentists and hygienists. These professionals found the floss to be highly superior to the other brands because it was shred resistant and they told their patients that they could purchase the floss in the local drugstore. Glide's sales soared and significantly exceeded expectations. Spencer's original target was to sell 600 units in three months, but customers bought 12,000 units and were demanding more. The demand soared after a Long Island dentist tipped off a New York magazine, which then published a brief article listing the benefits of Glide.

⁶ Deutschman, 2004, p. 58.

⁷ 'Gore Industries', 2005.

⁸ Deutschman, 2004, p. 57.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Judge, 2001, p. 135.

The floss even made its way into an episode of the popular TV-sitcom *Seinfeld*. After only 18 months on the market, Glide became the best-selling dental floss in the United States.¹²

Elixir

The creation of Elixir guitar strings, now the top-selling acoustic guitar string, was a big advance in a field that had gone nearly 30 years without a technological breakthrough. Dave Myers, an employee in the medical-product plant in Flagstaff, Arizona, had helped to invent new kinds of plastic heart implants. As a side project, he had been working on his mountain bike to try to make the gears shift more smoothly. His idea was to coat the gear cables with a thick layer of plastic. The experiments led to the creation of Gore's Ride-On line of bike cables (a line that was later discontinued because it was unprofitable). Myers' work with bike cables inspired him to improve the cables used to control oversized animated puppets at Disney World and Chuck E. Cheese's. As he worked to improve the puppet cables, he realized that he needed cables with small diameters so he tried coating guitar strings with plastic.¹³ Suddenly it struck him, could he make a new guitar string by using Gore coating?

Myers lacked expertise in guitars so he sought out the advice and help of another Gore employee who was a guitarist. Chuck Hebestreit understood the frustrations that musicians faced with guitar strings. Wire coils on guitar strings were contaminated easily when the natural oils on fingers inserted particles of dust and skin into the minuscule nooks. As tiny debris accumulated, the sound of the string was dampened and had an unpredictable sound. For two years, Hebestreit and Myers experimented with guitar strings without success. John Spencer heard about and joined the guitar string project because he believed his experience with Glide would be an asset to the effort. The three engineers convinced six more colleagues to help with the project in their spare time and after three years of work, they were finally ready to take the product to market with the help of the larger company.¹⁴

The Elixir strings were a highly superior product line, but merchants refused to carry them due to their price. The strings were three to five times more expensive than traditional strings. Gore employees knew that if customers could try the new strings, they would be impressed by the superior sound quality and longer life. They were committed to their product and in order to encourage customers to use the new strings, they gave out 20,000 samples in the first year. The samples were mainly distributed to subscriber lists of guitar magazines. Word-of-mouth soon spread and demand soared for the Elixir strings. As of 2004, Elixir led the market for acoustic guitar strings with a 35% market share.¹⁵

Key Lessons

Many more success stories of Gore products could be told since the company makes number one products in industrial and electronics niches from filters that reduce air pollution to assemblies for fuel cells that convert hydrogen to electricity.¹⁶ It has posted a profit every year since its founding and continues to innovate so that it can maintain its double digit growth rate. Gore's challenge will be to safeguard its unusual culture as it continues to expand. It needs to ensure that it can systematize the culture and develop an operating framework that adjusts with its increasing size. As employees dabble in different industries and collaborate with their colleagues, they will continue to produce innovative products that revolutionize the industries in which Gore operates.

¹² Ibid.

¹³ Judge, 2001, p. 137

¹⁴ Ibid.

¹⁵ Deutschman, 2004, p. 57.

¹⁶ Ibid.

DRAT Table, W.L. Gore

SOURCE

External

Powerful Incumbents	There are powerful players in each of the different industries that W.L Gore operates in, but the company must continue to innovate to create new and better products.
Opposition from advocacy groups	NA
Risk to key external stakeholders	W.L Gore is a private company.
Inertia	W.L Gore avoids inertia by allowing employees to work on projects that they want to work on. This increases motivation and produces more innovative ideas.
Disruption of customer's system or process	Many of W.L Gore's products are technologically different and due to the superiority, they often are more expensive. The company must find ways to educate the customer and show them why their products are superior.
Changes in standards or regulations required	NA

Internal

Internal political maneuvering	Lack of hierarchies helps to maintain an equal relationship among W.L. Gore employees. Must maintain this flat structure even as the company grows.
Reluctance or resistance by those needed for active implementation	There can be disagreement about whether a new product is a worthwhile use of the company's time and resources. Must develop and use a standard set of criteria for evaluating projects.
Resource Constraints	Must use resources wisely since the company operates in so many different industries.

Platform changes required

Human resource and skills platforms	HR faces the challenge of hiring new employees that will have the necessary skills to contribute to the innovative culture of the company. These employees must also be able to function in W.L. Gore's unique corporate culture.
Logistics platforms	NA
Distributor platforms	NA
IT and database platforms	Use technology to create a database of ideas so that plants share knowledge.
Technology platforms	NA
Assets, operations, and systems platforms	NA

Marketbusting Kite

Element	Needed to Support the Marketbusting System
Agenda The key things that the critical people spend time on	1. Hiring new employees 2. Building relationships with co-workers 3. Creating new technologies and innovations
Norms What principles and behaviors are valued?	1. Collaboration 2. Information sharing 3. Fairness to employees and customers 4. Ability to keep commitments 5. Personal responsibility
News What information and measures are paramount?	1. Each plant employee should be aware of the other projects of co-workers
Allocations What gets resourced and how are people rewarded?	Resources go to 1. New products that have profit potential 2. Hiring new employees 3. Overseas expansion to tap into new markets and new sources of talent Rewards and recognition for successes go to 1. Team players 2. Successful product launches 3. Unsuccessful product launches
Structure Power, authority, responsibility structure	1. Flat lattice organization with no chains of command 2. New employees receive guidance from sponsors
History Key routines that have developed and drive activities	1. Bill Gore's open, flat structure still persists in the company. It has allowed the employees to share information and communicate freely.

Sources

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