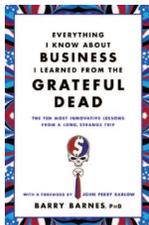




## The Dead's business

The Grateful Dead may not be the first thing you think of when you consider pioneering businesses, but they were just that. **By Barry Barnes**



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The global financial turmoil facing industries today requires businesses to reassess all conventional wisdom about how to thrive and survive. In my book *Everything I Know About Business I Learned From the Grateful Dead* (Grand Central Publishing), you'll find 10 innovative, practical lessons for the 21st century...despite coming from an unusual source: a 1960s rock'n'roll band from San Francisco.

Long before the internet existed, the Grateful Dead pioneered many important business practices taken for granted today: social networking, viral marketing, corporate social responsibility, providing superior customer value and

– perhaps most importantly – strategic improvisation.

Jerry Garcia and his bandmates never set out to be great businessmen; in fact, they didn't much care about the business side of things, so long as they could keep playing music and making their fans happy. But their suspicions of the business world turned out to be one of their greatest advantages. They tossed out received wisdom and reinvented what it meant to run an organisation.

**Master strategic improvisation:** Strategic improvisation – the ability to plan, act, and make adjustments in real time – is the key to running a great organisation. The Grateful Dead were masters of improvisation not only in their music, but also in the way they ran their business. They learned musical improvisation from jazz masters like Miles Davis and John Coltrane, and they applied these skills to their business. By always 'living on the edge' the Dead's business avoided routines that waste time and don't apply perfectly to all situations. They stayed nimble, kept adjusting, and became one of the most profitable and enduring bands of all time by selling tickets rather than records, a model embraced by most new bands today.

**Live your values:** Embrace strong corporate values and socially conscious business practices because it's the right thing to do—and because it's more profitable. Terms like "corporate social responsibility" weren't on the radar in the 1960s and 1970s, when the Grateful Dead first became a business phenomenon. Yet the message of corporate social responsibility is increasingly important to consumers today, and companies need to respond. "Enlightened self-interest" is a good way to describe all of the Dead's business dealings. Charitable activities, performed out of selflessness, became an important part of the Dead's brand. Their fans liked being associated with a band that supported good causes, and that spirit has carried on down to the present. Their Rex Foundation has given more than \$8 million to grassroots organisations since the Dead started it in 1984.

**Be kind to your customers:** Offer high quality products and services and

be responsive to their concerns – and they'll be kind to you by becoming lifelong customers. The Dead were way ahead of the curve when dealing with their customers. They insisted on the highest quality practices for manufacturing records, the best sound systems, and the most attentive customer service through their own mail order business. All of the money that eventually flowed and all of the Dead's stellar customer service, emerged from the simple ethic of treating their fans with respect. Any business that starts with those principles is already a step ahead.

**Share your content:** In creative businesses, familiarity – rather than scarcity – creates value. Share your intellectual property, because the more people who know about your work, the more ways there will be to make money. The Grateful Dead – committed as they were to anti-authoritarian values and a benevolent view of humanity – decided to take a softer approach to the issues of copyrights and trademarks. They became famous for allowing fans to record their live shows and to share those tapes with each other. The music industry had always assumed that allowing people free access to live recordings would cut demand for commercial recordings, damaging the band's income. But a funny thing happened with the Grateful Dead: rather than hurting the band's business, the taping helped. And now the "freemium" model has become part of 21st century business.

**Create a business tribe:** Harness the power of consumer tribes to collaborate with your customers, improve performance, and boost profits. The Grateful Dead allowed their fans to create an entire culture, complete with wardrobe, foods, ethics, and rituals, that gave a powerful sense of meaning to people's lives. And way back in the 60s the Dead did precisely what the internet is now encouraging by erasing boundaries between producer and consumer. They managed to capture the ethos of the internet age before it existed by collaborating with their fans to create a constantly changing, always unique live-concert experience, and fans responded by buying tickets for dozens or even hundreds of shows, boosting the bottom line. 

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