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Ron (left) and Ariel Shlien turned backyard science demos into theme park shows, international franchising and books. Thanks to a deal with MGM, television and toys on the way. PROFIT traces the evolution of their brand - and asks how they'll protect it

By Lee Oliver

IN THE SUMMER OF 1984, when a used helium-neon laser came on the market, Montreal brothers Ariel and Ron Shlien really, really wanted it. "You put some smoke in the room, and instead of seeing just a little dot on the wall, you could actually see the entire beam," explains Ariel. "That was truly cool!"

Truly cool was just what they wanted for the hip science show – The Sunday Mad Scientists – they staged weekly at the local YMCA. However, the laser's \$300 price tag was a lot to bear for Ariel and Ron, then just 15 and 13 years of age with only one income – a paper route – between them. So they recouped their costs by renting the laser to local DJs at \$50 a night.

Two decades later, the Shliens are just as entrepreneurial. Shortly after buying the laser, the brothers renamed their operation Mad Science and started performing their science shtick at birthday parties, summer camps and after-school classes. They have since expanded the company through increasingly complex extensions, including cruise-line activities for kids and a permanent show at the Kennedy Space Center. Today, The Mad Science Group boasts 150 franchisees in 20 countries and a line of Mad Science books that have sold one million copies in the past two years. And at every step of the way, the brothers have accomplished one of the trickiest feats in business: protecting a brand.

Every year, the Mad Science machine delivers 150,000 interactive science demonstrations to five million children. To the parents who pay from \$75 for a Mad Science after-school program to \$150 for a private party, Mad Science is synonymous with academic integrity. They're happy to foot the bill because Mad Science provides a valuable learning experience for their children and doesn't try to sell them a raft of useless products or gimmicky services. "Put it this way," says Ron. "We'd be happy to let, say, AT&T sponsor a Mad Science demonstration on how a telephone works. We'd be happy to put the AT&T logo on a take-home handout from that demonstration. But we'd never, ever agree to send home a coupon for a discount on long-distance rates. Could you imagine how quickly parents would turn on us if we did that sort of thing?" Even more important, fad-obsessed kids have considered Mad Science hip for almost 20 years. Where's Waldo, indeed?

But the cornerstone of the Mad Science empire is about to make its most exciting – and risky – extension yet. A deal cemented with MGM Studios last May will see Mad Science splash across televi-

sion screens next fall. MGM and the Shliens are still working out the details of the show, but you can expect it to spawn lunch boxes, stuffed toys, CDs and science kits. Suddenly, the stakes are sky-high. Make one creative misstep, and kids will deem the show uncool. Produce ancillary products with no educational value, and parents will get cynical. The pressure is on the Shliens not only to learn the TV and toy businesses but to keep a giant bedfellow in check. Get it right, and Mad Science could explode; get it wrong, and the Shlien brothers could find themselves out in the cold with little more than their lab coats.

Believe it or not, Ariel and Ron have aspired to a television deal since their teens. "TV is the Holy Grail," says Ariel. "Everybody wants to be on TV, everybody wants their brand on TV. There's no better way to create a full range of product offer-

ings – toys, games, T-shirts, whatever – than through TV." But they understood they couldn't get there in one giant leap. "To succeed in television, you need to have a national presence and a strong brand," explains Ariel. "And you need to be able to prove to the TV execs that you are a somebody and have the skills and experience to play at their level. We knew we'd have to really build the business and broaden the Mad

Science brand along the way before we were ready to take a shot at television."

They've accomplished that mission, which has its roots in a science club the brothers started in a Montreal synagogue in 1984. "We had saved up to buy model rockets," explains Ariel, "but our parents didn't think that spending money on silly toys was appropriate. So we came up with this idea to have a bunch of kids get together and chip in so we could buy, build and fly model rockets together. In the end, we had a little extra money left over, and that's really how the business got started."

Word traveled, and in short order the local YMCA asked the Shliens to put on a weekly rocket demonstration. Bolstered by the interest, they quickly incorporated more and more hands-on science into the show. Kids came to see the rockets, but stayed to play with dry ice, smoke bombs, the laser and all kinds of goopy stuff. Parents began paying the brothers to perform at birthday parties at \$95 a shot. The Shliens dropped their paper route to concentrate on drumming up business for their new enterprise. Within a year the Shliens were booking more events than they could handle themselves, so they hired and trained local teenagers. For the next eight years, while they worked their way through high school and univer-



sity, the brothers grew the business organically, spreading out to Montreal-area summer camps and after-school programs.

In 1990, Ariel began work on the company's first big leap. "We'd heard of people who were young that were hired to go on cruise ships and do children's activities," says Ariel. "We thought that Mad Science would add an interesting dimension to cruise-line entertainment. And, frankly, we saw it as an opportunity to get paid for traveling around on cruise ships." However, it took two years to make a breakthrough. After hearing of Mad Science through his child, an executive at Royal Caribbean Cruise Lines met with the brothers and rushed them to the decision-makers in the Miami firm. Before the Shliens knew it, they had a deal to present Mad Science shows at sea.

It represented the first time the Mad Science brand would be shared with an outside organization, which couldn't possibly be as loyal to it as its founders. But Shlien & Shlien were on guard. "We knew that if we gave over too much control of the brand, there might not be a brand left to grow afterwards," explains Ariel. So they negotiated the right to

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hire, train and manage the Mad Science presenters who would work on the Royal Caribbean ships. Royal Caribbean had never taken that approach to such partnerships before, but agreed to the demand.

Two years into the deal, Mad Science made a \$31,000 profit on sales of \$276,000. Mad Science wasn't Disney, but then again its executives were only 25 and 23 years old. But working with a partner brought some aches and pains – particularly the constant hiring and training involved in replacing good employees who were inevitably lured away by Royal Caribbean. "After a while, we realized it just didn't make a lot of sense for us to continue that program," says Ariel. "And at the same time we'd decided that franchising was the next big thing for Mad Science."

Mad Science already had a beachhead in the States. Ron had relocated to Miami in 1992 to set up a U.S. office that would replicate its Montreal operation. But the partners were unprepared for the expense and red tape of launching a U.S. franchising business. Some \$200,000 later, the Shliens were legal to sell franchises, but almost out of cash with another narrow bridge to cross.

Expanding into new geographical markets and putting product in the hands of franchisees

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exposed Mad Science to the elements. "To move your existing product or service into an unrelated market is the middle ground of brand extension risk," explains Allan McNeely, a branding expert with Cap Gemini Ernst & Young. "When you make that sort of shift, there is a significant chance that the new market simply might not embrace you. But the real risk here was the cost. These guys put everything they had into the move, when the rule of thumb is never spend more than 25% of what you currently pay to sustain your core brand on an extension. They literally could have lost everything."

Deal the cards – turn up aces. In 1995, the Shliens sold their first Mad Science franchise, in San Diego, for US\$23,000. Others came quickly, quadrupling Mad Science's annual revenue through 1997. Meantime, while Ariel handled franchising, Ron set off to start Mad Science Productions. The large-scale theatrical shows – think: Broadway meets Bill Nye – were designed to create a buzz, drive potential franchisees to the operation and drive kids to the existing franchises. It was more successful than they could ever imagine. Theme parks would spend thousands of dollars advertising and promoting the arrival of the

show, and county fairs plastered Mad Science posters over every state and province. Revenue grew to \$3.7 million in 1999, bringing with it a profit of more than \$800,000.

The traveling-show strategy culminated in the ultimate brand association for anything science-related when, in the spring of 2001, the Kennedy Space Center commissioned Mad Science to create a permanent show on space travel.

Scholastic pitched the archetypal white-haired mad scientist to star in the Shliens' books. The brothers balked. "That's exactly not us," says Ariel

"You certainly come away with a little authority when NASA puts its seal of approval on your science program," muses Ron. Eventually the Shliens hired an established show manager to run Mad Science Productions.

But as new franchisees flooded in, brand integrity became the Shlien brothers' No. 1 focus. "Early on we created an IT department to keep all our

franchisees up to date on every new Mad Science program, and we set out to create literally a thousand hours of programs," says Ron. "That way things wouldn't get stale for our franchisees and they'd be in control of which programs they offered. But at the same time, we'd have complete control over the content. The aim was to create a wide network of independent operations all over the place, all reading off the same very large page."

On top of being an inexpensive way to grow, franchising brought this advantage: because local operators are the face of the company, consumers see them as its soul. Mad Science now operates in 60 of the largest U.S. cities, 12 Canadian markets and 18 other countries including China, Mexico and Australia, but in most markets it's still perceived as a grassroots enterprise – the kind of company to which parents can entrust their children. “We don’t make significant efforts to hide the fact that we’re a national brand,” says Ariel, “but the franchisees are on the front line, judging science fairs, working with teachers and being part the community. That’s who people see.”

With an international franchise network, traveling shows and a powerful brand, Mad Science still wasn’t ready for prime time. “In TV you have to be a somebody or know a somebody to get to the decision-makers,” says Ariel. “We were still small potatoes compared to the TV world.” That doesn’t mean television wasn’t interested. Mad Science declined numerous offers from smaller production houses. “In each case they just didn’t have the experience or the clout to really do it right,” says Ariel. “We didn’t want to blow it early with the wrong deal.”

Instead, Mad Science struck a book deal in early 2001. The Shliens identified a handful of educational publishers with the sort of world-leader status that would enhance the Mad Science brand. Their top choice was New York-based multinational Scholastic Inc. “It helped that Scholastic and Mad Science were in schools together, and Scholastic knew who we were,” says Ariel. But that was just a foot in the door. They still had to strike the right deal.

“We didn’t pitch a book, or even a book idea,” says Ariel. “We pitched the Mad Science brand as something Scholastic could build a story line around.” As they negotiated, Ariel fought hard to win veto power over anything that might sully its image. The vote came in handy when Scholastic put an archetypal white-haired mad scientist on the table. “That’s exactly not us,” he explains. In the end, the parties struck a workable compromise. An older, lab-coat-wearing white-haired guy named Professor Von Offal appears in the books, but he plays funny guy to the straight man, a cool, science-smart teen named Ethan Flask. And instead of delivering nerdy lessons in a fictional classroom setting, the pair uses science to solve crimes. Six titles and a million books later, Scholastic and Mad Science are extending the deal for another year.

“It was a calculated step, one that would show the Mad Science brand could be delivered in different ways,” explains Ariel. “The book experience would make it easier for us to make the right television deal.” Nearly two years to the day after signing the book deal, Mad Science climbed into bed with MGM. “We had other offers, but we held out for MGM because they, like us, are dedicated to maintaining brand integrity,” explains Ariel. “Once we convinced them that we were serious about creating a quality show that would reflect all the positive things we’ve built into the brand, it was easy to win the sort of concessions and veto rights we’ve set in place with the book deal. The hardest part of this was getting in the door.”

While the Shliens are vague about the actual details – the show is still being formulated and the products are still being researched – they describe the deal with MGM as a “multi-faceted relationship that sees MGM licensing the Mad Science brand and extending the brand through new licensing, sponsorship, cross-promotions and strategic partnerships.” Could it be the beginning of the end?

If it doesn’t work out? “Mad Science will continue to operate after television as it does now,” says Ron. “We’ll just be a much larger company doing the same thing.” If it does? The Shliens could own the preteen, science-charged equivalent of *Sesame Street*. Now that would be truly cool. ■

