

Without Ely, Callaway is no longer quite the sensation it once was. Rather, it is settling down into middle age—as merely a major force in golf, a public company with millions of shareholders to please, three thousand employees, sales of close to \$1 billion a year, and forever on the lookout for the next Big Bertha.

NOTES

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“**My mother always said . . .**” Freeman, Mike. “Golf World Celebrates Man Who Revolutionized Industry,” *Copley News Service*, 7.25.01.

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Barbie

When it comes to business, it is always
nice to be able to say “I told you so”

“**T**HEY DIDN’T THINK THAT THE PUBLIC WOULD ACCEPT A doll with breasts for children. I knew they were wrong,” said the creator of the Barbie doll, the late Ruth Handler.

If ever anyone had the right to say “I told you so” to her doubters, it was Ruth Handler. Ever since the launch of the blonde, blue-eyed “Barbie Teen-Age Fashion Model” at the New York Toy Fair in 1959, Barbie has been a toy phenomenon. The \$3 doll with her zebra-print swimsuit, eyeliner, and beauty-queen hair was an instant hit, selling 351,000 in the first year of production. It took three years for manu-

facturer Mattel to catch up with consumer demand. Since then, more than one billion Barbies have been sold around the world, generating an estimated \$2.2 billion in revenue for Mattel. According to Mattel, 172,800 Barbie dolls are now bought every day and the typical American girl under ten owns eight Barbies.

The youngest of ten children, Ruth went to Hollywood at the age of nineteen, leaving behind her life in Denver, Colorado. Her parents were Polish immigrants who had arrived in America on a steamship.

Handler and her husband, Elliott, had been running an industrial design business since the late 1930s, when Elliott had set up a workshop and created a successful line of plastic homewares. In 1944, the Handlers joined up with fellow industrial designer Harold Matson and created the Mattel Corporation. The team began making picture frames and, ever resourceful, spun off a business making dollhouse furniture out of the picture frame off-cuts. After Handler attended the New York Toy Fair, they saw an untapped market for new toys and developed a range of novelty toys including a pint-sized ukulele and a popular burp gun. In 1955, Mattel was the first company to line up a tie-in deal with a children's television program (*The Mickey Mouse Club*) to sell a range of complementary toys and became the first company to advertise toys on television. In effect, Handler bet the whole company on the Mickey Mouse Club deal, investing \$500,000. This deal tripled sales for Mattel and provided the capital for Ruth to develop the toy that would turn into a global sensation.

The idea for Barbie bubbled around in Handler's head for almost a decade. In 1951, she noticed that her daughter Barbara (nicknamed Barbie) preferred adult paper dolls to childlike, prepubescent dolls. "I realized that if we could 'three dimensionalize' the adult paper dolls, we'd meet a very basic play need," she said. During a trip to Europe in 1956, she came across a rather saucy German pin-up-style plastic doll called Lilli in a shop in Lucerne, Switzerland. Lilli was not made for little girls to play out their dreams for the future, but was more of a novelty doll with her 38-21-33 measurements.

(Lilli was based on a bawdy German newspaper comic strip created by Ralf Hausser. Hausser only discovered Barbie in the early 1960s, and was paid an undisclosed sum by Mattel when he pointed out the similarities between Lilli and Barbie.)

Despite her seedy background, Lilli came home in Handler's suitcase, and back in California, Handler began working on a slightly more innocent prototype that would become Barbie (more Southern-belle hair, a little less eyeliner, but essentially the same controversial, top-heavy figure). Real dresses with zips and buttons were commissioned, the hair was sourced, and a Japanese manufacturer was found to make the dolls.

But Handler's husband Elliott and business partner Matson weren't convinced. Elliott was busy developing a talking doll and he and Matson believed Barbie would be too risky and expensive to manufacture. Handler persevered with her doll, however, getting the prototype and ever-important first outfit right, and Barbie was launched in 1959. The doll made a profit in its first year of production.

Wanting to keep the momentum up, Handler devised a heavy marketing and advertising schedule that has been a part of the Barbie sales strategy ever since. Advertisements have been continuously on air, updating little girls on the latest developments in Barbie paraphernalia including new members of Barbie's family (initially all named after Handler's children and grandchildren). Handler wanted to make sure Barbie fans were never bored and proceeded to roll out all manner of Barbie scenarios, initially sticking to old-fashioned stereotypes involving pool parties, town houses, and campervans, but eventually allowing Barbie to take on more politically correct roles as the President and an astronaut. (The hugely successful super-model and Totally Hair Barbies outsell the politically correct dolls, hands down.) By 1965, Mattel sales had reached \$200 million. On a sad note, in 2004, Ken and Barbie officially split up in a failed marketing attempt to boost sales following an 18 percent slump in quarterly Barbie sales following the rise of the Bratz doll.

Barbie has copped enormous flak from feminists, but an unperturbed Handler always insisted that her breakthrough doll with breasts was an important educational experience for girls, which allowed them to anticipate and play out their future as women, and encouraged girls to plan to have a career like she herself had achieved. (Ironically, one of Handler's granddaughters, Stacey, whom Handler named a Mattel doll after, wrote a book about her eating disorders and complexes associated with unrealistic body image.)

Another casualty of the Barbie phenomenon was Lilli's creator Ralf Hausser, whose undisclosed lump-sum compensation for his original idea is rumored to have been a pittance. Handler herself was a casualty of the Barbie success: Mattel kept growing and diversifying, and, as new management joined the company, Handler was sidelined and kept out of important decision-making.

By the 1970s, Mattel had annual revenues of \$300 million but a string of management decisions following a strike and factory fire in 1968, just before Christmas deliveries, were calamitous, causing major cash flow problems and financial losses that were then covered up by management. Mattel subsequently reported its first losses, battering the share price. Ruth Handler was forced to leave the corporation in 1975 when news broke that she had been charged with stock manipulation, relating to the company's financial accounts between 1968 and 1974. Handler did not contest the charges (though she claims she was not kept informed of financial matters in the company) and was fined a record \$57,000 and sentenced to 2,500 hours of community service. Mattel shareholders were also compensated, with the Handlers selling half of their stake in the company to raise \$2.5 million towards the payout.

Handler was going through a very rough patch, also recovering from breast cancer and a mastectomy. After being appalled at the prosthetics available, she began developing a new range of prosthetic breasts called Nearly Me. Ever the entrepreneur, the product was

a hit and she sold the company for \$1 million before her death in 2002 at the age of eighty-five.

Today, the \$8.3 billion Mattel is the number one toy company in the world, incorporating toy giants including Fisher-Price and Hot Wheels. One of the original Barbies from the first New York Toy Fair in good condition is worth around \$5,000.

NOTES

“**I realized that if . . .**” Handler, Ruth and Jacqueline Shannon. *Dream Doll: the Ruth Handler Story*. Longmeadow Press, 1994.

“**They didn’t think . . .**” Handler, Ruth and Jacqueline Shannon. *Dream Doll: The Ruth Handler Story*. Longmeadow Press, 1994.

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Hallmark Cards

Folksy pansy greeting cards are more popular than you might think

THE CREATOR OF THE HALLMARK GREETING CARD EMPIRE, Joyce C. Hall, was already earning money to survive by the time he was eight in the small town of David City, Nebraska. His father, a true cad, left his wife and three children when Joyce was just seven. For Hall, hunger was a great motivator to make money. He dreamt of being able to eat a baked potato with three pieces of butter every day.

At sixteen Hall and his two brothers, Rollie and Bill, started an imported postcard business. Despite postcards being all the rage at