



FANOCRACY



Turning **FANS** into **CUSTOMERS**
and **CUSTOMERS** into **FANS**



DAVID MEERMAN SCOTT

Author of The New Rules of Marketing and PR

and **REIKO SCOTT**



PRAISE FOR *FANOCRACY*

“*Fanocracy* is a deep dive into the strategies to build a powerful culture that drives business success. *Fanocracy* also explores the thinking of a new generation—one that values community and sharing. David and Reiko share surprising ideas you can implement immediately, such as letting go of your work and allowing people to make it their own, seeing the world as a gift and giving gifts in return, and celebrating your customers’ stories.”

—TONY ROBBINS (from the foreword)

“Our customers are no ordinary customers; they are die-hard fans who bleed for us the world over. They love calling themselves Spartans—they bear Spartan tattoos and share their experiences with family and friends, bringing hundreds of thousands of new Spartans to the brand each year. *Fanocracy* will teach you how to do the same for your business.”

—JOE DE SENA, founder & CEO of Spartan

“In our three decades advising tens of thousands of CEOs and executives, I’ve learned that most spend too much time internally. A focus on the customer is THE essential component for scaling up to build an industry-dominating organization. In *Fanocracy*, David and Reiko offer surprising insights into how to put the needs of people ahead of all else, so that your customers become passionate fans of all you do.”

—VERNE HARNISH, founder of Entrepreneurs’ Organization (EO) and author of *Scaling Up*

“David and Reiko make the idea of fan culture real, accessible, and actionable for all business—big, small, nonprofit, for-profit, B2B...and yes, even yours! Most of all, they shine a light on the joy of growing a business when you’re surrounded by customers who positively LOVE what you do.”

—ANN HANDLEY,
bestselling author of *Everybody Writes* and *Content Rules*

“The single most important force in my business is the relationship that I have with my fans. Yes, singing ability, songs, and industry support help tremendously, but the direct fan to artist friendship is the most coveted tool in the equation. *Fanocracy* truly emphasizes the importance and how-tos that are necessary to maximize that all-important friendship. I just read it, it’s FANTASTIC.”

—RONNIE DUNN of Brooks & Dunn

“The world is not changed by people who sort of care. Or companies who sort of care. The world is changed by those who passionately, relentlessly care because your customers will too, and your brand becomes impossible to resist. *Fanocracy* shows how to change customers into fans, so your brand can change the world.”

—SALLY HOGSHEAD, *New York Times* bestselling author, and CEO of Fascinate®

“The most wonderful aspect of David and Reiko’s book is how wide-ranging the examples are; nobody can claim fanocracy does not apply to their line of work. When Andy and I started OPEN Cycle, our goal was to work hard to stay small. That meant we only had time to do what was critical: Product development, taking care of customers, and not much else. Despite forgoing all other ‘essential’ activities, OPEN is way more successful than we ever thought possible. By talking to our customers so much, we unwittingly created a fanocracy and let me tell you, not only is it the most successful way I’ve ever set up a company, it’s also the most fun.”

—GERARD VROOMEN, cofounder of OPEN Cycle and Cervélo Cycles

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CHAPTER ONE

Our Story

by David & Reiko

David:

It was September 2007 and I'd been invited to meet the management team of an early stage marketing software start-up in their office in Cambridge, Massachusetts. They informed me in their invitation email that their entire company of ten people read my newly published book *The New Rules of Marketing and PR*.

How could I not look forward to meeting them after an email like that?

They said their company was developing software to help small and medium-sized businesses take advantage of the trends and techniques I described in my book.

"We've been eager to meet you, David," welcomed Brian, the co-founder and CEO, as we entered the cramped conference room in the company's shared office space. "The concepts in your book are exactly what we've built our company on. It's uncanny how similar our perspectives are."

In those days, nearly every marketer on the planet spent buckets of money on traditional advertising and hired salespeople to cold-call

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prospects. My *New Rules of Marketing and PR*—released in 2007—introduced a new perspective to the future of marketing. It described the enormous and far-reaching power I saw with social media. That was back in the days when MySpace was more popular than Facebook, and Snapchat and Instagram didn't yet exist. It was a thrilling experience to be with people starting a company to help other businesses implement the ideas I wrote about in my book.

I eased into a chair at a table across from Brian and several of his colleagues.

“How did you come up with the idea for your company?” I asked.

Brian replied, “We were classmates at MIT Sloan's MBA program and always talked about how the way people buy products and services has changed so dramatically. Google is the first place people go, so, as you said in your book, web content is more important than advertising. We decided that after we graduated, we'd form a start-up to develop software that helps companies get found in the search engines. It's what we call inbound marketing.”

“Great timing to launch the company,” I said as I removed my MacBook Pro from my backpack and opened it. “There's no question that people are beginning to realize the importance—”

“Hang on,” Brian said, pointing at my laptop. “This meeting can't go any further until you tell me about those *stickers!*”

I showcase my passions to the world by personalizing the stark aluminum of my Apple notebook.

My computer is a billboard of what I love.

“What's with the Japan sticker?” asked Brian.

The Japanese script is not something most people recognize, and I was surprised he had placed it immediately.

“Japan is really important to me,” I said. “I was an exchange stu-

dent for a summer in high school, I lived in Japan for seven years from 1987 to 1993, and my wife, Yukari, is Japanese.”

Brian looked surprised. “Are you serious? I lived in Japan for a few years in the 1990s too.” His finger moved to another sticker among the many spread across my computer.

“What’s the deal with the Nantucket one?”

My Nantucket sticker was rather subtle, a silhouette map of the island. If Brian could identify it, he must have visited and knew the island.

“I’ve got a house on the island. Have you been?” I asked, although I suspected I already knew the answer.

Brian nodded. “Have been going for years. This is weird. It’s like we’re long-lost brothers. We both go to Nantucket, we both lived in Japan, and we both saw the future of marketing early on.”

He paused for a moment and then grinned. “And a Stealie! So you’re a Deadhead too?”

Brian was right.

This is getting really weird, I silently agreed. If he knew what a Stealie was, then Brian was big into the Grateful Dead too. Many people recognize the half-red, half-blue skull symbol first used as a cover illustration on the band’s 1976 album *Steal Your Face*, yet only true fans use the word “Stealie” to describe it.

“Absolutely! I’ve been to dozens of shows. They’re my favorite band.”

“They’re my favorite too,” Brian added. “I’ve been to over *fifty* shows!”

By then, I realized that Brian’s colleagues were intently following our animated conversation. They seemed genuinely happy to let us geek out about the Grateful Dead.

“You going to the Phil Lesh show at the Orpheum in a few weeks?”
I asked Brian.

Lesh was the Grateful Dead’s founding bassist. Since Jerry Garcia’s death in 1995 and the breakup of the band, the original members frequently tour with their own bands and in various combinations.

“I’m going for sure but haven’t finalized my plans.”

Right away I understood Brian’s Deadhead code. He wanted to go but didn’t have a ticket yet.

“I’ve got a spare ticket, want to join me?”

In a matter of minutes, Brian and I went from being complete strangers to talking like old friends because of the instant bond triggered by stickers on my computer.

After that first Phil Lesh concert in October 2007, we attended some fifty more shows together. Brian and I even combined our Grateful Dead fandom and our shared passion for marketing when we co-wrote the book *Marketing Lessons from the Grateful Dead: What Every Business Can Learn from the Most Iconic Band in History*. Interestingly, the Japanese language edition of the book became the fourth most popular business book in Japan the year it was published, outselling the English language version that year. Were Brian and I unconsciously channeling our experiences in Japan when writing? Who knows?

A few days after our initial meeting, Brian invited me to become the founding member of the HubSpot advisory board. It was a thrill to add a HubSpot sticker to my computer to mark the occasion. Over the years, I worked closely with Brian and the HubSpot team to help grow the business to a projected \$650 million in revenue in 2019. The company is now publicly traded on the New York Stock Exchange and has offices around the world. When HubSpot opened a Japan office in 2016, Brian and I both delivered presentations at the opening event.

All of this happened because Brian and I found a common

language, common interests, common fandom. We shared our passions with each other, first for the music we both loved, and then for our work.

Reiko:

For days I had been nervous to meet with Dr. Azra Raza, the director of the Myelodysplastic Syndrome Center at Columbia University Medical Center in New York City, who was to be my new adviser. In 2013, I had just finished my second year at Columbia and had dreams of being a doctor, and this summer lab position would be another stepping-stone to that goal. That's exactly how I thought about it—merely another box to check on a future application or a résumé. I prepared myself for the kind of dismissive greetings I had experienced in previous lab environments. Because of my past research experiences, as I entered her office, I stepped into the academic persona I'd cultured to fit the cold and sterile rooms I'd become accustomed to, just as an actress would, auditioning for the role of a laboratory scientist.

Instead, I was welcomed by a woman in an intimate library filled with shelves and shelves of books. Not only medical journals but history books, autobiographies, and novels. I felt as if I had traveled back in time to the home where I grew up, where books overflowed from the high shelves and were stacked on the floors because there was never enough room for all of them. I grew up with parents who passed their profound love of books on to me. As my eyes grazed the titles, my fingers itched to flip through them. I was so dazzled that I didn't think to introduce myself.

My new adviser caught me staring, captivated.

“Do you like poetry?” she asked.

I didn't know what to say. In my two years of undergraduate lab work, I never began a conversation like this. Science and art were two separate things, not made to mix, right? That, at the time, was what I'd believed, so I continually and unconsciously silenced the part of me that wanted both.

"Yes," I answered softly.

From previous interviews I learned not to out myself as being too enthusiastic, as I assumed my love of stories and words was a weakness, one a scientist would not relate to.

Dr. Raza picked up a book from her desk and read to me in a language I didn't understand. Then she followed with the English translation recited from memory. The words flowed musically as she looked back to me. "I love this one," she said. "I've been working on the translation."

"It's beautiful," I said.

She smiled and gestured for me to sit. Although we had just met, we began talking about books and science. I felt as if I'd stepped back into a comfortable conversation we'd had many times before.

I felt as though I never wanted to leave.

Over the two summers I spent in Dr. Raza's lab, I observed how her unbridled passion for literature—her self-professed obsession—made her a better doctor. Passion, I realized, wasn't a distraction, it was a way of connecting people on a deeper level. Just as it had connected us.

Her enthusiasm for translation from Arabic and Urdu to English wound its way to the translation of her patients' ills. She gushed to her longtime patients about the Hannah Arendt movie that she had seen last week and, in turn, encouraged her patients to talk about that which gave them the most pleasure. She was curious about them. What made them feel good? What brought them joy? There seemed to be no end to the interest she had in each of her patients.

“You can’t work with anyone if you don’t know who they are and what they love,” she said. “We treat the person, not the illness.”

Eventually, I learned that this kind of practice had a name: narrative medicine.

Dr. Raza helped me to nurture similar passions. I learned what was, to me, a profound lesson, how art could touch science.

It took a mentor who shared my interests—who encouraged me to lean in to the activities I loved instead of dismissing them as mere hobbies—to change how I saw myself. Learning how to incorporate all of who I am into my professional life made me not only a better health provider but also a happier person. That has been the greatest and most lasting gift of our time together.

After I left Dr. Raza’s lab and graduated from Columbia in 2015, I carried those lessons with me to Boston University School of Medicine (BUSM). As a second-year medical student, I created a syllabus and taught a class on narrative medicine at BUSM. I found my way forward because of the new way I labeled myself by modeling the way Dr. Raza labeled herself.

I saw my experience as a complement to my father’s collaboration with Brian Halligan. I saw how shared passions build lasting bridges that lead to professional success. These passions can be fostered in communities that persist long after as each individual continues on their professional path forward.

Being a fan builds close connections to others with whom we share interests. The behavior and its results can be a model for others to mirror.

The two of us, father and daughter, are obviously different; however, our observations on the state of the world today are uncannily similar.

As we discussed our experiences over the past few years, we were surprised at how important our passions and the fandom worlds we inhabit are to our lives. The father loves surfing because being out on the water and interacting with other surfers helps him relax and clear his mind. The daughter loves to draw and share fan art of the books she loves for the same reason. And, over time, we both realized how alike our views are on growing a business by tapping into fandom.

Because of the changing nature of the world, it's essential to understand how to reach all kinds of people, including millennials and Generation Z as well as those of all races and orientations. It is for this reason that we've researched and written together.

In the chapters that follow, we take deep dives into major elements of developing fans, including the importance of proximity to customers, letting go of your work, giving gifts without any expectation of something in return, harnessing the power of transparency in business, and other concepts. Through interviews, examples of success, and a set of strategies, we looked at how entities of all kinds—including companies large and small, nonprofits, entrepreneurs, restaurants, artists, musicians, teachers, health-care professionals, and insurance agents—can tap into fan cultures and connect deeply with followers.

As we discussed our experiences over many nights across the dinner table, we began to consider the ideas that you will now find in our book. It was a sharp reminder to both of us that hobbies and passions don't disappear as soon as one steps into "adult" or "professional" life. We both agree that the myth of unyielding professionalism can obscure our genuine connections. That's why we chose to write this book.

Exchanging texts about television shows or comic books has gotten daughter, Reiko, through study hours that extended far into nights that would have otherwise felt endless. And father, David, has forged deep, lifelong friendships with those who are as passionate about live music as he is.

To love things outside work is to make meaningful connections with like-minded people.

To achieve the success that comes with developing passionate fans of your business, fandom culture is necessary. Yet there's another important reason to understand these ideas, as we said earlier: exposing ourselves to people who share our interests leads us to live happier lives. And when you can introduce your fandom passions and bring in others who are completely different from you and *they* become fans, you create an ideal environment—a place where great things happen.

An understanding of how and why people become passionate about a company, product, idea, or artist serves as a way to do business. This understanding also delivers a blueprint to bring friends and family together to celebrate what they love, a place everyone wants to be part of because they can be their authentic selves and successful at the same time.

David Meerman Scott is an internationally acclaimed business strategist, entrepreneur, adviser to emerging companies, and public speaker. He is the author of ten previous books, including *The New Rules of Marketing and PR* (now in its 6th edition and in 29 languages) and *Marketing Lessons from the Grateful Dead*. In his spare time he surfs and travels around the world for great live music.

Reiko Scott earned a neuroscience degree from Columbia University and is now a medical student at Boston University. In her spare time she writes and publishes fan fiction based on her favorite fantasy worlds and loves to cosplay at Comic Con.

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