

## The Story of the Personal Paper Shredder

Today personal paper shredders are a big business.

There is growing concern with identity theft and the need to protect personal information. Those who have had their identity stolen spend countless hours and effort to reclaim it. Others incur significant expense due to the unauthorized use of stolen credit card data.

It is increasingly common for businesses and households to purchase small personal shredders to physically destroy paper containing credit card information, addresses, confidential and personal data of all types.

This is the story of how the personal paper shredder product category was created.

Along the way we will share guidelines that you may find useful in identifying new opportunities to grow your own business.

### Identifying the Emerging Opportunity

In the mid through late 1980's personal computing was just beginning its explosive growth led by the innovative new Apple computer. IBM also manufactured PC hardware, and a new company called Microsoft provided the software operating system for it.

At that time large corporations in America were beginning significant downsizing. The conglomerate structure and "command and control" era was giving way to a new emphasis on focus, decentralization, value, speed and efficiency.

Although these early IBM PCs cost four to five thousand dollars each, it was clear that a key driver for the PC was its ability to support the effective decentralization of work. This was particularly true for the numerous smaller company start ups that were resulting from the corporate downsizing trend.

Even in larger corporations the PC was beginning to empower more individual initiative. Dependence on the centralized mainframe computer for all information input, processing and output was changing.

At that time I was marketing and corporate development officer for the Fellowes company located in greater Chicago. Fellowes had built a significant leadership position as an office products manufacturer primarily through its Banker Box® line of corrugated paper records storage containers. These familiar

white boxes with the "shoestring" closure are used to temporarily store paper business records.

A major concern at Fellowes at the time was the potential evolution of the "paperless office" which could threaten the company's future. As an interim strategy, we also offered a line of high capacity paper shredders.

Almost all paper shredders sold at that time were large, heavy devices costing many hundreds or thousands of dollars. They were primarily designed to be placed at a central location in the company, such as the copy center or mail room. Employees brought their confidential documents to this area for proper disposal in the shredder. Human nature being what it is, many such documents likely ended up in waste baskets, and were ultimately placed in the dumpster.

For Fellowes it was usually a tedious chore to sell these big, heavy machines. The Fellowes salesperson would frequently carry one in the trunk of his/her car to a prospective customer's location to demonstrate it, before a sale could be made through an authorized dealer. This was costly and time consuming.

Identity theft was not generally recognized as a major issue at the time for most firms and individuals, but appeared to be a potentially growing concern.

The high purchase price for these paper shredder machines was also a significant barrier to their widespread use.

These factors and trends suggested a potentially significant breakthrough opportunity for the Fellowes' shredder business.

**Guideline:** Be sensitive to economic and social trends in the marketplace, and project what implications they may offer your business.

### The IDEA

It all began with an idea, which at the time some may have thought was absurd.

The idea was ....let's develop a small, personal electronic paper shredder that can rest on top of a typical office waste basket. The device would easily dispose of confidential paper generated by an individual.....for a retail price of under \$100!

This would bring information security to the individual and the company both cost effectively and conveniently.

This was our Vision.

We named this effort Project VW, as a way of crystallizing our Vision. We wanted to make security through shredding available to the masses, much as the original VW "bug" had

done for the automobile.

It gave us clear direction and an exciting challenge. Incremental change would not get us there. What we needed was dramatic new thinking, enthusiasm and unencumbered experimentation.

We formed a multi-disciplinary project team to make it happen. This included internal and outside resources. There was no pride of authorship or a "Not Invented Here" syndrome that often restricts creativity and energy.

**Guideline:** Begin with a compelling Vision. Bring together resources who understand the Vision and are capable and committed to finding a way to accomplish it.

## Finding the Solution

We began to research a wide variety of ways to accomplish this Vision, while working with outside development resources. We even considered laser technology in this investigation.

Finally, we decided on a basic, simple, straightforward design approach. We essentially used a motor from a power drill to provide the force to the two steel cutting cylinders, which then shredded the paper into thin strips. This device was contained in a rectangular plastic housing with a slit in the top in which to insert the paper, and a simple on/off switch to activate the motor. It was designed to sit on top of the typical office wastebasket. The shredder was easily removed from the wastebasket to empty the contents.

We named it the PowerShred® Personal Shredder. It could be profitably retailed for under \$100.

And a new category of business was born.

**Guideline** Keep it simple.

## Building the Market

Awareness of the need to protect confidential information has become more pervasive as even national television programs feature examples of the consequences of stolen identity and credit data.

Numerous PowerShred® Shredder enhancements have been made over the years in response to Customer requests. Dozens of models are now offered. Automatic on/off sensors further simplify operation. More powerful motors allow more sheets of paper to be shredded at once. More complex "confetti" cut shredder devices have been introduced to perform more thorough destruction. Shredders now are sold with their own customized wastebaskets included.

Retail channels for office products now offer more ways to distribute this exciting product line to companies of all sizes as well as individuals.

All of this has helped to significantly grow the personal paper shredder market.

Fellowes believes they continue to be the market leader in a product category with annual total domestic retail sales of over \$400 million.

**Guideline:** Continue to actively listen to Customers, and evolve your offering and marketing programs as the market indicates.

## Summary

The personal paper shredder category has been created and built on guidelines applicable to many businesses.

1. Be sensitive to economic and social trends in the marketplace, and project what implications they may offer your business.
2. Begin with a compelling Vision. Bring together resources who understand the Vision and are capable and committed to finding a way to accomplish it.
3. Keep it simple.
4. Continue to actively listen to Customers, and evolve your offering and marketing programs as the market indicates.

And the "paperless office"? I have yet to see one. Someone once told me that the "paperless office" will happen sometime after the "paperless bathroom" is invented.

We welcome the opportunity to discuss with you how these guidelines may support your company's accelerated sales and profit growth.

*"If we don't improve our products enough, it's going to present an opportunity for someone else. That's how great companies go out of business."*

Michael Dell

*"A man can succeed at almost anything for which he has unlimited enthusiasm."*

Charles Schwab

*"A man who has no imagination has no wings."*

Muhammad Ali

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