

# Nest —

## Creating the iPod of Thermostats

Industry: Technology

Contributed by Rohit Bhargava



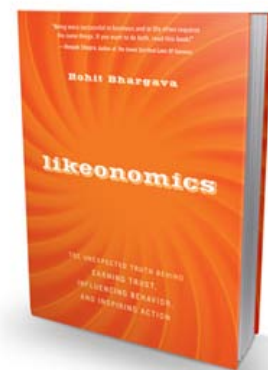
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## The Story:



Tony Fadell never wanted to become an Internet entrepreneur, and thankfully for all of us ... he didn't. Back in the early 2000s when many of his friends working in technology were choosing to switch career paths, Fadell retained his fascination with the "art of atoms" and building real products (as he called it) instead of the virtual world of electrons.

A former CTO of the mobile computing group at Philips, it was in 2001 that he started in the role that would define his reputation. In that year he joined Apple, beginning as a freelancer and steadily rising through the ranks at Apple to eventually become Senior Vice President running the iPod division. While there he led the team to develop the first 18 generations of the iPod, as well as the initial version releases of the iPhone.

So in 2008 when a guy like that finally does leave a career defining job like creating iPods at Apple, more than a few people start wondering what he might approach next. Fadell took some time off – and aside from travelling, he decided to build a new house for his family. It was during one of the ordinary homeowner conversations that Fadell had his next big idea: to reinvent the thermostat.

As he shared during a talk at the 99% Conference on creativity, much of his creative inspiration often comes from frustration. And it turns out there is plenty to be frustrated about when it comes to the ordinary household thermostat. They control about 50% of your household energy usage, and yet the design of most on the market is outdated and "dumb" by modern smart technology standards. The thermostat could use some reinvention.

One of the benefits of spending a decade working in the Valley at Apple is building a strong personal network of extremely smart people. Once Fadell honed in on the vision for the project, assembling a team of people who shared the same passion for the idea wasn't that hard. Convincing them to join, though, takes a combination of passion and presentation ... something Fadell had mastered during his time at Apple.

Together they launched the *Nest Learning Thermostat*, which has already been featured in



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media across the country, and been creating buzz among everyone from tech enthusiasts to home design fashionistas. Sure, design is a critical element of why the product has generated so much attention and early sales. But the underappreciated key to success has been Fadell's ability to attract the best quality people passionate about the same project to this quest that he was starting.

A veteran of product design, one of his most insightful pieces of advice he shared during his 99% conference talk was the shared desire to work on something tangible. During his time at Philips, he noted, about 9 out of every 10 green lighted products never actually launched. Aside from the natural inefficiencies, that can be demoralizing for a team. Instead, by making sure that you iterate in design and always be shipping something within a relatively short time period – you can keep people inspired, passionate and motivated because they see the results of their hard work come to life.

There are smart people in every industry. And ideas like the Nest thermostat are rare but not unheard of. In the thermostat space, for example, nicely designed and functional competitive products are already on the market with names like “ecobee” and “prestige.” But the power of Nest is about more than just creating a smarter thermostat.



The people who take ideas like this and make them into world changing reality do more than imagine a great product. As a former engineer and product designer, and now CEO and founder, he knows that passion is at the heart of why great products like the Nest or the iPod exist and succeed. And passion isn't something you can buy from people by paying them more money. They have to *want* to work harder for you.

### Why Is It An Example of Likeonomics?

*Tony Fadell is a master at telling the story of why a product like the Nest is so necessary and **relevant** to our everyday lives – which inspires consumers and team members. The clear focus on design and **simplicity** is a core element of the product story and the product itself. Finally, the **timing** of the opportunity and product contributed heavily to its success – at a moment when Fadell was ready to leave Apple and consumer concern over energy costs is rising..*