

# The Secrets of Our Success: the Angry Birds story - by Kaj Hed

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**Below, Rovio's Kaj Hed tells us his recipe for success, and how the creators of Angry Birds went from being on the brink of bankruptcy to a global phenomenon.**



In 2009, a small independent video game studio in Finland called Rovio is on the brink of bankruptcy. It employs a dozen young people, one of them is my own son; one my nephew; none of them have any previous corporate experience.

I believed in their dream, invested in it, but still at the time of their 52<sup>nd</sup> mobile game, Angry Birds, it was make-or-break time for the company.

Over the following four months, Angry Birds gets downloaded one million times on the Apple App Store, and becomes the next mobile hit. Not even I believed this could happen. Yet it did.

The Angry Birds mobile games have been downloaded over two billion times and counting, and are in the Guinness Book of World Records. Angry Birds has evolved from a mobile game into a globally recognized entertainment brand and a pop culture icon. According to surveys, 90% of Americans are familiar with it, 94 % of the urban population in China knows about it and 60 million (out of a total of 65 million) inhabitants have played it at least once in South Korea. Merchandise, consumer products of all kinds, books, comics and an animation series in our own channel, Angry Birds Toons, which itself has been viewed billions of times by end of 2013, expand the universe, with a feature-length motion picture poised for a summer 2016 release. Rovio Mobile has become Rovio Entertainment, and in early 2014 employs nearly 900 people in Finland, Sweden, United Kingdom, Brussels, United States, Japan, Korea, China and India.

During this transition, Rovio has been the center of countless celebrity endorsements and made a number of cameo appearances in show business. Red, the iconic leader of the flock, has toured the world, showing up in iconic landmarks such as Times Square, Red Square, Shanghai's Oriental Pearl Tower, the Space Needle Tower, Rio de Janeiro's Maracana Stadium and the White House, to name but a few. Angry Birds has also enjoyed a tie-in with George Lucas' iconic Star Wars series. It's one of the few topics on which the governments of China, Russia and USA are all in agreement.

How did Rovio do it? How did such a small and young outfit from a country of just five million inhabitants break through the glass ceiling and maintain their momentum for so long?

There is always a bit of luck involved in the process of making a genuine hit—that is true in any entertainment industry. However, it's what you do with that luck that is important—what you do to sustain it over time and how prepared and informed your next steps turn out to be.

## WHAT WE HAVE LEARNED

Every business story, successful or otherwise, is a distinct tale. A company is an ensemble of individuals and the different personalities of the people involved greatly influence a business. We have however found out the following:

- **Make awesome products and awesome services for your awesome fans:** If you build it they will come. This is the core foundation. It all starts there.
- **Strong recognizable characters:** This opens a whole lot of opportunities.
- **Storytelling works better than factual PR:** When you're building an entertainment franchise, beyond your Unique Sales Propositions, connect and engage with the fans on their level.
- **Timing is everything:** As we've seen, the advantage of innovators and pioneers is that they grow with the market. They also back new technologies and platforms early on in their life cycles. They place a few bets and by the time the platform or technology is proven, others are already too late to the party.
- **Rhythm matters:** Think big, but care about the small repetitive steps. Working hard implies that it's not always fun. It's not just about the amount of hours you put in, it's what you do with them. Do your homework, every day. There's no such thing as a silver bullet. Pile up efforts. Persistence pays, so don't be afraid of engaging too much. Socializing on Twitter is not spam.
- **Look out the window:** Stay in touch with the evolution of your sector, but also look beyond your present position and your microcosm. Don't be afraid to branch out. Get out of your comfort zone! Don't just stare at the stars, study their trajectory. Don't overlook what the giants and leading companies are doing or have been doing to get to where they are. There must be one or two things they are doing right and you can take from them. There must be a source where all those dollars of theirs come from. Analyze and observe. Make partnerships—as many as you can.
- **Adapt or die:** There's no third option, natural selection is Darwinian. Google has built a dinosaur statue in their garden in front of the Googleplex to make sure that they never forget this fact. Adapt to the platform. Adapt to the target audience. Adapt to market changes. Adapt to new generations. Adapt to technology. Adapt to consumers demands. Adapt to different cultures (that's what "thinking global" truly means). No, that won't make you lose your personality—it will grow it. "Artistic integrity" can't be the cop-out answer for self-indulgence, laziness, amateurism, immaturity or capricious behavior.
- **Challenge conformism and conventions, be disruptive:** Once you master the other parameters, once you dominate the format and the rules, time comes to bend and break some of them—then and only then. You need to know what you're talking about first. Challenging conventions for the sake of challenging conventions is absurd. If the convention is good, keep following it. But if you can come up with a better alternative, don't be afraid to challenge authority.
- **Stay humble but don't be too modest:** Be tough enough in negotiations. Don't sell yourself short. If you're going to have a bring-it-on attitude, be

sure to carry strong statistics, impressive facts and/or great ideas as leverage. It's not arrogance if you have the goods to back it up. In other words, if your bold claims turn out right, they become prophecies. But make sure you have a great team that can deliver on time the things that you promise. Otherwise, ridicule is just around the corner.

- **No self-indulgence:** Look at yourself carefully in the mirror. If you're too close to the material, ask somebody lucid for an honest review of your work and listen to him or her with an open mind to criticism. If your product is going to wow millions, you might as well start with the one doubter currently in front of you. That critic is always going to turn up anyway. Question your roadmap plan until you truly believe it will work. Question the quality of your product until you're sure it's excellent, because good enough is not enough. Finally, question yourself, question your instincts, question your flaws—you're not always right.
- A scandal is bad, but a bit of **controversy is good for business:** especially if you're positioned as the underdog..
- **Build an audience first, monetize second:** Don't focus excessively on short-term and the bottom-line. Building a fan-base comes before that. Build the love. Money can't buy that. Of course, you can't overlook monetization entirely. If you're running a business, as opposed to practicing a hobby, then you can't afford to spit on money.
- **Internal structure is important:** This is your foundation. All your big dreams will falter if you build on quicksand. While on this topic, also resist the dictatorship temptation. Those experienced people around you are useful only if you have the humility to trust and listen to them.
- **Rovio is and remains a "learning company":** Don't think you know it all just because you gathered some early success. You're always only just getting started. Also keep in mind that learning is not a pure theoretical process: practice is necessary. Trial and error means taking calculated risks. Fail fast. And fail cheap. Do regular clean-ups and thorough, honest audits. In other words, manage your risks, but take some. And learn along the way. Status quo is your worst enemy.
- **Stand out in your marketing:** The work you are doing is not worthy of being called "marketing" if you are not standing out. If you don't stand out, you're essentially bland—you don't exist. Secret trick: when you have a low budget, be funny. And if you are beginning to experience what looks like the beginning of a ride, throw curve balls from times to times. You have the stage all to yourself, now be spectacular! Surprise your opponents and delight the crowds in the stands!

To paraphrase the wise words of the philosopher Socrates: Rovio can't really teach you anything, they can only make us think.

So think away, fellow entrepreneurs, creators and dreamers of all kinds. Good luck. And good preparation!

By **Kaj Hed, Chairman of Rovio Entertainment Ltd.**

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