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A Perspective on Change in B2B Direct Marketing

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A business career is mostly about timing. Where you begin and where you end are both subject to cycles and evolution. You have little control over timing, but you may have control over the strategies within the length of your personal career, or of the corporate life of your business. This is an alternative view that you may want to consider.

End Views

You may be viewing your career in business-to-business direct marketing (hereinafter, “B2BDM”) from the starting point of your career, or mid-point in your career, or, like me, at the approaching end of your career. Where you see yourself and your business interests going in the future *does* matter. These “end views” are the impetus for choices, and careers are all about choices.

Today, at the end of the first decade of the Third Millennium, you are making decisions that are, by necessity, heavily weighted by technology. You may, as an employee of a B2BDM company, be considering a shift into a focus on mobile marketing, or—as an owner of a B2BDM company—you may be pondering whether to re-configure the business to shift to untethered, mobile access “in the cloud” to customers

or to continue mailing catalogs. These decisions are exceptionally important relative to your success. You will either move ahead in time or remain in the present; remain relevant or become obsolete.

Those at the outset of their careers rarely think about this stuff; those in their mid-career are often afraid to think about it; and those at the end think about it all the time and are hoping to just get out intact. Owners of B2BDM businesses *need* to think about this subject constantly and measure their tentative decisions realistically and truthfully.

Part of the delicate balance is making strategic decisions based on where you are in the cycle of your career. For example, investing heavily in technology skills—as an employee or as an owner—is a constant concern. If you are just beginning, you almost *have* to become technologically state-of-the-art. But, if you are at the end, it may not pay to invest. You may be just fine wrapping up your career or your business on an “as is” basis. Why would I spend \$2 million to configure my websites for SmartPhone usage over the next two years when I will sell my business in the coming year? No ROI in that strategy; let the new owner do all that. But, if I had just purchased the business and was looking at thirty years of the future, it’s a no-brainer. End views: important strategically.

The Pie

Strategic choices also depend on The Pie. A B2BDM business has a certain cut of the total pie available in a particular niche. With all the buzz about multichannel marketing and the explosion of channels, direct marketing—in all of its bits and pieces—still is only about ten percent of all commerce. Things *really* haven’t changed all that much. Ninety percent of all the stuff sold is via retail or wholesale or field sales. And that includes all of the online commerce. The U.S. GDP is something like \$14 trillion; direct marketing in all its forms accounts for only about \$1.4 trillion; and B2BDM is about one-third of that, something like \$500 billion. How much of the pie have you got? How much do you think you *can* get? Choices; it’s all about choices.

There is an owner whom I have been advising for years. This is a really nice business and leads it niche. It does about \$20 million and makes a decent profit. The owner is at the end of his career and will likely sell the business in the next two years. This business has solid catalog and online capabilities. Why would this business benefit from investing in a mobile, social and aps future strategy to prepare for the next ten years? It wouldn’t. The owner would never recoup the \$2 million total investment to move to the next level—not in time, not in dollars, not in advantage, not in earnings, not in angst. It’s just not in the cards. This business needs to continue refining its two primary channels—catalog and online—where ninety-nine percent of its business comes from and, if anything, add products, improve promotions and expand to Canada. That’s it.

This business already has most of the B2BDM pie that is available. The pie is not going to get bigger. The only place to get more pie is to steal it from competitors or go find some more pie in other parts of the world. That is the logical strategy because the focus has to be on preparing the business for sale.

Now, if you were just starting your career, this is probably not the company you should go to work for. But, if you are mid-career or coming to the end, you may still make a contribution and be adequately rewarded for what you know because what you know is what the business needs. The *next* owner will need people who have the desire and skills to master The Next Big Shiny Thing, whatever that may be. The ironic thing is that twelve years ago, when this owner was at the peak of powers and the business was a solid B2B catalog company, I was pushing for The Next Big Shiny Thing and telling them to build an advanced website where they could take half their orders by the year 2005. See, it's all about the End View and the timing. It's all about choices.

Do the Math

What does multichannel marketing cost? Sit down and do a little figuring on a napkin.

How much have you got invested totally in your current marketing capacity and capability? That describes the cost of the current piece of The Pie.

Now, how much more of the pie can you get? What will that cost? That describes the cost of the next piece of The Pie.

How much will you have invested after you eat the next piece of The Pie? That describes the future cost of The Pie.

How much will you need to get out of the business to cover the cost of The Pie plus something for your time and effort? That describes the cost of the meal plus the tip.

Do you have the time, money and desire to eat the Whole Pie, or would you be fine with just having your slice now? That describes the potential strategy.

Here is the Alternative Idea

What if . . . ? This is the only question that makes thinking productive.

What if you did nothing else except maintain top-notch catalog and online marketing? What if you invested in solid, stable, relatively unchanging systems that are adequate to do the basics well?

What if you concentrated—not on technological and “connectedness” proliferation—but on products, customer satisfaction, distribution efficiencies, cost-controls, and database intelligence?

What if you practiced international expansion, acquisition expansion and new customer investment in ways that your existing strengths and skills support?

What if you focused on growing the business rather than on growing “friends” or “connective” technology?

What if you invested in “old school” rather than “new school?”

At the conclusion of your End View, where would you win up in lifetime earnings if this is the *uber-strategy* you choose to adopt for the future?

My guess—and it is only that: a guess—is that you will arrive in the same place at the prescribed time, but you will have taken out a lot more earnings with the alternative plan. You will not have spent a bunch of money on trial and error, especially on stuff that probably won’t matter or turn out to be all that “Next Big Shiny Thing-ish” anyway. You will have invested in proven, affordable tactics and, as a consequence, you will have a solid business. It won’t be a cutting-edge business, and it won’t be attractive or exciting to today’s hyper-wired nine year-olds who will become your customers, but they will adapt as they become mature, plus they’re all on Ritalin anyway, so what do they know? And, after all, this is business-to-business direct marketing. It’s supposed to be a bit fusty and old-fashioned; it’s not supposed to be hard; it’s not a requirement that it be “way cool” or even “chilled.” What we do here is sell stuff to businesses that need stuff. Execute and repeat. Keep it simple.

Frankly, if I was making choices for the next ten years, I’d be a *whole lot* more interested in the *ninety percent* of the potential business that is *not* being sold by B2BDM. I’d get into the field sales force channel and use catalogs and online to generate decent leads. See, from my End View perspective, I don’t really care anymore *how* I sell stuff or *where* I sell stuff; I just want to sell as much stuff and make as much profit as possible in the time left. Of course, that’s basically what I believed when I was thirty years old . . . actually, now that I think about it, I believed that in 1951 when I owned Don’s Bait Shop.

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Thoughts Looking From My Window

*A few thoughts that you may want to consider yourself.
A regular feature of the newsletter.*

Spring green has begun to shift into summer brown. The hills leading down to the ocean are in the midst of yet another cycle of time. Last year’s yearling doe has visited with its first twin fawns. The great blue heron flies in every morning to stalk a gopher snack or two, a change of diet from fish.

The herons don't work at high tide; they know the water depth doesn't produce fish. They know exactly their optimum depth, and tend to work at mid- to low-tide. Everything surrounding us has cycles and Nature tends to optimize everything.

Watching the seeming endless patience of the blue heron as it stalks its next meal, I wonder at the capacity of direct marketers to have the same patience of focus and response to optimal cycles. So many senior managers and owners are far more attracted to the next shiny thing rather than the eternal gopher periodically sticking its head up into the sunlight. If the heron only was attracted to the next shiny thing, it wouldn't be a heron; it would be a crow or magpie, and they tend to be scavengers. The heron eats well.

We can run around and flit from place to place in our business strategy, or we can patiently do what we do best: stalk an order. We can do it in the shallows at low tide, or on the hillsides above the ocean in the bright sunlight. We can eat fish or rodent. What we cannot do well is try and be magpies when we are herons.

The handful of highly successful owners and operators that I have known over the years all tended to be herons. They were elegantly graceful and gracious, and they possessed almost Zen-like patience and focus. They understood what they did well and they did it. Shiny things held little attraction. And, as a result, they built, maintained and profited handsomely from their well-controlled businesses.

What are you? What is your company? What do your customers want you to be? What do *you* want you to be?

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Merchandising

The Merchandising Road Show

There is among us in B2BDM an amazing business owner. I won't offend his modesty by naming him, but we all will know who he is anyway from recounting his merchandising strategy.

This owner has never for a moment forgotten where it all began and where it continues to exist today: at the eye-to-eye contact with the customer. No matter the technology strides, the channel proliferation, the Next Big Shiny Thing, this businessman trusts in, believes in and values only one thing: what his customers say.

When he began his business, many years ago, he sold his products from the trunk of his car. He drove to a potential customer, took in a bag of products, and sat down and talked *with* customers, not at them. Over time, he discovered how to sell, how to

merchandise, how to listen and how to add on additional sales; in short, how to sell more stuff to more people any way he could.

Everything that was learned was then translated into his first catalogs. He mailed as much as he could afford in order to find new customers, but—every year—he still loaded his products into the trunk of his car and went on the road to sit down face-to-face and look existing customers directly in the eye and hear what they said. To him, that was the definition of “direct marketing.”

Over a quarter of a century later, he still follows his early routine. Every year, for a month or so, he packs up and visits customers and makes sales. He doesn't have to. He mails millions of catalogs. His company employs an entire field sales staff all over the country. His online business is excellent and advanced. His business is huge. He does it because it is his secret advantage. He learns more in that month than his competitors learn in ten years. And, as a result, he stays ahead of the competition and constantly recreates his business. And it pays off in growth, sales, earnings and dominance. His company is the best, the gold standard, the leader, and whatever other measure you wish to apply.

Here, we see the application of humility. This business owner has not forgotten his roots. The thing he values most—above all else—is the customer and his relationship with that individual customer and, collectively, *all* of his customers.

Merchandising begins not in factories in China or Viet Nam. Merchandising is not about products alone. Merchandising is not about price advantage. Merchandising, as it is successfully practiced by a Master, is about what customers want, believe, perceive, say and think. Merchandising is contained in the space between the buyer's and the seller's eyes: the Closing Zone.

If you are attempting to compete against this very smart business owner, the chances of your beating him are slim. First, he has been doing it far longer and better than anyone else. Second, he has years of customer understanding and skills, more than anyone else I have ever known. And third, because of how little the rest of us think about merchandising and customers.

Give me a room filled with 100 B2BDM owners, and 99 of them have not spent a month on the road talking to customers *in their entire combined career years*. Close to 85 percent have not actually talked to a customer in the last *year*. And 75 of these owners have not even asked for customer input regarding products, services, prices or any other aspect of successful merchandising.

Most B2BDM owners are all-wise and all-knowing. And, frankly, they are not very good at customer-focused merchandising.

Ah . . . But “What if . . . ?”

One guy knows the answer to that question. And he's not telling.

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MeritDirect Co-Op Reflections

A Call For Your Memories

Ralph Drybrough, Mark Joyce and the partners of MeritDirect have kindly invited me to participate in this legendary gathering (and its antecedent) of direct marketers every year since 1991. This is the 20th year for me. We have all seen amazing changes and amazing growth. And, through all the years, the partners and staff of MeritDirect have been an integral and important element of our individual successes.

MeritDirect publishes this newsletter, but has no sway over the editorial content and has had no input to this article which is my personal point of view. So, perhaps you will join me in saying—publically—“Thanks” to MeritDirect for another extraordinary Co-Op. For this 20th Edition of the Co-Op, why not send Joanne Carrier an email with your reminiscences, your stories, your funny moments, and your memorable moments. Perhaps they can be shared with all of the members of the MeritDirect Co-Op “Family.” Email: jcarrier@meritdirect.com

Look around our direct marketing industry today. There has been a profound change in the “coming together” aspects of direct marketing. Fifteen years ago, we probably saw the pinnacle of our conventions, conferences, seminars and “gatherings” events for and about direct marketing.

Today, we have the activities of the New England Mail Order Association, the Vermont/New Hampshire Direct Marketing Association, and a few others who continue to provide valuable and beneficial venues for our industry, primarily consumer direct marketing. We have the very important American Catalog Mailers Association.

But, for business-to-business direct marketers, there is really only the wonderful MeritDirect Co-Op. It stands alone, and for some good reasons.

First, it is an extraordinary time for maintaining old relationships and making new friends. It’s a good time. No, it’s a *great* time.

Second, there is excellent information shared at a variety of levels. It makes people think without being a “sales job.” You go away with substance, not with the breathlessly-awaited direct marketing reflections of David Cameron, the director of *Avatar*. Don’t even ask.

And third, the hospitality is simply superb. JoAnne Carrier has been doing the co-op planning for a long time and she runs a great event. The food is good; the drinks are good; the venue is comfortable and familiar; it runs smooth; and it is a “family.”

For me, that is what MeritDirect has built: a family. When you are part of the family, life is better. Each of us is better for being part of the MeritDirect “family.” All of us, collectively, would be measurably poorer with the MeritDirect family. And, by extension, our businesses and our successes are greater as a result. For almost every one of us, this wonderful annual rejuvenation and inspiration has resulted in improved performance, greater sales, greater growth and improved earnings.

And, did I mention, it’s a lot of fun?

Thank you, MeritDirect. Every year you thank your clients, but I hope I can say—for all those clients—“Thank you!”

Send JoAnne your past Co-Op reminiscences today.



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