

# Libey Multichannel Advisor

December 2010

## The Final Issue

Published Exclusively For Clients Of

Libey LLC

*M&A Intermediary for Direct Marketing*

Bodega Bay, California

*www.libey.com*

---

## Thoughts for the Future

Don Libey

*In this—the final issue of this newsletter, which has been in existence in various forms since 1990—I want to attempt to summarize our fascinating journey and look ahead to our changing future.*

### **A Monthly Diary of Our Progress and Achievements**

If you were to take a few days, as I have done recently, to sit down and re-read the nearly 250 newsletters written since 1990, you would discover that they serve almost as a monthly diary of direct marketing's evolution and achievements, as well as its shortcomings and stubbornness. All in all, we have done what I always said we would do year after year: grow and improve. In the issues of the *Libey Report* and then the *Libey Economic Outlook* and finally the *Libey Multichannel Advisor*, my observations over 20 years have chronicled, first and foremost, *change* and equally the importance of focusing on *the basics*.

What strikes me when re-reading those 20 years of newsletters is that the advice and recommendations are, essentially, as true today as they were in the beginning. There were not too many recommendations over the years that were *outré* or bizarre (with maybe the exception of the Y2K thing). Generally, I think Hippocrates would be pleased with my performance; I managed to “do no harm” and perhaps along the way offered a few insights that have assisted you to grow and prosper a bit more.

The sublime accomplishments, however, have been achieved by you. You have always moved forward in your businesses and your thinking. You have always embraced change—cautiously for the most part—but progressively. You have (most of the time) stuck to the foundation basics of operating good businesses. You have been eclectic in your focus, sometimes on technology, sometimes on customer acquisition, sometimes on product, sometimes on customer services; but, you have always had respect for the “big picture” strategies and have not been overly attracted only to shiny things and lots of buttons. And you need to do more of that.

### **The Primary Thing**

Re-reading, I found myself confirming that my job—always—has been to ask “*What if?*” That has been my purpose. The articles and observations were mostly written with the single purpose of getting you to think about things outside your daily concerns—the future, the flip side, the cause and effect, and—above all—the strategies that would determine the next 5 to 10 years of your business evolution.

As I look back on my career and on those of others, I realize that the Primary Thing is the ability to *think*. Thinking is an art and science. It makes all the difference in success and failure. Thoughtful owners and CEOs are far more successful than those who never learned to think. The liberal arts education creates thinkers; the MBA education creates counters. A rounded mind with the capacity to think and discriminate is the surest path to success.

Beyond the Primary Thing of thinking, there have been two others essentials to success for direct marketing owners and CEOs, as well as senior managers: 1) the ability to speak and 2) the ability to write. If you can think, speak and write, you can communicate ideas and, with those skills, you can do anything—*anything*.

### **What is Coming?**

The next 20 years will bring a period of consolidation and maintenance. The economic battle for the world’s dominant currency—as I accurately described in 1999—did, indeed, shape up as a battle between the U.S. dollar, the EU euro and the Chinese yuan. And, China is going to emerge as the next economic super-power. We have squandered our resources, and China owns the future. This will lead to 20 years of operating our businesses under economic pressure likely more severe than those of today.

Prepare yourselves and prepare your businesses. The strategy for those who can compete in the difficult financial future is a primary acquisition strategy. The weak U.S. companies will be sold or go out of business. The strong U.S. direct marketing companies will grow by buying those weaker companies who, nonetheless, have future value.

The years ahead also will bring a technological backlash from customers who will learn the barren emptiness of being managed by technology alone. People—of any age—require socializing. You must see that that is true; just look at Twitter and Facebook. People *want* interaction with other people. And, in the sterile years ahead where sales are made by mobile devices, the desire for real people-oriented contact will grow. So, if you are a direct marketer, you will be wise if you move into face-to-face sales in some meaningful way. For a number of years, I have recommended the acquisition of

companies with both direct and field sales capabilities. The sales person—skilled and smart—will be of great value in the future. There is a Truth that you cannot deny (or do so at your peril): *People Buy From People They Like*. It is timeless; it is a Law; it is sound advice.

The future holds a second primary strategy besides growth through acquisitions. You will have to expand internationally in order to find new market share. You will go where direct marketing is new, where it is 1970 again. You will go to India and Indonesia and Africa and Eastern Europe and Central and South America. It is inevitable.

The future will turn on Gross Profit. You will battle for margin for the rest of your career and your successors will continue the fight. Gross Profit margins will erode and your strategies of acquisition, international expansion, market share growth, and product development will be driven by the need for margin. Margin is your only friend and your constant enemy. You will not exist without adequate margin. Heed this wisdom.

Technology will create sterility—among customers, vendors, suppliers, and society as a whole. Therefore, the strategy for success is to develop strong and trusting *relationships* while using technology appropriately. Do not place technology in front of meaningful and beneficial person-to-person relationships. Black boxes are black boxes, but intelligent, caring people are your bread-and-butter.

For those of you who own and run these businesses, at some point in the future you must finally accept that you *must* hire professionals who know more than you know. With 75 percent (maybe more) of the clients I have worked with over the last four decades, the primary problem has been the owner or the CEO. They are unable to execute; they are unwilling to listen to outside ideas or advice; they cannot rise above their own egos; they are often not very good at what they do; and they inhibit their own growth and success. The future is calling for *evolved* ownership and management. Top-down is good; autocrat, however, is dumb. For you who are next in line, begin studying the mind-set and skills of Indian entrepreneurs, Chinese entrepreneurs, and emerging business cultures; those are the important, future models that you will have to compete with and adapt to in order to survive. The world is changing and those cultures are far, far older than ours.

### **What is Libey Doing?**

It is time for Act IV; time for re-invention; time to move on to other things. I have a limited number of intangible personal business assets: the respect and trust of many; a reputation for integrity; and I know almost everybody in this direct marketing, multichannel world (many of you I placed in your positions at one time or another); I've been an advisor or consultant to hundreds of catalog companies; and over 20,000 of you have attended my seminars over the years and another 35,000 of you have bought one of my 13 books on direct marketing.

My immediate future is a pure focus on selling catalog companies as an Intermediary. I've been doing that already for the past 12 years, and have gotten to be pretty good at selling catalogs, but now this will be *all* that I will do. I have aligned with a highly-respected, international investment banking firm specialized in managing middle-market acquisitions in the \$5 to \$100 million range and will be working with them on sales of catalog companies during the coming years. They bring the “next level”

of M&A expertise to my intensive industry and catalog knowledge. I will also continue to do sales of catalog companies myself as Libey LLC and serve those many owners and friends who I have worked with for years preparing their businesses for a successful exit. Now, it's harvest time.

Given the economic future evolving as described above, there will be many catalog companies—large and small—coming to market. The logical place for me is in assisting owners with finding qualified buyers because I already have in-depth knowledge of our direct marketing/catalog industry and acute awareness of which companies are good fits and which are looking to acquire. Ask yourself: “Who do you want representing you in the sale of your life-long business?” Do you want a junior whiz-kid at a Big Name firm who can almost spell “catalog” or do you want an industry insider who can create the highest possible value for your company through specialized knowledge, experience and deep contacts. I rest my case.

### **Announcing a New Newsletter: *Libey On Catalog Sales & Acquisitions***

By the time you read this, I will have a new and exciting newsletter up and running. It will be an e-newsletter and will be free to owners, CEOs and senior managers of catalog companies. The title is *Libey On Catalog Sales & Acquisitions*. It will be either a bi-monthly or quarterly publication (haven't decided yet) and will cover industry economics, sale and acquisition trends, valuations, strategies for preparing businesses for sale, due diligence preparation, and other topics specific to selling, buying and expanding catalog companies.

### **Subscribe Now—It's FREE**

To receive the new publication, just email me [libey@libey.com](mailto:libey@libey.com) and request the newsletter and give me permission to email you. Provide me your company name, private email address, private telephone number, and private mailing address where you wish to receive information and be contacted. If you wish, give me an idea of what kind of companies you would like to buy (or sell), and I will keep you on my radar screen totally in confidence. The first issue is anticipated for January or February 2011.

### **FREE BOOK for Owners and CEOs**

If you are an owner or CEO of a direct marketing company and wish to receive a FREE copy of my new book, *Libey On How To Sell a Direct Marketing Business*, subscribe (as above) to the newsletter and add “Please send me a free book, Libey” in your email. To get the book free, you have to subscribe and provide your contact information. You can also request the book on my website: [www.libey.com](http://www.libey.com) .

\* \* \* \*

## **Appreciation and Thanks**

My deepest gratitude goes to Ralph Drybrough, Mark Joyce and the partners of MeritDirect for the past ten years of sponsorship of this newsletter, and for another ten years of association before that.

MeritDirect and I have had an affiliation since their beginning. I was privileged to be their “Spiritual Advisor” during their remarkable history and growth. The partners and associates of MeritDirect are the finest people it has ever been my privilege and honor to work with in direct marketing. Over my career, integrity has been the constant watchword and MeritDirect has always placed integrity with their clients over business, and for that have my sincerest admiration. They have made it easy for me to recommend their services to clients for so many years. And so, I wish to formally thank MeritDirect for their support, sponsorship, and publishing endeavors during our affiliation. We did a number of books together and always hoped we added something meaningful to the direct marketing experience.

MeritDirect is changing, as well. Their recent announcement of in-depth strategic advisory services for clients is spot on for today’s catalog and other business clients. MeritDirect has the *gravitas* and the depth of talent to be of important value to your growth strategies, and I encourage you to use them where you once used people like me in the past. Develop the same Trusted Advisor relationship with MeritDirect and, for once, overcome your “vendor suspicions” and recognize the truth: MeritDirect only benefits if you succeed. That is no different than your relationship with me over the past years. MeritDirect has *lived* its integrity for over a decade and has become the primary B2B growth partner in our industry. I am honored to have been a close associate for so long. Thank you.

And thank you. All you who have read my newsletters, my books, attended my seminars, listened to my keynotes, and have been kind enough to hire me as your consultant and advisor. You are the jewels in my career and I greatly appreciate your kindness and your custom. In return, my only hope is that I have given you sage, sound and helpful thoughts to consider. As always, “Go Forth and Multiply.”



## **Thoughts Looking From My Window**

*A final thought for your consideration.*

This is a big change for me. I am ending my consulting, advisory, board of director positions, keynote presentations, CEO Roundtable participation, living half-time and consulting in the UK, the newsletter, writing books on direct marketing—in effect, my career. I’ve looked out of my library window for many months thinking all this over and suddenly one morning I saw a rising sun, a bright day, a concentration of energy, and

a warm effusion of future growth and rebirth. That's the morning I decided to focus on one thing well: sales and acquisitions.

There comes a day for everyone. You change or you cease to be effective. I have been preparing myself for this one day, this downsizing, and this one focus on one thing for almost sixty years. I understood career change at age nine when Don's Bait Shop changed to Don's Bait Shop and Vegetable Wagon in 1953. I began the expansion years on that day long ago in Avon Lake, Ohio. And, now, in 2011, I begin the reverse process with sharpened vision and understanding, reducing to and focusing on what I do best and what I know most about. It is natural. It is positive. It feels good.

\* \* \* \*

Goodbye. I hope to see you again at the next newsletter.

ΩΩ

The *Libey Multichannel Advisor* was published seven to eight times annually by MeritDirect. The information provided was published for information purposes only and did not constitute recommendations for investment or other financial activities. No guarantee of business performance was made or implied and readers were encouraged to seek adequate professional advice prior to making strategic and financial decisions or investments, or altering planned business activities. Copyright 2010 by Libey LLC. No reproduction or dissemination of this material by any means whatsoever, electronic or printed, is permitted without written consent of the author and publisher. Copyright infringements will be pursued to the full extent allowed by law. The *Libey Multichannel Advisor* is provided to clients of Libey LLC and its strategic partner, MeritDirect, LLC.

**Libey LLC**

*M&A Intermediary for Direct Marketing*

**P.O. Box 938**

**Bodega Bay, California 94923**

**Tel: (877) 903-9448 Fax: (866) 221-8346**

**E-mail: [libey@libey.com](mailto:libey@libey.com)**

**[www.libey.com](http://www.libey.com)**