

PRINCIPLED PROFIT



*Marketing that
puts people first*

SHEL HOROWITZ

Market Share is Dead, Your Competitors May Be Your Best Allies, and Nice Guys Don't Finish Last

- Market share is irrelevant; The world is abundant and there's room for everyone to succeed
- You can actively profit from your competitors' success
- Honesty, integrity, and quality are far more important than quick profits—the Golden Rule actually works in business
- As you create value for others, you build value in your own business
- The most important sales skill isn't even about selling

In his fourth marketing book, Shel Horowitz demands high ethics standards of companies that want long-term success in the 21st century.

Principled Profit: Marketing That Puts People First demonstrates many well-known examples of companies that did well by seeing their customers, suppliers, employees and even competitors as partners...and provides numerous practical ideas on marketing so everyone wins.

“Shel Horowitz shows that not only do people *want* to change the paradigm toward cooperation and people-centered behavior, but that they can profit handsomely by doing so. I'm delighted to recommend this book.”

—Jack Canfield, Co-author, *Chicken Soup for the Soul at Work*

—Please see the first pages for over 50 other endorsements

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author's photo by
Andrew Morris-Friedman

\$ 17.50



Principled Profit: Marketing That Puts People First

Many of these blurbs are shortened for space reasons (some were quite long). The complete versions are posted at <<http://www.principledprofits.com/blurbs.html>>

“People **want** to change the paradigm toward cooperation and people-centered behavior... They can profit handsomely by doing so. I’m delighted to recommend this book.”

Jack Canfield, CEO, Chicken Soup for the Soul Enterprises, co-author,
Chicken Soup for the Soul at Work

“A welcome change from the scandals in the business pages. It’s everything you need to make a very nice livelihood and still feel pride when you look in the mirror.”

Jim Hightower, “America’s #1 Populist,” author of *There’s Nothing in the Middle of the Road but Yellow Stripes and Dead Armadillos* and other books,
former Texas Commissioner of Agriculture

“Highly practical.... These real-life business stories are useful for every CEO who wants to grow sustainable profits.”

Anne Holland, publisher, MarketingSherpa, Inc.

“Shel Horowitz’s call for ethics in the business world is just as relevant to the world of public management and politics. It’s all about serving the people with integrity and care.”

Robert B. Reich, Former U.S. Secretary of Labor, and professor, Brandeis University

“Shel Horowitz’s superb book gives you the equivalent of an MBA in the people business. You’re going to love it and people are going to love you.”

Jay Conrad Levinson, author, *Guerrilla Marketing* series of books

“It’s the overall approach, the adjustment that it will make in your mindset, that is so important.... Make the difference between leading a stress-filled ‘what’s wrong’ existence and a bountiful ‘business is a joy’ life.”

Dr. Ken Evoy, president, SiteSell.com

“Shows, on every page, that not only is it possible to succeed by appealing to the good side of human nature, but that the resulting success is easier to achieve and more satisfying.”

Mary Westheimer, president, Bookzone.com

“No message could be more timely than Shel Horowitz’s. In the long run, only an ethical approach to marketing works.”

Al Ries, co-author, *The Fall of Advertising and the Rise of PR*

“An exceptional and well-researched book that is totally in line with the way I have done business in the last 29 years. I urge every business owner, every speaker, and

every serious student of marketing or psychology to buy it.”

Tom Antion, small business Internet marketing expert

“Nothing held back, non-traditional, straight-shooting, and creative solutions.”

Azriela Jaffe, syndicated business columnist and author of thirteen books

“It’s common in business to use the bludgeon of money to attempt to meet challenges.... Horowitz has employed the more sophisticated tools of intelligence, ethics, cooperation, ingenuity and creativity.”

John Audette, publisher, Adventive

“Shows ethical and nice isn’t just about being a good guy—it’s about getting the biggest bang for your buck and the largest return on effort and investment. If you’re interested in success, you need to read this book.”

Sheldon Bowles, co-author with Ken Blanchard of *Raving Fans*
and three other books

“Combines the best of marketing and relationship theory with real-world examples and practical advice.”

Melanie Rigney, editor, *Writer’s Digest* magazine, editorial director,
Writer’s Digest Trade Books

“Bold, usable approaches that fly in the face of traditional and sometimes unethical business wisdom.”

Brian Jud, author, speaker, marketing strategist

“Shel Horowitz has got it right.... The bigger the competitor you team up with, the greater the chance that you’ll end up with some of the business they can’t handle.”

B. L. Ochman, marketing strategist, journalist, speaker

“Paints a picture of a business world populated by real human beings... who’ve discovered their competitors are really collaborators; and their threats are really opportunities. People who’ve learnt to do well while doing good.”

Simon Young, managing director, Simon Young Writers,
Auckland, New Zealand

“The entrepreneur’s best friend and companion when it comes to taking action steps to fame.”

Marisa D’Vari, president, Deg.Com Communications

“Succinct and practical...lean but not mean, face to face without being in your face.... Succeed without losing identity and integrity.”

Ira Bryck, director, University of Massachusetts Family Business Center

You have a complete command of marketing techniques and the psychology behind it.... If you put people first, you **will** win in business!”

Kristie Tamsevicius, author, *I Love My Life*, WebMomz.com, teacher, consultant

“Honesty ... can be used to increase business, promote your brand, retain customers and easily attract new ones at far less cost.”

Walt Boyes, principal, Spitzer and Boyes LLC, author, columnist, speaker,

“Overflowing with creative, innovative and fun ideas to help you market yourself, your products and services inexpensively, effectively and ethically.”

Susan Z. Martin, *Where Can I Buy A Car Online*

“Shows you **how** to build mutually beneficial and profitable relationships not only with customers, but with employees, suppliers, and even competitors... Powerful and profitable. A terrific and long-overdue book.”

Eric Gelb, MBA & CPA, author, *Book Promotion Made Easy*
and editor, *Publishing Gold* e-zine

“As usual, you packed a lot of ideas into a compact, tightly written book. My favorite bit of advice: Get paid to do your marketing.”

Martha Retallick, owner, LRP Designs

“Will not only help you to make lots of money, but to feel great while doing so... The money you make is directly proportionate to how many people you serve and how well you serve them.”

Bob Burg, author of *Endless Referrals* and *Winning Without Intimidation*

“A must read for anyone who wants to understand the new way of doing business and doing it well.”

John Kremer, author, *1001 Ways to Market Your Books*

“How to be highly successful and still sleep at night... A jewel of a book.”

Lorilyn Bailey, CEO, NewsBuzz.com

“Ruthless, winner-takes-all marketing strategies ... are destructive to your business... Dozens of easy-to-implement, low-cost honest marketing tactics that, in Shel’s own words ... ‘not only feel better but work better.’”

David Frey, president, Marketing Best Practices

“Keep it handy on your favorite bookshelf. Use it to plan your marketing strategies year after year... Grow your business with a lot less effort.”

Denise O’Berry, *The Small Business Edge*

“Should be required reading in business schools so that we can avoid another headline-grabbing avalanche of corporate misdeeds.”

Harry Hoover, managing principal, Hoover Ink PR

“Focuses on ... ethical standards, building relationships and providing quality services. Filled with interesting and applicable tips, personal stories and examples.”

Melanie Rembrandt, owner, Rembrandt Communications

“One of the best books I’ve read on marketing... in a long time... Focuses very strongly on success coming from making the lives of everyone else better, rather than stepping on your neighbor to ‘move up the ladder.’”

Josh Samuels, Melaleuca Independent Distributor

“Shows marketers how ethical marketing practices generate long-term paybacks through consumer relationships that last.”

Mona Doyle, The Consumer Network, Inc.

“Eminently readable and full of real-world examples that not only will instruct but also will inspire the reader.”

Steve Yankee, writer, consultant, workshop leader

“In an age of Enron ethics and Worldcom cons, it’s refreshing to read a book that clearly demonstrates the value of virtue. Based on research findings, case studies and his own business practices, Shel Horowitz shows us that straight shooting and long-term business success are not antithetical.”

Yvette Borcia, partner, Stern & Associates, co-editor, Stern’s *Management Review*, co-author, *Stern’s SourceFinder* and *All About Pay*

“Business growth [is] not based on a zero sum game. Your gaining of market share doesn’t necessarily mean loss of market share for your competitors... Principles... that have built business leaders like Nordstrom, Avis, and Saturn.”

Jim Deitz, The Franchise Doctor

“I am gratified to see a book promoting business ethics, produced by an author of this caliber. This should be required reading in all business curricula.”

Eva Rosenberg, MBA, publisher, TaxMama.com, noted financial and Internet speaker

“The most successful companies... create value for the customer. I wish all marketing strategies were based upon Shel’s Magic Triangle of Quality, Integrity, and Honesty.”

Peter Hupalo, author of *Thinking Like An Entrepreneur* and owner of Hupalo, Ltd.

“Infuse your marketing strategy with honesty and respect, and you’ll be rewarded with loyal, relationship-based customers that bring you continual—and increasing—profits.”

Susan Carter, small business operations consultant and author of *How To Make Your Business Run Without You*

“A treat to find a book that has real substance to it... Teaches you how to increase your profits and create satisfied customers by working with your customers and your competition. I am already using many of its tools and techniques... Marketing as it should be done!”

Mark Frank, author of *Start Your Own Home-Based Website Design Business*

“A road map for ethical, effective and friendly marketing ... easy-to-read style.”

Susan Sanders-Kinzel, Cumuli Ezine Finder

“Dismisses ‘quick buck’ marketing strategies and presents the real secret for succeeding in today’s increasingly cynical marketplace ... trust, integrity and reciprocity.”

Steven Van Yoder, author of *Get Slightly Famous*

“I can hardly wait to put “marketing ju-jitsu” and other tips into practice ... and I’ve never had that reaction to a marketing book! But the real value ... is its emphasis on an ecology of marketing and business, which can evolve in parallel with human society towards a non-predatory, sustainable way of life.”

Laurel Lyon, Minisitetemplates.com

“PR Leads grew to a six-figure company in less than 12 months by following ethical marketing practices, working with competitors, and following the other valuable concepts outlined in this indispensable book.”

Dan Janal, founder, PR Leads

“Everyone involved in marketing, sales, or customer relations needs to read this unique blueprint for ethical and rewarding business practices.”

Lisa A. Smith, nonfiction editor and author of *Business E-Mail: How to Make It Professional and Effective*

“Cooperation, even with so-called competitors, can be beneficial for everyone to whom you come in contact.”

Don Goddard, owner, Calm Spirit Oriental Medicine

“Our moms taught us to play fair. Now Shel tells ... us how to increase business, save time and money by dealing ethically with prospects, clients, and even competitors.”

Virginia Lawrence, Ph.D., CogniText: Information Architecture

“Shel has managed to put onto paper, clearly and succinctly, marketing principles that I’ve been using successfully for many years. In addition, his book has shown me a number of new ideas which take ethical, customer-oriented marketing to new levels.”

Keith Thirgood, creative director, Capstone Communications Group

“This is the book for those of us looking for hard data to support our intuition ... that yes, there is a better way to do business.”

Susan Tull, Susan Tull Marketing Communications

“Filled with real life examples, his book provides Cliff Notes on the successful marketing methods of dozens of companies, condensed down to easy-to-read sections.”

Patrick Kilhoffer, Directconnectionsint.com

Not only do you outline a more successful methodology for marketing and sales people, but you wrapped up excellent customer retention technique in the package. Having been in marketing for over two decades, I have to agree with you. The pie is

not finite.... I also enjoyed the wealth of references to consumer surveys and complementary business materials.... The marketing world needs more opinions like yours. Excellent work, as usual.”

Linda Caroll, MultimediaJungle.com

“Convincingly shows that the real profit lies in treating your customers like the absolute gold they are.... Gives countless eye opening examples of ways you can easily increase your bottom line by doing the simplest things.”

Ed Osworth, author and consultant, creator of the Internet Marketing Index

“Marketing requires looking at the glass as half full.”

Karyn Zoldan, owner, Bridgemarketing.com

“You can win **and** your competitor can win. In fact, Shel shows you how, if you do it right, you can even turn your competitors into allies... challenges everything we thought we knew about marketing... always gives you more than you paid for, more than you expected.”

Ned Barnett, APR, CEO, Barnett Marketing Communications, author of nine books on PR, advertising and marketing

“A course in marketing for mensches. Stop wallowing in the sleazy world of big business and learn how doing the right thing will actually improve your bottom line!”

Fern Reiss, author of *The Publishing Game*

“Needed by everyone that has or is thinking about starting a business. It means the difference between success or failure.”

Lorenzo Rothery, Profitonthenet.com

“It may be hard for a rich man to get to heaven...but not impossible! When you operate with ethics and service, Shel shows you how to win friends, prosperity, **and** peace of mind!”

Joe Nicassio, Rapid Results Marketing

Principled Profit:

marketing
that
puts
people
first

SHEL HOROWITZ

AWM Books
Northampton, MA
A "People First" Book

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Publisher's Cataloging-in-Publication Data

Horowitz, Shel

Principled profit : marketing that puts people first / Shel Horowitz.

p. cm.

Includes bibliographical references and index

ISBN 0-0614666-6-9 (alk. paper)

1. Marketing—Management

2. Business—Ethics

3. Business—Cooperative

HF5415.I3 .H675 2003

Library of Congress Control Number: 2003090557

AWM Books

Division of Accurate Writing & More

PO Box 1164

Northampton MA 01061 USA

413-586-2388

<http://www.principledprofit.com>

<http://www.frugalmarketing.com>

<http://www.frugalfun.com>

<http://www accuratewriting.com>

First Printing, June 2003

Printed in the United States

Acknowledgments

I want to thank (in alphabetical order within each category)...

- Those sources who kindly gave permission for me to quote large chunks of their material: Bob Burg, John Kremer, Amory Lovins, John Todd, Barbara Waugh.
- My wonderful wife, Dina Friedman, for her insightful critique of the first draft.
- Eric Anderson, Tom Antion, and Jeff Eisenberg, who pointed me toward additional research relevant to some of my examples.
- The vast number of people who helped me struggle through the two-month process of finding the right title and cover, including members of the Pub-Forum discussion list, subscribers to Shel Horowitz's Monthly Frugal Fun or Frugal Marketing Tips, participants in the Adventive discussion lists and others who just chimed in to help. Many, many people participated in the collaborative process of naming this book, and quite a few gave me more substantial help. Those I would like to name: Bradley Adams, Lyn Adelstein, Eric Anderson, Jason Anderson, Lorilyn Bailey, Lynne Bliss, Yvette Borcia (who wouldn't let me settle for a substandard choice), Martha Bullen, Laurie Burke, Steve Carlson, Alan Canton, Bobbi Chukran, Dawson Church, Linda Cirino, Rick Coates, Shannon Collins, Kimberly Converse, John Culleton, Jim Donovan, Stacey Fitzsimmons, Jacque Foreman, Sherry Fossum, Michel Fortin, Dina Friedman, Everett Gavel, Jeanne Gipp, Bob Goodman, Peter Goodman, Pam Gotcher, Lisa Grant, Jaimie Hall, Charles Hayes, Geoffrey Heard, Rick Herron, Andy Hockenbrock, Julie Hood, Jeff Hope, Alana Horowitz Friedman, Barbara Hubbard, Barbara Hudgins, J.J. Israel, Lee Jackson, Azriela Jaffe, Stephanie Jukes-Amer, Barry Kerrigan, Lynn Ketola, Theresa Klein, Paul Krupin, Wendy Kurtz, Diane Landi, Lynnette Lemke, Nanette Levin, Bobbi Lewis, Sandra Linley, Mayapriya Long, Reno Lovison, Robin MacRostie, Chris Marion, Bernard M. Markstein III, Robin Mayhall, Cort McCadden, Dorothy Molstad, Davina Morgan-Witts, Komra Moriko, Stephen Morris, Scott Morrison, James Nugent, Jill O'Neil, Charles Patterson, Jayne Pearl, Joan E. Phelps, Patsy Price, Kathy Rapp, Andrea Reynolds, John Richardson, Eva Rosenberg, Virginia Schulman, Jacqueline C. Simonds, Linda Singleton-Driscoll, Lisa Smith, Bob Spear, Cathi Stevenson, Judith Sulik, Stephen Taylor (who went above and beyond the call of duty), Lauren Teton, Nicole Vadnais, Ian Wade, Faith Waude, Barbara Waugh, Gayle Webert, Carol Welsh, Gloria G. Wolk, Gloria Yoshida, Leo B. Zaslov, Zachary Zucker. I'm sure I missed some people, and I apologize.
- The many generous people who gave me a blurb, or attempted to connect me with well-known "blurbers": Tom Antion, Linda Arellano, John Audette, Lorilyn

Bailey, Ned Barnett, Yvette Borcia, Sheldon Bowles, Walt Boyes, Ira Bryck, Bob Burg, Ellen Cagnassola, Jack Canfield, Linda Carroll, Susan Carter, Bobbi Chukran, Marisa D'Vari, Jim Dietz, Jim Douglass, Mona Doyle, Laura Ehrlich, Barbara Ellmore, Ken Evoy, Mark Frank, David Frey, Eric Gelb, Don Goddard, Jim Hightower, Anne Holland, Harry Hoover, Peter Hupalo, Azriela Jaffe, Dan Janal, Brian Jud, Patrick Kilhoffer, John Kremer, Jay Levinson, Laurel Lyon, Susan Z. Martin, Joe Nicassio, Denise O'Berry, B.L. Ochman, Ed Osworth, Jayne Pearl, Allan Pollet, Robert B. Reich, Fern Reiss, Melanie Rembrandt, Martha Retallick, Al Ries, Melanie Rigney, Eva Rosenberg, Lorenzo Rothery, Josh Samuels, Susan Sanders-Kinzel, Lisa Smith, Kristie Tamsevicius, Keith Thirgood, Debbie Thurman, Susan Tull, Steven Van Yoder, Mary Westheimer, Marsha Wilson, Gloria Wolk, Justin Worthley, Steve Yankee, Simon Young, Karyn Zoldan,

- My fabulous production team: Laurie Burke of Subtext Communications (interior design), John Culleton of Able Indexers and Typesetters (index), Robin MacRostie of ChoreoGraphic Design (interior illustration), Andrew Morris-Friedman (publicity photo), Virginia Schulman (copy editing), Brandy Toberman and the team at United Graphics (printing), Jamon Walker of Mythic Studio (cover design).
- Ed Ciriello, Claudia Gere of Claudia Gere & Co., and the entire membership of Pub-Forum and Self-Publishing, who connected me with important publishing resources.

To my parents...

my mother, Gloria Yoshida, whose strong social conscience helped me find my own; my father, Norman Horowitz, who taught me not only the value of a dollar, but that there are many things more important than money; and my stepfather, Michihiro Yoshida, a painter and writer who inspires me with his life-long quest for excellence in every endeavor.

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part one

THE WAY OF THE GOLDEN RULE

“We don’t function alone, but as members of a team.”

Jay Conrad Levinson, author of the Guerrilla Marketing series of books¹

Introduction

People *do* matter! This book shows you how to be a successful marketer while keeping your actions ethical. It’s about the idea that you don’t have to be crooked or mean-spirited to succeed in business. In fact, the success strategies of a business formed out of abundance and grounded in ethics and cooperation are powerful and long-lasting—and they help you feel good about yourself even while bringing in profits.

Your parents and teachers probably taught you to treat others the way you want to be treated, play fair, and cooperate. This book is about the idea that you can use those principles as a cornerstone of your business, and that you can design marketing that not only follows this precept, but harnesses its incredible power to bring success and abundance into your life.

Too many businesses see marketing as a weapon of war. They think that to succeed, they have to climb over their competitors, fool their customers, and herd their employees into constricted conformity. I think that’s just plain wrong.

Marketing is a series of partnerships—of courtships, really. Businesses that succeed with my model understand that they have to woo their customers, just as a suitor woos for the chance to marry. And just as a successful marriage is built on years of mutual communication and meeting each other’s needs, successful marketing looks for a deep and long-lasting relationship based on meeting the needs and wants of everyone involved. That means your customers, your employees, your suppliers, and, yes, even your competitors! You can knock someone’s socks off on the first date, but if you betray that trust afterwards, you become your own biggest obstacle on the road to success.

1. Stated in a teleseminar he did for Radio TV Interview Report, Sept. 30, 2002. Used with permission.

So stay out of “marketing divorce court”; be there for the long term. It takes work to achieve a successful, long-lasting marriage, but the rewards are worth it. Similarly, you have to work at a successful long-term relationship with all the other interest groups that interact with your business. It’s got to be something that works for everybody involved.

Just as a romance that’s based on false promises and miscommunication is doomed to failure, so business relationships based on greed and backed by false promises aren’t going to work over time. But the good news is that if you treat others well, they will become your best marketers. The better you treat others, the more they will want to do business with you.

A word on terms: There are many ways to express the concept of Marketing That Puts People First, and to keep the book interesting, I use many of them. In fact, I spent over a month searching for the perfect title for this book, and many of the terms came from the more than a hundred titles I considered and discarded. Whether I say “everyone wins,” “mutual benefit marketing,” “marketing from abundance,” “cooperative marketing,” “ethical, profitable marketing,” or some other phrase, it all boils down to this: You make your own success by helping others succeed—you succeed without selling your soul. Think about this style of business as a practical, day-to-day expression of the old Golden Rule: Do unto others as you would like others to do unto you—a precept found in every major religion.²

Although I do believe very strongly in the Golden Rule, this is not a religious book. Rather, it’s based on a code of ethics. Your ethics might or might not be religiously based; the important thing is that you have an ethical basis for your behavior, including your professional or business behavior.

The modern business world doesn’t always assume that business should be based on ethics. But I do. I will assume that you’re reading this book because you really want to do what’s right; but perhaps you’ve been steeped in so many years of “Nice Guys Finish Last” that you aren’t sure it’s really possible to succeed, thrive, and be profitable while doing the right thing.

2. Stephen Apatow of the UK-based Humanitarian Resource Institute, in his “The Golden Rule Principle: Global Religious Leaders Called to Re-Focus on This Universal Objective of the Interfaith Community,” cites 13 examples from primary religious texts, from Buddhism to Zoroastrianism <http://www.wfdd.org.uk/Documents/IF/Golden_Rule_Principles.pdf?>. (All URLs in this book were live as of when I did my research. Although I cannot guarantee their continued availability, since they’re not on my own sites, you can easily find similar data using Google.com or other search engines.)

I'm here to tell you that you *can* succeed and still keep your conscience. In this book, you'll encounter many success stories that put a practical handle on this philosophy. You'll see that others are doing very well by doing good, and that you can too.

1

Basic Concepts

The Road to Your Success: Providing Value to Others

In the business world, we hear a lot about cutthroat competition and gaining advantage over the enemy. In some circles, it seems to be a game to see how best to cheat your customers.

These are the concepts of win-lose marketing, and I believe this kind of thinking is a dinosaur; it won't survive.

This book is about Marketing That Puts People First. Most of the time, everyone can win—nobody has to lose. Not only can you succeed in business by doing the right thing with every person and business that interacts with you—but often, **it's the only way to succeed.**

Don't take my word for it—listen to some experts:

1. Consumers avoid buying from companies they perceive as unethical.

A 1999 survey of consumers in 23 countries by Environics International, in cooperation with The Prince of Wales Business Leaders Forum and The Conference Board, found that 40 percent of consumers had considered punishing a company based on its social actions, and nearly 20 percent had actually avoided a company's products because of its social actions. A 1998 study commissioned by the UK-based Cooperative Wholesale Services found that 60 percent of retail food customers, even in the absence of an organized boycott, have avoided a shop or product they associated with unethical behavior.³

2. Consumers prefer to buy from companies that support their social agenda.

A 1997 study by Walker Research found that when price and quality are

3. Business for Social Responsibility's "Marketplace" White Paper, <<http://www.bsr.org/BSRResources/WhitePaperDetail.cfm?DocumentID=269>>. Downloaded Jan. 16, 2003.

equal, 76 percent of consumers would switch brands or retailers to a company associated with a good cause. Criteria frequently cited by consumers as affecting their purchasing decisions include environmental responsibility, community philanthropy, and avoiding the use of “sweatshop” or child labor.⁴

Many consumers also actively support companies that court business from their ethnic or subculture group. African-Americans control \$320.6 billion in discretionary spending; Latino-Americans control \$261.2 billion; people with disabilities, \$176 billion.⁵ Gay and lesbian purchasing power is about \$400 billion.⁶

Another growing area of company interest is cause-related marketing, in which companies align with charities or causes in a marketing campaign. Such campaigns have become increasingly common as consumers become more accepting of the concept. For many companies, the question is no longer whether to participate in cause-related marketing, but which cause to embrace.⁷

3. Investors have shifted 13 percent of all investment dollars into socially responsible companies.

In November 1999, the Social Investment Forum reported that more than \$2 trillion was invested in the United States in funds identified as socially responsible, an increase of 82 percent from 1997 levels. This represents roughly 13 percent of the \$16.3 trillion under professional management in the US, or one out of every eight dollars.⁸

It’s a radical new way of looking at the world.

Spend an hour or two with this book, and you may find that you no longer live in a dog-eat-dog world—and that in fact, when the dogs learn to work together, they can accomplish much more than any of them could on their own. Think of the incredible weight a team of sled dogs can comfortably pull across the snow; no one dog could accomplish that. And thus, when you join forces with others—even those you’ve been trained to think of as your competitors—truly amazing things can happen.

4. Ibid.

5. Ibid.

6. “The Gay and Lesbian Market Today,” Howard Buford, president, Prime Access, Inc., 2001 <http://www.multiculturalmarketingresources.com/experts/art_gaylesbian.html>.

7. Business for Social Responsibility’s “Marketplace” White Paper, op. cit. in fn. 3.

8. Ibid.

This is an opinionated and personal book; I make no pretense otherwise. It is based on my own experience of over 25 years in marketing. I've used the principles in this book, and the practical ideas in my earlier book, *Grassroots Marketing: Getting Noticed in a Noisy World*, to build a successful, independent business that is over 20 years old. I want you to do at least as well.

Why is This Approach Better?

Compare these scenarios:

1. The doctor says your ulcer is a little better, but you're still overdoing it. You put in 65-hour weeks and you still can't get everything done—but your family life is suffering and your stress level is high. So much of your time is spent cold-calling people who don't even want to talk to you, let alone buy from you. And your best sales manager just got stolen away by your biggest competitor, taking a client list and inside knowledge about your company's business strategy.
2. You're enjoying a quick, relaxing weekend getaway with your family; it's a celebration of the big new client you landed. You got the contract because a previous happy customer, a competitor of your new client's, recommended you. That makes sense, because your customer has been so pleased at the way your services generated profits that she can't help spreading your name around. You also think back on the industry conference at which you spoke recently, and how, coming out of that event, your firm is joining with three others to form a strategic alliance that will build all of your businesses. Life is good, and you're glad to spend this time with your spouse and children. Only a few years ago, it seems that you never had any time to spend with them, that you were spinning like a hamster on an exercise wheel—always working but never getting ahead. How glad you are that you've found a better way!

In the pages that follow, you'll learn how to begin setting a course for the smooth channel of success, instead of the rocky shoals of stress. And you will achieve this by helping others meet—or surpass—their goals.

The Magic Triangle: Quality, Integrity, Honesty

Ready for the big principle of this book? It's not a secret at all, just a simple truth. But it's crucial. Here it is:

Create value for others in everything that you do

That’s the “magic formula”! You help yourself best when you’re helping others. And the way you do that is by basing your business on a solid foundation of three principles:

Quality, Integrity, Honesty

Quality: Provide the best value you can.

Integrity: Run your business in alignment with your core values; don’t try to be something you’re not.

Honesty: Value the truth and be eager to share it with your prospects and customers—even if it means that your solution is not the best for them right now—in other words, it may not be appropriate for a particular prospect to become a customer at this time.

I make a big part of my living writing marketing materials for other businesses. Because I try to deliver extremely high quality while keeping my prices affordable, the value of my work to my clients is very high—and my customers become my “marketing evangelists” because they’re excited and delighted by the impact my work has on their business. Integrity keeps me close to my core values. Those include making the world a better place, having work that I find meaningful, and enjoying a high quality of life. Out of honesty, I’ve turned down work projects because another person might be better equipped to do the job; out of integrity, I’ve refused work assignments that clashed with my values.

You may be surprised to find out that becoming super-rich is *not* one of my goals. In fact, it’s integral to my value system to show ways of having a truly high-quality life, one filled with joy in the form of travel, music, good food, and more—and to show that this can be done while living lightly and spending lightly. (In fact, my first website, <http://www.frugalfun.com>, is dedicated to this idea.) I work because I enjoy what I do—I take great satisfaction in writing and speaking, and in knowing that I do these things quite well—and I believe that the world becomes a better and more interesting place if I can create excitement in a book by an unknown author or explain to the world how to have fabulous vacations that don’t cost much.

As for honesty—it not only feels like the right thing, it’s also good for business. For instance, my books on how to save money on marketing cover

much of the same ground. When someone orders both books, I always explain that one of the books is all they need—and which one, and why. People are invariably shocked that I actually tell my customers that they should reduce the amount of my sale. But I want a long-term customer relationship—and word-of-mouth buzz—more than the short-sighted short-term profit of selling customers a book they don't need.

Who Wins When You Market with Quality, Integrity, and Honesty?

Usually, everybody. Your customers or clients realize you're not trying to cheat them. And they will so value the experience of being treated well that they will come back again and again. They even tell others.

Your suppliers will relate to your honesty and integrity, to the knowledge that you understand that they and you are partners who can both go farther by helping each other.

Your competitors benefit, too, especially if they see that your ethical behavior opens the way for them to improve their own operating standards. As you make space in the market for quality, integrity, and honesty, you begin to see each other less as rivals and more as people who can work together to make things better. And we'll see a little later that with this cooperative model, you can help each other in many ways.

2

Marketing Versus Adversarial Sales

Marketing Instead of Sales

Recently, I went to New York to speak as part of a panel of six people discussing sales and marketing for solo entrepreneurs. One of my copanelists was a “Sales Jerk” who monopolized about 70 percent of the panel’s time; he was thoroughly aggressive, rude, and arrogant. His advice to others was that they, too, should be aggressive. He went on and on about how you just have to pick up the phone and cold call, hour after hour, day after day. His theory seemed to be that if you were a thorn in the side of enough people, one or two of them would do business with you, just to get rid of you.

You probably won’t be surprised that I disagree, strongly. With his approach, everyone loses. He’s going to have to work 14 hours a day at alienating people, in order to make a decent living. He’s wasting a lot of effort that could be spent far more productively, and he’s destroying the chance to build the long-lasting, positive relationships that turn prospects into customers voluntarily. What sales he gets will be in spite of his approach, not because of it—but eventually the numbers do add up to a livable income. My guess is that he could sell a lot more and work a lot less if he followed the sales methods I discuss in this book.

When I finally got a chance to say a few words, I said, “Now, here’s the difference between marketing and sales. I never make cold calls. I create marketing that has the prospect calling me! When I get the phone call or the e-mail, they’re already convinced that I can help them. If I don’t screw it up, I have the account.” While this may be an oversimplification—sometimes, I’m on the “short list” of three or four vendors, rather than automatically chosen as the preferred vendor—it is actually the dominant marketing trend in my business.

We were the last panel of the day; a cocktail reception followed. For the entire two hours of the reception, people came up to me, thanked me for what I'd said, and told me they thought the other guy was a jerk! Many asked for business cards or thumbed through my book. Some have since approached me about becoming clients.

Is my approach successful? Judging by how challenging it's been to carve out the time to write this book amid all my client projects, I'd have to say that it is quite successful. I spend a lot of time on marketing, and virtually none on the actual sales process, until a prospect contacts me (or contacts a discussion list where I'm active, and expresses a need that I can help with). Then, I either discuss over the phone how I can help meet the needs they have, or send a quick prewritten e-mail with a few lines of personalized response at the beginning. And here's the best part—when someone does contact me, my close rate for marketing services is about 80 percent.

Of course, this success did not happen overnight. I have worked at it long and hard, and each time I've moved my business to a new service sector, I've had to build up my client base and make a very gradual transition toward serving that type of client. But I now have quite a number of clients who have been coming to me for several years—they always have nice things to say about my work when others ask, and occasionally initiate entirely new income streams for me by asking if I'm able to provide a new service.

Back to the “Sales Jerk” and his selling style, for a minute. Here is another key principle of ethical, profitable marketing:

Conduct your business so as to build long-term loyalty

When you get a customer, you want to keep that customer and build a sales relationship that can not only last years, but also create a stream of referral business. When you select and hire an employee, you want that person to stick around so that you get the benefit of the time and trouble you invest in the initial training, and in the skills that employee develops as he or she works a few years in the position. When you select a supplier, you'd rather not have to go through the decision process and evaluate all the competitors again. And when you put time and energy into a joint

venture, you'd generally like that cultivated relationship and hard work to result in long-term mutual success.

It is almost always much cheaper—and more profitable—to bring an existing customer back to purchase again than to prospect for and develop a new customer. Nortel cited a study showing that, “a mere 5 percent increase in customer retention can translate to as much as a 75 percent increase in profitability.”⁹ In a similar vein, ZD Net reported on a Gartner Group finding that “it costs five times as much to find a new customer as it does to keep an old one....Gartner estimates the cost of customer acquisition to be \$280 a head, versus a mere \$57 a head for customer retention.”¹⁰

If these dollar figures are accurate, that would mean that if you're selling something in the \$100 range, you are probably barely breaking even on purchases by your existing customers (subtracting not only the marketing cost but the actual production or wholesale cost of the item), and losing substantial amounts of money on every sale to a new customer. However, using more frugal strategies—which I discuss in *Grassroots Marketing: Getting Noticed in a Noisy World* and on the Frugal Marketing website—it ought to be easy to bring down the dollar costs substantially for both new-customer acquisition and retention. In my business, the largest amount I pay to acquire a customer, other than when colleagues refer clients and receive a commission on the first order, is for those who find me in the Yellow Pages—and that generally works out to less than \$11. But more and more of my clients find me in other, cheaper ways, most of which cost only my time. Since my primary customer-retention strategy is to deliver superior work, at an affordable price, and within a reasonable time, my cost to keep an existing client is close to zero.

A more broad-based study by Howard Seibel, for E-Metrics, showed new-customer acquisition costs ranging from \$8.66 for online travel discounter PriceLine all the way up to \$700 for a mortgage origination firm. Most of the study's examples ranged between \$14 and \$300.¹¹ Even more extreme,

9. Cited in a Nortel sales document <<http://www.nortelnetworks.com/network/retention.html>>.

10. “CRM: Pay Attention to Retention,” Adrian Mello, ZDNet, Aug. 22, 2002 <<http://www.zdnetindia.com/biztech/ebusiness/crm/stories/64691.html>>.

11. “Overview of Customer Acquisition Costs,” Howard Seibel, managing director of Wharton Strategic Services, Target Marketing of Santa Barbara's E-Metrics, July 5, 2002 <<http://www.targetingemetrics.com/articles/acquisition.shtml>>

Harry Tennant and Associates found that Amazon.com had dropped customer-acquisition cost to \$7 by the fall of 2000,¹² while the August 1, 2002 issue of *Ward's Dealer Business* (an auto-industry trade magazine) cites a new-customer acquisition cost for car dealers of \$1000.¹³

The dollar costs may be overstated in the Gartner study, but the ratio still holds. For some firms, it may be low; I'd heard for years that the average cost of acquiring a new customer was around seven times the cost of retaining an existing customer. Still, recent savings through better databasing and online marketing have reduced marketing costs, so figures of four to five times are now typical.¹⁴

And how do you retain existing customers? By providing a pleasant, high-quality experience during the buying process; by offering goods and services that offer genuine value to the customer; and by exceeding your own promises and your customer's expectations—not by making enemies of your customer during or after the sales process!

Now, we begin to see the true short-sightedness of the “Sales Jerk” approach. When people buy in spite of your sales style and not because of it, there is virtually no chance for a long-term sales relationship. You've gone for the “quick hit,” and it will come back to bite you. By failing to deliver a positive experience to the customer, you've pretty much ensured that he or she will go elsewhere...and tell friends and colleagues to do the same.

So, if this is true, why, *why*, WHY, do so many businesses stuff their heads firmly into the sand and create marketing “strategies” that can only antagonize their prospects? Consider these, among many other examples of doing it all wrong:

- Dishonest “bait-and-switch” tactics in the showroom
- Obnoxious, unwanted—and untargeted—telemarketing
- Annoying saturation ad campaigns in electronic media
- In-your-face, unpleasantly loud tradeshow presentations

12. “What’s Wrong with the Net?” Harry Tennant, Harry Tennant and Associates, Mar. 25, 2001 <<http://www.htennant.com/hta/askus/wrong.htm>>.

13. “Dealership Group Tests the CRM Waters...Cautiously,” Cliff Banks, *Ward's Dealer Business*, Aug. 1, 2002 <http://wdb.wardsauto.com/ar/auto_dealership_group_tests/>.

14. See, for instance, “How to Recognize Value from Your Website Investment: Increasing the Lifetime Value of Customers through Process Automation,” Intelygis.com White Paper prepared by Kilo Communications, Nov. 27, 2000 <http://www.intelygis.com/Resources/content/in_whitepaper.pdf>.

- A “don’t bother me, I’m talking on the phone to my best friend” attitude from retail clerks
- Salespeople who can’t listen or answer questions, and instead only spout their standard speech—whether or not it’s appropriate or relevant
- Spam—junk e-mail—where the marketer claims permission was granted to a “marketing partner” (if this is true, why do I get so many addressed to long-defunct autoresponders?)

Let’s take spam as an example, because it’s easy to find commentary about it. Here’s an acquaintance of mine, a successful Internet marketer, Paul Myers of <<http://www.talkbiz.com>>, complaining bitterly about the invasion of his e-box by so-called permission marketers who never got valid permission to make the contact:

Myers goes on at some length, attacking the tendency to add names to e-mail lists without explicit advance permission, and the all-too-frequent claim that it actually was requested—a claim rendered very dubious when the e-mail goes to an inbound-only address.

He concludes:

Building a truly responsive list of targeted buyers isn’t hard. It requires nothing more than offering solutions to problems that people care about, and telling the truth.

People buy based on the relationship they feel with the listowner. A relationship started in dishonesty and fostered by the belief that the subscriber has the intelligence of a week old pizza isn’t conducive to sales.¹⁵

Let’s hear that last sentence again, Paul:

A relationship started in dishonesty...isn’t conducive to sales

Paul is one of many, many people saying things like that—because they are true! To get long-term positive sales relationships, treat your customers as intelligent people, as partners in your business. Marketing strategies that insult your customers’ intelligence are a foolish waste of money because even if you get a one-shot sale, you haven’t built that relationship. In fact, you’ve pretty well forced the people you duped to go elsewhere the next

15. *I-Sales Digest*, Sept. 27, 2002, quoted with the writer’s permission. *I-Sales* is one of several excellent newsletters available from Adventive; see Resources section.

time, and that means you have to go out and expensively acquire another customer.

And again, this is true in any marketing medium, not just e-mail. I remember an ad in my local paper, years ago, with the headline: “Sex”

Underneath it, “Now that I’ve got your attention...”

Were this an ad for condoms, pregnancy counseling, treatment of sexually transmitted diseases, or one of a dozen other things, it might have been an appropriate strategy.

But—it was an ad for a car dealership! In spite of the sexy models car makers use to sell their product, buying a car has nothing to do with sex. The attention that the ad got was entirely wasted. In fact, it was negative. I imagine that I was not the only person who crossed that dealership off the list of possible places to buy a car, because anyone who would insult my intelligence with that ad was not a company I’d do business with.

And then there was the salesman who came to my house with an appointment and wasted an hour or more of my time and my wife’s time for a presentation that should have taken 15 minutes. Time is extremely precious to us. I actually needed what he was selling, but his unwillingness to deviate from his prepared speech did not work. This would have been a fairly easy sale if he had been able to listen to what we were saying, answer the questions we asked instead of the ones asked by the hypothetical prospect in his presentation, and cut to the chase instead of forcing us through the entire thing. He ignored repeated explicit requests to move faster. Only because we genuinely—desperately, in fact—needed the product and did not know of alternatives did we make it through until the end.

I will be honest: we were a lot younger and less sophisticated, we did not have access to the Internet for competitive research, and he actually did close the sale. But I wrote a letter to his supervisor saying that he got the sale in spite of his presentation and not because of it, and asking for a different rep to actually service the account—not the sort of thing you want in your employee file! And when our year’s contract was up, we went with a different company, and stayed with the new provider for many years.

Telemarketing is usually done all wrong, too. It’s gotten to the point where unless we already have a relationship with the company, we won’t even listen. If the product is something we might have an interest in, we

ask for materials in writing (and it's amazing how few of these salespeople actually follow up). If we have no interest, we politely and quickly ask to be placed on the Do Not Call list, and we hang up. Yet some of these cretins actually call back and try again!

This is not a strategy for long-term success. One of the things they ought to teach in basic sales training is to approach the prospect the way the prospect wants to be approached. If I say that I like things in writing and the salesperson can't be bothered to mail or fax me some information, why should I consent to a time-wasting sales call—to say nothing of an in-person appointment—just because that's the way the company would prefer to sell to me? Is it any wonder that society has such scorn for salespeople?

But Wait—It Gets Worse!

It wouldn't be so bad if win-lose marketers only shot *themselves* in the foot. Unfortunately, as soon as someone invents a new communication tool, somebody else figures out a way to abuse it.

E-mail is a classic example. E-mail at its best—in the form of discussion groups—may be the single most powerful marketing tool invented to date. It allows instant communication, anywhere around the world, with many thousands of people on a discussion list talking about the exact subject where you offer solutions—as easily as you can send a note to your next-door neighbor.

It also allows something very close to real-time dialog with individual correspondents thousands of miles away. And of course, you can back up statements with spreadsheets, research sources, articles, and other data, either as file attachments or posted on a Web page. For most users, in the US at least, it costs nothing extra to take advantage of these tools. (Many people in other parts of the world pay based on time online or bandwidth, so for them, the flat-fee monthly pricing we enjoy may not be an option—and that's important information if you're in the habit of sending large files around.)

To a skilled marketer, e-mail was, until fairly recently, “the goose that lays the golden egg.” But the abusers—spammers, con artists, scumware/spyware/virus programmers—are killing the golden goose. Consider this:

- Many users have filters that sort any unfamiliar e-mail addresses directly into the trash can

- Some corporations use e-mail systems that automatically strip out attachments
- Even if the recipient is hand-filtering, most e-boxes are so clogged with junk mail that it's easy to accidentally delete a legitimate message
- Delivery reliability has dropped due to overloaded infrastructure
- Some popular services, including AOL, Yahoo, and Hotmail, simply can't process the volume, and the recipient's e-mail system breaks down or is shut off for quota violation
- Enormous numbers of e-mail addresses go stale every year

For people who need to be accessible by e-mail—journalists, technical support people, and consultants who have an Internet-oriented clientele—this flood of bad mail becomes a huge burden. There have been a number of times when I opened an e-mail thinking it was probably junk, because of a poorly chosen subject line, and it turned out to be an inquiry from a client or book purchaser—I have to check! And occasionally I have accidentally trashed an important e-mail. I do use technological filters, although I scan the contents by eye before deleting. And I deeply resent the time sorting the junk takes out of my workday.

And of course, we put up the same kinds of mental or technological filters against postal junk mail, telemarketers, junk faxes (illegal for years, but it doesn't seem to matter), and the barrage of ads that keep upping the ante—ads in toilet stalls, for goodness sake! Is there no sanctuary anywhere from bad marketing?

So now you know the truth: Part of why I'm so zealous about the mutual benefit approach is that the win-lose people make it much harder for the rest of us. I'm selfish that way—if I can convince a few people to change their ways, I'll have made the world a better place. And that's something I like to do.



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Shel Horowitz was still a teenager when he started doing publicity for grassroots community organizations with zero promotional budgets. With no money available for stamps, he used to hand-deliver press releases by bicycle. Trained as a journalist, he first became aware of the power of the news media when a local paper refused to print his meeting notices for a controversial group—but gave extensive news coverage to its refusal.

After finishing Antioch College at age 19, Shel grappled with organizing his own various career paths, and that led to a new direction: résumé and career services. Shel turned résumé writing into a marketing function; writing marketing copy was a natural extension. Now, for over twenty years, he's helped businesses, nonprofits, individuals and community groups refine their marketing strategy, make the most of free and low-cost marketing opportunities, and save money in traditional advertising. He became active on the Internet in 1994, and put up the first of his four websites in 1996.

Shel is a popular lecturer and radio/teleseminar guest who has spoken to business, nonprofit, and consumer audiences across the country and around the world. Four of Shel's six books are on marketing, as are many of his 1000+ articles; he's also written thousands of marketing documents for himself and his clients.

With his wife, Dina Friedman, and children Alana and Rafael, he lives in a historic farmhouse in Hadley, Massachusetts.

To order additional copies of this book, or Shel's earlier book, *Grassroots Marketing: Getting Noticed in a Noisy World*, please visit:

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