

GUEST WRITER'S ARTICLE

FASTER PROFITS IN SLOWING ECONOMIES

By Don Schmincke

You cut, slashed, and hammered costs 'til your knuckles bled. Now what? Is there another, perhaps faster, way to grow profits? Research of successful companies find profits grow faster in challenging times with approaches contrarian to typical slash and burn methods. Some of these approaches have ancient roots. It's not the first time organizations have encountered threats to their survival. And it won't be the last. But managing through this current episode may require you to reconsider the typical approaches we so often use. Analyzing 5,000 years of management history reveals a few insights that prove valuable in helping us thrive. These counter-intuitive methods prove profitable by companies using them even today. Adding them to your arsenal may be the best decision you make. What can you learn to do from these leaders?

Stop retrenching. Strike instead. Historically, economic downturns show winners don't retrench out of fear, but strike early. They accelerate their business by taking advantage of the fact that now their competition is weaker than ever. But striking takes two things: strategy and passion. *Do you have a strategy? Are you sure?* Studies find that most strategic plans end up being mere tactics. Avoid this mistake by calling a meeting with your staff and:

- Laying out your strategic plan.
- Probing and challenging the assumptions.

Does the plan show how you shall outmaneuver the competition or is it simply an internal distraction? Does it show what position you seek in the competitive landscape or how you're reacting to more of the same chronic issues? Does it reveal how you'll exploit competitor weaknesses or just expose operational urgencies?

Formulating strategy is only half the battle. *What about passion?* Our brains light up when we see something inspiring. Touchy-feeling mission statements are out. Sagas that inspire perseverance, unselfishness and sacrifice for the strategic win are in. It's not a new idea. It's been used for centuries. But we don't teach the crafting of stories anymore. *Have you captured your strategy into a compelling saga?* If not, condense your winning strategy into language that inspires passion for the strategic result. Then edit and re-edit. Remember, it's about crafting, not analysis.

Hire the brave, not the desperate. Samurai training found that cowardice stops leaders from challenging the status quo, holding others accountable, and exposing weaknesses. Cowardice hinders decisive action by stopping the essential act necessary to accelerate profits and survive a recession — tell the truth.

Cowardice eats truth. Lack of truth eats profits. Telling the truth can upset people, and desperate people don't dare risk it. But organizational cultures that promote bravery,



Don Schmincke

to read about the author, see page 5

and the speed of execution that comes from it, love it. It drives accountability to new levels. The alternative of keeping the truth at unspeakable levels only produces collateral damage like:

- Allowing marginally performing employees to continue their marginal performance.
- Avoiding the real issues that stand in the way of meaningful change and profitability.
- Sticking with doomed projects long after it's clear their "doomed."

Strengthen your organization and enhance competitive advantage by enrolling and inspiring bravery.

Group think is good. We've been trained to feel that if everyone thought like us it would be a bad thing. In some cases that's true. But fast companies train their employees to think alike; they train them to think like a CEO.

Do your employees know how every decision affects the balance sheet? Field experience finds that employees placed in simulations where they have to run a company achieve new levels of understanding. With a balance sheet and a P&L statement in front of them, employees realize how every decision requires movements of cash. New perspectives forge as they have to decide how to go to market. *What price? How much volume? Where do we advertise?* Choices for growth and expansion become visceral AND real.

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CELEBRATING 40 years of excellence

PRESIDENT'S CORNER

THEN, NOW & TOMORROW

By George Schnyder

I struggle to remember the exact wording of a quote dealing with **Past, Present and Future**. The gist of that quote is: all we can do about the past is to learn from it, certainly not change it. The future is yet to be, subject to change like the weather, and influenced by forces that we can only imagine. All we really have is the here and now (*carpe diem*). The present is what we can affect and we do that based on what we've learned from our past in consort with our desired vision for the future.



L-R: Jaime Capacete, Aleka Agapitides, and Debbie Miller-McTavish enjoying lunch together during the 40th Anniversary Lunch.

Forty years sounds like an eternity to many. Of course, if you happened to be wandering about lost on the Sinai Peninsula with Moses almost 6000 years ago it certainly was. For me, the forty years I've spent wandering about at IBS just flew by! Admittedly there were certain days that seemed like forty years in the desert, but for the most part each day ended so quickly I hadn't even scratched the surface of what I set out to accomplish.

“There are no mistakes. The events we bring upon ourselves, no matter how unpleasant, are necessary in order to learn what we need to learn; whatever steps we take, they're necessary to reach the places we've chosen to go.”

RICHARD BACH

The Bridge Across Forever

And yet, IBS Direct has many times reinvented and redefined itself over the past forty years, often in spite of, rather than because of me.

As we look at a pictorial history contained herein, it reminds me of the associates that have come and gone and the fact that very few move on without in some way leaving their mark. Some affect the way we do things, while others leave their unique mark on our corporate culture.

Additionally, the pictorial history is a reminder of another characteristic inherent to the IBS Direct culture — that of longevity. Longevity within our workforce and within our customer base is part of what makes up that compelling IBS saga. Unlike many businesses in today's world, there exists a reciprocal loyalty to and from both our employees and our clients. In sales we recognize that nothing is forever,

“That's what learning is, after all; not whether we lose the game, but how we lose and how we've changed because of it and what we take away from it that we never had before, to apply to other games. Losing, in a curious way, is winning.”

RICHARD BACH

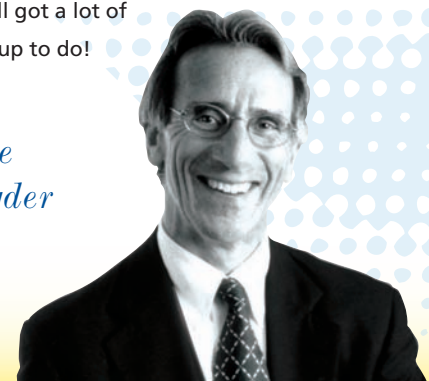
The Bridge Across Forever

but it's refreshing to observe that in an ever changing world the average IBS Direct employee tenure is 11 ½ years and that of our twenty-five largest clients, 10% have been with us for 20 years, 40% have been with us for over 15 years and 80% of our top 25 customers have been working with us for over 5 years. That in itself says a great deal about our fanatic focus on exceeding client expectations and a commitment to quality that is inextricably intertwined in the IBS Direct corporate culture.

Restauranters are wont to say “It's all in the presentation,” but the best presentation, delivery and customer loyalty is of little import if the products and services we provide have lost relevance in today's market. Therein lays material for a Hollywood production “Sleepless in the Executive Suite”; the entrepreneur's never ending struggle to continue to provide products and services that fill a need in an ever changing world.

Happy Birthday IBS. Forty years is a great run. But while I lay sleepless, along with all the other CEOs and business owners in our respective executive suites, we better be figuring out what we're going to be “when we grow up” lest we become irrelevant! Stay tuned for the next reinvention of IBS Direct. We've still got a lot of growing up to do!

*George
Schnyder*



THEN & NOW

A look back at how we have evolved over the years to provide our customers with quality service that exceeds expectations.



1 Our transportation has changed but our destination remains the same - The doorstep of our valued customers!



4 Russ and Pat - still here after all these years - growing along with IBS and our capabilities as we add state-of-the-art folding operations.



2 Our communication material has really changed!



5 Over the years, we relocated to a more modern facility.

THEN
1969

NOW
2009



Our logo Our logo may have changed but we still remain IBSDirect - directly dedicated to you!

2



Still we remain the right connection and we are now only a fingertip away.

3



3 We have taken advantage of prepress technology and moved from large cameras and stripping negatives, to state-of-the-art computer to plate processing.



ility tailored to our specifications.



6 A shining example of longevity and growth - Geoff started out packing boxes and is now our Chief Operating Officer.

about Don Schmincke

A dynamic speaker and author, **Don Schmincke**, began his career as a scientist and engineer. After graduating from MIT and Johns Hopkins University, he spent decades researching and applying anthropology and evolutionary genetics to management theories. He authored the bestseller **The Code of the Executive** and **High Altitude Leadership** with co-author Chris Warner. Visit www.HighAltitudeLeadership.com for a free team assessment exercise.

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Not surprisingly, these employees go back to their jobs with fresh insights on how their actions affect cash flow. They find money. They detect waste and inefficiencies. Opportunities for improvement surface which help companies needing to accelerate profitability.

Say “no” to customers. Ancient battles were often won by knowing where to strike, and where not to. There was an interesting story about Southwest Airlines. Co-founder of Southwest Airlines, Herb Kelleher received a scathing letter from a passenger criticizing how they made jokes during the safety instructions required by the FAA. Fun is a key value at Southwest, and humor helps us pay attention versus falling asleep during these standard reviews. This particular passenger was not amused. Kelleher wrote back a one-sentence letter: “We’re going to miss you.”

How many times do you try to do too much for too many? Such mistakes stretch resources, distract strategic focus and decimate morale. Instead:

- Assess what the Return-on-Energy (ROE) is for your customer segments (how much profit customers bring for the total cost of selling and servicing them).
- Identify those clients whose ROE is minimum or, gasp, negative.

You may indeed have a few customers that warrant a “We’re going to miss you” letter.

Eventually, and hopefully soon, we’ll all emerge from the recession. Until then, don’t hesitate to act now to accelerate your business. Remember, retrenching and waiting for it all to pass only gives your competition an opportunity to outrun you. Take the lead. Just because times are slow, doesn’t mean you have to be. ➔

AN EXCERPT FROM THE DMA

THE MOST IMPORTANT PART OF ANY DIRECT MAIL CAMPAIGN IS THE LIST – AND THIS IS WHERE YOU CAN BE VERY “GREEN.”

By Donna Mastrangelo

Unlike other forms of mass-marketing, in which you’re never sure just who is getting your message, direct mail lets you communicate one-on-one with your target audience. Before you even begin to put your direct mail campaign together, you’ve got to know who your target market is. Are they women? Parents? Young? Old? Understand what motivates them. What are their likes and dislikes? If you’re selling adult diapers, you want to target senior citizens... not 23-year-olds. If you’ve researched your list, you have a higher chance of hitting potential customers instead of the trash can.

The Direct Marketing Association (DMA) provides a list of environmental action steps to minimize defective addresses, duplicate addresses, unwanted mail and undeliverable mail. List hygiene and data management offer win-win opportunities for direct marketers to practice environmental stewardship and reduce waste, while improving the deliverability of their mail. According to the DMA these are simple strategies to reduce wasted mail. Here are some of their suggestions:

MAINTAIN A DO-NOT-MAIL LIST for

consumers and former customers who do not wish to receive future solicitations, as well as current customers who prefer electronic communications to receiving direct mail.

SUBSCRIBE TO DMAchoice formerly called the Mail Preference Service (MPS). DMAchoice is a file of consumers who have notified the DMA of their desire to receive less advertising mail. All DMA members are required to run their lists of prospective customers against DMAchoice on a quarterly basis, and to remove these individuals from their prospective mailing campaigns. You can utilize the DMAchoice file as a mailer, or indirectly through your service bureau.

MERGE/PURGE THOROUGHLY.

- Match outside lists against each other, the DMAchoice file, house lists and suppression files.
- Use match definitions in merge/purge that minimize duplicates.
- Use “deceased” lists to eliminate names of deceased persons from mailings.

ENSURE ACCURACY OF ALL INCOMING NAMES. To maintain clean, deliverable files use:

- **Zip Code correction** – confirms or corrects a Zip Code against the USPS’s extensive address and city/state files.
- **Address standardization** – arranges names, titles, company names and street address components according to USPS standards
- **National Change of Address (NCOA)** – reflects the most recent 48 months of new change-of-address information. NCOA makes it possible to correct addresses before a mailing.
- **USPS Address Change Service (ACS)** – corrects addresses, after a mailing.

CLEAN THE LISTS. Subject outside lists to the same list hygiene standards as a house list.

TARGET AND MAIL EFFICIENTLY. Use segmentation and modeling to select with care the names to be mailed.

CONSIDER PERSONALIZATION TECHNIQUES to best target your messages. Take advantage of advances in digital printing and other technologies to help target mailings more efficiently.

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BIRTHDAYS

JULY

26TH Leroy Lee
27TH Stephanie Borelly

AUGUST

8TH John Lee, Sr.

SEPTEMBER

4TH Alonzo Clary
24TH John Pursh
30TH Becky Kreider

OCTOBER

13TH Christine Hanson
23RD Joanne Zalisky

NOVEMBER

7TH Sandy Fillippo
16TH Mike Harrison
18TH Mike Repino
20TH Darryl Kroninger
27TH Ruth Anne Berry
28TH George Schnyder

DECEMBER

2ND Dave Mulvey
2ND Geoff Schnyder
5TH Aleka Agapitides
17TH George Smeddy
27TH Chic Smeddy
30TH Ed Plazek

ANNIVERSARIES

JULY

16 YRS Ian Kelsey

AUGUST

16 YRS Mike Repino
12 YRS Aleka Agapitides
6 YRS Tom Comerford
6 YRS Bill Powell
2 YRS Stephanie Borelly

2 YRS

Kim Houston

1 YR

Frank Aruffo

SEPTEMBER

24 YRS John Pursh
10 YRS Jim Lorino
10 YRS Geoff Schnyder
3 YRS Allison Rigler
1 YR Jaime Capacete

OCTOBER

19 YRS Erich Groves
16 YRS Rick Fritz

NOVEMBER

37 YRS Pat Musgrove
27 YRS Mike Crouse
27 YRS John Lee, Sr.
19 YRS Darryl Kroninger

18 YRS Mike Harrison
10 YRS Sandy Fillippo
9 YRS Lou Feliciano
8 YRS Mayer Schnyder
6 YRS Becky Kreider
1 YR Linda Nigh

DECEMBER

2 YRS Diane Gehringer

AN EXCERPT FROM THE DMA

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TEST A SAMPLE OF A LIST BEFORE MAILING

to the entire list. Consider testing different versions of catalogues.

Organizations that target customers more closely through a variety of list hygiene, data management, consumer preference and data analytics tools generally spend less on production costs while increasing marketing relevancy and response rates. Marketers have direct control over how lists are cleaned and managed. If marketers are smart they will continue to segment, target, and research their list more extensively and possibly, even with reduce list availabilities, giving them a better ROI and helping the environment to remain **green**.

These are just a few of the things we can do as marketers to remain **green**. You can find these and other eco-friendly hints at www.the-dma.org/environment.

ANNOUNCEMENTS



NEWBORN BABY

Grandchild to Employee Linda Nigh

Bella Cesira Halter was born on July 23, 2009 into the family of IBS Direct employee Linda Nigh (Accounting Manager) and her son and daughter-in-law John and Cristina Halter.

Congrats to all!



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