

**Catalogers, Retailers and Catatailers. 120 Years of changing with the customer.  
How is the customer changing now?**

**This article is based on a speech given by Charles A. Prescott, Vice President, International Business Development & Government Affairs of the DMA at the Deutscher Versandhandels-Kongress 2002 in Wiesbaden, Germany on October 8, 2002.**

This article focuses on the customer, the catalog customer in particular, through 120 years of the catalog business in the United States. Our purpose is to see if we can draw some lessons from that history as guides to the future. After all, we are where we are because of where we have been, and if we don't understand the past, we will repeat it.

This is even more critical now that technology, especially communications technology, is forcing all of us to reconsider our marketing and distribution practices. But technology is only one of the three major influences on the development of the technique of catalog selling to consumers. And the latest issue for catalogers has to be multi-channel selling and the challenge of understanding the role of the Internet in the catalog business.

But, is “multi-channel” a “new” way to sell?

No. That potential problem has always faced the cataloger. The only things that are truly new are:

- New demographics
- New technologies, including communication devices
- New economic environments



The challenges to the catalog business of new technologies and demographics are old challenges, which have always created new opportunities. And one thing is absolutely clear:

### **Early Days and Revolutions**

From the earliest times, catalogues have been a profitable way to market. The challenge has always been to determine how to adapt and employ available technology in a changing economy and a new demographic situation.

Of course, there are some constants that seem to defy time and technology, such as the hobbies and dreams of mankind, and two of those hobbies seem to produce consistent profits regardless of the three changes in technology, demography, and economics.

For example, the oldest continuous catalog operation in the United States is Orvis. This is a cover from the 1860's. They sold handmade fishing rods, especially for fly-fishing, and became world-famous for their quality. Today, they also sell shooting clothing and equipment, and generally the “country living” lifestyle. In the last 35 years, they have grown from \$500 thousand in sales in the U.S. alone to \$250 million worldwide. They mail 50 million catalogs per year, and a newspaper *Orvis News*, with sporting and conservation news and travel stories –circulation of 2,200,000, 8 times per year. In addition to the catalog, they have 25 retail stores in high income areas of the US and UK, and 600 wholesale distributors in 30 countries. Recently they opened fly-fishing and



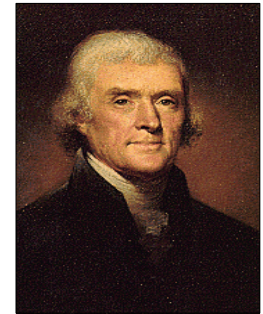
shooting schools in 9 locations in the US, each of them with a retail outlet, of course. Definitely a wealthy “niche”.



Of course, the battle between man and fish is quite possibly as old and emotional as the battle between man and woman, and has probably generated as many lies. But it is rivaled by the world’s oldest struggle and probably most popular hobby: man against nature, or the hobby of gardening.

Our third President, Thomas Jefferson, bought seeds and trees by catalog in 18<sup>th</sup> and early 19<sup>th</sup> century from a nursery in

Long Island. Those same plants still grace his home in Monticello, Virginia. And Jefferson also bought furniture, textiles, artwork, wine, dishes, and scientific devices by catalog from Europe. Jefferson was a cataloger’s dream customer. Educated, cultured, reasonably wealthy, and underserved by local merchants.



But aside from gardening and other hobbies, almost all other products sold in catalogs, and the catalog business itself, have been buffeted by those three forces: demographics, technology, and economics.



For example, during the early industrial revolution in the 19<sup>th</sup> century in the United States, predominantly in the new industrial area of New England, numerous new businesses arose using the new power sources of steam engines and the advances in metallurgy. New England produced mass-market pocket watches, shoes, carriages, steam engines, tools, farm equipment, and guns. Many famous companies: Smith & Wesson, Colt-“the gun that won the West”, Remington, Timex, Black & Decker were born in this region, and most of them sold their products both to distributors and consumers through catalogs.

The first truly revolutionary period in cataloging occurred from the end of our Civil War in 1865 to 1890, followed by a period of turmoil in the 1920’s.

Let’s look at some of the revolutions occurring in that period that contributed to make catalogues such a powerful marketing tool in the late 19<sup>th</sup> century and how two very successful companies responded to new technologies and new demographic environments over a 50 year period: Sears Roebuck & Company and Montgomery Ward. Let’s see if there are lessons for today.



Starting around 1850, seven revolutions supported the growth of the catalog business in the United States.

### The Population Explosion

The United States, especially its cities and the West, grew enormously both through birth and immigration. The 19<sup>th</sup> century saw the largest voluntary migration of people from one continent to another in recorded history. Chicago grew from 30,000 to 250,000 in 15 years to 1865. Immigrants arrived from New England and all over Europe to seek the rich farmland of the mid-West and the fishing grounds and forests of the northwest.

San Francisco had a population of about 50 in 1835, and over 50,000 in 1860. New cities and towns



popped up everywhere. They were underserved by retailers, or served at outrageous prices. This fact motivated the founders of three major institutions: Sears, Ward, and retailer J.C. Penney. Penney started in a mining town in Colorado. James Cash Penney, by the way, was the son of a minister and believed in giving honest quality and service at fair prices. His first store was named The Golden Rule. My favorite quotation from James Cash Penney is: “It is the service we are not obliged to give that people value most.”

And does this “population revolution” have a significance for us today? I believe it does. Where has there been a population explosion in the last 15 years? Well, in Central and Eastern Europe and now in China, where command economies are being replaced with market economies, and consumers are not well-served by inefficient retail distribution systems. These are ideal economies for reputable catalog companies who have good fulfillment systems and product-sourcing capabilities.

### Farm Revolution



New agricultural machinery and new varieties of crops and livestock were introduced. Most of these were sold through mail order. The invention, for example, of the steel plow and other tools made it possible to farm the vast prairies of the central United States with their thick sod. Farm income increased as the cities and towns grew, but incomes were uncertain as farmers increasingly grew one or two major crops to sell, rather than a variety of crops to feed the family and the local market. Thus, farming in the U.S. at an

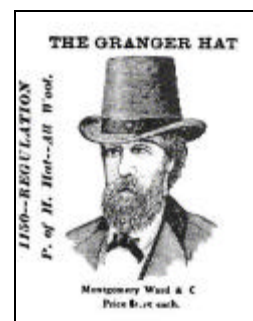


early stage became an industry, and farmers were subject to world markets for their income.

Farmers, especially, felt abused by the prices they received for their produce and the prices they paid for



farm and household equipment. This discontent gave rise to the Grange movement, which became a political movement, and many local Granges became buying co-operatives. Montgomery Ward himself knew their problems well. He began selling direct to Grange buying clubs, first person-to-person, and then by catalog, his first being in 1872. Grangers could even buy “their hat” from Ward to show their solidarity with other farmers. In fact, his first mailing list was of Grange members.



### Technological Revolution

As noted, starting in 1850, the Eastern U.S. became a manufacturing powerhouse. Sears’ first catalog was a “niche” catalog – pocket watches manufactured in the East. The steam engine and later electricity enabled faster

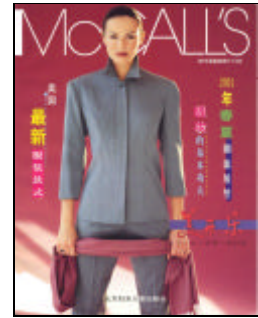


and cheaper manufacture of standardized goods. The Civil War of 1861 to 1865 was a goldmine, especially for the textile industry, which expanded to clothe the Union Army. After the war, the mills shifted to the consumer market that was spreading nationwide, and produced ever more cloth at lower prices.



Clothing manufacturing also prospered, but readymade clothing was expensive, and farm wives had the skills, time, and desire to dress their families in new fashions with good materials. In the 1870's, Ward's' best-selling product was the sewing machine.

Butterick pattern company sold vast quantities of pattern books through the mail in this market. And this is paralleled today in China, where underserved rural communities are a good market for one of the only profitable mail order catalogs in that country, McCall's,



which now owns Butterick. In the 90's this same thing occurred in Eastern Europe and Russia, where the German company Burda prospered, although more frequently on the newsstand.

Technology also revolutionized communication in direct and in retail in ways we have forgotten. The rotary press permitted faster printing on 2 sides of the paper. Germany's Friedrich Keller perfected the process of manufacturing paper from wood pulp, and this reduced the cost of paper by 95%! By 1880 there were thousands of daily newspapers, all with space ads for the new goods and catalogs, all printed on the new paper.

Improvements in steel manufacture permitted tall steel skeleton buildings, which became office buildings, fulfillment and manufacturing centers, and retail department stores, with display windows behind the new large plate glass windows made possible by new glass-making technology.



Ward's' headquarters building in Chicago, which combined executive offices, order intake, warehouse and fulfillment operations was, in 1889, the astounding height of 13 floors, with another 6 floors in an executive office tower on top. Ward's' order fulfillment operation was as world-famous as Quelle's is today, and Henry Ford studied it in making plans for his assembly-line production of cars.

And obviously, communication technology and digital everything, including printing, is the contemporary revolution in this area.

### Transportation Revolution

With the building of railroads and the settling of the West, Chicago became the farmland and railroad capital of America. By 1865 there were 19 rail lines and 150 trains a day out of Chicago.



At various times during this period, especially in the depression of the 1890's, both Ward and Sears would offer free shipping and handling. Heavy products, such as cast iron stoves and large farm equipment, even kits consisting of entire houses, could be sent nearly anywhere within one week. In fact, in its catalogs in the early 20<sup>th</sup> century, Sears

could truthfully promise that an order received in Chicago by noon would be sent before the day was through.

And transportation today? Competition in air express carrier services, liberalization and competition in postal services, the lowering of tariff barriers to the trade in goods and services. All these are part of the transportation revolution, making more goods easily and cheaply transportable to distant purchasers.

### Communication Revolution

The posts have been our best, and indispensable, allies in this business. The U.S. Post introduced the penny postcard in 1873, which lifted response rates to space ads in the thousands of new newspapers. Bulk rates for direct mail and catalogs came in 1874. Low first class postage of 3 cents helped increase mail order response rates. In fact, the Post Office in the 1960's actually inspired the beginning of modern direct marketing, which I will touch on later.

We all struggle today with “too much information and communication”. But in the 19<sup>th</sup> century, first the telegraph and then the telephone put manufacturers’ salesmen and distributors in quick and constant communication with the home office, where consumer trends and desires could be monitored and responded to more quickly.

In fact, the first true “electronic commerce” in the consumer area was done by Richard Sears in 1886 when he sold pocket watches by telegraph offer to other railroad agents in the system where he was then employed. Both Sears and Ward, by the way, started their mail order businesses literally at night from their kitchen tables and they had permanent day jobs with major companies.

### Social and Economic Revolution



Immigration from the East Coast and Europe, often inspired through the marketing efforts of the railroads, populated the American West. Land was cheap, sometimes even free. This created new towns and rural communities, as noted, but it also created an interesting customer service challenge. In 1895, Ward offered customer service in 12 languages. And these new immigrants served not only as market, but as labor, and sources of ideas and new products. And to think that today we are amazed if a web site has more than one language version!

Today, in the U.S., the Latino population, Spanish-speaking immigrants from Central and Latin America, is the fastest growing “ethnic” segment of our country, and the largest “minority”, with about 25% of the population and growing. And it has unique characteristics: predominantly Catholic, extremely family-centered, and bi-national if not even multi-national in its travel and communication patterns.

There is another fast-growing segment whose appearance will have a major impact on the economy, and on catalogs. It is the wealthiest in the world and we shall describe it in more detail later, but it is the ageing baby-boomer generation.

### The Distribution Revolution

As manufacturing and shipping costs dropped, manufacturers, wholesalers and retailers fought to retain bigger shares of the savings. The large multi-product department stores and mail-order houses had an

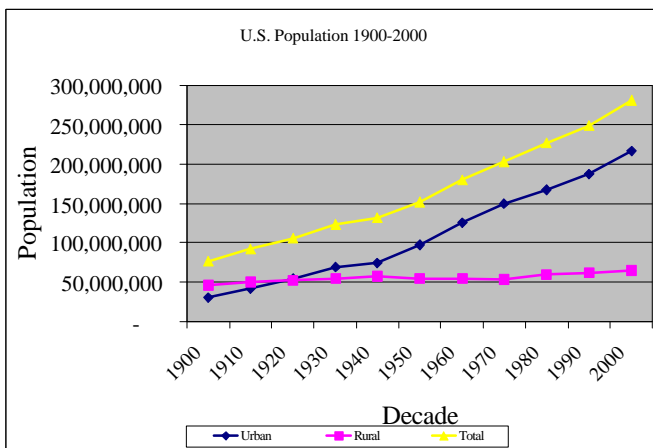
enormous advantage. Their size gave them more buying power, and they were cheaper middlemen than small shops in small towns. Ward and Sears and J.C.Penney and Woolworth's used their buying power to drive down prices, for themselves and their customers.

Ward and Sears even pursued vertical integration strategies and owned or had substantial investments in factories of all sorts. In the 1920's Sears even owned its own lumber mill and millwright shop to make houses it sold in kits; it even sold the coal to heat the house. However, these houses were sold on long-term credit, and delinquencies were frequent, so this was a short-lived experiment.



By the way, Sears just had to take a large charge to earnings for bad credit card accounts. The cycle of history rolls around again. And speaking of history, the US passed a historical milestone in the otherwise somewhat unremarkable years of 1920 to 1922.

### Rethinking the Model: The Middle Period



The historic shift for the big cataloguers was into retail and this graph shows the reason. Shortly after 1920, the population of the U.S. became more urban than rural. This meant that if a company wished to keep selling “everything” nationwide, survival probably required a retail presence. But what kind? And in what parts of the new cities?

Responding to this, in 1925 Sears opened its first store. By 1929 it had 324 stores which accounted for 40% of its sales, and by 1931 its retail sales passed mail-order. It has never looked back.

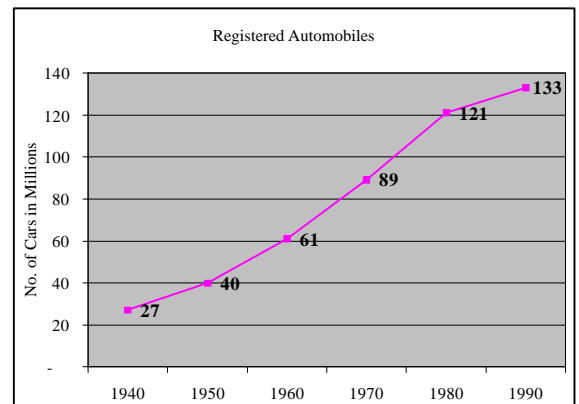
For the Big Books, Sears and Ward, the period from 1930 until the 1960's was one of fierce price competition, and increasing emphasis on the stores. Sears built around the edges of cities and in the new suburbs. Ward started late, in the 1930's, and built in the centers of smaller cities and in rural communities. And both still mailed millions of catalogs each year. But Sears guessed right about demographics: the suburbs were the demographic future, not the city centers and rural areas.



Why? The automobile became the future. It was now part of life and would dictate not only where people would live and work, but how they would live and work, and most importantly, how they would expect to do their errands and to shop.

The next challenge came in the 1950's, with the big discount stores,

Kresge's, E.J. Korvette's, and the beginnings of Walmart. Sam Walton, by the way, started his business career at Sears before World War II and, although offered his job

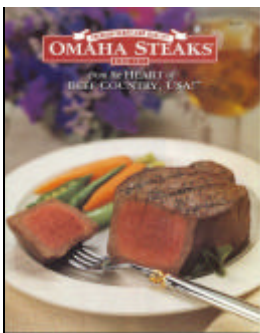


back, declined and set off to start Sears' most fearsome competitor. Response rates to large catalogs continued to drop as consumers were offered the lowest possible prices in large warehouse-like stores with no service people or salesmen. The retail competition was fearful: discounters focusing on price, against multi-line full-service retailers.

But, even then the "multi-channel" business of selling by catalog and in stores was important. In 1955, 50% of Sears' mail order sales were from the catalog order desks in retail stores, which did not carry all products in the catalogs, or by telephone. Sounds like what Quelle, Trois Suisses, La Redoute and others are doing even today in Russia, "catalog shops", where goods are ordered and later picked up.

**Technology and Demographics Again: The Niche Model Expands.**

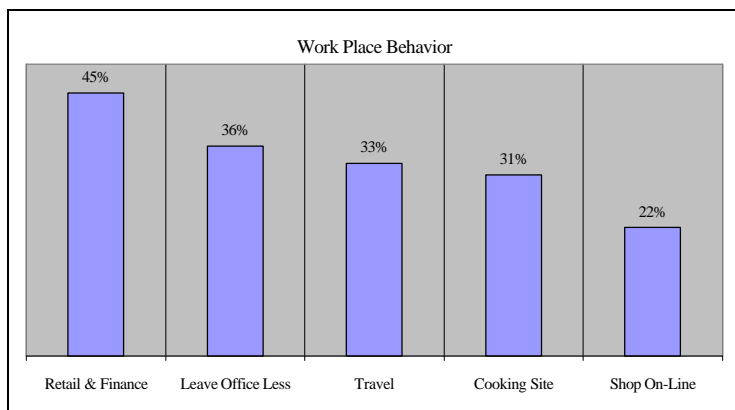
Then something remarkable happened. The '50's and 60's were a time of great change: the suburbs grew, times were prosperous. In society, more and more women began to enter the workforce. In 1961, 3 out of 10 women worked outside the home. Sears discovered in 1961 that 40% of its sales were made after 4:30 PM and on week-ends. At the same time, consumers began to tire of the lack of selection and choice in the large discount stores, and the lack of personalized service and knowledgeable staff. Many of the large discount chains began to fade, and then died. Consumers wanted a wider selection of quality goods, and unique items. The quality multi-line department stores were winning, to be sure: Federated, May, Neiman Marcus, etc. But so were "little niches".



Niche and specialty catalogs, which had always been there, began to come into their own, offering unique products, and personal service over the phone, and price was a secondary consideration. And many of them, such as Talbots, Bloomingdale's Direct and the Neiman Marcus catalog, are important merchandising arms of the retailers themselves.

This demographic trend continues today, with baby boomers now controlling vast disposable income, and demanding tastes. This \$300 million company's best client is a male over 50, with lots of wealth, and there are more and more of them in America.

I find intriguing the apparently artificial survival of big books in Germany. They seem to me to be doomed. Today in Germany 65% of the female population works, and 10 million of those 16 million women are salaried employees. That's a major shift in the last 25 years. The big books survive because of shop closing hours, but even there they will be challenged.



Consumer Electronics Association, June 2002

Sears' and Ward's big books could not survive. Our stores are open 9 to 9, 7 days a week. But neither stores nor big books can overlook the Internet. It never closes. The problem the big books satisfy is the time problem. They provide the working woman time to shop. And so does the Internet. In fact, it may do it even during working hours, which a big catalog can not.

Research in the U.S. shows that American women do more and more personal things at work with the Internet. Surprise! Workplace behavior changes with Internet access. The good news is that 36% of the employees say they leave the office less often on personal errands. How do they do their errands? The bad news is that 45% say they access retail shopping and financial services web sites, 31% view cooking sites, 33% travel sites. In fact, 22% of Internet users in the U.S. admit to shopping on-line from work. I submit this is a challenge of significant proportions. And I refuse to believe German working women are much different from American working women in this regard.

**And now we really are a data business...**

And another technological change supporting the niche occurred. In 1965 catalogers had to start to accept a new technology, because of the Post Office which announced that in 1967 it would be come mandatory to use postal codes to obtain bulk discounts. In short, the Post Office had told the industry it needed to computerize its operations.

Direct Marketing Association, Inc.  
 1120 Avenue of the Americas  
 New York, NY 10036-6700

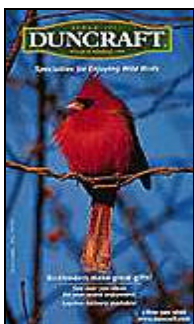
As will any change required by “government”, the industry declared that civilization as previously known would come to an end and this would destroy all but the large direct mailers, because companies would have to invest in computers or pay service bureaux, and those who could not would go bankrupt.

But computing power became cheaper, and smart marketers and service bureaux discovered you could do more with the forced investment than post code appending. Now you could maintain a customer database that you could manipulate not just for mailing, but for analysis of responses. You could find similarities in customers, or customer behavior, across postal codes. And thus segmentation and regression analysis became faster, more accurate, and more widespread.

To make it even better, the 1970 Census data were issued by postal code. Households and neighborhoods could be sorted by income levels, number of persons, number of children, rural/urban, married/unmarried, kinds of appliances, number of automobiles, etc. Psychographic and demographic segmentation became possible for even small catalogers.



Simultaneously, and reflecting new wealth and leisure time, as well as better magazine direct marketing, there began a boom in specialty magazine-publishing of every imaginable interest. And this reinforced the “virtuous circle of subscriber-mail order customer-subscriber” pioneered by Reader’s Digest. Do your customers have an affinity for lighthouses, such as Lighthouse customers? Perhaps they read boating magazines. Rent some boating magazine subscriber lists. Do they collect knives like A.G. Russell’s



customers? Perhaps they are outdoorsmen. Find outdoor magazines. Are they bird lovers like Duncraft’s customers? Then perhaps they read nature magazines. Are they mothers who breastfeed their babies like Motherwear’s customers? They certainly read parenting magazines.



And of course, you can rent the customer lists of other catalogers whose customers are like yours. Do you sell products

to make life easier for senior citizens like Gold Violin? Certainly the customers of museum stores like Smithsonian are older than the general population, and generally financially secure.

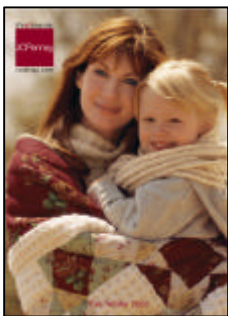


The co-operative mail order buyer databases, where companies contribute the names of their buyers, became possible with increasing computer power. After all, the best mail order customers are ... mail order customers. If you sell decorative items on the horseback riding theme, you might test a number of selection criteria and discover that buyers of relaxed outdoor clothing like your merchandise, like J. Jill.

What is in these databases? Abacus-Direct, soon to begin business here in Germany, says they have “the largest proprietary database of consumer, retail, publishing, internet and business-to-business transactions. Abacus combines that data with proprietary modeling techniques to help clients with customer acquisition and retention strategies.” What they do, and what many catalog companies of even relatively modest size, could not have been done before 1970.



And the result of these demographic and technological developments? In the '70's, the big books were 2/3'rds of consumer mail order sales and specialty catalogers, 1/3. By the mid-1980's, that was reversed. This was brought on by those changes: new technology of computers, software, the availability of data, and consumer dissatisfaction with retail offerings.



Today, only Spiegel and Penney's remain as “big books” and together account for less than 3% of mail order sales. But neither catalog is anywhere near the glory days of Sears' 1955 Fall/Winter catalog of 1400 pages, and now they charge for it, but note they don't charge for their specialty books.

**Some multi-channel experience, and what it means...**

Yes, even if you are big, you have to sell to “niches” today. How do you sell as a niche marketer today? Leaving aside the demographic challenges of siting retail stores, an entirely different topic, it is clear you have to be multi-channel: catalog, telephone, the web site, and e-mail.



Here's at least one compelling reason. Research by *Catalog Age* and Yankelovich shows that consumers increasingly use the Internet to research. Forty-five percent use the Web and 31% use catalogs. However, consumers prefer to buy through telephone (24%), catalog (22%) or direct mail (20%), rather than through the Web (9%).

If you have stores, you still offer mail order delivery but in your catalog and on the web site you give customers the option of not paying shipping and handling by going to the nearest store to pick-up the order. Thirty percent of the Web and catalog orders of Sears are picked up in-store, and 20% of those people make unplanned purchases while in the store!



You actively solicit catalog requests on your web site, here the household goods powerhouse Williams Sonoma. 95% of DMA members now do this. Notice that the “please send me e-mails” box is pre-checked. Is this truly an “opt-in”?



Maybe not, although the e-mail address box is not mandatory information here. Another data point to gather and test! And you can and should track and test these names and their variants (eg., e-mail or not) for profitability. While it is intuitive that a prospect who comes to you is likely to be worth more than one you find through a rented list or co-op, you never know in this business. Perhaps we’ll learn from these companies about this.



On your web site you must make it easy to find the product consumers are looking for. Electronic goods retailer/cataloger Best Buy has found that putting the search feature on EVERY page kept customers on the web site 50% longer. The longer they stay, the more likely they’ll find something to buy.

You give catalog shoppers who know what they want a Quick Order feature on your web site. Type in the inventory number from the catalog, click, and check-out. 50% of Land’s End’s on-line orders come through that page. 89% of DMA member companies have this feature.



Naturally, you put your web site address and 800 number in every catalog, and offer 24-hour ordering service, like Harry & David.



You want to encourage multichannel buyers, because Doubleclick’s research shows that the more channels a consumer uses, the more they buy. Their survey showed 3 channel shoppers spend on average \$995, versus \$591 for single channel shoppers and \$894 for two channel shoppers. Boston Proper catalog features their URL multiple times in their catalog. They have found that 60% of their new online customers come to them from the catalog.

Conservative women’s clothing retailer and cataloger Talbot’s finds that a customer who uses all three of their channels, store, web and catalog, spends up to 5 times as much as the average single-channel customer.



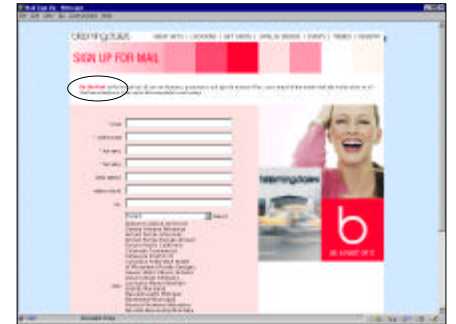
In your e-mails, opt-in only, of course, always show your phone number. Victoria's Secret and here Britannica get 20% of the responses to their e-mails through the telephone.



Send e-mails to addresses near your stores. Home decorating retailer Crate & Barrel announces special retail sales this way and in some cases has increased same store sales by 50%.



On your website, put an e-mail opt-in tool on the most visited pages, obviously. And offer an incentive to opt-in, perhaps to be “the first to know”, like Bloomingdales.



In short, these tools are all about giving the customer choice of medium, convenience, control, and information.

And there are thousands of other tips, as we're all just discovering what works, just as Richard Sears and Aaron Ward had to discover what worked with catalogs in the 19<sup>th</sup> century. Sears discovered he sold more clothing using line drawings of people in the clothing they sold, rather than just drawings of the clothes! And at the center of it all is the customer, who expects faster service, more information, and more choices through all contact points with your company.

Multi-channel is hard-work and messy. General Robert Wood, Chairman of Sears, observed this about their experience in opening retail stores from 1925 on: “Even after considerable planning, we had a 100% record of mistakes... We hadn't overlooked a single mistake. We made them all.”

Marketing and cataloging have always meant finding and applying new technologies in new demographic and economic situations. We must remember that companies don't die. They commit suicide by failing to recognize that there is nothing permanent except the state of change in those three parameters.



So we will all have to master this channel, and as we do, we will find niches becoming more and more possible and more profitable, even on limited budgets. Here is our DMA member Dunecraft who sells all manner of things to people who enjoy feeding wild birds and watching them. They have a 12 month buyer list of a modest 100,000, about 500 stock keeping units, revenues of \$11 million dollars, and 75 employees. Mike Dunn did the web site himself with off-the-shelf software for \$10,000, and has recently added new state-of-the-art features like QuickOrder and real-time inventory confirmation for another \$8,000. His web site produces

25% of his sales. That's \$2,500,000 for a \$20,000 investment. The ROI for one year alone would be 125 to 1.

Is this a sure thing? No. Take, for example, Gold Violin, which started on Mother's Day 2000 with a web site and a catalog. Their motto is, "The older the instrument, the sweeter the music." They sell products to make life richer and easier for older people, the fastest growing demographic segment in the United States.



According to the *Economist*, in the developed countries, this segment owns 75% of all assets and two-third's of the shares listed on stock markets. In the US, only 5% of the marketing budget is aimed at them. I suspect it's not much different here.

The founders of Gold Violin, two sisters, with years of experience in brand consulting and cataloging, respectively, believed they were producing a catalog of gifts for older children to buy for their parents. But most customers are seniors buying for themselves: they are independent, vibrant, active and perfectly content taking care of themselves. After 18 months Gold Violin has a catalog circulation of 400,000; their orders come in 58% by phone, 35% on the web site and 7% by mail. Not bad, and the owners tell me they are on track to break-even by 2005. And that's a pretty typical timeframe for a new catalog.

So, there are lots of opportunities out there, and now multiple channels to serve very refined interests. But there are no sure things, only customers who now want goods different from their desires of 140 years ago, aside from the fishermen and gardeners. Customers haven't changed very much, basically they still want what they have always wanted. Information, choice, service, prompt delivery, and a guarantee of quality.

What The Customer Wants...	
1900	2000
<ul style="list-style-type: none"> <li>• Information</li> <li>• Choices</li> <li>• Service</li> <li>• Prompt delivery</li> <li>• A guarantee</li> </ul>	<ul style="list-style-type: none"> <li>• Information</li> <li>• Choices</li> <li>• Service</li> <li>• Prompt delivery</li> <li>• A guarantee</li> </ul>

---

Many of the insights and observations set out in this paper found their origin in a book that merits a place in every businessperson's library: *The First Hundred Years are the Toughest*, by Cecil C. Hoge, Sr., Ten Speed Press, Berkeley, CA, 1988.