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# Introduction

## My Secrets for Direct Marketing Success

**A**t the age of 29 I was a guest at the White House. The year was 1963. I'd never visited the White House before, not even as a tourist. It was thrilling for me. I was there after having been voted one of the two most outstanding businessmen in Delaware by an advisory council to the Small Business Administration.

My trip to see the President really began at a small candy and ice cream store I'd started next to Delaware's Route 40. Advertising and marketing were what made my business noteworthy.

When I started at the age of 21, all I had was \$800 in savings and a \$5,000 personal loan. Yet because of creative, cost-effective advertising, Peterson's House of Fudge grew. At its peak I had a chain of 30 candy and ice cream parlors in six states. All this happened within six years after I started the first roadside stand.

Eight years later, it was an honor meeting with President Lyndon Johnson, along with representative businessmen from the other 49 states. I'll never forget how exciting it was for me to spend an entire day with the President and his chief advisors!

Little did I expect at the time that soon afterwards I would begin another career as a writer and publisher. I recently sold my publishing company, Enterprise Publishing, (now Enterprise • Dearborn), which at one time had annual sales exceeding \$10 million.

Besides being successful, my career has brought me great satisfaction. In addition to starting 18 businesses personally, I've advised hundreds of thousands of other entrepreneurs through *How To Form Your Own Corporation Without a Lawyer for Under \$75* and other books.

### Selling Is the Key

One reason for my success involved the selection of topics for books and special reports that appeal to the small business market. However, that was only ten percent of the task. The main reason for my success can be attributed to the time and energy that I spent writing effective copy for ads and direct mail pieces after the books were published.

Selling has always intrigued me. That's probably why all of my businesses emphasize marketing as their base.

My interest in selling began in my teens. At that time—as far as I was concerned—the most interesting, financially successful and happy people I knew were salespeople.

I became fascinated with selling. I began working on developing sales skills. As my mastery grew, my confidence soared—especially in my dealings with businesspeople.

As I grew up, selling vacuum cleaners, delivering milk and working in restaurants were my main business activities. My parents owned a small restaurant in Bradley Beach, New Jersey. I was born there in 1934, and from the age of 11 I helped out in the restaurant. I worked behind the counter, waited on tables, washed dishes and did whatever else I could.

Even my schooling was interrupted by business duties. I went to Susquehanna University for one semester before going home when my father became very ill. He had phlebitis and some complications from which he never fully recovered. I felt a need to help out with the family business.

Growing up in a family that owned a small business had a great influence on me. My father had a small candy, confectionery and ice cream department in the restaurant. From the time I was a boy the machinery fascinated me. Making candy and ice cream on my own was something I always wanted to do.

An even greater inspiration to starting my own business came from my Uncle Frank, a successful restaurateur. But before I would be ready to open my own firm I needed to gain even more selling experience. That came while working for New York's McCann-Erickson advertising agency. I was interested in advertising because I knew that good ads were responsible for producing sales. Advertising was super salesmanship, as far as I was concerned, a way to present your firm before lots of potential buyers!

For me it was a big step up from selling vacuum cleaners door-to-door. At that time McCann-Erickson had the Coca-Cola and Buick accounts and was on its way to becoming the largest ad agency in the world. Later it went public as Interpublic. In the process President and Chairman Marion Harper, Jr., and his father, Marion Harper, Sr., made their fortunes.

I started as a clerk. However, both Mr. Harpers seemed to take an interest in me. And amazingly, while I was learning about advertising, I had the good fortune to be given the opportunity to realize one of my longstanding dreams.

Mr. Harper, Sr., and his son had formed quite a few side investments. Money they had made from the advertising agency funded these ventures. One of the investments happened to be a candy and ice cream company called Candy Industries. Because of my background in that business, they sent me to Elkton, Maryland, to become the assistant general manager of this business.

## Taking the Plunge

At the age of 21 I was able to become the general manager of their confectionery division. I stayed there for about a year and a half, all the time becoming more fascinated with the idea of having my own roadside candy and ice cream shop.

Finally I found a location. I took my \$800 in savings and got a loan for \$5,000 to buy a building on Route 40 near a town called Bear, Delaware. At that time Route 40 was the main highway from Wilmington to Baltimore and on to Washington, D.C.

Actually I bought the \$50,000 property for no money down, and I got a long-term mortgage. Evidently the owner didn't think it was that valuable a

property, and with good reason. Although it seemed like a good location to me, the three previous tenants had gone bankrupt.

Undismayed, I convinced the owner that my enthusiasm made up for what I lacked in the bank. I promised him I would paint and refurbish the property, and if my business succeeded, I would be able to make the payments. If I didn't succeed, at least he would have an improved property, while at the moment all he had was an empty building. He agreed, and I got out my paintbrush.

Of course it takes more than a fresh coat of paint to make and sell candy. The strategy that had worked with the property owner was soon tested with equipment suppliers. I went to equipment companies and told them that since they had used confectionery equipment in their warehouses, they could put it to use in my new shop. If I succeeded, I could pay them every month for the equipment. But if their machinery stayed in storage, they wouldn't even have a chance of making money from it.

Many people turned me down, of course. Eventually I was able to find several equipment suppliers who helped me open my candy kitchens in my newly decorated building. Almost immediately I was making money.

## Sweet Taste of Success

The key to the prosperity of that business was really the way that it was advertised. I developed a roadside billboard program featuring the first animated sign in Delaware.

I convinced a local business, The Hessler Sign Co., that if they were to work with me and develop this landmark it would be unique not only to my business, but to theirs as well. Together we made a sign that showed a big chef stirring a large kettle of fudge. It was a 75-foot long billboard that practically stopped traffic as soon as it went up. People had never seen anything like this animated advertisement.

Because of the quality of our candy and ice cream and our novel marketing approach, I was able to open an additional store in each of the next five years. Then I started franchising. I stopped with 24 franchises in addition to the 6 stores I owned. At this time I was also involved in other ventures, including a confectionery machinery company. This was quite a big step for someone who had to work a deal with suppliers to get the equipment for his first store!

## No Sour Grapes

Around the time I was being honored at the White House, some circumstances I hadn't foreseen were about to bring the business down around me. But at the same time, that painful process helped me realize what my real talents were.

From its rapid expansion, my candy and ice cream business was highly leveraged. My monthly expenses were high because of the need to repay these borrowed funds. It all worked as long as business was stable or growing. But then a limited access highway bypassed my number one and number two stores. Almost overnight the volume of the chain was cut in half. Without people driving by the roadside stands there was no one to see the billboard and no one to stop at the stores.

I struggled with the situation for two years, and eventually an investor came in and bought me out. I wound up with very little money but was happy to see the business continue.

## A New Challenge Emerges

During this time I had a lot of nervous energy, and writing helped me channel this energy in a positive way. Even during the time I was running the candy business I was a big *Letters to the Editor* writer. I sent many letters to editors that were published in some of the world's leading newspapers and magazines. I often thought, "Wouldn't it be wonderful if some day I could get paid for what I do for free?" It seemed like a distant dream.

Part of me always felt that I had some literary ability. I really wanted to combine my interests in psychology and sales with writing. But even after having worked at an advertising agency I wasn't sure that I had the very formidable skills needed to succeed as a writer.

Yet even as I struggled with the problems of my confectionery business by day, I spent evenings and weekends over a two year period writing *How To Form Your Own Corporation Without a Lawyer for Under \$75*.

After finishing this book I went the route traveled by many writers. I tried to get a major publisher interested in the work—but I couldn't seem to get a favorable response. Publishers wouldn't buy the idea even after I pointed out to them that most entrepreneurs start with little or no capital, as I had done with Peterson's House of Fudge.

I'm not anti-lawyers, but I do believe that lawyers often overcharge for some services. For instance, I

noticed as I formed my 18 companies that my lawyer's secretary just filed a simple form with the state while I was being charged hundreds of dollars for each filing. Tear-out forms in my book solved that problem. They made incorporating simple and inexpensive for new entrepreneurs.

I knew the market for the book was large because if there had been a book like it when I began incorporating my businesses, I certainly would have used it. When the New York publishers had finished turning down the project, I decided to form my own publishing company—Enterprise Publishing. At that time I began the task of getting the book printed, distributed and sold. I began developing and using the direct selling techniques that I used every day with Enterprise Publishing. The company was formed in 1972. In 1973 the first books were published. And, in 1991 I sold Enterprise Publishing to Dearborn Financial Publishing, Inc.

As far as we can determine, *How To Form Your Own Corporation Without a Lawyer for Under \$75* has become the largest-selling business book ever promoted through direct mail. More than 900,000 copies are now in print, and the current price of the book is \$39.95.

Our first ad appeared in March of 1973—in the classified section of *The Wall Street Journal's* eastern edition. It cost me \$90 to run. Because the book was still at the printer, I sent respondents a blue brochure describing the features and benefits of the book. From the \$90 ad I got \$360 in paid orders. I knew then that I had a viable book and a viable business.

After running that first ad, I realized that every time I ran a slightly larger ad, I got more orders. For the money invested I got a greater return. Within a few months I was running full-page ads in magazines. I was operating out of the corner of my rec room in my home in Wilmington, Delaware, and I was spending \$50,000 a month on advertising. Imagine—a national business being run out of a recreation room! Publications such as *U.S. News & World Report*, *Time*, *Fortune*, *Business Week*, *Dun's Review* and the airline magazines were running ads I'd written for the book.

## What Makes It Sell?

I've written about 50 different full-page ads for *How To Form Your Own Corporation Without a Lawyer for Under \$75*, 15 to 20 of which have been profitable. One of the ads, using the headline "The Ultimate Tax Shelter," has sold over 200,000 copies of that book. But one thing I soon learned in direct

CERTIFICATE OF INCORPORATION  
of

\_\_\_\_\_  
A CLOSE CORPORATION

FIRST. The name of this Corporation is \_\_\_\_\_

SECOND. Its registered office in the State of Delaware is to be located at \_\_\_\_\_  
\_\_\_\_\_ County of \_\_\_\_\_. The registered agent in charge  
thereof is \_\_\_\_\_ address "same as above".

THIRD. The nature of the business and, the objects and purposes proposed to be transacted, promoted and carried  
on, are to engage in any lawful act or activity for which corporations may be organized under the General  
Corporation Law of Delaware.

FOURTH. The amount of total authorized capital stock of the corporation is divided into \_\_\_\_\_  
\_\_\_\_\_ shares of \_\_\_\_\_

FIFTH. The name and mailing address of the incorporator is as follows:

SIXTH. The powers of the incorporator are to terminate upon filing of the certificate of incorporation, and the  
name(s) and mailing address(es) of persons who are to serve as director(s) until the first annual meeting of  
stockholders or until their successors are elected and qualify are as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SEVENTH. All of the corporations issued stock, exclusive of treasury shares, shall be held of record by not more  
than thirty (30) persons.

EIGHTH. All of the issued stock of all classes shall be subject to the following restriction on transfer permitted  
by Section 202 of the General Corporation Law.

Each stockholder shall offer to the Corporation or to other stockholders of the corporation a thirty (30) day  
"first refusal" option to purchase their stock should they elect to sell their stock.

NINTH. The corporation shall make no offering of any of its stock of any class which would constitute a "public  
offering" within the meaning of the United States Security Act of 1933, as it may be amended from time  
to time.

TENTH. Directors of the corporation shall not be liable to either the corporation or its stockholders for monetary  
damages for a breach of fiduciary duties unless the breach involves: (1) a director's duty of loyalty to the  
corporation or of its stockholders; (2) acts or omissions not in good faith or which involve intentional  
misconduct or a knowing violation of law; (3) liability for unlawful payments of dividends or unlawful stock  
purchases or redemption by the corporation; or (4) a transaction from which the director derived an improper  
personal benefit.

I, THE UNDERSIGNED, for the purpose of forming a corporation under the laws of the State of Delaware do  
make, file and record this certificate, and do certify that the facts herein stated are true; and I have accordingly  
hereunto set my hand.

DATED AT: \_\_\_\_\_

response marketing was that no matter how well the present *winning* ad is pulling, you need to continue working to beat it with an even better ad.

All ads have a finite life. Some you can run for a few months, some for a couple of years or even longer. In all cases there's a response drop in a successful ad each time it runs.

Approximately 90 percent of the ads for Enterprise Publishing were written by me. But we continued to hire outside copywriters to try to beat the *controls*—or the successful ads and direct mail packages currently being used.

## Growing Pains

I've always admired the kind of people who fall in love with the piano at age four, and that's all they ever want to do. I've always enjoyed many different activities. Until I reached my mid-30s, it was difficult finding the time and energy to devote myself to all of my interests. I liked different kinds of businesses. I liked sports. I played a lot of competitive sports in school, and still do, for that matter. Currently I swim, run and play tennis. I've always enjoyed psychology and philosophy. In Wilmington I started several discussion groups on these subjects. I'm also interested in constitutional law.

Although it's nice having so many interests, it's also tough. We can't be experts at everything in life, and we can do only a certain number of things in our work. Part of the reason I went into so many businesses was really a search for what was suited to me.

However, during my mid-30s I had a friend who was an executive with a large chemical firm called ICI Americas. At that time he had just finished taking part in what he felt was the best, most useful career aid he'd ever seen. It was an aptitude test put together by a company called Human Engineering Laboratories. After a week of testing, my friend found out that he really wasn't cut out for the type of executive work he was doing. When you think about it, that's not surprising. I'm sure many people are in situations similar to my friend's.

## Stay True to Your Interests

We actually spend less time picking careers in business than we do picking a new car. At least then we'll comparison shop, talk to people we trust and read reports on the autos we like. Often a relative or teacher unduly influences our career choice. I know that one of the reasons I went into the candy business

was because both my uncle and father ran restaurants. Just following your interests usually helps you find what you're good at.

It works better than following the example of those around you. If you should be in marketing, you probably like to sell. And every sale you make now is teaching you sales concepts you can apply for the rest of your career.

Copywriters enjoy both writing and selling. You can learn the concepts of copywriting, but you'll never have the flair in your writing that will make your products stand out unless you have an understanding of selling. You have to truly enjoy salesmanship.

Learning and practice also help. No matter how rusty you are at any task when you first try it, you'll always get better through practice and by studying others whose work you respect. As I've said earlier, good copywriting is good salesmanship in print.

One way you can find unique appeals is by understanding what's going on in our world. Find out what other products your customers enjoy. Look at what is having an impact on them, and you'll have more of an understanding of how to sell to them. You'll be able to paint your product or service in an appealing light, as far as your prospects are concerned.

A decade ago many people were interested in living a simple life. They believed they'd find more happiness by forsaking some of what modern culture provides. Natural foods replaced processed meals. Backpacking took on more of an allure than cruises. Whether you agreed with the popular thinking then or not, as a marketer you would need to understand what was happening in many of your prospects' minds.

Today people usually are more interested in having a nice life-style, and they often need to have two paychecks in order to get what they want. You need to understand what is going on and what people are thinking. What's fashionable today? What trends are affecting our lives?

One way to learn these things is by reading. I like to read at least two newspapers daily. *The Washington Post* and *The New York Times* are essential, I think. Additionally, *The Wall Street Journal* offers business and financial news. *U.S. News & World Report* effectively covers trends. *Reader's Digest* provides an overview of the concerns of middle America. Popular books on topics of interest should also be read. A good course in speedreading can be a boon to you since you need time for this type of reading and your regular workload. A copywriter needs to be a generalist in understanding the world, and so does a salesperson.

## Finding the Right Balance

All people are different, and their interests and aptitudes will pull them into different lines of work. I found through testing that I need a combination of business management and creative work to feel happy. I actually split my week now by having a place where I write ads and another spot from which I run my company. Since you are uniquely different from me, the work you enjoy will be different. But we can use similar techniques to discover what's best for us. We're all happiest when doing work that we're good at—work that interests us for which we have an aptitude.

To help you apply the techniques and ideas in this book I periodically have inserted worksheets to help you put the principles I'm talking about to work in your specific situation. The first set of worksheets is based on a technique attributed to Benjamin Franklin. I think you'll find them useful.

. . .

1. Draw a line vertically down the center of a piece of paper. On one side of your dividing line put a *plus* sign. On the other side, place a *minus* sign. Under the plus sign list all your positive skills. Beneath the minus sign write your weaknesses.

The idea behind this exercise is to identify your traits so that you can concentrate your daily efforts on your strong areas. If you're good at making sales projections, stick to that. Don't try to force yourself to be a hands-on people manager.

When a small person tries to pick up a sofa or other large object, observers consider that person foolish. It's obvious to all that he or she is taking on a job better left to someone stronger. Too often people make similar mistakes in their jobs. However, the contrast isn't as outwardly striking as when a weakling attempts to lift a large weight.

Others often applaud people trying to do what they can't, saying that it's great to try. Or they merely shake their heads and talk about the *Peter Principle*. You're wasting your time if you get caught in a similar situation. Build on your strengths. In business you can find others to take up the tasks you don't excel at. In Chapter 3 you'll even use this exercise to help choose products or services to bring to market.

Start by listing your skills. Be concrete. What are your demonstrated abilities? Are you a manager, an accountant or a salesperson?

In order to find the career best suited to you, try to go beyond a simple listing of skills. List your personal characteristics. Are you a person who likes to make decisions? Or would you prefer that your job emphasize helping others? Answers to these questions can hold the key to discovering your dream job. Soon we'll look at a method for turning your self-knowledge into a better understanding of where and how you should work.

2. Our next exercise emphasizes the fact that the path you've been on is probably going to help determine your next job. Start by listing what jobs you've held previously. Of course, this could look much like a resumé. The question you need to ask yourself while doing this exercise is: "What is all this leading to?" You're trying to find hints of what the next step is in your personal development.

Don't emphasize the resumé form. You'll get more out of this step by writing a biography than by listing past jobs. Try to get a sense of a current flowing through your life, expressing itself in the various positions you've held.

At the same time, jot down acquaintances or associates who might help you now. You need information to make decisions. Use the people and groups you know to get that information. You'll save time that way; you won't have to do all your research by yourself. Rely on others who are knowledgeable. They might know of some career twists you never thought of, or they might have an idea based on a currently available business opportunity.

Don't just call someone up and ask if they know of anyone who has a job. Instead, meet informally. Let your business associates know that you're looking to get into something else. Review your background with them and your reasons for wanting a change. Tell them the type of job you think you're looking for.

Naturally they'll respond within the context of their work. You'll then have a source within a specific field. With their help you can decide if what you're looking for is in that industry. Perhaps they'll even know of someone who is doing what you'd like to do, and can refer you to that person.

3. While you're gathering *realistic* information on career possibilities, don't forget to dream. In fact, aptitude test centers and career counselors agree that the best way to learn someone's preferred career is simply to ask them what they'd like to be doing for work.

This is a very powerful tool when combined with a knowledge of your past achievements and your character traits. Within that context, your dreams will probably be realistic.

Once you've stated a goal, you'll most likely find that the means of reaching it pops into your mind. If you want to do a certain kind of work, ways of making it happen will occur to you. All this comes up after you have specifically chosen a dream.

Direct marketing helps many dreams come true. Those who understand the power of direct marketing can be more successful than they ever imagined possible. You can operate a national firm while working out of your home. I did that for many years, although now I have two outside offices. With only five persons on our marketing staff, Enterprise Publishing has sales in the millions of dollars annually.

## No Easy Money in Sales

Don't misunderstand me. Direct marketing isn't a get-rich-quick scheme. You have to know what you're doing. And you must do it right. Attention to detail is essential. Let me give you an example:

*"Half-price!"*

*"50 percent off!"*

*"Buy one—get one free!"*

Look carefully. Do you think these phrases all say the same thing? You won't think so if you're a direct marketer. You'll test responses to these offers to see which one pulls in the most orders. One might give you that little extra pull on readers that makes for a winning direct mail package.

Once you've got a good marketing piece, it becomes your *control*. Keep running your control. Successful direct marketers then take two more steps. First, they refine their control by testing other aspects of the piece. Your efforts are highly leveraged. If you're advertising in a publication with only 100,000 readers, a small response increase means a lot of money to you. Suppose you're selling a \$20 item. If you can increase your response from one-half percent to one percent, you'll bring in an additional \$10,000 on that one ad. Small improvements in response have big effects in direct selling.

Second, a good marketer will test new packages. Try to find packages that work even better than your control. Every marketing piece has a limited effective life. Constantly test new appeals and approaches.

Before paying for any ads or mailings, make sure that you can sell your product or service at a profit. For instance, I thought I could save entrepreneurs money by showing them how to form a corporation without paying legal fees. Still I went through a grid like the one below, to make sure my thinking was straight.

## Marketing Questionnaire

1. What is my product or service?
2. What is my target market for sales?
3. How will I reach that market to sell to them?
4. Who are my competitors in that market? Describe their marketing plans. What is the price of their product or service?
5. What is the cost I'm charging for my product or service? Is it profitable for me to enter this market? Look at the competition, the size of the market and the strength of their need.

Make sure the business can be profitable for you. Start by listing the basic cost you pay for the product or personal service, the expected marketing costs, mailing and fulfillment costs and other expenses for running the business. Expect your marketing responses to be as follows: one percent for direct mail and one-half of one percent for space ads.

Now let's see if you're really making money on the \$20 offer you hypothetically made. Let's say the ad costs \$10,000 to run. Your product costs you \$5 each, with another \$3 apiece for mailing and overhead. If you have 1,000 responses, you'll bring in \$20,000. Subtract \$10,000 for the ad and \$8,000 for your fixed costs. You have a profit of \$2,000 before taxes. That's not bad, but not great, either.

In this book you'll find out how to improve those numbers by learning how to write better ads and direct mail pieces, by choosing mailing lists and media buys with stronger results and by saving money on inventory and mailing. But, first we'll take an overview of the industry to help you see where you fit in.