

A New Idea in Marketing: Honesty

by Willem P. Burgers

The Longaberger Company must rank among one of the most improbable business success stories ever. The company makes baskets woven out of thin wood strips. These baskets were very popular in the nineteenth century, around 1880 or so. You can use such a basket to carry your food if you go on a picnic or you can put one on a table and look at it.

We are not talking about a high-tech company here; we are talking about a company in an industry that was mostly obsolete once plastic was invented. The Longaberger company was started in the 1970s by a man who took nine years to complete six years of high school, mostly because he never became very good at reading. Over a 25 year period he built his company into a 100% privately owned 700 million US dollars in sales and 8000 employees phenomenon. He became quite famous when he decided to build his new six story headquarters in the shape of a wooden basket.

So what did Mr. Longaberger do? What was the secret of his success? Well, put simply, he was one of the most ruthless business people ever. He was ruthlessly, uncompromisingly honest, no matter the consequences. In modern society, certainly in modern Western society, truth has lost much of the central importance it used to have. We expect to hear un-truths from our leaders. We assume that much of advertising is misleading at best, sophisticated lying at worst. Modern man says: "What is truth? There is no one truth."

Things used to be different. I remember as a catholic child that I was told a story of the holy St. Aloysius. As a child, the holy St. Aloysius was instructed by his mother to tell someone who had knocked at the door that she was not home. He refused, telling her that he could not tell a lie and then, as the story goes, his mother was of course very ashamed. People used to take such stories very seriously, but today, at least in business, it seems that the telling of stories with no truth in them is fine. Dave Longaberger was the type of old-fashioned man, however, who believes that truth is important and that lying to customers is no joking matter, even if it improves sales and profits.

In the life of any company there are moments where we take one road or another, and then we can't go back anymore. Sometimes we take the right road, sometimes we don't.

Longaberger had learned basket making from his father, who made baskets for his mother to use for grocery shopping, for laundry, to hold bread at the dinner table, to hold fruit, and so on. While he sold his baskets through stores at first, a lady (Charleen Cuckovich) convinced him that she could sell the baskets to her friends and neighbours, similar to the way Amway and Shaklee do business. She proved extremely successful in selling the baskets (and subsequently in recruiting additional people to sell even more baskets).

One day Dave Longaberger attended Charleen's sales presentation. During the presentation she told a story about each of the baskets. One basket, she explained, was

used by the Longaberger children to gather eggs from their henhouse, and was designed to hold exactly twelve eggs. The audience was very charmed by this story, especially when it was demonstrated that indeed the basket could hold exactly 12 eggs. The sales meeting was very successful. But Dave Longaberger didn't look too happy. Finally, Charleen said: "Well, what do you think?" He answered: "We never had any chickens!" They both laughed. But then he told her seriously: "Stick to the facts next time."

A small moment? I don't think so. Here was a fork in the road. The story of the company is that its products are made by hand by real people, following the traditional ways of basket making that Dave Longaberger learned from watching his father. Sure, we can laugh about a chicken story when there never were any chickens, but if only 90% of the stories we tell are true, then every story may or may not be true. Dave Longaberger set in stone an important principle, with his very first sales lady: Honesty and truth were more important than sales and a good sales story.

The company's sales and success ultimately have been based entirely on the enthusiasm and dedication of independent sales people who organize parties where they sell the baskets. I have no doubt that the reputation and reality of truth and honesty were tremendously valuable in recruiting dedicated sales people for the company and in making sales people more effective. More importantly, if employees of a company know that the company tells lies to the customers, employees naturally will assume that the company also will lie to them.

At one point the Longaberger company was in serious financial trouble and to save the company independent sales people and distributors were asked to accept lower commissions. They accepted without a single protest. Why? They knew Dave Longaberger was not lying to them when they were told that the company was going under unless they could help him through this difficult period. Honesty and a reputation for honesty are assets, more valuable perhaps than money in the bank.

A recent bestseller on marketing is entitled "All Marketers are Liars." The book explains that marketing's job today often is to tell stories that help people lie to themselves, to convince themselves that they need products that actually they don't need at all. Some people argue that honesty and truth are outdated, that you have to lie today to survive because everybody lies. I think the opposite is true. Most commodities I know of become more valuable when they become more rare. When all marketers are liars the smart thing is to become the only one who is telling the truth.