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10th Anniversary

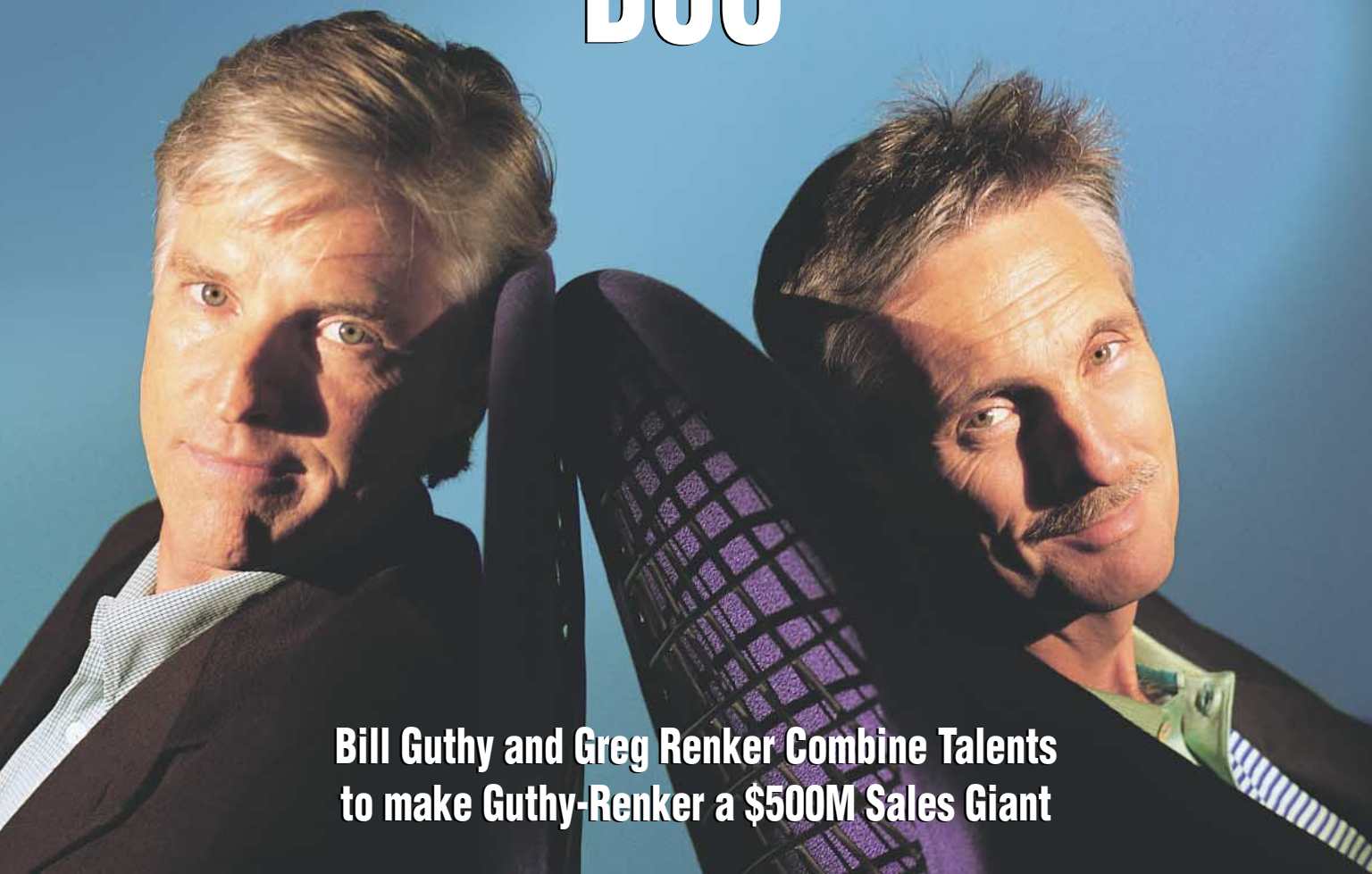
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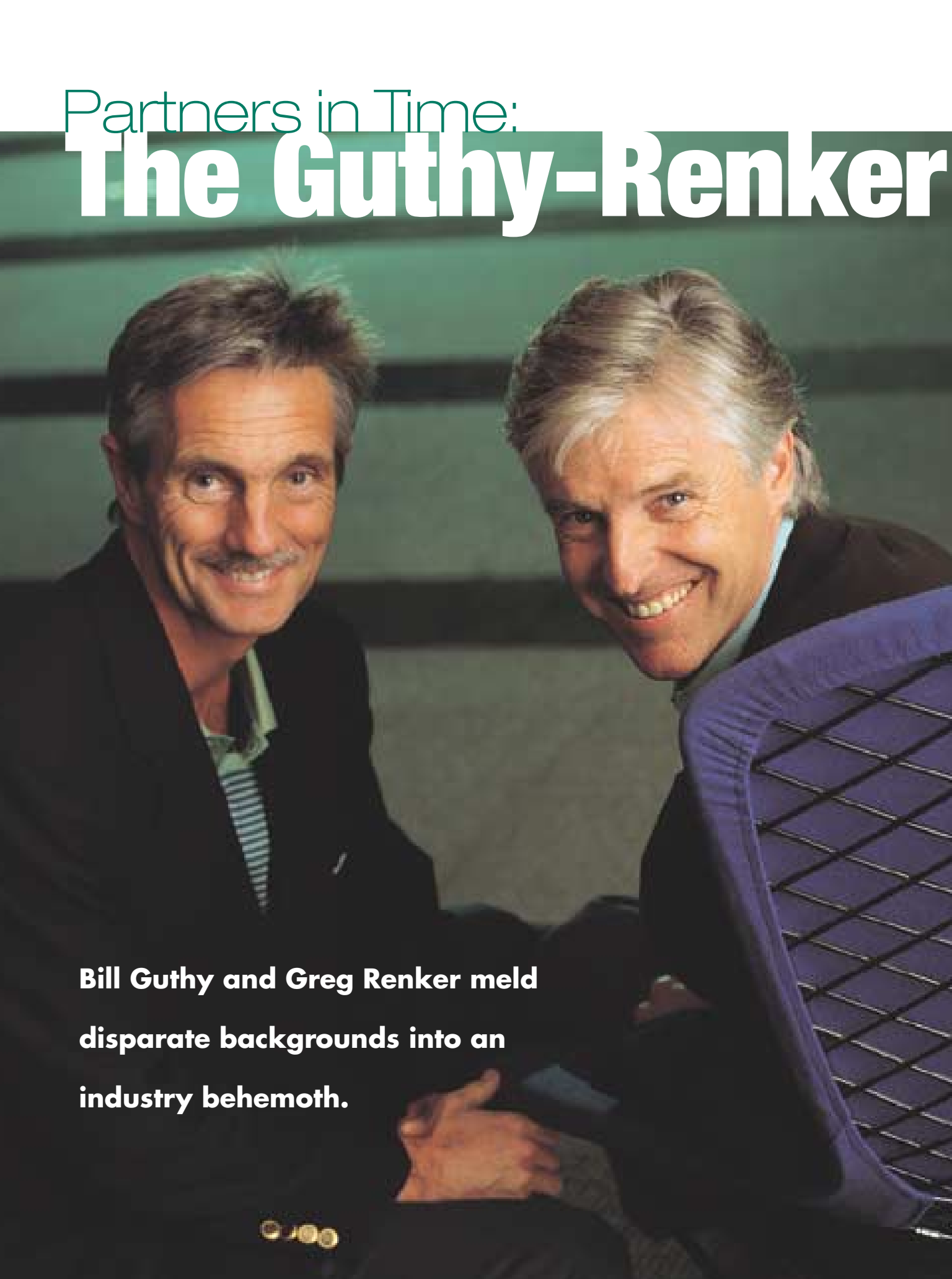
**Bill Guthy and Greg Renker Combine Talents
to make Guthy-Renker a \$500M Sales Giant**

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Partners in Time:

The Guthy-Renker

A photograph of two men, Bill Guthy and Greg Renker, smiling and looking towards the camera. They are both wearing dark suits. The man on the left has a mustache and is wearing a striped tie. The man on the right has grey hair and is wearing a blue shirt. They are standing in front of a green wall with horizontal lines. A blue chair with a grid pattern is visible in the foreground on the right side.

**Bill Guthy and Greg Renker meld
disparate backgrounds into an
industry behemoth.**

Story

BY CHARLES WESLEY ORTON

Bill Guthy spends the summer at his beach house in Santa Barbara, Calif. As he gazes across the Pacific Ocean toward Japan, he contemplates his current and planned direct-response campaigns.

Greg Renker summers at a lakeside house in Harbor Springs, Mich. As he watches the sun fade to the west over Lake Michigan, he contemplates his current and planned direct-response campaigns.

The West as a symbol of opportunity and potential danger is as old as Leif Ericsson. That Guthy and Renker, co-CEOs of the immensely successful Guthy-Renker Corp., gaze westward, literally and figuratively, from vastly different vantage points is part of the secret of their success.

Born three years, and nearly 3,000 miles, apart — Guthy in 1954 in New York and Renker in 1957 in Phoenix — and with dissimilar backgrounds, the two men nonetheless have created one of DRTV's legends, now netting annual sales of \$500 million.

Guthy Follows Own Course

Guthy's mother, who divorced when Bill was 2, raised him and his brother, Rick, in Queens, N.Y. She remarried when Bill was 11. Of those early years, Guthy remembers, "We were very poor, and she worked hard. But she never let what she was doing get in the way of her focus on us."

He also recalls his mother's father, who held to the same principles. "He was a plumber and handyman," Guthy adds. "He took the train to Manhattan every day. He was never sick, never missed a day."

When Guthy was 15, the family moved to Pasadena, Calif., where he attended high school and college. As a high school student, he decided on his life's course: to become an entrepreneur. Just what that business would be, he had no idea.

Still without a firm plan for the future, Guthy attended Ambassador College, where he majored in theology and psychology. He worked his way through school in the college's audio-visual department, making audio-tapes for the blind.

During his senior year, Guthy knew he didn't want to work in the ministry or as a psychologist. "Studying statistics is fun — for a while," he muses.

He wanted his own business, but didn't know what it should be. He asked his soon-to-be father-in-law, Walter Dickinson, a successful businessman, for advice. Dickinson told him to stay with something he already knew.

"I'd spent a lot of time mass producing tapes, dealing with fulfillment and handling customer service," he says. "So I thought, 'Maybe there's a market for manufacturing audiotapes.'"

Researching the competition, he found there wasn't much. In 1977, Guthy founded Cassette Productions Unlimited (CPU).

CPU grew to be one of the largest audio-video manufacturers in the nation, with a 200,000-square-foot production facility and more than 200 employees. Guthy sold the company in December 2000.

According to Guthy, by 1984 CPU was "a pretty decent business — not huge." But, that same year, CPU landed a contract that would turn

PHOTOGRAPHY BY MARK ROBERT HALPER

Partners in Time: Guthy-Renker

Guthy-Renker's 10 Commandments of Management

- I. Thou shalt not be afraid to take risks.
- II. Thou shalt make thy competitor thy friend.
- III. Thou shalt pick great partners.
- IV. Thou shalt build thy Rolodex and use it.
- V. Thou shalt test, test and test again.
- VI. Thou shalt cultivate the multimedia universe.
- VII. Thou shalt join and lead thy association and trade group.
- VIII. Thou shalt cultivate the press and build thy company's name at all times.
- IX. Thou shalt not limit thy upside.
- X. Thou shalt be prepared to eliminate all these Commandments and start over!

Guthy's life around and lead to the formation of Guthy-Renker.

"One day in 1984, I got a phone call from Paul Simon's purchasing agent," Guthy says. "Paul Simon was the early version of Carleton Sheets. He was the first guy to use infomercials to sell real estate programs. He was swamped with orders. No one in Arizona (where Simon lived at the time) could produce the number of videotapes he wanted.

"He wanted such a large quantity, I thought he was a dreamer," Guthy continues. "But I quoted on it anyway, thinking I'd never hear from him again. Three days later, I had a deposit check, the master tapes and a purchase order."

The orders kept coming from Simon. This piqued Guthy's interest. He started watching infomercials. He phoned the principals. He started manufacturing their tapes. "I got the manufacturing contracts for most of the pioneers of the industry," he contends.

By that time, he and Renker had become friends, and they talked about what was happening to Guthy's business. According to Guthy, the pair started thinking, "Wouldn't it be great if we could make our own products and sell them with a TV show?"

Renker: Results from Responsibility

Renker recalls, "We met every week for a year to develop an understanding of exactly what we wanted to do and specifically how we wanted to market our first product. Every week we would adjust and change course based on what

we were learning."

At the time, Renker and one of his brothers were functioning as the management and marketing department for their father's Indian Wells Racquet Club and Resort in Indian Wells, Calif. Guthy had purchased a retreat home in the area some time before, and had met Renker at the Indian Wells Country Club.

Renker's background is quite differ-

Guthy and Renker didn't have their own expertise to sell.

However, they could package something already in existence that they believed in.

ent from his partner's in several ways. His father moved the family frequently due to a career as owner and manager of some of the most posh resort hotels in the nation. Renker and his eight brothers and sisters were raised in an atmosphere of wealth (even if they, themselves, weren't wealthy) and ease. They dined with the rich and famous, from Conrad Hilton to Hollywood's biggest stars.

The things that stick in Renker's mind about those years, however, are the lessons in "quality, style, and grace" he learned from his father and his guests. Those lessons, Renker believes, come through in Guthy-Renker infomercials.

"You see a commitment to quality and

style in our infomercials," he says. "That orientation is recognizable and has been a contributor to how we are perceived."

When it comes to role models, says Renker, his father was number one. "He taught me that style and grace matter," Renker contends. Another important influence was his cousin, Bill Tooley, a successful real estate developer. "He taught me the value of integrity and patience," Renker adds.

As a student at San Diego State University, where he switched majors from business administration to comparative literature, Renker sold advertising space for the 5,000 bus benches in San Diego County — all the way from Santee to Oceanside. "I knew where every bus bench was in every town and on every block," he recalls.

His compensation was commission only, so he had to work hard. Renker claims he learned another major lesson in this position. "It taught me about personal responsibility and profit opportunity as a result of your own selling results," he says.

After graduation, Renker changed his mind about not going into the hospital-ity business. Instead, he went to work with his family in Indian Wells. He didn't have a clear career goal in mind, but he did know one thing: "I wanted to achieve financial success. Not for accumulation purposes," he clarifies, "as much as for comfort and security."

It was his friendship with Guthy that solidified this nebulous goal and made it reality.

Team Scores Big Hit

After their year of research, Guthy and Renker decided to create a program based on Napoleon Hill's "Think and Grow Rich" book and lectures. They both believed in and practiced Hill's principles, and thought the teachings would make a great product. Renker had been familiar with Hill's work since high school, and both he and Guthy had become more intimate with it during short, separate stints in Amway.

"Neither one of us were public speakers, real estate experts or moneymaking experts," Guthy says. In other words, they didn't have their own expertise to

Tapping Deeper Into the Female Market

By melding their differing perspectives, Bill Guthy and Greg Renker have turned out some of the most profitable and well-known slices of DRTV genius over the past two decades. But times change and markets sway. How is this duo planning to keep up with the changes in the coming decade?

"70 percent of direct response purchases are made by women," Renker says. "The key to reaching that market base is creating trust from those likely buyers."

To that end, Guthy-Renker recently announced the signing of a series of major female celebrities to work on its infomercials. Joan Lunden, Kathie Lee Gifford, Vanna White, Leeza Gibbons, Gabrielle Reece, Melissa Gilbert, Marilu Henner and Teri Garr are among those mentioned by Renker.

Says Renker, "Guthy-Renker has earned the trust of these actresses, journalists and talk-show hosts over the years and as we grow, our message of success continues to expand throughout the top Hollywood talent agencies. We believe this benefits the industry as a whole, because it adds credibility to television direct marketing. Television has done a lot of our work for us already, with the American consumer coming to trust these names and rely upon them."

Renker says the use of bigger name stars as hosts creates a self-fulfilling marketplace. "Prominent names equal more successful campaigns which equals a better face for our industry as a whole," he adds. "As the names get bigger, the checks coming in and going out also get bigger."

Renker also believes that the toughest part in signing a major star to host a program is finding the perfect product fit. However, a series of successful infomercials, a top-notch reputation in the industry and substantial movie studio-like advances have successfully positioned Guthy-Renker in the Hollywood community. "We've developed a trust in Hollywood because of how we do business," Renker says.

— Thomas Haire

sell. However, they could package something already in existence that they believed in.

Guthy flew to Chicago and got the DRTV rights from the Napoleon Hill Foundation. The partners created a product from Hill's materials and produced their first infomercial. NFL Hall-of-Fame quarterback Fran Tarkenton was selected as the spokesperson.

Compared to today's Guthy-Renker productions, that first infomercial was a little rough, Guthy recalls. Still, it grossed \$10 million dollars for the partners, and the company was off to a running start.

G-R Formed by Success and Failure

The *Think and Grow Rich* campaign was run by Guthy's cassette manufacturing company, and its success gave him the opportunity to help create Guthy-Renker. "CPU was a manufacturing business, and this was a consumer business," Guthy says. "They didn't fit."

Besides, he and his key management personnel were worried that an infomercial failure could be fatal to CPU. The newly formed company was called Guthy-Renker not from pride, but from ease: "We knew we could get that name trademarked without any problem," Guthy explains.

Inspirational author and speaker Tony Robbins had appeared in a testimonial cameo in the *Think and Grow Rich* infomercial. Guthy-Renker's next project was to produce an infomercial product — *Personal Power* — based on Robbins' works. It turned out to be a phenomenal success.

Since then, Guthy-Renker has had its share of successful campaigns, unsuccessful campaigns, fortunate moves and mistakes.

"We've made a lot of mistakes, but I don't look at them as failures," Guthy contends. "They're really great learning experiences. We make more intelligent decisions now, because we've made the mistakes."

Renker agrees. "We've had dozens of infomercial failures and product fail-

ures," he adds. "I wouldn't trade one of them. The one thing we've learned is how to say 'no' faster. You've got to learn to be open-minded and flexible, and to genuinely want to say 'yes' at first. But, you also have to quickly run through your requirements and be able to get to 'no' faster."

He uses the fitness category as an example. "We've done more than twenty different fitness items," Renker says. "We know what we want: cost of goods, category, and what we are willing to do. The final decision is based on our experience."

Chasing Rabbits Leads to Focus

A coon dog that hies off after a rabbit doesn't last long in the Ozarks, and a company that veers from what it does well can have some real problems, too. This duo learned that lesson in the last half of the 90s.

With their success in infomercials, they started subsidiaries that, at the time, seemed to be reasonable offshoots. Because they had not yet learned to say no fast enough, Renker believes, "It took us places that were not related to what we do best." These places included an electronic dating service and a psychic business.

Guthy adds, "We were not doing all these things really well. We decided we had to get more focused. We shed a lot of unprofitable, time-consuming enterprises that we had thought would be complementary, but in reality were a severe drag on our business."

Things That Matter

In business, the two most important factors for Guthy and Renker are integrity and relationships. As a founding director of the Electronic Retailing Association (ERA), Renker is outspoken about the industry's reputation and need for self-policing.

10 years after the industry vowed to clean up its own act, he says, "I still have to sit at dinner parties and have someone tell me they bought something they didn't like from an infomercial. The stuff on TV today is not much better than it was 10 years ago.

Partners in Time: Guthy-Renker



Bill Guthy, Fran Tarkenton and Greg Renker at the filming of *Think and Grow Rich* in 1987.

That's embarrassing for us. I feel genuinely harmed."

More, he says, it's not just irksome, it's dangerous and costly. "Some of my colleagues don't seem to realize, when we let the bad apples get away with it, it's costing all of us a fortune. We can't take our eye off the ball of truth and integrity in advertising."

Taking heed of their own stricture, Guthy-Renker never pays for testimonials.

Renker lauds those who work to the industry's benefit in how they conduct business or aid in other ways. Among others, he mentions American Telecast, Tim Hawthorne, and Jeffrey Knowles as models to emulate.

Not unsurprising for a couple of men whose success started with Hill's princi-

ples, personal relationships in business are supremely important to them. Renker says, "The quality of the relationships we have in the business, the people running the business, are more critical than the products or the brands."

Along the same lines, Guthy adds, "What makes this business fun is the people we work with: the camaraderie, the fun of setting a goal and a strategy and accomplishing it. If I

had the same monetary success, and did it without having anybody else around me, it wouldn't be fun."

Things That Matter More

Both men say their early years were marked by working too much and living too little.

For Guthy, the result was a divorce and the self-assessment that comes with such tumult. The lesson, he says, is the need for balance. "Everyone thinks the be-all and end-all is to build a business, sell it, and pocket the cash. Work 18 hours a day and have no time for anything," he contends. "You have to have the balance between the right amount of stimulation to keep everything exciting and fun, but not so much that you don't have time for your wife, children, personal interests and all the other things that make life great."

Bill Guthy

Co-CEO, Guthy-Renker Corp.

Born: 1954, New York.

Education: B.S., theology and psychology, Ambassador College, Pasadena, Calif.

Residence: Encino, Calif.

Family: Married. Three children.

Outside Interests: Golf, skiing, tennis, reading.

Guiding Philosophy: Balance your life between work and family.

Professional Recognition: Entrepreneur of the Year, *Inc.* magazine; America's Smartest Young Entrepreneurs, *Fortune* magazine.

Greg Renker

Co-CEO, Guthy-Renker Corporation

Born: 1957, Phoenix.

Education: B.A., comparative literature, San Diego State University, San Diego, Calif.

Residence: Indian Wells, Calif.

Family: Married. Three children.

Outside Interests: Golf, reading, running.

Guiding Philosophy: The importance of now, as opposed to next week or next month.

Professional Recognition: Entrepreneur of the Year, *Inc.* magazine; America's Smartest Young Entrepreneurs, *Fortune* magazine.

In Renker's case, the need for balance was brought home when he underwent an emergency heart bypass at 41. "My parents are in their eighties and never had any health problems," he says. "Same with my eight brothers and sisters. I wasn't overweight. I didn't smoke. I assumed I had another 40 healthy years to go, without question. But that didn't turn out to be true. It alters your perspective on life."

Renker's lesson learned was, as he says, "The importance of the recognition of the gift of now, as opposed to next week or next month."

So as the industry's dynamic duo each watch the sunset from different beaches in the summer, they are both thinking some of the same thoughts. One of the most important is gratitude that DRTV has been so good to them and their families, and that they are able share that success with the many other people who have helped them get there. ■

Prominent Guthy-Renker Campaigns

CAMPAIGN

Think and Grow Rich
Personal Power
Principal Secret
PowerTrainer
Perfect Smile
Proactiv Solution
Sellecca Solution
Power Rider
Natural Advantage
Comprehensive
Victoria Jackson Cosmetics

HOST

Fran Tarkenton
Tony Robbins
Victoria Principal
Bruce & Kris Jenner
Vanna White
Judith Light
Connie Sellecca
Fran Tarkenton
Kathie Lee Gifford
Marilyn Henner
Vanna White



Natural Advantage, hosted by Kathie Lee Gifford, is one of Guthy-Renker's successful current infomercials.