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A Man On a Mission

Larry Moulton pilots his
company to new heights

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Piloting the Moulton Blue



The leader of Moulton Logistics has an abiding love of flying. But Larry Moulton contends the success of this business during the past four decades has more to do with family than a mere flight of fancy.



By Thomas Haire

“In flying, if things go wrong, you don’t have time to stop and figure it out,” says Larry Moulton, sitting comfortably in a conference room in Moulton Logistics’ 200,000-square-foot complex in Van Nuys, Calif. “You better do all your preparations and go through your checklist beforehand. The same thing applies in fulfillment — once you get things going, it’s difficult to stop the process. It can be very difficult to go back and fix a mistake.”

During his 35 years in business, the avid private pilot and his employees have made mistakes — mistakes Moulton admits readily and refreshingly in this era of public relations double-speak. However, those mistakes have been few and far between and have been used as learning experiences that have allowed the company to survive and grow in an industry that usually chews up and spits out companies in less than five years.

“This business has gone from being run from the backseat of my car to this,” Moulton says, while proudly showing off his company’s newest location. “When we put our sign up on this building — our name in lights — and our management committee and employees stood outside watching, it was a thrill. With how long and how far we’ve traveled, this is big doings!”

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No Fear of Flying

Larry Moulton loves to fly. “It just so happens he didn’t learn it during a four-year stint in the Air Force.

“I received training in electronics,” the president of Moulton Logistics says. “I was a navigation equipment repairman. I never flew or learned how to fly. You know, I could have saved a lot of money just by taking flying lessons.”

Moulton adds that only officers usually get much flying experience in the Air Force. “Since you had to go to the Academy to become an officer, and I dropped out of college to join the Air Force, it wasn’t really an option” he says. Moulton’s interest in flying actually dates as far back as high school.

“I did a career project in high school, when I wanted to be a commercial pilot, and discovered something that disqualified me at the time: you couldn’t fly if you wore corrective lenses,” he says. “My brother Tom became a private pilot while I was in the Air Force and he got me interested in it again. When I got out of the service, I went to work on getting my license. I became a private pilot in 1972.”

But, as you’d imagine, the training and apprentice time was a bit scary. “As soon as I got my license, I promptly scared the heck out of myself,” Moulton says with a smile. “I ran out of gas on a final descent up in Los Banos (Calif.), but I did make it, sputtering in the whole way.”

During Moulton’s first marriage and while he built Moulton Logistics through the early years, the expense made flying rare. “When you don’t do it for a while, you kind of lose your nerve again,” he contends.

His spirit for piloting was rekindled in 1986. “I was flying with a friend of mine and he got set up to land at what he thought was Van Nuys Airport,” Moulton recalls humorously. “He was really setting up to land on the 405 freeway. We got it straightened out and I thought to myself, ‘I could do this.’ Then, I realized, ‘Hey, I did do this!’”

Moulton bought his first private plane in 1987 and got his instrument rating shortly thereafter. In 1993, he upgraded to an Aerostar plane. “The wing on this plane was designed originally by my father-in-law,” he says. “The Aerostar is the fastest general aviation production, piston airplane in the world.”

Moulton can take the Aerostar up to 300 miles per hour on his flights, which he says range around twice a month. “It’s great for visiting accounts in Palm Springs, San Francisco or San Diego,” he says. “I also took it to the ERA show in Las Vegas.”

Moulton credits his flying history for his focus on systems at the office. “It’s that checklist,” he says. “You always have to prepare ahead of time.”

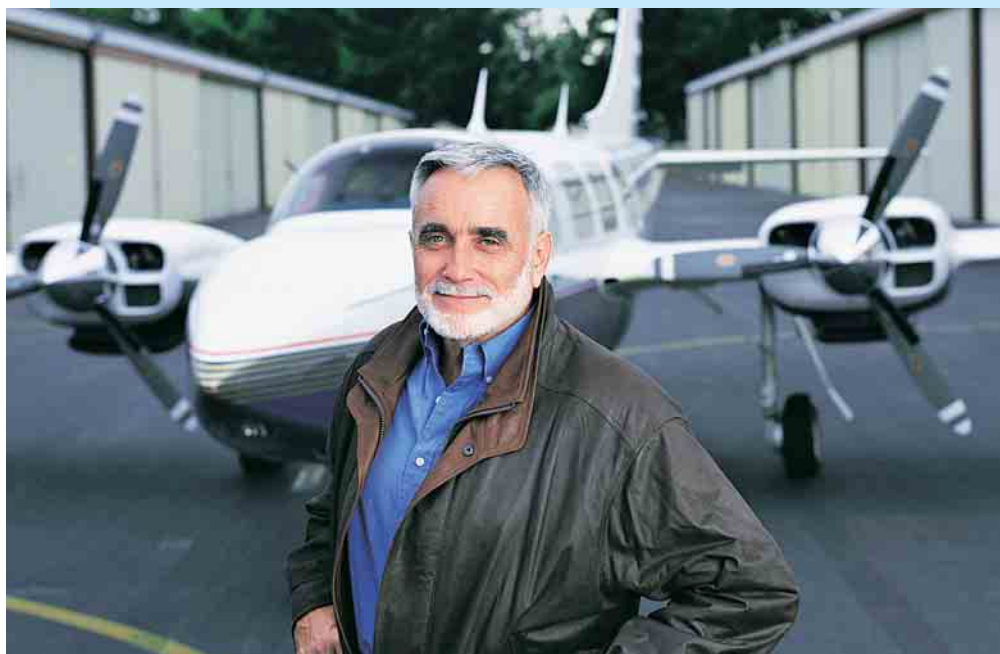
The fact that the Moulton name is in lights is appropriate. Larry, his two brothers and his uncle all had a big hand in the formation and expansion of Moulton Logistics, which provides services including: direct response television (DRTV) fulfillment; retail distribution; home shopping channel shipping; electronic data interchange (EDI); promotional distribution; kitting; drop shipping; and mailing, using hi-tech techniques, for *Fortune* 1000 companies. Larry’s brother Tom, one of Larry’s sons and his stepson all work for the company today.

It is this close-knit feeling that pervades when one visits the company’s complex. There is also an air of efficiency, which Moulton credits to the company’s ISO 9000 certification — an internationally recognized standard for management systems that, when followed, can help assure a consistent level of service.

A Star-Crossed Beginning

Certainly, Moulton has made quite a name for himself and his company. But things weren’t always so rosy. When Moulton left the Air Force in 1968, he tried his hand in real estate before finding that his family of entrepreneurs had created his best opportunity.

“After I got out of the Air Force, I had my real estate license, so I stayed in the Seattle area and sold there for about six months,” Moulton says. “The market started to get soft up



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there, so I came back down to Southern California to do the same thing. At the same time, my brother John had started a business called Moulton Data Systems — which is what became the Moulton Logistics you see today.”

Moulton says his brother had began capitalizing the business with about \$17,000, but that by the time he asked Larry to join him, the company was at zero or even, perhaps, in the red. “The game plan was for me to help John in sales — but shortly thereafter, I realized I had no idea what he was talking about selling,” Moulton says. “He was selling these old computers — they were museum pieces even then, and this was in 1968! The reliability on them was horrible, which was really what put us out of business.”

Just when the company was starting to go under, though, it found a savior in the brothers’ uncle, another entrepreneur. “He had invested \$1,000 with us,” Moulton contends. “When we were about to go under, he saw that we had some IBM equipment the company had financed, and he didn’t want his name dragged into some sort of bankruptcy thing. So he told us, ‘I’ll take you into my fold.’”

At that point, John left the company to go to work for Moulton’s other brother, Tom — who had also started his own company. “Another entrepreneur — do you see a trend?” Moulton queries with a laugh. The plan was to liquidate Moulton Data Systems, but as Larry’s uncle wrote more and more checks, he saw a number of contracts that it didn’t make sense to merely pay off.

“He told me, ‘Why don’t you run that business part time and come to work for me,’” Moulton says. “He was in the tax business — let’s just say I wasn’t too excited about it, but it was better than the alternative.”

So, he continued to run Moulton part-time, taking on some other responsibilities his uncle had, including subscription billing for the *Los Angeles Times*. “This is where it ties in to where this company eventually went,” Moulton claims. “We switched over from selling products to offering ser-

vices. As I took over on this billing project, it became clear that my aptitude or desire for doing taxes just wasn’t there. I enjoyed the billing side, in that I got involved with programming and tried to make things run better.”

At that point, Moulton and his uncle made a deal. He would take over the business fully and pay his uncle royalties until the money he’d put into the company was paid off. “That’s where things turned around and started heading in the right direction,” Moulton adds.

The company gained a major account in the early 1970s when Western Union gave Moulton its data conversion business on all of their mail grams. “We became Western Union’s major service bureau on the west coast,” Moulton adds. “We had 32 Western Union salesmen pounding on our doors

“One thing led to another and suddenly we’re in DRTV fulfillment.”

and bringing in mail grams. A lot of these people became our customers. Besides mailgrams, there were a lot of services that were mail related. This was leading to where we evolved into the fulfillment business.”

Getting Into the DRTV Niche

Still, it wasn’t until the early 1980s that Moulton Logistics had any contact with what could be considered a DRTV client. But, once that changed, the business picked up rapidly.

“In 1981, we had a customer — ST Advertising — that represented a TV exercise show called ‘Body Buddies,’” Moulton recalls. “They offered a product on the show called, if I remember, the Body Belt — a vinyl belt that you’d put on and basically sweat through while you exercised. Our role was basically to print up labels for the boxes. Then, they asked us to create a manifest for delivery guys, UPS and such.

We told them we could do that. That’s how it worked — one thing led to another and suddenly we’re in DRTV fulfillment.”

And once Moulton’s company showed it could do the job, DRTV clients rolled in. “After ‘Body Buddies,’ Richard Simmons came in,” he says. “They had some recipes we were mailing out like crazy. Then, we did Thin Again and Dream Away for Frank Robinson — these were forerunners of Body Solutions. All this time, in a 4,000-square-foot building in Northridge (Calif.), we were still just doing data processing. We weren’t handling goods.”

But Moulton’s two biggest breaks in DRTV — and one of his biggest disappointments — were still to come. “First, Ken Roberts of Worldwide Marketing, who was a client and is still a good friend, came to me and said he had a couple guys for me to meet — that these guys really had something and were going places,” he says. “You know, I kind of wondered — we’ve all heard that before. After all, you’ve got to kiss a lot of frogs in this business to find a prince.”

Still, Moulton agreed to a meeting at a Pasadena restaurant. “It was Bill Guthy and Greg Renker,” he says. “They had just started with the Tony Robbins tapes. We agreed to do data processing for them and it really went great. It grew fantastically.”

However, Guthy and Renker eventually wanted a total back-end service under one roof. Moulton wasn’t prepared for that request. “We just didn’t offer that,” he says. “It’s one huge opportunity that I wish we’d gotten ourselves into the position to do that. We lost the business. I like to think if we had taken the opportunity, we’d still have a strong relationship today — a relationship we’d love to start again, given another chance.”

Moulton refers to this missed opportunity as a “missed wave.” “You know, when you’re surfing and you see the big one coming just a split second late,” he adds. “You paddle and paddle, but you just can’t catch it. That happened to us a couple times. Fortunately, like a good

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surfer, we didn't give up — we just kept our eyes peeled for the next wave to catch it in time."

After losing that business, and moving into a new 15,000-square-foot building in Van Nuys, Moulton got another tip, this time from Robinson. "I was a little wary, so we didn't get to them with an offer right away," Moulton says. "Then, one day my phone rings, and it's Donna Wellington from Ronco asking, 'Are you guys going to give us a price for what we need?' So we gave them something."

from testing alone. So, we said okay. It started a relationship that lasted 10 years — and we shipped several million of Ronco's food dehydrators. This time, we were handling products."

Moulton went on to ship GLH Formula No. 9 and the Showtime Rotisserie for Ronco. And, Larry himself, got perhaps the greatest prize of all from the relationship. "Donna Wellington is now Donna Moulton," he says with a happy laugh.

Following up those DR successes, Moulton has also had a hand in the suc-

cess of BreathAssure, Aussie Nad's and the American Historic Society collectibles campaigns.

be the biggest differences between his company and other back-end service providers? "Our 35 years of experience is a huge positive," he says. "You can't stay in business that long without your reputation coming out one way or the other. You've got to work hard and maintain integrity. We are a known quantity. According to one client, we under-promise and overdeliver. That's what we strive for with all clients."

With so many years in business the company's name becomes a known quantity as well. A recent *Wall Street Journal* essay pointed out a study that has found twice in the past five years that eight of 10 *Fortune* 500 companies named for their founders or leaders (e.g., Charles Schwab or Anheuser-Busch) outdid the stock performance of the S&P 500 in the previous year.

"We do believe the pride in having our name on the door is important to our performance," Moulton says. "And now this study confirms that self-named companies do tend to have better performance and a better image publicly."

The final, and most important, difference Moulton points to in his company is its ISO 9000 certification. "With ISO, you're constantly looking at your processes and reporting on them," Moulton contends. "The obvious thing you are looking for is quality, and the best thing it brought to our company is that everything begins with the contract. The contract *is* your customer's expectations. The contract, just like for me when I fly, is really a checklist."

He adds that the contract takes assumptions and puts them aside. ISO, since it works with thousands of companies of different sizes around the world, has created specific but flexible guidelines that impose two basic requirements: all systems must be documented in detail and captured in a system manual; and all systems must be capable of continuous improvement. Many companies around the world refuse to do business with a company unless it is ISO certified.

"When you enter a contract, you can't afford to make assumptions," Moulton

The Moulton Crew



(Bottom row, left to right) Nancy Green, Josh Wellington, Elaine Hattendorf, Al Campos.
(Top row, left to right) Bill Kyle, Loren Crannell, Joel Crannell, Larry Moulton, Wade Wheeler, Tom Moulton.

After getting the offer, Ron Popeil visited Moulton's headquarters and sold them on the idea. "He said, 'I think this is going to be a great run. It may only be six months, but it's going to be great,'" Moulton contends. "Their tests were 10 times what they expected. They already had 2,000 orders to fill

cess of BreathAssure, Aussie Nad's and the American Historic Society collectibles campaigns.

The Moulton Difference

With all these successes, and continuing growth of the company and its services, what does Moulton consider to

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says. “People come here and see this complex and think, ‘These guys really have it together and know what they’re doing.’ People look at our list of accounts and think, ‘Well, there can’t be any problems here.’ That’s dangerous. We need to know what each client’s expectations are — and they need to know ours. What ISO does is follow through with a system that gives us the contract with metrics in place, so people know what to expect and what’s reasonable. Life can be much easier if you agree on that ahead of time and there are no surprises.”

ISO certification serves Moulton’s goal to be the total back-end service provider. Moulton says, “We’re strong with retail and EDI, on continuity building, on the call center. We got

“We do believe the pride in having our name on the door is important to our performance.”

dragged kicking and screaming into the call center business by another client, and now I think it would be awfully hard to be in the fulfillment business without it. We’re trying, like a lot of companies, to take that part of the business from cost center to profit center.”

Looking Back, Looking Ahead

Moulton Logistics has gone through more than its share of ups and downs. Yet, 35 years later, it is standing stronger than ever. While Moulton himself says that the lighting of the sign on his new building was a defining moment in his career, he points to another, less glowing moment as the defining moment that steered his business and personal acumen in the right direction.

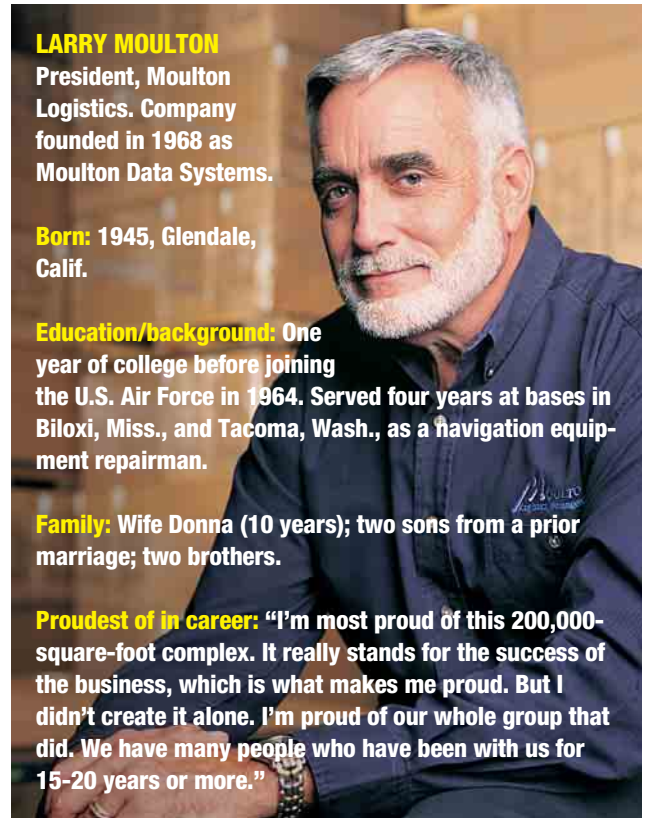
“It may not be smart public relations to talk about, but a long time ago, we screwed up a job for Western Union and one of their customers,” he says. “It

was a tiny error with huge ramifications — it was probably worth \$150,000 in billings to Western Union, but this company’s net worth at the time was probably about \$10,000.”

Moulton says he lost patches of hair and his beard turned gray as he worried about how to fix the problem. “It was like a cartoon — when I realized this was my error, I saw stars,” he adds. “I crawled under my desk and thought, ‘This is all over.’”

That’s when Moulton’s brother Tom came to him and shook him up a bit. “He told me, ‘Get your priorities straight!’” Moulton says. “It was what I needed — to put things in perspective. As much as I am proud of this company, it’s still just business. We fixed the problem, and busted our butts to do so. We got a lot of publicity in the Western Union branches — first that we’d screwed up and then that we’d done everything to fix it. We also ended up using a ‘business reply envelope’ for Western Union’s client to make up for what we screwed up. This was a new thing for Western Union and something they picked up and continued to use after this.”

Gaining that perspective, Moulton contends, opened his eyes to how he needed to handle himself and his business. “I don’t want to come across as if I don’t get excited or upset when things get messed up,” he says. “But you keep your perspective — no one died, life will go on. And, when bad news comes in now, I don’t crawl under my desk anymore!”



LARRY MOULTON
President, Moulton Logistics Company
founded in 1968 as Moulton Data Systems.

Born: 1945, Glendale, Calif.

Education/background: One year of college before joining the U.S. Air Force in 1964. Served four years at bases in Biloxi, Miss., and Tacoma, Wash., as a navigation equipment repairman.

Family: Wife Donna (10 years); two sons from a prior marriage; two brothers.

Proudest of in career: “I’m most proud of this 200,000-square-foot complex. It really stands for the success of the business, which is what makes me proud. But I didn’t create it alone. I’m proud of our whole group that did. We have many people who have been with us for 15-20 years or more.”

Looking ahead, that perspective and the efficient business machine he’s built almost guarantee Moulton continued success on most any path. “We want to continue what we’re doing,” he says. “We’re constantly improving systems and trying to hire the best employees. I’m very proud of the whole outfit.”

Moulton Logistics tripled in size from 1995 to 2000, and the transition was not easy. Moulton claims, “We ran into a lot of difficulties, trying to get out of that ‘mom-and-pop store’ mentality. The way we managed no longer worked. We had to really focus on hiring and training people quickly.”

But the transition is complete and Moulton says he’s ready for the company to go to the next level. “We want to break through that \$100 million level,” he says. “We’ve got the systems in place. It was hard to become a \$10 million company. Some people say there’s almost a cap there it is so hard to break through. But now that we’ve done it, we think it should be easier to get to that next level. We’re swimming like crazy to catch that next wave.” ■

***You'd think that in 35 years
we'd learn something about
the fulfillment business.***



Well, we have.

Lesson #1. Do whatever it takes to assure that the quality of our work is the best in the business. Moulton Logistics is ***ISO 9000 Certified***. That means that, along with most of Fortune's 100 most successful companies, Moulton adheres rigidly to a demanding, internationally-recognized system of quality assurance management.

Lesson #2. Make sure you can meet your customers' capacity needs. Moulton operates out of 200,000 square feet of brand new facilities in Van Nuys, California, close to the Los Angeles and Long Beach ports.

Lesson #3. Provide a full range of fulfillment services. Full call center, full service direct mail capability, real-time online inventory reports, database management, continuity programs, EDI for retail fulfillment and drop shipping for shopping channel clients. You may not need them all, but they're here.

Lesson #4. Take everything personally.

When Larry Moulton started this business, he could have named it anything. When he put his own name on the door, he knew that everything good and bad would reflect directly on him. Does it affect the quality of our work? You bet.

Lesson #5. Let your customers be your sales force. It's not a coincidence that some of the most successful names in DRTV have found their way to our door seeking Moulton quality fulfillment.

See how well we've learned our lessons.

Put us to the test. Call us today. We'll return your call quickly. (Lesson #6.)



Where DRTV Finds Fulfillment™