

Vacuum magnate Oreck to deliver Cutco Lecture at Alfred University

4/16/01

ALFRED David Oreck's formula for business success was simple: Develop a quality product -- in this case a revolutionary vacuum cleaner -- use a unique marketing plan to present it to the public and make customer service a top priority. The formula has certainly worked. Since its founding in 1963 as a manufacturer of lightweight upright vacuum cleaners, Oreck Corp. has grown to become a leader in its field. Today, there are millions of Oreck vacuum cleaners being used in homes, offices and hotels around the world. Oreck, chairman of the board of Oreck Corp., will talk about his business success Wednesday, April 25, at Alfred University, when he presents the second annual Cutco Foundation Lecture on Entrepreneurial Leadership. The lecture, scheduled for 4 p.m. at Nevins Theatre, is sponsored by The Cutco Foundation and Alfred University. The series of annual on-campus lectures is made possible by a gift from Erick and Marianne Laine and the Cutco Foundation. Erick Laine is CEO and chairman of Alcas Corp. of Olean, NY, chairman of Cutco Cutlery Corp. and an Alfred University trustee. The lecture is open to the public and there is no charge. Oreck said he will talk about "building a brand name" and the fundamental themes he followed in creating his own business success: simplicity and straightforwardness when dealing with customers (from a marketing and customer service standpoint) focus, perseverance and hard work. Oreck's story is one of ingenuity and persistence, in which an already successful sales professional struck out on his own, developed a unique product and used an equally unique marketing approach to slowly but surely create a business empire. A native of Duluth, MN, Oreck flew bombing missions over Japan during World War II. After the war, he went to work at RCA in New York City as a wholesale distributor of televisions, eventually becoming general sales manager. In 1963, Whirlpool, unable to succeed in the sale of its line of upright vacuum cleaners, sold Oreck exclusive rights to market them throughout the United States. Oreck Corp. was founded that year after Oreck redesigned the Whirlpool upright and began manufacturing it at a facility in New Orleans, LA. The new Oreck model, because of its design, used a lightweight motor and was not as heavy as conventional upright models. With a unique product in hand, Oreck went about the business of marketing it to the masses. By 1966, he had become well known for his television commercials and work in direct mail marketing. He was a pioneer in the telemarketing industry, building his own internal telemarketing department. Oreck may be best known today for the direct response commercials radio listeners have grown accustomed to, in which they are invited to "take the Oreck Challenge," a free 15-day trial offer of Oreck's XL model upright. Oreck keeps himself, and thus the Oreck name, ingrained in the public consciousness through radio and television spots that have hit the airwaves over the years. He writes and records his own commercials, many of which are memorably humorous. Oreck's business philosophy flies in the face of conventional wisdom of practical marketing, which says 30-second direct response ads don't draw customers; self-mailers are ineffective; and if a product is sold by retailers, a direct marketing campaign will cause them to drop the product. Oreck has proven those notions wrong. His company grew at a slow but steady pace during its first 25 years before taking off in the late 1980s. Oreck's product line has been expanded to include floor cleaning machines, water and air purifiers and other household items. Since 1995, the company has grown at an average annual rate of 35 percent and annual sales are in excess of \$300 million. The company has also become the largest seller from American Express statement mailers, with more than \$100 million worth of Oreck vacuums having been sold to card members and has achieved tremendous success selling on cable television consumer channels like QVC. Oreck Corp. has remained strong in part because the company's involvement in every aspect of business. "We're involved in every aspect of the business, from the design and manufacturing, to marketing and sales, to customer service," Oreck said. Oreck refuses to allow others to control the degree by which his business succeeds. He points to the company's decision not to distribute its products through major department stores, which deal in many different name brands. Rather, Oreck products are sold through direct response advertising, syndicated mailing, at exclusive Oreck stores and on the company's web site. "My basic thinking is, any manufacturer who doesn't control distribution, will be controlled by his distribution," Oreck said. "We determine the course of our distribution." Oreck admits the road his business has taken not been an easy one. "It took perseverance, a lot of hard work and focus. It's not easy what we did and I'm not sure I could do it again. I started from scratch 37 years ago with a good idea, not a lot of money but a lot of energy, and plenty of competition. Sometimes I think it's a miracle we're still around." Throughout the company's growth, Oreck has made customer service - both before and after the purchase - a priority. "We're dedicated to it," he said. "With today's pressures to have the lowest price, someone suffers, and it's usually the customer." Laine is impressed by Oreck's effectiveness in presenting the Oreck name and the company's products. "The way (Oreck) goes

to market - their approaches, the personal sales pitch and the direct appeal to the individual customer - is unique," Laine commented. "I've seen him in action on QVC and know how effective he is in presenting his product." Oreck Corp. remains headquartered in New Orleans and today employs more than 1,400 people. The company's principal manufacturing facility is a 375,000-square-foot plant in Long Beach, MS. Oreck is not all business. His passion for flying is evidenced by his collection of antique airplanes, all of which he flies. A pilot for more than 50 years, he is a member of numerous flying organizations and sponsors Frank Ryder III, one of the leading aerobatic pilots in the country. Oreck is the second high-profile entrepreneur brought to the Alfred University campus to deliver the Cutco Foundation Lecture. Last year, Tami Longaberger, president of the Longaberger Company, presented the first annual lecture. Longaberger Company is a producer of handmade baskets and one of the leading direct selling companies in America, with more than \$850 million in annual sales. Longaberger's lecture focused on the important roles businesses play in the social well-being of their communities. Laine said with presentations from entrepreneurs as successful as Longaberger and Oreck, the Cutco Lecture is well on its way to becoming a showcase event at Alfred. "Longaberger's was a very powerful message," Laine said. "With two (lectures) back-to-back like this, it's going to set a standard for choosing the next, and the next and the next. We are developing a very strong program for the coming years." Laine and his wife endowed the Cutco Foundation Lecture as a way to bring nationally prominent entrepreneurial leaders to campus to meet with students, faculty and friends of Alfred University. "It helps provide Alfred University with an image of providing exceptional and unique presentations in an important arena: entrepreneurship and leadership," Laine said. "In the process, it provides educational opportunities to the student body. This is something the students need: outside examples of business success." Cutco is the largest manufacturer and marketer of high-quality kitchen cutlery and accessories in the United States and Canada. The Cutco corporate "family" consists of Alcas Corp., the parent company; Cutco Cutlery Corp., manufacturer of Cutco since 1949; Vector Marketing Corp., marketer of Cutco products directly to consumers via sales representatives, and Cutco International Inc., responsible for international marketing of Cutco products.