

The media world is in the midst of a tectonic shift. The old currency—how much it costs to make a thousand impressions—is being replaced by a *new currency*—one that values what it costs to find a thousand qualified prospects or to sell a hundred widgets. As dollars continue to migrate to platforms that can deliver those metrics, traditional media outlets could continue to suffer substantial losses in revenue. These losses will be profound and will change those businesses forever... unless they are willing to make substantial changes in how they run their sales operations.

Gee, it seems kinda theoretical when I write that paragraph in third person, doesn't it? Like it might happen to *someone else*.

So let's switch to second person: "Hey, Buddy, that tectonic shift is happening under *your* feet. Right where *you're* standing. We're talking about *your* clients pulling up stakes, *your* revenue getting hit and hit hard, *your* future at stake."

Yes, technology is a major catalyst in this shift, but the reality is that advertisers in 2008 are looking for exactly what they were looking for in 1988. And 1908. They seek a *measurable return on investment*. Here's the difference... back then it was a wish, a hope, sometimes a crude estimate. Now it's available data, real granular data as unforgiving as a ratings report. If your sales organization cannot deliver the metrics, you're doomed to ride a downward spiral that will make your business look substantially different in the not-distant-at-all future. How different? Think about the implosion in the newspaper industry.

The problem here is not that broadcasters are failing to invest in digital media and in the interactive capabilities advertisers are seeking. Quite the contrary. The problem is that advertisers aren't really looking for shiny-new digital advertising options—all they want is *results*. Adding interactive products to pitch along with your on-air schedule won't change things nearly enough to keep you in business five years from now. Advertisers are moving to interactive not because they are infatuated with digital technology, but rather because they are seeking measurable, accountable ROI. Broadcasters may or may not need a shiny-new this or a shiny-new that... but you can take this to the bank: Broadcasters need (a) to produce specific results for advertisers, and (b) to prove and report those results.

The first (and biggest) problem with broadcast sales departments is how they're organized—much more as *wholesale* businesses than as *retail* businesses. Think about it:

A *wholesale business* is one that:

- Sells large quantities of its products to a short list of resellers.
- Deals with third-parties, with proxies and agents, not with the end-user of the product.
- Negotiates price and terms with professional specialist buyers, often defaulting to commodity pricing levels.
- Sells about the same thing to every customer—a schedule.



- When broadcasters deal with transactional media buyers—national, regional, or local—they are practicing the media equivalent of wholesale selling.

A *retail business*, by contrast:

- Sells smaller quantities to a broad range of solution-seeking end-users.
- Learns the end-user's needs and problems and takes responsibility for finding or developing solutions.
- Solutions are tailored. No two look alike.
- Establishes consistent pricing for all customers, negotiating only on selected high-ticket items.
- When broadcasters deal directly with the end-user advertiser—whether there's an agency involved or not—chances are their entire approach is more like retail selling.

Now look at your own operation (especially if you are in a medium or large market). What portion of your personnel, compensation, resources, collateral, pricing, and attention is built around pitching and selling transactional business? Be honest with yourself (you don't owe me an explanation). Is it north of 50%? How about north of 75%? 90%? I am not talking about what percentage of your business is from an agency, but rather how much of your entire sales structure is geared and focused to work on the *wholesale* level.

Most broadcast sales departments in medium to large markets devote the vast proportion of their resources and attention to *wholesale*. This is problematic in a marketplace where transactional revenue is shriveling. Of course, that business is still important, but to survive the new world of media and marketing, you must reorganize, reconfigure, re-prioritize. You must create a new sales organization capable of handling *both* a wholesale service for transactional customers and a reinvigorated retail strategy to replace lost wholesale revenue and to power the new growth you need.

Because most broadcast sales departments are built largely on a wholesale paradigm, too much compensation is attached to agency transactional business. Nearly all compensation in the broadcast media business is commission-based; as a result, it rewards *volume* without enough regard to source, rate, control, or continuity. It's a comfortable model for most broadcasters because of its history in our business and its ability to produce predictable expense ratios—an endless source of delight for financial executives, but no substitute for good strategy.

The problem is *proactive* new business development often takes a back seat because salespeople figure out early on that the best way to accumulate a large volume of business with the least amount of work is to get an agency list. They see the lay of the land as soon as they arrive on the job. Reprioritizing your sales operation means that compensation for transactional agency business must be *decreased substantially...* and *more compensation dollars* must be invested in new retail business development—in salespeople who know how to deliver measurable results to advertisers.



We believe most radio and television sales departments will perform *better* on transactional business if all of it were placed in the hands of far fewer highly-skilled people who are effective negotiators who can micro-position the property for each buy that's up and who will deliver the type and level of service buyers expect. Ask your transactional clients what they want from you. You'll hear things like:

- “Give me a low price.”
- “Run my schedule as ordered.”
- “Give me accurate and timely billing.”
- “Notify me of discrepancies in advance.”

That's a non-value-added wholesale business. Treat it as such—and get a better result.

Reallocating compensation will free up significant resources for a radically upgraded retail approach to solution-seeking customers.

But here is the next problem. At a time when metrics and accountability are increasing, too many broadcasters are chopping the resources required to produce results for clients... in a misguided effort to preserve the bottom line—at least *today's* bottom line. (Remember, 40% cash flow only means something when it's 40% of a lot of revenue.)

How many talented script- or copy-writers remain on your staff today? Are there any Sales Marketing Directors out there who really understand consumer behavior and retail marketing—not just regurgitation of ratings and qualitative data? Darn few.

Radio and Television have long treated their salespeople as lone wolves, as self-contained revenue-generating machines. That's because most of the work we have charged them to do is pre-selling the station and negotiating rate or share. This stands in sharp contrast to most of other B2B businesses that expect to have an ongoing relationship with their customers. In other industries, companies team their developmental salespeople with a range of specialists, with professionals who design and implement solutions that deliver the results the customer is seeking.

Few broadcast sellers have the diverse talents required to do all that marketing, creating, and selling by themselves. That's why, when salespeople actually do work on proactive new business development, they often resort to package selling—an affront to most prospects.

For years, CSS has recommended that clients hire a *Director of Results*. Business was roaring when we first made the suggestion, and it fell largely on deaf ears. But business today is choppy, even gloomy, and now broadcasters are paying attention. A Director of Results is someone who has a true marketing head—someone who understands marketing strategy and tactics, someone who knows how to influence consumer behavior, and thus, someone who can develop ideas and campaigns that will produce results, renewals, and referrals. When the station provides an asset like that to the team, advertisers take notice and spend money, even in the face of a recession and a vast, secular movement toward interactive media.



You should organize your sales departments around specialists. For example:

- **Technical Specialists** who are very good at negotiating big shares on agency business (and can handle much larger volume at a lower commission rate or a salary plus bonus).
- **Category Specialists** who understand key categories like automotive, retail, and health-care and can add value to the client with category and marketing expertise.
- **Strategy Specialists** who possess enough marketing smarts to earn their way past the media-buyer gate at your major agencies, and can thus work beyond the media buyer where advertiser problems are being defined and solutions developed.
- **Tactical Specialists** who understand how to motivate the listener or viewer to take action on behalf of advertisers.

But, you cannot do this without redirecting resources, expectations, and compensation flow.

The productive sales department of the future will spend much less time *talking at* prospects and clients about **WHY** they should use broadcast... and more time *working with* them on **HOW** to use broadcast and all of the provider's capabilities to produce a strong ROI.

At the end of the day, advertisers are looking for what they have always been looking for: *sales*. If you can help them secure sales and not just rating points, you will always be in demand. It's time to minimize the destructive limbo-dance of commodity pricing in a declining traditional-media marketplace... and instead equip your salespeople to succeed in today's marketing arena, where delivering measurable results is the price of admission.

It's been too easy in the past just to wait for the avail bell. It no longer rings often enough to keep us all in business—and *that won't change when this recession ends*. The future of your company is riding on your ability to make the tough changes and adapt to the new realities.

Jim Hopes  
Chief Executive Officer  
The Center for Sales Strategy, Inc.  
Tampa, FL  
[JimHopes@CSScenter.com](mailto:JimHopes@CSScenter.com)

