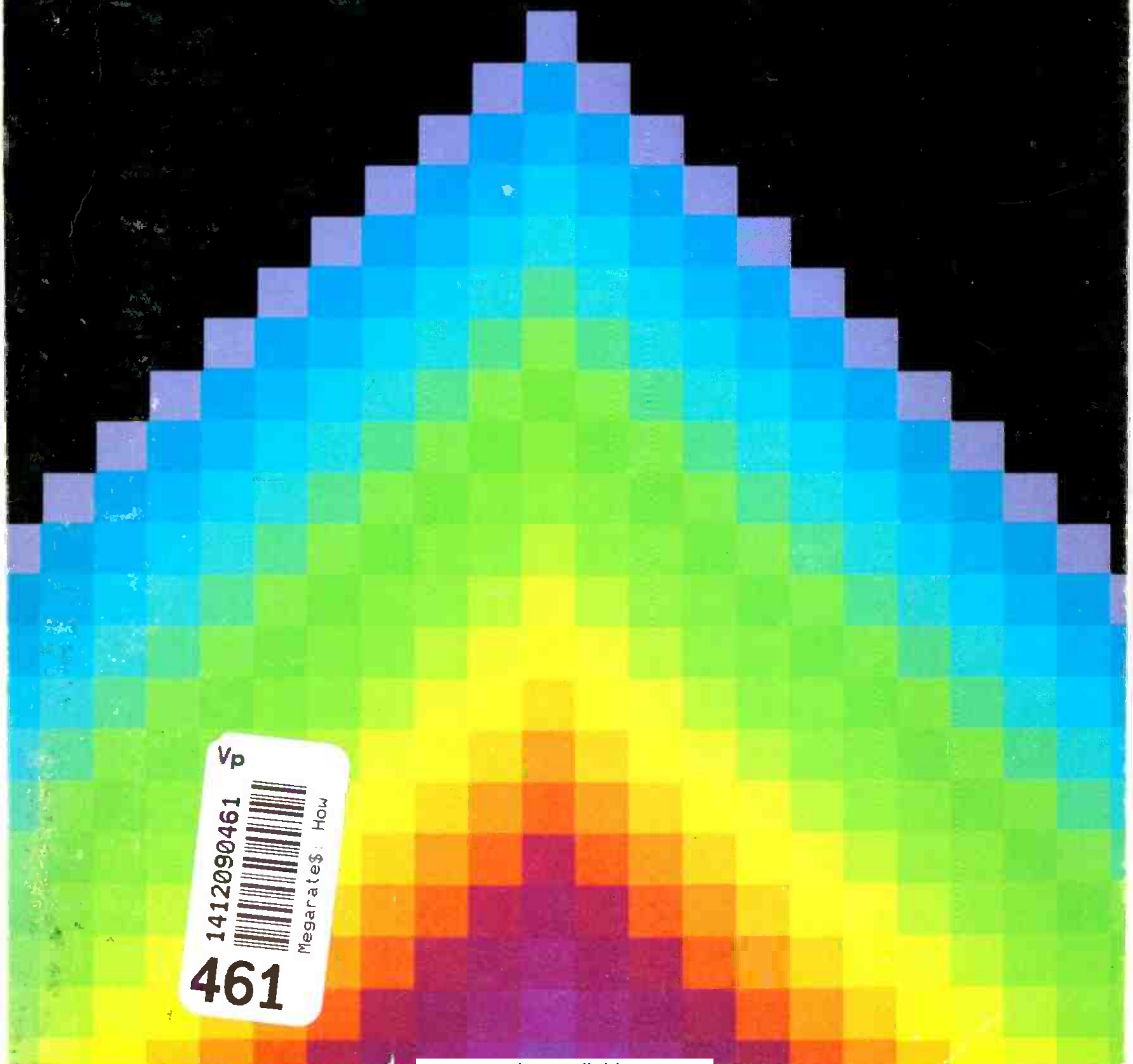
National Association of Broadcasters

MegaRate$

How To Get Top Dollar For Your Spots



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MegaRate$

How To Get Top Dollar For Your Spots

Prepared for
The National Association of Broadcasters

by
The Research Group
Seattle, Washington

The views expressed in this publication are those of the authors and do not necessarily reflect the views of NAB, nor do they constitute endorsement by NAB of the approaches and techniques suggested or described.

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Executive Summary

There aren't many of us who can't improve, and that goes for our abilities in one of the most critical parts of this radio business: getting good, high prices for the spots we sell. There are always new ideas to benefit from and new techniques to put to work, and this book contains not only a treasury of those ideas but a complete management *philosophy* from the most rate-agressive general managers and sales managers from your industry.

One important note: what we used as criteria for judging a "Megarate" manager — and what you might use to judge your station's present performance — is not just the prices you charge for spots. Obviously a station with a 10 share can usually get a higher price than one with a 4 or 5 share. That takes no great effort or sagacity. What we focused on was the station's *rate per thousand average quarter-hour audience*.* That's what we'll mean by the word "rates" throughout this summary. How well do these high achieving stations do on "rates?" *Very* well. Rates above $8.00 per thousand (12+) are common; some stations — rates #1 or #2 in adults — sell at as high as $11.50 per thousand.

Overview

How do they do it? How do they slowly raise their stations from rates in the $3.00 per thousand area (when acquired) to these impressive levels . . . often doubling the prices gotten by equally-rated stations in their markets? Although all of these managers see some things a little differently than do their peers, there is one clear set of understandings common to all of them . . . no matter what their station's format is, whether it's

*See Methodology Section (page xi) for full definition.

AM or FM, or whether in a market large or small. These understandings have to do with the effect of supply and demand on pricing. We call it the method of *"Demand Curve Pricing,"* and it works on three key principles that you'll see repeated over and over in the pages of this book.

Principle I: *The Price You Can Charge For Spots Is Only a Function of Supply and Demand*

You will not hear these successful rate managers say, "Oh, we can't raise our rates any higher. We're already higher than other stations in town with ratings just as good as ours. We couldn't go higher than that." On the contrary, they realize that they are selling a limited (fixed) supply of spots and that *many, many* things influence how much demand pressure there is on that limited inventory (in addition to what competitors charge). [We'll discuss those things that create demand under the "General Philosophy" section below.] As a result, their rates, on a per thousand A.Q.H. basis, are often two to three times those of their competitors. They really don't care much what other stations charge; they know the rate they can get is only a matter of how strong the demand for *their* station is.

Principle II: *Test The Demand Ceiling Aggressively*

Knowing the strength of the demand is not a simple task. It requires being sensitive to your market. No one, for example, ever walks in off the street and tells you this month a $200 rate is what the demand will support if you want to be 95 percent sold out. A good manager or sales manager has to figure that out. And the most commonly used indication of how high a rate you can get is your sell-out position. If your price is too high for the attendant demand, the demand curve (the same one you learned about in "Economics 101" in school) dictates that you will not have sold all your inventory. If your price is too low, you will be sold out for some days into the future. . . maybe weeks. The most successful of these high-performing rate managers test the demand *agressively* by analyzing available inventory *daily*, setting grid levels *daily*, and trying not to be sold out *ever* (always having *some* units available for sales as they go into a week.).

Principle III: *Work Constantly To Increase The Demand In All Possible Ways*

What things can increase demand. . . push the demand curve up for the limited inventory you *do* have? Certainly better ratings can do that, but, although all these managers realize the benefits of higher ratings and work to improve them, they don't stop there by a long shot. The list of other "demand influencers" they work on is long and meaningful.

General Philosophy

Question Approaches #1 through #3 in this book reflect what managers feel are the *most* important things in getting and maintaining high rates for their product. Three items surface that these managers go to *special* lengths to develop. There are no new or radical ideas here, and most stations, I suppose, practice them to *some* degree. But MegaRate stations put uncommonly high effort into them. What do these stations concentrate on to create better demand?

1. *They use results/success stories/testimonials* much more than do "average" stations. You'll see many mentions of "value" in the responses and that's where the total emphasis in these manager's selling efforts is. Forget the ratings, forget the price per unit, focus on the *results* we can create for the advertiser (results important to his or her needs) vs. the overall investment he or she makes.

   As one manager said, "We deal exclusively in what we call results selling. We don't subscribe to rating books, and I frankly don't care. What we do is track our performance with the trackable advertisers — the shopping centers, the special sales, the lumber company. We ask them to write us a letter and document the results. If the Ford Motor guy in town sells three cars off an ad here, what's that worth to him? Doesn't matter whether it's 20,000 people listening or three."

2. *They train and coach sales people to develop them into marketing consultants, not just spot salesmen.* What matters is the quality of sales people, how trained and knowledgeable they are — not just about their station and how radio works as a medium — but about the various retailing businesses and how they work.

   You'll see many references here to "counselor" selling. There is an overwhelming trend towards looking at the customer's needs first. Many of these managers believe that bringing the advertiser meaningful marketing aid and assistance has tremendous influence on demand. The idea is that people buy most often because they believe that *they* and *their problems* are understood by the seller, not because they have been made to understand the *product* by the insistent salesperson. Credit here must go to sales consultant Don Beveridge, who preaches this philosophy strongly. Quoting one manager who uses Beveridge, "If we are successful in generating dialogue [with the advertiser] that is pinpointed toward some creative solutions to helping solve the advertisers's problems, the value that we provide that advertiser goes far beyond the dollars on a rate card. We are in fact contributing to the success of a businessperson's concerns. We have become, in effect, almost a nonpaid staff member." So, given two stations with the same ratings, wouldn't the advertiser want to buy the "counselor" approach station more? The difference it creates in demand — and therefore rates a station can get — is remarkable.

3. *They work on consistency of performance*. Consistency in ratings and consistency in quality of product are important to these managers. But, beyond that, consistency in their belief and practice of these rate maximizing techniques sets them apart from other stations. As we said, most stations have tried some or all of these techniques, but few stick with it consistently. The only secret to making these factors work for you is to keep them going. These are sound business principles, not fads to be "tried" and then discarded when a newer fad comes along.

   Among all the other things mentioned that push demand *up* for a station's spots, the willingness to "walk" on business when the station can't get its rate is what stands out in these managers' comments. They have the "guts" to test the demand ceiling by asking for a good high rate. Then they stick to it.

Incentives and Motivators

What kinds of things do these high-rate managers use to motivate their salespeople to go out and *get* the rate? There are some interesting "carrots" mentioned in the text, but after commissions, incentives or "spiffs" are not what the managers count on to motivate their people. They are the "frosting on the cake." Here's the "cake":

1. *Hiring the right people*. Most of the people we spoke with realize that motivation comes from *within* the salesperson, so they want the *best*. Their attitude and personal character from day one is the thing these stations watch for most.

2. *Honest praise and recognition*.

3. *Coaching/support/team environment*. Most of these managers consider coaching one of the most important things they have to do as a manager. It is the key to taking a salesperson from being well *trained* to really *skilled*.

4. *Setting individual goals that salespeople help to set and thus "buy into."*

Beyond these basic principles, I've excerpted here a few short lines from various "incentifying" ideas (Question Approach #4) which are good thought-starters:

- Have each salesperson put together their own yearly budget. Let them develop the rate structure. Share with them the revenue goals of the radio station and keep them informed of how the station is doing in meeting those goals.
- Initially set sales goals somewhat lower for new salespeople. That way, they have success early on and learn what it feels like to win.
- Set up your grid cards so that spots at lower rates are pre-emptible. Salespeople learn very quickly about the value of getting high rates when they have to go back to an advertiser they sold at a lower rate whose spots were pre-empted.
- Don't put any caps or ceilings on commission. Encourage your salespeople to make as much money as they can. Remember, the station gets $.85 for every $1.00 they bring in. Keep the commission plan simple and easy to understand.
- Let a salesperson run a sales meeting.
- Recognize billing achievements of your salespeople with special clubs for various dollar amounts attained. For example, develop monthly billing clubs for those who bill $20,000, $40,000 and $60,000. (These levels will depend on your market.)
- Have bonuses for bringing in higher rates/higher grid levels.
- Have a higher commission rate for business brought in over a goal.
- Continually encourage and support salespeople. Use a lot of positive reinforcement. Let them know that management thinks they are the greatest.

Tools and Training

Since *skilled* salespeople are so important in building demand and achieving higher rates, all but a few of the managers we spoke to do training and they do a *lot* of it. What things are most often mentioned as tools and training given to salespeople?

1. *People brought in from the outside.* Some stations value occasional consultants or speakers as a "pep talk" device, but most often

mentioned are trainers who teach the art of counselor selling, customer focus, and good *listening* skills.

2. *RAB materials/RAB sales conference/RAB sales college*. Many respondents see value in RAB activities and tools.

3. *An ongoing program of in-house training. Many* high-rate stations start with an in-depth week of training for new people, but the key seems to be ongoing training and role playing. One manager suggests having an ongoing "radio school" to teach salespeople basics, like how to use an Arbitron, how to calculate reach and frequency, what a share really is and what a *rating* is. . . even giving them quizzes to test their knowledge.

4. *Guest speakers who are clients/retailers*. The idea here is to have the salespeople learn more about various retail businesses "from the horse's mouth." It is *central* to the counselor sell.

Overcoming Rate Objections

When a buyer has a certain cost-per-point or cost-per-thousand goal in mind and the station's rate is substantially above that goal, what do they do?

1. *Establish a value-added concept for the station **up front***. Before price is even mentioned, these high-rate leaders go out of their way to build in the mind of the decision maker (often a person other than the buyer) a full appreciation for the value of using the station.

   As one respondent put it, "our catch phrase here is, 'It doesn't matter how many people you reach if you don't reach the right people.' We use a qualitative sell to back that up. As a matter of fact, we just put out a new piece that will be going to all the agency buyers. It relates buying a road vehicle to a media vehicle and says that you don't buy a car just because it gets good miles per gallon and has a good sticker price. You buy it because you have an emotional involvement with it. It looks good, feels good, sounds right when you turn over the engine, and certain radio stations are the same way. They might not have the best gas mileage, but there is something about them that makes them more of a value than you can put numbers to."

2. *Average in lower cost-per-point (C.P.P.) stations*. The approach here is to incorporate your high rate with the rates of lower C.P.P. stations so that you can get your price, without sacrifice, and the buyer can still get his or her *average* C.P.P. (over the full buy). Many stations

who aren't MegaRate stations do this; the difference is that by working *hard* on the things that push demand up, MegaRate managers aren't a *little* higher than their competitor's rates, they are a lot higher. . . so the "averaging in" often requires quite a stretch.

3. *Be ready to "walk" on some business*. Again, the *willingness* to pass on a buy is common to almost *all* of these high-rate achievers. "We don't want to fall into that trick of letting agencies or some buying service dictate to us what we have to bring the rate in at."

4. *Challenge the cost per point*. This is often done by going directly to the client, but even with the buyer, many of these managers don't hesitate to ask where the criteria came from and challenge its validity: "My gut feeling is that most buyer's cost per point isn't really the cost per point. And so, you shoot for what you feel is a realistic cost per point for that particular market and for that particular demographic, based on past information. We keep all that information." *Cost per result — not cost per point — is these managers' new definition of "Efficiency."*

Attitudes About Long Term Contracts

When you start to read the comments in this section, you get the impression that the managers are perfectly split — almost 50/50 — on the wisdom of writing long-term contracts. They start with phrases such as "Great. I can't get enough of them" ranging to "We don't do that very often." But when you do a comprehensive reading, it becomes obvious that they are not as far apart as it seems on the surface. Those basically against long-term deals are pretty adamantly against *annual* contracts, but they do see some benefit in selling *some* long-term contracts because the base of business, in a limited inventory situation, can help stimulate more rate pressure.

Those who are for it are usually *cautious*, cognizant of what managers see as its worst shortcomings: if the station ratings go *up*, you're committed to the deal (and thus leave money on the table); if the station ratings go *down*, advertisers will, in *most* cases, force renegotiation or simply "walk" from the deal. "I would say nine out of ten times they come back to haunt you. The problem is, all it does is protect the advertiser. It's not protecting the seller, because here's what's going to happen: If your numbers go up, the advertiser wins in a big way. And you'll be locked in. If your numbers go down, the advertiser is going to blow out of there. They're going to cut the contract. And you can scream up and down, but on any standard contract, there's a two week cancellation clause. And they're going to get out of it if they want to." And short-rating is roundly thought to be a questionable solution to the problem. Managers feel it creates more bad blood than it's worth.

One negative that is perhaps *not* so obvious is the danger in not servicing/selling the long-term advertiser as well as you should: "If someone gets a long-term agreement, then they don't worry about it, so they're going out and soliciting new business. Pretty soon your biggest advertiser just isn't getting the service, because you feel you've got it nailed — 'I've got this guy; I don't really have to continue selling him.' And the problem is, you might not be selling him anymore, while every other station is."

In any case, most high-rate managers are seeing two things that minimize the use of very long-term contracts in the future: (1) the more limited inventory realities of today and (2) the advent of three or four books in their markets.

Some Specific Sales Practices

A few specific questions were asked about station policy in this survey. Here are the day-to-day practices common to the most effective "MegaRate" stations — They. . .

- use a rate card.
- have *no* frequency discounts on that rate card.
- have grids on the card. . . usually *five* levels.
- *review* the inventory and grid levels *daily*.
- try *never* to be sold out totally going into a week.
- make reach and frequency information available to their clients for various buys.
- use some "brainstorming" in their sales efforts.
- use role-playing in their salesperson training.

About 61 percent send their advertisers and local agencies a station newsletter on a regular basis; only 41 percent use testing of salespeople before hiring them.

Conclusion

As a final question in our interview, we asked each manager what he or she felt most distinguished their station from others in their market with regard to why it was able to achieve such high rates. *A quality, well-trained, highly skilled sales force* and *the "customer-focused" sales approach* were the most often mentioned responses.

Is there a formula, then, for achieving "MegaRates" at your station? The lessons are clear:

Approaching a Formula for MegaRates

The Three Principles

1. Price is only a function of Supply and Demand . . . not what other stations charge.
2. Test the Demand Ceiling aggressively and review grid rates daily.
3. Work constantly to *increase* the Demand for your limited Supply.

The Outstanding Characteristics of MegaRate Managers

1. An organized, well thought-out approach to going beyond the ratings and communicating *value*.
2. Commitment to continually train and re-train sales people to develop them into knowledgeable marketing consultants — not spot peddlers.
3. Commitment to the needs of the client through the use of the Counselor Sales Approach.
4. The wisdom and "guts" to consistently *push* for higher and higher rates and not let agencies or other radio stations set the limits. The MegaRates station is one that continually gives good *challenges* to its salespeople to bring their rates to the highest possible level . . . even if it means losing some orders.

Now let's take a look at *your* station. I'm sure you now do many of the things mentioned in this study, but how well do you practice the whole formula for MegaRates? Ask yourself three questions and you'll see if there's room to do better . . .

1. Over the past few years has my station moved up rates (on a per thousand A.Q.H. basis) significantly. . .testing demand ceiling *aggressively*?

2. Is my station well above the *average* station rate per thousand in my market or do we fit right in with the rest?

3. How do my station's rates compare with those of the top "MegaRates" stations? If the "ultimate" (in 1985 dollars) was in the $10.00 to $11.00 per thousand area, how much room for improvement is there?

Nothing of this sort happens overnight, but if the answers to these questions demonstrate *opportunity*, that's great. Now is the time to begin to realize that opportunity.

We hope you'll get as much out of this report as we did. It has given me many new insights and ideas to use at our own stations and if you have a sincere interest in your own self-improvement as a manager and improvement of your station as a profit-making business, you can gain from it. Many members of The Research Group professional staff took part in conceiving, designing, and undertaking the MegaRates project, but I think no one put more work into it than Eileen Marshall, a veteran with our firm, who personally conducted most of the interviews and edited each one with great care and diligence. It is my hope that someday — perhaps a number of years from now — the industry will look back and feel it owes a debt of thanks to Eileen for her good work, to the broadcasters who were kind enough to participate in this effort, and to the National Association of Broadcasters for having the foresight to see the benefit of such a significant industry contribution.

Bill Moyes
Chairman
The Research Group

Methodology

This research project, conducted by The Research Group, Seattle, Washington, for the National Association of Broadcasters, Washington, D.C., is the compilation of interviews with 51 general managers and general sales managers of radio stations known for their ability to get high rates for their spots. The criterion for inclusion in the list from which sample respondents were drawn was a particularly *high cost per thousand*. . .especially high in comparison to other top-performing stations in their respective markets. Respondents represent a cross-section from the top 180 markets — both large and small market ranks — and a wide variety of formats. Interviews were conducted between January 1 and January 30, 1986. These interviews were either telephone-administered interviews, 15 to 20 minutes in average duration, or in-person, in-depth sessions of up to one hour in length. All respondents' comments were tape-recorded, transcribed, and then edited into final form.

For purposes of this analysis, "rate per thousand AQH" or "cost per thousand" will be defined as the average price of a 60-second spot (based on an 18 spot per week schedule equally distributed in AM, MID, PM, and EVE) divided by the (Monday-Sunday 6 AM-MID, 12+) average quarter hour persons expressed in thousands.

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Meaning of Special Markings

Throughout the text that follows, the reader will notice three types of special markings. Their intended purpose is as follows:

* Indicates quotes from managers whose radio stations are located in top 50 U.S. markets.

Quotes from non-asterisked stations represent those from markets 51 and smaller.

† Indicates quotes from managers whose stations earn the very **highest** rates on a per thousand average quarter hour basis in their markets.

Bold type of parts of certain quotes. We have used bold type to help the reader take particular notice of ideas or *techniques* that are somewhat unusual, intriguing, or noteworthy. The major *themes* of the study quotes are reflected in the Executive Summary letter. The reader may find the bold type quotes to be thought-provoking *after* he or she has gotten a clear sense of the general principles from reading the summary.

Question Approach #1

"Some Stations Around The Country Have Been Able To Sell Spots At Rates That Are Particularly Good And High. . .Often Higher Than Competitors Who Have Comparable Ratings. When It Comes To Your Philosophy About Getting And Maintaining High Rates For Your Spots, I'd Like To Know What Things Are Most Important. What Would You Describe As The Single *Most* Important Thing In Getting And Maintaining High Rates At A Station And Tell Me Why You Say That?"

I am inclined to tell you that the single most important thing is to have big ratings. Which is contrary to everything I preach, and it's contrary to the usefulness of a good answer to the question. But if there were a list of 10 things that would help you get high rates, I think that high ratings would be number one on the list, and that there would be nine other things on the list that, taken together, would probably be more important. Perhaps much, much more important. But I think that to ignore ratings is a mistake.

But if you are looking for a single thing, you can't ignore a 10 share. There are two things, three things probably, that are important about ratings. One is that an awful lot of businesses buy on the ratings. And if we're talking about selling, I think that we have to recognize that we're not always selling: sometimes we are getting bought. In fact, too much of the time we are getting bought. But to the extent we are getting bought, we are getting bought on the ratings, most of the time. Therefore, the ratings are important.

Number two is that high ratings give you credibility so that you can go in and do all the other things that you have to do.

The third thing about the ratings is that we sometimes forget that they are related to reality. We get so hung up with Arbitron and the contracts that they write with radio stations and the way they rate us and the problems with their methodology and their inconsistencies and that sort of thing. The fact is that if you have three times as many listeners, you probably have, roughly, the ability to generate three times as many results for the advertiser and, therefore, you are going to be charging more money. You are going to be seen as being more valuable. So, for those three reasons, you can't ignore the ratings.*†

I think the reason we get high rates is the fact that [the station] works for our clients. I'm just a facilitator when it comes to rates; the advertisers actually set the rates. It's based on supply and demand. Our rates will go up when the demand is high; our rates will go down when the demand is low. It's very simple. We get results for our clients, so consequently they know that if they spend, say, 30 percent more at our radio station than at another radio station, the return on their investment will be there.

I just want to emphasize that it's basically supply and demand. If the demand is there, the prices will go up, and if the demand isn't there, the prices will go down. And you couple that with a very strong sales staff and it's tough to beat.*†

I can speak in two instances from a start-up situation, and I found that in both cases, **the key to maintaining a high rate is what you do initially right out of the box. You have to set a precedent in the first couple of months that your sales efforts commence in terms of being able to maintain your integrity, to set a rate, and stick to it,** no matter what pressures may occur due to having no competitive numbers to deal with in a marketplace. You have to set your rates based upon other values and hold to that. Once you do that and set a precedent, then the market understands exactly what you're trying to do, and you're educating them in that fashion, and it becomes much easier down the line. So, I'd say that the key factor is — in a start-up, which is my own experience — what you do right out of the box.*†

I think it's really a mind set, a belief in your product. I think that once you know what your product can do and you yourself believe in it, then everything else is irrelevant. I think we get hung up in the industry on Arbitron and all this stuff that is basically work you do and how you can satisfy your client's needs. And when you do that the rate, per se, becomes very secondary. So, I think that the next step is to say, "OK, we have to charge what we have to charge to do this, provide the service." Whether it's high or low in comparison to everybody else is irrelevant, but it probably will be much higher than the rest of the market who are pricing off of each other and agency cost per thousand.

It can't just be getting the rate for getting the rate. I think people have to have a real deep-seated belief in what the radio station can do. And when someone comes in who's looking and says, "This is all I'll pay," our guys will get mad and say, "Look we've got the best news department in America, we've got this, this, and this, you know. We'll go to Wendy's and cook burgers before we take this kind of stuff."

I would just say — I can't stress enough. . .courage and integrity — whatever you want to brand it as. It's the guts and stamina to say, "Hey, this is what I believe in." I believe that's number one and stick to that.†

First, it's how you position your medium and your station in the mind of the buyers. I'll be a little more specific about that. You position the medium as something that moves merchandise. You try to ascertain what the client's sales and advertising goals are. And almost always they want to sell merchandise in the retail business. Then you demonstrate how radio moves merchandise: everything from testimonials to case studies to personal involvement.

Second of all, within the positioning context, is **how your station is going to move that merchandise by very specifically painting a picture of who your audience is.** We reach the type of person who has *this* type of income, who spends money like *this*, so on and so forth.

I think the first thing you have to have is success stories behind the radio station; I think a consistent level of excellence in the marketplace, historically. That level of excellence includes a quality sales staff. Every buyer in this town who's been here more than two days knows that this is an educated, sophisticated, well-trained sales staff who are honest and who sell the positives of this station and the positives of radio. By "consistency," I mean consistency in terms of ability to produce for the advertiser and the consistency just in terms of ratings. We suffered some slippage this past year, but because of that reputation, the dollars haven't slipped much.

I think our cutting edge is that we're better trained. We really know what radio is supposed to do and how to look at it, as opposed to the singular mentality of average quarter-hour. **There's a station in town that has a hell of a story to tell, and they continue to focus 50 percent**

on the book, and consequently we beat them. They beat us in ratings, but we beat them in billing.*

Integrity. By that I mean not only rate integrity, which is important, but I think that **if, in the marketplace, they honestly believe that they are getting as good a deal as anybody else is on the radio station, you can get a higher rate than the competition.** So many stations don't have a rate card. Or they rip up the rate card or cave in on rates the second somebody indicates they might not make the buy, so they are not able to hold their rates. If you are able to establish an image in the marketplace as somebody who does business honestly and straightforwardly, and has a rate card the client can live with, you can surpass even the cost per point that is coming down the market because they know it's not going to backfire on them. They know that when they do business with us, for example, we have no problem telling the client to pick up the phone and call any one of our other advertisers and ask them what rate they are paying.*

With programming competition being greater than it has ever been, it has forced some radio broadcasters into limiting the amount of their commercial matter. With the increased cost of the overhead and a limited commercial inventory, we are now being forced into getting higher rates than we have in the past. And **we are educating the advertisers that limited inventory is one of the reasons for higher rates. When there's less of something available, it can usually generate a greater number of dollars.**

A good product. I think a good product is ratings. It is community involvement: how the community looks at your station, whether it is music or news or personalities or sports. It doesn't happen overnight; it takes time. Your involvement in the community is part of the product.

I think the single most important thing would be the concept sell. And what I mean by that is ratings are important. We all live and die by them. But what you have to do if you plan on being in this business, and at one station for any period of time, is to place less emphasis on the ratings and more emphasis on the fact that you get results for your advertisers. Your concept sell helps accomplish that. What I mean by concept sell is meeting with advertisers, finding out what their needs are, and then developing a plan that gets your listeners into their stores. And it doesn't have anything to do with cost per point or cost per thousand, it just basically comes down to getting bodies into their stores. That is done in a number of different ways. There are several promotions that are known throughout the United States, like bridal fair promotions, food festival promotions. . . any kind of point-of-purchase sales package that gives our listener an incentive to go into an advertiser's place of business. It's the best tool as far as keeping the rates up because you talk about a marketing plan that includes some type of concept sell. You are not talking about numbers; you are talking about 10,000 people who are going to participate in this particular promotion.*†

I think on a list of all the things that allow salespeople to maintain high rates — because they are the key — is the training of the sales staff in sales techniques and the art of interpersonal communication. **They have to learn that "No" doesn't necessarily mean absolutely not. And that the first "No" to a rate doesn't necessarily mean that there has to be a lower rate to make a sale.** There are a number of things that can be done by the salesperson in the presentation to gain rates higher than their competitors'. The majority of that comes through a great deal of training of the sales staff. **We set aside 5 percent of gross local sales for sales training.** And we've done a good portion of it with the Douglas Britt Company and a fellow named John Gorby out of Chicago. I think that his presentation in sales and understanding of the communication process of sales is a key in keeping salespeople above their competitors. And I think more than anything, it's that perception of the salesperson being more credible, more aggressive, and more capable of being worthy of the high rate — as much as the product.

First it would have to be the fact that we require high rates to reach our own goals. Our budgets are established based upon the amount of inventory we have, how much we expect we can sell, and what we need to obtain from that inventory in order to reach our financial goals. So once you have established the fact that it's not a negotiable item internally, then you have eliminated the thought process about whether you will or will not get them . . . because you must! In order to accomplish the goal, you need to establish some kind of controls. With a market of this size, where we are dealing primarily with new, self-trained salespeople, one of the things that we do is take all of the negotiating out of their hands. **None of our salespeople are allowed to negotiate any rates. The rates are established by the station. Once a buyer, agency or direct, realizes that this area of negotiation does not exist, then they can go on with the process of determining whether or not there is a value here for them. And rate no longer becomes the objection.**

We have trained all of our people to sell the benefits of the radio station. We like to say we don't sell the numbers. Unfortunately, lots of people buy them. But we do not sell primarily on an efficiency basis. We are certainly the least efficient radio station in the marketplace using the standard methodology.

What we do is establish, first of all, what the worth of the radio station is. Then, we accept the fact that we don't have a commercial avail that is worth less than another one is. **We try to make it as easy as possible for people to buy it. We have a rate card that has five grids on it, but only two numbers. We have a 60-second rate and a 30-second rate — without any frequency discounts, without any daypart discrimination. I decided eight years ago that I was not going to allow 400 people to determine the value of my radio station.** They may not be able to justify us on one level or another but the bottom line is that advertising on the station does work. With local businesses, you point to the cash register and show that it rang, and you get repeat business. It is a constant battle, particularly in our case, where we sit with mediocre ratings and at least twice the rate of the next competitor in the marketplace.†

I think the accountability of the account executives is very important: their knowledge not only of the station, but of the competing stations and the market. They act as advisers to clients' needs rather than just selling time.

I think quality of product. We're unique in the sense of having the leading morning show, and having personalities on the air whom you can't get anywhere else. We've got the best morning guy, we've got the best weather guy, and we've got the best traffic guy. Everything is just quality. I don't think you can get anything like it anywhere else in town. The ratings reflect that. And so we've priced it accordingly. And we don't waver on rates. I think that's the number one thing. We've got the quality product and we feel it's worth a high rate.*

The most important thing would be the salespeople, in getting the high rates when compared to another station with comparable ratings. I think the salespeople are the ones to get the extra dollar. It's how well they plan; how well they get everything set up and do the presell. And by getting in there early, by getting the need created — that makes the buyer willing to spend the extra dollars.*†

I wish I didn't have to say it, but it's market position. And it's dictated by many things. Primarily, it's the Arbitron and Birch research. Obviously, if you're positioned as the leader, you can be much more aggressive. That's probably one of the major things.*

It depends on the client, and if the buy is national, regional, or local. It also depends on either the prescribed buying parameters or the target audience that they're seeking to go after and how closely that aligns with our audience and our strengths. If I can see that it's a strength-on-strength situation, then I go after a much greater rate. We don't operate on a grid card; we have a set rate card. Last year we had two increases. We do give discounts based on large commitments, which the local advertiser is usually able to do. He can project that he'll use our station so much per year. On a national or regional buy, they flight their buys. So they're in and out of the market a little more often. In that type of situation, I will usually try to optimize the rate. You look at the situation and the parameters, and you go for the highest rate you can possibly get based on the conditions.

As a philosophical thing, at our stations, we've always believed in the concept of maximization of rates. We generally have a rate increase every year. The national arena is totally different than the local arena. Unfortunately, we don't have as much control in the national arena, in terms of rates, because they are predicated in many cases on a cost per point. The single most important thing as far as rates go are ratings. There is no question about it. If you've got strong, strong ratings you can demand almost any dollar you want.†

Consistency. A radio station that performs well consistently over a period of time in the marketplace — in ratings. Ratings are an up-and-down proposition, which is, a lot of times, the problems of the ratings company.

But if there are some consistent trends in the station's performance — in audience surveys and in results that they get for their advertisers over a long period of time — I think it builds extra value.

I would say the first thing is the image the station has with the business establishments in the community. That determines if you are superior to other stations and are able to maintain higher rates. The overall image can be created through many different avenues. Creativity, obviously, would be one of the main factors in allowing you to get higher rates. If you were creative in your selling efforts with a client — like selling ideas — rather than just selling spot radio. That often will offset any price-per-spot factor that comes into a client's mind. If you have a creative idea that can get him results, then he won't be quite as concerned with the cost per spot.

We have a philosophy to get the highest rate possible while maintaining relationships. We sell the station on supply and demand. That's basically our other philosophy. We don't raise the rates because of our ratings; we don't raise the rates because of our unit load or anything like that. If we have inventory, we reduce our rates accordingly. And if we don't, our rates go up. And we try to do that while maintaining relationships. If the market is sold out, then we have to raise our rates. We have to make people feel good about it. And, more than likely, during that period of time they do understand the rest of the market is tight, and they don't feel like we are gouging for some unknown reason.*

We have a track record of moving and selling merchandise, whether it's for a car dealer, or for a real estate project, or for a supermarket. Our ability to move people is the bottom line in getting advertisers to pay a higher rate and continue to pay it, and continue to be with you.

The most important thing would be that you have to create the value for your radio station, and not let the agency buyer or the client create it for your radio station. Anybody can sell a radio station at a low rate. There are radio stations that exist on cheap rates and are thrilled to be on the buy. I think that we must, in order to have high rates, create radio stations that are unique. We have to emphasize our strongest points and we have to get out of the habit of selling cost per thousand or cost per point. This is the greatest mistake that radio stations have made over the years. **We created a monster by letting the agencies dictate how they are going to buy us. Say you have a car dealership, and the purpose of the dealership is to sell 20 cars. The dealership buys your radio station at a reasonably good rate, and you run the spots and the dealer sells all 20 cars. What does that have to do with cost per thousand or cost per point? He has accomplished his goals; you've accomplished your goals. The book comes out, and if your book is down, why should he buy another radio station?** We have to find out what the client's needs are and serve them. If the need is to sell cars, it's our job through our product to sell those cars. And we place a value on how we can do that and we create the rate. But too often the agencies create the rates and they dictate to us where the dollars will go and at what rate.*†

First of all, you have to have a good product that is going to fit the advertiser's needs. It should also have a salable reflection in surveys, such as Arbitron or Birch. And it should also be reflecting the favorable demographics: 25 to 49 and 25 to 54. That to me is the primary thing.*

Being of most help in answering the customer's objectives and solving his particular group of problems. Supplying him with the marketing thought as well as the research tools to support what you are doing. Then being helpful on a creative and a planning basis.*

It's a long process and it has to be done one brick at a time. The most important thing is developing credibility for the station. Credibility and ethics are paramount. The station has to be established as a dependable partner for advertisers — local and national. The sales staff has to be well trained and believe in the product and the station's commitment to produce for advertisers. This takes discipline. However, you can establish the value of the radio station by how you handle your business and how you deliver the promises you make. Whenever you fall down, you have to make good.

The secret to keeping your rate structure intact is building in the value of your product before you ever discuss price. We just had a presentation that the sales manager and I were making to a big client. We talked for about 25 minutes. Price was never brought up until the

last minute, and it was a big chunk of money. The guy looked at the rate and never thought anything about it, because we had built into the promotion and the pitch the value of how it's going to help him move the product. At that point in time, they stop looking at cost and start looking at investment.†

First you have to have a quality product.*

The most important thing in getting and maintaining high rates for a radio station is to select your customer properly. **If you go to the right customer who can afford and needs your product, you are in better shape to make a case for why he needs it and not what it costs.**

I guess having something unique about your station. Something like Paul Harvey or airborne traffic if you are the only station in the market doing that. We can command higher rates for our traffic reports because only one other competitor has airborne traffic, so it's a field of two. **So the first thing that commands the biggest rate is just some kind of market exclusive, something that you have that no one else has that's in demand. And the supply and demand takes over, and you get a higher rate for it.***

I'd say that supply and demand factors that enable you to execute a nearly sold-out environment for a sustained period of time from an inventory management standpoint is one way that it is possible to give your salespeople the belief that the product that they're selling is incredibly valuable, and that there are a lot of people who want to buy the product. That's purely from an internal motivation standpoint.

The other factors that are equally important, I'd say, are the selling philosophy, and that is that we offer an added value to our customer that I don't think many stations in the market we serve are really coming anywhere near. I would add that the biggest way we maximize our rates is both through the perceived value by our customers and through the fact that our salespeople feel they have a product to sell that is of value. Between those two things — the perceived value based on the service that our salespeople give, and the product that we put on the air — I think that gives us an advantage as far as maximizing our rates.†

I think the most important thing is that you have to have people on the street who truly understand what you're doing on the air. They have to understand the format. And, I guess that it should go without saying that they have to be enthusiastic about it.

And I think that if you have your programming people and your salespeople interacting, so that the salespeople truly do understand and appreciate what you're doing on the air, they can go out and sell the station with more enthusiasm. And enthusiasm is the key. They have to have product knowledge; they have to have enthusiasm. If you go out there and talk to advertisers, and you're enthusiastic about what you're doing, it isn't a numbers game, but it's something you can really feel good about. You have results for a client, or you're doing this special or that special on the air, or you just have good day-to-day programming, and your salespeople believe that, then they're going to ask more for the product, because they believe it's worth more. So I think product knowledge, and enthusiasm for that product, are essential elements in getting high rates.

Product knowledge, enthusiasm and understanding the worth of the radio station, and the least important thing in my view, ratings. That's the least important thing. Maybe not the least, but it's got to be runner-up.*†

I think the single most important thing about getting them and keeping them there is that you're not bound to your ratings. That's why we've always encouraged our people not to say, "You need to buy us and we get this because our ratings are really high." Because in the next book if your ratings are not so good, then you have to live with that, as well: 'Why don't you drop your rates now?" So, we try to keep our rates at what we think our product is worth. Not based on Arbitron or Birch or any sort of rating system but what we can deliver for the client. What the client is going to get as a result of advertising on our radio station.

The single most important thing, in my opinion, is the sales management's genuine perception of the worth of the product. They have to really feel that the product has the value that they will be asking for it.*

The single most important thing is that the rate has to be realistic. It can't just be high for the sake of being high. It has to have some bearing on the marketplace. It's got to be well thought out. The whole philosophy must be developed.

I think it is really important that there's a philosophy of *why* the station is worth that value. Either because of an incredibly dominant position in the marketplace, or it could be the quality of the audience.

Another one would be the value added that the customer gets in terms of perceiving the radio station not just as a place to run commercials. That's where the sales staff is critical in terms of providing research information, providing ideas for marketing tactics, and being more than the order taker — by counseling and really helping the client develop his business. All those things are important, and there has to be an incredible belief in the product, too. Because if you don't really believe that you are worth it, it gets very difficult to ask for high rates.†

Getting results for the advertiser. You can get the rate if you get results. You have to have two things. You have to have ratings that at least don't match your rate, and you have to have a lack of fear. So many radio salespeople are afraid of losing the business. It's so competitive that they collapse on rate. **And there are a lot of factors that keep you from getting your rate, but the greatest factor that keeps a station from getting its rate is the station itself.***†

I would say the single most important thing would be our format and its uniqueness in the marketplace. Basically we can deliver an exclusive audience. We are the only [format] station in the market, and, as a result, the audience we deliver is an exclusive audience. And, for the most part, it won't be duplicated on any other station.

Within broad age demographics, it narrows down to a specific type of person. There are 25 to 54s and there are 25 to 54s. And basically, the type of individual who listens to [format] music tends to have certain characteristics, buying habits, and disposable income that distinguishes that individual from someone who would listen to any other format. And so, there is the exclusivity and the uniqueness of the audience.*

The main thing is communicating value, and under that, there are a lot of things that occur. Specifically, the training of people to be able to communicate value. In communicating value, we work very, very hard to make sure that we are in fact marketing more than just radio. We are simply an avenue to a means. So we work very, very hard with a team concept in communicating value in a variety of ways. That's something the advertiser needs, and we have some very particular and specific things we do in order to do that. We work hard in order to become a partner with the advertiser in assessing and attaining an individual's goals for his or her business. There is a lot of energy involved in doing that, **but we try to sell solutions, ideas, and plans, and definitely not just 60s and 30s.**

If we are successful in generating dialogue that is pinpointed toward some creative solutions to helping solve the advertiser's problems, the value that we provide that advertiser goes far beyond the dollars on a rate card. We are in fact contributing to the success of a business. We have aligned ourselves with that businessperson's concerns. We have become, in effect, almost a nonpaid staff member.†

The overall most important thing is exceeding our own standards of profit.

We set rates in the marketplace that initially we believe are fair, but we quickly assess what the competition is, and, it almost goes without saying, we like to exceed the market standard. After that point, we proceed to exceed our own standards. So the idea is not so much governed by the marketplace. It's more a point of increasing our profits and exceeding our own standards that we set.

We greatly resist being pushed into a commodity status as a product. We spend a great deal of time building what we consider to be the system of our service, which goes beyond just price and time. We feel we offer a lot more than spots on the radio, and we find that, much to our delight, most of our competitors are willing to spend most of their time in doing just that — offering spots on the radio. Because we go beyond that, we provide value added to the commodity, then we can get a higher rate, and in fact we do.†

The most important thing is the credibility of your salespeople with buyers and the salespeople's longevity in the marketplace. One thing that buyers fear more than anything is finding out that they paid more than somebody else. It's embarrassing. They must know what the salesperson is telling them is true. They can't find out later that somebody bought it for $50 when they paid $75 or $150.

When a specific buyer knows she can trust a salesperson and when that salesperson tells her that the station is, say, at 90 percent capacity, and it takes Grid 2 to get on the radio station, then that buyer knows she's not getting fed a line. It's a trust situation and it has to be built up over a long period of time and that all gets back to whether you have a rotating door in your sales department. If you have a lot of changes in there, I think it promotes instability and it hurts you rate-wise.*

I would say positioning the unique value of the radio station's audience as to qualitative needs. Being able to position the quality of your audience in a way that separates it from the quality of everyone else's audience. I think the process of doing that has to do with the use of a lot of different kinds of qualitative tools, to identify heavy-user consumers, and matching the characteristics of the audience using known and accepted research means.

The concept is that the consumers who listen to my radio station are more valuable that the consumers who listen to the other radio stations, regardless of the quantity of the audience that may be reflected in Arbitron.*

The most important thing is to stress value, the value of radio and how it fits into the media mix; what it can do for a client. You need to make your point about media value without mentioning price or even getting into that in the early part of the conversation.*

The single most important thing has to be ratings. If you don't have the ratings, you're not going to have high rates, as we found out at this radio station last year. Our ratings were the pits; now they're really strong. Suddenly our rates are two-and-a-half times what they were one month ago. There's no question that it's ratings and market position.

People want to buy the top radio stations if they can. They don't want to buy the bottom radio stations. But they will use them. They're more anxious to use the leaders. So the leaders can get a disproportionately high share of a budget and a disproportionately high rate.*

From the industry point of view, the most important thing is obviously ratings, because everybody knows that we're controlled by them. From my philosophy, it has to do with a variety of things. One, it has to do with format. It's a lot easier to get the value for a commercial in a news/talk format, because it's a big result-getter. So you're really able to have the client experience the value of your product or of your format. And the client is not necessarily concerned about what the cost is because he's interested in results.

Advertising results are the answer. We deal exclusively in what we call results selling. We don't subscribe to ratings books, and I frankly don't care. What we do is track our performance with the trackable advertisers — the shopping centers, the special sales, the lumber company. We ask them to write us a letter and document the results.

We're effective; it works. You can charge anything if it works. Who cares about the cost per thousand? If the Ford Motor guy in town sells three cars off an ad here, what's that worth to him? Doesn't matter whether it's 20,000 people listening or three people. If three people come in and buy a car, he's really happy. So that's why we're priced incredibly high. Obviously, we're aware of what other stations charge.

I think the most important thing is the consistency of the radio station's performance over the long haul. The results that the radio station has gotten for advertisers over a long period of time, during good books and bad ones. We rarely sell with the numbers. I very rarely like to take out an Arbitron and point to our rank at 25 to 54. I like to be able to talk the benefits of the radio station and why the radio station works for a particular advertiser.*†

Most important is the sales management's knowledge and ability to evaluate supply and demand in the marketplace. My philosophy on getting the highest rates is that you have to have a real base, not a synthetic base, to establish your spot costs. And that has to be based upon factual, accurate information as to what supply you have available, in relation to your numbers. I think Arbitron ratings are just an element. You also have to be able to monitor honestly and on a timely basis the demand in the marketplace at the given hour that you are having to quote your rate.*†

I have a twofold answer to that question. First, client knowledge, total client knowledge. A specific example: The client says, "I'd like to place a buy and my demo is adults 25 to 54." Since very few radio stations can effectively penetrate that broad demographic cell, you have to determine exactly what the specific, primary target within the broad target is. The second most important factor is a very current awareness of what the competitive situation is in the marketplace. And then, it is just a matter of marrying the two. The end result is that the salesperson has to be better than the competition in every respect. That includes the presell and the actual submission and also the servicing of the account after the sale is made. Those are things that are really important in how we function here.

Good ratings. Good ratings in audience demographics that are desired by advertisers — that is, 25 to 54 year olds. Without a first, second, or third ranking, you're at the mercy of those who do have the ratings, and if they're not aggressive on rates, it does hold you back.*†

Clearly the most important thing is your ratings, your audience in Arbitron. Buyers are buying numbers and without the dominant market share, a station can't really maximize the revenue potential in a marketplace. You can take an example. Would people in Dallas buy KVIL-FM and Ron Chapman in the morning at $1,200 a spot if Ron Chapman's ratings fell in half? No. A great deal of the demand for that radio station would go away. Why? Because the value of the station has gone, its ability to deliver the potential consumer to the advertiser. The same thing is true in Los Angeles with "Kiss." What happens if the morning audience falls in half? Will "Kiss" still be able to do the annual billing that it does with the same sales staff? No, they won't be able to. Take "Lite-FM" in New York. I understand their billings doubled in 1984 over 1983 as it went from a 1.7 to about a 3.0 share in the New York market. And then, in the year following, the billings doubled again at "Lite-FM" in New York as the audience continued to grow to the point where it had the dominant share of women 25 to 54 in the New York metro. They were really maximizing their revenues with the same sales staff, the same sales manager, no change in training, and the same sales tools: Tapscan, Arbitron, AID. The only change in the situation was ratings. There are a lot of things that are important in maximizing the station's revenue, but without market-dominant ratings you won't have market-dominant revenue.

A lot of AMs, though, have tended over the years to keep losing audience and their market shares have really fallen off as they've not done a very good job of marketing the radio station. So what do you do to fix it? You get ratings back. And if you really want to maximize your revenue and make big profits, what can you do short of getting ratings back to maximize your revenue? Nothing. I mean, you won't ever be able to maximize your revenue. You can improve your sales on the station by sales training. I'm very high on sales training, but I don't know very many salespeople who know what they are doing, who really know how to sell. They can sell themselves and they can be fun to be with over lunch and they can say a little bit about the radio station but they really don't understand the medium, the arithmetic of selling the medium. They don't understand television, the arithmetic of selling that medium; outdoor, magazines, newspapers, retail — they just haven't had the proper sales training. So, sales training, improving the quality of knowledge of the people on your sales staff — assuming they are good, competitive, bright people who want to do well and improve their knowledge of sales — is important. But you could run the best college of radio knowledge in the world, have the best salespeople, and be 15th in a 30-station market and not maximize your revenue.*†

Question Approach #2

"Now, Of Course Many Other Things Come Into Play In Developing Good High Spot Rates. What Would You Say Is The *Second* Most Important Thing For Stations Who Want To Push Their Rates To The Maximum?"

The second most important thing is to tie the value of the radio station, in the prospect's mind, to things other than the ratings. Basically, what you want to do is tie it to the satisfaction of that prospect's needs, opportunities, problems, specific objectives, whatever it is.

The ultimate buyer is the merchant, the businessperson who has goals and objectives to meet and is not interested in buying rating points. That doesn't mean anything. He's interested in moving recliners or increasing enrollment 25 percent: in doing whatever his personal objectives are to increase business. They always have specific objectives. The key is always to relate the price to the return in the context of satisfying the objectives so the return is not so-and-so many gross impressions.

The answer is a result that helps the prospect, the advertiser, meet his objectives or exceed them, solve his problem, capitalize on opportunities, satisfy need, whatever it is. And it can safely be said that every radio station that is out-selling its audience share, whose revenue share exceeds its audience share, must be, by definition, not tying the perception of value of the time being sold to the size of the audience.*†

We've got a good quality sales staff. We've got eight people on our sales staff, ranging in experience up to 13 years. I think the minimum experience is about five years. So they know how to sell more than just the numbers in the book. I think they might look at the book for the first couple of weeks when a new book comes out, then they really don't use it that much. We've got computer access now — we use Tapscan. We utilize their services, and that's a help, but when you start comparing our rates to somebody else's rates, we're going to be higher. We're not going to be as efficient, and so they've got to be able to convey the worth of our radio station as opposed to the competitor. And they do a very, very good job of presenting our product.*†

Well, you've got to sell the value. You've got to sell something far more than just the pure number of people that you may or may not deliver. You've got to be able to sell the fact that your station has the capacity to deliver results for clients, and that your focus is upon what the station can do for its clients in terms of selling the product they may have. And again, once you have a history of being able to document those kinds of successes and base your value upon those successes, then it becomes far simpler.*†

The other thing I think that's critical is the salesperson. You've got to have salespeople that you have complete belief and trust in and allow them to know where they can go. **If winning is the whole idea, if winning is getting an order, if that's all winning is, you're not going to do very well. But winning is a share of dollars also, and that's where rate comes in.**

I think the secondary thing is you have to be intelligent in a common sense sort of way. You have to know your product well enough to know when you are out of the zone of reasonableness when it comes to rates. I just want our people to be at the top of that zone — pushing it all the time, as far as rates go. So that would be the secondary one, being just real street smart, having common sense. I think that we forget that the salesperson has to be very bright. You know the Zig Ziglar seminars — "Go home, look at yourself in the mirror, and tell yourself you're great" — garbage! That's what I call the "cream" mentality — you stick your finger through it and there's water underneath. The salesperson needs to be a good negotiator, a good psychologist. And he or she has to have a good intelligence level.†

The next most important area is service to the account. Service can be picking up tapes, but what service really is, is becoming a part of the advertiser's marketing team. For instance, there's an agency here that doesn't have a lot of research, but we do. And we literally do all their media research. But the idea is to ascertain the needs of a client in terms of service. You've already positioned yourself in a way to sell merchandise. Now, you provide the service. This service is research tools, this service is above-average copywriting and production, this service is advice and counsel in other areas. We try to make our sales representatives advertising consultants and sales consultants, not just radio consultants. There's a big difference.

One reason you can demand higher rates, even though your ratings may not be equal to other people's, is that the salesperson's service, if it's above and beyond what the client gets from other radio salespeople, is worth more than those people who don't service the client as well. And that's a big thing with us. We are worth more because we give you more in terms of service.†

The formats on our AM and FM are very consistent. These are quality radio stations in terms of their ability to deliver for advertisers. We protect the formats from poor promotions that are recommended to us either externally or internally. The radio stations are healthy in terms of an active audience that will produce results for the advertiser. So, there is a mentality out there, whether the advertiser buys a spot schedule and/or is involved in a heavily or tangentially in-the-station promotion, that it is going to work. It's not something that's just been thrown together to garner dollars.

The stations produce for the advertiser, and they have a history of producing. We make the stations produce for the advertiser.

I think it's in the people we hire. Because when you do have ratings slippage like we're going through now, that's when their character is going to come out. I really think that our next competitive edge is our people. They are superior.*

I think the second most important thing is that you've got to make sure that the rates are reasonable. You can't go off-the-wall with the rates. You have to make sure they are reasonable for what the client can pay for the demographic that the client is trying to reach.*

The second most important factor would probably be the history and the stability of the station. Radio has not done very well in the area of stability. I think that stations that are, comparatively speaking, more stable are more likely to get higher rates for their spots.

Well-trained salespeople who are knowledgeable about the market, about their client's needs, and about their product - the radio station. How to best position the client on your radio station. Consulting with them on whom they are trying to reach; who their consumer is.

A good relationship with a client. Advertising agencies are important. I know, there are a lot of broadcasters who would just as soon not have advertising agencies. I think that they are good. They do perform a function. **But the thing that some broadcasters do forget from time to time is that we both serve the same client. The advertising agency is not the client. The advertiser is the client and as long as you don't lose sight of that, you are in good shape.** You build a good relationship with a client. You build confidence and it works both ways. They have confidence in that what your station does for them is going to work, and it gives you a better idea of what their business is all about. It puts you in a better position to come up with ideas, or when an idea passes through the radio station you can say, "Oh, yeah, that would be good for Computerland."*†

I think it takes good sales management. In other words, it takes the sales manager, a *good* sales manager, to sense when it's time to raise the rates and to have the guts to stick to his or her guns. I think that is the other way that people maximize their rates. But to have a strong belief that the value of the product continues to go up — it takes a strong sales manager to do that.†

Enlightened self-interest; it's another word for greed. You have to have people who want to make money. Because if you've got some schlepper out there who takes his rate card and goes out and talks to an advertiser and says, "OK, this is where it is." And the advertiser says, "I won't pay that," then once again they fall off and they'll strike some compromise. I think it's important that a salesperson, when he goes to see an advertiser — I don't care if it's a cold call or if it's the 50th time he's called on this advertiser — I think he has to go in and resell the radio station: retell the story to reaffirm what the radio station can mean to this advertiser. The more you tell the strengths of your radio station, the more you restate them, the more the advertiser is going to believe them.

We place a value on our product that perhaps other people don't. Other people may stand on their rate card and say, "No, you have to pay my rate card." Well that's fine, but maybe the rate card isn't high enough. Maybe the rate card doesn't truly reflect the value of the radio station.

If there's lack of demand on your inventory, in a supply-and-demand situation, your station is not going to be worth as much in January or February as it is in November and December. But, perhaps there's a rate floor that's much higher than the rate floor throughout the market. The role of management is to establish the floor, and never go below that, no matter what. And, understand the worth of the radio station so that no matter what the pressures, as long as your station is doing the things that you've drawn up for that station to do, and you continue to be a meaningful presence in the market, it goes beyond numbers. But to be a meaningful presence in the market, you have to be the most effective communicators. People will pay the rate, because there's a value there that transcends any kind of rate card. They want your radio station because you've convinced them it's the most powerful and effective medium that they can use.*†

Secondly, I think the station image within the community; the perception the advertisers and listeners have of the radio station. That adds value.

Secondly, I'd say that it definitely would be the salespeople whom you employ. They have an awfully strong impact on the client relationship with the station. The salespeople's being prepared obviously is all part of that. When I say the quality of the salespeople, I mean both the way the station prepares them and also the professionalism of the salespeople in representing the station to the advertiser. I would say that definitely is one of the factors that would enable you to maintain a better rate even with a station with lower ratings.

Another aspect of getting high rates is selling a good spread of inventory. Our prime daypart, for example, is morning drive, 5:00 a.m. to 10:00 a.m. We need to make sure that it isn't sold 6:00 to 9:00.

Relationships stand out as being very important. We've found that we've been as low as a 1.5 rating and as high as a 4.0. The ratings are important when it really comes to gross rating points and cost per points and whatever, but relationships are what are really, really important. And if people like you, they are going to have a tendency to buy you more.*

The image of the radio station in the community as being one that's progressive and one that's involved in the community. People feel like they are dealing with an old friend. **We meet and get to know the people who own the businesses. We don't necessarily wait for an advertising agency to give us an order.**

Having salespeople who are properly trained, who understand the radio station, have knowledge of it, make a great presentation, and can convince the buyers that their station is the best. We, in radio, don't spend a lot of time training our salespeople. We expect them to know everything there is about a format. But we don't teach them what the format is. We don't teach them the strong points of the radio station. They become a victim of Arbitron or Birch. And, if they have a bad book, the station is dead. I think that's the wrong way to sell a radio station. I think we create the value and we have well-trained salespeople who know whom to sell the radio station to.*†

The second most important thing is fitting your station to an advertiser and his product. We're not just selling spots; we are real advertising experts, so we're in the advertising business. And we have a value that we have established on our product. The price of that product reflects back to what our monthly revenue projections are. So if we start playing with rates, we're not going to accomplish our budget. But, the big thing is to appeal to that advertiser to make him want to buy this radio station for perhaps a higher rate than he could buy some other station. And that's called selling. It's convincing him that what we have to offer is better than what he can get elsewhere in the market, even though he may have to pay a higher price for it.*

The drive in the individual salesperson. Basically, how driven they are to succeed.*

With respect to the recruiting of salespeople, we interview 30 to 35 candidates for every opening we have. We do not take the path of least resistance and interview just two or three and hire the first good one we run into. The things we are looking for above everything else are absolute honesty and integrity. We are not necessarily looking for outgoing personalities. In addition to honesty and integrity, we are looking for a person with a deep-seated competitive spirit. Of the eight sales folks, we now have only one who had radio experience before joining our station.

The second most important thing is keeping your rate structure consistent. Don't cut one deal with one competitor and another one with another competitor. You have to be consistently fair in your approach.†

The salesperson. How well that salesperson is trained so she can present the material in an effective way to the right person so she can make the right person want the product.

Probably the stability of the market and your reputation — how many great books you've had in a row, and how consistent you are. A lot of things go into that. Overall it's what your reputation in the market is, how stable you have been over the years.*

To try to differentiate yourself from your competitors. You are like a clothing manufacturer who has a dress. You have to differentiate your dress from another one in order to get $100 vs. $75. I think that we have to do the same thing in radio. We have to make our presentation better. We have to make the overall sound of our radio station better.

I think the second most important thing is having the courage or the conviction to stick by your guns and defend the product you're offering at that price. You have to be willing to take some rebuffs and rejections and to sit out some buys in order to establish that your station has rate integrity.*

Belief in the product. Belief in the whole process. Belief in the philosophy. You have to know that you are delivering a large quantity of audience and you have to know the quality of the audience you are delivering. You have to know that you are going to get results for the majority of the clients you do business with. Then you have to provide the extra value-added services. If you provide all those things, and you believe that your product is worth it, then it's much easier to persuade them that you do have the value there.†

Service. You can't get the rate if you don't provide them with scheduling where you promise them schedules, with service from the account executive, with correct running copy, and with proper billing and proper affidavits.*†

I would think our low unit load. **We carry fewer units per hour than most stations do. And we explain to the advertiser that that makes their spot, their message, considerably more unique and special within our program.***

A commitment to coach and train its professionals.

It really requires a company or station commitment that this is the way it's going to be done, with a great deal of energy and continuity, and we will make sure that it happens. We found, obviously, that unless you have the people in place to pursue the philosophy, not much is going to happen, so the coaching and training go hand-in-hand with that commitment.†

The inventory. By that, I mean that we only have so many cans on the shelf, and when we start to sell all the cans, we realize that if the demand is high enough, we can increase the price of those cans, meaning spots on the radio.†

We sell ideas, not point levels. We just sold a promotion to Mountain Dew. We got $30 more a spot than we've been getting from Mountain Dew for the last month. Our rate went up almost 50 percent and the reason we got it is because we came up with an idea.

When you have ratings like we are fortunate enough to have, you still sell ideas. I have to relate to football. You have both offense and defense. The idea-selling is your defense for when your ratings drop.*

I would say the professionalism of the sales staff. I am presuming, of course, that you have already established the fact that the radio station is able to project its share of market and its financial goals and has devised a means of realistically projecting a rate structure and managing inventory.

I think that in addition to seeing the right people, the account executive has to be able to sell the value of the radio station consistently, and not be an order taker.

The tools can be there and the difference in the audience can be there, and there can be research that proves that the difference is there, and someone can have established a high rate, but unless you get a professional account executive who has positioned the radio station appropriately and applied that to the customer's specific needs, then you haven't accomplished anything.*

It comes down to attitude. If you fully understand the value of your product and how it fits in, then you will be able to better address its value.

If an advertiser doesn't feel radio is worth a darn anyway, he's going to buy it like an auctioneer.*

Sales management and salespeople who are willing to risk losing an order because they're demanding a high rate. In order to get a high rate, you have to be prepared to lose it, too. There are some people who simply will not pay such a high rate.*

I think probably the second most important thing to get rates up is to maximize inventory. We are in a supply-and-demand business, and you try to price your inventory, whether you're an airline or whether you're a radio station, so that it puts you in a position of being able to sell out your most undesirable seats first. Then the rates get higher as you get into first class and choice places.

The desirability of the programming that you have on the air. We are fortunate here at this station to carry, among other things, the University of [State] football games, and that's a very hot-ticket item. Everybody and their brother wants to be associated with it. We charge for time on Saturday during the football games, about three times what the top-rated station in town gets for their morning drive.

It's good marketing. And what I mean by that is salesmanship. The additional information that you can provide to the client to justify and substantiate the value of the product. Things such as additional research, imaging, and positioning of the station. That's easier to do locally than it is nationally, though we're doing it in both places.*

If I'm selling something more than an overall schedule on the station — like a sports program, a special feature, or a promotion — I can usually get a higher rate. I guess that would be my second statement. Most stations are able to get a little bit extra because they're giving a little bit more.

People are also very important: The kind of people that you have out there on the street. Because locally the ratings aren't as important as they are nationally. And even nationally, where they are important, the way we maximize our rates is with a very, very strong qualitative presentation of the station. And without having a top quality person out there doing it, and nationally a top quality rep, you just can't maximize your rates.†

Second most important is manipulation of the rate card. I find all too often there are stations that put out rate cards that start at $100, but they will go all the way down to $12. You have to have some integrity in the body of your rate card. There are always those exceptions, but for the most part, you must have integrity for the numbers that are on there. If it stops at $50, don't give somebody a $40 rate. We have always had a rate card that starts at a given number. For example, ours starts at $135, but the lowest rate on the card is $40. So if you want an average unit rate of $50, put your lowest rate on your card — something you can live with that will average out at $50.

Our willingness to bite the bullet in the bad times and stick to it. Once you adopt the posture of being a rate leader, you can't move. And part of that is never playing favorites. **One of the things that we constantly tell our advertisers is that no one is getting a better deal on this radio station than you are. Buyers have a constant fear. They are constantly afraid that a competitor is going to get a better deal on the radio station. We can look an advertiser in the eye and say, "Listen, you know that nobody's getting a better deal." And we have to stick to it.†**

Consistency in the station. In other words, the station in its own right has an image in the marketplace and we don't make rash moves and change formats. We don't get into what I like to call "hula-hoop programming," which is having the latest rage and finding out that that's no rage at all. So, consistency in the station itself.

Inventory is another one. **We only run nine units an hour, most of the day. We run 10 in morning drive, and then, at 9:00 a.m., we go to nine an hour. We stay fairly well sold out, and when you're doing that, you can get your rates.***

I think it's the station and the station's consistency. If a station is consistent in programming and it's been there for a while doing well, people in the community feel comfortable and they're willing to pay extra dollars for it. If a station out of nowhere jumps up to a high rating and all of a sudden is saying, "Well, now you've got to pay X amount of dollars to be on the station," and it's higher than a competitor with equivalent numbers, I believe people will look at that and say, "It's a flash in the pan. It can go down just as quickly as it went up," and I think there'd be a definite reluctance to spend the extra dollars.*†

The second most important thing is the integrity of both the station and the salesperson. At some point, it's got to be based on results, too. If you're going to continue to get the rates, you have to be able to deliver what you say you're going to deliver.*

I think the ability to consistently get good rates is not yielding to the temptation to drop your drawers and go for it, just to get the business.

We will walk away from business that we just can't compete for on a cost per point basis. When somebody comes back, we don't have to spend an awful lot of time trying to get the rate back up, because we never took it down.*†

Second most important factor in getting the rate is the ability of the management to communicate to their sales staff the method of calculation of the rate so that you convince the sales staff presenting the rate of the validity, the reasoning, and the need behind the rate structure you're presenting. I think that you cannot just say, "We're going to charge X dollars." They have to be sold on the value before they can present the value and obtain the maximum rate.*†

We find that every time we submit, we are high. The general knowledge is that we are tough people to deal with. We are non-flexible. I simply ask everyone to explain the fact that we make subjective evaluations based upon the value of the radio station. Sometimes it has nothing to do with a predetermined market cost per point. It's a factor of inventory. Also, the advertising agency doesn't determine our rate. And when anyone is trying to compete with a predetermined cost per point, then the tail is wagging the dog because the external forces don't determine what our rate is. For example, when they say the cost per point has to be $65. Well, in order to get to $65 with the stations that they are considering, someone probably has to be a $75 and someone could be a $50 or $55. So, my belief is that we always want to go in over whatever the predetermined market cost per point is and allow someone else who may not be as aggressive and who is willing to lower the rate to bring us in. So, I have a kind of $10 or $5 overage that we factor in and then it's just a matter of selling the benefits of the radio station.*†

There are two things that come into second place, I think, and they're both equal in value. One of them is your rate philosophy as far as rate card and how you move your rates. How often you change your rates on the grid and how you go about that. How you set up your rate card as to dayparting, tap plans, grid levels, et cetera. That's very important — how you're willing to do that and change that philosophy to take advantage of your market situation. The other thing that is equally important is sales training, and without that, no matter how good a rate card you devise, you won't take full advantage of it if your people don't know how to handle it and are not truly considered consultants by their agencies and their advertisers.

It's just that there are some of what I consider rules in rate cards, especially on limited-unit stations. **When you limit yourself to X amount of units per hour on an FM station, it goes against your goals to discount a percentage of those rates because they're 30-second spots. So I think you shouldn't have 30-second rates on the card. It should be a unit rate and whether the advertiser runs 30s or 60s, the rates should be the same. The other thing is a tap plan. Tap plans should not provide discounts in top-selling dayparts. Tap plans are really meant to help sell weaker dayparts and you should only do that without discounting rates in dayparts that don't have higher inventory pressure on them. One other thing about rate cards is frequency discounts, to reward advertisers for buying more spots when it takes more of your limited inventory, are not in the best interest of the station.**

The salespeople have to be consultants in all aspects, as far as their being experts in Arbitron and having Tapscan and other research services available to their agencies and advertisers. Becoming very well versed in the businesses of their advertisers is important. Learning how to negotiate a full rate is very important and most salespeople don't know how to do it. In order to get the right rates, it's very important, in the training area, for the sales manager and the manager to keep the salespeople and the sales manager out of their comfort zone. **One of the real problems in stations that are highly rated that should be getting more for their time is that salespeople are in their comfort zone and are very satisfied with the kind of income they're getting. We've got to always keep people out of their comfort zone when we're selling radio time.**

Time that's easy to sell is underpriced. So the sales manager, by moving the rates up, and the manager, by putting the pressure on the sales manager to move those rates up, keep those people selling out of the comfort zone. It keeps time more and more difficult to sell, because the rate is higher, and you're going to have to sell around the objections, the fact that the other stations in the market are priced lower. But if a station truly prices by supply and demand, and if it's a highly rated station with low inventory, you can force people out of their comfort zone by just moving those rates up all the time.*†

The first most important thing is your ratings, and once you get them, then you have to have the right people on your sales staff *and* make sure they're trained. Some radio stations have some people who just aren't disciplined enough. They avoid calling on the tough guys. These aren't salespeople; these are order takers. And you have to have in every chair in the sales department somebody who is willing to call on the whole list. Somebody who can make the direct calls and doesn't personalize being told "No." You have to have somebody who's fiercely competitive, smart, and honest. Those are the three things I look for in a salesperson. They must also be willing to work hard, and then you train them.

I wish there was a way to take the risk out of hiring people. It's a very imperfect science. You talk to a lot of people. You look at a person's background and whether he or she achieves in a lot of areas, academically and athletically. Things like that tell me a lot about a person — also checking references and making sure that you're not getting sold a bill of goods. That's about as perfect as this science can get. I've not used psychological testing. A lot of companies have. I'm not against them. I just haven't done it. I think a lot of the tests for salespeople have been perfected to the point of being pretty darn predictive, maybe not so much of those who will be superstars, but pretty well of those who shouldn't be in sales. That's good to know. Then you get the right people, people who work a full day and understand the importance of that. It's important to work a full day if you're going to maximize the revenue of the station. So, you get the kind of good person who is willing to work a full day, and then you train them. And that's management's responsibility. You shouldn't have managers at the station who don't understand the sales process. You shouldn't have managers at the station who really don't know how to teach selling.

First, you teach salespeople a philosophy of selling based on the principles of supply and demand — back to basic economics in the textbooks. You teach them that if you have great ratings, particularly adult ratings, where most of the business opportunities are, there will be demand generated just by the presence of the ratings of your station. Maybe enough demand to sell out all of the commercials pretty easily, and you can all be order takers. Being number one is an easy sell because everybody wants to buy the station. But if there is enough demand to sell out the station, then you are underpriced, because there's not an equilibrium between supply and demand. The demand exceeds the supply. And it's not an equilibrium situation. And you can't increase the supply, or you'll drive away your audience, so you have to increase your prices, which drives away some demand. Some of the people can't afford the new prices, so they fall off. **You teach a philosophy of being able to walk away from the marginal advertiser. A lot of salespeople are unwilling to walk from business. They don't want to because they lose commission. You have to make them feel really comfortable about getting the business on the station's terms, not on the buyer's terms,** and if they can't, they can't. So that philosophy is the first thing.

The second thing is how to really understand Arbitron and how the pricing stuctures of all of the stations you are selling against work. Do a lot of G2 work so that when the buyer is stuck on a cost per point goal, and you just can't move them off it, you can show them how to bring in their buy at the cost per point goal using you at 60 percent over the goal, and a lot of other stations below the cost per point goal. Advising them on how to buy those stations to bring it in at that lower price. Basic, simple stuff. Learning how to use cume in sales, which most stations don't use. They sell cost per thousand, cost per point which is based entirely on average persons. **Teaching them reach and frequency, so that if you have a market-dominant station, which generally out-cumes all of the other stations, you can talk about reach and frequency. You need both to make a good advertising buy and you can justify higher prices by saying, "Not only do we give you greater quarter-hours than these guys, but we reach more people."**

You set the philosophy first, then you go through the Arbitron training. I tell my salespeople in the first day of the sales training, "Imagine this situation. You're in with a very familiar person, a media buyer whom you work with all the time, and he or she has just given you an order. The president of the ad agency comes into this person's office and says, 'Excuse me for interrupting your conversation, but I have [store executive] up in my office and, as you know, he's chairman of [stores] and we just got the account. He's up there with his advertising manager and some brass, and they think they want to use radio, but they don't understand the medium. They've only used print. I don't understand anything about radio and about reach and frequency or how it is different from TV. Can you come up and give a little presentation on radio vs. the other media?' And the buyer says, 'But, Mr. X, remember you told me I had to be down to Channel 4 this afternoon, and that's five minutes from now. But John Doe here's been with [station] for five years and he's a radio expert. I'm sure he can go up and do it.' Now, are you going to go up and do it or are you going to say you have another appointment?" I want to get my people to the point where they say, "May I borrow your calculator and your Arbitron? Do you have some Nielsens around here? I need about an hour and a half."*†

Question Approach #3

"Now You've Mentioned The Two Most Critical Things... What Other Things Would You Consider Helpful To Achieving Good Rates? What Things About The Station Or Its People, Its Training Of Staff, Tools It Uses In Sales Or Communications With Advertisers Are Helpful In Setting The Groundwork To Get Top Dollar?"

One thing I'll tell you that is so often overlooked is if the seller treats the product, the radio time, as being a negotiable item, then it is. And if the seller does not, then it won't be.

If you don't want your rates to be negotiated, then don't negotiate. So often salespeople have the power to negotiate. In other situations, the sales manager is the only one in the radio station who has the power to negotiate. The salespeople know that he does have the power to negotiate and they do not have the power to negotiate. That, of course, totally deflates the salesperson. Pretty soon the clients find out that if they want to do business they ultimately have to talk with the sales manager. At that point you don't need salespeople at all. You can use the public mails to distribute the rate card and coverage map and all that kind of stuff. But if nobody in an organization will negotiate, then how are you going to sell anything? There are a couple of answers to that. One is, you might price it right to begin with. **I think a lot of radio stations put fatter and fatter prices on things so that they have something to negotiate from. They figure the higher they start, the higher they might end up. The other thing is that it forces the seller, whoever it is, to know that if one of the tools in his tool kit is not rate negotiation then he has to naturally emphasize other things. He has to redirect his attention away from a consideration of price and toward a consideration of everything else, and, of course, let's be clear that bonus spots are a way of altering price. The "everything else" does not include bonus spots; that's a way of changing the price.**

The other thing you can do, of course, to make this work, is you can keep jacking up the value. And how do you jack up the value? Bring him a better idea to sell his recliners; to increase his load factor on seats departing on his airline; to bring 125 new enrollments to the beauty school classes beginning February 1 — whatever it is that the advertiser is trying to get done. Ideas are one thing: better copy, promotions, just general consulting — to be a valuable consulting service so that they want to continue to do business with you. But the easy way out is to keep cutting the price until it equals the conception of value. What you need to do is to keep jacking up the value or the perception of value until it equals the price being asked. . . one of the tough assignments. The other is an easy assignment, but it doesn't make people rich. The quick and dirty way is to cut the price; the hard way that makes the big, successful stations is to enhance the value.*†

We have meetings on a weekly basis. We spend an hour and a half in a meeting going over anything that might come up: we're talking about the marketplace. . . we'll talk about rates. . . we have constant dialogue. I keep my door open as much as possible in case there are any problems. I think that's important. I don't necessarily go out and make sales calls with them; it's not my job. I'll go out with salespeople but it's their job to sell the product. We have visibility in the marketplace; when we do something from a promotional aspect, we do it right. Anything we get involved with we do on a first-class basis, and I think people know that they're going to be treated fairly when they advertise on our radio station. We want to do a good job for the client because they're what makes the radio station successful. We don't look at it in the short term; we look at it in the long term. If we treat our clients fairly, they're going to come back and treat us fairly. But we've had a consistency in the marketplace and have been offering a good product for the client regardless of our ratings. If our ratings are down, we get a premium price for our product because we do a good job for our clients.*†

Another factor would be trust with a client. If the clients believe that you have their best interest at heart, then it's far easier for the clients to justify in their own mind the price that you're asking them to invest in your program. So that's critical. I think another factor would have to be your understanding of that particular client, not only the trust. But do you know what that client really wants? If you can do that, if you can key in on solutions that really meet those particular client needs, again, it becomes far easier. **One of the things that has been very important to us in terms of being able to command high rates is our**

ability to market ourselves from a sales standpoint to our clients. We advertise ourselves to our listeners and we spend as much concerted effort advertising ourselves to our clients as well — positioning ourselves top-of-mind with our clients as well as with our audience. That's been a critical element in establishing ourselves as something more than just a bunch of radio salespeople, and that's very important.

We try to position ourselves here in [city] as a station that delivers more than just a bunch of spots. Being a new station, and one that's up and coming, we try and do as much for a client promotionally as we do in terms of just delivering a schedule. If we can do something for him within the context of his spot promotionally or if there's an availability within our own schedule, we try to enhance his investment through station promotion. That's been important, an added value as well.*†

I'll tell you another underlying philosophy which is really the cornerstone: **A buyer doesn't necessarily want the lowest price. They want to know that the price you are giving them is the lowest price that you'll go to. Big difference there.** Because if you get the reputation of dealing — you give this person a $100, this one $80, this one $50, depending upon the circumstances — then they say, "OK, do I have the lowest rate on the station?" They are always looking; they try to push you down. If they know that you're giving everybody a $100, that's the lowest rate, take it or leave it, this satisfies! Because they say, "Hey, I got the lowest rate."

Integrity and belief are also very important. These are the rates we are going to charge for this radio station, and the belief inside the station is that *we* price the radio station, not the clients. And the belief in your product. And also pricing it smart.

It's the question of knowing your radio station and the market, pricing it aggressively, and having the belief to stick with that price. I think it's a long-term commitment.

The ratings are a ticket into the stadium. If you are too low on the ratings totem pole, there is a lot of business you can't even get to that is controlled by agencies. Once you get the ticket, and it doesn't have to be a great number — if it's just a reasonable number — then you can get in and sell. That's basically it. The salesperson is the one who influences it.

To get good rates, you have to be able to sell and position your station properly. You have to have the courage to say "No," but you also have to be able to give them a reason as to why you shouldn't. There has to be a reason as to why you are more expensive than the others. And you have to be able to get to the right people — so you have to be a smart person. You have to be able to talk.

The added value. If all they are getting is a 60-second spot — that's all they perceive they are getting — then that's all they should be paying for. But if they're getting a 60-second spot from 6:00 to 10:00, they are getting a salesperson who cares and is doing everything she can for their business. They have management back at the radio station that's doing the same thing. They get their bills on time and they are correct and their co-op is notarized. When there's a problem, the station is there. If there is a special promotional opportunity, the station is there. When they need research or they are in a bind, the station is there.

If my salesperson is walking into a drugstore, in the mind of the owner of that drugstore he should be looked at in the same light as the Revlon rep who walks in there. I want him to be looked at as a guy who is going to make him money. That's a lot more than just a spot for 6:00 to 10:00. So if he develops that attitude as a real resource, as someone who is critical to the profitability of that business, it's much easier to get that added rate. You want the salesperson to be a sustaining resource, not looked at as someone who is selling them something, but as someone who is going to help them solve their marketing or advertising problems.†

A lot of it is attitude within the radio sales organization, which really comes from the sales manager and general manager. We coach our people as to why we're worth more money. We're worth more money because our audience is of a higher quality than our competitors'. We're worth more money because our sales skills and our service skills are of a higher quality than our competitors'. We're worth more money because we're more visible in the community, and when we give you a promotional opportunity, it's normally a killer.

Another thing that has to do with it is just knowing how to subtly sell supply and demand. That's really what it boils down to. If the demand is great and the supply is low, you have high rates, no matter what your ratings may be. And we've always been able to have high demand even when our ratings were low, and I think that has more to do with the longevity of our approach.

We squeeze our rate card instead of jump our rate card, because we realize that for the advertiser that can be difficult on their budget; what we try to do is maintain our percentage of that budget. **If we're getting 30 percent or 40 percent even though we may squeeze the rate up, we want to maintain that percentage of their budget. We may sell fewer spots, but we'll get the same dollars, and that gives us more avails to sell to somebody else.**

And the other part of the supply-and-demand thing is we coach our people on how to use time spent listening. **We're a high "time spent listening" radio station, so we don't necessarily go out and sell heavy saturation plans. That helps a lot in that you can sell them fewer spots at a higher rate and help the radio station by not having a lot of commercial repetition.**

Another thing is the longevity of the relationship between the station and the client and the salesperson and the client, because the longer the salesperson has been serving that client, the greater credibility he or she has. Then, whether ratings are good or bad, your position is one of a consultant.†

I think that, particularly through this year maintaining our high rates, we were able to use our resource materials a little more effectively than perhaps we did in years before when business was so good we didn't have to rely on as many pieces of ammunition to bring out to the buyer and justify why we cost so much. This year we've really reached into every single barrel we had to bring out these qualitative success stories.

I think that we are the research leaders in the market and having a variety of resource materials to use gives us an edge in helping to maintain high rates. We use the Media Audit, which is a very strong qualitative resource.

We position the Media Audit as a very strong resource, not only in measuring radio listening but in the qualitative information that it provides us. We've always indexed very well in the Media Audit and that is the edge when you get beyond the numbers. You may be buying X amount of listeners, but what these listeners represent is the way we can help position our stations as being more expensive but the value is there.

We also rely on AID extensively, using duplication studies. In a marketplace as fragmented as this is, we have to paint a story that there are radio stations that may position themselves as ratings leaders, but what you're actually getting is an audience that you can perhaps reach somewhere else. We've always been a high turnover radio station so our reach has always been the number one story we talk about.

The other things that lead to high rates: Good training — our staff is well-trained internally as well as through external programs that we pay for. Another thing is good planning. We have a complete plan for 1986. The plan includes a set of specific things — such as literally getting close to our advertisers. There are things planned for 1986 that will keep us top-of-mind with them and make them think of us first, as well as second or third, when the buy comes down.

We mentioned creativity. I think there are some ways of packaging the radio station. I don't necessarily mean numbers packaging. I mean things that we have to offer on a radio station that can be effective for a potential buyer, such as special programming and promotions. We sell our promotions in several ways and generate revenue.

Part of our rate story is the reason we are successful is we invest in our product. We invest in our product just like they invest in their product. And the more you invest in your product wisely, the more successful your product is. And that, in essence, is what the client is paying for.*

I think that, obviously, it's helpful to have a product that has some variety, to sell beyond the music as we do on the AM. It gives the salesperson something else to talk about in the sale. It gives her the opportunity to sell the environment the station offers. I think that is important. I also think that the agency people are swayed to some extent by good creative support material. We do some fun direct mail pieces to agencies, but we also make sure that the facts are there. There again the integrity is important.*

Some advertisers also take into consideration the station's ability to cover a given market area for the advertiser. We have a 50,000 watt AM station. I bring this up because advertisers have been known to pay a greater number of dollars to reach a larger audience even though, generally speaking, the majority of buys are made on MSA basis. We still have a number of advertisers who are willing to pay additional dollars for a total survey area coverage, particularly when these advertisers are interested in reaching listeners in the outlying areas.

I think the key is, don't talk rates. If you talk rates right away that's all you are going to talk about. You should talk about the quality of your product and how you can help them reach the right people. And if your product is well known, that makes it that much easier.

The way we price our radio station rates is based on supply and demand. They are not based on ratings. If we are sold out at $250 a commercial in morning drive and an advertising agency gives us a call and says, "We've got this buy coming up but in order to get on it you've got to come in at X cost per point and to do that your rates have to be $150," there's not even a question of what we do. We can clear that spot at $265 or $275 and that's just the way it is. We try to work with people because we realize that sometimes cost per point goals or cost per thousand goals are set. We really do try to work with people to help them accomplish their goals. But at the same time, we won't bump a $250 spot to run a $150 spot so we can help somebody achieve his or her cost per point goal.

A real key on the rate is the sales manager. We are very fortunate to have an excellent sales manager. His main job is to maximize the use of that inventory and he has an incentive to do that in his compensation plan. He has an incentive to make sure that he really maximizes the use of that inventory.*†

I'd say that one thing would be good inventory management. It gives you the ability to maximize your rates. [Sales manager] has his finger on every avail every day of the week. He knows where we stand and because he does, he knows very well what the supply and demand is on the radio station. I think that gives him a real jump ahead as far as maximizing the rates.

I think that an outstanding product is very, very important. But I think that belief in your product — that is, your ability to move the market — is also very, very important. In fact, you have to have people selling for you who believe in radio, who believe in its ability to get results, and believe in the other people in the radio station to support it, such as the creative people, the copy people, or our promotion people who help put together promotions with clients. They have a belief in the product and then they have a belief in the other people who are involved in the team.†

I think there has to be an ongoing education for your sales staff. It doesn't even have to be formalized. It can be very informal. We like to use every sales meeting as some kind of education. We do formalized training, whether it be sending people to seminars or listening to Tom Hopkins tapes, or whatever it might be. That is the formalized kind of approach. But also, I think a more dynamic, more effective way is to do it informally. To take a situation currently in the marketplace and examine it in a sales meeting. We have to be the source of information in the marketplace. We have to know what's going on. Not only do we have to know what's going on, we have to be able to interpret it. Most of our advertisers do not speak our language. So you have to translate what's going on in the marketplace into their language, into their vernacular. I expect my sales managers to be on top of what's happening in the market, from the gutter gossip to what's happening in the most important agencies to what accounts are shifting; what's happening at other radio stations. Do we know the weaknesses, do we know the strengths of the other radio stations?

Those kinds of things: educating clients, inviting clients into your sales meetings, having them talk to you about their business. Be it a planner, a buyer, the owner or operator or president of a very successful local business, invite them into a sales meeting. **You don't have to have the sales meeting at your radio station. You can have it at a restaurant. You can have it at that customer's place of business, so that your sales staff can find out more about how they do business.** Those are things that any station can do in any size market to let the customer know that you're not just there to write business, take an order, and let it run and collect the money.

We use some sales research and qualitative material. All information has merit. It's just knowing when to use it, using it most effectively. As good as we are, we're not as good as we could be. And it's a constant process and challenge for management to try to figure out what can be done to truly make our salespeople more effective, to help them reach the goals that they have set, to help them exceed the goals, and to make them reach their own potential. In fact, it's a great challenge.*†

Quality and service. By quality, I mean that we make special efforts to provide the best production and have the highest-quality air people. We have the most professional salespeople in the marketplace. So that whatever we do is perceived to be of a higher quality than that of our competitors. We attempt to service our customers better than the competition because we feel that is worth something to those advertisers. They would rather pay a little extra if they are going to get personal attention.

What I mean by having good relationships is being very service-oriented. When a new book comes out, for example, we provide all our buyers with rankers. Those particular buyers depend on that ranker and we get it out to them as fast as we can. It's in binder form with all the demos broken out — not necessarily all the ones that we just look good in, but 12+ on up. We do special research runs for them upon request and act as their consultant. So a good salesperson should be their right arm and act as a consultant.*

Good salespeople who are trained and knowledgeable about your product. They carry a consistent message and hang tough against the odds sometimes to continue to sell a quality product and not surrender.

I think basically controlling inventory. What you can't do is sell your station out. You have to control the inventory so that if someone comes who is willing to pay more money, he or she can always get on your radio station. **I think in developing a grid program that is based on pre-emptibles, you are going to have high rates on your radio station.** What happens too often is a radio station will sell out at a low rate, then turn the business down. I don't think a radio station should ever be sold out.*†

Specifically, we use every tool known to man. We subscribe to ArbiTrends. We have our own PC computer that does color graphs for us. It shows numbers and market reach by demos graphically rather than just by numbers. We have Tapscan that will take rates from competitors and show someone the effectiveness of their reach on my radio station. We have a lot of sophistication in tools. The area we've de-emphasized is the agencies. I think in the rest of the 80s if radio wants to succeed, it has to really push hard in the retail business. Agencies are a math problem. It's difficult to force a higher rate through an advertising agency.*

You always want to provide as many educational tools as you can, not only for the salespeople but for the clients you are working with. The biggest thing to me, is to provide unlimited potential to the truly competitive person who is involved. And I think that takes a very understanding, aggressive management that wouldn't put artificial caps on some salesperson's production.*

You have to win the game locally to get top dollars. You have to have a good, solid retailing base of advertising on the station year-round. All salespeople have to write well. You have to communicate good, relevant retail information on the air — information that's helpful to consumers — and not commercial interruptions. **We train our salespeople all about a retailer's calendar and planning cycle. I did the training as general manager, supported by the sales managers, borrowing on our retail experience. Further, we have our folks read such trade publications as *Shopping Center News, Women's Wear Daily*, and so on.** Our folks are taught how to analyze and understand retailers' inventory and merchandising problems so that they can speak their language. We constantly develop basic merchandising programs for advertisers that will ring their cash registers.

There's a buyer and a seller, and he wants to buy what you've got and you want to sell him what you've got. Now, he doesn't want to pay as much as you want to ask; so what do we do? You have to stop worrying about selling spots and you have to start worrying about moving products for your client, doing what it takes not only from a reach and frequency standpoint, but from a creative message standpoint. So the single most important thing is caring about what your client is trying to accomplish and how you can possibly put something together that's going to help him or her achieve his or her goals. Once you start doing that, you'd be suprised how little price is an issue.†

Another important thing is the sales training. It's training your people what to say, how to say it, when to say it, and when to shut up. That also includes product knowledge — relating the product knowledge of the customer as well as the product knowledge of the radio station. They must also have a basic knowledge of selling and must regard sales as a profession.

Also important are the relationships that your sales staff has with agencies and clients. How they have been able to stay on top of different accounts — your marketing and your image in the market.*

I think that one of the more important things is your sales staff. They have to be comfortable going out and asking for a higher rate than what the competitor's getting. You have to have a salesperson who is professional, committed, and dedicated to what he or she is doing. And who is comfortable asking for the highest price in the market and sticking to his or her guns. They're not going to back down and say, "I've got to drop the rate in order to get the business."

We use Tapscan, which can quantify a little easier for our clients exactly the differences between us and other radio stations. Using Tapscan will show them the best possible use of their advertising dollar in radio, TV, and newspaper. It puts us in the consultant position.

Top-notch, well-trained people, I think, are really critical. Even if they're top-notch people whom you acquire, they need training. They need a good backup of collateral material. They need effective selling tools, such as Tapscan. Of course, they need the capability back at the station to really deliver the product. Access to additional services, such as co-op, is extremely valuable. Information on lifestyles and other qualitative aspects of the station's audience are all very, very helpful.*

People pay what they think something is worth. If you're positioned as a commodity, if you deliver four points of a particular audience and station B delivers two points, then you are worth twice what station B is worth. You are going to have a very difficult time in the long run exceeding what the marketplace dictates as pricing for your particular product. There has to be value added to the customer, and that can appear in many different ways. The single most important one is the professionalism of the salespeople who call on the clients. Do they handle the account well? Do they provide a service? Are they perceived as people who are really, truly trying to help their business grow and provide good information, not just about their station, but about advertising and marketing in general? Obviously, the quality of the information, the research, the sales tools, and the quality of the presentation are also extremely important.†

We use lots of sales tools — sales kits that basically position the radio station as more than a place to run commercials. We also use presentations that are customized for the particular clients we have. We use all kinds of research, from Tapscan to Arbitron's AID, Simmons, ClusterPlus, and Birch's qualititative information. We take information from all those sources and put together our own printed presentations for our clientele.

I think you need to be able to stick to your guns. When a station decides to become a rate-aggressive radio station, you do lose business. You do have to be able to walk away from business. **If you can't walk away from business, you'll never get high rates. Most people don't know that. If you don't lose any business, then your rates are not high enough.**

Reputation. It's a very small advertising community. We regularly do studies on our account executives, on an anonymous basis, to find out what the market thinks of our service vs. other people's services. We take action where merited to improve the service to an advertiser.

We subscribe to Tapscan. It glamorizes a rating book which most people don't understand anyway, and it does so with graphs and bar graphs and things like that. We actually have set ourselves up in our market as a consultant to a lot of agencies that come up here to do their buys not only for us, but for other stations. And this service that we give them stays in their heads, so when a high rate comes up they say, "Hey, you know I can justify that rate; we go over and use their computer." We do this, we do that for them. So that's another contributing factor.

The quality of the salesperson is a contributing factor. **An interesting thing to do with any sales department is to take a salesperson's billing and divide it by the number of spots he or she has sold in a year. You'll find that there's always one person in a sales department who gets a higher unit rate than most, consistently month after month.** That person has the mindset to get a higher rate, and will sell at a higher rate. He or she doesn't go in scared, but will start off Grid 1. But there are certain types of salespeople who will go after tonnage. We've got sales guys on our staff who have sold more spots, but net fewer dollars. And when we see that happening, we try to turn them around and correct that.

Crucial to a high rate is for the advertiser to know that inventory is limited on the radio station. It's not infinite. In other words, Mr. Advertiser, this radio station accepts seven units per hour; that's it. Your announcement will be heard, and you will get results.*†

All of those other things are totally lost without having a sales force that can sell that way — that can go in and present the station with not just the demographic factors and the cost per point factors and all of the things that agencies use to justify the amounts of money that they are going to pay to your station, but to set the station up qualitatively. This is really the responsibility of the salesperson. And it's not easy. It's much easier for the buyer to buy on a cost per point quantitative basis. And it's very difficult to introduce the qualitative aspects of the station. So, your sales department is very, very important.

I think Tapscan, in terms of achieving the high rates, is not that important. I think it's good. I think it's an efficiency tool to enable the salesperson to meet the quantitative parts of a buy. What we use on the qualitative side are things like Classical Advantage, MRI, Simmons — qualitative research that brings in buying characteristics for certain products and indexes them to different formats.*

I think primarily the professionalism of the people who are representing the station is very important.

We're competing with the finest salespeople in the world. Our competition is not just radio, it's everything else. If the professional image projected by whomever walks in the door doesn't stack up, then it's much, much harder to establish the relationship, and the credibility is lowered.

We try our best not to sell by the numbers. We know the numbers are vulnerable to variations in the first place. Obviously, we do everything we can to maximize our numbers. It goes without saying that somebody who has a demonstrably superior audience is going to do better, but the question is, how much better can they do if they sell the qualitative line as opposed to the quantitative line? We tend to shy away from the quantitative.

We do use Simmons data, we use Birch qualitative, we will be using Arbitron's AID. We do use some of the customary RAB materials, but none of that is intended to be an end unto itself, ever. It's only in concert with what we call the rest of the package, which has to do with meeting the qualitative needs of the clients.

When somebody buys a schedule with us, they don't just buy the schedule, they buy the station. They buy the full team concept of the best creative input, and the finest production that we can make available, to maximize potential success. We do a lot of things to make sure that happens. The dollar evaluation is whatever yardstick of success we have pre-agreed with the account is doable. We hit those yardsticks.†

I think another important thing is a competent staff. Beginning with perhaps the most visible part of our staff, the sales team, but going far beyond that to include those in production, the air staff, even the receptionist. Everyone at the station is in fact working for the customer.

If salespeople have been encouraged to understand the value of what we have, and are able to communicate that to the customers, we stand a much better chance of getting a higher rate than our competitors, who are without these perceptions.

All of our sales managers are more coaches than trainers. They get out in the field with their people, not only teaching skills but encouraging and helping people develop those skills. So a very important part of our sales teams is having good sales managers.

I certainly will not overlook the fact that if you have a good product in the marketplace, that's very helpful. That product, unfortunately, is measured all too often on the very narrow parameter provided by the ratings. So, if you have good ratings as a result of your product's being excellent, that's obviously very helpful.†

Backing your product, standing behind it if you make mistakes, even if it costs you money or air time.

Be dependable. Advertisers are like anybody else; they are looking for constants.

Longevity. The fact that we have been in the same format for 16 years now. We have a lot of longevity; our morning guy has been here 16 years, and our afternoon guy's been on here about three or four years. We are a constant.*

The ability to anticipate the use of inventory. To package the radio station so that it maximizes the use of inventory. **And use rate planning, which is a combination of inventory management and the ability to project realistic revenue in terms of market share.**

I think there has to be a premise for positioning in the advertising community as to why your radio station is different or can provide a value-added benefit. I think that comes from a variety of tools. Things such as intensive account executive training and maintenance of a very high level of competence and professionalism on the sales staff — which means low turnover. Strong competition. And you need a high degree of involvement by the sales staff in the overall concepts and goals of the radio station.

We use computer-generated, multicolor graphics. We use Strata computer programs. We use Hammond Signal. We use AID in a variety of different ways. We use Simmons Market Research. We use Scarborough Qualitative Research. We use International Demographics. We use Sales Management Marketing information, and we use a variety of census market profile and ZIP code projections.

I think the client perception of the quality of the programming product; the quality of the station ownership, management, and personnel; the longevity of the management and personnel in the market; and the involvement of the management and personnel in the community and particularly in the advertising community.*

For our sales department to be completely prepared. They should know a lot about all media. They should thoroughly know their product. They should know everything there is to know about the ratings so they can address the pros and cons of Arbitron vs. Birch.

We use all the tools. We belong to RAB and use all their stuff. We have ongoing sales training, such as with Don Beveridge and everyone else who we feel has some value. We use Tapscan. We take the Arbitron apart from cover to cover. We try to be consultants and provide resources to the advertisers.

I just think that a thorough show of professionalism is necessary on all fronts.*

One thing would be your reputation as a station that charges more. If you come in and you say it's $100, and the buyer really knows that everyone else is probably paying $60, $70, $80, whatever it is, they will be able to beat you down. Whereas if you have the reputation for getting top dollar, for whatever reason, they'll be more accepting of that.

Another would be the station having a good handle on its inventory. Maybe not in the first quarter, but nine months out of the year, you need to know how many units you have to sell at any one time. **If you know what you have available, you're willing to get a higher rate than, again, most people would think you deserve, because you know you only have X amount of spots to sell. If you have enough confidence, you know that if you don't sell it to person A, you can always sell it to person B.**

Tools are nice to have, but I think you can live without them, too. They won't make or break you.*

When people think of our radio station, I want them to think that our people are trustworthy. But it's more than that. There's something very professional about them.

I think that managers and sales managers have to be really in touch with clients so they can leave the kind of impression that I'm talking about. You have to be active in the marketplace. You have to be the one who is perceived as trying to better the community as a whole, and not just better yourself. All of that takes time. But all of those things have perceived values and leadership roles that rise above ratings.

Generally in our business, we really don't support salespeople very well with all the tools they need. There are stations that have support people, so it's easier for your salesperson to become a professional, and he or she can spend his or her time taking some management responsibility and becoming involved in the community.

The tools that we prefer and that we try to provide are the tools that explain what our product is: its value and what it does. The more we can educate our people as to why our radio station works, then the more sales they're going to make. **The best tools are spec spots. We find that when you put sound on tape, that shows the clients that we've listened to what their needs are. Spec spots tell that story better than any ratings book anywhere.**

We charge more for live commercials than we do for recorded ones, because we feel that live commercials border on endorsement. That can have far more impact than a recorded commercial can. And we need to charge more for that. Generally in our industry, we've been giving all that away. We almost perceive it as being of less value than a recorded commercial, because you don't have to spend time on production.

We find that if you have desirable, specific programming, you can charge more for it. You'll find that people will pay much more for a fixed position spot than for a run-of-the-station schedule.

And of course you have to get your people to believe it. If your account executives don't believe it, it won't work very well. But if an account executive goes out to a shopping center and comes back with a $1,000 schedule, and then goes back the next week and finds that everybody out there loves him because it worked so well, you've got a quick believer. That kind of documentation works.

I think Arbitron sells. But as a tool in and of itself, you're condemned by that damned thing. There are only a few stations in the country who were number one four years ago and still are.

If there's a big fluctuation and you bet your life on those ratings, you pay for that a few months later. Because if you've beat out a competitor with numbers, that competitor can sure come back to you.

Our sales managers train the salespeople to sell qualitatively. In the market on a local basis, we de-emphasize the use of the numbers. The radio station has been able to maintain business through good books and bad books. Every radio station is going to get a bad book sometime. It's inevitable. I mean, you have absolutely no control over Arbitron. You never know what the hell's going to come out next. So if you run around saying, "We're number one," the next time around you may be number six or number seven and you based everything — your entire rate — on your ratings in the Arbitron. And now that you're number six, you're going to have a hell of a time trying to get $150 a spot. Whereas if you sell the other attributes of the radio station, the coverage of the station, and the other things that the radio station can do, you are not going to run into the problem of everything being based on your average quarter-hour.*†

You need to have a consistent philosophy, not vacillation. Develop a sales management philosophy and stay with it. The second thing is to provide the support tools. When I say tools, I mean more the support knowledge, such as Tapscan, and anything that will enhance your position. To make you bigger than life. I think too often we're one-dimensional, and that would be basically Arbitron, which is a raw number. I think that in our rate structuring, we have to think in three dimensions. I think we have to think not only in the numbers, we have to think in interpretation of the numbers. And we have to think in the quality of those numbers and their value to the advertiser. So, you have to think three-dimensional rather than one-dimensional.

I am a firm believer in a floating grid. And this is not my idea. I had a sales manager who had it and I fought it tooth and nail. I thought it was wrong and I reluctantly was convinced that it is the greatest rate enhancement that I have ever seen. **And, basically, the way that it works is the hotel philosophy. If you call me a year in advance and want a room in my hotel, you can probably get it for $60. If you call me when I'm 60 percent sold out, a month in advance, I'm probably in season and I'm going to charge you $75. If you call me and want the room the week before and I am almost sold out, my rate is right on what I call my "rate card." I have no discounts available in the hotel and the room is probably $100. If you come in that night, I will always have a room for you, but you may have to take my bridal suite and it may cost $225 and if you want it badly enough, I'll sell it to you.** And, that is still the same person who is doing the buying. It is still the same individual, but they can buy it from $60 to $225 depending upon how badly they want it, and how far in advance they want to buy it.

Now, in my radio station when I am dealing with the grid, I have the sales secretary every morning outline every major daypart, eight weeks out front. If you want to buy my radio station eight weeks out front, if I'm using a grid card, or even without one, it will be one of my lower rates, because you are willing to commit to my radio station to fill up my inventory that far in advance. Every morning the sales staff is given a percentage chart on what is sold, in what grid, every week by daypart. You could possibly fill up 10:00 to 3:00 and have it cost more than 6:00 to 10:00, six weeks in advance. The thing is, that if a person is objecting to your rate, they can buy your radio station at a lower rate if they will come in earlier and buy your station — if they will commit or if they will buy the time that nobody else wants. That way they have a right and a way to advertise at a lower cost per spot than the other person.

Now, say you have a premium advertiser who wants to buy you 6:00 to 10:00. If they want to buy you three to four weeks in advance, they are probably going to be close to Grid 2 or Grid 3 at that particular period of time. If they come in on Friday and want to buy you effective next Monday morning, they are going to pay the premium price, because we are going to be maybe 95 percent sold out. If we find that we are selling out, it means the demand is high, and we will raise the entire structure and it will go forward. But, the person who bought me eight weeks out front, the person who wanted my radio station, will remain at the rate she bought. Now, when she buys the next time, she will be up significantly.

The key to it is you have to keep raising the bottom as your demand goes up. If you start selling out and you ever run sold out, you have to raise your bottom up and start at a new plateau. I watched a radio station go, without any major ratings increase, from $140,000 a month to $290,000 a month in 90 days with that. And hold it even after the crunch was over. It's a good system, but one that is really difficult to manage.*†

You have to have a thorough, working knowledge of the research that you are dealing with. It is more important to sell cume. Because that is basically what people are trying to do — penetrate the cume of a radio station vs. average quarter-hour. Can we demonstrate that our "away from home" listening in a particular area is greater than some of our competitors? "Away from home" listening to me means that, one, maybe a larger percentage of our audience is working and two, they may be more apt to react to an advertiser's message since they are going to or from wherever it is, either home or work. Also any psychographic information that we can use in sales presentation. The fact is that we may be number two in the target demographic, but our people have demonstrated with other advertisers that they will go to the marketplace and buy. Also signal strength, and research that's basically used to determine and to execute the format. Anything and everything that can be used effectively.*†

The presence of the station in the advertising in the community is important. If a station is very present in outside promotion, outdoor advertising, television advertising, event promotion, and that sort of thing, and if the community is very aware of them, it tends to make it easier to sell advertisers. The more involvement that an advertiser feels he may have with a station, the less rates become a critical factor. It will reduce the pressure on those rates to some degree. Services the station provides are important, such as being the station that the advertiser comes to to do his productions at a production studio with high-quality production people. Involving the advertiser with the station at an ongoing level makes it easier to talk about that rate that's just increased. Other things at the station are the attitude and involvement of the sales manager and the general manager in the advertising community and the presence they have there. That doesn't mean that the advertising agencies should go around the salespeople to the sales manager or the general manager all the time, but just have that presence. That he understands that those people are interested in his business. And interest in the business community has a lot to do with helping him sell time and the company to get the right rates.

AID and Tapscan are very useful tools. When advertisers and agencies need that material, making them constantly aware that you're the station that has those tools is important. I think that having research capabilities for advertisers is very important. **The ability to go out and do certain types of research activities to identify key prospects of various types of businesses of people you do business with and offering that extra service that can help them plan schedules and what medium to buy.** Not only your station, but what television stations, what other stations to buy in concert with yours, and how to help plan the advertising buy. **Once you're in control of helping them plan that, certainly you'll feel a real advantage in trying to tilt more of the business toward your radio station.**

We talked about training, and a lot of other things, but I think the basic thing is to have the right people in the job. That comes in before all these other things; you've got to have the right people on your staff who can pull all this off. And again, being one of the top three or four radio stations in town helps you to attract those people. You have to allow your salespeople to be entrepreneurial as much as possible. And to draw the kind of people who want to do that, you have to pay them. And they have to have the real knowledge that what they make is up to them and certainly is not limited by how much money either the sales manager or the general manager is taking out of the station as well.*†

I think Arbitron's AID is a great tool. It gives you an opportunity to do things such as showing the duplication between a couple of stations. A buyer might say, "I don't need your station; it's an A/C station. I'm buying classical and I like them and I've been buying them for a long time." And I can say, "Well, look, we're 95 percent unduplicated with classical and you are not getting the same audience on both stations. Ninety-five percent of the people on our station don't listen to classical according to Arbitron." "Oh, yeah, I didn't know that." Another thing is, some guy with a boutique up north may say, "I don't want to buy [station], it's a [city] station. We get all of our people from just a small

ZIP code area around here and I use the community newspaper and the [north community] radio station." And I can pull out the ZIP code rating with a ZIP code area that he markets in or the one county that he's concerned with and show him where that station ranks against my station. And show him I've got a lot more listenership even though I'm a [city] station in that geography that's not printed out in Arbitron. It's also show biz. **You can take the printer into a buyer's office. You can take the phone, stick it into the printer and you can have it all set up, just spiel out stuff that you know will impress them. And it's just show biz — getting neat answers that don't come out of the book, that really deal with her or his objections or questions about duplication or custom geography or custom dayparts.** So it's a nifty sales tool. And Tapscan is also a great tool for those reasons.

There are some secondary things that can help. A classy look, a clean look, **being able to bring clients into the manager's office for a drink in the afternoon to meet the manager, the program director, and the promotion director. Show them the kind of research that you're doing and how the station is created scientifically and artistically, by keeping in constant touch with the listeners and taking care of their needs.** Showing them how you do comprehensive music testing and actually show them a ranker or show them the call-out research. They leave with an understanding that these people run a really professional business: "They have plans and we don't even have plans at our agency." They have the agency person come in with the client, because half the time the client doesn't have plans at his or her business, and a lot of times offering the station's advice and counsel in kind of a humble way, saying, "This planning process will really work well for you. You really need to understand a lot about your target and what's important and what isn't." And then in your advertising, key in on those important points.

Inventory management is also crucial. You know if you have five to seven salespeople out on the street, your inventory — your percent of sell-out — can change dramatically in one afternoon. Everybody gets hot and a lot can be sold in one afternoon. And buying sometimes goes in cycles that we don't fully understand. I mean, you might have a big buy come down from one of the department stores which would get out and you might have four more department stores buy to try to block that advertising within the next week. So, once you're sold out and deals have been made, you can't go back on your word and change the price. **You have to look out into the future as far as you can, and see all those little demand curves for each of the weeks, each of the days**

in each week, each of the dayparts in each day, and manage each one as a separate consideration. You would be looking at each show almost as if you were running a television station. And then working off a grid card, which is critical for high rates.

You price each week, each day, each daypart according to the demand. It's conceivable that in early February, you could already be selling at $150 a spot for morning and afternoon drive and $125 a spot for midday. But, right now looking into April, you could see that there's a heavy enough demand already forming for April that you're not quoting anything in morning drive below $225. If you buy it now for the next two weeks, you can for $150, because there is not enough demand to justify $225. But, you know if you leave it at $150, the way demand is going for April, you are going to be sold out in another two or three weeks. And you want to sell out at the highest possible price that you can before you get there. So, daily, your sales manager and the station manager meet. You look at the avails and make judgments on price and the station manager does it — not the sales manager — and that's where a lot of money is lost. Because the sales manager doesn't want to sell at higher rates. He does not want to put himself out of his comfort zone. He does not want to set prices that will be hard to sell, really hard to sell; maybe difficult, but not really difficult. So the station manager says, "What do you think we should do on pricing in April?" "Well, I think we should really put our backs into it and we can get to $200." I say, "Fine, let's go to $225." "That's too high!" "$225." And make him work hard. **No world's record has ever been set by any athlete performing in his or her comfort zone. And the same thing with sales managers. No revenue records have ever been set by a sales manager performing in his or her comfort zone.***†

I think the presell is important, and having really good salespeople. I think it's knowledge that's most important for the salesperson. You've got to go in there and be a marketer more than the "slap them on the back, glad hand the buyer" type. You have to get to know him or her. Now it's more the — I hate to use it — IBM or the Xerox approach. It's marketers. Salespeople today have to be marketers instead of just happy-go-lucky salespeople.*†

It's good sales training. Salespeople who are more than just good order takers. They have to have the kind of sales skills to isolate the key objections and the reasons why people are hesitant to buy. Then they have to overcome those objections. We've put a lot of emphasis on that during the past year.*

Probably the obvious: ratings. Although this market is polled only once a year, they definitely help you to get a higher rate. We also subscribe to Birch, and to a lesser extent that helps us, but it's a factor. Ratings are a big factor. Your strength is determined by ratings.

I think the other thing that comes into play goes right back to a people-related thing, and that's the training of your people. Making sure that your people are fully trained and highly-qualified account representatives, who can execute your sales philosophy and plans on the street.†

Perception of the product, I think, is more important in all cases than the reality of the product. For example, our news/talk station is far more capable of getting and maintaining a high rate than any music station, simply because of the perception of the audience. Whether that perception is true or not, the advertisers believe it. And they are willing to pay more to get it. Plus, people truly believe that the news/talk listener doesn't leave when the commercial comes on. And that always adds a little value to the commercial. So, in this case, our format has been a real benefit in getting and maintaining high rates.

It isn't that we really have any special tools. **I have always taken the tactic since I was on the street, and tried to send this down the line to the sales staff, to understand the ratings system of the radio stations. I think far too many radio salespeople have less knowledge than many of the advertisers they are calling on.** Agencies are a case in point. The salesperson may not be knowledgeable enough to really know what's going on. And if an agency says, "Well, I just don't think that your cost per thousand and your rating points warrant me buying you over X station," and the salesperson doesn't understand the ratings system enough to counter that objection, then he is stuck! The key tool is understanding: not relying on, but understanding, the book.

Very definitely our sales staff. There are several things that we have done here that have made the sales staff stand out. One of the things that we do, and I think that you must continually do if you want to be a rate leader, is that we strive to obtain and train the best marketing consultants in the marketplace. We do that with the use of outside consultants. We bring in a professional communications trainer once or twice a year. We are constantly striving to keep them as well informed and as professional as possible. We really work for the image of the consultant. We like to have our people walk into a local advertising agency and intimidate the salespeople from the competitors. And in markets this size, it's not that difficult to do because there are a great many "good old boys" still in the business. We provide a marketing service to our advertisers and constantly strive to have our image at the buyer level, be it direct or through an agency, to be the most professional in the marketplace, and that's another reason why we cost more.†

With the sales staff, we have ongoing training. **We assign each account executive a competing station, and they become a specialist on the other station and then share that knowledge with the other account executives.** And that increases the knowledge of the marketplace. I do believe the final thing is the integrity of the station: its billing practices, its sales policies, and its general positioning in the marketplace.

Tools are a big part of it. We put out quality pieces on just about everything that we do, whether it's our morning drive or a promotion or a special show on Saturday night. Any salesperson can go out and sell low or medium rates. It doesn't take a good salesperson to do that. Big producers like the challenge of going out and getting the bigger rates.*

Certainly one of the factors is the training and the philosophy of the station itself. You've got to have people who are willing to ask for high rates and who are knowledgeable on how to present the rates and how to show that you're worth more than the next guy. Sales training and professional approach certainly are a big part of that, because even if you're due the rates, it has to be presented in the right way.*

Question Approach #4

"Is The Internal Attitude Of The Sales Manager And Salespeople Really Critical, And If So, What Kind Of Things Do You Find Are Helpful In Getting And Maintaining The Right Motivations And Incentives In The Sales Staff To Push For The Highest Rates They Can?"

The salespeople need to have a couple of strong attributes. One is belief. A perception of value is critical, and I believe it is essential in getting your price. There has to be a strong perception of value in the seller before there can ever be one in the buyer. And that strong perception of value is what we in our company call belief. It's criticial that the seller believes strongly and sincerely and profoundly that the entire, comprehensive service, not just the air time, but the air time as well as the entire comprehensive service that he or she is rendering, is worth it.

Your really successful salespeople consider themselves to be businesspeople who are rendering a business service that is easily justified, based on the return on the investment. It is a very deeply held belief in salespeople. Salespeople also need to have a high degree of empathy so that they can constantly be viewing the situation from the customer's point of view, so that they see the problems the way the customer sees them and they can phrase the solution in the customer's language, meeting the customer's needs.

I would say that salespeople need the courage to ask for higher rates.

We tell our salespeople that as soon as the price consideration comes on the table, all other considerations are over and done with. You can't bring anything up after the price consideration has come on the table. If the price consideration just never comes on the table, the salespeople are better off. They can deal with the other issues and there's a real confidence that they know that the rates are not negotiable.

I'm a believer that motivation is something that comes from within. There are things that a manager can do to build the motivation somewhat.

There are more things a manager can do that destroy motivation. I think that left to their natural devices, people are motivated. Demotivated people in a business environment are usually the fault of management, which is not to say that there are some people who are a little short of motivation or that have some kind of negative motivations; there are. Those people shouldn't be working there. It is not the responsibility of management to provide motivation; motivation is something that comes from within the person. The responsibility of management is to make sure that nobody is ever demotivated. Also, each individual is motivated by different things. Some salespeople would be motivated by the thrill of the pursuit. And the maintenance phase — once you've got the order and you're servicing it for the next year — doesn't interest them very much. Others are motivated by incentives, contests, and that sort of thing, so that it's important for management to understand each individual and constantly hit his or her hot button to make sure that he or she is operating on the highest level and to remove everything that demotivates him or her.*†

I think it's important when people get up in the morning that they think, "I'm going to go to work today," and I think we offer an environment that allows that to happen. I'm not a slave driver. I keep my door open when there are problems so if they need me for something, I'm there, but I'm not a babysitter and I don't say, "Were you making your calls today? Where are you going to go tomorrow?" and things like that, because I can see what their activites and production have been.

We just finished a record-breaking month and so we're going to have a big dinner for all the salespeople. We try to treat the salespeople right and I think we pay the highest commission. We have the highest-paid salespeople in town.

We place a lot of emphasis on direct business. We've seen that the agencies will buy you or not buy you a lot of times on ratings, whereas the direct person can see the cash register ring when he or she runs a schedule on the radio station. So there's been a lot of emphasis at the radio station on direct business.*†

Belief is everything. When the station and the sales staff believe in their product and believe that they have the capacity to change the outcome of the situation, based upon a particular client investment, then they're going to win. They're going to be successful; that's everything. We try to do as much as we possibly can internally to instill and enhance their belief in our product. We do so much in terms of success stories — selling success stories not only to our clients but to our salespeople as well. That's been really important. Our sales manager here has done a tremendous amount with incentives internally. **We have particular awards that go to salespeople based on their achieving new levels of performance, be it a $30,000 month, $50,000, $70,000 and up.** And we have an awards ceremony that takes place once a month, and they receive these plaques. **There's also the "Salesperson Of The Quarter," and it's an activity that the entire station gets involved in, not just the sales department. It's recognized throughout the station as a significant achievement.** And this seems to have really built up the momentum within each salesperson. We just try to create the belief in them that we appreciate what they're doing.

From my own experience, the thing that I've found to be most successful is that winning breeds winning, and a salesperson needs to learn how to win. Once they have the experience of winning, it really motivates them. My philosophy has always been that with a new salesperson, you set their individual goals initially quite low, so that they have successes right out of the box. And once they have those successes, and understand how that feels, then the process tends to snowball, and after that it can virtually take care of itself. But we like to teach a salesperson how to win and how it feels to win early on, and once they get that feeling, I try to create the type of environment that will allow them to win later on.*†

It's critical; it'll kill you if it's not there. I guess the bottom line is that if you want someone to swim you have to hire a fish, and not just learn from experience. You marry and hire as is. I think the hiring is critical; you have to have people who have the correct attitude.

The hiring before you get into the motivation is critical. We have so many criteria that we look at. **Last year, we hired three people, and I interviewed 52 people last year at [station], maybe even more than that.**

It's very important for [station]. What are their ethics? What is their belief? What is their sense of commitment? What is their competition? All these different attitudes. There are certain traits among really good salespeople: courage, the ego-drive, a good perception of themselves, and empathy — you have to have that.

Continually challenge them. Continually placing challenges in front of them. Also one of the problems we've run into here in the past that we have solved is to let them know that there are no limits. There is nothing at the radio station that will keep them from doing the best that they can do. There's nothing that will keep them from reaching the highest level they can possibly reach.

I guess that's the whole thing. . .that there is a real open understanding that as good as we are, we're not the best we can be. Every day you can learn and grow and we have to hire people to work at that. Some people don't want that; some people want to get to a level and say, "Hey, I'm here, you know, and just hold my space open from 9:00 to 5:00." I just don't want anyone, not just in sales, at the station with that attitude. We're all compulsive.

The other part of it is how you motivate them. There's an honest teamwork that goes on. You know the Vince Lombardi thing that might be summarized as, "You can't force this stuff; you have to hire the right people first of all."

I just feel that commission salespeople are motivated a lot by commission and **the simpler the plan, the better — the simpler you can make it, so that they can see that on a $10,000 order I get X amount of dollars, and on a $10,000 loss I lose X amount of dollars.** And so that is your basic formula and we'll "incentivize" more, for example, for direct business because it's harder to get.

I don't think either station does any tricks or any contests. I think that those things are disincentives.

The other thing that's critical is there's no cap. We've all worked in situations where they'll say, "You can make $50,000 if you bill this much, but then that's as much as we can let you make; there's a cap." Or halfway through the year, they cut commission or whatever it is. We don't have a cap. **So what do you care if a salesperson makes more than a manager or general manager? Because for every dollar that this person brings in you get 85 cents. So let him bring in another one — and another one, and another one.**

One other incentive that I think is important is honest praise. There is nothing wrong when somebody does a sensational job if you call him in and say, "That was amazing, how did you do it?" And that's a real incentive, and as I say, it has to be *honest*. We had a situation here at our AM where it was dishonest praise and it's a disincentive. "Boy, what a great staff. You guys are killing them." You know when you are doing well and when you are doing poorly.

We don't have a formal bonus program, but sometimes if a person is doing really well we say, "Why don't you take a weekend on the company at this resort? We think you are wonderful." That's better than, "Win a weekend in south Florida by selling a newscast, or by being the top salesperson this month."†

It's a combination of things. The best cliche I've ever heard about managing a sales staff is "a pat on the back and a kick in the ass," because that's really what it takes in today's environment. You have to face it — sales is a tough job. Salespeople have to have very strong egos because no matter how successful you are — you can work with a station that has a 20 share — people are still going to say "No" to you every day. So, our particular approach is to be enthusiastic, and have pride in our product and have pride in our ability to sell our product and to service our clients. And, if you're proud of what you do for your clients, you build a self-esteem that says, "I am worth more than the other guy because I do more," and that really is all that it all boils down to. And we hammer that home at every opportunity — good times and bad, we hammer that home.

We've done some studies to see how our sales staff is positioned in the minds of buyers. And every time we've done it, we've been, far and away, the most effective, respected, and professional sales organization in the market. And we use that in sales in a positive way. We say, "Look, you're the best, so you deserve the best. You deserve to make good money and you deserve to get good rates and you deserve to have your client's respect because you've earned it."

And the other side, the negative side, is that everyone has the tendency to work in their comfort zone every now and then. When we see that happen, our sales manager goes into some very intense, one-on-one coaching with salespeople. Basically, it's kind of father-and-son, mother-and-daughter type talk — that's what I like to call it — because it's a situation where the sales manager and the salespeople sit down one to one and take a very objective look at how the person is using his or her time. And then you go back and look at activities: that's the thing you have to do. There are certain activities that you do on a regular basis that add up to successful sales.†

We have a very positive attitude around here. In general, we feel very strongly about this radio station. That starts with the hiring process. We just spent two weeks interviewing a number of candidates for an opening here. It was very thorough. It has narrowed down to two or three people. One of the things we wanted out of that interview was a feeling of commitment to the radio station before they were hired. And when you hire people like this, then you are off to a good start with them. This is a very nice place to work. People are treated fairly and there is a great deal of openness. The things that are kept privileged from the staff, have to be. And that may be 3 percent of everything we do. That door is closed right now, but it is rarely closed. And that's true of all of the managers here.

We look for character qualities first in people and then professional qualities second.

Once you get them in, you have to take good care of them. You have to give them a reasonable amount of freedom. Treat them as adults and give them support.

A part of this plan includes incentives we offer salespeople.

It is very much a family unit here. We try to hire people we can "adopt" and who will fit in well. And then it is a self-perpetuating kind of system. It is very easy for those people to get caught up in the spirit. I think you can feel it when you walk into the building. You can recharge a car battery down in the front lobby!

Our people aren't motivated by cash. I think there is a higher spiritual reward in doing a good job. They are paid well. We really have a highly-paid staff. Beyond that we do have some minor cash and monthly incentives if we hit budget. We take everybody, including department heads, to Hawaii or Mexico.

I instituted an Employee Award that entails both tangibles and recognition internally and externally. Recognition is the key. I think that's what motivates the staff as a whole. I think people know when they are doing "A" work and I think they know when they are doing "D" work. And, quite frankly, I don't feel that my role is to set up a weekly or daily plan of where you are going to be. To me, that is ridiculous. If I have to worry about that, I have the wrong people working for me.

We do special things in the sales meetings every week. **We have a "Hits Of The Week" so that we recognize people when they have done an unusually exceptional job — when they have done "A+" work.** It's recognition among their peers. I think that becomes self-perpetuating, too.

Give them the freedom to fail and what ends up happening, as a result of that, is that when they succeed, they build a confidence that's internal.*

I think they all have to be a part of the radio station. It's the whole energy level of the radio station that's important. If you have a group of people who believe in their product and have a common mission in the marketplace, I think those things are key. We try to do a lot of things together with the salespeople. They have to understand where you are going, and understand as best as possible the financial requirements of the radio station. They have to understand that if we don't get these rates and we don't make a buck, nobody is going to get his or her paycheck at the end of the week.

The salespeople put together their own budgets for each quarter, and they negotiate those with the sales manager. We total it up, and if it doesn't add to what we have to get, then we go back to them and say, "We have to do a little bit more." From the beginning, right straight through, they've bought into it. In essence, they are managing a division of this radio station.*

The salespeople are now submitting to upper management their own projected sales goals for the upcoming year. In the past, the company had been doing this. Now that we have instituted this, we are of the opinion that more dollars can be generated than what, historically, the company has been asking them to generate.

The next thing that we did, as a result of some very expensive consultants whom we brought into town, was to change our attitude to one of thinking in terms of quarterly sales projections rather than monthly projections. We no longer think in terms of a month. We've seen in the past that an individual salesperson or even a sales manager might give up at a certain point because he or she feels that reaching a monthly goal is no longer attainable. We are seeing now in the middle of January, that they're out there selling the rest of January, all of February, and all of March. If they are a little short on their expectations for January, they're concentrating on compensating that with additional sales in February and March because the goal is no longer January. The immediate goal is now the first quarter.

Our salespeople are all on commission. We're giving them bonuses just for reaching their quota, and then we're also giving bonuses for additional dollars.

We have some "spiffs" for them. A "spiff" depends upon whether it's a small order, a medium sale, or a big order where they get more money.

A good, positive attitude is second to nothing. You have to have that and you have to have a basic understanding of the product. Most new salespeople who come into this business really don't understand. **At first, I think, they have a feeling that the reason for the grid rate card is to try to get as much money out of a client as they possibly can. But that's not it. It's for the client's protection. If you sell a client a schedule on Grid 5 on a rate card, it says on there very clearly the time it's pre-emptible by Grids 3, 2, and 1. I don't think they really take it seriously until the first time the sales manager comes to them and says, "We bumped eight spots this week for your client on Grid 5." That gets their attention. The first time they have to go to a client and say, "We had to pre-empt your commercial," the next time the attitude becomes, "It's not a game; I'm doing this to protect you."** So, from that point on, it becomes a vehicle, and then they do it to protect themselves and to protect their clients.

We constantly have sales incentives, but the sales incentives aren't based on high rates. I've worked in organizations before where there have been tremendous incentives based on getting a high rate. To me, that's a disservice to the client because there comes a point where there's overkill. But most of our incentives are based on indirectly maintaining a high unit rate.

We'll put incentives on the different packages, and the more packages that are sold — the more inventory that's sold — the greater pressure it puts on the inventory, which keeps those rates up.*†

First of all, in order to get the salespeople to believe in the concept of selling maximum rates, they have to know that there are good support people around them. The sales manager provides one kind of support, the creative copy person provides another type of support, the promotion director provides another type of support, the program director provides again another type of support; even the general manager provides support. When they know that there are things being done to support the product and the marketing of the radio station, I think they have more confidence going out there and are not in a position where they'd even consider backpedaling on rates.

I think environment is very important, and the teamwork aspect is very, very important. I hate to make the sports analogy, but there's a tremendous amount that can be learned from looking at a team-selling psychology, which is really what we're talking about. That team-selling psychology first exists in the sales part of it and from there moves outward. And I think that the salespeople often, while still maintaining a very competitive attitude, still look to each other as teammates, instead of competitors. They're really more internally competitive, although we're very liberal with the information that we give each and every account executive about the group and the individuals in that group.

We've run a number of different types of incentive programs. I think that salespeople have a tremendous need for recognition. And that recognition can take both financial and non-financial forms. I can give you one example. **We have various dollar-level sales clubs. When a salesperson achieves X number of dollars in sales volume, he or she becomes a member of that club.** It took maybe about a year after I instituted the program, when it became quite clear to me that getting on that plaque was really something that motivated these people. And not only is the plaque displayed where everyone in the radio station can see it, but there is also an official plaque which winners receive. Most of them put it up in their work area or take it home. It's something they're very proud of. I think that with incentives, you immediately think of cash or trips or what-have-you, and very often it takes a non-financial aspect. So really, to answer the question, a mix of both financial and non-financial rewards.

One thing that [sales manager] does from time to time is to recognize the best presentation of the week. He gives a $20 bill for the best presentation of the week.

What's also worked well is [sales manager] has built some of these incentive programs from the bottom up, where he had the salespeople tell him what they want for an incentive so it became their incentive program, rather than one from the top down.†

Let somebody other than a sales manager run a sales meeting, and you might get fed back to you what he or she doesn't like about sales meetings. That person may run a sales meeting and you may say, "That was weird." But that may be his or her perception of how a sales meeting is run, and you can learn something from that. Ask that person what he or she needs to know; what is needed to sell the radio station.

I think it's very important that you have managers who understand that they're not talking to a sales staff. You can't think of them as a collective group of people. You have to think of them as individuals, and you have to analyze them as individuals. You have to take the time, and it's laborious, and it's tedious, but you have to take the time to talk to them, to get to know them. What do they do in their spare time? What do they do before they come to work? What do they do after they leave work? What's going on in their life that might affect the way they do business? Once you have a better picture of what their life is away from the radio station, you can probably better understand why they do what they do at the radio station. Therefore, you can maybe get a better view inside of them, the thing that makes them tick, that internal motivation. That's the role of everybody — all managers, the general manager, the sales manager, the program director. They need to find out what makes their people tick, and to adjust their scheme or their game plan to allow all those personalities to flourish.

Sometimes I'll be sitting in a sales meeting and I won't like the way the sales meeting is going and something in my head will go, "Click," and I'll make up a new incentive on the spot. Or sometimes there will be something that occurs to me over the weekend.

We do have incentives. We just finished a fourth-quarter incentive where three people won $1,000 for more than achieving their fourth-quarter budgets. We're doing a first-quarter incentive plan both for our salespeople and our advertisers. If an advertiser spends X amount of money on the radio station in the first quarter, they get a trip. They can pick a cruise to Mexico, a week in Hawaii, or a week in London. If the salespeople sell X amount of those packages, they get to take their pick of where to go — the cruise, London, or Hawaii. Those kinds of incentives exist on a regular basis. Managers work under an incentive system on an ongoing basis. I think as in all things, timing is crucial. Not only what the incentive is — that it's meaningful to salespeople — but also that it's attainable.

In a perfect world, incentives wouldn't be necessary. We'd all work for the incentive that's there, which is 15 percent of net or whatever your commission plan is. But in a practical world, these people make a lot of money and they should be happy with that. But they're just like million-dollar ball players — they played the game for the fun of it initially, that's why they got into it. It was fun. It was exciting. Part of the fun is the unpredictable nature of the business. So let's make it fun. Let's make it exciting. Let's provide them a little more incentive. It doesn't even have to be a lot of money; it's the competition. If you have a really good staff, it's the competition that counts.

So last year we started selecting the "Salesperson Of The Quarter." Each quarter, each general manager and sales manager submit the name or names to myself and send us a letter telling why they think this person should be the broadcasting salesperson of the quarter. Then we get together and read all the letters. We select a person and we fly into that market, give them a very nice plaque, and take them out to lunch. We also send them on a three-day trip with their spouse or whomever. . .all expenses paid, wherever they want to go. And it's been very interesting. Initially, it was, "OK, we'll go through it and we'll do it and we've been with companies that have done this before," but after the first award, it's kind of like, "Well, wait a minute, I'd like to win that." And the competition got a little more spirited, and the general managers have gotten a little more creative in their letters to me, so I think that's terrific! I think that part of it is, once again, a mixture of incentives mixed in with education and training, because it all melds together.*†

The internal attitude of the sales manager and the salespeople is absolutely critical. We try to keep them motivated through station promotional activities and through station success. We all feed off the fact that our radio station is a higher-profile radio station. It's involved in the community. It's received well by the community and the advertisers. Our people take pride in the company that they are working for, which is a self-fullfilling situation. We try to hire people who are good self-starters, who have a good self-image and who are able to maintain a high degree of energy and enthusiasm in their daily lives. We additionally have some fun type of sales contests — which are probably more fun than they are monetarily rewarding. We pay commissions, and we feel that the monetary rewards are pretty much built into the success of the salesperson. But we try to do some additional things to make things more interesting for them.

Internal attitude definitely is an extremely important thing. First of all, you have to believe in the product that you sell, and obviously that would first be created internally. The relationship of the sales manager and the salespeople has an awful lot to do with that. There are many ways to motivate them. Obviously, dollars are always incentives. Not necessarily guaranteed dollars, but potential dollars. Salespeople are also extremely interested in conquering, in making the sale. It's always exciting to a salesperson that he or she has sold a product or convinced an advertiser to buy a product that will help the advertiser. We try to design an awful lot of internal contests, using everything from dollar rewards, to trips, to incentives, to recognition as being top salesperson of the month.

To keep them motivated, I think you constantly have to come up with ideas to benefit them. Ideas are always self-motivating. Obviously, spec spots and things of that nature are also motivating to them.

A positive attitude is obviously important. Our average salespeople range from having been here six years to three. And those people are with us for a reason. First of all, we are honest with them. If we have a bad book, we say, "OK, we have a bad book, but let's look at the good aspects of it and try to figure out how we're going to position it in the marketplace." We keep a positive attitude by rewarding something herculean done by the sales staff. This is either in the form of a luncheon or a plaque. Or many times, the vice president from our division has come out, taken everybody out, and personally thanked them all. We have incentive contests with money and we have individual goals. We find that all those things keep people interested in their job because it doesn't become "ho-hum" and they enjoy it and it creates a good environment.*

Attitude is the key to all relationships. Somebody has to plan everything. I think that your sales manager has to show a lot of leadership. If he or she is not up and ready for the battle, why should anybody else be up and ready for the battle? We ask them to get involved in our community. It's of such a size that you can do that. Our people go out to a Rotary Club or a Lions Club or Women's Executive Forum to be a little more than just "a peddler." We encourage our people to look good; we work with them on it. If they want to belong to the health club or the YWCA, we participate with them to keep them physically looking good — then we think they are going to feel mentally good. We try to start off every morning positively. **We don't have any serious,**

negative kind of meetings in the morning. I'd rather send somebody home than send them out to call on our customers in a "down" mood. If we have to deal with problems, we do it in the afternoons, not the mornings.

Money keeps them motivated. Incentives keep them motivated, as does a belief that management is working on their behalf and on the marketing of the station and the programming of the radio station. If they see management investing company profits to improve the product, it gives them more incentive to sell the product. I think a lot of it is proper attitude. I think if they feel their management is totally professional, a market leader, they have the incentive to sell. You don't necessarily have to feel you are number one. But you have to have a feeling that your station is highly competitive. And the way you create that image is by investing in your product. Investing in good people. Investing in all the tools that are necessary not only for your salespeople but also for your programming people to succeed. If you don't do that, if you take the money and run and never put anything back in the product, eventually you are going to have a morale problem. Not only in sales but throughout the whole station.*†

I don't think you motivate with plaques and so forth. I think you motivate by being accessible; the sales manager is accessible to them. If they have a difficult problem with an account, they don't have to face that account themselves. They're not Monday morning quarterbacks. If we have a very, very difficult call to make on someone who doesn't seem to have interest in the station, then that salesperson is accompanied by a sales manager or by the general manager or by whomever to help conclude the sale. That has a motivating effect on the salesperson. We have sales incentives. We set up budgets. The sales incentives we work with are very simple. They're money — cash. We don't make the goals hard to reach. We attempt to make them reachable and realistic and for us it has been a good motivator. I think every station would have a different thing in its market that would motivate people. Here, I think it is money.*

It is very critical. I think people appreciate the fact that they don't have a lot of restraints that are artificially imposed, such as corporate caps on their income. And I think that people have to be shown that the management is very proud of them and enthused that they would make a lot of money.*

We fully explain our goals to all people on our staff. They know our revenue and profit goals by month. Each employee knows, at all reporting points, just exactly where we stand vs. our goals and where they stand vs. their goals. Each day they leave the office with an understanding of why we need a high rate for our spots (obviously, in order for us to meet our goals), and why we can't take low rates and must walk away from all business involving low rates.

If the salesperson brings in a new account that has not been on our air in the last 13 months and spends $500 or more during that month, we will "spiff." We have nice "spiffs" and we have a bonus system that builds points towards "spiffs" fast, if the salesperson is a charger. We had a $35,000 "spiff" fund for 1985. The program gives points for new accounts and for success in selling special promotions, like jingle sales. We also give bonus "spiff" points on the aging of our salespeople's accounts. The bonus points are awarded if the accounts receivable are kept young — for example, younger than 60 days gives a few points, younger than 45 days gives more points, and collection before 30 days gives a lot of points. We also give points on a weekly and monthly basis for exceeding quotas. A salesperson's points go into a fund and at the end of each review period, we divide the dollars in the fund by the number of points, calculate a value per point, and distribute funds to each qualifying salesperson. Bonuses have ranged from $3,000 to $8,000 annually.

It absolutely is critical, because I've seen radio stations that have huge ratings and there's very little motivation in the sales staff. I've never been blessed with really big ratings, so I've always had to motivate myself and the people around me. Regardless of what your ratings are, you still have to pay the bills. So the internal attitude of the sales staff and the sales manager is very important. And the most important attitude really is that of winning. I'm very, very honest and open with all of my folks regarding what their goals are. They'll be motivated and happy if you help them set achievable goals, mutually. And then help them get to where they want to be. They'll love you to death. So, there are really no secrets. Once you've fostered that attitude, you'd be amazed how little of the emphasis is placed on selling spots and how many spots you sell. I mean, I'm not going to worry about selling spots; I'm going to worry about motivating these people and helping them help the clients. And then you'd be amazed at how many spots you sell once you make that distinction.†

I'm a firm believer that you can only motivate motivated people. I think that it comes down to picking the right people to work with you. If you have people who are motivated to succeed on any particular level, you find what makes them want to succeed and you work individually with them to reach their goals. I am a firm believer that if you find out what your people want and you help them attain it, you'll benefit in the long run. The people have to be motivated before they come on board. I can't take somebody who doesn't care or who doesn't want to succeed and turn him into someone who wants to succeed. All I can do is help him realize what he wanted all along. We do have incentives that are rewards for a specific performance and those are mostly cash or merchandise. This station offers its sales force an ongoing, high-intensity training session throughout their careers here. They realize it's a benefit they are not going to get anywhere else. I think a motivated person weighs that as highly as some of the compensation used.

It's critical. They have to be able to walk through walls. They have to believe in the product. They have to be motivated, to know they've got the best product. They have to go out and charge more than a head-to-head competitor is getting. And if you're going to get it, you have to believe that you are worth more. So, motivation is very important.

We have a thing that if it doesn't work you are out of a job. That highly motivates our sales staff. We have a contest each month and those who win get to keep their jobs. We look for people, as I'm sure everybody does, who are self-motivators. You can't motivate people. You can create an atmosphere that enhances motivation, but you can't really motivate them. We look for self-motivators and self-starters, people who want to be managers and aggressive people who, given the proper atmosphere, are really motivated.*

As far as basic compensation, we're fairly comparable with everyone else in the market. We do have little contests here and there for bringing in new clients. We try to make them compete with themselves with whatever has been their personal high in sales for a month, for a year, or whatever. We recognize people for excellence. If someone does an extraordinary job, then we usually give them some sort of a little cash bonus as well as a memo that goes around to everybody in the corporation.

I think their attitude is the thing that will make you or break you. One of the things that we try to do at the beginning of the year is to share with them exactly what the company's goals are, how they fit in as salespeople, and what we have to do to achieve those goals. They know what is expected of me and therefore what is expected of them. Plus they can win trips to New Orleans, Mexico, or wherever, if they go above and beyond what is set for their goals for the year.

I think the single most important thing is that those people be right for the jobs they are in. If you have the right sales manager with a lot of confidence, demonstrated ability, and leadership, the people rally around him or her. The people who are around him or her need to be optimistic, upbeat, confident people who are convinced of the station's value.

I would say incentives are important; not critically important if you have the right people with the right overall motivation, but I think they are important.

I think one of the most difficult things to do, which we try to work at a lot, is to keep people motivated. To have them feel they are a part of an overall cause, part of something that is really worthwhile in our community. And that we are doing things worthwhile beyond hawking products and services and that theirs is a real mission and that they are doing worthwhile work.*

The attitude is critical. It goes back to the things I consider most important: the philosophy, the belief in the philosophy, and the commitment to following through on it. If everyone is part of generating the philosophy, they understand it. And you can demonstrate to them the value to the client, to the radio station, and to the market. But you can't expect it to work if you don't have the commitment all the way down the line.

Any salesperson would prefer to get an order at a higher rate than a lower one. At first it requires a little extra work and a lot of courage. Once they are used to doing that, you never have to sell it. They see how easy it is.

We design incentive programs to match particular needs of the radio station. When we feel that some particular area of the station needs to be addressed aggressively, we will occasionally institute an incentive program of some sort to get people to focus on improving a certain area.

We found with some people it was very effective; with others it didn't matter. We've since decided that the best thing to do is design incentive programs individually instead of having a general contest. We found that the open competition worked on half the sales staff and the other half wanted to compete with themselves. We have found that they need to be really customized.†

That is so intangible. There isn't a person on our staff who doesn't make really good money. But, all of them work for a psychological reward: the pat on the back, the attainment of a goal, or the winning of a contest.

Occasionally, we have special incentives. We have a few, but we don't overdo it. It's like anything good. Too much of a good thing, and they come to expect it. "Oh, you're not running a contest this month? We won't work as hard."

We do offer incentives, but it's on an overall budget that is decided between the salesperson and the sales manager.*†

There are a number of factors that motivate, but one is a good compensation package. A compensation package with incentives built in around the marketing focus that you want to take. Also, I think for our station, it's critical that there's an appreciation for the format that we have. Because it is unique and exclusive, sometimes it gets excluded, and a person has to believe in the format that we're selling.

The agencies will always be very, very important to us. However, the retail effort is becoming increasingly important, because it helps you ride out fluctuations in ratings. Very few retail accounts really are sophisticated from an Arbitron situation, where they deal with cost per point or cost per thousand. They're really dealing in results, and at that point you can develop your station's audience, their demographic profile, their education, and their income profile into a results-oriented package for the retailer. That's what they're really after. That's why we would give an incentive to the retail side.*

Yes, relationships, I think, are very important. Very, very high levels of expectation are also important. In the job, you're never really quite finished. The success is measured in a variety of ways. We're delighted when we've turned certain accounts that we've targeted into active participant accounts. There are certain things that we do to recognize those. We celebrate success in as many ways as we can with our people. We have some semi-formal kinds of things; we have plaques and recognition.

We believe in working directly with the account as much as possible. For that, we offer additional commission incentives.†

There's a real generosity on the part of the management which is genuinely felt by the sales team. That generosity is one of a willingness to share the knowledge and information and to share the goals of the radio station. This leads to a great sense, we believe, in all of our people, of well-being and personal satisfaction in their job.

We have occasional, and I stress and underscore *occasional*, "spiffs" on special packaging we may be selling. But we'd really like to stay away from that. I think that we compensate our people very well, both financially and personally. And I don't think we have the need for a lot of additional augmentation. Most of the people we hire tend to be high achievers, very aggressive people, who, while they're motivated by money, are most often highly motivated by recognition.

That sense of stagnation that I see in a lot of sales departments seems to be the result of something at the top. The stimulation has to exist at the top. I think we stimulate our people a lot and, consequently, they go out and do a lot on their own, besides what we provide them.†

With my sales staff, money motivates. First off, there has to be mutual respect between the sales manager and the sales guys. It's just like a football coach and his players. And I think people need to know where they stand and what's expected of them.

We did a contest, which I want to do again this year, with a cash incentive, which seems to do the best. I did a contest this month for a dinner at a really nice restaurant, and everything went fine, but I don't think they got that excited about it, so I probably won't do that one again. I want to do a high-rate contest.

We have a party when we make a big sale; I buy drinks. We dwell on the positive and I think that leads to more sales. We had a 22 percent increase in January, over last year.*

The attitudes are very critical. We all know where we are going and what we are able to accomplish. Nothing succeeds like success. And once something has worked, it tends to take on a life of its own.

I think the most important factor is the involvement of the sales management and the account executives in the authorship and evolution of the program as a whole. I think that, probably, is much more important than all the incentives and contests.

It requires that you get and keep some of the best people in the market, so that obviously determines the compensation levels that you are going to be required to pay.*

The sales management people must be real leaders. They must be good teachers and coaches and provide a lot of ongoing, daily encouragement for the salespeople. They are the people who help provide the courage to the salespeople to stay on target.

We do some incentives for target categories we want to attack. We may provide an immediate incentive of a couple hundred dollars for the first person in with an order. But basically, we have regular meetings three times a week with our salespeople, and that's an opportunity for them to gather strength from each other.*

The salespeople discuss each individual situation and rate strategy with the sales manager. If you do that often enough, eventually the salespeople understand how to do it themselves.*

Yes, it is critical, and I find there is such a variety of things that you can do. Incentives work tremendously for some of your staff and not for others.

But there's an element there that says management is willing to pay more for our effort, so regardless of the interest that they show, I have found that incentives are very, very important — both individual incentives and team incentives. Your incentive for each individual salesperson may be a different item.

Individual incentives work better, but team incentives also give your staff a chance to say, "Hey, you know what? We did it!" instead of "I did it," because sales is so "I"-oriented. You don't have to have a lot of those, but one of those once in a while forces you to think "we," which I think is healthy.

One of the other things that I think has worked in my career has been to set up incentive trophies or standards. We have a $20,000 club, $30,000, $40,000, $50,000, and a $60,000 club, and what that means is you bill that much money in a month. The first time you get the $20,000, you get a dinner that's bought by the station for all the salespeople and their spouses, at which we honor you. We talk about what you've accomplished and achieved; we say, "We love you, congratulations, you have reached the first step." At $30,000, then you get a round-trip airline ticket someplace; at $40,000, you get a Rolex watch.

I find that incentives and barriers that are broken by your peers set more of a motivation for you than somebody telling you what you should be.

We structure things a little differently at this station than at other stations. We don't have three bosses. We have me, a general sales manager, and an operations manager. No other department heads. We don't have a local sales manager or sales director. We have people who function as those, but we don't have separate people. That makes us all sort of Indians. I think the attitude is really critically important, because it's a supportive attitude. The general manager goes out with any account executive any time that account executive wants. However, it had better be an important call. The same thing is true with the general sales manager. She makes calls continuously with salespeople. The attitude is important as long as it is a supportive attitude and we do everything we can to help that person make the sale.

We pay everybody at this radio station 15 percent commission on everything that they sell, provided that it's collected within 90 days. We feel that the incentive here is to make as much money as possible with selling. Our incentives are great programming and as much support as we can give.

The attitude of the sales manager and the salespeople is extremely critical to the sales performance of the radio station. One of the things that we try to do in each one of our radio stations is keep the salespeople informed about what is really going on: what the goals are, what the objectives are, what your contribution is, and what they have to do.

How they are performing against their quotas and against each other so that they're not just thrown out there on the street, given a rate card and a coverage map, and told not to come back until they have a piece of business. They are consistently being trained in different ways to sell and in what's going on in the industry. They learn what other stations are doing, what promotions work, what doesn't work, how to deal with clients, and how to tailor things specifically for their clients. They are trying to become more of an advertiser's support and learn more about their business rather than being just somebody coming in and trying to sell something. They make sure the advertiser feels that he is really getting the service that he needs so he will continue using the radio station.*†

I think that it's critical. They are your front line. I've known many good sales managers who could elaborate upon philosophy but could not implement. I think the major thing to motivate them is to respect them as a part of the philosophy. Ask for their input, listen to their objections, and use that as your platform or curriculum to educate. If they are properly educated and properly brought into the scenario of developing the rate structure, they will have a tendency to implement more strongly. I've heard sales managers say, "We have to charge this much to make our budget." I think that's a fallacy and I think you are insulting the intelligence of the salesperson. They need to understand the true supply-and-demand function, which I think is the key to grid cards, and I think it is very seldom used. I think everybody says they use supply and demand, but I don't think they really do. I think the other key to it that they have to have responsibility. My feeling is that a salesperson, in order to feel like he or she is really an implementer of the rate philosophy, has to have the confidence and the ability to make decisions in the field on rate structure. And he or she has to have the philosophy embedded in his or her mind so he or she can be confident that his or her decisions are the right decisions and will be supported by management. That only comes through education.*†

Full disclosure in terms of budgets, not only the monthly budgets that they individually have to bring in; but also a general idea of what the total monthly budget is for the sales department. The fact is that if we promote and market the radio station, somehow it has to be paid for. This company wasn't formed for the convenience of myself or any of the employees. This is a business, and I expect the person to be better than the competition. And better means that we work harder, we work smarter, in every respect. And if we do so, we're generally going to win more than we lose. But, I think that they understand that my level of excellence might be a little greater than what they think and what their past experience is. You *can* sell above whatever you are expected to. We review monthly quotas. We do this at the first of the year and it is updated on a monthly basis. We disseminate weekly sales reports so that everyone knows exactly where they are relative to their stated goal for that given month, and for the quarter. I think it is constant communication and letting them know that they can go beyond what they think they can do. It's a little babysitting, a little hand-holding, and a little nurturing.*†

Obviously, most of them are in it to make a living and one thing that is helpful in getting better rates is to pay the salespeople on a scale that rewards them financially for selling spots at a higher rate. Certainly the station makes more money by that and if some of that can be passed on to the salespeople, then good selling makes sense. Good salespeople, whom I've been associated with, obviously want to make money. That almost goes without saying. And they should be rewarded for how well they do. However, many times, being an ex-salesperson myself, making the sale or the kill has become almost more important than the dollars you make. And the team aspect of the sales department helps you get good people and helps you use those people to get higher rates and to get more business in the station. Having all the staff come in, for instance, if you want to brainstorm an idea for a particular advertiser. I have the whole staff involved in that at a regular promotion meeting a couple of times a week.

I think the lower the turnover you have, the better. However, you don't want a low turnover at the expense of having unmotivated salespeople in their comfort zone making a lot of money. A lot of times it's a trade-off. I think you don't want to sit with a staff of people who've just been around a long time, and have no other reason for being there. Usually you'll have turnover on a highly motivated sales staff at the bottom of the list. You might turn over people as they come into the staff and make it or don't make it. If you have the right sort of organization where you can reward people by moving them up through the organization, that tends to keep people. However, if you're just one radio station and are not a member of a chain, that makes it a little more difficult. I think a reasonable turnover in sales is a three- to five-year type situation. And if you can get some great people who can stick around longer than that, great, but I think three to five years is a pretty good kind of expectation.*†

If everybody was in his or her comfort zone, you'd never really get to test the ceiling. That's a philosophy I had as a station manager. You always want to test the ceiling. You can't have the sales manager say, "We can't go that high because we'll be so much higher than anybody else in town and almost into television rates. They won't buy us." And I say, "Well, you may be right. But, I'll believe it when I see it and I'll know it's true when everybody's coming back in saying, 'I lost that order, I lost that order.' And I haven't seen that yet. And the guys are still selling it and I'd rather have the people be really mad at us — the buying community — for having high prices, than have them mad at us for not being able to get on the air because we are too underpriced and sold out."

I think the rate card has to be very simple. You probably have six prices. It's typed on a piece of the station's stationery. It's not sent to the printer and printed all out on fancy stock with everybody's name on the back and their titles. That costs a lot of money and you are reluctant to change those because you only have so much money in the budget to do that printing. If the demand goes crazy for your spots, you raise up on the grids to the point where if you've been selling on a 6-grid card, now it moves up to 4, then up to 3. You don't want to be selling at 3 and 2, because it creates a bad psychology. It's like, "Gee, we're getting almost to 1, and you know there's a lot of rates down here below, 3, 4, 5, and 6. I wonder who's paying those. Someone is getting those and I'm not." So the psychology is to put out a new card, get the selling back down to 6 or 5, and show all these rates up above that they are not having to pay. They can go to their boss and say, "Look, I'm buying [station] at $225 and it goes clear up to $350 on the card." And the boss says, "Good buy."

You really need five or six prices on a station at any one time. You can always get rid of those, and put five or six more on a new card that very afternoon. So, you can be selling evenings on Grid 6 and there's not a lot of demand there. And you can be selling dayparts at whatever grid level. It's really simple. Buyers understand it now. A lot of stations have it. It's a much better way for a market-dominant station to sell than the complex cards with bulk plans, frequency discounts, total audience plans, and ROS plans and all of that kind of stuff.

I think the manager and the sales manager have to be hard-working. They have to participate in the sales process. If the general sales manager is in charge of managing national sales, as he often is, he has to lead by example and really get the top rate. I think that if you are a market-dominant station, in the top-15 markets, as much as 40 percent of your business comes from national and 60 percent from local. I've seen situations, in stations that I've run, where half the business is national, and the national rates were so much higher than the local rates, that they only pick up 30 percent of the avails but 50 percent of the business. Now, that was leading by example because if the boss is getting high rates, I should do it too. It's good to have the general sales manager responsible for something, where he or she has to sell. I like to do it regionally so he or she is selling at high rates and not giving in. It's like a program director who's on the air and can lead by example. Also, there has to be a disciplined sales manager who looks at the orders and doesn't just send them into the traffic department. He stacks them up on his desk and every evening he looks at them and makes sure nobody is cheating. And when they are cheating, he goes right back and chews them out. You have to have discipline in your department. I think you have to set goals for each of the salespeople. I like to share my revenue budgets with them for the year and say, "We put it together with your input. And your share of it is one-fifth and it brings it down into this much money."

And I really like the idea of bonuses. Salespeople should be making a lot of these. It's hard work, selling the number one station in the market. A lot harder than number seven. I like to put a figure in the budget for bonuses for superachievers, and set up some program for putting money in their wallet when they do a super job and bring the business in at higher than the prevailing grid level. Bring the business in that we have not had before, either through agency or direct calls. Extra bonus points for direct calls, because they are extremely hard to do and time-consuming. The best bonus is cash, just cash with nothing withheld, like a cash payment. I think, too, the sales manager and the station manager should be prepared to go in and help the salesperson who is having a tough time with a tough guy. Not necessarily to go in and close, but to go in and field the blows and help the salesperson handle the objections and get the business. Get in the trenches with them when it's necessary.*†

I think the internal attitude of any sales department is extremely important. The salespeople at any radio station have to work as a team. If you start having factions in a sales department, it could pull the department apart at the seams. They have to know that the sales manager is behind them 100 percent. The sales manager's motivating has to work with them: praise them when they do a good job and also know when to pound them on the head when they make a mistake. I think that comes with trust when they understand it's constructive criticism, and it's not someone venting frustration at the salesperson. It has to work as a close team, with everybody pulling together. If somebody does a presentation and it takes four hours and it's a great written presentation, there's nothing wrong with another salesperson using part of that presentation. Why try to reinvent the wheel? Share with each other, and if it can help one other person get a sale, let's use that. However, the sales manager has to make sure that no one is slacking off, just letting one or two people do all the presentations.

We've used trips as incentives. About five months ago we took all the salespeople and their spouses to a resort for three days, with everything from golf to tennis to horseback riding, and food and rooms and drink — just a party weekend. That builds morale. We use dinners. **We have "Salesperson Of The Week," where they can win $100 a week in cash, above and beyond their commission.** It's things like that that work. We run a first-quarter package where they get $100 on every package that's sold. That motivates people.*†

Absolutely critical. We are at the point now where we have what we call a marketing meeting. It's a sales training meeting every Monday. And it is more than a sales meeting. It's actual training. We have an internal sales trainer in our corporation, between the TV and radio station, who is focusing on selling skills. We cover the fundamental areas, everything from overcoming objections to closing skills, to attitudinal ones, to goal setting. All the areas that will help enhance the professionalism of the sales staff. We also have tried to position our interpretation of the book and to defend ourselves from some of the street positions. We have tried to beef up our salespeople so they have a good strong base to work off of.

Our commission structure is based on achieving our sales goals on a monthly, quarterly, and annual basis. Once they achieve the overall budget for the company, there's a prorated increase in commissions. We have a monthly manager's award that honors the best local direct

salesperson of the month, with plaques and "spiffs." Then we have an annual award that does the same thing, basically focusing on the local direct or non-agency business that we can really influence here in the marketplace.*

I think it's more critical than just incentives. It's a daily communication. I do monitor their activities through daily call sheets and by that I can tell what is going on. If they've had little successes or if they have something in the works, then I can give them some type of verbal motivation or help. Most salespeople are motivated by the dollar. But that little pat on the back also helps as motivation. I have monetary sales incentives which I usually tie to monthly sales volume. I also key in on some things that I use as management tools to help sell certain programs and features that are important.

For new salespeople I don't have monetary goals. A lot of times I just have work-oriented goals with dollars attached to them. I would say the biggest thing that helps in the motivation of salespeople is knowing each salesperson and how each of them responds to my little incentives and being able to talk to them.

Attitude has to be one of the most important things. The person has to have desire. How do you motivate people? Really, you don't. I think motivation has to come from within. If a person isn't fully charged-up and motivated, you have problems to start with. Now, there are some little extra things you can do to spark an interest in somebody. And I think a lot of that goes back to just good, strong management from the top, even above the sales manager. I mean, there has to be a feeling that we are here to win the game, and that's the only thing we'll accept. We'll accept nothing less than winning.†

Absolutely. If people are not happy in their job, they are not going to perform at their optimum level. And more often than not, they are going to expend as much energy working for you as they are looking for another job where they are going to be happier. I have always rejected the "beat them up and throw them out on the street" philosophy. There are times when people have to be disciplined. But for the most part, they should enjoy coming to work. They should enjoy their relationships at the station and they should feel that they are a worthy, valuable partner. I think happy salespeople are going to work much harder.

We'll have little prizes now and then. If we hit a goal, we'll take a day off and everybody goes skiing. We try to incorporate everybody when we do that since the production department's working just as hard to get out spec tapes, and the traffic department is working just as hard to get commercials in. I do try to stay away from contests that have only one winner. I have always felt that with one winner, you have seven losers. Most of the goals for salespeople are personal goals; working against their own abilities, not against the rest of the staff. I think a key is to keep their incentive level, their commission structure, up where they can make money. **If you want to have the top-billing radio station in the market, be the place where the best radio people want to work because they can make the most money.**

In our case, we have been able to locate and identify really good people. There have only been two occasions in the past eight years that I have hired anyone with radio sales experience. **We recruit constantly, even though we have very little turnover here. This past year, after the station was sold, we lost some salespeople for the first time in about five years. We recruited from the community that we sell to, drawing on their experiences and knowledge of that particular segment of the community. Then we teach them radio and additional sales skills.** That way they don't have to "unlearn" the bad habits that are very easy to develop working with some of the people who are in our industry, particularly in smaller markets. We are offering people an opportunity to move into a profession that by and large is very high-paying, that carries with it a certain amount of prestige, and is lots of fun. We tell them that they are very special in their profession in the marketplace. We have two 7:30 a.m. sales meetings every week. We have a sales meeting almost every day of one kind or another. We bring people in from the community; we bring our advertisers in. We are constantly trying to stimulate the thought process to make them better informed about what it is that they are doing and, therefore, provide a better service to their clients.

We have, over the past, developed team incentives as opposed to individual "spiffs" for accomplishing goals. The bottom line is that salespeople can make all the money that they are capable of making, if that's their primary motivation, simply by doing their job. So what we try to do is to try to find ways of pulling them together with team incentives. It can be a trip someplace or a variety of things — perhaps time off. Things that are out of the norm. We make them part of every problem. Each problem is approached on how we can, collectively, resolve it.†

One of the most important things is that you don't look at this as a 9:00 to 5:00 job. We feel that radio sales is an all-encompassing, ongoing effort. You stay in touch with the other stations in the marketplace, and some of the account executives who are there. We feel that homegrown is probably best. And you attract better "heads-up" type account executives. We have a training program for the experienced account executives, instead of going in on the ground floor and saying, "This is a spot; this is a daypart." We try to attract people who already have a first-hand knowledge of the business.

All our people are on commission. There's no ceiling on that commission. They can make as much as an individual as they wish to apply themselves. And that's pretty terrific. The second item is that we'll have contests on an ongoing basis — no great big prizes. We'll have lots of little prizes, so there's something for everybody.

I think it's extremely important that the attitude is not one of cockiness, but just knowing that you have a quality product. It all goes back to a quality product. In getting good rates, I think that if we know that we have a quality product, then we can convince others of that and end up getting the big rate.

We pay the highest in our market for our sales staff. I think to keep good people you have to pay them a little more. In sales they want to be recognized and they want to make some good money. **Not only do they make good money (we have a high commission scale), we have incentives. We have a monthly incentive for "Salesperson Of The Month." We have yearly sales incentives.** And in all those incentives, they win cash and all kinds of prizes. Locally, if they are "Salesperson Of The Month," they get the number one parking place out front with their name on it. It keeps them motivated. I think all the good salespeople have to be motivated by one thing or another. It's hard to say if money motivates everybody. Most times, money is the number one thing. **But everybody is a little bit different. It may be money. It may be a certain prize. We'll talk to them and see what they really want, and then we'll dangle that as a carrot. With one of the salespeople it was furniture. So she got $3,000 to $4,000 worth of furniture, and she really went after it and won it.** Most importantly, when we set a goal, our people go after the goal. The goal is not something they can just shrug off, but when we set a goal, that's what they need to get, period.*

You have to sell your sales force on the fact that you are worth a little bit more, and why you're worth more than the next guy. So I think it's important to point out the differences continually, not just assume that the salespeople know the difference. I think that you have to expect more of your salespeople and let them know that you do. You also have to teach the salespeople to say "No," and to walk away occasionally. There's a time to walk away and there's a time not to walk away, and you have to know the difference. And that just takes training, time, experience, and maturity. Training is so important.*

Question Approach #5

"Specifically, What Types Of Training And Tools Do You Find Helpful In Making Your Sales Organization More Effective?"

All newly hired salespeople, sales management, and general managers participate in a training program that's six days long. It's basically three days, a day off, and three more days. As you can see, we use Don Beveridge. The first day is all the conceptual framework of what we call "counselor selling." The kind of selling we teach is not everything you need to know about selling; these are the basics you need to know to be an effective, consultant salesperson in the radio industry. That's what these six days are about.

The most important ongoing training is "in-the-field" coaching by the first-line supervisor, typically the general sales manager; in some cases, the local sales manager. What goes on in the curbside conference right after the call, or the curbside conference right before the call, is the most important training that takes place. Beyond that, there are training programs, sometimes less formal than this, that take place inside every radio station. There's usually at least one training meeting per week in most stations; some have more than that, perhaps an hour in duration. Occasionally there will be a four-hour training segment.

We have a monthly newsletter that goes out to every salesperson and management person in the company that reinforces the basics, brings in some new concepts, and recognizes outstanding achievement by people using these basics.

And lastly, we're running a two-day regional workshop, for all of our people in the spring and again in the fall, so each year they get four days of corporate sales training. And they also get together with people from other stations so the salespeople get to know other salespeople in the company from other stations, which has had a very, very positive effect on people.*†

We have what we call the [city] Area Radio Council. There's one group who are the sales managers, one group who are the general managers, and one group who are the salespeople. And they all put on various seminars and topics for discussion. We had one on the auto dealers: a presentation for the auto dealers that all the salespeople came to about a month ago. We had one on creative writing and one on selling against newspaper, selling against TV, and things like that, so we have constant seminars, just from the industry itself. We have outside people — like I said, Chris Lytle. I went to a Don Beveridge seminar and a Pam Lontos seminar, and I bring that information back to the salespeople.

And then I'm going to the RAB conference in Dallas in February and I'll bring all that material back to the salespeople.*†

Our company is highly involved in counselor selling, and that's really the cornerstone, philosophically, of what we teach our salespeople in every single instance. And that's the focus of the sales effort from the customer's perspective. We do a lot with that on an ongoing basis. It's a corporate philosophy, it's a station philosophy, and it emanates down through each and every salesperson.

There's a one-week training program for each new salesperson who joins our company, and now there is a two to three times per year three-day seminar that will take place for each of our salespeople. Beyond that, we've had guest speakers into the station, we've sent salespeople to other forums where speakers have taken part, and we do a lot with taped programs. We use Dennis Wavely tapes and we're using Mike Vance tapes right now, so we do quite a bit with that. We feel that there's no such thing as too much training or too much information.*†

The training is very important. In concert with that is learning to listen. These are all skills that are not innate; they are learned somewhere. We have this extensive training program going on, and it was fascinating to me to go through the first levels of it. The people who were getting the most out of it were the experienced people.

Discussions. Practical, not motivational as much as practical and educational real-life situations: meeting clients, sales meetings, discussing situations that happen on the street. And we want them challenged so they continue to grow.

I think the absolute best training is salespeople and the sales manager and general manager going out on calls together, making the call and then discussing what went on during the call. Sitting in a "still-life" environment in a sales meeting is one thing to do, but the absolute best training is to be on the street.

The sales manager should spend probably 60 percent of his or her time on the street as a player/coach, because he or she can individualize the training. Because the whole game is to maximize people's strength and manage their weakness. And, you can't see that until you see them perform before clients.

I've been through sales training before where we've had the video camera and you role play and maybe you get something out of that, but when you are there in front of a real client, it's 100 times more effective.

One of the things I've found effective, especially with new salespeople, is to go out with them but not go in on the call with them, because everyone has to have his or her own style and his or her own comfort zone. Let him or her go in, make the call, and then come back out. It's almost like when the astronauts come back on the shuttle — there's the debriefing. What happened? What did you say? How did it go? And discuss that.

We have our own corporate training program that we have put together, which I think is the best in the country. And what we've done is some tremendous research in getting the best person who can teach listening, the best person who can teach closing, the best we can put together. It's a formalized week or two week training program.

One of the most successful things is to hold the sales meetings outside the station in a car dealership or in a furniture store, where a lot of talk with the retailer or dealer about things can take place. These are the great eye-openers. We've brought in a guy who owns a car dealership as a sales trainer. What a meeting! What he's telling us is how he runs his business, what his problems are. And boy, do you learn from that, because maybe you have been approaching car dealers in the wrong way. Maybe you have been pointing out things they are not interested in.†

In terms of training, we kind of take a hodgepodge approach. We believe that in every given year, all salespeople need a little occasional motivation. So, if there's a hot motivational speaker in town, our sales staff will dip into their own pockets and go see the person. They'll go and see the person on their own, because they realize they need to be pumped up every now and then by somebody outside the office. I think it's really good that our people take that attitude, because they're professional salespeople and most professional salespeople, whether they're selling insurance or they're selling Mary Kay cosmetics, recognize these speakers and they know the psychological impact these speakers have. So, we try to arrange time off or sometimes financial assistance, whatever it takes, for our salespeople to go get that little bit of motivation from a speaker.

The other thing we try to do is customize our sales training to a large degree, and by that I mean we take a look at each individual salesperson and have each individual salesperson take a look at themselves and say, "What do I need?" A newcomer on the staff may need additional product knowledge, or another person may need additional basic sales skills training. Another person may need time management. So that's very important: to let the salespeople evaluate what they need. Then we call on a variety of sources from the RAB to local training outfits to national training outfits to provide the individual salesperson with the customized training she or he perceives is needed.

We also try to take advantage of unusual opportunities. For example, Philip LaNoble did a a really good job for our [other market] staff, helping them with learning more how to talk the retailer's language, and stuff like that.

It's a hodgepodge approach, but to sum it up, we have occasional motivational training for everybody, and customized training for people based upon their perceived need. Then additional and/or other type training depends upon availability to us and what we feel the staff needs to participate in as a whole. And I guess the last area is what we call continuing training, in that we train ourselves. We talk about successes we've had in sales meetings, we do a lot of informational stuff. All the magazines and articles I see, I tear out and circulate to the sales staff.†

The first training that we do is to go over the story, so their stories are the same. We start with set principles: what radio is, what the goals of advertising are, and how we think we fit into that scheme. The first thing we have to do is train the story.

The next part of training gets the continuity of sales down. We have sent everybody to Tom Hopkins and we hired some trainers from Tom Hopkins to come in and lecture on specific things last year. I think with Hopkins, the one basic element is "needs satisfaction" selling. The problem I have with his seminars is that they tend to be a temporary high. The "drug" wears off. I just went through a class that I want to put everybody through, which was Paul Myers' Organizational System. This shows you a process by which to work rather than "you have to meet them belly-to-belly" and all the standard cliches like that. So I think what we have learned through a "hit-or-miss" kind of style in the last couple of years is that outside training is not going to solve all your selling problems. The burden of responsibility is on the people whom you hire.

Something that we are going to do internally is a radio school. It's mandatory for newer people and it's basically informal meetings after work. We will talk about specific topics, such as the Arbitron, and review the station's history.

A part of the training process in the case of our people takes place before hiring. And that is education. We have a well-educated sales staff. They all have at least a Bachelor's Degree from good schools. That gives an individual coming into a sales position a level of sophistication and a sort of worldliness that allows them to call on all sorts of people comfortably.*

When we bring a new salesperson in, they spend at least a week inside the radio station getting to know how we operate, getting to know everybody in the radio station, getting an understanding of our programming and our philosophy, meeting with the program director, the news director, and really buying into what we are doing. The sales manager will spend some time with them on our basic philosophy of selling, as well as the specifics of it.

We try to bring an expert in from time to time at the sales meetings.

Our plan is to have a retailer in the sales meeting on a regular basis to talk about his business and how he operates it so they can understand his marketing. **We also hope to invite in some people who don't use radio, either an individual retailer or an agency, and find out why they're not using radio.**

We have sent our people to the RAB training seminars whenever they have been in the area. We always send the newer salespeople to those.*

We often have someone come into the station, such as the Xerox salesperson. That's probably the best example. It's ongoing.

We provide good sales tools. We have a computer so they can do reach and frequency for their clients.

We provide market information from RAB and from Webster out of New York. We also put out a quarterly newsletter about the station that is mailed to all key clients.

Our training is handled by the sales manager. If we hire a new person, they spend two or three weeks in the office just learning everything about the operations and everything else. The sales manager handles most of the training. But we have some key salespeople who go out and help train the new people.

We have a radio group in [city] and we brought in Chris Lytle for a series of meetings.

Our sales department is broken down into two parts. We have our local sales department, and, as a part of that we have a retail sales department. Anybody who's new comes into the station through the retail sales department, and we have a separate retail sales manager. There are usually at least three or four people in the retail sales department. And they are groomed. And there's a system you learn and if you follow it, I've never seen it fail. **When we bring these people in, the first thing they do is come into the retail sales department. We don't even put them on the street for two weeks. They learn the product. They sit in the control room with the jock. They watch the news department put together a newscast. They watch the music director go through the music selection. They go on sales calls. They spend a day in traffic. They spend a day in the business department.** So the first couple of weeks is really intense. After that it is ongoing. We have three sales meetings a week. In a lot of cases, we let the salesperson do the meeting on a particular topic. We have speakers come into the station for sales meetings, mostly clients who tell us about their businesses. We do send our people to seminars when there's one here in town. If a Zig Ziglar comes to town, or someone like that, we usually send our sales staff. The people whom we are grooming for management, for example, we'll send to the RAB Sales Conference.

Kevin Sweeney is the best. I've heard really good speakers, but Kevin just narrows it right down to radio. He works with us as a consultant.

We've had both John Gorby, whom I think is one of the best, and Chris Lytle. Chris is far more "nuts and bolts" and gives salespeople tricks that are good tools. The difference is, John Gorby challenges them to think and assimilate information that they could use in any sales presentation. But Chris" tricks are excellent for radio and advertising. **Then we've brought in some people who have had particular expertise in one area of selling radio, such as fellow who had a particularly successful radio sales career keying in only on the real estate market.** *†

We found that we have been very successful with John Gorby. We've had him here twice in the last 12 months. He and his co-workers are probably the most empathetic people we have ever met. They do a lot of behavioral and motivational testing. He works on teamwork and constantly reviews the basics, such as developing listening skills. We probably spend more time working on improvement of communication skills than we do anything else, such as going over the basics of how to sell, which are constantly being reviewed. We do seminars outside of the station but not organized with other people. We try to have whatever training experiences we have be special for the radio station. We find that it has a stronger impact on the sales staff if we go to the trouble of bringing someone here and having him or her trained privately than in having him or her included in RAB seminars and things of that nature. John is so good for us we've kind of gravitated singularly to him. We bring in regular industry people periodically. And we will have people in from Arbitron and those kinds of things, which I'm sure most everyone does, but John is the person whom we have settled on for our outside seminars.†

Yes, on a random, not a consistent, basis. Training is done primarily by the sales manager, who's been in the market for 18 years, and his experience cuts across all areas of radio. He first started with the industry as a program director and morning announcer and went into sales at the local level. He got involved in television sales and now is back as sales manager again, and has a lot of experience.

Generally, we don't bring in anyone who's formalized as a guest speaker. We will bring in a major retailer to discuss retail problems. Then we'll bring in a leading automotive dealer, then possibly fast food people. We bring those people in, and kind of brainstorm. We don't go out and say, "Oh, here's Herb Schlep from Cincinnati who has an ideal sales training seminar." No, we don't do that.

We don't send them to a lot of seminars. Occasionally we'll do something like that, maybe three or four times a year if there's somebody good coming in. Sometimes we'll bring business heads in to just talk about how they motivate their salespeople — what makes things work and why they have quality salespeople and their techniques. When we bring somebody on board, we teach that person to be very organized. When we've hired people from other stations in the market, it's amazing what they haven't been taught. It's amazing how disorganized they are. They don't keep records; they haven't been used to keeping anything. It's the basic stuff that we believe you have to have. So there are about four or five basic things that we require every person to do in sales. We feel it is valuable to us and it is valuable to them.*

We don't do the greatest job in that arena; however, we try. One of the problems with radio stations is that we all have small sales forces, and you don't get into the gigantic sales training programs. The few programs that are good are just so expensive. The thing that we do is, we require each one of our people to go to at least two one-day sales training seminars a year. We also use our sales meetings for training. We have one formal meeting a week where we try to cover sales training subjects. We have taken our people through in-house sales training, using programs that include both lecture and workshop.

We used John Gorby's program on how to answer the six biggest objections to radio. It's really not all that good, but what is good is the concept of it. It forces the salespeople to really know what they're selling. We also use some of the RAB sales training things, such as the tapes they put out on their programs.*

We take advantage of everything that comes to town that's on a radio sales basis. We send our sales managers to the RAB seminar. But we don't send our salespeople out of town. Right now we have a corporate program that we've subscribed to that's been adapted from out of Seattle. It's called "focus selling" and it's done by Robin Brommit.

We're involved with [local] market broadcasters and also the [state] broadcasters. We've helped sponsor Ken Greenwood and brought in a couple of other people.*

We use tools. We subscribe to RAB and use their services. We don't have a formalized training program. Although for new salespeople I've tried to formalize it as much as possible so that there's a type of system where they learn from the academic side and get their feet wet, too. Since I've been on board here at this station, I have had some people who have come on with a lot of experience and some with none. It really depends on the person involved. I don't want to force someone or not get them going out of the blocks by holding them back. As far as the actual program that I've got in place, it's a plan that Jim Hooker puts out on getting off to a fast start in radio sales. I haven't followed it to a "T," but I use that as an outline, along with my own plan.

I budget for at least one seminar a year because it seems like at least regional programs that RAB puts on might happen once or twice a year.

I think the only way to train is to have some sort of an organized training program. There are several people out there in the industry, like a Ken Greenwood, who have formalized training programs. And I think that you have to start from there and then add more.

You have to allocate at least one training meeting a week. You can't do it in your regular sales meeting. My philosophy has always been to have two sales meetings a week. One of them is a laundry list, nuts and bolts. You know, that type of sales meeting. Then the other sales meeting is strictly training in a separate meeting so that it is totally a learning situation.

Once a year, we'll have a sales strategy seminar. We will bring in people, research-oriented people, from our rep firm who will get involved with the pure numbers situation to develop our people from an analytical standpoint, using the rating books. Then we'll have a motivational speaker. We get into case studies where we break our people down into teams and we give them a case study they have to solve. It's usually a three-day seminar.†

We do have our own local training plan for [station] which involves both comprehensive and in-the-field and on-site training, where we reinforce what's done on a corporate-wide basis as well as break some new ground. It's very structured. What I do locally is up to me. It is quite customized in nature, but it would be designed to interface with what's being done at a corporate level, and sure, we bring people in from the outside.

We do things like go on field trips to a client's business. We went to a furniture store — one of our top biller furniture stores — and took a tour of their warehouse, and they explained exactly the terms of the furniture business.†

We have a game that we play where I'll come into a sales meeting and I'll announce that one of my salespeople is going to be a salesperson for [station], the top CHR in this town. And I'm going to be the client. I want you to pitch me on [station]. I want you to really pitch me, but you can't talk about numbers. You can make no mention of the book. You cannot talk about any numbers for any station. All you can do is sell me on the strengths of [station]. It's a good exercise because obviously there are six or seven or eight people from [station] who are doing that every day and we've got to know what they're saying. And we'll do it for a variety of stations.

I think maybe we've only had one seminar at the radio station when we brought someone in. It depends upon the individual salesperson, because maybe some salespeople will come up to you and say, "I'd really like to go to this seminar," and maybe it's about how to be a more effective communicator. Or maybe it's more general as opposed to being sales-related. I like ongoing education, so I'll usually support that. We'll pick it up more often than not.

Most of our people have been in the business about five years and their habits have been pretty well established, and so it's kind of like an ongoing education — postgraduate work, if you will. I think it's important.

One of the things we're going to be doing this year is drawing up a sales manual. If we were going to bring in a rookie, someone brand-new to the business, we could give that person the manual that discusses some of our philosophies: the way we approach it, a little bit of background on the medium, what the different formats mean, how a rate card is structured. There's a bit about our own philosophy.

Then, what we hope to achieve would be using a three-day weekend to take some of our best sales managers and perhaps salespeople, and teach some of these newer people the dynamics of selling — the way we feel the dynamics of selling should work.

I think that new people coming into our company, or even people who have been with us for awhile, have to have an understanding of our mission, our sense of purpose, and why we do what we do when we do it, and (specifically in a sales situation), why we feel strongly about high rates and rate integrity. I think that, going back to that knowledge and enthusiasm and all the rest of the very first part, they'll work better for you. And we'll probably have less turnover. We don't have much turnover now, but we'll probably have even less, simply because they'll have a better understanding of what we do, why we do it, and why we are successful.

We don't go into the year with a specific plan, saying, "OK, we're going to send our people to three seminars this year, and they are going to be X, X, and X." But, at the same time, we go in with the attitude of saying, "If something meaningful, important, compelling, comes up, we're not going to let our people miss it. We're going to make it available to them." That's the attitude that not only I have to have but all the managers in the group have to have.

AID, Marketron, Tapscan, as I said. We bought Birch primarily for the qualitative data we can interpret. **Frankly, we've taken Arbitron numbers and used Birch qualitative percentages and applied them that way. We make them privy to any information we might get out of a focus group or out of a research market study that might make a particular statement about our radio station, or a particular statement about another radio station.** We will have an on-line computer system, and we'll have a system whereby a sales secretary will be able to do many of the runs for the salespeople. **A lot of the time-consuming, laborious, task-oriented duties that salespeople do now will be done for them by someone else, so that they'll have more sales time available to them.*†**

We have a couple of series of audio tapes that we have our salespeople go through — something that we have purchased. There are two or three that we use on a regular basis and some of them are rather old. We have one series by Zig Ziglar. Our sales manager acts also as a training agent for new people. They go through a training period teaching them how to present the radio station: teaching them about the radio station and our perspective of it. Then, of course, we have sales meetings where, as new people come in, they are able to ask questions and see people role play and learn from them. Plus we use video tape to help them with their presentations.

Most of the time if we bring somebody in from outside, it would be a motivational speaker. Or it might be a sales manager from another radio station, or someone of that nature. We do try to send them to a motivational-type seminar within the community. I don't usually send them out of town for those.

Some sales seminars or consultant-type training, whether it be from a broadcaster group or whatever, always motivates them, even if they have been in the business a long time. I think a seminar or consultant-type training specifically for your organization can really motivate the staff, and is extremely important to them, no matter how little or how long they have been in the selling game themselves. I think you should have some sort of ongoing program. It motivates them. It reassures them. And they learn new techniques and become more self-reliant and assured of themselves.

The RAB information is very good. We use "Salesmanship." It's a little four-page thing that's a bulletin of ideas and inspiration to those who sell. I've kind of developed my own training manual of interesting pieces and basics that I have salespeople go through in the beginning. We have the Greenwood tapes. Another thing we do is we have each new salesperson meet with each department head in the beginning to get them to understand how each department functions.

We're big Charlie Warner fans. All of us love Charlie Warner. We send them out to a lot of seminars, various ones such as Ken Greenwood and others that are radio-oriented/sales-oriented.*

We send them to various meetings sponsored by RAB and our state broadcasters. We work with a consultant, and we have sponsored retreats where our salespeople and their spouses can go up to the mountains, and have a very good course to get "up" and to feel good about themselves.

We subscribe to a lot of motivational-type programs. Over the years, we have probably tried every one. We send our people off to RAB sales seminars. We send the sales managers to the Wharton School. Plus we spend a lot of time with our salespeople in several meetings each week. The AM sales staff has a Saturday morning meeting every other week. These are basically sales training sessions dealing with problems such as, "What objections did you run into? Why did someone say 'No' to you, or how can we get this account on the air?" I think a lot of stations leave sales training to outside services and they forget that probably the best way to train is one-on-one internally, with a sales manager who is a good leader. I think that if you have a good sales manager, she or he has to be a good trainer. You have to provide him or her with the resources.*†

We have an ongoing training that includes guest speakers from various businesses — it could be food, it could be soft drink, it could be banks — talking about their particular business. Also, at the local level, we send our salespeople to our local broadcasting association's training seminars on the use of PC computers and the use of Arbitron data. They become knowledgeable and able to talk to agencies and retailers. They are also sent to other trade-sponsored sales-oriented events that may be in the area. We also bring in some special guests to teach them the art of negotiation and things like that.*

We found that ClusterPlus with Arbitron is very helpful. We have also found success with just the use of standard sales management techniques, such as overcoming objections and that type of thing. Those are pretty standard in the industry.

No, we don't have an ongoing training program for our salespeople.*

We don't use outside people as a rule. Ron Ruth was an exception. He came here and did a very good job. We don't really do what you call formal training. I, as general manager, and the sales managers teach each person individually such basic points as how to write good letters, how to write good proposals (we always use written proposals in our sales work), and, of course, the basics of retailing. We don't teach theory. **We teach good technique. We do "skull sessions" on the anatomy of a buy to learn from the experiences that we have on a daily basis.**

You can teach people technical stuff, like Arbitron, AID, ClusterPlus; we have all that and we use it. But the best, most powerful training I've ever seen for a sales staff is just basically human relations. **The best training that you could give a sales department, in my estimation, is to make sure that they are thoroughly versed in their product and that they keep their mouth shut and don't talk about it. In other words, if you're sitting in front of a client, don't tell him about being number one; don't tell him about this, don't tell him about that, because he really doesn't want to hear it. He'll nod his head up and down and think to himself, "How long is that turkey going to be here?" All he really wants to do is hear about possibilities.** Clients and advertisers are scared to death to put their money on a radio station or on television or in newspaper. It's like, "Oh my God, what if I don't get a return on my investment?" If I were in their shoes, I'd be scared as hell, too. So what we're doing here is offering to find possibilities, to eliminate as much of the risk as possible. Once your sales staff matures professionally, they are able to understand their product but not talk about it. They understand how the product works, so that you can design possibilities for a retailer or client to use your vehicle and work with him to be successful.

We have had sales and human relations consultants here at the station working with the sales department. Michael Corbett (he's out of West Palm) and his associate, Carol Sabitt. They are both very direct and they really force you to take a look at yourself and what your motivations are.†

There's a lot of management contact. One of the most important things we do is to stress planning. We stress pre-qualifying. We stress education, both of professional selling style and selling skills, as well as helping with the education of our customers. Our method of doing business is to be more of a consultant from an educated, well thought-out point as opposed to just coming in with the old line of, "You don't want a bucket of spots today, do you?"

I have an extensive personal sales resource library that I use with my people. But with a lot of outside training, we insist that if the person wants that, they pay for it themselves. I am a believer that a lot of motivational or training programs mean more, and the person applies himself more to it, when he has made that investment himself, as opposed to having it handed to him.

I would like to bring in more guest speakers from the outside. The ones we do bring in are usually local business-oriented people who help our people see what that particular person's business is all about so that we can approach our sales from the client's side of the desk.

We don't do anything specific. If a special seminar is anywhere in our area, we sign up our people for it. If there's going to be anything in a radius of 50 to 100 miles, we will take our people to that. Our own managers go to a lot of the NAB and RAB workshops and collect all the materials and bring them back. We get tapes that are available. We use all the tools that are at our disposal. Our managers then pass that on and train the sales department.*

We have sort of an ongoing thing that we do a couple of times a year. We bring someone in to get everybody back on track. I think that every once in a while you need to sit back and look at what you've done.

We have a radio group here of general managers. We're all interested in training. Once or twice a year we bring in someone from the outside, such as Ken Greenwood or Pam Lontos, and have them do sales training for all of the radio people. It's a little more cost-efficient if we can do it as a whole. If we bring in someone who's brand new and has no background in radio sales, then we might send them to an RAB program or some other outside sales program that's specifically for new salespeople.

Every once in a while we have someone from another type of business, like an automobile sales manager or a sales manager from a retail store, who might come in and discuss their type of business.

Our own company has a very aggressive training program. It's probably the most extensive in the radio business. So our people have a big advantage there. Beyond that, we have attended RAB sessions, and the [state] broadcasters have had some sessions for salespeople that we have attended. We have also had Don Beveridge.

Our training includes knowledge of the product, what ratings mean in the first place, and how radio works. An understanding of other alternative media. An understanding of marketing in general. As much understanding as possible of other lines of business and how they work. What are some of the problems in, say, the automobile business or the supermarket business? And an understanding of all of the aspects of building a presentation, and just becoming more effective people as far as being able to listen and communicate.*

There is a lot of training in our company. Our company has allocated a substantial portion of its profits into training the sales staff. It's been going on for a couple of years and we really feel we reap the benefits of that.†

We are sending four to the RAB Sales College next week. We send them twice a year to the [state] Broadcasters Sales Seminars, once in May and once in October. And that's 30 of them. That's Don Beveridge and others like him. We will occasionally send them to the New York Market Radio Seminars. We are sending six sales management people to the RAB Sales Seminar in Dallas for four days at a cost of $3,000.

Mostly we bring in clients who are in interesting businesses. Businesses that we want to know more about. For instance, we do a tremendous business with banks. So we have a banker in at least once a year to find out what's new, what products they are pushing, et cetera.

We are very, very much in touch with both the advertising managers and the heads of local retail chains and they will come in occasionally.*†

We have in-house training on a regular basis and we employ various training methods that have been used before. We have also taken advantage of the local Broadcasters Association one-day training seminars.*

We train our people and have workshops several times a year. We make sure that all of our people are exposed early in the game to the whole philosophy and what techniques there are. At this point, we're doing our own. We do not discourage people from going to outside seminars and this kind of thing.

In addition to overseeing the line responsibilities of the account managers, the sales managers also meet independently several times a year, working on agendas, comparing notes, success stories, and problems, in a whole process of refinement and fine-tuning. Generally, we try to recognize that every day is a new learning experience. We do not have all the answers, but we keep working toward that.†

Inside the company, we have a full-blown training program that's an ongoing thing. We have company seminars that go on all year in different parts of the country. Beyond that, we send people to seminars that we think will be specifically useful to the enhancement of their skills. The kind of motivation that goes on in the company will cause a lot of our salespeople to do things on their own, which will help them become better at what they do. There's a real tangible effect of good training in that the salesperson can really see the improvement in his own knowledge, and I think that acts as a real stimulus for him to go out on his own to increase his knowledge even more.

Don Beveridge — we've used him a lot. And we've used Tony Allesandro and Don Clifton. Locally, a lot of our sales managers will invite in guest speakers, whether they're from local retail operations, automobile dealerships, department stores, or ad agencies. **Some of our stations have a seminar series in which we bring in outside speakers on various topics that we think will be beneficial, not only to ourselves but to our customers. We invite our customers to attend these.**†

When you have an inexperienced staff, you have to do a different type of training than when you have a staff such as I do now, where our youngest guy has been in it for six years and our oldest has been in it 17 years. I don't have to teach those guys how to sell. All I have to do is keep them on the leading edge. Let them know about the new things coming up. Keep them motivated. It's very important to keep goals in front of them, especially the guys who have been in it 10, 15 years. It's easy for them to sit back and do their billing. But if we keep putting goals in front of them that are a little bit higher, the results are amazing.

We have not been much on sending people to training seminars. What we do is in-house encouragement, using positive reinforcement. I believe that negative reinforcement leads to negative thoughts and leads to basically fewer sales. There are different people, and you motivate them in different ways.

You can bring in outside experts, but no one is more expert on our staffing situation than we are. That doesn't mean that we can't get too close to the trees to see the forest. We need outside comments, but I don't think we need a weekly outside exposure.*

We have brought a number of different people into the station and offered a number of opportunities to participate. Certainly all the local organizations and seminars are available to our salespeople. And we pay for their memberships in those organizations and encourage their participation. We have used outside experts on a project-by-project basis. We have also brought in clients specifically to talk about their needs and their perceptions of the account executives. We make conventions available to our people. We take advantage of as many training opportunities as possible because part of the philosophy is that we're developing a whole staff of sales managers, and we're trying to build a high level of competence and awareness.

In the sales consultant area, we specifically brought in Norm Goldsmith last year. He was very good with developing the concept of the account executive as a businessperson and in the development of marketing plans.*

We'll send them to local broadcasting seminars and to the RAB. We bring in people regularly. We'll bring in retailers and people from advertising agencies. We think we can learn a lot from the people we sell to. The best people to learn from are the people you're calling on.*

Norm Goldsmith works with us as a consultant, and he does sales seminars every three months. It's exclusive, just for us. And we do send individuals to all these different RAB or state broadcasters sales seminars. We usually send one or two people, and they'll report on it to the others. We typically don't send the whole station.*

My philosophy is that training is an everyday, ongoing thing. It's an absolute necessity. We hold formalized sales meetings every morning at 8:00. They're not stuffy, but everybody has to get together and talk about what the priorities are for the day. We talk about rates, our inventory, and about all the things that we're doing.

I don't think you can train them enough. And I don't think you can send them to enough seminars. We send ours to RAB seminars, and to different conventions. We also invite experienced salespeople from other industries to come in.

The other thing that we do is encourage our people to read many of the popular books that have to do with selling, positioning, and those kinds of things. We also invite our clients to come to the radio station and talk about their business: what they want and don't want from a salesperson, what their likes and dislikes are about servicing.

The other thing that we have done that is very effective is that we have our own VCR and TV camera. We have had our sales staff prepare individual sales presentations and we videotape them giving this sales presentation to another person. We realize, of course, that this is not exactly like it's going to be in a client-salesperson relationship. But one thing it does is force the salesperson to see him- or herself in a mirror or on camera. It has a powerful impact on how you look: you learn how a client perceives you. And I think that's a good tool.

If you can build a staff that really truly understands that management is doing this to help us, not to judge us, they do it willingly and they learn tremendously from it.

We don't have any type of formal training. Of course, we're a mature station. Kids don't start here, so by the time you come here, you have at least some type of background. I talk to the sales department once a month or so, and the general sales manager meets twice a week with them, and usually what we do is share experiences. We find this to be the best kind of training.

One of the most effective tools we have used successfully is brainstorming sessions with the salespeople. We get together and talk about different things that they have run up against. This includes changes in the marketplace and what new objections are coming up. We try to inform our advertisers so they'll know what is going on in the marketplace. A lot of radio stations have specialized in negative selling and we never try to sell against a competitor by saying, "That station's terrible" or "That station's going to change format" or "Did you hear what happened at [station]?" We say, "Yes, that's a good radio station, but here's why ours is better. Here's what you can expect from our station that you are not going to be able to get from somebody else."

We've been using John Gorby. I think he's about the best of the people I've met. I think that he really puts on a pretty good session for the salespeople. It's not just a motivational session where they get them up for a week and then they forget about it. It's a constant, ongoing program.

We bring different types of advertisers into the sales meetings that we have. They talk to the salespeople about their business, how they like to be sold, what gets them sold, and what gets them unsold. That's been extremely successful.*†

I think that consistent training is a key element. I think that training has to be ongoing and not always just motivational. I think it has to have content. I do not think that you can pump people up and keep them inflated without substance. And the content has to be basic and ongoing. There's no element so basic that it should not be a part of the ongoing training. I think the biggest problem we have is that we do not train on the basic level. We don't train in the areas of the things we assume people know. One of the areas that I think is the most important in training is understanding the customer. **What's happening in our business today is that we are dealing with media buyers instead of customers. We're becoming people who basically sell numbers, not necessarily ratings numbers, but dollar numbers. We sell $200 spots. We don't really know what the value of that spot is to the customer, the ultimate consumer. And we've lost all perspective of the consumer.** I think consumer training — meaning the advertiser consumer, not the public consumer — is essential. I think one of the greatest training things that I've ever done is to bring customers to my sales staff and let them present their needs and explain their opinions and observations of media salespeople. I've brought in a sales manager of car dealerships, buyers and merchandisers from department stores, bank marketing managers, and people like that who have quite a platform from which to observe the media salespeople.

I've found that outside seminars very rarely can be as effective as internal seminars if the internal leadership is aggressive. I think too often sending people outside is a cop-out so that we don't have to work as hard on the inside. I do not think that outside training, except for the few new ideas and extremely bright people, is as productive as an ongoing, internal, in-house curriculum.

I think that Tom Peters, the author of "In Search of Excellence," is absolutely the most phenomenal speaker I have ever heard. I think Og Mandino is extremely good. I think these people are important because they are not dealing with hype. They are dealing with constructive organization of the individual. First of all, a good salesperson has to be successful. Usually a good salesperson could be successful at anything he or she does. It's the same qualities and traits that you find in a good manager — a good anything. I look upon them as being a pyramid and every block has to be in place. So, stress management and personal thinking philosophies, though they may be important just for our mental life, also radiate into your sales professionalism and your ability. Those are the seminars that I think are the most helpful. I find them to be far superior to the "radio sales management seminars." I think that radio sales management seminars have a tendency to be a rehash of the basic — the mediocrity of radio sales. But, I think the seminars that deal with enhancing the individual make for good sales leadership. The sales staff becomes basically the complexion of the sales management and the station management, and you have to address 100 percent of your energy toward carving these people into the individuals you want them to become. One last statement. Herb Cohen's "The Art of Negotiation" is one of the key elements. Everybody in sales should listen to his tape.*†

We have a semi-formal sales training that started when the sales staff came together as a whole. **We have formal tests, believe it or not, that cover things like, "Define what average quarter-hour means." We've gone from that basic piece of information to being able to calculate by hand time spent listening and turnover.** We haven't yet gotten involved in reach and frequency because basically that's a function of a machine right now. But they understand how it is done. And I take a practical approach. We will, in the future, have people who are fairly expert in their individual areas come in and talk to us. I don't know anything about the automotive business. So we will have a sales manager — a general manager of a very, very big dealership — come in and talk about why he uses newspaper, to talk about his business so we'll have a better knowledge when we go out to talk to an automotive account. We will go out armed with information so that we can save time and also be intelligent, which hopefully will mean we can extract information we need so we can come back and make a professional presentation. We will have an agency person come in. We all think we understand how agencies work. We may not necessarily ask in the buyer, but maybe have the creative director and/or an account person come in. Retail is really important. We'll have people from that area come in maybe once every two months and have them talk about things so that we are better armed and better informed.*†

I've found the Fred Pryor classes are very reasonable. You can trade them out and they're very effective for salespeople. I'd advocate sending people to those on a regular basis. I think a lot of in-house training can be just as good as sending people away, such as having a sales class once or twice a week in the morning before the sales meeting starts, on a regular basis. This is not a sales meeting but a real sales class. You can bring people into that, such as retail experts and agency buyers to really tell you how to sell to them. I think it can be very informational and helpful to salespeople to have those people come in and tell you how you can go about satisfying their needs. Certainly what we do best when we try to sell somebody is find out what they need and find out a way to give it to them. I think those are the best people who come in. Successful salespeople are good to have in. We pick up ideas from those folks, but I think really talking to the people you're selling, as much as possible, in those sales meetings is the best thing.*†

I think the best outside training is the Xerox sales training school. It's great. It uses video, and it intimidates the hell out of people because they are using video tapes. But you see things about yourself that you never knew before. Like when you are pitching, you may have a habit of pulling on your earlobes or rubbing your neck. You'll see that and you'll stop doing it because now you're conscious of it. I think ongoing video training is great role playing. You can evaluate the person's performance against a prototype pitch that you set up beforehand. You basically have taught your people to go in and cover certain areas in information about the station: information about its ratings, information about the competitors, a reason to buy the station, the rate justification, listening to the objections, overcoming the objections, and making the close. That's asking for the order. And a lot of people forget to ask for the order. So the video camera shows whether or not you are doing that. You can say to the person, "You've got a weak close; you didn't go for the order. Look at that, that's a close. Now let's role play and do it again." And pretty soon they get really comfortable with the close. They see themselves and the more they see themselves the more comfortable and the more confident they get. They're looking good and doing it professionally. **So, a person should go before the video camera at least once every two weeks.**

There's a great guy named Don Beveridge, who's just outstanding, and he is, I think, $3,000 for a day's seminar. He's a must. He's outstanding. **What I like to do is do sales training once a week, a two-hour session, at 7:00 a.m. It's taught by the sales manager and the station manager together as a team. And then as you get into the curriculum, you make**

the salespeople also participate in the teaching and you assign them a part of the curriculum to prepare and teach. That's sales training — really having to give a pitch to their peers as well as to a couple of members of the management team of the radio station. **And I like to bring in guest speakers to the sales training, such as the local vice president of the transit company to just talk to us openly about transit. Why is transit a really good advertising medium? What are its strengths and its weaknesses? Do it with the billboard guy. Do it with a newspaper salesperson. Do it with a television rep.** The more you know about all these other media, the more you can compare it against radio and really know the key benefits of radio vs. these other media and the strengths of the media vs. radio. It's great to bring in people from advertising agencies who are friendly to the station to take the salespeople through what an advertising agency is, how it's organized, what departments make its profit, what departments are cost departments, and how a campaign is planned for a client. **It's great to have a mean, tough media person come in for the role playing.**

I like to take the salespeople and put them in teams of two, people who don't normally like one another or work closely with one another. I assign them direct accounts to work on together. I try to do it so they learn from one another and I can team them up in such a way that the old school salesperson is with a new school salesperson, so that maybe some of the old school talents rub off on the new person, who's not used to the "pat-on-the-back" sales approach and vice versa. Because both of them work well. And you have a new school person who is really adept at reach and frequency and calculations and AID and all those tools and the old guy's not so comfortable with them and he gets really comfortable and he sees how easy it is. And then you have two minds working on a problem rather than one. They know that in eight weeks they have to come back to the sales training class and make a presentation on the anatomy of a pitch and how it went and how they got the order or why they didn't. That's very interesting and we learn a lot from that. **The other thing is, I assign to the same two people a radio station to report on at the sales training meeting. It might be a half-hour report. Let's just say that we want to know everything there is to know about [station]. The sales staff learns everything about that radio station and the next week we hear about another one.** We each get a kit from those salespeople on that station which has samples of its sales presentation, its rate card, and folder and contents of the folder. So, you're an expert on that radio station. Hopefully, you'll know more about it than its salespeople do.*†

We have in-house training, and we do send them to outside seminars. We sent four people this year to both the RAB vendor support program and then also, I believe, the RAB had Chris Lytle. We meet once a week in the morning from 7:30 to 9:00, and we go through newspaper vs. radio, TV vs. radio, billboards vs. radio. It's not a regular sales meeting. It's strictly a training seminar. **We're bringing in a local guy who's worked at a couple of different automotive dealers, to give an overall sales clinic one day. We had a guy who owns five food stores in the area come in and talk — what he likes and respects about salespeople, what he doesn't like about salespeople.** We'll review articles from any of the publications dealing with sales, and talk about it. We do a lot of internal, ongoing sales training.*†

Question Approach #6

"Advertisers And Agency Buyers Often Have *Cost Per Thousand* Or *Cost Per Point* Goals They Want To Acheive And Stations That Get High Rates Often Come In *Over* Those Goals So Rate Objections Come Up. What Is The One Most Effective Technique You've Found For Overcoming These Rate Objections? How Do You Handle Them? What Specific Things Do You Say To Clients When A Rate Objection Comes Up?"

I will tell you the three basic strategies that our salespeople are using successfully. **One is to get those criteria changed; that might seem very obvious, but people don't do it all that often.** Another is to suggest that they can get a market average cost per point, where they *want*, but they won't necessarily *get*, every radio station to meet the cost per point. And we just become the high-priced spread in the overall mix. We don't mind that at all. **And the last strategy is to go around the agency. But, let me put it another way, and that is to maintain a continuing relationship with the client, whether it's the local bank or whether it's the district sales office of a national food processing company.**

Maintain those local contacts so that the client directs that the radio station be bought for the client's own good reasons and then if the cost per point isn't met, it isn't met.*†

I just say, "Let the other stations bring us in." The other stations can be down there. If we're at $50 cost per point and they're at $20 cost per point, I'd say, "Hey, you're looking for $35, we're right in the ballpark," and so we use other radio stations to bring us in and we sell the worth of our radio station.*†

We ignore it as much as possible. And that is, by trying to sell either the agency or the client on factors above and beyond just that cost per point. What is the station going to be able to do for them? It really has nothing to do with cost per point. In terms of results, in terms of the qualitative aspects of our audience, in terms of promotion, that's where our value lies, not in a particular market value that they've placed. We try to set our own values and not let the market dictate to us what our value is.*†

You go in and relate it to the situation and the buyer says, My cost per point is $35. You have to react to that or you've lost. **The whole goal is to put the buyer in an administrative position. The buyer is not a decision maker; the buyer is an administrator and if you don't have the client locked up you are already in trouble. You handle it by getting to the real decision maker. The buyer's just going to do what the account executive, planner, or client tells him to do.** If the account executive or planner wants to buy us, then that buyer has to force another radio station to lower its rates so that the buy comes in. And that's our whole position. We know we're going to be expensive. We will work with you so that you can bring other stations in at a rate that you can bring in the market.

The client has their goal, the agency has its goal, and they are different goals. If you go to the owner of Joe's Shoes and say, "What do you want in your advertising?" And he says, "I want to sell shoes." And you go to the buyer for Joe's Shoes and say, "What do you want in your advertising?" He says, "I want to bring this market in at $2.35 per thousand." And that is very real. Our job is to take care of the client first. But we also have the agency client and we can help them, too, in a different way and say, "OK, we'll help you bring in the market. If you need cheap spots that are just adequate, you've got a lot of them — buy them! OK? If you need your schedule to work, buy us. Then probably your cost per thousand will come up and you will satisfy yourself."

You develop a relationship beyond the agency, you develop a relationship with the account directly.

Let me add some value that will make the cost per point less important to you. You're selling the station at that point. It has to be continuous, not just when a buy comes up. **Ninety percent of the salespeople will try to go to the client when a buy is up, only when the buy is up, and they've just lost the buy. So the guy's phone is ringing off the hook with all these radio reps wanting to talk to him about how come his station is the best and your stupid agency didn't buy. And this guy**

can be very unreceptive and you've lost him for anything else. It's *before* you get to that situation that you have to develop a perception of your radio station before you talk about how much money they are going to spend.†

Well, the number one thing I think you have to do is to go in high. Very seldom anymore are there one-time shots at a buy. Things can be renegotiated. You have to be very knowledgeable about where your competitors are going to come in. For instance, in this market there's one combo that traditionally comes in low because they don't subscribe to any ratings services and they're not under a lot of pressure to make a lot of money. It's not as big a deal with them as it is with some of the others. So we know that they're going to bring us in.

The other thing is that we position our audience as a quality audience, and in today's marketplace, that's pretty important because one of the things we really drive home with buyers is when they are looking at our radio station and they're advertising to our adult listeners, they're advertising to purchase decision makers who are buying for a family, and not a single person or two people. And we use that very effectively in products where we know they're trying to move a family-oriented product. That has helped us quite a bit and of course we have the research data to prove that's where we're positioned in the market.

And another thing we'll do that we've found works very, very well for us, much to the chagrin of our competitors, is in the case of a shallow buy. You know what the budget is, and you know they're not buying very deeply. We'll go to the buyer and say, "Look, we'll bring you in on this cost per point that you want, but we'll dictate the percentage of the buy." We've done this nationally and locally. We've said, "Look, you've only got X number of dollars. We're the best match to your target, and consequently we're going to give you a really competitive rate, but we want 80 percent or 90 percent of the buy." That'll happen on an average 15 or 20 times a year, and most always we're able to pull it off.†

First of all, there is a way to attack numbers depending on the buyers' mentality. Just as you have creative reps and analytical reps, you have creative buyers and you have analytical buyers. **The first thing is we'll turn their criteria back on them. If I prove that in her buy she's not reaching 100 percent, but she's reaching the same audience twice**

because of high duplication, her cost per point is no longer $30, it's $60. We know how to manipulate the ratings better than most buyers do. Sometimes, you get down to threats, literally. I told a buyer one time that if I were the client and I heard you say that, I'd fire this agency. You are trying to accumulate points in a jar, like a bunch of little jelly beans and nobody here is talking about what's going to sell products for the client. And we believe that. We are also advertisers. And we have big budgets and we just placed an enormous buy for our AM station.

Normally what happens is that the lower-rated stations will set those cost per points. It happened many times last year where the buyers would set the criteria and then call us back and say, "We thought it was going to be $55; now it's $40." And my first question is, "How did it get to be $40?" "Well, some of your stations in the market are setting the cost per point." The attitude is you are buying from the bottom up. You can call the 10th or 12th rated radio station and say, "I've got a $30 cost per point, do you want the business?" Nine times out of ten, they are going to say "Yes!" because they are not going to get it anyway. So, sure, they'll be glad to meet it. Fine. If you want to buy from the bottom up, let them bring me in because I'm going to be more expensive, but the value is here.*

It depends on the situation, but we try to go beyond it. You're not buying a spot on the radio. You are buying what it takes to motivate somebody to buy the product or service. We try to sell the unique benefits of the radio station and the type of audience that we reach.*

We remind them of the additional geographical coverage that they are getting when they are buying our 50,000 watt AM and 100,000 watt FM station. **We also remind them of our limited inventory,** and we also are very cooperative with them when it comes to coming up with creative merchandising efforts. We take pride in our follow-through, but we hold the line on rate.

I don't have that problem locally; we are not that sophisticated of a market. Nationally, we are on a grid card, and if the national rep calls and says that they are after 18 to 24 and their cost per point is $10 and we are at $30, I'll say, "Pass."

We are often expected to be a little higher. I have gone through a number of manipulations including turnover factors. **If my turnover is half that of a competitor and my rate is only one-third more, it's obvious that they are getting twice the frequency for half as many spots. So I want a little higher cost per point. If I don't share very much with another format, I know that I am going to have a greater audience exclusivity.** I've found one of the keys is understanding your competitors. If you know the buyer's goal for the market, you have to know how many of your competitors are likely to come in low. So your presentation to the buyer is, "I'm going to come in at $25. Your goal is $18. But I know X station and Y station are going to come in at $14 and $15, and they are going to be on the buy, but you're still going to bring the market in at $18." Then, if they haven't considered those stations, try to get them into thinking about stations coming in at a lower cost per point that help bring you in.

We have been working on it for eight years and our story is the same one. In our particular community we have a Metro Survey Area which has a population base that's less than 50 percent of the ADI, with more than half of the people living outside of the Metro Survey Area. In the Total Survey Area, we are constantly a dominant property, by the nature of our signal and our product. If we don't sell the product for an advertiser, we don't get any more money at the radio station, and they lose the account at the advertising agency. So to hedge their bet when they are buying radio stations that are efficient in the Metro Survey Area, it's not a bad idea to also buy one that is going to reach people not just numbers. So we constantly try to remind people that there is usually a different star in each book because of where the diaries may fall. And that it would be a really good idea if they also sold product as well as just delivering an efficient buy. Over the years we have been able to develop some credibility by continually sticking to our rates and by telling the same story over and over again, no matter whether it's a good or a bad book for us. The most effective way of selling any concept that is a departure from the norm is to sell it when you don't need to. We've been a market leader for eight years. When we're sitting there as number one in the demo cell in the Metro Survey Area by a strong margin, we are still selling the benefits of the TSA opposed to the Metro Survey Area. Then we have more credibility. Probably the single most important thing of all is maintaining sight of your marketing plan and not altering your marketing approach because of some temporary change. We have respect and consistency; therefore, we have some credibility with the buyers. And what we have to do is walk out on some business periodically, which is never a lot of fun. But it's better for us to do that short term so we can continue with the long-term growth.†

We call it, for the most part, packaging. In other words, instead of just putting a spot schedule on the air and letting it float away in dayparts, we'll couple it up with specialized programming — time checks, weather checks — adjacent to news, within news. We do a scheduling that runs seven days a week. Many retailers are open seven days a week and spots are available throughout the day and night, so we utilize other dayparts that have a low inventory demand. That seems to work best.

We pass on some business because of low cost per point. I think it's wrong that agencies continue to buy radio on a cost per point basis because that's a television buying method. I think radio should be bought on a cost per thousand. These agencies try to throw in a cost per point, and it's really absurd, because it's not the way you buy a radio station. But they continue to do it. In fact it gets more and more widespread as we go along. And it's something that we just have to deal with. We usually end up the highest cost per point in the market. We know what our competitors are doing, and usually they bring us in.*

The best way to do it when you're in substantially over the cost per point or cost per thousand is to say, "Look, that's your criteria. We surrender. We can't meet that. Here's why we can't meet it," and then you've got to go into a positive sell. You have to sell them. You'll get old and gray if you try to tell them their buying criteria is wrong. The presell should have been done about six months before the buy came down. If that buyer was presold and knew your station inside and out, when you came in $20 over the cost per point, she'd look at that and say, "Boy, you know, it's going to be tough." But if she was sold and knew how great your station was, she'd make sure that she bought either another station at $20 under the cost per point or two stations $10 under so it averaged out. She would get your station on the buy because she believes so much in it. So the single most important factor would be the presell: getting in there way before the buy ever came to the buyer's desk.*†

We are not afraid to come in above a cost per point goal. We know that when a buyer has a goal of, say, $25 cost per point, somebody can come in at $28, and somebody can come in at $22, and if she averages $25, then she can buy whom she wants to. You can make a buy based on coming in above the point goal if she or he thinks that you're worth a little more, and that you are a vital station to the buy. It's particularly helpful if you dominate the demographic of that cost per point. There are times when you do need to come in at the cost per point if you're marginal or you're not a leading station in that demographic. But if you're a leader in that demographic, you can set the pace and command a little more. And let the second or third or fourth station come in under the cost per point and you can come in higher and it will average out.*

We try to put together a plan to help them reach that point if they are flexible with us. We can usually put together something to help them by using nighttimes and weekends, where our ratings are still very high. But if they come in and they say — yesterday as a matter of fact a client came in and said; "This is the cost per point and we only want morning drive." We can't do it. We had to pass on an annual contract yesterday because the rate that it was going to take to get them on would have cost us business. We would have a choice. We had the opportunity at $110 to get about $30,000 from a client over a period of a year. But that $30,000 would have probably cost us another $10,000 in business. **You only have so much inventory; that is the one thing that never changes in this business. So what you have to do is make sure that you maximize the use of that inventory. And to do that you really have to price your station aggressively, because when it's gone it's gone!***†

There was a media buyer, a media director of an advertising agency whom we had at a sales meeting, who made it very clear to us that the way she wants to be sold is to be presold, way before the buy is made. "Don't come walking up to my door with the bells and whistles." The media buyer wants to be presold months ahead of time of the buy, not when the buy is up. And so a lot of radio people just show up when the buy is up and then they are gone.

There's another factor. **We're talking about functioning in that traditional environment, and the other issue here is completely escaping from that environment, where the buyer is totally in an administrative executing capacity and is a secondary or even a tertiary**

participant in the process of the decision to buy a radio station at a certain price.†

I really think it depends on the relationship with the buyer. There are some buyers to whom I'll say, "That's preposterous. A $40 rating point goal may be fine for half the stations or three-quarters of the stations in this market, but it's not for us. And if you're looking for an average, that's great. If you're telling me that I must meet your goal or I won't get the business, then let's save a lot of aggravation for one another — we'll 'walk.' " That's something you can only do when you're a power. When you not only have the numbers but you have done the presell necessary and the buyer knows that she needs you or he needs you. **There are a lot of games that go on in agencies, and a lot of buyers will say, "Hey, I could buy around you." Absolutely, you could buy around any radio station, but they don't want to go back to their client and say, "I didn't buy the number one station in that market; I didn't buy the most effective station in that market." "That station has been number one for five years, 25 to 49; I didn't buy them because they were too expensive." The client doesn't want to hear that.**

I'll give you an example. We had a financial institution out of Los Angeles that had moved buying from San Francisco to Los Angeles. Planning was being done out of San Francisco, but the buying was being done out of L.A. An average cost per point for 25 to 54 adults in this market should be in the neighborhood of $50 to $55. They came in with something like $29 cost per point. And we thought it was a misprint! Come on, you've got to be kidding. But it wasn't. I mean, we could sell and achieve the $50 cost per point, but $29 was ridiculous. We talked to the buyer. He was a new buyer on the account, and he was saying, "Hey, I'm sorry, but that's what it is." So we knew we were dealing with a new buyer. It's being bought out of a new market for us — not that L.A. is a new market — but there's a buying psychology that goes on in San Francisco that differs from the buying psychology in L.A. and they don't want to hear about what was being done in San Francisco. There's a real competition there even within the same agency. We found out the planning was done in San Francisco. We called the planner, and she admitted right upfront that it was preposterous, but she claimed that it was based on the budgets and everything else, so we did a full-court press. We got them to revise their cost per point. Not much, but we got them to move it up to like $36 or $37. We wound up coming in at $53 and getting about 40 percent of the budget.*†

We tell them to make it up on somebody else who doesn't charge our rates. We also stress the things that I described earlier that build value in a radio station and make the buyer feel that there really is a reason why this radio station may be worth a greater cost per point or cost per thousand than another. Generally, in our particular situation, we'll end up with a beautiful music station in the buy.

I don't know that I can name a specific technique. First of all, you have to sell the station's results, and the station's image in the market, to the advertiser. You hope they will not be as prone to look strictly at numbers, which are subject to fluctuations. I think the most effective tool is the results of campaigns you've had for other advertisers. **We try to use testimonials from advertisers who've had successful campaigns as much as possible.**

My gut feeling is that most buyers' cost per point isn't really the cost per point. And so, you shoot for what you feel is a realistic cost per point for that particular market and for that particular demographic, based on past information. We keep all that information — which buyers, and what the cost per point was against what demographic. So we have a pretty good idea of what is a realistic cost per point. We sell the station qualitatively. If they are going to buy drive times, they've got to understand they can't buy the market for a certain demographic for, let's say, $200 cost per point for women 25 to 54. If they "cherry-pick" inventory, then they are not going to get an efficient cost per point. We say that we certainly can't expect to meet that cost per point because you are going for drive times. If you gave me the opportunity to package in other inventory, we could make it more efficient. If you are selling the benefits of the station more than anything, I think cost per points are really just earmarks and just a way of negotiating.*

Most of what we experience in our market is from agencies outside the market. Many times, if there's a local contact, we can beat up on them by getting a local recommendation. We'll do that, because we want to know our customers. Our customers are the people we run spots for. It's the people with the power, the decision makers whom we get to know and that's one of the ways that we get around it.

The whole point is you can't let them buy that way. For example, in our format, if we were judged on cost per thousand or cost per point, we'd miss 50 percent of the buys. But, on the other hand, if you ask people in our city what is the most influential radio station in this town, I guarantee that we would win every time. And that is because the format is unique. That is because the station has created an image and is a community leader, a market leader. **We are the leader for news and information in this market. We are the radio station that the buyer's boss probably listens to. We are the radio station that the chief executive listens to. Now what does that have to do with cost per thousand or cost per point? We get them away from buying on those statistics. And we get them to the format itself, the uniqueness of it, and the benefits they derive from it. It is a great sales technique.***†

When that occurs, we have trained our people to ask who set the cost per point. Cost per point is a television term and it really doesn't relate to radio at all. When we ask that question, they normally say, "What do you mean? That's our cost per point." But who established that? Who said that we must meet that. In our case, we don't meet it. And we've lost buys. But fortunately we have a lot of people standing in line who want to get on the station and are willing to pay the rate. We don't want to fall into that trick of letting agencies or some buying service dictate to us what we have to bring the rate in at.*

We try to paint a realistic picture about the additional value we can add to a schedule, the uniqueness of the audience and their product consumption, and the uniqueness of our individual property. Sometimes we just have to pass on business. We're not going to meet everybody's cost per thousand or cost per point. We're just not going to do that. You have to pay for quality and it's our job to paint the quality. Obviously the station that is rated in the top two or three should have a higher cost per thousand than the station that is rated the top four through six, because you are dealing with a supply-and-demand relationship.*

A salesperson has to have great communication skills. He or she has to know just how serious the buyer is. If the salesperson can pick up from the buyer through inference that there may be stations on the buy that are lesser-quality stations than ours, then that would strongly suggest that the salesperson push the buyer to negotiate with the lesser stations to achieve his or her cost per point or cost per thousand goal. It cannot be done on our station, as our prices are set by demand on our inventory.

We never break the rate to meet a cost per point or cost per thousand goal, *unless* we can get the commitment from the buyer for a bigger percentage of his or her buy on the particular budget in question. We modify our pricing by packaging evenings and weekends to bring down our cost per point and we may even give bonus spots, but our spot rates will not change. We point out that bonuses may or may not be available next time and that all packaging done to reduce cost per thousand or cost per point is being done on a "one-time-only basis." We can justify doing this, though, if we were scheduled to get one-third of the budget, and by packaging, we end up with 50 to 60 percent of the budget!

This all takes a positive mental attitude. If you think you deserve a high rate and if you think you can sell, then you will be able to make your customer believe this too. We almost always remind them, too, that we are the station they can rely on that will always follow through for them — produce results for them — and the station will live up to its commitments as a reliable partner in the advertising equation.

The most successful technique I have found is that first of all, **I expect the local account execs to get to know the clients. The way we do it here is that we publish a monthly newsletter with attachments that are specific merchandising or packaging opportunities that we have coming up. We send that directly to the client as well as to the agencies, and it gives us a reason to contact the client.** Whether they look at it or not, it's the starting point for a relationship. You can't let yourself be stopped by a buyer. You just can't. You have to find a way to get to know whom the buyer reports to. The attack that I always take is to absolutely sell the value of the station with anything that I can use. **This is where the technical aspects come in regarding ClusterPlus, AID, and so forth. Anything that I can use to show them, that on a cost per point basis, our rating point might be worth just a little bit more than somebody that just sits across the street and cuts rates.** So let them cut the cost; we're going to be higher, but let them bring us in. Again, it all goes back to the value, perceived or real, of your product and how you merchandise it in the market. And if you care — I can't even stress that enough. That's the whole secret. Once people know that you care about them, you become their partner instead of their adversary.†

The most effective way is a consistent, professional, qualitative sell. Given enough time and a profesesional presentation, we create the perception in the buyer's mind that we are worth more than the numbers would indicate. Our catch phrase here is, "It doesn't matter how many people you reach if you don't reach the right people." We use a qualitative sell to back that up. **As a matter of fact, we just put out a new piece that will be going to all the agency buyers. It relates buying a road vehicle to a media vehicle and says that you don't buy a car just because it gets good miles per gallon and has a good sticker price. You buy it because you have an emotional involvement with it. It looks good, feels good, sounds right when you turn over the engine, and certain radio stations are the same way. They might not have the best gas mileage, but there is something about them that makes them more of a value than you can put numbers to.**

It seems to vary with the account. We concentrate on the strength of what we offer that nobody else does. The exclusive features that we have, or our morning show that is different. We sell the value. What you have to do is pitch the value of the station.*

Our local advertising agencies do not usually buy quite that professionally, so other than nationally, we typically do not have that problem. And luckily for us, most of the other radio stations in this market do not get the high rates. So quite often we do not have to do much of anything other than let them bring us in because their cost per point comes in so low that it averages with ours down to the cost per point that they're trying to buy.

There are various ways in a lot of these situations. We like to discuss our sales beyond the commodity status as much as is possible. We like to come in with qualitative information and discuss the value of our station, such as our consistency in the format and our consistency of performance. Wherever we can, we inject a lot of our success stories.*

We just ignore the cost per thousand and the cost per point. Sometimes, we have found that our dear competitors can bring us in. **We can help the buyers attain their market goal of reaching the cost per point or the cost per thousand for the market and still get our rate. We would**

not meet the cost per point ourselves. We can direct them to ways they can utilize the radio stations in the marketplace to bring the market in. That's one way. But we never let that enter into our decision. We price the radio station. Our clientele does not.†

We have only so many units; we give you the kind of service that you can't get elsewhere. We handle the objection by saying, "Number one, you are underrating the media." You can say, "I'm going to buy teens for four bucks per thousand." But that means that you have gone back to a rating book, and you have seen that you want to spend $25 or $30 a spot on teens. And, if there are a lot of teens spread all over the map, you can get that done. But here, there are only two stations. One is [us] and, the other one is [station], but you really can't reach enough of them on the other one. You can barely make your point goal on [us], and we have 50 to 55 percent of them. So you really have to do it.*†

We don't win them all! But there are times when we do walk away from business. Well, it has some short-term pain and what we hope is that there's going to be a long-term benefit. Because of our unit load and because of the uniqueness of the format, we need to have a good enough rate to maintain ourselves as a going concern. We believe in supply and demand, and because of our unit load and our ratings, we are very, very seldom a purely cost-efficient buy.

Most of the wins that we have are with individuals either nationally or locally who understand that [format] radio stations are not a purely efficient buy. And what they end up putting you on the buy for is the uniqueness of your audience and the exclusivity of your cume.*

Generally, we try to deflect that as best we can. There are some occasions when we can't. Usually if there's an opportunity for some dialogue, we can return and present a plan — something we can actually do. Usually there's some promotion involved in it. One thing we've never done is "freebie spots." We never have yet in any way, shape, or form, done that to meet a goal. We "walk" from business occasionally. Admittedly that's a little more difficult on the national level than it is on the local. On the local level, we just continue to work and try to sell our value in the marketplace. We do everything we can to provide value that builds our preacceptance before the buy takes place.†

We're really talking more now in the national arena rather than in the local arena. Where there is a local ad agency that has a cost-per-point parameter which falls below our rates, it's usually a lot easier for us to sell the value-added service because they're familiar with what the station does in the marketplace. **In the national arena, we're a world apart from the buyers. We make darn sure on most opportunities that come up that we know the client. By that, we don't mean we call the president of a company that's located 200 miles from us. We get to the local people who affect the decision-making. So when these rate parameters come down, we can overcome them by a powerful local client recommendation.**†

I don't think there is one way. It depends on who it is. If they are buying an FM station, we try to combine our AM station and see if we can make the buy work that way. Or if they are buying our AM/FM, we may split and try to get them to buy FM only. Or we try to sell things such as a newscast sponsorship or Paul Harvey. And we say, "Sure, we may be a little higher, but you've got to remember how closely listened to Paul Harvey is vs. your average commercial that falls into a rotation."*

I think the station needs to be presold before the buy comes up. If you are literally competing on a cost per point basis and if there is not a perceptual difference between your audience and the guy's audience that is cheaper, the competitor is going to win. I think most of it's a preselling job. I think the way that stations that achieve high rates survive in a cost-per-point world is that the competitors often bring your radio station in at the right cost-per-point level.*

You need to be well armed with qualitative data to back up the quality of your audience. All rating points were not created equal.

Simmons, those kinds of things, we tear apart. With our Tapscan we try to find hot ZIP codes where the socioeconomic data is stronger. We'll index higher in certain key areas for the specific advertiser. We'll do those kinds of things that will enhance our value.*

What we say is our product is worth maybe $10 per point more than they're paying. I think it goes back to the consistency, the reputation for consistency in rate.*

The first objection is that we do not measure our audience in terms of numbers, so we don't have a cost per thousand. I don't really know what they are. We don't really care how many thousands of people are listening. What we really care about is how many people listening will go out and buy your product. That's what you care about.

That's a really tough question to answer, because each one of our station situations is different. Like with [station], the sales story for that radio station is really a TSA or ADI story. Even when there is a cost per point or cost per thousand, we just never talk about it. We talk about the tremendous coverage of the radio station. Some you win, some you lose. Sometimes we try to make them bring somebody else in lower so it will average out.

If you are able to do other things for an advertiser, that can help get over the fact that you are not meeting the cost per point. **You know where the cost per points come from? The cost per point comes from what the cost per point was on the last buy. That drives you crazy. Somebody will set a cost per point that's $40, $45, let's say $50, based on the last buy. There will be a bunch of stations that will come in at $45, because they really want to get the business. The next time that piece of business comes up, the cost per point is now $45.** Cost per point came from television, and it's not a really smart way to buy radio.*†

I think that the only way that you can overcome the rate objections is on a long-term investment basis with that advertiser or with the media buyer. There has to be a reason why a media buyer will buy a radio station above the cost-per-point level. That reason is no longer that you gave him a bottle of champagne at Christmastime or something like that. It becomes an ongoing educational process. **You have to consistently and in-depth convince the buyer and the account executive at the agency, who is often the most forgotten person by radio salespeople and the client,** that you have a value that is worth more than the other person. **I think the best way to illustrate this is to take General Motors'**

philosophy of automobiles. The Cadillac, the Oldsmobile, the Buick, and the Chevrolet basically use the same body. They use the same body, the same engine, the same wheels, the same tires, same transmission, which means they get the car down the road the same. That's their cost per point. But the person who is looking for special quality is willing to pay additional money for the Cadillac because they have been convinced that the Cadillac has an enhanced value and enhanced image. It has something to offer that the Chevrolet does not. That doesn't come about just because some salesperson on the lot says it. It comes because we have been conditioning that person for years that this is a premium automobile vs. the other automobiles. And I think that if we are going to sell radio this way, we have to be conditioning those people that we are a premium radio station, either through service, attention, the quality of the way the spots are placed, or the quality of our listener, using qualitative research. There are many reasons, but we have to do this. This is the only way we can do it.*†

There's not one. It boils down to being able to package the radio station. This radio station's audience during 10:00 a.m. to 3:00 p.m., Monday through Friday, or Monday through Saturday, based upon most adult demographics, is the highest-rated daypart. What we try to do is not display the unit cost but simply package. We have building blocks. Let's say the overall cost per point is $70. We may get $95 cost per point for our strength, and based upon a full-week spread, be able to lower a morning drive rate to bring the midday in line with the stated goal and do the same thing with afternoon drive and any other dayparts. Also, the same thing I said before, preselling the person on the fact that the station is quality. The station is less than a year old. The station's audience has increased. Today, based upon our research, we know that the station's audience position is much greater than it was when the book came in. We sell the fact that when they advertise, the station will probably be involved in a massive television or massive marketing campaign, thus drawing more people to the station.

This means their message is going to be exposed to more people than the fall book, which is getting historical, would reflect. So, again, getting back to the one-on-one basic information and selling the benefits, even if it's over and over and over again. And the most important thing I find is that when we know that our competitors are low, then we can isolate one or two competitors that we can hopefully bring into the buy. "Have you thought about buying so-and-so, because they have a strong morning person." If we're asking $95 average rate and we know that the competitive station will sell for $50, then that's again trying to position us in relationship with the competition. And maybe we make a suggestion that they buy the other station that will sell for a much lower rate so that they will bring us in line with whatever this predetermined cost per point is.*†

I think it's important to have some rapport on the rep level or the station level with that person first of all, so you can talk rather frankly. When they have to bring in the market at a certain point level, that doesn't mean that all the stations have to meet that point level. That's nothing new to most people who've done that. Certainly the leaders shouldn't have to bring in the points. The fourth, fifth, and sixth stations on the buy are going to have to bring in the point level. And there are always stations in every market that will cave in on the point level. Certainly if you have a strong ratings situation on the target demo, the buyer will think twice about buying around you. In many cases, you might have to "walk" on a buy in order to do that. No question about that. And you might miss a couple because of it. But in most cases a good buyer (you can even coach him in this area or your rep can) will have other stations bring it in.

Nobody likes to "walk" on a buy. It's tough. It goes against all of our natural instincts. But, in a supply-and-demand situation, when you only have so many units, if you're sold out, you're really underpriced and you shouldn't have taken those buys at the rate you took them at. You have to be able to project that right down the line, so you're not quoting rates today that you'll live to regret two or three months down the line. Many times you have to "walk." You have to know your inventory, the history of your selling, and have a realistic projection on how business is going to be down the line in your busiest seasons. And then you just "walk." I mean you only have so many spots to sell and when they're gone, they're gone. So you have to price them to maximize, to take all the money that's on the table as much as possible.*†

The thing that has worked best for me is, first of all, to have dominant ratings. That gives you a great deal of confidence and pride when you walk in. **And then you tell them something that they don't hear very often. Probably have never heard. And that is, "If I sell it, I don't know where you got your cost per point level. How did you get it?**

I mean, I'd like to know from where you derived this number because it has nothing to do with how you can buy our station. You pulled out $52 in your planning for advertising. Right now the prevailing rate at my station is $152 cost per point. Now there are hundreds of people who are paying that for our radio station. Here is my average unit rate sheet from yesterday. It was dated February 5, and $152 was the average unit on the station. You want to pay cost per point of $52. If I had sold the station at $52, there wouldn't be any commercials available. I wouldn't be here talking to you today. I have some holes so I can accomodate your schedule, but if you're going to get on this number one radio station, have access to our merchandising, have access to maybe doing a promotion down the road with one of the other clients, or getting tied in to one of ours with no charge, then you are going to have to pay that rate, based on the principle of supply and demand. I'll put you on. We'll take good care of your spots, and you are going to get results, but I'm not going to put you on at $52 cost per point. It's something that is important to you and it's something that is impossible for me. And you say I'm overpriced and I say you're wrong. Everybody else is buying and the price is continuing to go up and it's because we have such a tremendous audience and so many people wanting to buy the station." It works a lot better with local, because nationally your sales are being made by your rep and the rep guys and gals are easily put out of their comfort zone by monstrously high rates. If you're managing a station in the 30th market and your pricing is higher than a station in the 15th, that stands out to the buyer and they have to spend a lot of time wheelin' and dealin' to try to overcome the objections. It depends on the relationship you have with the individual salespeople at the rep firm. If they love you and trust you and they know that you are selling at very high rates locally and they know you'll clear the schedule for them if they make the sale, they'll really go to bat for you. Sometimes, they'll call you and say, "Can you get on a plane and come to New York? It's a big buy and I can't move this and I really need your help. We have a $100,000 deal here." You jump on the plane and you go and you do all you can. That's really important.*†

We position the station. **We use the line that, "All points are not created equal," and then we explain why our points are more expensive because of our format and the image of our station in the marketplace.** We even use other research. We subscribe to a values and lifestyle studies program done by a person out of Seattle. It helps us to show that people don't buy by demographics. They buy via their values and lifestyles, and that's helped us. Plus, it's salesmanship. A good salesperson can handle a cost-per-point situation better than a softer salesperson. **In many cases, the cost per point is just basically the safest bet that a media buyer has. And if he or she has more data that substantiates why we cost more and he or she believes it, we'll end up getting our share of the business.***

I just experienced that with a Coca-Cola buy. We're not a youth station. So we were a kind of marginal buy, like the third station in the pecking order. Basically, I just went in, being very nice about it, but telling them that we have so many units per hour and we have to maintain our rate. I cannot drop to whatever their cost-per-point level is. I can potentially do some things to help stretch their dollars further by helping them on promotions. But as far as the rates are concerned, my hands are tied. I have to maintain our rates, because if we're sold out and somebody wants to get on, and here I'm accepting much lower prices, it's hurting the station.

Probably the best thing is to tell them, "Hey, let station B or C bring the market in. We are going to be more expensive." And I think then you have to go to a qualitative presentation. You have to explain to them that we're an AM full-service A/C station and our overhead is going to be much higher than a music-oriented radio station. And we present it on that basis, and let station B or C bring the market in. We're going to be over and they are going to be considerably under. We can, as a group or as a market, bring it in at your cost-per-point level.†

We say to a client that our value is not set by ratings, and many of the clients don't have a problem with that at all. The agencies do.

Question Approach #7

"What Is Your Philosophy On Selling Long-Term Deals — Such As 52-Week Contracts Or Annual "Bulk" Contracts That Give Advertisers Long-Term Rate Protection?"

I think that annual bulk contracts are always wrong. Long-term deals are a different matter. The problem with annual bulk contracts, that don't have schedules laid out for the 52 weeks, is that they are generally bought by the client for the purpose of locking in a rate, and not necessarily with the intention of running them.

Bulk contracts tend to be "set and forget." They tend to lead to less service, and I believe in more service. Long-term deals, to the extent that they bear any relationship to annual bulks, are bad. To the extent they do not, they're probably good. I believe in consistency to some extent.*†

I am for it. I hesitate on that because when we're selling at $200 a spot morning drive, for example, and we see these rates come in at $160, I think that cost us $40 every time. But we feel that if somebody's going to make a commitment to us over a 12-month period, that they deserve preferential treatment, and they're there in the down books and in the up books, and so that's fine.*†

We've offered a lot of 13-week contracts, in some instances we will offer 26-week, but on a very rare occasion do we offer 52-week contracts, because we believe, first of all, that the market is too volatile for that. Especially with a new station there is too much growth taking place to really pigeonhole ourselves with a 52-week contract. We try to position it as a flexible contract with the client as well as for ourselves.*†

We sell long-term sponsorships but we don't sell spots or spot contracts.

We'll make 52-week commitments at this point. We try to limit it to six months. With certain long-term clients, we'll make an annual commitment.

We'll guarantee this rate providing this is the kind of schedule you're running with us. We try getting at least some minimal dollar figure, so that they don't feel they can get that rate regardless of what they run. The only reason we're giving them that kind of protection is because they've been a long-term client and we want to keep them on. I think the underlying philosophy that is critical is you don't use long-term contracts in a rate negotiation. "Give me 52 weeks and I'll give you a great rate." You use it as a way of taking the clients that you've developed and making them commit to the radio station at a certain level, and it's good for both parties, because they can plan and you can go on to another client. You don't have to go back every two or three weeks and renew them.

If salespeople get a long-term agreement, then they don't worry about it, so they're going out and soliciting new business. Pretty soon, your biggest advertiser just isn't getting the service, because you feel you have it nailed — "I've got this guy; I don't really have to continue selling him." And the problem is you might not be selling him anymore, while every other station is. That advertiser is monitored and the other stations are there selling continuously. That's what concerns me about the long-term business: that the people might stop selling it or taking it a little bit for granted.†

Our particular philosophy on this is that it depends upon the total number of dollars. We sell about 20 to 30 52-week rate deals. When we first got here, our typical annual contract wasn't an annual contract, it was an annual rate; it didn't make any difference if you spent $10,000 or $40,000. Well, we've turned that around. We will set a rate for a year if the volume is at a level we want the volume to be at in terms of dollars, not spots. Normally our long-term deals on a local basis always have an escalator built in for the fourth quarter. It sometimes will be that the first quarter will be one rate, second quarter will be another, third will be another. We put this in writing and we have signed contracts because we do want the right to short-rate somebody if they don't meet the obligation.†

In a down economy, I think it's critical to sign up more. If you know that you are going into a boom, you avoid them like the plague. The demand will be there and you can up the rates a lot faster by avoiding the annuals. In this particular economy right now, I am putting a bigger emphasis on signing up long term. To create a false demand, you fill up the inventory and reward those people who are going to buy early.*

We don't see a lot of those today. We tend to see them more on our AM with news or sports sponsorships. I like to have a base on the radio station. You need a certain number of year-round schedules, even though the rates may be a little bit lower, to build the base going into a month. I would like to see us get, within reason, as many as we can.*

I don't think we do enough of it. I think we don't do enough of it because we haven't taken the time to figure out what it's going to take to psychologically lock someone in for a longer period of time.

We do some of that, but it's fading. On local accounts, because of the grid card and how we work it, we discourage that. *We* don't discourage it, the card discourages. Most of our advertisers are monthly or weekly. If they want to negotiate a long-term contract, it has to be a pretty good-sized order. But it's negotiated with some guidelines.

I think they are good if they are mutually beneficial to both parties. It's good for the station because it helps to lay a base for the year. It can be bad if you don't again maximize the use of that inventory. It's good for the clients because the clients know that they are going to have a fixed rate, and they can make their plans from that. It's a gamble, like a roll of the dice for both parties. If the advertiser commits to a $200 rate, and the station's been fairly consistent in the ratings, and then all of a sudden they drop out of the bucket, then he's taken a chance and he has lost. Or, the radio station can commit to a really low rate. Then their rates go through the roof and then they have to live with this guy for a year.

Annual contracts are almost a thing of the past. It's just the uncertainty of the marketplace and the economy. People are less inclined to commit themselves over a long period of time. It really has more to do with the client than with the radio station. I think you would be hard-pressed to find any radio station that wouldn't commit to a long-term annual contract if it was a good contract.*†

We don't have traditional bulk plans or frequency discounts. We do make commitments to our clients but it is a decision based on dollar volume and percentage discount much the same way a printer or advertising speciality house would put out certain criteria for volume. But none of that is published on the rate card. We really don't encourage the traditional 52-week, 13-week, 26-week fare. If an advertiser wants to make a 12-month commitment to the radio station, where he will be utilizing the radio station over a 12-month period, that's something we would discuss.†

We probably have three of those on the radio station a year. I don't like annual rates. In 13-week contracts or 26-week contracts, everything is in favor of the advertiser. You can write short-rate provisions into the contract and they'll laugh at you. I mean, you have to deal with the real world here. If you can get away with them, more power to you. But my inventory is more valuable in June and November than it is in January and February. Some people try to force other stations to gobble them up, and I just don't feel that strongly, but we have two or three. We have a very large supermarket here — the biggest single advertiser in the market, has been for years — and they have an annual rate.

There's a car dealer who owns about seven car dealerships in this town. And he goes for annual rates, but we're negotiating right now. What we do with him is we go by quarter. We negotiate the rate by quarter. The first quarter's going to be this, the second quarter's going to be this, the third quarter here, fourth quarter here and really, it's based upon what they're looking for. If they're trying for narrow dayparts and they're trying to buy more of one daypart than another, if they want mostly morning drive and some afternoon drive and no midday, we tend not to go on an annual basis, because we don't have a lot of problems selling our radio station.*†

I don't mind at all. I'm very happy to have an ongoing agreement with an advertiser. On a long-term basis — up to 52 weeks — we do not mind granting rate protection to someone who is willing to make that commitment to our radio station.

I have mixed emotions on that. It depends entirely on the client. Obviously, if he is a long-range type buyer rather than a sporadic buyer, then I like to try to get him on bulk contracts. I judge that strictly on the client. There are some clients whom I wouldn't put on that sort of contract because you end up, in many cases, with a client who will obligate on these but yet will not totally fulfill them. And then do you short-rate them? Even though that may be part of the agreement, very few stations do that in reality. Because once you short-rate the guy, then there is a very strong possibility that you are not going to get him back. I'm not totally sold on long-range bulk contracts, except with specific clients. If I have a client who is a long-range buyer from previous experience, and who lives up to his contracts, then we try very hard to get him on bulk-type contracts simply to secure the business for that period of a year. If he's done business with you enough to know that you are going to be a stable operation, then he'll fulfill it. But the fly-by-nighters — I do not like to try to put them on long-range contracts because they go with the wind.

We have advertisers who do that, but we are cautious. We don't hand them out on a silver platter. We don't entice people to come on the station unless it's a substantial deal. We aren't in the practice of giving agency rates. We will give account rates. Accounts like a Coca-Cola, who go 40 or 52 weeks, we like to give an average rate, rather than complicate it. We try to make their job as easy as possible.*

We don't have any but I would have some if they would pay what I want them to. But I wouldn't give somebody a 52-week rate the way our medium works today unless I decide the rate.

You have to have some key people on a long-term basis. Every year, we'll make a special deal with someone at a fairly good rate and they will be the cornerstone of the radio station. For example, there is an auto dealer here who believes in radio, and spends a million dollars a year on radio in this market. That is the kind of person you give a good rate to for a 52-week contract. You look at the people who spend a lot of money in radio. You want to encourage those people. We try to pick out a select group of clients and attack them from a sales effort, with the thought, "We'll give you a special deal to be on 52 weeks a year," and they will become the cornerstone. And you lock them in for a year. But you don't want to do too many of those deals or else what you are going to do is get your station sold to a whole bunch of people at a rate that is low.*†

I think, especially in the top-20 markets, it's a very dangerous thing to do. The old philosophy was, "Hey, take the money off the street, get your annual order, and you're way ahead of the game." **The problem with that, especially in a top-10 market — and soon to be in many, many more markets — is that you're going to be into four books a year. And the rating fluctuations can go up and down as you go through the year. So to write a bulk contract in January, and hold those rates through October, you're going to lose a lot of money.** All we do is have quarterly rates for those people who want to plan for the year. We have no bulk contracts.*

As a practical matter there are not as many long-term contracts in this industry as there used to be, especially in major markets that are subject to fluctuations in ratings. Our position is that we try to get an equitable rate upfront without making too many concessions. **The way you sell that is by agreeing to live with the contract for 52 weeks. In other words, in exchange for the rate protection, we want to get paid for it upfront. We feel that the element of rate protection alone justifies us getting any kind of a premium for that, so we don't sell it at a major discount.***

We only accept this business if every spot helps us achieve our financial goals for each quarter. We won't accept a $50,000 order if it means $50 to $55 spots on the radio station at a time where we could be getting $90 to $100 spots on the radio station. If it will hurt us a great deal later, then we won't take it now. **We walk away from this kind of business with confidence that we can sell those spots to others at a higher price. There is always "churn" in advertising and we expect to see new advertisers every year. We can't be afraid to lose advertisers.**

We sell a lot of them here. There are pros and cons. To my way of thinking, it has to be a two-way street. We have a deal that's almost like guaranteeing a CPM or a cost per point. If the ratings go down, I'll help you with bonus spots. If the ratings go up, I'll jack my rate.

Long-term contracts anymore seem to me to be only to the advantage of the advertiser, because I have yet to see a long-term contract that can't be broken. I have yet to see a short-rate policy enforced. I think the station sets itself up to lose by offering a lot of long-term contracts. Now I know I did say we sell a lot of them here. We've inherited a lot of them. And so on those particular deals, I don't rock the boat. I'm more than willing to talk long-term but with some stipulations, like having a different rate every quarter, depending on availabilities.†

It varies with the market you are in and it varies with the client. Half of me loves that long-term business because it helps me plan. Half of me doesn't like it because it forces me into a set rate. Personally, I believe that my salespeople will be better tomorrow than they are today. And so, I prefer them not to sell long-term or bulk contracts. I personally believe that if they are good enough today to sell for $100, by next week they'll be good enough to sell for $120. I'll bet that they can do a better job next week — get higher rates.

We certainly do it for the big accounts that are 52-week accounts. We consider it more of a yearly base in that you can count on that revenue coming in.*

It gives you a good base to work from every month in that you know people are going to be there. It's good for us; it's good for the client.

Our philosophy has been not to promote these at our station because we've had a rather aggressive rate development program. One year is the maximum time that we will accept a commitment from an advertiser. We don't want to go beyond that because we would be robbing from ourselves, so to speak, in the latter stages of the agreement.*

It depends. We feel that there are certain advantages to the radio station having some long-term business. Particularly if an advertiser is going to commit to us to spend a certain amount of dollars over a period of a year, there is value to us of giving him rate protection for the year. But, in every one of these agreements, there is a significant commitment made on their part. If they were to renege on the contract, short rates apply. We go back and charge them the difference between what they paid and what the prevailing rate at that point would have been. That's all part of the agreement.†

We do a lot of it, because it puts a base under the station and makes it easy.*†

We don't do that very often. Some of our programming is sponsorable on a long-term basis — 13 weeks or 52 weeks. Occasionally, we will get a local advertiser who will want to put us as the core station on the buy, and at that point we would negotiate what we think would be a competitive rate throughout the year, with anticipation of each particular quarter. That doesn't happen often.*

I'm a firm believer in it. We've found that we're in a better position to be a real advertising partner with a long-term account than with somebody who's consistently faced with a "hit-and-run" type schedule and short flights. We don't have everybody on long-term, but I think we have abnormally large numbers. If we have a rate increase, we find a way to communicate the fact that rates are going up. But as long as the dialogue is going on and as long as the client is satisfied with the results, you have an opportunity to circumvent rate objections.†

I have an ideal and a practical response to that question. Ideally, I think the concept of long-term discount is counterproductive to maximizing the inventory on a radio station. If the job is being done properly, if we get results for customers, they will buy the kind of schedules they need to buy and will not lock us into long-term contracts. The idea of a long-range contract always conjures up, somehow, a discount. It would be foolish to say that we don't have such deals in our company. We do. And the practical matter is that big customers always have a lot of clout. And if they make a demand for that type of thing, which gives them a little edge over their competitors, because they're spending so much money with us, then I think we will succumb in times like that. I'm not particularly crazy about it, and as I say, my ideal state tells me that we'd rather not do it. But we certainly do it from time to time, and it is one of the lines of lesser resistance. I guess it's nice to know that sometimes you have those deals out there.†

I have always favored long-term business. In a situation such as the one we're in, where two years ago we were the number one station, and now we find ourselves third (but a very competitive third), I find that our advertisers who went with us, rather than running eight, nine, or ten months a year, run 12 months a year. I'm talking about 85 percent of our business that advertises with us every month. I think with the competitiveness of ratings, where you can drop a half of a share point and you go from first to fourth, it doesn't hurt to have that base of advertising money built that stays with you every month.*

We do it, like everybody else does, but we try to do it carefully. **If we can, we will negotiate on a quarter-by-quarter basis. The deals that radio stations make in January for the year are competely different than the deals that stations make in March or April. Stations do terrible things to themselves when negotiating annual buys in January. We establish a minimum level for annual business below which the business will be unacceptable to us. We will negotiate special inventory usage conditions, particularly for high-demand months.** And we will factor long-term business into our inventory and rate planning for the year. So we know that we will only commit a certain percentage of inventory to long-term business. I think it's ideal to say that you don't accept long-term business, but even stations that profess not to do it are doing it.*

I'm not overly excited about them, because 90 percent of the time, it's a one-way street. If the ratings go down, the advertiser wants to renegotiate. If they go up, you've locked yourself in.

If the advertiser is willing to make certain concessions that give us flexibility in our inventory control, then we're willing to make certain concessions back. And we do this on a very limited basis. Some people will just insist on doing it for planning, and we don't totally discourage that, but we don't go out and lead with the bulk sales strategy.*

We do it because we want to have a base, especially during the first quarter. We're willing to sell it at a lower rate because, over the long run, it fills in the holes. You regret it when you're tight, but you're really happy about it when you're dying.*

I love all I can get my hands on, because our philosophy is that we want the client to hire us, just like they would hire a marketing person to help them meet their goals. If they hire us on a long-term basis, rather than a short-term basis, we will be more effective for them. It's a philosophy that we lead with.

I've yet to work at any radio station that had enough long-term business to hurt a rate. It means to me that short-term advertisers have to pay more.

I wish I had a long line of people out in front who wanted to buy for 52 weeks. We're talking about a medium-small market here: 400,000 people. We have some 52-week advertisers. There are a few department stores. What we do, however, is package our sports on an annual basis and sell it upfront.

I would say nine out of ten times they come back to haunt you. The problem is all it does is protect the advertiser. It's not protecting the seller, because here's what's going to happen: If your numbers go up, the advertiser wins in a big way and you'll be locked in. If your numbers go down, the advertiser is going to blow out of there. They're going to cut the contract. And you can scream up and down, but on any standard contract, there's a two-week cancellation clause. And they're going to get out of it if they want to. So, it's really just protecting them. You know the cancellation policy goes both ways. We can cancel the advertisers. We can say, "OK, we're going to cancel out." But then all you're doing is creating some really bad blood. And it's going to hurt you down the road. You don't want to create enemies. I think the best way to do it is to go with a quarterly deal, instead of a yearly deal. But if they really want a year, both sides have to understand that the station may blow out of the deal.*†

I don't have a problem with it as long as it's upheld — if it's mutually agreed upon and mutually honored. What I don't like is giving a rate holder to a client, and then having them not conform to the commitment. **We tend to lay down a time by which that schedule has to be placed for the rate to be honored — for example, two weeks prior to its start date. That way, we get our annuals and long-terms laid down and treat them as part of our committed inventory so we can manage the rest of the card.***

I don't mind that. I feel very secure if it's somebody who is local. But I've had a couple of people — I think every sales manager has — not honor their contracts and you are forced into a situation of, "What do I do? Short-rate them?" I've done that with a client before and it came back to haunt me. For that type, on large commitments, I'm willing to give them a lower rate. Especially if I know the spread is there and they buy over the course of 12 months rather than just over the Christmas season or whatever. It's very difficult unless you are in a very commanding position — the top station in the market — to short-rate and use your dominance.

We do it. There are obviously two schools of thought. The one school of thought is that people don't want to get into annual contracts because, if the ratings jump up, they can increase their rates from, say, $150 to $300 a commercial. My philosophy over the years has been the opposite in that I view our major competition out there as newspaper. Newspaper has always sold, certainly in our market here and in most medium-sized markets, on an annual basis. So my philosophy is that if we're going after the big bucks, which are newspaper, I want to be able to talk their language and say, "This is what we can do." I want to be able to position to an advertiser that there is a cost savings if he is willing to commit his dollars upfront to my radio station, like he does with newspaper. I'm going to pass on substantial savings to him. And my philosophy along that line is it's great for the radio station because it builds you a good foundation or base for your revenue. You can literally predict that you are going to have so much money on the books. And then when you get into a national situation, you can maximize your rates on your open-ended business.†

I would say absolutely not. In nine years of radio, I have never once had a bulk contract fulfilled. I am at the deficit. I know that if I promise a $50 rate when I'm normally $70 if the advertiser promises to run $50,000 on my station, I can guarantee you today he won't run $50,000 on my station if it's not booked at the time. If you get a 12-month contract and the person is willing to sign for 12 months on a written, agreed-upon contract where there are agreements and limitations of breach, then it's a worthy risk.

I think it's the biggest mistake that can be made in the industry, with the exception of a firm, non-cancellable, 52-week or 26-week or 13-week contract. We provide no incentives. We operate on a grid. If you wanted to buy from now until December, you could buy on our prevailing grid but that would be a purchase, not a rate holder.

The only annual or long-term contracts that we sell are real contracts. If you wanted to come in and buy 13 weeks of business, you could buy 13 weeks of business. If you wanted to buy 2 weeks a month for the balance of the year, we would sell it to you. That would be a contract. When someone wants to negotiate a rate for the year, we don't have them. We're on a grid card. You may buy the radio station for as much as you wish to buy it for at the prevailing grid, at whatever time you come in. But we don't give any special discount and we don't have any rate holders or any agency or client rates. In the past, radio stations have been hurt by people who will make a promise of X number of dollars and X number of commercial units for a specific rate. Almost 90 percent of the time, there's a shortfall. Stations claim that they're going to be able to short-rate them, but they never do because they don't want to jeopardize the relationship with the client or the agency. The fact of the matter is, that all it is is another way to give away some of your money.†

I don't know that these exist now as much as they did in the past. It seems that in the flight business, short flights probably will be the longest contracts that you would be getting. We specialize in image builders with sponsorships in a particular newscast.

Right now we only have two long-term contracts. One of them is dealing strictly with image maintenance, with a special program. And another one is a newscast sponsorship. That's about it.

We have a big incentive for long-range business. We think long-term business is extremely valuable. We have a marketing seminar every year at the company for all our stations. We have a contract that's non-cancellable and you sign it for X amount of dollars for the year, period. For that, we take them to, say, Europe or Hawaii or wherever it is that particular year.

If we do have a rate increase, they're protected for 60 days.*

In reality, we'd love to have more of them. The philosophy is not the same today as it once was, because there are fewer and fewer advertisers who are willing to make long-term commitments. I think it's sometimes even difficult to get people to commit for a whole quarter. We think that they're worth it if someone will lock up $30,000, $40,000, $50,000, or $60,000 with us, provided that they're going to be spending on a year-round basis. We think it's worth just having the base. Sometimes you wonder about it in August or May when you've got all kinds of avails problems. But when it's January or February, you want to hug their neck. It makes it a little easier to make a deal on them because there are so few of them around.*

We used to do it more than we do today. **The reason that we don't try to do that so much today is because of the limited avail situation on each of the radio stations. The heaviest spot load we have on any of our radio stations is 12 units an hour.** With a limited spot load like that, when you give an advertiser a long-term deal you really have to give him or her a rate break to do it. In January and February it probably looks pretty damned good, but the rest of the year you're looking for ways to move those spots because they are low-rate spots. Somebody is coming in at $150 a spot and you have that guy at $100. It's tough to put a $100 spot in a $150 slot, so we tend to try to shy away from that.*†

I think it depends upon your needs at the time. **Under my grid card philosophy, it is definitely an important element. I use the philosophy that I learned in college in hotel-restaurant management on how to sell a hotel. And I think it is why the Hilton chain will guarantee a major company rate protection and availability of their rooms. I think you have to have a way of obtaining a base. If this particular long-term rate follows your rate philosophy under a true grid structure, then there's a reason for it. But you have to evaluate it as to how it fits your needs and what the motivation of the buyer is. If it's strictly the motivation of the buyer to grind the station, then you are not doing it. It's much the same as if Hilton feels that the minimum they can charge for the room is $60, and if it's a $30 deal, then they shouldn't take it.** So, I think that every buy of that nature has to be inserted into the station philosophy and if it fits, then I think it's a good deal. If it doesn't fit, then it should not be taken.*†

We try to discourage it. This is the first time we have gone through annual presentations and obviously there is a big shock when the advertisers see a doubling of rates, based upon what they are currently paying. **And what we tried to do is to explain to the advertiser that maybe it would be in their best interest to not buy stations on a 12-month basis. It gives them more flexibility. Let's say that today we have a 3.6 share, and in July or even in April there will be another survey. Let's say between June or July, when the spring book comes out, that maybe the buy should be reviewed because if someone goes up (the station that they are buying), someone else may have to go down.** And it gives them the flexibility to take advantage of any obvious trends that may be occurring within the marketplace. Within the last two weeks, we have had five requests for annual buys. And in each case, I have tried to encourage the respective advertisers to accept a rate for us between now and June. I will give them an estimate of where we think we're going to be after that.

When forced to, you just have to price it based upon whatever the predetermined goals are. Third and fourth quarter are busy times of the year, so we establish a rate between now and June and then step the rate up for the second half of the year. Or just simply give a rate that will reflect the increases that we plan to have throughout the year. It's a tough, tough thing for me to do. And I find that when it's done I always regret at the end of the year doing it. In some cases, even on bulk advertisers, it may behoove us not to aggressively try to compete even though it's money in the bank on an annual basis. **If they are going to supplement the annual buys on a flight basis we can end up making as much money by simply dealing with individual supplemental buys as opposed to dealing on a bulk basis.*†**

For market leaders they're not a very good deal in most cases. They're not a good deal because you do wrap yourself into a rate situation for an entire year. And certainly if your ratings go away, advertisers have no compunction about dropping you really fast, even though they may have a deal with you. I think you should sign annual contracts, but there should only be three-month guarantees in them and that way you can project your rates down the line. You should be able to reasonably project your inventories and the rates you'll need for three-months. And in signing that kind of deal, the advertiser can really commit to you properly for three months, but that's fine. **Being a market leader with your inventory situation, how many times have market leaders seen**

Friday and Saturday be the first times that sell out? And in many cases, the spots that are running in those dayparts are the cheapest spots sold on the radio station. There are 52-week retail advertisers who load their spots into those days. When you have the most demand on your inventory, the most ability to maximize your inventory — you have your cheapest spots running. It goes without saying, anybody who looks realistically will see that. But it's such a temptation to take the $100,000 or whatever it is in business on an annual basis and look at part of it as a guarantee, when it's really getting in the way of you making more money for your station.

If you're not a market leader, I think they're fine. I would still limit them because you're always trying to become a leader. Obviously, you're always trying to do the things that six months down the line will put you in the leadership position. So I think it's probably a good idea to hold it to a six-month range if possible. That way you're not tying yourself up for too long and you still have some nice, consistent business.*†

I don't like them. My philosophy is not to. I don't know any system of inventory management or any manager or sales manager who has a crystal ball who can see the demand on the station out six, eight months from today. And even in bad economies, I've never seen strong stations' rates go down. They always keep going up. It's like taxes, food, and cars. Everything keeps going up. **There's a strange psychology from the radio industry of how these annual deals got put together. When are the buys made? In January. What's the worst month in radio? January. What month is the manager most worried about? January. When is the psychology the weakest? January.** And so all these bright people out here come running around, saying, "I'll give you $100,000 in January, but I'll pay you $50 a spot all year long. And I'll give you half the budget." And you want to do it because one-twelfth of it's going to go in January and you have to say, "No." Sometimes I'll do it if I really feel I know the year. Let's say I know it's going to be a great year. And last year we had all-time high rate levels and I think the very best I can do this year is to increase my rates 25 percent in each quarter. I probably won't do it, but the very best job I could do in any account, in my wildest imagination, is to knock them over for increasing the price 25 percent in every quarter. You know that's hard when your cost of living is 3 percent.

I'll do quarterly deals. And sometimes, somebody might say, "Those rates are impossible out of the first quarter. Maybe I could see doing

six months of that average rate, but I'm just not going to commit to those ridiculously high rates you have in the third and the fourth quarter. So let's take the first two and average them for six months." I'd say, "OK, because I'm getting them in on my terms." And if I'm really hurting the station, I'm doing it myself and I'm not being very smart in judging the demand situation. **I always err in favor of the station and the demand situation and against the advertiser.** But I don't do it very often because my experience has been that even when I go clear out, way beyond my comfort zone, out in June, out in May when I'm running the fifth month of that six-month schedule, I'm selling at rates that are even higher. And I wish I hadn't made the deal. Even if it's costing me $5 a spot it hurts my feelings.*†

Question Approach #8

Specific Sales Practices

1. DO YOU USE A RATE CARD?

Yes	92.2%
No	7.8%

1A. DOES YOUR RATE CARD HAVE FREQUENCY DISCOUNTS?*

Yes	27.7%
No	72.3%

1B. DOES YOUR RATE CARD HAVE GRIDS?*

Yes	93.6%
No	6.4%

* Answered only by those who say they use a rate card.

1C. HOW MANY GRID LEVELS DOES YOUR RATE CARD HAVE?*

3 Levels	8.3%
4 Levels	18.8%
5 Levels	50.0%
6 Levels	12.5%
7 Or More Levels	10.4%

* Answered only by those who say they use a rate card and that their rate card has grid levels.

1D. HOW OFTEN DO YOU REVIEW THINGS TO SET DIFFERENT RATES OR GRIDS?*

Depends On Supply And Demand	17.0%
Constantly	8.5%
Daily	21.3%
Weekly	12.8%
Two To Three Times A Month	0.0%
Monthly	6.4%
Quarterly	10.6%
Biannually	19.1%
Annually	4.3%

* Answered only by those who say they use a rate card.

2. DURING THE LAST SIX MONTHS — THE LAST HALF OF 1985 — ON THE AVERAGE, HOW FAR OUT IN FRONT WERE YOU SOLD OUT: A FEW DAYS, A WEEK, A MONTH, OR WHAT?*

Never Sell Out	25.0%
Less Than One Week	1.9%
One Week	23.1%
Two Weeks	25.0%
Three Weeks	13.5%
Four Weeks	7.7%
Five Weeks	1.9%
Six Or More Weeks	1.9%

* Answered by the total sample. This applies to the remainder of the tables in this section.

3. DO YOU DO ANY TYPE OF TESTING OF SALESPEOPLE BEFORE YOU HIRE THEM?

Yes	41.2%
No	58.8%

4. DO YOU MAKE REACH AND FREQUENCY INFORMATION AVAILABLE TO CLIENTS FOR VARIOUS BUYS THEY MIGHT CONSIDER?

Yes	92.2%
No	7.8%

5. DO YOU USE ROLE PLAYING IN TRAINING YOUR SALESPEOPLE?

Yes 86.3%
No 13.7%

6. DO YOU USE BRAINSTORMING AT ALL IN YOUR SALES EFFORT?

Yes 100.0%
No 0.0%

7. DO YOU SEND YOUR ADVERTISERS AND AGENCY CLIENTS A NEWSLETTER FROM THE STATION ON A REGULAR BASIS?

Yes 39.2%
No 60.8%

Question Approach #9

"What Is The One Thing That Makes Your Station Unique In Your Market In Your Sales Effort? What Is It That You Do Or What Is There About Your Station That's Different From All The Other Stations In Your Market?"

Because we meet the customer's needs and solve the customer's problems, instead of peddling time.*†

I think that first of all, we tend to work with the kind of client that a lot of the other stations in the market will ignore. By that I mean, a lot of the larger stations are dealing with the huge agencies, the cost-per-point buys, and that's the name of their game; that's as far as they'll go. Our efforts have been concentrated on developing new business, developing direct business, and using that as the base for our station for now. Building upon that and establishing that as something we will always have, no matter what, has been our focus for the first year. Really developing relationships with direct clients, where no other radio station would dare tread, has really distinguished us from the rest of the market.*†

I think the main thing is taking responsibility for a buy. We feel a responsibility for results, and we'll do everything we can to guarantee that those results are there. We'll work a lot harder than just trying to get 18 spots a week at a certain rate. It's the added value when you're becoming a part of that client's business.

If there's one thing, I think it would be the attempt that we make to focus on the relationship between the client and ourselves, and to really isolate ourselves from other stations in the market as much as possible.

I think the salespeople know that they're not alone, that a win for them is a win for the station, a loss for them is a loss for all of us, and we'll help them any way that we can. We don't just say, "Here's the phone book; here's your 15 percent commission." They're independent contractors but they're part of a real family support system.

The salespeople we have are far and away more talented than those the others have; just the skills of the people out there selling. The more talent you have, the better.

We work harder than anybody else in town. We're a bunch of over-achievers; that's all there is to it. We really are. We're not smarter than anybody else, we don't have better numbers than anybody else, but we just work hard from the top down, and I think we work pretty smart. I think the reason we work harder than anybody else is that I really think our people enjoy the work and they're very, very proud of their position. I don't care what our ratings may be; I guarantee you our revenue share will be twice what our ratings are, and we've been able to maintain that position through good or bad for three years now. We're proud of the fact that we may be number four to eight in the market 12+ but we're number one to three in billing.†

It really is the quality people.*

What really makes us unique in the sales effort is the combo use of the stations. It puts us in position to be number one in the market in our key demo.*

I guess we have the uniqueness of being recognized as the top station in town. Now the challenge is to stay there.

We are unique in that we position ourselves as stations that get results. **Our slogan line is, "We Think Like Merchants." So, we really gear a lot of our sales efforts to retail direct sales dealing with the people who don't normally deal with advertising agencies.** We have a full co-op and research department, and a director of retail sales development who runs that department. We really have a commitment to direct retail sales.

We are almost like an in-house agency and everything that we have is available to advertising agencies.*†

We realize that, in the scheme of things, the ratings can come and go. And when the ratings go, usually the agency business goes. So to build a really solid foundation, we really make a very strong effort at retail sales.

We think of ourselves as more than just radio commercials. We tend to think of our customers in a very, very different way. It's a very collaborative approach. It's very customer-focused.†

We tell our story better than anybody else in the market. Several stations have better numbers than we do, but our numbers fall in an important demo. We spend a lot of time building an image about our radio station. Our listeners pick up on it. If we were to do something jive on the air, or if a client were to put something on the air that was facetious, we'd hear about it. We'd hear about it right away. So people have a higher level of expectation from us. Our listeners do and our clients do.

Everybody has something good to sell, every radio station in this market. It gets to be the person who tells it more effectively, the most effective communicator. That's what we strive to be. That's what we have been in the past. That's our goal to be again in 1986.*†

We don't ever use any ratings.

Probably the one advantage is that we do more presentations than any of the other stations in the market. These are actually planned programs for advertisers. When we're attempting to sell them, we do more planning ahead with spec tapes or with specific programs. Obviously, we don't do that on every single call. That would be virtually impossible. But on an overall basis, we probably do more than any station in the market.

I believe that what we "do" better than anybody else is our visibility. Each individual salesperson — the management, the general manager

— is very visible and known to the community. A buyer can always give us a call. We go out spontaneously on sales calls and make it a point to get to know each and every buyer who's out there.*

Our people have more research information available than any other radio station.

Large sales staffs. We have 11 salespeople on the AM and the FM has 10. The theory being — everybody's got to make a living. What happens when you have a sales staff of six people is that they are all making a good income and they convince the boss that they are really doing a bang-up job because they are all billing a lot of money. And you have, probably, six pretty good salespeople. But what happens if you take those six salespeople and add three more to them? Those six salespeople will probably do as good a job as they are doing. The three additional people will struggle and kick and fight and squirm to get billings. As a result, the station has increased its revenue and if one of them fails, out of the nine people that you have, you still have eight who are succeeding. If one of the six fails, you have a problem.*†

All our salespeople have been here for at least two years. I have very little turnover. They're very well trained. They're motivated. They are paid a fair commission rate. They are not treated as pieces of junk. There's a lot that goes into the care and feeding of our sales department. We must be doing it right because no one leaves. We also promote our station. We run a great radio station and it is reflected back in their incomes.*

We are looking to hire people who are driven people and looking to hire neurotic people. They don't always fit into the little corporate box, like "Mom's apple pie" type people. We're only concerned with the person who's aggressive and honest. And we're not concerned whether we want to take the person home to meet Mom.*

The one particular area that sets us apart is in packaging and putting together merchandising promotions. We sell them to clients in a partnership role. In other words, we do things for them that they can self-liquidate from co-op and that increase traffic and encourage sales.†

Personalized presentations based on research on a particular product, and good research on a local level relating to the specific store or store locations. In other words, we don't have a big media kit with lots of pictures and arrows and pretty sales pieces. We go out and custom design a presentation for each client. We have a specific proposal going over the research on what would help this person, on who is going to buy his product, and then on how we can help him reach that person. We don't go to a place that we can't help. Everybody else is selling commercials; we are selling market plans.

Overall, the level of professionalism. The top three salespeople we have could be sales managers. We probably have more people capable of being sales managers now. Usually you have one whom you are considering for a shot, but to have several is unique. We also have a kind of rookie program that's ongoing, where we bring in somebody who's never sold radio. We have a training program where we break them into the business. We have three out in the field in our company. We give them all the training, all the tools, and everything they need and make stars out of them. Locally I don't know of any other station that does that.*

It would have to be the experience of our staff. And the consistency. We don't have a lot of turnover in our sales staff like the other radio stations do. The salespeople are committed and they're comfortable going out and asking for the highest rates in the market.

I think it would be our people. We have kept not only our salespeople but other people on our staff for an unusually long time by industry standards. I think we are known for continuity of product, personnel, and delivery in the market. We have a great familiarity with our audience and our advertisers. And I think they feel very comfortable with us due to the consistency of our delivery of a quality product at a fair price.*

I think what makes us successful in business here is also the same commitment. It enables us to charge higher rates. It also enables us to have a very stable staff. And that's the quality of the type of company that this is. We provide an excellent product and an excellent service to our clients. We provide an excellent working environment for our salespeople. We just don't have turnover.†

There is no question: the quality of the sales staff. They are infinitely more concerned about identifying and satisfying the needs of our clients.†

My people. They are great. And how we hire them.*†

I would say our format, and not just the format but the consistency of our format. We've been doing this for a long time and we're going to be doing this for a long time, so there's never any fear on the advertiser's part that a book from now we would go into another format. So, I think the format — its exclusivity, its consistency. And then I would say the consistency of our sales staff.*

The professionalism of our people and the non-60s and 30s sales philosophy, absolutely.†

We put forth an image of quality that comes from doing all the extra things we do. I've heard it said by competitors and advertisers in all of our markets that we are a class act. There's a certain image that we've successfully propagated in all of our marketplaces, which says that this is a real quality station. And I've heard it said so many times, "Well, you're going to have to pay higher at [station]. It always costs more." And people try to use us as the standard to be reached for.†

An aggressive, creative sales program.*

Innovative research, extensive qualitative information, the professional look of the materials, the level of expertise of the account executives, the quality of the printed materials, and the quality of the audience.*

I'd say ongoing training and preparation. We spend a lot of time preparing our salespeople.*

We want to make sure that the client succeeds with his or her campaign. That is utmost in management's mind and philosophy. And we work hard at that.

We're selling our programs rather than numbers and that's the difference.

Our teamwork. There's a lot of trust and loyalty within the sales department. The salespeople are willing to go the extra mile because in many ways, they don't just look at it as just a job. It's a team. A lot of times a team may not have the experience that the other team has, but it can win. It can beat that other team by just reaching down deep inside and pulling it out. And I think that's where we've been successful.*†

I think that at this moment we have the most professional sales staff. In the last nine months we have been very, very involved in providing tools to them both by way of additional research and additional sales and marketing training. Right now our people are probably the best-trained sales force in the electronic and print media. We've taken that very seriously and we've seen their level of performance go up. And it's positioned us very nicely against our competitors.*

In our market we have a combination situation which really puts us in an enviable position. We can package our AM and FM stations together based on their strengths. Both of our stations are roughly equal in a lot of ways. There's not one station that is the weak sister and one that's dominant. They are both very strong in their respective modes. The AM is a strong news and information personality station, and the FM is a music station, a soft A/C. We can use the combination of the two, a lot of times, to get more dollars out of a client where she might have only bought one station. As far as our local selling, this has really helped increase our sales to a phenomenal rate in the last two years.

I think the real difference is the quality of our people. Without a doubt, we have the most aggressive — the best — sales staff on the street here. And I think that goes back to quality of people, the training of the people, and the fact that all of our people are CRMCs. It's an ongoing effort, not just "here today and gone tomorrow." We have really low turnover.†

The key difference is our sales staff; their credibility, their integrity, and their knowledge. The average advertiser is going to see 22 media people a day. And if you don't stand out as the person that this advertiser trusts the most, believes in the most, and is the most competent, then why should they do business with you over the other 21? The goal is to make your advertiser feel comfortable with his decision. And the more knowledgeable, credible, and trustworthy you are, the more you will gain their trust and their dollars.

I think probably we are more professional and we use a consultant sales approach more than the rest of our competitors. We are probably the only station that isn't selling a rate against some other station, for one obvious reason. We're higher than everybody else. But we do not take a negative approach. We sell the benefits of our radio station rather than the competitiveness of our radio station. And as a result, we find that it works as a tool for us, because we find that every other radio station in the marketplace is pitching their value against us, which puts us in the foreground of the advertiser's mind. **That gives us the sales statement of, "Before you make your decision to buy our radio station, ask all the other reps whom you should buy besides their radio station, and if they all don't say us, then don't buy us."**†

Probably competence, to sum it up in just one word. It's not arrogance. It comes through training, experience, and gaining the confidence of the advertisers.

I think we service the client better than anybody else in the market. We feel more than anything it's a people business and, if they like you, they're not going to be caring about cost per thousand or cost per points or ratings or anything else. We're the number one station in the market for adults 25 to 54, but we rarely use a book.*

I think our sales staff is regarded overall as the most professional. I think it's because we've established ourselves as consultants, particularly in the area of research. We can supply research to the buyers and we do some of their work for them. They look to us for the answers.*

I think that at each one of our stations, the thing that we do differently is to build and develop a retail base on the radio station. I think that is the most important thing that we do in every one of our markets because those types of advertisers are less susceptible to the ups and downs of Arbitron. They know that the station works for them, and good book or bad book, they are there with you.*†

Listen to, and adapt their sales to, the needs and the desires of the buyer. And, coupled with this, basically never forgetting that nobody has to buy you. Treating the buyer — regardless of whether it be an agency or an individual buyer — as an individual, fairly, with quality and realizing the reason they are spending this money with you is to obtain a result. And truly trying to understand what the result is and how you can enhance it and give them something to help them obtain the results they want.*†

I don't think, in fact I know, that we're not going to cave in based upon what someone determines we should do.*†

I think it's just attitude. I think frankly that it's easier to do than you think it is. It's kind of like when you're asking out that beautiful girl whom you thought would never go out with you. And then you ask her and she says, "Sure." So, I think you've just got to ask for it many times. I think the other thing is that this whole idea has to come down from the general manager or the owner if he's involved. **I think it has to come from the very top. The pressure has to be put on from the very top to get those rates. It won't start from the bottom. The salesperson won't go out and get it if there's not pressure from the sales manager to get it.***†

Got to be able to walk away from orders. That's hard, but you've got to be able to "walk." I really want the business, and I'm sick that we're not going to be able to do this deal and I'll try to explain to you why you and I can't make a deal.

Also, problem solving. A lot of times the person gets just too close to a particular situation to be able to solve the problem. So he or she would bring the problem to the sales training meeting with the manager and sales manager. "Here are the facts, the anatomy of a pitch. I'm getting no place. What can I do?" And you start brainstorming. But you start the group dynamic of all these brains at work looking at the solution to the problem from a lot of different perspectives. "Boy, did that help." Time and time again a person would say, "That's a great idea. I like this one. Oh, I think that will really help. Thanks, that was just what I needed."*†

Notes

Notes

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