



HORIZON WATCHING INITIATIVE



Strategic Imperatives for Newspapers

Building World-Class Sales and Marketing Capabilities



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**BUILDING WORLD-CLASS SALES AND
MARKETING CAPABILITIES**

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Foreword

Running a newspaper media company in today's highly competitive and uncertain world requires focus, energy and, it seems, days containing more than 24 hours. News executives' calendars are packed with meetings, and the brief intervals between them seem to breed nothing but more problems to deal with.

Who's got time to think about the future when the present is so relentlessly demanding?

That's why the NAA Horizon Watching Initiative was established. Since 1999, with the help of its strategy and marketing partner, Kannon Consulting of Chicago, it has helped the industry keep a weather eye on the future. The initiative has published a continuous series of reports identifying technological and competitive forces reshaping the industry, projecting future prospects for advertising across categories and articulating strategies for successful adaptation to the new media environment.

Last year, the NAA Board Committee on Industry Development, which oversees the Horizon Watching Initiative, issued a revised and expanded set of 10 strategic imperatives for newspapers, with the promise to drill down on them, flesh out the implications for strategy and highlight examples of media companies that are beginning to execute the recommended approaches. Three reports will be issued this year to expand on these strategic imperatives:

- **Align the organization with the strategies, including roles, processes, structure and talent**
- **Adopt a multimedia mindset, viewing the business as a portfolio of products and services with different business models, pricing and distribution strategies**
- **Build world-class sales and marketing capabilities**

This report focuses on the third. Clearly, as advertisers' options expand and competition for their business intensifies, deploying the very best sales force in the market becomes a critical competitive advantage.

What has been striking throughout the dozens of interviews we have conducted for these reports is a prevailing positive spirit, driven by a fundamental belief that newspaper media companies are well-positioned — perhaps better than any competitors — to succeed.

"I'm actually pretty optimistic at the end of the day," is how Mary Junck, chairman and CEO of Lee Enterprises, sums it up. "In all the markets we're in, for most newspapers in America, the newspaper tends to be the dominant source of advertising, news and information. Despite all the woes, we still are dominant.

"We're the ones who have the core competency" in providing readers with the most complete coverage of their community, and in bringing readers and advertisers together, she said. "It's just figuring out how."

We hope that the case studies and interviews in this report will help you get a few steps closer to figuring out that "how" for your company.

— **Randy Bennett**
VP, Audience and New Business Development



The Effective Sales Organization – More Essential Than Ever

The times aren't easy. Advertising revenues for newspapers in the first quarter of 2007 are down 6.4 percent overall. Classified ad revenues dropped 13.2 percent.

And while newspaper companies continued to see growth in online advertising of 22 percent, that represents a slowdown against the first quarter of 2006, when online revenues increased nearly 35 percent.

We have company in our misery. Network TV ad revenues dropped 6.5 percent. National spot radio is down the same percentage. Advertising Age reports that large and small advertisers alike cut budgets and held first-quarter ad spending in the U.S. to \$34.9 billion, a 0.3 percent slip from the first quarter of 2006.

Whether you blame a lack of consumer confidence, continuing doldrums in Detroit, erosion of the housing market or a general slowdown in economic growth, the result is the same: It's hard to sell that Sunday doubletruck.

For those with two decades or more in the newspaper business, memories of easier times make the current pinch feel even sharper. When the 76-year-old Warren Buffet was young, as he wrote in his most recent letter to Berkshire Hathaway stockholders, "the newspaper business was as easy a way to make huge returns as existed in America. . . . No paper in a one-paper city, however bad the product or however inept the management, could avoid gushing profits."

Ask a veteran publisher about his early days, and you're likely to hear how the ad dollars used to drive up to the door, when the medium was so dominant sales people didn't have to do much selling. They took orders.

Those days are gone. And while many newspaper companies have made great strides in recent years in improving staff sales skills and effectiveness, many elements of advertising departments in our industry are artifacts of that earlier, easier era.

When the 76-year-old Warren Buffet was young, no paper in a one-paper city, however bad the product could avoid gushing profits. . . . Those days are gone.

We still divide advertisers into retail and classified – our categories, not theirs. We segment them by size, industry or geography, not by their preferred way of doing business. We send out rate cards and bills that are almost impossible for customers to decipher unassisted.

In his book "Rethinking the Sales Force," Neil Rackham argues that, despite huge structural shifts in the way businesses operate, most sales organizations remain focused on communicating the value of their products. In today's world, that isn't good enough. For a growing set of customers, he explains, today's sales force must create value.

"The products that a supplier offers are only a small part of the equation," one CIO tells Rackham. "Generally we could get what we need from several places, so it's not unique. These suppliers

who try to sell the product — who try to show us their stuff is better — are missing the point. What we're looking for goes beyond the product. We're looking for business understanding, we're looking for whether they can adapt to our special needs or whether they can advise and help us. We want their salespeople to add something worthwhile on their own account."

The print newspaper remains the strongest mass medium and a highly effective option for many advertisers. Couple that with new online products and targeted print/online combinations, and newspaper media companies have much to offer.

It isn't easy to move from the monopolistic world newspapers once enjoyed to the highly competitive one in which demanding customers expect even the sales call itself to offer value. But the print newspaper remains the strongest mass medium and a highly effective option for many advertisers. Couple that with new online products and targeted print/online combinations, and newspaper media companies have much to offer.

But taking that message to advertisers beset with marketing options requires a level of sales sophistication that newspapers have only recently begun to acquire. The NAA Board Committee on Industry Development, which oversees the Horizon Watching Initiative, articulated the strategic imperative very simply: Build world-class sales and marketing capabilities.



WHAT DOES “WORLD-CLASS SALES” MEAN?

About five years ago, executives at Huthwaite -- the sales effectiveness consulting firm Rackham founded but is no longer directing -- decided to embark on a major project to determine the defining characteristics of world-class sales organizations, regardless of market or product.

First, they identified a series of sales forces regarded as world-class. “These were sales organizations that consistently, year-over-year outperformed their nearest three or four competitors by a significant enough delta that you could say it wasn’t just the vagaries of the market,” explains Tom Snyder, Huthwaite’s senior vice president for strategy and development.

The team also analyzed the “average” competitors to determine what set the world-class sales teams apart.

“We started out with the hypothesis that the characteristics would include things like brand, product line and pricing strategies,” Snyder says. “The stunning thing was that what set these sales forces apart had nothing to do with the product or service they were selling.”

Huthwaite found there were six specific characteristics that distinguished world-class from average selling organizations:

No. 1: Balance between efficiency and effectiveness metrics

“In every sales organization on Earth, the leadership of that organization uses a set of measures to take a look at how well they are doing,” Snyder says.

“In good times or bad, these tend to be a measure of activity: how many proposals did we put out, how many calls did we make.” These are measures of activity, not of outcomes.

“As times become tough -- and I bet this is happening in your industry right now -- sales leaders and managers tend to put their foot down on the only accelerator they have, activity measures: ‘If we were making five calls, now we need to make 7.’

“We get all the activity we ask for -- but it quickly becomes activity for its own sake.”

Huthwaite researchers found one company in which management required salespeople to report their activities every 15 minutes. “You can imagine how many reports they were getting, but there was no selling going on,” Snyder says.

Effectiveness metrics tell you how we know we’re doing these activities well. Expressed as ratios... such metrics have the power to become leading indicators.

In contrast, effectiveness metrics tell you “how do we know we’re doing these activities well. They are usually expressed as ratios, such as how many successful outcomes we are having over how many calls we’re making on clients.” Such metrics also have the power to become leading indicators.

No. 2: Attention by sales managers to the early stage of the sales pipeline

Whatever it’s called -- a sales funnel, a sales pipeline -- all sales organizations have a process for developing a relationship with an account. Typically, it’s divided into five or six stages.

“You start out at the fat end of the pipeline by identifying potential customers,” Snyder says. After some analysis, some overtures, those potential customers are winnowed to a list of prospects. In subsequent stages, “they’re deciding whether to do business with us, then they ask about price, then it’s ‘Let’s talk about a contract,’ then there are negotiations -- and at the end, out comes a piece of business. At each step, some fall away.”

In earlier stages of the pipeline, “that’s when we really have the opportunity to create value,” Snyder says. For example, the sales manager can work with the representative to find unique market data the customer may not have access to -- data that may help the customer grow his business.

Sales managers typically wait to become involved in the process until the negotiation stage, “but that doesn’t give us much room to help our people. We want to have more effect at the beginning of the process.”

“What made these transactions central to our research was the question of why the client paid a premium,” Snyder says. “If you could take that transaction apart, you might understand value.”

No. 3: Clear understanding of when managers should — and shouldn’t — get involved in selling

“The typical sales manager has gotten to be a sales manager because they were a great sales person,” Snyder observes. “They go into the job of sales manager, and they’re told to be a good sales coach.” Yet they don’t receive training in what it means to be a good sales coach, or how to coach. “If you take a look at the kinds of activities they get involved in, there are generally four,” Snyder says. “They’re the exception maker, the super closer, the firefighter, the objection handler. They think of that as coaching and sales management — but in fact, those are traps.” When sales managers spend their time in those activities, it can have a “profoundly negative” effect on the organization’s success.

“What happens in the world-class companies, before they see their first customer, before they manage their first sales person, they’re taught, ‘What is the unique contribution the manager can make to the customer?’” The

manager might have experience that neither the client nor seller have, or authority that the client needs but the seller doesn’t have.

“Instead of going on a sales call because they think they should, they go only when it is proven proven that they shouldn’t stay home.” In world-class companies, sales managers spend their time coaching and training salespeople, equipping them to handle sales calls on their own — not making those calls themselves.

No. 4: Understanding how to create value for the client independent of what is being sold

“This is more important than all the other characteristics put together,” Snyder says. In a different study, Huthwaite researchers tried to answer the question, “What is value in the eyes of the client who pays to get it?” They looked at data from more than 10,000 customers across industries in many countries.

Customers often told the researchers that there wasn’t much difference among the products they were buying, that the products and vendors all “looked the same.” Yet many customers engaged in transactions in which they paid a premium for a product or service they easily could have obtained at a lower price.

“What made these transactions central to our research was the question of why the client paid a premium,” Snyder says. “If they ‘all look the same,’ why did they pay extra? We thought that, if you could take that transaction apart, you might understand value.”

From that research, they identified four things clients value so highly they will pay for them, apart from the product or service they’re buying — “things that make you different enough that I’m going to do more business with you, that I’m going to erect a barrier to your competitors for you.”

A client will pay a premium if the seller or sales process can:

- **Reveal a problem that the client hasn’t recognized in his own business**

- **Reveal an unanticipated solution to a problem the client has in his business**
- **Illuminate an opportunity that the client hasn't seen for his business**
- **Become "a broker of capabilities," brokering for the client's use and benefit the full array of capabilities of the seller's company**

"What are the unique things that we can do in each of those categories?" Snyder asks. "When you go through that exercise, you define value."

No. 5: Establishment of a coaching culture

"What you inspect is what you expect; what you measure is what you get," Snyder says. "If all we measure in a sales manager is, 'How much are you going to give me this month, this quarter?' we don't get any coaching — we just get a hyperactive selling manager." Of course tracking sales performance is important to any business — "but what we really want to do is add in some measures that say, 'I want to know that you're making your salespeople better.'"

Training that teaches sales managers how to coach reps to higher performance, getting them away from their desks and out into the field to coach and observe, and reducing the time they spend approving adjustments and contract exceptions are signs of a coaching culture.

Snyder emphasizes that there's an important difference between a sales manager going out to make a sale, as discussed in number three, and a sales manager going out to observe a rep's performance and offer coaching and feedback.

No. 6: Ruthlessly rewarding top performers

Snyder can tell a great salesperson from an average one just by listening in on their conversations: "Great performers complain differently."

"When an average performer complains, he says, 'They're killing me out there because we're too expensive.'" They're killing me because those guys

take them out to play golf, and I don't have the budget to do that.' They focus on problems in the company and the marketplace.

"A high performer will say, 'You guys are killing me — get the shackles off my back from inside the company.' High performers value degrees of freedom — it's not about the money. They want immediate feedback — they want to know, good or bad, how did I do, real time. They want challenges, the tough assignments. And then, they want you to tell everyone they're top performers. Make that happen, and they will die for you."

The marketing sophistication required to achieve these characteristics is daunting — especially for newspapers, which didn't need much sales finesse for most of their history. So it's reassuring to learn that not even the world-class companies in the Huthwaite exhibited all the characteristics. "No single organization has all six nailed down," Snyder says. "Generally, the world-class companies have three." But they tackle their deficiencies systematically, and concentrate on one at a time.

When the Horizon Watching steering committee articulated the imperative to develop world-class sales and marketing capabilities, they suggested seven steps:

- **Rationalize our go-to-market strategies: face-to-face, telephone marketing, direct mail.**
- **Be able to demonstrate our effectiveness to drive traffic to all of our customers' channels.**
- **Tell our story in a compelling way and talk with customers and agencies regularly.**
- **Reach out to new advertiser categories.**
- **Be easier to do business with.**
- **Innovate our offering across ROP, preprint and online.**
- **Enhance selling skills and professionalism.**

The first six of these speak, in Snyder's terms, to the sales pipeline or process; the last is the natural outcome of an effective coaching culture.

Of course, in mapping a route to a new destination, it's essential to know where you're starting from. Newspaper companies have to understand how different kinds of customers want to be served. Telling our story in a compelling way means speaking in our customers' language. Creating value for advertisers means achieving a deep understanding of what they need.

In the following pages, you'll read about steps some newspaper companies are taking to build these capabilities into their organizations.



Understanding Customers

SCRIPPS NEWSPAPERS

An article in the December 2003 issue of Harvard Business Review caught Linda Sease's eye: "The One Number You Need to Grow" by Frederick Reichheld.

In it, Reichheld introduced a concept called Net Promoter Score. In his years as a business consultant, he had found little correlation between results on customer satisfaction surveys and a business's success. But analysis of a customer loyalty management program at Enterprise Rent-A-Car led him to develop one question that demonstrated a tight correlation with growth and profit: "How likely is it that you would recommend [company X] to a friend or colleague?"

Reichheld found that customers who answered the question with a 9 or a 10 on a 0-to-10-point scale were highly engaged with the product or service — so engaged, in fact, that they would enthusiastically promote it to friends and neighbors, building valuable word-of-mouth marketing. Customers who answered with a 7 or 8 were passively satisfied. Customers who answered with a 6 or less tended to badmouth the company — and the power of their negativity could easily undermine the positive comments of the promoters.

Subtracting the percentage of detractors from the percentage of promoters yielded what Reichheld called the "Net Promoter Score." Increasing NPS showed a strong correlation with increasing revenues. And it's not as if U.S. businesses don't have a lot of room for improvement: for most, the average NPS is only 16 percent. Some businesses have negative NPS.

What is particularly powerful about the question, Reichheld observed, is that a person who recommends something puts his social capital on the line. Americans want their friends to see them as savvy, sophisticated consumers, so they give enthusiastic recommendations only to those products they're really delighted with.

Sease, marketing director for The E. W. Scripps Company's

newspaper division, had spent years managing customer satisfaction surveys that were difficult to act upon and didn't seem to drive business results. The NPS philosophy made a lot of sense to her. "We do it every day; we say to a friend, 'I had dinner at this fabulous restaurant last night; you've got to go.' We do it with day care, movies, everything," she says.

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Sease sent the article on to senior Scripps executives, who quickly embraced the concept. With the help of a consultant, they incorporated the "how likely to recommend" question into their web-based advertiser satisfaction study. They've just completed the fourth iteration of that survey.

When they started four years ago, they had only a thousand advertiser email addresses across 14 newspapers. Now they

have email addresses for 36,000 advertisers, 18 percent of whom responded to the most recent survey.

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“Advertisers want to talk with us,” Sease says. “They want to tell us what they think.”

One reason: Scripps makes a point of telling advertisers what they are doing in response to the feedback. “We require our papers to send a letter out, saying thank you for participating, here’s what you told us we needed to do better, here’s what we’re going to begin launching in response, and if you didn’t respond, we’d love you to respond next year.”

Now, when reps meet with new accounts, they take a copy of the survey along and go over it, Sease explains. “They say, ‘If over the course of the year, you don’t think I’m meeting your standards, I want to know about it. Then, in April, I’m going to ask you to fill out this survey and give me your feedback.’”

Because the survey is Internet-based, it’s easy to aggregate and analyze the results. “We can cross tab this data a million ways to Sunday,” Sease says. “Statistical regression enables us to say, ‘If you want to improve NPS, here is the one most important thing you need to do.’”

Advertisers are asked to identify their sales rep when they respond. “The data becomes incredibly granular at a sales rep level — and that honestly is where the power of the research really sits,” Sease says. “A manager can sit down with a sales rep and say, ‘Your overall NPS for your clients who responded to the study is x.’”

Some clients are willing to identify themselves, which makes

the feedback even richer. “If you can get down to what this one specific client really thinks and sit down and share that with the ad rep . . . at that point, you are really starting to make data impactful to your business,” Sease says. “We train reps about how they now have actionable data — a one-sheet look at what the advertiser had to say. We tell them to take your raw sheets, take your advertiser who has given you a seven, and go see them. Sit down and ask, ‘What would it take for me to get a 10? What would we need to do?’”

Each June, once the results are in, Sease and Deborah Smiddy, corporate director of advertising, hit the road. At every Scripps newspaper, they present the advertiser satisfaction results to the executive team and all employees involved in the advertising process. As part of the agenda, the newspaper’s ad director is asked to present what the department did in response to the previous year’s study. “Then I present the research and say, ‘That’s what you did; let’s see if you did enough. Then, let’s talk about what we’re going to do this year.’”

NPS and the process they have built around it has given great focus to Scripps’ sales efforts, Sease says. She believes it’s one reason Scripps led its peer group in advertising revenue growth in 2006. At the time of this interview, she had just received the top-line scores from the survey. “Scores have dramatically improved this year,” she notes.

Sease believes that NPS provides the best tool for understanding how well a sales organization is delivering results and concentrating effort on the elements that matter most to customers.

“This is a tough time for the industry,” Sease says. “You have to do a whole lot of things to be successful. You have to make sure you function right, provide solutions that work for advertisers, aggressively go for new business.”

If asked the secret to advertising sales success, many newspaper ad directors would name the strength of the client relationship. “At the end of the day, that’s not the most important thing that drives NPS for Scripps newspapers,” Sease observes. “It’s results. The number one reason advertisers will give you a high NPS is because you deliver results.”



Rationalizing Channels and Structure

THE TAMPA TRIBUNE

At most newspapers, advertising departments are structured hierarchically. New, inexperienced reps are assigned to the “mom and pop” accounts — the smallest retail advertisers — and have the lowest earning potential. As reps gain skill and tenure, they are given lists with larger accounts, and their earning potential rises. The better the list or territory, the bigger a rep’s paycheck will be.

Reps work hard to move up the ladder, resulting in a lot of turnover for smaller advertisers. They don’t get the benefit of working over time with a sales rep whose understanding of their business deepens — and whose increasing acumen may help grow their business.

Things are different at The Tampa Tribune.

“I am very much a believer that mom and pop advertising is essential, because it’s great content,” says Bruce Faulmann, vice president of advertising and marketing for the Tampa Tribune, a Media General newspaper. “It’s very valuable to your readers.”

In Tampa, reps are distributed among three target income bands. Whether they make their target income depends on how they perform against budget, irrespective of total sales or territory size.

For example, imagine two reps in the same income band — one with territory generating \$100,000 a month, and one with a \$50,000 territory. If they both make their budgets, their pay will be equivalent, even though one rep will have produced twice the revenue of the other.

“Regardless of the territory size you have . . . your value to me is hitting your commitment,” Faulmann explains. “We wanted to provide equal incentives, because the skill set and time commitment is very similar across the board.”

Faulmann acknowledges that his cost of sale to moms and pops is higher than at most newspapers — but he believes it’s worth it.

“The structure has truly built our local mom and pop business to the point that we’ve reduced our dependency on the major retail accounts,” he says. “I have regularly grown my retail business, up 6 percent to 7 percent — and

that’s total retail, not just local,” including the declines that all newspapers have seen in categories such as department stores and cell phones.

The Tampa Tribune has abandoned the traditional division between classified and retail accounts. Instead, reps are organized according to whether they sell display or in-column ads. Display reps can sell to anyone within their territories, whether an automobile dealership or a shoe boutique. There’s no distinction by business size or category.

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Reporting to Faulmann is an advertising sales director, to whom two regional sales managers report. They supervise four or five territory managers, each of whom has five to 10 sales people.

Some display customers prefer to handle business over the phone, and

those accounts are handled by a telephone sales team. The classified manager, responsible only for in-column advertising, oversees the call center.

In addition, the department has a new business development team of five sales people. Their job is to look for new advertising customers, turn those new accounts over to existing sales people. "I use that as a farm club," Faulmann explains. "You hear ad directors complain about not being able to attract young sales reps, but I have not had any problem getting kids right out of college into that. They get a salary in the low \$30s plus a spiff for the business they find, then move into open sales positions."

Faulmann oversees the print sales operation. His colleagues at the Media General-owned television station and online business have their own sales forces.

But with the emphasis the parent company Media General has placed on media convergence strategy, selling across platforms is a major expectation for sales reps in all three divisions. "We do a lot of training on cross-platform selling — we have a 'boot camp' that teaches them the basics of each medium," Faulmann says. "I'm not going to say they're experts at everything — they're better at their core medium.

"But the training focuses on finding opportunity. We train to the fact that when an opportunity is presented, they can go ahead and make that TV buy, print buy or online buy on their own, or enlist their colleagues" who are specialists in those media for help. "We do a lot of four-legged calls, six-legged calls — whatever they're comfortable with is very acceptable to us."

Print sales reps receive a supplemental commission for a cross-media sale. The percentage varies according to the target income band the rep falls into. "But this is not an easy thing to deal with that we have struggled with over the years," he says. "We didn't want people just moving money from one medium to the other because they might get more money on the sale. So it's basically the same percentage on the sale as on the base platform." Reps receive a separate spiff if an existing customer grows overall spending by moving to another platform.

In a June article in Media Life magazine, advertising buyers deplored newspapers' lack of integrated online and print packages. "We are not being approached with combo packages as of now," says Mike Monroe, vice president of media and advertising operations at Macy's, which advertises in four dozen newspapers and is one of the Los Angeles' largest advertisers. "Frankly, more times than not, we are the ones pushing bundling a print campaign with their [newspapers] online property."

The article went on to name three "exceptions": The New York Times, The Wall Street Journal — and The Tampa Tribune.

What does it take to build a multiplatform sales force? "It begins with the publisher," Faulmann explains. "Culturally, you have to build into your environment a dialogue about that kind of sales approach — and it's taken time. We're very fortunate here in Tampa, we have a physical environment that supports this."

At Media General's Tampa News Center, the sales managers for online, print and TV sit basically on the same floor, separated only by a breezeway, Faulmann says. The proximity has promoted the sharing of ideas and improved communication around the fundamental need to serve customers more effectively.

"It's ingrained in everything we do here," he says. "It didn't happen overnight. . . . It just can't be something that's a sidebar: 'Oh, by the way, the world is changing, so we need to talk about something other than print.' It can't be product-driven. . . . We are one enterprise supporting solutions for our customers."

Faulmann is excited about a new product Tampa is developing: "Self-service advertising — and nothing can beat the cost of sale on that one," he adds, chuckling.

In mid-April, the Tribune launched a weekly real estate tab that focuses on existing homes, not new developments. Real estate sales people can build their own ads online. "In just six or eight weeks, we have 21 Realtors or realty offices who have sold themselves into this product — customers have seen the product and sold themselves," Faulmann says.

For their next experiment with self-service, they plan to develop templates that restaurants can use to design and place their own ads. "I am so excited about this whole self-service model."

Faulmann, who is the 2007 president of NAA's Display Advertising Federation, sees the developing model as just one indicator of the growth newspaper media companies can still command.

"I think that we need to stop looking at the glass as half empty and start looking at it as half full," he says. "Every type of media company is dealing with fragmentation — maintaining your audience is tough for everybody these days.

"But 60 million people read a newspaper every day, 70 to 80 million on a Sunday. The 'American Idol' finale was viewed by 29 million people, and that was 5 million less than the previous season. Everybody's dealing with audience issues, but the reality of it is that we still have amazing power in the markets that we serve."



Driving Sales Force Effectiveness

LANDMARK NEWSPAPERS

Bruce Bradley was concerned. The advertising recession had stretched through the third quarter of 2003, making it difficult for Landmark's newspapers to make their financial goals. Nor was there any guarantee that such revenue streams as employment classified would return to the newspaper when the economy improved. That made it imperative that no opportunities be missed, that each paper's advertising department sell more effectively than ever and find new customers, new revenues, to replace those that might never return.

So Bradley, president of Landmark Newspapers, asked the publishers and advertising directors of Landmark's three metro newspapers and three community dailies to undertake a project. Their mission: To agree upon and articulate a vision of a truly effective sales force and a plan for achieving it.

As the 14-member task force worked over the next six months to define the variables contributing to sales force effectiveness, they kept one overarching theme in mind: The company's long-term success depended on growing profitable revenues. Simply pumping more dollars through the businesses wouldn't make Landmark stronger. A significant portion of additional revenue would have to stick to the bottom line.

Achieving a unified perspective on what an effective sales force looked like and gaining commitment to taking the prescribed steps to achieve it wasn't easy, recalls Jane Sharp, now the leadership development coach at the News & Record in Greensboro, who served as full-time facilitator for the effort.

"When you are trying to create a system by committee and by people who are experts, there's a lot you have to work through," she says. "Everybody was coming from a position of, 'What I do, I think I do really well.'"

One thing that helped was that "we didn't try to say, 'Roanoke is doing it this way, and this seems to work really well, so let's just do that.' Or, 'We don't like what Greensboro is doing.' It was important for everybody not to be on the defensive or promote their own model," she says.

To get past potential turf issues, Sharp concentrated on bringing as much

outside perspective and data to the effort as possible. The work was informed by readings, benchmarking, brainstorming and studies of best practices in other industries. Of particular value was a concept from Neil Rackham's book "Rethinking the Sales Force," which defined two types of selling that apply to the majority of newspaper advertisers:

- **Transactional: The skills, strategies and sales processes that most effectively match the needs of customers who treat advertising as a commodity and are mainly interested in price and convenience.**
- **Consultative: The skills, strategies and sales processes that work most effectively with advertisers willing to pay for a sales effort that creates new value outside of the product.**

That approach to segmenting customers particularly resonated with the task force. "Previously, our approach to sales had been more of a 'one-size-fits-all' model," says Debbie Meade, who participated in the project as advertising director of The Roanoke Times and is now the newspaper's publisher. "That meant we were investing too many resources, too much time and effort, in some sales calls, and not enough in others. Determining which customers really wanted our help in growing their businesses, and which customers just wanted to buy an ad as quickly as possible, enabled us to focus our sales effort in a new way."

The group eventually defined five "building blocks" of sales force effectiveness: Sales Management, Sales Force Structure, Recruitment and Selection, Training and Development, and Support Systems. For each building block, they articulated some three to five key elements; for each element, four or five action steps.

All five building blocks were developed similarly. Each included sections on implementation steps and tools, sometimes differentiated between the metro and community newspapers.

A synopsis of the building blocks appears at the end of this case.

While each newspaper's publisher and ad director committed to implementing all five building blocks at their newspapers, each was free to decide where to concentrate first. In year one, for example, Roanoke and Greensboro worked with a sales training firm to build sales managers' skills and coaching practices. "We felt that, if you could make only one change in our system, adding sales management capacity would have the biggest payoff," Meade says.

to all the Landmark newspapers, he adds. "The extent to which we've taken the time to think through the [advertiser's] business and approach it as a marketing consultant, we have found more revenue there."

"The extent to which we've taken the time to think through the [advertiser's] business and approach it as a marketing consultant, we have found more revenue there."

In year two, Roanoke tackled customer segmentation and improving its systems for gathering and analyzing data about its competitors: "where we stack up, who we're selling against, what our vulnerabilities are."

The Landmark papers haven't escaped the advertising downturn that has plagued newspapers as well as other major media. But Bradley believes they are doing better than they would have done without the initiative.

"Some of the things were just definitely right to do," he says, "like the focus on the sales manager— cutting the number of reps they supervise, getting them out of the office and actively coaching.

"And there's no question that we've done better with regard to categorizing accounts to be transactional and consultative." The value-added sales process has become increasingly important



Five Building Blocks of Sales Force Effectiveness

Excerpted from “A Blueprint for Growth: Sales Force Effectiveness at Landmark Newspapers.” Reprinted by permission; all rights reserved.

I. Sales Management

Effective sales management is based on these key elements:

- Executing strategy
- Coaching
- Motivating people

These guiding principles and action steps will help our sales managers achieve outstanding performance in each key element:

A) Executing strategy

1. Demonstrates excellent business savvy, deriving from a deep understanding of the market and competition; applies training and tools to excel in this area of expertise
2. Clearly communicates priorities and tasks to team in timely manner
3. Implements strategic plans, translating company and departmental goals into customer initiatives

B) Coaching

1. Coaches reps on the appropriate sales process for each account segment
 - o Promotes a customer-centered view that emphasizes adding value
2. Commits to spending at least 50 percent of time coaching reps
3. Possesses outstanding coaching skills: shifts from “doing” to “teaching”; asks probing questions that enable the rep to discover his or her strengths and most effective sales techniques; understands that there is no single sales style that will work for all sales reps.

C) Motivating people

1. Manages performance by understanding each team member’s motivation, behavior and preferences, and by clearly communicating performance expectations
2. Recognizes, rewards appropriately; observes reps as individuals; delivers tailored and meaningful rewards
3. Builds a high-performance team, setting the tone and creating a culture focused on performance and innovation rather than rules and hierarchy, where performance is rewarded and star performers thrive

II. Sales Force Structure

An effective sales force is structured on these key elements:

- Growth strategies built upon ongoing market assessment
- Customer segmentation
- Resource allocation
- Multiple channels for serving the market

These guiding principles and action steps will help us achieve outstanding performance for each key element:

A) Growth strategies built upon ongoing market assessment

1. Assess the competition
2. Identify threats and opportunities
3. Identify emerging revenue streams
4. Ensure that new profit streams meet profitability goals

B) Customer segmentation

1. Determine customer value expectations and segment customers according to the channel and sales approach that will meet the customer’s expectations

2. Identify accounts with most profitable growth potential given market conditions

C) Resource allocation

1. The sales force must be the “right size” to meet market and profitability demands
2. Sales reps should be aligned along transactional and consultative segmentation lines, managing one or the other type of account but, as a general rule, not both
3. To ensure effective coaching, managers of consultative account reps ideally should lead teams of eight or fewer; transactional account teams should have 12 or fewer members.

D) Multiple channels for the market

1. Our channel strategy focuses on value creation, improved productivity and profitable revenue growth encompassing both sales and fulfillment
2. We must offer customers multiple channels with a high degree of flexibility
3. We must actively seek new technological solutions to serve new customers and reduce sales cost
4. To the greatest possible degree, we must make it easy, even fun, for customers to do business with us

III. Recruitment and Selection

Effective recruitment and selection efforts are based on these key elements:

- A process and structure that supports active, continuous recruitment and Leveraging Difference [Landmark’s diversity initiative]
- Multiple channels for recruitment that are constantly at work
- A strong, aligned recruitment brand that markets Landmark’s image as a great place to work.
- A “whole person, whole position” assessment and selection system that incorporates continuous measurement and improvement

These guiding principles and action steps will help us achieve outstanding

performance for each key element:

A) A process and structure that supports active, continuous recruitment

1. The organization’s mindset is one of continuous recruitment, managed as an ongoing core process
2. Departmental recruitment and selection plans are built on Leveraging Difference philosophy and practices

B) Multiple channels for recruitment and selection that are constantly in use

1. We constantly explore and develop channels that maximize technology and involve organizations to attract active and passive prospects
2. Technology and Internet tools provide databases, marketing information and online recruitment training tools 24/7 for line managers and recruiters to improve efficiency and effectiveness

C) A strong, aligned recruitment branding campaign at each newspaper that markets Landmark’s image as a great place to work

1. Newspapers create a recruitment marketing plan that utilizes traditional and non-traditional channels
2. Recruitment promotions are managed as an integrated marketing campaign to attract top candidates

D) A “whole person, whole position” assessment and selection system that incorporates continuous measurement and improvement

1. Hiring teams consistently use proven instruments and processes to analyze positions, create a blueprint of what the job is, determine the competencies it requires and set performance expectations.
2. Consider “job fit” factors beyond education and experience: motivation, commitment, customer relationship patterns, which differences each candidate would bring to the team, structure needs, potential to move up in the company, problem-solving skills, shared values

IV. Training and Development

Effective training and development programs are based on these key elements:

- Comprehensive new-hire training, aligned with strategy
- Ongoing skills development, reinforced at all levels
- Clear career paths for every position; clear development plans for every employee
- Advanced training for sales managers

These guiding principles and action steps will help us achieve outstanding performance for each key element:

A) Comprehensive new-hire training, aligned with strategy

1. Training programs should provide a blended approach to learning by incorporating multiple techniques, including role playing, coaching by sales managers and mentoring by senior reps
2. Skills should be continuously reinforced through coaching and practice; reps should be held accountable for their own learning

B) Ongoing skills development, using a variety of learning channels, constantly reinforced at all levels

1. Because people learn in different ways, we must offer a range of approaches to and tools for learning: online learning, DVD tutorials, classroom instruction, role-playing, practice, job shadowing
2. Individuals have customized development plans, including real-life projects to learn from as well as sets clear expectations and knowledge milestones

C) Clear career paths for every position; clear development plans for every employee

1. Supervisors discuss career paths and development plans, spanning two to three years, with every employee at least annually, and with a brief review of progress at midyear
2. The advertising leadership team engages in formal succession planning at least once a year, reviewing training offerings against succession needs

D) Advanced training for sales managers

V. Sales Support Systems

A) Information and Decision-Support Systems

Effective sales information systems are based on these key elements:

- Accurate, accessible, consistent data
- Actionable data that enables managers to monitor performance and make effective business decisions
- Ongoing support that enables users to extract full functionality and reap full value from systems

B) Billing, Credit And Collection Services System

Effective billing, credit and collection systems are based on these key elements:

- The processes and philosophies are “customer-centric”
- Systems facilitate the taking of intelligent risks that may grow our business

C) Ad Order Entry System

An effective ad order entry system:

- Ensures accuracy
- Reduces cost and increases productivity
- Interfaces with all related business and production systems

D) Sales Fulfillment and Service Systems

An effective sales fulfillment and service system:

- Frees sales reps to the greatest possible extent from paperwork, fulfillment and service activities, so that they can concentrate their time and energy on sales



Lessons Learned

- **Creating an effective advertiser survey takes several years, both to hone the questions and to generate sufficient data to track trends. Showing advertisers how you are using their feedback builds participation. Asking advertisers to fill out a survey more than once or twice a year may reduce participation. If your advertiser base is large enough, consider surveying half at a time. You'll get more frequent feedback without risking survey fatigue.**
- **Help your advertisers' businesses grow, and they'll have more revenue to spend with you. This strategy makes sense particularly for medium and smaller newspapers with little ability to influence or even see national clients.**
- **Don't assume that all small business owners are interested in growth. Many are content simply to provide themselves a paycheck while working at something they enjoy. Serve them in the most cost-effective way, and focus your sales managers' and rep's time in working with those interested in growth.**
- **A good salesperson can sell anything, which makes her mobile. Rackham cites 25 annual percent turnover among sales reps as the norm. But a vacant list represents huge revenue losses and missed opportunities. Be in constant recruitment mode.**
- **If you are fortunate enough to land more sales talent than you have lists, use it to explore untapped customer pools, whether in category and geography.**
- **Invest at least as much in training sales managers as in training sales reps. Or more.**
- **As newspapers step onto new platforms and create new products, it's harder for a rep to be equally knowledgeable about everything. Train reps in interviewing skills that will elicit opportunities, and support them with platform-specific sales experts who can help craft solutions for customers.**



Discussion Questions for Leadership Teams

- Are our sales processes designed to make it easy for our customers to do business with us, or have they evolved to fit our organizational structure?
- Where are our sales managers investing their time? What percentage of their time do they spend coaching reps?
- Which of our customers are growing their businesses? What expertise do we have – market research, expertise in accounting, credit, IT, online, distribution, anything – that could help them?
- What would it take for us to simplify our rate structure and reduce the size of our rate book 25 percent next year? What would it take to get it down another 25 percent the year after?
- If we were one of our own larger customers, how much time would it take our managers and accountants to understand, check and process one of our bills? Would we think that time had been well invested?
- What it is we want most from our sales managers? Do our measures and rewards support that?
- If we could improve each sales rep's performance 10 percent, how much revenue would that generate? How much are we willing to invest in coaching or training to try to capture that 10 percent improvement?
- What mechanism do we have in place to monitor and analyze our competition? How good are we at understanding our competitors and anticipating their moves?
- If we could do just one thing to improve our sales performance, what would it be?
- NAA has launched the second phase of its campaign on "The Newspaper Industry's Value Proposition. For data, ideas, materials to share with advertisers and ads you can run in your newspaper, go to <http://www.naa.org/Advertising-and-Marketing/Value-Prop.aspx>.



Resources

- “Rethinking the Sales Force,” Neil Rackham and John DeVincentis (McGraw-Hill, 1999).
- “The Ultimate Question: Driving Good Profits and True Growth,” Fred Reichheld (Harvard Business School Press, 2006)
- “The One Number You Need to Grow,” Frederick J. Reichheld, Harvard Business Review, December 2003.
- Huthwaite’s “E-Resource Center” offers free access to white papers on topics ranging from “Prospecting for the Major Sale” to “Rational Forecasting” and “Strategies for Hard Times.” <http://www.huthwaite.com/go.cfm?do=WhitePaper.List>
- Best Practices, LLC, researches and publishes information on performance improvement across industries and activities – including sales. Access to their free white papers is available at <http://www3.best-in-class.com/ResearchConsulting>; click on the box that says “Complete Research Sample Listing.”



About the Author

Kannon Consulting is a Chicago-based strategy and marketing firm focused on building “Outside-In” business and marketing strategies to help clients grow revenues in the changing environments they face. New competition, emerging technologies and the need to revitalize growth all create an increasing need for market-driven strategies built on rigorous, structured thinking. Kannon’s analytical, collaborative and iterative approach helps address complex, multiple strategic options while offering actionable insights and solutions.

Wendy Zomparelli served as president and publisher of The Roanoke Times before joining Kannon as a senior consultant in 2007. With more than 25 years of experience as a journalist and newspaper executive, Zomparelli has been recognized for her insightful leadership and her ability to create high-performance organizations. She has been named the Reynolds Distinguished Visiting Professor of journalism for fall 2007 at Washington and Lee University. Wendy works as a member of Kannon’s marketing and strategy consulting team. She also heads a new division, Kannon Performance, designed to help clients reinvent organizational structures, processes and practices to stimulate innovation and drive results.

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