

Company news

NEW CLIENTS

The James G. Elliott Co., Inc. has recently added two new clients to the company's portfolio:

The Christian Science Monitor

The James G. Elliott Co., Inc. has been chosen to be the exclusive advertising sales organization for advertising in *The Christian Science Monitor's* recently redesigned weekly magazine and all digital products. For 100 years, *The Monitor* has been one of the world's most influential news organizations, with seven Pulitzer Prizes and scores of Overseas Press Awards to its credit. *The Monitor* is currently one of the Top 10 most-referred news sources on Google News and 1 of only 7 sources for Yahoo News' Top Stories - the web's largest news portal.

Discover Magazine

The Elliott Company's client roster now includes the award-winning *Discover Magazine* and recently redesigned DISCOVERmagazine.com. *Discover's* 2008 awards include recognition for outstanding photography as well as editorial. *Discover's* mission is to enable readers to lead richer lives, through better understanding of themselves, their world and their universe.

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FIGHTING FIRES?

President's Letter

Recently, I had the opportunity to talk with a fireman in a small city back East. He said something to me that really resonated: "When you go into a fire, you look around and you know those people that you want to go in the building with, and those people that you don't." As I thought about it, I wondered if that fireman at that moment of crisis cared one iota if his backup was from his fire department or from another one.

There is no question that much of the magazine business is on fire. But so are the online, television, agency and newspaper businesses. All of these factors will contribute to a very different media landscape within the next year or two. Even if the economic situation were to become dramatically better in 2010, it is likely that there will be permanent changes in media.

Over the past 25 years, my company has experienced many different kinds of fires, and we've come through slightly charred, but alive and more experienced. Our sales operation has been in "recessions" several times over the last 25 years. Every time a major client has decided that the time was right for them to move on, it created a situation where we had to examine cash flow, infrastructure, resources, advertising budgets and, of course, personnel. Current conditions feel eerily similar to problems I have had to deal with repeatedly.

Many large media companies and publishers that work for them have never encountered serious financial issues before. It's especially tough when the strategies that always worked suddenly no longer produce desired results. When the crisis hits, fear is a natural response, and, too often, fear causes paralysis. Change is scary, even though doing something radically different may be necessary for survival. As that wise old philosopher, Anonymous, said, "Most people are more comfortable with old problems than with new solutions." Many people



in a hierarchy avoid doing anything too radical when they need to, because they anticipate criticism from above, and also because they may not realize what new and creative roles they could play in a company transformed to meet the new challenges.

Times like these highlight incorrect assumptions some businesspeople hold about the proper way to run a company. For example, delegating decision-making downwards to avoid taking responsibility, or utilizing group-think in a time where radical decisions need to be made, often looks like a path to self-preservation for the person in charge, but these actions can be very dangerous for the organization. I think leadership means hearing all relevant points of view, but then ultimately making a decision and driving it downwards. That's the history of great leaders. And sometimes that decision is based on gut feelings or a sixth sense—sometimes that's the best way to go.

If you are faced with fighting the biggest fire your organization has ever seen, I suggest that the wise and effective course is to recruit the best, most experienced people available. If you need to change your structure to accommodate a better solution, think about it. It is more important that your current team consists of quality people who can help you right now than that they fit the mold that suited your sales team of five or ten years ago.

If you would like to talk about the fires you are fighting now, I would be more than happy to discuss some possible solutions with you. Please feel free to call me. ■

THINGS TO THINK TWICE ABOUT...

By Jim Elliott

1. Going from a print product to a digital product, assuming that ad revenues will follow.

This is something I have heard a number of times, particularly from association executives. The problem is that this premise is based on erroneous information with regard to the

potential for digital ad revenue—things are not necessarily rosy there. By some estimates, the amount of web inventory is twenty times greater than it was a year ago, creating oversupply. The online networks are selling inventory at rates dramatically reduced from where they were a year ago. One large online ad agency president told me that they are not buying anything over a dollar per thousand at this point unless there is some compelling reason to do so, usually as part of a package deal. The media industry is clearly moving toward packaging of assets and selling them together for a price. For associations, where often the magazine is the number one benefit of membership, cutting out print is dangerous.

2. Cutting out sales management. Whether you use your own sales manager or outsourced sales management such as the Elliott Co. provides, a magazine brand absolutely needs to have someone inside: someone with an understanding of the sales process and of salespeople and what motivates them. We've seen examples recently of people with P&L responsibilities but no real advertising experience running sales staffs. Unfortunately, the way advertising salespeople think is very different from the way people with accounting or financial skills think. This difference has its roots in dissimilar personality types, and the resulting communication problems can cause negative results if there is no one to bridge the gap. A good seller is similar to a good actor or actress, and needs a certain amount of encouragement. Selling advertising is a blend of science and art—not one or the other. Of course, salespeople need to be held accountable, but they also need to be motivated to be creative.

3. Assuming that a bad experience with one rep firm means all rep firms are bad. It is a crazy idea to reject viable options out of hand in the middle of a recession or depression. You wouldn't stop hiring employees just because you hired a

bad one once! There are good and bad rep firms just as there are good and bad employees. There are also good rep firms and employees that may be inappropriate for you, but great for someone else with a different style. There are big differences among rep firms in size, geographical coverage, experience, knowledge and ability. Comparing a small rep firm with limited resources to a full service firm is sometimes like comparing a small trade publisher with Time Inc. The key to success is finding the right fit for your organization.

4. Relying excessively on stakeholders for advice instead of your own judgement. Many publishers are now becoming introspective and returning to the past, which is a very dangerous state to be in. It is more important than ever to study the new environment and to be market driven . . . which means developing a very clear picture of the external reality—the market. From personal experience, I can warn you to watch out for internal pontificators—people who don't really have any experience but suddenly raise their hand as if they know what the issues are. One problem is that the people offering advice often have never been through tough times and many of them are looking out for their own self-interest. It's particularly dangerous when they have a substantial interest in the business, whether it be a stake in that business or significant salary or benefits, with little prospect of other employment.

5. Assuming that outsourcing will not work now because of standard practices. Just as there are no fixed rules for publishing operations at this point, there aren't—or shouldn't be—any hard and fast rules for dealing with an outsourced relationship. For example, there isn't any set commission number any more, or even a rule of thumb. Start the compensation conversation with the idea that you have no preconceived notions of what the structure of the independent rep firm will be;

instead, work with the rep firm to create the structure that will be most effective for you. In our case, we often use dedicated salespeople on individual magazines, which must be based on a very different cost structure than reps who spread expenses between many assignments, sharing attention between five or six different books. The more you can free yourself from preconceptions, the better your chances will be of finding the very best option for you. ■

“EXCUSE ME, SIR, BUT DOES ANYONE HERE SPEAK ADVERTISING?”

by Dennis Connaughton

It was Sister Maria Joseph as I recall who first told us the tale of the Tower of Babel. As most know it is the biblical story of God punishing man's conceit and arrogance by confusing his ability to communicate.

I now often wonder if God was just warming up on Babel before giving the ad business a good old fashioned, well, Babel-ling.

Of course, the most obvious and widespread communications affliction today is the inability of anyone from an ad agency under 30 to send a piece of email prepared with proper sentence structure, spelling, punctuation and the use of capital letters, often making comprehension all but impossible. But I don't think this actually has a thing to do with these folks working in advertising – sadly.

No, the Babel-ling I'm referring to is our industry's downright magical way of taking any random word or term and simply assigning it new meaning. It's great for maintaining a certain mystery about our business, not so good though for helping communication. Here are some examples among my

favorite used-to-mean-some-thing-else terms:

ROI: Time was this meant *Return on Investment*. Accounting folks, mostly, would use this term to express broad financial results of a product, division or entire company. Now ROI is used to describe direct viewer response, or click through (AKA a simple inquiry), to online advertising. If everyone just loved the idea of using the acronym ROI wouldn't it have made more sense to have it mean *Return of the Inquiry*?

Remnant Space: Print publishers use this term to refer to the space available to reach the circulation that remains after an advertiser buys a portion of the full circulation. *Remnant space* is now used to describe all available unsold ad inventory on a site. Wouldn't the simple words *unsold inventory* be a bit more descriptive (albeit somewhat more embarrassing)? It always worked for the radio and TV business.

Engagement: I've never gotten a consistent definition of what this really means (better for the mystery of it all). But I've been confounded as to why this is now extraordinarily important to magazine advertisers when basic readership isn't. We already have established and wonderfully simple methods of measuring how well read a magazine is. But why is it that magazines thickest with advertising can frequently be found among the list of poorest read books? Would it make more sense to have *engagement* refer to the measurement of a magazine's readership and popularity just among advertisers and agencies? At least then publishers might understand why they didn't make a plan.

Happily, I don't have the space available here to dissect the new meaning of the word *negotiation*. ■

Dennis Connaughton is the General Manager of James G. Elliott Co., Inc.

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