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Why You Should Rethink Your Ad-Sales Operations Right Now

SALES DISRUPTION HAS BEEN ACCELERATING FOR A DECADE. NOW THE PANDEMIC HAS THROWN IN NEW CHALLENGES.

President's Note

The events of 2020 have hit the media industry hard. The world remains in the throes of a lethal pandemic. The economy has been shattered by the impact of the health crisis. Organizations have struggled with rounds of furloughs and layoffs, and some have closed their doors permanently.



Across the magazine-media industry, advertising revenue has been cut in half for many brands, and live events have stopped. At the same time, though, there's major opportunity. Some companies have reported double-digit increases in digital advertising, as marketers reallocate event dollars into other budgets, benefiting media brands in unexpected ways.

Given these dynamics, it's an important moment for media companies of all sizes to take a step back as they prepare for 2021 and review their operations, upgrading, adapting and streamlining as needed.

Part of that must include the sales operation. Sales is the revenue driver for all media companies. Nothing should be taken for granted, especially after the events of 2020. There's much to consider. Any review will likely reveal inefficiencies, missed opportunities, and assumptions that are no longer valid. The good news is that there are plenty of options, including a pivot to a variable-cost sales model.

This article, written by Long Hill Media President Tony Silber, encompasses a conversation I had with the well-known sales consultant Steve Grossman about the state of sales operations in late 2020. Together we explore what media companies can do now.

Ad sales had been in a state of rapid disruption for a decade. But the pandemic produced still more challenges that will change the business permanently, notes James G. Elliott, president of the James G. Elliott Co., Inc. the largest outsourced multimedia sales company in the country (and publisher of this newsletter).

Sellers can't rely anymore on face-to-face meetings with clients at conferences, Elliott says. They're working from home. They can't make the extended sales trips that are a time-honored tradition. Worse, at the executive level, media-company leaders sometimes lose sight of the big picture—they get defensive, especially in a year like 2020, when precipitous decline is the norm. "They end up working "in" their businesses, not "on" their businesses," Elliott says.

Elliott discussed the state of sales with Steve Grossman, head of Chicago-based sales consultancy, Steve Grossman & Associates. They agreed on one critical point: Media companies and brands should conduct a top-to-bottom review of their sales operations now, as we approach the end of 2020.

There are several components in a review process. Below, Elliott and Grossman outline those components and offer key takeaways. Importantly, Grossman does not work in media sales, instead offering sales techniques from outside of media, which bring a valuable perspective that media companies can learn from.

The elements of a new organizational structure for sales

A top-to-bottom review of a sales operation starts with taking time to rethink the structure. There are going to be some aspects of virtual selling that will be with

“Media companies should conduct a top-to-bottom sales review now, as we approach the end of 2020.”

us forever, Elliott notes. It's more efficient for the salesperson and the customer. Take this time now to rethink it.

Specifically, he says, look at what's working now in this environment, and at which parts of the business are doing reasonably well in this virtual world. What do you need to do from a staffing and structure standpoint? What would the sales organization look like if it were to be rebuilt today? As organizations get leaner, managers' responsibilities widen, and instead of managing eight people, everyone's going to have 10-15 people. CEOs are cutting their management groups in half.

“The sellers we've seen that are successful are still networking, but online,” Elliott says. “They're getting back on the phone instead of face-to-face. Salespeople need to learn to build relationships that way, versus going to lunch.” This, Grossman adds, is true not just in the media field, it's everywhere—manufacturing and service businesses too.

But there's a silver lining here, too, suggests Grossman. There are efficiencies to be had. Widespread acceptance of virtual work means you save on travel and sellers can focus on geographic territories while not needing to be there in person.

Critical characteristics of salespeople

Downsizing and cost-cutting has been significant in 2020, just like the last recession. There's a need to have “A” players at all positions. Even “B”-level sellers might not be enough. “Now, you're effectively asking the 30-year veteran to become a tele-salesperson,” notes Grossman. “That's going to get disruptive for a lot of wily veterans. It's difficult for managers too.”

Companies need to ask what kind of talent they need. What kind of retraining needs to be done? Should they set goals differently? Their people are going to be using the phone rather than lunch.



Steve Grossman

There are a lot of challenges. “One thing I've found in the ad-sales business, like other businesses, is that the model companies are still using is from the 1950s and 1960s,” Grossman notes.

Grossman was referring to long-standing magazine-industry sales patterns, such as booking contracts on an annual term, advertising focused on brand awareness, tightly-defined territories and large in-house teams. Most of those patterns and others have eroded and evolved. Outsourced sales, for example, is the norm in most other economic sectors, including automobile and grocery sales, as well as in broadcast media. “Take advantage of this time to restructure sales efforts and drive out some costs,” Elliott suggests.

New sales challenges

People are experiencing the shock of not having an office, the shock of not having a business conversation in person. The question in magazine-related media is whether sellers have adapted. Do you need to set up new processes for them, or codify things that have evolved in the last nine months? There's coaching that needs to happen. And people working from home are more distracted than they've ever been.

Hiring considerations and compensation structure

Hiring is happening for all positions, including sales, but there's a more

rigorous hiring process emerging. “We're seeing companies asking candidates how they can bring in new business in this environment, without having a list or a book of business necessarily,” Elliott says. “They have to come back with a plan. They have to have CRM skills from day one. Candidates need to be versed in all media.”

Sellers, Elliott and Grossman suggest, might be asked before or after they're hired to write a marketing plan for their business opportunities. Put a scoring system on it—where do your people rank one to five? Wherever they score, sales leaders now have a tangible metric on performance. Companies could also come up with five points for effective sales that should be expected from their current salesforce. If that's not happening, then it's even more important to conduct a review and establish where the processes are breaking down.

Then there's compensation. People are in a panic about what to pay salespeople, Grossman says, considering many of them are off 50% in revenue or worse. One suggestion is to take the pay risk off the table and give salespeople some acceptable level of predictability for their income for the next few months.

Another is to create a variable-cost sales structure, possibly through a third-party selling organization, where the cost of sales is tied directly to revenue. If sales increase to the point where another seller is needed, terrific, Elliott says. The advantage of an outsourced model is that organizations can rationalize the costs of selling against the results, and not carry a fixed-cost structure that's underperforming. The key, Elliott says, is to “get salespeople focused on helping their customers and prospects. And rethink how you'll be paying your salespeople in 2021.” ■

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