

Company news

NEW CLIENTS

The James G. Elliott Company has recently added several new clients to the company's portfolio:

The New Republic: One of the most prestigious political thought-leader magazines in the U.S. today, *The New Republic*, has outsourced their advertising sales operation to the James G. Elliott Company.

Independent Community Banker's Association: The ICBA is the nation's voice for community banks. James G. Elliott Co. Inc. has been retained to handle ICBA media properties, including; *Independent Banker Magazine*, *ICBA NewsWatch Today* daily newsletter and *ICBA Washington Report*.

National Petroleum News Magazine: NPN is the leading petroleum information source and respected by the industry for 90 years. M2Media360 has commissioned the James G. Elliott Company with their sales and marketing responsibilities.

NEW HIRES

We're pleased to announce these new additions to our sales staff:

- **Glenn Datz** and **Nadine Fischetti** to our L.A. office
- **Joe Wholley** to our Chicago office
- **Robert Begley, Bob Wagner** and **Reina Miller** to our New York office

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Do's and Don'ts for Rocky Times

President's Letter

These are surely interesting times. Not only are online and other media draining dollars from the magazine business, but also there is tremendous uncertainty about the possible effects of the economic crisis on all advertising. Many publishers and ad directors accustomed to more favorable sales environments are finding that their "tried and true" techniques are not producing the kinds of results they expect. They are being held accountable for commitments made in sunnier days, and the stress of failing to make their numbers is causing serious anxiety up and down the line.

Because I've run my advertising sales company for close to 25 years and have been through some bad times, I have learned some lessons that you may find useful. My hope is that you may be able to avoid some pain during the current slowdown by reading about some lessons my company had to learn the hard way in past downturns. Many of these lessons sound like clichés, but there may be something your organization can use somewhere in here. If you would like to talk further about any of these topics, please feel free to call me. We are directing this specifically at advertising sales, but it probably has applications for the broader publishing business as well.

Just as sailors learn more in rough seas than calm, so leaders learn much more in tough times. Learning to say "no" is a crucial management skill that we don't need to practice so much in good times. Motivation and goal-setting become much more important when things are falling apart. The good news is that managers can emerge as more effective leaders after they have been tested.

When revenues drop, our first instinct is to cut back on expenses. That's good! There is almost always some fat that can be excised without much pain. Cutbacks can actually be healthy when tough times cause us to reexamine our processes to find efficiencies.

Here are a few specific things I believe a



leader should do—and NOT do—when things go south:

1) The most important single thing is visible leadership. The owner of the company or the head of the ad sales department needs to show a direction and a confidence in getting to that destination. Sellers need leadership and they need to know that the leader has a plan (whether or not they really do). One of the most important things for the leader to do is to make sure morale is kept high. When a seller is clearly down, it is important for the leader to talk to that seller and try to be empathetic to the current situation. Sellers are similar to actors in that they have to be up to deliver their lines. When sellers are clearly depressed, the odds of them making sales dramatically decline.

My company has a ship's bell in each of our offices. When someone makes a sale, they ring the bell. Sure it's hokey—but it works. This alerts the other sellers that somebody has had a success, which can sometimes be contagious. We make a big deal out of the person ringing the bell—not only other salespeople, but the management turns out to shake hands and offer congratulations. You'll find that this definitely increases the feeling of camaraderie within an office.

2) It is vital to set realistic goals and to revisit those expectations on a regular basis. This is an important area and somewhat of an art form because you don't want salespeople hiding behind bad times while accepting no accountability. At the same time, you don't want to be overly harsh in those expectations when it is simply not possible to meet them in today's environment. We've learned to really spend time with the individual salesperson to understand the shape of the business as opposed to just getting reports. And it's really important for the leader not to take frustrations out on the seller if, in fact, it's not justified. This is probably the hardest thing to do in a sales company.

3) It is very important to stay in touch with customers who may be inactive at the moment as they deal with their own tough situation. The tendency in bad times is to simply move on to someone who might have some dollars

and ignore those that don't. We have found that if our sellers stay in touch with their clients in bad times, those clients often don't forget that courtesy and understanding. They often reciprocate with additional advertising dollars when things turn around.

4) Travel expenses can usually be tightened up—a lot! We have had much experience in retraining new employees to think of saving money when they travel. This is especially true when we hire people from larger publishing companies. Although they may try to find the best fares for their personal travel, it often doesn't occur to salespeople to take the very simple steps that can save hundreds of dollars per trip for their company. For example, it is critical to book tickets early to take advantage of big discounts. We are able to save up to 75% on ticket costs by having a policy that our sellers must book trips at least two weeks in advance, whenever possible. Also, flexibility is crucial, in terms of both time to travel and use of airports surrounding the destination. For instance, when traveling to San Francisco, it is considerably less expensive to fly into Oakland and just as convenient to get down into the city of San Francisco from there.

5) In the area of entertainment, "expensive" doesn't always equate to "memorable." It may take some creativity to entertain less expensively, but it really can be done. There are plenty of unique venues where clients can be entertained that are not necessarily the most expensive restaurant in the city. Often, city clubs provide a far more reasonable way to entertain. For example, my salespeople in Los Angeles have used the Magic Castle (www.magiccastle.com) for years, with great results.

6) Be careful! There is a real danger of going too far with cuts. The sun will rise again someday. We must not cut out the basics of ad sales. Cutting back on essential sales exposure mechanisms such as SRDS is a mistake.

7) Do not dismantle infrastructure to solve a short-term problem. Many publishers have experimented with closing offices and converting their salespeople to independent reps, or just letting salespeople work from home. I believe that is a fundamental error on many levels, and it rarely works. There is a great deal of research that indicates that salespeople, particularly in a non-tangible sale, need comradeship in order to keep up their spirits. Remember, a good salesperson is socially optimistic, but can become very discouraged if the news is always negative and they have no one else to share it with. In my opinion, few people have the necessary organizational and focus skills to work within their own home environment. Besides, the home is supposed to be a place where people regenerate their batteries, not where their batteries are drained. Even when someone has the right skills to run an advertising sales business, it doesn't necessarily mean the rest of the family can deal with the stress of living with that business in their living room every day.

Also, any decision to adopt an outsourced sales model should be the result of analysis and thought—never a knee-jerk cost-cutting measure. It can be a great solution, but it has to be done right.

These are a few pointers that we have found useful in getting through tough times. Whether you are an old salt who has been through this several times before, or a new leader facing these challenges for the first time, I would welcome your comments. And, if I can help you, please feel free to call me personally. ■

"When times are bad, you must advertise"

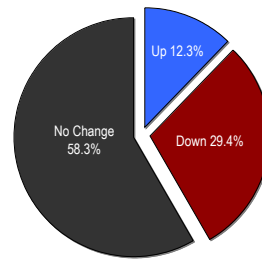
"The Importance & Value of B2B Advertising During Times of Economic Uncertainty."

- American Business Media, 2008

By Susan Weiss

Today's b-to-b marketing decision makers have learned the lessons taught during past economic upheavals. Meeting a recessionary climate with aggressive advertising is, historically, a way to grow business during a recession and maintain continued growth after the recessionary period ends. A study conducted by *BtoB Magazine* earlier this year finds that most business-to-business marketers are determined to hold or increase their marketing budgets during 2008.

Given worries about a U.S. recession this year, how have you recently revised your original 2008 marketing budget?



BtoB online survey of 684 B-to-B Marketers, 1st Qtr 2008

I'd like to briefly recap the recent ABM release, "The Importance & Value of B2B Advertising During Times of Economic Uncertainty." In preparing their presentation, the ABM reviewed pertinent research on this topic spanning nearly a century, from a 1923 Harvard Business Review report up through the 2008 study conducted by *BtoB Magazine*.

Harvard Business Review's 1923 report of 200 companies found the largest sales increases reported by companies that advertised the most during the recessionary year. In 1949, 1954, 1958 and 1961, Buchen Advertising Inc. released tracking studies of business to business companies, reporting that sales and profits dropped off "almost without exception" at companies that cut back their advertising. Furthermore, Buchen found that, post-recession, those companies continued to lag behind companies which maintained their advertising budgets.

In the mid 1970s, the American Business Press Study concluded that companies willing to adopt an aggressive marketing posture during recession-

ary times would maintain and increase their sales and profits not only during the downturn, but in the years to come. McGraw Hill's Laboratory of Advertising Performance (LAP) quantified the benefit in 1985: companies which maintained or increased their advertising budgets during a recessionary period experienced average sales growth of 275 percent over the preceding five years.

The 2001 Yankelovich/Harris study found that nearly all executives polled agreed that keeping current as well as investing to remain competitive are important in a down economy:

"Even in a down economy..."

- **99% agree**... it's important to keep abreast of new products and services for your business
- **97% agree**... it's important to continue to invest to remain competitive in the future

"When you see a company advertising in a down economy..."

- **86% agree**... it keeps them top-of-mind when you make purchase decisions
- **86% agree**... it makes you feel more positive about that company's commitment to its products & services

2001 Yankelovich/Harris Study, 505 respondents

In 2002, Pennsylvania State University's ISBM Report concluded that, "The greater the proactive marketing of a firm during a recession, the better its a) market performance and b) business performance." Findings from this study emphasize the value of risk taking and assertive marketing investments on market performance during recessionary times and beyond.

The ABM concludes that advertising aggressively in a recession can:

- Boost sales and market share
- Open a lead on more timid competition
- Skillfully reposition a product to take advantage of new purchasing concerns
- Give the image of corporate stability within a chaotic business environment
- Give an advertiser the chance to dominate the advertising media ■

>Susan Weiss has over 20 years of experience in the research field. She is Research Director for the James G. Elliott Co. Inc.

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