

Advertising Sales Tips

IDEAS FOR ASSOCIATION PUBLISHERS

To Audit or Not to Audit...Is That the Question?

One of the most frequent questions I receive asks, "Is it better to use dedicated staff or independent sales representatives?" There really is no single correct answer to this question. This is an issue that must be viewed as a business question and should be resolved by applying a cost-benefit analysis to guide you to the solution that is best for you and your organization.

Advertising representatives are independent contractors. As such, they are not subject to day-to-day management as they would be if they were direct employees. Most good reps will have more than one client, so their time is shared between your publication and their work for their other clients. Independent reps work for a straight commission. There is usually no up-front money or other fees associated with utilizing the services of such an individual or firm. Simply put, you pay for the results which are produced, not for the process to gain those results. The standard commission rate is usually around 20% of the net revenue produced, although I have seen deals as high as 50% and as low as 15%. In addition, some rep contracts require the publisher to pay for some travel expenses as well as promotional expenses. These are items best negotiated with each firm being considered.

Direct staff is sales people who are employees of your organization. As such, you pay them a salary, benefits, vacation and sick leave, and usually a commission or incentive plan when their sales meet or exceed a specific level. The advantage of this structure

is that the publisher retains complete control over the sales process and the sales staff is fully dedicated to selling only the publisher's products. Also, for a very successful program, this may be a less costly method of selling advertising. In this structure, you are paying for the process as well as the results. The sales person you hire is earning his or her salary from the first day they come to work before they ever produce a dollar of revenue.

Utilizing an independent sales representative can be very costly if sales levels are high. Do the math. 20% of a large number is still a large number. When that number is compared to what it would cost you to "bring it in house", you may find that hiring a dedicated staff is less costly overall. But, if you are looking for someone to build your

advertising business and is willing to share in the cost risks to do that, a rep may be good choice.

The answer to the question comes down to a few simple things: how much are you willing to invest in generating advertising revenue? How much direct control do you want or need over the process? Do you want more staff because that staff can do multiple tasks? Do you want the revenue but not the direct staff it will take to generate it? These are simple questions with complex answers, but a thorough assessment of your goals, the market in which you operate, and your ability to invest in the process will help guide you to the sales structure that is best for your organization and its publication.



Who Should Sell My Ads?

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Advertising Sales Experts, Inc. offers several services, each designed to develop and maximize non-dues revenues for associations and professional societies. Our services include: print and web advertising sales, exhibit sales, sponsorship sales, and technologies that support those products including virtual trade shows and video production. Call today to set up a meeting to discuss your organization’s revenue producing products and how we can partner with you to maximize the revenue each generates.