

Revenue gains seen in merger of sales teams

By Steve Behrens

In a bid to bring more corporate underwriting into public broadcasting, NPR and WGBH are birthing a new sales unit to sell a larger and more diverse inventory of options—national, multimarket, local, radio, TV, website and more.

They'll combine NPR's national underwriting sales team with a purchase announced Sept. 11—National Public Broadcasting LLC, a privately owned firm that arranges spot underwriting for national companies on selected stations. The new rep firm's inventory also will include NPR.org, PBS.org and websites of dozens of stations.

The firm will sell national credits on *The NewsHour with Jim Lehrer*—already an NPB client—but not on WGBH's long slate of national pubTV shows. The Boston production house won't outsource sponsorship sales for its national series "for the foreseeable future," according to Lance Ozier, WGBH v.p.

An exception: Ozier says the partners see new income from moving "unsold inventory"—perishable slots that the national producers have not been able to sell before airtime.

The new nonprofit sales unit is aiming for \$100 million in sales, according to Ken Stern, NPR's c.e.o., and Bob Williams, c.e.o. and majority owner of National Public Broadcasting.

Together, NPB's partners are already within sight of that goal. NPR has earned as much as \$46 million a year from underwriting, Stern said, and Williams said his company has sales of \$38 million. NPB sales have been growing by double-digit percentages per year, he said.

Williams, 60, a former cable ad sales entrepreneur who launched NPB in partnership with a handful of major stations 10 years ago, agreed to stay on as chief exec of the new company for two years. NPB execs Don Ershow and Carl Mathis will

continue, joined in the senior management team by NPR execs Blake Truitt and Scott Davis.

The price NPR and WGBH paid for the assets of Williams' company is in the single-digit millions, Stern said. NPR will put up 80 percent and WGBH the rest, he said. Stern will be board chair of the new sales unit, and Jonathan Abbott, who steps up to WGBH's presidency next week, will serve on the board.

NPR's larger ownership share reflects, among other things, its "big leap of faith" to merge its national underwriting sales into the company, Stern said.

The new company's goal is to rep the whole pubcasting field, Stern said. "If we wanted a solution focused on NPR, we would spend \$6 million on more staff for NPR."

Though Williams' firm initially sold underwriting only on pubTV, it soon added radio and now does 60 percent of its business in radio, he said.

One reason is that NPB represents more than 100 pubradio stations in a month and just 60 in public TV, he said. In addition, radio's younger audience is more attractive to underwriters, and producing an audio spot is far cheaper than shooting one for TV.

The new firm will have "completely different dynamics," compared to the PBS Sponsorship Group, a sales cooperative for pubTV's four biggest producing stations, which folded in 2003. The collapse was blamed in part on its structure: The salespeople worked for different stations and could be expected to have stronger motivation to sell their own shows.

In contrast, NPB is "a stand-alone sales organization with no obligations to any one program," Williams told *Current*. Still, stations and producers will need faith that it works equally hard for all clients.

"NPR and the stations will all have to recognize that there's a delicate tension between stations and the network in terms of sponsor acquisition," said Donald W. Derheim, executive v.p., marketing and communications at KQED in San Francisco, one of the station partners in Williams' firm.

Derheim credits Williams with investing his own time and money to expand pubcasting's corporate support options, which PBS and the stations "had been kind

of stingy about changing."

Sales advantages

Stern said the combined sales operation will have several sales advantages over the present divided sales efforts.

It will have a enlarged sales team—initially nearly 50 staffers—and will invest in more training, research data and sales tools, he said. In the past five or six years, Stern said, NPR's expanded sales force has more than doubled the net's underwriting sales from \$18 million to \$46 million. NPR now deals with nearly 200 active corporate underwriters.

As a "one-stop shop," the sales unit will also have the advantage of offering a wider array of underwriting options. A sales rep with a broader inventory can readily place credits in varied media without negotiating with third parties, said Ozier.

Last week, Stern recalled, when he was pitching a national underwriting deal to a big corporation, an executive expressed interest in something NPR couldn't offer directly: underwriting in eight specific markets. "I didn't have the flexibility."

WGBH is choosing not to combine its national pubTV sponsorship effort with the new sales unit. Finding sponsors is quite a different job, Ozier said. The deals are ordinarily made before production, last for a season or more and often include off-air promo benefits for the underwriter.

Who will remain a partner?

NPR and WGBH said they expect to wrap up the NPB purchase by the end of October, but they're not sure whether they'll have other partners.

Williams Communications holds a slight majority in NPB, Williams said, and the rest is held by 10 major-market stations plus ABRY Partners Inc. LLC, a Boston investment firm. As majority owner, Williams had the authority to decide on the sale, Stern said. And under the company's founding pact, the stations must sell, too. But Stern and Williams say they're open to other options, which may leave stations as partners in the new company.

Williams, his partner Linda Williams, the investing stations and pubTV's Pacific Mountain Network started up the company in 1997 as National Public Television. (PMN later sold its share at a profit.) NPB adopted its present name in 1999 when it

began repping radio as well as TV. In January 2006 it added National Public Broadcasting Interactive to represent podcast websites, including PBS.org.

Though NPB is considered a success, the underwriters did not evolve in the way Williams had expected, he told *Current*. “I made a decision to start with television and made the assumption that advertisers would change their messages to fit public broadcasting because it has such a desirable audience,” he said. But companies didn’t want to alter the expensively researched and produced ad copy and images they had created for commercial TV. “They still wanted to sell product in their messages,” he said. And noncommercial TV, under FCC rules, was off-limits for some of that material. “We were swimming upstream,” he said.

Corporations proved more willing to change their messages for radio, Williams said, because it’s so much less expensive than video production.

Radio also benefits in national sales, Williams noted, because NPR has the flexibility to sell flights of multiple spots covering exactly the periods needed for companies’ promo campaigns. Most of NPR’s underwriting is linked to dayparts rather than a season of a particular series, as on PBS. ■