

# CPF News

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*Wishing you a joyous holiday season  
and a prosperous New Year!*

*Dave, Barbara  
& the CPF  
Board of  
Directors*



A PUBLICATION OF THE COMMUNITY PAPERS OF FLORIDA



# CPF's Board of Directors & Staff



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**Mission Statement:** To support the success and growth of our members and the community paper industry.



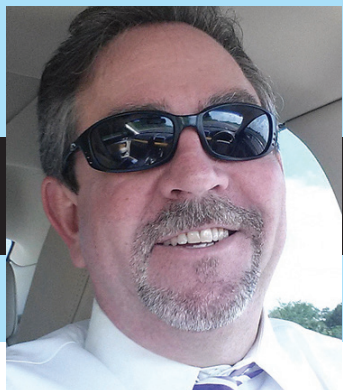
## Member Benefits

Your CPF membership provides a multitude of benefits and services that are paid for by the CPF classified network. If you haven't already, you'll want to take advantage of some of the following benefits:

- Audits provided by Circulation Verification Council (CVC).
- Annual Convention.
- A flat fee of \$59.50 per room per night (which includes the hotel room, lunch, dinner, training sessions by top industry speakers, and outstanding entertainment) for classified network members, according to the 2017 Board of Directors' established attendance guidelines. Current guidelines are: For publications that **SELL** network classified ads: Up to 100K circulation, 2 rooms (with 2 persons per room, for a total of 4 attendees); 101-300K, 3 rooms (with a total of 6 attendees); 301-500K, 5 rooms (with a total of 10 attendees); 501-750K, 6 rooms (with a total of 12 attendees); 751K-1 million, 7 rooms (with a total of 14 attendees); and over 1 million circulation, 9 rooms (with a total of 18 attendees). For publications that only **PLACE** (but do not **SELL**) network classified ads: Up to 100K circulation, 1 room (with 2 persons, for a total of 2 attendees); 101-300K, 2 rooms (with 2 persons per room, for a total of 4 attendees); 301-500K, 4 rooms (with a total of 8 attendees); 501-750K, 5 rooms (with a total of 10 attendees); 751K-1 million, 6 rooms (with a total of 12 attendees); and over 1 million circulation, 8 rooms (with a total of 16 attendees).
- Convention Idea Fairs. Earn cash awards. Share ideas. Fantastic opportunities to take home revenue-generating ideas.
- Annual CPF "Awards for Excellence" contest to honor our editorial and graphic service personnel.

- Nationally-recognized convention speakers.
- An opportunity to earn money through CPF's classified network.
- Quarterly CPF newsletters.
- AFCP's Free Paper INK. No cost to members.
- Training seminars provided. No cost.
- A successful tax lobby effort, still working for you.
- The Saturation Mailers Coalition, fighting for a positive postal rate, pricing, operation and service environment that benefits free paper publishers that mail.
- Defending our industry against the assaults of government and others that may choose to consider us as second-class citizens.
- Helping publishers in CPF gain their market share of revenue and protecting their interests.
- Promoting the free paper industry. CPF has budgeted funds to promote our industry to our readers and our outstanding value to both advertisers and consumers.
- A great opportunity to work together as a team to make Florida a better place to live!
- The CPF Website with CPF news, including classifieds for the following week; advertising information; links to Member publications and state, regional and national free paper organizations; photos from past conferences; and a list of Member Publications (with audited circulation figures). Visit: [www.communitypapersofflora.com](http://www.communitypapersofflora.com)





# The President's Message

## Looking Ahead to 2018

— Farris Robinson

During the “State of the Association” address at the recent conference in Stuart, I noted that network classified revenue for the association has continued to take a dramatic fall this year.

For years the CPF classified network supplied the funding the association needs in order to provide numerous benefits to its members. Now we have fallen on hard times.

Not only has revenue continued to fall, so has the circulation of the classified network. Over the past few years members have cut circulation or pulled out of the network, and some have gone out of business. This has been a sign of the times in the print industry.

The board had a recent face-to-face board meeting to take a hard look at the future of the association.

The board agreed to move ahead and schedule a conference in 2018. The board is taking a look at other revenue ideas and, as in the past few years, it made cuts to the 2018 budget.

Due to the declining circulation, the classified network ad price will be lowered. Information on the new rates is contained in this newsletter. Also included is an update on the current membership

*As we go into the New Year, let's work on keeping this association afloat. Ask your reps to get involved in the classified network and sell a few ads.*

and circulation of the classified network. (Updated forms for 2018 can be downloaded from the “Members Only” area of the CPF website.)

One of the cuts made during the board's session was to the rewards given to classified reps who sell network ads. It was noted that CPF was losing money on the contest prizes and commissions. Since at this point we are in a position where the survival of CPF is on top of the list, the budget was cut from \$10,000 to \$2,000.

On the positive side, the 2018 budget includes continuing the CVC audits and continuing to pay a good portion of the costs for members attending the annual conference.

We have a difficult task ahead. Other free paper associations are facing the same problems and have tried numerous revenue ideas, but attempts to replace the classified revenue have not been successful.

As we go into the New Year, let's work on keeping this association afloat. Ask your reps to get involved in the classified network and sell a few ads.

We wish you a Merry Christmas and a successful New Year. 🍷

It's a  
**STEAL**



**\$295.00**

*New rates go into effect January 1, 2018.*

*Just \$295.00 for a full run ad covers the whole*  
**STATE OF FLORIDA**  
*in the CPF Classified Network!*

*That's right!*  
*The Community Papers*  
*of Florida has*

**NEW LOWER  
AD PRICES!**

*Don't need to advertise  
in the entire state?*

**Then choose the  
Zone that meets  
your needs!**

**ZONE 1  
\$200**

**\$100.00 to CPF**  
Words over 25, \$10 each  
(Includes all papers EXCEPT  
the Tampa & Miami Flyers.)

*Circulation:*  
**1,134,693**

**BOLD** your ad for  
an additional \$30.

**ZONE 2  
\$240**

**\$120.00 to CPF**  
Words over 25, \$15 each  
(Includes all papers in Zone 1  
PLUS the Tampa Flyer.)

*Circulation:*  
**1,832,647**

Sorry! **BOLD** is not  
available in Zone 2.

**ZONE 3  
\$255**

**\$127.50 to CPF**  
Words over 25, \$20 each  
(Includes all papers in Zone 1  
PLUS the Miami Flyer.)

*Circulation:*  
**2,060,181**

Sorry! **BOLD** is not  
available in Zone 3.

**ZONE 4  
\$295**

**\$147.50 to CPF**  
Words over 25, \$25 each  
(All papers INCLUDING both  
the Tampa & Miami Flyers.)

*Circulation:*  
**2,758,135**

Sorry! **BOLD** is not  
available in Zone 4.

**Buy 3 weeks,  
get 1 week  
FREE  
in all 4 Zones!**

# FLORIDA STATEWIDE COVERAGE

## Zone 1

American Classifieds of Tallahassee Tallahassee, 24,500*	Hometown News – Fort Pierce Fort Pierce, 9,539*	Lehigh Acres Citizen Lehigh Acres, 4,770*	Senior Times •• Gainesville, 27,000*
Antique Shoppe, The •• Keystone Heights, 15,000*	Hometown News – Martin County Stuart, 24,038*	Lutz Gazette •• Lutz, 5,500*	Seniors Voice •• Ocala, 8,000*
Beach Beacon Madeira Beach, 14,456	Hometown News – Melbourne Melbourne, 12,050*	Lutz News Lutz, 9,003*	Suncost News Central Pasco Central Pasco County, 28,850*
Belleair Bee Clearwater Beach, 12,068	Hometown News – New Smyrna Beach Edgewater, 13,500*	New Smyrna Pennysaver New Smyrna Beach, 26,772	Suncost News North Pasco North Pasco County, 33,012*
Caribbean Today •• Miami, 24,700	Hometown News – North Brevard Merrit Island, 17,500*	New Tampa Gazette •• Tampa, 1,000*	Suncost News Pinellas North North Pinellas County, 24,000*
Carrollwood Gazette •• Tampa, 5,500*	Hometown News – Ormond Beach / Daytona Daytona Beach, 20,800*	North Fort Myers Neighbor North Fort Myers, 5,900*	Suncost News South Pasco South Pasco County, 26,275*
Citrus Park Gazette •• Odessa, 5,500*	Hometown News – Palm Bay Melbourne, 11,150*	Observer News Ruskin, 48,100*	Triangle News Leader Mount Dora, 28,006*
Clay County Leader Orange Park, 6,500*	Hometown News – Port Orange Port Orange, 14,800*	Ocala Downtown •• Ocala, 8,000*	Village Spectator, The •• The Villages, 8,000*
Clay Today Orange Park, 4,000*	Hometown News – Port St. Lucie Ft. Pierce, 17,300*	Okeechobee Pennysaver • Okeechobee, 11,205*	Villager, The Wellington, 24,400*
Clearwater Beacon Clearwater, 25,204	Hometown News – Sebastian River Sebastian, 10,050*	Osceola News Gazette – Saturday Kissimmee, 36,590*	Weekend Breeze Cape Coral, 40,165*
Daytona Pennysaver Daytona Beach, 66,592	Hometown News – Suntree / Viera Suntree, 10,900*	Osceola News Gazette – Thursday Kissimmee, 42,910*	Wesley Chapel Gazette •• Wesley Chapel, 5,500*
Flagler Pennysaver Palm Coast, 36,780	Hometown News – The Beaches Melbourne Beach, 9,100*	Pasco Gazette •• Land O'Lakes, 5,500*	Wesley Chapel Laker Wesley Chapel, 13,400*
Florida Mariner • North Port, 12,315	Hometown News – Vero Beach Vero Beach, 15,373*	Pine Island Eagle Saint James City, 8,295*	West Volusia Pennysaver Deltona, 53,003*
Fort Myers Beach Observer Ft. Myers Beach, 6,746*	Island Reporter, The •• South Pasadena, 29,000*	Polk County News and Democrat 2,100*	Winter Haven Sun Winter Haven, 18,000*
Highlands Sun Sebring, 12,000*	Lady Lake Magazine •• The Villages, 8,000*	Ponte Vedra Recorder Ponte Vedra Beach, 9,000*	Zephyrhills / Dade City Laker Zephyrhills, 9,000*
Hometown News – Deland / Lake Helen Deland, 8,000*	Land O'Lakes Laker Wesley Chapel, 13,830*	Seminole Beacon Seminole, 27,704	<b>Total Circulation:</b> <b>1,134,693</b>
Hometown News – Deltona / Orange City Deltona, 8,000*	Largo Leader Largo, 24,342	Senior Life Magazine •• North Ft. Myers, 11,000*	

Revised: 12-13-17

## Zone 2

Includes all the publications  
in Zone 1 PLUS:

**The Flyer – Tampa**  
*Hillsborough County  
Pasco County  
Hernando County*  
**697,954**

**Total Circulation:**  
**1,832,647**

## Zone 3

Includes all the publications  
in Zone 1 PLUS:

**The Flyer – Miami**  
*Broward County  
Dade County*  
**925,488**

**Total Circulation:**  
**2,060,181**

## Zone 4

Includes all the publications  
in Zones 1, 2 and 3.

**Total Circulation:**  
**2,758,135**

## Notes

*All figures are audited unless otherwise  
noted. All ads are placed on the Internet  
at [www.communitypapersofflorida.com](http://www.communitypapersofflorida.com).*

- \* Estimated figures.
- Bi-Weekly publication.
- Monthly publication.



# PaperChain Update

## Free Community Paper Industry Branding

— Dan Alexander, PaperChain Chair

Promoting and branding our free community papers is near and dear to all whose livelihood is based in this industry. While some of us have been at this for years, our industry is still very much in its infancy.

Unlike no other time in our history has the opportunity to assert our brand been as promising as it is today with daily newspapers experiencing dramatic losses in paid circulation and finding themselves seemingly unable to stop the erosion.

Despite modest growth in electronic and digital models, nothing delivers like strong local print products.

More members see growth in new areas once reserved for those paid products as a direct result of our free method of mass distribution and the need of marketers to reach local households with a proven product.

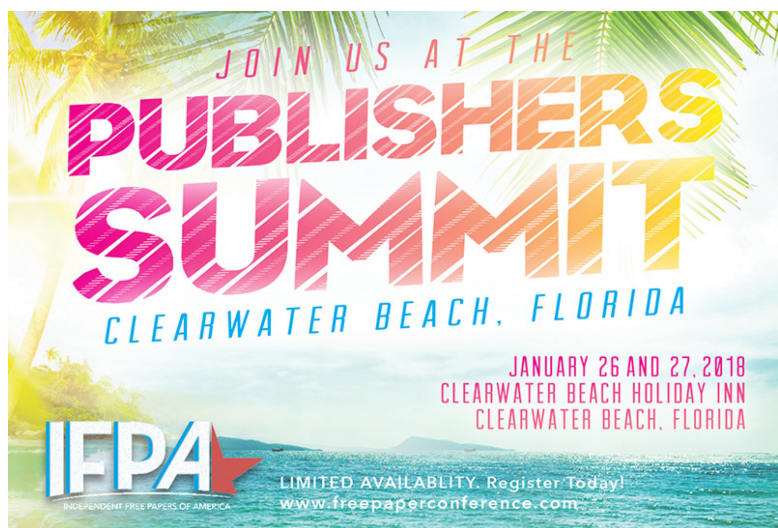
The success of an industry is never achieved strictly by reaching a preconceive plateau and remaining quiet, but more so by the constant promotion of the readily accepted method that solves a problem and delivers the desired results.

Free Community Papers have and will continue to deliver the required local results marketers of brick and mortar facilities must have to

succeed and meet their goals.

Ensuring our individual and collective success continues to be strengthened and expanded, we are looking for like-minded free community paper staff members to volunteer for short-term committee work and brain-storming discussions to generate new methods to promote the industry.

Please consider supporting this effort by volunteering some time and encouraging co-workers to do the same. Call your association's executive director today and let him/her know we can count on your support. 📞



Even if you're not a member of the Independent Free Papers of America (IFPA), you're invited to join them at the Publishers Summit in Clearwater Beach, Florida, **January 26–27, 2018**. They'll even register you at the low IFPA member rate!

The Publishers Summit is a great opportunity to get help with your toughest challenges and hear how others are finding success in these challenging times. Space is limited; so if you're interested in taking advantage of this opportunity, register now!

For additional information or to register,  
call **Danielle Burnett at 866-224-8151** or go to  
**[www.freepaperconference.com/publishersummit/](http://www.freepaperconference.com/publishersummit/)**.





# PaperChain Link & Learn

## Taking the Pulse of Your Market

— Jim Busch

Over the years, I've seen a lot of sales trainers give classes. One of the best trainers I've encountered is Joe Bonura. Joe has a way of expressing complex and important ideas using simple, easily understood words. I once heard Joe say, "You can sell the hard way, or you can sell the easy way!" The "hard" way is to keep presenting ideas and products in the hope that something you say might resonate with the customer.

The "easy" way to sell is to ask the client what they need and then present the products that will solve their problems. The "easy" way is taking a marketing approach to your interactions with customers. I once heard the difference between selling and marketing described in this way: selling is getting people to buy the product you have and marketing is finding out what the customer wants and providing it to them. The key to effective marketing is finding out what the customer wants, and the best way to do this is very simple. We ask them!

Our publications have many different types of "customers." The most obvious are our advertisers, the local businesses whose dollars makes everything we do possible.

Our readers are also our customers. We need to provide them with products that fill their needs and give them a reason to keep reading our publications. It is our readers that give our products their value, and it is our ability to con-

nect with them that makes advertising attractive to potential advertisers. Having a strategy in place to gauge the opinions of your customers will make your publications more effective, more secure and more profitable.

### The problem of getting good feedback

Our mothers are the source of the biggest problems in gathering accurate information about our customers' opinions of our publications. Throughout our childhoods we are told, *"If you can't say something nice, don't say anything at all!"* This is why we hear things like, *"I like your paper, it's a great publication...but cancel all of my advertising."*

Most of the feedback we get is binary, "on/off", "yes/no." Most people are just too nice to give you unsolicited negative feedback. On the other hand, customers may be reluctant to give you positive feedback because they fear that you'll raise their rates.

These factors limit the amount of accurate information available to you to run your business. You are like a WWII submarine captain looking through your periscope: you're surrounded by the entire ocean, but all you can see is the tiny area visible in your eyepiece.

### "How am I doing?"

When Ed Koch was mayor of New York

City, he would walk the streets of the city asking his constituents a simple question, *"How am I doing?"* Koch generally got high marks for his performance in office. A skilled politician, he knew that his question not only helped him keep his thumb on the city's pulse, but also gave its citizens a sense of agency. People like to feel that they have some input and thereby some control over their environment. There is no greater compliment than saying, *"I value your opinion, please tell me what you think about..."* Aside from gathering information, setting up a feedback mechanism helps to build strong relationships with the people who are critical to your success.

### What you don't know, CAN hurt you!

I've found a lot of publishers are reluctant to survey the opinions of their advertisers, readers and employees. Today's publishers are pressed for time and have to carefully monitor their cash flow to be successful. In my opinion, rather than being an argument against setting up a protocol for soliciting customer feedback, the tough market conditions present a strong argument for doing so. Having accurate information on how the market views your publication allows publishers to avoid costly mistakes and to chart a course toward profitability. Let's look at some potential concerns about soliciting your customers' opinions.

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*"This a small town, I live here and I don't need to do a survey to know what's going on."*

One of the reasons that the free and community papers have continued to thrive while many large metro publishers have folded is that we better understand our markets.

I believe that we can never have too much knowledge about our market. We live in a period of great change. People now engage with the world using different technologies and their lifestyles have undergone significant changes. One of the biggest demographic shifts is the rise of the millennial generation. All of these factors mean that we can no longer rely on what has worked in the past. Also, the people who grew up with Amazon, Yelp, and Facebook are conditioned to sharing their opinions with the firms they do business with.

*"We are a small operation, we don't have the time or the money needed to conduct market research."*

Fortunately, modern technology means that conducting a survey can be done quickly and at virtually no cost. Web based services such as SurveyMonkey and Constant Contact make it easy for any company to reach out to their customer base. Our industry is unique in that our business is delivering information to the general public. This provides us with a platform for distributing survey questions to our readership at no additional expense.

While it does take some time to create a survey and tabulate the results, it is well worth the effort. Surveys should be a regular part of doing business. As a sales manager, I made a point of

calling several customers/prospects every day from my reps' call reports. I would just call the business contact listed to thank them for their time and to follow up and make sure all of their questions were answered. This practice not only tended to keep my team's call reports accurate, but gave me valuable information about our sales approaches. I also called our regular customers when they signed an agreement, made a large purchase or on their anniversary with our paper. I used these occasions to make sure that they were 100% satisfied with the service they were receiving. I would also ask if they had any suggestions on improving our products.

One such conversation with a local realtor led to the creation of a profitable weekly advertorial feature showcasing local homes for sale. These conversations, which fell outside of the normal sales process, told the customer that our company was genuinely interested in them and in satisfying their business needs. Though this took some time out of my day, this investment paid dividends in building stronger connections with our customers.

*"I'm not a marketing guy, I wouldn't know where to begin."*

At their core, all marketing surveys look to answer three basic questions:

1. What do you like about what we're doing?
2. What could we do better?
3. Do you have any suggestions about how we can make our products more valuable to you?

With these questions in mind you can easily create a survey that will give you a much better

picture of how people view your products. Here are the steps you need to follow to gather this invaluable "intel."

1. Decide what you want to know.
2. Write your survey questions.
3. Decide how you are going to reach your respondents.
4. Review the information and look for patterns.
5. Act on the data you've gathered and the insights you've gained.

What you want to know – You should always be interested in how satisfied your customers are with your products and your people. For example, you could ask advertisers if they are pleased with the service they receive, with the return on their investment, which programs or product features they like best. Questions for readers could include, why do they like to read your publication, what sections do they like best, or what they feel you could add to the paper.

Writing survey questions – Your survey should be prefaced with a brief statement telling potential respondents that their feedback is important to you and thanking them for their time. Surveys should be short, limited to no more than seven or eight questions. Research has shown that a one-page survey will generate a far greater response than one that requires two or more pages. It is better to conduct frequent short surveys than to use a single long questionnaire. Questions should be short and easy to understand. (*"How often do you read our paper?"*)

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*Continued from page 8*

rather than, “Describe your readership frequency.”) Avoid leading questions. (“How much do you love our paper?”) Questions should be specific. (“Which sections of the paper do you read regularly: Local news, sports, life-style?”) Questions can be either yes/no, multiple choice or use the “Lip-pert Scale” which offers a range of responses (Strongly agree-Agree-No Opinion-Disagree-Strongly Disagree). It is wise to include a space for respondents to voice their opinion. (“In the space below please tell us if there is anything else we can do to serve you better.”) Conclude the survey by again thanking the person for their input.

When composing a survey always keep your goals in mind and keep your questions focused on gathering actionable information which will allow you to improve your products and processes.

Decide how you are going to reach out to your respondents—There are a number of ways to conduct a survey; direct mail, telephone, in-person, and online. In most cases, for small organizations with limited resources, the online survey is the best option.

In addition to the low cost, the services mentioned above make conducting a professional looking survey quick and easy. In some instances, using other means of contact may make sense. For example, “bill stuffers” may be a good way to reach out to respondents when you are conducting a survey of current advertisers. You are already mailing bills/statements so no additional postage is incurred for either party; and since a bill is always opened, response rates are generally high.

As described earlier, the telephone is a good way to conduct informal surveys. Conducting personal surveys is a great way to reach out to the general public at community events. You might consider partnering with local high school or community college teachers to recruit people to conduct these surveys. Because they can be integrated into their classwork and offer practical experience, you may be able to recruit students at a very reasonable rate.

Some papers recruit a group of advertisers or readers to join a focus group. These “councils” meet every so often to discuss the issues at hand. The paper can purchase their breakfast at a local restaurant and gather a great deal of information for a very small investment.

Contests are a good way to collect data from readers. I worked for a publication that conducted a “post-card study” by inserting a post-age paid card into their publication. People who completed the card and mailed it in were entered into a drawing. On the card were questions about their reading and buying habits (“How often do you read our paper? Which ads in our paper have motivated you to make a purchase? Approximately how much did you spend?”) We then used this information with advertisers and non-advertisers to prove the value of our products.

Collecting the information and putting it to use – Perhaps the truest words ever uttered are “Knowledge is Power!” This is only true if the knowledge gained is applied to improving how we go about our lives. The future of our publications depends on how well we serve the needs of our customers. If we do not listen to them and act on what they tell us, we will lose their trust

and the means to stay in business.

The information gathered in your surveys should be reviewed at the highest level of your organization and incorporated into your planning, training and policies. This allows you to make “course corrections” in the direction of your company and to create new products which reflect the needs of the public. For example, one local publication found that readers enjoyed a kid’s coloring contest feature and launched a weekly feature which showcased the work of local junior “artists.” This feature is very popular and, because it is sponsored by a local pediatrician, profitable.

Conclusion: Running your business the “easy” way – Marshall Field, the Chicago department store magnate, was famous for saying, “Give the lady what she wants!” His dedication to understanding his customers’ needs helped him become one of the wealthiest men in America and his advice still applies today. By making the effort to learn what our advertisers and readers want and what they think about us, we will find it is far easier to earn their business and their loyalty.

While conducting ongoing surveys may look “hard,” in reality it is the “easy” way to make our papers extraordinarily successful! 📌

*This article was written by Jim Busch. Link & Learn is brought to you every month as part of PaperChain’s® mission to provide educational material to the free paper publishers. If you have an issue you would like to see covered please email [janderson@wisad.com](mailto:janderson@wisad.com), put “Link & Learn” in subject line. Be sure to check out [www.paperchain.org](http://www.paperchain.org) for past issues, electronic ready promotional ads and much more to help you remain competitive.*



# Postal Pieces: PRC 10-Year Rate Review

*What does it mean for mailers?*

— Donna Hanbery

On December 1, 2017 Robert Taub, Chairman of the Postal Regulatory Commission (PRC) held a press conference to announce the long awaited decision of the PRC in its ten-year rate review of the rate-making system that has been in place under the Postal Accountability and Enhancement Act (PAEA) since 2006. Although the Commission declined to eliminate the CPI price cap and to give the Postal Service the unfettered pricing discretion it had been seeking in the review, it found that there were problems with the current system.

In finding that changes needed to be made to restore the Postal Service to financial health and to deal with other problems or anomalies in the prior rate making process, the PRC announced the beginning of another regulatory proceeding, a rulemaking proceeding, that would give mailers and stake holders a chance to propose their own “fixes” or solutions to the problems and to comment on the proposal advanced by the PRC.

The decision and rulemaking is in two parts. In a lengthy determination, the PRC examined the rate cap system as it has operated for the past ten years, compared it to prior cost-of-service rate making before PAEA, and proceed to analyze whether or not the current system was working under the objectives and factors set forth in the law.

In general, the PRC made the following findings:

- The CPI rate cap system has worked to achieve the objectives of stable and predictable rates with regard to timing and magnitude. But the rate-making system had not increased pricing efficiency.
- That the Postal Service was in “poor health.” Although it had generally achieved short-term financial stability, it was in poor financial health from the standpoint of medium- and long-term financial stability. The PRC acknowledges that much of this is due to the Great Recession, the emergence of new technologies that hurt Postal Service volumes and revenues, and a unique period of deflation where the ability to raise rates under the CPI cap did not help the Postal Service.
- The current system jeopardizes the Postal Service’s financial health because it is not able to raise the rates of “under water” products that are not covering their attributable costs. For example, the periodical class has historically had attributable costs below the prices that the Postal Service has been able to charge under a rate cap system. Because the cap is applied to all periodicals as a class (and there are no profitable periodicals), the USPS has not been able to raise rates above the CPI for that class to cover costs.

- The Postal Service has not maintained high quality service standards.

Other findings of the PRC of significance included its determination that the plain language of PAEA gave the PRC “broad authority to engage in rulemaking in order to modify or replace the current rate making system. The scope of that authority is limited only by what is necessary to achieve the PAEA’s objectives.” The PRC rejected arguments that it did not have the authority to change the rate cap.

On the more positive side, the PRC largely found that the rate cap system was working to achieve needed mailer concerns of predictability and stability; and that the current system, with a regular, known, cycle or rate adjustments, was more efficient and had eliminated many of the administrative burdens and costs and had improved transparency, than the rate system that existed before PAEA under the costs-of-service rate setting model.

The PRC’s findings and determination runs 270 pages, with a detailed examination of the history and a discussion of each of the factors and objectives under the Act. In spite of finding that the rate cap system is widely supported by mailers and stakeholders and has helped the Postal Service and the industry have a system that all

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stakeholders seem to believe is considerably better than the prior cost-of-service method, the PRC also finds that the Postal Service's balance sheet and losses have grown under the system and "need to be fixed."

Although the PRC repeatedly acknowledges that most of these financial problems are largely due to the optimistic views of Congress in 2006 that volumes would continue to grow, the economy would be stable, and that the Postal Service would have the funds to pay a very aggressive schedule for prefunding Postal Service retiree health costs, the PRC is not willing to ignore those "big numbers" and "big losses." Notably, the accumulated deficit of the USPS is approximately 59.1 billion and the RHPB requirement accounts for 54.8 billion of that number. Although all the Commissioners seem to lament that Congress has not acted to change the RHPB requirement or to potentially forgive or reamortize these "losses," the Commission insists it can't ignore these numbers and must craft a proposal to improve the Postal Service's medium- and long-term financial health.

In announcing a proposed rulemaking, the PRC makes it clear that its proposed rule is "a suggestion only." The rulemaking proceeding launches a 90-day window of time for mailers and stakeholders to comment on the PRC rule or to make their own proposals. At the end of 90 days everyone will have a chance to reply to the submissions of other parties. At the end of the 120 days period, the PRC will then consider its own proposal and industry and Postal Service comments before issuing a final rule that would

change and make modifications in the present system.

Here is what the PRC is suggesting in its proposed rule:

- Postal Service prices will still be tied to a price cap based on CPI, but the USPS will have the right to charge CPI plus 2% for each of the next five years for all classes of mail.
- In addition to the 2% "extra," the Postal Service could charge an additional 1% with .75% tied to certain operational efficiencies, and .25% tied to improvements in service quality.
- The Postal Service will be required to raise prices for underwater products (like periodicals and some standard flats.) For these products, the Postal Service will be "required" to raise prices an additional 2% over the allowable price change until prices achieve full cost coverage.
- The USPS will have new restrictions on worksharing passthrough. The USPS should strive to have, as near as possible, 100 percent pass through of actual savings through work-sharing. The following limits will be in place, however, subject to a three-year grace period for noncompliant passthroughs:

Periodicals: 75% – 125% of avoided costs;

All other classes: 85% – 115% of avoided costs.

The Commission Decision and Proposed Rule clearly finds that the PRC and industry must be "stuck" with the Postal Service's bad balance sheet. The PRC declined to follow suggestions made by many commentators that it should not accept as a "given" the big debt on

the Postal Service's balance sheet caused by the unrealistic healthcare funding, or that it should also consider the Postal Service's undervalued assets like real estate, in determining its financial health. The PRC refused to accept any of those arguments and seems to say "we have to accept the numbers at face value." After doing this, the PRC decides it "must" give the USPS more flexibility to raise prices high enough to generate sufficient revenue to assure medium- and long-term financial stability.

At least some of the Commissioners in Supplemental Comments – and in the case of Tony Hammond, a dissent – expressed concern that the "fix" proposed by the PRC might be problematic but needed to be done because Congress had failed to act on reform. Both Commissioners Langley and Acton noted that the PRC's proposed rulemaking was "one approach to regulating market dominant rates," but invite other interested parties to propose alternate solutions.

Tony Hammond formally dissented with the majority, stating "the proposed changes elevate the objective of financial stability above the others." Hammond writes, "I have concluded that a significant portion of the Postal Service's financial instability results from an overly aggressive retiree health benefits pre-funding schedule – which warrants a legislative solution – and from the Postal Service's decision in 2007 not to pursue the final cost of service rate increase authorized by the PAEA."

Hammond states he would propose a one-time price increase that raises the Postal Service's

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finances to the level needed to ensure stability absent those two factors, while leaving the price cap intact for future rate adjustments. Hammond warns that the changes proposed by the PRC could have a substantial negative impact on volumes.

Given the lengthy time the Commission took to issue this decision, and the conflicting views and uncertainty expressed in some of the individual opinions by three of the four Commissioners, it seems likely that the final order and decision of the Commission on the new rules and system may vary somewhat from what the Commission has proposed.

The initial industry reaction was grim, lament-

ing that this proposal, although preserving the “rate cap” in principle, would do little to improve USPS efficiency and was certain to drive the USPS to raise prices to the full extent permitted over the five-year period. Several mailers and association leaders expressed grave fears that the PRC proposal would do lasting, potentially irreversible damage to the USPS and the mailing industry.

In the Postal Service’s response to the Decision, Postmaster General Megan Brennan, stated, “The Postal Service agrees with the conclusion of the Postal Regulatory Commission that the current CPI price cap does not work and needs to be changed.” She goes on to state, “We are analyzing the Commission’s alternative price cap proposal to determine the extent to which it ad-

vances this goal. We continue to believe that any price cap is unnecessary in the rapidly evolving market place.”

As of the writing of this article, it is uncertain whether or not any industry parties or the Postal Service will appeal the PRC decision or what actions or strategies may be pursued in the Postal Service rule making. The only thing that is certain, is that there will be some widely diverging views and comments in the rule making in the year to come.

Although it is not clear when any new, final, rate making rule may take effect, it seems unlikely that any change in rates will occur before early 2019. 📌

## *Will the “cure” kill the patient?*

The PRC found the Postal Service’s position is poor. Although most of the Commissioners and staff of the PRC seem to acknowledge that the “blame” for this problem lies largely with the unworkable retiree healthcare prefunding requirement, the PRC appears to think it is stuck with the cards it and the Postal Service has been dealt. But playing these cards for future rates changes is a dangerous game for mailers and the Postal Service.

You can’t fix a business that is suffering from lack of revenue by charging everyone more than the market will bear. In a good faith effort to “fix” the Postal Service’s poor finances, the PRC is recommending too much too long to help the

Postal Service get back to mid-term and long-term financial stability.

Make no mistake about it, this is like a year over year exigency increase that will drive many businesses from continued use of the Postal Service and will exponentially drive the interest of current mailers to seek competitive alternatives for the profitable products the Postal Service wants to keep.

Even Congress, in trying to “make sausage” of competing interests in its discussions of postal reform, was not considering more than a CPI plus 1% mark up for a limited period of time, or a onetime adjustment in rates.

The bottom line of this decision is that it puts an effort to restore the Postal Service’s financial health before all other objectives considered by the PRC. Although the PRC finds that the rate cap should be preserved, it effectively dismantles the cap for the next five years allowing year over year increases that may significantly outpace or even double the rate of inflation and will, sadly, result in the Postal Service still being saddled with high overhead, Congressional mandated pre-funding requirements that everyone agrees would not have been passed by a Congress with a better crystal ball in 2006, and fewer customers. 📌



# The “News Guru” Speaks

## Teaching an Old(ish) Dog

— Kevin Slimp

I remember the first time I spoke in Chattanooga, Tennessee. It was 1994 and I had just developed a new way to create and transmit newspaper ads.

Preparing to speak from the stage at the Chattanooga Choo-Choo Hotel, I looked over the audience of 150 or so publishers before hearing a voice from the front row. It was Joe Stagner. We became quick friends.

Joe’s health took a bit of a turn for the worse a few years back, so he hasn’t made it to many conventions, although he has made the trip to Nashville for a few breakfasts that have become a tradition for myself and a few of my publisher friends.

So when I first received an email from Joe last month, asking how to place an html widget on an Adobe Muse web page, I wondered where he learned about Muse and what in the world he was using it for. That’s when he told me the news. He had just designed a website for his newspaper and he was ready for it to go “live.” This, I had to see.

Joe is the publisher of Your Community Shopper, the community paper in Ardmore, a town on the border of Tennessee and Alabama. His paper is a member of both states’ associations. I looked at his url, [yourcommunityshopper.com](http://yourcommunityshopper.com), and quickly realized Joe was on to something. Honestly, it looked great.

“Joe,” I asked, “where did you learn to design a website in Adobe Muse?”

“The truth is I learned it on your show,” he was quick to reply.

“What show?” I asked.

“Do you remember when you sent out an email a couple of months ago, saying you would teach us to design a website in Muse in 40 minutes? That’s where I learned it.”

First, I reminded Joe, the webinar lasted 70 minutes, a minor lapse in memory. I wanted to know more.

He continued, “That short instructional video covered the very basics of creating and posting a website. After watching it two or three times I decided, I can do that and our website was born.”

I asked if anyone was helping him with the site.

“I am doing everything myself now. Patricia (Coulter) and I do pretty much everything for the paper and the website. Patti (Stagner) does all the page layout after all the pieces are ready for assembly. I have a part-time saleswoman, Denise, and a part-time clerical worker, Ann, and two delivery people, Joy and Darby Barnes. That’s the whole staff.”

I took a quick look at Joe’s previous website, which was available in archive. The new look, designed in Muse, was a significant improvement.

I asked Joe if it wouldn’t be easier to use a vendor to create his website. He seemed pretty determined to get the job done on his own.

“It is time intensive now, while I’m learning the software. However, as I put less new material on the site and build a way for people to subscribe to the newspaper, I think the site will become much easier to update. I’m still deciding what I want to be standard information they can count on seeing every week and what will not be there. I starting to find that less is actually more.”

I don’t know that I’ll recommend to many of my newspaper friends that they take the time to design their own sites from scratch, but Joe seems pretty happy with his results.

I asked Joe what he like best about Adobe Muse, which comes with the standard version of Adobe Creative Cloud software.

“All the functions that work like InDesign make it easy to get started right away. Access to the type library is great. I am sure that I will find many more things that I like as I learn more about everything that is available to me.”

“So you really learned that from one video?” I asked.

“I sure did. I had to watch it two or three times, but I got it.”

I could hear the grin in his voice.

“Just imagine,” I said, “if we’d had two hours!”

I’m proud of Joe. If you’d like to see his creation, take a peak at [yourcommunityshopper.com](http://yourcommunityshopper.com). Be sure to tell him Kevin says, “Hey” while you’re there. 📍



# Sales Training

## *A few words about buying signals*

— John Foust

In my senior year of high school, I met the new girl in town on the first day of school. Louisville, Kentucky seemed like a world away from Greensboro, North Carolina, where I had spent all of my life to that point. And I was intrigued by the girl whose family had just moved from that exotic place.

We chatted several times between classes. Although her favorite topic was her boyfriend in Louisville, my teenage brain missed the significance of that information, because Louisville seemed a million miles away. After turning me down a number of times, she finally agreed to go to a movie. As we walked to the theater, she stopped in front of a wedding shop, and “oohed” and “aahed” over the wedding gowns in the window, saying she was looking forward to marrying her boyfriend.

That’s when I realized I didn’t have a chance. She couldn’t have been more obvious if she had said, “John, here’s a clue you can’t miss. I’m not interested in you. In fact, I’m planning to elope tomorrow.”

Things turned out for the best. I don’t know if she ended up marrying the boyfriend back in Louisville, but I eventually met the real woman of my dreams, to whom I am happily married.

Buying signals. If we pay attention, they will

show us where we stand in the selling process. There are negative signals, like the unmistakable “no” of the Wedding Shop Incident. And there are positive signals. Some are more definite than others. Let’s take a closer look:

1. **Non-verbal signals.** Your prospect may be prepared to move to the next step in the sales process if he or she...

- Nods frequently, agreeing with the points you are making.
- Leans forward with an increasingly pleasant expression.
- Holds his or her pen near the advertising agreement, as if ready to sign.
- Smiles while re-examining your sales materials, especially any suggested ads you are presenting.
- Maintains good eye contact, and is not distracted by a cell phone, email, or non-related items on the desk.
- Takes possession of the ads you are presenting, by positioning them on his or her side of the desk.
- Calls for an associate to step into the room to hear your ideas.

2. **Verbal signals.** A number of prospects

won’t say, “I’m sold. Where do I sign?” But they will say other things that show they’re ready to make a commitment. Be ready to move quickly, if he or she...

- Asks about the agreement.
- Asks when the ad campaign can start.
- Asks about your billing procedures.
- Requests clarification of earlier sales point. For instance, “Tell me again how you can reach my target audience.”
- Requests a change in the ad copy you are presenting.
- Indicates a willingness to close, by asking, “What’s the next step?”
- Stops referring to THE ads and starts referring to MY ads. This is one of the strongest buying signals of all, because it shows that he or she already owns what you are selling. 📍

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