

The Dick McHargue Network

We were a thorn in the side of the Missouri Farm Bureau for two reasons. First the MFB had its own market reporting service that provided any radio stations with market reports via telephone--free. The simple credit "reporting from the Missouri Farm Bureau" was the only tag line they wanted. They liked the promotional benefit. Now radio stations were carrying Derry Brownfield's network and they were out. Second, they couldn't control Derry; he'd say what he thought. That attitude caused bad blood between the two.

So when they learned they couldn't buy us, they'd compete. They hired Dick McHargue of KHMO, Hannibal, and started "The Dick McHargue Network." Also delivered by land lines, the difference was the way they did business: They were a "representative/programming network" It was a smart move on their part. Recall, we were a full-network in that we kept every dollar we sold. The station got a local availability, but no money on the sale of spots carried from us on their station. Further, the advertisers had to buy the full network--all or nothing. McHargue's Network was different in that it sold advertisers only the stations they wanted and then rebated to the station a portion of the money. That way the station made money and the advertisers only had to buy the stations they wanted--no waste. I stood to lose all my strong affiliates. McHargue was going to each of my best affiliates telling them they'd get paid for spots if they'd go with him. I stood to lose my business entirely. Drastic action was called for.

I successfully blunted the effort. But it took creativity. First, I knew they'd only go after the really strong stations in the best farm areas such as KMMO in Marshall; one of the top-producing counties in Missouri. I knew they didn't want those radio stations serving marginal ag counties. Second, I knew advertisers were willing to pay hefty prices for only the best-located radio stations. So, I started by ranking affiliates according to quality to my advertisers and then paying those affiliates on a sliding scale. It was a complicated scheme. And, I admitted to station managers why I was doing this. They liked me and went along. While it eroded profits on the short run, it both saved the business and it allowed me to increase my card to advertisers. Soon McHargue and the Farm Bureau went away.

What did I learn? (1) Being in the marketplace first is critical; (2) You've got to be nimble and quick in business; (3) Don't be so prideful you won't change; (4) strong relationships built over time serve you well in hard situations; (5) Marketplace knowledge will carry the day, and (6) you may need to sacrifice today to eat tomorrow.

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