



# How to create an ABC in your country

A practical handbook



# How to create an ABC in your country

## About the author



Liviu Burlacu has been the secretary general of the Hungarian Audit Bureau of Circulation since 1993, when he started building the organization from scratch. Burlacu built the circulation audit system, introduced an Internet traffic measurement system, and recently has been working on a digital copies audit system.

During 1997–2005, he worked at establishing and developing the Romanian Audit Bureau of Circulations along with his mentor, Johnston M. Mitchell. The Romanian ABC is providing the following services to its market: circulation audit, quantitative and qualitative readership research, Internet traffic measurement, Internet profile research, and print rate-card database.

In 2005, Burlacu worked on establishing the Association of the Romanian Local Press Publishers, the only local publishers' organization in the country.

During 2004–2005, and from 2008 until present, he has been working on the establishing and developing of an ABC in the Republic of Moldova.

Since 2002, he has been a member of the Executive Board of the International Federation of Audit Bureaux of Circulations.

He worked as translator and editor of the „One Year Strategic Developemt Plan For The Romanian Press” (written by Johnston M. Mitchell and funded by Freedom House, Bucharest, 1998), and co-authored „The Guide Of The Press Manager” (Editura Humanitas, Bucharest, 2007).

He is continuously travelling throughout Central and Eastern Europe to present and discuss the issues of media audit, and participates at events involving the advertising industry.



# How to create an ABC in your country

Introduction

Aknowledgments

1. What is an Audit Bureau of Circulation?
2. The need for credible media information
3. Why would you need an ABC in your country?
4. Is the time right?
5. Values and principles governing an ABC
6. Know your market
7. Know your allies and opponents
8. Maximize the potential
9. Minimizing the obstacles
10. The initiative group
11. Organizational structure
12. Building a print circulations audit system
13. Finance
14. The manager of the ABC
15. Diversifying, and going beyond the print circulations audit



**Chris Llewellyn**  
*President & CEO, The  
International  
Federation of the  
Periodical Press  
(FIPP)*

“ Magazines have independent circulation audits for two main reasons - to have credibility with media planners and buyers that allow spending decisions to be made with security and comfort, and for magazines to be able to compete with each other using a common, respected, currency.

FIPP has always supported the use of independent circulation audits by its members. After all, publishers aim at producing finely targeted, brilliantly crafted, magazines, and having an independent audit confirms how successful, or otherwise, they are. Irrespective of what the reported figure is, publishers who use independent circulation audits demonstrate in the most tangible way possible, complete confidence in their magazine.

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# How to create an ABC in your country

## 1. Introduction

The purpose of this handbook is to give a practical guideline for those interested in creating, and building, organizations which can serve their advertising markets with credible, independently verified media information.

The idea to write this guide came in 2008. After a series of discussions about the initiative, the Executive Board of the International Federation of Audit Bureaux of Circulations (IF ABC) decided in 2009 to give green light to this project.

The ABC movement has a history of almost 100 years. All existing ABCs were primarily formed to provide audited print product circulations figures. Nowadays, the ABCs provide a long array of services, from circulations audits to web traffic measurement and readership research.

This guide is focusing on building the organization, while is discussing less the audit services. The reason is simple: in order to have the (circulations audit) service in place, you need first the fundament, the organization.

The particularities of a given market (the level of technological development, the legal frame, the way the production and distribution systems of the printed press are operating, etc.) have a decisive influence on how an audit system can be built and maintained, therefore making a such an exercise quite complicated.

I wrote this handbook based on my 17+ years experience of working with the Hungarian, Romanian and Moldavian ABCs, 14+ years of IF ABC members experience, and 8+ years of IF ABC Executive Board member experience.

I owe thanks to those IF ABC members who gave me support for my work, as well as to the IF ABC Executive Board, who was instrumental in making this project become reality.

I owe special thanks to my former mentor, Johnston M. Mitchell, who gave me close advice to writing this material, to Gordon Towell, CEO of the Australian ABC, for his IT support, and to Marton Rónayi for making the graphical design of the handbook.

Burlacu Liviu  
the author



**Gavin O'Reilly**  
*Group Chief Executive  
Officer  
Independent News & Media  
PLC  
President, World Association  
of Newspapers and News  
Publishers (WAN-IFRA)*

“ The advertising and media industries have thrived in the UK in large part because of accountability and transparency. These two operating principles provide media buyers, procurement and new business executives alike, with agreed measures of quality – not only for the UK media but also for the many international media based here in London. The industry has an absolute responsibility to continue to ensure that clients' media budgets are invested correctly, that publishers can be held responsible for their claims, and that planners have the tools to do their work professionally. The International Advertising Association UK Chapter wholeheartedly supports the audit system.

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# How to create an ABC in your country

## Aknowledgements

My sincere thanks to those IF ABC members who have given me support for this work, as well as to Mr. Eusebio Serrano, the Chariman of the IF ABC, and the members of the IF ABC Executive Board, who were instrumental in making this project a reality.

I owe special thanks to my former mentor, Johnston M. Mitchell (USA), a specialist in international media assistance who gave me close advice in writing this material; to Gordon Towell, CEO of the Australian ABC for his IT support; to Gábor Famosi, CEO of TestMan LLC (Hungary) for his support with the e-reader technology, and to Marton Rónyai, CEO of Raggafuegos (Hungary) for doing the graphic design of the handbook.

**Liviu Burlacu**

Budapest, Hungary  
July 2010



“ Advertising without transparency and accountability is leaving our industry in the middle ages. When we have the courage and the vision to stand for what we truly are, then the whole industry will gain the confidence and the trust of all our advertisers, and we will see more advertising investments.

”

George Jabbour  
*CEO, Near East for Fortune  
Promoseven  
President, International Advertising  
Association, Lebanon Chapter*



# How to create an ABC in your country

## 1. What is an Audit Bureau of Circulation?

"ABC" stands for Audit Bureau of Circulation. It is an organization which acts independently to verify distribution/circulation sales numbers of print and other forms of online or digital media, and then disseminates this information to pertinent advertising markets.

Audit = independent verification.

Bureau = organization and operations.

Circulation = reporting the number of circulated items (copies).

An ABC is a non-for-profit organization formed and owned by a country's media industry (advertisers, advertising agencies, and media). Its structure encompasses the three areas of auditing process, organization in an operational sense and within a country's legal framework, and reporting.

The first ABC was established in 1913 in the United States of America. Currently, there are approximately 40 ABCs around the globe, and the number of ABCs continues to grow.

The ABC's global parent organization is the International Federation of Audit Bureaus of Circulation (IFABC).



**Markus Kley**  
CEO  
G+J Espana

“As publisher of high quality magazines, G+J Espana is a firm believer in providing the advertising market with audited circulation figures as these provide the transparency needed to establish a trustful relationship with our advertising clients. In this context, the Audit Bureaus of Circulation in each market does a terrific job as a neutral third party agent providing the market with credible and audited circulation numbers.

”



# How to create an ABC in your country

## 2. The need for credible media information

In a country/market where an ABC has formed, there has been a strong need for more accountability of media in general, and the printed press in particular. This demand for accountability usually comes from advertisers and their partner advertising agencies. It also is driven by publishers who believe that accurate sales figures reflect the social responsibility demanded of independent media not only their editorial and information freedoms but also in competing fairly in a free market system.

The advertisers are interested in transmitting their messages to the public in order to increase sales, promote products or for purposes of developing corporate image, etc. The transmission mechanism is the media itself, which is creating communities of potential message consumers, and product or service buyers.

The advertising money flows in one direction - from the advertisers to the media, either directly or via media/advertising agencies. This is, in essence, an investment of advertisers in the media.

At the other end, the media is doing everything possible to be part of the advertising investment, in order to secure the advertising expenditures.

The media/advertising agencies play the role of intermediate. They handle advertisers' media budgets, including planning, media mix, selection of media and schedules, selling, and optimising the media. They also maintain an ongoing trade relationship with the media in order to acquire the media space and schedule that is necessary to carry out the media plans agreed upon with their advertisers.

This activity is a continuous competition among clients for budgets and campaigns.

### 2.1. Indices related to circulation

Here is a list of the more important media elements related to circulation, and represents the criteria that an advertiser uses to make media purchase decisions:

- Cost Per Thousand (CPM)

The cost to disseminate an advertising message per 1,000 copies:

$$\text{CPM} = (\text{unit advertising cost} - \text{i.e. } 1/1 \text{ page}) / (\text{number of copies distributed} / 1,000).$$

- Penetration Rate

The percentage of distributed copies in a market sector:



## How to create an ABC in your country

Penetration = (number of copies)/(number of households) [%], for the consumer press.

or

Penetration = (number of copies)/(number of businesses) [%], for the B2B press.

- Costs of Insertion

The number of insertions to be run in one issue is directly related to the number of copies printed/distributed.

- Readership per copy (RPC)

The number of readers of one issue of a publication related to the size of the distribution of the given issue:

$RPC = (\text{number of readers})/(\text{number of distributed copies})$

This is a quite disputed index (many analysts are challenging the comparison of number of readers to number of copies); nonetheless, it is widely used in the industry. In any case, this is a benchmark index, showing the total readership circulation within a given market.

### 2.2. Making proper advertising investment decisions

The decision to buy advertising should be based on actual circulation and reader/user demographics. It is a business decision which should be quantitative versus solely qualitative or one of reputation and perceived image.

There is a need to estimate the worth of future advertising investments in different publications/media. On the other hand, the information used to make these estimates (the media performance data) is not directly controlled by the advertisers, nor the advertising agencies, but rather by the media itself. Trust is not enough; rather, to use the old political adage used in arms control during the Cold War: Trust, but verify.

- Readership. Advertisers or advertising agencies normally do not conduct direct readership research. This information comes from research companies, who are in general financed by media.
- Circulation. This information comes directly from the publishers, if no ABC is in place. In some cases, the clients of the publishers use indirect methods to find out their circulation. For instance, they might



## How to create an ABC in your country

request printing invoices, or they use monitors at printing houses where print runs occur.

- Rate cards (advertising unit nominal price). Setting the rate-cards is the exclusive privilege of media owners.

Taking the above into consideration, the advertisers are facing a series of risks with respect to circulation and readership data:

- Circulation. There is a high risk that publishers inflate these figures. Even the printing house invoices should be treated with extreme caution because they can be easily manipulate and inflated. In addition, the number of printed copies is not a direct sign of the real performance of a publication because it does not provide any information on how many copies were actually distributed and sold.
- Rate cards. These are nominal prices, and they can be highly overvalued. If there is no media information to support the level of the prices, the advertisers face a great deal of uncertainty related to the real value of the advertising to be acquired.

Taking all of the above into consideration, an advertiser is facing a series of risks when dealing with uncertain media information. The weapons against uncertainty in the hands of the advertisers are the discounts (the ratio of discounting off the nominal rate-card level). The more uncertain the performance of a campaign, the higher the discounts an advertiser (media agency) will desire.

This discounts warfare has a direct effect on the income of a publisher. In a competitive environment each publisher will tend to maximize its advertising money income by using a variety of tactics.

### 2.3. The consequences arising from non-accountable figures

#### 2.3.1. For the advertisers

Without credible media information, advertisers put their media investments at risk. During the planning of an advertising campaign, there is not necessarily enough past information to make fully informed decisions.

#### 2.3.2. For the media agencies

Media agencies are generally less accountable to their advertiser clients. Their media plans can be based on incorrect assumptions, and are subject to mistrust. Since media agencies cannot plan properly, they focus more so and rely upon media prices only.

#### 2.3.3. For the media

The publishers' (media) figures are continuously challenged. The more the mistrust (risk faced by adver-



## How to create an ABC in your country

tisers and/or media agencies), the higher the discounts they will have to agree upon, to get a chunk of the media budgets.

The real losers of the lack of credible circulation figures are those publishers who do not use highly inflated figures (see the CPM example), in contrast to their competitors. The absence of an ABC (audited, credible media figures) is an open invitation for publishers to inflate circulation.

### 2.3.2.4. It is the publishers who pay the price

It is very clear that data which is not credible is a business risk. This risk is priced into the business actions of the market players. Eventually, the price is paid by the publishers, by accepting, or being forced to give, higher discounts.



**Pradeep Guha**  
*President of Asian Federation  
of Advertising Associations  
Vice President/Area Director  
of The International  
Advertising Association*

“

The explosion in Indian media advertising would have descended into chaos had it not been for the impartial and transparent accountability brought to it by media measurement organizations for print and television.

I is the silent support system of this highly competitive industry that guides it through economic peaks and troughs.

I recommend setting up similar systems in any region where traditional media advertising plays an important part in the overall brand building process.

”



## How to create an ABC in your country

### 3. Why would you need an ABC in your country?

Have you, as an advertiser, had enough of the fairy tales told by publishers about their circulation? How many times have you asked for better media data from you suppliers (media agencies, publishers)? How many times have you actually received better data?

As a media agency, can you sincerely say that your agency is able to and actually providing good media plans? Do you have any idea about the basis of these plans? Are you sure the advertising money that you are proposing is being properly spent?

Have you, as a media agency, had enough of advertisers asking you for better media planning, and more accountability? Do you really trust the publishers' figures?

As a publisher, have you ever been furious about the inflated figures used by your competitor(s)? How many times have you experienced the mistrust of your clients (advertisers, media agencies) toward your circulation figures? How many times have you accepted a higher discount only because there are no credible media figures on the market?

Have you all had enough? Is your market ready to move ahead and build a system that will provide fairer competition in the media marketplace of advertising?

If you have faced these questions repeatedly in recent years, you should consider developing an ABC.



**Silviu Ispas**  
*President, The Romanian  
Audit Bureau of Circulation*

“

As President of the Romanian Audit Bureau of Circulation, one of the youngest associations of this kind in Europe, I can say our activity and our services radically changed the advertising market in Romania in terms of positive professional attitude and approach by all the parties, with the net effect of keeping the industry on a strategic development path involving media, advertisers and agencies.

Our ABC had the opportunity for quick growth from 31 to 237 members in 12 years and from a simple traditional audit service for print to seven complex media research and measurement services for print and online.

If anybody is asking us what is our recipe for this succes, the answer is hard work, but also external independent support and consultancy. As an example but also as the most relevant people and institutions who really boosted our development I name here Mr. Liviu Burlacu from ABC Hungary, Mr. Harald Amschler and Mr. Rene Schmutz from ABC Switzerland, Freedom House Forum Foundation and the Center for Independent Journalism Romania. But our very first steps were made under the supervision of Mr. Liviu Burlacu who is one of the most energetic and passionate media consultants.

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## How to create an ABC in your country

### 4. Is the time right?

Perhaps there is enough momentum to create an ABC in your country?

Nonetheless, while your intuition may suggest it, certain conditions in the marketplace will ensure your ABC's successful development.

Here is a practical checklist:

- Level of market competition: the greater the number of players (advertisers, media agencies, publishers), the higher the probability that an ABC is needed.
- Size of the advertising market: the larger the market, the more resources that are available to form and finance an ABC. More advanced countries have a ratio of advertising expenditure related to GDP over one percent.
- Ratio of print advertising expenditure to other media: the greater the print advertising expenditures, the better the conditions for an ABC to be established.
- Level of unhappiness with the existing status: how many of your industry associates and competitors complain about the lack of credible information? Is the media covering the issue of inflated media "circulation" numbers?
- Level of foreign investors presence: the greater the foreign (international) investor presence, the greater the pressure on the market for credible media data. The international companies are accustomed to have this type of infrastructure, they have seen already an ABC. It is a part of their business climate and free market culture.

Make sure you are scrutinizing the data from a dynamic perspective that is conscious of the free market's fluidity:

- Is the market growing?
- Did the level of foreign investment grow lately?
- Have multinational companies continued to enter your country's market?



**György Szabó**  
*CEO, Cluster Central and  
Eastern Europe,  
Sanoma Magazines  
International*

“

The ABCs are the most respected circulation certification institutes, for both the publishing industry, and for the advertising clients and media agencies. Their existence and recognition clearly demonstrates that publishers are ready to accept the most advanced verification norms, and that they are ready to work together for promoting and safeguarding the interests of their industry.

”



# How to create an ABC in your country

## 5. Values and principles governing an ABC

An ABC stands for trust. The trust of an ABC is driven by the following values and principles:

- Transparency
- Industry ownership
- The industry standard
- Self-regulation
- Non-for-profit organization
- Equidistance from the market players
- Professionalism

The fundamental product of an ABC is its credible data. It acts as the foundation for building and maintaining trust. All of an ABC's structures, decisions, operations, services, and communications must be derived from this foundation.

It is essential to understand that trust must be at the core of an ABC from the very beginning of its construction. There is no way one can build a trustworthy organization "later on."

This trust acts as the catalyst for all other aspects of an ABC. Trust builds synergy.

### 5.1. Transparency

An ABC must be an open process. It must be built on a volunteering membership, where each member submits to the bylaws of the ABC for the greater goal of providing credible circulation information to foster more advertising sales and a stronger footing in financial viability.

This submission must be taken into consideration when writing and discussing the bylaws of an ABC.

Another feature of transparency is its open communications, both within the membership and to its public - information seekers to advertisers to media agencies. Many ABCs make public their membership list, the audited titles list, the audited figures, and all rules and regulations.

The internal work of the ABC must be verifiable by the members. As long as trust is an ABC's foundation, it is counterproductive to be secretive, or to create the impression of hiding information.

### 5.2. Industry-ownership

Another feature of an ABC is its industry membership. Regardless of the legal frame of your country, it should be possible to create an organization where members (owners) are representative of the indus-



## How to create an ABC in your country

try. This basis of membership creates the sense of ownership for the success of the ABC.

The most diverse structure of an ABC can be seen in countries where its members are advertisers, advertising agencies, as well as media owners. In some cases, there is an imbalance when an ABC is owned and operated only by advertisers or only by media owners. The key principle to consider is whether an ABC's membership and ownership is representative of the media industry.

A representative ABC makes it possible for all sectors of the advertising industry to have a say in the creation and operating of an ABC. This quality will empower the audit service to become the standard for its market. It will early on and for the long term enhance the market's acceptance and trust in the ABC and its services. This is another way of building trust.

An ABC with a diverse, representative membership will become the common denominator in working among its three key publics of media, advertisers, and advertising agencies.

### 5.3. The industry standard

An ABC must aim to become (and actually it is) the organization that sets the standards for a given market. The ABC works to standardize data and thereby become the authoritative voice in its market.

Before an ABC is established, each individual market player is using its own definitions and terminology. As an example, how are printed copies versus sold copies defined, and are these two principles differently interpreted by each individual market player? A lack of standardization can create many misunderstandings and problems.

In the countries where I have worked with ABCs the ABCs themselves introduced for the first time a clear and understandable set of standards related to circulations. Today, in these countries, the key players are using the ABC terminology when talking about press distribution.

The ABC has, in a sense, created a language not only for the trade of advertising, but also for business communications more generally.

Last, but not least, an ABC should seek to educate the market about its activities, rules and regulations, and on how to read and understand its audited figures, and use its standards.

Maintaining a standard makes it necessary to educate an ABC's key publics about its standards, and to teach it how to communicate in the audited world of media.



## How to create an ABC in your country

### 5.4. Self-regulation

One of the most important principles guiding an ABC is self-regulation. There are many definitions of this term.

Here are a few:

- The system by which an organization or institution deals with its own disciplinary and legal problems, often in private, rather than being publicly regulated by somebody else.
- To function automatically or without outside control.
- The controlling of a process or activity by the people or organizations that are involved in it, rather than by an outside organization.

An industry standard may be imposed (through government legislation/law), or - by contrary - may be developed by the industry players.

A standard which is imposed may not be so readily accepted, and if it comes with a threat of penalties or sanctions that are enforced, this outside authority diminishes the initiative that self-regulation can bring, while lessening the credibility of the ABC itself.

The obvious - and best - alternative is to create a self-regulatory environment.

From an ABC perspective, self-regulation implies:

- Working together and maximizing the involvement of the industry. The more the number of players involved with standardization, the higher the acceptance of standards within and outside the ABC.
- Be representative. The larger the coverage of all industry sectors (in our case: advertisers, media agencies, media companies), the better. Diverse membership yields more credibility.
- Seeking common goals. One can work with others only if there are commonly accepted goals.
- Setting objectives with the lowest common denominator, or broadest impact and acceptance in mind. The objectives to be achieved must take into consideration a minimal platform, where acceptance by members is as close to unanimity as possible.
- Imposing the rules. A rule is as good as it is applied. In other words, the work of self-regulation must consider the set of necessary controls and actions to be taken against those who are breaching them.

The well understood and applied self-regulation within an ABC is instrumental in building trust among members and market players. It makes the future work much more easier and straightforward.

### 5.5. Not-for-profit operations

Forming an ABC as a non-for-profit organization communicates that the audit is not a means of making



## How to create an ABC in your country

money and profits, but is truly a service to the media industry, and the free market more generally. This non-profit foundation inherently places trust as a guiding operation principle for an ABC. Of course, this doesn't mean that an ABC should not plan budgets and operate to break even in its works. It has to have enough revenues via membership and audit fees and other services such as research to fund itself. The non-profit basis means that the focus is on delivering the best service to its customers.

If the execution of a particular year's audit bureau plan and operations generates net revenues, these excess funds should be reinvested in the next year's budget. The net revenues can also be used to induce more membership by reducing membership fees.

One benefit of the not-for-profit operations is that the price of providing the service is the lowest possible, since it doesn't have to generate net profits for its members.

### 5.6. Equidistance from the market players

The notion of equidistance is a very important trust factor, especially in establishing and maintaining fair and balanced audit operations.

It is very important that the subjects of the audits (publishers) cannot interfere in the audit process and administration. A publisher should not be able to interact with auditors, the ABC's administrative personnel, or with how the audit should be carried out.

There must be clear and detailed written protocols on how the audit process is to be carried out, as well as on how publishers have to provide data and documents to the auditors and/or ABC. Based on these rules, the auditor must independently carry out each and every audit.

This disinterested method of handling audit operations ensures that the ABC is at "distance" from its audit subject, in completing every audit.

The pricing and quality of audits are also contributors to the equidistance. Similar jobs must be priced in the same way, and the quality of the audits must be the same for each and every (similar) audit.

### 5.7. Professionalism

It may seem redundant to discuss the need for professionalism, even if when are talking about a not-for-profit, membership-based organization. The need for professionalism is underscored by the very issue of securing and using every members/publishers' sensitive data.

During the design of an audit system, as well as when the audits are carried out, the ABC (namely: ABC employees, auditors in person) will have access to a long series of sensitive business information and



## How to create an ABC in your country

documents (contracts, accounting, etc.) which all belong to the publishers. This is sensitive information many competitors would be eager to get.

The publishers must be totally sure that there is no information leaked to the public, nor to competitors. It is the task of the ABC to guarantee the security of the data; therefore this very sensitive issue must be considered in the very early stages of creating an ABC. It is imperative to "isolate" the data in the hands of an ABC from the rest of the competing marketplace.

### 5.8. Conclusion

The values discussed above are the cornerstones of an ABC.

In my experience, one of the biggest obstacle in creating an ABC is the lack of trust and understanding among the market players. Some have personal reasons, and some have bad experience. Many can become discontent without professionalism.

Anywhere I have worked in forming an ABC, the market players agreed there is a need to create the organization, while the majority did not want to cooperate. Some people even didn't want to sit down to talk to others...

I always worked to create a list of all these areas of conflict and ways of overcoming them. In fact, I often used a rating system to prioritize the resolution of such conflicting concerns.



**Tamara Reding**  
*President, IAA International Advertising*  
*President, Association Young Professionals Switzerland*  
*Head of IPM Basel a Division of Goldbach Media Group*



#### Transparency

Some audit organizations that are IFABC members not only verify circulation of print media but also verify the transparency of the relevant national institution for research studies. This is a service the media buyer needs. All data collection, population sampled and basis for projection must be publicly documented and transparent to all market participants.

Every approach needs to be demonstrated and explained in what timeframe it will be measured in the future (or if it can't be measured). An audit organization's involvement ensures that the research provides accountability about what's included in the data and what is not. The frame of the survey must adhere to a country or region's standards and be representative of the total population, e.g. for households without telephone lines or technical equipment (digitization, etc.). This needs to be reviewed annually via the audit process and documented publicly.

I prefer user centered - user-centered - studies (i.e. with a panel) before media-centered studies (site/provider - centric research) because there is more independence. The audit verifies that reliable socio-demographic and other information regarding the target audience is available to the advertiser. I encourage other countries to establish audit organizations to accomplish this important work.





# How to create an ABC in your country

## 6. Know your market

In order to step out on the difficult road of establishing an ABC, you must thoroughly know and understand your market by identifying all of its key players. After all, you will have to work with almost all of them!

### 6.1. The players

Go through the checklist above. Identify the following players:

- Advertisers.
- Advertising agencies, media brokers.
- Media companies.
- Media organizations, such as publishers, other media, news agencies, newsrooms.
- Media research (opinion poll) companies.
- Chambers of commerce.
- Local branches of the global advertising industry bodies: IAA, WFA, WAN/IFRA, FIPP etc.
- Printing houses.
- Press distribution companies.

Be sure to add the following information (classifications):

- Local versus international companies.
- Top/key (influential) players versus lower profile players.
- Top executive (decision-maker) name, position, and full contact data.

Finally, make sure you create and maintain a database with all this information - it will be of great use.

### 6.2. Technology and infrastructure

In order to be able to build the right organization, with a good service, it is essential to understand the structure, level of technology, and legal background of your market. Therefore, make sure that you assess the following information:

- Industry ownership (structure)
- Legal framework, with the focus on not-for-profit, association-type of organizations. Does your legal environment permit the formation of privately owned associations? What are the registration and establishing protocols, documents needed, etc? How much will these cost, and how much time will it take to register an organization?
- What infrastructure is printing of the newspapers and magazines in your country? Are these produced in the publishers own printing facilities, or rather on a commercial (outsourced) basis?



## How to create an ABC in your country

- How is the press distribution structured in your country? Is your market single copy sales driven, or rather subscriptions-driven? Are there significant differences of the subscriptions to single copy sales ratios between newspapers and magazines?
- How much of the supply chain is owned by the publishers, and how much is independent? Are the major suppliers state-owned? Do you have any (state) monopoly over any of the supply sectors?
- How do the suppliers of the printing press (printing houses and distribution companies) operate in terms of response time to the publishers, accurate figures, clear reporting, etc?
- Is there a significant black-market (no papers, cash-based) trade within the supply chains?
- How good (business-friendly) are the relationships between publishers and their suppliers? Are these partners open-minded, pro-active, cooperative, or not?



**Michael Toedman**  
*President,  
International  
Advertising  
Association UK  
Chapter*

“

When the World Association of Newspapers and News Publishers (WAN-IFRA) compiles its annual World Press Trends publication, it sometimes sparks complaints from newspapers about where they rank on the circulation tables, in comparison with their competitors.

The disputes always center on markets where newspapers do not submit to outside auditing.

We do our best to provide the best available figures and always note when they're provided by unaudited sources. And we always tell those who complain that the solution is simple: submit to outside auditing for transparency and credibility.

We don't suggest this merely because it is useful for our World Press Trends: it's what the advertisers want and what they most frequently insist on.

Particularly in today's highly competitive media world, advertisers seek certainty, and audit data is a tool that helps them make informed decisions about newspaper or website advertising. They're very keen to have all the tools they can at their disposal when they make decisions about where they spend their money, particularly in today's poor economic climate.

But while the question of 'to audit or not' is still an issue in some markets, the bigger battle for the industry today is about establishing new, standardized metrics for measuring the true reach of newspaper audiences, across all platforms. To this end, WAN-IFRA has created the Media Measurement Integration Task Force ([www.wan-press.org/MMITF/home.php](http://www.wan-press.org/MMITF/home.php)), comprised of newspaper associations and auditing companies worldwide. The task force's mission is to explore and communicate the opportunities to measure and report newspaper branded audiences and their value across multiple platforms to newspaper industry stakeholders.

That's the future for our industry.

”



## How to create an ABC in your country

### 7. Know your allies and opponents

Before going out to meet the prospective members, it is worth assessing the players in the marketplace.

As any joint effort, creating an ABC implies working together with your partners. One would certainly want to work WITH those who support the idea, and ON those who resist it. Therefore, one needs to identify on the list created per point 6.1. those who are for and against the ABC idea.

Some practical advice:

- Mark the list of players with "pro" and "con" indexes, wherever you know them.
- Discuss with others to assess the position of those who you don't know.
- Add an extra mark to those who are very favorable.
- Where there is any uncertainty, make sure you project if the player is a potential "pro", or a potential "against" and why. Note their allies and how to build support across to those who are against an ABC.

Once this work is done, you are almost ready to go into battle.



# How to create an ABC in your country

## 8. Maximize the potential

As with any business initiative (and if it was not mentioned, an ABC is a business, after all), numbers count.

Because of its novelty - the technological challenges, the potential for resistance, the lack of cooperation, the need for resources - one must ensure that there are enough supporters of the ABC idea. Not only in saying "yes", but also in getting involved - by working for, and by financing, the ABC.

Just to make it very clear: if an ABC will audit only 5 percent of all the market players, it might not be likely to survive; therefore one should shoot for 80 percent as an involvement level.

In order to maximize the potential for an ABC, please go thru this short checklist:

- Do your homework
- Maximize numbers.
- Communicate effectively.
- Build a working team.
- Manage the initiative on a project basis.
- Get expertise from outside

### 8.1. Do your homework

Before beginning in earnest, make sure your homework is done properly and in full. Have in hand all the information described above, and make sure you plan your actions thoroughly.

The homework should encompass:

- Continuously updating your database of potential ABC members (supporters), as well as of the market infrastructure.
- Meeting and talking to those who you know. Find out what they think about the ABC, including their arguments in favor and those against the idea.
- Build an initiative group that will take the work over, and will speak out in the market.
- Identify the people who will be of critical help in your efforts such as legal support, communications, etc.
- Get expertise from abroad, if needed.
- Manage the initiative as a project: identify the tasks, resources needed, as well as the finance issues.

### 8.2. Maximize numbers

Your ABC will be an organization which will have to be viable on the market, providing a good level of service to all its clients (members). The more clients an ABC will have, the better its position and market accept-



## How to create an ABC in your country

ance, let alone its financial sustainability.

All the market players are potential clients of the ABC; therefore, try to maximize this number.

Here's how to do it:

- Make sure all the companies within the advertising industry are on your list. Don't be biased by your own bad experiences, or your personal feelings. It is possible that for the time being, many of the companies will be reticent about the idea, but their mindset can be shifted and can change with time's secret weapon - growing momentum via more critical mass, i.e. a higher and higher percentage of the industry becoming involved. You will probably need to contact each several times, so be patient and build a , good relationship.
- Communicate the ABC idea with all your means, including the early trendsetters who can become your mouthpiece. (Equip these early innovators with talking points, too.)
- Keep the doors open to all new entrants. This should be the organization of the industry; therefore, it should be open to all.
- Invite as many players as you can to your group meetings. Maximum numbers - whether early commitments or the curious - sends a positive message, even if some of your guests don't really know what is going on. If anyone gives any sign of interest, send him/her an invitation to your next meeting.
- Disseminate the results of your work. Use your press list to send press releases to all media - make noise.

Knowing that not all market players will join your group, nor they will join later the ABC, the principle of this approach (based on the principle of probability) is the following:

- The acceptance, sustainability and quality of services of the ABC depends directly on its market share (how many titles will be audited), and the number of audited titles by (in the beginning) depends directly of the number of publishers who will join the ABC.
- The number of effective members who will join your ABC will be less than the total number of players of the market.

A good start means that you have maximized the numbers, the potential.

### 8.3. Communicate effectively

The most brilliant initiative is condemned to failure if it is lacking effective communications. In order to succeed, there is a need for sending the right messages to the right targets, via the right channels, at the right time.

Listen well, too. It is so crucial to be able to listen to, and give appropriate response, to the criticisms and negative messages.



## How to create an ABC in your country

By embarking upon the initiative of forming an ABC, one must keep in mind the importance of some important positive messages, striving to overcome the expectations of negative messages. Be prepared to listen, respond accurately, take more questions, hear more resistance, and listen again!

### 8.3.1. The strategic objectives of your communications

The objectives of your communications should support your main goal - what is the end result you want to achieve and when... namely, to initiate and establish an ABC.

Here are some strategic communication objectives:

- Expand the ABC idea within your market.
- Create a positive attitude toward the ABC concept.
- Maintain frequent and proactive communications.

### 8.3.2. The targets of your communications

You didn't forget the market player's database, did you? It's time to use it.

Create target groups (e.g. publishers, media agencies, advertisers, research companies, universities, journalism schools, etc.). make sure you create targeted messages by focusing on each group's interest.

Can you handle the problem? If not, consider hiring a communications expert!

### 8.3.3. The messages

The ABC-related messages must be derived from the values noted above. One should take enough care to formulate messages which are positive, that encourage cooperation, and that focus on the benefits of each market sector.

Here is a list of prospective message themes to consider:

- Work together; build cohesion and trust.
- We will finally have audited figures.
- We (all) need credible figures.
- We will create an industry standard together.
- We are open to any idea coming from the market.
- The ABC will be owned and run by, and for the benefit of us, the industry.
- The ABC - it's the source of credible numbers.



## How to create an ABC in your country

- The ABC will most likely be the first credible media information source in our country.
- The more credible, and the more successful the ABC, the more successful we (publishers) will be.
- Do you (advertisers, agencies) know how much of your money is spent on a legitimate cost basis?
- The press stands for truth, so must the ABC.

It is a matter of due diligence to work creatively to expand this thematic list, and/or adapt it more to your market situation.

### 8.3.4. Channels of communications

Because you are probably part of the media/advertising industry in your country, you will probably know very well which communications channels are available. And you probably have your own resources, or your own friends who can give you a hand. I would like to discuss just a few, alternative/special channels.

Set up an "ABC initiative" blog, and make sure you write in it. Be prepared to get replies, and make sure you comment on them.

Create a dialogue online and use email to reinforce the contacts made, but in a more personal and detailed way. The email will allow you to target each and every publisher, advertiser, and agency, and their unique concerns.

Produce a small "ABC initiative" leaflet, containing the essentials of your ABC initiative. This is a great tool to leave behind any meeting you have. And have this available in pdf format to send out via email. Remember to reinforce all formats of messaging with other types of messaging.

Make an "ABC initiative" microwebsite, which links to other websites (and online platforms) and posted comments, a research summaries, and other informative articles, etc.

Get business journalists to report and write about the issue. If you have any marketing-specialized trade magazine, make sure that they are also writing about the ABC concept.

Be prepared to place the bug in the ears of your business partners. You probably meet a lot of people from the industry - do not forget to mention the ABC, each and every time.

If you have enough resources, or can find a sponsor, organize a gathering for the key market players, where you discuss the ABC idea. And do this in all key markets in your country.

Try to speak up at your industry's meetings, conferences. Invite some foreign ABC (IF ABC) executive to make a presentation.

If possible, keep the interaction with your targets by making and sending them a newsletter, on a say, monthly basis. This newsletter should be available in print and online.



## How to create an ABC in your country

Develop an SMS - Short Message Service - for mobile and smart phone use. And repeat the messaging and information that appears on your blog, in email blasts, and in print. This duplication is crucial. Use this SMS in a tactical way; use it once you believe that the contact or interaction with a prospective member was positive.

Whichever channels you will use, it is important to keep up the communications pressure. Do not open a communications channel, if you are not absolutely sure you can maintain it.

### 8.3.5. Do not forget the feedback

Make sure you keep an open ear to the signs coming from the market. You will get a mix of messages, some will be positive, some will be negative.

You will probably hear a long array of NOs, so be prepared to react:

#### Argument

We will never be able to work together (I hate this guy).

In our country there is no culture for this type of cooperation.

If "X" publisher (competitor) will not join, I won't either.

Why should I give a free lunch to my competition (e.g. work on a project, which competition will join later on)?

It is too expensive.

#### Counter argument

As long as we can identify some common goals, we may change our minds. Let's put aside our disagreements, and see what do we have in common.

Culture can change. Would you like to be the first to prove it can? Maybe you will find others who think the same way.

Take the advantage of being part of the initiative before them. You may find this as a good PR for your company. You may want to visit "X" competitor and ask him/her to join the initiative.

Someone must pay the tuition fees. If not you, there will be someone else who will do it, and eventually get the credit for it. A market leader must always be progressive, and take the initiative.

What is expensive? How do you know how much it will actually cost? Let's first build a project, budget it, then we will come back to the money issue.



## How to create an ABC in your country

We don't know how to do it

There are people around the globe who can help you. Contact the IF ABC and ask them to help. You will surely get the help that you need.

It is just too much work for me, I have my business to run.

Indeed. Why don't you co-opt some more people and spread out the workload? You may find someone young and adept to help you for nothing, or just inexpensively.

There is no way I will audit my figures, while my competitors will not.

Remember, your goal isn't to hide your figures. Your competitors know these anyhow. What we are talking about here is to audit them, so they become credible to your clients.

Our clients (advertisers and/or advertising agencies) do not need the ABC; they work on paybacks.

Is this what they all do? If not, talk to those who are asking for audited figures.

It is mainly the advertisers and/or advertising agencies who need audited figures, not us (publishers)

Not at all, since it is you (the publishers) who are selling to them.

My circulation is much lower than the big players. Why should I audit them? I am sure I will lose business this way.

Since your publication exists, it means it serves a market (your readers and advertisers). Put this in the perspective of your market, not other's. Will the audit improve your market position?

I don't think this will bring me (publisher) more business.

Maybe not. But for sure, you will stop giving irrational discounts, while your (non-audited) competitors will be forced to lower their offers.

Advertiser and/or media agency: "Let publishers bother with this. After all, it is them who shall be audited."

True, but it is a risk for you to let publishers only set up an audit system. Your role is to be there, and help manage the process. At the end of the day, it will be you who will work with those figures.



# How to create an ABC in your country

## 9. Minimizing the obstacles

Many arguments will be given against forming an ABC. There will be market players who are against it for business, or just personal reasons. You will experience great resistance from those who have something personal against you, or your company. Let's address these!

### 9.1. Who is against, and why?

If one wants to cope with ABC resistance, it is important to find out the reasons behind the resistance, as well as identifying those who are against the ABC idea.

Big players' influence. It is very probable that in your market (just like in other markets elsewhere in the world), the pace of development is dictated by the biggest, influential players.

So, the more big players you can get on board, and the earlier you get them on board, the higher the probability of success.

Thus, it is very important to assess early on the attitude of the key market players towards the ABC concept. It is even more important to identify the position of the big publishers. Assess early, and for those big players who do not commit early, keep tracking and documenting their positions. Note any shifts in reasons for not making the commitment and why.

There are two types of negative attitudes: rational (related to business issues, money, etc.), and less rational (rather personal). Some reasoning against the ABC may be based on ignorance - a lack of knowledge and associated hearsay). Nonetheless, be aware that you cannot get on board anyone by characterizing their reasoning in a negative way! Make sure you can differentiate between sincere opposition and specious obstruction based on hidden interests.

Again, the database you've created earlier can be your best friend. Make sure you use it, and maintain the resistance-related information. Don't forget to check the table in the 9.3.5 paragraph.

### 9.2. Build up your case

It is certainly possible to identify and group the types of negative arguments. Do so, and then build up specific talking points to refute each type.

Go thru the list in paragraph 8.3.5. See if you find answers there. If not, update the list with your own new arguments. If you feel unsure about your counterpoints, get some help. If you are desperate, contact the IF ABC. Someone at the IF ABC can surely give you the right answer.



## How to create an ABC in your country

Make sure you save these materials for later use. This set of documents represents good input for the ABC communications later on.

Whichever counterpoints you use, make sure to focus on the benefits associated with the ABC.

### 9.3. Talk to the market

Meet and talk to people. It is the best way to find out what is on peoples' minds, and to convince them with the facts.

Keep a good relationship with influential journalists. Explore their perspectives, as their sources have presented them. This will help you a lot of time, and the journalist should be fairly objective...

### 9.4. Keep the doors open

Be open to all criticisms. Make sure the media market knows of your willingness to listen, to explore new ideas and creative solutions that will be encountered while forming an ABC. Make sure you listen to any question, be it hearsay and negative. Be confident enough to reply to your fiercest competitor, who is banging you with negative thoughts. Keep the sign on the door: We're open minded and ready to work with you.

### 9.5. Involve the opponents

The best way to build momentum for the ABC initiative is to get your competitors involved in the work.

The market will react in a positive way, when it sees competitors working toward a common goal that is good for the industry. It is the "wow" these people can work together that will yield new and unexpected shifts from a negative to a positive, full-fledged commitment.

You may be surprised how things can go. Some would like to join the group just because they are curious, some of them - especially market leaders - do not want to miss anything new happening in their market, and some will come on board just because someone else is already there. Remember that early innovators are highly influential. Get a testimonial statement to use in your talking points whenever possible.

Keep a very open mind to these things! Be ready to invite into the ABC group those people who most view as beyond approach.

The worse thing that can happen to you is to talk to a very irritating person, who you totally dislike (this may be mutual). If you agree by now that an ABC is all about cooperation and openness, it is about time you prove it to yourself, as well as to others: sit down and talk to that person!



## How to create an ABC in your country

Do not forget that in the long run, you want to have a wide array of market players joining the ABC. Many competitors will be part of it. Commence with the objective of diverse membership immediately? Don't wait!

### 9.6. Get help

Go visit your major advertising or media agency clients, and ask them to convince others to join the group, or just talk to those who are unfavourable. Use their power to reach your goals.

Call your friends from the industry and ask them if they can give you help or advice.

Again, when you get desperate, need advice or some specific knowledge, do not hesitate to ask the help of the IF ABC, or foreign experts in the field.



# How to create an ABC in your country

## 10. The initiative group

I strongly recommend creating an informal working group on the ABC concept (an initiative committee), as soon as possible. Invite in the group the market players who have a positive attitude towards the initiative. Make sure that they are representative of the market (you should have advertisers, media agencies and publishers), and that you get as many as possible key (big, influential) market players.

Write an initiative group membership application form, and send it to your full contact list. Please do not forget to attach it to a cover letter, in which you describe the goals etc., of the ABC initiative. Have copies of the applications with you at all times - you will need them when you meet people.

### 10.1. The first meeting of the group

When you decide there are enough people who are ready to join the initiative group, call for your first meeting. Make a short agenda, and send it in advance to the group members. You may want to include in your first meeting's agenda the following items:

- Presenting the members of the group.
- Brief introduction of the concept, background information.
- Clarify why did the group meet.
- Identify the goal and objectives of the group.
- Identify the tasks of the group.
- Assign tasks to the group members, and review the resources.
- Make a working program: next steps, tasks, resources, timeframe.
- Write and agree upon the first press release of the initiative group.
- Set up your next meeting: agenda, date and place.

It is a good idea to organize a press conference for the next day after your first group meeting. Wherever I worked with ABCs, this public exposure for the ABC concept opened up the market, big time!. The whole press was writing for weeks about the event.

Do not neglect any available opportunity to involve group members in a public event. Be prepared to give interviews to the press.

### 10.2. Goal, objectives, and tasks of the initiative group

The goal of the group is to establish an ABC, with these objectives:

- Discuss and thoroughly understand the ABC concept.
- Spread the concept throughout the market.



## How to create an ABC in your country

- Gather the maximum number of supporters for the initiative, and potential ABC members.
- Prepare the background to establish the ABC.
- Organize the first general assembly of the ABC.

The tasks of the initiative group:

- Agree upon, and state, the values of the ABC.
- Write an ABC mission statement.
- Design the ABC's organizational structure.
- Prepare the ABC's legal background.
- Discuss and prepare the principles of the audit system.
- Prepare the construction of the audit system.
- Discuss the issue of the audited data dissemination.
- Create the first business plan of the ABC.
- Prepare the selection and hiring of a managing director.
- Get potential members on the board.
- Communicate with the market.

Some of the tasks above were discussed in the previous chapters. Some of them are new; these will be discussed in the next chapter.

The initiative group is the platform where the industry discussions about the ABC, its role, etc., will be carried out. A lot of work will be dedicated to completely new things.

The initiative group may very well be the core of the ABC's first board of directors. After all, these people will invest their efforts in this project. They will probably be the most educated about what an ABC can and should be.

### 10.3. Managing the group

The initiative group should focus on completing its work during meetings. These meetings will be very tough, spiced with a lot of arguments and tensions. One must be aware of these problems; therefore, the preparation for each meeting must be thorough.

Organizing these meetings will cover the setting agendas, disseminating documents and information, writing minutes, inviting new prospects, finding proper places for the meetings, ensuring catering, etc.

It would be very useful to nominate a group manager, who will supervise the work.

You may also need to have some kind of administrative or secretarial support because there will be a lot of telephones, e-mails, translation and multiplication of documents, etc.



## How to create an ABC in your country

Try to get some members of the group to sponsor these activities: the secretary, meeting places, catering, etc. This sponsorship will be more efficient than asking the group members for money to finance its operations.

An alternative is to find an exterior sponsor (for instance, a private or government organization that could offer a grant for such industry wide initiatives as an ABC that create infrastructure within the fledgling free market system). Remember that this effort is a project in itself, and this approach can be useful only if there are such organizations in your country.

### 10.4. Communications of the group

Look around the table, and identify a person who can be the spokesperson of the initiative group. This person must be well established in the market, very credible without political ambitions - and, of course, a good communicator.

Create some contact facilities for the group: a common-email address, or e-mail group, maybe a mini website (featuring the values of an ABC, goals and objectives of the initiative group, contact information, downloadable group membership application materials, etc.).

If you have someone to do the secretarial work, you either ensure the person can answer the variety of incoming questions in a proper manner, and/or he/she has to pass all inquiries on to the spokesman of the group. All files - - paper or online - should be documented and tracked, for review at each meeting of the initiative group.

In addition to press releases to the media, send these same communiqués to prospective ABC members. In other words, use your database to broaden your communications.

As well, do not forget to send all the group the materials, minutes of meetings, etc.



# How to create an ABC in your country

## 11. Organizational structure

The organizational structure of an ABC must serve its goals, the preparation and making of decisions, and the delivery of its tasks. Whichever market (country) it serves, the organizational functions of an ABC should essentially be the same:

- Decision-making on strategy, tactics, rules and regulations, operations, finance, etc.
- Administration of members, audits, finance, etc.
- Establishing and delivery of audit services.
- Addressing ethical and legal problems.
- Communicate with members and the public: publish data, marketing, public relations, etc.
- Having an active role in the market.

All these functions must be created and maintained by taking into consideration the values and principles listed in chapter 5.

An ABC is basically a joint industry body, which is creating its own rules - applying them to all the members - on how circulation audits are carried out, and how the audited data is published.

The group must ensure that it has the necessary control system over the audit and data publicity processes and, if necessary, to take actions against those members of the ABC which are misbehaving, misusing the data, breaching the commonly agreed protocols, etc.

An ABC is a market watchdog, providing audited, credible media information, and sanctioning its members in case of wrongful actions.

As mentioned earlier, many of the existing ABCs are tri-partite, non-for-profit organizations, embracing a large number part of the industry players. In my opinion and from my experience, this three-legged structure proves to be the best structure,

I will discuss the general aspects of this tripartite structure - but let us not forget that there are alternatives to this approach and, fundamentally, the eventual structure an ABC depends on the given market's conditions.

### 11.1. Decision-making structures

An ABC shall function according to a country's legal framework, as an association (of its members). The organization will have as its major decision-making body the general assembly.

In order to be able to function, the general assembly shall elect from its members a set of representatives: a chairman (president), and a board of directors (executive committee). Naturally, the general assembly



## How to create an ABC in your country

is the forum which meets once per year, while the board of directors will meet more frequently. The task of the board of directors is to supervise and ensure the delivery of the general assembly's' decisions. The overall role of the president is to chair the meetings of the board of directors and to be the spokesperson of the ABC.

The board of directors must reflect the structure of the membership (with the board consisting of advertisers, advertising agencies, as well as media companies), while the chairman shall be a well established and well-accepted figure on the market.

The general assembly must make sure that it elects into these positions people who are instrumental in moving ahead the ABC. These roles are high profile, so the individuals in these positions must be fully committed to the ABC and willing to sacrifice time and energy for it. They must be extremely competent and able in completing the tasks of the ABC. They must be willing to serve the common goals, rather than their own business agendas. At many ABCs, these people work on a voluntary basis.

It is a good advice to elect the chairman from among the advertisers. It may be counter-productive (dilute the credibility of the ABC, and create a lot of animosity) to have a publisher as chairman. Other publishers will be weary of another publisher, while someone from the advertising leg is, in fact, representative of the *raison d'etre* (reason for being) of the ABC.

### 11.2. Standardising bodies

For practical reasons, an ABC should be able to set up technical groups (standardising committees), who work on defining and designing the technical (audit and similar) rules of the ABC. While the board of directors should have as members the top managers of the member companies, the technical committees should be formed by technical people (finance, distribution, etc.), who can better oversee the details of the processes to be designed.

At the beginning of the process for forming an ABC, it is practical if the board of directors is taking the lion's part of the construction of the audit rules. Later on, and by the diversification of the ABC portfolio (as mentioned earlier, an ABC can be able to deliver in the future other media audits, online measurements, research, etc.), these technical groups will become unavoidable.

The technical groups can be permanent, or work on an ad-hoc basis.

The technical groups will report to the board of directors and/or directly to the general assembly.



## How to create an ABC in your country

### 11.3. Administrative infrastructure

The overall mission of the ABC must be assisted by an administrative infrastructure. The task of this infrastructure is to ensure the smooth operations of the general assembly, the board of directors and chairman, the audits, etc.

Here is a list of the work to be carried out by the administration.

- Organize and follow up on the ABC bodies' (general assembly, board of directors, technical groups, etc.) meetings.
- Administrate the members.
- Administrate the finance of the ABC.
- Administrate the audit process.
- Write, handle, disseminate and archive documents and information.
- Ensure communications among members and with the public, at large.
- Prepare and execute other activities assigned by the decision-making bodies.

The head of this infrastructure is the general manager of the ABC.

The managing director's job must be assigned to a person who is totally independent from each of the members. Many of the audit operations, and a large part of publishers' sensitive business information will land on the desk of the managing director. Therefore, no one would like to take the risk of having an untrustworthy ABC general manager, along with an infrastructure - board of directors - that lacks credibility.

It is the task of the initiative group to design a structure that is trustworthy, and to make sure that the whole structure has procedures in place that prevent individual members from influencing the audit operations for their own person/business gains.

Please make sure that the ABC always has such safeguards in place, since it will happen many times that the office of the ABC will be under the pressure of members, who will want to have data before their competitors, or information which is confidential. It is prudent to prepare for these types of challenges, and to create clear rules on which information is public, and which is strictly confidential.

### 11.4. Complaints handling body

An ABC must ensure that the monitoring, recording, investigating and taking of proper actions in case someone (a member) is breaching the ABC rules, is done by an established committee following an established procedure.

For instance, many ABCs have ethical, or complaint commissions. In practice, the complaint body may be the board of directors, or a different committee, appointed or elected by the general assembly of the ABC. When considering how to handle the complaints issue, one must be aware that many of the complaints will



## How to create an ABC in your country

be against ABC members. Therefore, a member involved in a complaint cannot be part of the group dealing with the given complaint.

### 11.5. Auditing body

An important structural element of an ABC is its team of auditors. The audits can be carried out ABC-hired auditors or on an outsourcing basis.

In the first case, an ABC must operate a full-scale audit department, with all its implications, which will be described in the audit system chapter.

In the latter case, the ABC must ensure only a proper interface in between the audited subjects (publishers), and auditors.

Nevertheless, once the audits start, an ABC must ensure a smooth operation of the service to all its members, including the administering of the audited titles, training the publishers, data transfer, handling, processing and publishing data, controlling the audits, finance, etc. This is quite an organizational challenge.



## 12. Building a print circulations audit system

### 12.1. What is a circulations audit system?

A print circulation audit system is a combination of rules, regulations, and protocols - backed by a team of people, operations and infrastructure, and independent verification. Its aim is to be capable of delivering to the marketplace a true picture of the circulation performance of the audited publications.

As stated previously, only publishers possess the real and full picture of their title's circulation performance. By creating an ABC and its audit system, the advertising industry creates a mirror that most accurately reflects this performance. The picture must be clear, credible, understandable and unbiased. The data reported must be 100 percent reliable, comparable to similar other media indicators, and delivered in a timely manner.

The technical essence of the circulation audit is to independently verify the documentation and accounting of the publishers (in general by chartered public accountants), which act as proof of the different circulation types and quantities of a given publication, in a given time period.

The subjects of the audits are the publishers, while the advertisers and media agencies, as well as the public, at large, are the consumers of the audited data. The role of the publishers is to take part in the audits, while the role of the other two other arms of the market is to formulate their needs relative to the data, which will be audited and published, and to manage the audit standards and processes. The three parties should work together on establishing the most practical, valid and reliable audit system for a given market.

### 12.2. Key issues

Before beginning the work of creating an audit system, consider first the following critical issues:

- The existing audit systems of the ABCs around the world can be used as models, but in a fundamental way, an audit system must serve and be the product of its individual market. A viable audit system is a local adaptation, not a mechanical copy of any existing model.
- The construction of an audit system is very complex work, requiring a great deal of involvement and resources from the given market's players. The decision-making forums of an ABC have an essential role to play in this process. No effort should be spared in the developmental process.
- An audit system must be based on a thorough understanding of the market's technological environment, and the different business practices and monitoring processes taking place within the market. It is equally important to understand that an audit system requires expertise in financial auditing.
- Each and every decision related to the audit system will directly influence the quality and cost of the audits. There are many traps that should be avoided by thorough analysis and thinking. Good anticipation and attention to details is a key success factor.
- As any self-regulatory system, an audit system is the result of a compromise among the market players.



## How to create an ABC in your country

It is the common denominator that will serve the needs of all audited publishers, regardless of the individual level of technology and complexity of the internal processes of any of the to-be-audited publishers.

- Both the design and the operations of an audit system involve very sensitive and special business data; therefore, data security and the trustworthiness of the involved people are imperative.
- Think twice before embarking into a "we will make it by ourselves" improvisational approach. It is better to have someone who is a master of the complex knowledge to help you in the effort - someone who is willing and ready to assist you in the process. Again, contact the IF ABC to get proper advice.
- An audit system is a set of conventions, a theoretical approach to solving a very specific problem. Regardless of the architecture of a new audit system, it is critical to test all its assumptions before going into live auditing.
- The complexity and novelty of an audit system requires proper and continuous training of the publishers who will audit their publications, as well of the whole media/advertising market. An audit system is a standard that needs to be well explained and maintained.
- The beneficial result of the work will not come immediately; it will take time.

There is no receipt, or off-the-shelf solution, for having an audit system. It is complex work that requires thorough knowledge, careful planning and execution. There are many existing models, and a newly established ABC should be able to adapt these to its own needs.

### 12.3. A note of warning

As stated above, an audit system doesn't come about by itself; it must be envisioned, designed and created by the members of the ABC. A mechanical copying of any existing audit system will never work properly, since it is alien to the given market.

There are many models around the world which can be taken into consideration (which I strongly advice to be studied), and the basic principles of these audit systems are the same (if I may say, universal), but there are particularities for every local market (see subchapter 6.2.), and these determine the architecture and the details of your future audit system. There is no recipe, only the hard work of understanding the principles of an audit system, seeking out and studying the best foreign models, and applying these to your given situation.

Many will be eager to have the audit system immediately - this isn't possible. There is a first step to be taken first: forming the ABC. Then, you can take the second step of making your audit system.

I have seen ABCs, where small groups of players paid a lot of money (hundreds of thousands of U.S. dollars) to consulting firm(s) to create audit systems. This approach and the ABCs didn't work, and their money was wasted. These ABCs sre now defunct. There are several other instances where the newly formed ABCs ended by being a place of gathering for its members, without specific goals and plans. These ABCs are merely clubs, but don't provide any service.

So, get prepared to cope with some obstacles, unsuccessful meetings, and most generally, periodic bad news. Make sure that everybody has an awareness to expect such problems. This understanding will seem-



## How to create an ABC in your country

ingly make your effort even harder, but your partners will at least be aware of the expectation.

When I worked with the development of the ABCs I helped to create (and for which I am still involved, it took us eight to 12 months from beginning to establish the ABCs to doing the first audit.

The time needed to establish and run an audit system depends heavily on the level of knowledge and understanding of the market processes, the intensity and level of involvement of the market players who work on the ABC initiative, and the presence of the assistance provided to the ABC by experts/consultants.

Another piece of challenging news: the initiative group should work (and finance) the first and very difficult stage of establishing the ABC, establish the audit system, then drive it toward the first audit. The cohesiveness and staying power of the initiative group is a great test of trust, cooperation and endurance. Ask yourself again: are you and your market ready for this test?

Last, but not least: the costs for doing audits are financed by the publishers, all over the world. There is no ABC where the advertisers or media agencies are financing these costs. They have a different role to support the ABC (in many cases by paying the membership fees), and to invest in the print advertising market. This is a trade-off publishers should be aware of.

### 12.4. The existing models

As mentioned earlier, there are more than 40 ABCs around the world, each providing among other services the (by now classical) print circulation audit. These ABCs represent the majority of the international media audit movement: the IF ABC.

The IF ABC has commonly agreed web and other digital measurement terminology. There is no agreement over print circulation audit standards. This is because of the very different market situations, as well as historical reasons. The IF ABC was formed in 1963, when the joining members, established from the beginning of the last century, at different points in time, had already developed their own national advertising industries standards, which were in many cases incompatible. In contrast, at the time when the internet and world wide web traffic became an issue, the IF ABC created a unique set of standards and metrics for measuring the web traffic which are applied by all its members, and beyond.

Since the print titles production and distribution in different countries have many common features, one may discover a lot of similarities among different ABCs audit systems. Nevertheless, there is a wide array of details that are very unique.

There is no best audit system model. If one is seeking to pick the best model for his country/industry, please study as many audit systems as possible, and focus on those which show similarities to your own market. Try to get the best out of other's work!



## How to create an ABC in your country

### 12.5. The architecture of an audit system

An audit system must be designed to collect, process, arrange, verify, and publish circulation data.

Audits can be carried out either on a real-time basis, or post-facto (after the facts). The former approach is used by the majority of existing ABCs. The reason is simple; it is extremely costly to make real-time audits. A full real-time audit means placing an individual next to each and every newsstand and mailbox to personally observe each financial transaction at the moment of its occurrence - a quite impossible task.

On the other hand, since publishers have to administer their operations in a legal manner, an auditor will be able to find (post-facto) enough information and documents that can stand the test of an audit. Some ABCs combine post-facto audits with real-time audits.

There is an important fact to note here: a full audit can be carried out only if the last issue of the audited period has been fully processed. This means not only that the physical distribution processes should be over, but also that the full reporting, settlement, invoicing, payments and accounting must be closed as well. If you consider the time that passes to administer these steps, then audits are carried out several months after the audit period ends. Many ABCs apply a combination of real-time (process) and post-facto verification.

An audit system must be able to provide data regardless of the variety and types of titles - frequency of issue, paid or non-paid distribution, distribution systems publishers are operating, the way the publisher is administering its documents and information, area of distribution, etc. At the end of the process, an ABC should publish audit certificates that contain standardized, and comparable data.

The elements of an audit system encompass:

- The audit certificate.
- Definitions.
- Classification (claiming) rules.
- Records and documents to be held, presented, and archived by publishers for audit purposes.
- Audit procedures.
- Audit programs.
- Auditors.
- Data reporting, gathering, processing, storage and publishing.
- Rules of publicity.
- Rules for complaints and penalties.
- Administration.
- Control.
- Education and training.



## How to create an ABC in your country

### 12.6. An example of an audit process

- The publication (of an ABC member) registers for the audit (the ABC provides the necessary registration forms).
- The ABC trainer (manager) visits the publisher, to discuss the whole process in details, and prepares the publisher for the audit.
- The manager and the publisher agree upon the first audit period and the audit fees.
- The publisher gathers, classifies and reports to the ABC and/or the auditors the preliminary circulation data, in the format provided by the ABC.
- The ABC issues the audit invoice, which is paid (in advance, or not), by the publisher.
- The ABC places the audit order to the auditor.
- The auditor arranges the audit date and place with the publishers, and they agree on which documents and information the publisher should prepare and submit to the auditor.
- The ABC (or auditor) verifies if the data sent by the publisher is correctly reported (checks for addition mistakes, missing information, misclassifications, etc.). In case of problems, they make the necessary adjustments.
- The auditor visits the publisher, and carries out the audit. In case any data is not claimed correctly, or not backed by enough auditable proofs, the publisher makes the necessary modifications/corrections. If major problems are identified, the auditor reports to the ABC, and, if it's the case, he stops the audit, and writes a detailed report to the ABC. The report is submitted to the competent ABC forums (auditing director, technical committee, etc.) for review. A final report is to be issued, and, in the worst case, a statement is published.
- If no problems occur, or they are settled, the auditor closes the audit, and issues a clean (without opinion) audit report. The audit report is approved (signed) by the publisher, and then sent to the ABC.
- The ABC audit administration reviews the audit report, archives it, and publishes the audit certificate.
- The ABC formally announces to the publisher that the audit has been completed, and it has the right to use the ABC label/logo.

### 12.7. An example of a press production and distribution flow

In order to be able to discuss the particularities of an audit system, let me describe briefly the processes, information and documents involved in the press production and distribution system.

The publication "X" is issued on a regular basis by its publisher.

The publication has printed on (its cover) the name ("X"), the frequency of issue, the cover price(s), the subscription rate(s), identification (ordinal) number, and other technical information.

The publication may have mutations (different editorial and advertising contents for different geographical areas of distribution, or different issues, such as morning and evening edition, price mutations, etc.) within the same issue.



## How to create an ABC in your country

The information above makes the given issue uniquely identifiable.

The publisher has a contract with one or more printing facilities, where the given issues of "X" are produced. The contract stipulates, among other information, the price of printing, and the terms of transportation/delivery, quality and payment.

For each issue, the publisher places a printing order to the printing plant. The plant prints the required number of copies of "X", then delivers them to the locations specified by the publisher. The delivery is accompanied by the necessary documents: delivery notes, routing documents, proofs of handover and receipt of copies, etc.

There may be quality complaints. In these cases, the parties sign a complaint record. The quality complaints are settled later on.

Based on the contract, the printing plant issues an invoice which is sent to the publisher. (It is common to issue invoices for several issues printed.)

The publisher processes the invoice, checks for quality complaints, and eventually settles the invoice. The information and documentation is recorded in the financial/accounting system of the publisher.

Many publishers have their own printing facilities. In each case, the publishers are placing the orders, which are processed by the plants production departments. Internal printing job orders are issued, which will determine the quantity of paper to be consumed (to be taken from the paper warehouse), and other production parameters. After printing, the copies are delivered, and the job records are passed into the administration of the printing plant. Internal administration follows.

The copies of "X" are taken by the distribution systems and delivered to the distribution points (warehouses), and eventually reach their final destinations: mailboxes, racks, newsstands, etc.

"X" can be distributed on a subscription basis, where either the publisher or a subcontractor gathers the data of the subscribers (legal or physical entities): name, address, delivery address, bank account information, number of copies to be delivered, etc. Money is collected in different forms: bank transfer, card or cash payment, etc.

The amount of money collected and other subscriber data determines how many copies will be delivered for a given time period (e.g. a one-year subscription). There are infinite variations of subscription promotions, each one having different rates and terms.

"X" can be sold at newsstands, where the individual buyers are not identified. The newsstand receives a certain amount of copies, and at the end of the selling process a number of copies remain unsold. The newsstand subcontractors send sales and returns reports to the publisher, issue invoices, which are settled by the publisher.



## How to create an ABC in your country

A number of copies of "X" are sent for free by the publishers to various targets: VIP lists, own authors and journalists, advertisers, etc. Some of the copies of "X" are used for marketing and advertising sales purposes, often without any records.

If "X" is a free publication

The subcontractors send regular reports to the publishers on the sales/distribution figures. At the end of the process, the subcontractors issue invoices, eventually settled by the publishers. The rates and other terms are stipulated in distribution contracts.

The administration of the publisher keeps records of all the above information, in order to be able to report on the sales of different types of subscription, as well as for marketing reasons. (For instance, it is good for the publisher to know subscriptions totals per geographical area).

There is a need for reporting to the management of the publisher as well.

Of course, in any given market, things may differ (can be more or less complicated than described above), so be prepared to identify these differences.

In conclusion, a publication is printed (by the publisher itself, or on a contract basis) regularly, transported to different sales/distribution points, sold and/or distributed by the publisher itself. This huge logistical system produces large amounts of information and documents. At the beginning of the process there are systems of data and money collection, and at the end of the process, there is a lot of administration, accounting and reporting.

In terms of a circulation audit systems, here are some critical questions:

- What information from this huge mass of data does an ABC want published?
- Which of the data to be published is fully supported by enough information and documents, in order to pass the verification test? What is verifiable, and what is not?
- How can someone from outside (an auditor) have a clear picture of the processes involved in a distribution system? What will be the job of an auditor?
- Which risks are involved with the audit process?
- Can a publisher fake the figures? How do we handle such a case?

### 12.8. The product of the audit system: the audit certificate

In order to answer the above questions, an ABC must start with the output of the audit. This final output, or product, of a circulation audit system is the data released to the members of the ABC, or to the market at large, in the form of an audit certificate.

I strongly recommend that any newly established ABC start the work on the audit system by first designing



## How to create an ABC in your country

the audit certificate. Of course, as repeatedly stated in this handbook, this certificate must be based on the thorough understanding of the real processes of the press production and distribution, and the related financial administration.

The final form and content of the audit certificate is the result of testing the expectations of the ABC members against the real processes, flows, documents and information available from publishers.

### 12.8.1. What SHOULD a circulations audit certificate display?

It is the discretion of any ABC to design the audit certificate which best fits its markets' needs. Here is a list that shall be taken into consideration:

- Name, logo, frequency of issue and other information related to the publication audited, such as name and address of the publisher, contact information of the advertising sales of the publication, etc. This is necessary to identify the audit subject, the publication itself.
- The audit period: the time interval where the circulation data occurred.
- Name and logo of the ABC (THE STAMP of the audit).
- Audit opinion/information. Name of auditor(s), audit statement, etc.
- Circulation data.

If there is not too much to resolve for these first items on the list, there may be discrepancies between what circulation data an ABC may WANT to, and may be ABLE to display on an audit certificate. The theoretical framework (wish list) created during the design of an audit certificate may be in conflict with the reality in the market (can-do list). This is probably the most important test an ABC should apply when building an audit system.

### 12.8.2. What CAN a circulations audit certificate display?

An audit certificate shall contain only data that is auditable. Auditable data must be fully supported by enough (verifiable) and indisputable proofs (documents and information).

In order to make this clear, let me offer an example.

The daily newspaper publishers (members of an ABC) may want to report their circulation figures on a daily breakdown (or issue-by-issue). They may have clean and auditable records on the printing side (contract with the printing plant, daily orders, delivery notes, etc. - all well maintained and verifiable records). If any of the distribution channels (e.g. one of the newsstand sales subcontractors) doesn't report daily sales breakdown (i.e. they provide only weekly cumulative sales figures), it is not possible to report daily sales figures on the audit certificate because there is no physical evidence of these details. The solution in this case is to report just the averages per issue for the given audit period.



## How to create an ABC in your country

The point mentioned above underscores the necessity for using the principle of the lowest common denominator. The weakest - poorest documented - link in the chain is the determinant for the whole system. So, in this case, the daily newspaper publishers may want to have daily sales figures in their audit certificates, but they will not be able to. Of course, they may want to eliminate the data of this distribution system, in which case the figures in the audit certificate will be lower than in the reality. Another approach is to avoid auditing those publications which are distributed by a given newsstand subcontractor, in which case the scope of the ABC will be narrowed. Consequently, some of the publications will not be audited, making some of the publishers unhappy.

The thinking described above (testing the desire against the reality) must be applied to any type of circulation data. Sometimes there is not enough independently verifiable documentation and information to support a type of circulation data, sometimes there is just not enough detail of the information.

Here is a (not exhaustive) list of circulation data to be displayed on a certificate:

- Number of copies printed and delivered to the different distribution channels.
- Copies sold via subscriptions.
- Copies sold at newsstands.
- Other types of sales.
- Returns.
- Copies distributed for free.
- Other types of distribution.

Given the complexity of the distribution activities, an ABC may decide to go into more depth for a given category. As an example, the copies sold via subscriptions can be classified in many types: subscriptions to individuals and to legal entities; subscriptions to associations; subscriptions at full and less than full subscription rate; gift subscriptions; multiple subscriptions, etc.

There may be a need to produce different types of audit certificates for the different types of publications. The free distributed publications may need a different format from the paid publications. Business-to-Business (B2B) audit certificates may differ, and daily newspapers may also have different types (or breakdowns) certificates.

The greater the types of certificates, the more - and costly - the work of the auditors, and the ABC. Let alone the need for explanation of each type to the market (after all, it is the role of the ABC to give user instructions - or how to read these certificates - to its market). I suggest that a new ABC keep the format and number of audit certificates to a minimum. Ideally, an ABC would have only one type of certificate, for all types of publications.

In order to cope with the variety of circulation data, to give proper reporting/claiming instructions to the publishers, and proper audit protocols to the auditors, it is absolutely necessary to define in detail each and every type of circulation data. This is necessary for both the data types which will be not published, but will



## How to create an ABC in your country

be the subject of the audits!

The goal of having an audit system for the publisher is to provide the publishers' customers (advertisers, media agencies, etc.) with credible and accurate circulation data for their advertising planning and decision-making process, as well as to be able to do strategic planning and competitive analysis on a credible basis.

The audit certificate should be discussed in full detail by publishers, advertisers and media agencies. Because the primary users of the audited information are advertisers and media agencies, the ABC must explain to them very clearly the content of the audit circulation certificate. They must be asked by the publishers about what data they need (or may need). The publishers must also explain the processes, and the media and advertising value of each type of circulation data that will be published. No publisher should expect from an advertiser, nor from a media agency, to know how the publisher is operating. They are on the other side of the table. This is a continuous education effort, which will lead to the best audit product, for both publishers and non-publishers.

This continuous reconciliation between publishers and non-publishers is important for another reason; namely, creating an optimal audit system.

The optimal audit system provides only data necessary to all the players, at an acceptable price. Many publishers may want to have data unnecessary for non-publishers, and many non-publishers may ask for too much (and too expensive to audit) information. Don't be blinded by the theoretical aspect of an ABC system; rather, seek a practical approach. Perfection cannot be reached, and reaching for perfection can become very expensive.

It was mentioned earlier that there will be data that will not be reported or claimed, but still has to be audited. Print-run data is a case in point. Some ABCs may not want to publish the print runs, but neglecting the audit of these figures is quite risky, since the number of printed copies is the MAXIMUM amount which goes into the distribution systems (there cannot be more copies distributed than printed! - therefore the print run figures are a control basis for the total circulation). Avoiding the verification of the print runs gives room for manipulation of the data. And this is not the only case where an ABC can face risks.

Regardless of the size of the data set to be published in the audit certificate, an ABC must make sure that the audit itself is a comprehensive verification of the production and distribution operations.

Here's some advice for advertisers and media agencies.

- Publishers are serious about YOUR advertising money. Don't fool yourself. If there is an incentive for publishers to manipulate figures, there will surely be some who will do so.
- Publishers will always try the cheap and easy way. Make sure you actively participate in designing the audit system. Ask a lot of questions, and clarify each and every detail. A circulation audit system is as good (for you) as you get involved in its construction. Once the circulation system is in place and running, don't leave. Stay with the ABC because you need to control whether or not publishers are complying with the rules, maintaining the highest standard of the audits, let alone the times when the rules have to be changed.



## How to create an ABC in your country

Another key principle in designing the audit system is the reliability of data on the audit certificate, for all (similar types of) publications. This means that the whole range of certificates should consistently contain the same type of data, and the same structure (breakdowns). Moreover, the different certificates should cover the same periods of time. As an example, it can only create confusion if some certificates will provide print runs, and other will not, or some will cover a March to August audit period, while others will cover a September to January audit period. These inconsistencies will definitely not serve the goals of the ABC, nor of the market.

A final thought for all the participants involved in the ABC development process: revisit on a continuous basis the values and principles stated at the beginning of this handbook, and make sure that each and every decision taken on the audit system does not weaken any of these values and principles. If you forget to revisit this litmus test and adhere to the founding principles, the image, and eventually, the credibility of the ABC will suffer.

Once there is an agreement over the circulation audit certificate, its time to go in to the details of defining the circulations terms..

### 12.9. Definitions

The cornerstone of an audit system rests on its definitions of terms. It is essential to define each and every aspect that will be audited, related to the audit, and/or published. There are several types of terms to be defined: description of a publication, its identifying factors, circulation terms, etc.

Neither the space, nor the scope of this handbook allows me to discuss each and every term in rudimentary form or full detail. More importantly, it is up to each and every ABC to create its own set of terms based on the actual market situation.

Here is a list of terms that are used to identify a given publication, its issue and various forms:

- What is a publication?
- What are its geographical and content particulars?
- What is the issue of a publication? Its content and other features, which make a series of printed copies unique, with each and every copy of the issue being identical?
- Frequency of publication: there is a need for clear and unambiguous definition of the different frequency of issues (how many issues determine a daily, weekly, monthly, etc. publication).
- Identifying variable for a single issue: the information upon which a specific issue of the publication can be uniquely identified. These variables can be: content, serial (issue number, cover price (subscription rates), International Standard Serial Number (ISSN), etc.
- Distribution cycle: the time period in which actual distribution of a given issue of a publication occurred. This is strongly related to the frequency of issue.



## How to create an ABC in your country

Here is a list of the different circulation terms to be defined:

- Print run: the number of copies printed and/or which enter the distribution system/channels. The different cases of printing (by subcontractors or in own printing house) should be taken into consideration.
- Paid copies: in general the definition of the paid copy is the amount of money the final buyer/reader is paying for the full price of a copy of a publication. There is a need to fix a basic, or reference price, to which the auditors will compare the payments made by buyers (or publisher's income), in order to identify which copies were paid (according to the definition), and which were not.
- Different paid distribution types via subscriptions, single copy sales, bulk sales, etc.
- Returns: the number of copies delivered for newsstand sales that were not sold at the end of the distribution cycle.
- Back sales, or sales on arrears.
- Free distribution: copies distributed at request, promotional, etc.

Here is a (yet not exhaustive) list of other terms, beyond the strict circulation terms that have to be defined:

- Audit period (the time period a single audit can cover).
- Continuity of the audits: should each audit provide a continuous timeline of data, or can these be interrupted (reporting data spontaneously)?
- Exclusion rules: types of circulation that will be excluded from reporting (although these will be audited).

It is important to keep in mind that these definitions must:

- Cover all types of printing and distribution phenomena, to be able to cope with the (future) auditing of all publications in a market (not only the actual ABC members publications!).
- Be exhaustive, to cover all aspects of the given type of activity/distribution.
- Be sufficient and precise in a statistical sense.
- Be checked against the real processes in the field.
- Be fully backed by enough documentation, records and information, to be auditable.

In order to clarify the thinking and definition process, let me discuss the example of the number of printed copies, or print run.

The phases of printing and delivering of the printed copies include the following:

- The publisher establishes the number of copies of specified issues to be printed, and sends an order to the printing house.
- The copies are printed. During the printing process, there are produced two sets of copies: the copies that will be actually delivered to the publisher, and those that are not delivered (printing setup copies, dam-



## How to create an ABC in your country

aged copies, copies taken by the printing plant personnel, etc.).

- The copies to be delivered to the publisher are packed, and delivered. Some copies may be damaged during the stacking, packing and transportation process; therefore, we have yet another net number of clean copies.
- The copies arrive at their destination, and the delivered volume is verified. This is the stage where quantity and/or quality complaints may occur.
- The printing plan issues an invoice to the publisher. The publisher verifies if there were any complaints, records the complaints, then pays the invoice.

Which of the copies above is the print run, which should the ABC verify and report? Does the print run consist of the number of copies ordered, delivered, or paid (after or before all quality and quantity complaints are settled)?

The practice clearly shows that there are differences between the number of copies ordered, delivered, and paid. How is any discrepancy resolved here? What definition is best for your ABC's purpose; namely, what most accurately reflects the reality of distribution?

Common sense dictates to us that the printed copies should be those that enter the distribution systems; therefore, in our case the ABC should concentrate on the net number of copies which were delivered without complaints. Therefore, the print run cannot contain damaged and/or undelivered copies.

All said, the best definition of the print run is probably the number of delivered copies that are paid by the publisher, after the settlement of the delivery.

### 12.10. Audit and classification (claiming) rules

The audit certificate contains only part of the large volume of information that will be actually audited, The certificate will present the data in a standard format.

When claiming the data, the publisher will have to define the various types of data within this standard format by using the classification rules of the ABC. These classification rules serve the goal of reliability in comparing data.

For instance, suppose there are no clear rules of classifying the different issues into time periods, and suppose that the ABC is reporting data on monthly breakdowns. In one case, a weekly magazine may decide to group all its issues PRINTED in June into the June record, while another publisher may want to group into the June record all the copies which were DISTRIBUTED in June.

This time lag represents a significant difference based on how sales and readership patterns occur on an annual calendar and planning basis. Advertisers and media planners want to plan for June, for all publishers that are considered.



## How to create an ABC in your country

As another illustration, let's look at the difference between printing and actual distribution of a publication. It may happen that an issue printed Thursday, May 31, may go into distribution on Thursday, June 2. If there are no precise specifications on how to classify the copies in these (and many other cases), the decision remains at the discretion of the publishers, which will surely and immediately lead to data inconsistency - and the comparison of two, or several publications will be done on wrong assumptions. An ABC cannot afford to have such inconsistency.

Here is a list of rules for classification that may be used by an ABC.

- Grouping the copies of the different issues into time intervals (for instance, if the reporting will be on a monthly basis, it should be clearly defined how the different issues of a weekly publication can be assigned within the different monthly intervals).
- Rules for assigning paid copies to paid categories, or not. (The ABC may decide to exclude from paid distribution reporting all copies which are not sold at 100 percent of the full price, or it may create several paid copies groups: 100 percent, between 50-100 percent, and below half price).
- If a title has different editions (which differ in content, price, size, etc.) for the same issue (mutations), it the ABC must be decide if the quantities of different mutations should be aggregated or not.
- Returns: what types of returns are allowed for reporting, and how should these be calculated?
- Are back copies (copies distributed in arrears) allowed or not? If yes, how should the publisher do the classification of this type of copies?
- Other copies to be excluded from reporting.

The list is far from being exhaustive, and - as in many cases by now - will be determined by the reporting needs of each ABC. And of course, by what auditable documents and information are acting in support of the different types of data.

The audit procedure should give instructions to publishers on how to handle the different reports, and should set deadlines for the different data transfers. An important note: if publishers are not supposed to send their circulation data to the ABC/auditor, it will be the task of the auditors to be familiar with the administration of the publishers in order to have a clear picture of the issue-by-issue transactions. Imagine how much work would be involved for a daily newspaper! The cost of audits will be significantly higher in this case - think twice before you decide on this, it may well be more cost effective to ask publishers to "crunch" some data for the auditors.

For instance, it is counterproductive not to have a final deadline for closing all the audits for a given audit period, for all ABC publications. Otherwise, a lack of a deadline will seriously impinge upon the ability of the audit to compare publications. This situation could lead to never-ending audits, which will seriously hurt the image of the ABC. This deadline should be within a few months following the end of the audit period. Our (Hungarian ABC) deadline is set for six months after the end of the audit period, which is the calendar semester.

The audit procedures should also regulate the relationship between publishers and auditors rights and obli-



## How to create an ABC in your country

gations.

### 12.11. Records and documents to be held, presented, and archived by publisher for audit purposes

The main source of data - audit subjects - is the set of documents and records held by the publishers. An audit system should list all these items in fine detail for each and every circulation term, regardless if the data will be published, or not.

The audit focuses on the following type of documents and information:

- Contracts, with both printing houses and distribution subcontractors.
- All the documents that clearly identify the different rates (subscriptions, single copy sales, etc) used in the distribution system.
- Orders to printing houses and distribution channels.
- Delivery/transportation documents accompanying the copies.
- Notes of delivery and receipt of the copies.
- Notes and reports on sold copies.
- Invoices from, and to the printing houses, and distribution subcontractors.
- Full documents of barter agreements.
- Subscription lists.
- Accounting and bookkeeping documents.
- Documents related to complaints, and settlements.
- Own printing house internal documents: job orders, paper/newsprint warehouse documents, etc.
- Own distribution records and documents.
- Free distribution: routes and points of display, maps, programs, returns handling and distribution verification documents.
- Proof of payments of free distribution.

Each and every document should clearly state the unique identifiers of the publication, each and every issue, and every number related to a given issue.

Again, the documents cover only part of the administration and finances of a publisher, and the scope of the circulation audit should be limited to this set.

There should be rules for keeping proper records, as well as archiving these for audit inspection, or the handling of complaints. It is obligatory and practical to archive all documents and records until the next audit is executed.

### 12.12. Audit program

The audit program goal is to describe in detail the tasks the auditors must execute during the actual audit process. This program is an actual a step-by-step checklist of activities.



## How to create an ABC in your country

An audit program details the process of reconciliation of data against the documentation and information existing in the publisher's records. It links the definitions to the documentation and information to be verified in order to certify the circulations data.

These protocols should describe the following (although this list is not exhaustive):

- The obligations of auditors.
- The administration and communications the auditors should maintain with the ABC and the audited subjects.
- The reaction times to the ABC audit requests.
- How to prepare the publishers for the audit.
- Advice to be given to the publishers regarding their administration in relation to the audits.
- The extensive list of tasks to be carried out during the actual audit: list of documents and information to be verified, sampling methods, calculations to be made, etc.

Here are some examples:

- How to settle (calculate) the different amounts of copies against the amount of money that is accounted for in the publishers' books, subcontractor by subcontractor.
- How to deal with the different rates of subscriptions when calculating the above.
- How to calculate the net income of the sales, and deal with VAT, etc.
- Protocols to be followed in case of problems occurring at the audit, including fraudulent practices.
- Deadlines and protocols related to the audit reports to be sent to the ABC.
- Own audit records to be kept by auditors.

Because the audit program is actually the job description for the auditors, it is an essential tool in selecting the auditors to be used by the ABC. Many of the items in the audit program will become part of the contract between the ABC and the auditors.

### 12.13. Auditors

When all the previous work is done, it is time to find the auditors.

Because the audit work implies financial verification and expertise, it is practical to have auditors who have knowledge and experience in bookkeeping and accounting - people and an organization familiar with the legal practices that are in place. At many ABCs it is daily practice to hire chartered public accountants, who have enough experience to carry out this special work.

It must be said that the circulation audit is not a 100-percent financial verification of publishers. It covers only the press production, transportation, wholesale and retail sale activity of the publishers.



## How to create an ABC in your country

At the beginning of the activity of any ABC, there is the question of which auditors to choose, because the issue of credibility is strongly related to the auditors. It is a difficult decision. Does the ABC hire international, well-established auditing firms, or a local, domestic auditor? Both have advantages and disadvantages.

- International firms have a high profile. They have well developed procedures, and will be easily accepted by the market. They will probably be able to boost the credibility of the newly established ABC, too. Yet they are much more expensive than local auditors.
- Local auditors are much cheaper, and more flexible than the big, international firms. Nevertheless, they can be manipulated by members, and often do not have enough experience. It is also probable that local auditors will give any price, just to get the job - and this becomes an extremely risky situation.
- I would strongly suggest that a new ABC hire international auditing firms. It will cost more, but it will imply less risks, and it will raise the profile of the ABC in its initial stage. An ABC can later hire local auditors, but only after the ABC develops some experience and its credibility.
- I personally do not advise a recently established ABC to hire and maintain its own team of internal (staff) auditors. This inherently takes on a lot of risk (a series of extra tasks and administration for an inexperienced organization may deviate the focus of the organization; due to inexperience, there is a danger of hiring an auditor who is a friend of a publisher, etc.), which the ABC wouldn't want to happen.

Regardless if the auditors will be the employees of the ABC, or subcontractors, it is necessary to work out in detail the relationship, job responsibilities, communications, program calendar, control between the ABC and the auditors.

Before finalizing the contract with the auditor, make sure you run a few test-audits (on voluntary publishers), in order to have a clear picture of how the theory applies in practice. Your agreement with the future auditors must state the obligation to run a few test-audits! It is almost sure that the ABC will have to change things in the audit program, or even in the audit rules.

The appointed auditors should not provide any other service to the ABC publishers. This would be a major conflict of interest. The contract with the auditors must contain this provision.

In order to have enough stability with the audit, get prepared for a long-term relationship with the appointed auditors. Make sure there are enough technical meetings with them, and that they thoroughly understand the audit rules and procedures. Have meetings to discuss any proposed rule or procedural changes, or whenever they ask you for it. It is necessary for the manager (secretariat) of the ABC to assist with the audits on a random basis, and to be up to date with what is going on in the field. The audit rules, as well as the contract with the auditors, must specify this right of the ABC management.

Regardless of your decision on what type of auditors the ABC hires for the job, it is good to get prepared for a tough series of negotiations:



## How to create an ABC in your country

- Make sure you have a thorough understanding of the audit job to be done.
- Maximize - again and again - the potential number of publications to be audited. You will get a better price. I cannot repeat enough times how important this issue is as an effect on the prices of audits.
- Be well prepared on what your members can, and expect to pay for the audits.
- o Invite for the bidding stage a large number auditing firms to ensure a large enough pool and high enough level of expertise.
- Write a short job description of the audits, and send it to each prospective auditing firm.
- State your commitment that if the auditor does a good job, the ABC will bring them more work. As an aside, this long term pledge will give the ABC leverage in negotiating discounted fees for future audits.
- Make sure you can easily exit the contract with them, if the auditing firm is not at the level of your expectation, and ensure that it cannot easily exit the contract.
- Make the auditing firm guarantee to provide enough people (resources) to do the audits in time, to all publications you have on the ABC list now, as well as in the future. Make them demonstrate man-hours required for conducting an audit.
- Tell them how many other competitors you are negotiating with. You may get a better price.
- Do everything you can to avoid a time (hourly) based audit fee. It would be much better to get a fixed fee per audited publication (type) because the time spent on work by the auditors is hard to control, and in many cases it is at the discretion of the auditors. Overall, make sure they do not price items you cannot control, and make sure the control has adequate resources.
- The "normal" financial audit is seasonal. There are periods of the year when the auditing firms have a lot of work, and periods when they do (almost) nothing. Make sure to identify these seasonal trends, and tell the auditors that the ABC will give them work in the dead season (as well). Ask for more discounts because of this higher frequency.
- Send to the negotiation table your best prepared and toughest members from the initiative group, and make sure your party out numbers the auditing firm representatives.
- You set the negotiations scene, not them.
- Never take a quick decision, but be ready to accept a good offer.

One last note - always be prepared with an alternative solution regarding your actual auditors. Be aware that an ABC must have a stable audit service, and that your actual auditors could cease their contract at any time.

### 12.14. Data reporting, gathering, processing, storage and publishing

The audit deals with a massive volume of data processing, classification, transfer, storage and publication. The more the titles that join the ABC audit, the greater the challenge an ABC (as well as publishers and auditors) will face. Remember that the flow of data goes between publishers, ABC, auditors, and the public at large.

The publishers gather their data into the forms established by the ABC, transfer them to the ABC and/or auditor. The ABC transfers data to publishers and auditors, auditors transfer data to publishers and the ABC, all while the ABC is publishing data. It's an ongoing process of tracking and reporting numbers, and it's numb-



## How to create an ABC in your country

ing in its scope.

There is a clear need to establish a smooth system to handle the data flowing among the involved parties.

An ABC should be sure to develop in detail all the forms and documents to be used by its clients for audit purposes (e.g. data reporting formats).

It is a good thing to make and publish an audit calendar, which displays the different deadlines of the tasks related to the audit (e.g. audit periods, deadline for different reports, etc.).

It is imperative to develop a proper Information Technology infrastructure that can handle all the data. This structure can save a lot of time, as well as paper, and make the whole audit process cheaper and much faster.

In Hungary, we use a fully electronic system to administer the data.

- We have programmed Excel tables (e-returns), for each type of publication.
- The tables are structured to handle issue-by-issue circulation figures, as well as full printing house and distribution channel breakdowns.
- The publishers download these files, and complete them with their own data.
- The files are uploaded by the publishers onto the ABC's servers. Our administration is automatically notified at each download, so we can check the data.
- The files are programmed to filter out mathematical and other statistical errors. Our servers are programmed to not accept/upload files containing errors.
- After we check the data, we send these files to the auditors, who then arrange for the audit with the publishers. The receipt of this set of data by the auditor is an automatic audit order from us.
- The auditors bring these files to the audit, and if there is any need to correct any data, they process the correction in their files.
- At the end of audit, the auditors send us the audited data file, which we upload into our system.
- We verify the reports, and if they are correct, with the click of a button, the audit certificates are produced and published on our website.

Before we introduced this system, we used a paper-based reporting. Our storehouse still has cubic meters of paper from the old audits. But we have no more paper audit records. The only document in paper is a two-page report of the auditor, signed by the publisher.

### 12.14.1. Publishers statements

The publishers' statements are a special type of reporting, and used by the majority of the ABCs in the world. These statements consist of data provided to the ABC by the publishers without being audited. They are issued more frequently than the audit, and of course, the data is more current than the audited information.



## How to create an ABC in your country

In many cases the audits are done on a yearly or biannual basis, while the publishers' statements are released quarterly or even monthly, making the actual adjusted data obsolete. Hereby the publishers' statements serve the goal to give to the market updated circulations figures. In Hungary today all the market is watching for our quarterly Quick-Report.

If an ABC decides to introduce publishers' statements, it should keep in mind the following:

- The content of the publishers' statements should have the same format and structure as the audit certificates.
- The publishers are fully responsible for the content - and any mistakes - in the data. Because the data is not audited at the time of publishing, the ABC can only be responsible for administrating and publishing the data, and not for the content. Thus, no data correction shall be allowed after the publication of the statements.
- All the statements should be published together in the same time; therefore, a final deadline to report the data is a must.
- All publishers' statements must be audited later on. There has to be a set of very strong rules (and sanctions) for those who are reluctant to audit a statement.

### 12.15. Rules of marketing and public representation of the ABC.

One thing an ABC should avoid as much as possible is to (let members) create confusion. What do I mean?

Perhaps this anecdote will offer some enlightenment.

Years ago, within the Hungarian ABC, we had only one logo, which was both the emblem for the membership and the audit. We did not distinguish between those publishers who were members and their publications which were or not audited.

We conducted a survey among advertisers and media agencies on how they perceived our logo, and the result was quite surprising. They were convinced that the presence of the logo on the masthead of a publication meant it was audited!

As a result, we had to change this marketing rule. Our ABC does not allow anymore for publishers to display any ABC logo on unaudited publications. Nowadays, the only circumstance in which our logo can be published in a publication is if, and only if, it is audited by us.

Here are a few areas of membership where an ABC should be careful to set clear rules.

- How and when a member can publish its ABC membership status.



## How to create an ABC in your country

- How and when a leaving member should remove its ABC membership status emblem.
- When and how a publisher can communicate the audit status of a publication.
- The situations where the audit logo must be taken off.
- How should the audited data be published by the publishers.

These rules are necessary because it happens often that members (and non-members as well) tend to communicate falsely about their ABC membership and/or the audit status of the publications. These episodes create confusion, and erode the credibility of the ABC.

It is totally up to an individual ABC on how many logos will be used. Note one thing for sure: protect your brand, by registering your logo(s) as a trade-mark(s).

Of course, any rule is as good as it is enforced; therefore an ABC must take care of this problem as well.

### 12.16. Rules for complaints and penalties

It is not enough to only have in place good (audit) rules. The ABC must be able to enforce them. Competition is tough, and there will always be members who will breach the rules, so be prepared.

An ABC must create and maintain rules for complaints, as well as apply penalties to its members. This is the most important fundamental of the self-regulatory character of an ABC organization. The attention given to this issue, as well as to the consistent application and communication of them, is the cornerstone of the credibility of an ABC. It will guarantee the practice and preservation of the highest standards.

The principles that apply in creating a complaint (procedure) are:

- Have maximum transparency - inform members and the market about any complaint.
- Have an independent investigation and decision-making team; do not allow the parties involved to be part of the handling group.
- Be professional. Make sure you investigate if the complaint holds, and start the investigations only after this step. Make sure you have proper legal support.
- Make sure to apply the ABC rules equally. In order to be credible, you must apply the rules to everyone, regardless of their position within the ABC and the market.
- Make sure it will be done quickly - minimize the response time.
- Publish the decisions. Make sure the market knows of the complaint, process, and your decision.

Here is a list of areas that should be backed by clear complaint rules.

- Missing deadlines for providing the data for audits, or for publishers' statements.
- Inaccurate, or missing data.
- Unwillingness to audit the data.
- Cheating, manipulating the data, misleading the auditors.



## How to create an ABC in your country

- Improper documentation of the data.
- Misusing the ABC data and/or its logo(s).
- Unethical attack of a publisher with ABC data.

In case a publisher is misusing the Hungarian ABC logo, we use the following complaint procedure:

- Receive the complaint. It can come from both members or non-members.
- Our ABC has a media monitoring service, so we can observe the publication of our logo in the Hungarian media. We have the obligation to start ex-officio complaints as well.
- Handling and assessing the complaint: we record the complaint, and use our legal advisors to make sure the complaint is not withdrawn. In other words, there is a period of time between the receiving of a complaint and the initiating the assessment of it.
- If the complaint holds:
  - The secretariat of the ABC sends an official note to the board of directors of the ABC, as well as to the plaintive, announcing the recording of the complaint, and the actions to be taken.
  - We publish a statement (on our website, and in e-mail to all members) about the complaint, and its content.
  - The secretariat writes an official letter to the publisher who misused the ABC logo, asking it to state in which issues of the publication the logo was misused. We also ask the publisher to send copies of the issues in discussion, and a full list of advertisers and advertising agencies which placed ads in the respective issues. We verify the ads, and compare them with the list sent by the publisher. If there is any difference - missing advertiser or agency from the publisher's list - we ask for a correction.
  - The ABC writes a rectification notice, which must be published in the respective publication, in clearly readable size and form, exactly in the place where the logo was misused.
  - The publisher must write the rectification text on his official stationary, sending out copies to the number of advertisers and agencies affected. The letters must be addressed, postmarked accordingly, and sent unsealed to the ABC.
  - We verify the letters, close them, and mail them.
  - We publish a statement that the complaint procedure was closed, and send a note to all parties involved.
- If the complaint doesn't hold, we announce this decision to the plaintive, and there is no public communication whatsoever on the issue.

In case of late transmission of data (we have strict deadlines for publishers, who have to send us the data for the audits):

- If the deadline is missed, we issue a penalty invoice of 25 percent of the audit fee of the given publication, and agree upon a new deadline for sending the data.
- If the second deadline is also missed, we issue another penalty invoice of 50 percent of the audit fee, and agree upon a third deadline.
- If this last deadline is missed, we exclude the publication from the audit, and release a public statement to the market.



## How to create an ABC in your country

I offered the two examples because there are two things that publishers dislike: to pay (more) money, and get negative public relations. If a new ABC wants to keep order among publishers, maintain a high standard of the audits, these are the two most effective means to be used.

### 12.17. Administration

The ABC administration must keep full records of its members, handle new incoming members, as well the departure of members.

The office(s) of the ABC must carry out the whole range of administrative work needed to keep the organization running, including communication with members, collection of membership fees, handling documents, organizing meetings and press conferences, providing legal assistance, etc.

Regardless of the audit system, a great deal of administration is involved in carrying out the audits. The ABC shall be in total control of the process.

An ABC should administer and maintain the list of the publications audited. There are new entrants and leaving publications. Each publication has its own data to be registered: from the name, frequency of issues, to the responsible persons for the audit and communication with the ABC and auditors. Accurate record keeping is a must.

There must be well-maintained records on the programming of the audits. The greater the number of publications joining the ABC audit, the larger the volume of information to be maintained.

The ABC also has the role of programming the audits, and communicating with the auditors and publishers. An ABC should always know exactly when each publication will be audited, which auditor will execute the verification, etc.

In case the ABC is collecting the audit fees, there is further - financial - administration to be maintained: invoice issuing, debt collecting, etc.

If the primary data is sent to the ABC, there is a large amount of information to be verified, sorted, stored, and sent to auditors. If the primary data goes directly to the auditors, the ABC must be in continuous contact with the auditors, in order to know if there is any delay.

It can, and will happen in many instances that the administration of the ABC is required to take some action in the audit process. The ABC should be able to react immediately to any such problem.

It is the role of the ABC administration to verify the incoming audit reports, to decide if there is a need for further audit work, and to publish the results of the audits.



## How to create an ABC in your country

Yet another role of the ABC is to respond to inquiries coming from the market, answer the questions, and explain how the ABC works. Handling complaints is also a task to be carried out by the ABC administration.

### 12.18. Control

In order to maintain the quality of the audits, an ABC must have in place an audit control system. The role of the control is to ensure the constant quality of the audits, as well as to ease the handling of complaints.

The control is also a guarantee for advertisers and media agencies that the audit provides them with what they expect to get from it (they should not forget that they are not part of the audit process, but they are the users of the data, so careful non-publisher control is serving their best business interests).

The ABC has to have rules on how the auditors should maintain and archive their audit records, and it should design solutions for independent counter-audits.

The audit program is a guide for the audit controls. The audit inspectors (counter-auditors) should visit the audits, and review them on the basis of the audit program, then report to the ABC.

Sometimes problems may occur; therefore the ABC must be able to anticipate the problems, and in the case of their occurrence, it must be able to properly react to them.

Of course, as anything made by man, the controls system is also subject to mistakes, and it has room for improvement.

### 12.19. Education and training

The audits and their products will be new for the whole market. An ABC will probably have a set of initial clients (audited publishers), but will want to increase their number. Later on, there will be probably changes in the rules and regulations. All these new, then changing, information will have to be thoroughly understood by the members of the ABC, and the market. Part of maintaining a standard is to continuously communicate it, hence another task for an ABC: make the market and customers aware of what the audit stands for.

Since an audit system is a large set of rules and regulations, quite often difficult to understand, one of the primary task of an ABC is to make, maintain and publish a glossary of terms. This list shall briefly describe the most important terms of an audit system.

No one can expect from any publisher to understand the complexity of the audit process, therefore it is crucial to give to each new publisher a thorough audit training. The best way is to write an audit training manual, or set of instructions. It is a proof of good business conduct to visit each new entrant into the audit system, and have a detailed discussion of what is expected from them, in order to be audited.



## How to create an ABC in your country

One of the most important role of an ABC is to educate the market on how one should read and understand the figures issued by the ABC. It is a very good practice to organize road-shows to advertisers and media agencies, as well as to speak up at the events of your advertising industry.

When the rules are changed, the ABC shall communicate this immediately. Since these changes may have effect on both the audit process, and the way the data is published, it is necessary to talk to both publishers, and other data clients (advertisers, media agencies, etc.).

Some practical advice: organize seminars for the industry (if needed, separately for the publishers), make releases of the major changes into the audit system, visit the individual players and explain them these changes.

An ABC must produce a set of materials (online or offline), which are to be used for promotion, explanation of the services, etc., and target with them all the market players.

Overall, do never forget to communicate what the ABC is doing. This effort will be well rewarded by the market.



# How to create an ABC in your country

## 13. Finance

The ABC - as stated before - is a not-for-profit operation. Nevertheless, it must be managed as a business, and proper financial management is needed, both before and after establishing the organization.

All financial considerations must work toward the long-term, sustainable operations of the ABC.

There are three distinct stages of development for an ABC: the initiative stage, the pre-ABC stage, and the established - service-offering ABC stage. Each one has its own specific financial challenges.

The first two stages (initiative group and pre-ABC) will have no income side. There will be expenses only. Bad news, isn't it?

Most probably, the established ABC needs time to build up its first audit service. During this period, it is necessary to fund (via membership fees, or other sources) the operations of the organization, without having a service in place.

Because money will be always a big issue, those embarking upon an ABC project must clearly understand the financial challenges of a such a project, prepare to cope with the financial problems, and solve them in a creative way.

The ABC initiative group, as well as the first members of the ABC, must know and accept the fact that they will have to be patient, and pay the bills, while working together on building the audit operations. There will be lots of needs for time and money.

Most significantly, the number of active participants will have a huge influence over the relative costs (membership and audit fees) for the members of the ABC. The greater the number of members, the less expensive the services.

### 13.1. Finance in the early stage - no ABC yet established

There are two financing goals in this the early stage for the initiative group. One, finance the formulative meetings of the group, and two, the process for establishing the organization.

The initiative group will incur expenses for these meetings, ranging from catering to travel, legal advice, and translations. For instance, the group may want to organize a series of conferences and seminars featuring international experts who talk about ABC formulation and associated issues. Expect expenses for air or train fares, accommodation, local transportation, and some consulting fees.

Based on my experiences, the majority of these expenses can and should be financed by the members of the group on a sponsorship basis. Putting together a budget via input from the IF ABC can help you



## How to create an ABC in your country

outline and develop voluntary sponsorship for this phase.

The companies involved in the ABC initiative can provide meeting facilities, cover the catering costs, and make available their own legal experts. The sponsorship approach acts to solidify the commitment of members of the initiative group. Sponsorship motivates and becomes a source of pride for each member to put their commitment on the table. It induces each member to participate at a higher level.

Another source of financing may come through a series of fundraising events. Look for organizations in your country that are elsewhere in the world that can benefit from the ABC and therefore might wish to finance part of its development at an early stage. Such early financing gives your new ABC enough distance to avoid any potential conflicts of interest, too.

Be sure to verify if such organizations exist in your country, and then contact them. You may have the pleasant surprise to be able to write a grant proposal and, eventually, obtain the funding you need. These organizations will probably be very happy to support an ABC initiative, and be even more willing to sponsor the project if a representative group of the media/advertising industry is involved and already involved in co-sponsoring the initiative. I worked on many occasions on such projects, and they were very successful.

It is also possible to have governmental bodies that would want, and be able to, sponsor your project. Just keep an open mind; you never know where the help might come from.

An important task of the initiative group will be to outline the first operational budget of the ABC, and establish the structure and size of the membership fees. This is necessary planning for the next step.

To be able to develop the first budget of the ABC, go back to the tasks listed in the previous chapters, and note the different budget items which will be needed to ensure the resources to complete the tasks. Here is a preliminary list of expenses for this early stage of an ABC.

- Office rental and maintenance.
- Office equipment.
- Telecommunications, internet connection, mailings.
- Stationery and other consumables.
- Travel.
- Salary of the ABC manager.
- Legal and financial advice.
- Translations.

As stated before, many of the items above may be provided for free, or sponsored by the initiative group members (later members).

During my involvement with various ABC projects, the office was provided for free (in some instances for



## How to create an ABC in your country

more than one year!) by one of the group members. In some cases, the communication expenses were also covered this way.

The financing at this stage must be approached in a creative way. Examine the members of the group (in the case of the advertisers: look at their respective industries, and then identify which items can be easily sponsored.

Here are two other examples. If you have in your initiative group a telecommunications company, it would be practical for this company to offer a free mobile telephone subscription for a year, including the telephone itself.

And perhaps a member of the initiative group members may be willing to offer for free office equipment such as a computer, desk and chairs, etc.

My overall experience in working with the development of ABCs is that either the initiative groups or the ABC members were always happy to offer a wide range of support to the organization - free of charge. This is another reason why there is a need for dedicated members of the initiative group, and why clear communications is needed.

### 13.2. Finance of the established ABC

The finances of the established ABC must ensure its operations, as well as the construction of the audit system.

Please remember that the operations items listed in the previous section may vary in the given market conditions.

There are some decisions to make, nonetheless, before building the membership fee system, including answers to these questions:

- Will members pay the same amount or not?
- Will the audited publishers pay more or less membership fees (the audit fees are separate from the membership fee)?
- Will advertisers and/or media agencies pay amounts different from publishers?

I strongly suggest establishing the same membership fee for all members, regardless of their size, number of publications issued, or segment of industry they operate in (advertisers or media agencies). This standardized fee structure ensures the equal right to vote in the general assembly, as well as an equal voice in decision making for the ABC.

The size and position of the individual members will be taken in consideration later on, when establishing audit fees is discussed.



## How to create an ABC in your country

For the period immediately following establishment of the ABC (no audit system, therefore no audit fees in place), the calculation of the membership fee should be very simple: total operational budget divided by the number of members.

This stage should be reached after a long series of meetings where audit system issues are discussed and a large volume of paperwork - agendas, handouts, reports - is completed. I remember some of the audit system meetings where I was involved lasting more than 24 hours! When planning for the first budget of the ABC, one should plan for this amount of time and matching resources.

Another budget item that comes at this time is marketing and communications. Once an ABC is established, it should provide the market and members with timely, thorough communications that continuously update members on proceedings and progress. Such communications require funding too. Remember to add a cushion that provides for reaching the highest number of projected members.

It is necessary to find funding for the ABC operations, but it is equally important to know - and prepare for an ABC organization that must be sustainable over the long run. One way to ensure funding for the long term is to finance the ABC from membership fees alone.

### 13.3. Finance of the audits

Just as you have to finance operations, so must its members fund the building of the audit system.

Here again, before developing the proper financing of the service, some more questions should be considered:

- Will the size and type of publications have an influence over the cost of audits?
- How often will the audits be carried out (e.g. how many audits per year?)
- Will the ABC hire its own auditors, or will it subcontract one or more audit firms to carry out the work? Or it will be the publishers' auditing firms that will carry out the audits, and the publishers who will establish the fee with the auditor?
- Will the publishers pay the audit fees to the ABC, or directly to the auditors?
- Will the ABC provide the results of the audits for free, or for charge? Will the members be charged for the data, or only non-members?
- What portion of the audit fee should be allocated to maintain the ABC (audit) operations?

Whatever decision is taken, it is important to understand that it will have a direct influence over the size of the audit fee, as well as over the level of income and the cashflow of the ABC.

The size of an audited publication will have an effect on the audit cost for the given publisher. The larger the circulation for a publication, the larger and more vast the distribution channels (contracts), which means more audit time and effort.



## How to create an ABC in your country

The frequency of issue of a publication also has a direct influence on the cost. The higher frequency, the higher volume of documents and information to be audited.

The more often audits take place, the more the costs to the publishers. ABCs worldwide carry out their audits yearly or bi-annually.

If an ABC has its own auditors, this setup means more administrative work, plus more associated operational and overhead costs. Having external auditors makes life easier, but still requires an oversight program.

If the ABC invoices audit fees directly to the publishers, this accounting function requires supporting personnel and a fee collection operation. The positive side of this collection operation is that it provides a very healthy revenue stream for the ABC.

Selling the data (and other services) requires more administration, but it brings more income to the ABC as well.

In general, once a member has paid its membership fee, it is entitled to have access to all audited data. It is up to each ABC to set a price for the audited data, if the membership decides to release it to non-members.

A margin of the audit fee must also be allocated to the ABC's operations as well as for the audit itself, auditors, and producing data). This applies even if an ABC decides that publishers are to pay the audit fees directly to the auditors, because even in this case there is a volume of audit administration that cannot be avoided. Do not forget that once the audits start, there will be a great need for marketing and communications (travel to the offices of members and potential members, selling materials, training seminars for the industry, and to create a website to disseminate the data, etc.). This, too, will require financial resources.

ABCs worldwide have an unbalanced income structure: the big chunk of income comes from the publishers (via membership fees and audit fees), while advertisers, media agencies and other members pay only the membership fees.

As part of my research efforts in running an ABC, I surveyed IF ABC members about budgeting matters. The results showed that, at the majority of the ABCs, non-publishers contributed a maximum of five to 10 percent of the overall budget of the ABC (membership fees), with the rest coming from publishers (membership and audit fees).

This unbalance is a subject of continuous debate among publishers and non-publishers. It is always resolved with the reasoning that the advertising money comes from the advertisers (via media agencies); therefore, the audit is financed by the publishers.



## How to create an ABC in your country

I would suggest that any new ABC agree in principle that a proper income stream (proper rate-card) will have two income sources: membership fees equally divided among members, and audit fees divided unequally among publishers - here one must take into account the number of publications audited by a single publisher, the size (circulations) of the audited publications, frequency, etc.

As an example, here is the financing structure of the Hungarian ABC:

- Membership: equal for each member, non-publishers pay only the membership fee.
- Audit fees are paid by publishers, and are a function of the print run (number of copies printed), frequency of issue and paid/non-paid status, and area of distribution of the publications.
- Up to a 30 percent of audit fee volume discount, for the publishers auditing more than one publication.
- All members get the full range of audited figures (from each and every publication audited) for free, while the non-members get just the main audited figures.
- Non-members asking for full data have to pay a certain amount.

The structure and the amounts of the membership and audit fees keep a proper balance (i.e. the fee structure hurts everyone equally, but at different levels): the big publishers, with many audited publications have to pay large audit fees, while the membership fee is relatively small to them; for the small publishers the membership fee is relatively high in comparison to the audit fee.

The ratio of financial contribution of non-publisher members to the overall Hungarian ABC budget is around four percent.

Finally, one should consider these suggestions for minimizing the fees:

- Maximize the number of members and audited publications to lower the maximum membership fee.
- Maximize the number of audited titles on a continuous basis to get a fair amount of volume discount from the auditors.
- When you build the audit system and evaluate the fees make sure to keep your plans and calculations totally confidential, so the potential auditors cannot exact a higher price. The ABC members, and the publishers, must be aware that any leaking of information can cost them dearly.
- Make sure to set up test audits before you go to auditing firms to get quotes for the audit work, and to avoid overpricing.
- Make sure you have proper control of operations and finance in place, so the ABC administration doesn't get too expensive.
- Audits are recurrent activities, so invest in information technology and automate the processes as much as possible to keep the data transfer and administration costs at a low level.



## How to create an ABC in your country

### 13.4. Other streams of income

Once the audit service is in place, the ABC may decide to sell the audited data to non-members, thereby ensuring itself extra revenue. It is absolutely certain that once the audited data is streaming in, there will be a need for analyzing it (making market trends, etc.) Selling the analysis can be another great source of income.

Any new service - be it a new media channel audit, research, or just new forms of data dissemination - should be priced properly. In general, the ABCs are giving all data to members for free while selling it to non-members.

### 13.5. Budgeting, control and financial administration

The decision-making bodies of the ABC must ensure proper financial planning, control and administration of the operations of the organization.

As any legal entity, the ABC should have a yearly budget of operations and investment.

The operations budget must cover all the activity of the organization for the given year. I strongly advise any new ABC to be very careful in budgeting, and never plan for deficits! If at the end of the budget period you will have unexpected, surplus revenues (more members and publications joining the ABC and the audit), you can easily reinvest this money in the next year's budget. (For example you can lower the membership fee, and every member will be happy). If you are careless and incur a loss, someone has to finance it - in the end, the members will have to do it. Plan for a slight surplus, but make sure it is a plus.

In accordance with the not-for-profit principle, the net gain of the execution of a given financial year cannot be paid back to the members (no dividend payments). Given the financial laws of its country, the ABC may decide to create a reserve (for safety reasons, or for funding product development), or reinvest the gain in the next financial year's budget, by either lowering the fees, or extending the scope or scale of the ABC activity.

The net gain or surplus may help the ABC to finance its product development. As stated in other chapters of this handbook, ABCs around the globe are providing a wide array of services, beyond the circulations audits. None of these ABCs started with the whole range of services - they built them step by step.

Such progressive development needs resources, which can come only from members' contributions. My experiences tell me that it is much easier to finance product development from small accumulated surpluses of each year, rather than asking suddenly for larger fees from members. Last, but not least, an ABC can always seek out external project funding available in the given country, should it need to bridge a gap or loss for a given year.



## How to create an ABC in your country

Once the ABC starts its operations, one must ensure the proper administration of the contracts, incoming and outgoing invoices, debt collection from members, timely payment of the bills, accounting services, etc. The administration of the ABC must run as smooth as possible, since the focus is on providing the audit services at the highest standards.

The control over the operations of the ABC must be as strong as possible, regardless of the given legislation. (In many countries, it is compulsory to have an independent financial control - financial audit and/or an elected control body over the ABC).

The manager of the ABC must present financial reports to the superior ABC bodies on a regular basis. Overall, all the activity of the ABC - including finance - must be totally transparent to all members.



## How to create an ABC in your country



**Marwan Rizk**  
*Vice Chairman & CEO,  
Touchstone  
Vice President, International  
Advertising Association,  
United Arab Emirates  
Chapter*

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I was one of a few who had the privilege to pionere the advertising industry in the United Arab Emirates. Media was our main focus and where to advertise was our main objective the moment we obtained a new assignment from a client. Because of the local terrestrial nature of TV stations those days, and because of the presence of strong Pan-Arab regional print media, and because of the absence of big production budgets for TV commercial productions, most of the advertisers focused on Pan-Arab print media as an efficient medium for regional, consistent, efficient and unified communication vehicle. To justify the choice of media, we had the claimed readership profile and some of them provided circulation certificates and figures certified by a print-auditing house. The concept is old and simple. But with one major problem: No one wanted to be a number two, especially a distant number two. Today, with the media specialization and diversification a part of our life, this same story still prevails among our Arabic media in the Gulf Cooperation Council while most of the English print media have developed to follow the rest of the professional world and provide audited print titles. This made better media planning possible through using research and print audit simultaneously. Representing the International Advertising Association which is greatly concerned about better practices in the industry, I have always encouraged publishers to take the first step and embrace genuine print audit as a means to having an organic true market where brands will be able to grow and flourish by applying professional communication tools encouraging fair play and transparency and thereby growing a genuine market for local and international marketers through providing credible measure for the return on their investment. The main beneficiaries of such a scenario would be the advertisers and the agencies that will be having a much more evolving and organic market to grow steadily over time. I have always encouraged publishers not to be afraid from admitting the real figures even if they were claiming a much larger figure before the audit. An audited title is not like a non-audited one. Audited titles will make unaudited ones look non-credible, or else why wouldn't they audit too? Auditing encourages healthy competition which in turn leads to a better media product and a bigger market. Above all, we would be trading with one currency which is a world currency used by the rest of the developed world. Since our objective is to grow the spending and investment of the international marketers in our marketplace, let us give them the standards they are used to so that we can grow our market and put it at par with the developed world markets. Digital does just that. Today in the United Arab Emirates, clients encouraged digital as an alternative to print media that refused to accept the print audit and proved that this could be a viable alternative in spite of the low figures that at least allowed the advertisers to truly quantify the return instead of living in doubt. It is about time that we correct the situation in all the Middle East and the Arab World. There should be no media except audited media and we should rise to the challenge of facing realities and working hard to compete and grow one of the most sought after markets in the world. The same is true of other undeveloped markets where print media are competing on false claims. With audit we will have:

- Better media product.
- Better measurable returns.
- Better client base that will expand the market.
- And better industry altogether allowing for sold buildup and growth over time.

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## How to create an ABC in your country

### 14. The manager of the ABC

Like any organization, an ABC is as good as its staff. So, hire the best people.

Well-established ABCs will tend to have more employees responsible for particular areas of strategy or operations - specialization. The western ABCs have dozens of people fulfilling the ABC mission day by day: managing directors, directors of different audit fields, auditors, assistants, marketing specialists, production people, etc.

Given the scope of this guide, I will focus on the central figure of a newly established ABC - the director of operations and manager of the organization.

ABC members need to understand that they should hire a director who will be dedicated long term to the mission. A young ABC must avoid hiring a career ladder climber, someone who is more bent on advancing his/her career instead of being dedicated to the greater benefits that an ABC will have for the media sector over time.

The members of an ABC operate their own businesses; therefore they will not have the time, nor the competencies to run the ABC. After all, no publisher would like to see any of its competitors running the ABC. When hiring a director, like a long term commitment, the director must thrive on being independent and disinterested/objective in handling hot-button issues. The director must be ready to work long hours, not just full time but lots of overtime.

This new person will have to be hired based on a clear job description and profile.

The managing director will be supervised by the board of directors and/or the chairman of the ABC.

An ABC could consider hiring for the director's role a well-established, experienced professional. However, such an approach has a huge disadvantage of costing more.

Furthermore, in a developing democracy and free market, this person may have baggage - he/she may have other vested interests that would compromise his/her ability to act independent and neutral on hot-button issues.

In the countries where I worked to establish ABCs, it was also difficult to find someone who was a middle-aged professional with any true free market experience; therefore they choose the alternative - a young, less established person with an entrepreneurial character.

It is much easier to find this entrepreneur who is at the beginning of his/her professional life in an emerging democracy and free market system. The established person - beyond the financial problem and vested interests (in other words, hidden agendas) - may also be quite difficult to train because of entrenched values and habits. Such agendas could even work to under mind the credibility of the ABC.



## How to create an ABC in your country

A young person is a better fit with the type of work required for establishing the organization - lots of travel, and a high-energy level to support the need to multi task and work long hours.

There are also some drawbacks for hiring a younger person: less knowledge of the market, a reluctance to make decisions, a higher probability for making mistakes, less operational experience.

Nonetheless, these disadvantages are easy to cope with, and can become advantages. All the ABC management should do is to set clear goals, outline a proper list of tasks, slowly increase the workload, monitor the work of the newly hired person, and be able to manage the ABC's developmental pace and give ongoing advice.

The ABC board of directors/chairman must support the new person, cherish his/her efforts, introduce him/her to the market, and introduce the new director to the industry.

A well-formulated job description can help a lot, too. A detailed working plan, with realistic deadlines and reasonable oversights is crucial. Encouraging independent decision-making, and delegating these decisions from the board to the directors is important as well. If mistakes occur, the board needs to keep in mind that mistakes are made only by those who experiment, so the board must be sure to react cautiously to such problems.

One major advantage to have someone at the very beginning is to ensure proper functioning of the initiative group. As described in chapter 10, the initiative group will have a lot of work to do. It is very practical to have someone to manage this mini-project. Maybe that temporary manager for the initiative group is the future managing director of the ABC. Take a look around you, and see if there is any young, agile person who can do the hard work. There are many young people out there, who are just waiting for a good opportunity, and they are willing to prove it.

You may well want to hire the ABC's first people in two stages: one for working with the initiative group, then for the ABC itself. Even consider hiring two different persons for the two jobs. I would not exclude keeping both of them: one could become the assistant (secretary), while the second would act as the manager of the ABC.

If you have enough resources, hire a human resources specialist for the whole process, or parts of it. If you don't have such a service, or you cannot afford to pay for it, go thru the following steps:

### 14.1. Determine the tasks to be carried out

It was broadly discussed, and I hope by now it is clear which tasks a manager should undertake:

On the short term (working with the initiative group):



## How to create an ABC in your country

- Organize the meetings of the initiative group.
- Prepare all documentation and information of the initiative group.
- Record and write the minutes of the meetings.
- Organize and archive the documents of the initiative group.
- Handle any necessary translation of documents.
- Ensure communications within the group.
- Gather the information necessary for the audit system.
- Visit and talk to different market players.

On the long term (managing the ABC):

- Manage the membership and its development.
- Prepare the strategic and technical decisions.
- Plan and administer the audits.
- Organize the meetings of the ABC forums.
- Plan and execute financial operations.
- Plan and execute the communications.
- Be the ABC spokesperson.
- Report to the superior ABC forums.

### 14.2. What person do we need?

Once the tasks and their associated objectives are delineated, it is time to decide what type of manager will lead the ABC. Per my own experiences, think of a young person, entering his/her career.

Here is a summary of desired character traits and assets for this person:

- Recent graduate (engineer, or economic/finance/accounting school - you need someone who understand numbers, and thinks system-wise).
- Has media background.
- Good English language skills (because the ABC will have international exposure).
- Speaking all official languages of the country (if it is the case).
- Computer savvy, plus skills (Word, Excel, Internet and current with all e-communication formats).
- Good communications skills - oral and written.
- Valid passport (you may want to send the person abroad for training).
- Living in the capital city (you don't want to hire someone who needs hours to commute).
- No criminal record (you don't want to have someone with a criminal record running the ABC, do you?).
- Available to start the work immediately.

Please consider these necessities, too.



## How to create an ABC in your country

- A driver's license.
- Administrative and project management experience.

Proof of these necessities should be provided (such as copies of the diplomas, passport, etc.). Some are subject to later scrutiny (such as good communications, flexibility, languages spoken, etc.). You must be aware of the disingenuous applicant, who can deceive via their resume. Verification of resume details should be done during the interview stage.

### 14.3. Write and run a job advertisement

It is time to announce the job, so write and publish an advertisement.

Get someone who has experience in human resource management or in working with help wanted ads in media to write the advertisement. Or contact IF ABC for some samples.

The ad must contain a brief description of the job to be carried out, and - if you think it is useful - a salary range. You may also want to mention if the job has a probation period or not.

Make sure you include the deadline of the application, the form and language in which the applicants must submit their applications, the (e-mail) address for applying online, and the supporting documents to accompany the resume. References are a good example.

Please also mention that an initial round of selection will be done, and the selected persons will be invited for a personal interview.

You probably have lots of contacts in the media; therefore, you should arrange for the ad to be displayed in many places. If needed, make sure the ad has multiple insertions.

If anyone from your contact group proposes a person, don't say no. Just make sure that the same process and requirements are used. Practice due process and equal employment opportunity.

### 14.4. Reviewing and selections from the applications

Before doing any selection, one must think of the hiring process in terms of how many people are expected to apply, how many total interviews will be required (maybe several rounds) over what period of time, from how many final candidates?

If the response to the ad is low, you will probably have to take a thorough look at each application. By contrast, if there is a big response, you may have an easier job. You may develop a check list of preferred qual-



## How to create an ABC in your country

ities in narrowing down the list. Nonetheless, you need to be able to anticipate the rate of response and churn of the applications, in order to set up the appropriate selection process.

As the applications arrive at the designated address, the selection should take into consideration the following:

- Did the applicant read (understood) the advertisement? Exclude those applications, which clearly didn't follow the instructions of the ad (didn't come on time, documents missing, etc.).
- Content of applications. Are there any applications which are far from matching the ad requirements? Exclude these.
- Is there any very interesting application? You may keep applications which are missing some items above, but look very promising.
- Are there enough applications? Run the ad again, ask the people you know to propose candidates.
- Taking into consideration the specificity of the ABC, consult with your allies on the applications, in order to exclude a "brick" - someone built-in by a market player, especially a publisher. The test of trust and independency must start even before you meet a given person.

It is important to make a score sheet and assess each of your items against this sheet. You must be able to make your selection on an objective basis, especially when you have a lot of applications. Never exclude an application for good. Make sure you write a scorecard for each application, and take the time to review again your assessment of each.

Once the selection process is done, prepare for personal interviews.

### 14.5. Interview people

Invite the selected people to a personal interview. Ask them to bring any documents which may add to, or support their application.

It is good if you can have assistance from a professional to help you with the interviews. Nevertheless, you must clearly set the goals for the interviews: to personally meet the applicants selected in order to assess if they match up with the job profile, and if they have the necessary skills and willingness to do the job. It's not an easy task.

Whatever your interviewing skills, make sure you exclude those who try to deceive you. Be prepared to identify the intelligent and honest people. If there is any skill you cannot assess by just talking to the person, make sure you run a test. For instance, if you want to make sure the person speaks good English, make sure you have an English conversation with the person, or if you are not good at English, get someone competent to talk to the person.



## How to create an ABC in your country

Again, make sure you will make an objective decision. Have your scorecard with you. Do not decide up or down during the interview. If you have someone who assisted you, sit down and talk. Decide later.

### 14.6. Introduce the best applicants to the group

It is a good practice to set in advance the number of applications that will be in the final decision pool. This is totally arbitrary, and it depends on the depth of talent in the job market, the quality of the applications, and the time and resources you have to make the selection.

If you don't feel confident with an arbitrary number, just take the best 3-5 applications.

If you are in doubt about the top five, conduct another type of interview - even via phone or per some written questions to be answered in a second meeting.

Finally, who will make the final choice? Work via consensus, not just a majority vote of the selection committee. Present this to the entire initiative group for their approval.

Naturally, the final two applicants should be invited to meet personally the initiative group. Ask each to make one final presentation as the chosen new director and to present a plan of ABC development in a 10-minute time frame.

Based on these final presentations, choose your new director via consensus.

### 14.7. Hire and keep the person

Once your top candidate is determined, write a letter to the other applicants (it can happen your best candidate will not take the job, change his/her mind, etc.), so be prepared to contact the others, and maintain a good relationship with them!

Have an employment contract ready. If the ABC is not established yet, you must agree with your initiative group to nominate some of the companies within the group to hire the person on an interim basis (and when the ABC will be established, you will rewrite the contract).

This interim period can be quite difficult. If there is no one to hire the person, but you need him/her, make sure to keep the person, and get him/her paid! If the ABC is established, but it has no income yet, you can hire the person, but you must arrange for his/her payments.

Any solution that will keep the desired candidate is good. Be creative. Most importantly, if you find someone who is good, do not let him/her get away! You do not want to restart the whole selection process from zero!



## How to create an ABC in your country

### 14.8. Training and mentoring

Now you have someone who needs to be introduced to the market.

Make sure you take the new employee to all meetings of the initiative group, and introduce him/her to everybody. Have members of the group alternate this task.

Sit down with him/her and discuss the values and principles of the ABC. Go thru the tasks to be undertaken. See what the person can immediately do, and discuss what needs more preparation. In other words, the initiative group should have an action plan ready, with tasks, objectives, and time line.

Do not hesitate to let the person make his/her own decisions, and be willing and flexible to correct inevitable mistakes.

Set strategic objectives for each developmental aspect of the ABC, and discuss the work plan with him/her. Let the person work. Ask for progress reports. Review the reports, and verify if the objectives to be met.

If you do this job well, the new person will integrate smoothly into your group, will become self-confident, and will look up to members of the initiative group as mentors.



## How to create an ABC in your country

### 15. Diversifying, and going beyond print circulation audits

Little more than a decade ago, publishers were only dealing with printed titles. This radically changed in the last decade; there is now a multitude of channels/platforms which continuously distribute content: websites, e-mail, ipod, I-phone/SMS, e-publications, etc.

So the ABC's job must change, too. Publishers and traditional media more generally must follow clients as they move from printed products audits to the new, online and digital media channels with matching distribution audits/measurements.

Pushed by their markets some of the ABC's extended their activities beyond auditing into areas such as: readership/viewership/listenership surveys (print, television, radio, etc.); media usage surveys (target group indexes); other above-the-line (ATL) and below-the-line (BTL) media measurement (visitors of exhibitions, etc.), and other services (advertising expenditure monitoring, rate-card standardizing, etc.)

The developments of ABCs beyond the classical circulation audits was propelled by the need for new, credible media information, and built on the basis of high trust of the market players in the values and operations of the ABCs.

A newly formed ABC must focus on the core concept and operation first: the circulation audits. It should create a success story, which can act as the impetus for further development. Whatever development direction the ABC takes, it must always manage properly its principles and values to best serve its clients and market.