

# You Can Build It, But Will They Come?

Even when the business case for rural broadband looks compelling, you still have to sell the product.

By Stephen Morris / *FoothillsNet*

**Y**ou had the vision. You fought for funding. You sweated out the intricacies of network buildout. Now your capable team is diligently managing every aspect of your network's operation. But sales are not matching expectations.

Why? The sales staff speculates about the impact of competition, market conditions and seasonal variances in use. Unlike the network, whose every detail can be monitored and measured, the market is mysterious. When sales fall short, how can you determine the cause and identify the right corrective actions? What is practical for a local provider in a small community?

There is hope. Although sales aren't completely under your control, you can establish processes to minimize the uncertainties. There are proven steps to maximize sales. You can run a successful, sustainable broadband business if you communicate the message, use sound methods to survey the market, develop a marketing plan, adhere to the plan's direction even in the face of competitive pressure, measure sales, and inject accountability into the process.

Broadband initiatives that struggle typically do so because of softness in executing sales and marketing plans. Revenue challenges are common for municipal broadband networks, electric membership cooperatives and small telephone companies. These ventures may have phenomenal vision and network implementation,

but the hometown advantage doesn't always translate into a thriving customer base.

This can be hard to swallow for companies that have taken risks financially and professionally to provide their communities with vital broadband service. The solution is to follow through and build a healthy business with the same dedication they applied to birthing the network.

Being local in a rural community means being visible. A broadband provider is a big fish in small pond, and that comes with responsibility to the community. What you do causes ripples in that pond. For example, you cannot implement policies that cause more than minimal staff turnover. There are things a leader can do, however, to create a systematic approach using sensible methods that promote accountability.

## REVENUE CHALLENGES

As a businessperson who ran a profitable wireless business unit within an independent telephone company for more than a decade, I experienced firsthand the difficulty of influencing sales teams to meet revenue targets. Although our engineers could produce a report on any network parameter at any given moment, the same was not true of our salespeople. All were competent at their jobs, but they engaged in little analysis of the results.

When I asked sales managers about the prior month's results, a typical response would be, "Well, it's after tax season, and things get



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Sales teams should be like orienteers finding their way through the woods – tracking progress by milestones and keeping to their bearings.

slow.” Such answers may have been true, but did they explain why sales fell so much farther this April than in previous Aprils? To help our sales team, my group created reports showing year-to-date trends and comparisons with prior years. It took some time, however, before the sales managers learned to use these reports effectively.

We also learned that being local and committed to the community was not pivotal in customer decisions. After we had been in the cellular business for 10 years, utilizing ad campaigns, bill inserts (remember printed bills?) and other techniques to get the word out, many local residents still weren’t aware we were in that business.

Connecting with our target market proved to be challenging. Consumers are busy with their obligations and personal lives. Advertising blends in with other white noise. Offers are ignored. Emails are deleted. Those who don’t subscribe to a service may not grasp its value.

When I began consulting with other local broadband providers, I saw that these difficulties in meeting revenue goals were far from unusual. Drawing on my firsthand experience and consulting work, I have developed a method to turn sales and consumer quandaries into a sustainable business by adopting a systematic approach with four key elements.

### LEAD THE WAY

Pull together all parties – including both internal and external interests – to get their input on where the business stands today and where it strives to be. Help all parties see the big picture and their respective contributions to the welfare of the whole. Collaborate to shape an integrated strategy for success. From this consensus, you can confidently lead and execute well.

- **Commit.** As Yoda says in “The Empire Strikes Back,” “Do. Or do not. There is no try.” Top

leadership has to buy into a progressive, consistent strategy that is communicated to staff, adhered to through accountability measures and executed well. This may be new. There will be some eye-rolling, but when people see that C-level executives mean what they say, results will follow.

- **Communicate the message clearly.** A message from the top about the commitment is a good first step. Be specific so that employees understand the “So what?” (For example, “So, what happens if we don’t meet revenue targets? How does that affect me and my pay?”) Often, the message is so polished by committee that employees can’t connect with it. It comes across as a public service announcement. Use simple language and be direct to avoid ambiguity and employee speculation.

- **Implement the strategy.** Employees have seen other announcements that don't translate to impact on their level. Implementation must be consistent and enforced. Otherwise, the message is watered down to good intentions, and the initiative will evaporate.
- **Get help if you need it.** The culture at small telcos, electric cooperatives and municipalities is based on relationships because the people that work together attend the same high school football games and serve on local charities side by side. However, though driving change may be unpopular, failing to meet revenue targets and forcing another top-line revenue item to support the network is not sustainable. This is why many companies bring in consultants.

## DEVELOP A LONG-TERM MARKETING PLAN

A marketing plan is a must to meet goals in the face of changing competitive pressures.

- **Assess the market.** Managers may say, "We live here. We know the people and what they want. They only complain about pricing. We don't need a study." But Olympic athletes have coaches. Even Tiger Woods has a coach. To attain a new level, insight is a must. And that insight must be statistically sound.

A market survey conducted by a third party can lead to new knowledge. The survey must be balanced to include demographic segments that do not choose your company as a provider. I have seen results of many surveys that had limited usefulness because most respondents were existing customers who obviously knew (and mostly liked) the broadband provider and furthermore were largely stay-at-home parents and retirees – the most accessible demographic but hardly a representative market slice.

- **Discover your brand.** Brand

simply means what customers and others think about your company. What they think may surprise you. Last year, I visited a telephone cooperative in one of the most remote parts of the continental United States. It was extremely innovative and provided services such as fiber to the home to farms spread out a mile and two apart. Seeing these world-class services in the middle of agricultural expanse was incredible. Just as incredible was hearing unsolicited comments from locals that were sometimes very critical of the cooperative and even suspicious of its intentions.

Discover what your image really is, and be open to people's feelings even if they don't seem borne out by fact. A focus group may be necessary to distill some perceptions that you can address.

- **Accurately assess the competition.** Allow the third party to objectively lay out what the competition excels in, what your company is better at and what advantages and opportunities you can maximize. It is easy to think, "We're small. The big guys have all the resources in the world. We can't do what they do." Even if that's true, you have some key advantages *because* you are small and local. And even though you can't buy a Super Bowl ad, there are things you can do. Leverage these. A vine breaks down concrete one crack at a time.

In another company, a major carrier took control of the wireless business unit, whose sales had been flagging. After the takeover, motivation declined even further, as did sales. Then the mega-company opened a retail store in the territory. This store immediately became one of its top 40 stores nationwide, and it sustained this level. This proved there was plenty of demand just waiting for someone to harvest it. What made the difference was the belief that a strong market potential existed – followed by systematic execution, which I'll address soon.

- **Write the plan.** Using the information gathered in the market studies, determine what issues need to be addressed, and prioritize them. Are you reaching the right demographic? If not, research how to effectively reach these people. For example, are you using social media to target audiences? Facebook and others make it easy, and many operators report good results with social media.

Based on the perceptions of customers and potential customers, what message needs to be projected? More important, how can you demonstrate that the message is true? People believe actions more than words. What steps will you take to implement this plan in the next six, 12 and 18 months?

Though the plan's details will change over the next few years, there must be some firm anchors that you will commit to and not deviate from. Without these, reactive marketing can become too tempting. For example, competing solely on price can easily become the default. Giving away more than your competition is not a plan, nor is it sustainable.

Communicate the plan, and let everyone know a firm direction has been set. Then follow through with detailed reports, incentive and compensation policies, and meetings at which teams report their actions as compared to the plan.

## MEASURE THE RESULTS

What gets measured gets done, as the old saying goes. Networks have sophisticated monitoring systems and protocols, and most companies have network operating centers that watch for any hiccups. If there is a glitch, teams go on high alert, managers are notified and C-level management may be informed. Technical supervisors and managers craft detailed reports with timelines of the events leading up to the outage and through resolution. Responding to an outage is exhausting, but it sensitizes and thus motivates network engineers to prevent and resolve outages.



- **Define the right metrics.** For sales, what metrics are set? Who is measured? How often are the metrics reviewed? If there is a slump – a “revenue outage” – what happens? Who is notified and how soon? Who is responsible to report sales issues, and to what standards are these reports held? What accountability measures are in place, and how impactful are they?

Set sales metrics at every level in the organization. Measure daily, and have the sales managers review them with their teams each morning before the sales floor opens. Simplify to between three and five metrics for summarizing to the C-level, and discuss with the team weekly. It is vital to hold these meetings and to make these meetings pivotal to everyone’s calendar. These meetings come before all other obligations. If there is a “revenue outage” or brownout, require detailed reports.

- **Hold people accountable.** Accountability is just as important for sales as it is for the network. How would you feel if a network outage recurred each month, and the network manager said, “Well, we had some challenges this month, too”? You wouldn’t accept this, and neither should you settle for regularly missing sales targets. Require the same standard for sales reports as network outage reports with investigative data that is detailed and timely.

Create significant incentives so that people are emotionally invested in whether they meet their goals. Nobel laureate Daniel Kahneman explains in his book, “Thinking, Fast and Slow,” that people are driven to avoid loss much more acutely than to achieve gain.

For example, Tiger Woods would have made \$1 million more per season if he had been as driven to putt for a birdie as he was to putt for par. In other words, he performed better when motivated to *not lose* a point than he did when motivated to *gain* an extra point. That is why people set easy goals – so they don’t risk losing anything of significance. This loss aversion is seen clearly in sales.

In the wireless business unit I ran, the sales teams tried withholding 5 percent of pay if goals were not met. This did not provide a sufficient incentive. Almost every sales representative accepted a \$100 or so pay cut monthly because taking a small loss was far easier than changing ingrained behavior. Sales organizations that thrive require a very large percentage of pay tied to sales results.

Sales goals must be possible to reach, but must require real effort. Loss aversion must kick in to provide sufficient motivation. A leader’s role is to challenge people to be their best. Otherwise, a culture that protects subpar behavior can form. As a manager, you are accountable to shareholders, customers and employees. Why shouldn’t others be accountable, too?

## REASSESS AND ADJUST

Market conditions will require tweaks to the plan. However, the path to strong, recurring revenue should not be abandoned. Ask of any proposed change, “Will this compromise the plan?” and “Can we maintain our direction

and get to our objective?”

An analogy that helps me is being in the woods with a map and compass – a sport I love. To get from one point to the next, I have to study the landscape on the map, then plot a compass bearing and walk that bearing consistently. By following the bearing on the map, I know that at 100 meters, there will be a small depression to cross. At 250 meters, a small hill should be on my right.

When I get distracted, I drift and end up where nothing is familiar. In these conditions, it is tempting to cast left and right, hoping to blindly bump into the objective. This rarely works. I then have to backtrack to a known point on the map and start again. This wastes tremendous time and energy. In your plan, adjust for the hills and valleys in the market. Expect them. Travel steadily and track progress by milestones, but do not become distracted from your bearing.

Following established processes with consistency will result in making your targets, satisfying stakeholders and preserving the best interests of your employees. ❖

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# Special Section on Deployment Policy

**W**ireless carriers are preparing for the rollout of the next generation of wireless infrastructure. These fiber-rich, ultra-dense wireless networks are expected to support improved fixed and mobile wireless services, smart-cities projects and other implementations of the internet of things. In addition, they are expected to generate enormous private profits and great public benefits.

Understandably, carriers are anxious to deploy this new technology as quickly as possible, and application vendors want to demonstrate its uses. Localities are eager for the anticipated benefits and at the same time cautious about making sure those

benefits will be realized. Federal and state regulators are worried about unnecessary delays due to conflicting rules in different localities and about addressing the digital divide. The FCC has already excluded small cells from National Historic Preservation Act and National Environmental Policy Act review and will soon take additional steps to streamline deployment. Because this is uncharted territory, tensions are running high.

This section presents several perspectives on the 5G rollout and related issues. There's much more to be said, and **BROADBAND COMMUNITIES** will report further on this issue as it develops.

## SURVEY ON SMALL-CELL AND SMART-CITY DEPLOYMENTS

Next Century Cities, a membership organization that supports community leaders in their quest for fast, affordable, reliable internet access, commissioned independent researcher RVA LLC to study the deployment status of and attitudes toward small-cell deployment and smart-city applications. Local government employees completed 176 surveys. Full research findings are available at <http://nextcenturycities.org/wp-content/uploads/5Gresearch.pdf>.

### Key Findings: Small-Cell Deployment

- **Small-cell deployment is already underway:** Nearly half of respondents reported small-cell deployment, and an additional 26 percent reported consideration of deployment.
- **Small-cell deployment is beginning in large communities that already have fiber:** Ninety-five percent of communities with a population greater than 500,000 and fiber already deployed reported deployment or consideration of small cells, and just 21 percent of communities with a population of less than 50,000 and no fiber activity reported small-cell deployment or consideration.
- **Communities are concerned about maintaining local control and input:** More than half of respondents reported being greatly concerned about state laws (59 percent) and federal regulations (52 percent) that are passed without city input. Eighty-four percent of respondents believe that state laws under consideration related to pole use for small cells are negative for their community.
- **Communities face a variety of obstacles related to small-cell deployment:** Fifty-eight percent of respondents reported complaints from citizens about deployment aesthetics, and 42 percent reported complaints from citizens about safety concerns of deployments.
- **Median annual lease rate per pole** in communities currently leasing poles was \$1,200.

### Key Findings: Smart-City Technology

- **More than half (55 percent) of respondents' communities are pursuing smart-city solutions.**
- **Presence of fiber is key for smart-city deployments:** Sixty-five percent of communities with residential and/or business fiber deployed are pursuing smart-city applications, compared with 39 percent of communities with no residential or business fiber.
- **Larger communities are far more likely to deploy smart-city technology:** Ninety-three percent of communities with populations larger than 500,000 are pursuing smart-city applications, compared with 29 percent of communities smaller than 50,000.
- **Citizen safety and improved quality of life are primary drivers:** Among communities deploying smart-city applications, 75 percent said the purpose of deployment was to improve public safety, and 88 percent responded that improving citizens' quality of life was a very important driver for deploying smart-city technology.
- **Respondents are most concerned with hacking, privacy and digital equity:** When considering smart-city deployments, communities are interested in developing cybersecurity to prevent hacking (67 percent of respondents), maintaining an acceptable level of citizen privacy (64 percent) and serving all residents equally (61 percent).