

PROGRAMMING TO WIN

by John Silliman Dodge



Burn Baby, Burn

In my *FMQB* article from October 21, 2005 (*Think Like a Customer, Act Like an Owner*) which you can read in the articles section of www.sillimandodge.com, I suggested that we could solve most of our business issues if we would only get over ourselves and our insider thinking. If we saw ourselves from the outside in, the way our listeners and customers see us, we'd be in a better position to compete. At the same time, if we operated the business as though it was *our* money that was on the line, how much more on-target would we be?

The phrase *burn rate* became common during the dot com era. It refers to how much money you burn through in a day, in a month of running your business. You know how much money it costs to live in your house—what your mortgage payments are, what your insurance is, taxes, all of that. You know what it takes to operate your car in monthly payments, tires, gas, oil, insurance, maintenance, registration. If you have financial software, you probably know how much you spend on DVDs. But I'll bet you only have the vaguest notion of how much money it takes to operate your radio station for one day. If you owned the place and you were responsible for making that number, would you do a few things differently? Would you spend money on consultants who only tell you what you already know? Would you run expensive focus groups just to get more proof that your morning show is tanking, when this is something your gut and your two eyes already tell you?

Time is money, too. Think about the time you spend in meetings. I don't know anyone who looks forward to them, except maybe the actor, John Cleese. He once said that meetings were a necessary evil because if it wasn't for the sleep he got in meetings, he wouldn't get any sleep at all. But love 'em or hate 'em, meetings are a way of business life. But what if you had to *pay* for your meetings? I mean put a *big* chunk of change into the meeting meter? If it was your money, would you spend it on meetings that didn't produce any outcomes? Would you gather your entire staff together to discuss matters that could best be handled by three people?

I'm not big on formulas. I think our product is an emotional service, and what we really sell is a state of mind. But I do believe in business metrics. They're how we keep score. Numbers are one important measure of success or failure. Are you ready for some really big numbers? It's time to calculate your burn rate. Time to figure out what things really cost. Fasten your seat belt because it's a head spinner.

Take your building, your lease rate and all the fees. Add your utilities, your taxes. Your transmitter and your honking big power bill. Add the bandwidth you serve. Throw in all of your gear, all of your fees to licensing orgs, satellite charges, the debt service, everything. Include the furnishings, the maintenance and cleaning contracts. Add all these physical things together plus everything else I haven't even mentioned. Before you even get to the first person, it's already a bigger number than you imagined. But that's nothing.

You know your people are your biggest expense, though I'm sure that if you hire the right people, they're your best *investment*. But for the sake of this exercise, total up every salary in the house, right up to the top job. Figure the bonuses and the perks. Do the taxes. Don't forget the benefits. Some stations easily top 35% of salary with benefits. Annualize the hourly folks. Then throw in all the people on retainer—your consultants, your lawyers. Are your eyes glazed over yet? Stop if you want but

here's what we're getting at: when you divide this WHOPPING big number by 2080, which is the number of working hours in a year, you finally see what it costs to run your radio station for one hour. Holy smokes.

If you think like an owner, then it's personal. This is *your* money you're spending. Now you know the *real cost* of this morning's 45-minute promotion meeting or your weekend remote broadcast. Once you know your burn rate, you start to think differently about productivity, effectiveness, expectations, right business actions, even about time itself.

Now that we know what it costs to operate the station, let's take this notion one step further. What about your *personal* burn rate? I'm not talking about cash now, I'm talking about your personal time account here on the planet. That's the one true currency in life, the one thing you can't bargain for. When your time runs out, you can't get it back. Early in your twenties, your career stretches way out in front of you like Interstate 90 from Boston to Seattle. No problem 'cause I got all the time in the world, you say. Then a few exits go by. And a few more. Soon you're flying past Cleveland headed west for Chicago. Damn, this ride moves faster than you thought. Your personal burn rate turns out to be pretty high, too.

My friend and fellow consultant, Jaye Albright and I are both fans of Peter Drucker, one of the brilliant business minds of the 20th century. Drucker has three things to say about making the most effective use of your time:

1. Identify and eliminate the things that don't need to be done at all. You'd be amazed at how many there are. Ask the question: what would happen if this thing were not done at all. If nothing consequential would happen, then stop doing it.
2. Figure out the tasks you do that could be done just as well, or even better by someone else. Then assign those things away.
3. Finally, determine the ways that you waste other people's time. Simply ask, What do I do that takes your time but doesn't contribute to your effectiveness? If you have good relations with your staff, you'll hear the truth. Then act on it.

I ran this notion by a smart GM I work with. She said, Yes, I agree with all your points, John. But I don't want to get so hung up on metering my organization's time and putting a dollar figure on every minute that I eliminate all the opportunities for creative brainstorming. The value of some things simply can't be quantified. And I agree with her. But I notice that both of us are thinking more like owners than ever before just because we ran this exercise. Now we know the burn rate. And baby, it's a big number.

John Silliman Dodge has a 25-year career that integrates music, media, and management. He has been a Program Director for radio stations and networks from coast to coast. Today, he's an in-demand talent trainer, actively consulting and conducting performance workshops on the art and science of creative on-air communications. John is also a drivetime announcer for Sirius Satellite Radio and the PD for KBPS-FM in Portland. Contact him at 425-681-9935, by mail at john@sillimandodge.com, or visit www.sillimandodge.com.