

The first step toward maximizing your list rental income from your donor list is to completely understand the role of list managers and list brokers in the list marketing business. Let's start with the List Manager.

THE LIST MANAGER

A list manager is a professional who is charged with several responsibilities. While his chief responsibility is to generate a maximum of net income for you or your organization through the rental of your list, there are a number of things he must do to accomplish this end.

GETTING READY

First, he must make sure your list is prepared for an aggressive marketing effort. Is all the data entry complete and up-to-date? Do you have a computer service bureau? Is it prepared to deliver the list (or various portions thereof) in all the necessary formats, i.e., Cheshire labels, Admark layout,

LEARN THE SECRETS OF PROFITABLE LIST RENTAL

Understanding
List Management
and
List Brokerage
and
How You Can
Use Both to
Maximize Income
From Your List

BY
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magnetic tape, etc. to the list user in a rapid, reliable manner? A good list manager will be prepared to recommend one or more direct mail data processing bureaus who use current software and which have established a track record of reliability.

KEEPING IT CLEAN

Once you and the list manager have agreed on a service bureau, you need to talk with him about his plans for keeping your list current, i.e. deliverable. More than 20% of all addresses change each year. That means that unless you take the necessary steps to update names and addresses, your donor list will soon be out of date. And no one wants to rent an out-of-date list.

There are several ways your list manager can address this problem. At least once a year he should send your list off to a special computer service bureau licensed by the United States Postal Service to implement its National Change of

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Address software. This program, referred to as NCOA, will match your donor file against the national data base of the United States Postal Service, identifying bad addresses and correcting those addresses of individuals who have moved in the past year. The use of this service will dramatically improve the deliverability of your donor file and thus

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improve its performance. The better the donor file works, the more it will be rented.

But there’s even more your list manager can do to make sure you generate the maximum amount of net income from renting your list. If the service bureau he has selected maintains its own data base of non-deliverable addresses, he should arrange for the service bureau to regularly match their internal nixie file against your list to clear off the dead wood. A nixie file is simply a computerized list of identified non-deliverable addresses compiled from mailings sent out via first class postage which were identified as undeliverable by the post office.

From time to time, especially if your list is several years old, your list manager may want to make special discount offers to mailers in return for their help in cleaning your list. If the mailer agrees to send out an “Address Correction Request-

ed” (ACR) mailing which requires the post office to return all undeliverable mail (for a fee), he may offer the list user a significantly discounted rental rate.

SETTING THE RENTAL PRICE

And speaking of rental rates, setting the per thousand rental price for your donor list

is one of your list manager’s primary responsibilities. If you have selected the right list manager, he or she

should be sufficiently knowledgeable to know the optimum list rental price for your list. If it is set too high, few organizations will even try the list. If it is set too low you will have plenty of rentals, but you will be missing out on income.

The per thousand price of lists varies greatly depending on the recency of the donor file. In other words, when did you last mail this list? How much time has passed since a new contributor was added to the file? If it has been more than a few months the value of the list is already impaired. If your price is right and your list is clean, your list manager is now ready to begin marketing your precious donor file. And it really is precious: A current donor file of just 10,000 donors, each of whom has given at least \$5.00 to your organization, can generate \$50,000 in list rental income in just one year! Of course out of that you must pay your computer service bureau,

your list manager and the costs of keeping your donor file current. Nevertheless, you can realize substantial net income from marketing your list if you do it right.

MARKETING!

Your list manager, among his key attributes, should have extensive knowledge of the organizations which are likely to use your list. Direct contact is the key way most lists are marketed and the more knowledgeable your list manager is, the more rental income you are going to realize.

AVOIDING THE DEADBEATS

You also want a list manager who has personal knowledge of the slow-pay and out-and-out deadbeats to avoid. He should know when to demand payment up front and when he can trust the list user to pay on a timely basis.

He also should know which orders to turn down because you wouldn’t approve of renting your list to those particular mailers. If your list is actively mailed by your organization, your list manager should insist on receiving samples of the prospective mailing package before he provides your list to another group. This way he can make sure he is not giving your list out to a directly competitive organization. To do so

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may diminish the response which you receive from your own fund appeals.

RENT OR EXCHANGE?

If yours is an active list that is mailed regularly by you, you and he must decide when to rent the list and when to exchange in order to maximize overall income to the organization. You want your list manager to actively and aggressively promote your list, but you also want him to be in step with your comprehensive efforts to generate a maximum of income for you or your organization.

Your list manager should send out brokerage cards that describe your list, and he should go to trade shows, run ads, and promote your list in the Standard Rates and Data

Service catalogue. While those are important marketing tools, the vast majority of your list rental income will depend on the knowledge and personal contacts made by your list manager. He's got to know which organizations are

actively mailing and who to contact within that organization to generate a rental.

Remember, you hire a list manager to represent you and your interests. He doesn't (or shouldn't) represent the mailer. He is your agent and should act accordingly.

In many cases, your list manager will have an established working arrangement with list brokers who are actively seeking to rent certain donor files for their clients. Your list manager should use the mails, the telephone, the FAX and now the INTERNET to stay in close contact with such brokers, providing them with the latest, up-to-the-minute information on list counts, list cleaning, price changes, etc.

Sharing the wealth, you will probably pay your list manager by giving him a 20% discount against the standard rental price of your list. That means if an organization rents 10,000 donors for \$125/thousand names they will pay \$1,250. You won't get all that money. First, your list manager will take his standard discount fee of 20%, in this case \$250. Your list manager will then pay the computer service bureau for its work (that will probably amount to another 10% or \$125) and then remit the balance to you -- \$875.00. There may be other fees which you receive for providing names of very recent donors or for renting your best high dollar donors. And you should be reimbursed for any shipping costs. Regardless, when your list manager rents directly to a list user you will end up with approximately 70% of the total rental fee.

The fact is however, only a limited number of list rentals will be arranged by your list

manager directly with the list user. Most of the time rentals will probably come to your list manager through a list broker. That means you must give up another 20% to the list broker for his services. Your net from the transaction is then down to 50% or less. But don't fret, you are still going to realize a substantial return from your list.

"You will pay exactly the same rental price for a list if you go directly to a list owner or if you get that same list through a recognized list broker."

THE LIST BROKER

Let's explore for just a moment what it is that list brokers do. How do they fit into the picture and how do they benefit you?

A list broker represents the list user. As the agent for the list user, it is his responsibility to find the best lists for his client to use in his mailing program.

If you are a mailer using a list broker you are smart. You will pay exactly the same rental price for a list if you go directly to a list owner or if you get that same list through a recognized list broker.

But the list broker provides a service you can't get anywhere else. It is the job of the list broker to save you money by steering you to lists that work. This knowledge can save you tens of thousands of

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dollars by helping you avoid the "dogs" that will cost you money. If your list broker can't direct you to the right lists then you need to find another list broker. And remember, you don't pay a dime extra for this valuable service.

Your list broker must also be aware of the shysters and the wheeler dealers. And when an opportunity presents itself, he should be a good negotiator on your behalf, getting you the best possible terms for rental of a good donor file.

FEES

Once you have decided to contract with a list manager or a list broker, what terms should you expect?

As previously noted, fees are reasonably similar throughout the list management and list brokerage business. Both list managers and list brokers will expect to receive 20% of the list rental fee for their work. However, if a list manager is financially responsible under your agreement for paying all computer charges, list maintenance and cleaning fees, he will expect to receive additional compensation to cover those additional costs.

How much more should you pay him? It is quite possible that your list manager will expect a 40% commission to cover both his list marketing services and the costs of list cleaning, list maintenance and other computer charges. If data entry is involved, he may expect to be paid even more.

The primary advantage to you in signing an agreement where the list manager is responsible for all related expenses is that you will not have to put any capital whatsoever into the transaction. If you

are strapped for cash, this may be a good option for you to consider.

Just remember, as list owner, your list manager should represent you at all times. On the other hand, when you are the list user, your list broker should represent you at all times. Both should be dedicated and show by their actions that they are working in your best interest.

THE BOTTOM LINE

The list manager or list broker you hire should be good enough, professional enough, talented enough, reliable enough and honest enough to be turned loose to do his job to the very best of his ability. Give him as much autonomy as you possibly can and then judge his performance on the basis of results. This is the only way to determine if you have indeed hired the right person. And it is also the only way you can be free to focus your attention on your primary responsibility, whether that is as head of an organization, or toward endeavors in other areas. If you can trust your list manager or list broker to do his job, then you know you have hired the right person.

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Michael Hiban serves as Executive Vice President and Chief Operating Officer of Omega List Company, a national list management and brokerage agency. Since joining Omega in 1987, Mike has been instrumental in dramatically improving the income to Omega from both the management and brokerage of mailing lists. Specializing primarily in donor files, Omega was incorporated in 1975 for the express purpose of providing the highest quality list services. In addition to managing the day-to-day activities of Omega, Mike serves as a member of the Management Group of the Eberle Communications Group, Inc. (of which Omega List Company is a member).



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