



SECRETS OF SUCCESS

THE WISDOM OF HAROLD MITCHELL

- Back yourself at meetings and at the negotiating table. Be confident. Trust your own judgement.
- Put yourself in the other party's shoes and respect their point of view.

- Knowledge is power. Don't rely on good gut feel.

- Propose offers that the other party can accept. Don't be greedy or selfish. If it's right for the other person, it will be right for you.

- Establish a reputation for trust.

- Broaden company horizons into Asia. It's the global growth engine for the future.

- Improve your internet presence. Create a point of difference.

- Surround yourself with good staff and be a good listener as it may generate the next big idea. Listening is a skill.

being the biggest media buyer in Australia and because of his company's long-term performance as a listed and unlisted business since 1976.

Last financial year, MCG generated a 16 per cent increase in operating revenue to A\$261.1 million, leading to a net profit after tax of A\$19.4 million – a 1 per cent increase. Gross media billings rose 16 per cent to A\$1.4 billion.

Mitchell, master deal-maker, says an agreement is reached only when both parties conclude there's a benefit to each. Trust is another vital element. "I have never had a contract or a bit of paper with any major media owner," he says. "I don't have to write it down; I realise everyone has to win. We have to get up tomorrow and deal with the same people again."

Mitchell suggests avoiding selfishness during negotiations, because if price becomes a major sticking point it won't be much of a deal. "Propose an offer the other party can accept," he says. "The premium for Mitchell shares was fair for both parties. It wasn't avaricious. It wouldn't have been right for Aegis to pay more."

Mitchell prefers to rely on knowledge rather than surrendering to a good gut feel during negotiations. He considers advice from his lawyers, accountants and other parties but ultimately makes, and takes responsibility for, his decisions. He ignores advice that leaves him uncertain and agrees with the slogan that knowledge is power.

Successful people tend to be good listeners who never stop learning. "I'm not only receptive to advice, I'm also grateful for it," he says.

"If you surround yourself with people who tell you only what you want to hear, you'll never win."

ONLINE ADVERTISING SPENDING topped A\$2.04 billion in the past financial year, a 13 per cent increase on the previous year, according to online industry body Interactive Advertising Bureau (IAB) Australia.

IAB chief executive officer Paul Fisher says search and directories (Google, Yahoo!7, Bing and the Yellow Pages and White Pages online directories) accounted for A\$1.03 billion of the online total, general display advertising was A\$547 million and online classifieds were A\$470 million.

Fisher expects total online ad spending for calendar year 2010 to be A\$2.25 billion. While a directly comparable number wasn't available at time of writing, total advertising revenue for calendar 2009 was A\$12.6 billion, according to CEASA, so online would represent close to 20 per cent of the total advertising market.

Mitchell predicts that about one in four advertising dollars will be spent in the digital space by 2013. Thus the internet will accomplish in 13 years what it took television more than 25 years to achieve – a quarter of Australia's total ad market. "This has been the greatest, most dramatic change ever in the advertising industry," he says.

Digital advertising accounted for 15 per cent of MCG's turnover but half of its profit in 2009-10. Growing digital advertising at the expense of newspaper ads is the future. The printed word has a bright future in advertising – it's just that more of it will be distributed electronically via computers, smart phones, iPads and so on.

Before the internet, mass media moved in one direction: consumers read, watched, listened, absorbed and may have visited a shop. The digital world is two-way – a shopper presses a button on a computer and companies discover what products sell.

"The famous story has always been that 50 per cent of our advertising isn't working – the trouble is we don't know which 50 per cent," Mitchell says. "Online, you know everything and that's the real difference. Internet advertising is more efficient and also cheaper because it cuts out all the waste." ■