

# Radio Business Report<sup>tm</sup>

Voice of the Radio Broadcasting Industry®

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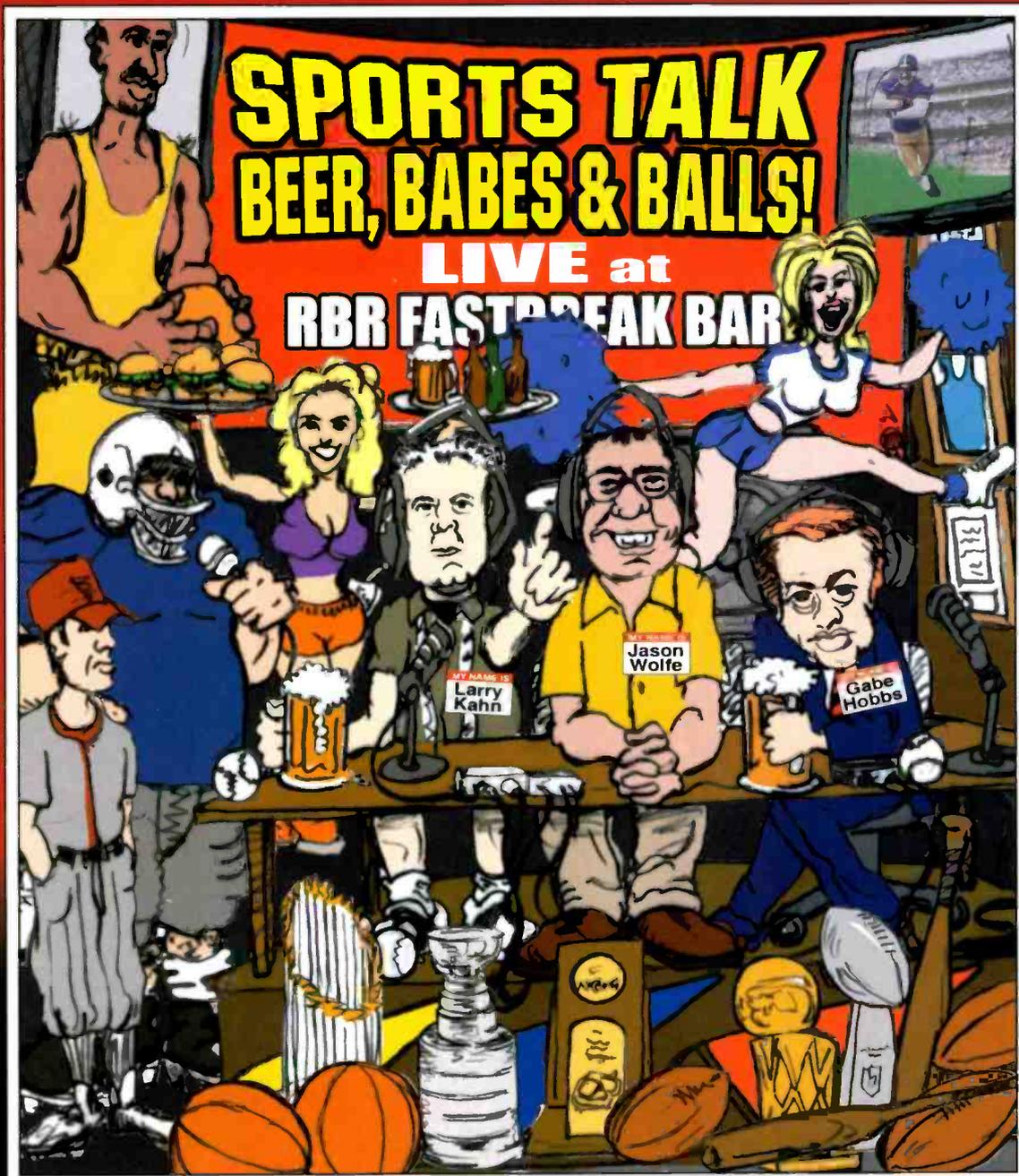
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## Indecency: Where we've been, where we are

The issue of broadcast indecency was already super-heated when **Janet Jackson** and **Justin Timberlake** took the stage at the Super Bowl half time show last February. The FCC had already issued some eye-popping fines, and the House Subcommittee on Telecommunications and the Internet had already held the first of several scheduled sessions on the topic before that fateful event took place. So how did we get to that point, where are we, and where are we headed? Let's take a look.

The modern indecency wars essentially began as a one-on-one between radio shockmeister **Howard Stern** and former FCC Chairman **Al Sikes**, perhaps culminating, on air anyway, when Howard wished that his opponent would die of cancer. The upshot: Howard cleaned up his act, his employers (Infinity, led by **Mel Karmazin**) admitted no guilt but made a hefty "donation" to the federal treasury, and Sikes moved on to the private sector. Things quieted down on the indecency front.

Democratic FCC Commissioner **Gloria Tristani** started making noise about broadcast programming not fit for children, to little effect, and passed the baton to her successor, **Michael Copps**, when she returned back to New Mexico to lose a senate race. Copps raised the volume level considerably, and if he didn't coin the phrase "race to the bottom," he certainly did more than anyone else to make it a household phrase, at least in households inside the Beltway.

The Internet was providing Copps with an effective echo chamber. Organizations like Morality in Media and, particularly, the Parents Television Council, were making a great deal of noise on the topic.

Meanwhile, the FCC put out an occasional fine, generally using a \$7K standard fine as a starting point. Reacting to long-standing broadcast complaints about the vagueness of the rules, along with a failure of a stated Commission project to clarify them, newly-installed Chairman **Michael Powell** had the Commission put together a brand new, detailed set of guidelines.

Enter **Opie** and **Anthony**

New York afternoon bad boys Opie and Anthony propelled indecency onto the front pages with a stunt that, ironically, did not appear to contain indecent speech of any kind. The infamous "Sex for Sam" contest resulted in a couple from Virginia allegedly having sex in St. Patrick's Cathedral while a comedian provided over-the-air play-by-play. While the duo may have been liable for inducing listeners to break the law, it is by no means clear that they

were guilty of broadcasting indecent speech. They, along with their PD and GM, were let go by Viacom (and, once again, Mel Karmazin), and the FCC decided that a hefty six-figure fine was warranted against Viacom.

A six-figure hit against Clear Channel Florida shockmeister **Bubba the Love Sponge** followed soon after Viacom learned of its apparent liability. These were the items on the docket in the House subcommittee when Jackson and Timberlake did their thing and all hell broke loose.

Howard Stern soon became a poster child for indecency, and inquiry into a certain program led a contrite Clear Channel to suspend, then drop him from six of their 1,200+ stations. CC was hit with a six-figure fine anyway. We have yet to learn the fine fate of Stern's semi-parent company, Viacom (carries him on numerous Infinity radio stations and syndicates him), nor of other radio ownership companies which carry Stern's program.

Meanwhile, there was the **Bono** "f-word" slip-up on the Golden Globes. The FCC Enforcement Bureau ruled, based on the guidelines mentioned above, that it was not actionably indecent. The firestorm over that decision, and its subsequent overturning by the Commissioners themselves, continues to rage.

Stern has not been taking this lying down. Radio professionals have long wondered why fines have come to radio talent while anything seems to go for television hosts. Indeed, while radio fines have ballooned well into seven-figure territory, TV has been hit with one lonely little \$27.5K assessment.

Stern in particular noted with glee an episode of **Oprah Winfrey's** show which closely paralleled his most-recently targeted program. In fact, his own in-house watchdogs wouldn't let him air it until the FCC decreed much later (and after a Stern-fueled protest campaign just like PTC might run) that it was not actionably indecent.

NEXT MONTH: Where we are revisited, where we're going

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# RADIO NEWS®

## Bouncebacks abound!

A lot of hot issues have hit *RBR's* Daily Epaper as of late—from both recent news items and items in our recent print issues. On “Naples is Calling” (*RBR* May), we had plenty of praise on that Publisher Perspective, but only one that disagreed. We saved it for the print issue. It was quite long, so for the unedited tome, be sure and read the electronic Zinio version  :

### This is my personal opinion and DOES NOT REPRESENT THE VIEWS OF Clear Channel.

I had the opportunity to read your recent editorial/article on the state of the radio business and was shocked at the anger and hate that came through your sentences, how and when did you ever get these points of view? What kind of information have you been recipient of to come down with such a misguided opinion of the state of the radio business? Granted radio has hit a few bumps in recent past but since I have been in the business as long as I can remember (which goes back to the mid 60's) radio has always had issues to navigate around, I speak from the point of view as one who has been there as an A/E, SM, GM, COO, MM, consultant and network exec. Radio as an industry has withstood the purges of TV, cable, deregulation, reregulation, consolidation, FCC scrutiny, banking and economic downturns and it still remains a vibrant desirable listener and advertising medium that racks up revenue gains every year.

In reading your attack on our medium I am amazed at how you seem to blame the CEO's for what sounds like a plot to wreck the entire industry, how far from the truth that really is. Don't get me wrong, I realize there are a lot of “issues” the industry is going through now but to cast blame for the so called damage on the likes of Mel, John, Bob etc. is absurd, I am not defending them because of course there is always room for improvement but as a magazine publisher how can you possibly know just how far the internal quality of our radio operations have come as a result of huge investments in today's technology?

**RADIO IS KILLING ITSELF:** Nonsense...radio is just what we as operators make it and believe me it is reinvesting in itself... However, It was the FCC commissioners (**Mark Fowler**, Chairman) who under docket 80/90 added hundreds of stations in the early 80's that created such a fragmentation of the revenue pie in the early 90's that the next group of FCC commissioners had to do something drastic to fix the problem...over 60% of all stations were losing

money. If it wasn't for consolidation we would be looking at a very different industry today, one that would probably be sicker than it was in 1990. Consolidation legally permitted companies like Clear Channel the opportunity to invest in radio's future and not just by buying 1,200 stations but by spending millions on internal systems. Think about what it takes to create a financial reporting system capable of collecting all revenue and expense data for 1,200 stations in one format and have it ready for management review by the 10th of the month...Clear Channel has that. Think about what it might take to envision then create a universal traffic system that links with the financial and on air delivery systems...Clear Channel has that. Think about what it might take to envision and then create an inventory yield management system connected to the traffic and financial system that advises all Sales Management of current and future avails and pricing opportunities to maximize revenue...Clear Channel has that.

### YOUR INDUSTRY LEADERS DON'T CARE ABOUT GROWING AUDIENCE:

More nonsense! What gives you the idea that radio isn't just as hungry to attract audiences now as it was 20 and 30 years ago? By all means it is, but yes as you point out, thanks to technology, competition for the attention of the consumer has tightened up. But at the same time technology has given us a chance to improve the internal efficiency of our businesses. Multi-tasking in radio is a given today, GM's manage 4-8 properties, Operations managers address the cluster, support departments are geared to serve the cluster, account execs sell all stations, but in most cases talent including PD's focus on a single product. Your article suggests otherwise.

Growing an audience in 2004 is a very different task than growing an audience in 1984. As the technology driving the industry has changed so too have the creative applications, that's why broadcasters are using voice tracking... why ...because we can and it makes perfect sense in some situations. There is always a place in radio for talent who rise above the norm, your editorial makes it appear that radio is shutting its doors to new talent...another ridiculous prospect.

This is Naples/Ft Myers calling to say that if you are going to continue to publish a credible radio magazine you need to get closer to reality instead of firing a torpedo of an article into the bow of a great industry.

#### Jim Keating

VP/Market Manager

Clear Channel Radio of Ft. Myers

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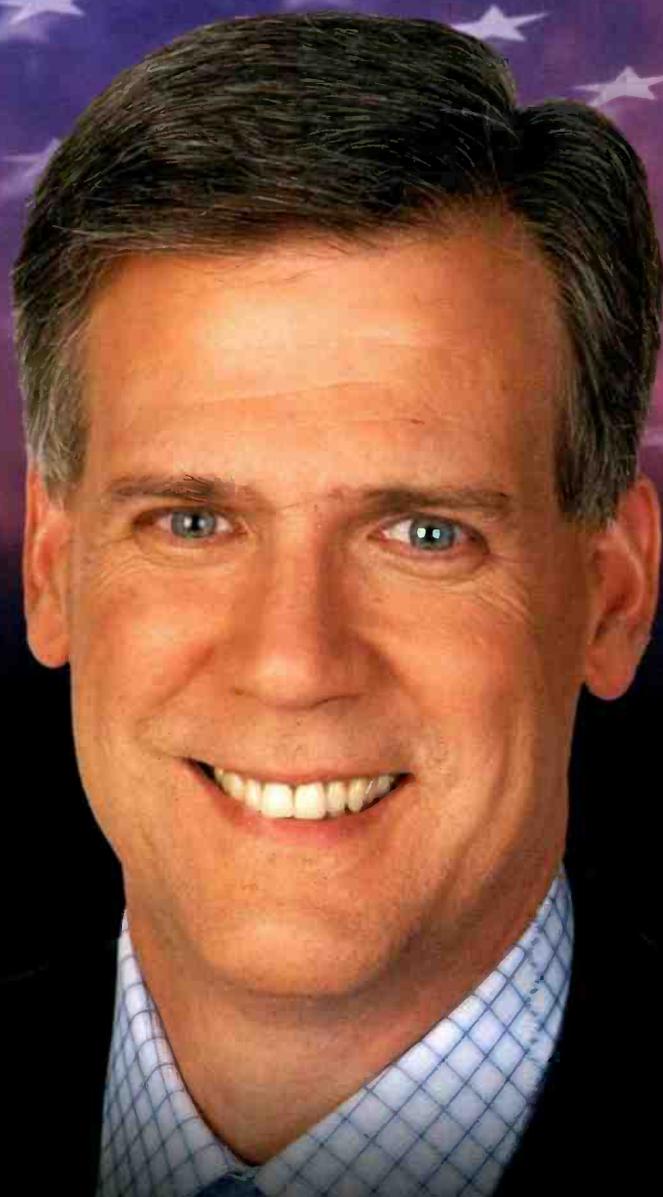
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## How do you sell local sports play-by-play?

**Bob Snyder**, ABC Radio's WMVP-AM Chicago GM

First, the radio industry must recognize that whether we'd like to admit it or not, and with only a handful of exceptions, a team's performance on the field is equivalent to ratings. A perennial contender with an impressive win-loss ratio and marquee players sells (or should sell) like a highly ranked station, i.e., rate maximization, utilizing broad rotators and premiums for prime placement. Conversely, if a team hovers near the bottom of the standings and players are uninspiring, a parallel exists to weak talent and low rank. Subsequently, recognition of supply and demand, concept selling, integrated sports marketing and a few prayers at night are a must.

Second, very few non-sports format sales staffs have succeeded selling play-by-play on top of a music or non-sports talk format. The skill set necessary to successfully solicit play-by-play and those skills needed to sell drive time inventory and maximize share are worlds apart. Two very different sales platforms almost always require two very different sales staffs.



**Jason Wolfe**, Entercom's WEEL-AM Boston PD

The other local team other than the Red Sox that we have access to is Boston College and their football, basketball and hockey games. In a pro town it's more of a difficult sell. We reach out to frankly the Boston community because there are a tremendous amount of alums that are in the area that are big businessmen in town and they have a lot of pull. We reach out to them for support and they certainly pour their

fair share of dollars into supporting that product. In terms of local overall I mean that's what we are is local. We don't do anything that isn't local. The only thing that is, you know we'll look at big events that go on throughout the year like the Super Bowl and the Super Bowl we had the pleasure of covering the Patriots two of the last three years but even if they're not there, we will be there because it's a national event but it's also an event that I think people in every sports market care about because it's the biggest telecast of the year, so we're going to have a presence there. We can create a sense of local interest in the game through different creative packages that we might sell to a local client

depending on which teams are playing. The sales department uses the tagline live, local and legendary when they talk about selling the on air product, the talk product because the talent has all been here for twenty plus years, they've all got tremendous credibility, great reputations in town and they stress the fact that these are local guys and these are guys that you can trust. These are guys that you can learn from, be entertained by and who know what they're talking about so you can get into a great discussion with them. That's how we position ourselves on the street and I think we're doing a great job in terms of how the business community has reacted.

**Dan Mason**, Broadcast Consultant and former Infinity Radio President  
From a sales perspective, there are many, many retail applications. In fact, behind the CHR format, sports may be the most retail friendly format out there. A few factors that make it retail friendly are:

- 1) Larger inventory much like a news-talk station.
- 2) Easy to plug in short duration commercials like 10's, 15's or 30's. The short duration commercials give the format more flexibility in accommodating smaller advertisers.
- 3) Every sporting event is potentially a built-in remote.

Traditionally, the format has been confined to AM radio. However, I think the format will migrate to FM as well. Over the next five years, we will see a sports-talk FM in every market. It is an excellent opportunity to stand out when so many stations are playing the same music. Today, the format is on FM in only St. Louis and Nashville in the top 50 markets. These pioneers will find the format a slow build in the first year or two, however the long term benefit will be there if there is consistency.



**Lee Davis**, Infinity's WFAN-AM NY GM

By creating sizzle around your properties and working in tandem with the agency and the client. WFAN has an advantage because of the number of local teams that we broadcast. We are able to create customized packages that include all of them.

**David Bernstein**, Citadel's WSKO-AM Providence OM

I can tell you that we've had enormous success by being willing to infuse our personalities into the lives of the area merchants. We do a lot of remotes, we do a lot of broadcasting that is out at the masses. We do a lot of afternoon drive remotes from McCoy Stadium, which is the play-by-play for the Triple A Pawtucket Red Sox. We're there, we know that that's where the fans will be showing up to catch a game. We make sure that they see us there, that they know about us. Being involved in the marketplace has really made a difference for us.



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## Beer, Babes and Balls: Making money in sports radio

There are hundreds of sports stations across the country, but frankly, there aren't a lot of successful ones. Many are just filling up air. Here, we want to look at what makes the successful ones tick. It's more than having play-by-play for a local team. With three programming components on sports stations—play-by-play, local personalities and national personalities—getting just the right mix is the mission.

Play-by-play is nice because stations can image around it and it makes for an easier sell, having an event. It also gives them something to put on the air on Sundays, which is traditionally where the available audience is very low. But do you need play-by-play to be successful? "Well the short answer is no," according to WEEI-AM Boston PD **Jason Wolfe**. "It's not absolutely necessary if you have a fantastic talent lineup, but it certainly helps to a large degree. Baseball is by far the best, in my opinion, to have—especially in this city where there are no more passionate people about this baseball team than in any other market in the country. You can go to New York, Philadelphia, Chicago—big markets with popular teams—but I don't think that anyone matches the passion of how people feel about the Red Sox."

Indeed, markets like Boston and New York are great baseball cities. In some places, hockey does very well, like in Denver with the Colorado Avalanche. Football play-by-play, of course, is great to have in most cities, but it doesn't necessarily put a station on the map, even if it's the right franchise, in the right city and they're playing well.

Some insist at least some play-by-play is a necessity. "Sports stations do need



Mike Thompson

play-by-play to be successful, to be able to promote themselves as 'The' sports station in their market with local play-by-play, and the stations with the big events from a national play-by-play standpoint," stresses Westwood One VP/Sports **Larry Michael**, who offers play-by-play for sports including the NFL, NHL, NCAA football and basketball.

"The reality is that with increasingly busy lifestyles, we all have less time to sit in front of a television and watch the big game," says **Larry Kahn**, Sports USA Radio Network President. "Giving sports fans the opportunity to listen to the top local or national games, especially on weekends, allows for much stronger ratings, cume and demographic targeted sales than a station programmer could hope for by relying on 'best of' programming or weekend hosts. I've always said—it's better to run the game than run two guys talking about the game!"

Sports USA/Jones MediaAmerica also have play-by-play rights to the NFL and NCAA Football. Kahn adds: "Carrying a season package of top national games provides the opportunity to run a five-star game each week without having to pay a huge rights fee or run hours of pre and post game programming. Fans know what the big games are—a simple promo and newspaper notification of that big game will ensure strong listener support."

"We use Sports USA to pick up NFL play-by-play games on the weekends during football season, says **Gabe Hobbs**, CC Radio VP/Programming News/Talk/Sports, who oversees 265 stations. "They've always offered an attractive package of games and a lot of our stations use a combination of Sports USA and Westwood One. If Westwood One is not available, they may use Sports USA exclusively or vice versa. Let's face it—the NFL in general drives Sports radio in most markets."

A lot of CC Radio stations flagship NFL in their respective markets. CC/Tampa recently picked up the Tampa Bay Buccaneers, for instance. As well, Infinity stations have local broadcast rights to more than 10 NFL teams and can share resources through sister Viacom property, Westwood One.

"Play-by-play can add significant cume to a sports radio station—and even more brand exposure," says **Mike Thompson**, PD, ESPN Radio NYC, WEPN-AM. "The challenge in play-by-play is to take the cume and push it into daytime listening."

### What if you don't have play-by-play?

If you don't have play-by-play for a specific sport, what programming works best and how is it promoted and sold? Most successful sports stations have at least one play-by-play sport they capital-



Larry Kahn



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## Building NTR with sports radio

How can you build  
NTR for play-by-play  
and sports radio in  
general? Here are  
some top tips.

**Wolfe:** "Clients like to feel like they own a piece of the product as opposed to just buying the spot in the game or buying a spot in one of the shows. So if we can create the feature that's related to the team or related to a particular daypart that they're interested in, we have had a lot more success in building promotional programs with them."

**Davis:** "Pre- and post-game shows offer the best opportunities, as do off-site events. Support from the team is crucial to success."

**Scott:** "Don't think of it as sports radio, think of it as sports marketing. And radio is one component that's very important. Appearances are a great way to utilize players and coaches from the team to do things for the community or with different advertisers. One station made available 'Coaches' Chalk Talks.' They would charge a corporate client who wanted somebody to come in and speak to his managers and employees. Charge them a fee, and the coach and the station would get X amount for arranging it. They would go in, do a lunch and a Chalk Talk. This doesn't take any inventory at all."

**Hobbs:** "Afternoon drive-time remote broadcasts. PDs should strive to have all their shows done on location, but particularly afternoon drive. If you have one live, local show, that's usually where it is. Same thing on 7-10 PM on weekdays and on the weekends-be creative with sports bar remotes, sporting goods stores, car dealers, events, home shows, sports memorabilia shows. If you're in a smaller market, it's going to be a little more challenging and you've got to be a little more creative and maybe even create your own events and won them. Even if you're in Springfield, IL, you can get the St. Louis Cardinals Caravan to come through your town."

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## How do you successfully do local remotes with sports programming?

Remotes are huge in sports radio, especially with a built-in forum-sports bars, of course. Any good sports station worth it's salt has a good slate of remotes, done from Monday Night Football on down. The best advice we've heard is make sure the remote is set up to be successful. Here are a few tips:

**Scott:** Too many remotes are set up to fail. There's not enough pre-promotion, they're not giving the audience a big enough reason to come out. The basic rules are the same as the basic rules for retail. Location and promotion. You're talking to guys that are 25-54, so you've got to make it worthwhile. Ask yourself, 'Would you take time out of your busy schedule and go to this remote?'

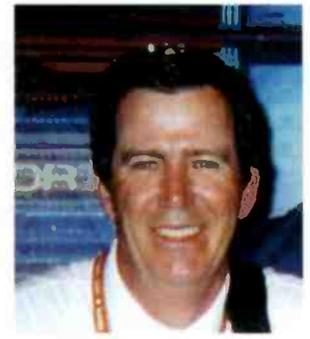
**Wolfe:** When we do a remote it isn't one or two guys that kind of go out and set up a table and chairs. There's a backdrop, there's signage, there's a sound system that goes with it—it's a show.

**Chernoff:** The best remotes are the ones that emanate from programming. WFAN is able to successfully run local remotes throughout the year broadcasting from live events including Giants football, Mets and Yankees baseball, and Monday night remotes from local sports bars and clubs their hosts and players like **Amani Toomer** of the Giants. We've also successfully done anniversary shows for our talent, and frequently take Imus on the road both in and out of the New York area.

**Bernstein:** Get out there, touch the people, but a) look good; b) dress right and c) allow enough time to talk with people. You don't want to seem aloof when you're out there, and sometimes you're busy. So make sure that you've got enough time and that your breaks are not so focused on technical things they have to do that the people who are just standing around who just want to say, 'I love to listen to you' or 'I'm so glad to meet you'...you don't want to turn those people off. And get there a little early and be willing to hang out after the show ends. They live their life around you and your show, so don't walk away from them.



ize on at least part of the year. For the rest of the time, many are featuring programming around the play-by-play another local station is carrying. Programming on the non-rights station can bring in more listeners if it's compelling enough. In Dallas, for example, you'd be hard pressed to figure out which station has rights to the Cowboys, with so many



TJ Lambert

pre- and post-game shows. "You wrap programming around the high-profile teams," confirms **Rick Scott**, President/Rick Scott & Associates. "WIP-AM in Philadelphia does a great job. They used to have the Eagles' rights, before consolidation. They let them go and ended up making more money because they weren't paying the rights fees, but they were still doing pre- and post game shows."

"The Fan" in Toronto at one point had the head coach of the Maple Leafs on the station, pre-show, and they didn't have rights to the team. The Ticket in Dallas (KTCK-AM) has the owner of the Cowboys on—**Jerry Jones**. And they don't have the rights. Smart PDs and GMs look at all avenues and opportunities to create pre and post game shows, special features involving players and coaches.

"Well we've been very successful in this area," says Wolfe. "We do not have the rights to any of the other professional teams except for the Red Sox. However, we have created a program with the Patriots called 'Patriots Monday,' which is exclusive rights to the coach's interview, the quarterback's interview and the player of the games interview throughout the day. So we're the only place that you can hear **Belichick, Brady** and whoever the player of the game happens to be on Monday. We can sell it as a premium item because it's specialized programming that nobody else has access to, and it gives us a connection to the team that's, in my opinion, as close as if we have had the rights to the games."

**TJ Lambert**, VP/Sports for ESPN/ABC Radio Networks, agrees—if you don't have the play-by-play, you can guerrilla market around it. "You can make a living doing pre-and post-games, 'Hey, the Eagles are playing this afternoon. Our pre-game starts at 11AM.' It doesn't say that you're not carrying it, but you make your pre-and post-game shows so much more compelling and so much more interesting that you take ownership of it. The minute that game is over, you don't have to wait for the network to get through all their baloney, you're right there talking about the game and offering opinions."

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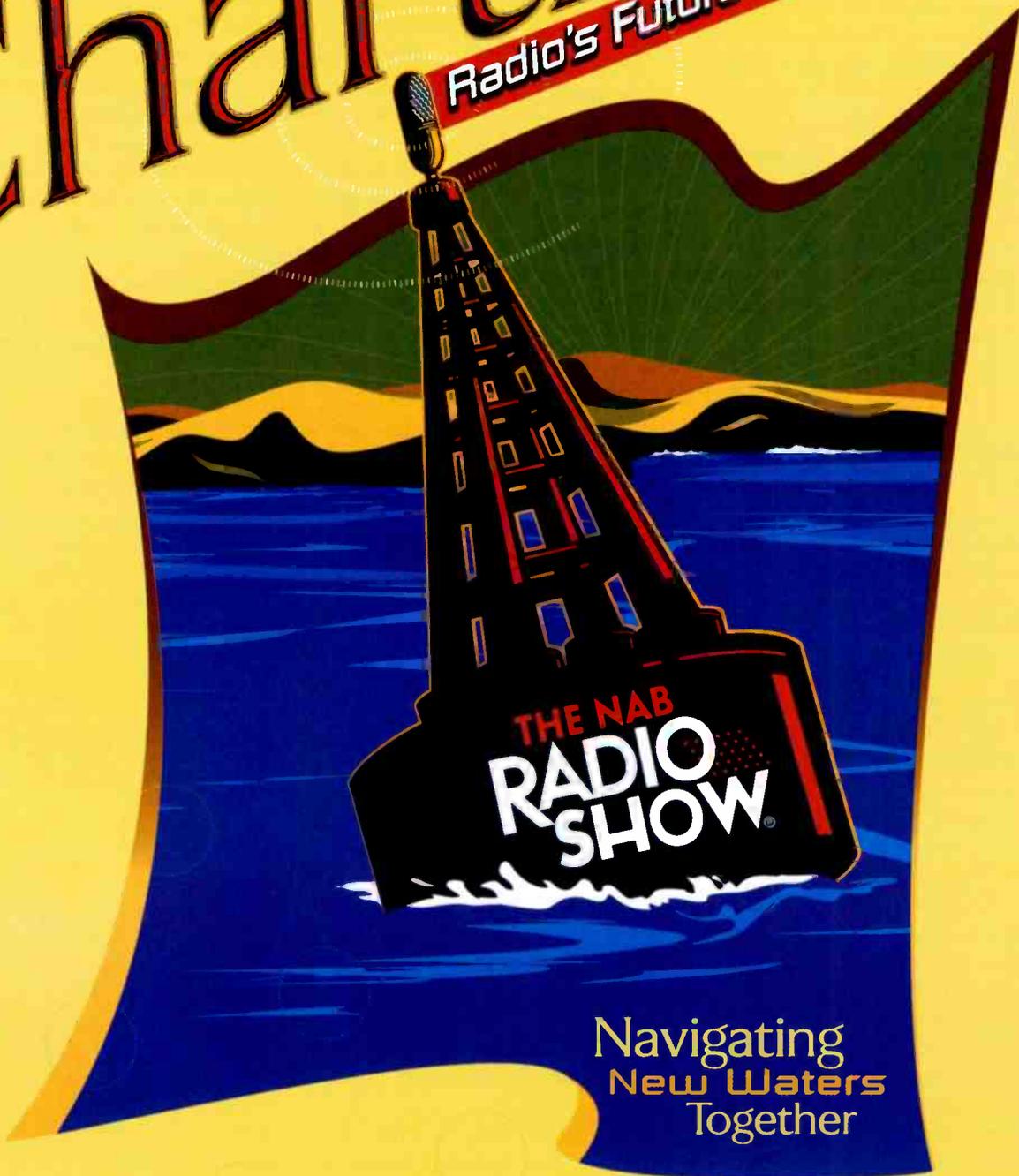
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However, with guerilla marketing, "The fine line is creating sales packages for these features and avoiding a cease and desist when using the brand name of the franchise," warns Thompson.

"You can own the story without owning the play-by-play," concludes **Andrew Ashwood**, Fox Sports Radio GM. "If you have a national syndicator providing you product, it's making sure you're getting access to those talents and they can come and talk about your team or doing player shows or coaches shows. Owning the story is the key, because you're only dealing with two, three, four hours a game versus the other 18 to 20 hours that you could be talking about a big compelling play-by-play product."

A lot of stations will carry minor league baseball—it gives them something local to both air and sell against. Some even take the philosophy of "If we build it, they will come." And we mean a local play-by-play team! "Be everywhere—create a softball team with station personnel," says **David Bernstein**, WSKO-AM Providence OM. "Go on the air announcing that we're available to play your Office Max team. We'll find a field, we'll field a team, you field a team and we'll talk about it on the air. We'll make it sound local and relevant."

### Working with network/syndication products

GMs and PDs have to be smart about what they pick for programming. Because there's so much emotion in the format, many emotional rather than rational decisions are sometimes made. That's where the costs can get out of control. In general, networks supply compelling program-

ming that can help keep a station's overhead down. "I think that's what a network does the best," attests Lambert. "What we try to do for a station is things they 1) can't do or 2) afford to do for themselves. So we can give them a known entity like **Dan Patrick**, or **Mike Golic** and **Mike Greenberg**. We can give them those shows and access to all those great athletes and all those great interviews and the opinions of guys that the average sports listener sees on SportsCenter everyday, but really doesn't know necessarily how they feel about the story."

Bernstein says he looks for the "exciting radio." He's less concerned with who the guests are and more concerned with whether it's exciting to listen to. "My personal taste, I happen to think ESPN does exciting radio, I find that's a very worthwhile listen. So that's something that I like having on the air. Same thing with [Premiere's] **Jim Rome**. I find it an exciting program to listen to, and I don't care where it's coming from."

Wolfe explains WEEI doesn't do a lot of syndication, just because of the strong need for localism in that market. "This is a very provincial local market and we carry a little of ESPN Radio, we carry a little of Fox Sports Radio. But I have found there is very little syndicated programming that makes any kind of impact at all unless you have the rights to the Sunday and Monday night football games. We've got the rights to the baseball playoffs via ESPN Radio so that certainly makes a difference to us."

But for stations that can't be quite so local, a lot of them find it important to have the ability to do remotes with their networks and syndicators to get that flavor neverthe-

## Why buyers buy sports

What objectives does sports radio serve advertisers? When do agency buyers recommend it? We asked **Rich Russo**, JL Media's SVP/Director of Broadcast Services and **Mary D. Neubrand**, Broadcast Negotiating Supervisor, The Richards Group/Dallas.

**Russo:** "Although they tend to skew around 90% male, it is a home run against most male demos and there are a few stations such as WEEI in Boston where as the male numbers propel them into really strong adult numbers, but that is an extremely rare exception. Radio play-by-play is another story. There is no P1 for sports on play-by-play on radio. You can reach any listener more effectively and efficiently throughout the week. Maybe at one point prior to over saturation of sports on TV, radio play-by-play served an effective purpose, but as you can see by the constant reshuffling of teams from stations and non renewals, it is no longer a good option for stations.



**Neubrand:** The best use for sports radio that we have found is the baseball. For one reason, during the summer, you don't have a lot of high-profile television that's running. So it's an alternative to that. We have used it for our hotel clients, trying to reach people that are in their cars that are looking for a place to stop. We have found that there are a lot of crossover people that are listening to the baseball games as they're trying to drive from Point A to Point B. And we're constantly reminding them to stop

at a Red Roof Inn or Motel 6. So it's a good way to effectively hit our consumer at the decision-making process. The second reason is just from a geographic standpoint. For example, the Atlanta Braves, where they draw and basically cover the entire Southeast.

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less. And there's nothing stopping them—just put someone in and do cut-ins with the talent like it was a live, local show. Says Lambert: "All of these shows are live, they're interactive. And if you listen to our O&O stations, they localize these things where all of our talent are doing handoffs. They're sending it to the traffic report. I hear Dan doing cutaways."

Bottom line, if a station wants to put the time into it, it can make network-delivered product, especially play-by-play, sound as local as it wants. How? They contact the network programming folks and work with them to come up with what kind of liners they want, and how often. Says Lambert: "I hear our guys in Dallas, in particular, 'Hey the Mets lost last night, but we'll have the complete story coming up, etc...' I mean it's unbelievable. These morning guys come in early and they feed a bunch of liners down the line to specific stations."

Says Kahn: "Our national ratings, which our partners at Jones MediaAmerica have to deliver to advertisers, are contingent upon their success locally. We work with stations to promote broadcasts, through pre-produced promos and by providing our broadcast talent as guests on local station shows."



Dan Mason

### What hosts work best for sports radio?

The best sports programming is personality-driven. Personalities that understand the big stories, are well-read, curious, likeable, self-deprecating, fun, intelligent and compelling. Easy to say, and difficult to find, but the great hosts understand the art of radio and how to use the medium to paint pictures and make emotional connections with the rabid and passionate sports fans.

"You've got to be personality based," attests Wolfe. "If a talent doesn't have a great personality and can't project an image in the marketplace and to his or her audience that people can relate to on whatever issue he's talking about, it's very difficult to be successful. I think the days of the break-it-down, analytical, let's just talk about the stats of the game sports talk is all over with. We are very heavy with music, sound effects, bits, parodies all of those things help make the talent sound like an entertainer, not just a sports talk show host."

**Mark Chernoff**, WFAN-AM NY PD, says a good host should also attend games so they have a feeling for the teams and can talk about them with some substance. "It's more than just knowing the 'x's and o's, but knowing something about 'why'-meaning why is the team playing well, why is the team playing poorly. In addition to the local scene, a good host should have a national

overview of the major sports and major events outside the big four of baseball, football, basketball, and hockey."

### Finding and grooming local talent

Many stations find and groom local hosts in sports and newspaper columnists. Some places just go for "Joe Lunchbucket" or find a local bartender who's a good yapper. Sometimes they get a female host or co-host. On the other hand, others recommend looking for a radio guy first. Bernstein has five full-time personalities at WSKO and has hired two in the last six months. He did a national search both times. One person turned out to be local, although he does national work on ESPN. And the other person was from New England. "I felt that both of these individuals had the knowledge and the understanding of the complexities of the fan base here. So when we talk about something, it comes an emotional standpoint, not just from a statistical standpoint. So I will go on a talent search and have no deadline. I will fill the shift when I hear somebody that's really good."

"I've found them in a variety of places," Hobbs attests. Obviously, we're large enough that we can organically grow a lot of talent like that from our smaller markets on up. But I've had luck converting people from our Rock FMs. In the last couple of years I discovered a legendary morning guy on our Classic Rock station in Tampa, **Ron Diaz**, formerly of "Ron & Ron." He was a sports nut—an absolute, uncontrollable P1 to our sports station in Tampa.

Well, now he's on 9-Noon on the sports station and doing a fabulous job. Also athletes—when you're doing locker room interviews, you sort of look for athletes who are well-spoken, intelligent and have a lot to say. **Ian Beckles**, who happens to be Ron Diaz's partner, is a former offensive lineman for the Buccaneers and Eagles. He's a terrific talk show host."

**Dan Mason**, broadcast consultant and former Infinity Radio President, says to start with local newspaper sports writers, but agrees, keep your eyes open. "Many are making the successful transition to radio. Also, keep an eye out for sports fans that have unique personalities. **Mike North**, the outstanding air talent on WSCR/Chicago, was a former hot dog salesman at Wrigley Field. You have to be on the lookout everyday."

### What about other content?

How much non-sports content can you have to be successful? While the focus of the sports format is of course sports, elements such as news, traffic and weather are very important for TSL. Since your sports station is aiming for P1 exclusive come, service elements are important. Most sports fans have a life outside of sports and sports stations need to try and relate to them and their informational needs the best they can.

Bernstein says the answer is simply "enough necessity information so they don't have to get it somewhere else. They don't have to know that a warm front is going to push out that high pressure system and cause late afternoon clouding and possibly an evening



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thunderstorm, 20% chance. They need to know it may rain later this afternoon. But if you don't tell them that, they'll go somewhere else for it. And I'd rather have my hosts say it."

Wolfe agrees: "We don't do a formal news update, we don't do a traffic update, we don't do a weather update. We just incorporate that into the discussion if it happens to be relevant to what we're talking about."

### Selling it

How do you sell local vs. syndicated programming? What businesses are the best sells? There are not many sports stations that have big 12+ numbers, but they all have male numbers. Generally, the goal for most is to be top five with men in a market. Demographically, because sports stations are so efficient (it's almost all guys 18-44), the key to success is understanding the kinds of accounts that are attracted there. The good news is this is a big category for advertisers-beers, cars/automotive groups, trucks, home improvement, sporting goods, banks, investment firms, health insurance companies etc.

Local sports radio is really "guy lifestyle radio." To be successful, stations can't be like opening the newspaper and reading the box scores. It's a guy place. There's three "B's" in sports: beer, babes and balls. "All things guy" is what the successful stations capitalize on. Obviously sports is a major topic, but when the listener gets in the car, he wants to feel like he can join the boys' club and hear guy talk. The stations that are successful are not so clinically into sports, it's not just about the teams and just about the players. Topicality takes on cars, women, what's on TV. They almost want to be like Maxim magazine, that's where many are seeing it going.

Most advise sales teams not to sell, differentiating local vs. syndicated product. Obviously, stations can do certain things with local sales-remotes, appearances, etc., that you can't with a network show, but dividing that all up can give an advertiser another opportunity to drive rates or another reason not to buy you.

Says Scott: "Mark a difference between your local and syndicated programming and you're giving your advertisers an opportunity to negotiate with you. 'This is our product. This is our product-period. It happens to consist of these local shows and these shows from our network.' It's all part of your whole package."

Some stations, because of that guy aspect, will add strip clubs, escort services and others to the mix. However, not every station needs or wants to be associated with that. The wife and kids are often in the car with dad, and boy, will that button get pressed fast if a raunchy ad airs. "Well I'll tell you we made an edict long ago that we were not going to accept any advertising that is pertaining to adult entertainment," says Wolfe. "We don't take novelty stores, we don't take strip clubs, we are very careful about even the male enhancement drugs."



Gabe Hobbs

### Rights fees: How much is too much?

How much is too much to pay for rights? Is it worth having as a "loss leader" for sales & programming? Rights fees have been ridiculously high, but now some are saying they can't pay that much money anymore. The availability of so many teams on cable and satellite TV now doesn't help, for starters. There's less exclusivity than in the past, as well.

"There is no hard and fast rule," says **Lee Davis**, WFAN-AM NY GM.

"Many factors go into the decision such as competition in the market, the team's performance, the makeup of your station and your expected return on investment-not just financially."

Says Hobbs: "At one time, certainly, the loss leader philosophy was very valid-OK, we'll take a half-million dollar loss because we know we're going to get two extra share points and a share point is worth \$1M. So it's a \$1.5M net gain. If that fuzzy math is very clear and not fuzzy, then that's fine. But very often it isn't. The trend I see right now is rights fees are coming down as markets are being held accountable for each individual business unit they have in that market for making money. With today's accountability to stockholders, it's difficult to justify any business unit that loses six-plus figures of money every year, on purpose."

He adds, "And a lot of rights are going in-house, to the teams. They've determined they can package it more effectively and sell it with their dasher boards or scoreboards or programs or station signage or whatever they want. We've seen that for many years in the NBA and the NHL. And now I think you're starting to see that movement even within the NFL and major league baseball-they're keeping the rights in-house and then just doing flagship deals or promotional partnerships with the flagship station, running their own networks, etc."

Mason says if you take the plunge into the world of sports rights, stations should consider these points: 1) Because of the additional inventory, you will need a separate sales staff. 2) Lead time is critical or the first year will be a disaster no matter how good the team is. 3) Analyze the deal over its life and not just the first or second year. Revenue will be light in the beginning as you build a sales staff. Try to negotiate the right's fee accordingly. 4) Don't lose money over the life of the deal! If you do, are you willing to consider that loss as the promotion budget for the station? Is it worth the loss? Maybe, maybe not. What else could be accomplished with that money?

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## Richard Hamilton: Measuring and quantifying an ever-changing media landscape

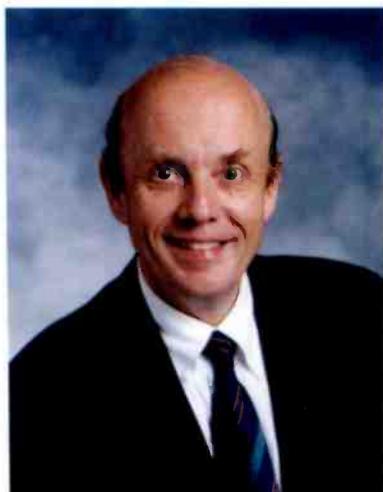
**Richard Hamilton**, CEO, Zenith Optimedia Group/The Americas, is in charge of 20+ offices and some \$7B in annual spend, according to RECMA. In RECMA's 2003 evaluation report, ZenithOptimedia was the only media agency group to receive an "A" grade for both "vitality" (momentum) and "volume" (size).

Zenith clients include General Mills, Verizon, AstraZeneca, Schering-Plough, Georgia-Pacific, Toyota/Lexus, Darden Restaurants, Mars, PaineWebber, Allied Domecq and Boston Beer Co.

Rich is a member of the Media Steering Committee of the Partnership For a Drug Free America. He's a former Director of the Audit Bureau of Circulation's and Advertising Information Services and currently sits on the CEOs Committee of the 4As.

As this interview was done before the upfront, his specific upfront observations ran in *RBR's* Daily Papers: (☑ 5/7 *RBR* Daily Epaper #90) and (☑ 5/10 *RBR* Daily Epaper #91).

Here, we ask Rich a bit about his clients' view of the upfront and his take on the direction media is taking today and into the future. Next month, we interview **Steve Grubbs**, PHD CEO.



### What concerns, if any, were your clients voicing about the upfront?

The issue with television advertising and the need to try to have a counterpoint to the reality of the upfront and the fact that every year, broadcast audiences go down and prices go up. And so what do you do about that strategically from a communications, planning and consumer contact point of view?...the idea of audiences declining and prices going up is something nobody likes, including us. And that's really what the clients are focusing on, in terms of the huge amount of rhetoric that's been out there about the upfront process. The focus really is on two things: smarter ways of using television and expanding outside television into other communication forms. The challenge of the latter point is that for national advertisers, television is still seen as the most effective builder of awareness and purchase intent. So no major advertiser tends to walk away totally. There are, though, media mix alternatives that have been pursued which have reduced the share of the total pie that goes

to television by a number of advertisers. Certainly at this time, that's the hottest thing around.

### Do you see any creative problems or challenges with TiVo and the advent of DVR? Do you think that's a problem or do you think agencies are facing more of an opportunity?

I think it's both a problem and an opportunity. The concern about TiVo and similar iterations of TiVo, the TiVo technology is the ability to more easily eliminate commercials. So, it is both a problem and an opportunity creatively. The penetration of TiVo is not yet that great, so it's an evolutionary problem and opportunity, not a revolutionary problem and opportunity. But, another hot button, as I think about it is there's connected with that issue, is branded entertainment. The idea of integrating commercial messages into the programming itself. Not traditional 30-second commercial messages but brand messages into

the programming itself, which is seen as an important counter-punch, if you will, to technologies like TiVo. Madison and Vine.

### How are you working that in to your recommendations?

We've done a number of things that I'm not at liberty to talk about specifically, because they're client-specific things. This is a very big challenge, it is difficult to get these things done, but in the current environment it is important to look at that area as one of the ways to respond to the issues we've been talking about in traditional television.

### How are you expanding the dynamic of how you buy across so much different media? What have you discovered about using more of a mix of media than in the past?

The traditional media planning professional, that was the title, is becoming gradually more of an expert in what we call consumer contact planning, communications planning, which is sort of an expression of the commitment to as I said earlier, to find smarter ways to use television but also expand into all other forms of marketing communications that can be effective for the client. The answer is always client-specific. We have handled the launch of Scion, which is the new division of Toyota targeting generation "Y." And if you looked at the communications plan for Scion, there is just a huge emphasis on innovative ways of reaching and connecting with generation Y-and not just generation Y, but with the early adopters within

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It's an example of what we need to do for everybody. We are launching in Los Angeles—identify the ten hottest clubs. You know, gen Y clubs in LA, and do wild postings adjacent to those clubs. That's just one example. There are a number of examples. That's also why the term outdoor is now gone and has been replaced by out-of-home. We place advertising in shopping malls. Cinema advertising is growing. We have a notebook that's about three inches thick of non-traditional forms of out-of-home advertising availability. Out-of-home advertising is a very fertile area for creative development. It's not a big medium, though. We track out-of-home spending, and at least in the traditional forms, it's \$5B. Television is \$50B.

### **How can you justify spending billions on the upcoming TV upfront, based on a universe of 5,000 Nielsen meters?**

Nothing's perfect, we have a reasonable level of confidence though, certainly in the national sample. One of the big research issues at the moment is local people meters. Critics believe that Nielsen is going to end up under-sampling minority groups (principally African-Americans and Hispanics) and as a result the numbers, won't fairly represent their audiences. As a result of that controversy which hit the front page of the business section of the New York Times, the local people meter initiative in New York City, LA and Chicago was delayed a few months.

And you know, there's nobody who is as good as Nielsen at doing this kind of sampling and research, but they also are the only game in town. And so we constantly push Nielsen to improve their methodology. But we certainly utilize the data and the local people meter delay, in my opinion, was principally because of public criticism as opposed to industry criticism.

### **Is it becoming an issue for measurement and strategy, because we've seen such a huge influx of immigration over the last two, three, four years. Is it becoming hard to put an accurate measure on it?**

It's making measurement all the more difficult, and in the case of Hispanics, there is the language issue where in a lot of Hispanic households Spanish is the primary language. There's also the rapid growth of Asian-American populations and the amount of diversity that's within the Asian American community. Mandarin Chinese is different than other forms of Chinese. And you have a significant Korean population, a significant Japanese population. These are all different cultures with different languages and so on. And the growth of these groups certainly does make measurement more and more difficult.

### **How can using a broader spectrum of media in buys be measurable and accountable? Are there issues there?**

Measuring return on investment as the media fragment and as the population becomes more diverse, it absolutely becomes more difficult. And so the industry needs to continue to make investments (and by industry I mean the research community and the agencies) in improving those measurements, realizing that the achievement of perfection is unrealistic.

**"I wouldn't say that the radio medium is unhealthy, by any means. I think the radio area is an area where there needs to be particular sensitivity to the creative message."**

### **But you don't see a need for any major paradigm shift.**

No, the shifts are evolutionary. All the agencies have different proprietary tools to measure return on investment.

### **How can you characterize how one's proprietary system might be better than someone else's?**

That's a hugely complex question. All I would say is that Zenith has the best tools in the industry. We're very interested, seriously, in econometric modeling, which is developing a model that connects marketing communications outlets with contribution to sales. We have a unit that is owned by Zenith called Ninah Consulting that specializes in that and it is doing work now for a number of clients both here in the states and around the world. I can't really do justice

to explaining the details of what Ninah does. Except to say that it's an analytic method of evaluating the contribution to sales of every marketing option that's in the client's tool kit. Including public relations, promotion, advertising, direct response, direct mail, everything.

### **How can radio improve itself to better serve your needs?**

Radio advertising has grown in the past five years and in the past 10 years and in the past 20 years. I wouldn't say that the radio medium is unhealthy, by any means. I think the radio area is an area where there needs to be particular sensitivity to the creative message. I've always believed that. A lot of clients will embrace the use

of radio if and only if the creative message is believed to really cut through. That's important in every medium, but the reason it's so important in radio is that when people listen to the radio they're almost always doing something else. Nobody sits around and just listens to the radio. Whereas people do just sit around and watch television. So the creative challenge is really, really important. It's really important for every medium, but it's especially important to radio.

### **So if you are given an excellent creative for a radio campaign, that may change the way you buy for a particular client? OnStar seems to be a great example.**

Absolutely. I'll give you another one, and these are not our clients, but I think GEICO, which is on both television and radio, has really good radio advertising. You know this is the humorous, "How much I saved" campaign that GEICO's currently running.

### **Is there any advice you would give on the radio industry about limiting clutter in pods? Where is the happy medium?**

I can't quantify what the happy medium is. We are concerned about commercial load in television; we're concerned about commercial load in radio. I think it comes back to what I said earlier, at least as it relates to radio, which is to create advertising that really cuts through, that's entertaining but delivers the message for the client. One could argue the pod issue is less of an issue in radio than it is in television, where you have, especially on the cable networks, 10 or 12 commercials running consecutively.

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KBMX Duluth, MN #1(t)  
8.3 Share

## Women 18-49

WEZQ Bangor, ME #2  
12.2 Share

WCGQ Columbus, GA #2  
10.9 Share

WZOQ Lima, OH #2  
15.6 Share

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## Branding Sports radio

By Rick Scott

It is not possible to brand a radio station! The misperception is that radio stations can simply brand themselves by deciding to do a format. A radio station can be defined, positioned, imaged, qualified, labeled, classified, identified, certified or accredited but it cannot be branded. Regardless of whether it is Sports Radio or any other format it is just not possible. Why?

Listeners brand your radio station! Yes, the radio consumers are the ones that brand your product. **Steve Yastrow** in his recent book, "Brand Harmony," put it best when he said, "Branding isn't something companies do to their customers. Branding is something customers do to companies and their products." Yastrow added, "A brand is not simply the message a marketer intends to send to a customer. A brand is the message the customer perceives about the product which may be something altogether different than the message the marketer intended to send." This is where so many radio stations and companies stumble. They think they are telling the audience/consumer one thing while the audience/consumer perceives something different.

Listeners branding your radio station mean that every element; anything on or involving your radio station has impact. It means that every external event whether it's a remote broadcast from an advertiser's place of business, a listener party or major promotion is a part of creating the brand. External advertising plays a role in developing impressions with the listener, too. Every time a listener has contact with the station is another piece of the brand. All of these elements mold and shape the radio consumer's perception of your station; your brand.

The most successful companies, whether they are business to consumer or business to business, have accomplished that feat because their brand strategy has incorporated three basic principles. First, their product or service is consistent. Second, the message emanating from all departments of the company is consistent. And third, they have carved out a niche in the consumer's mind. Your brand strategy includes everything about your product and the people that produce, sell, market and manage it. To maximize potential it must be consistent.

If you are the only game in town, and very few markets have just one Sports Radio station, you can get away with being lax about your brand strategy. How many years did the phone company get away with an inferior product and service? It became a well-known comedy bit that helped build **Lily Tomlin's** career. Ernestine, the telephone operator, typically responded, "We're the telephone company and we don't care because we don't have to." Now look at the industry with dozens of competitors. No one stands out because they are not listening to the consumers but rather force feeding their marketing as a brand strategy. That is why every element on your station must be focused. There is no margin for error. How many times has one small aspect of a product or

business impacted your perception? A check-out clerk stops for a personal conversation with a co-worker rather than being attentive to your purchase. A store employee tells you they do not know if they have the item you're looking for and walks off. That contact creates an unfavorable impression impacting your perception of that brand. Ask K-Mart executives about how consumer experiences nearly destroyed their brand! If you tell your audience you deliver big name guests and newsmakers, you better deliver. If you tell them you break stories first, you better deliver. If you tell them you have personalities that are fun and entertaining, you better deliver. Every liner, every promo, and every commercial on the station work in tandem to create impressions that build the brand for the audience. Attention to detail is essential to make sure all elements are working in together to build the brand.

That leads to the second major point about branding that is also misinterpreted too often, positioning. The concept of positioning was introduced in the 80's by **Jack Trout** and **Al Ries** in their book, "Positioning the Battle for the Mind." With so many products vying for the same space in the consumer's mind Trout and Ries espoused the 'first in theory'. The first one to occupy the top rung of a product ladder in the consumer's mind owns the position. Once that position is occupied, the 'market leader' must do something fairly drastic to lose the position. Trout and Ries never said the market leader owned the brand. Why? Because positioning contributes to establishing the brand. In Sports Radio especially, ego and emotion sometimes get in the way of making a rational business decision. "WXXX is not a very good Sports Radio station, we can do it better than they can, let's flip the format." The whole point about branding is not about what we think, it is what the listener thinks. If there is reliable information that indicates a large enough segment of the audience is unhappy with an existing Sports Radio station or any other format that may mean an opportunity. But avoid the trap of trying to 'out Coke' Coca Cola. The consumers will reject it. What they will accept is what

Trout and Ries offered...another position. Seven-Up is the classic example, the Un-Cola strategy sold a lot of 7-UP. Using 'safety' as a position has sold a lot of cars for Volvo. So how does this apply to Sports Radio or radio in general? Explore niches and opportunities within the existing landscape. By focusing on an area that is important to consumers you can create a position for your station and build the brand. Expand the shelf space for a product in a grocery store and sales increase. The same principle applies to Sports Radio or any radio format, the market share for the format increases.

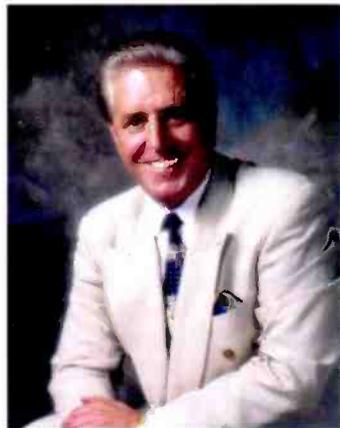
Radio must learn and take a page from the railroad business. Railroads suffered dramatically going from boom to bust when they refused to recognize the external market. They told themselves they were in the railroad business rather than the transportation business. We are not in the radio business, Sports Radio and radio is in the 'entertainment' business. As competition and fragmentation increase having a focused strategy and understanding how to create your brand is critical for success. **Rick Scott** is the president of RSA Sports International, Inc./Rick Scott & Associates, a sports radio consulting firm based in Bellevue, WA. He can be reached at 425 709-3232 or [rscott@sportsradio.com](mailto:rscott@sportsradio.com)



**"Listeners branding your radio station mean that every element; anything on or involving your radio station has impact."**

## Get out of the locker room and into the showroom!

By Dave Barber



Baseball Hall of Famer **Leo Durocher** once said, "How you play the game is for young boys. When you're playing for money winning is the only thing that matters." Well it seems Leo "The Lip" would be a great sports talk manager today. Except today winning means money. The revenue your show or sports franchise generates is paramount. The sooner on-air people realize broadcasting is a business and not about their favorite team, the more successful they will be.

In an age of consolidation, deregulation and syndication you must protect your parking spot from being taken over by a satellite dish. One way to hedge your bet is to help generate dollars. As programming guru **Randy Michaels** puts it, "I liked radio the way it used to be too. But it's just not that way anymore." The secret to selling sports talk is not a secret, CALLS, CALLS, and CALLS! The more often on air people can be involved in the sales presentation, the more often you will close deals. The host is a known commodity; he/she usually has a gift of gab and is experienced at interviewing people. What better way to employ the "tell me, sell me" sales concept than by letting a host ask questions about the perspective advertiser? If you want to see how important the LSM is, have him do a live remote from the 7-11 and see how many listeners show up. We can no longer maintain this separation of church and state between programming and sales. For years while hosting a local radio show I carried a list and loved it. The more money I brought to the table, the more difficult it became for management to fire me. I was only on the air three hours a day. Business owners are competitive by nature, they love talking sports. So instead of talking to jocks all day, go out and talk to people who can buy radio commercials. Walk into a local car dealer showroom and introduce yourself and invite them to listen. Imagine that, inducing sampling of decision makers who purchase advertising. Not all local sports talk hosts are capable of carrying a bag. But all sales management people should take them on more in-person sales calls. Invite hosts to sales meetings, so new sellers can see the passion of talk talent.

Of course many sports talk stations carry national programming from some far away place. Although this programming is generated some-

where else, it doesn't have to sound like it. Make national shows sound less "syndicated". Call forward your local telephone lines to the national hosts. Never let your local lines ring unanswered. Please avoid having someone at the station answer your call in lines with an unhelpful explanation that the show originates somewhere else. Use national talent to cut liners for getting into and out of stop sets. Better yet, ask your national hosts about doing spec spots for advertisers. Ask and you get. Don't and you won't. Have network hosts seem like part of the local on air family. Script short promos which mention local employers and thank them for listening at work. Be a hero and invite the sales people to contribute to that list.

We must remember we are selling foreground radio. That is why I like establishing "strategic partnerships" with advertisers. Too many sports stations fail to take advantage of our best selling tool; the :60 live read. Live reads are our stock in trade. Why? Because they work! A commercial that works makes for a happy customer and happy customers renew. But in order to get a live read an advertiser must become a "strategic partner." To become a strategic partner they must sign a 52 week contract. The client gets category exclusivity (only one car dealer, only one attorney, etc) and the opportunity to pay the highest price on the rate card. It's not about rate, it's not about ratings, rather it's about RESULTS! Plus, not all advertisers can become a strategic partner. We reserve that right only for companies that exemplify the highest standards of integrity. They must be interviewed to see if THEY qualify. If the local Chevy dealer sees sales spike with your station's promotion he no longer cares about ratings. Once you get the order NEVER send a "thank you" note. Send a letter of congratulations for making the right advertising and marketing decision. Make sure the receptionist has a list of long term advertisers with a contact name and telephone number. Post that list also in the studio and remind listeners they can call the station direct should they miss a location or phone number for an advertiser.

Look for opportunities for sponsorships if you carry play-by-play sports. Consider advertising from a western boot company when a pitcher gets the "boot", or your local health club to sponsor the seventh inning stretch. Believe me, there are countless tie-in's between local advertisers and live sports programming.

As broadcast owners talk with investment brokers and stock analysts, sports talk hosts need to meet more clients. Spend less time in the locker room and more time in a showroom. Take a car dealer to lunch! Who knows, it might even be **John Elway**. Yeah, the former quarterback, he owns a few in Denver.

Dave is a long-time Michigan Talker, most recently heard on Michigan Talk Radio Network. He's been in radio sales as well and tours around a bit as a motivational speaker for radio sales staffs. He's currently exploring new opportunities in the biz as well. You can reach him at 810-953-4142 or Barber910@aol.com .



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## Talkers New Media Seminar

From indecency issues to the future of Talk radio, many voices were heard at the recent Talkers Magazine New Media Seminar in NYC (5/21-5/22). Because two pages couldn't adequately cover the numerous panel sessions, speeches and ceremonies, we decided to pick some of the more memorable quotes from the two days that only Talkers publisher **Michael Harrison** could put together so well.

**Tom Leykis**, Westwood One Talker, on "Smaller Government? Great! Let's start with Radio!":

"This has nothing to do with protecting children. Clear Channel, by taking **Howard Stern** off six radio stations, was firing a shot at Infinity broadcasting—that is all it is...the bottom line here is what you really have is companies tattling on each other, companies competing with each other and using the government and the government's ability to regulate to take shots at competitors. That is what this is all about...The bottom line on indecency is this—I believe the government should not be deciding what the marketplace can decide. I believe the government is really only in favor of getting the government off the backs of oil companies or polluters, but they're not in getting the government off the back of people who engage in creative content. Then it's perfectly OK to have big government, then it's perfectly OK to leave us all dangling here wondering what we can and can't do, what's

OK and what's not OK. Having to go in the studio every day playing chicken with these people in Washington—which is exactly what we're all doing. When I say to a guy on the phone who is with a woman who won't have sex with him anymore, 'Hal, dump that bitch!', I don't know if tomorrow **Michael Powell** will decide that 'bitch' is unacceptable. I am challenging all conservative radio talk show hosts to make this Topic A."

**Tom Bigby**, PD, WIP-AM Philadelphia, on "What works and doesn't work in Talk radio": "You watch and listen to people because you care about their opinions, it's what you want to hear...We are in a situation where the politics of the world have taken over our radio stations and we're just killing younger listeners because most of them don't give a damn. They really don't care. And we have a lot of talk show hosts around America that are walking in there with their agendas and not listening to what the audience wants to hear. I'm a little bit bored with Talk radio at this moment, and I think by the time September and October roll around, radio ratings are really going to suffer."



**Mark Masters**, Talk Radio Network CEO: "Three things that make a great Talk Show host and three things that kill a show": "Show killers are 1) predictability, 2) information-based hosts (they're passing information along, they're asking callers to call in, but they don't have an opinion, unless it's a forced opinion. Information is a com-

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The Michael

Savage Show

Winter

### RATINGS PERFORMANCE

Market	Calls	AQH Share	Fall 2003	Winter 2004	Change	Market	Calls	AQH Share	Fall 2003	Winter 2004	Change
Sacramento	KSTE	P 12+	3.0	5.5	+83%	Cincinnati	WKRC	P 12+	3.9	5.1	+31%
		P 25-54	3.5	5.7	+63%			P 25-54	1.9	4.8	+153%
		P 35-64	4.5	6.8	+51%			P 35-64	4.4	7.1	+61%
Tampa	WWBA	P 12+	1.7	3.0	+76%	Rochester	WHAM	P 12+	13.1	13.5	+3%
		P 25-54	2.8	3.9	+39%			P 25-54	11.8	16.0	+36%
		P 35-64	3.5	4.3	+23%			P 35-64	14.3	21.0	+47%
Allentown	WAEB	P 12+	2.8	3.2	+14%	Jacksonville	WOKV	P 12+	4.9	6.0	+22%
		P 25-54	1.4	2.8	+100%			P 25-54	8.2	8.3	+1%
		P 35-64	1.4	2.8	+100%			P 35-64	6.8	12.7	+87%
Greenville	WORD	P 12+	0.8	2.4	+200%	Harrisburg	WHP	P 12+	5.5	9.3	+69%
		P 25-54	1.4	2.3	+64%			P 25-54	4.6	9.5	+107%
		P 35-64	0.6	2.2	+267%			P 35-64	5.8	10.2	+76%
Seattle	KTTH	P 12+	2.1	2.6	+24%	Portland	KXL	P 12+	4.3	5.3	+23%
		P 25-54	1.8	2.4	+33%			P 25-54	3.7	3.9	+5%
		P 35-64	2.5	3.2	+28%			P 35-64	4.4	5.3	+20%

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modity, but a host's take on that information is a monopoly. Unless you have a monopoly because you're crystallizing things for the audience and validating deeply-held feelings, you're just a commodity. There's no reason for listeners to make an appointment. 3) Using callers and guests like a drunk uses a lamp post. I mean you listen to some of these shows and they'll let the caller go on and on; the guest goes on for 15 minutes. People never tell others to tune into a show because they have the best callers.

What makes a great show is 1) Appointment audience is created through what I call validation. People listen to Rush, and at the end of whatever his analysis was, people would say, 'You know, I knew I knew that, I don't know how, but after listening to that guy, I feel like I'm not crazy.' I'm going to make an appointment with him because he fills a need. 2) Illuminating absurdity. Using absurdity the way **Rush Limbaugh** and other great hosts use absurdity to humor to bring stark relief-something that you sort of knew, but all of a sudden it hits you. 3) Meeting the emotional needs of an audience. They call it emotional acupuncture. If you just have a show and you're passing along information and it's all tension, all the time. HR Bill 7152, blah, blah, blah, tension, tension, tension. A great host builds tension and releases it with humor; builds tension, releases it with humor. The host goes through the whole range of human emotion in such a way that when you're done with the show, you feel like you've had a full massage of your mind and soul."

**Sean Hannity**, on "Talk Media and the First Amendment":  
 "I want **Al Franken** to get as many stations as he can and say everything negative he wants to say about Sean Hannity, as long as Sean Hannity can do the same thing back to him. That's what we give, lip service to freedom of speech-but then when we try to implement it and put it in play, a lot of us get shy. I don't listen



to everything that Howard Stern does, but I don't want to live in an America that doesn't allow Howard Stern to do what he's doing. I want Howard Stern to have the freedom to do what he's doing; **Opie and Anthony** to have the freedom to say and do what

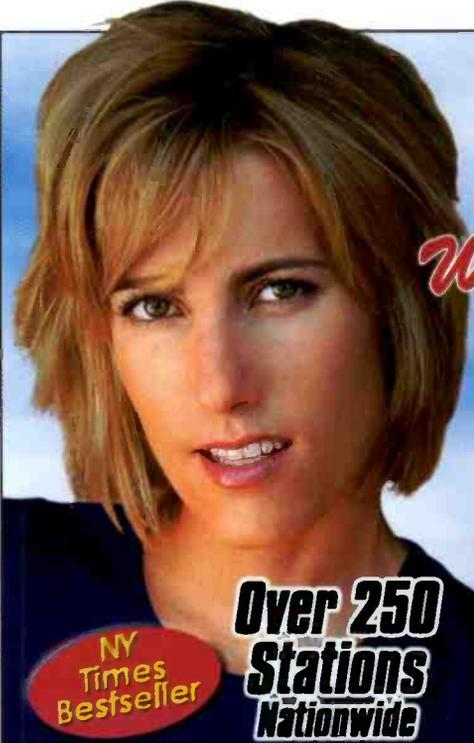
they want on the air; **G. Gordon Liddy**; **Dr. Laura**, Rush Limbaugh, Sean Hannity—with the minimal amount of government interference, with the minimal amount of restrictions. Because at the end of the day, you and all of your listeners have the ability and the power to shut you off. And I think that's the great thing about freedom of speech—let people say whatever they want to say and then if people don't like it they will turn the dial."

**Lionel**, on "Views of the FCC's crackdown on broadcast indecency"  
 "What if there was no FCC? What if you could literally go on the air tomorrow and say, 'Stern, do it—anything you want.' You want to know how to destroy Howard Stern? Do you want to know how to clean this place up? By letting them do whatever they want. 'Go ahead, Howard—any curse word, say it.' In 20 seconds, he'll be playing Mantovani. He won't know what to do, because that's what makes him so interesting—'Can you believe we heard that on the radio?!' It's like legalizing drugs. Want to get rid of drug trafficking? Legalize it. That's another story. But what I'm saying is we're creating this, and this whole country is so worried about the S-word and the F-word. Do you know what your kids are saying? They're saying the same words."

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Market	Calls	AQH Share	Fall 2003	Winter 2004	Change	Market	Calls	AQH Share	Fall 2003	Winter 2004	Change
New York	WABC	P 12+	2.1	2.5	+19%	Portland	KXL	P 12+	4.4	5.7	+30%
		P 25-54	1.8	1.8	+0%			P 25-54	2.4	4.2	+75%
		P 35-64	2.5	3.0	+20%			P 35-64	4.3	6.9	+60%
Rochester	WROC	P 12+	2.5	3.4	+36%	Indianapolis	WXNT	P 12+	1.1	1.8	+64%
		P 25-54	2.1	3.6	+71%			P 25-54	0.9	2.5	+178%
		P 35-64	2.9	4.8	+66%			P 35-64	2.5	3.6	+44%
St. Louis	KFTK	P 12+	2.6	1.5	+0%	Denver	KNUS	P 12+	1.7	2.3	+35%
		P 25-54	3.2	1.9	+73%			P 25-54	1.3	1.8	+38%
		P 35-64	3.7	1.7	+21%			P 35-64	1.5	3.0	+100%
Grand Rapids	W000	P 12+	3.3	4.7	+42%	Louisville	WGTK	P 12+	1.9	3.3	+74%
		P 25-54	0.9	4.1	+356%			P 25-54	1.8	2.6	+44%
		P 35-64	1.0	4.5	+350%			P 35-64	2.1	3.4	+62%
Albany	WROW	P 12+	2.5	4.1	+0%	Providence	WAOK	P 12+	0.3	1.2	+267%
		P 25-54	2.1	2.4	+71%			P 25-54	0.3	1.1	+300%
		P 35-64	2.5	3.7	+48%			P 35-64	0.2	1.5	+650%

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## Get ready for a hot second half

After waiting for the promised (or at least hoped for) second half recovery in 2002 and 2003, it finally arrived for radio broadcasters in 2004—and it came in March. So, with four months to build up some steam, radio groups are expecting good things in the second half of this year. Even so, they've been cautious about not over-promising to Wall Street.

After several quarters of trailing the radio industry, or doing no better than keeping up, Wall Street analysts gave a collective cheer when Clear Channel finally produced a quarter of leading the industry. While the RAB recently reported (☑ 4/26/04 RBR Daily Epaper #81) that total radio revenues were up 4% in Q1, Clear Channel posted growth of 5%.



President and COO **Mark Mays** proudly reported that all divisions of Clear Channel posted gains in Q1. He's also confident that the good news will extend for all of 2004, ☑ saying the company was seeing increased demand in all of its businesses.

"If you're looking for a growth company, look no further," Viacom Chairman and CEO **Sumner Redstone** proudly declared as he and President **Mel Karmazin** reported on the company's Q1 results. They're predicting that total revenues will be up 5-7% for the full year, with operating income up 12-14%. And that's for all of Viacom. Karmazin said to expect radio revenues to be up 5-7%, but that TV revenues will be up double digits.

He doesn't tend to be an excitable guy, so it may be telling that ☑ Cox Radio CEO **Bob Neil** used the word "thrilled" to describe his feelings about where the radio market is heading.

☑ Neil told analysts during his Q1 call that paces were generally better in Q2, although there is some unevenness.

Many groups have been hesitant to offer predictions too early for Q3 and Q4, except to say that things look good with the election campaigns putting pressure on TV inventories. ☑ At Emmis, CEO **Jeff Smulyan** told analysts he's still "gun shy" about projecting too much growth.

"We're far from really out of the woods," Saga CEO **Ed Christian** warned analysts in his Q1 conference call. But he did say that paces have improved and rates are firming in



most markets. The problem right now, he said in early May, is that national ad sales are soft, so the growth is coming from local.

Radio One is so confident that the recovery is real that it has ended its companywide freeze on new hires and salary increases, which had been instituted during the recession. The company predicted that Q2 revenues would be up 6-8% and ☑ CFO **Scott Royster** told Wall Street analysts that paces were good.

**RBR observation:** There was a lot of certainty about Q2 being good, but radio broadcasters have been hesitant to predict just how the second half of the year is going to look. That's not because anyone thinks it won't be good, but because they can't get a handle on how good it is going to be. Will it be mid single digits or high? That's because so much is dependent on how much political campaigns spend, with most of those dollars going to television. But with TV inventories tightening, many advertisers will be forced to increase their radio spending to get on the air.

The good news from the TV side of broadcasting is that 2004 political spending has been heavier than anyone had expected. TV group after TV group reported that Q1 political advertising was way over expectations. Things appeared to quiet down a bit in early Q2, but then picked up again as the **John Kerry** campaign began a new blitz—and President Bush's campaign quickly fired back. The big money, of course, will come in Q3 and early Q4, but all indications are that the records set in 2000 and 2002 will fall—in spite of the McCain-Feingold Campaign Finance Reform law.

At Harris Nesbitt Gerard, analyst **Lee Westerfield** is projecting that political ad spending for this year's presidential race will total \$417 million, up from \$206 million in 2000. He's also looking for record spending on U.S. Senate and House campaigns and for only a small decrease from two years ago in spending on state and local races and ballot issues. In all, that's \$1.47 billion in political ad spending this year, a 46% increase over two years ago. If Westerfield's projections are correct, he expects to see TV revenues shoot up 15% or more in Q3 and Q4, which would likely have a trickle down effect on radio as well.

But it's not just political spending. If it were, we'd be heading for a brick wall on November 3rd. The economy has been improving, the jobs picture is finally looking better, and broadcasters are reporting that advertisers are more willing to make commitments. It was a long time coming. Let's just hope this recovery stays around for a while.



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## User reports: What engineers are saying about their transmitters

For this month's "Engineered for Profit," we contacted a few CEs about recent or impending purchases of new transmitters. We wanted to know a bit about why they chose their particular transmitter; the service and repair history so far; how is/was customer service and a bit about the purchase decision-making process at their companies. From the horse's mouth, as it were:

**Greg Walker, CE, Bristol Broadcasting/Paducah, KY.**  
On Continental's 816R-6C

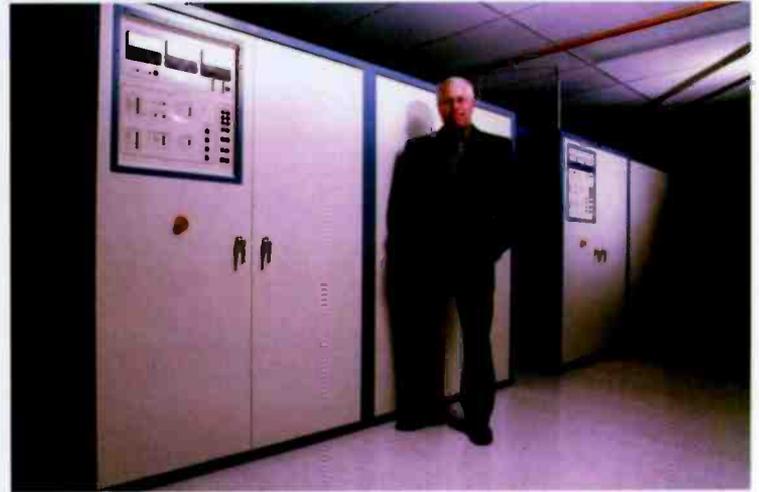
We are getting a new one soon. Right now, WKYQ-FM here has a Collins (now Continental) 831-G3 transmitter installed in 1980. It was 25-kW to make ERP of 89,000 watts. It moved to upgrade site in 1994 with a 10 bay antenna to make 100,000 watts. It was modified in 1997 to make 27.5-kW to make 100,000 watts into new 8 bay ant. It's been running like that ever since. This has been an extremely reliable main transmitter for the number one station in the area. It will be retired to stand-by status and replaced with a new Continental 816R-6C. WLE-FM will also receive a new Continental 816R transmitter to replace a very old Gates model. This is a C2 facility.

The reason we're getting these transmitters is **Chuck Lawson**, the corporate engineer at Bristol Broadcasting, has a policy that whenever they replace a high-powered FM, they go with Continental, and they've got quite a few of them at the other properties. That's what his choice is, and I totally agree, because of the reliability. And the good thing is I get to keep the old one as a standby.

There were no real issues I could recall with that rig, aside from the occasional electrical storm that can sometimes come in and do what they do.



*Greg Walker with Continental's 816R-6C*



*Cris Alexander standing in front of a pair of Nautel XL-30s at KCMN/KCBB in Colorado Springs.*

**Gil Garcia, Clear Channel RVP/Engineering, Southwest.** Covers 150 stations.

On Continental's 816 series

For the longest time, maybe 12 years, I worked with the 20 HT Harris. I was scared of the Continental to begin with because I knew of nobody who actually repaired them—because they never went down, that was the problem. So that made me scared of the transmitter. Well, I finally got my first Continental put in. And besides the fact that there were a couple small things damaged in the shipment, like interlocks, after those were fixed up and tightened up, you turn them on and the damn things just ran and ran and ran. The two things I liked about the Continental, basically, is the simplicity of the unit itself. And the quarter-wave cavity helps out because it makes it a more stable unit. The fact that they use that and a 4CX15000A tube (probably one of the only transmitters as of today that does it) makes the effectiveness of that good on a 15-year depreciation.

If you were to take all of the transmitters that are out right now like the 20-kW Continentals and Harris and solid states, for the cost per dollar...if you were to figure out the cost of maintenance of solid states or replacing the tube in the others, over a 15-year depreciation, the Continental would probably be the best price. And you know why? Because 4CX15000A is cheaper than any other tube that's out there. So if you're a conscious person that likes to buy a transmitter that will last 15 years with just changing tubes, this is the way to go. And in this study I did with all of these different transmitters, I indicated a tube change every 2.5 to three years. And with the Continental and the 4CX15000A in there, they were good transmitters. Now, there's some other transmitters that Continental makes like the one with the YC-130 tube, which is in the 816 5C that has transferred now using a 4CX20000E. That is a good transmitter also.

The backing that makes that also good is the fact that they have a service after the sale. That's the key point to selling their transmitters. Because, I hate to say this, but some other manufacturers, they'll go ahead and put a transmitter out there and then after a period of time they'll say, "We no longer service or maintain the parts for this transmitter." When someone sent me that, I said,



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"Good, it makes me know I'm not going to buy another transmitter from you because you're not going to stand behind your products beyond a certain number of years."

The 816 Series is what Continental makes. I have had very little problems with their transmitters. Basically, they're just like tanks. They're good transmitters, they work real well and for the 816 series, I feel comfortable now that I've had the background of them. Now, I used to like the Harris transmitters, and I'll tell you why—because they broke down so much, you worked on it a lot. So you got to know it real well. Well, the reason people didn't like the Continental is because it sat there and never broke down and they got scared when it did because they had no experience with it. With the Continental, I felt like the Maytag repair man every time I went out to the site—it's the identical same thing.

**Cris Alexander**, Director of Engineering/  
Crawford Broadcasting:  
On Nautel transmitters

We have been using Nautel transmitters, both AM and FM, for many years. We originally chose Nautel on the strong recommendation of a trusted dealer, **Don Jones** of RF Specialties of Texas. Our first choice had been Continental, mostly because of a long history with that company. Nautel offered good reliability along with a growing track record, so we elected to give them a chance. This was in 1989.

Solid-state operation, reduced energy consumption, better fidelity and lower maintenance has been noted. Transmitters have a useful life in our organization of 15 years. After that they are replaced and enter auxiliary service. As such, 20+ years of support is needed. We are this year replacing our first generation of Nautel transmitters. We have every expectation of support to 20 years and beyond.

Now on the topic of HD Radio, we will not make analog purchases now that are incompatible with future (or present) HD operation. Most of our Nautel transmitters have operated flawlessly for years. A couple have had chronic maintenance problems. Nautel customer support has provided timely service and parts. Turnaround on repairs is not necessarily speedy, but overnight module exchanges are offered. Customer service is great. Nautel transmitters are competitively priced, and the value is excellent. They are definitely worth the price because of their reliability, efficiency, on-air sound and product support.

All technical equipment purchases are made at the corporate level. As such, we endeavor to stay abreast of the latest technologies and product releases. When it comes time to purchase a new transmitter, we define the application and from

that, put together a list of candidate products and evaluate each candidate product. We then make a selection based on application fit, past history with the manufacturer, and price.

**Joe Vilkie**, President/CE Vilkie Communications' WGRP-AM Greenville, PA.  
On BE's AM 1A transmitter:

Well, we needed a transmitter right away, due to a station that was a dark AM that I was going to LMA. I was working with the owners trying to find something for it, because we're in the process of buying the station, too. The station was WGRP-AM 940 in Greenville, PA. Basically, we had tried other suppliers who just continuously gave us target dates that were inaccurate. They simply couldn't come through when we needed them to on this. Another transmitter has been ordered from another supplier and they later told us they couldn't make the ship date. So I was extremely upset about that and I'm like, "Well, we move on." So I called BE. They said they could have one to me the next day if it were an emergency. Well, I didn't need it that next day, but I needed it within a week or so. They said that was no problem. They put me in touch with **Chris Onan**, one of their suppliers at Tech Net. They took care of it and I had the transmitter (this was the middle of December this was all going on). I made the call to BE with my problem the Friday before Christmas, and I made my order that day. I overnighted a check to them and I got my transmitter on Christmas Eve, ready go on 940 with the external tuning unit. Let's just say I took Christmas Day off, I was installing it the day after Christmas to get it on the air because the license had a drop-dead date of January 5th and I had received an STA on the station.

It's been on the air since, I've been extremely happy with it. It hasn't batted an eye. I turn the thing on and it stays on. And considering we had a pretty cheesy antenna system for a while, to get it on the air at the beginning, I was extremely pleased with the transmitter's ability to operate into a poor load while we were trying to get a suitable load for it. It took us a while to kind of get a load together for it, and we're still improving it now. But that transmitter, when it had a bad load, it would shut off, obviously. However, it was very forgiving in giving us an opportunity to gently operate it into a bad load and get the thing up to snuff. Another engineer that I work with, he was really surprised at how well it worked and how it would work into a bad load. It was easy on us, and I was totally pleased with the transmitter through and through. And it sings like there's no tomorrow right now—we have an Adult Contemporary format being run on it right, so it plays music all the time.

RBR July 2004

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# SPECIAL REPORT:

## Station trading since the 2003 thaw

by Dave Seyler

One of the results of the FCC's infamous broadcast ownership rulemaking last summer (6/2/03) was a freeze in the processing of stations transfers, while the FCC worked up new forms to accommodate the new rules. At the same time, coincidentally, Radio Business Report was undergoing some internal changes, including in the way we were capturing and recording trading information.

One consequence of our changes is the chart below. We were able to start fresh, capturing data on every deal, and dating it by the day the FCC accepted it for filing.

We do not pretend that this is a be-all, end-all list. We ignore deals filed on Form 316 altogether (these are generally deals involving internal organizational changes that leave the licensee basically intact). And we've made a few minor changes in our system along the way. For instance, when a noncom changes its board and files a Form 315 on it, or in a family-to-family cashless inheritance situation, we now treat the transaction like a 316. That is, we ignore it. Some such deals are factored into early station counts but obviously never contribute anything to dollar amounts.

### Slow and steady

Most of the trading since the freeze ended has been on the radio side, and it's been in markets 100-smaller and unrated markets. There was an initial spurt of pent-up deals in August, followed by a mini-freeze in September when, ironically enough, the FCC's rules were themselves frozen by the Third Circuit Court.

The single biggest deal was a TV deal—but it wasn't a traditional deal. At the beginning of 2004, Freedom Broadcasting restructured for some \$2B+. We estimated \$750M of that was attributable to Freedom's television stations, so it went into our books at that level.

Scrpps bought five Shop At Home stations, filing paperwork the same week. That deal, at about \$235M, was another of the few getting into nine-figure territory.

In short, there have been no real blockbusters. The main reason is that much of the heavy lifting has been done on the radio side in the eight years since Telecom 1996 went into law.

On the TV side, the rules haven't changed yet (and may not). The FCC ruling would greatly

liberalize television duopoly rules, and would raise the national potential audience cap. The expectation is that if and when the new rules kick in, they will kick off a major round of trading.

Blockbuster radio deals remain a possibility, and will become more likely as the economy and stock markets stabilize. Until then, large market deals have been a secondary trading trend, usually involving standalone AMs or cluster fill-in stations. The biggest trend has been group building—several new entrants to the group ownership business have been very active establishing themselves in small and unrated markets.

Month	Deals	AMs	FMs	TVs	Value
08/03	74	50	60	18	\$265,508,186
09/03	64	38	50	4	\$88,845,910
Q3 2003	138	88	110	22	\$354,354,096
10/03	93	70	96	12	\$588,964,218
11/03	59	29	43	10	\$201,123,234
12/03	71	51	83	7	\$334,860,933
Q4 2003	223	150	222	29	\$1,124,948,385
01/04	51	40	51	25	\$1,339,766,506
02/04	37	30	41	0	\$186,666,525
03/04	69	41	53	5	\$196,228,511
Q1 2004	157	111	145	30	\$1,722,661,542
8/03-3/04	518	349	477	81	\$3,201,964,023

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By Jack Messmer  
jmessmer@rbr.com

## Want to be a General Manager? Do you have what it takes?

If you are in station management, or even if you haven't yet gotten that far, you may have it as your goal to become a general manager—overseeing all operations of your company's broadcast station(s) in your market. But do you know what you should be doing to reach that goal?

To find out how people are selected for their first GM jobs, we asked three people who know—CEOs who pick those market managers for their companies. To get a variety of opinions, we sought input from the CEO of a large radio group, a small radio group and a TV group. There are a lot of similarities in their responses, but also some interesting differences.

**Lew Dickey**, Chairman, President and CEO of Cumulus Media

### How do you find baby GMs?

"We do a couple of different things. In our company we have what we like to call our farm system—it's built inside of our company. Some of our smaller markets, which we've also talked about as Cumulus Lite markets, end up producing great talent for us, which is why we've been asked over the years 'why don't you sell the smallest markets?' and we have no desire to do so, because we view them as an excellent farm team. Our company culture is one that does an awful lot of promoting from within. We have a very distinctive operating culture and once they get in and learn it we want to keep them in the organization and advance them within our organization."

### What are you looking for to promote from within?

"Our company is very sales driven. We have an awful lot of programming support from Atlanta. We're very centralized in that respect. All of the managers in our company come up on the sales side and we definitely plan to keep it that way. Generally the folks who are promoted to market manager within our ranks are sales managers—directors of sales or general sales managers. They've obviously demonstrated an ability to manage and recruit people, which I think is very important. They've demonstrated an ability to be hard working and smart and they're generally well organized."

### Do people usually move up in the same market?

"Sometimes we think it's important to move people around. So, if a general sales manager is looking for a gig and the market manager in that market is moving on, it's not always the best thing to give that general sales manager the job. Sometimes it's

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better to move that general sales manager to another market within your company and let them earn their stripes in a different market. We've found that it doesn't always work for that person to go right from general sales manager to market manager. It may make more sense for that person to go be market manager elsewhere, go down there and do very well, and eventually move back to the original market with their stripes and their track record as a general manager. Their confidence is higher and it's a more natural and logical progression to do it that way."

#### **What do they need to know besides sales?**

"Our group is very systematized, so they will already be aware of our budgeting system—as market manager they will have additional responsibilities. We put our new GMs through a course on how we handle engineering, how we handle promotions, how we handle programming, how the business office functions, and basically orient those general managers to the things that we do. These are systems that are indigenous to Cumulus. It doesn't necessarily mean that they are ready to go be a general manager somewhere else. We have our own way of doing business. So if we hire and bring someone in from outside the company, they go through the same training."

#### **How's your track record of promoting from within? Is it successful?**

"Yes it is. It's been very solid for us. What we found early on is that where we did make stumbles was moving people from general sales manager right into market manager in that market. That didn't always work out, which is why we shifted to Plan B and moved sales managers more to our farm team in our smaller markets first as market manager and then promote them up from there."

**Rolland Johnson**, Chairman & CEO, Three Eagles Communications

#### **What are you looking for when promoting someone to their first GM job?**

"We would like somebody who has preferably lived in the community, typically we would like somebody who has programming experience, but also sales experience. Most of our people have programming backgrounds, because our stations really operate on serving the community first. We still believe strongly in the AM full-service

concept. Our FMs tend to be mass appeal, but also full-service. So the people really have to know the community and they need to know programming. They probably need to know a little engineering, they need to know a little traffic, because in a small operation they end up doing a lot of things. But all of our general managers have a pretty heavy account list that they carry, so sales is an important part of what they do."

#### **Other groups emphasize the sales track, but you focus on programming. Is that a difference in philosophy, or just the size of the markets?**

"I think it's probably a little bit of both. I wouldn't say we emphasize programming, but it's important for us to have somebody who a) knows how to be on the air and knows what the programming is all about. I don't need the FCC or somebody to tell me what is indecent. Our markets know what's indecent and our people know what's indecent because they're involved in their communities. So they really need to know what kind of things the community is interested in, whether it's sports or weather or news or public affairs. We believe in public service announcements. All of our people do ascertainment. The government isn't requiring them, but we do them because we think it's just good business to do them."

#### **But GMs need sales experience as well, right?**

"Probably the only guy we have who wasn't in sales before management is our guy in Salida, CO, but he had been in the community for so many years—he'd been at the station for 27 years, I think—and he'd done sports and he'd done refereeing and he'd done everything else. A guy like that knows sales and we do extensive sales training. We've done the customer-focused selling and the co-learn program last year and a half, so we do a lot of training. Sales is an important aspect of what we do. Until the last two years, when agriculture really hurt us, I've never been involved with a station in ownership or management that didn't do double digit increases each year, so we push the revenue line pretty hard. That's why we're in the business in the first place."

#### **Have you made any mistakes over the years in who you thought would be a good manager?**

"Oh sure. I'm certainly not going to name names. And people change. I've had managers who were really good in one situation that I moved into another situation and that situation was overwhelming to them. Some people can run a single FM really well, but not be very good at running five or six or

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seven radio stations under the same roof that are all being full-service radio stations. That takes a unique individual. So yes, I would say that we have made mistakes—not many! By and large, we've been relatively pleased, and particularly if you promote from within you've had a chance to look at those people for a while and to really analyze what they're doing."

**Perry Sook**, President and CEO of Nexstar Broadcasting Group, Inc.

**How do you select new general managers?**

"We obviously spend a fair amount of time trying to identify and recruit talent to join our company and then beyond that, we look to identify folks that are promotable within our group. To that end, our last four general manager openings have been filled by internal candidates. Our thought is that a rookie GM is just that—a first time GM in either our company or a first time GM for that individual—and in most cases the tie-breakers go to those that have already learned our systems and are familiar with our markets, rather than bringing somebody in from outside who would have to learn both of those, even if that person may have some general manager experience."

**For someone wanting to move up, what should they do?**

"I think that a general understanding of the business, particularly the financial side of the business, is a must for anyone aspiring to become a general manager. We're judged by our constituencies, which are our investors, our lenders, our viewers and our advertisers, by three basic things, which are our top line revenues, our bottom line profits and that which comes down on the screen. So, knowing and putting on the product is not enough. You not only have to deliver on the top line, but you have to manage your business as a business, because there are folks that solely look to the bottom line number as a barometer of performance. So, being conversant with managing a business and understanding a P&L [profit and loss statement] is probably, for anyone aspiring to management, and in our company something they need to know or need to learn."

**Have people come from areas other than sales?**

"We have promoted individuals to the general management ranks with other than a primary sales background. Two instances in particular where the individuals had strong operations backgrounds and knew programming, production and the inner workings of the station. But in each case those individuals had shown a strong propensity to either learn or work with the sales department and understood that making a cash register ring is basically what a television station's business is. In each case, even though they didn't have a sales background, they had a keen appreciation of the need for the sales department to perform at a high level."

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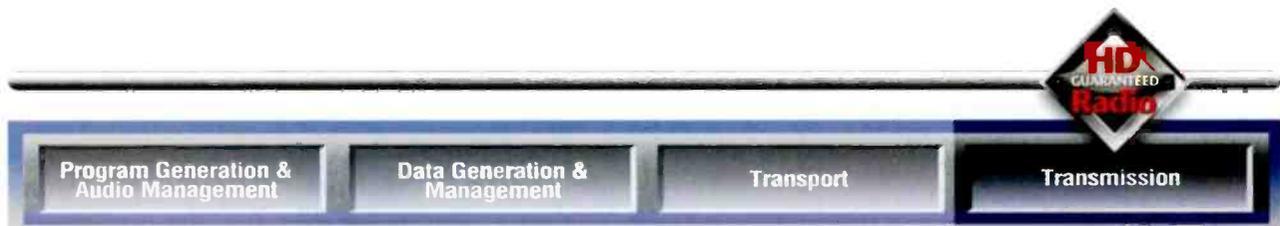
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