Interep thanks all of our panelists and attendees for making our 2nd Annual Radio Symposium – “Radio’s Reinvention” – such a success.

Special thanks to our co-moderators - Victor Miller, Sr. Broadcast Analyst for Bear Stearns, and Drew Marcus, Vice Chairman of Media & Telecom for Deutsche Bank Securities – for bringing their informed perspective to the day’s discussions.

And, of course, a big thank you to our panelists and sponsors, who made it all possible.
“Jack” invades NYC and Chicago as Infinity cancels Oldies

“God, it seemed like we had shot somebody when we changed the WCBS format,” said Viacom Co-President/COO Les Moonves at an investor conference after hearing several days of public outcry over Infinity jettisoning Oldies from WCBS-FM New York and WJMK-FM Chicago to launch two new “Jack” stations. With some of the country’s best-known (and highest paid) Oldies DJs suddenly up for grabs, Sirius Satellite Radio moved quickly to sign “Cousin Brucie” Morrow to host three shows a week on one of its channels, giving the renowned New York DJ access to a nationwide Oldies audience.

RBR observation: In radio, 55+ is still a demo that no one seems to want. Never mind that the babyboomers, who are increasingly moving into the demo, have lots of cash and know how to spend it. Advertisers want the younger demos. Lets face it, “Jack” is an Oldies format, but it’s an Oldies format aimed at the generation in the lower half of the 25-54 demo, just as Oldies was aimed at the generation behind the Adult Standards crowd. After big success with the Jack format in LA, Infinity didn’t want to sit back and let someone else grab the territory in New York of trying to program a station like an iPod on “shuffle” with a broad playlist from the ’50s through the ‘90s. Thus, on June 3rd, loyal listeners to WCBS-FM endured the shock of hearing Frank Sinatra’s “Summer Wind” end the Oldies era, with the new Jack debuting by playing “Fight For Your Right.” We’ve been hearing from lots of programmers with differing views on the format flip. Some say Jack is too broad, lacks personalities and is destined to be a short-lived fad. Others say Infinity had no choice, it had to ditch Oldies as its audience aged and revenues declined (although BIAfn estimates the WCBS-FM still took in $34.1 million last year and WJMK $20.3 million). The only thing we can say for sure is that none of us is getting any younger.

Clear Channel issues RFP for new ratings system

It’s something that Clear Channel Radio has tried before—issuing a request for proposals (RFP)—for a new radio ratings system to replace the current Arbitron diaries. But back then, CC Radio was in the midst of a contract renegotiation with Arbitron and it eventually did renew its ratings contract. But now CC Radio CEO John Hogan isn’t just looking for a better deal, he wants a new, high-tech system to replace the diaries. And Clear Channel isn’t operating on its own. The radio giant says it will be conferring with other broadcasters and representatives of major advertisers and agencies to find an up-to-date ratings system for the radio industry. Rather than feeling put on the ropes, Arbitron is celebrating the move as an opportunity to accelerate adoption of its Portable People Meters, which are being tested now in Houston. “In July, we will present to Clear Channel and to the radio industry a ‘fast-track’ proposal that could deliver Portable People Meter (PPM) radio ratings in the US as early as April 2006. What we will unveil next month is a ‘radio first’ PPM rollout plan. This plan will give radio the earliest possible benefit of an electronic ratings system while allowing other media the option to participate at a later date,” said Arbitron CEO Steve Morris.

RBR observation: We’re not naïve enough to believe that Clear Channel isn’t also using this RFP process as a way to exert some pricing pressure on PPM, but Arbitron could be the ratings team to beat, since PPM has already been tested once in Philadelphia and now in Houston. That’s not to say there won’t be other contenders—and they’re pretty well known already. When it comes to passive, electronic audience measurement, the competitors are Arbitron’s PPM, the Media Monitor from Italy-based Eurisko and the MediaWatch from GfK/Telecontrol in Switzerland. All three devices are based on recognizing audio sources. PPM requires encoding by the station, while the other two use audio sampling to match against monitoring of station broadcasts. The MediaWatch, which is worn like a wrist watch, was handed a setback a few months ago when it did poorly in tests by the UK’s RAJAR ratings consortium. GfK/Telecontrol has disputed those results, but its system is out of the running as RAJAR continues testing PPM and Media Monitor, both of which have panelists carry devices the size of a pager.
TAKE NIELSEN WITH YOU TO THE TABLE.

Ask your Nielsen rep about products that help you achieve your goals.
Local People Meters fire up in two more markets

After agreeing to hold off for 28 days so local broadcasters could compare Local People Meter (LPM) data from the May sweeps to traditional meter/diary results, Nielsen Media Research was set to make LPM the ratings currency in Washington, DC and Philadelphia as of June 30th. Meanwhile, Nielsen was supposed to get people into the field to work with LPM households to reduce fault rates, which had been a prime complaint by broadcasters. "What we're simply asking and would like to see them do is improve the fault rates and the in-tabs to make their service deliver the product they said they were going to deliver," said Tribune Broadcasting President Pat Mulllen, who had written to Nielsen on behalf of a dozen and a half broadcast groups—including CBS and NBC, who had complained publicly for the first time about LPMs.

Not all broadcasters are dissatisfied with LPMs. Entravision's VP/GM in DC, Rudy Guernica, was disappointed by the 28-day delay. "Spanish TV has suffered for a long time from under-representation in the sample, which indirectly leads to lower and unstable ratings," he said. "Nothing's perfect. There are still some areas that need improvement, but I don't see how anyone could argue against a system that basically is trying to eliminate a lot of the subjective biases of your personal memory, which is what comes out in the diaries...and how anyone can argue against an increased sample size."

**TVBR observation:** Meanwhile, News Corporation is working hard on Capitol Hill to build support for a bill drafted by Sen. Conrad Burns (R-MT) which would regulate the TV ratings business and mandate accreditation by the Media Ratings Council before Nielsen could launch a new service, such as LPM. We've seen these lawmakers and regulators up close and personal folks, and we can tell you that you do not want them sticking their nose in your business. The TV industry needs to resolve this without involving the government. But we understand that there is frustration with Nielsen. That's why we recently asked Nielsen Media Research CEO Susan Whiting how she would answer critics who say Nielsen is arrogant and non-responsive. "Well I think that none of us want to be characterized as being arrogant or unresponsive, and everybody here is actually focused on trying to manage and stay ahead of client requests. The issue is that we have many clients who compete with each other and I have often found that when we have to make a decision and people don't like the answer, then that's when we're often called arrogant. And I do hear it and it is the last thing I ever want to hear about a business and particularly a business that I'm responsible for," she said.

**Editors note:** Listen to an audio clip from Susan Whiting's recent interview.

**2004-2005 season: CBS, ABC and Fox celebrate**

That, of course, leaves NBC as the odd network out, having given up most of the territory that the other big three turned into gains. CBS won the season overall and in most demos, but the Super Bowl and "American Idol" helped Fox recover from a soft first half to finish strong and claim the lucrative 18-49 demo. But having come from so far down, it was ABC that had the most to celebrate, rising strongly on the success of "Desperate Housewives," "Lost" and, its latest new hit, "Grey's Anatomy."

**Primetime averages 2004-2005 TV season (09/20/04-05/25/05)**

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</table>

Source: Nielsen Media Research

**Viacom on track for Q1 2006 split**

Having decided that media conglomerates are old hat, Sumner Redstone is moving ahead with his plan to split Viacom in two. The company's board of directors approved the split last month (6/14) and filled in a few of the details about how the break-up will be done. As expected, the broadcast operations will be part of the company to be called CBS Corporation, headed by Les Moonves, consisting of CBS, UPN, the O&O TV stations, the Infinity radio station, Viacom Outdoor, the Paramount, CBS and KingWorld production operations and a few stray assets—Showtime, Simon & Schuster and the Paramount theme parks. In legal terms, it will be the continuation of the current Viacom, with the rest to be spun off into a new company, which will get the Viacom Inc. name, to be headed by Tom Freston. It will have the MTV Networks (MTV, VH1, Nickelodeon, Comedy Central, CMT, Spike, etc.), BET, Paramount Pictures, Paramount Home Entertainment and Famous Music. The new Viacom is being styled as the growth stock, while Redstone called CBS Corp. "a strong generator of free cash flow." He'll still be Chairman and controlling stockholder of both companies. But it's clear that Redstone's favorite offspring will be Freston's company.

**TVBR observation:** The big question is whether the split will actually accomplish what Redstone wants. Will investors pay more for stock in the two parts than they're currently willing to pay for the whole? If not, then the split will have been for naught. At Thomas Weisel Partners, analyst Gordon Hodge values the "content assets" (Freston's company) at 15-20 times EBITDA, making them worth $31-41 per share, while he values the "distribution assets" (Moonves' company) at 10-12 times, or $19-23 per share. Subtract $7 per share in net debt and reduce by 20% because of Redstone's voting control—you come up with a sum-of-the-parts of $33-46 per share. Lately, Viacom's stock has been trading at the low end of that range, so there is room to move up.
Who in your company or stations deserves a pat on the back and why?

Joe Pomilla, Station Manager WFLA-TV Tampa (NBC):
I would like to nominate Carol Ward. Carol is a sales manager with our station, WFLA-TV, and has successfully led a strong team of account managers to success in NTR, transactional and convergence sales. We are unique in the broadcast industry with our co-location and converged work with our newspaper partner, The Tampa Tribune and Internet partner, TBO.com. Carol has lead our campus team to new heights with her work on custom initiatives leveraging the power of our three platforms. We would not have seen the success we have achieved without her leadership and passion to win. Thank you for considering a valuable and well deserved candidate.

Chris Wegmann, VP/Market Manager, Cox Radio Atlanta:
I have a couple of people who come to mind that have made a difference in Radio in Atlanta for many, many years: Krista Johnson has been the Market Comptroller for us for close to 30 years, she is well respected in the market and is one of the driving forces for Radio equality among TV and newspaper. If you are interested I will gladly send you more information about her, she is truly someone who has made a difference.

Heidi Mason is our production manager overseeing that department for our five-station cluster, no small accomplishment considering the volume we do here. She is an absolute source for just about everything in town when it comes to missing or lost copy, quick with a smile and a 'can-do' attitude. On top of all that she still manages to have normal hours, now that is saying something, on top of that she has been with us close to 10 years now.

BTW, I spoke at Dick Oppenheimer's class in April, actually his 72nd birthday, and we spoke about RBR/TVBR. Stay independent and keep the standards high, we need more people like you asking the tough questions.

Bob May, CRMC/General Manager, Legend Communications of MO., Clinton, MO:
I would like you to consider my entire staff! Over the past year of rebuilding our radio stations in Clinton, Missouri, the entire staff pitched in to assist in remodeling our studios and offices. In this day and age, I feel this to be a remarkable effort. Here are some examples. Jim Lawson, our morning man and ops manager...helped to tear out the old consoles, carpet from the walls, helped to paint the transmitter building, installed insulation and ceilings/walls at the transmitter building and recently when we remodeled the front office...Jim and his wife actually came in and did all the painting.

One of our account executives, Amber Dawson, took charge of the station bathroom (only one...we're a small station) and cleaned it, painted it, went out and purchased a new mirror and towel racks, had her father customize a couple of doors to over a storage cabinet and then painted the entire room herself.

David Lee, our News Director, and his wife teamed up to paint the newsroom and dress it up with some personal touches.

Our part time high school students even got into the act and helped to paint two rooms during the remodeling.

Another account executive, Bev Hansen worked over our front yard flower beds.

Our Business Manager, Nettie Branscome and receptionist/web master, Jennifer Schlagle managed to redesign the layout in the front office and streamlined our billing system and front office procedures. I pitched in and took charge of the installation of all of the soundproofing materials on the studio walls and oversaw all of these smaller projects. It couldn’t have been done by outside contractors in the same manner that our staff did it...the outcome would not have been the same...the teamwork and pride that each person has shown is a great thing.

Two of our company engineers, Charlie Dozier from our Wyoming Stations and Bill Hicks from our Ohio/West Virginia stations came to Clinton for more than a week to assist our engineer with the major installations of the new FM transmitter, antenna and transmission cable and the complete remodel of our FM transmitter site.

Virtually everyone on our staff of 12 did some kind of "extra effort" during our one-year remodeling project...which included a complete upgrade of all of our studios and transmission equipment. The company (Legend Communications-Owners Larry and Susan Patrick) invested over $200,000 in the project...our employees invested hundreds of extra hours to improve their working environment. Hope you’ll consider the KDKD Staff as "people that have and do make a difference!"

Bill Ballard, VP/GM WIAT-TV, Birmingham, AL (CBS):
Dave Parker. Dave is the GSM of WIAT-TV in Birmingham. Since his arrival here he has taken our sales department to new levels. He has grown our market share by over 40% since his arrival here 18 months ago. A seasoned sales professional having worked in local and National sales: Telerep Chicago; Chicago (CBS Spot Sales), Los Angeles (KCIS), Miami (WBFS-TV) and now GSM of WIAT, David has a track record of success at each one of his Sales Management positions.

Richard Lewis, RVP/Market Manager, CC Radio Philadelphia:
I would like to suggest that Thea Mitchem, Urban Ops Manager for Clear Channel Radio in Philadelphia get the recognition. She transformed one station (WUSL) to its present on-air form, while maintaining it’s high ratings. This included new shows, new staff, all while continuing to instill a winning attitude. She also oversees WDAS-AM and WDAS-FM, two legendary stations in the market, the format and in the business. Thanks!
An Open Letter to the Radio Industry:
The radio industry is about to face a major decision regarding delivering the accountability that advertising clients have been demanding.

Making Electronic Measurement a Radio Reality
Arbitron is excited to see the growing recognition of the need for new tools to demonstrate ROI to clients. To satisfy this need, this month, Arbitron is preparing to present the radio industry with an early proposal to deliver Portable People Meter (PPM\textsuperscript{SM}) radio ratings in the U.S.

Next Steps for the Radio Industry
To move electronic measurement forward, the radio industry needs to act.

We are calling on the RAB PPM Task Force to act promptly on the information we have provided in response to the 218 questions they posed to us regarding our PPM ratings system.

We call on the RAB Board to release, as soon as possible, the results of the Forrester study of the Economic Impact of Electronic Measurement.

We ask that radio groups, stations and agencies devote the necessary time and resources to evaluate the audience estimates from the Houston PPM market trial that we will begin delivering later this summer.

And we urge the Media Rating Council\textsuperscript{R} to conclude, with all deliberate speed, the audit of the PPM ratings system that they began last September.

The Time for Electronic Measurement Is Now
PPM means improved accountability for radio. Improved accountability means radio gets in more media plans. The time has come for electronic measurement of radio audiences. Arbitron is redoubling its efforts to conclude successfully the market trials that the industry asked of us. And we are focusing our resources with the goal of introducing PPM radio ratings starting in 2006.

Best regards,

Pierre Bouvard
People make the difference!

We’re spotlighting the people really making a difference in today’s media biz. Often they aren’t found in the big boss’ chair, but out in the trenches, coming up with ideas, solutions and getting the hard work done. We’ve asked RBR/TVBR readers for suggestions in all facets of the biz—GMs, SMs, AEs, copywriters, on-air talent, CEOs, PDs and Traffic Managers to analysts, brokers, media buyers and research gurus. The purpose is to show the radio and TV biz are made up of people—people that get the job done, under often impossible conditions and circumstances. Remember, it’s people that work in successful companies that make those companies successful. Because of the huge response we’ve gotten, look for more of these categories in Part II of our August issue, also including Production, Engineering and Assistants.

Scott Stevens, OM, WBXE-FM, WKXD-FM, WLQK-FM/JWC
Broadcasting Cookeville TN:
I would like to let you know about Sheila and Tim Scruggs. Sheila works for WLQK-FM in Cookeville TN. Sheila works the morning show and is the PD.

Her husband Tim Scruggs is the news director for all of our FM stations and is the PD for WBXE-FM in Cookeville. They are very proactive in the community and hold board positions and are alumni of the Citizens Police and Fire Departments. The Scruggs really help to keep the local feel in radio in our area.

Thanks for the opportunity to share what we are doing.

She brings radio with her to help the Crime Stoppers National Night Out Against Crime that provides a fun and safe place for the children. Along with this Sheila and her staff are on the air for March of Dimes, American Diabetes Association, Muscular Dystrophy, and are local and regional award winners for their actions to help the American Cancer Society. Sheila is a true local radio hero.

Kim Styles, Styles Media Group:
Our company has an awesome PD in our Dothan, AL/Enterprise, AL Cluster. We have several great employees, but one in particular leaves me in awe. His name is Craig Cooper. Craig joined our company two years ago as the PD of WTVY-FM in Dothan. He programmed the station, scheduled the music and did an afternoon drive airshift. The station was in a heated country battle with the then market leader WDJR. The hard work of the entire staff resulted in a number one position across the board for WTVY in the Fall ’04 book.

Craig Cooper is now assisting us with the launch of the new WILD 100 in Dothan. He continues to schedule the music for WTVY, WJRL (Classic Hits), and WLDA (Wild 100, Rhythmic CHR) and now does his airshift on Wild 100.

These tasks are extraordinary for one person and especially for Craig, he is blind. He has a special Selector program for music scheduling and his computer has a special Braille printer. He memorizes how many steps it takes to walk from studio to studio, and even “watches” TV for show prep.

Craig is an inspiration to me, as I am sure he is to many others. I have never told him how amazing I think he is, I didn’t know how to...but I wanted to write to you so that you may share his story with others.

Research

Peter Eilenberg, Christal Radio:
I nominate Maggie Hauck...LONG TIME research director for the Katz Radio Group. Although she is now primarily focused on doing research and research pieces for our COX client stations, she is always willing (as long as I get her a skim milk cappuccino), to help with any market, any question. I fully trust her answers, and I am also completely confident that if Maggie says there is no answer, that no competing rep is going to come up with one.

And not only does she either have the answer or know where to get it, she is never ever impatient and I never ever get the feeling that she is thinking, “YOU IDIOT, WHY DON’T YOU KNOW THIS?” She takes the time to explain fully and is also always willing to get on the phone with a buyer or supervisor and explain to them as well.

The KRG would not be the same great group we are without Maggie, not only because she makes all of us appear smarter, but also because she is a fixture here with us and I feel better knowing she is with us and not against us. I can’t think of anyone in my 35 years of radio who deserves recognition more than she does.

If there was a radio Jeopardy, I’d bet my house on Maggie Hauck.

John Rosso, SVP/ Affiliate Relations/ Business Administration, ABC Radio Networks:
I’m sure you’ll get plenty of emails nominating you for this honor...given your outspoken support for our business. However, since I’m sure you’ve disqualified yourself, I’d like to nominate Dr. Tom Evans, SVP/Research at ABC Radio Networks. No network researcher in my memory has ever been as synonymous with the word “credibility” as Dr. Tom.
Erich "Mancow" Muller

FM TALK'S TOP PICK

Whether he is Chicago's unpredictable #1 rated morning show or one of the highest rated segments on the Fox News Channel (as a regular on Fox and Friends for 6 years) Erich "Mancow" Muller's national syndication is one of the hottest national launches in radio since the fairness doctrine was overturned - changing radio forever. Mancow looks poised to change radio once again.

Say's Muller, "We have cracked the code, and we are doing a show that is a pop-culture explosion every morning and is all over the place. It is the fastest paced show in radio, and I think it is the future." Indeed, Erich "Mancow" Muller's Fall ratings in America's third largest market (Chicago) expose his top market status as a ratings titan. In the Fall Book, in a head to head analysis Mancow's Morning Madhouse pulled a 17.3 share for men 18-34 in Chicago, while Howard Stern's male 18-34 number was only a 6.2 share - beating Stern by an astounding 88% in that key demo (Ranking Mancow #1). For the male 18-49 demo, Mancow was also ranked #1 with a 7.1 share versus Stern's 3rd place ranking. Finally, in men 25-54, Mancow pulled a massive 5.9 share in Chicago's brutally competitive morning drive.

"Mancow's massive numbers in Chicago and other markets are a sampling of what TRN-FM soon will be able to reveal with Mancow's Morning Madhouse nationwide. This show is simply brilliant; there is no other way to put it," says Mark Masters CEO of TRN-FM the company that syndicates Mancow.

"So the Mancow show does well in major markets. But will it play in Peoria?" The answer is a resounding "YES," according to Gabe Reynolds, PD of Mancow affiliate WWCT/Rock 96.5 in Peoria where Mancow's show just pulled a 9.3 share (male 18-34) a 6.8 share (male 18-49) and a 5.4 share (male 25-54). "We brought Mancow to town this past May and Peoria is still talking about it. With Mancow's Morning Madhouse listeners and the competition stand up and take notice."

Peoria is not alone. In Knoxville at WNFZ in the Fall Book Mancow's Morning Madhouse pulled a 17.3 share for 18-34 men, an amazing 10.5 share for men 18-24 and an amazing 11.3 share for men 19-24. At KAZR, Des Moines, Mancow's show pulled an incredible 18.2 share for men 18-34, an 11.8 share for men 18-24 and an 8.2 share for men 25-54. Steve Goldstein, Saga Executive VP says, "Cow is the man and has delivered for us in Des Moines for years."

Mancow: Ratings with Revenue

Besides his undefeated top five market ratings, Mancow's Morning Madhouse has been able to attract a vast array of national brand advertisers. Joe Hubbard, National Sales Manager for Emmis' WQKX FM reacted to news in June 2004 that Pioneer Electronics had bought within the show "I am very pleased that a national account such as Pioneer has recognized the obvious difference between the Howard Stern Show and Mancow's Morning Madhouse. They will now join such clients as Nissan, Car X, Comp USA, and Comcast, that have begun marketing on Mancow's Morning Madhouse since the beginning of 2004. These clients have not received any negative feedback and have only reaped the benefits of finally reaching the elusive male 18-34 demographic they could not reach anywhere else." In addition to the above, over 20 other national brand advertisers have found Mancow's program to be a highly attractive environment for their message.

McDonald's, Southwest Airlines, Blockbuster, Pepsi, Pontiac, Fox and Volvo to name a few - have discovered the power of Mancow. In a typical two day period, Mancow's guests have included former Clinton mastermind Dick Morris, television's Dr. Phil, "Star Trek Enterprise's" Scott Bakula, rocker Marilyn Manson, former GE Chairman Jack Welch and powerhouse producer Jerry Bruckheimer, to name a few. His topics in a single show can cover areas as light as the hottest music, movies and pop culture to hard-hitting topics such as terrorism, personal freedoms and exposing the dangers of the occult.

Clear Channel in the Post Stern Era: The Tale of Six Cities.

Indeed, without a star of Mancow's magnitude to stop the audience exodus, Howard Stern was removed from six Clear Channel's stations last spring, a shocking tale of woe has been visited upon those stations since Stern's departure. On average, male 18-34 audience has declined around two thirds in morning drive across those signals, and male 25-54 numbers is even worse. "Even with CC's best efforts to replace Stern with their best bets, the morning drive ratings of those former Stern stations looks like they have been hit by the Ebola Virus," said one top market PD. "Is this what is in store for existing Stern affiliates after January 1st?" General Managers, P&Rs and consultants who have analyzed the top markets agree that there is only one franchise player that has consistently beaten Stern in the top ten markets and is capable of being the antidote - both in ratings and revenues - to the viral audience meltdown that may follow Stern's departure, that antidote - Mancow.

"Let's be frank - the reality is that a listener's loyalty does not exist because of the call letters or dial position, it exists only because of the bond between the talent and the listener. When that talent is no longer there, those who don't want to pay hundreds of dollars on hardware and then $120 or more a year to listen to Stern on Sirius are going to be out there sampling for a new morning radio station."

"On the one hand, you have Mancow, who hosts a show with a proven track record in multiple markets, both big (San Francisco, Chicago) and small, and has many years of success. On the other hand, you have an untested new show, no matter how big a name the individual hosting it might have, with absolutely no track record of success at radio in the top markets. Again, I ask you the question, "Who would you bet on?" Because if you are in a big market and you bet wrong (develop new talent or use untested small market syndication in a top market) then you are now facing with competing against Mancow in your market (he will be there because your competitor will take him if you don't)."

Indeed, without a star of Mancow's magnitude, the competition will be there and the listener will take him if you don't. "The result may well be that Mancow may be like a ratings explosion for the morning drive nation wide. If he is, station management who bet against Mancow will be gone in three to five books" says one top market FM talk executive. "...because a PD who sends Mancow across the street has just financed their competitors growth."

Utilizing Mancow's powerhouse strength to anchor the day, Clear Channel LA has decided to reinvent New York's WFAN morning formula on the West Coast with XTRA Sports 570. General Manager Don Martin says, "With the combination of Stern going away and Mancow entering the world of syndication we saw an opportunity to take the station to a whole new level."

Martin adds, "Besides Mancow's dominance in America's third largest rated market, Mancow has also been #1 in every market he has entered...entertainment wins, period. So we went and got the most entertaining show out there."

"Say's Muller, "Nothing conjures imagination like radio, and we really like breaking down those walls. No other show on radio does it the way we do. We create entire universes where people go mentally. That's really fun."
Bill Moll, President & CEO, Clear Channel Television:

Susan Adams Loyd, VP/GM, of WAWS-TV and WTEV-TV in Jacksonville, accepted the NAB's Service to America Award for Children on Monday, June 13th, in Washington, DC. The award is for her station's efforts to improve literacy in Jacksonville, FL. The Mayor of the city reads stories aimed at 4-6 year olds on a weekly television program, dozens of station employees go to elementary schools and volunteer their time to read to children, and much more.

In addition, Susan has won an "Eve" award, presented to women who make significant contributions in their communities.

The award was presented on June 3rd at a Jacksonville luncheon.

She has been recognized as a Clear Channel Television Executive of the Year, among many other well deserved accolades. She has served with distinction on the FOX Television Network Affiliates Association Board of Directors, the Florida Association of Broadcasters Board, and many others.

She is a natural leader, an exceptional teacher who imparts a strong sense of value and ethics and clearly makes a difference—to her family, her television station, her industry and to her community. She would be a strong candidate for your recognition.

Terrance Hooks, WTLC-FM/AM Indianapolis:

I would like to nominate my GSM Mr. Brian Harrington of Radio One of Indianapolis. Brian has been the glue that held Radio One sales department together while we were going through a transitional period (no VP/GM/LSM). He flawlessly managed five properties (WTLC-FM, WTLC-AM, WYJZ, WYHI, WJHH, WMIC).

Through it all he maintained his great sense of humor. His management style is warm and inviting, his open door policy makes it easy to get answers to your questions. When you talk about an individual who has made a difference in a company - Mr. Brian Harrington immediately comes to mind.

Eddie Seslowsky, VP/Station Sales, Warner Brothers Television:

Rick Meril is an impact leader. His ability to motivate and take his sales team to the next level separates him from his competition. Rick is a straight shooter, respected by his clients and a closer. Rick is responsible for leading the Los Angeles, Chicago and Dallas territories for all WBDTV syndicated programs. He is based in Los Angeles and is also responsible for many of the strategies and directions for current and future Warner Brothers Domestic TV programs.

Steve Morrow, SVP, Eclipse TV:

I'd like to recommend my partner and the president of Eclipse Television - Henry Schneidman. We started our syndication and marketing company 13 years ago after a long stint at Golden Gaters Productions (now TWI). Henry has been a very creative marketer providing clients like Jeep, Ford, Visa, Honda, AT&T and countless others, programming that fits their brand. He has brought executives into the TV trucks and the pre production phase giving them a voice and input throughout the process. He has been the driving force behind the top five TV tours in the country. He developed the idea into a summer concert series. He sold and executed produced several hundred hours of sports and entertainment specials. He has helped numerous charitable organizations by involving them in our sporting events - from Susan Komen to Snowboard Outreach to the MS Foundation.

In the 13 years of Eclipse TV, many smaller 'boutique' distributors have failed. Henry's vision and innovation has kept Eclipse profitable and at the forefront of our niche. He was quick to realize the potential of the web and has maximized the effectiveness of the programming from a grass roots level to the international field. He's done this without alienating friends and competitors and has maintained a loyalty to the past and present employees of Eclipse.

I believe Henry will leave a positive legacy in the industry - perhaps not one you will read about in the trades - but one that on an individual level leaves his contacts with appreciation for having worked with him over all these years.

Thank you for considering my nomination.

Shari Greer, Account Executive, Total Traffic Networks:

I would like to submit Dale Busic to the potential list of honorees. Dale is a West Point graduate, and he is a fine manager. His resources never surprise his team. He runs Total Traffic Network in Houston Texas, a division of Clear Channel. Besides having set up our traffic services when Clear Channel broke it's stations away from taking reports from other entities, Metro and Pulse, he also has positioned our company unit to be everything our competition is not. Dale is a fine leader, who gets the best from his people. Dale also is responsible for the political advertising, and NTR. His job is to handle Houston Sales for traffic and manage a five-person team.

He is always in our corner, when it comes to issues pertaining to his people or traffic. None of us feel like we work for a conglomerate. We work for Dale. We are very proud that man of such character landed in the radio industry. Prior to constructing the Total Traffic Network for Clear Channel, he was in the wine business. When you meet him though, you would think he has been in our industry for over a decade.

He deserves to be recognized. He takes on more additional responsibilities than any person in the eight-station cluster, and without kudos or dollars. He does it, because he can, and he can do it without much effort. He is our General Manager, and our hero. We are very proud to work for Dale. In the competitive industry we are in, Dale outshines most managers. Diligence, hard work, and a work ethic superior to anyone I have ever known in the industry. (over 15 years). Thank you for your consideration.
Promotions

Brad Goodwin, Quantum Comm. of Cape Cod: Ms. Cat Wilson is our three-station group promotions director, who finds/receives prizes from national companies where none existed before—thereby saving company (financial) resources. Furthermore, she handles the coordination of all in-stores, signage, and (sigh) value-added nuances that expand exponentially in a tourist-driven market—and does it with a smile...a tired smile at times, but a smile none the less.

Her first question each morning (to all of us sales troops) is: "Is there anything I can do to help?" And our last comment to her—post 5:30pm—is "have a great night" or "See you in the morning."

Finally—on top of all this, she pitched in for four+ weeks and returned to the airwaves. NOT as "the back-burner." She is there to do the job. I truly hope the Horizon Media clients, which in my continuing career of national spot sales which includes calling on literally hundreds and hundreds and hundreds of agency people and media buyers, no one cares more, pays attention more, or does a better job of doing RIGHT by her agency clients than Pat Millar of Horizon Media. Although she looks like she's only 22, Pat has been at Horizon Media NYC for years and years buying and supervising. Before that, she began her agency career in Cleveland. In my continuing career of national spot sales which includes calling on literally hundreds and hundreds and hundreds of agency people and media buyers, no one is more clear, concise, or professional than Pat. She is all business and NOTHING slips or is put on "the back-burner." She is there to do the job. I truly hope the Horizon Media clients, which include NBC, GEICO, and IKEA (just to name a few), are aware or become aware of the asset they have in Pat working to get their message out. If everyone in our business worked as she does, we'd all be laughing on our way to the bank. The reputation Horizon Media has among the buyers and sellers in NYC as a detail-oriented agency is ALL PAT MILLAR.

There are not only a lot of details to tend to in the national buying & selling process, but as I think about it, there are nothing but details. Pat has a superior work ethic and not just working hard is not the only thing Sandy does. She is always pleasant, warm, concerned, and willing to lend a hand to anyone who needs it. She really does "make a difference".

Sandy Sloane, Director of Marketing and Promotions WKIS FM/KISS Miami:

In the 20+ years I have been in the media industry as Director of Marketing and Promotions for television and radio stations in markets from Denver (KLZ AM, KAZY FM) to New York City (WQHT FM, WPIX TV) to Miami (WPOW FM, WKIS FM), it has been my good fortune to have worked alongside several people who have functioned as the "glue" of the organizations. You know the type...the person who holds the place together, making sure everything gets done, gets done well, and gets done with a positive attitude. During the past eight years here at 99.9 KISS Country/WKIS FM, I have had the pleasure of working with a young woman named Sandy Funk who personifies the concept of the "ideal employee". She truly is the "glue" here at KISS Country. Sandy has risen through the ranks during her 17 years here at the station. Her career at KISS Country began in 1988 as a part time promotions assistant. Even then, when making minimum wage and working many hours each week, I have heard stories of her always going the extra mile, stepping in whenever needed and learning everything she could in an effort to make her performance the very best it could be. Currently, she is my assistant, holding the title of Assistant Promotions Director. And working hard is not the only thing Sandy does. She is always pleasant, warm, concerned, and willing to lend a hand to anyone who needs it. She really does "make a difference".
Ron Posey, Citadel Broadcasting, Citadel Modesto/Stockton, CA: Ask Farid Suleman... Ask Judy Ellis who the hardest working Radio AE is in the US, they tell you a cowboy from Oakdale, CA ("Cowboy Capital of the World"). Working at the Modesto/Stockton Citadel cluster in Levis, cowboy boots, a baseball cap and driving a big pickup truck, every knows him simply as “Roper” [Mark McLean]. Even when Larry Wilson owned Citadel, Roper won every company wide sales contest. Although in today’s corporate climate, the big ticket sales contests are a thing of the past, but Roper continues to break all sales records. Case in point... for the month of May, Roper’s personal billing went over the $300,000 mark in personal sales with nearly 50% in local direct sales.

He’s also the King of the Festivals, which finds him on dozens of non-profit steering committees and executive boards. If you were to ask him about his free time, it all centers around his son and his son’s baseball team. Ask any of his hundreds of “fans” and only a few will know Roper’s real name, Mark McLean.

Jimmy Bass

Bob Horton, Cox Radio Birmingham: Jimmy Bass is a Senior Media and Marketing Consultant on behalf several Cox Radio stations in the Birmingham market. Being a top-biller is a direct result of his ideas for putting solid marketing plans together for clients. One major example is with casinos. Birmingham, though centrally located, is not a primary target for casinos. However, with the rise of celebrity poker and Texas Holdem’ gaining popularity he saw a niche that could be filled. He was able to go directly to one specific Resort and Casino, find out there needs and challenges and put together a marketing campaign that has been widely successful. So much so, that the casino has incorporated both the tactics and strategies he developed and put them into motion in their other markets. The end result is that this casino has become one of the biggest clients Cox Radio has in Birmingham.

He has taken some of those very same ideas and has helped others incorporate them to soundly fit for other clients in other fields. He leads by example and is very unselfish in taking his time to help others around him become successful as well. One thing I have noted is that he is very optimistic and hates to lose. Even his computer screen saver here has a picture of Dale Earnhardt’s car beat up after a race and it simply reads... “Winners Never Quit!”

Let me talk a little about him as a person. A couple of things really stand out, “leadership” and “optimism”. Before coming into radio Jimmy was a VP of a publication company, so he has managed others. But leadership doesn’t really stop there. This guy actually leads by example and his optimism rolls over into that. I have never seen a more can do attitude and it’s contagious. Attraction happens quiet a bit in this industry. Yet, he doesn’t let loosing an account and falling back slow him down. I have seen things that would make the others depressed or disappointed bounce off of him. It’s sort of like “that which does not kill me makes me stronger” type of attitude. He genuinely cares about other people and their success. He has helped more people, in all sorts of ways, to achieve their goals and close their deals including my own. I’ve heard him say something like success spins success and it’s contagious... and he is right.

Tracy Ovitt, Sales Manager, Burlington Broadcasters Burlington, VT/Plattsburgh, NY: Thank you for your inspired idea in recognizing some of the great people working in the radio industry every day. I would like to take a moment to nominate our account executive Sue Gosselin for inclusion in your publication.

I can say with confidence that everyone in our building—from sales to programming to the business office—would agree that they are absolutely awestruck by Sue. It’s not just the astonishing numbers that she brings in each month (although it’s worth noting that she routinely sells 50 to 80% more than the next-highest billers on our team—and it’s not because the rest of the team are slackers! They are veterans who are also pulling down large numbers each month). What is much more impressive about Sue is her passion, dedication and level of commitment to her clients. It’s the standard line in this industry to say that we’re all “marketing consultants” who are out there acting as partners with our clients; however, it’s not as common to find sellers whose actions truly match those words. Sue, on the other hand, embodies this philosophy to the ultimate degree. If a client mentions to Sue that they are having a particular challenge in their business, Sue makes it her personal mission to find a solution to help them. If they are looking for a promotional idea, Sue brings them three. If there is any question about whether a particular campaign will get results, Sue does everything in her power to make the necessary changes to guarantee that it will work. In an industry where there is constant pressure to hit numbers, Sue not only overachieves her goals each month by a substantial margin, but she does it by selling radio in all the RIGHT ways.

Interestingly, Sue had been a sales manager for a number of years and was hired as such in 1998 by our company. However, after continuing to manage for a short while, she made the decision that sales—not management—is truly where her heart lies. This is evident every day in the manner in which she interacts with her clients and the way that they trust her so deeply to help with their marketing decisions. I have never in my years witnessed anyone who puts more hours and effort into making sure that her clients, her coworkers and our radio stations are successful.

Possibly the most frustrating thing about selling radio is the number of times we hear, “I tried radio...it didn’t work.” This has always signaled to me that there are too many sellers in our industry who are running around badly trained or, worse, just out to make the quick sale. I feel so fortunate that our company has someone like Sue, along with the rest of our amazing sales team (Brian Crogan, Lisa Jacques, Tyler Radtke, Ellen Biddle, Chris Ashby and Arty Lavigne), to help solidify radio sales as a career and industry that we can all be proud to be a part of.
Whether it’s BUSINESS SENSE or just COMMON SENSE

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Traffic

Dave Parker, 5 Star Radio Group Clarksville, TN:
In response to your request to recognize those in the trenches, I'd like to take the opportunity to recognize our traffic director, Christy Anderson. Aside from the day-to-day issues and interruptions she gets from management and the sales team, Christy recently headed up the change in our traffic systems. I've been through system changes at other stations and experienced nightmares. I kind of expected that here, too. However, Christy was on top of her game and helped make the 3-week transition the most seamless I've ever experienced. On top of her daily and weekly routines, she trained for 3-weeks and kept us informed of every step. She always has a smile on her face—even when the inventory is oversold and she's having a hard time editing her logs. Kudos to Christy for a job well done—day in, day out.

Jeff Rehl, GSM, WTVN and WTPG Columbus, Ohio:
I'd like to nominate Sis Campbell (Traffic Director of WTVN-AM and WTPG-AM in Columbus Ohio as someone who makes a difference. Sis started doing Traffic at WTVN April 21, 1977. Today she is Traffic Director for two AM's in Columbus Ohio. She is a perfectionist with a very strong attention to detail. She's very fast at working a log while making sure the logs are ready to go at the start of each day. Her ability to maximize revenue day in, day out is the best in the business. And her teamwork with fellow Traffic Directors sets an example for all.

The most amazing example of teamwork was at Christmas time a few years back. During the holidays, a couple of our Traffic Directors took vacation time. We had two Traffic Directors secured for the holidays. At the last minute one Traffic Director was called out of town for the death of a family member. We leaned on Sis and asked if she could produce all of our logs for a week (Christmas week) for 5 stations. Without wavering, she said yes. On Christmas Eve while others were celebrating the holiday, Sis was doing the logs for several days and several stations until almost midnight. I stopped into her office at 9:30pm to see if I could get her dinner. She said no thanks and that she was hoping to finish up in a couple hours. That's teamwork!

When I think of a job that is one of the most important in any Radio station, I think of Traffic. The dedication and commitment of Sis Campbell is what it's all about!

Dennis Gwiazdon
VP/GM, WJXA/WMAK Nashville:
Thanks for doing this; I think it's a great idea! In that spirit I'd like to recognize our Traffic Director, Gillian Baxter, who does the logs for two very sold-out Radio stations here in Nashville, WJXA-FM and WCJK-FM (formerly WMAK-FM). Gillian is not just a veteran in our business (she's been in Radio for 29 years, 26 of them as a traffic director), she is one of the best.

I've ever worked with. Gillian has an unbelievable attitude about getting her job done no matter what is thrown at her. Her partnership with sales and programming makes our world go 'round.

I've personally witnessed the speed and ease with which she performs her job while maintaining the most even-tempered disposition during the toughest of times. Indeed, there is no greater test for a Traffic Director than to change the format of a sold-out station in what is typically the busiest month of the year, May, without being able to provide her the luxury of working in advance on the project. We did just that a little less than two weeks ago. The format change included new clocks as well as a reduction of units per hour, which threw the entire log for this Radio station into "shuffle" mode. Within hours Gillian had us up and running again and began working tens of thousands of dollars of revenue back into the system. Much to our surprise we had few cancellations as a result of our flip, which only complicated matters. Through it all, Gillian never become ruffled, kept her head down and worked hand-in-hand with the sales management team to get us through a very difficult transition. Oh, and did I forget to mention that we laid this on her going into a weekend, when she was saddled with six logs between the two stations?

If this display of professionalism and efficiency was an occasional occurrence I wouldn't be writing you this note. To the contrary, this is the way that Gillian approaches her job every day. She is a perfect example of what makes our industry shine in ways that usually remain "behind the curtain." But without the Gillian Baxters of the worlds, we would never be as successful as we are. Please consider Gillian Baxter as one of our heroes. Few people deserve it more.

Brian Monihan, VP/Sales, Comcast-Spectacor/Philadelphia:
Wanted to nominate Shannan Archer, Manager of TV Services at Comcast-Spectacor and former traffic manager at Comcast SportsNet. Shannan has been involved in Philadelphia Sports Television since 1994 and has done great work at every stop along the way. Often with no notice or recognition...as a traffic manager at PRISM and Sportschannel, she helped transition them in 1996 to Comcast Sports Net, paving the way for the growth that this network has achieved to this very day.

In 2000, she moved over to Comcast-Spectacor and continues to run all broadcast TV services and doing whatever it takes for the television side of our business to run right! Inputting orders, tracking reports, handling traffic, chasing down tapes, keeping AE's in line. And she does it all with a smile on her face and a commitment to excellence. Works whatever hours it takes to get the job and get it done right. Plus she has to drive an hour each way to get to work each day. She has helped implement traffic changes, worked with new broadcast networks, implemented new billing systems and seems to embrace each change and continue to look for new ways to be innovative. She truly is someone who "gets the job done!"

Fred Lark, KXLO/KLCM, Lewistown, MT:
Yes, I have a nomination, Phyllis Hall. Absolutely a "saver", she's on top of a huge amount of traffic/logging/order processing/accounting on a daily basis and is cheerful about her responsibilities. She's a terrific, sincere, dedicated, and compassionate person to work with every day “of the year” if needed. Thanks again for the opportunity to recognize a fantastic person in our business, Phyllis Hall.
David Verklin: Mastering a digital future

David Verklin, CEO of Carat Americas, runs the largest independent media services company in North America, sporting $6 billion in billings annually. David shepherds over 350 clients including Pfizer, Procter & Gamble, RadioShack, Adidas, Hyundai, New Line Cinema, Electronic Arts, Kia, Black & Decker, Marriott and Philips Electronics. David is a recognized leader in the media services industry and currently sits on the board of the American Advertising Federation, the Audit Bureau of Circulations, the Virginia Commonwealth University's AdCenter, as well as the NY Multiple Sclerosis Society. In 1996, David was inducted into the AAF’s Under 40 Hall of Achievement.

David began his career at Young & Rubicam, NY, with a plan of staying there two years, going back to business school and then working in Wall Street. Well that never happened, as his success in the media business showed him a different path. He then helped create Hal Riney & Partners in San Francisco, first serving as its Media Director and later as its Managing Director. After Hal Riney got sold to Publicis, Carat was created and the rest, as they say, is history. Here, David talks about the biz, with a special focus on his passion, new digital technologies and the marketing that goes with it.

In a nutshell, how are you and your Carat Digital unit seeing the future of advertising in a digital convergence world? There’s no question that our clients are unbelievably interested in new advertising technologies. Clients are interested in hearing about it as well as the diversion of the budget. We’re seeing kind of a movement towards a media plan that is 15% to 20% of the budget being allocated into what would probably currently be called interactive or digital media. It’s kind of amazing when right now you’re hearing the Internet guys talking about 8% and I’m telling you within the next 36 months we’re talking about 15% to 20% of total spending in the digital medium.

Someday we will have Internet built into new cars. That’s going to be a big deal-breaker down the road when the Internet becomes completely mobile (especially for satellite radio). Do you look at that at all or is that still a little bit too far in the future? We’re already starting to look at that and I think in the same view, Carat announced the launching of Carat Arcade, which is our advergaming unit, as well as Carat Mobile Marketing, to help clients look at opportunities within wireless and mobile media. And I think as an example, we believe that the mobile devices including the cell phone are an enormous threat to the iPod as we currently know it. So the vision of being able to download music on your phone and then listen to it with an earpiece doesn’t feel that far away to me. We’re looking at all these things right now, so no, I don’t think what you’re saying is far fetched at all and that’s one of the interesting things about some of these new technologies—are some of them are transient? Could the iPod be a bridging technology between what was and what is to be? Just as I think one can argue TiVo is a linking technology between what was and what is to be. I mean will the TiVo brand be around a decade from now? Hell no, but certainly embedded PVR devices are going to be here.

What new ad mediums are you looking at most? Wireless, is just no question the one we’re most focused on. I mean there are just so many opportunities in wireless. I’m not sure whether we’re prepared to call it a third screen, I’m not sure that really captures the vision of what the wireless device can be, but you have to remember we’ve been hired by Motorola and so we’re Motorola’s agency in the United States and we’re particularly up to speed on wireless. And we’re also Radio Shack’s agency, so we’ve seen it from the retail side.

We’re really looking at all the opportunities in wireless. Everything from Bluetooth technology that allows a proximate message to be given to a cell phone when it’s near something that you want to trigger the user, to these new cell phone companies like AMP’d that are coming out. It’s a new wireless carrier that’s launching which is basically a phone with an enormous amount of content coming along with the package.

One other thing is deprivation research, which we did. We did some deprivation research with young females where what we basically did was to say, “OK, if we could deprive you of something—if you have to give up a radio versus driving your car, which would you give up first?” So we did these orders of magnitude. We got down to the top two which was your cell phone or the Internet. And we found that overwhelmingly, young females between the ages of 15-24—the last thing they want to give up is their cell phone.

The last time we talked, you said you get a briefing at least once a day on what’s going on digitally, the latest headlines.

Everyday, everyday, one part of our business or another. Be it Mitch [Oscar, EVP/Carat Digital], who is briefing me on what I call new advertising technology. Mitch is looking at new advertising technologies, from addressable to broadband, which I think is an opportunity to my Carat Digital to Carat Interactive guys, Isobar [Carat’s interactive and digital media arm, other people.}
Any comment on I-Radio from Motorola? Is that anything that might get some grip?

No, too early to tell yet. I think it's kind of conceptually not completely there yet. But it could be interesting. The whole radio space to me is just fascinating in general because people love music, they're just not happy with the delivery system that either "a" forces them to buy 12 songs and only one they want to listen to, or "b" are not happy with listening to one commercial for every three minutes of music. So there's just no question that those two models are going to be supplanted by a model where the consumer listens to what he or she wants to listen to, when they want to with certainly a lot less commercial interruptions.

More like a sponsorship model?

I think that's probably it and I think we also could go into maybe a golden age of radio where maybe there will be a 30 minute radio show that's brought to you by Hyundai and maybe have a commercial or two in the center of it. It's just a whole different model.

What do you wish research companies could provide that they're not?

I think there are a few key buckets on the research area that we're all interested in. The first is that in the quest for ROI, everyone wants research that answers the question "I spent a dollar and I want to know what I got back." But there's really an issue that's before that which is some kind of research on the effectiveness of non-traditional media. How do we measure event marketing? What is the ROI on that model? What do you get for that experimental market activity? I think the research on non-traditional media is one that we could really use. Does it have a lingering effect on brand imagery? Are we seeing that those kinds of experiences do drive purchase intent?

I'll give you a very simple fact, call it "Verklin's Law." ROI is directly proportional to the diversity of the media mix and the degree of interactivity in the media plan. We have seen that fact through our market mix modeling analysis of over 800 brands. You show me a media plan that's got a lot of componentry to it—that could be both the Internet or it could be direct response, anything that's got more two-way—and I will show you a media plan that's generating a higher ROI. The problem is that as you move into some of these diversified marketing elements, they are extremely difficult to research and to be able to get statistical measurements that they're giving you ROI.

Most of us would agree that the traditional media metrics, almost all of them, are flawed. The second bucket is an improvement in traditional media measurement devices. Television research right now basically measures the number of people watching the program and then we impute that the same number people who are watching the program watch the ad at the commercial break. We do not have minute-by-minute research in TV, which they have in Europe. We have research every quarter hour. If I'm an advertiser, I'm not interested in who's watching the show, I'm interested in who's watching the ad.

What is the future of product and content integration?

I do not think the future of advertising is a Coke can in front of a judge on American Idol. If that's what it's all about and if it's "The Restaurant," we're in trouble. I would say the first thing is that strategic entertainment has to have three elements. One it has to be kind of organic. It has to be naturally integrated into the program. Two, it's going to have to be put within an environment that's interesting to watch. You can't be watching paint dry. Third and finally, it has to be strategic. I think that's what I liked about the Oprah G6 thing was it was fun, it was kind of naturally integrated and it helped during the launch of a new product. I think we'll see it grow where the products are woven more and more into the plot. So I think that The Apprentice model is actually pretty darn good.

And I think you'll see advertisers get more and more involved
Winner 2005 Edward R. Murrow Award

Overall Excellence

Best Spot News  
(Tsunami coverage)

Best Use of Sound  
(Fallujah)
in the production of content and find ways of either the Hallmark Hall of Fame model where we’ll create content and put some ads in it or the Apprentice model where someone else will create the content and advertisers will find a way to weave themselves into the story line.

**What are your clients’ biggest concerns? Is it just ROI?**

No, I think it’s a concern about television. Clients love the old model, people don’t want to talk about it publicly but everybody loved the old 30-second TV model—it was great. You make three to five TV commercials a year. You shoot them in the Bahamas. You edit them in Los Angeles, you stay at a really nice hotel while you do it. You run them for a year to 18 months, hopefully you come up with a campaign that’s refreshable and feasible over a number of different years or seasons. You can make five or six ads you run the heck out of them. I mean it was great.

The challenges the traditional 30 second TV model has creates a lot of problems for clients. One is it takes more knowledge or time from their perspective to manage. There used to be a real premium on the simplicity and elegance of what we call univehicular media plans. You can’t do it anymore, you have to have a Hispanic effort, a digital effort, you have to look at search engine marketing and optimization and event marketing, experiential marketing. Don’t forget about ethnic marketing and analytics. It bodes well for companies like Carat for navigation companies and guidance companies, which is what I really think Carat is.

**Arbitron’s PPM for radio and Nielsen’s LPM for television—what do you think about them?**

I think it’s a step forward. I’m a big fan of Apollo, I think Apollo is interesting and there’s no question that’s good stuff. How can anyone debate the improvement in veracity of an LPM or a PPM over a diary? I mean this is a joke. I’ve never really understood the debate. I’ve never really understood it.

**People are afraid their stations aren’t going to get as high ratings as they used to?**

How’s that my client’s problem or Carat’s problem? I’m sure they’re afraid of that, and the biggest problem bearing against that is the poor stations are the people that pay the bills. If the clients and the media agencies were footing more of the bills you wouldn’t be writing about this. The only resistance to this is by the measured, who are concerned that the accuracy of the measurement is going to show a decline in their audience. I understand that problem but I don’t understand the debate from my perspective. My clients are interested in the most accurate measurement of who is watching television and there is just no question that PPM and LPM are superior technologies. So to me I’ve always been astounded at the brazenness of resisting it.

**Any advice for creative departments?**

Begin to understand how to create advertising for a varied palate of television options. Understand how to work with more varied unit lengths, and unfortunately a lot of them are shorter than 30 seconds. I think it’s an enormous challenge because there’s no question in my mind that the shorter the length of time, the more difficult it is to create commercial persuasion that has a good communication of product benefit as well as the reasons it’s so hard to be a creative person. I do think there’ll be 30 second TV ads, but I also think there’s also going to be a minute TV ad, three-minute TV ads, 5 minute TV ads, 10 second TV ads and two-second TV ads. The creative department has to become comfortable with that kind of power.
MANCOW Welcomes CLEAR CHANNEL Los Angeles

Dial-Global 212-967-2888
Outback Steakhouse VP Marketing Fulton Smith-Sykes and Director of Media Cherie Shive

Fulton and Cherie have been very successful working together at the first agency (West Wayne) for Outback Steakhouse in 1991. Immediately following they moved in-house, and for the past eight years they’ve strategically evolved the brand and established that “Aussie Attitude” as a major point of differentiation. Here they address their synergy and how they’ve helped nurture and grow the company’s very successful marketing and advertising history book:

FSS: We obviously have a great product and our steak can hold its own against any upscale steak, whether it’s Ruth Chris’s, etc. We, in our family, have Fleming’s Steakhouse, which is an upscale steakhouse. Our strategy is we are more in communities where people are, where the families are, and we capitalize on that. Often those more upscale establishments, if you will, are more focused against the business traveler or business entertainment. So that has not impacted our business. People still know what Outback stands for and still enjoy Outback and we’re happy about that.

15 years ago The Outback was it if you wanted a high quality steak. Now we see big growth with Ruth Chris, The Palm, etc. Do you have any philosophy on dealing with this increased competition out there?

FSS: Well we obviously have a great product and our steak can hold its own against any upscale steak, whether it’s Ruth Chris’s, etc. We, in our family, have Fleming’s Steakhouse, which is an upscale steakhouse. Our strategy is we are more in communities where people are, where the families are, and we capitalize on that. Often those more upscale establishments, if you will, are more focused against the business traveler or business entertainment. So that has not impacted our business. People still know what Outback stands for and still enjoy Outback and we’re happy about that.

We versus the other casual dining concepts, which is our primary competition (but I’m not talking about people within our OSI family, our siblings as I refer to them), do 98% of everything from scratch everyday. Where most people, their products are packaged and sent from a commissary. So that makes a big difference as well, as how we inspect our meat.

Tell us about the Call-Ahead Seating concept. Is that something that was pulled off when you two were running the ship there or is this something after?

FSS: We actually were present when that was determined to be the strategy that we needed to make sure we get out there. There were two strategic things that we’ve done. One is curbside take-away and we as a
brand, created that. And as you can see our competitive set has jumped on that. But what we really identified was we have a lot of people waiting. We have a lot people who won't wait anymore and we want to make sure we keep those people as our customers. The other thing you may know is our bars are a tad small and they get a little congested with people waiting and people coming in for food-to-go. So what was the best thing to eliminate that and the ultimate consumer deliverable is curbside take-away. So we just bring it to your car and with moms being so much of our curbside take-away business, it was a no-brainer.

What % of revenues do you think that is at this point?

FSS: Well we’re averaging 11% of our business to curbside take-away.

What do you wish research companies, planning and buying agencies could provide that they’re not right now and why?

FSS: For Outback and for me as a client, I think our agency has some unique tools that we are very pleased with and we are able to do some proprietary research and apply proprietary models that as much as I have seen to date, that you can do an analysis of your ROI on media. Our world has changed and certainly if you’re a publicly traded company, which we are, and certainly after Sarbanes-Oxley everybody is looking at everything differently. We’ve been really looking and developing different models for years now. We’ve been pleased with that from MPG.

CS: And I think what we also encourage is that they look at different ways to execute and to deliver upon their media plan and it’s okay to take a risk, but if something’s not working or if we’re not seeing the results, they’re smart and they can group together and come up with a new way or a new avenue to get there. The one thing that we obviously never want is for an agency just to keep doing what you tell them to do, which we have a tendency to do. So thinking out of the box is a big issue.

FSS: The other thing that we do as a brand, and we have marketing people all over the country that are in the field, is that I really encourage everybody to be anthropologists. Our media companies would want to do that also because they need to understand consumer behavior and the only way you understand that is by observing it, and whenever possible documenting that behavior.

CS: A big point too, the two agencies that we have, we bring them together and they work very well together instead of viewing each other as competitors, which they are. Because we are the client and we bring them together, they do think together, which I think is something unusual.

Do you have any comments on radio strengths and weaknesses?

FSS: Radio has been a huge opportunity for us and really how we built the brand over the years. It allows us tremendous flexibility and tremendous opportunities to work within their context and get Outback Steakhouse out there across America. We buy 222 spot radio markets. It is still a huge part of our business.

CS: We do go local. We do go direct and there are reasons for that and we’ll continue to do that. You know buying network radio is not really an option for us right now. The concerns we have with radio is obviously the satellite radio coming into play. Everybody who buys a car now doesn’t even listen to commercials.

FSS: Except for the new formats they are dropping in, the Jocks of the world.

CS: Jack is a huge format that people are going over to and I’ve got issues with the whole Clear Channel Less is More. We fought them very hard because we do not do 30-second radio. I don’t think the consumer realizes that there are less commercials because really it just like there’s more commercials they’re just shorter. The consumer doesn’t understand it. There are 30s and 60s, they just think there’s more of them now. So there’s some big issues in radio and we will be reevaluating radio as it goes. And you’ve got a lot of declined listenership.

What about television?

CS: Your TiVo, your DVR’s of the world, I think people are still going to watch television. It’s not going to go away. They’re just going to watch it differently. We’re on top of how to advertise a little bit differently and TV is still going to be there. We’ve met with TiVo, DirecTV. And we continue to look at those things. I can’t really say I just, you know just that we’ll keep looking at it.

FSS: What is happening within any medium, whether it’s digital convergence in the wireless world, or how you use your television to interact, becomes more important on your creative strategy and your creative communication than ever. Not that that hasn’t always been important, because it has. And for us as a brand we’ve been very successful with that, ensuring that we use every medium in the way it should be for advertising because our strategy for radio is totally different than our strategy in television and what happens with some brands is they use every medium the same. We have found by doing things differently and in approaching whatever its strengths are, we’ve been very successful in our branding evolution through different mediums.

How has The Outback used product integration?

FSS: Yeah we have done some of that. We can’t mention about some cases because they haven’t aired yet. Let me just tell you what has happened to us as a brand. Outback Steakhouse is iconic in its own right. What happens without us even trying to integrate, we’ve become integrated within American culture.

CS: Without even knowing it. We don’t even know it until we see it on the air.

FSS: Oprah last year gave away makeovers and things and she had a ton of applicants that wanted to win. She chose about five or six, but one woman she chose was an Outback Steakhouse employee. We call ourselves “Outbackers,” and she worked in a restaurant in California. Well, they went into the restaurant and covered the whole restaurant, everybody there revealing to her, because it was reality TV if you will, but it was the ultimate product placement and all we did was give them clearance to shoot in the restaurant.

I bet that was a tough decision, huh?

FSS: It was really hard, Cherie had to twist my arm—and the Sopranos, the same thing. You can’t buy product placement in the Sopranos and because of who we are as a brand and it fit within their storyline, “Sopranos Steak,” that’s not a stretch right? But they did a segment that included our curbside take-away.

The other thing that we ensure that we do when we’re looking at those opportunities and with our agencies, is we maintain the integrity of our brand. Where some clients just want to just take it to a different place, we are totally respectful of everybody’s brand and understanding that, and we would never take it beyond where it should be.

Are there any future goals for your marketing and branding efforts or are you really where you want to be?

FSS: If anybody is ever satisfied with where they are as a brand, shame on them. Our whole vision as a company is to never, ever be satisfied. Once you stop being better, you are no longer good.
Steve Jones,  
ABC News Radio VP/GM

Steve Jones heads all news staffing and programming for ABC News Radio including daily newscasts, breaking and continuing news coverage, entertainment news and sports news. Jones has increased the unit's annual, non-scheduled news output to 19,000 status reports, over 100 special reports, two bulletins, and some 30 one-hour specials. Under his leadership in 2004 alone, ABC News Radio has received four Edward R. Murrow Awards, seven International Radio Festival Awards and five National Headliner Awards. Here, Steve comments about the fiercely competitive state of network radio news.

Tell us about the state of the network news biz for radio.

There's no doubt that there are significant challenges out there for all media and radio is no different. We are very focused on providing value to our affiliates. For us that means continually improving our services, continually innovating our programming and trying to improve the technological experience so that it is better than it's been. I would say any provider of content and service that is focused on those things is going to do okay. I think if you're not meeting those challenges you're going to continue to have difficulty because radio stations have less inventory they can run for any particular product and it needs to be clear to them what the value is. If they are not getting that value they are not going to maintain their affiliation.

How does ABC News Radio work with the TV side for content?

When it comes to breaking news we tend to beat our competitors. That's how we leverage the ABC News Division—whether it's TV, Internet or radio. We are in constant contact with our colleagues and everyone who is hired by ABC News. They're hired to work for radio as well and they need to be able to service us. We have all the benefits of working with our TV colleagues in that they file for radio and we can use them, but we have our own staff here so that we make sure the best of radio production is heard by the radio audience. We don't put on talking heads from TV unless it's something we think has unique value for radio.

How do you view the threat from Fox News Radio's five-minute newscast and clearance across so many Clear Channel stations?

There's absolutely a buzz about Fox News Radio. They are a brand that is attractive to many Talk radio stations. But as you look at what they offer it becomes apparent quickly to anyone who is looking for a full service radio news network that they don't have the resources that ABC News Radio has. I think one of the interesting facts that has not been reported recently is that when Fox News Radio announced that it was doing the deal with Clear Channel they basically said that they were going to become the sole news provider for all of these stations. In fact, the first thing that happened was several of our Clear Channel affiliates called and said that they absolutely did not want to leave us. Since then there are several dozen Clear Channel stations that are going to retain the ABC News Radio affiliation after August. I think Fox says they're at about 300 affiliates and this fall maybe they'll get up to 500 stations. We have 2,500 affiliates so even at that number they're at one-fifth the number of what we will have.

One of the things affiliates have long said is they don't want television crisis coverage audio on their radio stations. What it comes down to is it's about programming and service. We've worked over a long time to understand what it is our affiliates need and to meet those needs. We do one-hour specials for holidays and whenever there's a major breaking news story. We also have unique relationships that we bring to our affiliates—the exclusive network radio relationship with Court TV with all of their analysts; and we just launched the relationship with Consumer Reports.

Any other recent changes at ABC News Radio?

One of the things that we're trying to do is to better serve the sales departments for our affiliates. It's great that the program director and the news director love what we're providing them, but we want to make sure that there's revenue that can be generated. We've begun to create some short form features that the sales side of radio can use to go out and perhaps convert new leads to new customers. There are three categories that we are actually about to roll out. Internally we've been working with affiliates on which three would bring them the most value and they've determined that health news, personal finance news and entertainment news. We're creating 25-second pieces of content that the sales staffs are using to sell 60-second spots to clients where they can include a billboard and basically own the content to better distinguish themselves in the market. Being out of KGO in San Francisco and talking to the GSM, he said, "You know I'm trying to get more major entertainment companies to advertise." So we're providing an entertainment report for them that they can then have an advertiser sponsor. Here in New York at WABC we've given them a health report and they've gotten a local hospital that was only advertising sporadically to do a 35-week commitment and the hospital has the billboard for the health news, and that comes from us.

We're also going to be rolling out a 20-part series on parenting that features the "Super Nanny." One of the things I've heard from our affiliates is there's not enough female-targeted programming. So we created this series, which each having a tip for how to be a better parent.

We also moved all of our daily news audio to the Internet in February and we're going to be expanding our Internet offering so that we have more of what we create. We're going to include our entertainment and sports and our long-form audio all on the Internet. In fact, by the end of the year we expect to have a robust news portal for our affiliates so they'll be able to pull our site up at all times. They will get audio in real time as it's created in the newsroom so of our audio will be available to our affiliates as soon as it's available internally.

By Carl Marcucci / cmarucci@rhr.com

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RBR & TVBR July 2005
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Cris Alexander, Crawford Broadcasting’s Director of Corporate Engineering

What will big groups’ implementation of AM HD Radio do to the smaller mom & pop stations in many markets?
There will undoubtedly be some interference, particularly at night. This is particularly true where the “mom & pop” station is near and derives a good bit of its business from a nearby larger market. With secondary and fringe coverage areas degraded because of adjacent-channel HD Radio signals, some of this coverage and business will likely be lost. There will be little damage to those (or any) stations’ primary service areas.

The truth is, it’s not just “mom & pop” operations that will suffer. Crawford, Clear Channel and many others have stations in their groups that are in this same situation. These, too, will feel the growing pains. The good news is that much of the secondary/fringe coverage will come back when we get into an all-digital or even an all-hybrid world, with good digital receiver proliferation. The trick will be for these operators to adjust and adapt until that day. While many of these operators oppose HD Radio, the truth is that if we do not move into the digital world, AM will not survive as a long-term viable medium.

Tell us about how you engineered WSRB and WYRB to “peacefully coexist” where their signals blend.
We purchased WSRB a number of years ago, a 3 kW-equivalent class A in south-suburban Chicago. A couple of years later, a long-pending application for a fully-spaced class A out in the Rockford area (west) was granted. Looking at the engineering, it just made sense to purchase the CP (now WYRB) and “marry” the two into a synchronous operation. We synchronized the two carriers, pilots and modulation using a Harris Intraplex “Synchrocast” system, achieving good synchronization in the transition/overlap area, which is along I-88 in the high-growth Naperville area. Last year, we found a way to double the power of WSRB, producing an even better contiguous coverage area. With both stations now transmitting HD Radio signals, we continue to experiment and fine-tune the synchronization.

Tell us about some of your bigger project experiences.
Last year at WPWX (Power92) in Chicago, after a years’-long battle with the power company, we finally conceded that reliable power at our Burnham, Illinois transmitter site was not to be. And so we took things into our own hands, installing a large flywheel UPS at the site along with a new, larger generator and a completely revamped power system at this otherwise state-of-the-art site. The project took the better part of a year and required a good bit of site work in addition to plumbing, electrical and mechanical work. The result: since going online last July, we have had zero outages.

Over the years, we have built and rebuilt many AM directional antenna systems, doing all the engineering work in-house. As a result, all our directional arrays are in excellent shape and exhibit good bandwidth and stability.

Last winter, we brought our Chicago facility into the all-digital world with the installation of a Wheatstone bridge router and control surfaces. With three of our four stations (and soon to be all) transmitting HD Radio signals there, this project brought a whole new dimension in sound clarity and crispness to our digital listeners, and it made a noticeable improvement in our FM audio as well.

Tell us about your experience in implementing HD Radio.
We got into HD Radio in our Chicago market very early on, with “generation one” equipment. We had everything to learn, and we found that the equipment manufacturers still had a lot to learn, too.

Within a few weeks of putting our first digital carrier on the air, the reject load burned up because it was undersized. We (and the manufacturer) learned the significance of peak to average ratio, peak duration and other factors that we now know mean one cannot simply size a digital reject load for average power alone. We now size reject loads for 90% of the peak digital power plus 10% of the average analog power, and we’ve had no more failures.

Our first injector failed for an unknown reason. Nothing burned up, rather, the through-impedance changed as did the coupling. Although this injector was adequately rated, we replaced the unit with a larger one and have had no more problems.

We found that the digital audio chain at the transmitter site was necessarily much more complicated than it had been in the FM-only world. Thanks to the efforts of Frank Foti of Omnia Audio, Richard Hinkle of Broadcast Electronics and our own very capable Chicago engineering crew, we worked through all the issues and produced a reliable, redundant audio chain. Omnia has taken much of what it learned in our Chicago facilities and applied it to its production equipment, making the task of HD Radio conversion much easier for those who follow.

Right away, we ran into an interference issue with a couple of second-adjacent channel “rim shot” stations northwest and southwest of Chicago. When our digital carriers came on, the Chicago market coverage of those stations essentially disappeared. All of this Chicago market coverage was outside the stations’ protected contours. Although we cooperated fully with the licensee of those stations and made several sets of occupied bandwidth measurements clearly showing our emissions to be within the FCC-specified mask, that licensee called the FCC and complained anyway. The FCC came out with two analzyers of its own and confirmed that our emissions were fully legal.

We and Broadcast Electronics found the bugs in that company’s early digital transmitters. BE on several occasions sent a crew of engineers up from Quincy to look at, diagnose and correct problems. To my knowledge, all these fixes have made their way into production equipment.
The original gear (now retrofitted several times) and the production gear we are now purchasing is very reliable; I have no hesitation when it comes time to order additional digital transmitters from BE.

We now have a great deal of experience with HD Radio, particularly in the FM world, and additional conversions are a snap. Much of our experience is chronicled in white papers on our company website, www.crawfordbroadcasting.com. Go to the Engineering page, scroll to the bottom and click the link for CBC engineering papers. You can also read of our experiences in the pages of *The Local Oscillator.*

Any advice on tweaking FM antenna systems to get better coverage and less multipath?

I don't have any “magic pill” to offer for those seeking better performance from their FM antennas, but I can offer reminders of some conventional wisdom.

Rule #1: Location, location, location. That is the most important factor for good FM propagation. Select a tower site that will serve the market and not produce harmful reflections and multipath. In hilly terrain, select a site that looks along the ridge lines to the target area rather than across them. And higher is not always better, especially with close-in sites. Unfortunately, with the congested allocation picture and very limited areas-to-locate, all this is easier said than done.

Rule #2: Don't use more antenna bays than you have to. In my experience, you are better off with lower gain and more transmitter power in most situations. Not only do you get a broader main vertical lobe that tends to fill in better and mitigate multipath, antenna bandwidth tends to be better and there are fewer potential points of failure.

Rule #3: Optimize! Start with a pattern study of the proposed antenna on a mock-up of your tower, including everything in the vicinity of the antenna aperture (lighting, conduits, static dissipators, safety climbs, ladders, etc.). You will find that the "non-directional" pattern of the antenna will be somewhat distorted by the supporting structure, even if it is a pole. Have the manufacturer provide you with patterns for every conceivable mounting location around the tower face, then use those patterns along with the orientation of the tower relative to the target coverage area to select the optimum mounting location. Sometimes, depending on the amount of distortion, you can get 1.5 times the nominal signal (relative field) in one direction (always at the expense of the radiation in other directions). Use this to your advantage, orienting the antenna to put the most signal over the target area and the nulls in less important directions. If the tower is located more-or-less centrally so that circular coverage is desirable, have the manufacturer provide parasitic elements to correct the distortions and restore circularity. Following installation, have the antenna tuned for best match to the transmission line.
Considerations and Consequences of a “Going Private” Transaction
Part II : Regulatory and Other Considerations

By Gregg P. Skall and Ross H. Parr

Although satisfying the fiduciary duties of the directors and finalizing the details in making the decision to go private are important first steps, it is critical to recognize that the process itself will be complicated, time-consuming and will almost certainly attract the attention of the staff of the SEC, which often has questions and comments throughout the entire process. Although the end result may make it worthwhile, it must be recognized that going private also can be expensive, since the company will typically incur its own legal and accounting fees as well as the fees of advisors to the special committee, which should be authorized to engage its own financial, legal and other advisors. The buyout group will also have its own outside advisers, which should be different from the firms advising the special committee and the company. The sheer number of personnel involved in a going private transaction, and the multiple interests represented, make drafting and negotiating documents a time-consuming process that becomes only more complex once the regulators become involved.

There are numerous other considerations that must be taken into account before attempting any going private transaction. State law, existing contractual commitments (particularly with lenders and creditors), federal antitrust issues and a company’s charter and bylaws may significantly restrict, or even foreclose, a company’s ability to go private. In addition, once a company files its going private documents with the SEC, the public market is on notice that the company is essentially for sale and others may decide to bid for the company (even if such bids are not solicited or even wanted). Since the board of directors – and particularly the special committee – has a fiduciary duty to achieve the best deal for the company, additional bids can sometimes become a significant obstacle in completing the MBO if another bidder presents a better alternative for the company’s shareholders.

The SEC has established specific rules with which a company must comply during and after the entire going private process. Rule 13e-3 under the Securities Exchange Act of 1934 governs the mechanics of conducting a going private transaction. The disclosure required is very detailed and requires ongoing discourse with SEC staff regarding the public filings that are an intrinsic part of the going private process. The company must disclose, among other things:

- Whether and why the company believes that the transaction is fair to the existing shareholders of the company;
- The purposes and effects of the transaction and whether alternative strategies were pursued;
- The reasons for both the proposed structure and timing of the transaction;
- Whether the transaction will require approval of minority shareholders (i.e., non-management buyout group or “disinterested” shareholders);
- Whether the independent directors (or in most cases, the special committee) have retained outside legal counsel and/or an investment bank to negotiate on behalf of the disinterested public shareholders and opine as to the fairness of the transaction;
- Whether the transaction was approved by a majority of the independent directors or a special committee; and
- Whether the shareholders have appraisal or other rights under applicable state law.

The buyout group will also be required to make separate filings with the SEC once it acquires beneficial ownership of more than 5% of the company’s outstanding stock, which usually occurs at a very early stage in any going private transaction. There are also filings that will need to be made with the national exchange or automated quotation system on which the company’s securities are currently being traded. In addition, if the going private transaction involves a tender offer, there are other regulatory filings and considerations that will need to be taken into account by the company and the buyout group in connection with the transaction.
All of these negotiations and filings can, and usually do, take months to complete (often substantially longer than a business combination involving unrelated parties) and typically require a significant time commitment from the board and management. The SEC (and, as a practical matter, the plaintiffs' bar) must be satisfied that the going private transaction is in the best interests of those shareholders who, once the transaction is consummated, will no longer have any stake in the private company or any say in how the newly private company conducts its business and affairs. A going private transaction, since it permanently eliminates a group of shareholders and removes the company from SEC oversight, is typically of great interest to the SEC because it is usually the last time that the SEC will have any effective means of regulating the company and protecting its shareholders. Needless to say, it can be a difficult process to see through to the end—particularly if the management group is not fully committed to the task.

Any broadcast management group that is considering a going private transaction should take a look at SEC filings made by other management groups, particularly those in the radio and broadcast industry. There is a wealth of information relating to deal structure, timing and financing arrangements that is available on the SEC's website, www.sec.gov.1 Reviewing this information prior to initiating contact with outside financing sources can help you get a feel for the pros and cons of going private and whether there are recent transactions that might be similar to your particular situation.

Moreover, most management groups are typically unable to finance a going private transaction on their own and must look to third parties for funding. There are a number of banks and private equity firms that are knowledgeable about taking companies private,2 as well as secondary resources that provide information about going private transactions and third-party financing.3 These transactions are not “one size fits all,” so it is important to consider your financing options carefully before engaging advisors and initiating the process. The faipitch website illustrates there are a variety of strategies that can be used, depending on the particular circumstances of the company. Many of the venture capital, merchant banking and traditional banking firms that have been historical players in electronic media may be excited to find new opportunities with old business partners they lost to the public markets in past years. A list of those resources is beyond the scope of this article, but they are not difficult to find. Remember, the real challenge for the management group may not be obtaining the financing commitment, but rather holding everything and everyone together for the length of time that it takes to complete the going private transaction.

Concluding Thoughts

A going private transaction is not a simple process. It presents numerous procedural, substantive and regulatory challenges at both the federal and state level, as well as the not insignificant risk of shareholder litigation should the transaction be deemed to not be in the best interests of the company and its shareholders. It is a costly and prolonged process that must be undertaken only with the assistance of professional advisers who are experienced in such transactions. Nevertheless, for some public companies, going private may provide them with a better opportunity to maximize the revenue and grow the product and service side of the broadcasting business than otherwise would be the case in a difficult public financial market where investors may be coming to believe that enormous growth is no longer going to fuel more valuable stock prices. Under the right circumstances, it can be the first step in helping to unlock what management believes to be the true value of the company. Just as important, for broadcasting companies, going private can free management to look beyond the short-term horizon of the public securities market and allow it to focus its full-time attention on the important programming and operational matters that determine a broadcaster's ability to survive and compete in today's challenging environment.

1 For example, you can review the various schedules and documents related to the going private transaction initiated via a joint tender offer by Cox Holdings, Inc. (which is a wholly owned subsidiary of Cox Enterprises, Inc.) and Cox Communications, Inc. to purchase all of the issued and outstanding shares of Class A common stock of Cox Communications not owned by Cox DNS, Inc., another wholly owned subsidiary of Cox Enterprises, at: http://www.sec.gov/cgi-bin/browseedgar?type=&dateb=&owner-exclude&action=getcompany&CIK=0000025305.


3 The Internet is an excellent resource for researching deals. In addition to the SEC's website, there is at least one weblog currently dedicated to publishing and discussing news related to going private transactions. See http://faipitch.home.comcast.net/2005/05/going-private-transactions.html.
Where have all the dealmakers gone?

It's not completely accurate to say that station trading is in the doldrums, but it is certainly moving along slowly, especially compared to the frenetic pace of buying and selling which began in earnest at the end of 1992—that's when local ownership caps went from one AM and FM apiece to two of each and the national cap went from 12 to 20. Then, the first wave of the new breed of deals started showing up in corporate announcements at the end of 1995, in anticipation of enactment of the Telecommunications Act of 1996. That piece of legislation bumped the local cap up to as many as eight stations, with up to five in one service, and eliminated the national cap completely.

In the 1992 wave, deals were made relatively judiciously: buyers tried to pry loose stations with what were thought to be compatible with the formats of their existing stations. Deals were watched with interest—will those two formats be able to co-exist?

Telecom 1996 changed all of that, for the most part. It was a given that there would be a wide variety of programming in seven- or eight-station cluster. The care invested in the merging of individual station formats morphed into care invested in the compatibility of a target acquisition's total station portfolio compared to that of the buyer. Do these market sizes make sense, given what we already have? Does the geography make sense?

Most important was the question, what will we have to spin off?

That was one of the fun features of the trading environment in the late 90s, wasn't it? As group mergers and swallow-ups got bigger and bigger, the deals resulted in a cottage industry of merger spin-offs—deals in which stations which failed to fit under a local ownership cap were peddled to third party competitors.

The biggest of the big mergers was AMFM into Clear Channel back in 1999—and for brokers and radio station directory publishers, it set off a highly entertaining round of aftershock deals, involving sales to top competitors like Infinity and Cox, along with swaps with other top competitors like Cumulus. It was also a boon to niche operators like Hispanic Broadcasting Corp. (now part of Univision), Religious specialist Salem and Urban specialist Radio One—those three and others like them were actually preferred trading partners since they were the least likely to ever go head-to-head with Clear Channel in a format war, and provided the added benefit of looking good on the PR front in the form of promoting ownership diversity.

Nowadays, transactions in the big markets usually involve fringe or niche stations, or require the principals to jump through major hoops to get the deal through regulatory channels.

Deals in two markets detail the new scene. In San Francisco/San Jose, Infinity was able to upgrade by persuading noncommercial Religious group Family Stations to do what eventually turned out to be a swap with cash—a big pile of cash. Step one involved sending KFRC-AM to Family for $35M. Shortly thereafter, it was announced that KEAR-FM would be going the other way, from Family to Infinity, for $95M. Essentially Family gets $60M and the AM station while Infinity gets a rare top-notch big-market stick ready for its introduction into the world of paying sponsors.

The subtraction of KFRC-AM and addition of KEAR-FM gives Viacom/Infinity a non-traditional eight-station cluster in San Francisco: two AMs, four FMs and two TVs. The latter are O&Os KPIX-TV (Ch. 5, CBS) and KBHK-TV (Ch. 44, UPN). The radio stations, in addition to KEAR-FM, are KCBS-AM, KFRC-FM, KYCY-AM, KITS-FM & KLFC-FM.

However, the new FCC rules bring nearby, embedded San Jose into play. That means the group's two other stations over there, KBAY-FM and KEZR-FM, are going into a trust operated by broker Elliott Evers of Media Venture Partners, who will try to resell the stations.

Citadel is making moves in the New Orleans area, but to get them started, it has been forced to sell WOPR-FM Lacombe LA & WPRF-FM Reserve LA to Southeastern Broadcasting that deal's going for $4.5M. It makes room in the local portfolio for the $7.5M acquisition of WKSX-FM Picayune MS to the northeast, and the $6.5M acquisition of KLZ-FM Larose LA to the west. The two stations will join a cluster anchored by KKND-FM, KMEZ-FM & WDVW-FM.

These two deals show the kind of intricate maneuvering which, in the old days, we'd often report after a big group deal was announced. Now, this kind of maneuvering seems to be required upfront.

Of course, the real tap-dance around the rules is required by those who would deal in the buying and selling of television stations. Television owners could only look on in envy at radio as it feasted on the many gifts of Telecom 1996—deregulatory gifts which left television completely out in the cold. TV owners expected to be in the clear for their own wave of dealing, not only to consolidate stations but also to combine them with newspaper holdings.

The FCC's 6/2/03 ownership ruling gave television owners their first step toward deregulatory parity, although many believed they did not go far enough, particularly regarding small market duopolies. However, before the new rules went into effect they went into the deep freeze on orders from the Third Circuit Court. They court sent them back to the FCC for reconsideration or rejuvenation, and that's where they are stuck now, a decision affirmed by the Supreme Court.

So minus relief, TV deals filed lately often are refiels. The standard script goes like this: A new purchaser is found to stand in for an in-market owner who was trying to double up TV stations. This new buyer agrees to enter into a joint sales agreement (JSA), or a shared services agreement (SSA), or both, with the original buyer. More often than not, the new buyer will merely be continuing an existing JSA/SSA, which has already been formed between the seller and the old buyer. Under terms of the JSA, the old buyer has two sets of inventory to sell, and under the SSA, both stations can enjoy the cost savings enabled by sharing studio/office space and administrative staff.

You know what? That's just about what radio stations were starting to do prior to 1992.
Declaring independence is not for the faint of heart

Few TV stations have ever made the transition from major network affiliate to independent. But in recent years, it’s happened twice to large stations in substantial markets. Post-Newsweek’s WJXT-TV (Ch. 4) Jacksonville, FL went independent after a long run with CBS and Young Broadcasting’s KRON-TV (Ch. 4) San Francisco became an independent after many years as the market’s NBC outlet. In both cases, operating without a network wasn’t the easy route to take, but after some rebuilding time, both stations are major players in their markets and appear to be confirmed to stick with the independent course.

“Let me start by saying that was not our first choice,” said Post-Newsweek President Alan Frank when we asked him about the events that led to WJXT dropping its CBS affiliation. “We, as a company we pride ourselves on long term relationships, on loyalty etc, etc. We just felt the business deal that was being offered by CBS—and after negotiation it was what it was—and was not something we wanted to take.”

So, after 53 years as a CBS affiliate, WJXT went independent in July 2002 and CBS moved to Clear Channel’s WTEV-TV (Ch. 47). Post-Newsweek expected some difficulties in adapting to life without a network, but Washington Post Co. Chairman and CEO Donald Graham admitted a few months ago at a Wall Street conference that the transition was even more difficult than expected. “This led to a disastrous first half of 2003 in ad sales and to a decline in operating income far greater than we had expected,” he said. The good news now, after years of rebuilding, is that WJXT expects that for 2006 it will be back on par with 2001, its last full year as a CBS affiliate. “Such a result would be extremely satisfying, although a year later than we expected and with a much greater interim drop in the station’s earnings,” Graham said.

The key has been local news—lots and lots of it. “We decided to become a news centric local community station even more than we were. We were either, however you measured, we were either the first or second most successful CBS affiliate in the nation when we left,” said Frank. “We were very deep in the community, very much a part of that community and so we made the decision that if we were no longer going to be with a network we’d be even more a part of the community and get even deeper into it and be even more news and that’s what we decided to do which was not the typical decision for a station without a network affiliation. It was more expensive to run for one thing. Then of course we had to buy some additional programming,” he noted.

One weak point, indeed a weak point for all CBS stations, was in the morning, where the “CBS Morning News” trailed badly behind NBC’s “Today” and ABC’s “Good Morning America.” Freed from its network affiliation, WJXT set out to establish a strong, local morning show 5-9 am. Now, says Frank, “Our morning news is remarkably successful. It’s either first or second frequently beating all national newscasts.”

Although WJXT was already a major news competitor in the market, more news staff was added after the split with CBS. The station launched a one-hour newscast at 10 pm, competing with Clear Channel’s WAWS-TV (Ch. 30, Fox) and now airs eight hours of news daily—all produced locally. We asked current General Manager Larry Blackerby whether he could foresee adding even more local news. “Right now eight is enough and it’s a lot. I mean, I’ve worked at affiliates my whole career and we’ve all been in busy newsrooms, but when you’re doing it eight hours a day it’s a really busy newsroom. Four hours in the morning—that’s a lot of stuff going on. But when we were here to do wall-to-wall coverage of hurricanes, or when we were doing lots of coverage during the Super Bowl (which was in Jacksonville this year), we’re kind of used to it. The Super Bowl ends and goes away on Sunday night. It’s over at 11 o’clock on Sunday night. Well, the next morning we’re still up doing four more hours of news. It is a very unique station, just a lot of fun. The staff is pretty pumped about what it is that we do here,” he said.

But it’s not only about local news. “You know, we do a lot of local special programming,” Blackerby explained. “Once a month we do a show called ‘Eye on Crime’ that runs in primetime. It’s in conjunction with the Sheriff’s department and the Justice Coalition. We do a reenactment of an unsolved crime and then we have live phone banks with the detectives who are working on that case. We did the program called ‘Give Me the Mike’ that originated at this station and appears in our other Post-Newsweek stations and last year was syndicated in around 30 markets in the top 50. That’s kind of a local version of a talent show. Kind of like ‘Idol,’ I guess. We’re going to do eight episodes of that this summer,” he said.

What about primetime? After a two-hour news block ends at 7:00 pm, the station goes into “Entertainment tonight” and “Inside Edition,” then off-network reruns of two sitcoms, “King of Queens” and “Becker,” With “Dr. Phil” as the big primetime anchor leading into the 10:00 pm news block—an hour and a half competing with all of the market’s other evening newscasts at 10:00 and 11:00.

While WJXT may not have CBS anymore and such hits as “CSI,” the station can still claim ratings success. In the February ratings this year, “Eyewitness News” was #1 at 5:00, 5:30 and 6:00, not to mention #2 for several other periods.

And while it’s been different not having a network primetime lineup to sell, Blackerby says his sales staff
quickly adapted to the new environment, which began by explaining to buyers and advertisers that the station was not a typical independent. "I mean, we have numbers in prime, we're competitive in every daypart and so we've had to fight that battle a little bit—that you look at our numbers here in primetime, we've got them, we've got your minimums and we'll work for you."

In San Francisco, Young Broadcasting knew when it paid over $822 million for KRON-TV (Ch. 4) that the station's network affiliation might be lost. NBC was a competing bidder and made it clear that if anyone else bought the station, the long-held NBC affiliation might not be renewed.

"We put together a financial plan and put together a business plan which we contemplated, although we didn't think it was our first choice, but we did contemplate running it without being an NBC affiliate," Young CFO Jim Morgan told RBR/TVBR. "And that which we contemplated was what we eventually did do, which is making it principally a news station."

This was not completely new territory for Young, having run KCAL-TV (Ch. 9) Los Angeles as the nation's top billing independent station before selling it to Viacom for $650 million. "KCAL was a wonderful experience. We bought that from the Disney Company and took $23 million worth of cash out of the station the first year we owned it, but we did contemplate running it without being an NBC affiliate," Morgan said. "And that which we contemplated was what we eventually did do, which is making it principally a news station."

KRON's affiliation (moving to KNTV, Ch. 11 and eventually buying the station), so on January 1, 2002, KRON began its new life without a network affiliation—and without many of its previous view- ers and ad dollars. "It was a substantial drop. We never actually published the numbers on it, but it was substantial," Morgan admitted. Since then it's been a rebuilding process. "Our share of the market has been steadily increasing since we did the switch. We're pleased with that. I think our biggest disappointment right now is probably the market is not as strong as I'd like to see, which I would guess is not a big secret to anybody in the San Francisco market," Morgan said.

Having come to San Francisco last year (7/27/04 TVBR #145) from running Young's KELO-TV (Ch. 11, CBS) Sioux Falls, SD, Mark Antonitis is now the President and General Manager charged with completing the KRON rebuilding. "Our objective is always to be as profitable as possible while maintaining our key imagery and serving the community. As broadcasters you have to do all those things. Certainly profitability is a major goal of any organization and if you're not profitable you can't do the other two. My goal here is to grow the profitability, grow our ratings, you know much in the same way that was my responsibility in my previous job and my jobs before that. Is there a specific number we're supposed to be reaching? Well we have budgets, again like everyone else, but no I wasn't told you have to get it to this. We're working through a lot of challenges in this market. The Local People Meters being the last one, but we're holding our own," he said.

Like WJXT, KRON is heavy on local news—in fact, it does even more news, a full nine hours a day. That includes a full hour at 9:00 pm, a time slot where KRON has the market's only news-
cast. "I'll tell you it's a pleasure to be in a place where no one else is, as competitive as things are these days," Antonitis told us. That 9:00 newscast also helps KRON sell its 11:00 pm half-hour newscast, where it has plenty of competition. "From our experience with KCAL, one of the things we've learned is to sell combos. That's the way we sell our 11 o'clock newscast, in combination with our 9:00 pm, and the combination of the two makes us a solid number two at 11 o'clock or in the late evening between 9 and 11 when you put the ratings together. And that's how we sell it," he explained.

For Antonitis, who managed network affiliates for many years, running an independent is a different game. "Well, first of all, I love it. My personality is I want to do things and I want to create things and I want to make things happen and as a CBS affiliate in my last stop in South Dakota it was sometimes—as much as I enjoyed my experience with the fine folks at CBS—there were times when there were conflicts because of different priorities. They have theirs, and as a local station, you have your own. You have that freedom here—there is no one telling you what to do, how to do it or what your priorities are. You get to set them. Certainly there are challenges, but they're the kinds of challenges that as broadcasters you love. What can I do with this? What ideas can we put forth? In fact, when I got here there were a hundred ideas out there—and I mean among the staff and the managers—and I've really enjoyed talking people through some of those and we've actually been able to do some programs based on peoples ideas, rather than just sitting around chatting about them and saying wouldn't that be great, but we have all these other spots to do," he said. "As far as programming, it is competitive. We concentrate most of our programming efforts between 7:00 PM and 11:00 PM, primetime and access. We're very pleased with that programming and we have long-term deals on Dr. Phil, Sex and the City—which is going to premiere in the fall—and Entertainment Tonight-The Insider."

Despite the general softness in the San Francisco, KRON has continued to regain market share. "We had our most profitable year last year," the GM told us. "Every year there's another challenge and this year, frankly, our challenge is LPM. Everybody is experiencing that in San Francisco because it has shown a diminution of the audience and that's a concern always but that's exactly what we expected to happen. The market is working its way through that right now," Antonitis noted.

The rebuilding isn't finished yet, but Young Broadcasting CEO Vincent Young had some good news for shareholders in February when he reported results for the final quarter of 2004. "Our business is to a large extent locally driven and the local advertising sales initiatives we have put in place are beginning to produce new revenue which bodes well for future growth. Finally, KRON-TV generated positive SOP [station operating profit] for the fourth quarter and full year," he said.
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