

Fifth Estater

JAMES DANIEL SULLIVAN

In 1988 Lowry Mays, president and chief executive officer, Clear Channel Communications, decided to expand the company beyond radio and into television. In that short time, Clear Channel Television has acquired six Fox affiliates (soon to be seven) and become one of the fastest-growing TV group owners in the industry.

In charge of that operation is Dan Sullivan, president and chief operating officer, Clear Channel Television. While Clear Channel's headquarters are in San Antonio, Sullivan operates out of Houston, which, as he says, "puts a distinction between Clear Channel Communications and Clear Channel Television." It also says something about the autonomy with which Sullivan operates within the company.

"Don't overlook the fact that he is in Houston and headquarters is in San Antonio," says Paine Webber analyst Alan Gottesman. "Clear Channel says it gets the best people, puts them in place, and leaves them alone. A lot of companies say that, but few [like Clear Channel] do it in practice."

Gottesman is also impressed with Clear Channel's recent buying. "Look at their record. When nobody was doing deals, they were doing deals. They waited until it was right."

That, says Sullivan, was part of the plan. Clear Channel's current purchasing strategy is to focus on stations in middle markets and on Fox affiliates. Clear Channel owns stations in Mobile, Ala.; Tucson; Jacksonville, Fla.; Tulsa; Wichita, a 49% interest in KLRT-TV Little Rock, and recently purchased the Chase Communications station in Memphis.

"What made the deals click," says Sullivan, "was that the future of TV was laid out for us in the radio business." Radio, Sullivan says, was 50% national sales and 50% local 10 to 15 years ago and is now 85% local and 15% national. "The same is true in TV. Local will become the biggest part of our business."

Clear Channel has also benefited from good timing. When the group



started buying stations from operators (such as Media Central) who did not have success, the Fox network was just starting out and program prices were still extremely high.

"Luck beats good every time," Sullivan says. But, he is quick to add, "we did not buy Fox affiliates by accident. We put our money on their wagon. Yes, program prices came down and we benefited. We also did our part to drive them down further. Just say no." Clear Channel, he explains, "never wants to be the highest rated. We want to be the most profitable, and the two don't always go hand-in-hand."

The strategy is working. Clear Channel reported its most successful second quarter in history with after-tax cash flow increasing by 92% to \$1,967,000 from \$1,025,000 in first quarter 1991. Operating income before depreciation and amortization was up 24%. Clear Channel also lowered its operating expenses by 10% through cost-cutting measures such as joint sales agreements at their Houston and Tucson stations. The average staff

size at their TV stations is 40, which Sullivan says is 10% to 20% less than underprevious owners.

Sullivan describes himself as "very opinionated." Specifically, he says, he will not buy programing that has also been sold to a cable network. "I strongly believe in syndex and refuse to buy movies that I am not the exclusive licensee of. That does not make you popular with the syndicators, but they respect it."

Before coming to Clear Channel, Sullivan was at Southwest Multimedia Inc. and at Media Central Inc., the group owner of independent stations that went bankrupt in the late 1980's. For Sullivan, Media Central was a learning experience.

"You can learn a lot from people who do things wrong," recalls Sullivan. "They had some good stations in some good markets that under different ownership are prospering today. They did not have the equity to carry the debt service and did not have realistic expectations regarding what they could accomplish." Sullivan himself is cautious about projections. "We

have met every budget and we will over-deliver this year. We don't set ourselves up for failure."

Clear Channel may soon expand beyond Fox affiliates. The senior leaders of group owner Tak Communications (six network affiliates, three FM's) have asked the group owner to consider managing the properties, which are currently in Chapter 11. While Sullivan declines to comment on that situation, he does

say he can see the group acquiring network affiliates in the future. "The concerns of network compensation don't scare us—we never counted on it. The future growth for us is the ability to sell our customers' products. Networks are in software and we are in hardware."

President and COO, Clear Channel Television, Houston; b. July 24, 1951, Lewisburg, Tenn.; attended University of Tennessee, Knoxville, 1969-73; account executive, WTVK(TV) Knoxville, 1973-79; sales manager, 1979-82; general manager, WKCH(TV) Knoxville, 1982-84; director of station operations, Media Central Inc., Chattanooga, Tenn., 1984-86; executive vice president, chief operating officer, Southwest Multimedia Inc., Houston, 1986-88; current position since October 1988; children: Dana, 14; Kelly, 8.