

# Radio Business Report™

Voice Of The Radio Broadcasting Industry®

February 4, 2002

Volume 19, Issue 4

## SPECIAL ISSUE



**RBR Profiler  
Saga's Ed Christian  
Straight blunt talk  
page 9-11**

### Radio Business Report™ Voice Of The Radio Broadcasting Industry®

NEXT WEEK

THE 2ND INSTALLMENT  
OF RBR PROFILER

STEVE GOLDSTEIN  
EXECUTIVE VICE PRESIDENT  
AND  
GROUP PROGRAM DIRECTOR  
OF  
SAGA COMMUNICATIONS

PART 2 OF A 4-PART  
IN-DEPTH SERIES  
LOOKING CLOSELY AT SAGA:  
PROGRAMMING ISSUES AND  
HOW THEY ARE HANDLED.

### Television Business Report™ Voice Of The Television Broadcasting Industry®

Brokers talk about  
the upcoming  
year in TV deals



## Fries sees opportunity in down economy

Having just come through the first down year for radio ad sales since he became President and CEO of the Radio Advertising Bureau, **Gary Fries** is focusing on the silver lining to be found in that dark cloud.

"Even though the economy is tough and uncertain, it presents opportunity for the radio industry," Fries told *RBR* in advance of RAB2002. "We must remember that radio's value to the advertiser has not diminished. In fact, the reliance on radio has increased over the past year."

Fries will deliver his annual "State of the Industry" address to the conference on Friday morning (2/8). Of course, we all know what's been happening over the past year to depress advertising demand for all media, so look for Fries to focus on the future.

"When things are in a state of change, advertisers need to redesign how they reach the customer. People's habits change and new opportunities arise. The challenge is for the radio industry to seek out these new areas of opportunity and help the advertiser craft new ways and messages to meet the needs of the consumer," he said. "If we are successful at this we will grow our business and deliver needed results to the advertiser—thus taking advantage of the changing mood and times. The challenge is not to 'moan' about the lost, but focus on creating the new opportunities."—JM



Joan Gerberding

## Sales pros gather in Orlando to deal with tough times

When **Joan Gerberding**, President of Nassau Media Partners, agreed to chair RAB2002 the economy was still looking pretty resilient and September 11 was just another day on the calendar. Now, with a mild advertising slump that's grown into a full-fledged economic recession and terrorist attacks that have made many people hesitant to fly, Gerberding and her committee have had to put in extra effort to convince

stations that the conference in Orlando (2/7-10) is a worthwhile investment in tough times.

"What we've tried to do is get some first class speakers so that there's a reason for people to come—for them to stay focused on learning how to manage, how to sell better," she told *RBR*. "The RAB had to become better at what they do, which is finding panel members—and I think they were very choosy about who was going to be on a panel so that it was very focused and really the best of the best."

In light of the tough issues facing broadcasters today, Gerberding expects the keynote address Friday morning (2/8) by Captain **Al Haynes** to be one of the conference highlights. Haynes will be speaking on "Crisis Management," a subject he learned about in a particularly intense way on June 19, 1989. Haynes was the pilot of a United Airlines flight which suffered major systems failures in mid-flight—but he and his crew brought the almost uncontrollable aircraft in for an emergency crash-landing at Sioux City, IA and saved the lives of most of the passengers.

"He gives this fantastic talk on how to plan and prepare for unpredictable events," Gerberding said—valuable lessons for broadcasters, even if hundreds of lives aren't at stake.

She also thinks broadcasters will be anxious to hear **Jim Cramer**, who comments on Wall Street activities for TheStreet.com, CNBC and Premiere Radio Network. He'll be talking about how to do business in the current economic downturn.

"We've tried to gear the speakers toward what's happening in our lives today, both personally and professionally," Gerberding said.

Considering the current climate, RAB is expecting attendance to be down from last year, but Gerberding said registrations were in line with expectations.—JM

## Entercom pulled over by FCC indecency cops

Alternative KNDD-FM Seattle, part of the Entercom (N:ETM) cluster, has been hit with a Notice of Apparent Liability for broadcast of indecent language by the FCC. The fine is for \$14K. The complaint which spurred the action was over material aired between 5/30/01 and 6/1/01.

The complainant only was able to describe the allegedly offensive programming. Entercom itself provided transcripts to the FCC, based on its own retained recordings of the programs in question, arguing that the programming in question was not indecent based on contemporary community standards.

Although the FCC cleared the station for the 5/31 material based on the transcripts, it has assessed the NAL for programming on the other two days. For the record, KNDD's **Andy Savage** and others were discussing feats of pulling and lifting with a certain part of the male anatomy.

**RBR observation:** Apparently, Entercom believed they had a case arguing that the body part references were not shocking, pandering and/or titillating. Entercom argued that references to pulling a wagon (one of the tasks in question) would have been the same and interchangeable with references to the same task being performed by, say, a nose or a finger. The FCC did not buy that one.

Traditionally, when complainants are unable to provide a tape or an accurate transcript of an allegedly offensive broadcast—and usually they cannot—the case is over before it ever begins. This incident will no doubt encourage stations to avoid taping themselves—there is absolutely nothing to be gained. With 14,000 pictures of **George Washington** headed out the door, you'd have to think twice about turning the recorder back on.—DS

## RADIO NEWS

- Viacom's odd couple told to play nice** ..... 2  
By all accounts, Sumner wants to do in Mel—but the Viacom board thinks Wall Street wants Mel to stick around for awhile.
- Enron fallout includes rebirth of campaign reform** ..... 2
- Florida Senate targets ad dollars to fix its budget** ..... 2
- Berman patiently awaiting DOJ CCU decision** ..... 2

## RBR PROFILER

- The Saga saga straight from Ed Christian** ..... 9-11

## MEDIA MARKETS AND MONEY

- LA's second best year is a downer** ..... 12  
2001 revenues in Los Angeles, the #1 radio rev market, have only been surpassed once—unfortunately it was in 2000, not 2001.
- Radio One shelves \$500M for warchest** ..... 12
- FM deal vastly increases Marco's Austin powers** ..... 12
- Entercom's KWOD squad tries to end Stolz stall** ..... 12



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being explored in a judicious manner."

He adds DOJ is currently in the process of figuring out what it's going to do about the request and Berman is waiting on the official response. These things do take time.—CM

## Arbitron proposal on the network RADAR screen

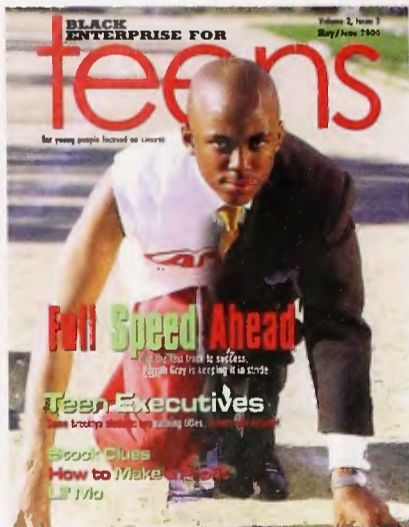
Arbitron has announced previously that RADAR 73 will be the first phase in its transition of the network radio measurement service from phone-based to diaries. It will drop 3,000, or a quarter of the 12,000 telephone respondents and add 12,500 diaries. By RADAR 76, it plans to be 100% diaries.

According to RBR sources, Arbitron sent a proposal for the networks in early January to begin the phased-in dairy approach to RADAR 73. Not all of the networks have yet formally responded to that proposal.

"There are some unresolved research methodological issues that we have before Arbitron that we want some response back before we'll feel comfortable with that shift. There are some significant issues that need to be resolved before the network researchers will feel comfortable with that transition," the source said.—CM

## Inner City mag sale is truly a minor deal

Inner City Broadcasting Corp. has sold a controlling stake in its *INNERCITY* magazine to a 17-year-old self-made multi-millionaire, **Farrah Gray**, who plans to relaunch it as *ICE (Inner City Entertainment)* magazine). Although Inner City is retaining a minority interest in the venture and is "actively involved," Gray says he has full responsibility for hiring the staff and determining the editorial focus of the magazine.



aimed at urban youth. The advertising-supported magazine will be distributed free at supermarkets, convenience stores, video outlets and colleges. He plans a promotional blitz for each issue, which he said will likely include Inner City's radio stations.

Gray, pictured on the cover last year of what will now be a competing magazine, began launching start-up companies in Las Vegas before he was old enough to drive and now has offices in New York and LA as well for his NE2W Student Venture Capital Search Fund. But with investor interest in VC firms greatly diminished and having sold his nationally-distributed food company (Farr-Out Foods), Gray is moving on to something new. "My focus is the entertainment industry," he told RBR—the magazine and hopefully a future venture in the recording industry.

The teen whiz-kid lectures around the country—to adult business groups more often than to teenagers. Gray told RBR he first met writers for *INNERCITY* at one of those lectures and later met company founder and Chairman-Emeritus **Percy Sutton** at an event in Washington, DC—leading to a joint venture begun about a year ago, ICE 360, a marketing and promotion company.

In announcing the deal to give Gray control of Inner City Broadcasting's magazine, Chairman **Pierre Sutton** said Inner City was "extending our brand to create a premiere urban youth entertainment publishing, offline/online promotion and marketing company targeting the 14-24 year-old entertainment-hungry consumer market."

**RBR observation:** What's a magazine worth if it hasn't been published in a year? Not much. But although no one is saying what young Mr. Gray paid to buy his controlling stake, it's for sure that same real cash will have to be spent to get *ICE* onto magazine racks nationwide in April. He is one dynamic kid, but he has his work cut out for him.—JM

## Fortune ranks Arbitron a good place to work

Fortune magazine has ranked Arbitron (N:ARB) among its "Top 100 Best Companies to Work for in 2001." The radio ratings company was ranked 51st overall and the 25th best place to work for women. Arbitron, which became an independent company only last March after separating from Ceridian (N:CEN), was one of 20 newcomers to the top 100 list.

According to Fortune, Arbitron created 105 new jobs last year and voluntary turnover was only 10%. The company's staff is 58% female and 36% non-white.

No broadcasting companies made the Fortune list. Indeed, the only media company among the top 100 was International Data Group, a publisher of technology magazines such as *ComputerWorld*, *NetworkWorld* and *MacWorld*. First place went to the Edward Jones stock brokerage company, which had finished ninth the previous year.

Fortune's rankings are based on nearly 45K employee surveys of companies which applied for

## RBR News Briefs



### Wilson headed for Country country

Citadel head honcho **Larry Wilson** (pictured at left) will serve as keynote speaker at this year's Country Radio Seminar 2/27. The industry confab runs through 3/2 at the Nashville Convention Center. Said CRB Executive Director **Paul Allen**, "Whether you are a competitor in a Citadel market or a music maker from the Row, Larry will have something important to relay to all as our keynote speaker. It's an honor to have him set the stage for our convention."—DS

### WW1's Leykis in Alaska for "post-traumatic stress" trial

Westwood One's **Tom Leykis** is being sued for "post-traumatic stress" by a Juneau, AK woman who campaigned to get his show cancelled from KJNO-AM there. **Karen Carpenter** had threatened KJNO with a boycott in 1998 unless the station pulled the show; KJNO did drop the program, but on its last airing in the market, Leykis read her letter to KJNO and called her a "moron and cretin."

Carpenter charges that a caller gave Leykis her fax number on the show, resulting in harassing faxes and causing psychological distress. Leykis was in Juneau for the trial and broadcasting his show from there during the proceedings.—CM

### Neil Rogers threatens to quit

The *Miami Herald* reports WQAM-AM Miami Talk legend **Neil Rogers** may quit the station if his time slot isn't changed. On 1/25, Rogers accused station GM **Greg Reed** of "destroying the station and threatened to leave the air if his demands aren't met." His specific complaint—the time of his show. WQAM changed its lineup Jan. 2, with Rogers four-hour show moving to begin at 9AM instead of his usual 10AM, which he has done for 10 years. More at RBR.com.—CM

### WWWW-FM Detroit lends a hand to K-Mart

In support of struggling Troy, MI-based Kmart, Alice 106.7 (WWWW-FM Detroit) is conducting a "Red, White and Blue Light Special" three times daily from 2/4-28, giving away gift certificates of \$50 to \$1,000. Morning Team **Davis & Darla** will announce times to win throughout the day weekdays at 7:20 a.m. Upon hearing the invitation to call, winning listeners will spin the "Wheel of Martha" to win a Kmart gift certificate valued up to \$1,000. "Alice will buy the gift certificates. All our listeners have to do is get to Kmart and shop", says **Jay Nachlis**, Alice's PD. "Kmart has served our listeners remarkably for decades. This is the least we can do to give something back." —CM

### Newspapers lose job hunters to Web

Readership declined 11% over the past three years for newspaper classifieds, according to The Media Audit—which also noted a shift of employment ad readers to Internet job sites. "Readership of newspaper classified advertising in general has been falling for several years," said **Bob Jordan**, Co-Chairman of The Media Audit. The annual audit found that 13.2% of the people surveyed in 1989 reported reading newspaper classified ads regularly. Figures for 2001 aren't yet complete, but that percentage had fallen to 11.7% in 2000. "That's an 11.4% drop in just three years," noted Jordan. More at RBR.com.—JM

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inclusion in the annual list. Those surveys, which are not seen by the employer, make up two-thirds of the company's score, with the remaining third based on Fortune's analysis of each company's response to a corporate culture audit.—JM

## Arizona next to ban non-competes?

Joining Massachusetts, Illinois and Maine, *The Arizona Republic* reports that Arizona may be the next state to ban non-compete clauses. The Arizona Senate Commerce Committee has approved a bill to outlaw non-competes for radio and TV broadcasters, with the full Senate potentially acting on the bill late this month or in early February. "This country is based on a free-market system, so why should an employee have to uproot his family just to work in their chosen field?" Arizona State Senator **Scott Bungeard** said in the story.—CM

## Indecency update: Jones goes after the FCC

Rap artist **Sarah Jones** has sued the FCC in an attempt to derail the agency's \$7K fine against a station which aired her song "Your Revolution."

The station in question is KBOO-FM Portland, OR, a noncommercial station. It played the Jones piece before safe hour. The FCC contended that sexual references in the song, "appear to be designed to pander and shock, and are patently offensive."

The station and Jones hold that nothing could be farther from the truth—the song is a protest against the depiction of women in the songs of other rappers. They consider it to be social commentary. Jones is contending, and wants the court to find that the Commission infringed her right of free speech, and she wants the \$7K fine overturned.—DS

## Kroger slashes radio ad budget

Louisville's *Business First* reports Cincinnati-based supermarket giant Kroger is scaling back its radio advertising in 2002—big time. The Louisville offices of several local radio clusters (including Cox, Clear Channel and Radio One) heard that the supermarket giant would drastically reduce its advertising with them in 2002. The stations received word of the pullback from Kroger's Louisville agency, Sheehy & Associates.

"Some executives estimated privately that at least one local radio company would be losing \$1M or more of advertising from its budget," the story said. "Everyone's in a state of shock," said one area radio executive who asked not to be identified to avoid jeopardizing the company's relationship with Kroger. More at RBR.com.—CM

## Mapleton, former GM sued for \$32M+

The *Napa Valley Register* reports 1/23 that CBM Napa, which owns KVON and KVVN in Napa, CA has filed suit (1/25) against former GM **Dale Hendry** alleging he sabotaged their ability to sell the stations at their former value and he was responsible for an employee exodus from the stations to his new employer, Mapleton Communications. LA-based Mapleton owns several stations in central California. Mapleton, Hendry and his wife, **Charlotte** are all being sued for alleged unfair competition, interference with contractual relations,

negligent interference and conspiracy.

The lawsuit, filed by **Charley** and **Ben Moss**, operators of Moss Entertainment in NY and CBM Napa, seeks \$32M+ in damages. The suit says Hendry orchestrated an employee exodus that ultimately decreased the value of the stations at a time they were up for sale and that Hendry's wife Charlotte removed software from the station's computers and that included several years of financial records.

Hendry had worked out a deal with Moss Entertainment where he could purchase the stations at a reduced amount if he remained in his management position. The Mosses would have retained a 10% interest. When Hendry failed to put together an investment group to buy the stations, they went up for sale on the open market. In 5/01, Hendry resigned, saying he had to make the move to represent a party who was a potential buyer of the stations. Soon after, Hendry's wife, Charlotte; receptionist **Virginia Smith Yee** and Hendry's replacement GM, **Andrew Adams** also left. Yee's departure damaged the station's image, since she regularly dealt

with advertisers, the suit claims.

When the sale price of \$5.5M was not entertained by any of the serious bidders, the Napa stations were pulled off the market.—CM

## Reader observations: Put in your two cents worth

At RBR and TVBR we have no qualms about shooting off our typing fingers whenever a story so moves us. We would like to extend the same opportunity to you, our loyal readers. Please forward your business observations to RBR, TVBR, or RBR.com. Or contact any of our editors—see the staff box on p.2. We look forward to your input.



Michael Powell

## All Commissioners booked for Vegas

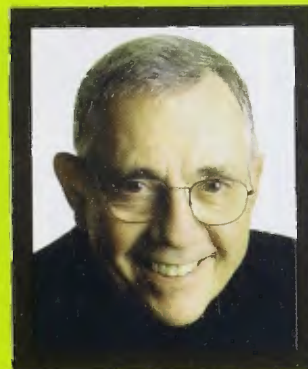
Every member of the Federal Communications Commission will make an appearance at the NAB2002 convention 4/6-11 in Las Vegas. NAB announced last week (1/30) that Commissioners **Kathleen Abernathy**, **Michael Copps** and **Kevin Martin** will appear 4/9 at "The Regulatory Face-off." Also on that panel will be **Nancy Victory**, the new Assistant Secretary of Commerce and head of the National Telecommunications and Information Administration.

FCC Chairman **Michael Powell** will make his NAB2002 appearance earlier the same day (4/9) at the "FCC Chairman's Breakfast." He'll be quizzed in a one-on-one setting by ABC's **Sam Donaldson**.—JM

## THE ISSUES, THE PEOPLE, THE TECHNOLOGY Can you afford NOT to be there?

Referred to by *Advertising Age* as the advertising industry's soft-spoken visionary, DDB Worldwide Communications Group Chairman, **Keith Reinhard**, thinks Radio delivers more personal, more precise images than any other advertising medium. He will first inspire you and then challenge you as he illustrates his keys of advertising at The NAB Radio Luncheon, Tuesday, April 9. **Dick Orkin**, from The Radio Ranch, will be inducted into the NAB Broadcasting Hall of Fame.

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**Dick Orkin**  
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FCC Chairman  
FCC Chairman's Breakfast



**Sam Donaldson**  
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## NRB 2002: A mission that keeps on growing

The annual National Religious Broadcasters (NRB) Convention & Exposition is the world's largest forum dedicated to assisting those in the field of Christian broadcasting and communications. NRB 2002, to be held 2/16-19 at the Opryland Hotel in Nashville, will host more than 200 exhibitors, each presenting an enterprising marketplace for broadcasters and ministries and looking to expand, improve, upgrade or all of the above.



Michael Glenn

Every year since 1944, the NRB convention has grown to include more upper-management, exhibitors, speakers. "Boot Camp" topics and opportunities for those in the industry to meet and share common concerns. In addition, NRB is a major lobbying force for Christian causes, alerting and enjoining broadcasters to legislative and policy issues that impact their operations and providing action to campaign for change when warranted. Boot Camps at this NRB include Film & Television Production, Internet, Stewardship and News.

"This is our 59th convention. The exhibits weren't started until the late 60s and it was for many years just kind of a small gathering of vendors within the industry," NRB VP **Michael Glenn** tells *RBR*. "It's pretty broad-based and really covers a lot of territory in areas where Christian communicators are looking for services—programming, equipment, all different facets of mass communications. Each year, we've been gathering well over 5,000 people and have been setting record numbers for the past five-plus years in many different areas, such as registration, exhibits and sponsorships."



Lisa Burton

New member **Lisa Burton**, GSM, Sheridan Gospel Network/The Light says they will have a booth presence with The Word Network at the event. "NRB exposes us to another level. Being in Gospel radio, a

lot of times you only talk to the choir, over and over and over again. We like the opportunity of not only talking to the Gospel industry, but the Christian industry and people of God. It's an excellent networking forum for us. We are a smaller network that is building, and what a better way to get to the industry where everybody is connected to it. It's like the RAB of Christian radio."

Burton says Sheridan President, **Ron Davenport, Jr.**, is also being looked at for being a NRB board member, "so we're trying to meet as many people and shake hands and find out what's going on."—CM

## Radio gets Religion: A look at the top groups

Like every other phase of the broadcasting industry, Religious broadcasting has experienced a wave of consolidation. Although Religious programming can be a part of any group's lineup, several groups present it over a large number of markets. Here is a brief look at two of them.—DS

## Salem Communications (O:SALM)

Salem is by far the largest player in the Religious radio business. Broadcast Investment Analyst's chart of top 25 group owners in terms of revenues (*RBR* 12/10, p.7) places it at #16 on \$132.4M in estimated annual ad revenues. That means it is keeping company with some of radio's most respected conglomerations, in the same league as #13 Greater Media, #14 SBS (O:SBSA), #15 Jefferson-Pilot (N:JP), #17 Beasley (O:BBGI) and #18 Saga (A:SGA) (Saga is profiled in today's issue—see pg. 9-11).

Headed by Chairman **Stuart Epperson** and President/CEO **Ed Atsinger**, Salem is primarily a large-market group, with entries in all but one top 10 markets—to date, only Detroit has eluded its grasp. It's in over half of the top 50 markets. And its reach extends even further down the ranks, although not too much further.

The company has been stockpiling FM stations of late on which to place its relatively new "Fish" Contemporary Christian format. It also tries to have at least two AMs in most of its markets, one for its bread-and-butter Christian Talk format, and another for its more mainstream Conservative Talk offerings.

And it still has its mainstay—block programming, which is not included in BJA's revenue tally. Salem rents its stations to various religious entities, accounting for 40% of the company's income and making it almost recession-proof since this practice makes the effects of a fluctuating advertising market a smaller factor. While other companies were dipping liberally into the red ink, Salem was able to increase its net income by 22.4% Q3 2001 (*RBR* 11/12/01, p.7).

Salem also runs a national programming network, a rep firm and has a significant presence on the Internet.



Ed Atsinger

## Crawford Broadcasting

**Donald Crawford** has assembled an enviable group of stations. Like Salem, his holdings are concentrated in large markets, and the scope of the group is national. It has outposts

in Los Angeles, Chicago, Dallas, Detroit, St. Louis, Denver, Portland, Birmingham, and in particularly strong presence in mid-sized upstate New York cities, including Buffalo, Rochester, Albany and Syracuse.

The group runs various Christian formats, but like Salem it also will go outside the strictly religious arena when programming its stations. In particular, the group likes to throw Standards programming on the AM side of the dial.

It's most stunning and surprisingly successful move was in Chicago, however. It took one of its three FMS, its 92.3 facility, and installed an Urban Contemporary format as WPWX Power 92, a direct assault on Urban kingpin WGCI-FM, part of the Clear Channel (N:CCU) cluster. Before the move took hold, Crawford's 92.3 facility was under a 1.0 share 12+ during the Winter 2001 book, while WGCI-FM coasted to a 6.9. By the time the just released Fall 2001 book was out, WGCI had been whittled down to a 4.8, while WPWX soared to a 3.5, and for anyone who isn't used to reading the Chicago book, that is an excellent score, good for 9th place among 46 stations.

To us, this shows that Crawford knows more than just Religious radio—it knows radio, period.

# SGN "The Light" The Team Behind the Scene...

Sheridan Gospel Network "The Light," a division of Sheridan Broadcasting Corporation, is a satellite delivered, 24 hours a day, 7 days a week, nationwide gospel music service reaching listeners from coast to coast. "The Light" delivers gospel industry's greatest inspirational music, programming, and strategic promotions, all designed to keep listeners inspired, uplifted and encouraged. "The Light" has assembled a dedicated team of industry professionals and award winning announcers who are committed to providing the best that gospel music has to offer. The strong affiliation that listeners have for the "The Light" translates into higher time spent listening, which in turn leads to greater cumes, all of which translate into added value for advertisers. Experience the difference and the results that the nation's only African-American owned and operated gospel radio network can achieve for you. Step out of the darkness... and into "The Light."

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## Upfront 2002: a look back—part III

This time we take a look at the tone of negotiations between the buyers and sellers of network radio. With less money being spent and a marketplace that seemed to hold rather than fold in the upfront, the nets had to work even harder. In addition, we examine the results and get feedback on the recent RADAR 71, where the amount of GRPs in the marketplace and the selection and diversity of programming are larger than ever before and the major market deliveries of networks are stronger than they've ever been.

Were people on both sides of the desk more willing to work together in this upfront? "I think there was more of a cut to the chase. Some things got done in a shorter time frame," explains **Natalie Swed Stone**, Managing Partner/Director of National Radio Services, OMD USA. "It wasn't as protracted, and I think at the end of the day people were more satisfied because they were more realistic. The networks perhaps didn't have expectations that it would be any better than it was. I think that helps. And we on the other hand knew that we were going to see improvements vs. previous years. One of the things you had in a previous article is suppliers' commenting on maximizing added value with programming and sponsorships. And that's what we can see. When your dollar goes further, you can afford things like that."

Says Westwood One's EVP Sales **Peter Kosann**: "How we approached the upfront is no different than how we approach scatter business, which is we meet with every client and every agency to discuss their needs. The hallmark of this particular upfront was the fact that we



Peter Kosann

really worked with all of our clients to identify their unique marketing needs, and then we developed unusual campaigns to deliver them. So at the end of the day, literally every upfront that we did has a unique element to it, whether it be an entitlement or a sponsorship or the mix or whatever. Ultimately, it's not just about price, but what we're delivering to the clients."

Westwood One CEO **Joel Hollander** adds the upfront negotiation process began months before the upfront began. "I would like to think we have long-established relationships with the people we're dealing with for the upfront. We did a good job preselling our product, certainly before the upfront started. If you sell that way and presell, I think it makes the process a little easier once you're in it."

"I'm mostly buoyed that this year we at Premiere are certainly at a much better place than we were a year ago," says **Rhonda Munk**, Premiere Radio Networks EVP/Director of Sales. "We were much more buttoned up in terms of going in and being clear about where the marketplace is. Whereas a year ago, we were undergoing a lot of changes internally, as well as there were changes in the marketplace. It was very apparent in our upward performance this year. I have an incredible sales team which was getting the message loud and clear."

**Reyn Leutz**, SVP/Director of Radio Negotiations, Mindshare USA, tells *RBR* that while the timing of this upfront seemed similar to last year, he confirmed what we've been hearing—the rates were down and the money was

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## NRB 2002: A mission that keeps on growing

The annual National Religious Broadcasters (NRB) Convention & Exposition is the world's largest forum dedicated to assisting those in the field of Christian broadcasting and communications. NRB 2002, to be held 2/16-19 at the Opryland Hotel in Nashville, will host more than 200 exhibitors, each presenting an enterprising marketplace for broadcasters and ministries and looking to expand, improve, upgrade or all of the above.



Michael Glenn

Every year since 1944, the NRB convention has grown to include more upper management, exhibitors, speakers, "Boot Camp" topics and opportunities for those in the industry to meet and share

common concerns. In addition, NRB is a major lobbying force for Christian causes, alerting and enjoining broadcasters to legislative and policy issues that impact their operations and providing action to campaign for change when warranted. Boot Camps at this NRB include Film & Television Production, Internet, Stewardship and News.

"This is our 59th convention. The exhibits weren't started until the late 60s and it was for many years just kind of a small gathering of vendors within the industry," NRB VP Michael Glenn tells RBR. "It's pretty broad-based and really covers a lot of territory in areas where Christian communicators are looking for services—programming, equipment, all different facets of mass communications. Each year, we've been gathering well over 5,000 people and have been setting record numbers for the past five-plus years in many different areas, such as registration, exhibits and sponsorships."



Lisa Burton

New member Lisa Burton, GSM, Sheridan Gospel Network/The Light says they will have a booth presence with The Word Network at the event. "NRB exposes us to another level. Being in Gospel radio, a

lot of times you only talk to the choir, over and over and over again. We like the opportunity of not only talking to the Gospel industry, but the Christian industry and people of God. It's an excellent networking forum for us. We are a smaller network that is building, and what a better way to get to the industry where everybody is connected to it. It's like the RAB of Christian radio."

Burton says Sheridan President, Ron Davenport, Jr., is also being looked at for being a NRB board member, "so we're trying to meet as many people and shake hands and find out what's going on."—CM

## Radio gets Religion: A look at the top groups

Like every other phase of the broadcasting industry, Religious broadcasting has experienced a wave of consolidation. Although Religious programming can be a part of any group's lineup, several groups present it over a large number of markets. Here is a brief look at two of them.—DS

## Salem Communications (O:SALM)

Salem is by far the largest player in the Religious radio business. Broadcast Investment Analyst's chart of top 25 group owners in terms of revenues (RBR 12/10, p.7) places it at #16 on \$132.4M in estimated annual ad revenues. That means it is keeping company with some of radio's most respected conglomerations, in the same league as #13 Greater Media, #14 SBS (O:SBSA), #15 Jefferson-Pilot (N:JP), #17 Beasley (O:BBGD) and #18 Saga (A:SGA) (Saga is profiled in today's issue—see pg. 9-11).

Headed by Chairman Stuart Epperson and President/CEO Ed Atsinger, Salem is primarily a large-market group, with entries in all but one top 10 markets—to date, only Detroit has eluded its grasp. It's in over half of the top 50 markets. And its reach extends even further down the ranks, although not too much further.

The company has been stockpiling FM stations of late on which to place its relatively new "Fish" Contemporary Christian format. It also tries to have at least two AMs in most of its markets, one for its bread-and-butter Christian Talk format, and another for its more mainstream Conservative Talk offerings.

And it still has its mainstay—block programming, which is not included in BIA's revenue tally. Salem rents its stations to various religious entities, accounting for 40% of the company's income and making it almost recession-proof since this practice makes the effects of a fluctuating advertising market a smaller factor. While other companies were dipping liberally into the red ink, Salem was able to increase its net income by 22.4% Q3 2001 (RBR 11/12/01, p.7).

Salem also runs a national programming network, a rep firm and has a significant presence on the Internet.



Ed Atsinger

## Crawford Broadcasting

Donald Crawford has assembled an enviable group of stations. Like Salem, his holdings are concentrated in large markets, and the scope of the group is national. It has outposts

in Los Angeles, Chicago, Dallas, Detroit, St. Louis, Denver, Portland, Birmingham, and in particularly strong presence in mid-sized upstate New York cities, including Buffalo, Rochester, Albany and Syracuse.

The group runs various Christian formats, but like Salem it also will go outside the strictly religious arena when programming its stations. In particular, the group likes to throw Standards programming on the AM side of the dial.

It's most stunning and surprisingly successful move was in Chicago, however. It took one of its three FMS, its 92.3 facility, and installed an Urban Contemporary format as WPWX Power 92, a direct assault on Urban kingpin WGCI-FM, part of the Clear Channel (N:CCU) cluster. Before the move took hold, Crawford's 92.3 facility was under a 1.0 share 12+ during the Winter 2001 book, while WGCI-FM coasted to a 6.9. By the time the just released Fall 2001 book was out, WGCI had been whittled down to a 4.8, while WPWX soared to a 3.5, and for anyone who isn't used to reading the Chicago book, that is an excellent score, good for 9th place among 46 stations.

To us, this shows that Crawford knows more than just Religious radio—it knows radio, period.

# SGN "The Light" The Team Behind the Scene...

Sheridan Gospel Network "The Light," a division of Sheridan Broadcasting Corporation, is a satellite delivered, 24 hours a day, 7 days a week, nationwide gospel music service reaching listeners from coast to coast. "The Light" delivers gospel industry's greatest inspirational music, programming, and strategic promotions, all designed to keep listeners inspired, uplifted and encouraged. "The Light" has assembled a dedicated team of industry professionals and award winning announcers who are committed to providing the best that gospel music has to offer. The strong affiliation that listeners have for the "The Light" translates into higher time spent listening, which in turn leads to greater cumes, all of which translate into added value for advertisers. Experience the difference and the results that the nation's only African-American owned and operated gospel radio network can achieve for you. Step out of the darkness... and into "The Light."

**EXPERIENCE MAKES THE DIFFERENCE**

[www.SGNTheLight.com](http://www.SGNTheLight.com)

To find out how you can advertise or become part of The Light, call: (770) 416-2205 ext. 406.



KELVIN QUARLES

JACQUIE HASELRIG

RON DAVENPORT, JR.

LISA BURTON

VANESSA VAUGHN

FRANK AIKENS



## Upfront 2002: a look back—part III

This time we take a look at the tone of negotiations between the buyers and sellers of network radio. With less money being spent and a marketplace that seemed to hold rather than fold in the upfront, the nets had to work even harder. In addition, we examine the results and get feedback on the recent RADAR 71, where the amount of GRPs in the marketplace and the selection and diversity of programming are larger than ever before and the major market deliveries of networks are stronger than they've ever been.

Were people on both sides of the desk more willing to work together in this upfront? "I think there was more of a cut to the chase. Some things got done in a shorter time frame," explains **Natalie Swed Stone**, Managing Partner/Director of National Radio Services, OMD USA. "It wasn't as protracted, and I think at the end of the day people were more satisfied because they were more realistic. The networks perhaps didn't have expectations that it would be any better than it was. I think that helps. And we on the other hand knew that we were going to see improvements vs. previous years. One of the things you had in a previous article is suppliers' commenting on maximizing added value with programming and sponsorships. And that's what we can see. When your dollar goes further, you can afford things like that."

Says Westwood One's EVP Sales **Peter Kosann**: "How we approached the upfront is no different than how we approach scatter business, which is we meet with every client and every agency to discuss their needs. The hallmark of this particular upfront was the fact that we



Peter Kosann

really worked with all of our clients to identify their unique marketing needs, and then we developed unusual campaigns to deliver them. So at the end of the day, literally every upfront that we did has a unique element to it, whether it be an entitlement or a sponsorship or the mix or whatever. Ultimately, it's not just

about price, but what we're delivering to the clients." Westwood One CEO **Joel Hollander** adds the upfront negotiation process began months before the upfront began. "I would like to think we have long-established relationships with the people we're dealing with for the upfront. We did a good job preselling our product, certainly before the upfront started. If you sell that way and presell, I think it makes the process a little easier once you're in it."

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## Radio 2002: Corporate expectations vs. market reality

By Jeffrey Myers and Bartt Horton

If history has taught us anything, it is that once an exam is taken, the results are all that remain. There is no going back.

Now it is time for the accountants, CPAs and CFOs to go to work putting what (if any) positive spin they can find for their company's 2001 revenue performance. Regardless of how sharp their pencils are, last year's performance is what it is—you either made your numbers or you didn't.

If 2002 budgets are to be achieved, investing in your sales peoples' training and growth could be the one budget item that leads to revenue success.

Not so long ago, radio was a business composed of privately held small companies. Since the 1996 Telecommunications Act was passed the industry has been transformed into a Wall Street segment driven by corporations with huge (and sometimes unrealistic) revenue expectations designed to drive stock prices and earnings per share. This transformation has yet to yield corporate expectations aligned with market reality—thus creating realistic performance goals.



Jeffrey Myers

It is now 2002 and all of radio's forecasters, prognosticators and pundits have weighed in. They generally believe 2002 will start bleak and end with a modest gain.

Many of the sales managers to whom we have spoken, from a broad range of market sizes, are looking at this year with trepidation. They have received from senior management revenue goals they feel they have little chance of achieving. This sets the stage for fear, stress, loss of jobs and turnover detrimental to revenue success.

This exercise has gone on year after year and failures persist because corporate theory is

not grounded in market reality. The market intelligence of frontline sales management has to be acknowledged. Sales managers shouldn't be let off the hook. They must always be looking for ways to increase revenue by developing new and creative revenue streams. But it does no good to hand down corporate edicts which are out of touch with reality.

We at Personal Selling Principles believe radio is a people business, and sales management must lead as well as follow. But it is important to understand how to lead. Interacting with a person based on how *you* like to relate is very much like trying to teach a pig to sing: "It wastes your time and annoys the pig."

Every person—be they a marketing executive, co-worker, client or friend—is an individual with a unique set of traits that govern how they send and receive communication. Identifying the traits that best personify an individual is key to determining how best to foster a long lasting and mutually respectful relationship with that individual. This

custom-tailored relationship is essential in building loyal clients.

In order to help marketing executives best identify their strengths and challenges, let us suggest Myers-Briggs Type Indicating—the personality typing tests developed over the past 60 years by renowned psychologists **Isabel Briggs Myers** and **Katherine Cook Briggs**. Their system of categorizing personality preferences can lead to a greater understanding and appreciation of individual differences. The benefits to an organization are numerous.

Myers-Briggs Type Indicating theory is very important in helping individuals:

- Improving their oral and written communication with clients.
- Understanding and turning around "NO".
- Enhancing client problem-solving.
- Develop teams of marketing executives to help solve clients' needs.
- Develop leaders and coaches.

We at Personal Selling Principles believe in creating an environment that allows broadcasters to identify particular individual strengths and then improve them. As we help an individual to improve strengths in their personal interactions, we help them build natural forces that minimize or eliminate detriments to excellence from their challenges. Working from strengths compensates for those challenges that would hinder success. For instance, we encourage people with problem solving skills to utilize them to answer challenges in relationship development. Or, we encourage people with excellent intuition to slow down to get more details to create harmony and achieve early success. Other personal strengths can be used to improve performance in similar ways. The more management knows how each individual that makes up the team will respond in an interpersonal setting, the greater success the individual and company will enjoy together.

The best way to recession-proof your business is to recession-proof your staff. Invest in your greatest asset—your people.

*Jeffrey Myers and Bartt Horton are principals of Personal Selling Principles and will make a presentation focusing on Myers-Briggs Type Indicating 2/7 at RAB2002. They may be contacted at 301-333-4912, 301-595-1871, PSPTraining@netscape.net.*



Bartt Horton

### Sales proposals: why more than one page is a waste

By Paul Weyland



A good proposal for a local direct client seldom ever needs to be more than one page long. Here is a great formula for doing effective one-page proposals that's as simple to remember as the letters S-O-S.

I have had several clients show me the unbelievably complicated and confusing advertising proposals they received from other radio and television stations. Some were actually bound like books and contained more than 20 pages of graphs, charts, rate cards, "packages" and signal

maps. Often the only customized thing on the proposal was the cover page.

I've also known salespeople who spent a majority of their time sitting at their computer creating volumes of text and graphs that nobody wants to read. In fact, multi-paged proposals often do more to scare, intimidate and confuse a client than just about anything else. And, as I noted, seldom are they ever even read.

Remember that we're trying to convince local direct clients that advertising with us is a logical and easy thing to do. So, why make the proposal look so complicated?

**Here are the elements you need in any good proposal. They could be formatted on just one page and they spell S-O-S.**

- **SITUATION**—A brief overview of how you interpret the client's specific marketing and advertising challenges based on information you've gotten directly from the client, key employees, his website or advertising the client has done.
- **OBJECTIVE**—A brief description of what you and your station specifically hope to accomplish based on the situation described above. You would include a return-on-investment (ROI) calculation for the number of listeners or viewers your campaign might generate based on your client's average sale, profit margin, your station's total CUME audience and your average rate. The point here is to come up with a campaign goal that both you and your client think is reasonable and attainable. (Get a free trial of the Paul Weyland

Mediator ROI calculator at [www.rbr.com](http://www.rbr.com)).

- **STRATEGY**—A concise strategy on how you propose to accomplish your objective. Here is where you focus on the creative and scheduling strategies that you will need to achieve your client's ROI goal. Use clear and concise language that your client will easily understand. Show your client that your mutual ROI goal looks like a good calculated risk. Your schedule cost would be included here as well, but not in such a way that it leaps off the page. Although the cost of a schedule is usually the most negative thing in your proposal, I've actually seen proposals where the price was the biggest and holdest font on the page.

**Here are five great reasons to use a simple, succinct one-page proposal.**

1. A customized one-page proposal is much better than a media kit. Media kits can be overwhelming for someone who has no experience with using your advertising medium. A customized idea on one page helps make your business with the client look simple, logical and solution-oriented, rather than confusing and complicated.
2. Client proposals are never set in stone. In fact, they are always flexible. You should always use them to facilitate negotiation. This is why your one-page proposal is the ultimate tool for drawing out client objections, which you must do in order to close a sale. Your concise one-page proposal helps you stay focused on your client's business and draw out any objections he might have.

3. A one-sheet helps you organize your thinking. It serves as a script or "notes" for you. You are less likely to omit an important point. You appear more professional and are more likely to impress the client. In fact by following this method, your presentation skills will become greatly enhanced. It helps develop your thinking in a more straight-ahead and logical way.

4. You are bringing a legitimate idea—something of value to the meeting. Most media salespeople show up either empty-handed or often worse, armed with a confusing and generic media kit. Your one-page proposal helps you look like you've done your homework.

5. Each time you work on a one-sheet, you become more of an expert in different customer categories, handling objections and properly managing client expectations.

Don't expect to sell your one-page idea in that first meeting. Expect that the client might say no to at least some of the points in your proposal. The idea is for the one-sheet to evoke a response in the form of objections. Be prepared to listen so you can respond appropriately.

If your idea is really good and that particular client doesn't buy it, do more research, customize it for a new client in the same business category—and pitch it again.

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# Saga Communications: Keeping radio local

While many of radio's giant corporations have been moving toward centralized control over formats, staffing and multi-market voice-tracking, Saga Communications (A:SGA) has been taking a different course. But then, CEO **Ed Christian** has always been a contrarian—willing to go his own way when he was convinced that much of the radio industry was wrong. He led the revolt against the NAB's endorsement of L-Band Eureka DAB, stayed largely on the sidelines when other groups were taking on boatloads of debt and buying everything in sight and has been vocal in his criticism of the industry for doing little more than paying lip-service to sales training. So it's hardly surprising that Saga today is run somewhat differently from other broadcasting companies.



Ed Christian, CEO, Saga Communications

Christian often uses the word "empower" when talking about his local managers. His viewpoint is that each local radio or TV operation should be run as a separate business, with the local manager responsible for knowing his market and station(s) intimately. That doesn't mean that there's no accountability. Quite the opposite. It means that each GM is accountable for holding himself and his staff to a high standard—a standard set in consultation with Christian and other top Saga executives.

"Saga's a little different than a lot of other companies," Christian told *RBR*. "When we do our budgeting each year, every department head is required to do their own budget. They're given a copy of their budget from last year vs. their actual from the year. They have to sit down and do their own budget. Program directors have to prepare their budget. Each department head has to put together a complete and thorough plan. After they've done this, they review it with the general manager and they both sign off on it—literally sign off on their budgets. It's all then compiled by the general manager who then brings the budget here to present to us. We don't send budgets out to them. We just give them the format that we want the budget presented and then they come up with a budget book—which contains a complete market analysis, discussing all of the other competitive media in the market. It talks about retail trends in the market, what's happened in the market in terms of housing starts and new stores coming into town—so that we have a broad-based idea."

Each GM takes that book to his annual budget meeting with Christian, CFO **Sam Bush** and Sr. Vice President of Operations **Warren Lada**—usually at a company retreat in Florida, giving everyone a break from winter at corporate headquarters in suburban Detroit.

"By the way, I never look at a budget book until the guy sits down in front of me," Christian noted. "This budget book is more for him, because he's the one who has to live it. This is his bible. It should be in his desk drawer for him to look at to monitor his progress. We empower. Our general managers are autonomous—they are not independent—but they run their own business. We do not micro-manage. When a general manager joins Saga Communications it is with the understanding that this is your radio station—treat the people with respect, treat the radio station with dignity—if you do the right things, then profits will follow. Your budget is something you're supposed to do so that you have a game plan and a reference point throughout the year to go back to of what you've envisioned for the year."

Christian knows that his way is not the industry standard he sees elsewhere these days. "The problem is today that a lot of the companies treat radio stations like a McDonalds franchise. Here's your book—French fries are in there for three and a half minutes until the buzzer goes off—here's what you do," he scoffed. "At radio stations, your assets go home every night. There is no playbook that you can send to tell your people 'this is exactly how you do radio.'"

Ed Christian developed his own playbook over a long career which began behind the mic.

"I decided in the fifth grade that I was going into radio. I paid for my own *Broadcasting* magazine when it was really a magazine. All I ever wanted to do when I was growing up was be on the air," he recalled. "I was on the air in Flint, MI and I realized that I would always be a triple-A or double-A ballplayer—that I would never get called up to the majors, I didn't have the skills and talent to do that—and that's why I got into sales."

From there, selling to agencies for WCAR-AM Detroit, Christian went on to small-market ownership, big-market management and then owning his own group.

"It's the awe, the mystery, the magic that I still treasure. This is what keeps me going—my knowledge of what the industry is and can do and the magic that it still can create," Christian said. "We have people today who are mechanics and not magicians."

With 57 radio stations and three TV stations, Saga is a far cry from the station counts that some other companies have amassed since deregulation, but Christian isn't envious.

"If you have 1,200 radio stations, the only way you can do it is to de-personalize them," he said. That would be the exact opposite of the way Christian wants his radio stations to be—live and local stations that each have and unique personality and interact with their community.

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## Saga prefers preferred vendors

Although CEO **Ed Christian** wants his local managers to have a lot of autonomy, Saga Communications does have an emphasis on using "preferred vendors" companywide—both to achieve advantageous pricing and efficiency.

"What we try to do is have a standardization of equipment in the company," Christian said. "I've always been a believer that you should take one particular vendor in whatever area it is—if it's traffic, if it's engineering for transmitters, if it's automation systems, your computer hard drives, whatever it might be—so that if something happens in one market, you can take a person in another market. If my traffic director is hit by a Mack truck in market X, I can import a traffic director from market Y without missing a beat. We're also big on redundancy—and I think that's one of the areas that's been short-sheeted over the last couple of years."

In his view, a lot of big radio companies have been cutting corners on engineering. "We believe you have to have total redundancy in everything that you have. You've got to have two transmitters. You've got to have a main and an aux antenna, you've got to have a generator, you've got to have an STL and a back-up STL. You have to have two audio processing units so that you have fail-safe," Christian insisted.

In addition to that redundancy for each station, Saga has a portable FM transmitter in reserve that can be shipped to any market—a 1 kw rack-mounted transmitter. "That's for a worst-case emergency," he noted.

Since the transmitter is the single most important piece of equipment for every radio station, Christian insists on keeping Saga's transmitters up-to-date—not just in working order. While other groups may figure that a transmitter is good for 20-25 years (and we've seen some much older still in daily use), Ed Christian believes 15 years is trade-in time.

Why so aggressive on transmitter replacement?

"You've got to think this thing is functioning 24/7/365 and after 15 years it's becoming a little bit of a tired cowboy—plus, there have been state-of-the-art changes made in transmitters and everything else during that time," Christian explained. "After 15 years we look at a transmitter and say, it's time to move on."

As a result, Saga put in about a dozen new transmitters company-wide in 2001. "I can tell you right now that I know I've got probably five coming up this year," Christian told *RBR*.

Under Saga's preferred vendor program, Christian and his team sit down once a year with the company's transmitter vendor to establish the rate that Saga will pay that year for transmitters—setting the price for a 1kw unit, 5kw, 20kw and etc. Broadcast Engineering (BE) is Saga's current vendor, having succeeded Continental in that "preferred vendor" slot.

"We've never had a pitch from Harris. They've kind of abdicated that territory for some reason," Christian noted.

By dealing with a single vendor, Saga expects to receive a price break, but in return promises the vendor all of the company's business. "We want the best price that we can possibly have and we guarantee you that every box we buy during that year will be a BE box," Christian said of the transmitter deal.

In addition to BE for transmitters, other preferred vendors for Saga include CBSI for traffic, RCS for music scheduling and BE's AudioVault for studio automation. Also, the company is generally using Pro-Tools for production. One production director is holding on to an older system, which Christian thinks is outdated, but—proving his belief in local market autonomy—the boss won't force him to switch.

Saga has a slightly different approach for research vendors, using several different research companies—generally three or

four—because Christian views research as an area that's very different from the purchase of hardware.

"We're not about to dictate to a local manager the type of research service he should use, because it varies from market to market. They have a level of comfort and they've established a relationship" Christian explained. "Hard goods are one thing. Personal relationships in research are another."

Even so, Saga has asked those research vendors for price breaks, due to the tough economy. "We're getting hammered by a lot of our clients in terms of price point right now. We're not having any fun," Christian said is the message that he's relayed to those vendors. "Since you've been with us for a number of years, we expect you to work with us during this temporary thing. We're not asking you for long-term reductions, we're asking you to help us out as we're trying to help out everybody during this time."

Although channel spacing and other engineering limitations make it impossible in many cases to consolidate transmitter locations, since Saga and the rest of the industry began assembling superduopolies after passage of the 1996 Telecommunications Act the company has been busy adding studio space for additional stations or, in some cases, constructing a new facility from scratch.

"In all of our markets we want to operate out of one location," Christian said—and that mission is nearly complete. All of Saga's station clusters are now consolidated—one studio/office complex for each market, with the build-out of the last—Clarksville, TN—now in its final stages.

Director of Engineering **Greg Urbeil** makes sure of cross-platform compatibility when stations are consolidated which had been in different facilities under different owners. "Before we do a project, it's his job to make sure that everything talks to each other," Christian said.

Urbeil and other Saga engineers are now installing BE's AudioVault—the preferred vendor for Saga's on-air computer system—in the newly-built facility for its five-station Clarksville cluster.

"It's all new state of the art," Christian said of the new building. In fact, Clarksville is a particular source of pride, since the former main facility had been so far below the standard he sets for Saga. As he described it, WCWQ-FM had been in a 2,000 square foot building, with the sales office out back in a mobile home and studios in a horse trailer (but without any horses still in residence). To Christian, that was unacceptable and unprofessional.

"We're not guilty of conspicuous consumption, but we want the people in the community, when they come to the radio station, to walk in there and take you seriously," he said. "And if you're in a dilapidated building, and you're run-down, and your carpeting is thread-bare, and you've got yellow acoustic tiles, and it doesn't show the pride in your plant, then how can you expect the public or your advertisers to take you seriously?"

It may be an old-fashioned view, but Christian insists that a radio station's facility itself should project a certain level of professionalism—and he doesn't hesitate to criticize other groups who don't set such high standards for their physical plant, who don't worry about projecting an image of pride and professionalism. "That's really one thing that's missing today in this ultimate quest for profits. There are companies out there right now that have mandates to re-use the paper in the copy machine—'when you're done with it, turn in back in and use the other side'—a cheap and unprofessional approach that leaves Christian shaking his head with disdain.

## Street-legal and proud of it!

"We are software-compliant in every one of our stations. I challenge most other companies to do an inventory of how much of their own software they really own," Ed Christian said of Saga's software policy. The company has a strict rule that no software can be added to a Saga computer unless the company paid for it.

Christian speculates that many companies probably don't know what software is in their computers. That could be a legal liability. But regardless of whether any crack-down by software companies is likely, Saga insists on strict compliance with the law.

Saga has more than 1,800 computers, Christian said, "And we have done an audit on every single one of them to make sure that all of the software installed there is company-owned software dedicated to that machine. That's a big expense, but the fact is that's what the law is and that's how we operate."

## Sagacious Saga picks its markets well

The market structure of Saga Communications is one of the most unique configurations one can find in operation today. Three markets have 12+ populations in excess of 1M people, while some others are beyond the scope of Arbitron.

Saga's 11 Arbitron markets run the gamut from major league urban areas to tiny backwaters. Saga is competitive in all of them, and is the outright ratings leader in five. The lone exception is tiny Sioux City, IA. Saga's combo listed there is a regional powerhouse out of unrated Yankton, SD, which just happens to pick up some of its listening in the Sioux City area.

Fall Arbitron books are just now trickling into our offices. The most recent ratings available were used for each chart. Ratings are combined 12+ for each owned station. Station groups with a total share of 1.0 or less are not listed. Companies with a \* are operating a duopoly; \*\* indicates a superduopoly.

### Milwaukee (32) 12+: 1,393,800

Saga is in excellent position to capture 2nd place. Journal is limited to a combo in its hometown, where it also has a TV and a newspaper. Pres/GM **Tom Joerres**.

Rank	Owner	AMs	FMs	Fa01
1	**CCU	2	4	34.0
2	Journal	1	1	15.8
3	**Saga	1	4	15.7
4	*Entercom	1	2	10.3
5	*All Pro	1	2	5.8
6	Courier	1	0	1.5
7	*Bliss	2	2	1.2

### Columbus OH (36) 12+: 1,334,800

We keep waiting for someone besides CCU to make a move in this less-than-completely consolidated market. Perhaps Saga will be the one—enhancing a solid, old-fashioned AM-FM combo. Pres/GM **Alan Goodman**.

Rank	Owner	AMs	FMs	Share
1	**CCU	3	6	25.4
2	**Radio One	0	3	10.4

3	RadiOhio	1	1	9.6
4	**Infinity	0	3	9.3
5	*North American	1	2	9.1
6	Saga	1	1	8.0
7	*Stop 26	1	2	2.9
8	WCLT	1	1	2.6
9	*Scantland	0	2	2.4
10	Chrstrn Voice	0	1	1.8
11	Ingleside	0	1	1.6

### Norfolk (38) 12+: 1,241,500

Saga does very well with a limited lineup. If it could ever pry some stations away from Sinclair Telecable, it could dominate. Pres/GM **Dave Paulus**.

Rank	Owner	AMs	FMs	Su01
1	**Entercom	0	4	21.4
2	**Barnstable	2	4	20.8
3	**CCU	0	4	14.4
4	*Saga	1	2	14.3
5	*Sinclair Tchl	2	2	11.0
6	**Willis	3	0	1.2

### Springfield MA (82) 12+: 509,600

Saga bulked up in Springfield, in the shadow of Boston, during the Y2K CCU/AMFM spin-off bonanza. GM **Larry Goldberg**

Rank	Owner	AMs	FMs	Fa01
1	*CCU	2	2	20.4
2	Lappin	1	1	13.0
3	*Saga	2	2	9.8
4	*Gois	2	0	2.3
5	Hampshire Cty	1	1	2.0

### Des Moines (89) 12+: 453,800

Saga actually ousted CCU from the lead over the summer, but it's precarious. Clearly, however, Saga is more than able to go head-to-head with the giant group. GM **Bill Wells**.

Rank	Owner	AMs	FMs	Su01
1	**Saga	2	4	31.1
2	**CCU	3	4	28.8
3	**Wilks	1	4	23.0
4	Positive Impact	0	1	1.2
5	Lifestyle	0	1	1.0

### Portland ME (162) 12+: 226,600

The battle between Citadel and Saga is closer than it looks—especially when you consider the benefits of Saga's market leadership in the surging News-Talk arena.

## Saga Communications' executive suite and corporate staff:

• **Ed Christian** has been President, Chief Executive Officer and Chairman since the company's inception in 1986. From 1977 to 1986, he served as Executive Vice President and subsequently as President of Josephson Communications, while still (through 1985) running WNIC-FM Detroit, where he had been Vice President and General Manager under the previous owner, State Mutual Life Assurance. From 1971 until 1974, Christian was operating partner of WCER-AM & FM Charlotte, MI.

• **Steve Goldstein**, Executive Vice President and Group Program Director since 1988, has been employed by Saga since its inception in 1986. From 1985 until 1986, he was Vice President and Group Program Director of Josephson Communications. From 1981 until 1985, he was PD at three stations—Capital Cities/ABC's WHYT-FM in Detroit, Metromedia's WOMC-FM Detroit and Chase Broadcasting's WTIC-FM Hartford. From 1979 until 1981 he held various positions including Regional Manager, Affiliate Relations with the NBC Radio Network, News Anchor at ABC Radio Network and Assistant PD of WABC-AM New York.

• **Warren Lada** has been Senior Vice President/Operations of Saga since August 1997. From 1991 to 1997 he served as Regional Vice President of Saga Communications of New England (three markets) and VP/GM of Saga's WAQY-AM & FM Springfield, MA. Prior to joining Saga, Lada served in various capacities in sales management and general management with Chase Communications.

• **Sam Bush** has been Vice President, Treasurer and Chief Financial Officer of Saga since September 1997. From 1988 until 1997 he served as Vice President and subsequently Senior Vice President and Manager of AT&T Capital Corporation's Media Finance Group, which provided senior debt financing to radio and television companies. Prior to that, he worked for several companies in the commercial finance and banking industries, including General Electric Capital Corp. and Sanwa Bank.

• **Marcia Lobaito** is Vice President/Director of Business Affairs, with primary responsibilities as Human Resource Director. She has been with Saga since its inception in 1986. Prior to that, she served as Business Relations Director for Josephson Communications and Client Account Coordinator for Baker, Abbs and Cunningham Advertising.

• **Catherine Bobinski** has been a Saga Vice President since March 1999 and Chief Accounting Officer and Corporate Controller since 1991. Prior to joining Saga, she spent four years in public accounting, most recently with Ernst & Young.

• **Greg Urbeil**, Director of Engineering, who joined Saga from CBS.

• **Lori Ryntz**, Financial Analyst

• **Cindy Loerlein**, Financial Analyst

• **Rose McAfee**, Executive Assistant

• **Yvonne Stevens**, Administrative Assistant

• **Michelle Novak**, Programming Coordinator

All are based at Saga's corporate headquarters in suburban Detroit (Grosse Pointe Farms, MI), except Goldstein and Novak, who have offices Westport, CT.

Look for a flip flop at the top when Fall numbers come in. Pres/GM **Larry Pahigian**.

Rank	Owner	AMs	FMs	Sp01
1	**Citadel	0	6	35.0
2	**Saga	3	3	30.7
3	**WMTW	1	3	7.0
4	**Atlantic Coast	3	2	6.3
5	**Mariner	0	3	3.0

### Manchester (189) 12+: 185,300

Saga is the primary radio company in the presidential primary capital of America. VP/GM **Ray Garon**.

Rank	Owner	AMs	FMs	Fa01
1	*Saga	1	2	24.9
2	CCU	1	1	11.4
3	**Vox	1	4	3.9
4	Tele-Media	0	1	1.8
5	Northeast	1	0	1.4

### Clarksville (198) 12+: 172,300

Saga bought the biggest group in this small market last year—this market is in the shadow of Nashville. GM **Scott Farkas**.

Rank	Owner	AMs	FMs	Sp01
1	**Saga	2	3	25.5
2	Key	1	1	9.2
3	Cumberland	1	0	2.2
4	Cromwell	1	0	1.3
5	*Ham	1	0	1.3

### Springfield IL (202) 12+: 167,900

Saga's other Springfield, where Saga outslugs two other groups with a solid top-to-bottom station lineup. VP/GM **Dana Harman**.

Rank	Owner	AMs	FMs	Fa01
1	**Saga	1	4	29.1
2	**CCU	1	3	23.9
3	**Mid-West Family	1	3	19.8

### Champaign (212) 12+: 152,200

Saga is the leader in a small market with only one other group—AAA Entertainment out of Providence. GM **Chris Foate**.

Rank	Owner	AMs	FMs	Fa01
1	**Saga	0	3	25.0
2	D.W.S.	1	1	17.0

3	**AAA	0	4	16.5
4	Illini Media	0	1	4.0
5	WBCP	1	0	2.0

### Sioux City (257) 12+: 101,300

As previously mentioned, Saga's Yankton, SD blowtorch combo just happens to pull in some listeners to these farm-oriented stations. GM **David Oustad**.

Rank	Owner	AMs	FMs	Sp01
1	**CCU	2	3	36.1
2	*Powell Bcg	2	2	31.9
3	Waitt	0	1	9.9
4	Saga	1	1	2.8

### Unrated markets

**Bellingham WA:** 3AM/2FM, VP/GM **Rick Stach**

**Greenfield MA:** 1AM/1FM, GM **Glenn Cardinal**

**Mitchell SD:** 2FM, GM **Tim Smith**

**Spencer IA:** 1AM/2FM, GM **Dave Putnam**

Source: Arbitron, RBR database

## Saga's TV holdings

Ed Christian says he runs TV stations like radio stations—live and local in the area that generates local revenues, news.

Joplin, MO: KOAM-TV, CBS, Channel 7; Pres./GM **Danny Thomas**.

Greenville, MS: WXVT-TV, CBS, Channel 15; GM **Jeff Pryor**

Victoria, TX: KAVU-TV, ABC, Channel 25; LMA of KVCT-TV, Fox, Channel 19; plus three LPTVs with NBC, Univision and HSN; GM **David Cavileer**.

## Saga's "other" radio group

Saga owns three state radio networks and, even in Illinois where Saga owns radio stations, the networks are completely separate operations. All three are run by VP/GM **Dennis Mellott**.

Illinois: Illinois Radio Network.

Michigan: Michigan Radio Network; Michigan Farm Radio Network

## Ed Christian: Speaking out

"My concern about the industry right now is the de-humanization of radio," **Ed Christian** told *RBR*. "We still have intense pride in what we do. I hate to say this, but we kind of look at Saga as an endangered species. There are just a few of us left that we consider the real, honest-to-god broadcast companies. When I started in this business, you were allowed seven AM and seven FM and you were really a shooter if you had 14 radio stations. And then we said, well seven is not enough, let's go to 12 and 12. Then we got to 20 and 20. If you had that number, you were really it. If you look back at the number of competitors we had then in any market and now how the industry has gone through this huge paradigm shift. For us, with 57 radio stations—we're the small guy."

Many big groups aren't client focused these days, Christian complains. "You have a Director of Sales stretched to the maximum, the idea of getting a Mongol hoard in as far as the number of sales people to send out. At some of the Infinity stations there are more sale cubicles—more floor space devoted to sales than to programming. I'm not saying that's bad, but you need to get down and address the fundamental that we're probably one of the very few industries in the country that has no standardized, universal way of training our people. You go into any of the other major companies and they all have a program—they have suppliers and vendors that train their people how to sell."

Christian has been sounding the alarm for years that radio needs to do a better job of training its sales people, but he thinks many other groups are merely paying lip-service to the idea of training.

"I have to differ a little with Clear Channel," Christian said. "I laud their idea of hiring 500 new sales people. The fact is, if you hire 500 new sales people, in truth you might end up with 150 to 200 because the attrition rate is still huge in this business. There is no formalized training program that you get."

While the big companies say they're becoming more professional about training, Christian says that's not what he's seeing from the trenches. "Someone at one of the big group stations told me the other day that one of the veteran sales people walked by the cubicle of one of the new hires and saw the person sitting there with the Yellow Pages. This goes back to the early days of radio—some things have not changed! You spend a week with them and then you toss them the Yellow Pages."

So, what is Saga doing differently?

"We do a tremendous amount of sales training, in terms of the systems that we use. I just had **Dave Gifford**—Dave, God bless him, I think he's still the finest sales trainer in the country, and at 67 he's slowing down a little bit—we had Dave do his thing at all of the radio stations," Christian said.

In addition, Saga has recently used a sales trainer from outside radio—"a guy who primarily makes his living training sales people at car dealerships."

At the local level, Saga stations work at training their sale people by having their sales teams interact with clients.

"For instance, we'll take one of our leading advertisers and ask them to come on in to a sales meeting," Christian explained. "We'll ask a car dealer to come in and take 30 minutes or 45 minutes and tell us about his business.

It does a couple of things. First, it gets the dealer into the radio station to see what's going on." Secondly, he continued, it lets the client explain what's important to him—how his business works and what he needs to accomplish.

According to Christian, who's been observing radio sales people for many decades, there are four levels of sales people:

1. Veteran professionals,
2. Those who have been around for several years "that are beginning to get it,"
3. Those that are showing promise,
4. Developmental new hires.

He says it takes at least six months to determine whether new hires will make it, so just throwing more bodies out on the street isn't going to do much to improve sales.

Christian himself had to learn on the street how to sell by focusing on the client's needs, rather than pitching cost-per-point.

"I started at WCAR-AM in Detroit and I started right in with agency sales, I had my career backwards. I started in agency sales. I never sold retail. It wasn't until I had a little radio station in Charlotte, MI when I was 27 that I started selling retail," he recalled. "The only agency [account] we had in Charlotte was State Farm Insurance. I suddenly realized in selling retail that people don't really want to know about radio. They want you to know all about their business and help them solve their problems—if that involves radio advertising, so be it. But anything you have to say about radio, they

could care less."

While Ed Christian is outspoken about the direction the radio industry has been going, he doesn't spare the advertising agencies either.

"Agencies always have a propensity to promote clerk-typists to media buyers. And that hasn't changed in all of the years that I've been in the business," he complained. "I don't mean to denigrate senior buyers at agencies, but a lot of the people that have the [buying] responsibility just say 'here's the cost-per-point, meet it or don't get the buy,' and they don't have the fundamental understanding of what radio can really do. They don't understand the power of radio or the individual station and its place in the market and community. One radio station, which might have less people in their cost-per-point, could even be a better buy because of what it does and what it attains."

What those CPM-focused buyers don't recognize, Christian says, is, "Not all radio stations are equal. You can't treat a listener on Station A and a listener on Station B as just a commodity. There is a qualitative level that exists in this business."

But hasn't Arbitron made that happen?

"Yes, but again we get down to the training of sale people," he replied. "The

sales people use the [Arbitron] book as a crutch—if we don't have the ratings we can't get the buy, if we have the ratings we can get the buy. Well, if that's the case, we don't need you! The fundamental problems that we have in radio today are the same ones we've had for years now—and we're not addressing them. We're just hoping that consolidation masks a lot of these problems long-term."

To help radio groups deal with those problems, Christian would like to see the Radio Advertising Bureau adjust its focus.

"The RAB has always suffered from a bifurcated thrust," he said. "The RAB needs to get down to developing a cohesive, on-going training platform for radio stations."

The other thrust is to be out selling the radio industry to advertisers—and that's an important mission which Christian supports wholeheartedly. Even so, he suggests that the organization could do with some restructuring. "I think the infrastructure of the RAB is probably a little bloated," he said. "The board of directors is much larger than it needs to be. They need to re-define their mission statement."

But Christian was quick to add, "I don't mean to be critical of the RAB." Saga, he noted, is an RAB member in every market.

Next week, Saga programming guru **Steve Goldstein**

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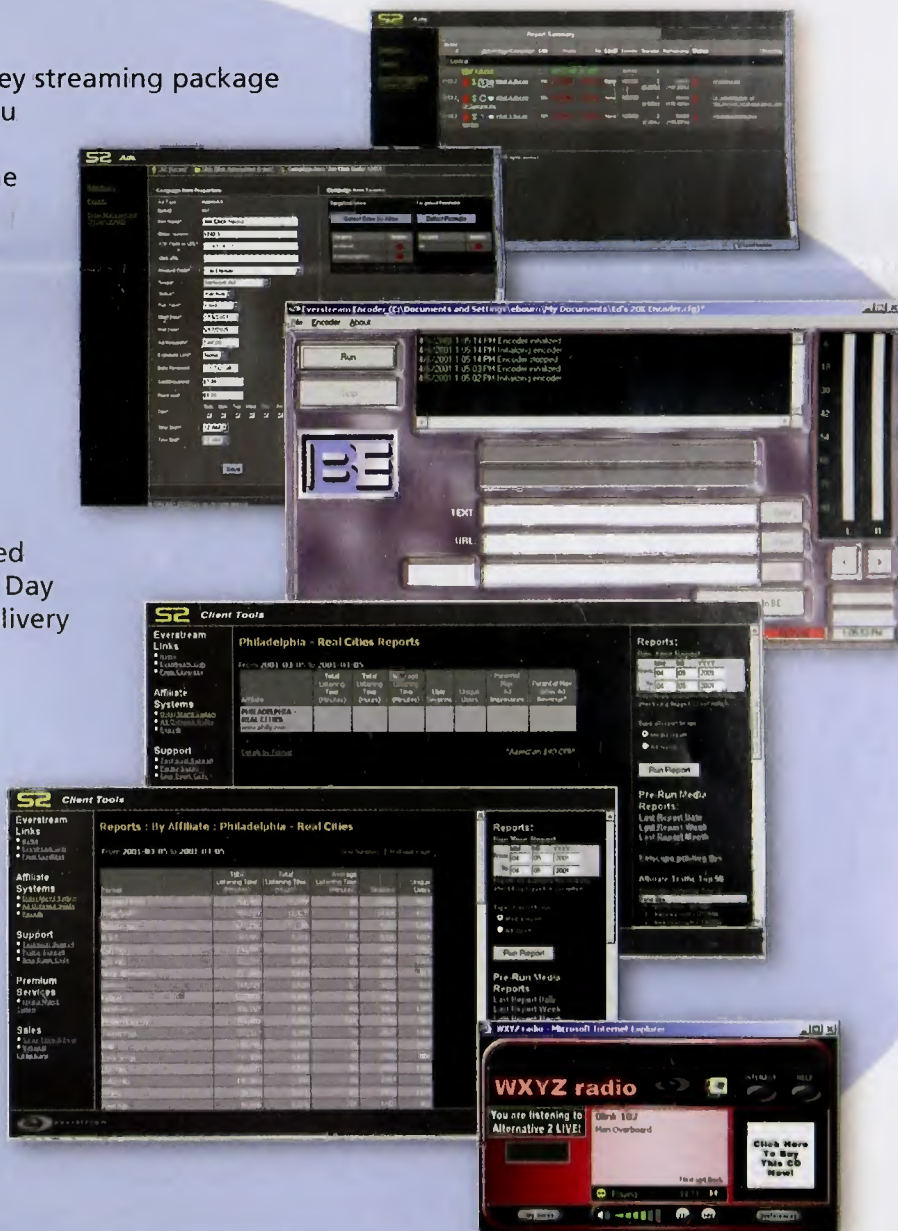
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## Radio One files \$500M shelf

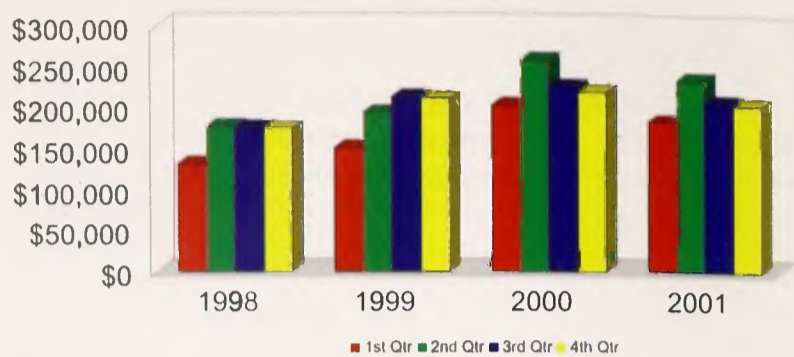
Alfred Liggins is looking to be ready to pounce whenever good acquisition opportunities may arise this year. Radio One (O:ROIA & ROIAK) has filed with the SEC to sell up to \$500M in new securities whenever the need arises. Those securities could be more shares of the company's Class D non-voting stock (O:ROIAK), new preferred stock, an add-on to its existing 8.875% Senior Subordinated Notes due 2011, warrants or other debt securities.

Radio One has also registered 3,483,510 shares of its Class D stock held by insiders to be sold to the public. Those selling shareholders include Liggins himself (1M of his more than 16M shares), former Blue Chip Broadcasting CEO **Ross Love** and his family, and various Blue Chip investors who became Radio One stockholders in last year's merger. One of those is Quetzal/J.P. Morgan Partners LP, the minority investment fund backed by J.P. Morgan Chase and several large broadcasters, which is registering to sell half of its 2.3M share stake in Radio One.

## LA ends 2001 down 8.1%

The Southern California Broadcasters Association (SCBA) is celebrating the "second-highest grossing year" ever for the Los Angeles market. Of course, that means 2001 was down from the record set in 2000. The final tally shows the nation's #1 revenue and #2 audience market down 8.1% to \$835M. SCBA said the decline was only 3% for local sales, with the bulk of the decline from national spot. The local trade group notes that while 2001 revenues were down from the previous year (\$912M), they were up 34% from just three years earlier—1998, when LA radio revenues were \$625M.

### Los Angeles radio revenues by quarter (\$ in thousands)



Source: SCBA. Based on 51 radio stations in Los Angeles and Orange Counties. SCBA & BIA estimates.

### Rodriguez doubles in Austin

Rodriguez Communications has cut a deal to buy KHHL-FM Austin (Leander, TX) for \$22M and has already begun simulcasting its Regional Mexican format, "Exitos," on 98.9 MHz after enjoying dramatic success on the handicapped signal of KXXS-FM, 104.9 MHz. KHHL, currently owned by **William Lynett's** Shamrock Communications group, had been programming "Rock without the Hard Edge" after dumping Young Talk.

Strictly speaking, the buyer in this deal is KHHL Acquisition LLC, which is controlled by Amigo Broadcasting, with **James Anderson** as sole manager. The **Marcos & Sonya Rodriguez** Family Trust owns

77.98%, with smaller pieces held by Anderson, **Charles Brooks** and **James Gunnion**. Broker: **Bill Whitley**, Media Services Group

**RBR observation:** KXXS managed to top all other Spanish stations in this 23.5% Hispanic market (3.2 share 12+, Fall '01 Arbitron) with a Class C2 signal licensed to Marble Falls, TX that misses city-grading any part of Austin by at least 15 miles. As it stands now, KHHL has a more powerful C1 signal that still manages to city-grade only the north edge of the Texas state capital. But, it has a CP to downgrade to C2 and move its transmitter 40 miles south-southeast, where it will blanket Austin with its city-grade signal. KHHL, by the way, pulled only a 1.1 share (12+, Fall '01) with its old format.

### Entercom: KWOD's owner isn't bankrupt

Entercom (N:ETM) has asked US Bankruptcy Judge **Jane Dickson McKeag** to throw out a Chapter 11 bankruptcy petition filed by Royce International Broadcasting Corp., which owns KWOD-FM Sacramento (*RBR* 1/14, p. 4). The petition, filed (12/14/01) one business day before a scheduled state court hearing, had the effect of blocking implementation a state judge's finding that Royce owner **Ed Stolz** signed a binding contract in 1996 to sell the station to Entercom for \$25M.

"The filing of this frivolous petition is entirely consistent with Royce's prior conduct," Entercom told the court. "Edward R. Stolz, II, the President and sole shareholder of Royce, has been judged to be a 'vexatious litigant' by the California courts." Entercom's filing went on to list 69 lawsuits involving Stolz or Royce in Sacramento and San Francisco counties, including two suits that Stolz had filed against law firms which used to represent him.

Documents filed recently in the federal bankruptcy court proceeding disclosed that Royce had also added Kalil & Co. as a defendant in his unsuccessful countersuit against Entercom. The brokerage firm had represented Royce in the KWOD sale negotiations.

Had the state court hearing gone on as scheduled, Entercom said it was prepared to present testimony from station broker **Larry Patrick** of Patrick Communications that the six-year delay in transferring the KWOD license had cost Entercom \$7M—and that Entercom's Sacramento GM **John Geary** would testify that his estimate was \$10M. Thus, Entercom was hoping that Judge **Sheldon Grossfield** would order Stolz to sell the station to Entercom for \$15-18M after deducting damages from the original \$25M price tag.

Even in the worst-case scenario for Royce, Entercom argued to the bankruptcy court, Royce would still end up with a cash payment of \$15M, while its Chapter 11 petition lists debts of less than \$100K.

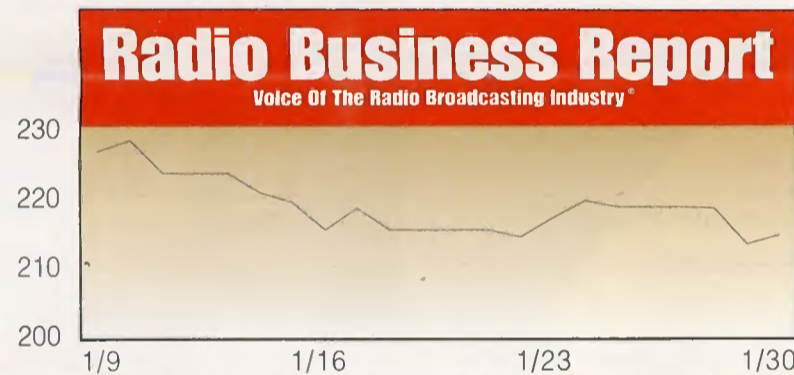
According to Entercom's motion to dismiss Royce's bankruptcy filing, "The Bankruptcy Code permits this court to dismiss a Chapter 11 case in cases such as this, where a petition is filed in bad faith."

### Salem says block program contracts will gain 5%

Religious block program sales are sort of like bank CDs in the revenue portfolio of Salem Communications (O:SALM)—slow but sure growth that looks boring when the advertising market is exploding, but much more attractive in hard times like now. As usual, CEO **Ed Atsinger**

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- For more information contact Mitt Younts at (804) 282-5561.
- Eastern New Mexico 2 AMs/3 FM's.
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- Southern New Mexico 8-station group (5 FM's/3 AM's).
- Mid-central Oregon 2 AMs/3 FM's.
- For more information contact Austin Walsh at (415) 289-3790.
- New Mexico full-time AM in rated market. \$700k
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reports that Salem has renewed over 10% of its block program contracts for another year. The company projects that those contracts will increase same-station block programming revenues for 2002 by 5% over last year.

Salem has also updated its financial guidance for Q4 (yet to be finalized) and the current Q1. The company says Q4 should come in with same-station revenue growth of about 10%. That would put net revenues at \$36.1M and broadcast cash flow at \$12.6M. Final numbers for Q4 and all of 2001 will be announced 3/4.

For the current quarter, Salem is projecting same-station revenue growth in the "low double-digits." It foresees net revenues of \$34-34.5M and cash flow of \$9-9.5M.

**RBR observation:** Atsinger has been telling Wall Street for years that his company is "recession-resistant" (and he's always careful to note that's not the same as recession-proof). Now he's delivering the goods. Will more investors start taking notice of this Religious radio company?

### Ackerley shareholders approve merger

Shareholders of The Ackerley Group (N:AK) voted overwhelmingly last week in favor of the company's pending merger with Clear Channel Communications (N:CCU). The approval, which was never in doubt, saw shareholders cast 97.5% of their votes in favor of the \$800M stock-swap deal (RBR 10/15/01, p. 1). No closing date has been set, since the merger still needs FCC approval.

### Orban/CRL lowers warrant strike price

Orban/Circuit Research Labs (O:CRLI) has reduced the strike price for its Class A warrants from \$1.75 to \$1 to reflect the current market price of the company's stock. Orban/CRL's thinly traded shares have recently been between 95 cents and \$1.

Orban/CRL has also extended the term of the warrants by 30 days, giving holders until 2/23 to exercise the warrants. The company says that any proceeds from the exercise of those warrants will be used to pay down its \$8.5M in debt owed to Harman International (N:HAR) from Circuit Research Labs' \$10.5M acquisition of Orban in 2000.

### NFL helped SportsLine.com through tough year

SportsLine.com (O:SPLN), which is 32% owned by Viacom (N:VIA), reported a modest gain in Q4 revenues for its ongoing business operations and an improvement in its still-negative EBITDA. The company credited fan interest in the NFL season for driving it to a record 1.6B page views in October, with 4.2B page views for the full quarter.

The company, which operates the CBS.SportsLine.com website, reported that Q4 revenues were \$15.5M, compared to pro forma revenues of \$14.9M a year earlier (excluding terminated deals with AOL, MVP.com and others). Negative EBITDA improved to \$4.1M from a pro forma \$6.3M a year earlier. Importantly, advertising revenues rose to \$13.7M from a pro forma \$13.1M.

### Viacom offers to buy out small shareholders

Viacom (N:VIA & VIAb) is trying to cut its costs associated with tracking

shareholders by offering to buy back or boost the holdings of shareholders who own less than 100 shares of the company's stock. Under the deal being offered through 2/21, those small shareholders can either sell the company their small lots at the market price, minus a \$2 per share processing fee (to a maximum of \$40), or they can buy enough additional shares to get them to 100 under the same terms (market price plus \$2 per share). The voluntary program aimed at reducing the number of small, odd-lot shareholders is being administered by **Corey Seckular** of Georgeson Shareholder at 800-877-8579.

### Cuban buys out Belo's Mavericks stake

The post-dot-com stock market hasn't left Broadcast.com (now Yahoo! Broadcast) founder **Mark Cuban** without any liquidity. Cuban was already majority owner of the NBA's Dallas Mavericks. Now he's bought out minority partner Belo's (N:BLC) stake—settling a lawsuit that Belo had filed against him a year and a half ago.

Cuban paid Belo \$27M for 12.38% of the team and 6.19% of the American Airlines Center, where home games are played. Belo bought those interests in 1999 for \$14.5M. Belo said it also entered into a comprehensive marketing agree-

ment with Cuban to advertise the Mavericks on Belo's Dallas properties, The Dallas Morning News and WFAA-TV (ABC, Ch. 8).

### Finova leaving Big Board

Finova Group (N:FNV) is being dropped from the New York Stock Exchange. The troubled lender (including a broadcast portfolio) was rescued from bankruptcy last year by **Warren Buffett**, but its stock has lately been trading well below \$1 (64 cents at the 1/30 close). Finova has agreed to leave the NYSE at the end of trading 2/6. It will then trade on the over-the-counter bulletin board, with the new symbol yet to be assigned.

### American Tower reduces borrowing capacity

**Steve Dodge** figures \$2B of credit ought to be plenty for American tower (N:AMT) in the current economy, so he's cancelled an undrawn \$250M term credit facility. That leaves American Tower with \$1.35B in outstanding bank loans and \$650M available (but undrawn) under a revolving line of credit.

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were down 13% to \$1.32B, Tribune radio group, Alliance Broadcasting, to Infinity for \$275M (US).

Q4 radio revenues were flat at \$13.5M and radio EBITDA rose 16% to \$7.2M. That was waaaaay more than offset by a 16% drop in TV revenues to \$278.8M and a 31% drop in TV EBITDA to \$99M.—JM

**Meredith's profits plunge**

Meredith Corp. (N:MDP) says operating profits drop by more than half for both its publishing and television units in the company's fiscal Q2 which ended 12/31/01.

Operating profits for Meredith's 12-station TV group fell 52% to \$10.4M as revenues declined 12% to \$69M. CEO **William Kerr** blamed both the weak economy and the lack of political advertising.

At Meredith's publishing group, profits fell 54% to \$13.8M and revenues were off 8% to \$160.8M (excluding discontinued magazine titles). Meredith publishes 16 magazines and 120 specialty titles.—JM

**Newcomers join the DTV revolution**

Five television stations have gotten their DTV plants up and running. They are:

- KJRH-TV Tulsa, Scripps-Howard, NBC
- WWTB-TV Richmond, Jefferson Pilot, NBC
- KUTV-TV Salt Lake City, CBS O&O
- KSTS-TV San Jose, Telemundo O&O
- WUNC-TV Raleigh, PBS
- KJRH in Tulsa and WWTB in Richmond become the first to adopt the technology in their respective markets.—DS

**Soft Q4 for newspaper giants**

Two big newspaper companies—one of which also has TV properties—reported lower revenues for Q4. Knight-Ridder (N:KRN) said revenues for its 32 daily newspapers fell 16% to \$733M. CFO **Gary Effen** also warned that the nation's second largest newspaper chain is so far seeing no upturn for Q1.

At the Washington Post Co. (N:WPO), Q4 revenues fell 6% to \$630M. Television revenues were off 18%, while newspaper advertising revenues dropped 14% and overall newspaper revenues by 11%. Magazine revenues fell 15%. Those declines were counterbalanced by gains for education sales (+15%) and cable (+10%).—JM

**National also soft up north**

Canadian media giant Corus Entertainment (N:CFR) reports that revenues were up 49% to \$174.7M (all dollars are Canadian) for its fiscal Q1, which ended 11/30/01, but that was due primarily to acquisitions. EBITDA rose 25% to \$45.7M, but on a pro-forma basis EBITDA was flat with the previous year.

"During a period of considerable economic uncertainty, our strategy of focusing on specialty television and radio gave Corus a clear advantage in our first quarter," said CEO **John Cassaday**.

Revenues for Corus' 52-station radio group were up 21% to \$55.6M and EBITDA rose 12% to \$15M. On a pro-forma basis, Corus said radio revenues were up only 2%. Local sales were up 8% (the company said its markets were up 7%), but national sales were down 23% (much like in the US). Corus Radio's President is a veteran US radio guy—**John Hayes**—who joined the com-

pany last July, five years after selling his US radio group, Alliance Broadcasting, to Infinity for \$275M (US).

Corus' major market on-air and nationwide cable TV ventures saw fiscal Q1 revenues rise 12% to \$69.8M. EBITDA gained 11% to \$24.5M. Pro-forma figures were much the same, with both revenues and EBITDA up 12%.

Revenues dropped 19% to \$49.7M for Corus' content division, which includes a children's TV production company and a specialty book publisher. EBITDA fell 33% to \$7.2M.—JM

**News Corp. COO Chase Carey resigns**

News Corp. COO/Sky Global Networks President **Chase Carey** has resigned his post 1/23. He was also a previous Chairman of Fox TV. Carey was charged with negotiating the DirectTV buy to expand the Sky Global division, but the deal ultimately went to EchoStar. Carey remains a director and will serve as a consultant through year's end. No replacement will be named. News Corp. was reported as saying.—CM

**Shop Talk: Cable operator sued for lack of captioning**

The National Association of the Deaf has prevailed in an action at the FCC over TV and cable programmer Shop at Home Network. The NAD complained that SHN was not close-captioning its programming. SHN argued that it did not become an official network until 1998 (when it began to pick up over-the-air affiliates), and was entitled to a four year window before providing the mandatory captioning. NAD countered that the company claimed to have begun back in 1986, and should by now be providing the service. The FCC concurred, and has ordered that captioning begin immediately.—DS

**News Corp.'s Star Group names new cable net in China**

News Corp.'s Star Group Ltd. Announced 1/23 the name of its new cable entertainment channel to be available in southern China sometime in Q1: "Xing 'Kong Wei Shi' or 'Starry Sky Satellite TV.'" The Asia broadcast-ing division of **Rupert Murdoch's** media empire was also given a name 1/21: "Xing Kong Chuan Mei Ji Tuan," or "Starry Night Media Group," according to China Economic Times.

This is the first time China is allowing the cable transmission of foreign TV programming, currently available only in big hotels, some education institutions and government agencies, to a wider audience. Starry Sky will offer 24/7 entertainment programming, specially designed for Chinese viewers, in the southern China Guangdong province, from an agreement signed by Star with China Central Television (CCTV), its subsidiary China International Television Corp. in Guangdong Cable TV Networks Co. in December of last year. In return, News Corp.'s Fox Cable Network Group in the US, will distribute CCTV's English-news channel-CCTV-9—in here.—CM

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## Portland, Indianapolis show why they're in the DTV Zone

Vera Katz, the Mayor of Portland, OR, and Bart Peterson, the Mayor of Indianapolis, are running with the ball handed off by the National Association of Broadcasters (NAB) and the Consumer Electronics Association (CEA). The two industry organizations recently named these cities as two of three Digital TV Zones in the US. (Houston is the other; Washington, DC is expected to become the fourth later this year.)

The cities on the short DTV Zone list are there because all over-the-air network affiliated television stations in the market have outfitted themselves with DTV capability, and local merchants have made a strong effort to get DTV receivers into the hands of consumers.

Among the plans in place in both cities: DTV receivers will be placed in high traffic areas around town, some will be given temporarily to families in the market, and DTV receivers will be placed in selected bars and restaurants. The efforts are designed to educate consumers and spur adoption of the new technology by the general public.—DS

## FL TV stations opt out of Nielsen book

The *Southwest Florida News-Press* reports most local SW Florida TV GMs have chosen not to subscribe to the latest edition of the Nielsen ratings service there because of the high cost of its new metered service. One manager said the cost increases have been from \$27K a year to \$34K a month for each station. Nielsen's new service provides 100+ pages of data, based on meters attached to 300 Southwest Florida televisions (to be 400 in May) instead of daily diaries, which competing service Scarborough provides twice a year.

Of the six commercial TV stations there, WTVK (WB), has purchased the latest Nielsen book. The story says CBS affiliate WINK Fox affiliate WFTX are two using Scarborough instead. Now word if WBBH (NBC) and WZVN (ABC) are also using Scarborough.

**TVBR observation:** The market is likely a bit small to support Nielsen's rates. However, while Scarborough could be accepted by local advertisers it should be interesting how the national ad business, which tends to rely much more on Nielsen, may react.—CM

## NBC soft as GE completes "challenging year"

"2001 was an especially challenging year," said General electric (N:GE) Chairman and CEO Jeff Immelt as he announced Q4 earnings. "Despite a global recession and the September 11 terrorist attacks, we delivered double-digit earnings growth. This is a tribute to our great global team and the strength of the GE business model."

For the year, earnings per share rose 11% to \$1.41 and earnings grew to a record \$14.1B. Despite that, GE's total revenues were down 3% for both Q4 and the year.

Of course, we at TVBR really only care about one part of GE: NBC.

The network saw Q4 revenues decline 1% to \$1.54B—a relatively good showing when you consider that the full year number was down 15% to \$5.8B. NBC's operating profits fell 3% to \$460M and dropped 11% for the year to \$1.6B.

GE took an upbeat view of where NBC's network, O&O stations and cable networks stand in relationship to their peers: "NBC strengthened its position as the Number One network for adults 18 to 49, winning its seventh consecutive sweep month in this key demographic in November, and ending 2001 with the largest lead (16 percent) among viewers 18-49 that any network has had in the past four years. NBC received the most Emmy nominations and awards of any broadcast network for the seventh consecutive year, and won 16 Emmys, including eight for 'The West Wing,' 'The Today Show,' 'Nightly News,' and 'Meet the Press' continued their leadership in key demographics, with 'Nightly News' finishing first in total viewers for the ninth consecutive quarter. Ratings for NBC Sports' NASCAR broadcasts grew 34% over last year. CNBC grew its primetime weekday ratings 4%, and MSNBC's viewership reached record levels in the quarter. In October, NBC announced the largest strategic acquisition in its history, an agreement to acquire Telemundo for approximately \$2.7 billion. NBC also agreed to purchase KNTV in San Francisco, the country's fifth-largest TV market."

**TVBR observation:** That last comment may be an attempt to make a silk purse out of a sow's ear. If NBC hadn't bought the Channel 11 move-in for \$230M, it ran the risk of watching its new affiliate—which is still trying to ramp up news and sales—collapse under its parent company's financial problems. In the final analysis, though, while Granite Broadcasting (O:GBTVK) has gotten out of a tough situation, NBC is left with much less market penetration than it had with Young Broadcasting's (O:YBTVA) KRON-TV (Channel 4).—JM

## Gates invests in Cox cable

Microsoft (O:MSFT) founder Bill Gates has invested a half-billion dollars in Cox Communications (N:COX), the cable TV company controlled by Cox Enterprises, according to the *Washington Post*. The newspaper says 13.5M shares of the cable MSO were purchased directly from Cox Enterprises by Gates' personal investment group, Cascade Investment LLC, and the Bill and Melinda Gates Foundation.

**TVBR observation:** A half-billion bucks isn't pocket change, even to the richest man in America. Gates obviously sees future growth in cable, even if the whole media

sector—indeed, the whole economy—is suffering now.—JM

## UPN looking for direction

The UPN television network has brought in Dawn Tarnofsky-Ostroff as President. She replaces Dean Valentine, who left last month (RBR.com, 1/15). UPN operations have been pulled in closer to those of its parent, the CBS Television Network under Les Moonves. Tarnofsky-Ostroff exits the female-oriented cable network Lifetime.

Valentine was instrumental in establishing the fledgling network into a five-night a week operation. However, an article in *Advertising Age* noted that, even thought ratings for its programming lineup are on the upswing, the lineup lacks the demographic cohesion of fellow new kid on the block WB—which is aimed squarely at young women.

It is speculated that Tarnofsky-Ostroff's primary task will be to give the programming lineup more focus so that it, too, can point to an audience of value to advertisers. It's primary building block is the newly acquired "Buffy the Vampire Slayer."—DS

## Tough Q4 for Tribune

Tribune Co. (N:TRB) hit the top end of the earnings range it had promised Wall Street—21 cents per share—but that was down significantly from 36 cents a year ago.

"The downturn in the economy and a difficult advertising environment made this a challenging year for us," said CEO John Madigan—an understatement if there ever was one.

While Q4 operating revenues

## Washington Beat

### Channel 52-59 spectrum up for auction 6/19

The FCC announced 1/25 that TV channel 52-59 spectrum will be auctioned for new users 6/19, along with channels 60-69, as was previously announced. The spectrum will likely get bids from wireless companies. The 52-59 spectrum will be divided into three 12-MHz blocks, with two to be sold in six regions, and the third to be allocated to 734 different areas around the nation. Regardless, no licenses will be usable until 2006, when existing stations will be forced to abandon the channels.

The regional blocks, termed by the FCC as economic area groupings (EAG) are expected to generate the most auction action, and to generate the most revenue for the government. Each region will have two paired blocks of 6-MHz each, and another two 6-MHz block which are unpaired, and commensurately valued at half of the paired set. Minimum bids are in the \$12.2-13.4M range for paired channels, and between \$6-6.7M for the standalones. A chart showing availabilities and minimum bids for the EAG channels is provided below.

The other 734 channels are all paired 6-MHz blocks (invariably channels 54 and 59) assigned to either a metropolitan statistical area (MSA) or a rural service area (RSA). Opening bids range from \$4.476M for the New York-Nassau-Suffolk offering, down to MSA306, identified as the Gulf of Mexico, or RSA729 Culebra, Puerto Rico, either of which can be had for \$1,000 if nobody comes along to bid up the minimum opening offer.—DS, CM

Region	Channels	Minimum bid
Northeast	52, 57	\$12,470,000
Northeast	53, 58	\$12,470,000
Northeast	55	\$6,235,000
Northeast	56	\$6,235,000
Mid-Atlantic	52, 57	\$12,764,000
Mid-Atlantic	53, 58	\$12,764,000
Mid-Atlantic	55	\$6,382,000
Mid-Atlantic	56	\$6,382,000
Southeast	52, 57	\$13,555,000
Southeast	53, 58	\$13,555,000
Southeast	55	\$6,678,000
Southeast	56	\$6,678,000
Great Lakes	52, 57	\$12,468,000
Great Lakes	53, 58	\$12,468,000
Great Lakes	55	\$6,234,000
Great Lakes	56	\$6,234,000
Central/Mountain	52, 57	\$12,278,000
Central/Mountain	53, 58	\$12,278,000
Central/Mountain	55	\$6,139,000
Central/Mountain	56	\$6,139,000
Pacific	52, 57	\$12,431,000
Pacific	53, 58	\$12,431,000
Pacific	55	\$6,216,000
Pacific	56	\$6,216,000



## Ortiz Broadcasting Corporation

has agreed to purchase the assets of

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## SPECIAL ISSUE

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### RBR Profiler Saga's Ed Christian

Straight blunt talk  
page 9-11

## New convention for syndicators in the works?

After the news surfaced that the turnout for the National Association of Television Program Executives (NATPE) in Vegas was dismal (down 30%) and that nearly 50 syndicators opted to join Warner Bros. Domestic TV Distribution President **Dick Robertson** in setting up an alternate "show" (RBR.com 1/24) at the Venetian Hotel, a new conference idea for syndicators is getting some play.

In fact, Robertson told reporters that in the future, his studio would host its own show separate from NATPE. He's convinced that with consolidation of the ad buying community, the \$2M WB spends on NATPE is unjustified in courting a handful of buyers.

The latest talk springing from the alternate confab at the Venetian is an alternate March show in NYC—one that would be timed more closely in tune with the TV upfront buying season. The likely candidate to support such an event would be the struggling (currently reorganizing) Syndicated Network Television Association, which is looking for a new President to replace **Allison Bodenmann**. She was named VP/Marketing and Sales for Court TV last October.



Dick Robertson

"I wholeheartedly endorse doing an upfront show/presentation/meeting in March or April in New York before the upfront. The networks have their meetings and their week to shine and show off, the cable networks have their day in February that they do their CAB [Cable TV Ad Bureau], and I think it would be good for the syndicators to have their place on everybody's calendars right before the upfront season," **Andy Donchin**, SVP/Director of National Broadcast, Carat USA, tells *TVBR*. "I think syndication needs a well-known voice out there to represent them well and to have the cooperation of all the major syndicators."

It's not so much that NATPE ignores syndicators, but that the buyers would find a more focused show on syndication better worth the effort. "What I go to NATPE for is only one part of the whole convention," adds Donchin. "Obviously, there's a lot of international stuff and station sales done there. I really can't comment on that because it's not my area. But for what I need to get out of the NATPE I personally think it can be done in NY, closer to the upfront when we are a little bit more knowledgeable about our budgets, and they are a little further along in the development of the shows and the clearances of the shows."

Donchin continued, "Maybe the March or April time frame in NY can be in addition to the regular NATPE convention. But I think it would behoove everyone—both the sellers and the buyers—to be able to get together closer to the upfront in an intimate setting and to be able to exchange ideas when more information is known on both sides. It would be nice to have a pilot, to know more clearances—I think it could only work towards more business. I'm a big believer in syndication and I just think we could handle this a little better."

And the flip side of the coin for NYC is, of course, the economics, Donchin asserts. "Another thing about NY is that you would be able to bring in more people. Not only did syndicators bring less people out to NATPE this year, but the agencies as well."

Is it a budgetary constraint thing? "Absolutely."

**TVBR observation:** It seems that NATPE, which historically has been one of the prime events on the industry meet-and-greet calendar, is taking on water. As business conditions evolve, industry associations must evolve with them, and sometimes the evolution simply isn't possible. Not to say NATPE can't be saved—many are talking about doing just that.

However, syndication's total ad dollar take was an estimated \$1.5B last year, down 25% from 2000. Anything that can help improve those numbers would indeed behoove everyone concerned, as Donchin so aptly put it.—CM



### Wallace expects double-digit negative Q4 from TV groups

None of the "pure play" TV groups have yet reported Q4 earnings, but when they do, analyst **Tim Wallace** of Banc of

America Securities is expecting to see plenty of red ink. He's looking for revenues to be down in the mid-teens. Broadcast cash flow results may be all over the board, but he expects the average to be a drop of around 40%.

Hearst-Argyle (N:HTV) kicks off the reporting this Friday (2/8). Wallace says to expect revenues to be down 20% and BCF off 36%.

The BofA analyst's other predictions: Sinclair Broadcast Group (O:SBGI), reporting 2/13, is expected to have revenues down 17% and BCF down 40%.

ACME Communications (O:ACME), no date set, is expected to report a revenue drop of 11% and a BCF decline of 66%.

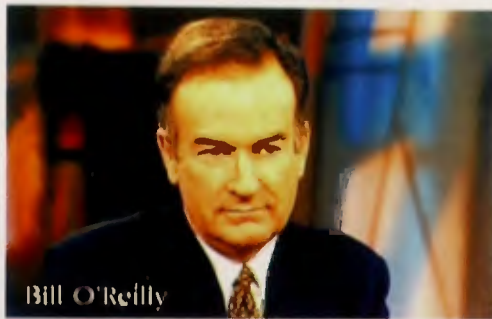
Univision (N:UVN), no date set, is forecast by Wallace to come in with a 6% revenue drop and a 26% decline in BCF.

**TVBR observation:** Those dismal averages would probably look even worse if Wallace maintained ratings on the two most troubled public TV groups—Granite (O:BGTVK) and Young (O:YBIVA). Neither has yet set a date for their Q4 report.—JM

### Fox News ratings beat CNN

Fox News Channel surpassed CNN for the first time across the board in prime time in January. Fox, in fact, defeated all cable news networks in total viewers for both the 24-Hour and Prime Time periods. In the 24-Hour time period, Fox News averaged a .7 rating, 539,000 households and 656,000 viewers. CNN averaged a 0.6 rating, 525,000 households and 596,000 viewers for the month. In Prime Time, Fox News averaged a 1.1 rating, 840,000 households and 1,091,000 viewers for the month. CNN averaged a 0.9 rating, 757,000 households and 921,000 viewers, according to Nielsen. This, while CNN is connected to nearly 9M more households.

CNN's audience actually grew sharply in January, up more than 50% compared with the same period a year ago. Fox News claimed four of the top five regular cable news shows in January with "The O'Reilly Factor," "The Fox Report With Shepard Smith," "Special Report With Brit Hume" and "Hannity & Colmes." CNN's only top five show was "Larry King Live."—CM



Bill O'Reilly

### Univision breaks into Cleveland

US Spanish-language television leader Univision has expanded. It's adding an O&O in the Cleveland market. Full-power WQHS-TV Channel 61, which Univision acquired from USA Television Networks in December, 2000, began broadcasting Univision network fare 1/29. Regional General Manager **Augustine Martinez** has come up from the network flagship, KMEX-TV Los Angeles, to oversee the operation.

The Hispanic population in the area is said to have grown 50% over the past ten years, according to new figures from Census 2000.

"The expansion of the Univision Television Group into the Greater Cleveland area is indicative of the company's firm commitment to better serve the informational and entertainment needs of the growing Hispanic community in northeast Ohio," said Martinez. "I am excited and proud to be given the opportunity to lead Univision's entry into this growing market."

**TVBR observation:** The Hispanic population in Cleveland may be growing, but that doesn't make it grow. According to the just-released Fall Arbitron radio survey, the 12+ Hispanic population in the Cleveland metro is 55,200, representing 3.1% of the total population. Although it's not a head-turning number, the growth of the Hispanic population in Cleveland is undeniable—it stood at only 2.1% in the 1993 Fall Arbitron survey.—DS

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