

RADIO'S PREMIER MANAGEMENT & MARKETING MAGAZINE™

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Radio Executive
of the Year

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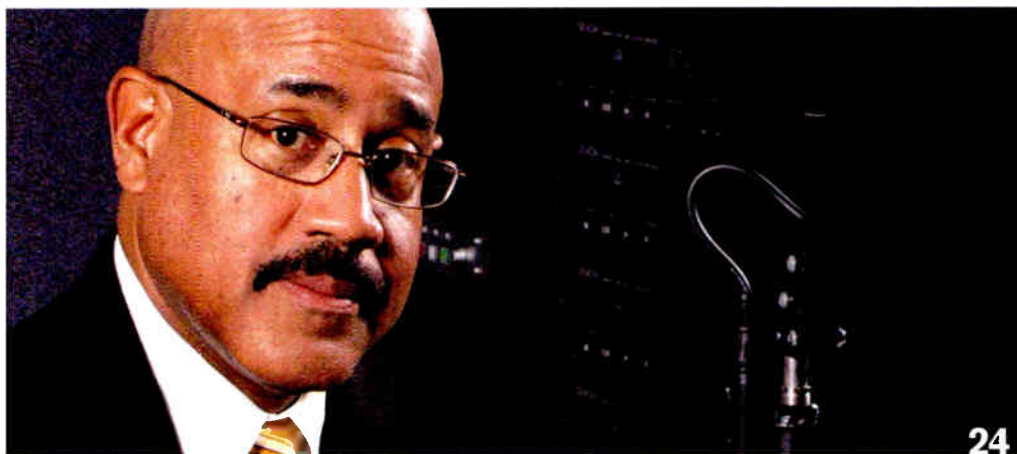
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Our Mission: Radio Ink's role is passionately to empower radio management to be more successful by providing fresh, actionable, reality-based ideas, inspiration, and education in a quick, easy-to-read, positive, pro-radio environment.

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FROM OUR CHAIRMAN

Overcoming Boredom

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I'LL ADMIT IT. I'M BORED.

I'm bored when I hear the same six solutions to radio's challenges, and they are the same solutions I've been hearing for decades. I'm bored when I hear the same old sales training techniques, many of which were bred in the 1940s or '50s. I'm bored with tired voices who have nothing new to say, who repeat their theories ad nauseam. I'm bored when I attend a conference and hear the exact same words and stories I heard decades before. I'm bored with the idea that radio is challenged like never before, but we as an industry are not changing the way we do business.

I'm bored with *Radio Ink*.

There, I said it.

My life as an entrepreneur is driven by my boredom. I don't want to garner one year of experience and repeat it 20 times over 20 years. Once I've established a business or new product, I need to move on to new challenges quickly, or I'll lose interest. In my early years I'd start a business, build it up, then get bored and move on to something else while the other business faded away. Finally, I realized I was walking away from the benefits of a mature business, so I hired a manager to operate the day-to-day of the business and undertook a new challenge. I also learned that if I create new challenges within the old business, I am OK as long as I am innovating. I realize I'm an idea guy, not an operator.

Because I'm bored with radio, I'm bored with *Radio Ink*. I've always felt my job is to reflect the industry, but if I'm reflecting old, stale ideas, then my job feels old and stale.

RE-INVENTOR

To combat the malaise, I once again donned my entrepreneur hat and called the staff together to reinvent *Radio Ink*. The mission is not to reflect, but to lead.

So, starting with this issue, you'll see a new design, new columns, new voices — along with some of your "old" favorites. The goal is to provide fresh ideas, voices, and opinions.

Radio in 2009 will be a lot different than it was even a year ago. Conditions are different, new forms of competition surround us daily, and we must rethink everything we do. So here is a whole new *Radio Ink*. We've also designed a new *Radio Ink* daily news e-mail and a new website with interactive pages. And because everyone is so busy, we will lightly highlight the salient points so you can skim articles fast.

You are the beneficiary of my boredom. I hope you won't be bored with *Radio Ink*, and I hope you'll tell us what we did right and where we screwed up. **INK**

B. Eric Rhoads
B. ERIC RHOADS, CEO/PUBLISHER

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New York Market Radio celebrates its 25th annual gala to honor the Top 25 Radio Advertisers:

(l-r) Major World's Chris Orsaris and Bruce Bendell, WFAN's Danny Chozahinoff, CBS's Don Bouloukos, and WFAN's Greg Hughes.



WJBR/Wilmington, DE VP/Operations Michael Waite speaks with Operation Warm president Kim Fortunato during the station's annual promotion, which raised \$15,760. Station mascot J-Bear presented more than a thousand new coats to local children this winter.



>> You've Got Mail! But Are You Reading It? Consumers are getting pickier about the marketing e-mail they choose to open. The "open rate" for marketing e-mail fell to 13.2 percent in the first half of 2008, down from 16.1 percent in the same period in 2007. Click rates for the links in those e-mails also dropped over that time, to 2.7 percent from 3.1 percent.

The industries that had the best open rates: banking, religious/spiritual, government, and telecommunications. The study also found that shorter subject lines — less than 35 characters — attracted an open rate of 19.6 percent. Longer subject lines pushed the open rate down to 14.8 percent. *Source: MailerMailer study, "EMail Marketing Metrics Report," as quoted in eMarketer*

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Premiere Radio Networks welcomes Taylor Swift (chatting with Blair Garner) and Kevin Costner to its CMA Awards Radio Remote Broadcast.



The Fray visits Radio Disney to perform an acoustic set: Epic Records' Alex Levy, The Fray's Joe King and Dave Welsh, Radio Disney's Kelly Edwards, The Fray's Ben Wysocki, Radio Disney's Ray De La Garza, and The Fray's Isaac Slade.



ABC News Radio entertainment correspondent Hunter Kelly catches up with artist Jewel, who was in Nashville for a charity event against domestic violence.

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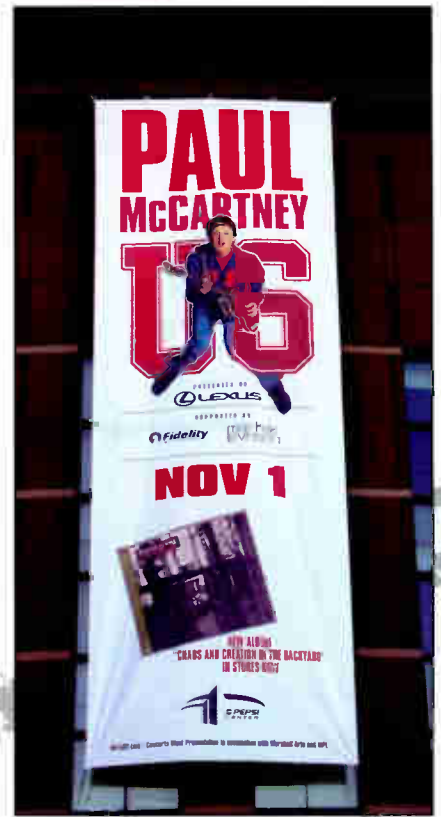
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World Radio History

I Can't Believe It's Not Butter

The naysayers have already said WAGS can't exist because it's live radio, real people in real time. We use our minds to find those songs that feel right.

Internet, bah humbug. The customer will figure out fast that the pretense that someone on the other end is actually paying attention to them is just a pretense. I hate being insulted by websites that pretend to care. The old-fashioned notion that you give your people some room to use their judgment, then let them use it, is the wave of the future.

To those jocks who don't talk like real people, and female FM jocks who all sound like they are about to giggle, and those contrived male announcers: Just be real. Sam Adams still has someone to taste the beer. Radio is a people thing. Radio is not the Internet. Pick up the phone, and we answer it.

It's a fundamental in business that management tries to sell the crappiest margarine and get the customer to think they are being served butter — even if we have to spend more than we would if we just bought the butter.

JIM JENKINS
WAGS RADIO, BISHOPVILLE, SC

Sound Advice

One of the ways that my sales team stays ahead of the competition is through our partnership with Wayne Ens. His *SoundADvice* weekly e-mail newsletter offers excellent marketing and advertising advice. It is designed to be sent to direct local businesses with my sales rep's name and picture on it, and is a great way to put our logo and valuable information in our clients' (and potential clients') hands every week.

The best part is the articles never divulge ALL the information the client would want, so there's a built-in option to request more information, which is then delivered in person by our sales rep. Ens offers personal service as well. When the economy started to turn south, we hosted a seminar for our clients with Ens as guest speaker. It was full of great information on how successful businesses have weathered the storm in past economic downturns and ways to stay ahead of the competition. It benefited both my sales team and the clients that came to the seminar.

JUDY KELLY
GENERAL MANAGER, BUCKLEY
RADIO/SYRACUSE, NY

Forecast Feedback

I want to compliment you and the entire *Radio Ink* staff on the success of your recent Forecast conference at the Harvard Club. The turnout was a testament to the regard in which the industry holds *Radio Ink*. I typically don't go to these things, but this was the most talented and influential gathering of our industry's true investor class I have attended.

You are to be commended for gathering what was your most important panel discussion, *Confidential: Inside the Minds of Clients*, with GroupM CEO Irwin Gottlieb, ZenithOptimedia President of Strategic Resources Bruce Goerlich, and OMD-North America CEO Page Thompson.

I would be remiss, however, if I did not express my disappointment at the tepid response and scant attendance of the radio group heads during that session. The esteemed members of the panel and the numerous agency buying executives around the room were accessible advocates with the potential to offer counsel and guidance to grow radio's various partnerships. Alas, this opportunity was largely ignored by a number of attendees, many of whom were present at the banking and financial panels yet slipped out for this panel. It seems as though the radio group heads, of all people, should have been in the room for this panel, and should have been introducing themselves and scheduling face time to seek ways to gain the support of these companies for radio.

Among all of these panelists, they probably control in excess of \$100 billion in ad spend, and radio is not sufficiently on their radar. Why were the group heads not capturing this rare opportunity?

Over the years I have heard attendees of similar gatherings opine the litany of perceived industry problems, but the inattention paid to our direct investor class is one industry problem that is inexcusable. The peer-to-peer selling of our industry is virtually nonexistent, and we have become largely enamored with the banking class in lieu of the direct investment class, our agencies.

We have for too long allowed anecdotal selling, perceived threats to audience delivery, and short-term goals to cloud our ability to deliver to our agency partners the true value of radio. Today, over 50 percent of advertisers and agencies rely on Marketing Mix Modeling to allocate budgets and plans. These models have consistently underrepresented radio's value and ROI. Only recently, in partnership with the agencies, their research departments, Arbitron, and key executives, have these potential flaws been addressed.

Other industry issues could also be overcome, but only with a revitalized attention to and dialogue with our true investor class, the advertisers, and agencies — and radio's leaders should have been on the case, but were not.

DAVID LANDAU
CO-PRESIDENT, DIAL GLOBAL INC.

I was very impressed with the caliber of people who attended your Forecast seminar, and the knowledge and breadth of the discussions.

JAMES B. THOMPSON
PRESIDENT, THE BROADCASTERS
FOUNDATION OF AMERICA



**VENDING
MACHINES NOT
JUST FOR GUM
AND SODA
ANYMORE**

Macy's stores are trying out e-Spot vending machines, which sell digital cameras, head-phones, and several flavors of iPod with prices from \$14.99 to \$349.99. And the machines are bringing in big money: \$3,000-\$10,000 per square foot of floor space, compared to an average of \$330 for conventional retail space. Sales from the machines reportedly haven't dipped with the overall retail slowdown.

Macy's has the eSpot machines in about half of its 800 stores worldwide.
Source: *Cincinnati Enquirer*, Dec. 16, 2008



You Made The Sale — Now It's Time To Collect The Cash



>> I have often thought that companies don't spend enough time teaching new managers the basics of operating statements and balance sheets, and not just in radio. Perhaps if more managers better understood the numbers on their financial sheets, some of the fiascos we're seeing today could have been averted.

— Deborah Parenti

As part of my role as VP/GM of the new *Radio Ink*, I will be writing a column called *Dialogue* that will focus on issues I'm hearing from broadcasters around the country. Feel free to pick up the phone or send an e-mail so you can be involved in the discussion. Any subject germane to radio, especially those focused on management, marketing, and sales, is open to debate.

I've had the good fortune to hold a wide variety of positions during my years in the business — from promotion and marketing to research and sales — and I've sat in a number of management chairs — business, sales, and general.

One area of particular interest now stems from my days as a business manager. How is the current financial crisis impacting station credit checks and controls, especially in the face of equally enormous pressure for the sales department to put dollars on the books? After all, spots don't count at the bottom line until the invoice is paid. I asked one of the foremost authorities on media collections, Robin Szabo, president of Szabo Associates, for his advice and perspective.

What should stations consider in re-examining their credit policies and procedures today?

In bad times, it is critical to re-examine policies and procedures for two reasons. First, the objectives of detailed policies and procedures may need to be reworked to accommodate changes in your organization and the marketplace. Policy objectives should address the balance needed between credit and collections. While one organization may choose to balance a liberal credit policy with conservative collections, another may choose to have a tighter credit policy, lessening the need for strict collections. Organizations should try to balance the two.

Second, policy review ensures that credit managers and sales managers are on the same page. Including both departments in the review process allows everyone to discuss any shortcomings in the existing policy and to agree on changes.

What standards should be applied as rules of thumb?

Given the events of the past year, we cannot help but wonder if the meaning and importance of the "five Cs," long an integral part of every credit grantor's lexicon, have become lost in certain industries and agencies. Had character, capacity, capital, conditions, and collateral driven the individual and collective behavior of participants in this year's financial meltdown, perhaps we would not be suffering such heavy consequences.

In practice among credit grantors, the usual order of importance of these factors is collateral (assets to secure the debt), capacity (sufficient cash flow to service the debt), capital (ability to raise additional money through asset financing or selling), conditions (of the customer and the overall economy), and character. Of course, in the media industry, collateral does not apply. The remaining four do apply, however, and should always be given serious consideration.

In our experience, for the media industry, character should assume the number one position as the most important consideration in credit extension. Character, in the credit-granting context, is simply the probability that a customer will try to honor his obligations, which can best be determined by the prospect's payment history. If a customer experiencing cash flow problems due to a troubled economy has integrity, chances are that he will make every effort to cooperate with respectful efforts to collect on his past-due account.

How should stations handle existing — and in some cases long-term — clients who begin to lag behind or become slower in payment?

Pressure to bring in revenue can motivate management to let sales drive business, without consideration to credit and collections. Many media properties are doing business with delinquent customers on a cash-in-advance basis while letting past-due amounts "ride" with no chargebacks to sales.

Companies should negotiate with the customer to establish a reasonable payment schedule for the overdue amount while collecting payment in advance for new advertising. By using a *principled* approach to negotiating instead of a *positional* approach, you should be able to reach a favorable arrangement while maintaining a good

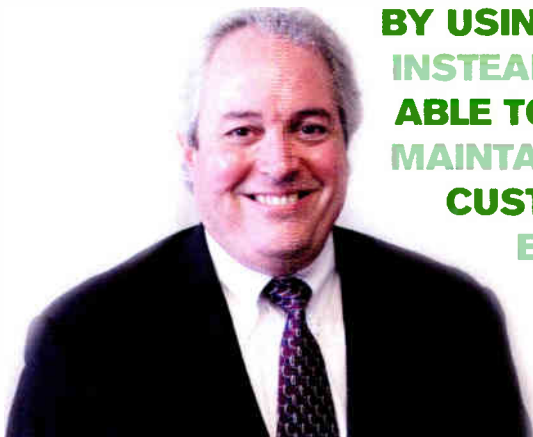


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relationship with the customer. Principled negotiation differs from positional negotiation in that its focus is on determining, understanding, and addressing the underlying concerns of the other party. By asking the debtor questions and expressing sincere concern, you should learn whether the problem is short-term or long-term, and what you can reasonably ask the customer to do under the circumstances.

What are some signs of possible collection trouble?

Credit managers should closely monitor all industries through financial magazines, newspapers, and financial websites. Additionally, individual companies should be carefully watched for signs of distress, and frequent meetings among staff members should be held to share information. Any change in payment habits or advertising frequency can be an early sign that a company is in trouble. We all have witnessed businesses that have suddenly closed their doors, leaving customers and creditors with little recourse for unmet contractual obligations.

How long is too long to wait for payment? Can you give some pointers on managing the collection process?

When your customers are struggling to keep their businesses going, it may seem unwise to insist on strict adherence to your terms of payment. On the other hand, customers expect you to honor your side of the agreement, and it is unfair for them to expect your company to lose money when they fail to pay on time. Receivables allowed to age from date of invoice to 90 days have about a 70 percent chance of being collected. By 180 days, the probability drops to about 50 percent. By one year, the chance is less than 23 percent.

If your terms and conditions call for payment within 30 days, the collection process should start on day 45 with follow-up at least once a week. If your company chooses to continue doing business on a cash-in-advance basis with customers whose accounts are delinquent, a payment schedule for the overdue money should be negotiated and firmly enforced.

A credit manager's prime directive is to maximize cash flow for the company. As the number of perishable accounts increases, it becomes increasingly important for credit and collection staff to focus their efforts on

significant amounts that are 90 days or less past due than to spend time and resources to collect relatively insignificant amounts that have aged beyond 90 days.

The services of a collection agency should be enlisted when the account is 90 to 120 days past due, depending on its perishability. Additionally, a third-party collector should be enlisted immediately if the debtor has skipped, or it is suspected that the debtor intends to do so; the debtor has broken promises; the debtor has taken personal offense at being asked for money owed; or there are unfounded disputes and the debtor refuses to accept evidence that this is the case.

Should radio stations consider accepting payment by credit card? What are the advantages and disadvantages in doing so?

Credit cards are a very useful means of collecting and are used by many for cash-in-advance customers and customers who will pay in full at terms. Their use comes with a price, however, depending on the card — anywhere from 2.5 to 6 percent of the transaction amount. Because of the transaction cost, some limit the amount and do not allow it for past-due payments. Additionally, the charge may be disputed up to 60 days after the transaction, so there is some risk of reversal.

In the future, the cost will decrease when true business-to-business ACH transactions become more widely used. ACH transactions are credited sooner and do not come with the risk of a reversal, but could be uncollectable because they are a debit directly out of the customer's account.

A station needs to evaluate the true cost of its credit/collection operation. Credit investigation takes time and credit reports are not free; carrying open A/R is costly and its value and collectability diminishes over time; and collecting it internally takes time and consumes sales and business resources that possibly could be put to better use.

The decision to use credit cards, though costly, may be cheaper in the long run compared to the direct and indirect costs associated with the credit and collection process. But if customers want to pay by credit card, stations may be forced to take them to complete the sale. **INK**

Deborah Parenti is VP/GM of Radio Ink. E-mail: deborah@radioink.com

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World Radio History



Feast Or Famine?

The Top Three Mistakes Sales Managers Make

Just after the new year, most companies are deep into the budgeting process. Those responsible for revenue are getting the e-mails, calls, and memos saying "More!" Those controlling expenses are getting e-mails, calls, and memos saying "Less!" Same stuff, different year. And once the revenue goals are established and the budgets confirmed, the question remains: What will make this year different?

The answer: calculated and consistent avoidance of the top three mistakes sales managers make.

I hasten to add that I have made each of these mistakes more than once. I have observed them being made habitually by others. These mistakes aren't new or surprising; they are simply the most common mistakes sales managers make. But, because these mistakes are so common, the fixes are simple. A disciplined approach to correcting each one is a sure ticket to a better revenue feast in the year ahead. Go ahead, help yourself.

MISTAKE #1:

Feeding the weak

The lowest producers get the most attention. Because our biggest producers are producing, managers invest more time in the weakest salespeople. But what would time and support given to our best producers do to the overall revenue picture? A 10 percent increase from the biggest producers may well be worth more than a 20 percent increase by the weakest sellers.

Correction: Feed the strong first.

MISTAKE #2:

Ignoring the food you ordered

Salespeople respect what you inspect, not what you expect. Implement — and pay attention to! — a reporting system for sales activity. Many companies have a system, but do sales managers check it every day? Asking salespeople to report their activity and outcomes is basic to the sales management process, and reading their reports and examining their input daily is a primary management task.

The fact is, as managers, we dislike reading reports just as much as most salespeople dislike writing them. But writing, and reading, these reports are not negotiable.

Correction: Eat the food you ordered.



MISTAKE #3:

Failure to feed back

If you ask salespeople to do something and they do it, acknowledge it. If you ask them to do something and they don't, acknowledge that too. It goes to the heart of mutual respect. Reading sales reports is one thing, and taking the time to let a salesperson know you have done so is another. A quick and specific note that indicates you have read the report is not only courteous, it is productive. Required reports and feedback are a critical communications vehicle in the well-run sales organization.

Correction: Feed back what you've been fed.

Take care of these simple fixes, and the revenue feast for 2009 is on the table. Dig in! **INK**

Jim Gustafson is VP/Sales and Business Development of *Radio Ink*.
E-mail: jim@radioink.com

MANAGEMENT TIP:

LET EARLY ADOPTERS TAKE THE LEAD

"Leaders will spend 80 percent of their time trying to convert the 20 percent of their group who are resisting the change. Focus on the winners instead. Let them pull the rest along. We will purposely identify the early adopters and let them lead the way. We'll train them first. We'll get them to train others. And we'll let them take the lead in applying the new systems or processes or approaches in the workplace."

Source: *Kerry Johnson, Forum blog (www.forum.com), the Forum Corp., July 2008*

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Foneshow

Feel free to contact Erik Schwartz at (917) 209-0411 or eriks@foneshow.com

L.A.'s Love Affair With KIIS

Call letters:	KIIS-FM
Ownership:	Clear Channel Communications
Management:	MM Greg Ashlock, DOS Jeff Thomas, GSM Mary Baxter, PD John Ivey
Market:	Los Angeles
On air since?	1975
Years in format?	Apparently it was a disco format for a short time, and possibly one other format, but it's only remembered as CHR.
Lineup:	Ryan Seacrest with Ellen K, Sisanie, Boy Toy Jesse, JoJo on the Radio
Target demo:	Women 18 to 34
Slogan:	L.A.'s #1 Hit Music Station
Website:	www.kiisfm.com

>> We have an amazing heritage in the market, and yet every day is a new adventure. There is a spirit of excellence here that all of us respect.

In this issue's Station Profile, KIIS-FM PD John Ivey, GSM Mary Baxter, and Marketing Director Eileen Woodbury tell *Radio Ink* what has kept the station such a powerful heritage brand in a diverse and fast-changing market.

>What are KIIS-FM's signature events? KIIS listeners anticipate two huge concert events every year: the Infamous Wango Tango in late spring, and the Jingle Ball in early December. These events embody the spirit and energy of music's hottest artists, all converging on one venue and one stage in one day.

A typical lineup for one of these shows would include the likes of Gwen Stefani, Jennifer Lopez, Ludacris, Will Smith, Black Eyed Peas, Kelly Clarkson, Lindsay Lohan, and Maroon 5 (the Wango Tango 2004 lineup); or Chris Brown, Rihanna, Katy Perry, Jesse McCartney, Pussycat Dolls, Estelle, Menudo, and Tokio Hotel (the Jingle Ball 2008 lineup).

The shows mirror the shape, sound, and lifestyle music takes at the time. These events deliver the biggest and the best as full-day experiences coupled with a preshow carnival, fashion show, dance party, and more.

These events give sales a larger-than-life opportunity to put our clients next to those artists. How can you measure the benefit of putting your product or brand next to Gwen Stefani or Tokio Hotel? That association is priceless! Our ability to customize sponsorship elements to a particular client's needs make these events a hit for the listener, the sponsor, and the station.

>How has KIIS stayed so consistently successful in a market the size of L.A. for so many years, and against such formidable competition? KIIS stays consistent by reinventing itself periodically. We always represent the vibe of the day and the market, which is very unique in its lifestyle and preferences. As music goes through cycles, so does KIIS-FM. The great news is that most of our listeners have grown up with the station. They are part of our history and have transitioned right along with us. And now they listen with their kids, and so on.

The personality of the station develops as they do as well. We are in touch with what the audience likes, does every day, watches on TV,



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listens to, buys, what new technologies they are using. Then we weave it through the fabric of the station.

From the sales perspective, it's really important to embrace change. We work closely with our marketing, promotions, programming, and integrated departments to generate new ideas that connect the advertiser with the consumer in a way that is unique and makes sense for the KIIS audience. The sales staff understands how to pull together the various assets of the KIIS brand to deliver results for our clients.

>What distinguishes KIIS-FM in the Los Angeles market?

Our air talent is rock solid in every daypart. Ryan Seacrest, the Dick Clark of our generation, hosts mornings. His celebrity is coupled with the fact that he's completely L.A., local, and part of this crazy lifestyle. He is a super-talent with unlimited access to the entertainment industry, so he's able to deliver exciting content and breaking news every single day.

Our night jock, JoJo Wright, has been with KIIS for over 10 years. With such a long history, he still sounds entertaining, fresh, and relatable to a college student, and that is a testament to his talent.

Sandwiched between those are the newest members of the air team, Jesse Lozano and Sisanie. These young, evolving talents not only represent the lifestyle and demographic of the market, but they innovate and create on-air and online content that is exciting to the audience every day.

We have an amazing heritage in the market, and yet every day is a new adventure. There is a spirit of excellence here that all of us respect. That need to reinvent our success and take it to the next level fuels our momentum forward and defines KIIS. **INK**



IN THE SPOTLIGHT! If your station has an interesting story to tell, contact Managing Editor Wendy Bernstein at wendy@radioink.com.



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Taylor Automotive Group

Radio delivers success to businesses of every size and category on a daily basis, all across the country. Their stories remind us that “radio gets results” and continues to be a driving media force for commerce and the economy.

Taylor Automotive Group is the nation’s largest Kia dealership — and with good reason: They use radio! Jenny Jacques, general sales manager, and Heather Klingensmith, account executive, Cumulus/Toledo, share the Taylor Automotive story with Radio Ink.

>Business: Auto industry

>How long have you been in business? The Taylor Automotive Group has been doing business in the Toledo, OH, area for 30 years.

>Single or multiple locations? Multiple

>Typical customer? We offer two vehicle lines (Kia and Hyundai) that appeal to people of every age, sex, and income level.

>Is advertising regular or seasonal? Kia runs a very heavy radio schedule each week of every month.

>Do you handle your own advertising — including creative — or is an agency involved? All of the above. We usually work with an agency to help with some of the media placement, as well as final spot creation. Some media placement is done locally.

>In addition to radio, what other media do you use regularly? For our Kia dealership, the radio schedules consist of about 70 percent of our advertising budget. That is supplemented by one other type of media, usually direct mail or a small TV campaign.

>What have you found to be the most effective mix of media for promoting your business? Is there a particular campaign that stands out as the most successful? Combining print or TV with a radio schedule is a very strong media mix. Giving the consumer the opportunity to see in writing what they are hearing is an added bonus. One successful combination campaign was titled *Price Sells Cars, Period!* Straight to the point and effective. Radio was used to highlight the lowest-priced vehicle we had to offer, then in print we showed the comparison vehicles and prices of several other models.

>What are radio’s strongest assets? Where does it fall short? With radio it is very easy to change spots. Most of the time, a new radio spot can be produced and on the air within a 12-hour time period. This is very helpful if a last-minute change or market situation warrants an immediate turn-around response.

>Do you currently use new media to advertise your business? How does it compare to traditional media results? Nontraditional types of advertising have been used — or at least tried. This type of advertising in some areas is not the most cost-effective. With the number of options available through search-engine marketing and optimizations, the chances of a potential car buyer logging on to a media partner’s website to find your location seem very slim.

>Which media reps do the best job in presenting online options? Radio and newspaper reps seem to be the most consistent to offer online advertising options. Radio, TV, and newspaper online advertising has been done in the past. Unless it is used as added value to a current media buy, at this point in time, no additional money has been spent in online/website advertising. Most people don’t log on to the media outlet to find/shop online for a vehicle. If the consumer is going to use the Internet to shop for a car, they will use the dealership website.

>What do you like best about radio? What was your most memorable radio campaign, and why? Radio is a cost-effective way to constantly keep your message in the consumer’s mind. Top-of-mind awareness. One of the most memorable radio campaigns was a two-for-one sale, in which a customer could get a Kia Rio with the purchase of a new Kia Sedona minivan or Kia Sorento SUV — two vehicles for one payment. **INK**



Taylor Automotive's Steve Taylor with
Cumulus/Toledo AE Heather Klingensmith

CALLING ALL CLIENTS! If you have a client who would like to discuss their success — or not! — using radio, contact Managing Editor Wendy Bernstein at wendy@radioink.com.

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SURVIVAL OF THE FITTEST

Radio Ink's Radio Executive Of The Year

Charles Warfield

By Editor-In-Chief Brida Connolly

These are, to put it delicately, interesting times for radio. And ICBC Broadcast Holdings President/COO Charles M. Warfield Jr., *Radio Ink's* Radio Executive of the Year, has been one of the most visible executives when it comes to some crucial and much-talked-about issues facing the industry. He's been a leading voice in the heated debate over Arbitron's Portable People Meter and how it measures minority-formatted radio, and he's represented the industry in its ongoing defense against the record labels' push for a congressionally imposed performance royalty.

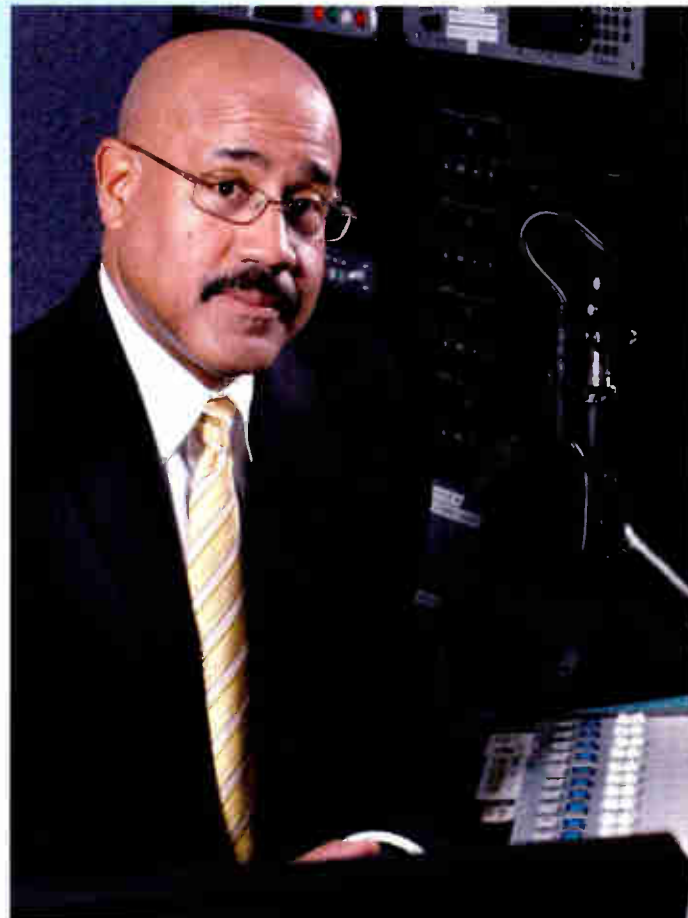
Warfield is on record as calling the PPM in its current form a "civil rights issue," and the attorneys general of New York and New Jersey apparently agree: The lawsuits filed against Arbitron over the PPM service in those states both allege violations of civil rights laws as well as consumer-protection statutes. (Arbitron vigorously denies all the allegations.)

And Warfield has served as a spokesman for the industry in another key arena as well: Earlier this year he testified at a marathon hearing on performance royalties by the House Judiciary Committee's Subcommittee on Courts, the Internet, and Intellectual Property, making a strong case that any such royalty would be unfair to radio, which works under regulatory burdens other audio outlets don't have.

Warfield told lawmakers, "The current symbiotic relationship that has existed for years between the radio and recording industries is the very essence of fairness. But H.R. 4789 takes this balanced system and places the heavy thumb of government on one side of the scale."

And he was apparently persuasive: The day after the hearing, several more members of the House signed on to the Local Radio Freedom Act, a resolution opposing any performance royalty for broadcast radio. Soon after that hearing, the resolution gained the support of a majority of the House.

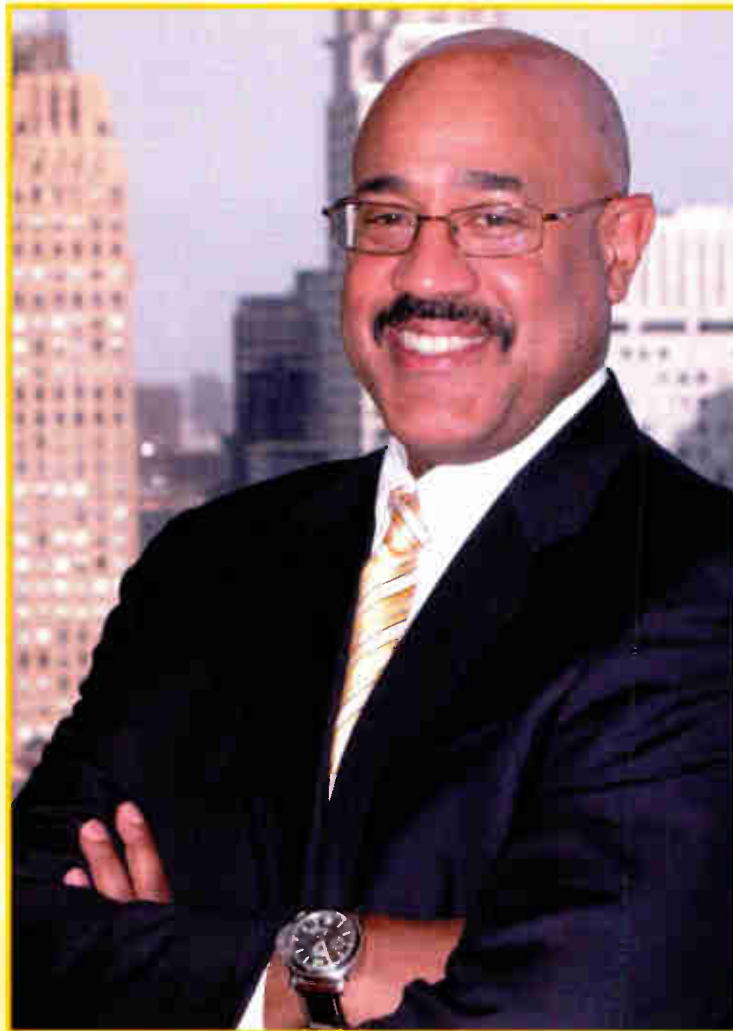
In his more than 30 years in radio, Charles Warfield has gained the respect of the industry and become one of radio's most effective spokesmen. *Radio Ink* is proud to name him our Radio Executive of the Year.



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Charles Warfield

Radio Executive of the Year



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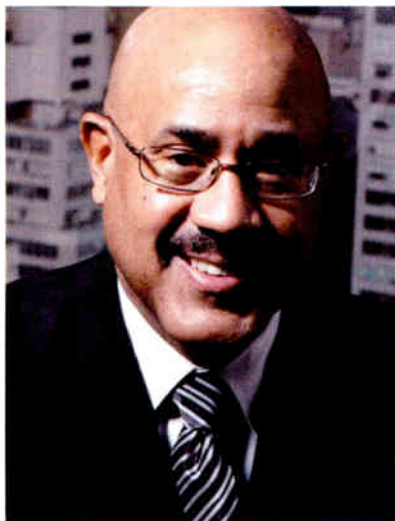
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What is your outlook on the industry for 2009?

There's a lot of uncertainty, but I am still optimistic about the industry overall. There's uncertainty with the economy, uncertainty with others' perspective of our industry. People outside of our industry are down on us right now, and we've got to do a better job early in 2009 to change those perceptions about the vitality of our industry. We've built a very valid, very strong industry, but we've allowed some people to beat us down a little bit.

How do you feel about the NAB and RAB boards' initiatives to improve the perception of radio?

We need organizations like the NAB and RAB fighting for the rights and interests of broadcasters, more so today than ever before. With the challenges we're facing from regulators in



THE REASON THESE OLDER ARTISTS ARE SLOGGING FROM CITY TO CITY INSTEAD OF SPENDING TIME WITH THEIR FAMILIES IS NOT LOCAL RADIO. IT'S THEIR RECORD LABEL.

— Warfield, testifying on behalf of the NAB, House Judiciary Subcommittee on Courts, the Internet, and Intellectual Property, June 11, 2008

Washington, we certainly need the NAB to be the champion of broadcasters, both radio and TV.

We also have issues within the advertising community where we need their support — not only the support of the NAB and RAB, but for radio companies and broadcasters to support those associations in being diligent in their efforts in 2009 and beyond.

Both RAB President/CEO Jeff Haley and NAB President/CEO David Rehr have said there is a pessimistic feeling within the industry itself. Is that what you're seeing?

I wouldn't call it pessimism. There is concern right now. One of the largest concerns that I am encountering with fellow broadcasters and employees of our company is the overall state of the economy and the impact it is having on our business.

For the short term, there's not a lot of clarity in terms of when the economy will turn around. When will we come out of what has now been determined to be a recession? When will we see some lift in individuals' perceptions of themselves, their jobs, and their futures? We're all surrounded by uncertainty right now, and our employees and individuals in the industry are impacted by that.

But, again, we are still a very viable industry, an important industry, and 94 percent of this country still listens to radio every week.

The Portable People Meter is something that everybody is thinking about, with the lawsuits filed against Arbitron by the New York and New Jersey attorneys general. Both those lawsuits reference the states' civil rights laws. Can you talk about the PPM, as it exists now, as a civil rights issue?

I have been a big critic of Arbitron and their PPM methodology from the beginning, for the last four years. ICBC Broadcast Holdings Inc., as well as other owners of minority-formatted radio stations, have been concerned about the impact of PPM on their business, and I think rightfully so. I believe we have presented very strong evidence to the New York and New Jersey state attorneys general that there are issues that will have a severe economic impact on a number of broadcasters in the methodology that Arbitron is attempting to roll out.

I'm a little disappointed that there hasn't been more of an outcry from the general industry, quite honestly, because what has happened in the PPM markets has discounted radio inventory for all broadcasters, not just minority broadcasters. It's really a radio issue.

It is a survival issue for some broadcasters, and a civil rights issue because it gets to the essence of the ability of our listeners, our communities, to have a voice as the broadcast industry evolves. It gets to the ability of owners of the properties targeting these audiences to remain viable businesses. And at some point some of the voices targeting these

communities, unfortunately, will go away. There are no replacements right now, evidently — no replacements that I see on the horizon.

These broadcasters would be impacted by what you see as an unfair situation?

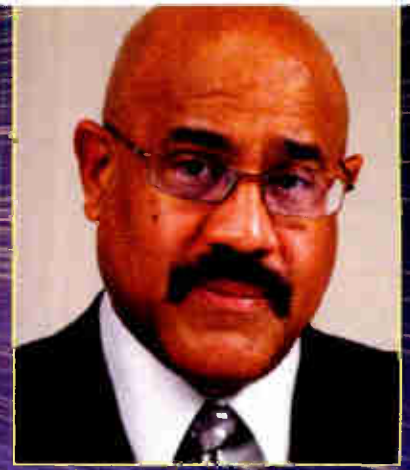
Yes, it is absolutely unfair, but I believe it is also flawed.

Is it the sampling, or are there deeper problems?

There are sampling issues, but there are deeper issues. I don't want to get into the specifics of that because of the ongoing issues that Arbitron is facing in the industry right now.

Would Media Rating Council accreditation be enough to address your concerns now?

MRC accreditation would go a long way to addressing many of the shortcomings of the methodology itself. I think Arbitron has responded to the MRC process very poorly up to this point. Obviously, they have not gotten accreditation in any market outside of Houston, and that lack of accreditation underscores serious issues with the methodology itself. Their ability to satisfy the MRC process would go a long way to improving the product itself, and would go a long way to giving some of the broadcaster critics of the system some assurance that they're making progress.



Charles Warfield
President and COO
Inner City Broadcast Holdings, Inc.

Arbitron Salutes *Radio Ink's* Radio Executive of the Year!

Charles Warfield
2008 Honoree



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World Radio History

One of the concerns is that the methodology should not have been rolled out. Arbitron rushed to roll this out to benefit their shareholder value and their stock price, and it's been to the detriment of the broadcast industry overall.

This is not opposition to electronic measurement in principle?

Absolutely not. I and many of the critics believe that our industry absolutely does need electronic measurement. But what is being forced upon the industry right now is not ready. We are certainly believers in electronic measurement.

How big a priority is digital radio for Inner City? What kind of initiatives do you have going?

If what we're talking about is HD Radio, for Inner City it is not a priority. At some point down the road we expect to embrace HD Radio, but other priorities have taken precedence.

In terms of online initiatives, what do you have working, and what do you see ahead for radio?

That's one of the initiatives that's very difficult to continue — quite honestly, with the economic challenges that we're facing, it's difficult to continue to roll out our digital online product, particularly in our New York and San Francisco markets. We've been a little late coming to a commitment to interactive, but we have certainly been diligent about developing a greater presence over the last 18 months.

Do you think radio is in more or less danger of facing performance royalties in '09 than it has been in the past few years?

The industry is preparing to continue its fight against the performance tax that the record labels and artists have attempted to impose on radio broadcasters. It's unfortunate that those who have traditionally been co-partners of radio now find it necessary to try to pick our pockets as they attempt to find a way to grow their business in this new digital environment. It's a battle that the industry must continue to be diligent against.

A LOT OF PEOPLE ARE CONCERNED ABOUT THEIR JOBS AND THEIR LIVELIHOODS, AND OUR RADIO STATIONS ARE ABLE TO FIND WAYS TO ENTERTAIN, EDUCATE, MOTIVATE, AND KEEP THEM POSITIVE ABOUT THEMSELVES AND THEIR COMMUNITIES. THAT'S STILL A HIGHLIGHT OF MY LIFE.

Is that a survival issue?

It has potential to be a survival issue for many broadcasters. I don't know what form this will take, but when you start talking about taking \$5 billion-\$7 billion of revenue from broadcast companies that are under tremendous financial pressure today, that is absolutely an issue of survival. It is basically taking that money out of the communities these radio stations are serving and sending it overseas, primarily to foreign record companies. Based on the discussions to date, half of any money is projected to go to the record labels.

It's not out of concern for artists that they're promoting this idea?

Absolutely not. The record labels seem to have been missing from the dialogue. They're never at the hearings. And they're very careful to not make it clear that they expect to collect 50 percent of any money.

The performance tax is one of, if not the most important, industry

CONGRATULATIONS, CHARLES WARFIELD

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I'M A LITTLE DISAPPOINTED THAT THERE HASN'T BEEN MORE OF AN OUTCRY FROM THE GENERAL INDUSTRY, QUITE HONESTLY, BECAUSE WHAT HAS HAPPENED IN THE PPM MARKETS HAS DISCOUNTED RADIO INVENTORY FOR ALL BROADCASTERS, NOT JUST MINORITY BROADCASTERS. IT'S REALLY A RADIO ISSUE.... I AND MANY OF THE CRITICS BELIEVE THAT OUR INDUSTRY ABSOLUTELY DOES NEED

ELECTRONIC MEASUREMENT. BUT WHAT IS BEING FORCED UPON THE INDUSTRY RIGHT NOW IS NOT READY.

issue facing us legislatively this year. The NAB is absolutely dedicated to fighting the performance tax, as are the broadcasters that are supporting the NAB. It is a battle that the industry is prepared to continue to wage. You used the term "survival." We'd not necessarily put it in that vein, but, as I said, we've just started to talk about the redistribution of \$7 billion from your local broadcast community to the international shores. That certainly is not helping the economy of our local communities, or the health of our industry.

Is there enough energy and determination to find new business, even in an ad market like this one?

We have no alternative but to find new sources of revenue. We're trying to hold on to what we have — the interactive efforts, the digital efforts, HD receivers, and mobile devices. We're looking for any number of ways that we can drive additional revenue sources for our industry. We have to do that. We're still going to be an ad-based model, but we're also looking for other ways that we can monetize the services that we provide for our community. That's necessary in order for us to remain vital, relevant, and growing.

What is the toughest part of being in the radio business now, and what is the best?

Right now, the toughest thing is dealing with the economic meltdown in the country and the impact it's having on our companies, and, ultimately, on our people. Our industry is tightening its belt rather severely, and unfortunately, the individuals bearing the brunt of that are our employees across the country — not just in our companies, but broadcast companies and companies of all sorts around this country. The most difficult thing is parting with some of these very competent, very capable longtime employees.

The best thing about being in radio is still the ability we have to serve the communities that need us, now more than ever, to continue to provide information and entertainment, particularly at a time when there are not a lot of bright spots in people's lives. A

lot of people are concerned about their jobs and their livelihoods, and our radio stations are able to find ways to entertain, educate, motivate, and keep them positive about themselves and their communities. That's still a highlight of my life. I've been in this industry for over 31 years, and that's one of the things that drives me every day — impacting people's lives every day.

How did you get into this business?

I'm a little unusual in that I started out on the financial side, as a controller of Inner City Broadcasting, back in 1977. I was given an opportunity by Percy Sutton and his son and our present chairman, Pierre Sutton, to learn this business from the ground up. I was given great opportunities to manage their radio stations in New York, WBLS and WLIB, and ultimately, to run Kiss FM [WRKS], which is now owned by Emmis, and two of the greatest Urban-formatted radio stations in the country, WDAS-AM & FM in Philadelphia.

I also had great opportunities given to me by AMFM prior to their merger with Clear Channel to oversee some other top Urban properties, and also a number of markets that I was able to oversee, working for that company. I've been deeply involved in the operations of radio stations, both on a local and national level.

Do you still feel optimistic about the future of the industry?

We've got to work harder to keep our people, and the industry overall, optimistic. It's very easy to hang your head and say, "Oh, woe is me." We've been through these downturns in the economy before; they seem to have come every 10 years or so, but we've always found a way to manage through. I believe that's going to happen today.

We have a strong, vital industry, and we remain committed to serving the communities as we always have, even in these trying times. That is still the driving factor for us in our individual communities. **INK**

A close-up portrait of Charles Warfield, a man with a mustache and glasses, wearing a suit and tie. He is smiling and has his hand near his chin.

Congratulations to Charles Warfield

For Being Named *Radio Ink's*
Radio Executive of the Year

From the entire family of
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and ICBC Broadcast Holdings

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& WOAD-FM & WJNT-AM/JACKSON, MS

KBLX-FM & KVTO-AM
& KVVN-AM/SANFRANCISCO, CA

ICBC
BROADCAST
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What To Expect In 2009

Ready To Play Leapfrog?

The coming year will be fun, adventure-filled, and profitable for people who have their wits about them. A number of small business owners are positioning themselves to overtake their much larger rivals. Are you prepared to help your clients play leapfrog?

Not many years ago, General Motors and Circuit City were the dominant players in their categories. Today they're on their knees, having made the same mistakes:

MISTAKE 1: They took their fingers off the pulse of the customer.

In 1960, GM sold nearly 60 percent of all new cars. Today, just one of the GM brands, Chevrolet, maintains 4,200 dealerships in the U.S. But Toyota sells more cars than all five GM brands combined, through just 1,400 locations.

LESSON: *Having the right product is more important than heritage and convenience, so make sure your client is offering the right product in their ads. A great ad for the wrong product will fail every time.*

MISTAKE 2: They stopped taking risks.

When companies achieve success, they usually quit innovating and become guardians of the status quo. But yesterday's perfect solution is obsolete tomorrow. Vinyl records were replaced by 8-track tapes. 8-tracks were replaced by cassettes. Cassettes were replaced by CDs. And now CDs are being replaced by MP3 players. The same is happening with business practices.

LESSON: *Success, like failure, is a temporary condition. Never assume you've arrived. Small, nimble companies will soon be nipping at your heels.*

The client with the biggest ad budget is no longer your best prospect. The best prospect is the advertiser with the strongest unheard message. Large clients get twitchy and hunker down when money is tight; they take their fingers off the pulse of their customers. Smaller clients get aggressive and consequently increase their ad budgets. Be the radio station that brings these new clients to the dance. The time for prospecting is now. Call on people who have never used radio.

Tomorrow's successful advertiser will be more loyal than yesterday's category leader. These new leaders will be oriented toward long-term thinking, so bring them a long-term solution. Pitch a 52-week schedule. Ask for 100 percent of their ad budget. Think beyond the present moment.

Consider the following: A large group of 4-year-old children is led into a room, one at a time. The room is equipped with a two-way mirror. Each child is seated and given a marshmallow. "You can eat the marshmallow right now if you want. But if you wait until I come back to eat your marshmallow, I'll give you a second marshmallow to



go with it." The giver of marshmallows then leaves the child alone in the room.

What can we learn from such a test? Can it tell us anything

important about a child's future? Can the same idea be applied to advertisers today?

One-third of the children ate the marshmallow immediately.

One-third held out for a short time, then ate the marshmallow.

One-third waited 15 to 20 minutes until the giver of marshmallows returned with the promised second marshmallow.

Small indicators are valuable to a savvy consultant, just as they were valuable to Walter Mischel*, a scientist at Stanford 40 years ago:

Fourteen years later, at the age of 18, each of the 216 original children was located. Those who didn't eat the marshmallow scored an average of 210 points higher on the SAT (610 verbal/652 math vs. 524 verbal/528 math).

At age 40, the group that didn't eat their marshmallows had more successful marriages, higher incomes, greater career satisfaction, and better health than the marshmallow eaters.

The 4-year-old who eats the marshmallow is oriented toward the present. The 4-year-old who waits is oriented toward the future.

Likewise, the advertiser who buys a short flight to run a "high-impact sales event" is oriented toward the present. The advertiser who buys a 52-week schedule is oriented toward the future.

A successful ad consultant uses small indicators to make big decisions. In your prospecting, look for little signs that indicate long-term thinking. These are your best prospects for buying and maintaining successful, 52-week ad schedules.

Category leaders are going into hunker-down mode. They're cutting their advertising and abandoning their leadership positions, assuming that everyone else will cut back as well. But when a leapfrogger sees a leader's brake lights, he hits the accelerator. Find yourself some leapfroggers. Be instrumental in growing their businesses. Steal market share from the leaders in hunker-down mode.

Are you beginning to see what I meant by fun, adventure-filled, and profitable? **▶▶▶**

Roy H. Williams is president of Wizard of Ads Inc.. E-mail: Roy@WizardofAds.com

*Walter Mischel was a professor of psychology at Stanford, Harvard, and Columbia universities and a past editor of Psychological Review. He was elected to the National Academy of Sciences in 2004 and became president of the Association for Psychological Science in 2007.

Is It An Ad "Depression"?
Consultant and economic forecaster Jack Myers projects that total U.S. ad spending fell 2.4 percent in 2008, and will fall by 6.7 percent in 2009 and 2.3 percent in 2010. For radio, Myers sees a 5 percent decline in ad spending in 2008, to \$19.7 billion, followed by a 12 percent dropoff, to \$17.3 billion, in 2009, and a further 8 percent decline in 2010, to \$15.9 billion.

Source: Jack Myers, 2008-10 Advertising & Marketing Investment Forecasts, Dec. 11, 2008



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Bag Of Tricks

Link The Client's Needs With Every Tool In Your Arsenal

If it wasn't bad enough that advertiser dollars have been moving online for the past few years, making traditional and even integrated or cross-platform radio sales harder and more competitive, now the advertising industry is taking a nose dive, along with the rest of the economy. National and even small and mid-sized local advertisers and their agencies are beginning to better understand, and increasingly demand, online and interactive advertising as a part of their spend.

Do you feel you don't have the knowledge or tools you need to give them what they want? Well, lift up your head and let the light of integrated knowledge shine upon you!

What you need to do is not so different than what you've been doing. The lingo and technology are different, and the old skills that got you where you are today (or, given this economy, where you were yesterday) need to be brushed up and extended into the 21st century. But you can do it.

You'll need training in interactive platforms. You'll need to approach every prospect, client, and sales opportunity more strategically, and you may need to develop more appropriate ad units and packages, combined pricing models, and technologies. But it can all be done more easily and cost-effectively than you may think.

The sales process should start with an understanding of the client's real objectives. The most common objective is related to performance: The advertiser needs to know that an ad is working, with an appropriate success metric. Unless the client is an ad network, they make their living by selling widgets, not click-throughs, so the metric must go beyond click-throughs to show whether more widgets are being sold.

I have often said that, for the vast majority of ad sales reps and even agencies, "Local is the new black." This is even more true in these lean times. Big national advertisers focus on major sites, platforms, and broadcast groups and dole out spot buys here and there. There's business to be had there, but the bigger return on your efforts is with the hundreds of thousands of local and regional advertisers that are just getting into online and interactive advertising.

Moreover, many, many agencies and advertisers have told us that if their local ad sales reps did a better job of creating and presenting integrated ad campaigns, they'd be moving even more dollars in that direction. Accountability is one major reason, but advertisers are also increasingly

realizing that interactive advertising is the best way to reach people during the workday and the best place to reach younger demographics. It's less expensive and more cost-effective than direct mail, it can be targeted with laser-like precision, and it can be changed quickly to optimize the message and the offer.

So get yourself up to speed. You owe it to yourself and your customers to be as good as you can be, as soon as you can be. Perhaps you can get the company to pay for you to attend a training seminar, or pay for it yourself as an investment in your career.


And don't believe the hype that this is a young person's game. Some younger people may be more innately able to pick up the technology, but professionals of any age can do it, and the relationships and savvy they bring along make for a formidable integrated radio sales rep.

And it's critical that you know the basics of consultative selling. Start every sales call with questions about your advertiser's real issues and goals. Who is their customer? What are the customers' listening and online habits? What qualities of their product or service best lend themselves to being conveyed by radio, online audio or video, or a multi-station radio package?

Don't even mention what you want to sell for as long as you can — at least, not specifically, or with any goal of closing them then and there. Really listen to the answers to the questions you ask. When you're ready to present a proposed solution to the advertiser's problem, link each attribute of your proposal to the advertiser's needs and show how it will contribute to the effectiveness of the campaign.

If a customer's need is to create awareness, suggest heavy impression levels, sponsorships, larger rich media ad units, and creative that involves the viewer, such as games, surveys, and contests. If the need is for immediate sales, don't accept any ad creative without a strong and relevant call to action. Report results every day for at least the first week, and be prepared to tweak the ad to optimize effectiveness.

You may come up with all this during the initial sales call, but it will most likely happen after you've had time to put together a cohesive proposal that uses all the media assets you have in your bag to help address the customer's issues and achieve their goals.

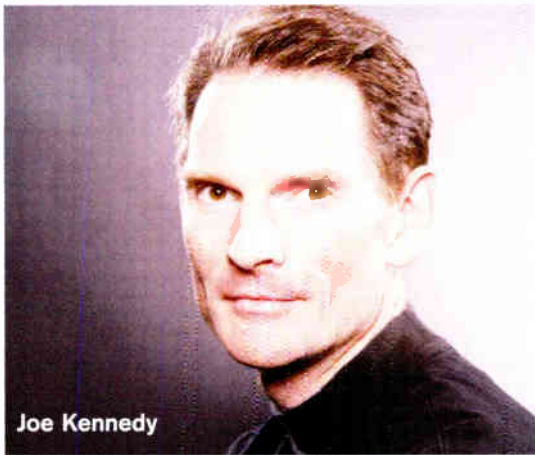
Now — get out there and ask questions! 

Jeff Leibowitz is CEO of the Laredo Group.
E-mail: jeff@laredogroup.com

Guy Kawasaki



You Can't Manage What You Don't Understand



Joe Kennedy

Guy Kawasaki will open *Radio Ink's* Convergence conference with mind-altering observations and insights about emerging technology and new media applications.

Joe Kennedy, who heads Pandora, one of the most highly regarded pure-play webcasters on the Net.

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AGENDA HIGHLIGHTS:

- The Digital Radio Station Manager
- Advertisers: Why We Are Shifting to Digital And What We Want From You
- Turning Digital Trends Into Radio Opportunity
- Making Money From Streaming: The Next Level Of Streaming And How You Can Monetize It
- What Radio Doesn't Understand About Selling Its Digital Assets: How To Capture Revenues You're Not Getting Now
- Radio On Demand
- Using Technology to Build, Enhance, And Develop Consumer Relationships
- The New Face Of Radio: Mobile Marketing
- Social Networking & Online Interactivity
- Multi-Platform Selling
- The Distribution Dilemma: Opportunities, Partnerships, And Landmines
- Using Radio To Drive Listeners Online





Participate In The Process

Evaluate Advertising From The Consumers' Perspective

Some people seem to separate their professional and personal lives completely: chain-smoking doctors, hairdressers with permanently bad hair, contractors who never get around to putting up those shelves at home. Most of us have this tendency to some degree — when the workday's over, we like to close the door behind us and forget about it until tomorrow. We need to have a life outside of work.

But for those of us who sell radio, our free time provides a great opportunity to improve ourselves as salespeople. When we're not at work, we can truly embrace the process of participation by monitoring our behavior as consumers rather than as radio executives or sellers.

While at work, we spend a lot of time telling clients and prospects how to advertise: why they should use radio, why radio advertising works, why they should choose radio over other media, etc. But are we repeating what we've learned to say, or are we speaking from experience? To speak with authority, we must quote not just the experience of successful clients, but the experience of having been affected by advertising ourselves — our personal relationship with advertising and brands. Why? Because you can guarantee that your personal experiences will be very similar to those of your potential clients. And once you can speak on the same level as your clients, you are much closer to a sale.

To truly participate, we must move beyond simply monitoring general advertising activity or client movements on the competing station. To truly understand who is advertising well, and why, we must be aware of which advertising is influencing us, our family members, and our friends. If it is affecting us, it is likely affecting other people too.

Which companies do you think of when you want a take-out pizza? If some companies spring to mind more quickly than others, what kind of advertising have they been doing that the others haven't? When you're in the



supermarket, reaching automatically for your favorite brand, ask yourself why. When your children request certain products, think about the ad campaigns those products ran.

YOU'RE A TARGET, TOO

When you hear ads on the radio or see ads in the local newspaper, don't just remember the advertisers' names for future prospecting reference — stop and consider whether the ad has an effect on you. Why, or why not? Making this behavior habitual can radically change the way you think about advertising.

Encourage the same behavior in your clients. Getting clients to participate allows them to see how much advertising misses the mark completely, and how effective good ads really are. It's a big step toward getting rid of that boring laundry list of superlatives, product features, phone numbers, and driving directions that everyone wants in their commercials.

Instead, you and your client will focus on what their business really does, what it is good at, what they feel passionate about. Your job is to translate that passion into a radio commercial that will affect other consumers. As a consumer, you understand why people should do business with the client, and as a radio professional, you know how to make other people understand it as well.

To have real empathy with your prospects, you have to realize that you're a prospect, too. Understanding the processes that turned you from a prospect into a client is what advertising is all about. **INK**

>> SALES NOTES: QUESTIONS CLOSE SALES "If you desire quicker and better sales, then you must know how to ask the questions that get you through the quagmire. And you must ask the provocative questions to engage the client. Great questions get you to talk less and your prospect to talk more — which leads to better information heading to the finish line."

— Drew Stevens, www.drewstevensconsulting.com, 2008

Matt Hackett is CEO of ARIA Inc. E-mail: matt@aria-radio.com



I can hlp u mak \$. Lots n lotsa \$.

The other text messaging firms make you promises. HipCricket makes you money.

Perhaps 2008 was the year you brought on a text messaging provider. Cost sounded reasonable. Goals appeared to be attainable.

Unless you were with HipCricket, the results were probably mixed. At best.

But this is 2009, likely destined to be the most trying time of our professional lifetimes.

HipCricket is the only text messaging company for times like these. Built by broadcasters. Tested through more than 24,000 successful campaigns. Unmatched in ideas and customer support.

Consider these success stories:

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- **Honolulu stations closed \$463,000 of business in 3 days**

These examples aren't unusual. Ask our hundreds of radio clients or view case studies and customer testimonials at www.hipcricket.com.

If it's time to say "I need some of that now more than ever", contact HipCricket today for a package designed to work for your format, market and budget.

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Proceed With Caution

Radio's Second-Mover Advantage

Radio has been roundly criticized for failing to aggressively embrace new media platforms. Pundits have urged stations to pursue such initiatives as HD Radio, streaming, podcasting, social networking, and numerous other alternatives, suggesting that without tremendous investments in all these areas, radio will become irrelevant.

Even in good economic times, developing a widespread new-media presence would be a daunting task. In today's troubled economy, it is virtually impossible. How can a radio station choose among these new platforms? And will stations that do not move into these areas fail?

Reflecting on historic periods of change and innovation can help clarify radio's response. History can point to many examples where being the first to market has benefited a company. However, there are many more examples where not being first has been the best strategy. This is called the second-mover advantage.

Henry Ford wasn't the first to produce a car, but he became the most successful. De Havilland built the first commercial jetliner, but it was Boeing that prevailed. We all know about Hotmail, but how many remember USA.net, the first web-based e-mail service? AOL was once the largest content provider on the web, but no longer. Then there are "first movers" that never even got off the ground. Remember Webvan?

The consistent failures of audio entertainment pioneers provide some of the best examples of the second-mover advantage. NetRadio was the leading Internet radio service in the mid-1990s, but barely made it into the 21st century. Live365, Live.fm, Pandora, and many other Internet services have been streaming for many years and should have had a clear pioneer advantage over commercial radio stations that were slow to launch streams. Yet commercial radio stations today top the rankers among streaming services. Waiting doesn't seem to have hurt radio.

When satellite radio was launched in 2001, many predicted that it would transform radio to the same degree that cable transformed television. Eight years into the service — with a merged Sirius XM — satellite radio has yet to produce a profit, subscriptions have plateaued, and the company's stock has lost 98 percent of its value.

Some suggested that Apple's iPod and iPhone would make radio irrelevant on the theory that once people could control what they listened to, there would be no need for radio. Yet today, Clear Channel Online Music & Radio's iHeartRadio, which lets users listen to Clear Channel stations on their iPhones, is the number one music application for the iPhone. It took iHeartRadio only two weeks to overtake Pandora.

Has the new media bandwagon passed radio by? Not at all. The success of traditional radio in adapting its product

>>Pew: Most Web Access Will Be Mobile By 2020 With smartphones more accessible to much of the world than computers, mobile devices will be the main point of access to the Internet by 2020, says the Pew Internet & American Life Project. Pew also has this prediction: By 2020, "the divisions between personal time and work time and between physical and virtual reality will be further erased for everyone who's connected."

Source: Pew Internet & American Life Survey, 12/18/07-3/3/08, "Future of the Internet III"

for new media platforms is beyond debate. Where radio chooses to compete with pure new media products, it wins handily.

The second-mover advantage tells us that our best strategy is to closely watch developments in new media, develop strategies for co-opting any growing medium, then launch when interest reaches a critical mass with our target audience. Podcasting is a good example. Some flatly declare that every station should be podcasting. In a world with growing revenues and unlimited budgets, offering podcasts would be a good strategy. But in today's economic climate, creating podcasts may increase expenses without producing a positive impact on ratings or revenue.

Radio's success in penetrating new media is all about content. The vehicle with which we deliver the content is secondary to the content's value to the listener. We should not reduce our investment in content to fund new platform opportunities if it compromises the quality of the product.

We must also ensure that new platform initiatives are well conceived. There must be a demand for the product, and a way to monetize the service. If the sales department can't sell it, there's no point in creating it. Getting the airstaff involved in a social network may sound like a good idea, but it takes organization, money, and time. Will the station benefit from the effort? Find out if your listeners (or those of the competition) participate in social networks, and if so, which ones.

With tight budgets, it is better to focus on a single area than to try too many things at once. Research once focused entirely on the on-air

product. Today, we need to understand many more aspects of a listener's life. Which of the new media platforms are they using, and how? Where does radio fit in? How would they like radio to be integrated into these new platforms? The answers to these questions vary by format, so stations within a single market cluster may integrate new media platforms in very different ways.

Think of new platforms as an extension of the radio station. They should be fully integrated into the fabric of the station. The product should sound and feel the same, regardless of the method or vehicle employed. The product should appeal to the same target listener, regardless of which platform the listener uses. Promote the alternative media on the air, and promote the terrestrial station on the web.

Too many stations' efforts thus far look like afterthoughts. The websites are farmed out to someone who creates a site that looks like other sites, rather than reflecting the persona of the station. Does the feel of the website reflect the same feel as the station's billboards? Would you be willing to put the website on a bumper sticker?

The second-mover advantage is best summed up by the words "Pioneers get the arrows while settlers get the land." New media pioneers get all the headlines, but radio's goal is to get the listeners. That means continuing to offer the finest product available, using whatever platforms the audience demands. **INK**

Richard Harker is principal/co-owner of Harker Research.
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Unprecedented Opportunities And Other Fits Of Optimism

Global unrest. Economic uncertainty. And a digital revolution that calls into question every aspect of traditional media. For most, that signals a glass half-full — usually of scotch in which to drown our sorrows.

But if you listen closely, you'll hear more than just ice cubes tumbling into highballs for another round. You'll hear the sound of potential. In fact, not since Marconi heard the first successful crackles from his labor of love has radio had a bigger opportunity.

OPTIMISTIC, YOU SAY? DARN RIGHT!

When I began my career in radio, the industry was not consolidated; training, best practices, service, and excellence were the norm; digital was still light years away; and robust staffs were mostly made up of female salespeople and male management and ownership.

Much has changed during the nearly three decades since I joined the industry, but the composition of the typical radio station has not. Women still comprise a majority of the sales force, a minority of programming and on-air, and a scant percentage in management. I'm not sure why our industry hasn't caught up with more management and operational roles the way most other industries have. *Fortune* magazine's 50 Most Influential Women in Business run the gamut from executives in Silicon Valley to Wall Street to Kraft to Xerox.

It's high time our medium abandoned its turn-of-the-20th-century mindset. Our industry needs to do a better job of actively recruiting, training, and promoting the female leaders of tomorrow.

Some wonderful women mentors have paved the way for me to get ahead in this industry. Organizations like MIWs, AWRT, and Women in Executive Management are just a few that have helped shape not only my career, but the careers of truly excellent leaders and game changers.

OPPORTUNITY IS NOT GENDER-SPECIFIC

Unprecedented opportunities await all who are willing and able — willing to educate themselves about what excites and motivates brand leaders in a world with seemingly limitless media options, and able to do it all with the grace, skill, and patience of a service-oriented partner, not a sales-oriented vendor. These opportunities exist for all — women and men — with a specific mindset to offer the best possible products, solutions, and results. The question is to what degree the medium will once again thrive as not just a cost-effective way to reach consumers, but a *more effective* way to reach them.

It's time for us to start developing relationships across industries and titles. Today's decision-makers are no longer just the media buyers. They are intrepid CMOs, business-savvy creative directors, and curious account leaders who are turning over every rock to find a way to stretch their clients' dollars. Get inside their heads by researching everything you can about the problems they face, then get inside their offices and talk to them. They will listen.

It's time to raise our clients' expectations of what radio can do. **INK**

>> Women still comprise a majority of the sales force, a minority of programming and on-air, and a scant percentage in management.

Sheila Kirby is CEO of Morrison and Abraham and chair of RAB2009.

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Encourage Your Staff To Excel

Motivation Is Key To Top Performance



WRMF staff enjoy lunch at a local restaurant to celebrate their success.

challenges. You might just hear some things that will help the whole team, and it will let them know you care.

Expect: The slow economy can be a great rationalization for slow performers. Don't let it be. Keep your standards high, and do not buy into the "woe is me" theory. The economy might be on a slippery, downhill slope, but your standards shouldn't be. You'll be doomed if you let your team buy in to the current market conditions as an excuse. Plenty of businesses are performing, despite the economic conditions — and your team can too.

Enrich: It is your job to enrich your people and their environment. Make your station a great place to work. Even

without a budget, you can provide training for your team. There is no need for an expensive consultant or a training company; you have plenty of expertise at your department head's table. Use it! Find a local hotel and hold an off-site meeting. Not only will your team be enriched by your training, but you can do some team building as well. A quick Google search for "team-building activities" will turn up a host of ideas.

Your staff should look forward to coming to work — and they will, if you take time to recognize their individual and team successes. If you do not have a formal recognition program, develop one. It can be as simple as holding a quarterly meeting where you recognize the great work the team is doing. Little things mean a lot, but they do not happen often enough. Make time for some fun. Your team reads your mood every morning, so remember to strap on your smile before you get out of the car. Instill hope every chance you get.

With an extra dose of empathy, clear expectations, and a little enrichment to your environment, you will keep your team excited and performing through the year. **INK**

Elizabeth Hamma is vice president/general manager of WRMF/West Palm Beach.
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As a manager, you're feeling the stress of the economic environment, but remember that your staff is feeling it too. They are looking at their personal bank accounts and feeling the pinch more than ever. They are scared. They hear the same news you do: The radio business is suffering, there are fewer industry jobs, and the economy is affecting ad spending.

So what can you do to keep your staff motivated? How will you inspire your team to succeed when all they hear is bad news? How can you create the energetic, spirited environment you need now more than ever?

Empathize: Show some genuine empathy. It is easy to be distracted and lose focus on your most important asset, your people. Talk to them, listen to them, and remember what they say. Follow up on your conversation the next time you pass in the corridor. Make time for lunch or coffee with individual members of your team. One-on-one time is more valuable than ever, so make time for it and treasure what they share with you. Roll up your sleeves and get dirty. Lead by example by attending sales calls, go to remotes (yes, you can work on Saturday too!), and take listener calls. Walk in the shoes of your team so you understand their

TRUE OR FALSE: NIELSEN IS BRINGING WORLD CLASS RADIO RATINGS TO SMALL AND MID-SIZE MARKETS IN THE U.S.



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Expertise, Education, And Execution

GSMs Are The Leaders Of The Interactive Band

As I drove to work today, I heard on the radio that one of our competitors is giving away free commercials on any of their stations, no strings attached, between Christmas and New Year's, to a limited number of businesses that contact them. The giveaway was done under the guise of the poor economy. Nice thought, but, as the saying goes: No good deed goes unpunished. If we are to better position our product in the minds of potential advertisers, maximize our new media platforms, and increase our market share, this is not the way to do it. It's just another example of how we shoot ourselves in the foot over and over again.



SO WHAT DO WE NEED TO DO?

First, create experts. The old radio model we seem to hang on to is a GSM for a specific station or stations working with the same sellers day in and day out. GSMs become the proverbial jacks of all trades, but masters of none. Instead, make your GSMs product managers of online, mobile marketing, and other important products. The knowledge will empower them to take the lead, keeping abreast of changes and advancements in the products and providing ongoing education to sellers.

Second, educate your sellers. The now-expert GSMs should not only explain the features, but discuss the benefits as well. For example: If a Valentine's Day program has a web element, walk the seller through the process.

>> A client purchases a schedule of commercials designed to talk about their products for Valentine's Day. Included in their commercial is information sending the listener to the station website to play an online game. Why would an advertiser want to include information in their ad to send listeners to the station website? Because when the listener goes to the site, he or she can play a game, answer questions, complete a data sheet, and answer a question about their likelihood of purchasing the client's product soon. Bingo. The client has a prospect, and you have a metric to show the client how well the promotion is working.

Each week we meet as a sales team to review our newest products and discuss their applications and benefits to potential advertisers. Get a projector and a computer, put PowerPoint decks up on the wall, and review, review, review. But beware: Sellers will nod their heads as if they get it, but when they leave the meeting they will disperse to small groups to ask each other questions.

Success stories sell: Don't wait until the meeting to ask if anyone has a success story. Keep track of them

throughout the week by making a note on your agenda, and review the stories at the meeting. Make sure the sellers provide all pertinent information. Salespeople like to play it cool: "I don't know — I just stopped by, talked to the decision-maker, and they bought from me." That's a great story, but there is more juicy information stuck between the cool delivery. Draw it out and share it. When sellers are armed with an online or mobile marketing success story, they use it as a sales tool with prospects and the excitement becomes contagious.

Third, execute. GSMs can't be desk jockeys; they need to be out on calls with sellers. Yes, you're busy, but if you're not hitting your numbers, no matter how long you stare at your inventory or revenue reports, they are not going to improve. Most GSMs were once in sales positions, presenting to clients, sharing their passion for radio, and closing business that yielded success for customers. That old-school technique coupled with the new-school products will result in better comprehension by both advertisers and sellers on the call with the GSM.

These new products are not easy to grasp. Radio commercials have been around for a long time, but streaming, banners, and mobile-marketing products still generate a lot of confusion. Just because you know how to access the Internet, have seen an online banner, and use a cellphone does not make you an online and mobile marketing expert.

Repeat steps 1 through 3 — and keep repeating them until these new products are as basic as the terrestrial product. **INK**

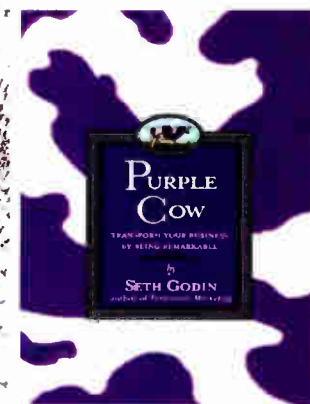
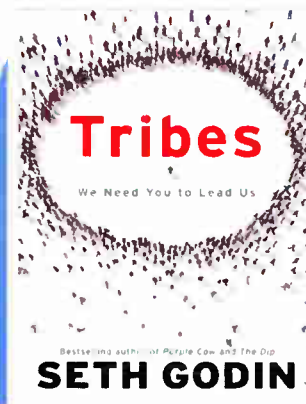
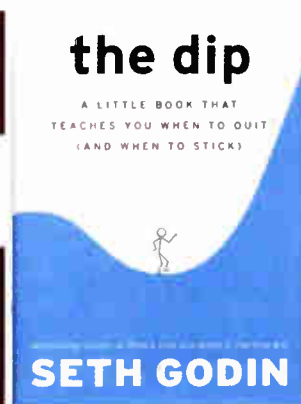
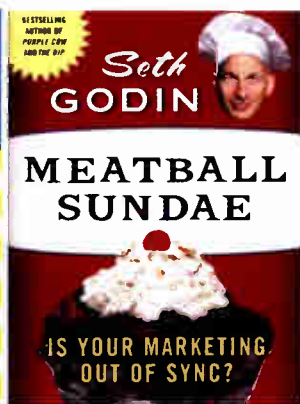
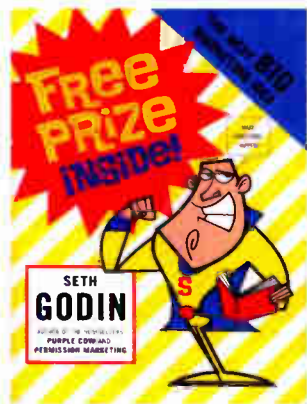
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Crossing The Line

From Radio Station To Agency And Back Again

Twenty years ago, I never thought I would leave radio. Six years ago, I never thought I would leave my advertising agency.

Ultimately, I did both. But in the meantime, I experienced the rare pleasure of being on both sides of the advertising desk.

For 15 years, I sold and managed for radio stations in Dallas and Chicago, and I loved every single minute of it. Then one day, an “advertising guy” wanted to take me to breakfast. I spent the next six years as the vice president of business development for a midsize, full-service advertising agency in the suburbs of Chicagoland.

The agency side was an incredible adventure. I had direct access to clients and became the consultant I had been trained to be in radio. I worked hand-in-hand with clients as we grew their businesses together. No longer was I an adversary, but truly a marketing partner.

Today, I’m back in radio, and I want to share some of the secrets I learned from being on the other side of the fence:

1. Advertising salespeople are not very good.

The good news is that radio has the best salespeople in advertising. But don’t get too excited. Even in radio, the vast majority of reps are not proactive or creative and rarely offer solutions for clients.

3. Be responsive.

Return phone calls and e-mails immediately. Yes, this seems simple, but you would be shocked by how many advertising reps won’t even return a call.

4. Be a resource to your clients.

Information is powerful. Become an expert in not only the advertising field, but in your customers’ industries. Read trade magazines. Read the latest websites, magazines, and blogs on marketing, media, business, and technology. Some of my favorites are: Seth Godin’s blog (<http://sethgodin.typepad.com>), GrokDotCom.com, and *The Wall Street Journal* online (<http://online.wsj.com>). Become the consultant you have been trained to be.

5. Meet with clients (yes, even those that have agencies).

Good ad agencies don’t fear client contact with the media. By sitting down with the people on the front lines, you will hear their problems firsthand. But don’t accept the first answer that’s tossed out — **you need to dig deep**. Start with questions about why people buy from a client, which leads into the strengths of the business.

I follow that with the tougher questions, like why people *don’t* buy from them. And I never settle for easy answers. The answer to “Why don’t they buy from you?” is not “Because they don’t know about us.” That’s obvious — who do you know who buys from a store they don’t know about? No one! Next answer, please. I want to discover the real problem areas in a client’s business. I need to find out if they have poor products, bad service, weak merchandising, or a confused store message.

One of my favorite questions is twofold: “What’s your goal for next year?” After the client tells you, ask: “What will stop you from getting there?” That usually leads to a ton of excellent follow-up questions that let you dig into the details you’ll need to move toward a marketing resolution.

Once you’ve exhausted all the questions and answers, narrow down the challenges and prioritize them. Find the most difficult challenge a client is facing, and work together to develop the marketing program that will help resolve it.

No, it’s not brain surgery — but it all needs to be done, and done right. The opportunities for radio are truly endless, and I, for one, am glad to be back on this side of the fence. **INK**

Trey Morris is senior account executive at WDRV-FM/Chicago.

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2. Clients (and, yes, even advertising agencies) are desperate for solutions and ideas.

Be proactive. Help clients solve their most difficult marketing challenges. Increase margins by focusing on relational customers vs. transactional ones. By focusing on customers who are looking for a better experience, as opposed to a lower price, you can not only increase margins, but also help the client build a stronger brand. Don’t fall into buzzwords like “more traffic,” “better prospects,” or “target marketing.” Instead, uncover real problems and offer real solutions.

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The Interactive Approach

Keep Clients Involved In Every Step Of The Process

I glanced at my watch as I sat across from the local radio rep who spoke almost nonstop about how great his station is. It's moments like these that I am most concerned about the direction of the radio sales industry. For almost five years I have been in the retail business — quite a change from my 25 years in radio sales and management, but it has allowed me to see from both sides of the desk. Sometimes I find myself silently rooting the radio reps on, but this rep had overstayed his welcome.

"Excuse me," I said.

He immediately stopped talking.

"Up to this point you haven't asked me any questions about my business," I said, "so let me tell you a few things."

He stopped me: "That's not necessary. I already know all about your business. If you would just take a

moment to look at a few ideas I have for you, I think you will be interested."

moment to look at a few ideas I have for you, I think you will be interested."

At that point I should have thrown him the keys to the showroom doors and told him to lock up at the end of the day. The audacity of this person to come into my store and say he knows my business! But, in fact, that is what many radio sales executives are saying when they leave the customer out of the selling-buying process.

Merchants are not looking for just another radio rep selling spot contracts. They are hoping that people with creative ideas, information, and media knowledge will call on them, a confidant who will listen as well as

educate them on the latest technological advertising direction.


Two years ago I would not have considered purchasing a banner, coupon, or link for my company on any Internet site. I knew this advertising option was available, but I did not understand it. How does it work? Who will it reach? Then a Yellow Pages sales rep explained interactive advertising, and showed me firsthand what other retailers were doing through the power of the Internet. He went from site to site, telling success stories other clients were experiencing. He took the time to educate me — *not sell me* — on the benefits of using the Internet as another advertising direction to increase the bottom line during these difficult economic times. He did not take me on this cyber-journey without my input; he interacted with me every step of the way, asking questions and listening to my input on what I was looking for. By the end of our meeting, we had jointly created an advertising strategy for my company.

When the retailer is involved in the creation of a plan, it's hard to say no at the closing. That rep walked out with an \$8,000 sale. Since that time I have seen incredible results for my company through Internet use.

POINTS TO REMEMBER

Listen. Some people listen but don't truly hear what the retailer is saying. If you walked in my store today and asked me the vision for the next 12 months, I would know it in my head but perhaps be unable to verbalize it. Be patient. It is very important to listen carefully and reflect on small bits of information not yet fully developed. The best salesperson is one who first listens to the customer, then educates them on the product, then listens again.

Educate. When you call on any retail client, don't just present what you have to offer. Explain and educate the benefits of your strategy while asking questions and encouraging input and participation on the plan's customization for the business. The interactive approach will increase the client's comfort level in making this decision. Remember: Don't just tell when you sell, educate as well!

Summarize. Reviewing important points we have discovered in our meeting will ensure complete understanding by the retailer of this process. 

Peter Chimento is president of Cornerstone Business Development and author of *Sign Here: Through the Eyes of the Retailer*.
E-mail: peterchimento@yahoo.com





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THE PHOENIX RISES

McGavren Guild Emerges From The Rubble

By VP/GM Deborah Parenti

On Oct. 24, after nearly eight months in Chapter 11, Interep National Radio Sales filed an emergency motion to convert to Chapter 7 bankruptcy and liquidation. After the bankruptcy trustee arranged for a \$3.64 million cash payment by Katz Media Group to Interep in exchange for the right to negotiate with Interep's clients, Katz immediately signed CBS Radio and Entercom. Though rumors of a late buyer had continued to circulate, Interep closed its doors on Nov. 25.

But soon after, a familiar name began to make news: McGavren Guild, a former Interep division, re-formed as the independent McGavren Guild Media LLC, under the leadership of President/CEO Lisa Sirotko-Sonnenklar and EVP/GM Spanish Broadcasting System Barry Fischer. Backing was quickly arranged from South African firm Genesis Capital — a major investor in Primedia, which owns South Africa's largest radio station entities and most of the country's movie business, and in hotel and casino operator Piermont. It's Genesis' first foray into the U.S., and Sirotko-Sonnenklar says it is committed to the success of the new McGavren Guild. "They understand media,"

she said. "They get our business, and it helps working with these types of backers."

McGavren Guild has gotten up and operating in what seems like record time — a flurry of releases last month announced deals with Spanish Broadcasting System, WBEB/Philadelphia, Shamrock, Curtis Media, and KFMB-AM & FM/San Diego, among others. Sirotko-Sonnenklar and Fischer explain how this vital new rep firm took shape so quickly, and discuss their strategies for the future.

How did the dream of reopening McGavren Guild build and solidify?

LS: As soon as Interep declared Chapter 7, I knew there would be a huge opportunity for a rep firm to evolve, and I knew my staff and I had the best chance of getting it done. We had worked too hard for the past five years developing the best team in radio to not try to keep the company together. No one in the business has the relationships with radio stations that we have at McGavren Guild.

Most of our clients have stayed with us through the transition. As soon as I expressed the idea to my staff and our clients, everyone was on board. After that, it was a matter of finding investors that not only

could recognize this opportunity, but fully commit to it in about a month's time. It wasn't easy, but we truly believe we have something special here, and it obviously got through to our investors.

BF: As soon as we heard that we were flipping from Chapter 11 to Chapter 7, Lisa and I got together to discuss what we needed to do with our staff, our clients, ourselves. It was a hectic, angst-filled, and surreal day. Dave Kennedy had conducted the call to inform the entire staff of the situation.

We sat down right after the conference call, and Lisa mentioned something along the lines of, "I really wish I had been able to buy McGavren five years ago." She told the story about having come up with financing to do so, but her offer for the company had been rejected. At that point, a light bulb went off above our heads and we said, "Why don't we try to buy it now?" We split up to make some initial contact with potential investors. I reached out to a very entrepreneurial friend and said, "Hey, want to buy a rep firm?" The next three weeks were a whirlwind of financial activity. What was amazing was that just five days after the official closing of Interep's doors, we were able to open the new McGavren Guild.



THOSE WHO TRULY UNDERSTAND OUR BUSINESS AND ARE TRUE PARTNERS DON'T ARGUE ABOUT COMMISSION RATES. IT'S LIKE PEOPLE WHO COMPLAIN ABOUT PAYING TAXES: IF YOU DIDN'T MAKE A LOT OF MONEY, YOU WOULDN'T HAVE TO PAY A LOT OF TAXES. WHICH WOULD YOU PREFER?

Where did you find the financing, and how did you sell them on the idea?

LS: When we realized we had the opportunity to keep McGavren Guild alive, we knew it was a matter of coming up with the financing. Everything else was in place, but without a significant capital investment as soon as the Interep contracts were released, this couldn't have worked. Our whole team brainstormed and pursued a number of different options.

Barry began discussions with a business associate he had developed a relationship with over the last few years. His associate is a foreign entrepreneur who has a business in the U.S. While in New York City, Barry allowed him to use our office space as a home base, and over the years Barry had explained our business to him.

As soon as Barry explained the idea of keeping McGavren Guild alive, he was immediately interested. He took our idea to his business partners and the ball started rolling. We hit some bumps along the way, but in the end our investors bought in to our vision of a true independent rep firm. They investigated and saw the great relationships we have in the business and realized that our new firm would hit the ground running and be profitable right from the start.

BF: I contacted a friend who owns nine businesses in South Africa, one of which has a branch in the U.S. He has a good understanding of our business, which is a major plus when trying

to condense investment discussions into an incredibly tight time frame. The required "sell" to him was relatively minimal.

We could not have asked for a better partner. He involved some of his major international investment partners and the snowball began to roll. Whereas most financing requires at least months of diligence and ramp-up, we jammed the process into about three weeks.

How are you positioning the firm with potential station clients?

LS: Our mission is to represent and sell the benefits of all of our individual clients. Our clients get sold on their individual merits. Our plan is not to lump everything together to grab all the money off the table. I've seen that happen more and more since consolidation, and I believe this is one of the main reasons radio has suffered. It's our goal to grow radio advertising by selling what works for advertisers, and to develop real relationships that grow and are mutually prosperous.

BF: We will be honest. We will deal with them in a forthright manner. We will operate with their interests in mind and behave as

partners, not vendors. We will be creative and idea-oriented. We will sell passionately, and try to rise above some of the lesser practices that occasionally interfere with our business. We will view their success and ours as critically intertwined. We will strive to be nimble and aggressive and find decision-makers who can say yes, rather than get bogged down at low levels where you are told what won't work.

What other initiatives are you preparing to roll out as part of McGavren's services to clients?

LS: Our goal is to become a full-service media entity. We will investigate opportunities to find complementary assets to our current portfolio, with no limit in mind. We live in exciting times from a media standpoint, and we should always keep our eyes open. We need to be open-minded and idea-oriented. We serve little value if all we do is sell costs-per-point, but we serve high value if we bring advertisers exciting ideas and concepts that move their needles.

BF: I look at what my friend Neal Schore has done with Triton Media: He started that company with a bent toward the technology side of radio and expanded by bringing complementary products to his stable while keeping his core in mind. That's what we need to do as well; we will investigate with a keen eye as many opportunities as we can uncover that bring us strength.

In the near term, we have started to build our platform of offerings by hiring capable network sellers, both traditional unwired and wired, to complement our spot sellers. We also require that all of our sellers, as basic as it sounds in a sales organization, focus on new, developmental business, rather than relying on separate divisions to do so.

What will the operational model of the new McGavren Guild look like when you open your doors? How will the structure differ from the old form and what will be the advantages?

LS: Our doors have never really closed. My staff continued to sell our stations even after Interep closed its doors and before we were able to officially announce the details of our new company.



MY IDENTICAL TWIN SONS WERE BORN PREMATURELY AND SPENT TWO MONTHS IN INTENSIVE CARE. WATCHING THEM PROGRESS FROM TINY THREE-POUNDERS TO HEALTHY 2-YEAR-OLDS HAS BEEN REMARKABLE. OPENING THIS REP FIRM MAY LEAD TO A FEW HURDLES, BUT THERE IS NOTHING WE CAN'T OVERCOME.

The general structure of our new company will be similar to the old McGavren Guild, with salespeople in all the regions we had before. The difference will be that we will keep costs down by having salespeople work out of shared office space or out of their homes. Depending on the situation, we will be flexible, with our eyes always on the fact that our major costs need to go directly to our sales effort. In my opinion, fancy office space all over the country doesn't qualify.

BF: Our doors are wide open. We will have a headquarters office in New York, and, in many cities, our people will work "virtually" from home offices. We are in negotiation with a group of stations that has offered to provide our sellers with office space in some of their radio stations. If we can save some money on rent, we can utilize it to hire more sellers. If we work out of radio stations, our sellers will feel the electricity of working within the stations that they are selling.

Our plan has been to rehire the majority of our former staff, and we have rehired a very substantial number of them.

The rep business is considered by many to be primarily transactional and therefore able to be handled with less personal contact. Do you agree?

LS: The rep business has both a transactional side and a new business side. All of the sellers at McGavren Guild are specialists in both aspects of the business. Sellers have to be experts in fighting for money that is already on the table, as well as in developing dollars that have yet to be earmarked for radio. The people who think that business can be handled with less personal contact are in the same boat as the people who think radio can be sold at this one entity across the country. We need

more people telling the true radio story across the country, not fewer people trying to package a radio story that fits into some corporate budget.

BF: The rep business is primarily transactional only if we permit it to be so. If we allow ourselves to get stuck answering the avail bell, then we are doing that harm to ourselves. However, if we start to behave more like marketers and solutions partners with agencies and advertisers, involving ourselves at their highest levels, then we overcome the transactional stereotype. Agencies are facing the same economic challenges that we all are. If we can provide some services to them in areas in which they have had to downsize, we can actually become of more importance, and therefore engage in more personal contact.

What drove you to take the leap? What is your dream for it at the end of the day?

LS: The reasons that Interep went out of business were out of our control. The only thing we could control was our day-to-day business. It just seemed like we had an obligation to ourselves and to our clients. McGavren Guild was having success, and I couldn't let that success just disappear. My dream has always been to run and own a rep firm of my own.

BF: I had always envisioned owning a business, and I am a driven person. From the day I started at Interep more than 17 years ago as a sales assistant, I have operated with growth in mind, ascending through every position in the company (on the sales and management path) until finally landing as the Regional VP-East and the general manager for our nationwide Hispanic effort, essentially second in command at the company. When this opportunity presented itself, I pounced.

From a personal perspective, I did this for my family. My identical twin sons motivate me every day, yet they have no idea about that yet. They were born 10 weeks prematurely in 2006 and spent two full months in intensive care. Watching them progress from tiny three-pounders who needed breathing and feeding assistance in their incubators, to healthy 2-year-olds has been remarkable. I learned that nothing I will ever face will be that difficult in comparison. My wife has been a fantastic support while I have spent 18-hour days getting it up and running. Opening this rep firm may lead to a few hurdles, but there is nothing we can't overcome. **INK**

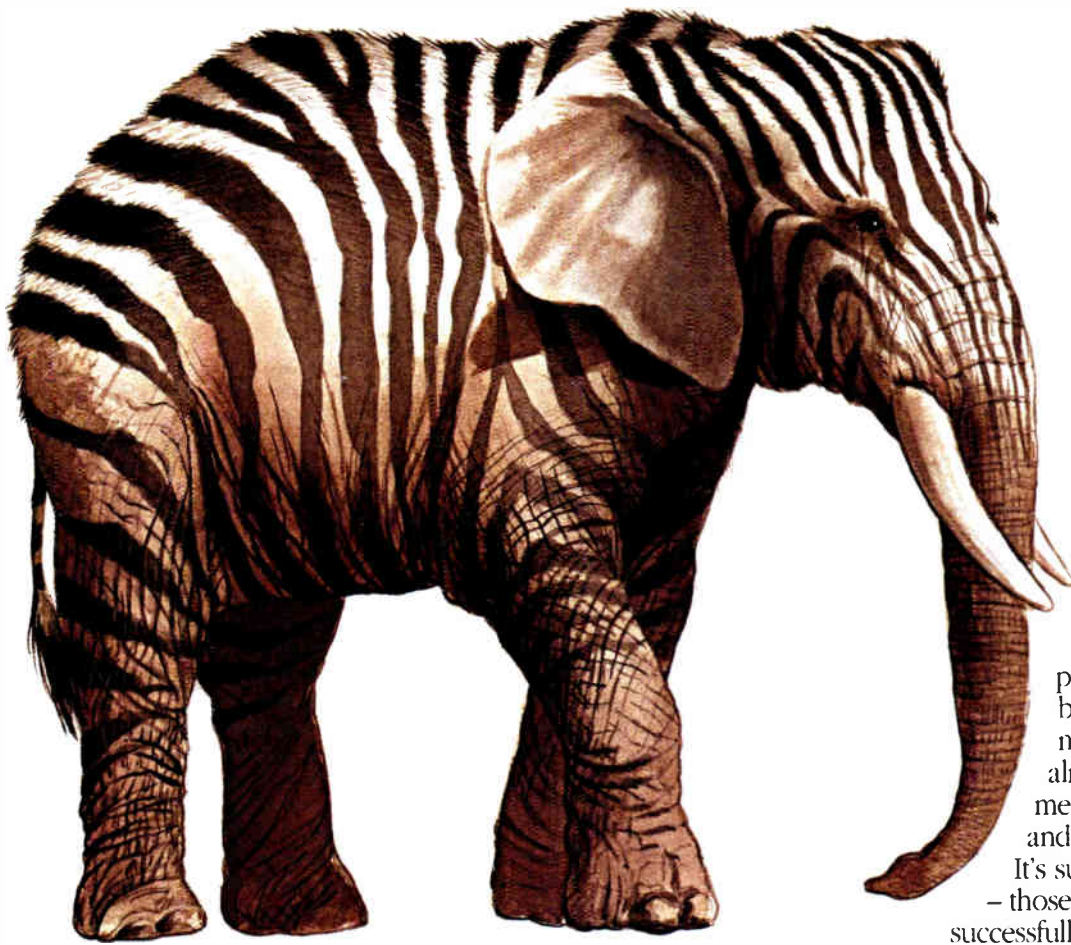
McGAVREN GUILD EXTRA To read the full text of the McGavren Guild interview, go to www.radioink.com.



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