

RADIO'S PREMIER MANAGEMENT & MARKETING MAGAZINE™

RADIO INK

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RADIO INK LIVE
A NEW WEBINAR SERIES
FOR RADIO EXECUTIVES
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WHO'S INVESTING IN RADIO IN 2015?

HOW DOES THE DEAL MARKET LOOK?

WHAT ARE THE REAL MULTIPLES?

CAN IHEART AND CUMULUS BEAT DOWN DEBT?

THE WIZARD: RADIO IS THE
MOST EFFICIENT MEDIUM

HOW TO BE A SUCCESSFUL
MANAGER FOR DECADES

YES, RADIO DOES HAVE A
FARM SYSTEM

RADIO'S MAN ON CAPITOL HILL

Congressman Greg Walden

PLUS: Why Curtis' WQDR Rules Raleigh

WRH

HIT AFTER HIT ■ SONG AFTER SONG SESAC STRONG

SESAC REPRESENTS
THE CATALOG OF



**CHARLI XCX (PRS)
GOES #1**

"BOOM CLAP" - BILLBOARD POP SONGS CHART,
"FANCY" recorded by Iggy Azalea, feat. Charli XCX 7 weeks at #1 on Billboard's Hot 100

SESAC'S 2015 GRAMMY® WINNERS!
JIMMY NAPES (PRS), RECORD OF THE YEAR & SONG OF THE YEAR "Stay With Me" - Sam Smith
TOURIST (PRS), SONG OF THE YEAR "Stay With Me" - Sam Smith
ROBERT GLASPER, BEST TRADITIONAL R&B PERFORMANCE "Jesus Children"

"STAY WITH ME" GOES #1
WRITTEN BY JIMMY NAPES (PRS) & TOURIST (PRS),
performed by Sam Smith



**AMERICAN
AUTHORS
GO #1**

"BEST DAY OF MY LIFE"



**DISCLOSURE (PRS)
GOES #1**

ALBUM, SETTLE - SINGLE "LATCH" feat. Sam Smith

SESAC SIGNS NIKKI SIXX



**SESAC SIGNS
ZAC BROWN**



SESAC ADDS THE CLASSIC SONG
"UNCHAINED MELODY"
TO ITS CATALOG



SESAC SIGNS MARIAH CAREY

COUNTRY #1'S!

"BARTENDER" written by HILLARY SCOTT, performed by Lady Antebellum
"DRINK TO THAT ALL NIGHT" written by LANCE MILLER, performed by Jerrod Niemann
"GOODNIGHT KISS" written by ROB HATCH, performed by Randy Houser
"I DON'T DANCE" written by ROB HATCH, performed by Lee Brice
"WHERE IT'S AT (YEP, YEP)" written by CARY BARLOWE,
performed by Dustin Lynch



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RADIO INK LIVE

A NEW WEBINAR SERIES FOR RADIO EXECUTIVES

Radio stations are facing more competition than ever. With constant demands from station owners and corporate to sell more and make more, there's no time left to devote to sales strategies and sales team development. Stations and sales managers must continuously improve their own skills, as well as create effective ads and sales campaigns to rise above every competitor in their markets. Radio Ink magazine, the industry's leading trade publication for managers and sales professionals, is now offering an affordable, effective way for you to attend training that will show you how to get more clients, increase sales, generate more profit, and keep your staff motivated.

Through our new series of webinars, you and your staff will benefit from the knowledge and experience of industry experts who will take you, step by step, through tips, techniques, and trade secrets so you can grow your sales, improve profits, retain staff, and stay highly competitive. Radio Ink Editor-in-Chief Ed Ryan will host these one-hour webinars, focusing on helping you identify and resolve issues that are holding you and your team back from the success you want and deserve. Here is just some of what you'll discover in the first of these powerful webinar sessions: Sales strategies that are working right now, even in this media-soaked culture.

The reality of today's radio industry:

Things have changed, but radio is still alive and can be very profitable. We'll show you how!

How to keep your team motivated and focused so they'll achieve more, contributing to your bottom line.

Getting quality appointments with the right clients — stop wasting time, money, and effort on dud clients that drain your budget and your energy.

Using social media to generate business — you'll be amazed to see that social media isn't just a distraction, but a powerful tool that can increase sales!

Creating LinkedIn and other social media profiles that will make potential clients beg to do business with you.

Avoiding time-wasters that are killing your schedule.

And much, much more!

Tuesday, April 21 at 11 a.m. ET



THE GREATEST SALES WEAPON EVER

With Sean Luce

The greatest sales weapon we have is the one salespeople use the least. Add this secret weapon to your arsenal and you'll stop wasting time chasing after prospective clients who never intend to do business with you, and start attracting highly qualified clients looking for exactly what you have to offer.

Tuesday, April 28 at 11 a.m. ET



HOW TO MAKE HIGH-QUALITY HIRES

With Laurie Kahn

Laurie is well known for possessing the skills that will help you make the right hires the first time. Here are just a few of the things you'll learn from Laurie on April 28: How to change how your hiring is done so it is done correctly, compete with companies gobbling up all the good people, offer compensation and perks competitive with other media. stop wasting money by hiring the wrong people.

Tuesday, May 12 at 11 a.m. ET



HOW TO SELL MORE LONG-TERM LOCAL DIRECT

With Paul Weyland

Paul will show you how to take control of the front end of the local direct sale -- the creative idea -- and the back end, asking for and getting an annual commitment. Weyland covers how to come up with million-dollar ideas your clients will want to buy, at rate card, then he shows you how to do a simple ROI calculation that motivates clients to want to triple or quadruple their investment on your station, regardless of your rates, ratings, market size, or format.

Tuesday, May 19 at 11 a.m. ET



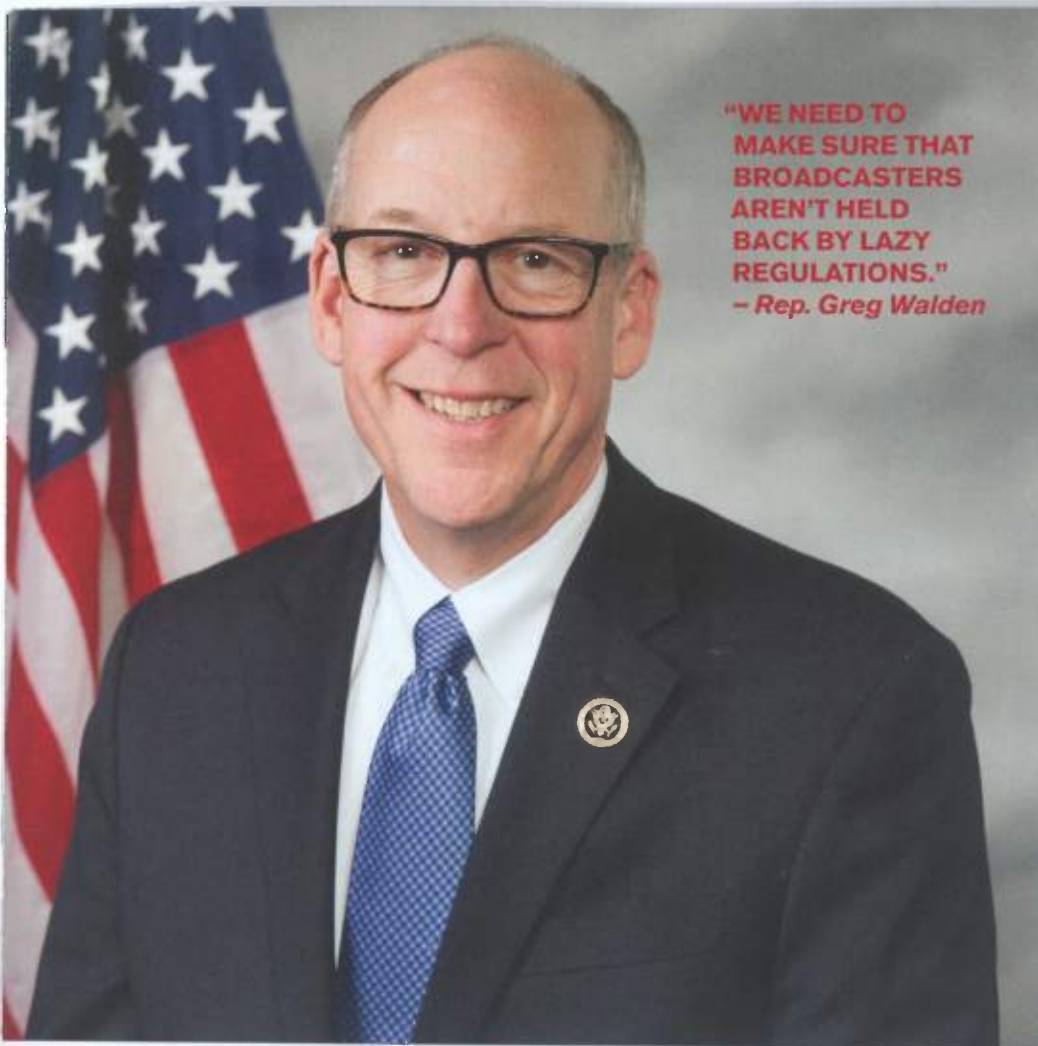
THE SECRET TO DEVELOPING EFFECTIVE AD STRATEGIES FOR ADVERTISERS

With Jeff Schmidt

Ninety-seven percent of people selling radio advertising today don't have a degree in marketing or advertising. With the proliferation of new ways to advertise, local advertisers are inundated with sellers and with shiny new toys. Now more than ever, it's critical for a broadcast professional to be an expert on marketing and advertising. The local advertisers' dilemma is that in most markets, 80% of the time, reps talk about where to advertise. In "Developing Effective Local Advertising Strategies That Produce Powerful Results for Your Clients," Here is some of what you'll learn in this "Masters Course" in advertising: The purpose of advertising, Developing a philosophy of advertising, The two types of ads, The Four Keys to Successful Advertising, Things to avoid like the plague, What advertising does and doesn't do, Why branding works, How people make buying decisions, and when you have a chance to influence them.

TO REGISTER FOR ONE OR MORE RADIO INK LIVE WEBINARS, GO TO WWW.RADIOINK.COM/RADIOINKLIVE.

Each webinar is only \$39. To purchase four Radio Ink Live webinars for only \$100, a savings of \$56, e-mail Ed Ryan at edryantheeditor@gmail.com. Where else are you going to get this kind of expert training at such an affordable price? Watch and listen to Radio Ink Live webinars any time from any device as many times as you'd like.



**"WE NEED TO
MAKE SURE THAT
BROADCASTERS
AREN'T HELD
BACK BY LAZY
REGULATIONS."
- Rep. Greg Walden**

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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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FEEDBACK:

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MAY 27 & 28, 2015

Dolce Hayes Mansion • San Jose, California

Keynote

Joel Comm

New Media Innovator,
Best Selling Author
and Entrepreneur
Five Ways to Make a
Fortune on the Internet



Keynote

Dan Zarella

Award Winning Social
Media Scientist
The Science of Social
Media



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"It's All About the Money"

MAY 27

1-1:15 p.m.

Opening Entertainment
Seth Glier, Grammy-nominated recording artist

Convergence is pleased to put the spotlight on multi-talented Seth Glier. A seasoned troubadour, Seth is a singer-songwriter, producer, and multi-instrumentalist who averages over 200 live performances annually. Along with his Grammy-nominated sophomore album, *The Next Right Thing*, his conference sets will include music from his fourth album for MPress Records, *If I Could Change One Thing*, being released in April 2015.



1:15-1:30 p.m.

Opening Remarks
 Eric Rhoads

1:30-2:45 p.m.

Keynote

2:45-3:30 p.m.
Strategy for Selling Digital — Debating the Platform Options

Ever since radio began consolidating multiple properties under one roof, managers have been faced with how to sell stations: One seller for all? Or separate staffs? And as today's revenue pie has expanded from traditional radio inventory to include digital platforms, the challenges of how to most effectively sell all the assets have become even more complex — even as the opportunities have grown. We have gathered some of the most successful sales leaders on both sides to compare results and present the facts that can help you decide what's best for your station and your market in the years ahead.

Tracey McCormack, Founder/CEO, McCormack Media Services

Grey Persons, Director, Borrell Associates



3:30-4:10 p.m.

Delivering Mobile Consumers to the Cash Register

How do you "mobilize" your audience to engage in mobile activities that deliver better, more targeted, and more efficient opportunities for your station and your clients? Mobile apps and mobile sites are both accessed by mobile devices, but the vast majority of consumers find apps more convenient, faster, and easier to browse. Even so, only 28 percent say mobile apps offer a better user experience. So how do you deliver the fast, reliable mobile experiences consumers demand — one that provides a seamless experience between mobile sites, mobile apps, and traditional online channels — and bottom line results for you and your clients? Our panel of experts will show you the way.

Shahab Choudhry, Co-Founder/Partner, Propelics

Bill Freund, EVP/Chief Revenue Officer, Clip Interactive



4:10-5:00 p.m.

Innovators and Inventors: Looking Ahead on the Digital Highway
 Convergence 2015 puts the spotlight on a few select companies whose strategies and imagination are ahead of the curve, providing the solutions and road maps that will be driving many of tomorrow's platforms and adapted technologies. They'll give you a look at what's new on the horizon, and you'll have the chance to follow up later for information you may want to take back to your company.

Tim Sinclair, CEO, RINGR



5:00-5:45 p.m.

Programmatic Buying: What It Is and How It Is Changing Media Buying
 It's projected that programmatic buying will soon account for \$9.8 billion, or about 20% of the overall digital-ad market in the U.S. As programmatic technologies spread to other media, including radio, that figure will continue to rise. But what is programmatic buying, and how does it work? What are the opportunities and the pitfalls of this new approach to media buying? We've gathered some of the leading programmatic innovators and proponents to share their vision and advice on the latest buzz in buying circles.

Moderator: Jeff Haley, President/CEO, Marketron

Michael Dougherty, CEO & Co-Founder, Jelli



5:45-7 p.m.

Opening Reception

MAY 28

7:45-8:30 a.m.

Continental Breakfast

8:30-9:00 a.m.

TBA

9:00-9:40 a.m.

Podcasts Are Back! And Profitable!

Podcasts are back in fashion, thanks to smartphones and Bluetooth-enabled cars that have made them more accessible to listeners than ever before. Downloading has also become easier: Rather than downloading from iTunes onto a computer and syncing with an iPod, listeners can capture podcasts straight from the Internet onto their mobile devices. That ease of access has no doubt helped drive subscriptions of podcasts through iTunes to reach 1 billion over the last year. And because ad messages are read by the hosts

of the show themselves, they tend to sink in better than traditional ads. As a result, this second wave of podcasts is becoming a greater revenue channel. Learn how to cash in on the podcast phenomenon in this session.

Kit Gray, President, PodcastOne
Kyle Bylin, Co-host of Hypebot.com "The Upward Spiral," & User Researcher, SoundHound



9:40-10:20 a.m.

Technology Overload

Overwhelmed with technology? This session provides everything a manager needs to know about how to oversee a fruitful, successful digital operation. What's hot, what's not, what works, what's a waste of resources, and where the most fruit (money) comes from (hint: it's not low-hanging). But you have to be willing to stretch and reach for the right shiny new tech. This session will be a great primer for everyone who knows they don't know everything about digital.

10:20-10:40 a.m.

Break

10:40-11:30 a.m.

Keynote

11:30 a.m.-12:15 p.m.
Digital Advertising: The Key to Unlocking Dollars, From the Client Perspective

This panel brings advertisers together in a frank and detailed discussion on what clients want from your digital assets, and their expectations for return on investment. What do they need specifically from radio stations in terms of both content and accountability — and what's the best way for stations to present their digital platforms? What tools provide the kind of measurement that meshes digital delivery with broadcast ratings? Get the perspective from key advertising agencies, in elementary terms, about what every radio rep, manager, and owner needs to know.

12:15-1:30 p.m.

Lunch

1:30-2:10 p.m.

Keynote

2:10-3:00 p.m.

E-Mail Renaissance: Why E-Mail Is Hot Again and How to Use It

What's old is new again. As Facebook's organic reach has waned, marketers are returning to e-mail, fueled by the belief that it's better to ask for someone's e-mail address than wait for them to "like" you. In fact, a big, clean e-mail list and a high open rate have become critically important as a digital marketing tool. Getting content in front of as many eyeballs is the obvious "why" — but what is the best way to do that? And how can you best ensure delivery with so many roadblocks like "Google bots" affecting placement of your e-mail? Achieving maximum open rates is possible, once you learn the secrets this panel will deliver. And their presentation will remind you of something else: Registration at

social media sites requires one independent, powerful tool: your e-mail address. Now do we have your attention?

Moderator: Ruth Presslaff, President, Presslaff Interactive



3:00-3:20 p.m.

Break

3:20-4:00 p.m.

Making Money Outside the "Radio Box"

Don't let the words "future" and "innovative" fool you. Those forward thinkers who are able to experiment outside the black-and-white lines of radio and dare to creep into the gray areas of technology, digital, streaming, videos, and pay-to-play are cashing in on those concepts right now. Yes, you've heard of YouTube and Spotify and Pandora — but how does that translate into cash? Let our experts share with you their secrets — from startup to future improvements and everything in between.

4:00-4:40 p.m.

How Radio's Automotive Dominance Will Change: What You Need to Know to Take Advantage of Changes on the Auto Dashboard

Today's new cars are connected, capable of keeping consumers constantly in touch with their audiotainment, services, and contacts. Everyone from Apple to Zubie is involved, and industries from pizza delivery to insurance are facing lifestyle-altering shifts as a result. Almost since its inception, radio has owned the dash, but today's tech toys and digital platforms are changing the landscape. How can it continue to hold a primary spot in this now-crowded space and stay engaged with the new opportunities of the connected car? This panel will deliver the upside, downside, and driver's-side view of what's on deck for the automotive dash and what the radio industry needs to do to keep "drivetime" "radio time."

Moderator: Fred Jacobs, President, Jacobs Media

Roger Tsai, Deputy General Manager/Media Personalization & Insights, Gracenote



4:40 p.m.

Closing Remarks

**Agenda subject to change.*



B. ERIC RHOADS
FROM OUR CHAIRMAN

The Disruption All Around You

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If you've picked this up at the NAB Show, stop for a moment and listen to the sounds around you. There are signals coming from all directions, and some are very disturbing.

I make a point to walk every aisle every year, including the sections outside of radio, and it is in those aisles that you see the highest levels of innovation, the great young brains who are reinventing their categories. There are small startup companies in tiny booths, and larger, better-funded startups radio has never heard of that are completely disrupting the status quo.

In fact, the sounds you are hearing are the sounds of disruption at every turn. Be thankful you're not in the television business, which is not only seeing massive disruption, but a growing migration to Netflix and other "over-the-top" providers as consumers abandon traditional TV and cable.

You are living in the midst of the most massive disruption since the beginning of media itself, and as you walk through these halls, be aware that your future is in the hands of some of the people around you. Just because radio hasn't lost its audiences to the degree that TV and newspaper have doesn't mean we won't run into something equally disruptive eventually.

This is an era of smartphones and cool technologies, and just because Pandora and Spotify and others haven't stolen all of radio's audience yet doesn't mean it can't happen — or that something new and different won't come along and take away your listeners and theirs. If you've

convinced yourself that streaming business models can't work because of the licensing and streaming costs, just know that someone will eventually come up with a model that does work.

Your role, whether you're here at NAB or at home, is to understand that fighting progress and technology is a game for fools. Though it's hard to see things clearly as an industry insider, the answers are clear to the disruptors, and many of them believe you are lambs awaiting slaughter. Though you can remain arrogant and laugh it off, the better thing would be to appreciate what you have and ask yourself if you can own or control the disruption that will, sooner or later, come to the radio industry.

Even better is to approach everything you see with the idea of embracing it, being curious about it — even while believing it could disrupt your station and your career, or even kill our industry. Not so you'll lose hope or motivation in our great industry, but so you fully understand the implications of what you see and ask yourself if there is a way you can get hold of it.

Disruption is a beautiful thing — unless you're the one being disrupted out of a job. Yet if you wear the curiosity hat and stop being defensive, you may find that embracing disruption will actually assure you a solid future. **INK**

B. Eric Rhoads

B. ERIC RHOADS, PUBLISHER



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ROY WILLIAMS
THE WIZARD OF ADS

Did You Feel That?

QUICKREAD

- Technology is breaking up former "mass media."
- Digital ads are highly targetable, but they're also growing ever more expensive.
- There is no more efficient media today than broadcast radio.

The ground moved beneath our feet. There. It did it again.

That first tremor was the growing reality of gender equality. The second was the shrinking of mass media. These trends aren't connected, but they're both significant.

Gender equality is changing the nature of romance. Don't believe me? Watch any romantic movie from 20 years ago and count the anachronisms, those interactions that belong to the past and do not seem to fit the present.

Gender equality also affects advertising and marketing in ways you might not expect.

Not many years ago, it was assumed that lovers would marry and buy a home and establish a life together. But then an entire generation of women were taught not to depend on men, but to establish careers and lives on their own.

That advice to young women changed the landscape in marketing. A study published by Pew Research Center indicates that in 1970, 84 percent of U.S.-born 30- to 44-year-olds were married. By 2007, that number had declined to just 60 percent, and if we extrapolate the trend into 2015, the percentage of married 30- to 44-year-olds is currently at 54.8 percent and falling. We went from 16 percent single to 46 percent single in just one generation.

A once-proud nation of families is evolving into a proud nation of individuals.

The motivations that drive husbands and fathers and wives and mothers are different from the motivations that drive individuals who have no one depending on them but themselves. Consequently, the language and logic of ad copy must be altered to connect with this altered audience.

The trend toward singleness is *sociological*.

The erosion of mass media is *technological*.

Each trend accelerates the other.

If the majority of a nation is watching the same TV shows at the same time, listening to the same hit songs at the same time, and receiving similar news from similar sources simultaneously, we can expect that nation to think and feel in similar ways.

Mass media ruled America in 1970. Radio was a Rock station, a Country station, a Talk station, an Easy Listening station, and an instrumental format called "Beautiful Music." Then you had ABC, CBS, and NBC TV. Ted Turner wouldn't create the first cable network until 1976, and Fox didn't appear until 1986. When a movie left the theaters, it would go to the drive-in theaters, where it would be shown for a reduced price, and then it would appear on network television for free about a year later. DVRs, DVDs, and home videotapes did not exist. You either had to be



where a movie was showing at exactly the right time or you missed it. This forced us to gather together at specific times for entertainment, where we all heard the same commercials.

Mass media brought us together physically, and it united us psychologically. It also gave advertisers a platform for telling their stories.

Advertising was easy in those days.

Today's technology allows us to opt out of mass media. This is good for the individual, but it presents a significant challenge to the advertiser. The advertising opportunities created by new technology are highly targetable, but they're also shockingly expensive. The most efficient thing we've found so far costs four times as much per person as broadcast radio. And, although the digital product gives us the ability to pinpoint-target a specific audience, that advantage doesn't deliver anywhere near enough benefit to justify the inflated cost. This is not theoretical. We've learned these things through testing.

I'll bring this to a conclusion: We're approaching the end of a golden time when courageous advertisers can invest money in mass media and see their businesses grow as a result. My suspicion is that we've got perhaps five to seven more years before retail businesses and service businesses will be forced to begin playing by a whole new set of rules. No one yet knows what those new rules might be, but this we do know: The sharply rising costs of digital advertising are not being offset by a rise in efficiency.

Advertisers should buy mass media while the masses can still be reached. Reaching people one at a time doesn't offer nearly the return on investment.

There is no more efficient media in the world today than broadcast radio. Sell the people you care about a long-term schedule and make sure they have great radio ads.

Don't do it for yourself. Do it for them. **INK**

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

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JEFFREY SCHMIDT
SALES MANAGEMENT

Do Your Salespeople Lack Focus?

QUICKREAD

- Most sellers don't have a problem with focus, but with knowing what to focus on.

- A salesperson's attention should be on helping clients become "known before they are needed."

- If the focus is on the client's needs, it will be easy to tell which tool to use.

My Canon 1D Mark III camera has two focus settings: auto-focus and manual. With auto-focus, the camera automatically uses 45 points in the field of vision to determine where to focus. Manual focus offers an option to set a single point or multiple points that I choose to have the camera focus on. This is a handy setting when I don't want the camera to just focus on what's directly in front of it.

Like my camera, sellers have a field of vision. And in my experience, sellers don't have a problem with focus. One seller used to focus for hours on her Facebook page, while another would focus for hours on his eBay auctions. The ability to focus was not a problem for those sellers — determining what to focus on was.

Frequently managers tell me their sellers lack focus. What they're really saying is that their sellers are not focused on the right things. The key to ensuring your sellers are focused on what you want them to be focused on is to make certain they know what those things are.

In a world of multi-station ownership, digital offerings, special packages, special promotions, etc., it can be very difficult for a seller to know what to concentrate on. I recall rolling out the latest package or incentive program and having sellers ask, "Do you want us to focus on this, or the one you gave us last week?" Not knowing what to focus on doesn't just frustrate the manager, it frustrates the seller.

As advertising salespeople, our single point of focus should be on helping our clients become "known before they are needed," so they sell more products and services. If we focus on achieving great success for our clients, then knowing which package, promotion, or digital resource makes the most sense is easy.

Focus on the client, and teach your sellers to use the right tools. If you focus on the tools, you'll drive your sellers crazy.

Managers focus on systems and structure. Leaders focus on people.

Focus on the right things starts at the top. The general manager or market manager, in addition to other responsibilities, should focus her attention on the sales manager's development of the team.

The areas for the GM/MM to focus on with the sales manager:

1. Recruiting: Do you have enough people on the team?
2. Training: Are they properly trained and competent to perform their jobs?
3. Coaching: Are you consistently working with and challenging your team?

For the sales manager, the focal points with the sellers are:

1. Are they following the repeatable process?
2. Do they have the skills to achieve at every step?
3. Do they have enough activity to generate the results to achieve their goals?
4. Are they balancing current client service with new revenue development?
5. Are they aware of all the solutions your company offers to client problems?

For sellers and their managers, five tools to help manage work flow:

1. The Chart: A relationship-analysis system to evaluate the current strength of relationships and a path to the next level with each client.
2. The Pre-Contact Checklist: A list of suggested ways to prepare in advance for prospects.
3. The Pre-Meeting Planner: Questions the seller should be asking to prepare for every client meeting. (Managers can ask these questions, too.)
4. The 10 Most Wanted List: A new-business development tool that helps the sellers focus on what step in the process they are with each prospect and what's next.
5. The Platinum Service Plan: A tool to help sellers ensure they have happy customers.

(I'm happy to share all five tools with you; just send me an e-mail requesting them at the address below.)

If the "setting" for your sellers is "auto-focus," they will focus on whatever is in front of them. (Squirrel!) Change the setting, and show them where in the field of vision you need their focus. Instead of asking your sellers if they sold your latest package or promotion, ask them about the needs they have identified with their clients and how they plan to address them. And you can certainly recommend solutions if your sellers are stuck.

As a sales manager, do you believe in the process? If you do, trust that the process will work, and focus on helping your sellers become more proficient in each step. Market managers focus on sales manager development. Sales managers focus on seller development. Sellers focus on client development and success. With everyone focused on their proper tasks and shutting out distractions, you'll have a clear picture of success.

Think big, make big things happen! **INK**

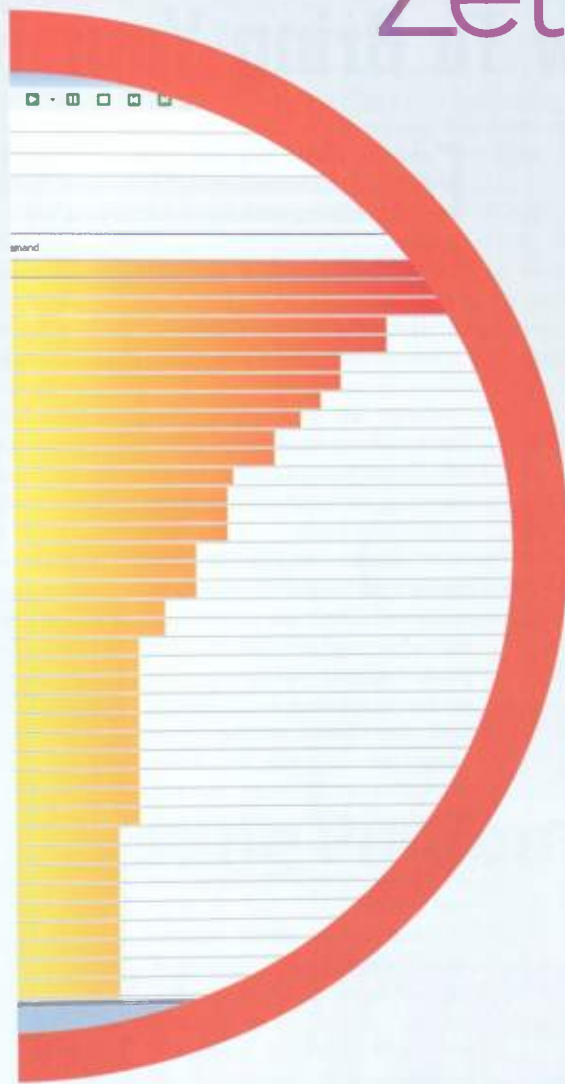
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How To Bring Your Rates Back Up

From the movie *Back to the Future* (in 1955, Tab and Pepsi Free haven't been invented yet):

Lou: You gonna order something?

Marty McFly: Ah...yeah, give me a Tab.

Lou: Tab? I can't give you a tab unless you order something.

Marty McFly: Then give me a Pepsi Free.

Lou: If you want a Pepsi, pal, you're gonna pay for it!

Cheap rate packages are keeping broadcast stations from reaching their short- and long-term revenue potentials. In markets all across the country, rate structures are cratering, with prices dropping in some cases back to early-1980s levels.

"It's all about supply and demand in a saturated media environment and a recessive economy." That's the convenient but short-sighted reason for pants-dropping. Because as we all know, spoiling local clients (and their blood-sucking advertising agencies) for the short term also spoils them for the long term. Selling cheap packages "just this one time" is how we create rate-contentious clients for life.

Smart sellers advise clients against spending 95 percent of their advertising dollars on sales events — that is, going after the worst, most disloyal 3 percent of bottom-feeders who will only buy the merchant with the lowest price. Yet here we are, doing precisely the same thing with our "special packages."

So, how do we get rates back up? We go "back to the future."

Back to the "good old days" of professional broadcasting, when we had to bring good creative ideas to the table because the clients were not capable of coming up with the same quality of creative on their own (they're still unqualified in the creative area). We show clients how to identify and solve consumer problems, in the consumer's language, to drive business to the client without having to sacrifice the client's price. We show the client why it's in their best interest to get away from clown-car cliché-infested crapmaster commercials and get back to deep-sell marketing strategies that solve

actual consumer problems.

We do detailed return on investment calculations with clients, using their gross margins of profit and their average sales against our total cume numbers — not fragments of numbers, not with CPP — just like we used to do in the Golden Age of broadcasting, for the following reasons:

1. So that clients know without a shadow of a doubt that doing business with us is a good, calculated risk rather than a gamble.

And Here's The Formula You Use:

"Based on your average sale of \$___ and your gross margin of ___ percent, we'd have to bring you ___ new customers per week in order for you to break even.

Based on our weekly audience of _____ thousand people, that means we could fill up _____ Arena _____ times, and out of all of those people, we would only have to sell _____. If we sold _____ people, that would be a 50 percent return on advertising investment. Looks like a good, calculated risk to me."



2. So that we can manage their expectations about results. If you don't do the ROI analysis, you and the client are not on the same page about how many new customers the client needs to break even. That's when you get the surprise

phone call: "Cancel my advertising. It's not working." Based on what? That's anybody's guess.

3. So that we can double or triple what they feel comfortable spending on your station. Once clients understand return on investment and how few new customers they really have to sell to break even, they may opt to spend much more money with you. We should be establishing the cost, not them. Would you make your decision on what attorney, accountant, or surgeon to hire based solely on who had the cheapest price? I hope not. If your doctor told you that you needed open-heart surgery, would he ever say, "By the way, what's your budget for this?" No, of course not. "Umm ... could you do me for about \$400?" "Why, yes, we could. Of course, the surgery will seem like an Aztec sacrifice to you, with no anesthesia and all, but we could do it!"



Steer conversation away from our price and back to the value that we bring to them as professional advertising consultants. When sold correctly, value always supersedes price.

We think bigger, not smaller, even in a recession. The broadcasting industry has been through recessions (and depressions) before. There is no question, even in our current economic situation, that bigger proposals get more client attention and consideration than the little dinky ones. Of all the vendor proposals pitched to clients, ours are usually among the smallest, hence worth the smallest amount of the client's valuable time and consideration. No more small-ball.

We invest in training our salespeople in the art of creative thinking so they can use intelligent headlines to get appointments with key decisionmakers, pitch million-dollar ideas, handle objections like professional people, and close long-term agreements for more money at higher rates (Hellooooooo!).

We stop sales turnover by paying our sellers a living wage so they can concentrate their time and energy on our business, instead of spending their time looking for another job just so they can pay their bills.

When clients bring up other stations' cheap rates and packages, remind them that there is a lot more at stake than just the rate. "Remember at family get-togethers like Thanksgiving, when you

had the Big Table and the little table? Well, Mr. Client, they're trying to seat you at the little table. Their prices and lack of a solid creative campaign reflect that. A business like yours has a lot of potential, and I think you'll get there a lot faster and feel more comfortable seated here with us at the Big Table. Now, let's move on and talk about long- and short-term marketing strategies."

We must sell smarter. We must sell bigger. We convince clients that our plan for their success is better than theirs, not that we have the cheapest rate in the market. Can we? Yes, even in a recession. Turning our backs to cheap rates now is the only way to a brighter future. And if we don't go back to higher rates, the future doesn't look very bright at all. Here's to back to a brighter future for all of us.

Mr. Strickland: You don't have a chance. You're just like your old man. A McFly never amounted to anything in the history of Hill Valley.
Marty McFly: Yeah? Well, history is gonna change! **INK**

Paul Weyland is a broadcast sales trainer, author, and speaker. You can reach him at paul@paulweyland.com, at www.paulweyland.com, or at 512.236.1222. Read Paul's book *Successful Local Broadcast Sales*, available online or at bookstores.

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**SYNDICATION
NETWORKS**

How To Succeed At Managing ... For 25 Years

By Editor-in-Chief Ed Ryan

Gary Stone started out his radio life on the air in Corpus Christi, TX, as a DJ at KIKN. That was in 1969, when he was just 18 years old. Stone became a GSM in Houston in 1985, a GM in Houston in 1987, and then took a general manager post in Los Angeles in 1999. Eventually he was promoted to COO at Univision Radio, a job he'd hold for a decade, adding duties as Univision's president of radio in 2006. Now Stone has written a book, *A Face for Radio*, about his radio experiences, with a portion of the proceeds from sales going to St. Jude Children's Research Hospital and the Broadcasters Foundation of America.



Gary Stone

WHY DID YOU DECIDE TO WRITE THIS BOOK?

Someone needed to be "a face for radio," and with my face, I figured I would qualify — or so my TV counterparts at Univision would tell me. Also, I don't know of another book from a president of radio going back over the last 40 years, so I figured, Why don't I write about my experiences?

Actually, my son Garrett, who is in the industry (he works for Univision TV national sales) asked me how I managed to go from a T-shirt-and-blue jeans country music DJ to the suit-and-tie president and COO at Univision Radio.

So I tried to answer that question. After writing about 35 pages, I decided that it was more complex than that, and perhaps I should write a book for him, my other two sons, their families, and anyone else who would be interested in how it all happened.

RI: WHO IS YOUR TARGET AUDIENCE?

Anyone who would like to go from no money to financial freedom by building a company with a culture that is bottom-up, based on achieving teamwork, communication, execution of strategic initiatives, having individual accountability, and a relationship of mutual respect and affection with all of those who work at the company.

I had 1,200 employees, and I feel I had a close relationship with virtually all of them, which I think contributed greatly to what Tichenor Media System — which became Hefstel Broadcasting, which became Hispanic Broadcasting, and in the end Univision Radio — was able to achieve during my 25 years.

HOW DID A NON-HISPANIC MAN WHO DIDN'T UNDERSTAND THE MUSIC NOT ONLY BECOME A GM IN SPANISH-LANGUAGE MEDIA, BUT RISE TO THE LEVEL YOU DID?

I did my best early on to quickly learn the Hispanic culture and what was important to the people who came to work every day. Respect was at the top of the list. Once the people I worked with saw my concern for them individually and their success at work and with their families, that made a big difference in our ability to achieve the stellar performance the company enjoyed over the years.

I found that you need to achieve consensus and understanding of what the goals are and how important each person is to those strategic initiatives to achieve greatness. This works in any language, format, or business, regardless of industry.

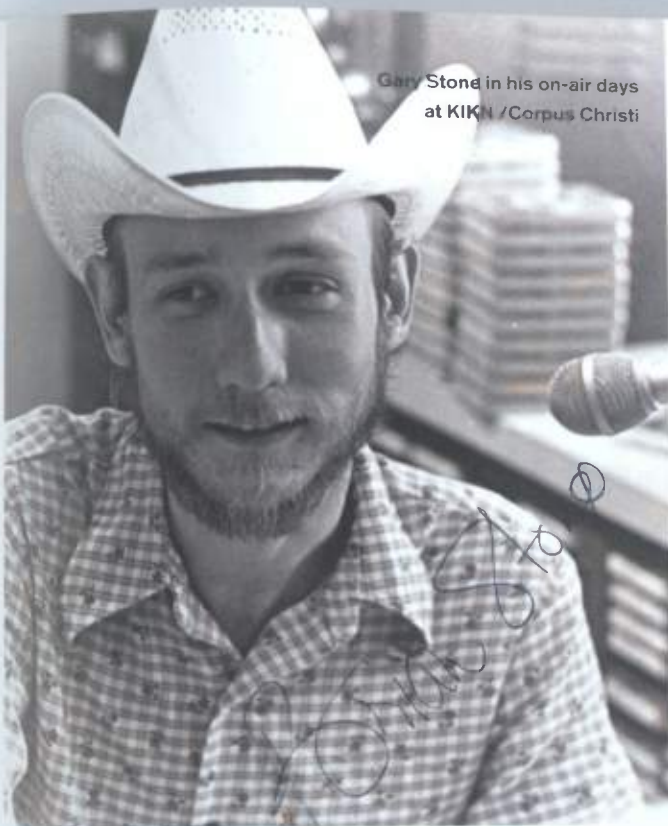
WHAT WAS IT LIKE WORKING FOR MAC TICHENOR?

I worked for Mac 19 years. His was a quiet, thoughtful demeanor. A man of few words, but when he spoke, you should listen closely and take notes. Anything Mac said, you could take it to the bank. He always did what he said he would do, and I do the same thing. So I am careful about what I say because I am then obligated to do what I said. I can't take it back. I think this is a terrific quality that I learned from him.

TAKE US THROUGH THE EMOTIONS OF BEING SOLD TO UNIVISION AND WORRIES OVER WHETHER YOU WOULD BE PART OF THAT TEAM.

Whenever there is a change of control, you never know what that means for the current leadership. However, I understood that Jerry Perenchio, who was chairman of the board of Univision, wanted to buy Hispanic Broadcasting Corporation not only to add radio as another platform, but due to his high respect for the management team. Univision had watched Hispanic Broadcasting perform for years, so they knew the management was strong.

I had a meeting with Ray Rodriguez, the president of Univision, at his office in Miami. Ray told me, "Gary, you are the expert on radio. Whenever you have a big issue, you should call me. Otherwise, I rely on you to run this business." I felt fantastic after that meeting. When Mac Tichenor left Univision, they did a search for a president of radio. After interviewing 26 or so people, Ray finally called me and said I had the job and that I was "head and shoulders" above all the other applicants. I was ecstatic!



Gary Stone in his on-air days at KIKN /Corpus Christi

WHY DO YOU THINK THE DREAM TEAM OF EDDIE "PIOLIN" SOTELO AND RENAN "EL CUCUY" ALMENDARES COELLO DID NOT WORK?

The ego of Renan just couldn't allow him to be happy doing afternoons, regardless of the money he was being paid. This dream team was terrific as long as it lasted.

IN THE BOOK, YOU GO INTO DETAIL ABOUT HOW PPM NEGATIVELY IMPACTED HISPANIC STATIONS. HOW BAD WAS THAT, AND DO YOU BELIEVE IT'S EVER BEEN FIXED COMPLETELY?

After the Congressional hearing and the two-year plan that Arbitron presented to fix the issue, we were satisfied that PPM would improve for Hispanic and black audience measurements. From what I can tell today, Spanish radio stations have improved. I haven't followed what has happened with the Urban radio stations.

WHAT WILL READERS BE MOST SURPRISED ABOUT WHEN THEY READ YOUR BOOK?

The cost I paid in becoming a broadcast president and how lucky I was, and how lucky they can be, too.

WHAT HAVE YOU BEEN DOING SINCE YOU LEFT UNIVISION RADIO?

The first thing I did was write this book, as my wife told me she wasn't going to take me to lunch every day. I was asked to join the St. Jude Children's Research Hospital Executive Leadership Board due to Univision Radio's having raised over \$50 million during my 10-year period as COO. We work on fundraising so cancer death rates improve for children.

I put together the Houston St. Jude Golf Tournament for the last two years. The tournament this year is on December 7, and we hope to raise over \$200,000. I was elected to the National Council of La Raza board of directors. In June of 2014, I was elected to the board of Spanish

Broadcasting System. The preferred stockholders asked me if I would be willing to serve on the board. I said yes, as this is a way for me to still be part of the radio industry and hopefully be of service to SBS as they move forward. It is ironic that I competed for so long against SBS, to now be part of their board.

My latest venture is a company called American Green Technology that Doc Kennedy began a few years ago and that now has a product distributed by Infection Solution that kills 99.8 percent of all pathogens in doctors' and dentists' offices and exam rooms, as well as in hospitals, surgical rooms, day care centers, elderly care centers, and anywhere germs fly around. The fourth-leading cause of death in America is staph infections. How often do you worry about getting sick sitting in a waiting room? I have 15 sellers on commission selling these units. I'm trying to find people to sell in every city in the U.S. and Puerto Rico. This inexpensive UVC light fixture can greatly lower the chances of people getting sick and/or getting a staph infection. **INK**

A Face for Radio is available at Amazon.com, Barnes & Noble stores, or at garystone.tateauthor.com.

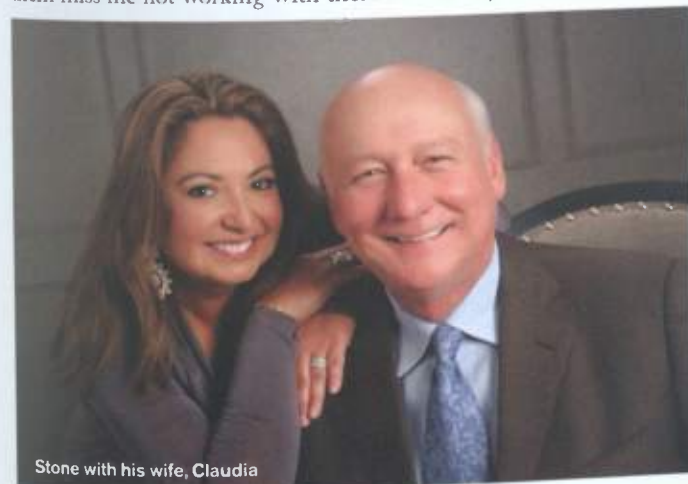
It wasn't until 2007, with the sale of Univision to private equity, the economy crash of 2008, the departure of Jerry Perenchio and Ray Rodriguez, having a new CEO, and my getting a new boss over TV and radio, that made me decide that after 25 years, 10 years as chief operating officer, with five of those years as president and COO, perhaps it was time for me to retire from the company.

YOU SAY THE HARDEST PART OF YOUR JOB WAS MANAGING TALENT. WHY?

Talent egos are always difficult to deal with. Some are better than others, but many can be unreasonable. They don't often allow for human error, and some are always in some degree of unhappiness to leverage their issues. Having been on the air, I could relate and have a better understanding of their concerns than most. My DJ background did give me a greater level of respect from the talent. I was successful working with the talent, and most all of them miss me not working with them to this day.



Gary B. Stone
with Chris Roberts
A FACE FOR RADIO
The Cost of becoming a Broadcast President



Stone with his wife, Claudia

IF YOU WANT TO BE IN RADIO, HARD WORK STILL PAYS OFF



Hippie chic: Ramey visits a famous Bay Area intersection.

We hear a lot of chatter about how kids these days really don't want to be in radio. Or if they do, they expect a \$100,000-a-year job as soon as they graduate from college. But the fact is, that's not true for everyone. There are still young people out there who love radio and are willing to pay their dues to make it in this business. And 27-year-old Krystina Ramey is a perfect example of that. Despite a degree in graphic design, her true love was radio and being on the air. And she was willing to work as hard as she needed to work to get her foot in the door. Here's her story.

RI: Florida to Los Angeles to co-hosting mornings in your hometown. How did that all happen?

Ramey: I was working for a station in Florida, and I decided I wanted to go big in radio, so I set my sights on Los Angeles. I visited California for a week and set up as many job interviews as I could. In L.A., I went to see the company I was working for in Florida and met with the PR guy. I left my resume, I left my portfolio, and I said, "Call me if anything opens up."

I went back to Florida, and I knew, by the end of that summer, I was going to move to L.A. I waited three months and I hadn't heard anything, but I had my mind set on moving. I figured I would work in a restaurant or I would do something on the side until the radio thing came through. The week before I was set to get in the car and move, I got a call from Fox Sports Radio in Los Angeles, and they offered me a position working as a promotions assistant. I was ecstatic. I happily took that position.

RI: What made you think just getting in the car and going out to Los Angeles was a good idea?

Ramey: I don't think I necessarily thought it was a good idea, but I knew that it had to be done. I wasn't happy where I was in Florida. I loved the people I was working for, but the job opportunities weren't there. I wanted to go somewhere where there were more opportunities. I knew it was going to be tough, but I just know me, and I've always laughed in the face of danger, honestly, and I know how hard-working I am. I decided I could tough it out until something breaks, and then I'll work my butt off like I always do. I work to succeed.

RI: So you get to Fox Sports Radio as a promotions assistant. What were you doing?

Ramey: I was doing a lot of paperwork, handling the prizes, I would call contest winners, attending station events, setting up banners, driving the station vehicle. That was it. It was a

lot of odd hours. Some days you would work at 5 a.m., some days you would start at night and work until 2 a.m. No set schedule. I didn't know how many hours I was going to get every week. It was tough, it was definitely tough. I'm lucky my supervisor really liked me, and he made my schedule a little more regular, and in the office more so than I was in the streets. I knew that it was an entry-level position into radio. I did what I had to do for as long as I had to do it.

Ri: How long was it before your next step?

Ramey: I did that for just over two years. It's funny, because that's the longest I had been at one spot in my life. I had always moved up or moved on to something different or bigger before two years had passed. I was like, "Oh, my goodness, what's going on? I have got to get something else going." So I started putting together my resume and applying, and applying and applying, for stuff I didn't even think I was qualified for. I knew eventually something had to stick. At the same time, I was part of RAW at Fox Sports Radio for that entire time.

Ri: Tell us about RAW.

Ramey: It is really ingenious. RAW is an experimental show on Fox Sports Radio. Our supervisor decided he was going to take the guys and the girls who worked behind the scenes during the day, the producers, promotions assistants, Web folks, the people who don't get to be on the air but really have a passion for radio and want to work toward being on the air. He threw them all in one room, gave them a show, and let them talk about sports. It's raw, it's unscripted. It doesn't have all the bells and whistles.

We talk about sports, like how you would talk about sports with your friends at the bar.

What I love about it is, everyone in radio always says you need experience, but no one is willing to give you that experience. Don Martin gave us that opportunity. The show is on Saturday night, and it's only on the Internet, not on terrestrial radio, but it was our shot.

Ri: Did it help you get other jobs in radio?

Ramey: I was in promotions for the first year and a half of my time on RAW, and then I started applying for radio jobs. I got a job producing a late-night request and dedication show; I produced that for a year and a half. I was on RAW the entire time that I was doing that. I would work Monday through Friday from about 6 p.m. to midnight, then on Saturday nights go into RAW on Fox Sports Radio and do the radio show.

About a year and a half after producing the late-night show, I got an opportunity to produce a morning show. I did that for a couple of months, all while still doing my Saturday-night show. So, at this point, I'm working 3 a.m. until noon Monday through Friday and still going in on Saturday nights to do RAW. I never wanted to give it up. It didn't matter what level I was at; as cool as it was to be able to produce a morning show in Los Angeles, I knew how important RAW was at getting my own experience on the air.



Krystina Ramey and Scott Mann:
The Wake-Up Crew on 98.5 WTFM in
the Tri-Cities, TN-VA.

Ri: Where are you now, and how did working for Don and RAW get you to where you are today?

Ramey: I'm back in my hometown, in the Tri-Cities in northeastern Tennessee. If I had not spent time on RAW, I would've never been able to get this position. I'm co-hosting a morning show now [on KTFM-FM]. I literally went from zero on-air experience, outside of RAW, an experimental show, a streaming-only show, but as far as terrestrial radio, zero experience to co-hosting a morning show in my hometown. That's a dream for a lot of people.

The only way I was able to get to this position was because I was able to spend three years on RAW on Fox Sports Radio, thanks to Don Martin. I learned how to create a show. I learned how to prep for a show. I learned what works and what doesn't work, how to intro content, how to get out of content, how to flip the subject, how to interview people. It was just amazing to learn to be a radio host. I was able to learn it right there on Fox Sports Los Angeles.

Ri: How important do you think having something like RAW is to the radio industry?

Ramey: It is invaluable. I've gotten a lot of people on RAW, because they saw what I was doing and they were jealous, I say, and they all wanted a piece of it. Some people can hack it, and some people can't. It's not a joke. Granted, it's not going to be on your car stereo when you turn on Fox Sports, but that doesn't mean it's a joke. We put a lot into it. I spent my entire day putting together a rundown and prep.

If I had not been on RAW, I wouldn't have been on the air for another two, three, or four years, because I would still be at the producer level. While producing a morning show is huge, it is not the same thing as being on the air. If we take RAW out of the picture, I still wouldn't have had any on-air experience. I would just now be cracking the mic here and there, replying to the morning show hosts' comments as I'm producing the show. Little bits and pieces here and there.

Ri: And you were also getting helpful feedback and critiques from Fox Sports executives.

Ramey: Of course. That was the great thing about Don Martin and my direct supervisor, Jay Blease. Any time you needed anything, those guys would sit down with you. They were such a great resource. They really cared about our being able to grow and develop. I have two friends on RAW, and they've been going into Don Martin and pitching a show for the actual station, for terrestrial radio. They have been pitching their show to other stations. They have been getting a ton of feedback.

Ri: How's it going at your hometown station?

Ramey: It's amazing. The people here are so friendly. My co-host, Steve Mann, has been so open and accepting. He has basically said, "Look, I love your passion. I love the fact that you come in here with ideas. Whatever you want to do, we can do it. Let me know how I can help you. Whatever I need to do."

It has been such a fun, experimental process, because I have had these ideas floating around in my head for years. Some of them didn't work while I was on a Sports station. Some of them wouldn't work while I was producing a late-night request and dedication show. Now that I'm here, I'm able to figure out what does and doesn't work. I'm actually doing it, and I've gotten this far because of what I did on RAW.



DEBORAH PARENTI
DIALOGUE

Dressing For Success

The Alliance for Women in Media presents its annual “Women’s Room” on April 13 at the NAB Show. It’s a one-hour power breakfast that includes everything from professional headshots to career guidance. This year’s program also features a fashion show and tips by “Style” sponsor W by Worth. Courtney Denby is president of W by Worth and shares some career style advice here.



Why is dress important, and does fashion make a business statement?

Image is incredibly important in business. It can be the difference between securing a critically important meeting or not. It can be the difference between earning someone’s trust and future business or not. Fashion itself doesn’t make a business statement. The businesswoman makes the

statement in the way she has used style and appropriate clothing to enhance herself and her business role.

What is the most common mistake even well-dressed women make in putting their work wardrobe together?

The most common mistake would be dressing like someone other than yourself, and dressing to trends as opposed to dressing to enhance your best features, which is very personal. The wardrobe of a businesswoman does not detract in any way from what she is saying or presenting. It gives her permission to take the floor with a clean slate and without having to overcome the unintentional damage or distraction her outfit may be causing. The idea is this: “I’m here. I’m dressed appropriately. I have something important to say or share that overrides what I’m wearing.”

What are a few essential items every career woman should have in her wardrobe, even on a limited budget?

I would suggest going deep into one color. If you go with black, for instance, you can invest in one good black handbag and black heels for day and evening and black

flats (and all need to be high quality). Going deep in one color also allows you to create many different looks (evening or day) for many different kinds of weather. Invest in quality over quantity, because the fabric will recover after travel or after a day of meetings.

Hosiery vs. bare legs. Does it make a difference?

I think this is a regional question, and it depends on how your legs look. If you have pretty legs with pretty skin and you are in mild weather, then bare legs are fine. Otherwise, hosiery or pants or boots are a better option.

Any special tips on what to look for when buying a business wardrobe?

When shopping for a business wardrobe, buy items that bring out your best features and that give you confidence! We talk about “power suits” at W by Worth. A power suit is anything that gives you a suit of armor for the day. When you put it on, you feel safe and confident — so safe and confident that you can forget about your clothes because you know you look fabulous (or at least right for the occasion).

When you forget about your clothes and your overall appearance, you are set free. You are free to think only about your message or your speech or the delivery of your presentation or closing the sale. By all means, you should be working with a tailor, so your professional wardrobe fits you perfectly — and I do mean perfectly. There should be no pulling and no gaps and no loose buttons. You should look perfectly impeccable. If your appearance is beyond reproach in all regards, you are free to dedicate 100 percent of your energy to giving your very best intellectually and socially that day. You have one less worry.

How has dressing for success changed over the past 25 years as women began “rising through the ranks”?

Women today have more freedom to be creative and feminine than they had 25 years ago. We don’t have to dress like a man anymore. We still need a work style that allows our minds and thoughts to shine instead of our hair or our shoes or our clothes.

Let’s not forget the men. What’s most important about their attire in dressing for success?

Men have the good fortune of not being pressured into a “new look” each day or season. They should invest in the highest quality they can afford and keep their shoes perfectly polished. My advice is have good suits for when a suit is needed and high-quality sports coats and trousers for business casual, in addition to high-quality sportswear when the meeting takes place at a resort or club. **INK**



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AND ILLEGAL AND
UNNECESSARY AND AN
OVERREACH BACK TO
AN ERA OF MONOPOLY
REGULATION.”

Congressman Greg Walden (R-OR) grew up around radio. His father owned an AM station in Hood River, OR, where Walden worked during his high school days. He continued working in radio through college, but then, in 1985, he received a letter from his parents that said, “We’re going camping this weekend. And, by the way, after 48 years in the business, we’ve decided to sell.” Walden, who was working in Washington at the time, realized that was his father’s way of saying, “If you have an interest in the family business, we should talk.”

Walden had been thinking about going into the radio business and even researching stations for sale around the country. It all came together on April 1, 1986, and for a little over \$200,000, Walden became the owner of K1HR and KCGB in Hood River.

Walden and his wife were hands-on operators, running the stations and serving the community. Walden says he did everything from being on the air to traffic to sales, and even a little engineering. “I’m also the only chairman of the Subcommittee on Communications and Technology that has ever actually wired in studios and changed out transmitter tubes,” he says. “I don’t profess to be a great engineer, but I learned enough from my father and the engineers we did hire to do the basics.”

Walden believes small-market radio is a lot like being in public office: You’re always in the community, working to get things done, interacting with businesses, and helping the locals. After being elected locally and serving the community for many years, Walden was elected to the House of Representatives in 1998 and has represented Oregon’s 2nd Congressional District ever since. He is the state’s only Republican representative in DC, and his district includes 20 counties in central, southern, and eastern Oregon. Walden puts his small-business and technology experience to work as chairman of the Energy and Commerce Committee’s Subcommittee on Communications and Technology. That means he’s in a position to make a serious impact on agenda items in Washington that will affect the radio industry.

Ri: What impact does small-market radio have on local communities?

It is the essence of broadcasting, the essence of service. It's a lot of fun and a lot of work, but it is very rewarding. A good small-market station that's well run can afford to provide content, news, information, sports coverage, and entertainment that otherwise would not be made available, and do it in real time. So you really get to know the community, the players. You can have some effect on things. You are also, by the way, the master of ceremonies at most every public event. You are part of the vibrant network that is a small community.

Ri: Would you say radio, and the connections and involvement in your community, had an impact when you decided you wanted to get into politics?

Yes, I would say so, because you're day-to-day involved in public affairs. You are day-to-day involved in charitable work, civic work, and in communications. They all come together, because I think most broadcasters I know are committed to their communities and committed to service, and committed to helping people and helping the community move forward in a positive way. It's a natural extension for people in those roles to move into other, elected public service roles, because it's pretty much what you do as a community broadcaster.

Ri: Tell us about the transition from radio to politics.

I was elected to the state legislature in 1988. My father had been in the Oregon legislature for six years back in the '70s. I grew up around parents very involved in the community, both elected and non-elected. So public service is something I was intrigued with as well. It seemed like a natural extension.

Oregon has a citizen legislature; in those days, it only met once every two years, for about six months. It gave me an opportunity to be involved in the community that I had grown up in — actually, the two communities I grew up in, The Dalles and Hood River, and provide that public service while also working at the radio station with my wife.

Ri: At what point did you get out and sell the stations?

It transferred on December 1, 2007 — which, by the way, was a good time to have sold anything, before the economy went in the tank.

Ri: In 1996, deregulation came along. What were you thinking?

I thought it made a lot of sense for broadcasters. A lot of them were struggling. New technologies were just coming online. I think at that time, if my memory serves me right, upwards of half of small-market broadcasters were operating in the

black. We ultimately bought two other stations and put another one on the air in that time period. Whether we could have done it before or not, I don't know. I think it made a big difference. The stations we bought and grouped with could no longer afford Associated Press. They hadn't had wire service in a long time, or local sports in a long time. They were really struggling.

By grouping up, we were able to completely revamp the operation, bring in new equipment, open up more community involvement and more news coverage, put the wire service back in.

Ultimately, they were simulcasting most of the

Walden meets with a local veteran in his district



day. We were able to split up the daytimer and make it a full 24/7 News station, and the FM an Oldies format. And so we actually expanded the content available in the community as a result of our being able to group up. I think that's what we found after the '96 act: actually more stations that were more viable with more content in the marketplace than there would have been.

Ri: Looking back now, almost 20 years later, did you ever imagine deregulation would be what it is today? And is it still good for radio?

I think the Telecom Act was good for radio. It was hard then to envision what today would look like. I remember, my wife and I went to an NAB conference on broadcast futures; it was in California in about 1994. Ironically, Ed Markey was there, the then-chairman of the Subcommittee on Communications and Technology, as one of the panel participants. Never did I think I would be chairing that subcommittee someday.

But the question went out, if anybody had heard of the Internet. A dozen hands went up. How many

"IT IS AN ENORMOUS FRUSTRATION TO ME, THAT I'VE EXPRESSED PERSONALLY AND DIRECTLY TO THE CHAIRMAN OF THE FCC, THAT THEY CONTINUE TO DRAG THEIR FEET ON AN IMPROVEMENT. I DON'T UNDERSTAND WHY. IT'S NOT THAT COMPLICATED."



“I’VE BEEN STUNNED OVER THE YEARS BY HOW LITTLE MY COLLEAGUES KNOW ABOUT HOW RADIO WORKS.”

had ever been on it? Six hands. They began to tell us about what the future held when it came to the Internet, and I will always remember their saying that we have to realize that the power here is going to be the program, the content — and that stick in your backyard called the tower may not matter in the future as much as it does today.

Well, we had no idea what that meant, with time-shifting of programming and all. You think how the marketplace has changed so dramatically in those 20 years, to where I was getting ready this morning and I’m listening to my old station on the Internet, and to WTOP in Washington, DC. The incredibly complete marketplace for your ears, the competition that has never been there like it is today. It really makes it a challenge.

In this competitive marketplace — satellite radio, iPods, streaming services, and an unlimited number of services online — everything that is out there, it just becomes a more competitive environment. We need to make sure that broadcasters aren’t held back by lazy regulations.

RI: Do you think there needs to be more deregulation, with the new media competition out there for the ear of the consumer?

I think it’s something we need to look at as we do the Communications Act update in the committee. The FCC has really been stalled in their AM improvement docket — you look at some of these issues involving translators. I think it is important for us to have that discussion publicly about what is best for the future of AM, and what’s best for the future of FM, and what’s best for broadcasting specifically so that it can continue to provide free, over-the-air entertainment news, sports, weather, and emergency communications for the communities.

RI: On net neutrality: What do you think

about the actual document and rules? And how do you look at the speed with which it was passed compared to how slow the FCC has been on AM revitalization?

First of all, I think the net neutrality rules, as we understand them, are illogical and illegal and unnecessary and an overreach back to an era of monopoly regulation. There is no market failure out there of any enormous magnitude, and yet the FCC surrendered its independence to the White House and did what the president ordered. Now you’re getting to see less investment in the build-out of the Internet. I have heard that directly from people who make those decisions in three major companies: that they are scaling back and will scale back because of the uncertainty. There is a question about rates of return.

I don’t understand how that helps connect Americans. I just think it was the wrong direction. We have legislation in draft form that would prevent any of the bad behavior that should be prevented, blocking pay prioritization, perhaps, and throttling the anti-competitive processes that people are rightfully concerned about, as am I. We can take care of all of that without subjecting the Internet to 1930s-era monopoly utility regulation.

RI: Is it safe to say that this is probably not the end of it?

This will be mired in the courts for years. The last time the FCC attempted to regulate the Internet, it took them 10 months just to make the order public, and it was in the courts for three to 3 1/2 years. When you’re talking about billions of dollars that the private sector invests in building out the Internet every year, if you create this level of uncertainty, they are going to pull back. It’s a natural human behavior when there is uncertainty and money is at risk: You are going to minimize the risk to your money



The Europeans are cheering right now. Literally; I've read it. They now believe, because of what three members of this FCC have done in a partisan way, there will be an increased capital flow to Europe to invest in building out the Internet there.

RI: In your opinion, is the FCC transparent enough?

No. They are opaque. They are not transparent. They need to improve their practices. They need to come into the 21st century when it comes to transparency, public processes. I begged [FCC Chairman Tom Wheeler], "Make your draft order public. You have 4 million people that have weighed in on this topic, and you legislate in secret, behind closed doors. Three unelected people are going to decide the future and the fate of the Internet. Can't you at least make the draft order public? You will benefit from it."

I have always felt, in my time in elected office, that the biggest mistakes in legislating get made when you move too fast and too much in private. There is enormous public policy benefit to putting forward what you intend to do. Because, guess what? You may not be the smartest guy on the planet. And you might have missed something, so someone, who may agree or disagree with you, is then able to say, "You might want to look there again. You've got a little problem over here." And you can fix it.

That's how a good, well-run public process works. You don't have that with the FCC. I've passed legislation a couple of times in the House, and hopefully now we can get it through to make the processes of the FCC more open, more transparent, and more public-friendly than they are today.

RI: AM revitalization started so long ago, and you can't even get it on the FCC agenda. What can be done to get the commission to move faster on that?

It is an enormous frustration to me that I've expressed personally and directly to the chair-

man of the FCC that they continue to drag their feet on AM improvement. I don't understand why. It's not that complicated. I've been told that there is pretty much agreement among the commissioners on it. And it's so important to AM broadcasters and their ability to move forward in a more effective way. Wheeler tells me he doesn't have the time, money, or resources to move forward on it.

My gosh, they sure move at lightning speed on taking control of the Internet. I don't understand why something as important but fairly uncomplicated as AM improvement is somehow out of their fiscal reach. I don't get it. It is something we are going to be pushing on hard.

RI: Is there enough time to save AM? Do you think it will still be relevant by the time this all gets worked out?

I hope so. I think so. If you believe in diversity of content in the marketplace, it is our responsibility to keep AM broadcasting alive. Where else, besides in radio, in AM and FM especially, do you have over-the-air entertainment, education, a complete emergency system for communication, all for free? The FCC should be doubling down, like Commissioner Ajit Pai has said, to keep that vibrant communication link available to the public, and we ought to be moving forward on this. Mr. Pai has been a terrific advocate of the AM Improvement Order, and I share the goal of getting this done and intend to put pressure on the commission to do the job.

RI: What are your thoughts on the FM chip, and getting it activated by all the carriers?

I've been leaning in on this one for years, to some avail. Certainly, my friend [Emmis CEO] Jeff Smulyan has been very active on this front and has accomplished more than anyone else, in the partnership that he's been able to put together with Sprint. I'm going to continue to cajole the carriers

"THE FCC ARE NOT TRANSPARENT. THEY NEED TO IMPROVE THEIR PRACTICES. THEY NEED TO COME INTO THE 21ST CENTURY WHEN IT COMES TO TRANSPARENCY."

L-r: Walden tries out automation equipment at KCGB-FM/Hood River in 1988; at the annual Easter Egg hunt in the Columbia Gorge; with his wife, Mylene, at an NAB meeting; broadcasting from a bank opening in Hood River.



Walden and a local timber worker survey a forest project in central Oregon.

about the effects of that financially. Radio is a little different, in the sense that the airplay that artists get is to their benefit as well. So there has always been a special relationship there, between the value that artists get when the records are played and the benefits the stations get.

From a public policy perspective, you have a collision between broadcast television and broadcast radio. On the one hand, television rightfully demands fees for their programming to be played by somebody else. On the other hand, radio resists that same concept. Somewhere in here, I think, with online music services and satellite services paying performance royalties, the pressure is only going to grow on terrestrial broadcasters. You can just hear it. You can see it. It's an issue that seems to be shifting a bit now. I think broadcasters have a pretty strong grassroots force that pushes back effectively, and the NAB certainly has. But it continues to be a live issue in Congress.

to try to turn on the FM chip. It's there, but the market demand isn't going to show up until it is actually available. And they will tell me, "Oh, it is available." But it really isn't.

I understand it is to their benefit if they can sell you data to get information, as opposed to allowing you to get it through the chip. But with the spectrum being as valuable and limited as it is, we should be looking for efficient uses of spectrum. We know the technology exists to turn on the FM chip and let people listen to FM radio on their phones.

Now I much prefer the marketplace work this out, and it is, to a certain extent, but at some point, we don't need to play this game. The last thing I think the carriers want is for us to lean in and mandate some sort of technology. I don't want to do that. I think they understand that. I think they need to do more to make the FM chip a viable communications tool in everybody's vault.

RI: It almost sounds like you're saying if they don't get on board, there will be, or could be, a push to mandate it. Do you have the support for that?

I'm not a big fan of legislating technology. This sort of shell game needs to stop. They need to turn it on. It's available. It's technologically possible. It's used in other countries. There's no harm or foul. It doesn't affect your phone.

I have sat through some discussion with engineers who try to tell me you can't try to do this or do that. I know just enough to call them on it. We now know there are phones available that have the FM chip, but until it is ubiquitous, you're not going to have customers that are necessarily going to demand it. Every phone should have the FM chip available. That's my view.

RI: What are your thoughts on artists wanting radio stations to pay to play their songs?

As an old small-market broadcaster, I worry

RI: So, if you were a betting man, would you say that radio is going to wind up paying something, somewhere down the road?

You already see some agreements being made, with iHeartMedia and their special agreements. My hunch is, if you really shined up the crystal ball, you'd see a situation where maybe major broadcasters end up paying and smaller broadcasters are exempt. I'm not certain what that threshold is.

RI: When you saw Pandora try to buy a radio station, what did you think?

(Laughs) Oh, my, how complicated the communications world has become. That's part of this convergence in how we get our media now. When you look at what's happened on the video side and all the over-the-top video content, from Apple TV to just streaming something on my iPad, it gets back to the beginning, when radio was so ubiquitous. You took it with you wherever you were, and you heard it on the device you had, and that's the way you expected it, once we got transistor radios.

And you are seeing that with video. Now your phone is your camera, it is your video device, and it is your audio device. That's where the whole world is changing, and part of our job is to look at that marketplace and try to rationalize how it's regulated and keep pace with how it's changing — which is why allowing the marketplace to resolve many of these issues is the most forward-looking way to deal with them.

RI: There's a lot of chatter about the Communications Act rewrite. Do you see any positives in that for radio?

I hope so. I think, if nothing else, maybe we can get the FCC to move forward on AM improvements. I think there are other issues relative to improving the speed at which the commission acts and the transparency with which it operates. I think, with my own case, I waited 10 years for

Mylene and Greg Walden

approval of FM translator applications. And when they were approved, we had 30 days to go perfect them. This is the sort of behavior by the FCC that stifles companies, and just makes you pull your hair out. It's unnecessary.

There should be a cleaner, clearer, faster process than a 10-year wait for a 200-watt translator. How about contest rules? When you think about how announcers have to go at warp speed to detail all these rules on air, why not allow them to be posted online? There are things like that, that we should recognize can be communicated in a more effective, less intrusive way.

The other thing to keep an eye on is making sure we continue to have deductibility of advertising on an annualized basis. There are some proposals that get floated around to make you treat advertising as a depreciable expense, so you would string it out over five or 10 years, perhaps. That saves Treasury money, but it costs your business. That is one that we will continue to push back on. Advertising is a huge sector of our economy, part of the lifeblood of the broadcast industry, especially in radio and TV, where you don't have any other real revenue stream. Also, public file issues could be simplified.

RI: Knowing radio and Congress, if you were to talk to owners and managers reading this, what would you say to them?

They have a unique opportunity to impact policy makers, because a lot of us are in their stations on a regular basis, or want to be on the air as politicians on a regular basis. Come out of your general manager's office and go talk to the candidates and the incumbents when they come through. Presume they know nothing about your business — how it's operated, how it's funded, how it works — and take time to explain it. I've been stunned over the years by how little my colleagues know about how radio works. Literally, you could explain pre-recording, and how the liners drop in, and why you do it the way you do it, and how it has actually expanded, through automation, the ability in smaller markets to maybe go 24/7, when they used to sign off at night.

There's a wonderful list of opportunities for broadcasters to educate public policy people about just how important that communications channel is and how important your station is in your community. Take advantage of that, even if it's only two or three minutes when members of Congress come in to use your stations. It really, really has an impact.

RI: What are your three favorite radio stations?

You're going to get me in trouble. I'll stick to formats, how's that? News, my hometown station, and Classic Rock, for entertainment.

RI: What radio or audio apps do you have on your phone?



I have a number of them, from iHeartRadio to TuneIn to podcasts. Depending on how I have them configured, I can just go to the station and listen in. Like this morning, I was listening to our old station back in Hood River. They do a great job on local news. I will just tool around as I have time, and, of course, in the car.

RI: How much longer do you think you'll want to be in Congress?

I don't know. I enjoy the work, and as long as I feel we are making forward progress and making a difference, then I would like to continue. But I always take it two years at a time and evaluate it, because it's a lot of work. It's like having three or four different businesses, because what you do in Washington is sort of a full-time job, and then for me, in Oregon, it is a full-time job in a district that is larger than any state east of the Mississippi. You are just constantly on the road. I like that. I like meeting with people. It's the old Eagle Scout in me, trying to leave the campsite better than you find it. I like to problem-solve. As long as I feel I am able to do that, and as long as my constituents think I am doing a good job, than I will probably continue, but we will see.

RI: Do you like politics better than owning radio stations?

Oh, I don't know that I would say that. There are similarities. You are still out in the community a lot, solving problems, trying to leave the campsite better than you find it. **INK**

"EVERY PHONE SHOULD HAVE THE FM CHIP AVAILABLE."

RULING RALEIGH

WQDR: THE KING OF COUNTRY



WQDR EVP Trip Savery



WQDR morning team Janie Carothers, Mike Wheless, and Marty Young; MD/nighttime host Cody Clark, APD/middayer JJ Herr, and PD/Station Manager Lisa McKay at the CMA Awards accepting the award for Large Market Station of the Year.



Curtis Media's WQDR is a very well-known Country station, not just in the Raleigh area but all around the U.S., because of its different sound and its consistent success. At the helm of the on-air product, since 2002, is Program Director Lisa McKay, who also hosts the p.m. drive show. Running the ship from the corner office is EVP Trip Savery, who joined Curtis in October of 2013, coming over from Greater Media in Charlotte. And 2014 was a stellar year all around for WQDR.

Last year the station billed nearly \$12 million and stiff-armed a new 100,000-watt Country competitor launched by iHeartMedia. In fact, despite iHeart's attempt to poach listeners and peel off some of that juicy billing,

WQDR grew its ratings, in some demos by 40 percent. Also in 2014, WQDR won the prestigious CMA award for Large Market Station of the Year and McKay was once again chosen by *Radio Ink* as one of the top Country Program Directors in America. The station is live and local around the clock, and that has a lot to do with its success.

For Savery, one of the highlights of 2014 was reeling in that CMA award. "For years, Lisa and I were frustrated that we didn't get nominated," he says. "Our consultant and mentor, the great Rusty Walker, would always tell us it was because WQDR didn't sound like every other Country station in America, and it would take a while to break through. That

happened in 2009, when we won ACM Station of the Year, and then in 2011 we won both CMA and ACM Large Market Station of the Year awards."

Savery says the CMA awards committee recognized WQDR's full service mission to its listeners and its 30 years of promoting country music as a contemporary and growing format. He adds, "Our team is relentless in the pursuit of excellence, and they put in the hard work through community service, working with the artist community, and connecting with our listeners around the clock."

About that community aspect of WQDR, McKay says, "Of paramount importance to us is to be seen as a good neighbor and friend you can count on when you need help, whether it's life-saving info about a tornado or helping our Children's Hospital keep their doors open so our sick kids have a place to heal. QDR works hard at earning this image every day, and then the coolest thing happens: Our efforts to superserve our community give us a national profile as a winning station."

"We have started a homegrown PSA campaign to support our local law enforcement officials. Listeners call in positive stories about officers who have gone above and beyond so they can say thanks. I recently had a listener call in awe that a station with such a huge national profile would take the time to do this, and that's when I realized we had transcended local and achieved more than we ever set out to."

Just because a station still likes to cut good old-fashioned local PSAs doesn't mean it's stuck in the Stone Age. When it comes to digital, WQDR is cutting-edge. Each month WQDR sells a \$2,500 streaming package to a record company. Inside the promo, reminding listeners they can take the station anywhere via the WQDR app, is info on a new artist and a nice long hook from a single. McKay sees this pack-



Chuck Wicks poses with a pup at the SPCA K9-3K, where he performed and helped QDR raise money for homeless animals.

age, which comes with 120 on-air promos, as a huge help in boosting familiarity and appeal for the song, allowing it to move more quickly through Internet research, and then callout, if and when WQDR plays the song. And speaking of sales...

Sales Manager Darcia Black says WQDR is getting tangible results for clients: "I started selling for WQDR almost 15 years ago. There are many of the same local clients from that time that continue to advertise with us, and that's a great track record of success. The fun part of selling for WQDR is when we have new clients that start building their business with us and they see the results. The most rewarding is when they stay with us for years because of the continuing results."

"I remember back in maybe 2003 or so, having to go to a local agency and lay out magazines across their conference table to show them country music artists were young, hip, and popular in mainstream media. It's not that way today! Our clients have seen the country music winners on *American Idol* and *The Voice*. They watch the ACM and CMA awards, and see WQDR winning awards. They know that it's the country concerts WQDR promotes that are consistently the sell-out shows in Raleigh-Durham. We almost never run into anyone anymore that has bias about buying Country. My favorite thing to do if I run into even a little bit of bias about country music with a local business is to get them to a country show. Once they see the

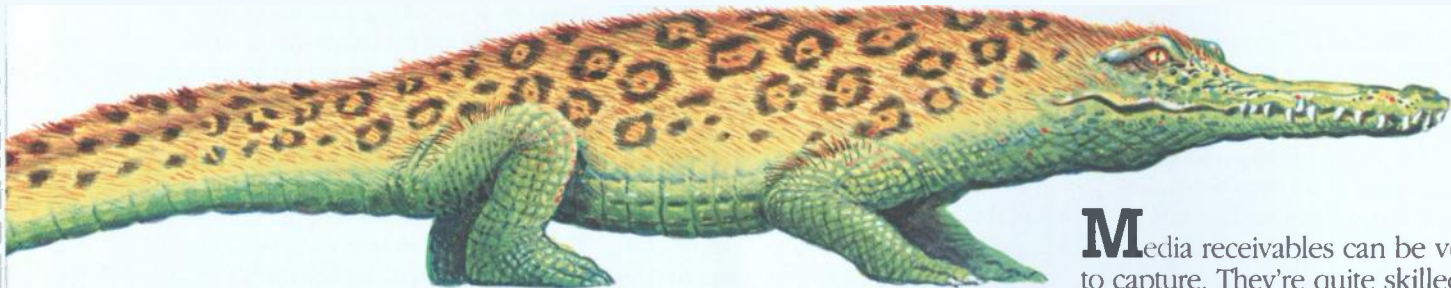
crowd and performance, they no longer doubt the power of WQDR."

And the country music industry knows where its bread is buttered: Country stars in Nashville are aware of the power of WQDR, and record companies know that WQDR moves product. McKay says she hears from label executives all the time who tell her that when it comes to sales, Raleigh is one of the most fertile markets.

"For a one-owner standalone," she notes, "we get a lot of love from our artists, record companies, and artist management. In turn, we treat these relationships like solid gold. This team always looks for ways to help our artists grow, from their first promo tour to their comeback tour. While I use the research exactly as it comes out, many times that helps a newer act get some momentum that stations using the charts can't. The QDR playlist rarely matches any other station's. Once John Rich [Big & Rich] e-mailed me to thank me for playing their last song so often. I wrote him back and thanked him for giving us a song that researched through the roof. He was amazed that it was that easy here."

There's a special bond between the country artist and the country fan, and WQDR knows how to make the most of that. Seven years ago WQDR did a promotion among local high schools to win a concert for their school by an up-and-coming artist. The winning high school got to have Taylor Swift play in their gym. According to Trip Savery, all those young adults remember that WQDR brought that to them. And that's the key to a winning station: nurturing relationships with listeners. Yes, there's Facebook and Instagram and mobile promotions to help the station stay connected to listeners, but it's special promotions like that Taylor Swift visit that will keep them as fans for a very long time.

94.7 *Today's Best Country* QDR



It Takes Tenacity, Cunning And Speed To Successfully Collect Elusive Media Receivables.

Media receivables can be very tricky to capture. They're quite skilled at camouflaging themselves with excuses and promises. A difficult economy gives them even more cover to hide behind. They're masters at delaying tactics. Then before you know it, they're gone. Escaped. And you're left with nothing.

That's why you need a professional. One that knows the media collections landscape better than anyone. That's why you hire Szabo. Szabo Associates wrote the book on recovering slow and seemingly uncollectable media receivables when we became the first media collections company over 40 years ago. Our experience and history of tenaciously tracking and retrieving client's money is unrivalled. Time-tested instincts guide us in using the right mix of subtlety and strength to achieve your collections quickly and effectively, without damaging valuable business relationships.

We've honed our skills over time. We've adapted to the changes in today's media, a rapidly moving target. Our specialized divisions have expertise in internet and social media, programming syndication, and product licensing, as well as all traditional media. Our proprietary database, DebtorNet, has data on over 500,000 agencies and advertisers that have been placed for collection. It is the most powerful media collection resource in the industry. No wonder so few accounts escape us.

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**CHANGES
AHEAD**

Brokers Speak Out

One year ago, *Radio Ink* assembled a panel of experts who said we should keep an eye on Alpha's Larry Wilson, Dignity's Dean Goodman, and Jeff Warshaw at Connoisseur — they believed those three would be major players in the deal market in 2014. And they were correct. Entercom also slipped in under the radar when it purchased Journal's radio stations.

So what's in store for the next 12 months? Who will be the buyers, and who will be the sellers? What about the big debt crushing the big two? And where are the multiples? We get some great answers — and quite a few surprises — from our 2015 panel of expert brokers.

ELLIOT B. EVERS

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RI: How was business in 2014?

Evers: 2014 was excellent for MVP. Our firm did 38 transactions for \$1.06 billion. Of those, 22 were radio and television transactions, probably more heavily skewed toward radio. It was an excellent year for us. 2013 was about the same. Both years, in our view, are kind of the winding down of the "workout cycle" that

began back in 2009, where lenders or private equity sponsors who had sponsored deals earlier in that decade were ready to move on.

Goldman Sachs with Mainline, Simmons, Quantum, those are three deals that we did. Those are a perfect example of very smart lenders and equity sponsors who just said, "There is really nothing further to wait for. The industry remains relatively flat from a revenue perspective; this is probably as good a time as any to exit." So we saw a number of companies taking advantage of that. That was really the hallmark of the last two years, of the last five years. Not a huge difference between the two years.

RI: If we're getting through the workout cycle, what is 2015 going to be?

Evers: Much, much slower. The list of names that fall into the category of workout or even fatigued equity sponsors is extremely short.

There are very, very few names left. We think that 2015 and 2016 will see a number of family-owned companies or privately owned companies exiting, but at a much slower pace — whether it is a death or a divorce or just fatigue with ownership, with a very different dynamic, a different set of motivations than an institution saying, "OK, we are moving out of the sector." Much lower activity in 2015 and 2016.

RI: We constantly hear about Dean Goodman, Larry Wilson, and a few others. Are they the people shaking the trees the most?

Evers: Yes. We've done four or five deals with Larry. He is well capitalized. He knows what he wants. He's got a great operating team. He's done all this before, and he wants to go public, so he's quite acquisitive, and I think will be successful both in his effort to go public and as an operator.

Dean Goodman, same thing Dean's working on recapitalizing his company so he can have dry powder and go out and continue to acquire. There are other potential acquirers, depending on geography and size and the profile of the deal. But those two names really stand out as far as guys who have a view of going public and who have a desire to get the scale you need to go public.

RI: What's going on with CBS Radio?

Evers: Lots of rumors. We don't know why CBS, which has a world-class set of assets, would feel they need to merge with Cumulus. Lew Dickey is a great operator and a great guy, but we just can't think of why CBS would do that, nor can we think of how Lew could finance that deal. We think that particular rumor is just a lot of talk.

I do believe CBS will continue to selectively grow — as Les Moonves has said many times — their presence in the largest markets, particularly where they have television stations, and prune in the smaller markets, if and when they see a really good price. They are trading close to 9-times. They are a low-basis taxpayer, and they are a net taxpayer. To do a deal with CBS, you have to give them a significant premium.

RI: Is there a surprise deal in the weeds in 2015 that you think might happen?

Evers: I doubt it. I don't know who that would be. We look at the industry based on leverage and need for an accretive sale. So if you are iHeart now, your leverage is a multiple that makes selling extremely difficult, particularly after you pay taxes, because you have to get a multiple that the market is willing to pay in order for it to be an accretive sale. I don't think there's a financial institution that would back someone paying the kind of multiple that those heavily levered companies would need to pay in order to merge.

Then you have the Entercoms of the world, or Salem, Saga, or another number of companies who could sell, because their leverage is less, but they don't really have a reason to. I would say they are all acquisitive, at the right number and for the right deal.

RI: Is iHeartMedia in a place where they could sell some of their smaller-market stations?

Evers: Theoretically, yes, if they wanted to just focus on getting cash in the door. But you could sell an awful lot of smaller-market iHeart stations and not move the needle at all relative to \$20 billion in debt. We represent iHeart in the Aloha Trust sales, so we are familiar with what their requirements are, and people constantly assume that because they've got a lot of debt, they need to sell stations to lower that leverage. That's incorrect. They are much better advised to continue to push the ball down the road.

They just refinanced a chunk of debt until 2017. They paid a price for that — I think that coupon was 10.65 percent. But Wall Street loves that kind of stuff. These are big numbers, big fees. It's almost infinite how long they can defer having to deal with that much debt. It's much better for the company to maintain its asset base intact and refinance, refinance, refinance than to sell off individual assets at 6.5-times, 7-times, when you've got leverage at 10-times. It is kind of financially impossible.

The exceptions to that would be, for example, the deal we did with WALK, which was in the Aloha Trust, so that is a government-mandated sale. They got a multiple for that asset that was close to accretive for them. But critically, in exchange for selling that government-mandated asset, they got all of Quantum Communications, which had no overlaps except one little baby station in Brunswick, GA, and had more cash flow than WALK.

It's difficult to think there will be more than one or two like that for them — individual sales of assets, individual cluster sales, market sales of assets for cash. They have a huge tax bite going by and they have to clear a very high multiple, an above-market multiple, in order to have it be accretive for the company. It is extremely unlikely that will happen.

RI: Do you ever see that \$20 billion becoming something more manageable?

Evers: Not through operations. Something magical would have to happen in the industry — we would have to see serious single-digit top-line growth for both the industry and iHeart for them to operate their way out of that much debt. When you start talking about 10.65 percent coupons, I don't know, in my career path, that there will be 10.65 percent top-line growth for the radio industry.

It's really not clear to me or our firm how that debt gets resolved. They can continue to recapitalize, refinance, recapitalize, refinance until, and this is critical, the debt markets become less friendly to them. If interest rates go up or the capital markets are less friendly to that deferral and refinancing, then things start to get more challenging. What happens then? Maybe there are sales of assets and the cash

coming in the door is more important than the fact that the multiple might be accretive or not. They are a long, long ways from that. I don't know what event triggers a change in that set of facts.

RI: Who is investing in radio these days?

Evers: Unfortunately, not as many people as we would like. There have definitely been meaningful rotations out of a growth-oriented investor into a yield-oriented investor. We do see new names coming in. Garrison, which is backing Dean Goodman, is a new name. Cyrus Capital, which backed Mary Quass, was a new name. We still see institutions that understand that with the right operator and the right set of assets, you can get a pretty darn good cash-on-cash yield.

We don't see growth-oriented private equity investors, who obviously flocked to the industry in the 1990s and early 2000s. Those folks have pretty much left the building. So we are seeing family offices that say, "Commercial real estate cap rates just don't work for me anymore, and I've got a good operator and I believe that the business is not going to necessarily grow that fast, but it won't dry up and blow away, so I will take a close look at the radio industry."

We have seen some prior legacy owners and operators come back in — Steve Adams and his team have been buying smaller markets selectively. So people know the business and/or have an operator they feel good about. From a buyer's perspective, even if you don't have a lot of growth, the business looks pretty good at 6.5-times compared to 12- or 13-times back when.

RI: Do you believe advertisers are spending more money on digital and taking it from radio?

Evers: Yes and no. I talked to a group owner who called on the same car dealer for years. Smaller market. The car dealer said, "My co-op money is mandated to go to all digital. I can't buy radio and get my co-op from Detroit." That was a little startling.

It's not one thing. People are discovering music in places other than radio, whether it's Spotify or Pandora or whatever. It seems that every time the industry has an initiative — whether it's NextRadio, or Townsquare trying to have a significant digital presence in each of its radio markets — there's some technological evolution that just leeches the growth out of the industry. We don't see any catalyst in the near term for meaningful top-line growth. Technology just keeps evolving.

Having said that, there are people who get that the radio business is very long-tailed and that the radio business will continue to deliver pretty darn good cash-on-cash returns at these prices.

RI: What are the multiples today?

Evers: Six and a half-times, 5.5 for smaller markets or less attractive assets. Eight-times would really be high — it would have to be something great for that. But, all in, 6.5-times has become pretty identifiable as the sweet spot.

RI: What one thing would you like to see the radio industry do better?

Evers: That's a good question. Give more people more reasons to listen — maybe less clutter, better content, all of the above. Give advertisers more reasons to either stick with the industry or come back. That's obviously a catch-all, but it is a multi-faceted, multi-layered thing that has to occur here. I think you have to be realistic about the likely prospects for growth. But if we can do those things, at least we won't slip backwards — we can maintain the share of the ad pie and the listener pie that's been traditional.

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 ADELANTE MEDIA GROUP Seattle & Eastern WA Radio Clusters \$6,000,000 Busios	 OPUS Tallahassee, FL Radio Cluster \$4,800,000 RED HILLS BROADCASTING	 Summit City Radio Group, LLC Ft. Wayne, IN Radio Cluster \$2,900,000 ARG Adams Radio Group, LLC	 OTA W24BB-CA Wilkes Barre, Scranton, PA DMA \$2,750,000 Triple J Community Broadcasting	 Mile High Station Trust, LLC WZSR (FM) & WEXF (FM) Crystal Lake, IL Matrix Broadcasting	 Last Bastion Station Trust, LLC KRDJ (FM) Lafayette, LA \$1,775,000 BBN	 WRBU-TV & WZRB-TV St. Louis, MO & Columbia, SC \$8,000,000 Ion
 OPUS Alexandria & Monroe, LA Radio Cluster \$2,200,000 MATHEON	 WJAS (AM) Pittsburgh, PA \$1,000,000 Pittsburgh Radio Partners, LLC	 KOVO (AM) Salt Lake City, UT BROADWAY	 Family Stations, Inc. K223AL (FM) Reno, NV A	 ADELANTE MEDIA GROUP Sacramento & Modesto, CA Radio Clusters \$2,900,000 LAZER	 ADELANTE MEDIA GROUP Boise, ID Radio Assets \$850,000 JLD Media, LLC	



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RI: How was 2014?

Patrick: It was a good year. It wasn't a great year, it was not a landslide, it was a solid year. We sold a reasonable number of stations. Because we sell not just radio, but also TV, a lot of the effort in 2014 was focused on stations that were going to be in this upcoming television auction. Radio has been steady.

In 2015, there will be a couple of people who are out on the acquisitions trail — obviously, Larry Wilson, and Dean Goodman is trying to get his arms around some additional financing to grow Digity. Ed Christian at Saga made reference to acquisitions. I think everybody is watching the two big guys, iHeart and Cumulus, and what they are going to do to try to pare down debt. That's the big issue here.

If Entercom can get past the Justice Department and get permission to close, then I think you're going to see some very accretive trades with CBS that will help both companies. Unfortunately, there are still some companies struggling under the big debt they took out in 2008 that was just too expensive. But many of the stations that were in trouble have been worked out. I did a receivership for 50 stations over the last couple of years, and all of those have closed, gone to new owners, and are doing well.

RI: How do the big two pare down debt?

Patrick: I'm not sure how they can pare it down, because iHeart has been trying very hard to get it under \$20 billion. They've sold towers, restructured outdoor. Certainly Bob Pittman and his team are enormously talented evangelists for radio, trying to package radio to make it more front-of-mind for advertisers. It's just a crushing amount of debt, taken on at a time when debt was available and it looked like these were turnarounds. The equity in the deal is gone. The normal thing would be to do a re-fi or a restructure. They are probably trying to figure out the least painful way to restructure all of this debt.

For Cumulus, I think Lew Dickey is an enormously good presenter of his company. He works Wall Street as well as anybody. He's a good negotiator. When Cumulus hits a bump, they've been able to refinance and restructure by saying, "We're doing a big acquisition." So they buy Susquehanna, they buy Citadel, Westwood One. Obviously, all the talk is that they want CBS. Whether it's CBS or somebody else, the pattern has been that Lew tries to find a good match, something that would be accretive overall, and he basically restarts the clock every couple of years by making a pretty major acquisition.

CBS might be it, but there are other candidates out there that might work. I think Lew is trying to figure out how to vertically integrate from network to station groups. He's got really big stuff, and he's got some really, really tiny stuff, as does iHeart. They have never been able to figure out how to get rid of the small stuff that does OK, but takes just as much work to run as a gigantic market. The returns in the big markets are so much better. I think CBS has basically said, "Look. If we can get a tax-free deal" — which is the all-important issue for them — "we would just as soon get out of some of these smaller markets and concentrate on the top 15 or the top 20."

RI: How do these things usually end?

Patrick: Unfortunately, if the debt is crushing, they usually end in a truce and a restructure. The lenders don't want the stations back. The lenders don't have any magic formula that says, "Oh, if I remove Mr. X and put in my own guy, it would be perfect." It usually results in a writedown of the debt by the banks. They basically take a haircut. Either new banks come in or new private equity comes in, and they sort of restart the clock. But someone has to take a haircut here.

Obviously, the banks don't want the equity holders to get anything. They want to wipe them out. I think Bain [Capital] and Tom Lee [Thomas H. Lee Partners] have sort of understood that. The interesting part, not that you want to create soap opera drama with companies, but if you recall when Lee and Bain closed the deal, the banks balked at the last minute and they did not want to do the loan. They tried to get out of their commitments to do the loan. Bain and Lee sued them. They brought in a neutral person, who looked at all the documents, the financial summaries, the offer letters from the banks and basically said, "I don't think the banks have a way out." So the banks settled and closed the deal.

You've got banks that don't like the deal. That is different from anything we have ever seen. They didn't like the deal from day one. They thought it was overpriced, and they shouldn't have made the loan. And some of the deal just changes over time. You might say buying this station today is fabulous and it is a good price, and then in the meantime, before you get FCC approval and while you are getting your loan lined up over the next four to six months, the economy in that town goes to hell. That station doesn't look as pretty as it did initially, and whatever price you were paying suddenly looks like too much.

Well, that's what happened here with iHeart. The banks balked at the last minute. Why that is important is, the banks are realistic, and if they have to restructure, they will restructure. But they don't want to. They feel like they have a gun held to their head to make them go forward, so they are not in the mood to necessarily grant any big concessions.

I am not saying that if iHeart were to ask the banks for more leeway or a writedown or something — and there are multiple banks in there, maybe eight or 10 — I think the bank is basically going to say, "We are not all that interested in it." iHeart is a huge platform. It is amazing what they can bring to the table.

Bob Pittman is one of the brightest guys in this business, but he inherited a capital structure that is just crushing. I'm not suggesting this will go to workout, but, in these situations, someone takes a haircut. You have to, to restructure the deal. There is too much debt. They are paying too much interest. They are paying so much interest that they are not really paying down the debt. It still has never come

below \$20 billion. That's a huge number that doesn't roll off the tongue really easily. They've got to do something here.

R: What are the multiples for radio deals today?

Patrick: In unrated markets, it is still 5- to 6-times. In rated markets, small to medium rated markets, it is probably 6- to 7-times. When you start getting into deals that are Beasley and CBS or, down the road, maybe CBS and Entercom, I think you have to value those top 25-30 market stations at least in the 7 1/2- to 8-times range. Well below where they have traditionally been, but I think the demand for those are pretty strong. There are a lot of people; there is a lot of money out there. You can borrow money right now at cheap rates. There's a lot of private equity, based on the inbound calls we get, that is interested in buying radio.

R: One year from now, who will be public, and which of the top 20-25 companies will not be around?

Patrick: I think Larry Wilson will be public by the end of 2015 or by early 2016. In terms of who may not be around, it's unclear. I think most people are still safe, and no one is looking at massive leverage here other than the top two. When you get down below that, it drops off sort of fast. I don't see a lot of business activity this year, and I don't see blockbuster deals.

When you get into 2017, as I recall, that is when some of the paper is due on iHeart. I think you will see some activity. They tried to sell off all the small stations one time before. They may still be able to do that.

R: What is it going to take for this industry to get top-line revenue growing at a decent clip?

Patrick: I think it is going to take something more than the traditional, "Hey, we are radio, don't forget about our 6 or 7 percent." You have to come in with integrated marketing packages that include radio, maybe video, TV stuff, and digital. It's going to take constant pounding by Erica Farber and her team, as well as some of the CEOs of the big companies — this is where Pittman excels — being able to go to consumer goods companies and explain how the suite of services can deliver.

It's a fight in the minds of the top 500 companies in business. You've got to be able to walk in to see the CEO of Procter & Gamble and say, "Here are some ideas for you." They have to be new and creative, not just, "You're going to buy 5,000 spots." You've got to have a lot more creative, a lot more digital. You need to hire young people who are on top of every trend in a digital world and realize that's how you're going to acquire listeners and satisfy advertisers. I've heard that for 20 years, though.

The industry is looking for a leader. Not everyone loves Pittman, but he's a leader. I look at Dan Mason, who I have tremendous respect for. When he speaks, this industry ought to listen carefully, because he is a smart guy. You need leaders to step up and say, "Quit attacking the other station, badmouthing them on the street. Now let's go out and make radio work, and let's share the successes."

We are often way too competitive with each other and way under-competitive with newspaper, Yellow Pages, cable, and billboards. It's crazy. It's almost as if we try to eat our young and kill our neighbors.

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waiting to see if that happens.

RI: Is it even possible for that to happen?

Bergner: Yes, it's possible. Obviously, that would probably not be a great sign for those two companies. But I think, generally speaking, that would be a very positive long-term development for the industry.

RI: What were you most surprised about in 2014?

Bergner: I can't say there was anything I was surprised about. I think the multiples have firmed. Everyone kind of understands, both buyers and sellers, where the multiples are. So that's a good thing. The bad thing is we don't have any top-line growth.

My fear, if you're asking me what keeps me up at night, is when interest rates start to rise, and they will one day, if we still don't have top-line growth, that means prices only have one way to go. They cannot defy gravity, which means prices have to go lower. The most important thing for radio is to show top-line growth.

RI: How is 2015 starting off?

RI: Was 2014 a good year?

Bergner: I think 2014 was a good year. The volume was up. The deals are tough to make. We definitely have more consolidation to go.

I think the big shoe that everybody has been waiting to have drop for a long time is if and when iHeartMedia or Cumulus starts spinning off smaller, middle-market stations. I think everybody is

Bergner: 2015 started off slowly because January and February were not good months. It's tough to get a visibility, but March, April, and May, everything seems to be firming. We seem to be coming off the mat. January and February started a little slow because of a lack of inventory right now.

RI: Who's bringing the money to radio?

Bergner: Well, that's the big paradox. I've been doing this for 27 years, I've seen the pendulum swing back and forth. When we really take off, we have the availability of equity and debt. Many cycles, there has been equity but no debt, but right now there is debt and no equity. There is debt, you can borrow, but there is not a lot of equity coming into the business right now. Now, I have heard of some contrarian funds and hedge funds at family offices that are taking a look at it, but until they start writing checks, there is a lack of capital right now.

RI: What are the real multiples?

Bergner: In the smallest of markets, certainly the multiples are going to be below 6, but I think, generally speaking, it is a 6- to 7-times world. I have never believed in a formula for multiples, because every deal is different and every buying situation is different. Obviously, if you have a strategic need for a station, it could be well worth 8- or 9-times to you. But those are special situations. I think people that are just looking at deals and looking at strict multiples probably don't understand what they are buying.

RI: Do you think the CBS talk is just rumor? Or will they sell off CBS Radio?

Bergner: Everything being equal, in a perfect world, they are obviously not a long-term player in the radio space. However, it throws off a tremendous amount of cash. They've got a very complicated tax structure. There is no reason for them to get rid of the business; it's set up so perfectly for them.

There are the repeated statements about wanting to get out of smaller markets — which may be large markets for someone else — so anything out of the top 20, I think they will part with. Because of their structure, they have to have their stations priced well above where the market is, and no one can afford to buy them, or it makes no sense for the buyer to buy them right now.

CHANGES AHEAD

DOYLE HADDEN

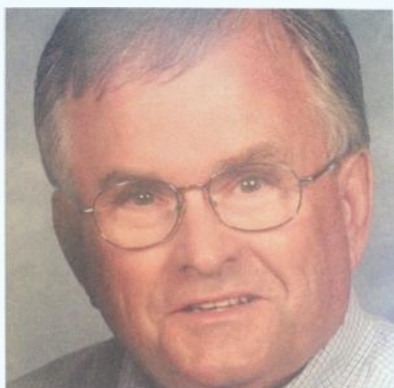
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RI: How was 2014?

Hadden: It was an excellent year. In fact, we had the best year in 2014 that we've had in probably 10 years.

RI: Why?

Hadden: The market is turning around, and I think the recession is behind us. A lot of players out there that have been sitting on the beach



or waiting for the right deal, they see the economy turning around, and the revenue is certainly there. Banking is coming back. Values are coming back at stations that were overpriced during the recession. The buyers see that, and that's what is driving the activity and causing the excitement within our industry.

RI: Where do you see the multiples coming in?

Hadden: We have a major group in the Rocky Mountain area that should come down very soon, and that multiple is going to be somewhere around 8- or 9-times trading cash flow. That's one where we have a motivated seller and a motivated buyer. To get that kind of multiple is not abnormal, but I have heard them as low as 5- and 6- and 7-times.

We have a construction permit down in the Miami market, an FM, selling for under \$1 million, and there's no cash-flow multiple to put to that. It's a lot of foreign money now driving the market. There is a lot of money coming in from Mexico and Europe and Canada, places like that, investing in America in the broadcasting industry to drive the multiples up, and I think that will continue to be the case for the next three to five years.

RI: Do you think it will make a big difference for deals if the AM band ever gets fixed?

Hadden: I think it will. Eventually the spectrum will be gone in most top 50 markets. If AM owners have not already bought or applied for FM translators or found the spacing for the spectrum, they're going to be lost in the next two or three years, because that seems to be the fashionable thing to do right now, go out and get an FM translator.

We've tried to do it here in Florida, most of the four major metros here in Florida, and it has been awfully tough to get an engineer to squeeze in another FM translator to work, or even get the sellers to sell. In smaller markets, it's not as much of a problem.

RI: Do you hear anything serious about CBS and Cumulus? Or is it all just rumor?

Hadden: I think Lew Dickey is always looking for a cherry of a deal, growing his company. He's one of the top broadcasting and communication executives in our land. He will always be looking to improve that company as he has built it over these last few years. I see that as a possibility down the road. But that is something that I think is being worked on behind closed doors. That's about as far as I can go on that one.



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RI: Why did you decide to get into brokering?

Heymann: That's a great question. In my career, I had risen to the position of station manager of the Quake, KQAK-FM in San Francisco, in 1984. The investor group that purchased the station in 1982 wanted to sell, in order to reap a substantial return on their investment. When we sold the Quake, I was at a crossroads in my professional life. I saw two viable options. I could go about

raising capital to purchase stations for myself — or become a radio station broker.

I was fortunate to have connections in Chicago that, I believed, would have made financing a station purchase possible. However, I realized that my investors would want me to have a hands-on approach to managing the newly acquired stations, and I really didn't want to move to Des Moines, for example. Not that there is anything wrong with Des Moines per se, but I grew up in Chicago and I was attached to the area. Becoming a broker based in Chicago allowed me to stay in my hometown, where I have very deep roots, and utilize my knowledge of broadcasting.

In addition to that, when we sold KQAK-FM in San Francisco, I was introduced to the brokerage process and I found that, one, I enjoyed it, and two, I seemed to be pretty good at it. So that is why and how I started back in 1984.

RI: How was 2014 in terms of deals: good? Average? Bad?

Heymann: For me personally, I did a very large number of very small deals. So it was a terrific year — my best year in the brokerage business since 2001.

RI: What was most surprising to you about 2014, in terms of deals made or not made? Anything?

Heymann: The thing that sticks out in my mind right now is Larry Wilson's continued desire to accumulate stations and rebuild a major group. Because he was out, and now he sees wonderful opportunities to get back into station ownership at reasonable purchase prices.

RI: How does the market look?

Heymann: I think that we've reached somewhat of an equilibrium with regard to buyers' and sellers' expectations, and that is why we are seeing as many deals as we have seen get done, where sellers now have a much better, realistic view of the value of their properties and buyers are able to meet these expectations.

RI: How has 2015 started, in your opinion?

Heymann: Right now I am doing a very large tower deal in Los Angeles, and I think it is very instructional on the difference between selling towers in 2015 and selling radio and TV stations. With towers, you have an enormous appetite and capacity to make purchases by the public and private tower companies in an industry that is being driven by significant revenue growth.

Radio today just does not have this industrywide growth, which makes deals so much harder to do. It's just an absolutely night-and-day difference in the sales process from selling a broadcast property versus a tower property in 2015.

RI: Do you think the radio industry is going to see more deals in terms of towers and translators in 2015?

Heymann: I think there will continue to be a very robust market for towers because of what buyers are willing to pay for broadcast towers, which is in the 10- to 12-times cash-flow range, significantly above what radio stations are being priced at these days. Translators will remain a hot commodity, too, since there are so many AM station owners that would love to be on the FM band.

RI: How do you come up with a cash flow for a tower?

Heymann: Typically, it is net income for the current owner, plus adding back some extraordinary items that a major tower company, such as American Tower or Crown Castle, wouldn't have to incur. Let me give you an example: If it is a standalone tower, the insurance for that particular location for a single tower owner might be much greater than folding it into an existing portfolio of thousands of towers that Crown Castle, for example, owns. That would be a significant savings for a new major tower owner and would be a projected "add back" in order to determine tower cash flow.

RI: So, depending on which side of a deal you talk to, you get different answers for what the multiples are. You're in the business: What's the real story?

Heymann: I think it is very reasonable, except for an extraordinary situation, for stations to be trading in the 6- to 7 1/2-times multiple range. Obviously, the larger the market, the more it tends to the higher end of that range. Of course, there could always be special circumstances in an extraordinarily large market, where it could go higher than 7 1/2-times.

RI: Where is the money coming from these days?

Heymann: For established companies, they have their own equity and banking relationships. For smaller deals, buyers have to look to the seller for seller financing. **INK**

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Now-Congressman and this issue's cover subject Greg Walden in his radio days, working the station booth at a remote from the annual Hood River Valley Blossom Festival, held in Oregon every April. *Photo courtesy Greg Walden.*



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