Radio Business Report™

Voice Of The Radio Broadcasting Industry®

November 5, 2001 — Volume 18, Issue 45

MediaCom's Matthew Warnecke and others detail dollars and advertisers for the 2002 Upfront.

Page 4

RADIO NEWS

ADBIZ

MEDIA MARKETS AND MONEY

Powell forms Media Ownership Working Group

"Rebuilding the factual foundation of the Commission's media ownership regulations is one of my top priorities," said FCC Chairman **Michael Powell**, announcing the formation of the Media Ownership Working Group. "For too long, the Commission has made sweeping media policy decisions without a contemporaneous picture of the media market. We need to rigorously examine whether current forms of media regulation are achieving the Commission's policy objectives, and how changes in regulations would affect the policy goals of competition, diversity and localism. I am creating the Media Ownership Working Group to bring sharp focus to these tasks."

The task force, made up of FCC staffers, will include **W. Kenneth Ferree** (Chief of Cable Services Bureau), **Paul Gallant** (Special Advisor to the Bureau Chief, Cable Services Bureau), **Nandan Joshi** (Attorney-Advisor, Office of General Counsel), **Jonathan Levy** (Deputy Chief, Office of Plans and Policy), **Robert Ratcliffe** (Deputy Chief, Mass Media Bureau), **David Sappington** (Chief Economist) and **Royce Dickens Sherlock** (Deputy Chief, Policy Division, Cable Services Bureau).

The group will attempt to get an accurate picture of the media landscape. What choices do consumers have? What are the business realities of the providers? How is the implementation of new technology affected by FCC regulation? The working group will work with other staff members to answer these and other questions, which will in turn be a part of future ownership regulation proceedings.—DS

Kantor launching "The Independent Network"?

Sometimes a network is dry-docked before it ever sets sail. Ex-AMFM Radio Networks President **David Kantor** was close to a 1/1/02 launch of "The Independent Network" (the tentative name), but has decided to put it on hold, considering the current economic uncertainties.

The network was set to fill a void in the marketplace for mid-sized groups that didn't have the advantage of owning or being associated with their own networks under a greater owner, such as ABC Radio, Clear Channel and Infinity. Says Kantor: "Do I think there's a need in the marketplace for it? Absolutely. Do I think that the second tier of groups that currently don't own networks need to be in the network business? Absolutely. So, taking all of those things and if the market conditions were right, I definitely believe that there's a business there. But, you need a lot of things to come together to make it work."

But for now, the project is on hold, indefinitely. "We're still working on it. It may come later on," he told *RBR*. "The original plan was to try and start it for 2002. We knew the time frame was really tight as it was and between the bombing and the general condition of the marketplace, we decided it would be best to wait a little while longer. It's hard to get a clear view of where everything's going right now short term. We still hope to maybe do it next year, but that's far from definite."

Kantor had floated the idea to major players in the ad industry, as well as the groups that were interested, such as Emmis and Radio One. "We had very good support. We had seven groups that were interested in participating, and we're hoping that when we actually launch we'll have more support than that."

It wasn't only the economy that kept the launch from happening, but constraints on the net-to-be the current marketplace was dictating. To satisfy all involved in the launch, including investors, the network would have been somewhat boxed in.

"We felt under the gun for certain issues related to the network—that we were going to agree to certain things just to get it going," Kantor explains. "That's not the reason to do something, because unfortunately when things improve, we will be stuck with those [constraints]. Whether it be financing terms or audience delivery levels or whatever it is, once you start, you're locked with what you've got. Whereas my feeling was there's no overwhelming reason to launch January 1st with the exception of the upfront. But as we all know, the upfront this year is not going to be what it's been in years past." (also see adbiz p.4)—CM

Radio Business Report
Voice Of The Radio Broadcasting Industry ®

November 5, 2001
Volume 18, Issue 45

Executive Editor .... Jack Messmer
Managing Editor .... Dave Seyler
Senior Editor .... Carl Marcucci
Production .... Michael Whalen
VP Administration .... Cathy Carnegie
FCC Research Consultant .... Mona Wargo
Administrative Assistant .... April Olson
Publisher.......... Jim Carnegie
VP/GM, Associate Publisher .... Ken Lee
Senior Account Executive .... John Neil
Account Executive .... June Barnes

Editorial/Advertising Offices
6208-B Old Franconia Road
Alexandria, VA 22310
PO Box 782 Springfield, VA 22150

Main Phone: 703/719-9500
Editorial Fax: 703/719-7910
Sales Fax: 703/719-9509
Subscription Phone: 703/719-7721
Subscription Fax: 703/719-7725

Email Addresses
Publisher: .... JCarnegie@rbr.com
Editorial: .... RadioNews@rbr.com
Sales: .... KLee@rbr.com
JNeff@rbr.com

Bradenton, FL Office
Jack Messmer
Phone: 941/792-1631
Fax: 253/541-0070
Email: .... JMessmer@rbr.com

Nashville, TN Sales Office
June Barnes
Phone: 615/360-7875
Fax: 615/361-6075
Email: .... JBarnes@rbr.com

Radio Business Report is published weekly by Radio Business Report, Inc. Publishers of Radio Business Report, The Source Guide, www.rbr.com and the Information Services Group database.

Subscription rate: One year $220.

RADIO NEWS®

9/11 claims Strategic Media Research

Strategic Media Research is packing it in, according to an announcement from its COO, **Amy Vokes**. "Due to the current economic trends and the events of September 11th, our Board of Directors has moved to suspend operations effective immediately," she said.

The firm, which was counting on a strong Q4, particularly from its Touch Direct Marketing subsidiary, is falling victim to massive station cancellations for the service following the 9/11 attacks. Touch Direct sells contest-based-at-work telemarketing campaigns.

Most staffers have been laid off and the firm of **Alex D. Moglia** & Associates has been retained to sell off assets and pay creditors on a priority basis. "It would be ideal if we can find a buyer willing to fulfill remaining research commitments to clients," said Moglia.—DS

CCU bolsters Jacksonville by the grace of Neptune

It isn't often that a major radio group owner invokes an ancient Greek god in order to upgrade one of its signals, and neither is that the case this time. Clear Channel's (N:CCU) WFKS-FM, which beams a 50 kw CHR format from its perch on 97.9 mHz out of St. Augustine, FL, will be moving some 30 miles north up the Atlantic coast to the community of Neptune Beach. It should be noted that if you were to somehow trip over the Neptune Beach borderline, you might well land in Jacksonville—hence the change.

Not only will St. Augustine retain five other FMs, WFKS fans there should still be able to pick up the station.

Although the new Neptune Beach digs will no doubt help the station, it should also be noted that it will still have its work cut out competing with the market's dominant CHR, Cox Radio's (N:CXR) Big Ape WAPE-FM.—DS

GM to sell Hughes to EchoStar

After a long, drawn-out bidding process, satellite TV subscription service EchoStar Communications (Dish Network) has won the prize to acquire Hughes Electronics and its DirecTV subsidiary from General Motors. The $25.8B deal was signed 10/28, almost immediately after News Corp. Chairman **Rupert Murdoch** pulled his long-standing offer. EchoStar will provide $5.5B in cash, via Deutsche Bank, and GM, which is providing EchoStar a bridge loan.

DirecTV has 10M subscribers-the largest provider of home satellite subscription TV in the US. Dish Network has 6.7M subscribers. The combined company would serve about 17% of the pay television market, according to a GM statement.

The new company will keep the EchoStar name and use the DirecTV service brand. In the deal, GM will "spin off" Hughes and merge it with EchoStar. EchoStar is offering 0.73 EchoStar shares for each share of Hughes. Based on EchoStar's closing stock price Friday of $25.26, the deal values each share of Hughes at $18.44, a 20% premium on Hughes's closing share price of $15.35 (10/26).

Murdoch and GM had been in talks for 18 months, but when the GM board failed to make a decision on 10/27, a frustrated Murdoch pulled his company's bid. Said Murdoch in a release: "Hughes would have been an excellent strategic fit for our global platforms, and we are disappointed with the Board's inaction in the face of an as-yet unfinanced counter proposal...this means there will be no choice for millions of television consumers in rural America."

***RBR* observation**: The antitrust issue could be a problem for EchoStar down the road. Look for Murdoch to potentially still get options on the deal, should EchoStar get blocked by regulators.—CM

Fritts on EchoStar/DirecTV

Eddie Fritts

A day after the announcement was issued that EchoStar would be the purchaser of Hughes/DirecTV from GM (RBR.com 10/29), NAB President/CEO **Eddie Fritts** expressed both caution and a hope that the combined service would include all local TV stations.

"EchoStar's proposed $26 billion purchase of DirecTv would create the world's largest monopoly video delivery system. In our view, Congress, the Executive branch and federal regulators should review this proposal with a high level of scrutiny," Fritts commented. "This acquisition—should it go forward—would increase exponentially the satellite channel capacity of EchoStar. At a minimum, government regulators should condition this deal on a guarantee that this additional satellite channel capacity be devoted to carriage of the signals of all local television stations."—CM

Clear Channel influence grows at XM

No matter who eventually ends up owning Hughes Electronics (N:GMH), the sale will make Clear Channel Communications (N:CCU) the second largest shareholder of XM Satellite Radio (O:XMSR). Hughes' DirecTV owns an 11.6% stake in XM, which combined with a 9.5% stake held directly by General Motors (N:GM), makes GM XM's largest shareholder.

RBR News Analysis

Do you have to break some eggheads to make an omelet?

During the FCC's roundtable on Ownership Policies, there was an interesting divergence of opinion between panelists **Douglas Gomery** of the University of Maryland and the University of Pennsylvania's **Joel Waldfogel**.

Gomery maintained that, although there has been some relabeling of various formats, it is clear that there is less programming diversity in the five years since the wave of radio station ownership consolidation. He contends that the days when each station tries to find its own identity and audience are over; that all decisions are made from a distant corporate office far away from the signal contours and audience of the station.

Gomery, professing to be a Country fan, noted the battle currently under way for control of the format by the new, young and less traditional artists to prove his point.

By contrast, Waldfogel actually crunched some numbers. Noting that, in theory, consolidation actually increases choice, he found that yes, indeed, since Telecom was passed in 1996, programming options available on the radio dial have in fact increased.

We at *RBR* have done a little homework on this topic ourselves, and we can state without any doubt whatsoever that Waldfogel's conclusions are precisely on target, while Gomery's are completely without merit.

It's easy to see some greedy, mythical, gnomish creature with dollar signs for eyeballs sitting in a dark tower somewhere dispensing magic formats which suck the dollars out of the downtrodden advertisers and the will to resist out of helpless listeners who tune in despite themselves. That just isn't how it works.

Gomery seemed to be aware that the numbers support the fact that there is in fact more diversity. But he claimed that it was the result of making up new names. It is true that where once there was AC, there is now Hot AC, Soft AC, Modern AC and what have you. These more finely-tuned names do in fact represent different programming styles and philosophies. A Hot AC sounds vastly different from a Soft AC.

Gomery's description of the artist wars in Nashville have nothing to do with formats. When **Willie Nelson** and **Dolly Parton** and **Loretta Lynn** and anyone else you care to mention came into prominence, they could not but displace older acts. That young upstart Beethoven took stage time away from some oldtimer, for crying out loud. The process has nothing to do with radio.

It would be a shame if poorly researched opinions like those expressed by Gomery are inflicted on the American public in the form of unnecessary regulation.

We prefer Waldfogel's approach. While Waldfogel didn't come down strongly on either the less regulation or more regulation side of the fence, his comments were based on the cool analysis of factual information.

Waldfogel is right in asserting that consolidation breeds diversity in the case of radio. In the old days, when broadcasters were limited to one FM station, three or four of them were bound to offer a slightly differentiated form of the same money format (usually CHR, AC or Country, depending on the market), vying for a piece of the biggest revenue pie. None of those same owners could afford to risk his entire income on something experimental, like Rhythmic Oldies, Smooth Jazz or Hot Talk.

However, with three, four or five FMs, it pays for an owner to differentiate his range of products. The owner has the opportunity to build an audience for a new, experimental format—this in fact makes more sense than competing with oneself with two same-formatted stations.

Since 1996, both Black and Hispanic-formatted stations have thrived both in number and variety of formats offered. Beneath the ratings radar screen are a wide variety of Ethnic and other niche-programmed stations catering to sometimes very-low percentage minority communities in our larger cities. The Smooth Jazz format has taken off, Rhythmic Oldies was invented, surged ahead (and unfortunately already seems to be petering out in a lot of locations). Classic Hits/80s has bloomed, updating the Classic Rock Format. Alternative, Adult Alternative, Classic Alternative and Modern Rock formats have all found a home, in smaller and smaller markets. Contemporary Christian stations are doing well. The proliferation of News-Talk-Sports stations, with all kinds of specialties and target audiences, has been phenomenal.

Of course, the ideal station would feature a heavy dose of **John McLaughlin** and the Mahavishnu Orchestra, as well as offerings from **Larry Coryell**, **Chick Correa**, **Miles Davis** and **John Coltrane**; it would have older, off-the-wall Art Rock acts like Gentle Giant and King Crimson; it would include a few more current artists like **Sarah McLachlan**, Phish, **Dave Matthews** and Soundgarden; there'd be a place for **Frank Zappa**, **Jane Siberry**, even **James Taylor**; a few Classics would be worked in—**Bartok**, **Copland**, maybe even a little **Mozart**, we'd play some—hey wait a minute, that's not a radio station playlist, that's our CD collection. While we control the playlist on the home stereo, we'd hate to have to meet a payroll with the paltry proceeds such a playlist would produce.

Where Gomery seemed to let his own tastes help to form his opinions, owners know that their own personal programming tastes have little or no bearing on what they can play on their station. Regulators should operate from the same assumption.—DS

Motient Corp. (O:MTNT, once known as American Mobile Satellite Corp.) recently dropped from the top spot by transferring 5M shares to Rare Medium (O:RRRR) to satisfy a debt (RBR.com 10/15), reducing Motient's equity stake in XM to 16.8%. Even so, many of the shares held by Motient are Class B, with three times the voting power of the Class A shares held by GM, CCU and all public shareholders.

Whoever buys Hughes from GM—whether Echostar (O:DISH) or News Corp. (N:NWS)—would become XM's third largest shareholder, behind Motient's 16.7% and Clear Channel's 14.2%. By selling Hughes, GM will drop from first place to fourth among XM shareholders.—JM

FCC ownership panel runs the gamut

The panel assembled by the FCC 10/29 to discuss broadcast and cable ownership issues did not arrive at a consensus, but numerous ideas were placed on the table. The views from economists, a consumer rights activist, a DOJ member and several professors were expressed.

Seven individuals participated in the FCC's roundtable included **Stanley Besen** (Charles River Associates), **Mark Cooper** (Consumer Federation of America), **W. Robert Majure** (U.S. Department of Justice), **Bruce Owen** (Economists Incorporated), **Douglas Gomery** (University of Maryland), **Philip Napoli** (Fordham University), and **Joel Waldfogel** (University of Pennsylvania).

FCC Chairman **Michael Powell** began the session, noting that broadcasting and cable are operating under rules which are in range of 30-years old. He noted that the marketplace is fundamentally different, and wants to build a legacy of data on which to base changes.

Several of the panelists took that to heart. In particular, Napoli and Waldfogel were able to support many of their assertions with statistical research.

There was no issue upon which everyone agreed. Radio ownership consolidation was seen as a problem and as not a problem. Programming choices have diminished; they've increased. There should be tighter regulatory control; there should be less.—DS

Broadcast WTC victims form coalition

We recently addressed the relocation issue of World Trade Center broadcasters to The Empire Stare Building (*RBR* 10/15, p.5). Now, a coalition has been formed to help expedite the process. When the WTC collapsed on 9/11, the following stations lost their transmitting sites: WPAT-FM, WNYC-FM, WKTU-FM, WKCR-FM, WCBS-TV2, WNBC-TV4, WNYW-TV5, WABC-TV7, WWOR-TV9, WPIX-TV11, WNET-TV13, WPXN-TV31 and WNJU-TV47. DTV facility losses include: WABC-DT, WNBC-DT, WNET-DT, WPIX-DT and WWOR-DT.

In order to address this crisis, the coalition members include: WABC-TV, WCBS-TV, WHSE-TV, WNBC, WNET, WNJU, WNYW, WPIX, WPXN-TV, WWOR-TV, and WXTV.

"The future of public and commercial broadcasting in the region is literally at stake right now. The damage to our over-the-air broadcasting capabilities represents the potential loss of billions of dollars in revenue to New York and the tri-state region, and could change the face of American broadcasting forever," said **Bill Baker**, president and CEO of WNET. "The loss is not simply to the broadcasters, but to every individual and business that relies on television service as a means of giving and getting information, and of generating income."—CM

Ah, memories of the good old days

Normally, the annual "Communications Industry Report" (CIR) from Veronis Suhler is a useful tool for predicting the future by assessing the past. Last week's (10/29) release of the 19th annual report seems, however, to offer little more than a nostalgic look back at the good old days. So much has happened in the intervening months that Veronis Suhler's analysis of year 2000 data from the publicly traded media companies seems to have little relevance to the current market.

"We've seen the media and information business shift rapidly from one of its best years into what is certain to be one of its worst in a decade, but it's important not to lose sight of the larger landscape of an industry that is remarkably diverse and dynamic, which is the reference point you get from the CIR," said the report's main author, **James Rutherfurd**, Executive Vice President and Head of Investment Banking, Veronis Suhler. "The CIR provides a benchmark by which to measure the current industry contraction. The emphasis it offers on relative performance of industry segments, such as profitability and return on assets facilitates analysis of the segments and companies most likely to weather the cyclical correction now underway."

For example, he noted, going into the downturn, the segments that displayed the greatest growth in operating cash flow were radio, cable/satellite networks, and newspaper publishers, while companies with the highest cash-flow margins were out-of-home media, TV and radio broadcasters and telephone directory publishers. "These are important signposts to keep in mind as the industry begins to recover, which we expect to occur sometime in 2002," Rutherfurd said.

Here's the CIR's summary of the publicly traded radio companies in 2000: "Double-digit growth rates for operating cash flow, revenues, operating income and assets underscored another stellar year for this segment in 2000, with revenues growing 49.6%, to $7B. The key market driver continued to be the Telecommunications Act of 1996, easing previous restrictions on the number and extent of stations that could be owned and creating several large groups that raised ad rates, cut costs and created economies of scale. The five largest companies in 2000 were Infinity Broadcasting, $3.9B, which announced in early 2001 a merger with Viacom; Clear Channel Communications, $2.4B; Westwood One, $553.7M; and Entercom Communications, $352M."—JM

Consumer confidence down again

Consumer confidence has fallen for the fourth straight month, according to today's (10/30) report by The Conference Board. The business-funded group's October survey found that confidence in the US economy had fallen 11.5 points from September to 85.5. (The survey uses 1985 as a baseline of 100.) 5K households across the country are surveyed each month for The Conference Board by Interpublic's (N:IPG) NFO WorldGroup.

"The economic outlook is becoming increasingly pessimistic, with consumer sentiment continuing to fall," said **Lynn Franco**, Director of The Conference Board's Consumer Research Center. "Widespread layoffs and rising unemployment do not signal a rebound in confidence anytime soon. With the holiday season quickly approaching, there is little positive stimuli on the horizon."

Consumers' assessment of current conditions is much less positive than in September. Those rating current business conditions as "bad" rose from 18.3% to 20.6%. Those rating conditions as "good" declined from 22.3% to 18.9%. Consumers claiming jobs are "hard to get" rose from 18.8% to 20.7%. Those reporting jobs are plentiful fell from 27.1% to 21.0%.

Consumers' outlook for the next six months continues to deteriorate. Those expecting an improvement in business conditions over the next six months increased from 15.7% to 18.0%. But those anticipating conditions to weaken rose from 15.8% to 20.3%.—JM

Already-built Biltmore CP still at Liberty

The long saga of WZLS-FM Biltmore Forest, NC in the Asheville market continues. The long-disputed station has been run by Orion Communications as interim operator while numerous court and regulatory machinations have taken place. The license was awarded to Liberty Productions in auction earlier this year. Orion came in third in the auction, behind Biltmore Forest Broadcasting FM, Inc. and winner Liberty.

Kevin J. Martin

Orion originally won the frequency back in 1987, but was beset with numerous challenges from unsuccessful applicants. Although the FCC supported Orion on at least two occasions, it never issued the final grant of the license. Then in 1994, as a result of an entirely unrelated case (Bechtel v FCC), the comparative hearing process, through which Orion won the CP, was struck down, and the Biltmore CP was sent back to the FCC. Although the FCC could have given Orion the license under a grandfathering provision, it did not.

The latest request, from both Orion and Biltmore Forest Broadcasting, had asked for a stay of the grant of the license to Liberty pending judicial review. This has been denied.

The Commission's internal opinion is by no means unanimous. And the two commissioners who have gone to bat for Orion come from opposite sides of the political spectrum. Recently-departed Commissioner **Gloria Tristani** (D) issued a dissenting opinion to the Liberty decision earlier this summer. She has now been joined by the newest commissioner, **Kevin J. Martin**.

Martin wrote, "I respectfully dissent from the denial of a stay of Liberty Productions...In this instance, I believe a stay is justified given the petitioner's substantial likelihood of success

Continued on page 8

By Carl Marcucci

Upfront 2002: where do we stand?

The upfront marketplace is just coming to life now. 10/22 was when it really broke, with eight or nine major upfront avails being floated. In this part of our upfront series, we focus on the advertisers, whether they are holding or folding and when, along with rates and revenue projections. While fewer in number so far from last year, avails this time around include Warner-Lambert, P&G, Geico and XM Satellite Radio. Verizon is starting to spend nationally. The upfront, in spite of all the uncertainty, is indeed happening. "We have several avails from multiple clients, some of which are new to the medium," attests **Irene Katsnelson**, VP, Director of Network Radio, MediaVest.

"I've got a couple that are going. I've got the same advertisers interested in upfronts that have been in previous years. Egg Board is going to be a traditional upfront. Food Network did an upfront last year. There's no word yet on whether they will do one this year. So far, they haven't given me anything," says **Matthew Warnecke**, Director, Network Radio Services, MediaCom. "US Postal is new. However, based on their current situation, may or may not end up being an upfront. They may end up just having it be scatter. They may release it a quarter at a time and then it won't end up being an upfront. I'm hoping that clients are still going to spend, but as they've seen that there isn't the advantage in upfront that there has been. If rate is the only issue at this point, there's less of an incentive to book it all upfront when the client may be a little leery about losing all that money at once. So, there's no downside to releasing money quarterly at least at this point."


Irene Katsnelson

Indeed, many are choosing to place money quarterly instead. "What it looks like is advertisers are going to be conservative because they don't have a clear vision either, going forward. So they will likely place some of the money and hold back some money for later in the year and see what happens. Placing money quarterly makes sense. There's no reason for them to do it any other way. It's not like there's tremendous deals out there. The networks too—it's to their benefit to wait and see how the marketplace develops before they give it away, so to speak," attests ex-ABC Radio Networks and AMFM Radio Networks Chief **David Kantor**.

Like last year, in this soft market, the upfront will stretch later than usual and many will wait to place in the scatter market. "There will definitely be some procrastination," says Katsnelson. Adds Warnecke: "Because the marketplace generally is softer, we're able to make scatter really work for our clients, except for some last minute things. Because upfronts are moving late, Q4 I guess is artificially a little tighter than it might have been, just because we're in the middle of it now. We should have done Q4 around Labor Day and because of 9/11, it sort of got pushed back, and so Q4 is tighter because of when Q4 scatter happened."

"What we're seeing is network radio has never been as closed down as spot gets anyway, on an overall. There have been particular programs or areas that have sold out, but you need more advance time to purchase it under any conditions, just because of the nature of clearing spots across the country," says **Amy Nizich**, Initiative Media EVP/Director of Local Broadcast Negotiations.

For some, Upfront 2002 is already a thing of the past. "Red Lobster, my biggest client, is the only pure upfront client that I have. Red Lobster is spending more," says **Matt Feinberg**, VP/Manager or National Radio Broadcast, Zenith Media Services. "We do our upfronts early, so we got them out of the way. We purposely do it that way to try and beat the market. It can work against you too, but we feel it has served us well. We had it all finished up in July. We don't want to run into the problems of everybody taking inventory. All the other big upfront people, I'm hearing, are still in. I don't think people are getting out of the market."


Matthew Warnecke

How far down?

Rates are looking down or flat, as well as the budgets, say most this year. "I feel that as a whole, the upfront will be down, and we're expecting flat or lower costs for '02," Katsnelson claims.

"The word is it appears to be down from last year. I think that everybody is down, generally. The across the board sense that we're getting is that budgets are somewhat down. People are cautious, they're careful. Budgets are reflecting that," confirmed Natalie Swed Stone, Managing Partner/Director of National Radio Services, OMD USA.

Supply and demand economics will play the biggest role. Nizich believes the inventory will be sold, but to get the upfront completed, many networks will have to drop rates to suit a buying world that remains in the driver's seat. "I'm not expecting that it's going to be a big upfront this year. I think it will be way down like everything else. I think especially the revenue will be way down. They may sell the inventory, but I think revenue will be down. I think rates are coming down. Period."

Warnecke, however, says his clients are not expected to spend much less: "'01 was up maybe 2% in upfronts for me, and now we're probably back down to 2000 levels. So we're down a little bit, but not by a demonstrable amount. I'm guessing that overall 2002 upfront costs will be flat to down by maybe 3 to 5%."

Reyn Leutz, SVP/Director of Radio Negotiations, Mindshare USA is also a bit more optimisitic, especially when compared to television. "I think the market will be flat this year. I spend about half my time in television and half my time in radio. I think the discounts in television were deep because the increases were very steep over the past five years. We're talking about networks that were increasing their rates between 10% and 30% annually. I don't find that in radio. So I don't think that we will see those kinds of decreases in radio. I think we are seeing the pie of available inventory is flat. I think that the dollars in the market are flat, and I think that the price will be flat. I read an article once where a buyer said the television rates were so low that they were thinking about taking money out of radio and putting it into television. That's simply not possible, because the CPP of radio are always going to be lower than the cheapest cable network. Radio is efficient, no matter what."

Creative approaches?

Part of the push for next year's upfront is creativity. The more creative pitches radio can muster often get the interest, and then the buy. Swed Stone says that's a good thing, too: "I think that they are all trying to get creative so that they can secure more share. They are proposing sponsorships to try and come up with promotions and enticements and sizzle. I think there's a need for that at this point. In order to differentiate and secure additional over and above what you would normally get, you have to give more. They need to dazzle us."

"There appears to be some new creative for existing clients. They're still working on new messaging and that sort of thing. So the creative train is moving forward," says Warnecke.

Nizich says she's more interested being provided more creative ways to regionalize. We thought that ability already existed with StarGuide. "If you want my opinion on how network radio could improve, they could start with some of the things that network television does, like figure out ways that we could buy regionally, to make it a little easier. Right now, with most wired network situations, you have to buy the whole country and that's it...no ifs ands or buts. And it would be nice if they could do regionals and marry regional—different things that network TV is able to do. But they clear so many more stations than a TV situation. It's harder to do."

This is part 2 of a series of articles about the network and syndication business.

Next week **"How the networks see the upfront market."**

Interep's categorical imperative: Ad pacing comparison

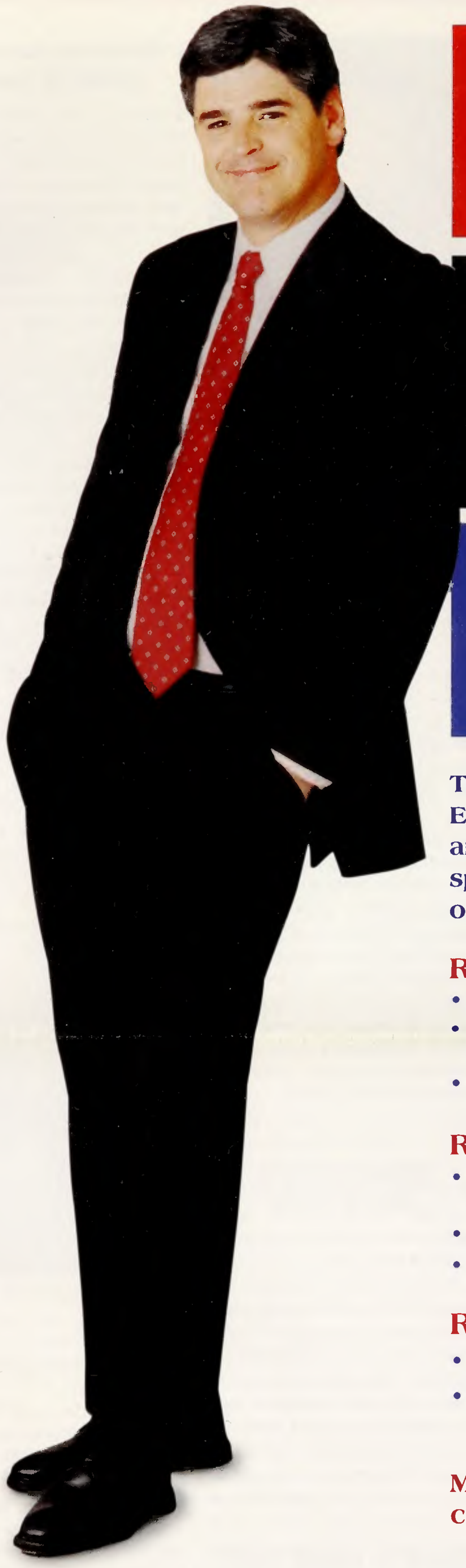
National radio rep firm Interep (O:IREP) has released a chart showing which ad categories are hot and which are not, comparing Q3 2001 to the same period last year. Anything to do with computers is down, and, although there is a drop in the transportation category, there is surprising strength in travel & tourism. There are two charts: one for the biggest gainers and the other for the biggest losers. Here is the blow-by-blow:

Top % growth categories

Category	Pct.
Mail svcs	+400
Home video	+145
Investment	+45
Travel	+35
Electronics	+30
Broadcast/TV	+25
Restaurants	+20
Banks/Finance	+20
Foreign auto	+15
Entertainment	+10
Movies/theater	+10
Fuel/oil/gas	+5
Retail	+5

Top % loss categories

Category	Pct.
Computer	-80
Internet	-75
Transportation	-70
Soft drinks	-60
Credit cards	-50
Government	-40
Clothing	-30
Education	-25
Books/mags	-25
Telecom	-20
Food products	-20
Fast food	-15



MEET SEAN HANNITY

There's a new generation on the right side of the political spectrum. Every day, they exert more influence on American political, fiscal and social policy. No wonder The Sean Hannity Show is growing at the speed of sound - because Sean Hannity is the bold, new voice of today's professional, high-powered audience.

RIGHT FOR THE TIMES

- The spokesperson for today's generation of professionals and leaders
- Intelligence, charm and humor brings Talk radio a fresh, new perspective
- Energy that provides a truly exciting environment for your message

RIGHT FOR YOUR TARGET

- A sales superstar reaching an upscale audience - follows Limbaugh on WABC pulling stronger 25-54 ratings*
- #1 on New York radio's fiercely competitive AM dial**
- Strong national TV following from Fox News

RIGHT ON TOP

- R&R's "Talk Personality of the Year" in 2001
- Most listened-to local host on the Internet

Make the right choice. For Ad Sales information, call ABC Radio Networks at (212) 735-1700.

www.abcradio.com
www.hannity.com

abc RADIO NETWORKS
america listens to abc

SEAN HANNITY
THE SEAN HANNITY SHOW

*Arbitron, Spring 2001, Metro and DMA, Persons 25-54, Monday-Friday 3-6 PM, Cume **Arbitron, Spring 2001, DMA, Persons 12+, Monday-Friday 3-6 PM, Cume

By Jack Messmer

TM Century to buy back stock

Many companies have announced stock buybacks, but the10/30 announcement by TM Century (O:TMCI) is a bit unusual because the company has such a small public float to start with. TM Century's board of directors has authorized management to buy back up to 100K shares of the company's public stock over the next two years. TM Century currently has slightly under 2.5M shares outstanding.

"Under the current conditions, we believe that purchasing our stock will be a very prudent use of our funds," stated CEO **David Graupner**. "We believe that our stock represents an exceptional value at the current price levels."

For TM Century's fiscal year, which ended 9/30, the company's pro forma net profit was $332K, down 34% from the previous year (excluding a one-time gain of $441K the previous year). Revenues were $6M, down from $6.9M. Pro forma EBITDA dropped 23% to $666K.

Dallas-based TM Century is a creator and distributor of music compilation libraries, production music and jingles for radio and TV stations.—JM

Hispanic delivers modest growth

Any growth at all in a down economy is good, so CEO **Mac Tichenor** and company are proud of the Q3 results they delivered to Wall Street for Hispanic Broadcasting Corp. (N:HSP). Net revenues rose 1.4% to $65.8M, while broadcast cash flow declined 20.8% to $24M. On a same station basis, revenues were up 1.7% and cash flow declined 14.5%.

With the sluggish economy continuing, HBC told Wall Street to expect Q4 net revenues to decline 3-5%.

Mac Tichenor

In his conference call (10/30), Tichenor told analysts that the current tough economy should provide good opportunities for acquisitions, and that HBC is still looking for stations to buy.

Wall Street analysts have been closely focused on Los Angeles, where HBC's stations have been facing a new challenge from Spanish Broadcasting System's (O:SBSA) launch of KXOL-FM, which ran commercial-free for several months and spent heavily on promotion. "Yes, in the face of increased competition our shares have decreased and yes, ratings matter, but has it affected our revenue expectations in Los Angeles? No, it has not," Tichenor insisted.

"KXOL seemed to have peaked in July and is losing momentum," COO **Gary Stone** said later in the call. "This is not a one or two Arbitron book race."—JM

Christian: Holiday outlook hard to assess

"The next three weeks are really critical to the broadcast industry," Saga Communications (A:SGA) CEO **Ed Christian** said in his10/30 conference call with Wall Street analysts. Christian, like other group heads, noted that it continues to be hard to see very far ahead and that advertisers are holding off until very late to place ad buys.

Ed Christian

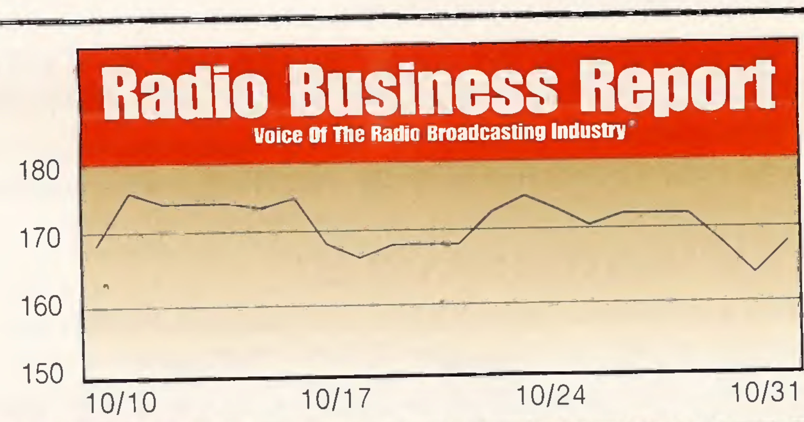
In the wake of the 9/11 terrorist attacks that shook the nation, Christian said that one of the challenges for Saga's radio stations is developing appropriate copy for advertisers. "It's a little trickier to navigate the shoals in terms of copy. We're spending an inordinate amount of time thinking of an appropriate campaign—even in our smallest markets, up to our largest markets—that is responsive to the mood of what is going on, yet is encouraging customers to shop and feel good about doing that," the Saga CEO said. "At the same time, we're in this challenging environment because there has been this kind of 'cocooning,' where people have not gone out and spent as much time in the malls or shopping. So, we're trying to find a way to encourage people to come out and at the same time, respect what's going on in the mood of the country."

As for the upcoming holiday sales period, which accounts for a major portion of each year's ad sales, Christian is hopeful, but sees no clear indication whether retailers will advertise heavily and consumers will spend. "It's so intangible. It depends on the mood of the country. It could change in one brief television press conference," Christian warned. "If there is confidence there will be holiday sales, which will bring [ad] spending—and that's very important. I honestly can't tell you that I have my hands around that. Now I feel that things are good—that there is confidence building, that there is a desire to return to normalcy and get back to our 'daily lives.' If that continues on, I think we can get into a decent selling period during the holiday season, which will go to broadcast [in ad spending]."

Christian kept The Street happy by reporting that Saga's Q3 net revenues slightly exceeded the company's previous guidance, rising 3% to $26.3M. Broadcast cash flow was off 6.1% to $10M. On a same station basis, revenues were down 2.7% and cash flow was down 6.8%.—JM

The Radio Index™

The Radio Index closed this week, 10/31, at 167.954, a fall of 4.711 from the previous week.



Westwood One posts upbeat Q3 results

Westwood One (N:WON), the network of radio networks related to Viacom/Infinity (N:VIA) posted impressive Q3 2001 results despite a loss of revenue over the same period in 2000. Its net revenues were $123.983M, compared to $139.014M during the same last year, an 11% drop.

However, WW1 posted $25.306M in net free cash flow, an increase of $2.107M over Q3 2000 for a 9% gain. At $.23 per diluted share, that was good for a 15% increase on the $.20 per diluted share of last year.

EBITDA increased over Q3 2000 as well, rising from $40.014M to $40.126M.

All this was despite some considerable advantages which applied to Q3 2000. That quarter benefited from the Summer Olympics. More importantly, it did not feature an event like 9/11, which served to not only take a bite out of WW1's income, but also to create a large, unexpected spike in expenses.

How did they do it? "The company was able to achieve these results primarily by controlling costs and attracting new advertisers to the company's comprehensive traffic information and network platforms represented by its affiliate base of over 7,500 stations," said President/CEO **Joel Hollander**.

The big key was to attract new advertisers to replace the departed dot-coms. A 300-strong sales force will continue the network's successful efforts in this front into 2002. And the events of 9/11 were not without some benefit—WW1's news product was offered free to anyone who wanted to downlink it for 72 hours after the terrorist attack, and to date, 80 new, mostly music-oriented stations have signed up for a regular News net affiliation (most with CNN or Fox).

One of the uses WW1 has been putting its free cash flow to is stock buybacks. Look for that to continue into 2002.

WW1 is expecting double-digit gains in EBITDA next year, which it thinks it can achieve based on continued cost controls and a return to the revenue pace it was on prior to the losses caused by 9/11.—DS

Jeff-Pilot insurance up, broadcast down

Although feeling the impact of the soft economy, Jefferson-Pilot Corp. (N:JP) reported that basic earnings rose 7% for Q3 to 78 cents per share. The gain all came from the insurance side, though, as Jefferson-Pilot Communications joined most other broadcasters in having a down quarter. Revenues for the radio and TV group dropped 8.1% to $44.5M. Broadcast cash flow was off 23.1% to $16.2M and earnings for Jeff-Pilot Communications fell 37.8% to $8.2M.—JM

Marathon's flight into Phoenix

Under the banner of subsidiary Lakeshore Media, the principals of Marathon Media (primarily **Chris Devine**, **Bruce Buzil** and **Aaron Shainis**) have gained entry into a top-20 market, albeit on the fringe of that market. They are paying $8M cash for KAJM-FM and KAZL-FM. The seller is **Jay Brentlinger**'s Sierra H Broadcasting, formerly known as Rainbow Broadcasting.

The stations beam into the city from the distant aerie of Payson, AZ located in terrain which features mountain peaks approaching 8,000 feet. KAJM has gained a measurable presence in the market, although it's in the low impact 0.5-0.8 range 12+, according to Arbitron. KAZL hasn't shown in either of the last two books.—DS

Arrows point down at Interep

It comes as no surprise that, in a particularly troublesome year for national advertising business, national rep firm Interep (O:IREP) is experiencing difficulties. Radio commission revenue for Q3 stands at $21.6M, a 20% decline from Q3 2000's take of $27.0M. EBITDA has dropped from $6.8M to $2.6M; after-tax cash flow per share has dropped from $0.45 to $0.03. An earnings-per-share drop of $0.08 for Q3 2000 has become a loss of $0.62 this time around.

Ralph Guild

There are no immediate signs of an advertising revenue recovery. Interep is expecting total 2001 revenue to be from $80-82M, compared to a final 2000 number of $100M.

Any hints of a turnaround were scotched by the events of 9/11, which Interep Chairman/CEO **Ralph Guild** said brought business to a screeching halt for the balance of the third quarter.

Guild said that prior to 9/11, they were seeing a business uptick in a few cities, which was a good sign in that during the last major recovery, business came back one city at a time. At the moment, Atlanta is the lone bright spot, although Los Angeles is at least approaching 2000 levels. Guild said he feels that advertisers are waiting for an upswing in consumer confidence, and are shopping for the lowest advertising rates they can find. He expects the recovery will be slow, spread out over several quarters. But it will come.—DS

Fresno move-in dealt to HBC

We now know the fate of KAJZ-FM, the lone station retained by **Ed Hoyt** from his sale of four Merced, CA stations to Mapleton Communications (*RBR* 9/3, p. 14). Hispanic Broadcasting Corp. (N:HSP) is buying the station, which has a CP to move into the Fresno market, for $5M.

Fresno is 40% Hispanic and has multiple Spanish stations (even Infinity owns Spanish stations in Fresno), yet this is a new market for the nation's largest Spanish radio group. Broker: **Greg Guy** & **Larry Patrick**, Patrick Communications

***RBR* observation**: The cost will actually be more than $5M, since HBC still has to build the new facility. KAJZ will move to 107.9 mHz (from 107.7), upgrade to Class B1 (from A) and change its city of license to North Fork, CA (from Merced).—JM

Midwest expands into Chicago burbs

Midwest Broadcasting, **Jon Yinger**'s Christian-formatted radio group, has purchased WAUR-AM from the Catholic Radio Network for $4M. Midwest has been running the station in an LMA since 5/29. The station operates out of the distant Chicago suburb of Sandwich IL, a good 40-50 miles to the west of the city limits. It is a rare AM authorized for greater power at night than during the day—it puts out 4.2 kw after the sun goes down as opposed to 2.5 kw while the sun is up; both antenna configurations are directional. Brokers: Media Services Group (seller), John Pierce & Company LLC (buyer)—DS

WAVF Charleston price is $6M

The purchase price for the last piece of the **Pearce** family's new three-station cluster in Charleston, SC—WAVF-FM—is $6M. That brings the total price to assemble the new daisy-chain double duopoly to $11.5M. That's $6M for WAVF-FM, $3M for WHLZ-FM and $2.5M for WJZX-FM. Broker: (for WAVF) Kalil & Co.; (for WJZX) Sailors & Associates—JM

Fisher counts its losses

Q3 broadcasting revenues were down 28.5% at Fisher Communications (O:FSCI) to $33.4M and total revenues (including the real estate division) were down 24% to $37.8M. Fisher doesn't break out broadcast cash flow, but the company had a loss from continuing operations of $5.6M, compared to a profit of $22M last year. The company's net loss inflated to $3.7M from $0.8M.

"Current financial conditions and consolidation trends in the broadcasting industry make Fisher's restructuring imperative," said CEO **William Krippaehne Jr.** in his quarterly announcement. "Over the past year we've been able to complete the sale of our flour milling assets and initiate major expense reductions that will be reflected in 2002."—JM

TRANSACTION DIGEST©

by Dave Seyler & Jack Messmer

The deals listed below were taken from recent FCC filings.

RBR's **Transaction Digest reports on all deals that involve assignment of a station license (FCC Form 314) and substantial transfers of control of a licensee via a stock sale (FCC Form 315), but not internal corporate restructurings (FCC Form 316). All deals are listed in descending order of sales price. Broker credits are based on contracts filed with the FCC.**

$800,000,000 KUBE-FM, KBTB-FM, KJR-AM & KHHO-AM Seattle (Seattle/Tacoma) and 18 owned or LMA'd television stations. 100% of the stock of Ackerley Broadcasting Fresno LLC from Ackerly Group Inc. (N:AK) (Christopher Ackerley) to Clear Channel Communications (N:CCU) (Lowry Mays). Estimated $500M in exchange of stock, estimated $300M debt assumnption. *RBR* has estimated value of the radio portion of the deal to be $125M. Existing **superduopoly** in Seattle. Numerous instances of overlap between Ackerley television stations and Clear Channel radio stations, some of which may require divestitures.

$8,000,000 KAJM-FM & KAZL-FM Phoenix (Payson AZ) from Sierra H Broadcasting Inc., formerly known as Rainbow Broadcasting Inc. (Jayson R. Brentlinger) to Lakeshore Media LLC, related to Marathon Media (Christopher F. Devine, Bruce Buzil, Aaron Shainis et al). $400K escrow, balance in cash at closing. Existing **duopoly**.

$7,000,000 WDUZ-AM & WQLH-FM Green Bay from Green Bay Broadcasting Co. Inc. (William C. Laird) to Cumulus Licensing Corp. (Lew Dickey Jr.), a subsidiary of Cumulus Media (O:CMLS). $10 option payment, $500K earnest money, balance in cash at closing. **Superduopoly** with WNAM-AM, WXWX-FM, WOGB-FM & WJLW-FM. LMA since 9/15/99. Broker: Blackburn & Co. (seller).

$5,000,000 KAJZ-FM Merced CA from San Joaquin Radio Company LLC (Edward G. Hoyt Jr.) to HBC License Corp., a subsidiary of Hispanic Broadcasting Corp. (O:HBCCA) (McHenry T. Tichenor Jr. et al). $250K escrow, balance in cash at closing. Station holds CP to move to from 107.7 mHz to 107.9 mHz as a class B1 in new city of license North Fork CA. CP provides for a transmitter site on Goat Mountain. A CP modification request has been submitted to the FCC to change the transmitter location to Smiley Mountain. If the move to Smiley Mountain is successful within two years of closing, seller will receive an additional $500K less HBC's expenses to effectuate the move. Action on either CP will move station into the Fresno Arbitron market. Broker: Patrick Communications LLC (seller).

$4,000,000 WAUR-AM Chicago (Sandwich IL) from CRN Licenses LLC, a subsidiary of Catholic Radio Network (William Agee et al) to Midwest Broadcasting Corp. (Jonathon R. Yinger, Vicky L. Yinger, Ralph D. Van Luven, Elma S. Van Luven). $300K escrow, balance in cash at closing. Brokers: Media Services Group (seller), John Pierce & Co. LLC (buyer).

$3,000,000 WHLZ-FM Florence SC (Manning SC) from Cumulus Licensing Corp. (Lew Dickey Jr.), a subsidiary of Cumulus Media (O:CMLS) to Apex Broadcasting Inc. (Houston L., G. Dean and Voncill R. Pearce). Cash. **Duopoly** with WAVF-FM Hanahan SC in the Charleston SC market, which in turn overlaps WJZX-FM Port Royal, which straddles the Charleston SC and Savannah GA markets. Deal includes option for Apex to buy WYMB-AM for $400K cash.

Continued from page 4

upon the merits, as well as a balancing of the relevant harms. I am concerned that the Commission has failed to give enough deference to the findings of the Administrative Law Judge who took testimony in this case. I also believe the Commission has given insufficient attention to the potential inequity to the current broadcaster, Orion Communications, Ltd., if it fails to issue a stay in this 11-year proceeding."

***RBR* observation**: Among other things, the **Lee** family (owners of Orion) went to the extraordinary length, in this day and age, of selling their successful AM station, WSKY, back in 1994, to please the regulators at the FCC. At almost any time, the FCC could have given Orion the license. And Liberty, which has been awarded the license in auction, was found to be unqualified to be a licensee back in 1992. We will join Commissioner Martin and ex-Commissioner Tristani in supporting the appeal of Orion which is currently pending at the U.S. Court of Appeals for the District of Columbia Circuit.—DS

Harris restructures Carlsbad facility

Harris Broadcast said it is restructuring its Carlsbad, CA office, previously Pacific Research & Engineering. Harris is transferring sales and manufacture, integration and testing of audio consoles and the studio furniture construction business to its Mason, OH operation. R&D for consoles and furniture remain in Carlsbad. The office will be renamed the Pacific Design Center.

60 employees work in Carlsbad. Ten employees are being asked to relocate to Mason. The 50 others will either relocate to Mason or to Harris' Quincy, IL office, or lose their jobs. 15 are expected to remain in Carlsbad.—CM

Arbitron al fresco: Outdoor measurement expanded

The outdoor advertising branch of Arbitron (N:ARB) will more than triple the number of markets for which it can deliver information on the effectiveness of outdoor advertising. 189 medium and small markets are being added to the 75 already under the research umbrella, and the project is beginning already.

Data includes driving, commuting and pedestrian patterns. Miles traveled in a vehicle (as driver or passenger) and time spent commuting one-way will help provide consumer profiles indicating light, medium or heavy exposure to outdoor advertising.

Outdoor info on the top 75 market remains available through Arbitron's Scarborough Research Service.—DS

MeasureCast partners with Nielsen

MeasureCast announced 10/30 it has formed partnership agreements with Nielsen and NetRatings (O:NTRT) to measure streaming media from commercial websites. The online streaming measurement company also secured $8.5M in second round financing from VNU's Nielsen, NetRatings and investment firms Trans Cosmos USA and FBR CoMotion Venture Capital (which led MeasureCast's first round of financing).

This, after the recent announcement that NetRatings would acquire Jupiter Media Metrix and 80% of Nielsen's eRatings.com, another Internet audience measurement company (RBR.com 10/26).

Nielsen Media Research will market MeasureCast services to its US customers. ACNielsen Media International and Nielsen/NetRatings will market and distribute MeasureCast services outside the US. Trans Cosmos and Nielsen/NetRatings will partner with MeasureCast to launch MeasureCast products in Japan.

These new alliances hope to enable MeasureCast's Streaming Audience Measurement Service to become standard for streaming media advertising spending worldwide. The second round of funding brings the total investment in MeasureCast to $12M, since the company was founded in 1999. MeasureCast currently contracts 1,000 Internet radio stations in Europe and America. More at RBR.com.—CM

Direct marketers brace for challenges ahead

Direct marketing companies were already challenged by the financial problems faced by U.S. Postal Service. That was before the very real anthrax threat turned the USPS upside down. Speaking at the Direct Marketing Association's 84th Annual Conference in Chicago, President & CEO **H. Robert Weintzen** urged the association's membership to speak out on this and other issues.

He stressed the need for legislative reform for the USPS. Another rate hike may well be on the way, the third in 18 months, while a 31-year old law thwarts the USPS's ability to compete with entities like UPS and Fedex, which were not existence at the time the law was written. Remote sales taxes, privacy and telemarketing are other areas of concern.

***RBR* observation**: Despite what we've heard elsewhere, we don't see any great windfall for radio should direct mail take a serious hit. The way the two mediums are used simply do not have a great deal of overlap, particularly in direct mail BTB applications. But that goes for much of the direct mail consumer business. There is no way to broadcast a catalog.—DS

HBC begins 'Amor' trimulcast in Phoenix

Hispanic Broadcasting (N:HSP) completed its acquisition of Big City Radio's four Phoenix FMs 10/31. KBZR (106.5), KDDJ (100.3) & KEDJ (106.3) are now "Amor," Spanish AC. The switch happened one day after the Big City's "The Edge" Alternative format and staff moved to KPTY-FM (103.9) Phoenix, owned by New Planet Broadcasting. Big City's fourth Phoenix FM, KSSL (105.3) is now simulcasting HBC's Spanish Regional KHOT-FM (105.9). KSSL was a Spanish Contemporary format.—CM

Sales

Now is the time for non-traditional thinking...Or is it?

By Jeffrey Myers & Bartt Horton

In the days before consolidation, successful radio groups had a simple approach to selling advertising: hire, train and retain talented sellers.

Jeffrey Myers

With the changes that the past few years have brought to this industry, many companies are trying to define and redefine how their sales teams are run—constantly searching for a winning formula.

But wait. Have the objectives really changed?

The more we look for non-traditional thinking, the more traditional it seems—at least when you dig down. If we honestly analyze what type of salespeople we're looking for and what we expect them to accomplish, the more we see the need to draw on the basics.

If you entered the radio business in the last five years, the good old days are gone, but there is hope. You get to help write the good old days of the future!

We also have a thought for the old timers—what got you here may not keep you here. And that doesn't conflict with our observation about getting back to basics. You have to adjust those basic sales precepts to fit changing conditions.

We must also point out that how we sell through these tough times will be history making in and of itself.

At two of the radio industry's most recent conferences, industry leaders spoke of redirecting their sales efforts. One company is adding 1,000 sellers and another company is talking about adding 500 more. What will these "redirected" companies do with their new legions of sellers?

One possible scenario is that these new sellers will get poor training or no training at all. In that case, they will likely further blemish radio's image before most of them fail and leave the business.

Bartt Horton

We hope that won't be the case and that they won't be victims of the often seen management style of old which followed the approach of "ready, fire" and then "aim."

- Ready: You're hired.
- Fire: Here's your sales kit and rate card. Come back when you sell something.
- Aim: Here's your list. (The Yellow Pages.)

If companies are to compete and win in today's new and ever-changing marketplace, then sellers will need to be trained to be ready, then aim, then fire by thinking "sense and respond" vs. "make and sell". Companies will have to do a better job through their redirected action.

- Ready: Recruit, screen and hire people with desire and ability.
- Aim:-Train sellers to target advertisers more effectively and efficiently.
- Fire: Increase their close ration with targeted campaigns.

Unless radio companies adopt this "smarter" approach to hiring and training salespeople, they will probably continue to perpetuate the industry's 20-30% annual attrition rate.

May we suggest a few simple rules for improving your sales staff recruitment, retention and performance?

- Invest in training your sellers. Turnover costs real dollars.
- Draw on the hard work and success that brought you to where you are. Leading by example is usually the best way to teach.
- Plan ahead. Have a vision for where you are going and a strategy to get there.
- Communicate that strategy to your sellers. Let the members of your team know the game plan—and what their role is.

To quote **Skip Finley**, "You can't save your way to victory, you must fund your way to success."

Much has been said lately in this industry about the need to devote more effort to training salespeople to get through this tough time. Well, ladies and gentlemen, the time for lip service is over. You have to make a commitment to hire well and train well so you will retain well.

Invest in your greatest asset...your people.

Jeffrey Myers and Bartt Horton are the creators of Personal Selling Principles, a sales training course designed to focus on individual sellers. Myers may be reached at (301) 595-1871 and Horton at (301)-333-4912.

Muddy left out of Oregon FM dance card

The proposal to build a new FM in the town of Brightwood, OR filed by Muddy Broadcasting Co. has been defeated by a counterproposal to put a new station in Madras, OR which was filed by Madras Broadcasting.

Muddy wanted first service for Brightwood, roughly 30 miles to the east of Portland near Mount Hood. Its proposal for a Class C3 on 98.1 mHz would have fit into the spectrum with no additional gyrations by anyone else.

That is not the case for the Madras proposal, which would put a Class C1 on the same channel (98.1 for those of you who may have been napping). KTWS-FM Bend, OR, which objected to this proposal, will nevertheless be required to move from 98.3 mHz to 98.5 mHz. Also, an as-yet unused allocation licensed to Prineville will go from 98.7 mHz to 98.9 mHz.

Combined Communications, licensee of KTWS, is not sanguine about the prospects of being reimbursed for its frequency move by the unknown company which eventually wins the Madras license (which may or may not be proposer Madras Broadcasting). Neither is Combined thrilled with the prospect of altering its promotional efforts.

The FCC found that both Brightwood and Madras were communities deserving of an FM station. Although there may be more people in the general vicinity of Brightwood, the FCC considers most the population of the primary city of license. Madras is bigger. End of story. That is why Combined Communications will be packing its bags and moving one slot up the FM dial.—DS

AURN expanding weekend news product

In response to station demand in the aftermath of 9/11, American Urban Radio Networks (AURN) is expanding it's weekend news broadcasts, effective 11/3. AURN will provide :90 second, commercial free updates at :10 past and :40 past the hour from 7am-2 p.m Saturdays and Sundays.

The fast paced updates are designed for music-intensive stations that don't want to leave format for extended periods of time.—CM

WorldSpace acquires Radio Voyager

International satellite radio service WorldSpace announced 10/29 it has acquired Radio Voyager, an English-language adult contemporary radio network previously owned by Finger Lakes Productions. The acquisition adds to WorldSpace's existing lineup of diverse music channels and allows the company to earn sponsorship and advertising revenue from Radio Voyager's network of 46 terrestrial radio affiliates in 70 European and African markets. Radio Voyager also offers custom audio streaming services for large global businesses.

Radio Voyager is a 24/7 audio service that combines webcasting and traditional radio for a multimedia advertising vehicle for global Fortune 500 companies. Radio Voyager has been part of the WorldSpace broadcaster lineup since the company began service with its AfriStar satellite in '99.—CM