



# Independent

**Y**ou hear a lot about the Clear Channels, the Cumulus Medias, and the CBS Radios of the world. But there are more than 11,000 AM and FM radio stations across the fruited plain, and that means many radio stations are not owned by the big guys. We wanted to hear how these owners are striving and surviving in an environment dominated by the end result of deregulation and consolidation.

These independent warriors may own a station or two, or they may own a cluster. They may be in one market, or in a few markets scattered throughout a region. How do they do it? How do they succeed? What are their secrets? Seven indie warriors give us the lowdown on what it takes to own, operate, and do battle when facing Goliath.

**BEN DOWNS** is the VP/GM of Bryan Broadcasting, a group of seven stations in Bryan-College Station, TX. William Hicks and Downs partnered to run a group of Texas stations and, after the group was sold to AMFM in the 1990s, decided to stay in radio. So they carved one market out of the deal, sold the other stations, and have been living in Bryan ever since. Today the Bryan Broadcasting stations are the last locally owned media of any kind in the market.

Downs says, "Generally, we have local people sitting in control rooms doing the talking. And we're pretty proud that we have the last fully staffed news department in the market. Since we're the flagship station for Texas A&M University, we also have two full-time sports reporters."

Downs says his philosophy for success involves being a happy worker, and hiring people who feel the same way. "Have you ever noticed that people who are passionate about their jobs do great work?" he says. "We employ 60 people here who can ultimately try anything if they make a good enough case for it. Eleven years ago,



**BEN DOWNS**  
VP/GM, BRYAN BROADCASTING

a woman applied who had magazine publishing experience. We hired her because she believed she could build a local magazine product that would be financially successful. Now we publish 10 local-affinity magazines each year.

"A traffic person had a passion for indie music, so, armed with a website to attract product from musicians, she developed the persona and program *Emo Sarah's Cry for Help* and did vignettes with indie artists. We also nurture a passion for radio. At the last NAB Vegas convention, we brought seven people with us to learn what's new. I don't have to walk up and down the halls

being a cheerleader. The best time of my day is when somebody wanders into my office and says, 'You know what we ought to do?'"

Downs says that, as an independent, he gets to be more nimble. "In our little market in Texas," he says, "the economy has been good, so our business has been good. When you're a group owner, an awful downturn like the nation has experienced will tend to extinguish the few bright lights in the economically isolated markets.

“We installed a new HD Radio transmitter last year. There wasn’t a lot of that going on elsewhere. I would guess that if a group’s major markets were way down, the pressure to cut costs would impact not just the problem stations, but also the small but strong markets.”

Downs is not all that impressed by the digital revolution; he recommends sticking to the basics as the route to success. “We need to turn digital dimes into digital dollars,” he says. “We can’t keep expending this much effort rolling out social sites unless somebody, somewhere, figures out how to make a buck doing it. We need to

prepare ourselves for community disasters. Could broadcasting be any more proud of the broadcasters in Joplin? A small station group that arguably was the lifeline in the community’s time of greatest need.

“We should take more chances with formats and organizational structures. We need to remember that milk tastes pretty much the same wherever you go. Ice cream doesn’t.”

**For more from independent warrior Ben Downs, go to [www.radioink.com/warriors](http://www.radioink.com/warriors).**

**AMADOR BUSTOS** is president of Bustos Media Holdings, which has 10 radio stations and one construction permit. Bustos has owned and operated a seven-station Portland, OR, cluster since acquiring the stations from Adelante Media in 2010, with six of the stations in Spanish-language formats and the other the first full-time Russian-language station in the Portland metro. Bustos’ three other stations, in Texas and California, air a Vietnamese-language format; Bustos has owned those stations for more than 10 years.

Amador Bustos says there are some drawbacks and some advantages to being small. “It has been harder to get national and regional revenues because we operate smaller stations in smaller markets,” he says, “but it has been easier to survive because I have no [private equity] investment partners on these stations. Having access to capital continues to be the biggest challenge in order to grow the company. There is no lending available, almost at any cost, to finance the acquisitions of small-market stations.”



**AMADOR BUSTOS**  
PRESIDENT, BUSTOS MEDIA HOLDINGS

To be successful, he believes managers have to go back to basics. “I’m a hands-on manager in every aspect of the cluster’s operations,” he says. “I have relocated my family to run the Portland cluster, where I act as the GM, MSM, promotion coordinator, and architect-in-chief.”

As a smaller broadcaster, “there is greater flexibility,” says Bustos. He goes on, “You can respond much more quickly to events impacting the local cluster. Constant involvement — I am personally involved in making every important decision affecting the cluster. Direct personal selling; I get to interact with every significant client on the stations. And high-touch management. It is so much easier to lead by example and be a cheerleader for your team when you can look them in the eye every day.”

**For more insight from Amador Bustos on how to operate as an independent, visit [www.radioink.com/warriors](http://www.radioink.com/warriors).**

**LARRY AND SUSAN PATRICK’S** Legend Communications owns 14 small-market stations, in Cody, Sheridan, Buffalo, Gillette, and Worland, WY. How the Patricks’ move into radio ownership as Legend’s managing partners came about is an interesting story. In their brokerage business, Patrick Communications, Susan sold two TV stations in Billings, MT, in 1997 and achieved a record price for the seller — much more than he expected. The seller also owned KZMQ-AM & FM in Cody and offered the stations in lieu of the fee. Larry Patrick says, “I had owned stations previously and realized that this was a really good deal. We visited the stations, loved Cody, and agreed to the swap.”

The Patricks bought KODI & KTAG in Cody from a local owner and other stations from locals or through FCC auctions. To be successful as an independent, Patrick says it’s key to hire very good people. “Local if you can,” he says. “Treat them well, and give them both the responsibility and the support to make good decisions. Our people are our most important assets. We also invest heavily in the community through direct cash support for local recreation centers, hockey rinks, museums, public art, college scholarships, and partic-



**LARRY PATRICK**  
MANAGING PARTNER,  
LEGEND COMMUNICATIONS

ularly through our commitment to St. Jude Country Cares efforts. Many of our employees never had health insurance before we bought their stations. We also go perhaps a little overboard on equipment, buying quality and maintaining buildings and equipment well.”

In addition to hiring good people, Patrick says it’s about community: “We have invested in becoming part of the local communities. Our people represent us on many local boards and Chambers of Commerce. We try very hard to become part of the fabric of the community. That our station clusters have been named

the businesses of the year in their communities is encouraging. “A great broadcaster, Tom Oakley from the Quincy Newspaper Group, once told me that the key to knowing that you hired the right manager and that the stations are respected is to ask, if the mayor were to name a group to raise money for a new wing for the local hospital or for some other major civic improvement, would he or she select your manager in the first five people? That made a great deal of sense to me, and it is guidance that we have followed.”

**What are Patrick’s challenges in a post-consolidation world, and how can the radio industry improve? Log on to [www.radioink.com/warriors](http://www.radioink.com/warriors).**

**LARRY FUSS** owns South Seas Broadcasting, which operates in the U.S. territory of American Samoa, and Delta Radio LLC in Mississippi. Fuss built KKJH-FM/Pago Pago from scratch in 1999 after applying for the CP in 1995, and he built South Seas' WVUV-FM from scratch in 2008 and KKJH-LP in 2007. Needless to say, he is not afraid to get down in the dirt and get the job done.



**LARRY FUSS**  
PRESIDENT, SOUTH SEAS BROADCASTING

"I believe in having the best possible radio stations, including local morning shows, local news, lots of promotions, and community involvement," Fuss says. "All stations can play the same music, but it's what you do between songs that counts. Local, local, local. Put things on the radio people can't hear on their iPods or on satellite, primarily local news and weather. I know some major-market stations that do nothing but fluff news and zero weather. Radio used to be the leader in those categories, but as the corporate owners have homogenized their stations, they've allowed TV to become the go-to medium for news and weather."

Finding and keeping qualified salespeople is Fuss' biggest challenge. "Nobody wants to sell," he says. "They think 'sales' is a dirty word. And it's a tough job, especially in this economy. But it's an excellent opportunity for a hard-working individual to earn a lot of money and be part of something that's fun."

But Fuss isn't entirely optimistic about what's ahead for radio. "I am worried about the future of our industry," he says. "Most of us 'old-timers' were true radio geeks, with a radio strapped to our bicycle handlebars. Today's kids aren't listening to the radio the way we once did. As the younger generation matures,

this will result in a drastic decline in radio listenership. We need to fix that.

"Saleswise, I'm worried about the proliferation of chain stores and big box stores that spend nothing on local radio advertising. Many of these stores don't have a clue how to properly market themselves; they rely on name recognition alone."

Galaxy Communications, owned by **ED LEVINE**, has 14 stations, with eight distinct formats, in the Syracuse and Utica-Rome, NY, markets, and a mission statement that says, "Hit budget — make money — have fun." Levine says, "We are in the entertainment business, which is the arts-and-crafts department of American industry. Somewhere along the line, the emotion, passion, and fun of radio have been squeezed out of the business. We are very serious about the business of Galaxy, but also mindful of the fact that radio is an art form. Blending the two into what has become an extremely successful and profitable enterprise has been the highlight of my career."



**ED LEVINE**  
PRESIDENT/CEO, GALAXY COMMUNICATIONS

Levine observes that the last decade has seen an important shift for independent broadcasters. "Ten years ago, being a small, independent company was a significant negative," he says. "Now it is a significant positive. Potential employees want to work for a 'real broadcaster.' Business owners like dealing directly with the owner. During the current economic downturn, we were able to avoid mass layoffs. We reduced expenses, but we did not do it on the backs of the employees. Instead, we carefully looked at items like our rep firm affiliation — we went rep-less for two years when national was down — and ratings service vendors; Eastlan, as opposed to Arbitron. We made a conscious decision not to invest in HD Radio and thus preserved hundreds of thousands in capital.

"We also invested heavily in the event business portion of Galaxy. Local radio driving local people to local events has been going on forever. The difference is that at Galaxy we have eliminated the middleman, the promoter, and have become our own promoter. Our event portfolio ranges from food events that draw 150,000 to downtown Syracuse (a Taste of Syracuse) to huge rock concerts (the K-Rockathon, this year headlined by Stone Temple Pilots) to wine and chocolate festivals and everything in between. The end result is that

our NTR company has consistently accounted for between 16 and 20 percent of our cash flow over the past three years. While the rest of broadcasting chases digital dollars, we are very content to book EBITDA that is the result of loud bands and cold beer!"

Levine goes on, "Our biggest challenge is what to do next. It's my belief that once you get past four or five markets as an entrepreneur, you lose control of your company. If the manager in a particular market is not up to par, it can weigh the whole company down. I prefer to have great managers that I can work very closely with.

"The biggest advantage that companies like ours have is one word: focus! We may not be smarter, have more research or a better strategy, but I guarantee you that we are more focused on our world than the larger companies are. In the end, the focus that we bring every single day is the key."

About what radio could do better, Levine says, "Radio suffers from the worst PR of any major American industry; 93 percent of Americans listen every week, but to some, we are in the same bucket as newspapers and magazines. Radio has always had an inferiority complex. For years it was due to television, then it was the satellite radio bogyman, now it's the 'digital terrorists' that continue to say, 'Change or die.'"

"Digital is where the consumer is going, so we need to be there, no question. Radio has lost its portability, and digital can get that back for us. However, the question is, at what cost? If the industry had not invested in PPM and HD, does anybody else wonder how many more jobs and careers could have been preserved? I think that we need to be strategic in regard to digital capital spends. It's more important to invest in the core product of radio, rather than the distribution system."

**Want to hear what Levine thinks is in store for the balance of 2011? Go to [www.radioink.com/warriors](http://www.radioink.com/warriors).**

KBRX-AM & FM in O'Neill, NE, have been in the Poese family for decades, but owners **GIL POESE** (85 years old) and **SCOTT POESE** (48) believe the radio stations belong to the listeners. Back in 1959, Gil instilled the idea that KBRX-AM would be the place people called for information and help, and it's been that way ever since. "We average over 200 calls a day," Scott says, "and a lot of the time it's someone needing information."

The younger Poese believes dealing with a stagnant economy has been a little easier for independents like himself. "Businesses in our area decided they were not going to participate in the recession," he says. "The O'Neill Chamber of Commerce ran a heavy schedule of ads promoting our town and what we offer, and we had an increase in city sales tax receipts during the recession."



**SCOTT POESE**  
GM, KBRX RADIO

Poese says his radio stations stay successful by being local — actually, it sounds more like hyper-local. "We are live on our FM station from 6 a.m. until 7 p.m., and later on sports nights," he says. "We don't get a chance to play much music as we cover 17 area schools, have 10 news reporters from other towns who have weekly newscasts, and have eight schools that also produce local newscasts weekly during the school year. We are active in the communities we serve."

"We kept Gil's idea of making the radio station the listeners', not ours. We have called ourselves the 'Google of O'Neill' due to the amount of information we give out each day to our listeners. Even the front office staff know how to record newscasts, produce and write a commercial, and take a news story. And our listeners know who we are. If they're at a parade, baseball game, or school concert, our listeners know they can talk to us."

For seven and a half years, **DENNIS JONES** has been operating three FMs and two AMs in two very small, unrated markets in South Georgia — markets whose primary counties are in the 30,000 to 55,000 population range. And Jones believes there are two advantages he and other independents have over the big dogs.

"The ability to move fast and change directions when necessary, and the ability to have a much more long-term and slow-growth approach," he explains. "The financing and capital structure for most independents is generally longer-term in nature and more fixed in terms of cost and fees."

"It's just easier to plan for future acquisitions and capital improvements when you are working with a more consistent, predictable, and longer-term horizon and when the decision process involves many fewer people and stakeholders."

To succeed, Jones says, find the best people, give them clear, specific instructions and goals, and then do your best to give them room to do their jobs. "Accountability is important, though the best people drive themselves and tend to hold themselves more accountable than it would ever be possible for a manager to do," he says. "Regarding leadership, I believe you need to set visionary and medium- to long-term goals. Where possible, these should be communicated, along with their progress, regularly to staff members, with a road map and timetable for how the organization may achieve the goals. Give staff members a reason to buy in by demonstrating what the benefits to them as members of the organization may be."

Jones says his keys to success have been paying down debt, putting some of the profits right back into the business, and keeping vendors like Arbitron on their toes.

"Managing expenses assertively and proactively has been critical," he says. "It's kind of amazing that even during this broad recession, some people have tried to raise their pricing or pass along their own increased gas expenses or utility increases. Sorry, doesn't work that



**DENNIS JONES**  
PRESIDENT,  
RADIOJONES LLC/BOOTSTRAP BROADCASTING

way. We've been more than willing to drop services and products from those businesses that have chosen to act as though we've not been going through very difficult times. Vendors to our business are in our business.

"As an example, we dropped University of Georgia sports a few years back when they decided to require cash payments and a massive amount of

clearance for their fringe programming. I know of a number of other broadcasters who have done the same thing. We've also been quick to drop Arbitron and other services and product providers who have delivered

poor products or poor customer service, or who have generally been arrogant or acted as though they didn't really need to work hard and be competitive to gain or maintain our business.

"I think we've seen virtually no negative effects and in some notable cases have ended up with other, competing people who have paid us for the airtime that we were previously bartering away or paying cash for. We've just been particularly diligent and proactive about requiring price reductions from vendors so their pricing is in alignment with the falling revenues and values associated with the broader economy, and our industry in particular."

Asked how the radio industry could do better, Jones says, "Our industry needs to even more aggressively embrace and innovate with our own new media offerings. For example, most all websites (for most any industry, really) that I visit are pretty much worthless. You've got the big three or four, and then it's about 10 billion or so also-rans."

"For radio stations, this may be a fabulous opportunity to get into the hyper-local television business, and on a level that is so much less expensive than could ever have been dreamed of — and to the shock and envy of most television owners."

**For much more from Dennis Jones, including his insightful thoughts on how to purchase radio stations during tough economic times, go to [www.radioink.com/warriors](http://www.radioink.com/warriors).**