



An excerpt from



In case you've just returned

from a 10-month vacation on the dark side of the moon, the news in radioland is that the gold rush that began with the Telecommunications Act of 1996 has come to an ugly, screeching halt. It's over, baby! ■

According to numbers crunched by BIA Financial Networks, 568 radio stations were sold or under contract to be sold between Jan. 1 and Sept. 30 - compared with 845 stations sold or under contract in the same period of 2007. And as the year rolls closer to an end, the deal slowdown shows no signs of abating: September transactions totaled 36 stations, compared with 82 during the same month last year.

Excerpt

Clear Channel still has "for sale" signs on slightly more than 50 stations that it has parked in its Aloha Trust, waiting for the well-funded operators to come make a deal. As fall began, CBS added to the pool of possibilities, offering for sale 50 of its radio stations in a dozen markets such as Baltimore, Cleveland, Pittsburgh, Las Vegas and San Diego. On Sept. 23, CBS Radio spokeswoman Karen Matteo told R&R that CBS had "received a number of compelling offers. We're evaluating them and will sit down with possible buyers soon. There is no specific timetable because we don't have to sell." Another CBS representative repeated the company mantra in mid-October. The company is now working with broker Morgan Stanley.

The bidding pool is said to include Randy Michaels, who has accompanied Zell in his takeover of Tribune, and is supposedly looking to build the multimedia giant's radio division. Michaels did not return calls to

CREDIT CRUNCH

Despite economy, savvy operators reclaim small radio markets

By Jeffrey Yorke

discuss possible acquisitions. Another potential buyer is Jeffrey Warshaw's Connoisseur Media, a fast-growing small-market operator that has 20 stations and construction permits in eight markets, including Billings, Mont.; Des Moines; Omaha; Rapid City, S.D.; Wichita; and Bloomington, Ill.

"We are up 22% in Revenues and doing great in Bloomington and Erie [Pa.]," Warshaw says. Connoisseur has put 10 new radio signals on the air "from scratch," adds Warshaw, who is able to quickly reel off nitty-gritty details of station promotions, right down to slapping orange paw prints on city sidewalks to raise public awareness that KVWF (the Wolf)/Wichita is on the air.

Radio is in Warshaw's blood. His parents and an uncle owned Universal Broadcasting and he bought his own station in Indiana while still in college. It was the beginning of Connoisseur Communications, which he built into a 39-station small- and medium-market group before selling the stations at 18 times cash flow in 2000 for nearly \$257 million.

So it is second nature for Warshaw when he encourages sales staffs to aggressively pursue the deal with advertisers and not to reduce rates just to sign a deal. He is taking the same approach to making the company grow. "This is the time to take advantage of a down market and pursue the deals," he says.

"We are looking for single stations, to buy debt, for groups and investing in groups," he says. "We have looked at every size market, every permutation, we've looked at everything. We are looking to get situations where there is value added and we can grow the operation."

The hard-charging Warshaw says that the company takes "a long-horizon approach to doing business. We don't manage quarter to quarter. We want to build growth. We do research, tremendous amounts of promotion, and we put a lot of well-trained salespeople out on the street. We charge a rate and we believe in the value of our product... We spend a lot of money on training. We do things that a lot of companies just don't do anymore. We have been so warmly received in every market we have gone into."

He acknowledges that his company looked at the CBS properties on the market and he implies that Connoisseur has bids submitted and has begun making arrangements for financing possible acquisitions, but he declines to discuss specifics.