

TWELVE CASE STUDIES IN RADIO STATION
MANAGEMENT BASED ON ACTUAL
STATION PROBLEMS

Thesis for the Degree of M. A.
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Robert Prescott Carson
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THESIS



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ABSTRACT

TWELVE CASE STUDIES IN RADIO STATION MANAGEMENT BASED ON ACTUAL STATION PROBLEMS

by Robert Prescott Carson

The thesis, using the case study method as originally developed at the Harvard Business School, presents twelve original cases in radio station management. The cases were gathered through personal interviews between the author and radio station managers. The cases are presented for both individual and classroom use.

The first case deals with the question of affiliation with a network or of using an audio news service in order to program national and worldwide news. Case two examines a broadcaster's ethical commitment to his clients and to the public. Case three presents a personnel problem which is faced by a station manager who is about to begin twenty-four-hour programming. Case four examines the relationship between personal commitment and commitment to the station. Case five deals with a manager's decision about a change in format. Case six examines revenue and labor

considerations faced by a manager of a newly automated station. Case seven concerns a manager's decision about how to treat a telephone program which is shedding unfavorable light on the station. Case eight deals with the relationship between personnel insubordination and the strength of a station's organization. Case nine presents a manager's concern about the creation of comprehensive traffic reporting. Case ten indicates some of the problems of merchandising for clients. Case eleven examines a manager's concern for his responsibility to fairness, community groups, and the community in general. Case twelve presents a manager's considerations in an unfavorable ownership situation.

Also included in the thesis are a brief explanation of the case method, the methodology used in the writing of the thesis and several suggestions for fruitful case method exploration in broadcasting in the future.

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By

Robert Prescott Carson

A THESIS


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CHAPTER I

THE CASE STUDY METHOD

In spite of the never ending conflict of educational methods, a conflict arising to some extent from the peculiar demands of each age and to some extent from the eternal conflict of human ideals, there appear to be two, and only two, essentially different theories of education. Of these theories, individual opinions represent varying combinations and varying stress of emphasis.¹

Arthur Stone Dewing, in his article "An Introduction to the Use of Cases," cites these two educational theories as the "survey method" and the "case method."

The survey theory assumes that education should consist of a brief survey of the facts as accumulated by man through the ages and that these facts should be recapitulated, arranged, catalogued, systematized, and then presented without the "lumber of discarded precedent."² The method begins with abstractions, bits and pieces of fact and finding "out there" in an attempt to pull them together so that the student might glean that semblance of

¹Malcom P. McNair, The Case Method at the Harvard Business School (New York: McGraw-Hill Co. Inc., 1954).

²Ibid.

order called truth. The tools of the method are readings and lectures, generally presented in a unilateral context. It does seem reasonable that if students are provided with information and general principles it has taken others a lifetime to acquire, that education would occur. "This assumption, however, rests on another, decidedly more questionable one: namely the assumption that it is possible, by the simple process of 'telling' to pass on knowledge in a usable form."³ It is this assumption that is questionable to the proponents of the case method.

The case method makes the assumption that education must afford to give training that enables the individual to meet in action the problems of an ever-changing environment, i. e. , that which is relevant is the oncoming new rather than the departing old.⁴

The case method of instruction assumes that learning must start with concretions, not abstractions, with what we may call action oriented situations at the how-to-do level.⁵

The student is asked what he would do in a given situation were he in a position of responsibility, and further, he is asked how he

³Ibid., p. 9.

⁴Ibid., p. 2.

⁵C. G. Sargent and G. E. Flower, "The Case Method for Education in Administration: An Addendum," School and Society, August 8, 1953.

would do it. Thus, the process of "telling" has been eliminated.

This is not to say that the case study method denies the values of approaching a problem from general principles to the particular. What it emphasizes, however, is the ability to plot a course of action as a result of looking at the facts rather than by mainly or solely looking at rules and principles.⁶ "This capacity involves both intellectual and emotional maturity. In other words, the objective is to enable the students to grow."⁷ The case method emphasizes what has been called "situational thinking." The tools of the method are the case itself and the bilateral discussion group.

Since the intent of the case method is to foster the ability to plot a course of action as a result of looking at the facts in a specific problem, it becomes evident that the case itself should lend itself to highly debatable courses of action. "Cases do not necessarily lead to a single right answer upon which the class and the instructor are expected to reach unanimous agreement."⁸ "The

⁶ McNair, op. cit., p. 5.

⁷ Kenneth Andrews, Human Relations and Administration (Cambridge: Harvard University Press, 1953).

⁸ Lynn L. Bollinger and John S. Day, Management of New Enterprises (Homewood, Illinois: Richard D. Irwin, Inc., 1954).

outstanding virtue of the case system is that it is suited to inspiring activity, under realistic conditions, on the part of the students; it takes them out of the role of passive absorbers and makes them partners in the process of learning and furthering learning."⁹ Thus, it is evident that the case itself must have certain characteristics and specifications to facilitate progress toward that end.

The case, as presented, must be an accurate bit of history. "An adequate case report is both more and less than a story. . . . 'Improvement' on the facts would spoil the case by destroying the accuracy of the report."¹⁰ Yet, it should show more than what it tells. It is not a list of facts, but rather a "picture" of what is going on either showing or implying the relationships in the case and their motion through time.¹¹ Finally, the case should have integrity. ". . . The code of the case writer obligates him to tell of nothing more than what he saw, or knows to be factual, leaving his readers free to make their own interpretations and draw their own inferences."¹²

⁹Sargent, op. cit.

¹⁰Paul Pigors, Case Method in Human Relations (New York: McGraw-Hill Co. Inc., 1961), p. 18.

¹¹Ibid.

¹²Ibid.

At this point, it is necessary to interject a few words of caution. Anyone who tries to extend his experience by the reading of cases must remember that they are realistic and that this is not the same as reality.¹³ The case itself is, truly, a product of the examination of a real situation, but by the same token, that situation has been filtered through the mind of the case writer and is the product of "selection, arrangement, and (to some extent) interpretation."¹⁴ A second limitation is that often the natural tendency of the case writer, in his attempt to produce a reasonable educational tool, is to formalize his case too highly. In this situation, too much is done for the student of the case and the formalization process serves not the desirable end of clarity, but rather the undesirable end of fiction.

However, if the case writer has been successful in fulfilling these specifications, a directed, focused and specific learning situation can take place within the framework of an informal, bilateral discussion group. "The purpose of the case is served if it provokes intelligent discussion, independent thinking, and progress toward the ability to make sound, well-considered decisions."¹⁵

¹³ Ibid.

¹⁴ Ibid.

¹⁵ Bollinger and Day, op. cit., p. 4.

The case study method has been used in education with increasing acceptance since 1788 when the Medical Society of New Haven County issued ". . . its first volume of proceedings, called Cases and Observations by the Medical Society of New Haven County."¹⁶

In medicine, the case is the patient. In the patient is locked up the information which the student must learn to discover if he is to deal adequately with the case.¹⁷

The case study in the field of law was pioneered by Christopher Langdell at the Harvard Law School in 1871.¹⁸ It was this pioneering work by Langdell which led to the increased use of the case method in the social sciences and to the establishment of the foundations and principles of the case study method as accepted today.

According to Langdell and his pupils, the law . . . should be acquired methodically from the original material of all principles and doctrines of the common law -- that is to say from the decided cases -- by individual, purely personal, intellectual labor on the part of the student.¹⁹

The case method has gained increased acceptance in the fields of sociology and psychology. C. H. Cooley, in his book Social

¹⁶D. Henryetta Sperle, The Case Method Technique in Professional Training (New York: Teachers College Publications, 1933), p. 7.

¹⁷Ibid.

¹⁸Ibid., p. 4.

¹⁹Ibid.

Organizations, has conceived of the case approach as the starting point for investigation and research in social interpretation.²⁰ The advent of behavioristic and experimental psychology through the efforts of such men as Watson, Pavlov, Thorndike, and Cattell has been a result of the belief that "the new science of human behavior roots in the study of concrete cases."²¹

The social sciences and the sciences of human behavior have come to have impact on other fields. More and more, men in business and industry have begun to explore the benefits of the application of these sciences to particular fields. In broadcasting, for example, where such a large aspect of the enterprise is concerned with personnel and community relations, applications from the social sciences and the sciences of human behavior can be of significant value. A large number of business schools have used the case study method successfully in areas of management education. In broadcasting, the case study approach has been used extensively in the NAB-sponsored summer management sessions at Harvard University. In the Department of Television and Radio at Michigan State University, the use of cases in station management courses has become an established procedure.

²⁰Ibid., p. 9.

²¹Ibid., p. 15.

At Michigan State University, two case study theses in broadcasting management have preceded this one. The thesis of Richard A. Egli was completed in 1965 and the thesis of Robert H. Baker was completed in 1966. The case materials provided by these pioneering efforts are now used by the Department of Television and Radio at Michigan State in graduate and advanced undergraduate seminars in the field of station management.

CHAPTER II

DISCUSSION OF METHODOLOGY

The purpose of this thesis is to present twelve case studies in the field of commercial radio station management based on actual station problems. Because this thesis is only the third of its kind to be written at Michigan State University, it is recognized that while it will add to the body of case material presently available, it represents only a small part of what is still a pioneering effort.

The author first became interested in the case study approach through conversations with Professor Leo Martin, Chairman of the Department of Television and Radio at Michigan State University, who had been the advisor for both of the broadcasting case study theses previously completed at Michigan State University. The author learned from Professor Martin that many problem areas in radio station management were still virtually unexplored through the case method. A great variety of potential problem areas were discussed, including: programing, profit analysis, community relations, ethics, merchandising, and automation.

Once the author had declared his desire to attempt a thesis of this type, the task of gathering the case material began. Station managers of commercial radio stations were contacted by the author with requests for interviews of not less than one hour in each case. In every instance, the request was granted willingly.

It is a great credit to the members of the broadcasting industry that these station managers gave so freely of their time with the expectation of no reward other than a possible sense of satisfaction in having contributed to broadcasting education.

During the interviews, the author asked the station managers to recall any situations in which they had to make difficult decisions. When such situations came to the station managers' minds, it often took several hours to make clear all of the possible alternatives and ramifications of the decisions. In the progress of these interviews, the author took extensive notes while constantly reminding himself that accuracy is a crucial prerequisite to any meaningful case.

Following each interview, it was the task of the author to distill his notes into the raw and basic elements of the case. Once these elements were clear in the author's mind, the process of writing the case in a factual, disguised, and yet interesting manner began.

After the initial writing of each case, it was submitted to the thesis advisor for comments.

After this critical assessment, the case was rewritten as necessary and then resubmitted to the advisor for further critique. Often this process would be repeated two or three times for an individual case.

Once final approval was obtained from the advisor, the revised case was sent to the station manager from whom the basic data was originally obtained. Accompanying the case were a letter of thanks and a release form.²² This form, when signed and returned by the station manager, gave authorization for the case to be included in this thesis and to be used for educational purposes.

All names and places in every case in this thesis were changed in order to disguise the actual situations.

As is the practice in the case study method, the actual solutions to the cases as presented are not given. Since the educational value of a case study is realized in terms of the solution which each reader will devise, the actual settlements of these cases are inaccessible to the reader. They are on file, however, together with the clearance forms which were returned by the

²² See Appendix for copies of both the release form and the letter of transmittal.

station managers, in the offices of the Department of Television and Radio at Michigan State University.

The cases which are provided in this thesis may be used primarily by advanced undergraduate and graduate students in the field of radio station management. Therefore, the author has made little effort to define the several alternatives to the decisions which could be made in each case. Sometimes such alternatives will seem clear to the reader; sometimes they will not. It is the belief of the author that the isolation of all possible alternatives often may be the most crucial step in any attempts to solve these problems.

The author believes further that the personalities of individuals involved in the cases are crucial to proper understandings of many of the impending decisions. Hence, some of the material in the cases, which may at the outset appear peripheral, has been included because it is really basic.

CHAPTER III

CASES

NO NEWS IS BAD NEWS

R. Louis Winther walked briskly into the conference room and was immediately greeted by the men seated around the table. It promised to be an unusual conference for the station manager of WMAT, a 5,000 watt full-time metropolitan station, for, instead of being surrounded by his entire staff, he had before him only the three key figures in his management team: Dick Pierpont, his news director; Al Stevenson, his program director; and Ted Ketterer, his sales manager. Each of these three was in what Winther observed was his best suit. . . each had his tie neatly in place. There was an aura of great importance which surrounded the meeting.

"Good morning, gentlemen," Winther began. "As you all know, what we decide here today is crucial to the future of WMAT radio. Since 1954, when the Morning American-Times purchased WMAT, the basic purpose of this station has been to enhance the image of the paper while making money in the market. We have always believed that the programming approach which best lent itself to this purpose was an approach which placed an extremely strong emphasis on news. And, as a corollary to this, we have always felt that the use of networks was vital to this approach. Until three weeks ago, therefore, the bulk of our news

programming was in three areas: our own Morning American-Times local news, our regional Century Network news, and our national news on the YYY network. Since we have been unhappy with our relationship with YYY. . . have felt that both its news and program products have been consistently shabby and that its contract was inequitable. . . we have cancelled our contract with the network. We are now faced with the alternatives of filling this programming gap by affiliation with the XXX network or by the local origination of national and worldwide news coverage. I am sure that you are all aware of the fact that I have asked Dick Pierpont to do a study in depth of what he, as news director of this station, considers to be the major factors which should be considered in making a decision. I think our first step, then, should be to hear what Dick has discovered. . . so, Dick, we'll hear from you. . ."

Dick Pierpont was a man of 29 years who had, in his three years as news director of WMAT, displayed great ingenuity and resourcefulness in the accomplishment of his duties. All of the men at the conference knew why Winther had chosen Dick for the research assignment. . . Pierpont would research every angle of the problem and then, after arriving at a decision of his own, make a positive recommendation to the members of the conference. Dick Pierpont rose from his seat at the table and handed each of the other members of the meeting a set of three papers. The first

page was blank except for the words "Factors Which Appear to Influence the Question: 'Should WMAT Affiliate with the XXX Radio Network or Originate Its Own National and Worldwide News Coverage?'" Pierpont was a personable man, and he was smiling as he began his report.

"Gentlemen, I apologize for the unwieldy title... in fact, it was so unwieldy that I thought I might not even title this at all." This brought a smile from the rest of the men at the conference... R. Louis Winther included. "As you all know, we are faced with the problem of whether we should affiliate with a different network or try something that is quite unique... the origination of national and worldwide news coverage, of network calibre, from right here in our local market. In considering each alternative, I believe we must analyze the two basic factors which most strongly come to bear on the problem. They are: the cost, and the impact of the programming as it builds audiences, ratings, and rates... and hence relates to cost. Let's examine each of these factors separately.

"First... the question of cost. If you will all turn to page one*, you will see a table entitled "WMAT Sponsorship Dollar Loss Due to Mandatory Network Feed of 'The Colin Blair Show.'"

*See Exhibit I.

The best contract which we can negotiate with XXX dictates that we must carry this program in addition to all XXX news. This program can be aired either in the 9:00-10:00 A. M. or the 10:00-11:00 A. M. time period. Since 9:00-10:00 A. M. is our class AAA time, and 10:00-11:00 A. M. is only class A time, this table is based on the assumption that, if we decide to affiliate, we would run the show in the 10:00-11:00 A. M. period. At present we are programing music in this hour and selling, in an average hour, seven 60 second spots, three 30' s and two 10' s for an average revenue of \$162.50 per day for that hour. We would lose all of that by carrying ' The Colin Blair Show. ' On the other hand, however, ' The Colin Blair Show' in other markets generally pulls a reasonably large audience share; hence, if the show gets good ratings here. . . which it should. . . adjacencies at a slightly higher than normal price could be created for a total of \$33.50 per day. Thus our total net cost for carrying ' The Colin Blair Show' would be \$129.00 per day or \$33,540.00 per year.

"Now, please turn to table two of the report.* This table outlines all of the XXX newscasts that we would be required to carry. Presupposing that if we were to originate our own national and worldwide coverage, we could sell it locally at about the

*See Exhibit II.

same rate we are now getting for sponsorship of our own Morning American-Times local news, the network news programs would cost us \$440.60 per day in lost sponsorship dollars. On the other hand, since XXX news carries excellent ratings in most markets, we could most probably create adjacencies to some network newscasts at a higher rate than that which we could get for normal spots. Hence, we could gain back some \$334.50 per day in adjacencies. Thus, the total cost of carrying XXX news would be \$106.60 per day or \$27,716.00 per year.

"Now, please turn to page three of the report.* The network will grant us \$12,000.00 per year in revenue provided that we carry both 'The Colin Blair Show' and all XXX newscasts. Therefore, our total cost of affiliation with the XXX network would be \$49,256.00 per year.

"We come now to the alternative of affiliation with the network. The plan which we as a news department are considering would involve three principal factors: the purchase of the syndicated Voice-Alert audio news service, the hiring of three top-flight newsmen, and the purchase of a few new pieces of equipment. We envision this plan in operation as follows: Voice-Alert continually sends reports from all over the nation and the world down the line

*See Exhibit III.

to our newsroom. All of this material would be taped immediately as it came in. The newsman, thirty minutes before his newscast, would begin editing the material received from Voice-Alert during the past hour. Generally, this editing would consist of isolating those reports which directly relate to the top stories of that hour. For each five minutes of news, the newsman would select three audio reports of thirty seconds duration each. These would be taped directly into a cartridge which would be given to the studio engineer prior to the beginning of the newscast. The newsman would write his copy around the taped report and introduce each report as coming from Berlin or London or wherever. I've talked with Ed Larry in the engineering department and he assures me that the actual taping of these reports would involve only a matter of a few minutes. This would give the newsman about forty-five minutes of each hour to edit and write his newscast.

"Now, with regard to the cost of this plan... if we were to create a news product which would be competitive to the networks in quality, we would have to pay three top-flight newsmen around \$12,000.00 a year apiece. The Voice-Alert service itself would cost us \$7,500.00 per year. Finally, Larry, in engineering, tells me that the new equipment that we would need... two cartridge machines... would cost us \$1,351.25, including outset depreciation. After the first year, our equipment cost would be only \$176.25 per year,

which would be the cost of equipment depreciation. Thus, the total cost for the local origination plan would be \$44,851.25 for the first year and about \$1,200.00 a year less than that over the next six years. In other words, the Voice-Alert plan would cost us, on the average, \$5,600.00 per year less than affiliation with XXX. The complete cost balance sheet is outlined on page three.*

"Gentlemen, we come now to the question of the impact of these programing alternatives as related to their costs. We must bear in mind that the figures which I have quoted to you today represent more than costs...they are, more realistically, investments in the future of WMAT. These figures represent the dollars which we would be willing to spend in order to increase our market share and, hence, our profits. We must, therefore, analyze these investments in terms of their profit potentials.

"First, let's consider the possibility of affiliating with XXX. In terms of market share and ratings and, ultimately, rates...there are three basic consequences of affiliation. They are: market share would remain the same, market share would increase, or market share would decrease. Now, while I understand that market share is not the only factor which affects our rate card, in a major market such as ours we are pretty well stuck with this

*See Exhibit III.

factor as the basis upon which our national reps can get us business. Therefore, bearing this in mind, let's examine each of the possible consequences from an investment point of view.

"Look at table three again. * If WMAT affiliated with XXX instead of choosing the Voice-Alert plan, and our market share remained the same as a result, we would lose about \$4,400.00 the first year and about \$5,500.00 each following year for six years because our costs would increase and our ratings would not. This, however, does not seem to be reasonable. Affiliation with XXX would most probably increase our market share to some degree. Unfortunately, however, as our share increases, as our ratings increase, and as our rates go up, so would the amount of sponsorship dollars which we would lose as a result of carrying 'The Colin Blair Show' and the network news. Therefore, even if affiliation with XXX would mean increased market share for WMAT, the return on our investment would be directly limited because our costs would be continually increasing in direct proportion to our profits. This same construct, on the other hand, protects us in case of the unforeseen possibility that our share might go down. . . in other words, our costs would decrease in direct proportion to our loss of profits.

*See Exhibit III.

"Looking at the Voice-Alert possibility, however, a different picture appears. If we choose Voice-Alert and our share, ratings, and rates remain the same, we would make about \$4,400.00 the first year and about \$5,500.00 for each following year for six years because our rates would remain constant as our costs would go down. If we choose Voice-Alert and our share increases, we would make a virtually clear profit. . . we are not restricted by a construct which dictates that costs increase directly with profits. If we choose Voice-Alert and our share decreases, we would take the loss. However, we would have one consolation: we could affiliate with XXX at a later date. Let me explain. Our market consists of the following seven stations:

1. WMAT
2. Two 5,000 watt rockers. . . full-timers
3. Three 1,000 watt daytimers
4. One 5,000 watt network affiliated. . . ZZZ net, full-timer

We must analyze each of these stations to try to determine whether any of them might consider affiliation with XXX. We can eliminate the three daytimers right off the bat since XXX would not affiliate with them. XXX never affiliates with daytimers in major markets. The other network station in town is firmly entrenched with the ZZZ network and would, undoubtedly, not consider a change in affiliation. That leaves the two rockers and us. As we all know, the largest audience share of our blue-collar market is the rock

audience... and this should continue for quite a few years to come. Each of the two rockers in the market has, within the past three years, held the number one position in the market at one time or another with shares in the high 20' s and low 30' s. The rocker which is number two right now is pulling ratings in the high teens ... ratings that are the lowest it has had in three years. The group that owns the station has just sent in a new management team to try to get the number one position back. XXX does not like to affiliate with rockers and, since it makes little sense for either of the rockers to desire affiliation, it looks as though WMAT is the only possible outlet for XXX in this market. Therefore, it appears reasonable that if we try the Voice-Alert plan and our ratings fall, we could affiliate with XXX at a later date.

"Realistically speaking, I feel that the choice of either plan would yield a situation in which our ratings would either remain the same as they are with the YYY network or they would increase. What I am saying here is that I believe that either of our alternatives is superior to what we have been getting from YYY affiliation. On XXX, we would get better reporters... reporters who have bigger names... since XXX uses many of its TV personnel for radio news ... and we would receive the benefits of the overall prestige of the network. On the Voice-Alert plan we could build the images of both WMAT and the Morning American-Times by having a continuous flow

of reports from around the nation and the world repeatedly tagged with our call letters and the name of the paper. This plan would most certainly serve to further entrench the name of the paper and the name of this station as the source for news in this market. In short, I feel that the prestige factor is built into both of these alternatives. Our market share would undoubtedly increase or, at worst, remain the same under either plan. The basic difference between the two plans, however, is the profit we would stand to make. By affiliating with XXX, our costs will increase directly with our profits. . . by originating our own coverage, our profits will be our own. On that basis, on behalf of the news department of this station, I firmly urge that the Voice-Alert proposal be accepted."

"Thank you, Dick," Winther said, as Pierpont returned to his chair. "On behalf of all of us in this meeting, I want to thank you for the time and effort that you have put into this report. I would, however, like to hear from the others. Ted, what's your view?"

Ted Ketterer, the sales manager, did not rise from his chair as he began speaking. "I have only a small point which relates to this," he began. "From a salesman's point of view, it's one heck of a lot easier to sell a newscast than it is to sell an adjacency. Our local salesmen have never sold anything for us other

than newscasts and spots. While I think that they could sell adjacencies all right in the long run, I believe they could sell newscasts easier. When you tell a client that he's buying a newscast... bringing information to the people... that's one thing. When you tell him he's going to be next to a newscast, that's something else again... it doesn't mean as much to the prospective client. When you sell radio, you're selling an intangible. Selling newscasts helps to make that intangible just a little more tangible. I think the same difficulty would exist but even to a larger extent with our national reps, so... since I think that newscasts would sell better than adjacencies... I'd like to see us try the local origination idea."

R. Louis Winther then looked at Al Stevenson, the program director, to see if he had any remarks. Stevenson, getting his cue, stood up to address the group. Al was 41 years old and he had been with WMAT for eleven years. He had come directly to the station from a job in New York with a network owned and operated station. Al did an excellent job as program director of WMAT and, other than R. Louis Winther himself, was the most respected man on the WMAT staff. "Gentlemen," he began, "I could talk to you about such things as the prestige of the network. I could tell you that nothing matches the network reporting... the network showmanship and... well, class. But Dick has presented a well thought out argument and I feel that, in order to answer him correctly, it

is my duty to answer him on his own ground. So let's take it step by step.

"First, there's the matter of cost. Dick has taken daily spot costs and has multiplied them in terms of a year... let's reverse that procedure. Dick says it will cost us \$5,500.00 more per year to affiliate with XXX than to implement the Voice-Alert plan. Now, the way I figure it, that's about \$15.00 a day... less than the cost of one class B spot per day. I'd pay that any day for the security and prestige of the XXX network. In short, I don't even think that cost is an important element. What I do think is important is the possible result.

"The possible result is this: if WMAT affiliates with XXX, the chance of a decrease in our ratings is almost unthinkable. We'd still be a network station but we'd be affiliated with a better network. If we take the Voice-Alert plan, on the other hand, the chance of failure with it is a distinct possibility. Let's take another look at our market. Right now, WMAT is third in the market, running neck-and-neck with the number two rocker. We must remember that we are also the number one adult-oriented station in the market. Dick has neglected to point out what the number two adult-oriented station in the market would do if we didn't have a network... they would start working like they've never worked before... they would plug their ZZZ network night and day... and they could

beat us. If they did beat us, we'd be fourth in the market and number two in our category. How anxious would XXX be to affiliate with us then? If we couldn't get XXX at that point, we wouldn't have anything with which to compete and we'd be sunk.

"Finally, the question of quality. I can't, for the life of me, see how three newsmen, a tape recorder, and a series of indiscriminate reports coming down a wire can add up to a network quality newscast. If they can, then I don't think the networks are getting the most for their money. So, gentlemen, for me it comes down to this: by affiliating with XXX I think we would be making a sound investment. . . an investment in quality and in steady increase in our market share and in adult dominance in the market in the years to come; by trying Voice-Alert we would be taking a gamble which would offer no promise of superior quality and could lead to irrevocable loss. I firmly urge that we affiliate with XXX "

Al Stevenson took his seat. All had spoken now and Winther would need to make the final decision. Winther thanked each man and called the meeting to a close. When R. Louis Winther returned to his office, his mind was filled with a seemingly endless list of questions. How much of a risk was the Voice-Alert plan? How much security would there be in the network? Were Pierpont's cost figures reasonable? What would the impact be. . . which would mean more to the adults in his blue-collar

market? What would the other stations do if WMAT did not have a network? As Winther sat in his office, he thought how lucky he was to have a staff that was so talented and dedicated. He also thought of the critical decision he would soon have to make.

EXHIBIT I

WMAT SPONSORSHIP DOLLAR LOSS DUE TO
MANDATORY NETWORK FEED OF
"THE COLIN BLAIR SHOW"

A. Gross Sponsorship Dollar Loss in the 10:00-11:00 A. M. Period

<u>Number of Spots per Day</u>	<u>Type</u>	<u>Cost per Spot</u>	<u>Cost per Day</u>
7	60' s	\$16.50	\$115.50
3	30' s	\$12.00	\$ 36.00
2	10' s	\$ 5.50	<u>\$ 11.00</u>
Total:			\$162.50

B. Gross Created Adjacency Dollar Gain

<u>Time of Adjacency</u>	<u>Type of Spot</u>	<u>Cost per Spot/ Gain per Day</u>
10:09:30 A. M.	30 sec.	\$13.50
10:30:00 A. M.	10 sec.	\$10.00
11:00:00 A. M.	10 sec.	<u>\$10.00</u>
Total:		\$33.50

Net Cost per Day = Cost per Day - Adjacency Dollar Gain
 Net Cost per Day = \$162.50 - \$33.50 = \$129.00

Cost per Week = Net Cost per Day × 5
 Cost per Week = \$129.00 × 5 = \$645.00

Cost per Year = Cost per Week × 52
 Cost per Year = \$645.00 × 52 = \$33,540.00

EXHIBIT II

WMAT SPONSORSHIP DOLLAR LOSS DUE TO
MANDATORY NETWORK FEED OF XXX NEWS

A. Gross Sponsorship Dollar Loss

<u>Time of Newscast</u>	<u>Time Class</u>	<u>Gross Dollar Loss per Day</u>
8:00-8:10 A. M.	AAA	\$ 36.50
8:55-9:00 A. M.	AAA	\$ 25.00
9:00-9:10 A. M.	AAA	\$ 36.50
10:00-10:05 A. M.	A	\$ 18.00
11:00-11:10 A. M.	A	\$ 26.00
2:00-2:10 P. M.	A	\$ 26.00
3:00-3:10 P. M.	AA	\$ 32.00
4:00-4:10 P. M.	AA	\$ 32.00
4:35-4:40 P. M.	AA	\$ 22.00
5:00-5:10 P. M.	AA	\$ 32.00
6:40-6:45 P. M.	AA	\$ 22.00
6:45-6:55 P. M.	AA	\$ 32.00
7:00-7:10 P. M.	B	\$ 25.65
7:10-7:20 P. M.	B	\$ 25.65
7:20-7:30 P. M.	B	\$ 25.65
8:00-8:10 P. M.	B	\$ 25.65
		<hr/>
	Total:	\$440.60

EXHIBIT II
(Continued)

B. Created Adjacency Dollar Gain

<u>Time of Adjacency</u>	<u>Type of Spot</u>	<u>Cost per Spot/ Gain per Day</u>
7:59:30 A. M.	30 sec.	\$ 25.25
8:10:00 A. M.	30 sec	\$ 25.25
8:54:30 A. M.	30 sec.	\$ 25.25
9:00:00 A. M.	10 sec.	\$ 13.25
9:10:00 A. M.	30 sec.	\$ 25.25
9:59:30 A. M.	30 sec.	\$ 25.25
11:10:00 A. M.	30 sec.	\$ 18.00
1:59:30 P. M.	30 sec.	\$ 18.00
2:10:00 P. M.	30 sec.	\$ 18.00
2:59:30 P. M.	30 sec.	\$ 18.00
3:10:00 P. M.	30 sec.	\$ 18.75
3:59:30 P. M.	30 sec.	\$ 18.75
4:10:00 P. M.	30 sec.	\$ 18.75
4:34:50 P. M.	10 sec.	\$ 10.00
4:59:30 P. M.	30 sec.	\$ 18.75
5:10:00 P. M.	30 sec.	\$ 18.75
6:39:30 P. M.	30 sec.	\$ 18.75
Total:		\$334.00

Cost per Day = Gross Dollar Cost - Adjacency Dollar Gain
 Cost per Day = \$440.60 - \$334.00 = \$106.60

Cost per Week = Cost per Day × 5
 Cost per Week = \$106.60 × 5 = \$533.00

Cost per Year = Cost per Week × 52
 Cost per Year = \$533.00 × 52 = \$27,716.00

EXHIBIT III

RELATIVE COSTS PER YEAR OF
XXX AND VOICE-ALERTXXX

1.	Sponsorship dollar cost due to mandatory network feed of "The Colin Blair Show"	\$33,540.00
2.	Sponsorship dollar cost due to mandatory network feed of news	\$27,716.00
		<hr/>
	Sub Total:	\$61,256.00
	Less Network Revenue:	- \$12,000.00
		<hr/>
	Total:	\$49,256.00

Voice-Alert

1.	Voice-Alert cost per year	\$ 7,500.00
2.	Salaries: three additional, top flight newsmen @ \$12,000.00 per year	\$36,000.00
3.	Equipment investment	
	1 spot rec. and play	\$ 675.00
	1 spot play only	\$ 500.00
	15% outset depreciation	\$ 176.25
		<hr/>
	Total:	\$44,851.25

THE CASE OF THE CHALLENGED ETHICS

Brad Chamberlain, station manager of WDAQ, sat in his office and absent-mindedly toyed with the assortment of pens and pencils that were lying on his desk. Brad looked and felt tired. He let his thoughts wander for a moment as he thought how exhausting it was to just sit and think for hours on end. It was four o'clock in the afternoon and Brad had talked to no one since lunch. By means of a simple direction to his secretary, he had secluded himself in his office for the afternoon to think. Brad Chamberlain had a problem.

WDAQ, serving a major market of several million, carried the football games of its home professional team. WDAQ divided the sponsorship of the season among six advertisers who, for \$80,000.00 apiece, bought one-sixth of the total spot time available in the broadcasts. One of last year's sponsors was the Treadex snow tire company. Even though Treadex was one of the country's largest manufacturers of snow tires, it was the local franchise holder, A. D. O'Toole, who spent his local money on the WDAQ football broadcasts. As Brad sat in his office, he remembered how pleased O'Toole was with the results that he had received from the WDAQ football advertising. Brad thoughtfully mused at how fortune sometimes smiles and how it sometimes scowls. Fortune had, indeed, been smiling on WDAQ last year, for the football

season was characterized by a series of the most miserable snow storms the city had seen since 1918. This, coupled with the impact of WDAQ advertising on its large adult audience, had meant a fantastic sales record for the Treadex snow tire. As a result, O' Toole had immediately renewed his contract with WDAQ for this year's football broadcasts.

One month ago, a vacancy had arisen on the list of sponsors for this year's broadcasts and Len Jackson, the station's capable sales manager, had filled it almost immediately. The new sponsor was to be Cavalier's, a combination hardware and auto accessory chain with eighteen prosperous stores in the market. Cavalier's was a long-time, loyal client of WDAQ and was already spending \$30,000.00 annually in its co-sponsorship of the WDAQ Traffic-Copter every weekday morning. Cavalier's plan was to buy one-sixth of the football broadcasts and then resell this advertising time on a co-op basis to twenty of the top manufacturers whose products they carried. The price to each manufacturer was to be \$4,000.00. Len occasionally brought Brad a list of three or four sponsors which had recently been signed by Cavalier's in their co-op deal. The name on the top of today's list was the Tru-Grip company... a manufacturer of snow tires.

To Brad Chamberlain, this was no small matter. In his eight years as station manager of WDAQ, Brad had always

believed that the success of the station had been a direct result of his philosophy of broadcasting. . . a philosophy grounded in the ethics of excellence, honesty, and respect. Since his first days with the station, Brad had clung to these ethics religiously. By excellence, Brad sought to build a station which could both grow with the city and help the city to grow. He encouraged the highest quality in all of WDAQ' s programing and he demanded maximum effort from all of the station' s staff. By honesty he meant that WDAQ would never cut its established rates, advertise in a misleading manner, nor would it accept advertising for a product in which it did not believe. By respect Brad meant that WDAQ would concern itself deeply with the problems of its audience and its clients. . . for these were the people who gave the station its sole reason for existing.

Brad had applied these ethics well. When he had taken over the management of WDAQ, the station had been floundering miserably in a market characterized by stiff competition. Brad had thought of the station as a virtual "junkyard" filled with rate cutting, broken promises, phony and misleading advertising, and seemingly endless minutes of used car dealers harping their spiels on the air. When Brad Chamberlain became station manager, he swiftly eliminated all of this. He advised sponsors who represented \$500, 000. 00 worth of annual business that they would have to come up to the station' s new high standards or cease advertising on

WDAQ. Eight years ago, most of them left...but not today. Now, WDAQ grossed more money than any other station in the market and was one of the most highly billed stations in the country. To Brad Chamberlain, nothing could more blatantly violate his principles than to allow two competing products to be advertised, by the same sports personalities, on what was essentially the same show. But Brad knew that the problem would be tricky, since Cavalier's, one of WDAQ's foremost clients, was the major retailing outlet for both Treadex and Tru-Grip. Brad had only a few minutes to speak to Len about the problem earlier in the day for Len had appointments scheduled throughout the morning and afternoon. They had decided to meet late in the afternoon and Len was due to arrive at Brad's office any minute. Brad's thinking was interrupted by Len's knock.

"Len, you know we've got a tough one here," Brad began as Len entered the office and sat down in one of the several leather chairs. Len nodded.

"We'll just have to tell Cavalier's that we can't allow those Tru-Grip spots," Brad continued. "I can't allow two competing products on the same show...we'd be throwing away everything that we've worked so hard to achieve."

Len interrupted. "Brad, I couldn't get this thing out of my mind all morning. At first I thought that we should do just

what you're saying. . . but now I think if we were to do it, we'd be making a big mistake. Look at it this way, Brad. Ours is a station philosophy that basically comes down to two words. . . fair play. On the one hand, two competing sponsors on the same show is not fair. . . I agree that it's contrary to the principles that we have established. On the other hand, what we're proposing to do here is even more unfair. . . even more unethical. "

Len paused to gauge Brad's reaction. "I'm not sure I follow your logic as yet," said Brad, "but go on. "

"Well," Len continued, "if we say no to Tru-Grip, we have to say it through Cavalier's since Tru-Grip has a contract with them, not with us. Now remember, Cavalier's went out and solicited this business from Tru-Grip. Now, once they've got it, they have to go right back to Tru-Grip and tell them that they can't take it. Right away that makes Cavalier's look inefficient to Tru-Grip. . . if not downright foolish. When Tru-Grip hears this story, they're going to wonder if Cavalier's can't get radio commercials on the air, what kind of a job are they doing selling tires? At best, Cavalier's would be in trouble with Tru-Grip and at worst Tru-Grip might get angry enough to cancel their retailing contract with them. Point one, Brad. . . if we refuse this Tru-Grip business, we won't be fair to Cavalier's. "

"Are you saying that Tru-Grip might actually cancel their retailing contract with Cavalier's over a thing like this?" Brad asked.

"I think that's a definite possibility, Brad." Len continued, "We did a great job for Treadex in this market last year and Tru-Grip really took a beating. Since then, Tru-Grip has been taking a long, hard look at their retailing efforts here. When you consider that Cavalier's handles both company's snow tires and that we could make them look very foolish to Tru-Grip, Tru-Grip might decide that another retailer would do a better job for them. A definite possibility, Brad.

"If Cavalier's loses the Tru-Grip account, they'll be left with only one brand of snow tires, Treadex. I don't know that much about retailing, but I do know that if a store drops from two product lines to just one, the chances are good that it won't make as much money. If Cavalier's starts to lose money by having only Treadex tires to sell this winter, they might have to change their retailing agreement with Treadex. Cavalier's might demand a bigger margin of profit to make up for the lost business. Point two, Brad. . . if we refuse this business, we could be putting Treadex, another one of our foremost sponsors, in a difficult situation."

Brad had been thoughtfully taking notes as Len spoke. Even after Len had finished, he was still busily writing. Finally, he looked up.

"Len, I still think you've missed the big point. If we allow two competing sponsors to advertise on virtually the same program, with spots read live by our football personalities, we're going to undermine the excellence of the station and the station's honesty. Most of all, we'll be undermining the respect which we should, at all times, have for our audience and clients."

"I think you misunderstand me, Brad," Len said.

"I'm not forgetting that point. . . I agree with you. . . but we're going to do more harm the other way. Look, Brad, Tru-Grip only bought one-twentieth of the time that Treadex bought. I'm sure that we could schedule those Tru-Grip spots so that the audience would never even notice. That takes care of the problem of respect for our audience. As far as respect for clients is concerned, we could really hurt two of our loyal sponsors. . . Cavalier's and Treadex. On top of all of that, we'd be hurting ourselves."

"What do you mean. . . hurting ourselves?" Brad asked.

"If we refuse Tru-Grip, we'll only be reinforcing the fact that WDAQ means responsible broadcasting!"

"I'm talking about dollars, Brad," Len continued. "All of us at WDAQ, for the past eight years, have been telling our

sponsors that we have respect for them. . . that we feel it's our obligation to concern ourselves with their problems and their needs. You said it yourself, Brad. . . we have to do this because our clients and audience are the people who give us our sole reason for even existing. If we just say no to Tru-Grip, we'd be forgetting all of that. We would be showing a complete lack of concern for our clients. . . all that we have said about respect would be nothing but words. Suppose that Tru-Grip cancels with Cavalier's. It will be our fault and Stan Martula at Cavalier's will know it. He'll think that we've forgotten our principles. He'll be angry, and he just could cancel with us. If he cancelled the football contract and the Traffic-Copter, we'd lose \$110,000.00.

"Now, if Cavalier's should rewrite their retailing contract with O'Toole at Treadex, O'Toole would be hurt. Now, Brad, if he did get hurt, what do you suppose he'd do? I'll tell you what I'd do. For one thing, I'd probably cancel my \$80,000.00 contract with WDAQ. First of all, I probably wouldn't be able to spend \$80,000.00 for three months of advertising any more. . . and even if I could, I certainly wouldn't spend it on the radio station that sent my retailing contract down the drain. So we could lose \$110,000.00 from Cavalier's and another \$80,000.00 from Treadex. . . that's \$190,000.00. I guess it comes down to this, Brad. There would be twenty times as many spots for Treadex than for Tru-Grip in the

broadcasts, so I think, from an ethical standpoint, we would be sacrificing only a little by allowing the spots. On the other hand, if we refuse Tru-Grip, we stand the chance of really hurting two of our most loyal clients. We also stand the chance of taking a \$190,000.00 loss for WDAQ. We'd be making a big mistake to refuse those spots, Brad... from both an ethical and a financial point of view."

Brad had not expected Len's argument to be as strong as it was. He had originally expected simply to tell Len to relay his message of "no" to Cavalier's. Now he was not so sure. Brad told Len that he would think about it, that he was appreciative of the fact that Len had thought so much about the problem before talking to him, and that he wanted Len to go home and relax. It was six fifteen.

Brad picked up his notes and headed downstairs to the conference room. In his years as station manager, Brad often had paid these little visits to the conference room. He liked to go there when all the secretaries, clerks, salesmen, and vice-presidents had left for the day. He liked to kick off his shoes, loosen his tie, and think. Upon entering the room, he flipped on the light and walked the length of the long mahogany table to his leather chair at its head. As he sat down and took off his shoes, he mused to himself how nice it would be if his chair were not at the head of the

table. . . how nice it would be not to have to make a decision which could affect two loyal clients or the station which he had worked so hard to build.

He looked at his notes. The alternatives seemed to be clear. On the one hand, he would have to break one of his principles and allow two competing products on what was essentially the same program; on the other hand, he would put two of his most loyal sponsors in a jam and face a potential \$190,000.00 loss. "If there were only some way in which I could keep those Tru-Grip spots and still not undermine the station's code of ethics," he thought. He had promised Len that he would give him his final decision by morning. It looked as though it might be a long night.

THE WEE SMALL HOURS QUESTION

It was September 17 at exactly 8:55 A. M. as Chris Tompkin, station manager of KALX, entered the side door of Alexander's department store on his way to the offices and studios of his radio station. Tompkin greeted Louie, the chubby, gray-haired guard at the door, and entered, smilingly noting to himself how naked the store always looked at this hour of the morning. By 10:30 A. M. Alexander's aisles would be virtually streaming with customers and all of this would be taking place on the three floors directly below the offices and studios that were Chris Tompkin's domain.

Chris entered the elevator which always seemed to be too open and too flimsy for his comfort. It was the old wrought iron style. . . a symbol to Chris of how long Alexander's department store and its owned and operated radio station, KALX, had been a part of this market. The location of the station's studios in the large department store building always impressed Chris with the realization that he was the manager of an AM radio station in a metropolitan market of over 1,000,000 people and 300,000 radio homes. Later in the day, when he would actually see Alexander's customers in the aisles, it would be further emphasized that his was a market with almost two billion dollars in annual retail sales.

As Chris left the elevator on the third floor, he passed the studios of KALX-TV, also owned and operated by The Alexander Company. Ever since KALX-TV had started transmitting, the station had enjoyed a fantastic profit. Chris walked fifty paces to his office in the heart of KALX-AM. . . a station which hadn't shown a profit in years.

Chris Tompkin had been station manager of KALX for only six months. He had been hired to do one specific job. . . turn KALX into a profitable organization. In the past six months, Chris had made what Danny Dennison, the station's program director, had called ". . . one heck of a start." KALX seemed to be on its way but the going had not been easy.

Chris had been station manager of KALX only one month when he learned that he was not the only person who was working on an operations proposal for the station. The other person was Nelson Gangloff, a vice-president of KALX-TV. Gangloff had been with the organization for years, primarily associated with the TV end of the business. Although he was not Chris' immediate supervisor, Gangloff's power in the organization was formidable.

It had been only four months since May 17, when the proposals of the two men had been presented to the board of directors. The differences in philosophy between Tompkin and Gangloff with regard to the proposed future operation of KALX had been

dramatic. From the outset it had been clear to both men that, if KALX were to obtain a profit situation, a careful look had to be taken at the cost side of the station's balance sheet. In May the station was what could be classified as an adult-oriented, network affiliated, music and news station with no particular image in the market. Both men had felt that improved programming could be attained with a substantially smaller expenditure on personnel.*

First, there was the area of announcers. In May, KALX was spending \$57,200.00 per year in this area. To support the music aspect of the station's format, five disc jockeys were employed by the station. Two of these, Martin Lassiter and Don White, were each earning \$15,600.00 a year. Gangloff's proposal had been to replace both Lassiter and White with announcers who would be paid \$9,100.00 each; the three other disc jockeys, Al Fisher, Paul Phillips, and Don Randale, would be replaced by part-time help. Gangloff's proposal indicated a cost reduction of \$26,392.70 in the area of announcers. Chris Tompkin, on the other hand, proposed announcer cost reductions which were much less drastic than those which were proposed by Nelson Gangloff. Chris' proposal called for the replacement of Don White with a man who would earn \$9,464.00. He felt that a replacement of Milton

*See Exhibits I and II.

Lassiter, however, would be unwise since the station's ratings were highest during his show. Also, Lassiter was responsible for the Melbourne Ford account. . . one of the station's largest advertisers. The replacement of White, under Chris' proposal, would be made up by part-time announcers who would be paid a total annual salary of \$3,900.00. Chris Tompkin's proposal indicated an announcer cost reduction of only \$2,236.00.

In May, KALX had employed Betty Garland, a home economist, and Grace Aldan, a promotion director, for a total cost of \$12,430.80. Both men agreed that each of these positions should be terminated for a net gain to the station of \$12,430.80.

In May, the technical personnel of the station had consisted of three technicians who were employed exclusively by KALX-AM supplemented by technicians from KALX-TV who worked for the AM facility on a part-time basis. Gangloff proposed that two of the three full-time technicians be eliminated from the KALX staff and the amount of technical work for the AM facility on the part of the KALX-TV technicians be increased. This proposal indicated a net cost reduction of \$9,235.80. Chris Tompkin's proposal was to keep the three AM technicians and eliminate the work done for AM by the TV technicians. This proposal indicated a net technical cost reduction of \$5,200.00.

Both men knew that more than just cost cutting had to be accomplished if KALX were to achieve a profit situation. . . KALX had to become a more important factor in the market. Both men agreed that KALX should become the number one adult-oriented station in the market. In May, KALX had been fourth in ratings in the market and it had been the number two adult-oriented station. Stations one and three in the market were both rockers. Station number two, KRTC, was the number one adult-oriented station. Tompkin and Gangloff disagreed over the manner in which KALX might become the number one adult station. Gangloff felt that a unique station image was required. To this end he proposed to sever the station's affiliation with the YYY radio network. He felt that in most instances the non-news programming offered by the network was far too disjointed and irrelevant to be consistent with a unique station image. Gangloff believed that the news slack could be made up by KALX's own newsmen. He also felt that KALX could not compete with KRTC in the area of news, since news was the basis of KRTC's image. Instead, Gangloff proposed to build the new station image around its music. He suggested a record "play list" selected from the lists compiled by Billboard, Variety, Cash Box, Record World, and local record store sales of the fifty most popular tunes of any given week in the non-rock category, plus other bright, well-performed contemporary music. He

proposed that KALX's own locally originated news be brief and comprehensive but well paced. He wanted news items to be selected on the basis of their interest and appeal to older teens and adults. . . it was not to be all "hard" news. The station image would be promoted further by the use of a mature and unique package of KALX jingles. Under Gangloff's proposal, the station's broadcast day would be shortened from 19½ to 16 hours.

Chris Tompkin's proposal recognized that the non-news aspect of the network programming were disjointed and of little value to KALX. He believed, however, that the YYY network, needing an outlet in the market, would agree to a contract whereby KALX would carry YYY news and no other network programming. Chris believed that KALX could not afford simply to give up on the news aspect of its programming. Although Chris advocated the removal of one newsman for a cost reduction of \$8,202.00 per year, he felt that KALX needed network news if it were to compete with KRTC. Chris proposed a unique station image that was based on more than just music. . . he felt that the appeal of the personalities on KALX should be developed to the fullest. Therefore, he did not advocate the sweeping removal of announcers that was a part of Nelson Gangloff's plan.

The major recommendation in which Chris' proposal differed from Gangloff's was in the length of the proposed

programming day. Whereas Gangloff proposed a decrease in length from $19\frac{1}{2}$ to 16 hours, Chris proposed to extend KALX's programming to 24 hours daily. Chris' reasoning was fairly simple. Of the seven stations in the market, only two operated on a 24 hour basis . . . the two rockers. Like KALX, KRTC operated $19\frac{1}{2}$ hours per day. In his proposal to the board of directors of The Alexander Company on May 17, Chris drew the analogy between a radio station and a large department store:

A department store traditionally has fixed hours in keeping with its competitors and the tenor of the market which it serves. It does not close its doors on its slowest days because it loses money on those days. . . a department store keeps its doors open on its slowest days in order to remain competitive and to provide service to its customers. KALX should not close its doors from 1:00 A. M. to 5:00 A. M. By operating on a 24 hour basis it would become competitive to the two stations programming in that period, and have a distinct programming advantage over KRTC.

Chris felt that if KALX could offer adult music and adult programming at a time when KRTC did not, the station could add new listeners.

At the board of directors meeting on May 17, in which both Tompkin and Gangloff had made their proposals, Gangloff had made it clear that he was completely opposed to Chris' idea of 24 hour programming. Gangloff believed that 24 hour programming was a luxury certainly not to be enjoyed by a station that had been consistently in the red. He felt that since no other adult-oriented

station in the market was operating on a 24 hour basis, KALX would lose little by keeping its programming day limited in scope. What the station could gain by 24 hour programming, in Gangloff's opinion, was, at best, doubtful.

Even though the board of directors, after considerable deliberation, had endorsed Chris' proposal in full, he at no time lost sight of the fact that Nelson Gangloff's ideas had been considered seriously by that board. Chris also knew that reduced costs appealed to a board of directors which was responsible for the operation of a station which perpetually cost them money. Gangloff's proposal had been based on cost reduction. An image based on music would have been relatively inexpensive. . . his proposal had indicated a total personnel cost reduction of \$48,059.30. Chris' proposal, while making definite reductions in cost, was more concerned with the positive steps that could be taken by the station in order to unseat KRTC from its dominant position as the number one adult station in the market. . . Chris' proposal indicated a total personnel cost reduction of only \$28,068.80, but this did not include the salary that would need to be paid to an all-night disc jockey. It was this background of conflict with the proposal of Nelson Gangloff that came strongly to bear on the decision which Chris had to make on the morning of September 17.

After Chris had seated himself at his desk and had consumed half of the cup of coffee that was brought to him by his secretary, he opened his top desk drawer and pulled out the two folders that were inside. Each folder contained a résumé of a man whom Chris was considering to fill the all-night slot on KALX. Chris had waited four months to enact this programming change because he wanted to see how successful the other areas of programming change would be. So far it looked as though KALX was on the move. In the past four months Chris had negotiated a new contract with the YYY network in which KALX needed to carry nothing more than the YYY news. He had also been successful in inaugurating a new music policy which, through the careful supervision of Danny Denison, his program director, had developed into a consistent, unique, and appealing modern sound. He had begun to make inroads into the market share of KRTC by carefully developing a consistent style among his announcers, inaugurating several telephone talk-back programs with adult appeal and by judicious promotion of KALX's affiliation with YYY. In four months, KALX's billings were up 15% over last year's similar period. Chris Tompkin's programming proposals had been successful to date, and he was ready to take his next big step. . . the selection of the all-night disc jockey.

Chris was aware of the fact that Nelson Gangloff's May 17th proposals had never since ceased to be a consideration in the decisions he made. Chris knew how Gangloff felt about going to a 24 hour basis and he also knew what a powerful man Gangloff was in the KALX-AM-TV operation. Although the station was making gains under Chris' management, one of the major reasons for these gains was the decrease in costs which Chris had enacted. This cost reduction would be greatly affected by Chris' employment of an all-night disc jockey. Chris was firmly convinced that operation on a 24 hour basis would, in the long run, be of great help to KALX. He was undecided, however, as to how much of this help would be due to the simple fact that the station would be on the air from 1:00 A. M. to 5:00 A. M. , and how much of it would be due to the man he chose for the job. The résumés of the two men under Chris' consideration punctuated the alternatives to the problem.

The résumé in one folder belonged to a man named Jack Hamlin. . . a 23 year old graduate student at a nearby university who had been married 11 months. Along with the résumé and the station application form were two letters of recommendation from leading citizens in the city stating that Jack Hamlin was a reliable and hard-working young man. Jack had received his bachelors degree in education and now was working toward his M. A. and Ph.D. in the same area. He would be in school at the university

for a minimum of four more years. Jack had been an announcer on his non-commercial college station for four years and had worked as a summer replacement on a medium-market AM daytimer for two summers. Chris had auditioned Jack Hamlin 1½ weeks ago and had concluded that Jack's air personality, while not exceptional, was good. He had a reasonable knowledge of the music on the carefully selected KALX "play list" and appeared eager to get the all-night disc jockey job. Jack's salary requirement was \$100.00 per week... \$5,200.00 per year.

The résumé in the other folder belonged to a man named Walt Taylor. Taylor was 35 years old, had a college degree in broadcasting, and was a bachelor. Walt had been a professional announcer for over 11 years. Each time that he had changed stations in the course of his career, he had moved to a better job. Accompanying the résumé and the application form were several letters of recommendation from radio station managers, jazz artists, and record distributors, all stating that Walt Taylor had an exceptional knowledge of contemporary music. Taylor had written and originated several jazz shows in the course of his career. He stated in his résumé that he knew at least fifty top-rated modern music performers personally. Taylor's theme song, "Taylor-Made," was written expressly for him by one of America's foremost jazz musicians. He was well known in the city because he had appeared on

stage many times during the well-attended jazz festivals in the area. Walt Taylor had an established reputation as a fine modern music radio personality. Chris had auditioned him earlier in the week and rated the man's capabilities as "excellent." Walt Taylor's salary requirement was \$300.00 per week. . . \$15,600.00 per year.

Chris Thompkin had narrowed his list of applicants to these two men for a specific reason: he felt that in making the decision between the men he would come directly to grips with the crucial problem concerning 24 hour programing. . . if KALX were to make inroads into KRTC's audience, how much of that gain would be due just to being on the air all night and how much would be due to the man who was on the air? On the one hand, there would be the fact that KALX could gain an advantage over KRTC simply due to the fact that, at long last, there would be an adult music station on the air between 1:00 A. M. and 5:00 A. M. . . . and that station would be KALX. Theoretically, adults listening to radio in that time period would tend to form a habit of listening to KALX in other time periods. This result presupposed, however, that the listeners liked what they heard. If Chris chose Jack Hamlin for the all-night job, that point would be questionable. If Chris chose Walt Taylor, those listeners who heard KALX between 1:00 A. M. and 5:00 A. M. would be treated to something special. . . one of the most interesting

disc jockeys in the market. A performer of Taylor's quality certainly should attract new listeners in this time period.

There was always the possibility that KRTC might decide to program on a 24 hour basis if it appeared that KALX, by doing so, was drawing daytime listeners away from KRTC. If KALX had an all-night personality of the quality of Walt Taylor in the all-night slot, it could act as protection against KRTC's entrance into the 1:00 A. M. to 5:00 A. M. competition, because KRTC might be reluctant to spend the required money to compete with a talent such as Taylor in a time period which had previously been considered unprofitable.

But there was the problem of costs. Chris knew how Gangloff felt about going to a 24 hour basis. He knew further that Gangloff most certainly would be vehemently opposed to paying \$15,600.00 for an all-night disc jockey when, in his May 17th proposal, he had asked for the elimination of all KALX announcers who were paid that much. The difference between Hamlin's and Taylor's asking salaries amounted to \$10,400.00 per year. Chris knew that he could not afford to lose sight of the fact that KALX was still considerably in the red. Although Chris had only thought briefly about selling the all-night show, he knew that, at about \$8.00 a spot, he couldn't even approach a situation in which the 1:00 A. M. to 5:00 A. M. time period would pay for itself in sponsorship. Chris had to think of the all-night show as a gamble toward the unseating of KRTC.

He knew that if he chose Jack Hamlin for the job, he would be safe. Gangloff might scream to the board of directors; but they had already approved the 24 hour operation, and the selection of Hamlin would be the most economical means of carrying out an already approved programing change. If he chose Hamlin, however, Chris knew that the impact of the late night programing probably would not be as great as it would be if he chose Taylor. . . yet what the impact of the all-night programing would be was, at best, a guess. If Chris chose Hamlin, he could still show a decrease in costs and an increase in billings. If Chris chose Taylor, the station operating costs would be about the same as they were just before he became manager.

There was no compromise. Chris knew that if he were really to "go after" the all-night adult audience, he would have to do it with Taylor, who was capable of preventing KRTC from going to a 24 hour basis. Yet, if Chris chose Taylor and Taylor were not successful within a relatively short time, the board of directors, listening to Gangloff, might decide that 24 hour programing was nothing more than a dead cost. On the other hand, if Chris chose Hamlin, and KRTC hired a man such as Taylor to compete, any possible advantage of 24 hour programing for KALX could be questionable. The question in Chris' mind seemed unceasing: "What can we afford?" "What will Gangloff do?" "Would Taylor

really be worth \$10,400.00 per year more than Hamlin?" "What will KRTC do?" "Will all-night programming really be that valuable to us?" Both Taylor and Hamlin were expecting a call from Tompkin that afternoon.

EXHIBIT I
TOMPKIN PERSONNEL PROPOSAL

	<u>\$ Present</u>	<u>\$ Proposed</u>	<u>\$ Increase</u> <u>\$ Decrease*</u>
<u>Announcers</u>			
Martin Lassiter	\$ 15,600.00	\$15,600.00	-0-
Don White	15,600.00	9,464.00	\$ 6,136.00*
Al Fisher	8,112.00	8,112.00	-0-
Paul Phillips	9,464.00	9,464.00	-0-
Don Randale	8,424.00	8,424.00	-0-
Part Time	-0-	3,900.00	3,900.00
	<hr/>	<hr/>	<hr/>
	\$ 57,200.00	\$54,964.00	\$ 2,236.00*
<u>Technicians</u>			
3 AM Techs	\$ 24,024.00	\$24,024.00	-0-
TV Techs Allotment	5,200.00	-0-	\$ 5,200.00*
	<hr/>	<hr/>	<hr/>
	\$ 29,224.00	\$24,024.00	\$ 5,200.00*
<u>Newsmen</u>			
3 Newsmen	\$ 24,606.00	-0-	\$24,606.00*
2 Newsmen	-0-	\$16,404.00	16,404.00
	<hr/>	<hr/>	<hr/>
	\$ 24,606.00	\$16,404.00	\$ 8,202.00*
<u>Talent</u>			
Betty Garland	\$ 5,565.40	-0-	\$ 5,565.40*
Grace Aldan	6,865.40	-0-	6,865.40*
	<hr/>	<hr/>	<hr/>
	\$ 12,430.80	-0-	\$12,430.80*
	<hr/>	<hr/>	<hr/>
Totals	\$123,460.80	\$95,392.00	\$28,068.80*

THE CASE OF THE QUESTIONABLE
CHRISTMAS

Chet Currier, station manager of WVPL, was kidding with the station's receptionist. "You know how I can tell it's Christmas time?" he asked. "Simple," he said, answering his own question, "because it's the only time of year when anybody ever eats fruitcake!" They both looked back to the shelf behind the desk at the six fruitcakes which had been sent to the station by various sponsors, and laughed.

Chet Currier had reason to be in a good mood. In just three days, the day after Christmas, he would be leaving for Florida for a two week vacation. Chet had worked his way up the hard way in the radio business, and only after he had become station manager of WVPL had he begun to reap the rewards of his years of hard work. WVPL had been the answer to Chet's dreams... his job was perfect for him. The station was an AM daytimer in a wealthy suburb of one of the country's top five markets and, over the years, it had done exceptionally well. WVPL had found success with cluster programming featuring "good" music and classics. The success of the station had been so great that WVPL did not have an availability for six months. No advertising was accepted on the station unless it was a national or large metropolitan

account. The station's staff was quite small. It consisted of four announcers, a receptionist, a chief engineer, and a salesman.

WVPL was owned by a parent corporation, the owner of which made all of the profit decisions for the station. In short, then, Chet Currier's management responsibilities lay almost entirely within two areas: programing and personnel.

Chet had always loved to announce and, since his job as station manager only entailed the supervision of a small staff, he had found no trouble in taking the weekday afternoon announcing shift for the station. Since WVPL's cluster programing meant that for thirteen minutes out of each fifteen minute segment there was solid music, Chet was often able to accomplish many of his managerial duties during his air shift. Chet further supplemented his substantial income from WVPL by announcing for an FM station in the adjoining city on a part-time basis. Chet had been manager of WVPL for over one year and had encountered no difficulty in keeping the station's operations running smoothly. Working conditions at WVPL were ideal. . . the station's offices and studios were located in a large, elegant suite in a beautiful suburban hotel. All members of the station's staff were well paid and everyone carried out his individual duties seriously, professionally, and with care.

One month ago, however, Chet had encountered a problem. Ames Davis, the part-time announcer who worked the weekend

morning shift for WVPL, had called the station on a Friday evening to report that he would be unable to make his Saturday morning shift. Davis had not missed a day of work in the six years that he had been with WVPL and Chet had no reason to doubt that, on this occasion, he was sick. Immediately after receiving Davis's phone call, Chet had called Doug Dunlap, WVPL's weekday morning announcer and asked him to cover the Saturday morning shift. Dunlap refused, saying that he had made other plans for the weekend and did not feel that it was his duty to be on call during any times other than the time of his particular shift. On such short notice, Chet could not find anyone else to do the job and he had to cover it himself. It was at this point that Chet had decided to formulate a concrete personnel policy for the station. The following Monday, the station's staff was greeted by a policy letter signed by Chet Currier.

Chet's policy statement was simple, straightforward and fair. It stated that all of WVPL's announcers must be on call at all times for emergency work for the station. The letter stated that if an emergency, such as the one involving Ames Davis, were to arise, it would be the duty of the station's announcers to put that emergency above their personal plans. Chet's policy permitted announcers, on occasion, to take a day off, provided that they covered their shifts with other station announcers and that the changes

were approved by Chet in advance. Chet asked for the initials of the four announcers on the bottom of the policy letter, indicating that they had read and understood its contents. By the following Saturday morning, four sets of initials were on the letter and all seemed to be well at WVPL.

It was now twenty-four minutes past the hour and Chet had returned to the control room. As the last strains of a Bizet aria faded, he opened the mike. "Beautiful music continues on WVPL after these messages." He ran a Helene Curtis spot, gave the time, and then ran a promo for WVPL's Christmas morning programming. On Christmas, WVPL would broadcast continuous church services from 6:00 A.M. until noon. The Christmas morning programming was a tradition at WVPL and it was widely accepted by the station's audience as indicative of the station's quality programming. As Chet read the weather and gave a station break, the phone in the control room lit up. After starting another record, Chet answered the phone.

"Good afternoon. . . WVPL radio."

"Chet, this is Doug Dunlap. . . I'm not going to be able to cover Davis's shift on Christmas morning."

"What do you mean, you can't cover it? We had this all worked out weeks ago. You know Ames has left town for the holidays. . . you've got to cover it!"

"I'm sorry, Chet, but I just can't do it. . . I've had a change in plans. . . my wife and I are going to leave town for the holidays."

Chet paused to choose his words carefully and then spoke. "Doug, you signed your initials on the bottom of the policy letter. . . you've accepted the working conditions here. It's your duty to assume the responsibility which you took by agreeing to cover Ames' shift."

"I'm sorry, Chet, but I just can't do it," came the voice from the other end of the line.

"Doug, you have to."

"Chet, I don't have to do anything."

"You have to do what I tell you if you're going to continue working for me."

"Well, if that's the way you're going to be. . . I quit!
Goodbye!"

Before Chet had realized what had happened, there was a click in the phone receiver and the line was dead. Chet was absolutely flabbergasted. He sat in the announcer's chair with the phone still in his hand. He must have sat there several minutes before he replaced the phone, slowly rose from the chair, and began pacing the control room. For the first time since Chet had become station manager of WVPL, he had lost an employee. Also,

it was two days before Christmas and Chet had no one to fill the morning shift.

The Christmas morning schedule was technically difficult. Since WVPL carried continuous church services from all over the city, the man on duty was required to bring in four separate remotes and perform live announcing between the remotes. This meant that he had to talk on the air while listening for the cue to bring in the next church service. WVPL had a reputation for excellent Christmas day programming and it was important that the morning shift be handled efficiently. Since Ames Davis was out of town, and since Doug Dunlap had just quit his job, there was only one man, other than Chet himself, who could be counted on to do the job correctly. . . that man was Ken Sawyer.

Ken had been with the station ever since it was purchased by its present owner ten years ago. He was thirty-four years old, an excellent announcer, and a dedicated worker. Ken certainly had the ability to cover the difficult Christmas morning shift since, for the past nine years, that had been his assignment. This Christmas was to be the first in ten years when Ken did not have to work. Chet recalled how happy Ken had been when he was moved to a weekday position on WVPL. Since the beginning of December, Ken had talked about how nice it would be to spend a Christmas at home with his wife and his two young children.

More than two months ago, Chet had agreed to announce the Christmas morning shift at WFMA, the city station where he worked part time. At that time he had no reason to believe that there would be any personnel problems at WVPL. . . this had been prior to the time when Chet had written his personnel policy letter to his announcers. Chet knew that there was no possibility of getting an adequate replacement for his shift at WFMA. . . at that station there also were only four announcers, and Chet knew that each of the other three would be out of town for the holiday. Chet had to find an announcer to cover the Christmas morning shift on WVPL. Ken Sawyer was one possibility. . . but, even though Chet's personnel policy letter required Ken to cover the shift if he were asked, it seemed to Chet that it would be quite unfair to ask Sawyer to give up his first Christmas holiday in ten years.

Chet had another possible alternative. . . the fourth WVPL announcer, Louis Hollister. Hollister was a part-time announcer who worked the noon to signoff shift on weekends. He was a bachelor and he had indicated to Chet that he had no particular plans for Christmas morning. In fact, Hollister earlier had volunteered to cover Ames Davis's vacant spot, but Chet had asked Dunlap to cover it because Dunlap was much more technically efficient than Hollister. Chet knew that he could get Hollister to take the morning shift in as much time as it would take to call him but

he knew that in so doing he would be taking a risk. . . the technical difficulty of the shift was so great than an inexperienced man would be hard put to do a good job. Hollister might not be able to bring in the remotes correctly. Chet envisioned Hollister sitting behind the board on Christmas morning trying to figure out why nothing was coming down the line from the First Presbyterian Church. The thought of it made him shudder.

Chet glanced down at the record on the turntable. Almost mechanically, he sat down in the announcer's chair, cued up another record, ran two spots, read the weather and started the next record. Chet knew that he shouldn't let his personal feelings cloud his decision. He knew that he should not let his mental picture of Ken Sawyer with his wife and two children around the Christmas tree become a factor in what he was about to decide. He tried to think of the alternatives from an objective point of view.

The first alternative was to call Louis Hollister and ask him to take the morning shift. He thought he might then call Sawyer and get a list of technical instruction. . . but he knew that this would not guarantee that a good job would be done. By calling Hollister, he would be taking the chance that the Christmas morning programing on WVPL would be a mess.

On the other hand, he could call Ken Sawyer. Sawyer had initialed the policy letter and he would know that he would have

to give up his Christmas at home with his family if Chet asked him to do so. Yet Chet knew that Ken had been counting on this Christmas at home for months.

Chet recognized a possible third alternative. He could call the station manager at WFMA and state that due to unavoidable circumstances he could not announce for that station on Christmas morning. Chet felt that if he were to do this, he would make WFMA's station manager so angry that Chet would most certainly lose his job at that station. He would be avoiding the possibilities of poor Christmas programing on WVPL but he could lose a \$6,000.00 a year job at WFMA.

It was late in the afternoon on the Friday before Christmas and WVPL had no announcer for Christmas morning. Who that announcer would be was a decision that Chet Currier would have to make soon.

UNCLE JACK'S COUNTRY MUSIC

Station KEZB is located in a town of 35,000 people in a county of 77,000 people. The average income per household in the county is \$8,600.00 per year. The town in which KEZB is located is approximately 25 miles east of a major market of 660,322 people in the metropolitan area. KEZB is the only station in its town, is a 1,000 watt daytime station and has a directional signal beamed away from the major market. The following letter was written by Fred Henry, station manager of KEZB, to his long-time friend, Robert Harsh, a well-respected and successful radio management consultant.

Mr. Robert Harsh
P.O. Box 10335
Chicago, Illinois 60604

Dear Bob:

It seems the only time I write to you any more is when I have a problem. Believe me, I'd love to sit down some day and write you a simple, friendly, small-talk letter but somehow the opportunity never seems to present itself. . . I'm usually struggling with some sort of problem which never fails to occupy all of my time, and today is no exception. I have to make a decision this week that will strongly affect this station and my career and so, as usual, the purpose of this letter is to seek your advice.

It's kind of a crazy situation, Bob, so I think I'd better start at the beginning. KEZB has been a station in turmoil for years. The main reason for this was the fact that it was owned and operated by a fellow named Mark L. Thomas who, I think, in retrospect, was probably the most disliked broadcaster in this part of

the country. Most people called him dishonest. For example, in the last days of his ownership of KEZB he attached a rope to his transmitter tower and pulled the tower down with a tractor. He then put up a weather balloon with a piece of cable on it for a "temporary" antenna. His sole purpose in all of this was to make KEZB a nondirectional station. As you know, we're in a small market here, but we're only twenty-five miles away from a metropolitan market. . . Thomas wanted that metropolitan market to receive the KEZB signal even if he had to lie to the FCC to do it. He actually went to the city to establish offices for the station. Well, I could tell you all kinds of stories about Mark L. Thomas, Bob. . . about how many people claimed that he broke his word on contracts and about how many people said they were cheated, but that's just background for my problem.

About a year ago the FCC finally got fed up with Thomas's actions and told him that the KEZB license would not be renewed unless Thomas sold the station. After some searching around, Thomas finally found a buyer. . . an "evangelist" by the name of Billy Stewart. Billy Stewart is really a character, Bob! He's the old hell, fire, and brimstone type who has made his way in the world by soliciting contributions from dying wealthy old ladies. In return for their contributions to his cause he promises eternal salvation. I won't come right out and say it's a racket. . . but it's always seemed kind of shady to me.

Well, anyway, I guess about a year ago Stewart had received a very sizeable "contribution" and had decided at that time that he wanted to buy a radio station to further his teachings. . . or to add credence to his "racket" as the case may or may not be. It was at that time when Stewart was approached by Thomas. Billy Stewart was no match for Mark L. Thomas! When Stewart imported a consultant from New York City to evaluate the worth of KEZB, Thomas made an under-the-counter arrangement with the consultant and, between the two of them, they managed to get Stewart to pay three times the worth of the station. The way I figure it, Bob, a station in this market, under good management, should gross about \$8,000.00 to \$10,000.00 per month. Under Thomas' ownership and management KEZB was grossing only \$4,200.00 per month. When Billy Stewart bought KEZB it was worth, at most, \$75,000.00; but Thomas and the consultant got Stewart to pay \$225,000.00.

Right after the time when KEZB changed hands, I came into the picture. There had just been a management shake-up at the station

where I was working at the time, and I wasn't too happy with the situation there. When Stewart approached me about managing KEZB I was in the mood for a change. I looked at the station and realized that it was in such a mess that all I could do was improve it. . . and Stewart gave me a cut of profits, not just a straight salary. One year ago, I became the station's manager.

The problems which Mark L. Thomas left behind were enormous. First of all, we had a wire hanging from a balloon for an antenna. Secondly, the FCC had issued an ultimatum that the station had to be directional again within three months. The station sounded awful, too. The music they played was a mixture of anything and everything that they could find in the record library. . . and the record library was absolutely antique. And then there were the studios. . . Bob, I know you're going to find this hard to believe, but they were in an abandoned train depot. There were holes in the walls and floors, cracks in the ceiling, and the whole place was filthy. To give you an idea of the type of operation it was, a farmer's cow got electrocuted on the makeshift antenna. We had to go through all kinds of negotiations with the farmer who owned her until we finally arrived at a settlement. . . we had to build a fence around the antenna and pay for the cow. It was that type of operation. On top of all this, the equipment was shot and the ratings and billings were way short of what they should have been. Finally, there was the biggest problem of all. All we had to do was mention the name of KEZB and we'd get doors slammed in our faces. Mark L. Thomas had established quite a reputation for the station! For months our salesmen couldn't sell a single spot. Most every merchant in the town wanted nothing to do with the station since most of them believed that Mark L. Thomas was in some way still connected with KEZB.

Slowly but surely, however, I managed to get things straightened out. We got a new antenna up (with a fence around it) and made our peace with the FCC. I added to the record library, tightened up the music policy, and gave the station a pleasant "good" music sound. We hired new announcers and salesmen. We took paint brushes and scrub brushes to the studios and put them in order. Finally, we began to make some breakthroughs with the merchants. Every one of us on the station joined the local chamber of commerce and began to contribute to community affairs. I worked diligently on the station's public service operations and gradually the Mark L. Thomas image of KEZB began to fade. We experienced a gradual "image uplift" and, within about six months, I had the station's billings up to about \$7,000.00 per month. Through

all of this, Billy Stewart gave me a free hand... except for a few stipulations like religious programs, some religious music and, believe it or not, an obituary program.

It was at this point that operations seemed to level off. We weren't getting a lot of new business, we weren't getting a high turnover of business, nor were we getting much higher in the ratings. We were grossing \$7,000.00 per month, however, and the operation was showing a good profit.

At about this time one of our sponsors, a realtor in the area, approached me with a proposition. He said he was interested in doing a country and western show on KEZB on Saturday afternoons. He said he'd bring his own records and even have his realty company sponsor part of the show. He then said he'd try to sell the rest of the show himself. I accepted his proposition for two reasons, Bob. First of all, Saturday afternoons weren't making us much money and I figured that since the realtor was bringing his own sponsorship with him, it wouldn't hurt to try the idea. Secondly, I felt that Saturday afternoon was an inconsequential enough time period so that a country and western show wouldn't be heard by a lot of people and thus be inconsistent with our "good" music and public service image which we worked so hard to acquire. Well, the show ran on Saturday afternoons and was surprisingly well received... especially in the rural areas of the counties which we cover. With the money we were getting from the realty company plus the money from spot sales, we made a good profit. I thought that that would be the extent of our country and western programming until one day I made the acquaintance of a guy named Jack Slade.

I was sitting in my office on a Saturday afternoon when Slade walked into the station. I was startled when I saw him, for obvious reasons, Bob. First of all, he weighs about 270 pounds. He dresses well... although he looks like a hayseed when he wears his big hand-tooled leather boots with a suit. Another thing... his tie is always at half mast. I guess a guy who weighs that much always looks kind of sloppy and Slade, with his loose tie, was certainly no exception. One thing about Jack Slade, though, he's a real salesman. His first big sales job that I became aware of was the one that he did on me that Saturday afternoon. Before he left the office he sold me on the idea of giving him a fifty percent commission on any new business that he could bring into the station.

The job that Slade has been doing for us is absolutely amazing, Bob. He's probably the best salesman I've ever seen. To give you an

idea, he'd go to see a merchant that we had previously approached and been unable to sell. Not only would he sell the guy on a big package of spots but he'd walk out of the store with the cash in his pocket. I watched him work a couple of times, Bob. He'd talk to a merchant who was an absolute stranger and, within a half hour, they'd both be on a first name basis, shaking hands, and laughing . . . I couldn't believe it. I can't ever really trust him, though . . . he's a kind of a floater. I still don't know where he came from before he came to us, and I don't tempt him by leaving the cash box open. But one thing I do know about Jack Slade, Bob . . . he can sell!

You're probably wondering what Jack Slade has to do with country and western programing. Well, about every two weeks he'd approach me to tell me that country and western was easy for him to sell. Sometimes he'd take all-day trips into the rural areas and come back with hundreds of dollars of new business that he had picked up bit-by-bit from a lot of small merchants. He said that the people in the rural areas really loved the country show. He kept pressing me for more country and western programing . . . so I took what was at the time a major step.

I called Slade into the office one day and told him that if he wanted a country show, he could have one provided that he sold it and he announced it. I thought he'd mull over the prospect of announcing it for a while, but instead he said "yes" right away. It turns out that he had done plenty of announcing when he was younger. The next Monday I had the "Uncle Jack Slade Country Show" on at three o'clock in the afternoon. Slade sold in the mornings and announced in the afternoons, and within three weeks he had the entire show sold out for a thirteen week period . . . all sponsored by rural merchants.

Well, that was thirteen weeks ago, Bob. Slade now has the whole thing sold out for another thirteen week period and he's now begun talking about going all country and western with KEZB. I will admit that we've tried some country and western promotional activities (fairs and hoedowns, etc.) that have met with real success, and I'll also admit that if we went country and sold all of our time the way Slade has sold the two country shows, we could have KEZB grossing better than \$15,000.00 a month; but there seem to be some real problems.

First of all, I have received some complaints from our sponsors here in town. They don't like the "farm" music, as they call it,

and, while none have threatened to cancel with the station, several of them have been quite vocal in expressing their dislike of the country shows. Right now, better than 75% of our total billings come from merchants right here in the town. I think that some of them are beginning to equate country programming with the sloppy programming of the Mark L. Thomas era. I wouldn't want to hurt our image in the town, Bob, and I'm afraid that country music, in some cases, might do it.

Secondly, I'm worried that our success with country music might be nothing more than Jack Slade's success in selling country music. In other words, I'm wondering how much of the success we've been having with country music is a result of the music itself and how much of that success is a result of Jack Slade's personality. Maybe I'm getting a distorted picture. If our success is the result of Slade and not the music, and if Slade ever left KEZB (which, since he's basically a floater, he might just do), we might have dug a big hole for ourselves.

Finally, since the country audience is outside of the town, I think there would be a selling inefficiency involved. What I'm saying is that salesmen would have to travel farther, make more calls, and make more small sales in order to sell a rural area instead of the more populated area here in town.

But, Bob, the fact still remains that we've had tremendous success with all of the country programming we have... we've had virtually one hundred percent selling efficiency. I guess my problem basically is how well I think that efficiency would carry over into an all country format.

Bob, you know how I respect your opinions on matters such as these, and any recommendations that you could give me would be very seriously considered. I hope that you will be able to find time in your busy schedule to give some thought to this and let me know your opinions.

Sincerely,



Fred Henry
Station Manager
KEZB Radio

When Fred Henry received the finished letter from the station's secretary, he read over what he had dictated. After finishing the letter, he leaned back in his chair and lit a cigarette. After a few moments of thinking, Fred folded the letter and placed it in his top desk drawer. Fred had realized that his thoughts had been crystallized merely by writing the letter and so, without hesitation, he decided that the letter need not be sent. He knew that he, KEZB's station manager, must make the final decision by himself.

THE CASE OF THE AUTOMATED ROCKER

Richard C. Darrill appeared bewildered as he gazed at the New York City traffic through the side window of the yellow cab. He had been bewildered last night when he had left the mid-west and his emotions had not changed during his plane trip east. Now, on a rainy noon in New York, his bewilderment was turning to nervousness. Darrill knew that Maury Davis, chairman of the board of Group Seven Broadcasting, Inc., had asked him to lunch in New York for an important reason. Darrill was nervous because he had little idea of what that reason was.

Darrill had been with Group Seven for five years. In that time he had had three major assignments. . . all of which were what Davis had called "bail-outs." Darrill was what Group Seven called a "trouble-shooting executive"; he would be assigned to particular radio or TV properties owned by Group Seven that were in financial difficulty and his job would be to get those stations out of that difficulty. His most recent assignment had been in a metropolitan midwest market where he had taken over the management of a 10,000 watt, network conservative station owned by Group Seven. Before Darrill had received the assignment, he was told that his principal job would be to raise the station's monthly billings from \$16,000.00 to \$23,000.00. In fourteen months, Darrill

had raised the monthly billings to \$20,500.00. He felt that this was a respectable accomplishment for fourteen months work but he was still nervous about the possibility that today's luncheon appointment with Maury Davis might be in terms of a reprimand.

"Sardi's, sir," came the voice from the front of the cab. Darrill looked up into the smiling face of the driver and his spirits lifted. "Maybe it's just a new assignment," he thought, and paid the fare. As Darrill approached the check stand in the restaurant, he caught a glimpse of the dining room. There in a corner booth sat Maury Davis and two other men whom he did not recognize. Darrill checked his coat and umbrella, tightened his tie, smoothed his coat, and walked into the dining room. When he approached the table, Maury Davis looked up.

"Dick... good to see you again," said Davis as he rose from his chair. "Dick, I'd like you to meet Jon Rolfe, Group Seven's new labor consultant, and Harry Wilcox, our new programming consultant." Pleasantries were exchanged among the four men throughout the luncheon and, on several occasions, Davis hinted to Darrill that he was pleased with the job that had been done for Group Seven in Dick's midwest market. Soon Dick came to feel that Davis's motives in asking him to lunch in New York were something other than to give him a reprimand. As the waiter brought the coffee, Davis finally began to get down to business.

"Dick, I know that you've probably been wondering why I asked you here today." Darrill mentally noted that Davis had a gift for understatement. "Dick, we've got a big problem with one of our key properties... KBOB." During the time it took Davis to utter that one sentence, Dick Darrill's emotions ran the full spectrum from pleasant relief to depression. As Darrill realized that the luncheon meeting was, indeed, created to give him a new assignment, he became relieved; but when he found out that the assignment was with KBOB, a metropolitan 50,000 watt full-time rocker, he became depressed. Davis continued: "Dick, I know that you're somewhat familiar with the history of KBOB, but I'll run through it again briefly in order to make clear the assignment that I'm about to give you. As you know, KBOB was one of the first big money-makers this corporation owned. We bought it back in '57 and turned it into a rocker just after the craze had caught on. Between 1957 and 1962, KBOB was the only rocker in the market and the ratings, billings, and profits showed it. In 1960, we were a dominant number one, had a 39% average market share, and were grossing \$65,000.00 per month. But, as I think you know, 1962 was the year when KIK went rock in the same market. Ever since the day when KIK went rock, our ratings and billings have gone downhill. I have always recognized that while one rocker can take 39% of the audience in a market, two rockers probably

won't take the full 39% between them; but KBOB's losses went far beyond that. We tried everything we could think of. We went through three station managers, I'd say about fifteen announcers, and quite a few salesmen. Well, we finally had to do something about our expenses, so twelve months ago I made the big decision and automated the station. We put \$100,000.00 worth of automation equipment in the station and completely revamped the entire personnel and operations structure. As you can well realize, this had a tremendous impact on our income statement for these past twelve months."

Davis reached into his attaché case for the income statements which he had brought and, as he did, the thought of automated rock crossed Darrill's mind and made him shudder. It had always been Darrill's opinion that automation and rock-'n'-roll music had to be, by definition, incompatible. Darrill had always felt that rock music was foreground music... it was music for the present... it was "alive." He had always felt that this was the magic of this music... this is what made it popular. He felt that to place this music in an automated format would be to take the life out of it... to eliminate the factor which made rock music popular. Davis placed the income statements in front of Darrill and continued.*

*For complete income statements, see Exhibits I and II.

"Dick, as you can see, by automating the station we reduced the number of employees by almost one-half. This lowered our operating costs by almost \$200,000.00 per year. It also enabled us to reduce our losses from \$186,200.00 to \$12,000.00 per year, even though our annual net income dropped from \$380,000.00 to \$360,000.00. Now, specifically, here's how we managed to save money. We were able to eliminate our six announcers for a net gain of \$110,000.00 per year. We were able to eliminate..."

"Excuse me...", Darrill interrupted, "...it would help me a lot if, before you finished with the elimination of the announcers, you could tell me how they could be eliminated and still have a rock station. In other words, give me some idea of how the programming sounds without live announcers."

"I guess that this is as good a time as any for that," Davis said. "Harry, give Dick an idea of the programming philosophy."

Harry Wilcox, Group Seven's programming consultant, took temporary control of the meeting. "I spent three months at KBOB in order to get an in-depth understanding of the programming, Dick. The whole system is new to me...but it's certainly more than just taping a lot of records and putting them into a machine...they're trying to be aggressive about programming and they're

trying to develop a 'sound.' Let me explain. When they add a new single to their play list, they give it to the production assistants. If you look on the income statement, you'll find that these men are new additions to the production department. The production assistants are basically announcers with well-developed production techniques. They announce over the intros and outros of the records, throw in 'wild-track' gimmicks and so forth... and they make what they call a 'single package.' In other words, the production team comes up with about ten different 'packages' for each single which contain not only music, but announcing and gimmicks as well... and these they insert into the automated equipment. They've also automated the time, their commercials, and their jingle packages."

"But Harry...," Dick interrupted, "...how would you evaluate the way KBOB sounds?"

"It's a completely different sound, Dick. I think the philosophy behind it is aggressive and creative. They're trying to build a station sound instead of featuring individual announcers each with their own sounds. But I guess the proof is in the pudding... the ratings continue to drop."

Maury Davis resumed talking. "Dick, the second area in which we saved money was in the area of technicians. Before we automated, we were running nothing but two man shows with an announcer and a board technician. Now, of course, we've

eliminated both the announcers and the board technicians. We just have our chief engineer and some men to monitor the automation and transmitter equipment. We dropped a total of six technicians for a total cost reduction of \$84,000.00"

"The union was very understanding at that point," broke in Jon Rolfe, Group Seven's labor consultant. "KBOB and the union worked out a completely new contract which included retraining men to work on the automation equipment and gradual pension payments to those six engineers who were dropped."

As Dick Darrill became more involved in the different areas of concern for KBOB, he took more control of the luncheon meeting. "I see that depreciation went up \$6,300.00 since the automation equipment was purchased...that's understandable. The position of personnel director was dropped too...that's also understandable. One thing that I'm concerned about, though...aren't these salaries quite high?"

Maury Davis answered that question. "Everything costs money in that market, Dick. The cost of living is quite a bit above the national average and so are salaries. Also, the unions are strong. This accounts for the fact that our engineers at KBOB make an average salary of \$14,000.00 per year. What we're paying is just about the going rate for all of our personnel, except in the sales department. We pay our sales staff high because the



market is extremely competitive; and, since KBOB has been declining in the ratings for years, it has become increasingly difficult to sell. We also pay the station manager \$25,000.00 per year because I've been hoping that somebody could make this thing start clicking for us again...but the ratings and billings continue to drop."

Davis pulled another group of papers from his attaché case.* "Take a look at this, Dick. Here's a breakdown of the competition in the market, and here's the latest SPECTRUM ratings for all of the stations. As you can see, KBOB is still number two in the market; it's also only 1.7 points away from being number five. The top five stations, KIK, KBOB, and the three middle-of-the-road network stations, account for almost two-thirds of all of the market's listeners. Unless we put a stop to KBOB's downhill slide, we'll possibly wind up in the number five position right next to the eight stations that only get one-third of the market's listeners. So, Dick, that's the problem and that's where you come in. I need a man with experience in this type of problem out there with KBOB. I want you to be out there by the first of next month. You should plan to spend about a month and a half at KBOB. I want you to take it apart on paper...analyze the income statement, the labor situation, the format potential. I need your evaluation of

*For a list of all stations in the market, see Exhibit C. For the SPECTRUM ratings of all stations in the market, see Exhibit D.

automated rock. I want to know if the automation idea was a complete waste or whether it will be our salvation. Maybe we should change formats; maybe what we have will finally catch on. In any event, I need a firm recommendation in two months. Can you do it?"

Darrill thought for a moment and then smiled. "I can do it if you can get somebody to manage my station."

"Consider it done," said Davis, and the meeting adjourned.

Ten days later, Dick was at KBOB. After a full month of intensive study, he had come to several important conclusions about the station.

First was his conclusion about the competition. Dick noted that almost every conceivable programming possibility was represented in the market. He also found that, even though KBOB had only an 11.7 share, it was still number two in the market and it held this position with rock music. Dick felt that it was significant that the station that was by far the most popular station in the market was a rock station. Dick believed that, as a result of these factors, KBOB's best possibilities lay with rock music.

He felt that the automation had at least succeeded in bringing the cost of operation of the station to the lowest point it could reach. In an analysis of both the income statements and the

balance sheets, he found virtually no possibilities for economies of operation that had previously been overlooked.

As far as the overall programing "sound" of the station, however, he felt that automation had definite limitations. KIK's slogan of "lively radio" was really hitting KBOB where it hurt. To Dick, KBOB had a "canned" sound. The sound also seemed to be repetitious and dull. There seemed to be no feeling of companionship while listening to KBOB.

Dick's decision had to be based on his evaluation of two fundamental approaches to the problem. He called these the "investment" approach and the "cost maintenance" approach. If Dick chose the investment approach, he would make a recommendation to Group Seven that would include the following considerations:

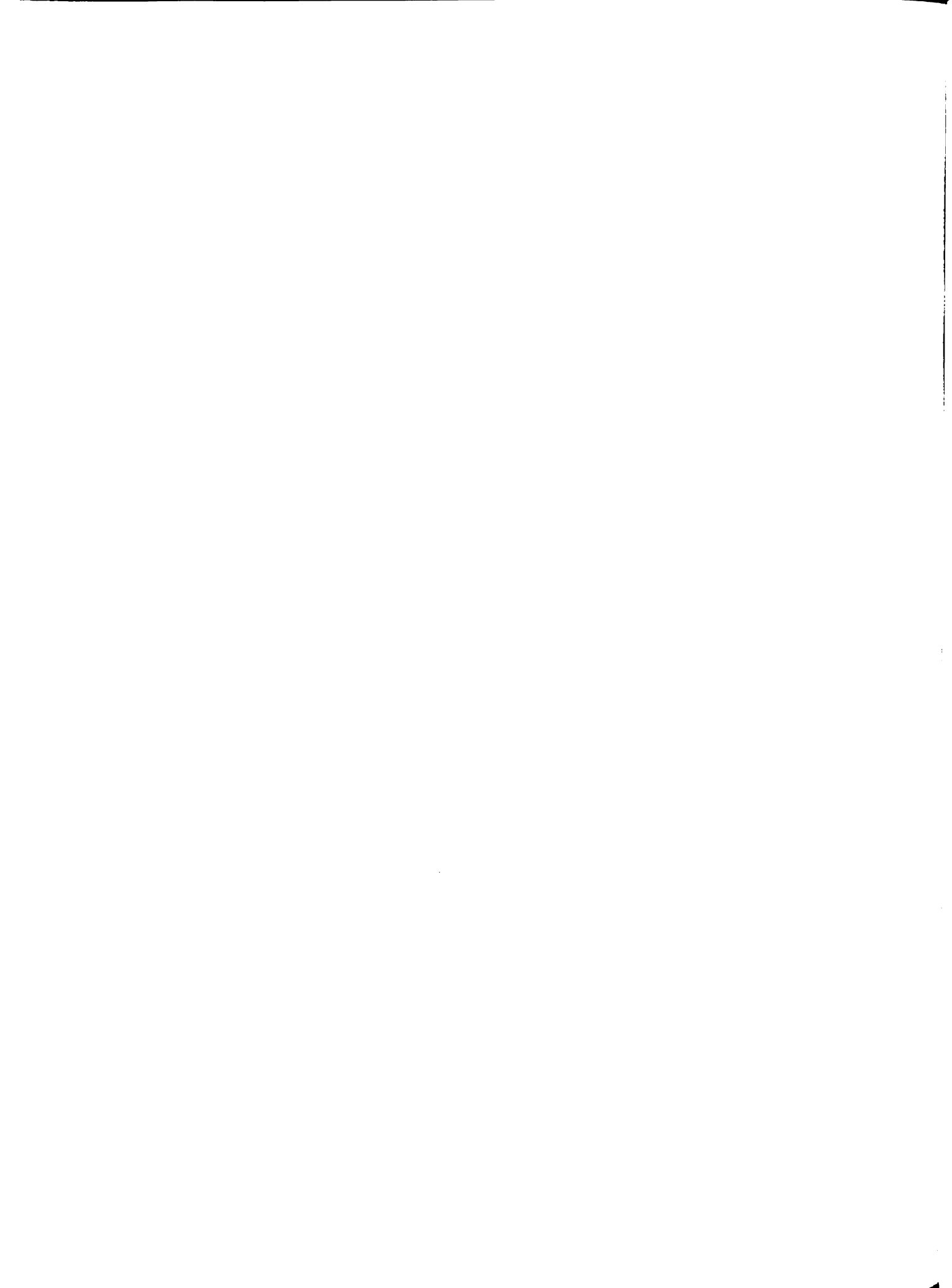
1. The station that is number one in the market is a rock station.
2. That station has more than twenty percent of the city's listeners in a thirteen station market.
3. That station became number one in the market by taking approximately two-thirds of KBOB's 1962 listeners.
4. KBOB is in direct competition with that station (KIK) but only in peripheral competition with the other stations in the market.
5. KBOB can regain its number one position by successfully competing with KIK.

6. Automation is a hindrance to successful competition with KIK.
7. Group Seven should (a) eliminate its automation policy at KBOB, (b) invest in top-flight announcers, (c) triple or quadruple the KBOB promotion budget, (d) renegotiate with the union for a full complement of technicians to run the operation, and (e) aggressively compete with KIK for the number one position in the market.

Darrill knew, however, that this proposal would require an investment on the part of Group Seven Broadcasting, Inc., of approximately \$250,000.00 per year. In order to justify this approach, he would need to show how KBOB could increase its billings by 50% a year. In order to break even under such a situation, KBOB's billings would have to increase from about \$360,000.00 to about \$600,000.00 per year. Darrill knew that the rock market is a fickle market. He knew that listeners' tastes could be swayed by smart management and programming. On the other hand, KIK was a well-managed station and was stiff competition by any standard.

If Darrill chose the cost maintenance approach, he would make a recommendation to Group Seven that would include the following considerations:

1. The station that is number one in the market is a rock station.
2. That station has more than twenty percent of the city's listeners in a thirteen station market.
3. That station became number one in the market by taking approximately two-thirds of KBOB's 1962 listeners.



4. KBOB is in direct competition with that station (KIK) but only in peripheral competition with the other stations in the market.
5. KBOB can show a substantial profit if it is able to (a) regain some of its lost listeners from KIK, (b) maintain a solid number two position in the market, and (c) operate on an average annual cost of \$350,000.00 to \$375,000.00.
6. Low operating costs depend on the automation technique.
7. The automation technique should be refined so as to produce a more pleasant programming "sound."

Darrill knew that, while this approach did appear to offer a reasonable prospect of reaching the break-even point and of making a profit in the near future, it had two fundamental drawbacks. First, the proposal conceded that KBOB would have little or no chance of ever regaining the number one position in the market. Second, the proposal presupposed that the automation technique could be refined to the extent that KBOB's programming would become more competitive with KIK's programming. This was in doubt. Yet Darrill realized that a positive, aggressive attempt was being made by the production men at KBOB to come up with something unique. Maybe the prospect of a station sound was not so remote. Maybe KBOB's production men would be able to create a dynamic and popular automated rock sound.

Darrill recognized that there was a third alternative to the problem. This would be a compromise solution whereby KBOB

would go "live" during prime time and become automated during the other, less important, periods of the day. This solution would appear to be the best of two worlds in that it would keep operating costs low and also make KBOB competitive with KIK during those periods of the day in which overall ratings were greatly affected. This alternative, however, had one crucial drawback. The technician's union might not agree. The technician's union had agreed to the elimination of several of the union men because KBOB had to become an automated station in order to survive financially. The fact that the station was automated was, in the eyes of the union, a significant enough departure from the operations of other radio stations to make it a special case with a special contract. If KBOB were to propose a part "live" and part automated operations schedule, the union might feel that the twelve months of automated operations were a ruse by which KBOB had accomplished the elimination of six union technicians without the risk of a strike. A new proposal of reorganization within the period of twelve months might, for these reasons, cause the union to make demands which would be difficult for the station to meet.

As Richard C. Darrill boarded the plane for New York City, he had three fully-written proposals in his attaché case. Which one of these he would recommend to Maury Davis was still a matter of doubt.

EXHIBIT I

KBOB RADIO
STATEMENT SHOWING THE RESULT OF
OPERATIONS FOR TWELVE MONTHS
PRECEDING AUTOMATION

INCOME

Local Spots	\$140,000.00	
Local Programs (inc. news)	<u>40,000.00</u>	
Total Local		\$180,000.00
National Spots	\$200,000.00	
National Programs (inc. news)	<u>20,000.00</u>	
Total National		\$220,000.00
Political	\$ 2,000.00	
Miscellaneous	1,750.00	
Line Rental	250.00	
Talent	<u>7,200.00</u>	
		<u>\$ 11,200.00</u>
<u>TOTAL INCOME</u>		<u>\$411,200.00</u>

DEDUCTIONS FROM INCOME

Talent	\$ 6,000.00	
Agency Commissions	15,200.00	
Representative Commissions	<u>10,000.00</u>	
<u>TOTAL DEDUCTIONS FROM</u> <u>INCOME</u>		<u>\$ 31,200.00</u>
<u>NET INCOME FROM</u> <u>BROADCASTING</u>		\$380,000.00

OPERATING EXPENSES

Technical		
Chief Engineer	\$ 19,500.00	
13 Technicians	182,000.00	
Cost of Operations	<u>14,000.00</u>	
		\$215,500.00

EXHIBIT I
(Continued)

Production		
Program Director	\$ 20,000.00	
6 Announcers	110,000.00	
News Department	28,500.00	
Cost of Operations	<u>8,500.00</u>	
		\$167,000.00
Sales		
Sales Manager	\$ 22,500.00	
4 Salesmen	40,000.00	
Cost of Operations	<u>4,500.00</u>	
		\$ 67,000.00
Land and Building		\$ 2,800.00
General and Administrative		
Station Manager	\$ 25,000.00	
6 Clerical	31,200.00	
Personnel Director	15,500.00	
Promotion Director	12,500.00	
Traffic and Accounting	14,000.00	
Cost of Operations	<u>12,000.00</u>	
		<u>\$110,200.00</u>
	<u>NET OPERATING EXPENSE</u>	\$562,500.00
	<u>NET OPERATING PROFIT</u>	(\$182,500.00)
<u>OTHER INCOME</u>		
Earned Interest and Dividends		<u>\$ 2,500.00</u>
	<u>GROSS PROFIT</u>	(\$180,000.00)
<u>OTHER EXPENSES</u>		
Depreciation		<u>\$ 6,200.00</u>
	<u>NET PROFIT</u>	<u>(\$186,200.00)</u>

EXHIBIT II

KBOB RADIO
STATEMENT SHOWING THE RESULT OF
OPERATIONS FOR TWELVE MONTHS
FOLLOWING AUTOMATION

INCOME

Local Spots	\$135,000.00	
Local Programs	<u>33,000.00</u>	
Total Local		\$168,000.00
National Spots	\$190,000.00	
National Programs	<u>20,000.00</u>	
Total National		\$210,000.00
Political	\$ 2,000.00	
Miscellaneous	1,750.00	
Line Rental	250.00	
Talent	<u>7,200.00</u>	
		<u>\$ 11,200.00</u>
<u>TOTAL INCOME</u>		\$389,200.00

DEDUCTIONS FROM INCOME

Talent	\$ 6,000.00	
Agency Commissions	14,200.00	
Representative Commissions	<u>9,000.00</u>	
<u>TOTAL DEDUCTIONS FROM INCOME</u>		<u>\$ 29,200.00</u>

<u>NET INCOME FROM BROADCASTING</u>		\$360,000.00
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OPERATING EXPENSES

Technical		
Chief Engineer	\$ 19,500.00	
7 Technicians	98,000.00	
Cost of Operations	<u>10,000.00</u>	
		\$127,500.00

EXHIBIT II
(Continued)

Production		
Production Manager	\$ 20,000.00	
2 Production Assistants	24,000.00	
News Department	28,500.00	
Cost of Operations	<u>10,500.00</u>	
		\$ 83,000.00
Sales		
Sales Manager	\$ 22,500.00	
4 Salesmen	40,000.00	
Cost of Operations	<u>4,500.00</u>	
		\$ 67,000.00
Land and Building		\$ 2,800.00
General and Administrative		
Station Manager	\$ 25,000.00	
4 Clerical	20,800.00	
Promotion Director	12,500.00	
Traffic and Accounting	14,000.00	
Cost of Operations	<u>10,000.00</u>	
		<u>\$ 82,300.00</u>
<u>NET OPERATING EXPENSE</u>		\$362,600.00
<u>NET OPERATING PROFIT</u>		(\$ 2,600.00)
<u>OTHER INCOME</u>		
Earned Interest and Dividends		<u>\$ 2,500.00</u>
<u>GROSS PROFIT</u>		(\$ 100.00)
<u>OTHER EXPENSES</u>		
Depreciation		<u>\$ 12,500.00</u>
<u>NET PROFIT</u>		<u><u>(\$ 12,600.00)</u></u>

EXHIBIT III

STATIONS IN COMPETITION
WITH KBOB RADIO

1. KLBL - 5,000 watts fulltime - XXX network - middle-of-road
2. KHAV - 5,000 watts fulltime - YYY network - middle-of-road
3. KBOQ - 50,000 watts fulltime - ZZZ network - quiet pops
4. KIK - 5,000 watts fulltime - rocker
5. KBOB - 50,000 watts fulltime - rocker
6. KWIW - 5,000 watts fulltime - news
7. KVWV - 5,000 watts fulltime - jazz
8. KOOQ - 250 watts daytime suburban - foreign language shows
9. KKAG - 10,000 watts fulltime - talk
10. KFIX - 250 watts daytime suburban - middle-of-road
11. KCVD - 250 watts fulltime - Negro rythm and blues
12. KTLE - 5,000 watts fulltime - country and western
13. KABD - 10,000 watts fulltime - classical

EXHIBIT IV
SPECTRUM MARKET RATINGS

<u>Station</u>	<u>Share (6:00 A. M. to Midnight)*</u>
KLBL	11.6
KHAV	11.1
KBOQ	10.0
KIK	20.1
KBOB	11.7
KWIW	4.2
KVWV	3.9
KOOQ	2.1
KKAG	7.7
KFIX	2.4
KCVD	2.3
KTLE	6.6
KABD	<u>6.3</u>
	100.0

*Adjustments made for daytime stations.

THE CASE OF THE FLOODED FORUM

Kenneth Wilton had been a vice-president of a national television network for seven years. Then, when he was 43 years old, he had made the decision to start his own radio station in a large, wealthy suburb of one of the country's ten largest cities. Wilton had spent thirteen months petitioning the FCC to obtain a construction permit for KQXL, a 1,000 watt, class A FM station. He had asked for the last frequency which the FCC had deemed available in that metropolitan area's crowded FM band. His petition to the FCC had been based on two points: (1) the suburb in which the station was to be located was large, had a community spirit, and needed a radio station of its own; (2) although the FM spectrum in the metropolitan area was quite full, there was a frequency available which could be used by KQXL with no interference to other stations. In his petitions to the FCC, Wilton had demonstrated three qualities which appeared to qualify him for a construction permit: (1) he had a sound knowledge of the broadcasting business; (2) he had the finances to operate the station; and (3) he had demonstrated a sincere concern for the needs of the suburb which he proposed to serve. There was only one problem which could have prevented Wilton from obtaining the construction permit which he sought. . . his contention that the frequency which he sought

would be of no interference to other stations in the metropolitan area. The frequency which Wilton requested for the operation of KQXL was only four-tenths of a megacycle from the frequency held by KRFM, a 60,000 watt, class B FM station in the adjoining city. The FCC ruled that before Wilton could receive a construction permit, he would have to obtain a statement from KRFM to the effect that a new station operating only four-tenths of a megacycle from them would be acceptable.

After several long meetings with Jon Hardy, the owner of KRFM, Wilton obtained the assurance that KRFM would not stand in the way of KQXL's construction permit provided that the FCC would approve an increase in power for KRFM from 40,000 watts to 120,000 watts. This proposal was submitted to the FCC and was approved within two months. Wilton immediately began construction of KQXL. Equipment was purchased. Announcers, salesmen, and technicians were hired. Space was obtained in a modest building which was owned by the operator of a fuel oil business. A contract was signed whereby KQXL's antenna would be placed on the tower owned by the local cab company. Two months before KQXL was scheduled to begin operations, Kenneth Wilton died.

The death of Kenneth Wilton was an almost unbearable tragedy for his wife, Mary. Their life together had been clouded

by several misfortunes, each of which had left its scars. Through each, however, the Wiltons had fought back and made the best of each situation. It was in this tradition that Mary Wilton vowed to make her husband's dream of KQXL become a reality. With almost fierce dedication, Mary Wilton took control of the yet unborn radio property and worked diligently to get the station on the air. Despite the death of the man who conceived of the station, KQXL's first broadcast took place on schedule.

At first, Mary Wilton's job had been simply to carry out the work that had been started by her husband. The steps that needed to be taken to get the station on the air were clear cut and, although hard work was required to insure their implementation, it was as though Mary was following a road map. She did not make decisions but rather implemented the decisions which had already been made by her late husband. Once KQXL began broadcasting, however, the future of the station depended upon decisions which Mary Wilton alone could make. Although her husband had been a broadcaster for all of his professional life, Mary had little of his knowledge about the practical operations of a radio station. She was forced to rely upon her intuition and good sense.

It was those two qualities which led her to the large department store of the suburb where the station was located. Over the course of two months, Mary convinced the board of

directors of the store to buy spot announcements on the station, sponsor the 8:00 A. M. news, and also sponsor the afternoon stock market report. After another two months, Mary had convinced the public relations director of the store, Ed Eaton, to become station manager of KQXL.

Ed Eaton was thirty-six years old, a bachelor, and he had been in the public relations business for all of his professional life. Although Ed had never been employed by a radio station, he had dealt with radio stations for years. He was a natural salesman, a good organizer, and a good promoter. Ed felt challenged by his new job. He felt that KQXL really had something to offer the suburb and he felt that the station had the potential for a great future. Ed's view of the station's potential was somewhat shaken, however, the day that Mary Wilton called him to report the contents of a phone call she had just received.

"Ed, this is Mary!"

"Hi, boss, how's everything?"

"Terrible... absolutely terrible. I couldn't believe the things that man said to me."

Ed realized that Mary was very upset and he tried to calm her down. "Hold on just a minute now," he said reassuringly. "It can't be that bad... just tell me the problem."

"Well, I just received a call from a man named Harrison who said he was the chairman of a committee called... wait a minute, I have it written down here... the Citizens for the Preservation of Culture. He said they're a committee that's been formed to make sure we don't get our permanent license because we interfere with their reception of KRFM. He said that the Citizens committee is committed to the idea that KRFM is one of America's great radio stations. Then he mumbled something about how this was the last straw... and then something else about 'defiling the works of the masters.' He said that they're taking up a petition which they're going to send to the FCC... they're going to churches and schools... he said they're even listening to hear who we have for sponsors and they're going to keep calling them until they stop spending their money on our station. He really shook me up, Ed... What should I do?"

"Now wait a minute, Mary," Ed said in an almost reprimanding way. "This guy Harrison probably is just some crackpot with a cheap radio receiver. Let me do some research on this Citizens committee before we start getting ulcers about it. OK?"

"Oh, Ed... I'm sorry... yes, that's a good idea... let me know what you find out."

"OK, I'll call you... goodbye."

"Goodbye."

Ed felt that if the Citizens for the Preservation of Culture did exist, Jon Hardy at KRFM would know about it. He picked up the phone and dialed KRFM. When he finally was put through to Hardy, he tried to sound as unconcerned as possible.

"Mr. Hardy, this is Ed Eaton at KQXL. Mrs. Wilton just received a call from a man named Harrison, who claimed to be chairman of a group called the Citizens for the Preservation of Culture. They claim to be getting up petitions stating that we interfere with your signal. Have you heard anything about it?"

There was a pause at the other end of the line before Hardy began to speak. "Yes, Ed... I know of the committee. They're doing everything that Harrison said they're doing. Now don't misunderstand me... we didn't start this thing... this group is spontaneous... but I think they're trying to blast you right off the air."

"You mean to tell me that they're actually taking up petitions?"

"Yes, and I've even seen them. They're signed by a lot of important people. Now don't misunderstand me... this isn't KRFM's doing..."

"Yes, I know, Mr. Hardy... thank you!"

Ed hung up the phone and sat down in his chair. He knew that KRFM had a large following in the city. KRFM had

always broadcast a cultural format. . . classical music, lectures, book reviews. . . and he knew that there were many influential people in the city who religiously supported the station. Back in 1959, when KRFM was running out of money, the station went on the air and appealed for funds from its listeners. Those listeners had responded with enough funds to get KRFM over the crisis. The station was now the most highly billed FM station in the city.

Ed also knew that Jon Hardy was a cut-throat businessman. He knew that just because Hardy had said that KRFM had nothing to do with the Citizens committee did not mean that the committee was not Hardy's own invention. Ed decided to wait and see what would happen. He knew that he would be able to tell within weeks if the Citizens for the Preservation of Culture were really a group of concerned citizens or whether it might be a device created by Jon Hardy to destroy KQXL. As a precaution, Ed sent his two technicians out to survey the signal qualities of both KQXL and KRFM in the area in which both could be received. The technicians reported that KQXL's signal did not interfere at all with the signal of KRFM.

As the weeks passed, the pressure on the small suburban station mounted. Every day the station was bothered by at least a dozen phone calls from people claiming that they were going to write the FCC personally to state that KQXL was interfering with

the signal of one of the nation's great radio stations. Every day KQXL received derogatory letters. Letters from irate citizens began appearing in both the suburban and metropolitan newspapers. School teachers and school principals began calling to find out what the controversy was about. The Citizens for the Preservation of Culture issued press releases to the newspapers claiming that the KQXL signal was interfering with their reception of KRFM. The committee claimed to have thousands of names protesting the fact that KQXL was on the air. Several of the station's sponsors had been phoned and harassed by anonymous callers.

At first Ed Eaton and Mary Wilton thought that the Citizens committee might be legitimate; but, as the committee's tactics became more and more base, it began to be clear that the primary intent of the committee was not to preserve culture but rather to keep KQXL from receiving a permanent license. Whether or not the committee was sponsored by KRFM was a matter of conjecture.

Ed began to fight back. He wrote letters to the suburban newspaper explaining that KQXL's signal did not interfere with the reception of KRFM except on possibly the cheapest of receivers. He explained that signal tests had been taken by KQXL to support this fact. He explained that KQXL, too, offered cultural programming and thus was not a deterrent but rather a positive force in the

preservation of culture. He explained that the purpose of KQXL was to serve the suburb in which it was located. He appealed to the citizens of that suburb to come to the station's aid by stating that KQXL provided them with a much-needed local radio service. Ed also wrote press releases in order to try to gain favor for the station.

But KQXL was a small, young station. KRFM had many more listeners, even in KQXL's own suburb. KRFM was powerful; KQXL was not! Aware of this unfavorable balance, Ed Eaton and Mary Wilton decided that the most powerful tool with which to fight the onslaught of undeserved criticism was KQXL itself.

Ed decided to turn KQXL into a forum for opinion on the controversy. He knew that it would be impossible for KQXL to come up with petitions to even approach the numbers which the Citizens committee claimed. He thought, therefore, that if he could make it easy for the citizens of the suburb to voice their affirmative views of the station simply by having them call the station during the forum, KQXL could gather some important evidence in support of its case. The tapes of the forum could be kept as evidence for the FCC. Ed decided that he would promote the forum for one week and then broadcast it for three hours on the upcoming Monday night and another three hours on the following Wednesday. Both Mary and Ed

were hopeful that the forum would provide them with positive material.

At exactly 7:00 P. M. on the following Monday night, the telephones in KQXL's control room began to ring as though every citizen in the metropolitan area wanted his or her views voiced. Ed sensed that KQXL was about to undergo the most important night in its short history. But for Mary and Ed, the next three hours were a horror. It soon became apparent that the reason that the phones had been so crowded was that the Citizens for the Preservation of Culture were flooding the lines with their calls. A great number of the calls that came into the station expressed vehement opposition to KQXL. It appeared to Mary and Ed that their last weapon in their crucial battle for survival had fallen into the hands of the enemy. By the end of the evening, the opposition calls outnumbered the friendly calls by three to one.

Ed was disgusted. Mary was crushed. For the first time in her long fight to make KQXL a success, she felt that she might be on the verge of losing. She began to sense that the FCC would never grant KQXL a permanent license.

After the station had signed off for the evening, Ed gathered the station staff in his office in order to determine what they would do next. Everyone at KQXL knew of the report of the two technicians who examined the signals... thus, everyone knew

that KQXL was being unjustly criticized. All members of the station staff knew that Ed and Mary would continue the fight. The question was...how?

The scheduled Wednesday night forum seemed to be one remaining opportunity. But how could KQXL prevent what had happened on Monday from happening on Wednesday? Both Ed and Mary felt that there were many citizens in the suburb who wanted to help KQXL by voicing their views. Almost every person who spoke favorably for KQXL on the forum complained of tremendous difficulty in getting through to the station. What could be done?

There were several possibilities. First of all, Ed suggested that Larry Hendricks, the announcer who ran the forum, could answer each derogatory phone call with the KQXL point of view. Mary didn't think that this would be a good idea because she thought that the FCC would be interested in the opinions of the people...not in those of an announcer. Mary wanted to get the people of the suburb on the air with their views. Joan, the receptionist who had answered all of the Monday phone calls, suggested that she could screen the calls by asking each caller where he or she lived. She thought that by doing this she could bring in an equal number of local calls to balance the metropolitan calls and thus present a fairer sampling of opinion. Ed thought that this was a good idea except for the fact that the Citizens committee could flood the lines

anyway. . . therefore, there wouldn't be a fair sample. Larry Hendricks, the announcer, who by this time was exhausted and feverishly upset, suggested that instead of having a forum on Wednesday night, Ed should go on the air and tell the people how the Citizens committee had flooded the phone lines and badgered the KQXL sponsors. Ed thought that this might be effective in causing people to suspect the Citizens committee but he was not convinced that such action would help the station's cause with the FCC. Ed thought that maybe he could get Harrison, the chairman of the Citizens committee, to debate the issue with him. Again, Mary felt that the FCC wanted to hear from the people. Hendricks suggested that he might ask that the people who had a favorable viewpoint toward the station not be daunted by the overcrowding of the phone lines.

Finally, Ed made a statement which served to clear up some of the confusion. "Look," he said, "since the Citizens committee is bent upon tying up the phone lines, I don't think that we're going to get a fair sampling of opinion by telephone. The only way both sides of this thing could be presented equally would be to eliminate the telephone idea and do the whole thing right here in the studios. We seem to have two basic alternatives. . . we can do the program by telephone or we can do it in the studio. If we use the telephone idea again, the Citizens committee probably will tie up the phones and we can again lose by three to one. . . but at least we'll

have some favorable statements, from the people, on tape, to present to the FCC. If we don't use the telephone idea, we won't have any statements from the listening audience but, by the same token, we won't get another three-to-one shellacking. Now, I think we can incorporate several ideas that everybody's already mentioned into whichever plan we choose. . . for instance, we could have Joan try to screen the calls, we could tell Larry to tell favorable listeners not to get discouraged, we could do some editorializing about what the Citizens committee is doing to us, or we could try to get Harrison over here on Wednesday night. . . But we first have to decide whether it's more important to hear from the people or to make sure that both sides are presented fairly. "

Ed sent Joan out to get some coffee as the conversation continued and the time for decision approached.

THE CASE OF THE BELLIGERENT BUGLE

At 1:00 o' clock of any weekday afternoon you always could find Mark Bugli at the number 18 table at the Central Street Billiard Academy. He would be shooting \$5.00-a-game nine ball with Mr. Sam, a weather-beaten old man whom you could find at the Central Street Billiard Academy at any time of the day. Bugli always wore the same kind of outfit. . . black pointed shoes with Cuban heels, tight beltless pants, some kind of turtleneck sweater (even in the summer), and a leather jacket. To look at Bugli lining up a shot while Mr. Sam leaned against the wall intently watching and while the gallery of pool hall bums watched lazily, you might guess that Bugli was a ninety dollar a week second rate drummer in a night club who had nothing better to do at 1:00 in the afternoon. But Mark Bugli was much more than a pool hall bum. At 7:00 in the evening, 30% of all the radio listeners in the city would be listening to him. . . for Mark Bugli was "The Bugle," the most popular disc jockey in the large metropolitan area.

It was as a disc jockey that The Bugle found his success . . . not at shooting pool. Around the Central Street Academy he was known as a "fish" . . . a loser with a lot of money. He had just broken the pack and nothing had dropped and he swore as he sat down, looking at the table with the balls scattered all over it. He was

already down \$15.00 and Mr. Sam could easily run the table here for another \$5.00. Mr. Sam did have an easy run on the first five balls. One ball in the corner pocket. . . stop english on the cue ball. Two ball in the other corner. . . stop english on the cue. Three ball down the left side to the corner with a little top left follow english for position on the four in the near corner. Five ball in the right side. . . but Mr. Sam drew the cue ball too much and was stuck. The Bugle was relieved and Mr. Sam appeared upset. All Mr. Sam could do was get a good hit on the six ball, let the cue ball race around the table, and hope that it knocked something in. He took the shot and, as if it were guided by the hand of God, the cue ball went three rails and knocked the nine ball in the side. End of game! Bugli handed Mr. Sam his fourth five dollar bill of the afternoon and swore as he got up. As The Bugle racked the balls in a neat diamond at the head of the table and as Mr. Sam chalked his cue and powdered his left hand, table 18 was approached by a stranger who, in his silk suit and polka-dot tie, was radically out of place with the people who were playing and watching the game. The stranger was Tim Willis, program director of WAND radio. . . The Bugle's boss.

Through the years, Tim Willis had developed a strong rapport with The Bugle, even though their personalities were as different as their styles of dress. Willis knew how wrapped up in the game The Bugle was when he was playing nine ball. So, despite

the stares of the pool hall bums and Mr. Sam, he sat down without a word and watched the game. Several racks later, after The Bugle had dropped another \$15.00, he quit and left with Willis. The two men stepped out into the hot sun and each donned a pair of sunglasses, Bugli's serving to enhance his "hood" image and Willis's serving to make him look more like a celebrity. The two men began walking the six blocks to WAND radio.

By the end of the first block, Willis had heard Bugli explain what a raw deal he had had at table 18 that day. By the end of the second block, The Bugle realized that Willis was not in his usual good mood. By the middle of the third block, Willis had begun to explain what was on his mind.

"Mark, I have a problem and I think you can help me with it." As soon as Willis had uttered the words, he realized that they had been a mistake. He knew that Bugli felt that he was being talked down to when Willis talked to him like that, so Willis decided to begin again. "Mark, Bonnette is on my back... and it's because of you!" While this was much less subtle than his first approach, at least it was straightforward... and Willis was happy with the way it sounded. "You remember about a week ago when I told you that Bonnette and I had decided on that programing change... you know, the music policy when we come out of network newscasts?... Well, I listened to your show last night and you weren't doing it... we

want easy stuff out of those 'casts, not hard rock. At 8:00 you played 'Roll Over Beethoven' . . . at 9:00 you played 'Sock It to Me, Baby' . . . and at 10:00 you played some obscure Wilson Pickett thing."

Willis looked up to see that The Bugle had turned around in order to keep his eyes on a good-looking girl who had just passed. Willis knew that The Bugle was paying absolutely no attention to what he was saying. A different approach was needed.

"Look, Mark, I'll go through it all again. We're the only rock station in town. . . right?"

"Right!"

"But since we promote our news department heavily, a certain part of our audience probably tunes in especially for our network newscasts. . . right?"

"I guess."

"Those people who tune in primarily for the news probably aren't hard core rock fans. . . right?"

"I guess."

"So Bonnette and I decided that all the d. j. 's should play easy stuff coming in and out of the network newscasts in order to keep those people tuned in as long as we possibly can. By 'easy' we mean soft 'Mamas and Papas' or 'Temptations' and things like that. Now we want you to stick to this policy, Mark. . . play the

easy tunes out of the newscasts. . . if you don't, you'll be hurting the station. Try to pace yourself the way we think is best for the station, OK?"

The Bugle stopped walking and looked up into Willis's face. Then he began to laugh. . . at first it was just a chuckle but it developed quickly into loud, uproarious laughter. "Timmy. . . Timmeeee. . . don't bug me with that stuff. I've got a 30 share."

The Bugle stopped laughing but continued to look at Willis. The expression on his face changed from one of humor to a look of insult, hurt feelings, and frustration. Maybe it was just the heat of the day or the \$30.00 loss at pool but when he spoke to Willis again his words were filled with bitterness. "Just don't bug me. . . OK?" he said. "Just don't bug me." The two men walked the remaining blocks to WAND without another word.

David Bonnette, station manager of WAND, was obviously disturbed when Tim Willis reported the results of his talk with The Bugle. Bonnette had always felt that, while Bugli was a great rock disc jockey, his personality had been somewhat of a liability to station operations. Despite The Bugle's seemingly carefree attitude, he was quite insecure. He thrived on praise and popularity. When The Bugle became such a hit in the city (one of America's top ten markets), he had interpreted this as a definite indication that everybody liked him. Bonnette knew that in a situation such as this,

where the station's management was trying to tell The Bugle what to do with his show. . . even though it was such a small thing. . . The Bugle might interpret this as an attempt to reduce his popularity. It was not uncommon for Bugli to get into verbal fights with the station's staff. Once he had yelled and screamed at a technician for over ten minutes. Another time, he had had a long argument with another of the station's disc jockeys. Bonnette had overlooked all of these problems in the past because The Bugle was the biggest personality that the city's radio industry had ever known. In a city with over ten AM radio stations, a 30% share of the audience was absolutely fantastic. Further, the popularity of The Bugle had "backed up" the station's ratings so that at about 4:00 in the afternoon the ratings hit twenty and continued climbing until they reached thirty when The Bugle was on the air. WAND radio was a huge success in the market and much of this was due to the simple fact that WAND had The Bugle.

Bonnette and Willis agreed that any hasty action would be a mistake. . . so they waited. They decided to listen to The Bugle's show for a few days to see if he would begin to tone down the type of music he was playing after the network newscasts. They both hoped that his harsh words to Willis on the way to the station were not representative of the way The Bugle would feel about the situation in the days to follow.

After four days, it became obvious that The Bugle had no intention of toning down. If anything, the music he played after the newscasts became "harder" and "harder." Bonnette knew that the situation was approaching a critical point. He sent Willis to talk to Bugli again and was further disturbed when Willis reported that The Bugle remained as adamant as ever about doing his show his own way.

David Bonnette knew that something had to be done to remedy the situation. He knew that the station's organizational structure was suffering because of The Bugle's refusal to comply with management's request. The announcing staff was becoming increasingly aggravated by the special treatment accorded The Bugle by the program director and the manager. The other announcers wanted more freedom in their shows too, for each thought of himself as a professional, capable of making his own decisions about what he'd play and what he'd say. Bonnette realized, too, that by not supporting his program director...by not compelling Bugli to obey a management directive...he was in effect decreasing Willis's authority and responsibility. In short, the situation was causing tension in the announcing staff and it was undermining the authority of the station's program director. If the situation were not corrected, Bonnette envisioned the newsmen refusing to adhere to what the news director told them to do, and he envisioned

technicians not obeying the chief engineer. Bonnette knew that he had to change things. How he would enact that change was a decision he had to make.

Bonnette had several alternatives. First, he could have Willis issue another programming policy change which would countermand the original policy of "easy" music after the network newscasts. He felt that, while this would eliminate the issue which was warping the station's organizational structure, the fact would still remain, however, that a staff announcer had been able to display more power than the program director and, for that matter, more power than the station manager. Also, the goal of the policy change would be defeated; Bonnette and Willis both felt that "easy" music after the newscasts would be greatly beneficial to WAND.

A second alternative would be to keep the policy change in effect for all announcers except The Bugle. Bonnette felt that this might be justified to the rest of the station's staff on the basis that the time period when The Bugle worked was basically a "teen" period; hence, the idea of holding the non-teen listeners probably was impractical. . . even perhaps detrimental to the appeal of the "teen" show. Bonnette wondered about the ramifications of granting an exception to Bugli. On the surface, this kind of exception could make it appear that both Willis's and Bonnette's authority had remained intact if the exception were not made on the basis of

The Bugle's ability to get ratings but rather on the basis of a reasonable, logical judgment. Yet, the station's staff still might feel that an announcer had bucked management and won. Organizational tension might continue to exist and to the detriment of station operations.

Bonnette's third alternative appeared drastic... give Bugli an ultimatum... "Conform to management directives or leave!" Both Bonnette and Willis had always felt that if such an ultimatum were ever given to Bugli, the odds were that he would leave. Both felt that his personality was such that he would interpret such an ultimatum as a challenge... a challenge to prove that he was more important to WAND than WAND was to him. This was the principal reason that Willis had worked so closely with Bonnette on the problem from the outset, even though it was within his power to issue such an ultimatum on his own accord.

If The Bugle were to leave the station, WAND could be hurt seriously. The average rating throughout the day was about 18, so it appeared that The Bugle, by himself, accounted for about 12 rating points and many thousands of dollars in business for the station. Also, there were at least two stations in the market which might hire The Bugle if he were ever to leave WAND. Several years ago, when there was more than one rocker in the market, The Bugle had made the difference for WAND... eventually those other rock

stations had changed their formats. If The Bugle left, the same thing might happen to WAND. The Bugle earned thousands of dollars a year over and above his salary at WAND by conducting record hops and through local personal appearances. It would pay him to stay in the city, if he could. Even if The Bugle left the city, his loss to WAND certainly would be felt.

David Bonnette felt that any of the alternatives would be a gamble. Whichever choice he made would have a significant impact on the future of WAND.

THE TRAFFIC JAM

Joseph C. Rice was 46 years old. He had been a broadcaster for all of his professional life . . . since he took his first announcer-salesman job at age 21 with WKEG, a 5,000 watt full-timer. He had been at WKEG until fourteen months ago when he had made the crucial decision to leave. After twenty-five years with WKEG, and after advancing from announcer-salesman to station manager, he had left the station to assume the management of WTLC, a 5,000 watt daytimer in the same market . . . and one of the country's top ten metropolitan areas.

Rice's record at WKEG had been admirable. As station manager he had made the decision to go "rock" and, under his leadership, WKEG became one of the dominant forces in the city's radio industry. But WKEG was owned by Group Six Broadcasting, Inc., a corporation that was experiencing internal difficulties. Eventually these difficulties came to bear on Joe Rice's station and his job. Finally, when it appeared to Rice that too much control over WKEG was coming from the Group Six home office, he felt that he could no longer work for the station. It was at this time that he terminated his twenty-five years of service at WKEG in order to become the station manager of WTLC.

When Joe Rice took control, WTLC was losing money. The station was poorly managed and had a bad image in the market. Fourteen months ago, Rice characterized the station as a "very bad good music operation." But Joe knew that definite improvements could be made at the station. WTLC's new owner, in his negotiations with Rice to induce him to become the station's manager, had demonstrated that he was seriously interested in making WTLC a dynamic and important part of the city's radio industry. When Rice took over the management of the station, he and the new owner had talked at length concerning which format their programming would take. They considered two principal possibilities: negro-oriented programming and an improved "good" music format. When it was learned that another station in the market--a 5,000 watt fulltimer--was seriously considering negro-oriented programming, Rice and the owner decided to offer improved "good" music. They knew that there would be a difficult road ahead for WTLC, however, since their principal competition would be two 50,000 watt fulltime adult stations. One of these was WTOG, an independent conversation and popular adult music station. The other was a network owned and operated adult pops station. But Joseph C. Rice was firmly committed to the idea that his city contained a potentially lucrative "good" music audience. Fourteen months ago, he had set out to create a new WTLC.

Rice built WTLC's programming around two major convictions. First, he believed that listeners did not like to hear loud and tasteless commercials. . . they did like music, information and occasional light conversation. Second, he believed that commercials had their greatest impact when they were separated by as much program material as possible. Rice decided to program WTLC in a "cluster" format featuring several minutes of uninterrupted music with a minimum of talk by the announcers. He limited the number of commercials which WTLC would air in a given hour to fourteen. To implement his program policy he hired a respected program director and instructed him to select all of the station's music in advance.

Rice invested in an extensive newspaper promotion campaign for the station. Making good use of the station's call letters, he promoted WTLC as the "Tender Loving Care" station, making sure at all times that station promotion and programming were in excellent taste. The prestige image of the station was further built by excluding all low-grade sponsors. Hard-sell commercials were refused and contests and promotional gimmicks were outlawed on WTLC.

Progress was slow. Often, Rice had to refuse sizable contracts because he felt that the commercials would be detrimental to the prestige image of the station. Sometimes, when sales

were slow or when an important contract was lost to another station, it became difficult for Joe Rice to remain firmly committed to the belief that WTLC would eventually become a substantial force in the city's radio industry. But he never wavered in his commitment and, though progress was slow, it was steady. Each month, billings inched higher and listenership increased slowly. After one year, WTLC became somewhat of a competitive factor in the market.

Now, Joe Rice became more aggressive in his drive to capture a larger portion of the city's adult radio listeners. He hired Tommy Thomas, a well-known and respected "good" music announcer who, in his years with another station in the market, had established a large following. Since Thomas came from one of the large stations which had recently changed its music policy from quiet "good" music to up-tempo adult pops, Rice felt that the addition of Thomas would help swing the city's more conservative adult listeners to WTLC. Thomas, in his role as morning announcer on WTLC, was an excellent addition to the already superb announcing staff. Rice invested in a high-priced weather service which guaranteed 85% accuracy on its weather predictions. He felt that, while the expense for this service was quite high, this type of accurate weather reporting was important to the people in the audience.

Today, Joe Rice looked out his office window at the seemingly endless stream of traffic on the streets of the city forty floors below. The skies were overcast and there was just a hint of snow in the air. He loosened his tie and turned from the window to all the paper work on his desk. As he sat at the desk with his coat off, his tie loosened, and his seldom-worn glasses perched precariously on his nose, he presented two images... that of a tired man and that of a man with a purpose. Joe Rice had a problem. He knew that the key to WTLC's image lay in the enhancement of its prestige. The station played excellent music, had a fine announcing staff, and had the best weather reporting service in the area. But WTOG, the 50,000 watt number one adult station in the market had an item of even greater prestige... the WTOG Traffic Helicopter.

The problem of traffic reporting had always been somewhat of a puzzle to Joe Rice. Although just about every major station in the market had some form of traffic reporting service, Rice had suspected that most of the reporting really did little to inform the public. He felt that motorists probably chose their routes to the city by the time they heard any traffic reports. On most stations, these reports came at no less than twenty minute intervals. The only exception was the WTOG helicopter which did seem to provide immediate reporting. Rice had considered the scheduling of

traffic reports on WTLC but in the light of his doubts about the real value of such reporting he had been hesitant about instituting a system which would be of such little use to the listeners. He did feel, however, that if he could provide an accurate and prestigious traffic reporting system, it could be an important factor in WTLC's drive to gain more adult listeners.

The first idea which Rice considered was the institution of a WTLC Traffic Helicopter. The principal limitation to this system was its cost. . . even with the signing of a long-term agreement, a helicopter would cost WTLC about \$250.00 per day. It was evident that such a system would have several distinct advantages. First, it would give WTLC accurate and immediate traffic reporting which certainly would add to the quality image of the station. Second, the helicopter itself, as it flew over the highways, would be a powerful promotion device for WTLC. Finally, the helicopter reports would present WTLC salesmen with a highly saleable program item. Rice felt that if the station chose to rent a helicopter for traffic reporting it could possibly double its spot rate for sponsorship of the helicopter reports for a possible gain of between \$75.00 and \$125.00 per day. Still, that would leave about \$150.00 per day in costs that would have to be written off to "prestige" and "promotion."

A second idea was to use the "bystander" approach which was employed by most of the other stations in the market. If Rice chose this plan, he would need to hire about eight people at \$1.50 per hour for four hours a day. This would mean a total daily cost of \$48.00. He would place these "bystanders" at crucial intersections and have them call in reports of the traffic situation. Rice believed that this system would add little prestige, would not offer the sales department a package unit, and would have little promotional value for the station. He also felt that the reporting would not be very accurate since the "bystanders" would be away from the traffic situation when they were reporting. Yet, by using this system, WTLC could provide traffic reports for a cost of only \$48.00 per day.

Rice had a third alternative and that was to do nothing. As he examined the two principal ideas, he could not help but be displeased with the thought of either one as a part of WTLC. The expense of the Traffic Helicopter would be extremely great and the reporting of the bystanders would be commonplace and might be inaccurate.

Joseph C. Rice again left his desk to stare through his window at the traffic forty floors below. "If only I could devise a reporting system that could be inexpensive and accurate yet capable of enhancing our quality image. . . Certainly, there must be a better

way for us to report traffic," he thought as the first snowflakes of winter fell past his window.

THE MERCHANDISING MUDDLE

Two beers at The Sterling Pub had become somewhat of a Friday afternoon ritual for Steve Gilmore and Dave Walker. Fridays at five, after each had wrapped up his week's work at WNIX, Gilmore, the station manager, and Walker, the sales manager, would head for The Sterling for what they called a "relaxed, perspective meeting." The purpose of these meetings was to casually review and evaluate the week's sales activity at WNIX.

WNIX is a 1,000 watt fulltime AM station located in a blue-collar market of about 200,000 people. The station is affiliated with WNIX-TV, a highly successful property which has consistently been number one in the market. WNIX-AM is an adult oriented, middle-of-the-road, network-affiliated station. It, too, has consistently been number one in the market. The station's competition consists of WROE, a 1,000 watt fulltime rocker which has recently enjoyed increased success, and WPRV, a 250 watt daytime station which, due to poor management, has not been serious competition. Approximately 80% of WNIX's sales come from local sponsors; the other twenty percent is divided between regional and national accounts. WNIX bills a substantial amount of regional or statewide business since the city in which WNIX is located is approximately 100 miles south of one of America's top eight markets which is also the business center of the state.

As Gilmore and Walker entered The Sterling, they went through their weekly ritual of nodding to Morris, the gawky bartender who always reminded Gilmore of the legend of Ichabod Crane, and of nodding to Nanny, the cute twenty-six year old waitress. The two men seated themselves at their usual corner table near the suit of armor which Morris had just recently purchased to "enhance The Sterling's Old English atmosphere." Nanny approached the table to take their orders.

Continuing with the ritual, Gilmore ordered the usual . . . two Gustav beers. But, today as he ordered, he didn't look at Nanny, as was the custom. Rather, he looked directly at Walker, his mouth expressing a wry smile and his eyes twinkling with a kind of knowing laughter. After Nanny had left, the two men began to laugh quietly. Walker was the first to speak.

"OK, OK, I didn't think of it either! Kind of ironic, isn't it, Steve?"

Again the two men laughed. . . this time a little less reservedly as Nanny returned with the beer. Custom dictated a light-hearted toast before the first sip and today was Gilmore's turn.

"Toward an in-depth analysis of the Gustav Beer Company, Incorporated," he said as he clicked his mug against Walker's. The two men laughed again as they enjoyed the first taste of the cold liquid.

The little joke that existed between the two men centered around the Gustav Beer Company, one of WNIX's large regional accounts. The Gustav account was one of the station's largest at this time of year because the company sponsored the broadcasts of all of the Metros' games. . . the games of the major league baseball team located in the metropolis 100 miles to the north of the city in which WNIX is located. Gilmore spoke again.

"Now Dave, in the quiet, old English atmosphere of The Sterling Pub, and over the refreshing coolness of a sparkling Gustav, give it to me again from the top."

Even though there was humor in the way Gilmore asked Walker to outline the problem, the laughter in the men's voices faded as the seriousness of the problem again came to mind.

"Well, I first heard about the idea when Jerry Calvert at Statewide Advertising called me on Wednesday. He said that the Gustav people had called Statewide with a problem. It seems the Metros have been interested in generating more interest in the team in the area which is, say, within 150 miles of their home city. I guess that this idea was part of the initial agreement between the Metros and Gustav when Gustav originally agreed to sponsor a good part of the Metros' television and radio broadcasts throughout the state. I guess what has happened is that the Metros feel that they have done their part in promoting this "hinterland" interest and feel

that Gustav should do its share. I'm sure both the Metros and Gustav feel that promotion of the Metros is also promotion of Gustav. The problem is that Gustav has made several unsuccessful attempts at promotion in the "hinterland" on their own. Since these early attempts, they have farmed the job out to Statewide... and, now, Statewide is trying to farm it out to the individual stations. So, specifically, the problem is that Gustav and Statewide want us to come up with some merchandising for our market which will promote the Metros, Gustav, and, to some degree, WNIX."

"I take it Statewide wants all of the individual stations like us to foot the bill, right?" broke in Gilmore.

"Right... but they don't have any ideas about what kind of merchandising they want so they don't have any ideas about how much money they're asking us to spend."

"Well, Dave, you know how I feel about merchandising. I've seen it in just about every form imaginable... direct mail, contests, leaflets, point-of-sale material... everything! And, I've also seen the kind of trouble a station can get into when it establishes a precedent of willingness to merchandise. Do you remember the Sav-More discount house account we once had?"

"Yes, I remember."

"You know, they came into the station one day and started asking us about our 2000 time rate. Boy, did we ever

swallow that line! They ran fifteen spots a day for about a month; they got us to do just about every kind of merchandising for them. We made all kinds of point-of-sale stuff, we set up mailing lists for them, and we even ran their contests... all of which cost us about \$800.00. We had it all figured out, Dave. It was an \$800.00 investment toward landing that 2000 time contract. But, you know what happened. As soon as Sav-More had gotten all the promotion and merchandising they needed to make their initial impression on the market, they didn't need us any more. We spent \$800.00 on that account and we haven't been able to sell a spot to them since."

"Steve, I know that that was a very bad situation for WNIX, but I think that there's something built into this Gustav problem that wasn't in the Sav-More deal. I think the idea of investment is a lot more realistic in this case."

Gilmore signaled to Nanny for two more beers as Walker continued:

"One thing that I've found out about the Gustav company is that the individual dealers have a lot to say about advertising and promotion. They have virtual autonomy in their media selection on co-op deals and they have complete autonomy, of course, on the expenditures of their own local dollars. As you know, summer is beer time and so we can expect these dealers to be greatly increasing their advertising expenditures in the next

few months. We should really go after that increased business. I think this is really important to any decision we make as far as merchandising is concerned, Steve. Anything that we do has to be based on the premise that the principle goal of WNIX is to establish a firm working relationship with the Gustav dealers... the guys who make the advertising decisions."

"Doesn't Statewide make Gustav's media selections?"

"Well, they do to some extent, but their principal job is writing copy, taking care of production, and so forth. Generally, the dealers tell the agency where they want their dollars spent."

"I get the feeling that you've got a plan, Dave. Am I right?"

"Well...frankly, yes. I've given this thing a lot of thought, Steve, and I think I've come up with something workable. I think we should do two things for Gustav: first, we should make up about three hundred Metros baseball calendars. We have the equipment for a job like this in the graphics department in the TV station. The calendars could have the schedule for the Metros, broadcast times on WNIX, a plug for Gustav, and a plus for us. I talked with Kurt Chiles in graphics and he told me we could make these things really attractive for about \$1.12 apiece or about \$350.00 for the three hundred. They'd be kind of a fold together thing that could be put just about anywhere... bars, restaurants,

barbershops. I'm sure Gustav would love it. Secondly, I think we should spend \$200.00 and have a party at the station for some of the Statewide people, all of the Gustav distributors within our coverage area, and some of the top Gustav executives if we can get them. This would give us a great opportunity to establish a solid working relationship with all of the people who really count. So, I'm talking \$550.00 or about 5% of what we're currently taking in from Gustav for their TV and radio sponsorship of the Metros. I think that this plan would really help us get a big increase in Gustav's summer billings."

"I thought you'd come up with something like this, Dave, and frankly it's not as bad as I thought it might be. But, you know, I can't get that Sav-More business out of my mind. Maybe what we did with Sav-More is the same as what we're thinking of doing with Gustav. Don't forget, Dave, we have 100% of Gustav's budget in this market already. TV has the Gustav sponsorship of the Metros locked up for another couple of years so they don't need merchandising. So, I think we're talking about cost as it relates to the radio contract because radio is where we'll be most likely to realize the increased summer billings. The \$550.00 that you propose to spend is 15% of what we're billing from Gustav in radio. Now, that's a pretty big chunk of money to spend if we don't have to. The question is whether or not we have to spend the money on

merchandising in order to keep the account and realize the increased summer billings. I'm not sure we have to, Dave. We're number one in the market and we also have 100% of Gustav's billings in the market. That's a tough combination to beat!"

"Steve, I don't know whether we have to spend the money but I can give you several reasons why I think we should seriously consider it. I don't think that our being number one or our 100% control are that important to the Gustav dealers. Gustav is a regional account with strong local emphasis since the dealers spend a lot of local money. I don't think dealers are that interested in ratings; they're interested in something more than just numbers in a book. I'm convinced, Steve, that these dealers want a close tie established between themselves and their advertising media. What I'm saying here is that the word probably will get to these dealers from the home office that they can expect some merchandising help from the stations on which they advertise. If we don't provide that help for the accounts that we have, I think they might become hesitant about increasing their summer billings. I think the negative effect of not providing expected merchandising would be much more of a factor in their decisions than the positive effect of our being number one in the market. Another point is that our competition could hurt us if we don't come through with the merchandising that the Gustav dealers expect. WROE, being

number two in the market, can't sell numbers like we can. . . they have to come up with gimmicks. Merchandising would be a natural for them. Can't you hear one of their salesmen saying, ' We know you expected some point-of-sale material from WNIX, but they didn't give it to you. If you sign with us, we'll give you all the help you need. ' "

Steve Gilmore was not staring at the last few drops of beer in his empty mug.

"It's a gamble either way," he said, softly. "If we do the merchandising for Gustav, we'll be gambling that we have to spend the money to get the increased summer business. If we don't do the merchandising, we'll be gambling that we have the full increase in business anyway. On the one hand, our competition might plan a merchandising sales strategy on the Gustav dealers. This could be quite effective if the dealers had expected something from us and didn't get it. On the other hand, we might be establishing a hard-to-break precedent of merchandising when we don't need to since we've always had 100% of the Gustav business and we are number one in the market. A \$550.00 expenditure on merchandising would mean an investment of 15% of what we are now taking in from Gustav. Yet, a \$550.00 investment might get us several thousand. Maybe we can satisfy the Gustav dealers' merchandising expectations with something less expensive. . . "

Gilmore stopped speaking. There followed a long period of silence since Gilmore had not really been talking to Walker but, rather, mulling over the alternatives softly to himself. Finally, Gilmore spoke again.

"Look, Dave. . . I'll tell you what. We'll think about it over the weekend. You try to come up with some other merchandising ideas that would have a good solid impact and would cost less. I'll try to weigh the other alternatives to see how much we can afford to get into this type of thing again. How's that with you?"

"Sounds fine. I'll work on it."

The two men paid their bill, said good night to Morris and Nanny and left The Sterling Pub, each knowing that a decision had to be made on the following Monday.

THE CASE OF THE RETURNING RACIST

Al Morton always felt a certain sense of nostalgia as he returned to his old home town. As he drove through the familiar streets and looked at the stores, houses, and playgrounds that used to be the boundaries of the world he once knew, he always longed for the days when the biggest problems he had were how to get enough money for an extra piece of gum... or whether or not he would make the football team. Al liked to come home by himself every now and then to talk with his father, a 68-year-old sage of a man whom Al deeply respected for his qualities of industry and honesty. As Al had grown, so had his sense of respect for his father. The older Al became, the more he realized that the qualities of fair play and honesty, which his father had taught him, were really the guideposts of a man's life... the way a man could know right from wrong. Yet, Al thought as he drove into the driveway of his childhood home, even though a man developed his own set of standards, sometimes there could be real doubt about what was really right and what was really wrong. Al felt such doubt now as he shook his father's hand in the doorway of the old house.

After watching the ball game on TV in the afternoon and after a fine meal, prepared on this special occasion with even more love than usual by Al's mother, Al and his father retired to the den,

as was their custom, for brandy and big black cigars that his father saved for special occasions and special guests. Joseph Morton was an extremely striking man in his appearance. He always dressed modestly yet well, and always had a rugged looking suntan which was accentuated by his long, pure-white hair. Joseph Morton had made his living in the small town by owning a neighborhood market. Yet, his group of friends and admirers extended far beyond the neighborhood in which he operated his store. Joseph Morton was a pillar of the small community and was known quite accurately as "a very good man!" It was to this man that Al Morton now turned for help.

"Dad, you know I've never come to you with a business problem before. . . I never thought that there could be anything in broadcasting that would really relate to running a grocery market . . . but, here I am!"

Joseph Morton swirled his brandy around in the oversized glass and looked at his son. . . his eyes twinkling a message of "I knew you'd come sometime." His words, however, were less revealing. "Well, son, I don't know much about all that radio business. . . with all those wires and tubes. . . but I'll try to help!" Both men laughed.

"Dad, my problem doesn't involve wires or tubes this time. . . it just kind of involves me. My problem. My decision. . . and I don't know what's right."

"I'm in the mood for a story, son--Lord knows I've told enough of them to you in my day--so why don't you tell me about this situation, and then maybe I'll be able to help."

Al seated himself in one of the large, comfortable over-stuffed chairs. He lit the big black cigar and began to tell his father of the difficult problem which he faced.

"Dad, the job I have now as the station manager of WDBD is my first real attempt at managing a new station. We have a lot of things against us...like the fact that we're new in the market and we only operate in the daytime, but we also have a lot of things in our favor. We're in a good city with a population of about 200,000, our two competitors play nothing but rock and roll music, and we're beginning to get a substantial number of adults to listen to our station. When I took the job, Dad, I took with me a lot of what I had learned from you. I figured that people have to respect you if they're going to respect your business. Why do people buy bread from you instead of the big supermarket here? Because they know that you're an honest man who'll treat them like people...not like statistics, numbers running through the check-out stands. Well, Dad, we're trying to do the same thing in the city. We're trying to get involved with the people who live there. And trying to offer them things they care about, and things

they can think about, and we're trying to gain their respect by being fair to everyone.

"We're trying to get involved with our city in a couple of ways. First of all, we're bringing the people of our city really comprehensive local news. We try to understand what concerns them and then we try to bring it to them. We also try to gain their respect by being completely unbiased in everything we present. Another thing we're doing is allowing the people in the city to voice their opinions on the things they care about. We have a couple of shows where listeners can call into the station and speak their thoughts on the air. We also have a couple of programs which have controversial guests on them so that we can bring issues to the community. These shows are done locally and we also buy a few from other, bigger cities that we play on our station. And so far, Dad, the city has received us quite well. I think that the adults are tired of stations that play rock music and have announcers screaming at them to buy products when these stations are not involving themselves with the people's needs and concerns. We're trying to present everything that we can that might be of interest or concern to our listeners. So that's why, six months ago, I had T. Martin Henry on the station for a one hour interview."

Al Morton was looking directly at his father as he mentioned Henry's name. He watched closely to see how his father

would react to the knowledge that his son had provided a podium for a man with a reputation like Henry's. He gazed into his father's eyes and noticed a faint look of confusion. It must have been confusing for Joseph Morton, for never in his life had he ever entertained any of the ideas which T. Martin Henry advocated. Never would he consider that some men were racially inferior to others. . . Never would he consider that some men's religions should not be tolerated. Never would he hate. Never would he slander. The older Morton had heard of such men as Henry. He had heard of their ideas yet he had never known what he would do if he were ever to hear a man like Henry defame people. . . his friends, strangers. . . anybody. Would he fight, cry, defend the man's right to speak? What would he expect his son to do? The old man indeed was confused.

"Dad, I know that you're wondering why I let Henry on WDBD. Well, that decision was not an easy one to make. Somehow, though, from everything you've taught me, I've always felt that if a man is a liar, he will be found out. If a man is a fake, he will be exposed. If a man is a fool, he will be marked as a fool. I felt that a man like T. Martin Henry, who goes around telling half-truths about people in religious and racial minority groups, should be given an opportunity to express his views publicly. I felt that if he is a liar, he will be prosecuted for slander

and if he is a fool, he will appear foolish. I knew that if I allowed him to speak on radio in public, I would give his opponents the same opportunity. I felt the result of the whole situation would be a chance for people to recognize what kind of a man Henry is."

Again, as Al Morton looked at his father, he saw no overt expression of the man's feelings. Somehow, however, he felt that his father deeply wanted to be able to help him. So he continued speaking.

"That was six months ago, Dad. Right after Henry was on the air, we received complaints from many different groups. All of the minority groups have organizations these days and four of them complained to us about the program. The odd thing was, though, that when I asked the representatives of these organizations to come on WDBD and refute the statements that Henry had made, only one out of the four would do it. The others said his charges did not deserve an answer. We had a telephone program on the charges that Henry made and the people of the city responded heartily with his denouncement as a racist and a bigot. They offered solid arguments to prove that the man was a liar and that everything he said was based, not on logic, but on hate. This was the type of response that I expected from the minority group organizations. Argument on the air... not the tactics which they employed."

"Al," Joseph Morton interrupted, "I don't understand why you thought it so necessary to have Henry on the air in the first place."

"Dad, I didn't think it was necessary or anything like that. My foremost thought was that this man was making news. He had a right to express his opinions just like anybody else. I figured he was probably a quack or a fake or something and he'd show himself for what he was... that's all. I figured there would be strong rebuttals from those people he attacked but, as I said, only one of the four groups representing the minorities agreed to refute Henry's arguments on the air. Instead, they used other tactics."

"What kinds of tactics?"

"Well, one group sent a representative to the station about three months after the broadcast and said he'd have to have a copy of the tape so that he could decide whether or not his group would publicly reprimand the station. I asked him why they might reprimand us. He said that we provided a podium for a racist and a hate-monger and that, dependent upon what Henry actually said, they would decide whether or not we were to be reprimanded."

"What did they do when they heard the tape?"

"Well, they said that we had made a very bad mistake in allowing Henry on the air and that we should avoid such

programming in the future. Another group told some of its members, who are merchants in the city, that they shouldn't do business with the station due to the interview with Henry. Now Dad, please don't get me wrong here. I'm not that worried about the commercial aspect involved. If people don't want to advertise with WDBD for their own personal reasons, that's fine...but it really insults me and it insults the integrity of the station to have some group trying to force us to allow certain people on the air and trying to prevent us from allowing others. We've tried to establish a reputation of fairness and impartiality on all of the controversial issues that we've been concerned with and it just grates against me to be pressured.

"And that brings me to the real problem at hand. I told you that we buy some of the programs that we use. One in particular is very popular in our city and we run it every week. This next week the guest on the tape is none other than T. Martin Henry. People listen to that show, Dad. Lots of people listen. One of the main reasons that they listen, I'm sure, is because neither the show nor the station is ever partial to anything that comes up. If I don't run that show this week, our image of respect and impartiality could be hurt. If I do run the show, I take on the further wrath of the four minority group organizations...only one of which will come on the air to refute Henry's claims. Yet, Dad,

somehow I think in the interest of fairness I don't have the right to sit down and determine what views are acceptable and what views aren't. Hopefully, that would be the job of the listeners. The people in the audience denounced Henry six months ago and I'm sure they'd do it again. But those minority group organizations could do WDBD a lot of damage. Yet, it really grates against me to have someone trying to tell me what to do. So, Dad, what should I do? Should I run the tape with Henry on it, or should I just take the show off the air for one week?"

Joseph Morton sat motionless for a moment and then he rose from his chair. His big, black cigar had lain unsmoked in the ashtray and his brandy snifter stood on the table virtually untouched.

"Al," he said, "this is probably the saddest and happiest moment of my life. . . I'm sad because, for the first time in 31 years, I am not an oracle that you can turn to for the answer when you have a problem. I can't with some superior wisdom, determine what your course should be. But I'm happy knowing that only you, my son, are equipped to make the decision. In you now is a great capability. . . and that makes me very happy. Forgive me, son. . . but I don't know the answer to your problem."

Al Morton looked unbelievably at his father who was now standing to the side of his chair. For a long moment there

seemed to be no communication between the two men as Al failed to grasp the true meaning of what his father had just said. Then, in a moment of understanding, a smile came across Al's face... and he thanked his father. For a while there was talk of other things but as the hour grew late the men agreed that a good night's rest was crucial to any man's decision-making abilities.

As Al Morton left the next morning, his father said, "When you come up with an answer, let me know." Al left with his father's words still fresh in his mind.

THE CASE OF THE DIFFICULT DIRECTORS

Richard J. Preiss was a solidly built man. He gave the appearance of an ex-athlete with his close-cropped blond hair, his brusque and sweeping mannerisms and his forceful and direct manner of speaking. Preiss was in excellent health for a man of thirty-five, despite the fact that his first year as station manager of KVAT had been far from easy. From the outset, Preiss had handled his job as station manager well; he had developed an excellent programming sound for KVAT, he had built a solid sales department and he had been a fine representative of the station to the community of 200,000. Yet, Preiss had never ceased to have trouble in his relationships with the owners and directors of KVAT.

The station's owners consisted of 79 stockholders with varying amounts of investment. The owners had delegated all policy responsibility to a board of directors who had been particularly inept because they had little understanding of the problems which are peculiar to broadcasting. As a result of this situation, Preiss continually found himself in the role of teacher in his relationships with the board of directors.

The original group of twenty owners had been in financial trouble from the beginning. The group had petitioned the FCC for a license to operate a 1,000 watt daytime station in the conviction

that the market could support another radio station. At that time, the area was being served by two rock fulltimers (KBDE and KAAL) and by KBDT, a daytimer which featured a potpourri of poorly executed adult programming. Just prior to the application for KVAT, station KBDE had changed its format from an adult-oriented "good" music station to rock music. The original investor's plan was to operate KVAT as a service to the adults of the area.

In their negotiations with the FCC, however, it became clear to the original group of twenty investors that their justification for being granted an AM license needed strengthening. At that time a decision was made by the investors to apply for an FM license in the same market. Then, when the FCC came to make the final decision on who was to obtain the new AM license for the market, the investors would have a strengthened position on the ground that they were already broadcasting in the market. A license for KVAT-FM was approved by the FCC and the investors began broadcasting. The operation of KVAT-FM for almost two years with minimal sales consumed approximately 40% of the investors' capital before KVAT-AM was granted a license. After those two years the FCC approved a license for KVAT-AM.

In order to secure additional capital, the original group of investors expanded their number to 79 by issuing new stock. All the new owners believed that KVAT would soon attract the large

adult audience which was left unserved when KBDE had changed its format to rock music. Two years and three station managers later, however, KVAT was still in the red and was still ranked fourth in the four station market. It was at this point that Ric Preiss was hired as the KVAT station manager.

Preiss's first moves as station manager had been successful. The adult programming sound of KVAT was, from the beginning of his managership, as good as the programming that had previously been on KBDE. KVAT had a conservative "good" music and information sound which was later augmented by affiliation with the ZZZ radio network. Preiss had been successful in the recruiting of several effective salesmen and he felt that they had done a good job of selling KVAT, particularly since the station was fourth rated in the market.

The only major problem which seemed to hamper Preiss in his attempts to make KVAT a dominant force in the market was the great difficulty he had in working with the diverse group of eleven directors and in pleasing the even more diverse group of 79 stockholders. Preiss characterized the group as "concerned, but vastly uninformed about the real problems" which he faced in the operation of the station. Preiss felt that both the directors and the stockholders had not come to realize that there was more to the

operation of a radio station than just sitting back and inheriting a sizeable adult audience automatically.

There had been many times over the past year when Preiss had felt that the attitudes of the directors and stockholders were most discouraging. The first indication of an attitude that the station would gain automatic success came after six months of Preiss's management. At that time, the directors exhibited a great feeling of accomplishment when the station's revenues, for the first time, exceeded its operating expenses. When Preiss announced at a meeting of the directors that, on a month-to-month basis, KVAT was operating in the black, the investors were certain that they would soon realize returns on their investments. They did not take into consideration the fact that KVAT, after more than two years of operation, still had a total of more than \$90,000.00 outstanding in long term liabilities. Over \$40,000.00 of this amount was money owed on the equipment and the rest was money owed on the transmitter site and several large outstanding notes that were fast becoming due. Even though the station was making little headway in earning enough to pay off its outstanding debts, the directors felt that the station was showing a profit.

A second indication of the "destined for success" attitude on the part of the directors was revealed when the board seriously considered severing the contract between KVAT and the ZZZ

network. Several members believed that additional money could be made by increasing the number of local newscasts. They seemed oblivious to the revenues which were received by selling adjacencies to network newscasts. The directors also seemed unable to realize that in KVAT's situation, auxiliary network programming was helpful in appealing to the adults in the market. Even though the annual revenue from the network amounted to only \$5,600.00, that amount was crucially needed by KVAT in order just to break even each month. Preiss had to devote many long hours of argument in order to convince the directors that ZZZ should be retained.

Preiss had regularly been aware of the inefficiency of the entire ownership structure of the station. Time after time, he had been approached by several of the 79 stockholders who believed that they had great ideas for the station. He was convinced that there were too many people trying to govern the operation of KVAT, and most of them had little concept of how to operate a station.

The most crucial issue on which Preiss and the owners disagreed was a financial one: the board consistently was unwilling to increase the operating budget for the station. Preiss had argued that the station needed more operating money in order to produce greater revenues. He was convinced that the reason for KVAT's small revenues was that the station had a small audience. He felt

that KVAT was unable, at that point, to deliver very many potential customers to the merchants. Preiss argued that KVAT needed audience and the way to get that audience was through promotion. But, promotion costs money and the directors were unwilling to increase the budget.

"First. . ." Preiss had argued to the board, ". . . in the long run we are in extreme financial difficulty. Basically, what has happened is that we are just about breaking even each month. Yet, the time when we will have to repay the \$90,000 which we owe is rapidly approaching. We are just not building a reserve to meet those obligations."

"Second. . ." he argued, ". . . with our restricted operating budget, it is next to impossible for us to get a larger share of the market even though our market potential is excellent. Let's ask ourselves where the old KBDE market went. There are several possibilities; first, it could be that the listeners stayed with KBDE despite its change in format. This, however, seems very unlikely due to the radical change in program appeal. It is unlikely that the listeners went to KAAL, the other rock station. KBDE's ratings have remained unchanged. . . so where did the audience go? It probably discovered FM and the regional AM stations. KBDE-FM and KSTQ-FM, both very quiet good music stations here in town, undoubtedly attracted some of the audience. . . in fact, KBDE-FM's

format is identical to KBDE-AM's old format which, you will recall, was adult-oriented. The other area that gained is regional AM radio. KXXX, a regional AM station, comes into this market clearly and it has always had a fine reputation for adult programming."

Preiss argued that KVAT still could capture this audience.

"AM radio..." he said, "...still has much greater drawing power than does FM simply because there are more AM radios. Also, it has been proven consistently that listeners prefer local over regional radio stations. But KVAT will never capture the adult market in this city if the people aren't aware that we're here. We have a tremendous potential and we should take advantage of it immediately. The way to do this is through the use of extensive promotion. Give me \$20,000.00 to invest in a promotion campaign and I'll get KVAT on the move."

Ric Preiss now sat amidst the confusion of paper in his office recalling his most recent plea to the board of directors earlier that evening. The top of his desk was almost completely obscured from view by the piles of station logs, financial reports, rating sheets, and the seemingly endless stream of adding machine paper filled with black and red numbers. "Ten o'clock..." he thought, "...and still no word!"

Preiss was startled by the ringing of the telephone which had somehow managed to survive the camouflage of paper on his desk. "At last..." he thought, "...maybe I'll get some action from the board."

"Ric, this is John." John Jensen, one of the eleven directors, sounded enthusiastic. "I've got some good news... We've decided to put another \$5,000.00 in for promotion. We're all convinced that this should do the trick."

Preiss could not believe that Jensen could be so naive. He slammed his fist down into the pile of papers on the desk.

"You call that good news? What's the matter with you guys? Don't you realize that I asked for four times that amount? We need \$20,000.00 if we're going to accomplish anything worthwhile!"

"I think it's just a matter of time..." replied Jensen, nonchalantly. "In a couple of months, KVAT will be paying for itself, I'm sure. You know that the audience potential exists. Even with as little audience as we have at present, we're getting into the black each month. Look, Ric, we just had the station appraised and it's worth \$350,000.00. We all know that it will be doing fine real soon. We just don't want to put money in when we don't think we have to."

"Don't think you have to? In a couple of weeks I won't have the money to pay the electric bill. We can't just sit back and hope for the ratings to go up; we've got to promote this station. We have to become aggressive and go after that audience, not just sit around and hope to get it by default. KVAT won't go anywhere unless we have enough money to be aggressive."

"Well, Ric, the men on the board don't agree. Let's work with the \$5,000.00 and see what happens. I'll be in touch."

Preiss slammed the phone on the hook, stood up and swore loudly in the office of the deserted station. "How can they be so oblivious to the trouble they're in?" he thought. Preiss realized that something drastic had to be done.

His first thought was to get out of the entire situation. "Seventy-nine stockholders, eleven directors, and all of them living in a dream..." he thought. "What kind of a future is there for this place under ownership like that?" Preiss tried to evaluate the future of KVAT. "We don't have enough money to promote properly or pay our bills and there won't be an adequate budget until the stockholders and directors get a more enlightened picture of the station...and there just isn't any indication that that is going to take place." Preiss recalled that he had been offered another job in a different market at about the same salary. He also thought about the fact that it would be bad for any man's record to be the

manager of a station when it folded. . . no matter what the reason. Preiss was seriously considering the acceptance of the other job offer.

Yet, thought Preiss, there would be certain advantages if he were to stay at KVAT. He was sure that there must be a way to make the station successful. The audience which could be attracted was large and wealthy. He knew that if KVAT were to start making substantial inroads into that audience, the station could be well on its way to financial success. He knew that on the profit-sharing plan under which he was employed, if the station ever became successful, he would realize a sizeable compensation for his work. Another factor which made him hesitant about leaving KVAT was the strong professional relationships which he had built up in the area. He had lived in the city for over four years and had developed many close friendships with people whom he respected and liked. The city was also a center for excellent collegiate sports activity and Preiss greatly enjoyed the friendships that he had established within the city's athletic community. Further, his wife and his young children had indicated many times that they were quite fond of the area. "KVAT just might make it," he thought, "if I could just get the directors to wake up to the situation."

Despite the serious problems and his deep disappointment in the directors, Preiss could not help but feel challenged by

the situation. "The only thing that keeps this station in the red..." he thought, "...is the unenlightened outlook of the directors. They've got to know that they have to become aggressive. If they could grasp that one simple concept, KVAT could move ahead." Preiss considered the possibility of somehow shocking the directors into waking up to this fact. "What could I say... what could I do?" he thought as he turned out the station's lights. "Or, is there anything I can do? Maybe I should just get out of this mess while I can."

Preiss pondered his decision as he left the KVAT studios and headed for home.

CHAPTER IV

SUMMARY AND CONCLUSIONS

This thesis has presented twelve actual case studies in problems of radio station management in a variety of problem areas.

The thesis contains a brief review of the uses of the case study method in teaching: its advantages and disadvantages and its history. Also included is a description of the methodology used in the creation and development of case materials in broadcasting.

The thesis should have at least three basic values for the student in broadcasting: first, it should provide him an opportunity to gain a kind of relationship with actual station management problems; second, it should give him the bases for meaningful classroom discussions in the field; and, third, it should inspire some of those who are interested in the method to gather additional data and to develop more cases in this field.

The values received by the author in writing this thesis are sizeable. The author has developed a keen appreciation of and

a significant sensitivity to the problems of radio station managers in such areas as ethics, revenues, personnel, programing, merchandising, and community relations.

Yet, there are many problem areas which remain to be explored. Of great value in the future would be cases in: engineering, examining the crucial relationship between the station manager and the chief engineer; in legal problems, especially those dealing with the FCC and license renewal; in editorialization, featuring arguments in favor or against taking definite stands on major political issues; and in the fields of ethics and community relations where the broadcaster often finds himself in a position of dual responsibility.

The challenge which the author wishes to leave with future developers of case study theses is the great need for meaningful case material in these virtually unexplored fields.

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APPENDIX

SAMPLE LETTER OF TRANSMITTAL

W-228 Owen Hall
Michigan State University
East Lansing, Michigan 48823
May 8, 1967

Mr. _____
Station Manager
_____ Radio

Dear Mr. _____:

Enclosed with this letter is a copy of the case which you were kind enough to provide for my thesis. I sincerely hope that you will find the presentation devices which are used successful in presenting the components of the decision while at the same time providing sufficient disguise.

Please read the case and fill out the three release forms which are enclosed. Then, please return the case and the signed forms in the enclosed envelope. A release form and a copy of the case will be returned for your files in the near future.

This letter gives me the opportunity to express my gratitude to you for making my thesis possible. Thanks to your help, I feel it will be a real contribution to broadcasting education.

Sincerely,

Robert P. Carson

RPC:ss
Enclosures

SAMPLE RELEASE FORM

Mr. Robert P. Carson
W-228 Owen Hall
Michigan State University
East Lansing, Michigan

Dear Bob:

The case entitled _____
has been read by me and checked for authorization.

I hereby authorize the use of this material

without change _____

with corrections indicated _____

It is hereby understood that this material will be used for
educational purposes only.

Signature of Executive _____

Firm _____

Date _____

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