Good Press for Learfield

Venture Magazine featured our company in their June, 1986 issue. The subject was increased profitability in this industry -- something we had difficulty achieving and sometimes even now.

The Kansas City Times did a nice piece on us in 1986 that highlighted our company, but particularly our farm programming and Derry Brownfield. You'll enjoy reading this, I think, because it quotes Derry many times; and he is one quotable fella. My favorite: "When your outgo exceeds your income, your upkeep becomes your downfall”

Broadcasting Magazine was radio and television management's weekly journal. I was a subscriber and read it cover-to-cover each week. When I was a kid doing weekend gigs at KLIK or KWOS in Jefferson City, I'd steal it from the manager's desk and devour everything in it; particularly the "Changing Hands" section that told of sales/purchases of properties across America. It was a big deal.

2/13/09

(see articles below)

board has approved testing of the device and says he recently approached Atlantic City's board with the idea. Guy T. Hillyer, a member of the Nevada State Gaming Control Board, says the company has no such approval and wouldn't predict when clearance is expected. Still, Hillyer says the board likes the cashless concept because "it reduces the propensity for embezzlement in a gaming device."

And finally, there is competition. Established slot machine master, Bally Manufacturing Corp., Chicago, has sold management software since 1975. And its systems are designed for conventional cash slots.

So is Kenilworth doomed to fail again? Not in Lindo's opinion. "We are heading toward a cashless society," he declares. "Sooner or later, our technology has to catch on—if not now then two years from now because the casinos will choke to death. The cost of handling transactions is, in many cases, greater than the value of the goods sold."

—David Roth

STATE RADIO CLIMBS INTO THE OZONE

BUT IT'S NO LONGER POSSIBLE TO START ON A SHOESTRING

State radio news networks used to have mortality rates somewhat higher than communists in Sylvester Stallone movies. And slightly less growth potential than the average Lilliputian.

Founded by journalists who believed there was a market for news about state politics and government at local stations too small to do much original reporting and started on a shoestring, networks would often founder after a year or two of struggle. "The problem is that people who go into the business are newspeople—people who want to be reporters," says Barry Berman, owner of the Connecticut Radio Network Inc. (CRN), Hamden, Conn. "You'd look around and some state would have a network and next year it wouldn't," notes Clyde Lear, owner of Learfield Communications Inc. in Jefferson City, Mo.

Both CRN and Learfield show that it doesn't have to be that way. After slow starts in the early 1970s, the two survivors are using the economies of satellite transmission to diversify into sports, ski reports, and soup marketing. Founded in 1972, by 1980 Learfield still showed only $1.3 million in revenues. In 1984 revenues hit $3.7 million and jumped to $5 million in 1985. CRN, started in 1973, projects $5 million in sales for the year ending June, 1986. Between 1980 and 1984 sales grew 2000%. Profits are still less than 5% of gross, Berman estimates.

Those kinds of opportunities are luring newcomers to the field. But the satellite technology that makes such growth possible has also upped the ante. Berman began his business in his parents' bedroom, and Lear lost $35,000 of a $24,000 capitalization in his first year. But more typical now are companies like Brookmont Communications Corp., which spent more than $2 million just for distribution equipment for its networks in Tennessee, Kentucky, and South Carolina. "The days of starting on a shoestring, programming out of your home, are over," says Jim Chafin, former president of the National Association of State Radio Networks. The NASRN now counts 23 members around the country, mainly in the Midwest and Sunbelt.

Even if they are spending millions to Lear's original thousands, most of the newer networks are following the pattern of Learfield, which owns Missourinet. Lear built a foundation of agricultural reporting and news and then branched out into the more lucrative fields of sports and satellite distribution.

Lear began by making the classic mistake of network founders: He believed that Missouri radio stations would pay to acquire better state news coverage. "By and large they don't want to pay. News isn't a money-maker for them," says Berman. Like Learfield and virtually all the other successful services, in 1976 CRN finally became an advertising-supported service, in which the stations are given free news feeds in return for commercial time, which the network then sells to advertisers. "The day we became commercial-supported rather than fee-

Tom Ebenhoh/Black Star

Satellites make the network profitable, says Lear

PROFILE

A Midwestern Radio Empire

The Sky's the Limit for Learfield Communications

A schoolboy in Lone Jack, Mo., momentarily abandons his math homework to cheer a Bo Jackson home run. A farmer in Sergeant Bluff, Iowa, pauses in his yard to catch the Chicago Board of Trade's price on hog bellies. A housewife in Plum Hill, Ill., listens to the noon weather report before deciding to hang out her wash to dry.

On any given day in America's heartland, some 10.7 million people tune into radio programming distributed by Learfield Communications. The Missouri-based company is the country's largest regional broadcast network, serving news, weather, sports and agricultural programs to nearly 600 stations in a score of Midwestern and Southwestern states. New affiliates and programming are being added regularly.

It's a success story, emphasizes Learfield founder and co-owner Clyde Lear, made possible by HCI satellite transmission technology.

"Since we switched over from phone lines to satellites in 1981, we've grown from about $2 million in revenue to more than $10 million," says Lear. Without satellite technology, he figures, "I don't think we would have had any of that growth."

Neil Armstrong's footprints on the moon were still fresh when Lear, then a graduate journalism student at the University of Missouri, wrote a master's thesis on establishing a statewide radio news network. At the time, similar networks existed only in Texas, Arkansas and Oklahoma.

Those were the days when the thought of using satellites circling thousands of miles above earth to relay signals seemed like something out of a Buck Rogers fantasy.

"Actually, there's no resemblance between what I wrote my thesis on, what I eventually did, and what the business looks like today," confesses Lear, who used his thesis as a blueprint for his and co-owner Derry Brownfield's first enterprise, the Brownfield Network. The small agricultural network had nine stations when it was incorporated in late 1972. It was bankrolled with a $250,000 loan provided by four friends.

The way the company made money then hasn't changed. Although the Brownfield Network has grown to include small bureaus in a handful of key cities, in essence it remains more of a marketing than news-gathering network. Affiliates pick from a schedule of broadcasts, which they receive free in exchange for airing the accompanying commercials. Learfield sells this advertising primarily to major

Above: **Learfield Communications uses state-of-the-art broadcasting equipment.**

Left: **Learfield founder Clyde Lear.**

Photography: Frank Oberle/Photographic Resources

Regional radio networks use collective reach to attract national advertisers

mproved satellite transmission nethods and better programing are ncreasing membership and national ıd support of state networks

State radio networks date as far back as 50 years, but it is only in recent years that the form has proliferated. Advancements in satellite delivery and improved programing over the past few years have translated into profits for the networks, and they are banding together as never before to attract national advertisers.

"The state radio network is really a young industry; most of the stations in the Southeast are less than 12 years old," said Mike Chafin, an Atlanta-based independent contractor handling national sales for the National Association of State Radio Networks (NASRN). The association contracted with him a year ago, and many of the 24 member networks are now carrying national campaigns from such advertisers as Motel 6 and Chevrolet.

Chafin is reluctant to call his sales operation a national rep firm ("not until we have offices in five states," he said), but by his terms, he is approaching it. He already has offices in Atlanta and Chicago, and said he will be opening additional offices in Dallas and New York in 1989.

The 24 state networks reach 26 million listeners each week, according to Chafin, who bases his estimate on Arbitron data. At $5,000 for one spot on all the networks, he admitted that his rates are probably higher than those at the national networks. NASRN's advantage, said Chafin, is the ability to sell specific states. Chevrolet, he said, advertised its trucks on 21 of the networks last year, and so was able to "cherry-pick the states where they wanted deeper penetration."

Said Chafin: "National advertisers are looking more and more in the direction of regional advertising." Advertising for the state networks has traditionally come from such statewide sources as local politicians, banks and insurance companies. Regional ads continue to account for as much as 90% of some statewide networks, but many report that the gap between local and national accounts is narrowing.

Most state news and sports networks are available on a strictly barter basis through Westar IV and cover most of the counties in their respective states. Many offer news feeds from about 6 a.m. to as late as 11 p.m. (local time) on weekdays, with shorter hours on the weekend. News staffs generally are not much larger than a half-dozen people, with occasional reports delivered by phone from affiliated stations.

"The affiliates have a hard time keeping qualified news guys in a small market," said Steve Mayes, general manager of the news division for Missourinet and Radio Iowa. He added that increased wire service costs have become prohibitive for small stations, noting that "$15,000 to $18,000 is a lot of money out-of-pocket."

Missourinet, which has been in business since 1975, has 73 affiliates. Radio Iowa, which was launched a year ago, now has 35 affiliates. Both total about 25% of the annual income at Learfield Communications, Jefferson City, Mo., according to President Clyde Lear. The privately owned company also runs the Brownfield agricultural network (about 19% of its income), a collegiate sports division that carries events from the University of Missouri, Kansas University, Iowa State and Oklahoma State (about 46%