

**“Exploring Strategies That Have Advanced Media Diversity”**

**Broadcast Symposium**

**March 7, 2019**

**Co-Sponsored by the**

**FCC Media Bureau and the**

**Broadcast Diversity and Development Working Group of the**

**Advisory Committee on Diversity and Digital Empowerment**

**Working Group Report**

**ACDDE Meeting**

**June 24, 2019**

**FCC Headquarters, Washington, D.C.**

**INTRODUCTION**

 In the last quarter of 2018, FCC Chairman Ajit Pai asked the Broadcast Development Working Group of the FCC’s Advisory Committee on Diversity and Digital Empowerment and the FCC Media Bureau to convene a symposium exploring the success stories of women and minorities in entering the electronic mass media industry.[[1]](#footnote-1)

 With a focused effort, the Working Group was able to assemble 56 speakers and eight panels in record time and hold a Symposium on March 7, 2019, entitled “Exploring Strategies That Have Advanced Media Diversity.” Ms. Kristen Welker, NBC White House Correspondent, delivered opening remarks.

 The Symposium covered considerable ground on this multifaceted topic. The panels concentrated on telling success stories in radio, television, and new media, as well as the roles of lenders, investors, mentors, non-profits and mergers and acquisitions in advancing ownership of electronic mass media by women and minorities.

 It needs to be emphasized that the Symposium was not simply a listening and feel-good exercise. The speakers came prepared with great advice and specific recommendations, some of which are included in this Report. Several panelists offered recommendations based on their industry experience; however, the recommendations do not reflect the deliberations of the Working Group or the ACDDE.

 Kudos to the hard-working FCC staff who greatly assisted the Working Group in producing this seminal initiative.

 It is with great pleasure and pride in the work and accomplishments of members of the Working Group that I submit the attached Report for your consideration and edification. It is the Working Group’s hope that it will serve to advance the role of women and minorities in the electronic mass media industry.

 Henry M. Rivera, Chair

 Broadcast Diversity and Development

Working Group, ACDDE

Senior Advisor, Emma Bowen Foundation

 June 2019

**Panel I: Success Stories from Pioneers[[2]](#footnote-2)**

Moderators: Sherman Kizart, Managing Director/Founder, Kizart Media Partners; Suzanne Gougherty, Director, MMTC Broadcasting, LLC

*Panelists:* Steven C. Roberts, President, Roberts Radio Broadcasting; Raúl Alarcón, Chairman/CEO, Spanish Broadcasting System; Russell Perry, Founder/Chairman, Perry Publishing and Broadcasting; Johnny Shaw, Founder/CEO, Shaw Broadcasting, LLC

**Discussion*:*** Panel 1 featured pioneer broadcasters who began their careers in broadcasting in the 1970’s and 1980’s, a time when minorities and women were just beginning to enter the industry as owners. These pioneers discussed the regulatory landscape at the time of their entry into the industry and the policies, e.g., tax certificate policy, that supported their purchase of broadcast properties. The panelists also offered words of advice to small, minority- and women-owned entrepreneurs on how they can succeed in their endeavors to become broadcasters.

***Panel Highlights and Take-aways:***

* Several panelists mentioned the Minority Tax Certificate Credit as instrumental to the broadcast acquisitions process back in the 1970’s and 1980's (Alarcon, Roberts).
* Panelists described the lack of access to capital and the long process of working with various lenders, which they generally described as difficult then and still challenging for minorities and women today.
* Panelists highlighted the need for the FCC and Congress to focus more on incentives for ownership by minorities and women in broadcasting, as well as the need to incentivize the private sector to invest in minorities, women and small business operations (Roberts).
* Panelists’ personal stories gave the symposium audience an in-depth view of their struggles and the financial, legal, and managerial obstacles they overcame to become broadcast owners.
* Two panelists commended Chairman Ajit Pai and the Commission for supporting the elimination of discriminatory advertising purchasing practices, i.e., “No Urban – No Hispanic” dictates (Roberts, Shaw).
* Overall, the panelists emphasized the need for Government, Congress and private industry to support increased broadcast ownership – now more than ever.

**Panel 2: Success Stories from Today’s Radio Entrepreneurs**

Moderators:Sara Lomax-Reese, President/CEO, WURD Radio; Michelle Duke, Vice President, NAB Education Foundation

*Panelists*: Dr. Nimisha Shukla, CEO, South Asian Broadcasting; Pedro Zamora, President, Zamora Entertainment; Chesley Maddox-Dorsey, CEO, American Urban Radio Networks; Melody Spann-Cooper, Chair, Midway Broadcasting Group, WVON Chicago; Mark Lipp, Partner, Fletcher, Heald & Hildreth

**Discussion*:*** The panel featured a broadcaster who serves small niche suburban radio markets, a major metropolitan urban broadcaster, a small broadcaster who serves a large-city Spanish language audience, a radio network owner with more than 25 million listeners, and, lastly, a long-time communications attorney. The discussion centered on how these very different broadcasters all developed ways to serve audiences in their local markets with programmingthat was generally unavailable from other outlets in the market.

***Panel Highlights and Take-aways:***

* Radio is still a powerful medium for ethnic and immigrant communities (Lomax-Reese, Shukla).
* Programming provided by local, independently-owned, ethnic radio stations, including news, music and public affairs, is one of the unique ways to serve and empower racially and ethnically diverse communities (Zamora).
* Minority- and ethnic-owned stations are “hyper-local” in serving their local communities and are reaching a broadcast audience that advertisers don’t often count accurately (Spann-Cooper).
* Most minority owners own AM stations, so panelists urged that more needs to be done to support, enhance and expand the impact and power of AM stations (Lomax-Reese, Spann- Cooper).
* In order to innovate, AM broadcasters must explore the various digital platforms on which their audiences can listen to these AM stations. As an example, smart speakers are able to stream programming from AM stations and provide a superior audio quality than that available via the terrestrial broadcast signal (Spann-Cooper).
* Access to capital remains one of the most significant barriers for ownership and growth in terms of minority broadcast ownership (Lomax-Reese, Zamora).
* Digital disruption is both good and bad for ethnic media broadcasters: social media broadens the broadcast audience and makes the content more widely accessible (good), but social media is also more difficult and expensive to manage, and the business model of ethnic media broadcasters has been negatively impacted due to the siphoning away of ad dollars to social media platforms like Facebook and Google (bad) (Shukla).

**Panelists’ Recommendations for the FCC:**

* FCC should provide increased access on Sirius XM for minority-owned radio stations (Shukla).
* The Commission should convene discussions with Nielsen Ratings to encourage them to conduct ratings differently for ethnic radio stations, because in the current system ethnic media owners cannot and do not compete on an equal footing with other full-service broadcast stations in terms of advertising even though ethnic radio stations “super serve” their audiences (Shukla).
* The US Government spends a significant amount of money on advertising, but those monies do not always filter down to local radio stations. There should be a focused effort where taxpayer dollars are used for government-supported advertising campaigns to be spent on radio stations that serve local communities (Dorsey-Maddox).
* There is significant vacant space in the VHF band, particularly Channels 5 and 6, into which AM stations could re-locate, a process which other countries (Canada, Mexico) have adopted. This could be a useful approach for US broadcasters to pursue in order to transition from AM to FM broadcasting (Lipp).
* The FCC could repeal or relax the Rural Radio Policy for AM (Lipp).

**Panel 3: Success Stories from Today’s Television Entrepreneurs**

Moderator: Dr. Nicol Turner-Lee, Fellow, Center for Technology Innovation, Brookings Institution

*Panelists:* DuJuan McCoy, President/CEO, Bayou City Broadcasting; Ernesto Schweikert, President, Crocodile Broadcasting; Maxwell Agha, CEO, ICN-FV; Don Jackson, Chairman/CEO, Central City Productions; Jeff Chang, President/CEO, Chang Media Group

**Discussion:** The panelists were owners of diverse types of television (and some radio) facilities. They discussed how they entered into broadcasting, the costs of maintaining operations in a cash-intensive industry sector, and plans to further develop their stations to remain competitive in local markets.

***Panel Highlights and Take-aways:***

* Panelists urged broadcasters to ensure that they have a base of advertising revenue in line, saying that banks providing financing to a broadcast company will want to see cash flow (Chang).
* The best financing options depend on transaction size. Seller financing to start out and Small Business Administration (SBA)-backed loans from regional banks may be good options in smaller markets, while in larger markets, consider private equity with “mezzanine” and senior financing (McCoy).
* Programming matters:
	+ The advertising-funded model of TV broadcasting often means that stations produce shows once they have financial commitments from advertisers. Once the station has that programming content, it can also then distribute the content to other stations that need that type of programming (Jackson).
	+ While there is serious competition from streaming, broadcasters offer unique products: local news and sporting events (especially football and basketball), which networks understand they need to survive going forward in the competitive video marketplace (McCoy).
* Engineering matters: As a license holder, even before thinking about financing, make sure to have engineering requirements in order and perhaps create a station where larger networks can provide programming and attract advertising revenue (Agha).
* Streaming can be a tremendous opportunity for broadcasters. It provides a new way to reach more people without additional costs such as renting a tower (Chang).
* One challenge with streaming is figuring out how to monetize it and ensuring that broadcasters do not lose the base of advertising support on the current level (Jackson).
* Regarding minority tax certificates, those who own large station groups and would be divesting stations should be pitching to Congress the idea of reinstating the program because they are the ones who control the properties minority purchasers want to buy (McCoy).
* For those who want to own stations:
	+ Sign up for NAB’s Leadership Training Program (McCoy).
	+ Develop relationships with major advertisers (Jackson).
	+ Work on the sales side of broadcasting. Learn everything you can where you are. Focus on the “dollars and cents of the business” because you need to pay the bills (Chang).

**Panel 4: Success Stories from Today’s Broadband and OTT Entrepreneurs**

Moderators: Dr. Jannette Dates, Dean Emerita, Howard University School of Communications; Alfredo Rodriguez, Vice President, DISHLatino

*Panelists:* Frank Washington, Broadcast Investor; Victor Cerda, Senior VP, v-me Media; Paula Madison, Chairman/CEO, Madison Media Management, LLC; Dr. Sheila Brooks, Founder/CEO, SRB Communications, LLC; Augusto Valdez, Principal, Condista

**Discussion:** Panel featured a discussion of issues surrounding the lack of access to broadband and new technologies by some Americans. Panelists also discussed the importance of over-the-top content in a modern media marketplace where consumers have many options for delivered video.

***Panel Highlights and Take-aways:***

* Convene industry leaders and encourage them to participate in or develop diversity initiatives, taking actions such as:
* Focusing attention on ways to keep shining light on current marketplace occurrences affecting new owners;
* Designing and implementing ways to increase and strengthen usage of Memoranda of Understanding (MOUs) for incubator businesses; and
* Implementing strategies to be more supportive of the minority-owned systems after the initial launches—not just for the launches—to ensure business longevity (Valdez, Cerda, Washington).
* Encourage the removal of Most Favored Nation (MFN) from the contracts of cable operators to encourage small operators to negotiate competitive rates with a variety of platforms, while retaining their independence (Madison).
* The FCC, in approving media mergers that include MOUs or voluntary commitments to launch minority channels on cable or satellite distribution platforms, should follow-up after the merger is approved to ensure that the new content is actually from independent, minority-owned content providers and not simply minority-focused programming provided by the cable operator or MVPD (Madison).
* According to Nielsen, the average American household receives 190 channels, but 90 percent of those channels are owned by 6 companies; those 6 companies have more negotiating power for cable carriage as compared to small and minority-owned content providers (Valdez).
* From a regulatory perspective, agencies like the FCC can use its ‘raised eyebrow’ influence to ensure that industry knows the FCC is observing and scrutinizing the relationships between MVPDs and small, independently owned content providers, particularly those that arise from MOUs associated with an FCC-approved merger (Washington).

**Panel 5: How Diverse Entrepreneurs Can Use Mergers and Acquisitions as an Opportunity for Entry and Growth**

Moderators: James Winston, President, NABOB; Brent Wilkes, President/Founder, Wilkes Strategies

*Panelists:* David Honig, President Emeritus, MMTC; DuJuan McCoy, President/CEO, Bayou City Broadcasting; Jane Mago, former General Counsel, NAB; Caroline Beasley, CEO, Beasley Media Group, Inc.

**Discussion:** Panelists engaged in a discussion of how broadcast radio and TV mergers and acquisitions provide an entry opportunity as well as a growth opportunity for diverse entrepreneurs. Small minority- and women-owned firms have been able to participate in M&A when large media companies merge and, pursuant to FCC rule limits on station ownership, must divest stations to come into compliance with the multiple ownership rule.

***Panel Highlights and Take-aways:***

* Spinoff properties in M&A transactions are usually high-quality properties that rarely go on the market.  Because the acquired station is of “above-average” quality, an entrepreneur that successfully purchases a station in an auction has a good chance of becoming a successful long-term owner (Honig).
* Mergers and acquisitions auctions are valuable for the seller and the buyer.  The buyer benefits by being allowed to bid on properties that might otherwise be sold without public notice.  The seller benefits because more bidders will result in higher sale prices (Honig).
* Minority entrepreneurs should have extensive knowledge of the industry before attempting to buy stations; in the case of one panelist, a long history as a general sales manager at major market television stations (McCoy).
* In order for minority entrepreneurs to benefit from M&A spinoff auctions: (1) the sellers must view promotion of diversity of ownership as an important consideration in the spinoff process; (2) the minority entrepreneurs should be known to the sellers so that the sellers can have confidence that the buyer can close the transaction; and (3) the sellers should agree that, if the minority bidder is equal with other bidders on price, the minority should win “the tie” (McCoy).
* It is important that the companies doing the spinoffs are familiar with potential buyers.  More M&A spinoffs will be coming in the future (Beasley).
* The broadcast industry is very healthy, and financing is available.  Entrepreneurs should be preparing for spinoff opportunities (Beasley).
* Entrepreneurs looking to get into the business must surround themselves with a good team of lawyers, accountants, engineers and financiers.  They should also make themselves known in the industry (Mago).
* It is critical that stakeholders keep getting the message out about the importance to the broadcast industry of promoting diversity of ownership.  The value to the industry of promoting diversity is not always obvious to industry leaders, and so stakeholders must keep holding events like this symposium to expose them to possible win-win situations (Mago).
* Government policies are critical to helping promote diversity of ownership.  The efforts to bring back the tax certificate have not been successful, but efforts to bring back that policy or create new ones must continue.  Hopefully the incubator program will be successful (Mago).

**Panelists’ Recommendation for Action by the FCC:**

* FCC Chairman Pai could invite the “captains” of the broadcast industry to come to a symposium to learn about the opportunities to promote diversity that the media diversity symposium was intended to address (McCoy).  All panelists agreed this would be a major boost to the promotion of diversity of ownership in the broadcast industry.

**Panel 6: The Important Role of Lenders and Investors in Creating Success Stories**

Moderators: John Oxendine, President/CEO, Blackstar, LLC; Ronald Busby, President/CEO, U.S. Black Chambers, Inc.

*Panelists:* Deana Myers, Research Director, TMT Kagan; Garret Komjathy, Senior V.P., Media & Communications Division, U.S. Bank; Daniel J. Damon, Managing Director, Loan Capital Markets, U.S. Bank; Brian McNeill, Managing Director, Alta Communications

**Discussion:** Representatives of banking and financial institutions discussed the process for obtaining loans and other financing to purchase media facilities, the availability of funding, and what financial institutions look for in applicants.

***Panel Highlights and Take-aways:***

* Good relationships in the industry are crucial, as well as in one’s local community with local banks, organizations, and politicians (Komjathy).
* Small entrepreneurs must prove the concept (build a track record of success) to potential creditors and then scale the concept.  Analytics are critical. You must know what kind of capital you want (Oxendine).
* Because barriers to entry are lower for over-the-top, there is more competition and you need to work to stand out (Myers).
* Deals must be sustainable.  Make sure you deal with investor groups that will not under-capitalize the business.  Use sophisticated, media-savvy banks (Busby).
* Have enough equity to weather storms, which may mean that owners may need to consider giving a larger stake to someone else to finance them and have an equity partner that is supportive of the transaction (Damon).
* A lot of mid-size deals now involve media-centric organizations and local banks where the company is going to be headquartered. These banks want to do business with companies in their markets (Damon).
* Ancillary businesses that seem to have a lot of upside like digital and OTT are being done in traditional media companies because those established companies have the financing and the existing audiences to which they can be promoted (McNeill).
* There is opportunity for targeting smaller communities that are not the focus of larger companies (Oxendine).
* Small entrepreneurs should consider partnering with bigger media companies to share costs and overhead, or by making other strategic investments in other broadcasters (McNeill).

**Panel 7: The Important Role of Incubators and Mentors in Creating Success Stories**

Moderators: Orlando Rosales, President, Media Vista Group; Dr. Ronald Johnson, Advisor, Wireless Infrastructure Association

*Panelists:* Jeffrey Smulyan, Chairman/CEO, Emmis Communications; Brian Lawlor, President, E.W. Scripps TV Stations Group; Patrick McCreery, President, Meredith Local Media Group; Kim Guthrie, President, Cox Media Group

**Discussion:** The panel, comprised of industry leaders of large multi-media companies, discussed the critical role that mentoring can play for small, minority- and women-owned businesses. Panelists shared their experiences being mentored and serving as mentors. They also discussed the FCC’s recently adopted broadcast radio incubator program.

***Panel Highlights and Take-aways:***

* FCC’s radio broadcast incubator program “formalizes” some of the informal mentoring that larger broadcasters have been doing; the program allows large broadcasters to apply for a waiver to exceed the local station ownership limits in exchange for assisting a small broadcaster (Smulyan).
* Developing diversity talent within a majority station helps to create a pathway to diverse station ownership; minorities and women should be in the pipeline for managerial positions (Guthrie).
* It’s important to build a workforce that is representative of the local community – that is diverse and talented; the focus starts at the top with the CEO who ensures that the corporate culture is supportive of diversity (Lawlor).

**Panelists’ Recommendations for FCC:**

* Promote the re-introduction of tax credits to create investment incentives (Smulyan).
* Develop a method to drive radio divestiture assets into the incubator program to increase the pool of diverse ownership (Smulyan).
* Incentivize companies that currently provide mentoring to transition to a formal incubator program (Lawlor).
* Consider developing an incubator program for TV (Rosales).

**Panel 8: Success Stories from Organizations Whose Mission It is to Foster Minority and Women Entrepreneurs**

Moderator: Marcellus Alexander, President, NAB Education Foundation

*Panelists:* Diane Sutter, Founder, NAB Broadcast Leadership Training Program; Maria Brennan, President/CEO, Women in Cable Telecommunications; Maurita Coley Flippin, President/CEO, MMTC; Rahsaan Harris, President, Emma Bowen Foundation for Minority Interests in Media

**Discussion:** Panel included representatives from several organizations that engage in training and mentoring for women and minorities interested in broadcast employment and ownership. The panelists discussed the mission, highlights and accomplishments of their organizations and programs.

**NAB Broadcast Leadership Training (BLT) program:**

* The goal of the BLT program is to enable senior level broadcasters who aspire to advance as group executives or station owners. The program is open to all, with a focus on attracting women and people of color (Sutter).
* BLT’s curriculum includes developing a business plan, securing funding, identifying and evaluating stations, negotiating the deal and operating for success among other areas (Sutter).
* BLT’s accomplishments include 325 BLT program graduates, among whom 51 own or have owned stations, 2 have become group heads, 65% have been promoted one or more times and 9 have served on the NAB Board (Sutter).

**Women in Cable Telecommunications (WICT)**

* WICT is a global organization that offers resources, chapter connections and specialized leadership development programs tiered to suit individual levels of industry experience (Brennan).
* WICT has done much work through its Diversity and Inclusion business case initiative (Brennan).
* WICT has launched an aggressive, progressive campaign: # LeadWithMore (Brennan).

**Multicultural Media Telecom and Internet Council (MMTC)**

* MMTC has a long history of championing diversity, inclusion and equal opportunity by supporting strategies and innovative policies that benefit multicultural consumers, entrepreneurs and community-based organizations (Flippin).
* MMTC has been instrumental in assisting women and people of color in acquiring broadcast properties through its media broker services (Flippin).
* MMTC Media & Telecom Brokers’ services include asset acquisition support, transaction completion, market research, regulatory strategy and intervention, among other areas (Flippin).

**Emma Bowen Foundation (EBF)**

* EBF has developed 3 program tracks for its fellowship program: Business, Content and Innovation (Harris).
* EBF has achieved a footprint across the United States in terms of student placements. In 2018, applicants represented 47 states, with intern placements in 24 states (Harris).
* Results: Over 1,300 interns placed; 900+ alumni and more than $5M distributed in scholarships since 2012; and 9 out of every 10 interns received an academic scholarship in 2018 (Harris).
1. The Advisory Committee on Diversity and Digital Empowerment (ACDDE) was chartered on July 5, 2017 (<https://www.fcc.gov/sites/default/files/acdde-charter-2017.pdf>). The ACDDE’s mission is to make recommendations to the Federal Communications Commission on how to empower disadvantaged communities and accelerate the entry of small businesses, including those owned by women and minorities, into the media, digital news and information, and audio and video programming industries, including as owners, suppliers, and employees. It is also to provide recommendations to the FCC on how to ensure that disadvantaged communities are not denied the wide range of opportunities made possible by next-generation networks. Ajit Pai is Chairman of the Federal Communications Commission. Diane Sutter, President/CEO, ShootingStar Broadcasting is Chair of the ACDDE, and Anna M. Gomez, Partner, Wiley Rein LLP, is Vice Chair of the ACDDE. [↑](#footnote-ref-1)
2. The full transcript of the media symposium, as well as the video of the event, is available at the FCC’s webpage at <https://www.fcc.gov/news-events/events/2019/03/symposium-media-diversity>. [↑](#footnote-ref-2)