Intro: (00:01)
Starting and running your own company. It's not for everyone, but for those who have done it, it can be exhilarating, exhausting, and easily the hardest thing they've ever done. So we decided to go on and talk to some of those people and find out what they've learned, what they'd repeat and what they'll never do again. We'll hear stories from their first year, then from the period when they realized they're going to survive and how they intend to position their companies for the future. We'll find out what a CEO's normal day is like, how they build and manage their teams, what it's done to their personal lives. And finally, when is it time to move on? Joining us for CEO 101, a limited series of deep looks at people who are their own boss, for better or for worse.

Intro: (00:40)
Today's guest CEO, Lew Dickey came to prominence as co-founder and CEO of Atlanta-based Cumulus Media, the nation's second largest radio company. He is also the co-founder and chairman of DM Luxury, America's largest regional magazine company.

James di Virgilio: (00:56)
Lew, take us back to your first year, starting your venture. How did it feel to take on such a role and how did that necessitate some changes in your life?

Lew Dickey: (01:05)
It's interesting because I had a market research business that I was running and had started that when I got out of school back in 1985, and that business I was working for all the major television groups and radio groups across the country doing market research and strategy consulting. My sort of purview was nationwide. I was operating in dozens and dozens of markets from the largest to the smallest providing consulting services and market research, consumer insights. So I understood the landscape and I knew a lot of the owners and managers across the country. And I was doing some work for early stage venture capitalists that own some stations in the Caribbean, and they were a mess and I was down there helping this person try to get them figured out. And I was talking about the telco act, which had just passed. This was in 1996, the telco act that had passed beginning of that year and it was revolutionary. And it's actually still the statute that governs telecommunications today. And I felt that there was an anomaly in the rules that made for an arbitrage where the mid-size and smaller markets actually could benefit from greater concentration based on the rules than the largest markets that may have 50 signals in them. And I said, look, the capital is sort of chasing the largest markets, and that was Infinity back in the day and Evergreen and a few others. And I said, they're chasing the largest markets or is it a little more uncontested in the midsize and smaller markets?

Lew Dickey: (02:24)
So I was explaining this to the VC and his response was, I don't know anything about radio, clearly based on what you're seeing with this mess, we've got in the islands here, but I do have some connections and we could raise some capital, it sounds like an interesting idea. And so we had that discussion on a long flight back from Barbados. And at that stage, we put it into action and we went out and put together a business plan to do this, to be a consolidator and midsize and smaller markets. Obviously we didn't have any radio stations. We started with zero at the time. Now my father had some stations in Toledo, Ohio, and then we had as a family, some stations in Atlanta, Georgia. And then I had purchased earlier in 96, a

station in Nashville with my brothers. And so we had three markets going into this, but they were in Atlanta, Nashville or larger than the markets we were going to go after, but Toledo would definitely fit, which was my father's stations that he had had since 1965. So we launched the business, raised about $60 million from some insurance companies and state pensions and a private equity group out of Nations Bank, which is now obviously B of A and got started. But you start, you don't have any stations. So you have to buy radio stations. You can't start them from scratch, they're licensed. So we went out and because of my knowledge and relationships across the country, that's what I was tasked to do. And so I was on the road nonstop in essence, meeting people and reacquainting myself with others and leveraging relationships with some capital to buy radio stations. And so we bought a number of markets and continued to roll this up. And also keep in mind that to take everybody back to those days, you had top line growing like crazy. You had consolidation happening, and there was no digital competition to speak of here. See, you had a business that was growing nicely on the top line, you had great operating leverage and multiples were increasing.

Lew Dickey: (04:08)
And so we started this thing in May of 97 after the capital was raised, started doing transactions in 97, and obviously it was at a breakneck pace in 98-99. We took the business public regular way IPO in July of 98, and then did a follow on offering in 99. We were rolling assets up pretty quickly. And so we were scaling this business fast. And then by the end of 99, we had enough critical mass that we now had to shift from sort of purely acquiring mode, just a deal machine, to really an operating business. And so I then shifted my role and became the chairman CEO of the business in early 2000, January of 2000. And we didn't think about the early years of this. So I was 39 and was a first time CEO, first time public CEO. And we had a ton of radio stations that posed a set of challenges in that we had acquired dozens and dozens and dozens of assets from disparate owners, disparate cultures, competing factions inside of a market. And so the challenges for integration enormous. I remember on the IPO going around and we were meeting with prospective investors and they would ask about integration challenges. And it was somewhat lost on me, obviously, having not been through that. And everybody was learning real time, by the way. There was no handbook on this because the flood gates just opened in 1996, before that you could own 1:00 AM on FM in a market. So there was no consolidation. And so everybody was learning real time and, and as they say, sort of drinking through a fire hose. And so the integration risks or challenges were enormous and could not be foreseen. At least we weren't smart enough to understand that. And so that was really job once I took over, which was to in essence, create a homogenous operating culture and take all of these sometimes warring factions within a market.

Lew Dickey: (05:58)
You might buy five radio stations in a market from five different owners, and everyone had a different idea of how they wanted to do things, how they kept their books, what they thought of the other people who was going to survive, who would the manager be. And so these were a lot of challenges; now magnify that by 30, 40 times because of the number of markets that we were in, and it was an enormous amount of work. So on top of that, you also had to run the public company. So I was told early on by one of my mentors, Lowry Mays, who was enormously successful and had Clear Channel back then, now called iHeart. He told me early on, he says, "you've really got two jobs here; you've got to run the company and you got to run the stock, and sometimes they're two entirely different jobs and you've got to make sure that you're focused on both of them at all times. And I thought that was good

advice. And so I did my best to heed it. And we had to effectively write the rule book in terms of how to bring all of these back to the operation side, how to bring all of these disparate radio stations and cultures and management styles, as they say in systems, and try to homogenize them and try to create a best practices approach to create something that we could scale with as we were going to continue to grow. And oftentimes it was very unpopular and people don't like change particularly in a mature industry. And so we had to navigate those challenges and a lot of people, in essence, like to design their own jobs and you can't do something like that when you have to have a smart division of labor, if you're going to really operate the business as efficiently as possible, which is what the street was looking for.

Lew Dickey: ([07:27](07:27))
The other side of the job, to make sure that you had the operating margins that they were looking for in the operating leverage, which is just a fancy way of saying, as you grow a dollar of revenue, you grow a greater percentage of that in cash flow or EBITDA, which is the principal metric that the business was valued on. And so that was the challenge. And that's what we were very focused on doing in the early days. And again, this was in the very early days in terms of software and how the business was managed and then taking a step back for a second. Prior to my research company that I started after school, I had started a software company in school with my freshmen dorm mate, and we created software for traffic and billing and for music scheduling and callout music research. So my background, the first company I actually started was a company called OmniSoft, was a software company for radio stations. So with that background, I actually brought him in as CTO, and we worked to understanding that the software was sort of a cottage industry broadcast software. And none of it was really very good, and so we wanted to create a really an integrated technology platform, sort of ERP, that would help run the business and would do so and enable us to, as they say, systemize, the approach to running radio stations, particularly the back office and the SGNA function. And so that's what we did. But again, same sort of thing. You meet with resistance because a program director who was used to their music scheduling system that they had used for a long time, just like viewer on word, perfect. And somebody said, you want to go to Microsoft Word, met with resistance there. And so these are the sort of the things that we had to navigate through. So there were a lot of challenges. The good news is the economy was chugging along and the broadcast business was doing very, very well. So that sort of brings us up to the spring of 2000 before the.com crash. And then that created a whole separate set of challenges that we had to navigate. I can take a pause there if you'd like to ask any other questions.

James di Virgilio: ([09:25](09:25))
So describe the beginning, the feeling, what some of the experiences might have been. And in fact, it might even be instructive to start with your time at Stanford, with a very first company you started. What stands out to you, putting yourself back in that mindset, starting a new venture, looking around and saying, here's what we're going to do. Here's why we're doing it. What is fresh in your mind about that sort of experience as a leader or a founder of a new venture?

Lew Dickey: ([09:52](09:52))
Sanford was a pretty fertile ground for it and you'd see it all around you. So it was easy to get caught up in it. And I can remember being at the undergraduate library and when Apple brought in the early Macintoshes and there was a big table in Meyer library, and a number of us were there and we were asked to use this mouse. And you remember the original Macs and look at this. And Steve jobs was in

there walking around, talking to all of us. "What do you think of this? How does this work?" And doing a little focus group with half a dozen of us sitting around a table doing this, and obviously he was already a very big deal and a celebrity in his own right. And enormously successful. And so those were sort of the formative years and you were around that. And so it was easy to embrace that and want to participate and want to do something like that. And I knew the broadcast business because of my father's stations in Toledo, having grown up in them. I never actually worked there, but I certainly was around it and understood the business. And so they were doing everything manually from music scheduling and tracking and billing. And he was looking to automate that and had proposals. I was out schooling and he said, you're out there. Tell me what you want, what I should look at, and that's how it started. I took a look at all these brochures and grabbed my buddy Alford, who was a computer science wizard and said, what do you think of all this stuff? And cocky freshmen. He's like, hell, I could write that much better. And so that's when we looked at it and said, all right, well, this is a business. It's a good industry. Let's do it. And that's how we started it. And that was it. You didn't know what you didn't know. And at that stage of life, there's so much success coming out of the young, smart kids that are out there and all around the country now. It's great because you don't know what you don't know. And sometimes you need that blissful ignorance and self-assuredness to just go forward and do it. And that's what we had. And it didn't work that well.

James di Virgilio: ([11:30](#))
And you mentioned sort of a blissful ignorance, perhaps hubris, right? There's a lot of benefit to that when starting a new venture. Was there a time in any of your early years at these various ventures that you started, that you were perhaps afraid of failing, or you had a fear that this won't work or what happens if this doesn't work?

Lew Dickey: ([11:47](#))
No, there really wasn't, I've never been afraid of failing. And I've always sort of thought when I went into something that I was going to succeed, and I think that that never really entered my mind. I think, you know, later in life, when you have a lot of responsibility, it's difficult to walk away from something. Then I think it's just common sense. People are much more risk averse, and it's very hard to do that. And you have to really think about failure and consequences. Particularly you have real responsibilities, which is why that's the perfect time to do it when you don't and you can sort of let it fly and throw caution to the wind and just go and you have a good idea, chase it. And I think it's the greatest feeling in the world. And I would encourage anybody who's in a position to do so to do it. And I think as we all go through life and you have more responsibilities as you get older, that's why, if you think about it and you want to do it as a young person without all of the responsibilities that could potentially weigh you down, do it. But to answer your question, no, I never really thought about failure or what, I was just sure that it was going to work out and it just scoped full speed ahead.

James di Virgilio: ([12:41](#))
And looking back now, obviously here you are, right? Lots of experience, all the things you've done in your life. Looking back now to any one of those early stage moments, what is some wisdom you would have given to yourself? You're in a time machine, you go back and you say, "Hey, young Lew, here's some things at this stage that now I know that you should either not worry about or focus more on." What are some of those things?

Lew Dickey: ([13:01]())
I always try to do this, but you never really do it in the moment - you think about it in retrospect. But I always told myself to pay attention to people that had gone before me and try to absorb as much knowledge as you can from people who have had that experience, lived through it, had the school of hard knocks, paid for it, and trying to benefit from their experience. And even though I told myself that, and I think to an extent I did, and I was very fortunate enough to have some key mentors in the industry who were very helpful to me, in addition to my father, who was my number one mentor and blessed with an enormous amount of common sense and was in his own right, very successful. I just think that I could have done more in that respect, but I think about mistakes that you make, maybe it's inevitable, but I think if possible, really hone in on and go the extra mile in terms of trying to learn from people who have walked there before you, because it really can provide a shortcut. You don't have to learn everything. You don't hear yourself or relearn it. And if some people have trodden that ground before you don't be a dummy and learn from them. So I think I probably could have done a better job there.

James di Virgilio: ([14:01]())
Wise words there for sure. All right. Let's take a look at the, we'll call these the middle years, but really this is going to be anything in your mindset that sits out as middle to you. So you finished the startup years. You finished your early seed years. Now, you're obviously a CEO you're established to some degree. How did your normal day change compared to the early years?

Lew Dickey: ([14:22]())
It's less frenetic. You're more on top of it. You understand the game, if you will. That comes with experience and seasoning. And was, I said, you have two jobs, you have to run the stock and you have to run the company and you just get better at both. And we were very aggressive, you know, continued to push and continued to grow and innovate wherever we could, whether it be new structures, deal structures, or continued to work on the technology platform. So I would just say that you get more comfortable, you know your way around, you're known to the other people in the industry and in the investment community and Wall Street. And so I just think that it's pretty much common sense. I just think the longer you've been doing it, the better you get. You're just more productive. You're not putting out fires to that extent. And you're building a good team and all that as a prerequisite to building a lasting enterprise.

James di Virgilio: ([15:09]())
You've got a foundation set, and now you're beginning the optimization period, and you mentioned the team. Did your original team change just a little bit or significantly from the early years to more of the middle years?

Lew Dickey: ([15:20]())
Yes it did, but that's inevitable in business. So you think about the C-suite yes. We changed CFO, we changed some of the key operating people, and then obviously you're constantly having change, which is just the nature of business within business units. And it's a very distributed business, which is very different from a tech company or a large software company where everything tends to be in one area. Even though you're doing business around the world. In the radio business, you don't have a large

corporate staff; at the Heights, we had 7,000 employees and we may have had 75 at corporate. And so you're talking about 1-2% of your employees are at corporate and everybody else's out in the field and you've got business units that run their own P and L's and they report up. So that's the way to think about it.

James di Virgilio: (16:01)
So you have this obviously changing, as you've mentioned, responsibility landscape. Your roles become not more defined, but certainly you take the lessons that you've learned and you know some things you want to apply. What were some of the focus points that shifted from the early years to the middle years? What were some of the priorities that perhaps changed as the business grew and there were different challenges that needed to be addressed?

Lew Dickey: (16:22)
Well, all businesses go through challenges. I think we had early on the need to, I called it professionalize the business from a lot of the mom and pops that sort of ran it out of their checkbook and didn't have what normal industry practices would be away from the broadcast industry. Something like CRM or an ERP system, the various checks and balances that you would need for timely reporting sales training. These are things that were really done ad hoc. Some of them didn't do it at all. And so in essence, to professionalize and try to create standards and best practices and drive those through the organization. So you could effectively scale it and leverage your management structure and create something where you could have upward mobility within the company, which I thought was an extremely important part. And if you had a very small market, if you were in Macon, Georgia, or Albany, Georgia, and you wanted somebody to be in a position to be able to run Atlanta, the skillset required to do it is essentially the same. It's the same business. It's this question of, if you have the right standardization and processes that are consistent or homogenous throughout the organization, you can really create upward mobility. And there really wasn't a lot of that, I think in the industry. The people who ascended to roles in markets were generally people who came up in those markets rather than people who came from a smaller market or a hub market and moved up. And so there wasn't a lot of that in the industry. So I wanted to create something that would give people the opportunity to do that and move if they so desire, it wouldn't just have to be running the market. Could be a sales manager, could be a key account manager, program, director, music, director, chief engineer, whatever role you would think of within a radio station, marketing promotions director. So those are the things that we wanted to create.

Lew Dickey: (17:59)
And as I mentioned, it caused an awful lot of consternation to get folks to buy into that. And just simply because people are very, very, very resistant to change. And so that was the bane of my existence in trying to do that. But over time, people self-selected. And we actually went outside the business because we were systematized to that extent, we were able to then hire outside of the business and bring some people in from other industries, from hospitality, from other business services industries, into the broadcast business, which also I think was helpful in growing the talent base. So I think that all of that was very necessary and it was just a lot of hard knocks and scars to get it there, but that started to change over time. And then a lot of industries, particularly as we see now, more prevalent than ever, particularly through the pandemic, the broadcasting business, as well as traditional media, beginning with the newspaper industry, started to experience serious disruption by digital technology. And it

happened to them first and they obviously missed the boat by allowing their content to be shared for free. And so in doing so, they devalued their content and consumers really began to believe that information was free. And I talked about this in my book, only a couple of newspapers really, successfully, have survived this; the New York times, Wall Street Journal, Financial Times, and others are working hard to do it. Most did not, and the reason is they let their information out for free, very early on and consumers came to expect it and didn't value it. And then when they tried to erect a paywall consumers just moved on and there were plenty of others places they can find free information.

Lew Dickey: ([19:43])
So in my judgment, had the newspaper industry adopted the paywall approach early on...they never handed out New York times or Atlanta Constitution Journals free on the street corner. You had to buy them. And now that the information was available digitally on your personal computer, (which was back in the day, now obviously everything's mobile) they were able to access that for free. And so I think they should have been much more careful about that early on. And clearly I think the motion picture industry was, and to a great extent television and the sports leagues, they understood the value of their content. Newspaper people didn't. So as a result, newsrooms have been gutted, they're off 70% in terms of staffing and hundreds of papers have closed and stopped printing, and others will do the same going forward. So it's a very challenged industry simply because they didn't get on it early enough. And on the broadcast side, it was really the competition for digital advertising. It wasn't so much which that they were getting our product for free because in broadcasting, you already got the product for free. Our model was obviously distribute free to consumers and the advertisers pay for it. And there really was no digital competition for local radio per se. You had music services, but you always had record players and cassette players and CDs in the cars. So your music collection already had a separate outlet anyway that competed with broadcast. The difference was it was local advertisers, and national, but local advertisers which always represented about 85% of the business weighted average. They now had another choice and that was search and obviously social, which is why those behemoths now between the two of them, Google and Facebook, now have multiples probably 10 times, if not more, it could be as much as 15 times, the entire size of the radio industry, just in those two companies. So that dollar started moving in that direction. And obviously in a fixed inventory business, I started putting real pressure on rates because these businesses were growing at 20, 30% a year.

Lew Dickey: ([21:23])
And ad dollars tend to grow with nominal GDP, which we know is low single. And so as a result that you were seeing a real share shift away, and that's why it crushed newspapers. It really began with Craigslist and the classifieds, which represented half of the newspapers' profits and for a service, it was essentially free that started to decimate them. And then as people wouldn't pay for their news, that sort of was the nail in the coffin then. And so you saw dollars go there, that business was gutted. And then it started to pick up steam, the shift in dollars away from local media into digital. And that's what's caused a great deal of problems today. So the radio industry was, I think at its height, 21-22 billion, and now it's probably honing in on half that post pandemic. And we'll see whether or not there is a rebound. I'm highly doubtful that there will be a significant rebound from here. X political, which was sort of supercharged in 2020, but I'm highly skeptical that in broadcast radio there'll be a significant rebound and in television retrans, which they refer to as their subscription revenue, which obviously is coming from the MVPD now represents between that and political represents half the business. And obviously

that never used to be the case. So they're straight local ad dollars spot advertising is off dramatically as well.

James di Virgilio: (22:34)
This is a nice segue from what you just talked about, but now looking as a mature CEO facing a lot of the challenges you just mentioned, you're in this stage, you're no longer a disruptive startup force. You're obviously steering a much larger ship. It's harder to be as nimble as the college kids who are taking one idea and trying to improve upon it. So how do you handle the pressure as a CEO with all of these different changes that occur in your industry? How do you handle the pressure of the media of public opinion, your own employees when making these decisions?

Lew Dickey: (23:04)
Well, it's a good question and there's no real single answer, I think, that can encapsulate that. You have to look at each of the constituents independently and you have a plan and then obviously you're going to make mistakes and you've got to course correct, and you've got to do so as quickly as you possibly can. Some of these things, you have to take them as they come. The landscape is changing. You might be able to see a little bit around the corner, but nobody has perfect vision into the future. I certainly did not at the time predict the speed with which the shift would go to digital, the acceleration and the rate of it, that it would go. And I think that they would inform everybody in terms of balance sheet management, if anybody had that idea, you know, nobody's downside cases had, I think, much of a shift or this rapid over shift taking place. And anybody who says they did would be fooling you because if that was the case, if anybody knew, then everybody would have put their companies up for sale five years earlier and been on top of it. So you don't know at the time. And sometimes it's hard when you're in the forest to actually see the proverbial trees and understand that because you're a cheerleader for your own book and what you're doing, and sometimes it's hard to have perfect objective information on this. And again, when there's no precedent for it, it makes it even that much more difficult. So I think we worked very hard to innovate and saw some things coming to our credit. And we looked very hard at commerce and we had a commerce initiative, which was to in essence, look for a different revenue model from the reach. Radio always had great reach and still does have great reach. It's just got a very challenged ad-based business model because it doesn't have pricing power. And so you have to look for incremental ways to monetize an audience, which as I mentioned earlier, and as everybody knows, gets it for free.

Lew Dickey: (24:42)
And so you have to look for smart ways to monetize. And commerce is a very interesting way to do that. We sell our ad units to help other people make money with their businesses. And is there a way to participate in that and have a revenue stream other than just selling commercial announcements? And so we had a commerce initiative. I definitely saw the need for, or the shift with digital, and that everybody sort of gets into everybody's business because it's all bits. And so the need for more of a multi-platform brand or approach to entertainment and media. And so we were looking at that. We had a good presence in country, so we created our Nash brand to do just that. Obviously at radio, we had a record label that we put together with Scott Porshanna. We bought country weekly magazine and converted that to Nash magazine that we bought from American media. And we're looking for a cable channe,l TV outlet, to create this virtuous circle of content distribution monetization under a brand that could in essence attract a large and loyal audience. And so we were doing that, had a streaming

proposal that we were doing with Yannis Frieze, who started Skype and sold it. And so we had some interesting things that we were doing. This is back in 20 13, 14, 15, so long time ago, I think a tad ahead of our time, these things would all be necessary today to evolve immediate business, but broadcast radio company into a modern media business.

James di Virgilio: (26:03)
Looking at the various stages that you were in: early, middle, mature, now. You always had to make decisions strategically with how you were going to run the business or compete. What informed those decisions, what was the playbook or the rubric, like how do you go about deciding how you're going to compete or solve a problem, or basically move the industry forward?

Lew Dickey: (26:26)
You've always got the constraint of your balance sheet, your capital structure. And so you have to weigh everything. So it's easier to see what needs to be done. At least I always felt this way. It's easier to understand what needs to be done and where you need to go than it is to actually go and do it based on the constraints that you have with your existing capital structure. So I don't know if that answers your question, but I think you constantly have to understand sort of leverage liquidity and risk in anything that you do. And I always try to size up problems through that prism. And then in terms of moving the industry, like that was the other part of your question, it's very difficult to do that. And because you have a lot of headstrong people that run their own businesses and more power to them, and they're going to run their business as they see fit. And ultimately you compete against them. And if you can show a better way, perhaps they move and adopt your vision, or just try to copy you or emulate you. And so it's very difficult to try to lead an industry. And I think that a lot of my colleagues, if they were trying to create a consortium to do something, and even if it was an incredibly noble effort and well thought out, my experience was that it was always really difficult to succeed there. And so sort of observing that, I always thought that there's a better use of time than trying to get a bunch of people who have their own balance sheets and worries and concerns to try to do what you want them to do. And sometimes reflexively people are stubborn just because it's coming from a competitor. And so those are the kinds of things that industry leadership in that respect, I always looked at as the best way to do that is to just chart your own course and lead by example. And if you're successful, what you're doing makes sense from an industrial logic perspective and the results are there, then people will follow. That's sort of the best way to do it is you just have to lead by example, if you're really trying to move an industry, there isn't time for the brain damage that it takes to try and herd cats and get a bunch of disparate folks with disparate agendas to try to coalesce. Very, very, very difficult to do and in my judgment, not necessarily the best use of time.

James di Virgilio: (28:29)
Lew, wonderful stuff. Thank you for being with us here on the Radio Cade podcast, for spending a considerable amount of time with us today. And for Radio Cade, I'm James di Virgilio.

Outro: (28:36)
Radio Cade is produced by the Cade Museum for Creativity and Invention, located in Gainesville, Florida. This podcast episode's host was James di Virgilio and Ellie Thom coordinates inventor interviews.

Podcasts are recorded at Heartwood Soundstage, and edited and mixed by Bob McPeak. The Radio Cade theme song was produced and performed by Tracy Collins and features violinist Jacob Lawson.