

INSIDE RADIO

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INSIDE STORY by Mike Kinonian

The *Inside Story* with Mike Kinonian: Behind The Dave Ramsey show.

Independent Island

Several intriguing storylines surround one of syndicated radio's most uniquely successful programs.

The fact that the totally affable host had no previous broadcasting background or industry aspirations isn't particularly noteworthy these days.



What does warrant attention, however, is how this University of Tennessee graduate with absolutely no frame of radio reference crafted a nearly perfect syndication model and selected as his top lieutenant a first-time listener/first-time caller - also with no previous radio background.

Whenever there's a discussion about independent syndication success stories, "The Dave Ramsey Show" is quickly mentioned as being the gold standard reference point.

Irony underscores the origin for the daily three-hour show when one considers the program about getting listeners out of debt, bankruptcy and foreclosure aired on a station (WWTN/Nashville) that was bankrupt - and hosted by someone whose life was nearly ruined after losing \$4 million.

"Super Talk 99.7 - 'WTN' (WWTN) is still Ramsey's flagship outlet, but under different ownership (Cumulus), it's no longer bankrupt.

Diverse Organization

The Ramsey Empire has grown literally from nothing to approximately 107 total employees and as Executive VP Bill Hampton proclaims, "We do a lot more than just radio. It's one-third of our business."

Nearly two-dozen people are employed in the Broadcast

Division and are directly related to the show, which airs weekdays on nearly 240 affiliates.

Everything at The Lampo Group is done in-house, including affiliate relations, syndication and production. ("Lampo" is the Greek word for light, and it intrigued Ramsey when he read it in scripture)

A 90-second vignette, airing on 130 stations, now complements the daily 2-5pm broadcast. "We have someone producing and syndicating the shows on a daily basis," Hampton points out. "There are two people working fulltime on syndication; three fulltime people just on affiliate relations; and people who edit calls and create the subscription portion of our website."

Consistent Goal

When Ramsey went through his bankruptcy in the late-1980s, he felt considerable pain in his life and knew what that did to his family. But as he started talking about it, he found many others in exactly the same boat. "He wanted to help, and thought he could do so in a compelling and engaging way," Hampton observes.

The fundamental reason for the show's success is built from that personal passion in Ramsey's life. "It hasn't been our goal to be the biggest thing in the world," notes Hampton. "Our goal has been to help people. The more people we can help, the better."

After garnering several years hosting experience on the local level, Ramsey - who truly discovered everything about radio one step at a time - in fall 1996 wanted to present himself on a national stage. When WWTN management asked who was going to syndicate the show, Ramsey pointed to his producer of one day, Blake Thompson. "I wasn't on-board then, but that's how the show began," recalls Hampton. "They learned syndication from the ground up."

The first Ramsey affiliate was in tiny Oak Ridge, TN. At the end of the first year, no more than three affiliates comprised the roster.

Instantly Hooked

As he was moving from Atlanta to Nashville in August 1995, soon-to-be-married Bill Hampton scanned radio stations on the U-Haul truck he was driving and fortuitously

landed on Ramsey's show. "This guy was talking about money in a way I'd never heard," declares Hampton. "I made okay money [in concert promotions], but was broke every month. I didn't [know] anything about money. He wasn't talking about Wall Street or mutual funds, but [things like] how to get a good buy on a used car. He used a lot of Southern euphemisms that caught my attention. I understood everything this guy said and thought 'that's me.' I was hooked and listened the entire way – about two hours."

The first call Hampton made when he arrived in Nashville was to Ramsey and he got on the air.

The two became friends over the next several years and as Hampton explains, "He asked me to come on-board to run the Radio Division of his company in March 1999. The syndication had been going on for almost three years and when I [joined], they had 32 [primarily Southeast] stations."

Smiling & Dialing

Four people were employed for the radio show at that time and Hampton consistently reminded Ramsey that he used to plan concert events and knew nothing about radio. "I had no clue how a signal got from the studio to someone's car," Hampton jokes. "He told me that was exactly why he wanted me. Dave said that if I came from radio, I would have been told 20 times what we were trying to accomplish couldn't be done. To that point, I hadn't been told. He said I might be just dumb enough to go for it. He was right and we did go for it."

The only thing Hampton knew in his first few weeks was that he needed to do whatever it took to clear stations for Ramsey's show.

At that time, John Kobylt & Ken Chiampou's daily, afternoon drive talk show was being syndicated by Glenn Fisher's Santa Cruz, CA-based Fisher Entertainment. "John & Ken" had approximately 100 affiliates, but when Hampton heard they no longer wanted to do the show, he immediately sought to obtain their affiliate list. "I didn't know any better, so I called Glenn the day he found out his one big act was [leaving]," Hampton recalls. "I said I wanted to get their affiliate list. He told me what I could do with myself and hung up. I completely understand now, but didn't know any better then. I just saw all those affiliates opening up and wanted to get them."

Creative Copying

That kind of naivety actually turned out to be huge advantage for Hampton. "There've been many things I wouldn't have done, had I known better," he admits. "I had to learn by getting doors slammed in my face. To this day, I ask a million questions. When I see an awesome person

in this business like [Premiere Radio President/COO] Kraig Kitchin do an interview, I devour it. That's how we've grown this show and it's how we've won. We're still fans of radio and learn every single day. Dave and I have that attitude and ask many questions. We look at what top people in our business are doing and try to do it a little bit better."

Applying the Domino's Pizza model, Hampton comments, "They didn't create a new product – they just created delivery of the product. They did it a little bit better and won. There's nothing original any more – just creative forms of copying. We try to do it with a little better service and a little nicer touch. Sometimes we're able to accomplish that, and we're still working hard in other areas."

Accentuating Same Issues

The show's former tag line, "Winning at life, love and the money game," but has been updated to this - "Where life happens caller after caller." That's a momentous alteration because it reflects the kind of on-air calls Ramsey wants to address. "We have many different clichés like, 'It's not about Wall Street – it's about Main Street,'" Hampton explains. "The show may have been a little more financial in the early days, but it's not a financial show now. We're a life show that happens to be reflected through [a person's] checkbook. That's why the show can work three hours a day during the week. We're not going to talk about boring, sophisticated concepts and principles of money."

A folksy down home delivery and Ramsey's overall laidback style contributed to giving the show a regional appeal, but that's lessened the last several years. "I knew if we could just get a shot in the Northeast or out West, we'd win," Hampton states.

Disregard Ramsey's Southern remarks and accent and you'll find his advice is the same for people in Nashville or New York City. "It applies to a person's life and they're dealing with the same issues," Hampton contends. "Seventy percent of people we talk to live paycheck-to-paycheck. That's not 70% of Southerners – that's 70% of Americans. That causes fears and stress, regardless where you live. I [remind] people that Garth Brooks had over a million people at his concert in Central Park. If music, a message or a performance is engaging and done with excellence, people don't care if an accent is attached to it. The message is what matters and that's we deliver – with excellence - day in and day out."

Every Clearance Is A Battle

Many skeptical "big boys" predicted the independently syndicated Ramsey show wouldn't survive, but that didn't deter Hampton from being relentless. "Most [other]

independents out there might have had 200 [affiliates on a certain show], but they were 200 smaller stations," he notes. "No one really had a major clearance on an independent [show], so we weren't respected at all. We weren't delivering a quality product [in terms of audio and production] six years ago. I learned very quickly that, if we were going to win in this game, we had to provide a top quality product."

The only reason Hampton would accept for a station not taking the show was that they just didn't like it. "I didn't want someone to say our delivery and sound weren't good or the show wasn't as tight [as that of a competitor]. We did whatever we could to make sure we provided exactly the same – if not better – quality delivery of the show. We struggled with that early on."

The biggest objection Hampton faced last year was that it was an election year and as he maintains, "Trying to syndicate a life show that isn't politics or current events during a political season is tough. We were able to net 48 stations in 2004 [compared to 80 in 2003], but it was a battle. No one wanted it. Of course, you have the fact that Clear Channel stations will put on Premiere product and Salem stations will do the same with Salem Radio shows. As it was six years ago, every single clearance is a fight. We don't get 40 clears at a pop. We get one at a time; [2004] seemed like a very tough year."

No Offers

It's not that Ramsey would necessarily entertain offers from other syndicators, but Hampton is somewhat surprised competitors haven't courted them. "We're not building this thing to sell it and perhaps we've made that clear over the years," he reasons. "But I do wonder why people aren't interested in us. We grow every year and our revenues are through the roof."

As a separate entity, "The Dave Ramsey Show" has proven to be a lucrative endeavor. "We'll do \$2.5 million in network sales in 2005," Hampton points out. "The subscription base portion of our website, which is directed tied to the show and gives our listeners more behind-the-scenes information about the show, will do another \$1.2 million this year. We'll also bring in revenue from some other sources and that [\$3.7 million] is purely off the show. There's a lot of synergy going on with Dave, but you could remove the other things and have the show as a whole and it would still be very profitable. We've found a great base of advertisers who've connected with what we do. They re-sign year after year and it's been very effective."

"60 Minutes" Is On The Line

The show, vignette and Ramsey's entire company are built

on his past failures. It's a completely open book with no secrets.

So while others may shudder at the prospect of doing a "60 Minutes" piece, Ramsey welcomed the opportunity with open arms. "I had about 25 people at my house watching it with me," Hampton notes of last November's positive CBS-TV segment. "I was a nervous wreck when it started, because you never know [how it's going to turn out]. NPR did a fabulous interview in Fall 2003 and re-ran it on a Saturday in April 2004; '60 Minutes' called the following Monday. They said they heard the piece and wanted to do something. They spent three or four months [with Dave] at different times. They had an excellent producer and really did it right."

Major Market Focus

That was an impressive event to a national audience, but the recent signing of Talk powerhouse WABC/New York as a "Dave Ramsey Show" affiliate was a benchmark occurrence for the company. "We worked it for a very long time," Hampton acknowledges. "There were many things involved in just getting that meeting. It's taken six years – certainly as long as I've been here. We built great relationships with people of influence in the industry and things went right. Many people were involved in getting that meeting and for getting [that clearance]. John Wooden said that, 'when opportunity knocks – it's too late to prepare.' We prepare every single day. When we finally get a chance to meet with [other great Talk stations like] WLS/Chicago, WGN/Chicago, KGO/San Francisco, KSFO/San Francisco or WJR/Detroit – we have to be ready to rock."

While Ramsey's show is cleared in 13 of the Top 20 markets, Hampton candidly states other than WABC, "We're not on the top station in any of those markets. It's my goal to get quality stations. It's really going to be an aggressive move on our part this year to prove ourselves. When given an opportunity, I know this message will appeal to listeners of major market stations. We just have to get a shot. Once we do, we have to capitalize on it."

But even the consistently upbeat Hampton has been discouraged by some decisions he's encountered. "We were the No. 1 show on a Top 50 market station," he details. "We were on live and it was a big win for us. Two weeks after [the book came out], we got a call saying they were taking us off. It was political; a decision was made to put on someone else. The reality is we got bumped. That kind of decision that doesn't make any sense drives you nuts and will just about drive you out of the business. But when I wake up the next morning, I realize Dave's committed and I'm committed."

No Magic Pill

The clear-cut mission is to win, yet Hampton flatly stresses, "We haven't won yet. I gave myself three years, but that wasn't enough time. It's going to take a lot longer. We've made great progress, but as far as I'm concerned, we're not even close to winning yet."

Respect and recognition are among things Hampton believes are necessary before he can declare victory. "We're getting it, but there's still an element of the industry that doesn't give it to us," he asserts. "I believe so strongly about the man who does our show every day and I want him to win. He's fought hard for it and dedicated his life to it. We may not win as fast as I'd want to, but we'll be here 10 years from now. We learned a long time ago, there isn't a magic pill with this. So many [other] companies out there are doing too good of a job. This little independent company out of Nashville has to keep fighting."

A misconception exists that Ramsey is personally wealthy and funds his show for fun, but Hampton emphasizes, "That's not true — Dave doesn't put a personal dime into this show. We brought in \$38,000 in network revenues my first month with the company - we'll do about \$470,000 this month. We're a 100% debt free company and pay cash for everything. Other shows haven't made it because they borrowed to their eyeballs, revenues couldn't come in fast enough to pay off their debt, and they folded."

Are We There Yet?

Perhaps the greatest lesson Hampton has learned since entering the industry is one can't get into the medium

just because they want to make a quick buck. "The money will come to people who love radio," he maintains. "Some people get into radio because they see money that flows to some people in it. But if you don't have someone like Dave Ramsey who loves the platform, [the show] dies. There's no doubt our commitment and passion are why we're here today and will be for years to come."

The unlikely chain of events that brought Hampton into the company resulted in Ramsey becoming a tutor to the then- 26-year-old who was running an event services company. "He still treats me as a friend; respects me as an executive; and still has a lot to teach me," Hampton comments.

Not envisioning any other offerings from the company, Hampton concedes, "I think that we're a one trick pony. We help people with their personal finances, with their lives and how that revolves around money. We do that and deliver that message any way we can. Television is probably the next big thing to get this message out, but the things Dave loves most are radio; public speaking; and being a mentor to the leaders in this business. Until Dave Ramsey is a household name, we're not 'there' yet."

Inside Radio subscribers can read more about Dave Ramsey and Kraig Kitchin in "The Mike Kinonian Interview: Personalities Inside Radio at www.InsideRadio.com (9-29-2003 and 4-26-2004, respectively).

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