

RACISM IN MEDICINE ■ MASTERING THE S.A.T.

BLACK AMERICA'S NEWSMAGAZINE

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AIR POWER

Cathy Hughes:
The **Top Woman**
In Black Radio

Has The **Economic
Boom** Bypassed Black
America?

Ebenezer's Miracle
On Auburn Avenue

Cybergenealogy





QUIET STORM

Cathy
Hughes rolls
across America's
airways building
her radio empire

Photography By
Welton Doby III

AS THE PRIVATE JET LANDED on the runway at Miami International Airport one Thursday afternoon, Radio One founder and chairperson Cathy Hughes looked out the window at a group of men boarding a nearby plane. Standing on the tarmac in 88-degree heat, Hughes watched about 200 Black and brown men in leg and wrist shackles being led onto a prison plane.

Just hours earlier, Hughes along with her son, Alfred C. Liggins III, Radio One's president and chief executive officer, and Scott Royster, chief financial officer and executive vice president, celebrated with champagne and prayers on a jet loaned to them to fly from New York to a conference in Miami. On the flight, the three whipped out their laptops so they could watch as their company sold shares to the public, raising \$172 million—the most money raised from an initial public offering (IPO) by any African-American company. They watched with joyful amazement as their ticker symbol, ROIA, and its opening price of \$24 a share, steadily climbed through the day. Shortly after 4 p.m. EDT when the markets closed, trading of Radio One's 7 million shares had soared some 44 percent in their first day of trading. And Hughes and her son, who retain 71 percent of the shares of voting power between them, watched their

personal stake increase to \$285 million by July 1.

That Thursday, May 6, had been surreal. Thousands of investors had used their dollars to applaud Radio One's 19 years of hard work and growth. But more importantly to Hughes, investors were giving the ultimate sign of approval for the vision of this former teen mother from the housing projects of Omaha, Neb.

So as the custom plane pulled into the gate next to the prison plane, reality set in for Hughes. The day's events, combined with the sight of Black men in prison uniforms shackled together, prompted Hughes to grab the hands of her son and her financial officer. The two young Black men in designer suits had helped steer the company Hughes birthed to a record public offering — the pinnacle and crowning achievement of any entrepreneur's life.

Then came the emotional release. She began to cry.

"There but for the grace of God, that was intended for you," she said. "I was just numb the whole time in New York. I was speechless. But seeing that — I just cried and thanked the Lord."

Cathy Hughes speechless?

Many adjectives have been used to describe the nation's most powerful woman in radio, but speechless has never been one of them. Hughes is multifaceted. She's part motivational speaker, part philanthropist, and all business. Her style swings from passionate radical sermonizing, à la Angela Davis, to bottom-line management discussions of a savvy corporate executive, such as Ann Fudge, president of Kraft's Maxwell House and Post divisions. But once she's comfortable, Hughes' demeanor and vocal cadence becomes as familiar as a favorite aunt or sister from around the way. She pro-

Her tentacles are connected to the community and business climate. That's what's qualified her...."

17th-highest revenue producer, according to Inside Radio, a group that tracks the industry.

"Her tentacles are connected to the community and business climate. That's what qualified her to get the stations," Jackson says. "She knew how to effectively use the mouthpiece of the microphone. She has raised the right issues and has gotten the right results."

And the results are heating up Radio One's balance sheets. It now owns 25 stations, 18 of which were purchased since March 1998; another purchase is pending. After losing more than \$6.5 million in 1996 and 1997 combined, Radio One posted an \$841,000 profit last year. But Radio One's cash flow — the main barometer used to measure the financial strength of radio stations — increased to \$21.6 million last year from \$13.5 million in 1997. Prudential Securities estimates Radio One's cash flow to increase to \$32.1 million for 1999 and \$45 million next year.

Prudential analyst James Marsh says Radio One has had one of the highest advertising revenue and cash-flow growth of any radio company. Using the same number of stations it owned during the first quarter last year, Radio One's overall ad revenue and cash flow increased 34 percent, while cash flow alone increased 56 percent. "Their stock has been a big performer right out of the blocks," Marsh says. "My sense is they will continue to do things."

Indeed, Hughes and Liggins have their way of doing things. They buy stations and reprogram them with gospel, talk and adult and young adult urban-contemporary formats. That is a profitable move since R&B and gospel were two of the fastest growing genres of music last year, according to the Recording Industry Association of America, which tracks music sales. Also, to increase individual station ratings and cash flow, Hughes created an incentive package for sales managers, program directors and on-air personalities.

"I want to see us as one of the major players in the broadcasting industry," she says from her spacious, recently renovated office atop her eight-story broadcasting facility in Baltimore. The renovation forced most of Hughes' pictures, awards and knickknacks into storage. This day, her bookshelves display only her AKA mug, a black-and-white picture of her mother as a child and an antique radio. A new, more spacious desk is off to the right of the office and waits to be moved in place of her old desk, behind which she still is sitting.

Hughes' style of buying and reformatting stations seems to be working. According to recent figures from Arbitron, a New York-based media research and marketing firm, Radio One stations have the No. 1 spot and tie at No. 4 in Baltimore. Her two biggest Washington, D.C., stations, WKYS and WMMJ, are ranked third and fourth, respectively, among the city's 36 Arbitron-ranked stations. After Radio One purchased WPHI in Philadelphia in 1997,



In Radio One's early days, Cathy Hughes stirred up listeners.

jects the energetic and dramatic attitude reminiscent of actress Jennifer Lewis (Whitney Houston's mum in *The Preacher's Wife*). Hughes prides herself on her sermons of Black empowerment. And similar to her friend, Jesse Jackson, where there's a cause or what she perceives as a hint of injustice against her people, Hughes is there encouraging her listeners to boycott, protest or just be aware.

Catherine Elizabeth Liggins Hughes has been busy since 1980, when she and her former husband, Dewey, transformed a heroin shooting gallery in Washington, D.C., into studios for WOL, the nation's first African-American owned, 24-hour talk-radio station. After the couple divorced, he moved to Los Angeles to work in television and she retained sole ownership. She grew Radio One into the nation's largest Black-owned radio company and the industry's

it changed its format from rock to R&B. As a result, that station's rating increased to tie at 10th from a tie at 12th.

Hughes takes an active role in deciding which stations to buy. Once a station goes up for sale and after her engineers have completed their study, staff will visit the neighborhood where the station is located. They rent cars — from a Buick to a Lexus — and drive around listening to the station. This old-fashioned method of determining a station's power is called raking the signal. "I want to make sure you can hear that station all over the city, from the projects to the suburbs," she says.

Radio One stations serve nine of the top 20 African-American radio markets; the company's goal is to be in all 20 within a decade. Hughes also looks forward to the day when she will have 1,000 African-Americans on her payroll. That day, she plans to turn off the payroll machine and sign and cut each paycheck by hand. She's halfway there. Of about 680 employees, about 300 are Black. "For sixty years, my main objective was to provide opportunities for African-Americans and women broadcasters," she says. "I want to be the best company that happens to be owned by an African-American that provides opportunities for African-Americans."

But there were some African-Americans who didn't benefit from Radio One's record-breaking public offering. The very individuals whom Hughes has spent decades championing — Black businesses — felt angry and abandoned during the transaction. Of the five investment firms that Radio One used as underwriters or co-managers, none were Black owned. "I'm disappointed but I understand," says Ronald Blaylock, founder and CEO of New York-based Blaylock & Partners L.P., one of the nation's largest Black-owned investment firms. "We'll work very hard at making sure the next Radio One that comes along has a value-added minority firm in a leadership role in the transaction."

Hughes and her executives say the main reason Black firms didn't have lead roles in the offering was because the White firms showed interest as much as two years before the African-American firms contacted them. "We chose to work with the biggest and best underwriters in the radio industry and on Wall Street," says CFO Royster. "There are a number of African-American banks that have done great work, but don't necessarily bring to the table what a company such as ours needs to do an effective IPO."

Adds Hughes, "We went with who we had. I agree there weren't enough Black investment banks in the IPO. But by the time all the brothers and sisters showed up, it was too late."

To her critics, the excuses are as lame as those offered by Whites who refuse to use Black talent.

Times certainly have changed since Radio One was founded in 1980. Obtaining a bank loan was a major challenge for Black entrepreneurs. Once Hughes had the station going and the company started to grow, bankers tried to tell her how to run her business and even threatened to cut off her credit. In 1987, the bank that financed her acquisition of WMMJ in Washington told her the only way the station would be financially viable was if it appealed to White audiences, she says. Now, Hughes is much less beholden to banks.

"Radio One is past that point. Their IPO gives them financial flexibility. They have access to very good bank credit now with their public equity and their position in the bank credit market is more enhanced," says Salomon Smith Barney's Paul Sweetney. "They're going to have a good amount of success growing their company."

Hughes, 52, puts it more bluntly. "What the IPO has done is allowed us to stay in the game and remain a viable player," she says, while leaning forward in her chair to light up her sixth Benson and Hedges Ultra Light cigarette in 2 1/2 hours. The public



Cathy Hughes and son, Alfred C. Liggins III, are close.

offering allows Radio One to pay down some of its \$132 million debt and to acquire more stations.

Investors also should be pleased. Prior to the offering, investor demand was so high that the company was able to raise its initial offering price. First Boston had priced Radio One stock at \$17 to \$21 a share. Days later — based on strong interest — Radio One increased its price range from \$22 to \$24 a share. The day of the trade, the stock then priced at the top of the range at \$24 a share; it closed up 44 percent at \$34 5/8. By July 1, the stock had increased 35 percent to \$45.25 a share, while the company's total market worth increased to about \$837 million.

Despite Radio One's success, it's still a struggle for minority broadcasters to obtain financing and get their foot in the door of ownership. In 1977, of 8,500 broadcast licenses, 40 — .5 percent — were owned by minorities, according to recent figures by the Federal Communications Commission. Last year, of the 10,315 radio licenses, 305 — or 2.9 percent — were minority owned. "Now what is that, 300-and-some radio stations and I own 26 of them? Something is wrong, obviously," Hughes says.

Most agree that Radio One's future is bright. But there are some concerns about Hughes' often-vocal stances on issues which — if she chooses to continue such sermons — could cloud the company's skies. The reason: Advertisers, the main source of income, can be turned off. "It can make investors and advertisers a little nervous," says Prudential's Marsh.

But Hughes says taking up a hot issue hasn't lost her an advertiser yet. After all, advertisers want her listeners to buy their products, not to control what they hear. To stir Hughes up, just suggest that she consider abandoning her causes now that Radio One is 35 percent owned by the public. She and Liggins own the majority of voting shares and retain leadership of the company's direction. That means,

"Now what is that, 300- and-some radio stations and I own 26 of them? Something is wrong...."

"If there's something that needs to be addressed, I'll be there to address it, controversial or not," she insists.

There have been fewer riots.

A recent show on WOL, for example, aired listeners' anger on subjects from the Chicago shooting death of an unarmed Black woman by a Black cop to why the only Black starter on the Women's World Cup soccer team, Briana Scurry, wasn't voted the MVP for blocking the key shot by China. "You have to understand that we live in a racist society where they don't want to acknowledge our achievements, no matter how hard we work," says a caller.

Last January, Hughes interrupted programming on her four stations in Baltimore and four in D.C. to deliver a 13-minute commentary blasting the Maryland General Assembly's decision to expel then-state Sen. Larry Young, an African-American, for what officials called ethics violations in his business dealings. She announced that in protest, she would return the state's \$500,000

loan to buy a building in Maryland to relocate the D.C. stations. Hughes called the ethics panel a "lynch mob" and told listeners she wouldn't accept the state's "blood money."

In a 1994 controversy, the Latino community blasted Hughes after her on-air scolding of Washington's Black community for allowing Hispanics to move into historic Black neighborhoods and take over the jobs, apartment buildings and previously Black-owned businesses. The situation, she said, was to the point where residents couldn't pass a corner on 14th Street "without being able to buy a taco." Hughes insists she was complimenting the Hispanic community for its initiative, but was chastising Black folks for their apathy. "Black folks run Black folks out of business, yet they do business with anybody else in the community."

In 1986, Hughes led a protest against *The Washington Post's* Sunday magazine, urging listeners — her "family" as she often refers to them — to dump copies of the magazine's premier issue and subsequent ones on the paper's front steps. The magazine carried a cover story on a Black rapper accused of murder and a column that sympathized with merchants who used buzzers to screen out young Black men. Hughes was criticized by many of her listeners who said she called off the 13-week protest after *Post* publisher Donald Graham was a guest on her talk show. She disputes that account, saying some listeners wanted to hear from Graham. "To this day, *The Washington Post* has hated me," she says.

Many industry observers say it's her championing of Black causes that has made Radio One stations so successful. "Her political beliefs and commitment to the community are the most important things in her life. She has been able to be a spokesperson for causes and still be successful and continue to do that," says William Kennard, Federal Communication Commission chairman. "I don't think she would have the kind of success as a business person she

Cathy Hughes On:



Washington, D.C., Mayor Anthony Williams: I've heard a lot of critical things from community activists whom I respect. At the same time, I've heard a lot of positive things from individuals who control the economy of Washington, D.C. We

have to fix the economy of D.C. before addressing the issues of grass-roots community. Let's be patient and see.

Black Republicans: There's a new breed of Black Republicans whom I don't think are true Republicans. I think they are show men, who figure if they come up with the most outrageous titles for themselves, they become lightning rods and get press. People like Ken Hamblin or Armstrong Williams, I don't think they're Republicans in the true sense. Williams talks a Democratic philosophy but calls himself a Republican because if he were a Democrat, he would be just another brother with an opinion. I don't think he's any more Republican than Al Gore.

Oprah Winfrey: The cat's meow. What she has done is historic, professionally and personally. She was smart enough to

own her own. She wasn't content at being an employee making a good salary. If the world could duplicate her, I think Black economic empowerment would be achievable even before the new century.

President Clinton: He's a man who has mixed emotions about his relationship with the African-American community. Lani Guinier, Jesse Jackson, Joycelyn Elders were all part of his "kitchen" cabinet. But when the cabinet starts to heat up and they look for Bill Clinton, he's some place else. For some reason, I don't think the Black community is going to have that problem with Al Gore. I don't see Bill Clinton being morally any better than [former D.C. Mayor] Marion Barry. Both have totally disrespected and denigrated their wives and children.

Affirmative action: It's something that is very needed, something that should not be a permanent situation, but is necessary for a much more prolonged period to level the playing field. At a certain point, Black economics will catch up...and affirmative action will no longer be needed.

Shock jocks: Incredibly talented. Howard

Sturm, Doug the "Greaseman" Tracht. What they do, they do incredibly well. They're very much a part of the mosaic of radio

that adds color. It's incredibly difficult to fill up four hours of radio time with intelligent, informed conversation. Sometimes, they put their foot in their mouths. The Greaseman is probably still kicking his own behind now. Radio audiences would not be responsive to a Black shock jock. Things they say just aren't part of our culture.

Lawya Hill and criticism of her out-of-woodlock children: It's so amazing how when someone breaks through the barriers, there's immediate criticism. Her status with the children and their father could, in the eyes of God, be more sacred than some of our ministers who are married. This sister has raised the bar with her music and her work. We need to be embracing her and nurturing her and helping her develop, and not worry about her personal life.

Gangsta rap: Very much like our poetry of the 1960s before rap and jive talk. Hip hoppers have a right to express themselves. But when it begins to be self-destructive and distasteful, it's out of line. There must be parameters on everything. But I blame the record companies, not the rappers. I've heard of artists being told by record executives that their raps weren't profane enough.

has had today if that had been an issue."

She has denounced unity companies for their shut-off practices and challenged the Washington lottery's lack of advertising in Black media. She even encouraged listeners to donate thousands of dollars for such causes as legal aid for people caught in the criminal justice system, emergency relief funds, support for education and health care. During the early days of WOL, Hughes supported a campaign to show listeners' economic support. Thousands of checks with "I listen to WOL" were circulated to Washington-area merchants.

"Had Cathy Hughes not been a freedom fighter, we probably wouldn't be public today. Because when you stand up for what you believe in, the community supports you," Hughes says referring to herself in the third person. She was even a staunch supporter of former D.C. Mayor Marion Barry during his downfall. She later denounced him after he gave another local radio station an interview from prison.

"When you speak of Cathy Hughes as a businesswoman, you look at someone who has persevered through all types of obstacles, social and financial," says Brother Bey, a WOL producer since 1990. WOL, which features talk show hosts such as Joe Madison and Bev Smith, presents talk from an African-American perspective. The station's often-repeated mantra is "Information is power."

Hughes also is no stranger to accomplishments. In 1975, she became what's believed to be the industry's first female general manager. She started as a sales manager at Howard University's WHUR, and was promoted to general manager three years later. During her five years there, she created an evening format of love songs called the "Quiet Storm," which has been adopted by many urban-formatted stations across the country.

Hughes hosted her own daily talk show on WOL from 1981 until 1995. And while she is relinquishing most of her day-to-day authority to Liggins, she continues to use Radio One as an African drum to energize and inform the Black community. "I'm not going to change standing up for those who don't have a voice," she says.

Handing over the keys to the son Hughes became pregnant with at 16 has been a challenge. "It was kind of hard to put your faith and your future in someone whose diapers you used to change, who wouldn't clean their room or who used to lose their house keys. I was like well, 'If you lose the keys, you might lose the company,'" she says. Liggins, she adds with a laugh, hasn't lost his keys in 20 years.

The two are very close. After the IPO, mother and son flew to London, Paris and the French Riviera to spend two weeks relaxing and winding down. "Mom is a person who has been more community focused," says Liggins, 34. "She's compassionate about the business and African-Americans striving in the business. I don't think she got into broadcasting strictly for monetary reasons. I tend to be more focused on the business of broadcasting and not as much about the historical significance and the struggle that African-Americans have had in the broadcast business."

Liggins dropped out of the University of the District of Columbia to work at Radio One. In 1985, he started as a salesman and worked his way up to general manager in 1987. He became president of the company two years later. In 1993, Lig-

When you speak of Cathy Hughes...you look at someone who has persevered through all...."

gias was accepted into the executive MBA program at The Wharton School at the University of Pennsylvania. He graduated in 1995.

Liggins is starkly different in personality and management style. "My mother is the type of person who thinks it's important to sit at the switchboard and talk to listeners. You would never see me at a switchboard. That would take me away from a telephone call I would make to buy another station," he says from his cellular phone while on one of his frequent business trips to New York.

When talking to her sons about company plans, Hughes — who doesn't have a college degree, but took classes at the University of Nebraska at Omaha and Howard University — chides him, "Hold on, Mama didn't go to Wharton."


It was Liggins' decision to close Radio One's offices in Washington, D.C., and move to the Maryland suburb of Lanham in 1996. Though Hughes also has an office in Lanham, she spends most of her time in downtown Baltimore. But, she says, "I miss being in the hood."

Radio One is far from the hood: "There's a big difference between me and my low 1,000 waiter on 4th and H, sitting up in a picture window with 18 employees, to almost 30 stations and almost 700 employees. I feel real good about that," Hughes says. Referring to Liggins, she says, "My baby is now taking my baby in a whole different direction."

There are plans to take Radio One into cyberspace and for a joint venture with Black Entertainment Television to program six satellite radio channels in 2001; four of the stations would carry BET programming and two would broadcast Radio One's. The company is also pushing more of its shows on the Internet.

There also is talk of marriage, though Hughes won't publicly comment. Since 1992, she has been dating Jeff Majors Graham, vice president of gospel programming for one of her Baltimore stations, as well as a gospel harpist. She refers to him as her "significant other."

Meanwhile, Hughes remains focused. "People applaud when it's announced that we're the largest Black-owned radio chain. But when you compare us to our [White] competitors, you're comparing 26 stations to 400 stations," she says exhaling smoke from her seventh cigarette. "I would like to see us grow and develop into one of the major entities in broadcasting." ■



Radio One Properties

ATLANTA: WAMU-FM, WMTA-FM

BOSTON: WCRV-FM (pending)

BALTIMORE: WERQ-FM, WYAN-FM
WDLB-AM, WYNN-AM

CLEVELAND: WENZ-FM, WERE-AM

DETROIT: WETA-FM, WYDR-FM
WCHB-AM, WJZZ-AM

PHILADELPHIA: WPHI-FM

RICHMOND, VA.: WGRV-FM
WBYL-FM, WBYV-FM, WYLS-FM
WFLZ-FM
WSDJ-FM, WDCV-AM

ST. LOUIS: WFGM-AM

WASHINGTON, D.C.: WJOS-FM
WMMJ-FM, WGI-AM, WYCB-AM

PHILADELPHIA: WYBE-FM