



Richard M. Schaps

EDITORS' NOTE *Since his start, Richard Schaps has built then sold various businesses worth just shy of \$1 billion and provided major support to important nonprofits. He has spent his professional career in advertising and sales promotion. In 1971, the former New York City cabbie borrowed a few thousand dollars and opened a billboard company called Van Wagner. He sold that outdoor advertising business 26 years later for \$170 million. Since he had agreed to only a limited non-compete agreement, Schaps was able to launch his next outdoor advertising business the next day, also called Van Wagner, but this time he decided to also do business in sports. Last year, as a result of a decision to focus all of his efforts on the burgeoning sports business, he sold the outdoor advertising part of the Van Wagner Group for over \$700 million. He continues to serve as the Group's founder and CEO. Schaps' longtime philanthropic interests are diverse: He is Chairman of the Board of The Doe Fund, a founding member of Free Arts for Abused Children NY, on the regional board of the Anti-Defamation League, and one of Harlem Academy's important supporters. He is a graduate in marketing from the University of Cincinnati School of Business Administration.*

COMPANY BRIEF *Van Wagner Group (vanwagner.com) is a collection of industry-leading marketing companies that specialize in connecting brands and properties with their customers through sports. For over 40 years, Van Wagner was the world leader in spectacular out-of-home signage; now, the future of Van Wagner is in its fast-growing, world-class sports marketing company, Van Wagner Sports and Entertainment. The company has perfected the art of creating unique branding and advertising opportunities for world-class companies in exciting outdoor, sports, and big event environments.*

What is the heritage of Van Wagner and how has the company evolved?

Our tradition is built on principles that we created back in the 1970s. We adhere to those today. We have an inherent commitment to integrity, honesty, loyalty, and the provision of quality products that separate us from the crowd. We

A Way of Doing Business

An Interview with Richard M. Schaps,
Founder and Chief Executive Officer, Van Wagner Group

always built iconic locations that garnered the highest prices in the outdoor industry, and now we're bringing the same focus on uniqueness and quality to sports. This can only happen if we stick to our values, those founding principles. In terms of evolving the business, frankly, our philosophy hasn't evolved because it still works. We're applying the same set of principles to our expanded sports and entertainment business.

What are your thoughts on the outdoor business?

It's a great medium and it has been a great business for me.

Distinctive displays make an important impression – they build brands. You remember them. People will say 'Meet me at the Coca Cola sign' in Times Square just like they'll say 'Meet me in front of Bloomingdales.'

The industry has changed dramatically. The first roll-up of small, local companies happened in the late '90s. To buy outdoor, which was then about 3 percent of the ad spend, there were six companies in New York, four in Philadelphia, and nine in Dallas. So to buy the top 10 markets, at the time an advertiser had to deal with multiple companies.

Two companies, Eller Media and Outdoor Systems, acquired all of the mom-and-pop operators, like the original Van Wagner so when a national advertiser wanted to make a buy, it could buy the top 10 markets and get one bill, which was sensible.

From 1997 until last year, my team and I built the second Van Wagner outdoor advertising business. We sold the billboard business again last year to CBS Outdoor for over \$700 million. The industry is changing, and with the advent of digital signage and much more advertising in public spaces, CBS Outdoor, now called Outfront Media, can leverage what we built and expand it.

Why did you decide to sell the outdoor business?

The first time I sold the business was at the end of the first wave of industry consolidation. I went right back into business the next day – I knew that there was more to do and I wanted to keep a great team together. We were able to rebuild by creating and selling high-end billboards.

There are other reasons I got out of the industry recently. First, as a result of so much new building development that is occurring in major cities, we were losing locations. Taller buildings are going up where billboards used to be, so we always have attrition. If we're losing signs and not building many new ones, it's tough to grow. Also, zoning in New

York and other major cities has changed, making it much harder to build new inventory.

Second, municipalities are more aware and more aggressive when it comes to using their properties to advertise – on bus shelters, subways, buses, and especially on digital displays that communicate emergency messages to citizens as well as create revenue streams for the cities. Municipalities began realizing how valuable the advertising revenue was. They will get much more involved going forward in digital outdoor. Cities are doing this everywhere, and that poses a survival problem for smaller independent companies.

Third, let's face it: all standardized media is suffering. This is being felt across the media landscape. People nowadays are interacting and receiving information differently. Intercepting a traveler going from point A to point B will always be valuable but with the proliferation of mobile, Out of Home will need to advance its digital capabilities. This is why digital is the most important factor in the future health of outdoor.

But it was during this recent shift that we saw a tremendous opportunity to refocus our efforts on the growing sports and entertainment business. We're excited about the future of this sector.

How strong is the Van Wagner business today and is there good growth?

We're in a very strong position. Our pedigree and heritage in sports is rooted in being the industry leader in TV visible in-game signage, and over the past few years, we've expanded our sports and entertainment division to complement that core business. Sports are a form of entertainment that people still consume live – and where the general public feels deeply involved. Since October, our sports and entertainment business has been party to over \$600-million worth of sports-related transactions and we have some exciting opportunities ahead of us.

Do you take time to reflect and celebrate what you've done?

Yes, but my success was achieved due to the people that surround me. The legacy that we've built and the accomplishments we've experienced are a direct result of the hundreds of people at Van Wagner – and the way we do business. We always take the high road, we create great products, and we treat everybody – our colleagues, our clients, and our suppliers – as if we want to be on good terms with them next year and for ages to come. I take great pride in the fact that all of these years later, people still really enjoy working with Van Wagner. ●