

# Business Review

Companies • Trends • Entrepreneurs • CEOs

The Weekly Newspaper for Gulf Coast Business Leaders

## SURVIVAL STRATEGY

by Dave Szymanski | Tampa Bay Editor

He has done business in more than 60 countries, built several companies and graduated from the London School of Economics.

But the best learning experience for Tampa entrepreneur J. Patrick (Rick) Michaels Jr. was selling dictionaries and Bibles door to door in the late 1960s.

“You don’t learn perseverance and determination until you’ve had a door slammed in your face,” says Michaels, who speaks quickly in sometimes clipped sentences.

The doors didn’t stop him. Despite rejections, Michaels made \$1,000 a week.

He’s had the same success with his Gulf Coast companies, which include Communications Equity Associates, a Tampa-based boutique investment banking firm he founded in 1973 to advise cable television companies about growth and acquisitions.

Over the years, it grew and focused on news, communications and entertainment companies, collecting fees for its financial services. But because of evolving changes in those industries, brought about in part by the Internet and the global economy, this is transition time for CEA.

CEA buys and sells companies, advises businesses in raising money and acquisition strategies, manages \$1.1 billion in private equity funds and invests its own funds in companies.

It used to employ more than 200 people in 11 countries. Today, as part of its own transition process, it has scaled that back to 40. It has sold off its European and West Coast operations.

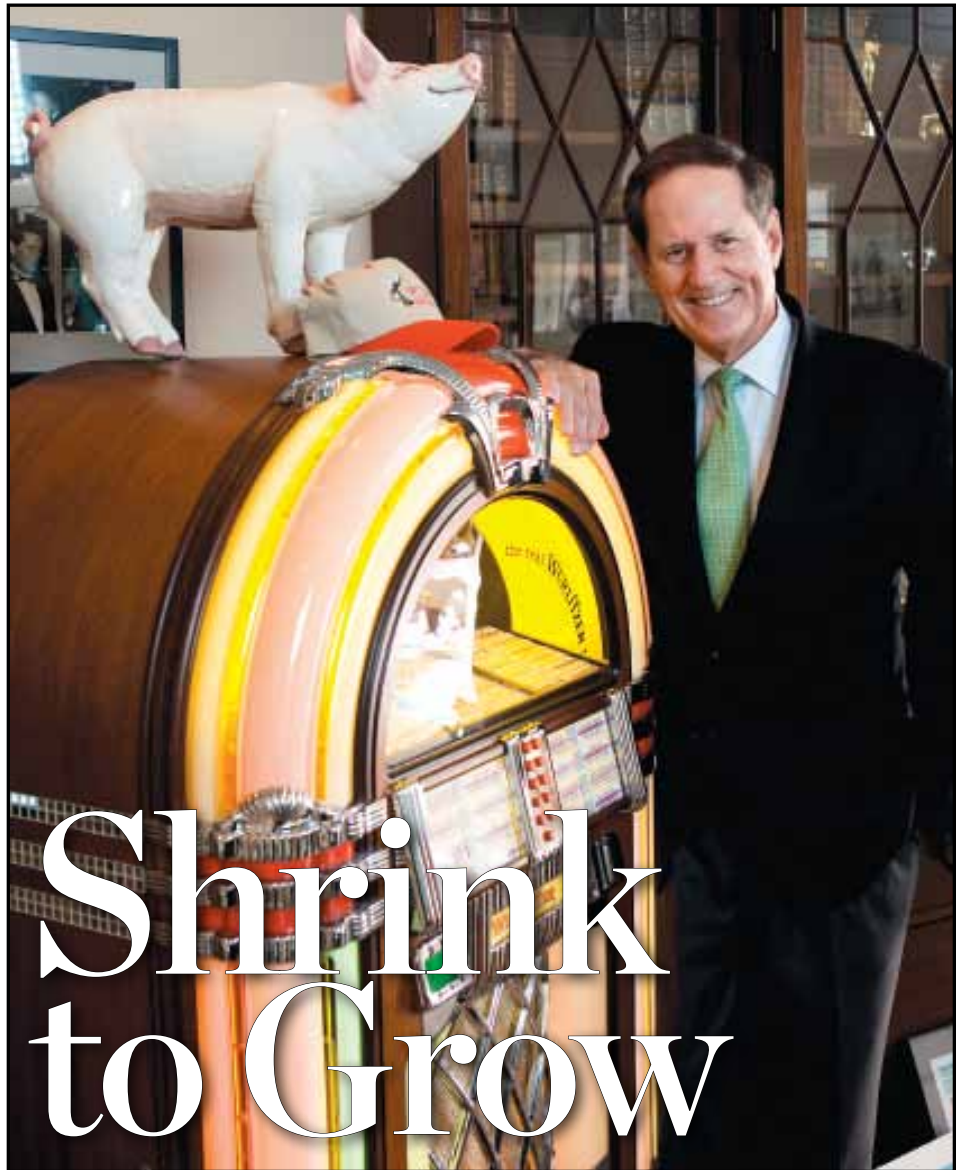
This is all part of the global financial and media evolution that CEA is plugged into. It used to pull in \$100 million in revenue annually. Now it makes less than \$20 million.

But Michaels is not worried about that, because it has remained profitable and took proactive steps to reformat its business before problems developed.

Television and newspapers, once strong industries that CEA would invest in, are struggling.

But this doesn’t seem to faze Michaels, 65, chairman and chief executive officer of CEA, who is looking into new entertainment industry investments and still travels

Being nimble is key to surviving the current economic environment, and Communications Equity Associates’ founder Rick Michaels has done just that by shrinking his investment banking company which he founded in 1973, and refocusing on new industries — all while maintaining a profit.



250 days a year on business.

This day, Michaels sits in his 33rd-floor downtown Tampa office with a view of downtown and Davis Islands.

CEA is looking at new media, including Internet television and Web-based companies. Michaels has also set up other companies in Tampa, such as Atlantic American, which manages funds and does buyouts for non-media companies. He is a

partner there.

“You’ve got to evolve with it,” Michaels says. “Like musical chairs, the music always stops sometimes. You have to change with the times.”

Evolving, Michaels says, is widening CEA’s focus from traditional domestic media companies to providing financing or financial services to large global media companies, which are setting or following

trends. It is also trying to find entrepreneurs to invest with.

"The nature of the business has changed," Michaels says. "We want to be ahead of the curve. Owning the asset is better than being the asset."

## Making connections

Michaels knows some of the industry's giants, such as John Malone, Ted Turner and Rupert Murdoch, because he has worked in the industry since the 1960s. At one point he represented Christian TV broadcaster Pat Robertson.

His museum-like office walls are covered with dozens of photos of Michaels alongside business and political figures, such as President Bush.

There is also a full-size jukebox with multicolored lights and old 45s, a throwback to the entertainment industry of old and Michaels' days as pirate radio disc jockey, "Ricky" Michaels, in England.

He smiles when recalling those days, when The Beatles and The Rolling Stones were the rage. That radio work led to other jobs in New York and elsewhere and entertainment and media industry connections

that helped Michaels create CEA.

Michaels is a Florida native, born in Orlando in 1944. His relatives opened the first general store there in 1888.

He graduated with honors from Tulane University in New Orleans, the London School of Economics and the Annenberg School of Communications at the University of Pennsylvania.

All of this gave him an understanding of communications, technology and finance. But although Michaels can talk about financial tools and the future of communications, he is more business-oriented than academic or theoretical. His background in finance keeps him grounded. So does his experience in sales.

Michaels' involvement in the cable industry started in 1968 when he became one of the original employees, and later, vice president of TM Communications, the cable subsidiary of the Times Mirror Co. He then became vice president of Cable Funding Corp., a firm specializing in cable television financing.

In 2000, Michaels founded Atlantic American Partners to provide investment banking services to Florida middle-market

companies and the management of private investment funds in industries other than those represented by CEA.

In 2007, Michaels joined with former Attorney General John Ashcroft of The Ashcroft Group to form an alliance, AshcroftCEA, to provide strategic consulting and investment and merchant banking services to middle-market and growth companies in the global security area.

## Growing with clients

CEA usually targets midsize deals of \$50-million to \$150-million, but it also benefits from smaller clients growing.

Client Ted Leonsis had an investment in Preview Media, which eventually became Preview Travel, which merged with Travelocity in 1999, earning CEA a 43% return.

Sometimes CEA has missed deals. It passed on another Leonsis venture, Redgate Communications Corp. Redgate later merged with America Online.

Over the years, CEA advised Deutsche Telekom on its purchase of the phone system in Slovakia and helping the chain that includes Tampa's Creative Loafing in its buyout of family interests.

Michaels is confident CEA will grow again. Content for news or entertainment is the most important thing to consumers, not the technology is it delivered on, he says. CEA is out raising new funds for entertainment content.

"You're only as good as your last movie or record," Michaels says.

Then there are new entertainment products that are catching on because viewers can interact with the entertainment.

"Video games are bigger than Hollywood (movies) worldwide," Michaels says.

Tapping into the revenue streams for video games and other new entertainment means CEA must stay in touch with younger consumers.

Michaels' biggest lessons as a CEO include always learning, having a positive attitude, surrounding yourself with good employees smarter than you, investing in companies with good people, having a good reputation in your industry and seeing trends develop early.

He has staff in Tampa constantly researching communications trends.

"If you can't recognize trends, you'll have problems," Michaels says. "If you are really immersed in your business, you'll see trends coming."



Mark Wemple

**Rick Michaels**, founder and chief executive officer of Communications Equity Associates in Tampa, has expanded the business from financial services for cable television companies to all news and entertainment companies.



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