IN FOCUS: Technology Takeover

Hollywood Bets Big on Writers

CHANNELS

MAY — THE BUSINESS OF COMMUNICATIONS — 1989

BIG FISH TO FRY

As MTV Networks expands into theme parks, record clubs, films and even a fourth net, can Tom Freston keep the company on the cutting edge?

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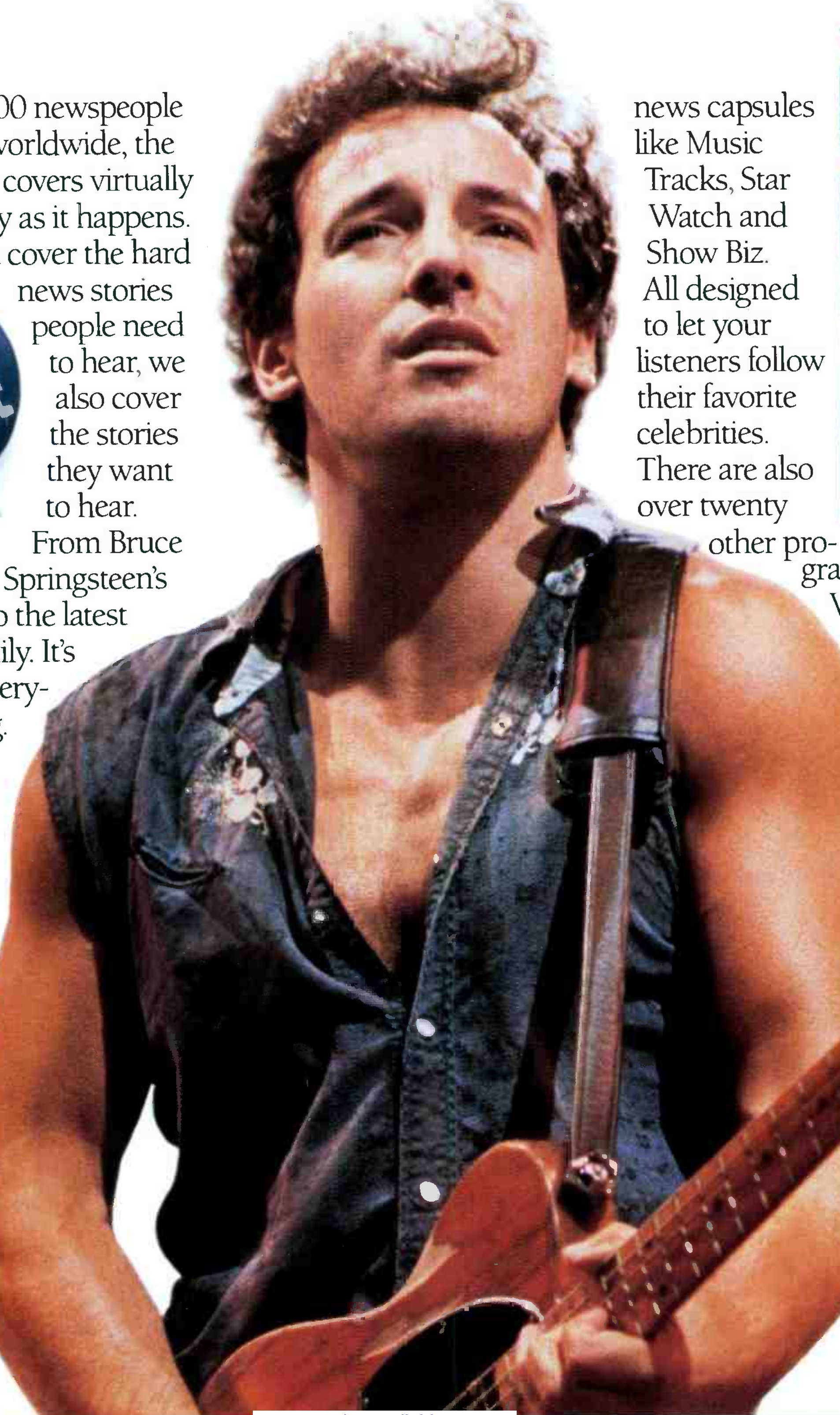

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Whether they're born in the USA or on a royal estate, Segue takes you behind the scenes.

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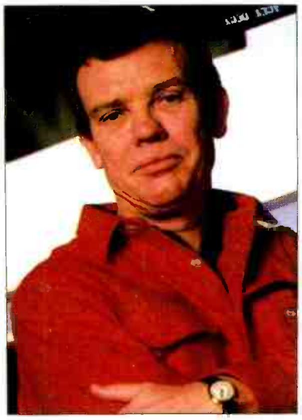

Hollywood's new TV moguls don't have MBAs 30

Cover photograph: Ruedi Hofmann


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LIFETIME TELEVISION • Cagney & Lacey • Attitudes • What Every Baby Knows • The Regis Philbin Show • The All New Dr. Ruth Show • MacGruder & Loud • It Figures • Eye on Hollywood • Motherworks • Sneak Previews • Mother's Day • Foley Square • Hearst/ABC-Viacom Entertainment Services • *Fastest Growing Prime Time Audience. Household delivery +80%. Source: A.C. Nielsen NCAR Reports. '88 vs. '87, M-F 8 PM–11 PM

The generation that ate while watching...

now watches what they eat.

EDITOR'S NOTE

Covering Our Bets

We're completing most of the work on this issue of *Channels* in March, a month that marks the third anniversary of this magazine's relaunch as a business monthly. With that background, it's fun to look back on that March 1986 relaunch issue and assess what's transpired since.

The exercise is particularly provocative in light of the cover of that issue. For those readers who have only become familiar with the magazine since then, here's what appeared: The image of Rupert Murdoch, taking an oath, superimposed on a U.S. flag. The piece was headlined "Going Fourth," and made the following, somewhat prophetic statement: "On the morning of September 4, 1985, Rupert Murdoch stood in a room full of immigrants and swore a solemn oath renouncing all allegiance to foreign princes. And so Murdoch, and his lawyers and his bankers, his vicar Barry Diller, and his mighty worldwide cash flow, laid siege to that grim fortress, the three-network system."

A lot has happened since then. Rupert Murdoch has contributed to the tearing down of that network fortress, building the increasingly successful Fox Network. And that network has strengthened the independent station marketplace, overturned some of TV's taboos and trashed a few of its norms. In addition, Murdoch has revitalized the Fox film, television and syndication operations and reshaped the already successful Metromedia stations. He's launched Sky Channel, acquired and fiddled with the consumer television bible, *TV Guide*, and more.

What's more, Murdoch laid the groundwork for the ongoing worldwide political and strategic debate about the privatization and internationalization of television. The continuing expansion of Murdoch's News Corp. has shown the way for the largest media merger ever, the planned combination of Time Inc. and Warner Communications, a deal ballyhooed by its principals as a competitive response to the development of a new global market.

In March 1989, looking back on that cover story of March 1986, it holds up well. Not that we're always quite so on target. Since *Channels'* editors are forced by the restraints of our monthly frequency to plan covers as much as four or five months before publication, mistakes are made. For instance, although the story was more about the thriving ESPN than about William Grimes, our July/August 1988 cover on that network and its then-chief executive hit the streets a short time before Grimes jumped ship.

In fact, there are few exercises that *Channels* editors find more stimulating than trying to plan those covers. Consider for a moment this spring what you might decide to do with the covers of this magazine slated for publication through the rest of 1989. Try guessing for a moment about the year's top stories, companies and people. Try predicting what's ahead for syndication as NATPE 1990 looms on the horizon, or consider guessing about the next cable network to emerge from the pack.

Channels senior editor J. Max Robins makes such a call this month with his wise and entertaining cover story on Tom Freston and the MTV Networks organization. Robins' reporting suggests that Freston's take on the future of MTV, VH-1 and Nickelodeon—the expansion and international potential of those channels—and his insightful views on television in the '90s make him someone to watch. With time, we'll know whether our bet on Freston's emerging presence in the business was smart or foolish.

Merrill Brown

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What's On

M • A • Y

TV Steps to the Plate

by Richard Katz

MAY 17: The **Ivy League, Princeton University** and **Columbia University** celebrate the 50th anniversary of the first baseball game ever televised in a ceremony at Columbia's Baker Field, the site of the 1939 game. Fewer than 400 TV sets were in use at the time to receive **NBC**'s broadcast of the second game of a doubleheader—a pitcher's duel between Columbia's **Hector Dowd** and Princeton's **Dan Carmichael**, ending with Carmichael scoring the winning run in the tenth inning for a 2-1 Princeton victory. At the time, many critics dismissed televised sports as a passing fancy. **Orrin E. Dunlap Jr.** of the *Sunday New York Times* wrote that seeing baseball by television was too confining, and that the viewer lacked freedom. He also posed the question, "Where are the peanuts, the pop, the scorecards, hot dogs and the mustard pot?"

. . . .

MAY 21-24: The **National Cable Television Association** hosts its annual show in Dallas. This year's is the biggest ever, taking up a record 135,700 square feet of the exhibit space in the Convention Center. **Rainbow Program Enterprises,** the parent company of **Bravo, American Movie Classics** and **SportsChannel America,** has the single largest increase in space, up to 7,200 square feet from last year's 2,500. **Noreen O'Loughlin**, vice president of marketing at AMC, doesn't think **NBC**'s recent purchase of a 50 percent interest in Rainbow has anything to do with the company's increased show profile. "We would have tripled our space anyway," says O'Loughlin. "Over time we've found that our promotional activities at the shows have been very effective for us. For AMC, we have singers and dancers. It's very effective for drawing traffic to the booth."

. . . .

MAY 23: CBS airs the **Miss Universe pageant**, produced by **Madison Square Garden Television Productions**, live from Cancun, Mexico. MSGTVP says this year's pageant will be a departure from past pageants, mainly due to **Mike Clark**, its new president, and **Peter Calabrese**, its new executive vice president, executive producer of television. "I want to bring the show into the '90s," says Calabrese, who aims to cater the pageant more to its dominant demographic—women. This could mean the end of bathing-suited beauties slinking down the runway in high heels. "It's amazing," says Calabrese. "Women like to watch other women. Men have sports with rules; if you step over the line you're out. Women don't generally live that way in life. If they come close it's in pageants like this. This is as close to female competition as you get."

. . . .

JUNE 1: Cable viewers all over Japan are able to tune in to **Japan Cable Television** (JCTV) and **SMATV in Japan** to watch **Ted Turner**'s **CNN**. The U.S. news service has been on JCTV for over three years, but with the recent launch of the new Japanese domestic "**Super Bird**" satellite, "CNN's cable universe will ostensibly expand considerably," according to **Russ Barry**, president of Turner Program Services. CNN is also looking to add to the list of countries it's received in, which currently stands at about 100. CNN has an "arrangement" in the People's Republic of China that is in the process of being finalized. "It's Turner's objective to have this as worldwide a service as it can be," says Barry. "The more countries, the better he likes it."

. . . .

JUNE 4-10: Over 700 TV executives travel to a Rocky Mountain resort called the **Banff Park Lodge** in Alberta, Canada for the 10th annual **Banff Television Festival**. This year's theme is the television revolution; issues such as deregulation and audience fragmentation will be explored. **Elaine Smith**, Banff marketing/media manager, thinks the Canadian Festival distinguishes itself from other international markets, such as **MIP** and **Monte Carlo**, because of its remote setting. "We're nestled in the Bow River Valley, surrounded by snowcapped peaks and a spectacular blue sky," says Smith. "It's an invigorating place to consider weighty thoughts and weighty matters. Also, because of this environment, executives tend to lose their office demeanor and they become more approachable than they would be in their New York or Los Angeles or London offices." ●

CALENDAR

May 14–17: National Federation of Community Broadcasters annual conference. Berkeley conference center, Berkeley, Calif. Contact: David LePage, (202) 797-8911.

May 16: International Radio & Television Society Annual Meeting. Waldorf-Astoria Hotel, New York City. Contact: Marilyn Ellis, (212) 867-6650.

May 21–24: National Cable Television Association annual convention. Convention Center, Dallas. Contact: Dan Dobson, (202) 775-3550.

May 22: George Foster Peabody Awards luncheon, sponsored by Broadcast Pioneers. Plaza Hotel, New York City. Contact: Ed DeGray, (212) 586-2000.

May 22–24: Association of National Advertisers seminar in creative advertising, media strategy and promotion strategy. Stouffer Westchester Hotel, White Plains, N.Y. Contact: Renee Paley, (212) 697-5950.

May 24: Federal Communications Bar Association monthly luncheon. Washington Marriott, Washington, D.C. Contact: Patrice Lyons, (202) 331-0606.

May 30–June 1: The 1989 International Conference on Three-Dimensional Media Technology. Grand Hotel, Montreal. Contact: Kathryn Greenaway, (514) 848-2539.

May 31–June 2: Fundamentals of Cable Accounting and Budgeting, Women in Cable certificate in cable management course. Denver University, Denver. Contact: Candace Cox, (303) 871-2927.

June 3–5: 6th annual ShowBiz Expo, produced by Live Time Inc. Los Angeles Convention Center. Contact: Kimberly Freesh, (213) 668-1811.

The Farmer's Market

by Richard Katz

Independent WPTY muscles in on network affiliates' turf: agriculture ad dollars.

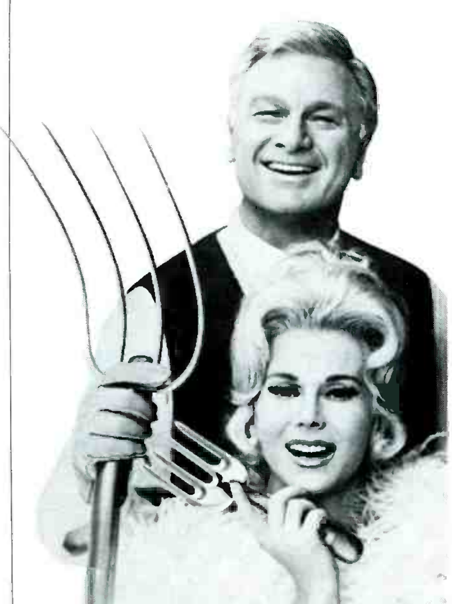
Memphis independent WPTY had an image problem. The Memphis economy—and ad sales for the TV stations there—is driven by farming: Advertisers spent over $1.2 million on Memphis TV in 1988 to reach agri-consumers. But agricultural companies believe that farmers watch only network-affiliated stations, particularly for the affiliates' news. So WPTY, owned by Chase Enterprises, and its rep firm, Petry, came up with an attack plan that has attracted four new agriculture accounts, with more to follow, and could plow fertile ground for independents in other major farm markets.

"Independents got hurt years ago because what they showed in prime time was movies, and the stipulation was that farmers do not watch movies," says Bruce Farber, a sales manager for Petry in St. Louis. "You get the same stereotyping still. You hear, 'Farmers don't watch movies, farmers don't watch *Hill St. Blues*, farmers don't watch anything that's urban oriented.' I once asked an agency guy, 'So what do they watch, *Green Acres*?' "

This stereotype, adopted by media planners, led to the premise that farmers could be best reached by buying early- and late-evening newscasts. Most independents in mid-sized markets, however, don't have news. In addition, since many indies are UHF stations, there is a perception among advertisers and agencies that farmers in the outlying farm counties of a market can't even receive the independent signals. "There's also a habit with agencies," says Steve Barry, formerly WPTY's director of sales and now at WDRB in Louisville, Ky. "Their mentality is, 'Last year we bought 60 minutes of early news and therefore this year we'll buy 60 minutes of early news.' "

Tired of being passed up by farm advertisers in Memphis—the number one soy-bean market and the number three cotton market in the country—WPTY researched and released a report entitled "TV Viewing Patterns of Memphis Agri-business Decision Makers." The report uses Arbitron ratings figures to prove that WPTY's syndicated fare is competitive with the affiliates in the heaviest farm-ad dayparts—early and late fringe. Perhaps more importantly, the study reveals that a higher percentage of WPTY's viewers reside in the ADI's primary farming counties than all three affiliates—establishing the station's image without question as an agricultural selling tool.

"I anticipated the study would show we were equal to the affiliates," says Barry, "but we came out a bit higher as far as the ratio of our viewers that are farmers." The reason for WPTY's success in farm viewership? Farmers, not surprisingly, do not exclusively watch the affiliates' news and prime time shows. In the 16 counties targeted as Areas of Agricultural Influence (AAI) out of the 31 counties in the Memphis ADI, WPTY's Monday to Friday early fringe lineup—consisting of *Family Ties*, *Night Court*, *Kate & Allie* and *On Trial*—scored a close third in overall viewers in Arbitron's February 1988 sweeps. But 52 percent of its viewers in the men 35+ demo, which is *the* farm demographic, resided in the AAI. That beat the next highest station by 9 percent.



WPTY convinced ad agencies that farmers watch more than news and *Green Acres*.

Similarly, WPTY's "24 Karat Prime Movie," although coming in fourth in the ratings, had the highest ratio of viewers from farming counties, besting the next highest affiliate's late news by 9 percent. WPTY used the February sweeps because it is the last sweep before the spring planting season, and most farm-ad buys are made during this period.

Petry supplied WPTY with a list of potential advertisers and agencies that are players in agriculture-television advertising. The station mailed its report to that list, targeting specific executives at each company. "With the chemical companies, we sent the study out to advertising managers and product managers," says Dick Giltner, Petry's director of agri-marketing, who also worked with WPTY in preparing the report. "At the agencies, we sent it to media directors and planners—people on this level. We wanted a down-flow of this information, so a supervisor would say to the buyer, 'Mary, this study came to us. The next time Memphis is up let's look at their story.' "

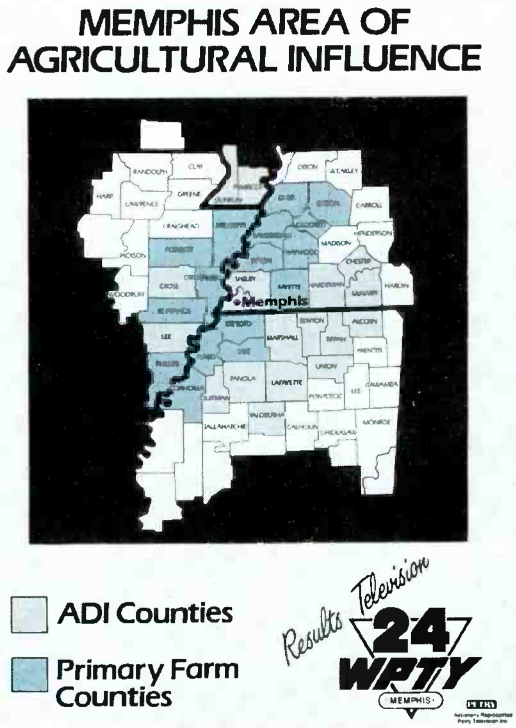
In the past, advertisers might not have considered the station as a way to reach farmers, but now WPTY has positioned itself as a viable farm outlet. "We're not saying that farmers are not watching news," says Barry, "because they are. What we're saying is that

they're not *only* watching news."

Also to its credit, WPTY has invested over $1 million in a new antenna to ensure a clear signal to every county in the ADI. WPTY ranks second in the Memphis market in the number of cable systems it's carried on. In addition, Barry says the notion that farmers can't receive independent signals is no longer valid. "In general, farmers have spent a lot of money upgrading their [TV] equipment," he says. "You drive around and you see a lot of farms have these ungodly towers and some even have satellite dishes."

"Independents have been undervalued," says Tom Vannelli, a Petry sales manager in Minneapolis who represents one of the dominant farm stations in the country, CBS-affiliate WCIA in Champaign, Ill. "Essentially, farmers do watch independent programming, particularly in access. The truth of the matter with ag is that the research is so outdated. Advertisers haven't had any documentation they could sink their teeth into to follow the trends of these farmers. So they're stereotyped into early news, which is viewership data that's almost ten years old. It's ridiculous."

To be exact, the last extensive farm studies were the Doane and Arbitron studies done in 1983. Betsy Coy, the broadcast supervisor with Martin/Williams Advertising of Minneapolis, says she was favorably impressed with WPTY's farm study and that it was a contributing factor to her buying additional ad time on the station for Ciba-Geigy's herbicide Dual. Ciba-Geigy had limited its buy to sports on WPTY, but after the report came out Coy purchased time in other dayparts as well. "I usually request these reports, but I don't see too many of them. Any time someone goes the extra nine yards to prove they have the ag audience, it makes me realize that the station is working hard for the dollar and there will be a lot of service and follow-through after the sale. It made me pay more attention to them."



Locating the farmers was the first step for WPTY's study.

Petry's Bruce Farber, who also represents Champaign's WCIA, thinks that WPTY was smart to use Arbitron figures for its study. WCIA has also come out with an agri-consumer report, but it was conducted by a marketing professor from Illinois State University. "When it comes to ag, WCIA blows the market away. But for an independent station like WPTY, it's really a step in the right direction to use Arbitron because the name Arbitron automatically gives the study credibility. Indies in general really have to fight for the buy. Some of the agencies run the other way when they hear independent. At the same time, everyone is dealing with shrinking ag dollars."

Last year's drought is having a negative affect on farmers' spending so far in '89; many can't afford to buy the name-brand products that do all the TV advertising. "A lot of the advertisers are waiting to see how the farmers spend," says Farber. "Are they going to buy Monsanto or American Cyanamid, or are they going to buy generic because they can't afford the name brands?" Decreased expenditures this year are also being caused by a growing concern that TV spots for farm chemicals may fuel public perceptions that a pollution problem exists because of the use and/or misuse of these chemicals (see box). Another problem is that even when agricultural companies are eager to buy ads, they have unique stipulations about which programs they don't want to be seen in. For instance, says Farber, "they won't buy *Tour of Duty* because of the Agent Orange thing."

But even in this tough agriculture marketplace, WPTY's aggressive pursuit of farm dollars may offer enough hope to other independents to bust open the monopoly affiliates have had. Steve Stoltz, a Petry account executive in New York who sells for WPTY, recently convinced BASF to add the station to the buy list for its product Pix Cotton. "This is the first time we've gotten business out of them, and it's because of the report," says Stoltz. "The study made all the difference in the world in making the sale." ●

Pesticide Ads: Bad for PR?

Whether TV ads for chemical products are doing more harm than good is a topic of some controversy in every farm market in the country. "There's a perception among the agri-marketing companies that the public is very turned off to these chemical ads on TV," says Joe Cooper, sales manager at WMC-TV in Memphis. "The companies think that the public is getting the impression that the farmers are poisoning the earth."

"We are seeing a reduced level in 1989 of TV expenditures, and I don't see that swinging back at all," says Tim Burke, account supervisor at Martin/Williams Advertising. Burke thinks the people that are most concerned about negative herbicide and pesticide publicity are the local dealers who sell chemicals to farmers. "They're the ones who do not want advertising on TV," he says. "They're afraid of legislation coming in that could make their cost of doing business extremely high."

Despite the recent public debate over apple pesticides and the like, Cooper insists the pollution issue is a lot of sensationalist hype. "We keep a call sheet every night, and in four years we have only gotten two complaints about our farm ads. We don't get any complaints from environmentalists." Many advertisers, such as American Cyanamid, have reduced their TV spending. According to Betsy Coy of Martin/Williams, client Ciba-Geigy has not cut down at all, but the content of the ads has changed. The ads used to be product specific, sometimes showing farmers actually pouring pesticides on their crops. Now the company uses image ads with the tag line, "Don't take an American farmer for granted." —R.K.

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VESTRON TELEVISION™

Down From the Count

by Michael Couzens

Hispanic television is banking on the 1990 Census to find its 'missing' viewers.

Spanish-language TV networks and stations fervently believe that syndicated research misses Hispanics and misses them continually. That's why Telemundo, Univision and other Spanish-language broadcasters hope to be the main beneficiaries of new population data that will emerge from the decennial U.S. Census of 1990. "It's going to be crucial to us," says Mari-Aala Massakas, director of research at KMEX, Univision's owned station in Los Angeles. At Univision in New York, Doug Darfield, vice president and director of research, puts the 1990 Census "at the top of our legal and public relations agenda for the next two years."

Hispanic broadcasters hope the 1990 Census will reveal a wide band of U.S. Hispanics previously overlooked by head-counters. But looking toward next year's Census, the Hispanic television-programming services make predictions that are sharply at odds with the future envisioned by the companies that collect and sell numbers.

Private research firms prophesy no bonanza of newly discovered Hispanics in 1990. "Already, we've been catching up with [undercounting] concerns brought about by the 1980 Census," says Jim D. Peacock, Arbitron's director of research. "We don't expect tremendous change [in the Hispanic universe estimate]."

He notes that in each of its 14 metered markets, Arbitron conducts a "mini-census" to establish goals for the composition of that market's sample population. If cooperation by members of an ethnic group lags, the results are adjusted by a multiplier to bring them into line with the target established by the mini-census. In the separate diary panels that measure local viewing, provision is made for bilingual diaries, and the results again are adjusted statistically. Arbitron at least intends, by careful design, to give each group its proportional voice in surveys, based on Arbitron's own count, independent of how populous the group was in the latest U.S. Census.

"We are confident in the estimates," says Peacock.

Darfield disagrees: "All they are finding are Anglicized Hispanics. Neither service talks much to non-assimilated Hispanics." For this reason, he is skeptical of studies, such as one recently reported by BBDO Special Markets, based on Nielsen data, that purport to show Hispanic viewing patterns as being largely the same as non-Hispanic ones (see *Channels*, "Running the Numbers," January 1989).

Massakas, who serves on a local TV research committee in L.A., also maintains that household diaries and meters fail to reflect the larger average size of the Spanish-speaking home. Concludes Darfield, "Because of this kind of thing, we have to sell based on marketing data, instead of media data."

It's widely accepted that Hispanics have increased their share of the U.S. resident population since 1980. They made up 6.4 percent, or 14.6 million, of the 226.5 million people registered by the 1980 Census. And the ratings services do update their population-universe estimates, using surveys by such private firms as Market Statistics Co. and Strategy Research Corp., as well as the U.S. Commerce Department's compilation of research known as *Current Population Survey*.

Hispanic broadcasters disagree with these more recent estimates. But there's no guarantee that the 1990 Census will find all their lost tribes.

"The Census essentially is a mail questionnaire. Not everyone responds," says Dick Tobin, president of Strategy Research in Miami, which performs door-to-door surveys to provide revised annual population estimates to Hispanic broadcasters, among others. "Hispanic response also differs with something you get from the government. It differs enormously among Hispanics with a person in the household whose legitimacy of residence is in doubt."

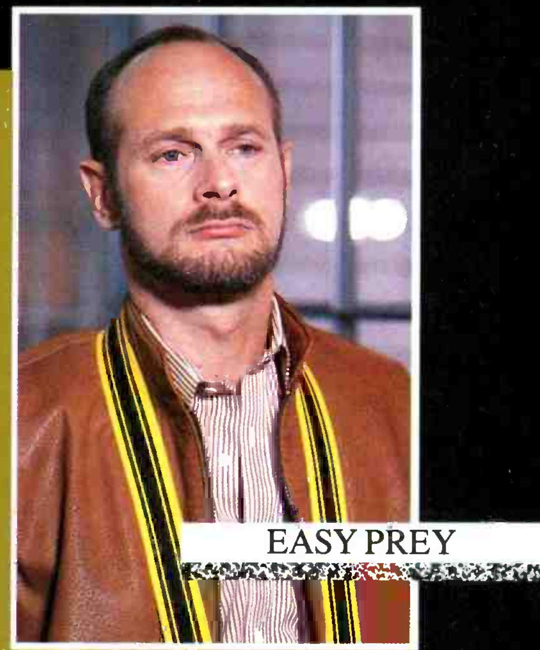
Which is why, by next March, when Census forms are mailed, Univision viewers will have been flooded with televised public-service announcements urging cooperation with the head count.

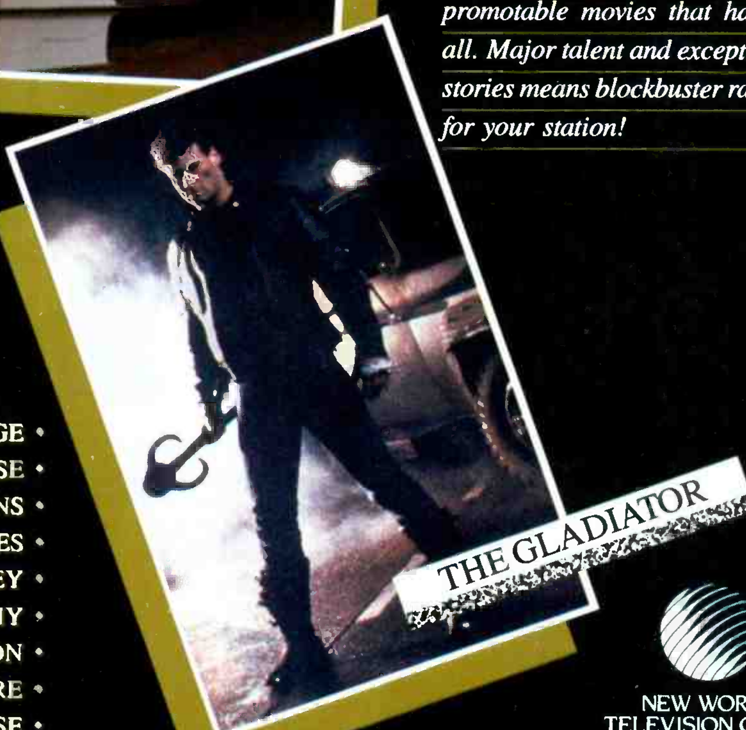
Tobin expects the census to validate his own work in finding dramatic growth of Hispanic population, especially through immigration. "In the past we have been within 2 or 3 percent. We know how many Hispanics there are." Univision's Darfield isn't sure: "We will spend the money necessary to protect ourselves from the current numbers and the way they are done." ●

Michael Couzens is a San Francisco writer and communications attorney.

If the 1990 Census finds uncounted Hispanic TV viewers, shows such as Univision's *Sabado Gigante* could draw higher ad rates.

NEW WORLD TV GOLD





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PLAYING WITH FIRE •
AFTER THE PROMISE •
THE GLADIATOR •

NEW WORLD TELEVISION GROUP

Unlikely Bedfellows

by Chuck Reece

Should syndicators care whether their shows sell ads for stations? Genesis says yes.

Steve South, the national sales manager of Fresno, Calif., NBC affiliate KSEE, remembers being considerably surprised the day he heard that a syndication company wanted to help him sell KSEE's commercial inventory. "But we were open to having a meeting," he says. "The business is changing so much, we're doing lots of things we've never done before."

What Genesis Entertainment is doing may force its competitors to follow suit as the struggle to market shows gets tougher. After selling or bartering its shows to television stations, Genesis is going into local markets—and to ad agencies and advertisers in major media centers—to help the stations sell the inventory they hold in shows produced by Genesis.

"The ultimate success of our programs is when a station makes money off of them," says Phil Oldham, executive vice president for domestic sales at Genesis. "If that is the benchmark," he adds, then syndication companies should supplement their spending on program development and viewer promotion with substantial investments aimed at "making certain the program succeeds on the advertising side."

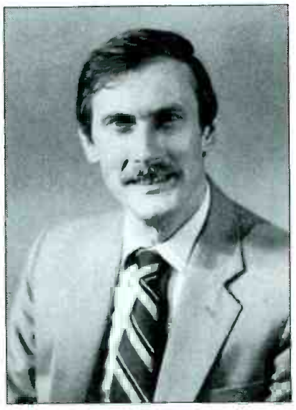
Last year, Oldham himself made such an investment by hiring Mitch Turner, who had played the TV ad-sales business from nearly every angle—the agency side at the old Ted Bates, the spot market at NBC Spot Sales, in station sales at WDVM (now WUSA) Washington and WLS Chicago, and cable at MTV and National Cable Television—as Genesis' vice president for advertising sales development. Tim Duncan, the executive director of the Advertiser Syndicated Television Association, says he knows of no other program distributor that has dedicated an executive position to helping stations sell ads. So Turner began defining the job when he arrived at Genesis last November.

"I'm going into the markets like salespeople, but I'm selling the *station's* product, which we've already sold to them," Turner says. "I was in Detroit last week going on local sales calls."

"Syndicators are beginning to understand that to be real marketers, they're going to have to help us get revenue results," says Michael Collins, general sales manager of CBS affiliate WTVH in Syracuse, N.Y.

The logic of providing such service to stations is simple, but actually doing it breaks old rules that define the syndication company's function. "A station picks up a program from a syndicator, and they don't see the syndicator again unless he's got new products to offer or unless the contract's up for renewal," Turner says. "That's the end of it. Whether or not a station has any success selling [the show to advertisers], that's something the syndicator has rarely bothered to involve himself in. The down side to that is that when we go back for renewal, all of sudden we might be surprised when the station says it's taking a pass. You find out that the reason the station is passing on it was there was no advertiser support for the show."

Mitch Turner was hired to help stations find sponsors for Genesis shows.



Phil Oldham decided to respond to stations' need for new revenue.

Turner's job is to help stations find advertisers. And his activity is not limited to those shows in which Genesis holds barter time. In fact, one of his biggest projects is helping stations sell time in *The Best of the National Geographic*, which Genesis sells to stations for cash.

A large part of Turner's work involves supplying stations with research and sales materials they can use in making presentations to advertisers. For instance, stations that run Genesis' weekly travel show, *The Great Escape*, get thick sales kits that include generic research on the travel market, television numbers stacked up against the audience delivery of newspapers' travel sections, suggested ways to sell the show in more than ten advertiser categories and a variety of promotional goodies.

"It's a wealth of material," KSEE's South says. "It's nice to have that. In many cases, if salespeople watch a show once or twice, that's the extent of their knowledge of it."

And through his contacts with agencies, Turner tries to find out when a national-spot buyer has included Genesis shows in a list of recommended media buys for a client. Once Turner nails down such information, he sends letters to stations that carry the show and to their rep firms, reminding them to include the show on the avail lists they will submit to that particular spot buyer.

"Obviously we're intending to make much, much, much more money for this company by our success," Oldham says. "The way it is today, just getting a program launched is 50 percent of the difficulty. So if what we do makes our programs more launchable, we're ahead of the game. And once we launch, it can make a difference in whether it goes to year two." ●

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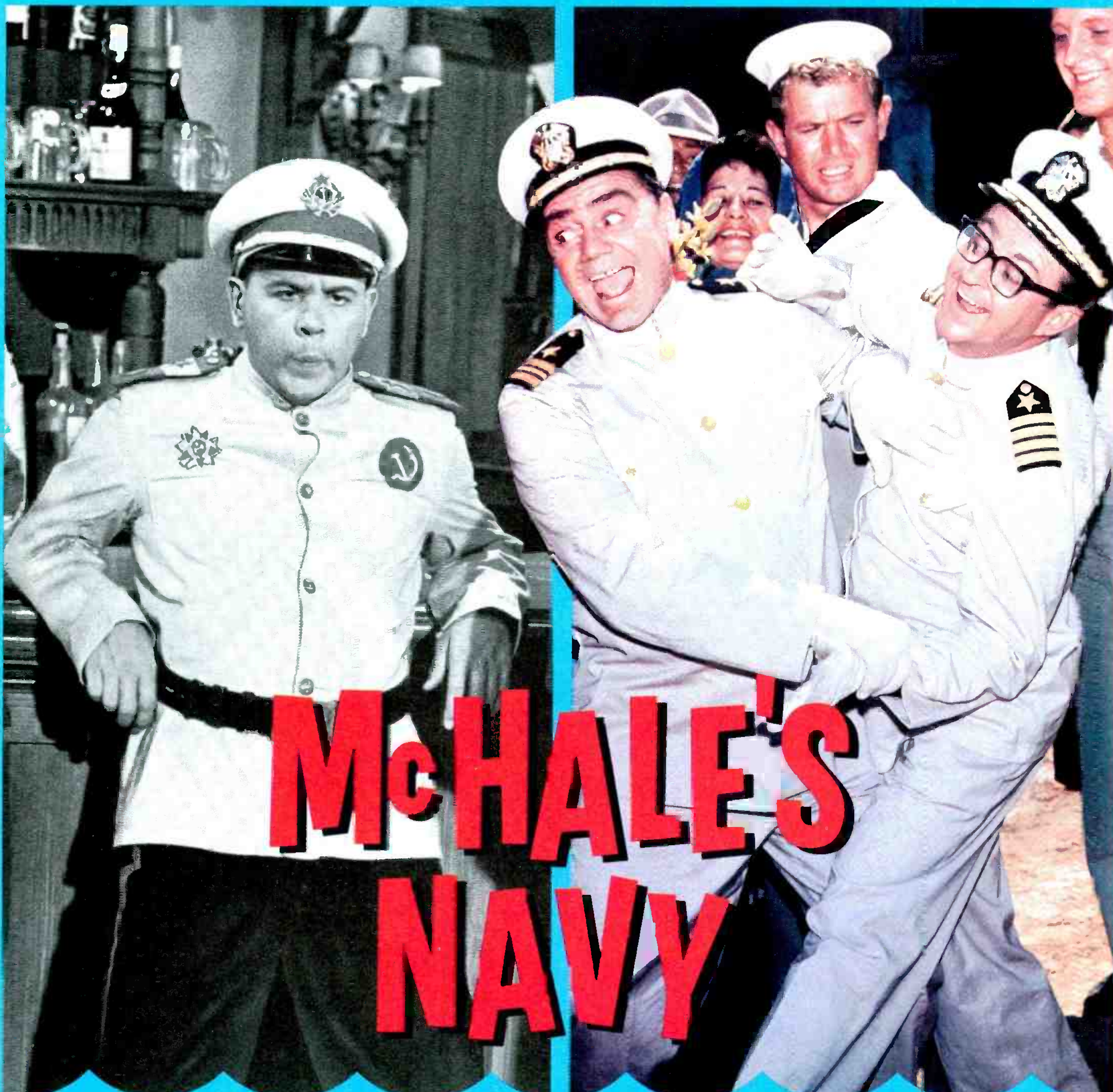

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The Business Side

by Merrill Brown

The Time Warner Challenge

Rewriting the silly maxim about how those who can't do much else teach produces the 1980s version: that those who can't do much else merge. That's one way to evaluate the records of many players in this decade's global merger boom.

A review of the records of Time Inc. and Warner Communications over the course of recent years turns up a relatively consistent lack of skill at innovation, particularly in the case of Time. And on Warner's side of the strategic ledger, a significantly underplayed reason for the staggering combination of the two giants was the inability of that company and its dominant and successful leader, Steve Ross, to develop—or at least to articulate—a plan for his own succession, a plan to take the company into its next era. That's not to say that the two companies haven't built successful enterprises, and that the merger can't demonstrate to the media-industry world a certain brilliance. Ross, for instance, has been shrewd and confident in his decade-long belief in the inevitability of cable television's vital role in video distribution, sticking with the business even as some of his Warner colleagues tired of it in the mid-80s and even as his former cable partner, American Express, walked away from their combination.

> Without much of a track record, the new behemoth must do things the two companies struggled to do—build vital new businesses.

On the other hand, Warner Bros. has held a leadership position in production with remarkable consistency. Time Inc.'s management also had the guts to make major plays in cable systems a decade ago and stuck with Home Box Office and Cinemax in their slow growth periods of the mid-80s, while creating ground-breaking programming all the while.

But, to be sure, these two companies have had their problems. Warner was the company of Atari and it also prematurely and mistakenly got out of the cable network business. Time is the company that spent millions on magazine development only to bring forth two disastrous "weeks"—*TV/Cable* and *Picture*. It also failed with *Discover*, the cable network Festival and nearly a decade ago ran *The Washington Star*, the once great newspaper where this observer toiled, into the ground.

The point here, as the remarkable media decade of the '80s approaches an end, is to raise a familiar but important lament about the difficulties large companies face in producing true innovation. Think for a moment of the product and marketing accomplishments of recent years and the conclusion is inescapable that most of them came from either smallish ventures or visionary individuals working in corporate but entrepreneurial settings. There's Ted Turner's creation of Cable News Network, probably the television innovation and accomplishment of the decade. On the print side, Al Neuharth and *USA Today* (the newspaper) have merely remade national newspapering. And the King brothers and their success with *Wheel of Fortune* and other properties have similarly redefined television syndication. Bob Magness and John Malone grew TCI into a giant from humble corporate origins and not only launched business ventures with new ideas but stuck by them with courage and conviction. Many at Time Inc. complain bitterly of their company's lack of judgment in letting Malone's vision supplant their own as TCI continues to build, while Time's ATC, backed with huge amounts of cash and borrowing capability, failed to pull the trigger on multiple MSO acquisition opportunities.

So, while Ross and Time's Nick Nicholas and Richard Munro have created a world power simply through the size of their venture, whether they can actually break new ground within the apparent constraints of the giant company environment and the pressures of answering to shareholders and others among their diverse sets of constituencies is a separate issue. If recent years are a gauge, the Time and Warner cultures have probably failed more than they've succeeded in breaking new ground. Moreover, they will merge with rather consistent records of failing to grow from scratch new, important businesses.

It's not for lack of brains or effort, and Time and Warner are in many ways remarkable companies. Both have, on occasion, demonstrated vision. Other large enterprises, such as Gannett, Gulf + Western—with Paramount's first-run syndication breakthroughs—and Rupert Murdoch's News Corp., with its bold Fox Network, have shown that aggressiveness and innovation need not necessarily come only from smaller enterprises and start-ups. As always, that's the challenge that faces Time Warner and other behemoths who think they'll wind up on top in the '90s through sheer scale. The record in a host of fields in the '80s, in industries seemingly as diverse as computers, real estate and retail, is that innovation and size rarely go hand in hand. ●

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INTO THE GROOVE

Tom Freston survived Katmandu and a corporate crossfire before rejuvenating MTV Networks. Now he wants to grow it into a global entity. By J. Max Robins

Piranha Fish Tank. Flashpods going off. Weightless Area. Insult Room. Mall Murder Mystery. Dress as Your Favorite Rock Star. Weird Stuff Falling From the Ceiling. MTV Bachelor of the Month. World's Largest Comic-Book Store. Museum of Nerds. Plastic Surgery. Play Remote Control. Weddings. Bar Mitzvahs. Pajama Parties. Dye Your Hair. Electric Beach. Somebody in Bed There All the Time.

The twenty-first century TV executive should be prepared to hear anything. Tom Freston, 43, president and CEO of MTV Networks, is not only prepared; he relishes the opportunity. Blasting through this brainstorming list, generated for an MTV amusement mall to be dubbed Rockplexx, is MTV Networks' executive vice president for new business development, Sara Levinson. Under discussion is what kind of deal for the facility Freston wants to cut with MTV's partner in the project, MCA/Universal Studios.

"Sid will be very impressed," says Freston, referring to the studio's chief, Sid Sheinberg.

Freston is getting a kick out of his dynamo lieutenant, sitting next to him in the Broadway Diner. Levinson, between bites of her sandwich, lays out the cool off-the-cuff ideas before the boss says, "Okay, cut to the chase."

Rockplexx is one idea on a seemingly endless list of projects Freston has undertaken. MTV Networks stands poised to take the franchises it has created over the last few years and send them forth in myriad ancillary directions. That Levinson came to MTV Networks from its parent company Viacom, and has quickly entered Freston's inner circle to develop new businesses, is a clear sign that his moves have support from executives on high.

"[MTV Networks] is just beginning to find out how much they can accomplish," says Frank Biondi, president and CEO of Viacom. "Tom is really building three companies."

And building them, it seems, into a full-fledged, global media-entertainment entity. MTV is already in 24 countries. Freston is committed to putting the once hapless VH-1, now repositioned as the baby-boomer channel, on equal footing with its sister channel MTV. And he has given Nickelodeon boss Gerry Laybourne carte blanche to turn her division into "the Disney of the next century." The company made a giant leap in that direction when it completed a deal with MCA/Universal to build a production facility to house Nickelodeon in MCA's newest theme park, in Universal City, Fla.

If MTV Networks, in its current expansionist mode, were a music video, it would open with Freston and Levinson's conversation in this gleaming retro diner. Call it *Deals Deals Deals*: Rockplexx, MTV's global expansion, an MTV movie, an MTV record club and supporting magazine, Nickelodeon's new digs in Florida, headlines swirling about a fourth cable network—quick cuts through all those scenes.

And then there would be a dapper, Armani-clad Freston, with his full head of dirty gray-blond surfer hair, standing on an ethereal VH-1 style set, surrounded by a throng of well-fed baby boomers. He would arch his thick brow, almost in disbelief, and then smile. Close the scene with a ringing power-chord guitar finale, and the plates are cleared away.

"You decide how you want to do it," says Levinson, "and I'll make the deal."

What better time to put the dream machine in motion? MTV Networks is operating from a position of strength. MTV and Nickelodeon had record years in 1988. And the repositioning of VH-1, from "the Julio Iglesias network" into a channel for '60s survivors, finally shows signs of taking hold. Advertising revenues for MTV Networks rose from $91.5 million in 1987 to $109.3 million in 1988. Industry analysts estimate that MTV Networks provides 25 to 30 percent of Viacom's cash flow.

While the cash register is ringing, the corporate fathers are happy with the brash kid making it play that tune. "[MTV Networks] is one of the crown jewels of the company," says

Viacom's chairman, Sumner Redstone. "Tom has done a magnificent job."

But what if cash coming into the till slows down? Viacom is still highly leveraged from Redstone's 1987 acquisition of the company, and that fact may make the company averse to risking precious capital on MTV Networks' expansion if there is a drop in the division's revenue growth.

Major players, including Disney, have made offers for all or part of MTV Networks. But for the time being, Redstone claims he has no interest. "We don't believe in parting with the crown jewels for cash," he says, still leaving a tiny crack in the door open. This is, after all, the era of the Time Warner megamerger. "Is it possible we'd part with a small interest in the company? It's possible, but it's nothing we're considering." The possibility of another set of corporate eyes looking over Freston's shoulders thus cannot be completely dismissed.

Freston also has to be wary of cable operators, who are in a feisty mood as they look toward maximizing profits. That could affect subscriber fees and clearance levels. Nick at Night and VH-1 still can't get clearances in some parts of Manhattan, the media capital of the country. Further consolidation by the MSOs puts even more clout in the hands of fewer operators. "There will be a lot of jawboning from the cable operators when it's time to cut deals," says analyst Edward Hatch of Merrill Lynch.

Freston is not naive. His plans for MTV Networks' future, he realizes, mean a closer relationship with cable operators than has been the case for his company, which has traditionally sold consumers on its networks before anybody else. (Remember "I want my MTV.") When Freston talks about his company's plans for launching a fourth network, he alludes to the necessity for some kind of partnership with cable operators. "The MSOs have gotten used to having a piece of the action," he admits. "It's improbable that any new network will be launched and achieve the penetration levels that are necessary to get a

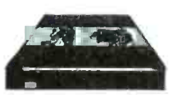
PHOTOGRAPH BY MARK STERN

Tom Freston's serenade: MTV goes global, Nickelodeon grows into the Disney of the next decade and VH-1 becomes the first choice of the baby-boom crowd.

critical mass without MSO involvement."

Freston likes to talk about moving his company more heavily into production. His involvement with MCA/Universal is, in part, a means of boosting his production capabilities. But every time MTV Networks rolls a program out into syndication, whether it's Nickelodeon's *Double Dare* or MTV's *Remote Control*, cable operators get upset. "We'd rather see stuff created on cable stay on cable," says John Malone, president and CEO of Tele-Communications Inc. "We don't want to be a farm team."

Raising the ire of John Malone and his cohorts is not the only danger Freston faces. The push to capitalize on the MTV franchise abroad, and in ancillary businesses from movies to amusement parks, has the potential to bolster the network. But it can also dilute it. There is always the risk of attention being diverted away from the core business. That is as true for Nickelodeon as it is for MTV. An overexploited trademark can easily lose its cachet.



Nickelodeon chief Gerry Laybourne and two of her net's classic stars: A deal with MCA/ Universal for a Florida production facility is a giant leap forward in creating original programing for the network.

"You don't want to see MTV T-shirts on fat, pimply-faced teenage girls. That's the danger," is how former MTV Networks president Bob Pittman delicately puts it. "You have to be careful that you stay this side of the line of being perceived by the consumer as a sellout."

Even Biondi, who has emerged as a forceful advocate for MTV Networks' corporate expansion, admits, "You have to be extremely careful not to take your eye off the ball."

The creative identities the MTV Networks have developed need room to be nurtured and stay fresh. The company will soon move into Viacom corporate headquarters, and it remains to be seen if, long-term, it can be part of that conglomerate, grow its business and still keep its creative edge. Freston claims to be standing vigilant against those who might encroach on MTV Networks' creative bastion.

"Last summer, I got off the elevator and there were some of our producers wearing bathing suits," says Freston. "But so what? You don't run a rock-and-roll network just with a bunch of people in suits. When you get down to it, the only thing we have is image."

. . . .

There is the aura of one who has led a charmed existence surrounding Tom Freston. And indeed a lot of the evidence points in that direction. He has led an exotic, iconoclastic life, laced with a healthy dose of perpetual adolescence. Somehow it has fueled—not detracted from—his business acumen. "Let's face it. MTV has an irreverent attitude, an irreverent style, and so does Tom," says John Reardon, recently named president of MTV.

Growing up in Royaton, Conn., an affluent New York suburb, it was probably Freston's irreverence that made him drop out of a Jesuit prep school after two years for the looser environs of public high school. Novelty records like *Flying Saucers*, and Elvis Presley tunes, provided the soundtrack to his early adolescence. "My Dad, who was in P.R., was always on the 5:08; Mom was in the kitchen and my brother, who is two and a half years younger than me, was a mark I could hustle money from," he says. "It was a real *Leave it to Beaver* operation."

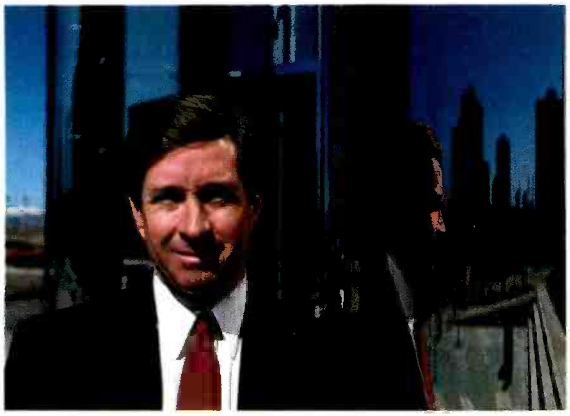
He enrolled at St. Michael's College, then an all-male Catholic school in Vermont. The lure was more the hockey team and decent skiing nearby than academics. "When it was time to tap a keg and party," says a classmate, "Sarge [as in Sargent Freston of the Yukon] was on the case." It's little surprise that *Spring Break*, one of MTV's most successful programming and promotional events, was a Freston idea.

Straight from St. Michael's, Freston enrolled in New York University's MBA program. "You know the syndrome. You graduate from college and think, 'I'm about to enter the real world, maybe I should postpone it,' " says Freston. In graduate school Freston buckled down and finished first in his class. Poverty was the secret to his success. "You move to New York, you have no money, you can't go out, so you might as well throw yourself into your school work."

After graduate school, Freston put his degree to good use: He vagabonded through the States and Mexico, with bartending stops in Aspen, the Virgin Islands and Martha's Vineyard. After more than a year of floating around, he took the leap into the world of the suits, ending up at Benton & Bowles as an account executive. "It was 1970 and I'm working on the G.I. Joe account for Hasbro Toys at the height of the Vietnam War," remembers Freston, who lasted two years there until wanderlust struck again. "I got a call from a girl I knew in Paris on Monday and I was gone the following Friday."

For the next seven years Freston traveled through Europe, Africa and Asia. With a partner, he set up a clothing-import company with factories in Kabul and New Delhi, splitting his time between Afghanistan, India and New York. He made some money and then got wiped out when Washington set up a trade embargo against the countries in which he was operating. "Running a business in that part of the world, you're juggling

PHOTOGRAPH BY MARK STERN



John Reardon: Making advertisers want their MTV.

ten balls at once. I figured anything after that would be easy, and so far that has proven correct," says Freston. "You learn to expect the unexpected. You turn a corner and you never know what you're going to find. It could be an elephant or someone dying in the street."

Somehow Freston's checkered resume appealed to the folks at MTV's original corporate parent, Warner Amex Satellite Entertainment. He was hired in 1980 to be part of the start-up group for MTV that Bob Pittman would head. Freston was the director of marketing. "My job was to figure what markets to set afire," says Freston, who took the fledgling network's "I want my MTV" campaign to the front lines. "We figured where we had the best potential penetration was in markets where rock and roll had the biggest share on the radio dial. Then we hit those towns like a ton of bricks with a lot of advertising and promotion. It was like, 'let's bet the ranch with our marketing.' "

Freston is sitting back to reminisce a bit in his L-shaped corner-office suite. The decor has the hip elan of art meets commerce, including a Jackson Pollack-style splatter paint job, a clock on the wall with the numbers akimbo, a wet bar, two monitors and matching overstuffed tan leather couch and chairs. A private bathroom has a shower, telephone, legal pad and a Guns N' Roses bath mat. There's no desk, save a round, marble-top table. Company memorabilia abounds: a Nick at Night lava lamp and a photo of ZZ Top playing on an MTV stage share counter space with photos of Freston's wife Margaret and four-year-old son Andrew. A life-size cutout of Randee of the Redwoods, MTV's resident hippie burnout mascot who will be the star of the network's first feature film, is propped up on the floor to keep Freston company. Posters and gold records are scattered about, waiting to be hung. Two photos—one of his wife inside the Taj Mahal and another of the Himalayas—plus a Warhol lithograph have already got wall space, along with a big abstract painting he treated himself to shortly after being named president.

Freston had every right to buy himself a little art to celebrate. He had survived the corporate crossfire and ended up on top. During the spring of 1987 when Sumner Redstone was waging a nasty takeover battle to acquire Viacom from its owners, who were trying to finesse an LBO of the company, Tom Freston was close to certain he would soon be out of a job. Freston was a key member of the management team that had built MTV Networks into a flourishing enterprise, was perhaps its truest believer, and now it seemed like it was all slipping away. "I thought I was done," remembers Freston, putting his feet up on a coffee table and easing back into one of his plush tan chairs.

It had been a traumatic period for the company. Bob Pittman's attempt at an LBO of MTV Networks had failed the previous year and the company he had guided from the beginning fell into the hands of Viacom. Pittman left the company at the end of 1986, along with several MTV stalwarts, unhappy with the new regime.

After Viacom acquired MTV Networks, it had split the company into two fiefdoms. Freston was promoted from general manager of MTV to president of MTV Networks Entertainment, directing programming and promotion. Bob Roganti was made president of MTV Networks Operations, overseeing advertising sales and research. In no time, there was a turf war between the two divisions. The situation was exacerbated by Viacom, which had no sooner acquired MTV Networks than it was under siege from a slew of raiders.

"When people love their companies, and this stuff happens at the top, it's like parents getting a divorce," says Freston. "You don't understand and you get bitter and mad, and finally you run away from home. We lost a whole creative gen-

A Baby-boom Makeover

"Let's put five *Nouveaux Videos* in power rotation," says Norman Schoenfeld. The director of talent relations of VH-1 and a top manager, Jeff Rowe, are pitching Tom Freston on one more plan to shore up the baby-boom network. They want to give more play to performers who aren't superstars but whose videos have strong visuals, introducing them as *Nouveaux Videos*.

"It rewards record companies by playing the best visual product in the fastest rotation," says Rowe.

"Let's use these to establish the perception of the channel with the record industry," Schoenfeld adds, "so they don't think of us as a vehicle to throw their hits at."

"They still think of us that way," says Freston, shaking his head in mild disbelief.

For the last year a top priority at MTV Networks has been to transform VH-1 from a TV version of a light-FM radio station into a hip entertainment network for the '60s generation. A new graphic look, programs such as *New Visions* and a video playlist that includes classic pop acts from the '60s and '70s—plus an ambitious advertising and promotion campaign—are starting to catch that key baby-boomer demographic that quickens advertisers' heartbeats.

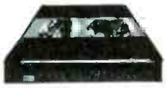
VH-1 is a valuable property. To start up a cable channel with its reach would cost between $50 and $100 million. "It's an almost virgin channel that has extraordinary possibilities," says Paul Kagan Associates' Larry Gerbrandt, who applauds the VH-1 makeover.

Some industry insiders speculate that Viacom may have other ideas for VH-1, if Freston can't deliver fast enough. "You hear it all the time," says a cable network executive. "Viacom really only wants one music channel, and it ain't MTV they'd switch to another format."

"Sure it's a nice piece of real estate," says Freston. "But we don't even consider the possibility of going in another direction with it. If something like that happened, I'd be gone." –J.M.R.

Ben Sidran and Dr. John on *New Visions*.

PHOTOGRAPHS BY: BARRY STAVER (TOP), LARRY BUSACCA (BOTTOM)



Not just for headbangers: MTV's Lee Masters steps up in-house production with *Club MTV* and *Remote Control*. A soap opera and an 'interactive' series are in the works.

eration who just bailed."

Freston was determined to hang tough. Early in the summer of 1987, when it looked like Sumner Redstone might be his new boss, Freston and Gerry Laybourne went to meet him in his posh command center at the Carlyle Hotel. At that point, the word Redstone had been hearing was that everybody at MTV Networks was ready to bolt. Freston and Laybourne assured Redstone that if he came in and provided them with stability from the top, they would stick around.

After Redstone emerged victorious he dispatched Frank Biondi to meet with Freston. A breakfast was set up at the Hotel Dorset. Freston

was, to say the least, apprehensive about the meeting. Word was out that MTV Networks was in a programming rut. Ratings were down, and while throughout the cable industry advertising revenues were going up, MTV's were flat.

"Of course in a situation like that you feel nervous," Freston admits. "You have a guy like Frank Biondi coming in and he's looking at MTV, which appears to be quasi-brain-dead. He doesn't know me from anybody. Why is he going to give me the job?"

But Biondi had made up his mind to go with Freston even before coffee was poured from the Dorset's sterling. He and Redstone didn't want to go outside the company. To do so, they reasoned, would deliver a severe blow to already-low company morale.

Biondi knew from the time he spent as CEO of Coca-Cola Television that there were serious problems with MTV's national advertising sales. "There was a feeling [MTV's national sales staff] was arrogant," he says. "Coke did $1 million with MTV national and $3 million on MTV with local avails. How can you do that? It's almost logistically impossible. [Coke] refused to work through MTV's national sales force. Roganti's sales people weren't allowed to mix with the rest of the MTV people. We didn't have a whole lot of choice so I picked Tom."

Hardly a rousing vote of confidence from the new boss. In August of 1987, when Freston was named president and CEO, he knew he had to move quickly to right glaring problems at the networks. One of his first moves was to name John Reardon, who had started at MTV right after Freston, as the new head of sales. His mandate, among other things: to clean house. The advertising-sales, promotion and programming people started talking to each other again.

The dayparting of MTV, with music videos placed in the context of different programs and grouped stylistically to correspond with viewing patterns—something Freston had begun tentatively when he was general manager—accelerated under his successor, the current general manager of MTV, Lee Masters. The format changes at VH-1 started to kick in. The advertisers responded and revenues began to climb.

"It used to be there were things I'd wanted to get done for my clients with MTV—advertising and promotion tie-ins, that sort of thing—and I could get them done, but I had to do it through the back door," says Stuart Schlossman, v.p. and associate media director of BBDO, who handles the media buying for Pepsi. "Now MTV promotion people work with the agency and client promotion people. Since Freston took over there has been a deliberate effort to coordinate marketing and advertising; the place is working as one entity."

Biondi closely monitored Freston's early performance. He quickly came to believe that Viacom had made the right decision. These days, he can't praise Freston highly enough. "He turned that company around on a dime," he says. "Tom's stamp on the network is his energy. The network was Bob Pittman—incorrectly so. Bob among other things is a master of self-promotion. There are a lot of people who deserve the credit. Tom's genius is he makes it all look very easy."

Laid back, a charmer with an irreverent sense of humor, Freston doesn't go in for the hip philosophical bombast of his predecessor. There is this sense of self-effacing bemusement at having ended up where he is, like when he laughs about his dad chiding him for "all my life being in businesses where you didn't have to grow up."

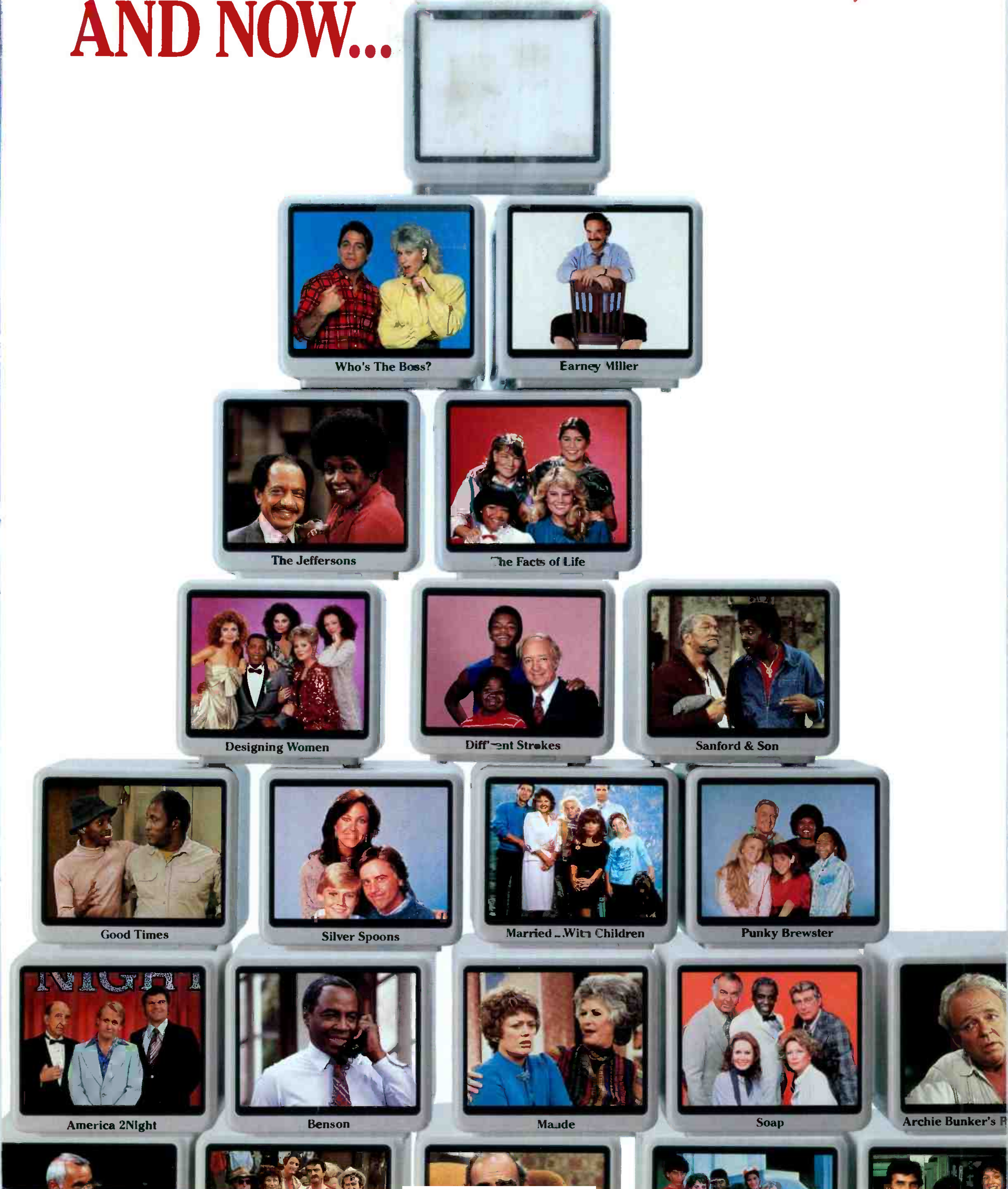
Pittman, as Gerry Laybourne puts it, "was a top-down manager," prone to snap decisions. Freston is more likely to hear his lieutenants out and mull over their arguments before he makes his decision. "He gets people to do their best goddamn work," says Laybourne, who credits Freston with giving all three networks the unified vision needed to exploit the core businesses. Even Pittman admits, "Tom is a better hand-holder than I am."

Freston is also more down-to-earth than Pittman. While Pittman understands the power of rock and roll and all its generational implications, Freston is more the fan, who up until settling into family life a few years ago could be found in the new-wave club of the moment or some jazz haunt on any given night of the week.

Compare Freston's and Pittman's recollections of what happened the night John Lennon was murdered and their different style is readily apparent. "I was driving around with Pittman the night Lennon got assassinated. We were out in

PHOTOGRAPH BY MARK STERN

YEAR AFTER YEAR, SUCCESS AFTER SUCCESS, AND NOW...



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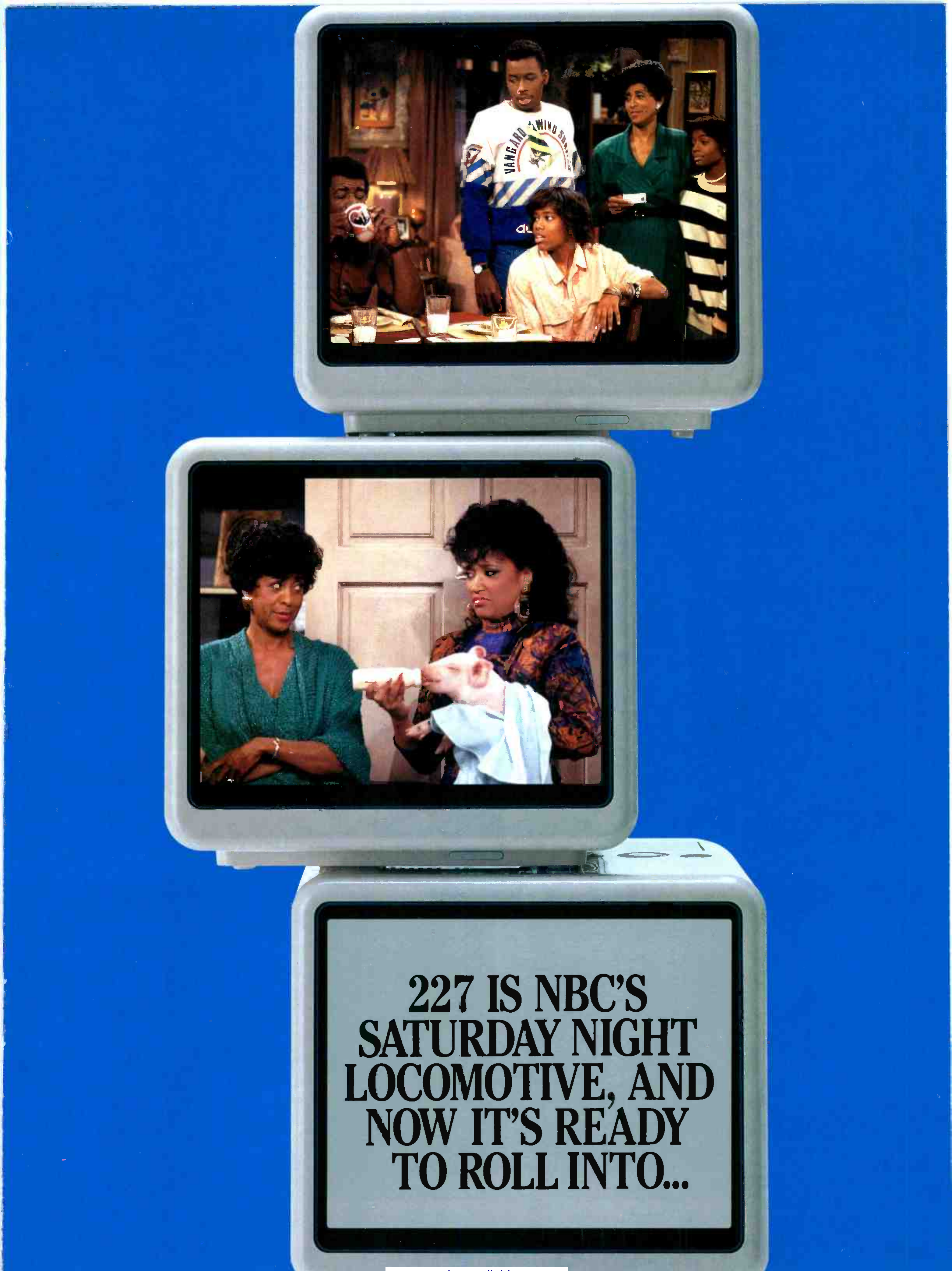
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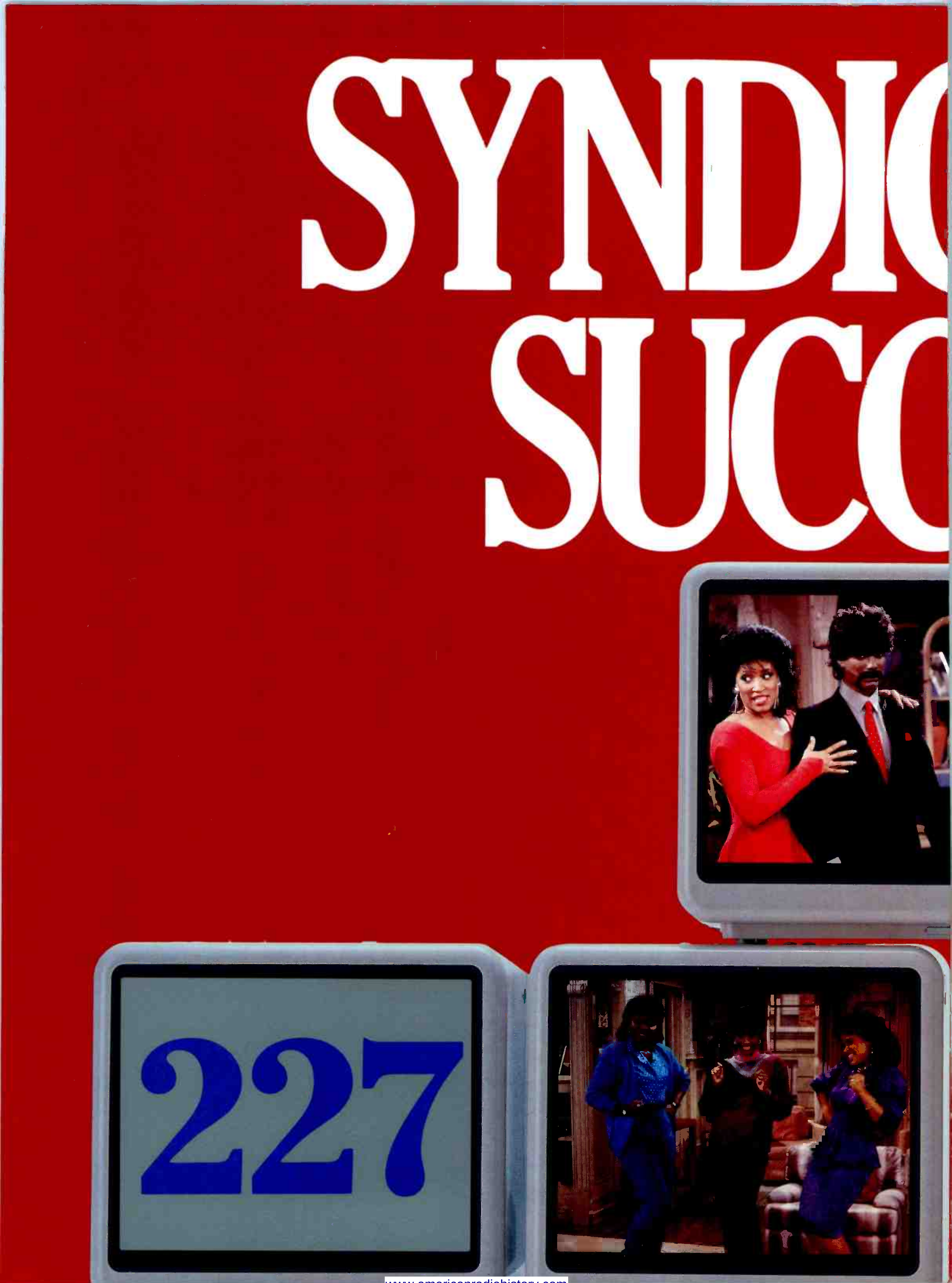
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THE ELEMENTS FOR SUCCESS FROM 227, THE ADDRESS FOR SUCCESS.

Columbia Pictures Television
A unit of Columbia Pictures Entertainment, Inc.

COMEDY. NOBODY DOES IT BETTER.

Los Angeles for what was the first Western Cable Show," is how Freston remembers it. "Bob was pressing the buttons on the radio, and on every station was a John Lennon song. He said, 'It's a good thing Donny Osmond didn't die.' "

If Pittman remembers his pithy one-liner, he's not talking—certainly not where there is a chance for some tasty revisionist copy. "I don't remember much more than sharing the shock together," says Pittman, his voice growing soft. "I don't know why but it had such an effect on me. Maybe it was things would never be the same again—The Beatles ain't ever getting back together. It was also the beginning of another era, in which we were going to play an important role. We didn't know that at the time. But looking at it now that was sort of a watershed."

Don't expect Tom Freston to wax sentimental about the magic of some moment, laying on it some kind of cosmic significance. That's not his style. But there are some Freston critics who think that maybe it should be—a company selling image, they argue, needs a front man who is larger than life. A major part of MTV Networks' business, after all, is rock and roll. "What has he done that isn't just fulfilling Pittman's blueprint?" asks an industry observer familiar with MTV. "He's sort of like George Bush, more a caretaker president than one with a vision."

The people who work with Freston claim that's not the case at all. It's true no one talks about him as a great conceptual thinker the way they do about Pittman, but what they do say is that he has brought an openness to MTV Networks that is sending the place into a creative renaissance. "Somebody said to me it's like Pittman was the creative guy and Tom has put the business end together. But to me Tom has always been the creative guy," says Judy McGrath, the creative director of MTV. "His taste, his style, the things he believes in are reflected in the work we do. We wouldn't do this kind of stuff if we had a different kind of president. There's a humor to it that underlies the hipness. Under Tom there's more of a risk-taking attitude."

Under Freston's leadership, in-house production has gotten a boost. Freston loves MTV's resident wackos—the young producers two floors down from the executive suites who are expert in everything from cutting-edge animation and semiotics to torture game shows on Japanese TV. It has been under Freston that MTV Networks got into original production with *Double Dare* and *Remote Control* and programs such as MTV's *Buzz* (a hyperactive video feature magazine show), *Yo! MTV Raps* and VH-1's *New Visions*, a classy jazz/interview show. There are plans for an MTV soap opera. And MTV's Lee Masters has been given the green light for a series of interactive programs that has him all revved: "We're going into interactive in a huge way," says Masters.

To be sure, there's nothing visionary about the heavy metal show *Headbangers Ball* or the dance show *Club MTV*, and VH-1's *Entertainment Watch* is a stale *Entertainment Tonight* clone, but under Freston all the networks have become more substantive. "Since Freston took charge [MTV and VH-1] have achieved a balance between being grazing channels and destination channels," says Ajit Dalvi, senior v.p. of marketing and programming for Cox Cable.

"We're truly trying to achieve a balance," says Freston. "It's nice to have something that says we're not just some mindless teenage feeding machine with an endless supply of heavy metal."

According to Freston, MTV succeeds not because it plays rock and roll but because its packaging conveys a rock-and-roll spirit. Nickelodeon's success is predicated on a similar formula: it stiffed when it was "the spinach channel" and began to flourish when all its programming was put under a kid version of that MTV attitude. If VH-1 succeeds, it will be because it can convey the rock-and-roll attitude matured for graying rockers.

"We are more like a specialized magazine company than a TV network," says Freston. "The Conde Nast model is more appropriate to apply to us than Turner's TNT or ABC or NBC. [Conde Nast] has an editorial point of view. They have a personality. They create environment. They hope to have part of that rub off on their advertisers. Calvin Klein makes a statement by being in *Vogue*—some of the *Vogue*ness rubs off on his product. That's not exactly what would happen if he advertised in *TV Guide*. [Conde Nast] is focused and it really goes after a market with a vengeance. We do that, too, *and* we have the power of TV behind us."

It's 7:30 P.M. Freston has just come from a strategy session on how MTV Networks should proceed with the development of a fourth network. Freston's boss Biondi has said that in light of plans by HBO and Columbia Pictures to launch advertising-supported comedy networks, MTV Networks should move ahead with launch plans in the next couple of months or shelve the project until more cable systems have increased their channel capacity. Freston isn't saying which way the decision will go or what the format would be. Still he is sanguine about it, confident that in the next couple of years he will have another network. "We see risk as our business," he says. "If what we try doesn't work, we can always say we were just kidding." ●

Freston views MTV's new record club and the 'magalogue' it spawned as a way to build on a franchise, promote the network and make money at the same time.

MTV Networks at a Glance

	Net Ad Revenues (in millions)				
	1985	1986	1987	1988*	1989*
MTV	$74.4	$71.4	$65.7	$68.0	$79.1
VH-1	2.0	3.0	6.4	11.5	19.0
Nickelodeon (Includes Nick at Nite)	8.5	11.8	19.4	29.8	35.7
	Subscriber Growth (in millions)				
	1985	1986	1987	1988	1989*
MTV	27.8	32.6	37.1	44.8	47.3
VH-1	11.0	17.3	22.9	30.4	34.4
Nickelodeon	26.2	30.3	35.8	44.8	47.5
Nick at Nite	17.0	26.3	31.0	40.8	44.6

*Estimate. Source: Paul Kagan Associates Inc.

TV's New Ruling Class

For that small cadre of television writer–producers who can create and sustain a hit, the pen is mightier than just about anything in Hollywood these days.

by Neal Koch

Tim Reid in *Frank's Place*: 'Good time to be a writer.'

It has to be one of the best days in Peter Fischer's life. His laugh booms across his desk, past the carved closed wooden hand with its middle finger extended and over the small sign facing visitors that reads: "I take no prisoners." In his Universal Studios office, the 53-year-old co-creator and executive producer of *Murder, She Wrote* has just finished taking a call from his agent in the midst of negotiations with Universal over extending the run of his show. "You asked me about power," Fischer says in his good-natured way. "I'm not doing anything until they cut a deal. I'm not developing any scripts, and if they don't cut a deal, they'll have a bare cupboard. Let them fuck themselves." His laugh fills the room as he rocks back and forth in his wooden armchair. "Without the software, they've got test patterns."

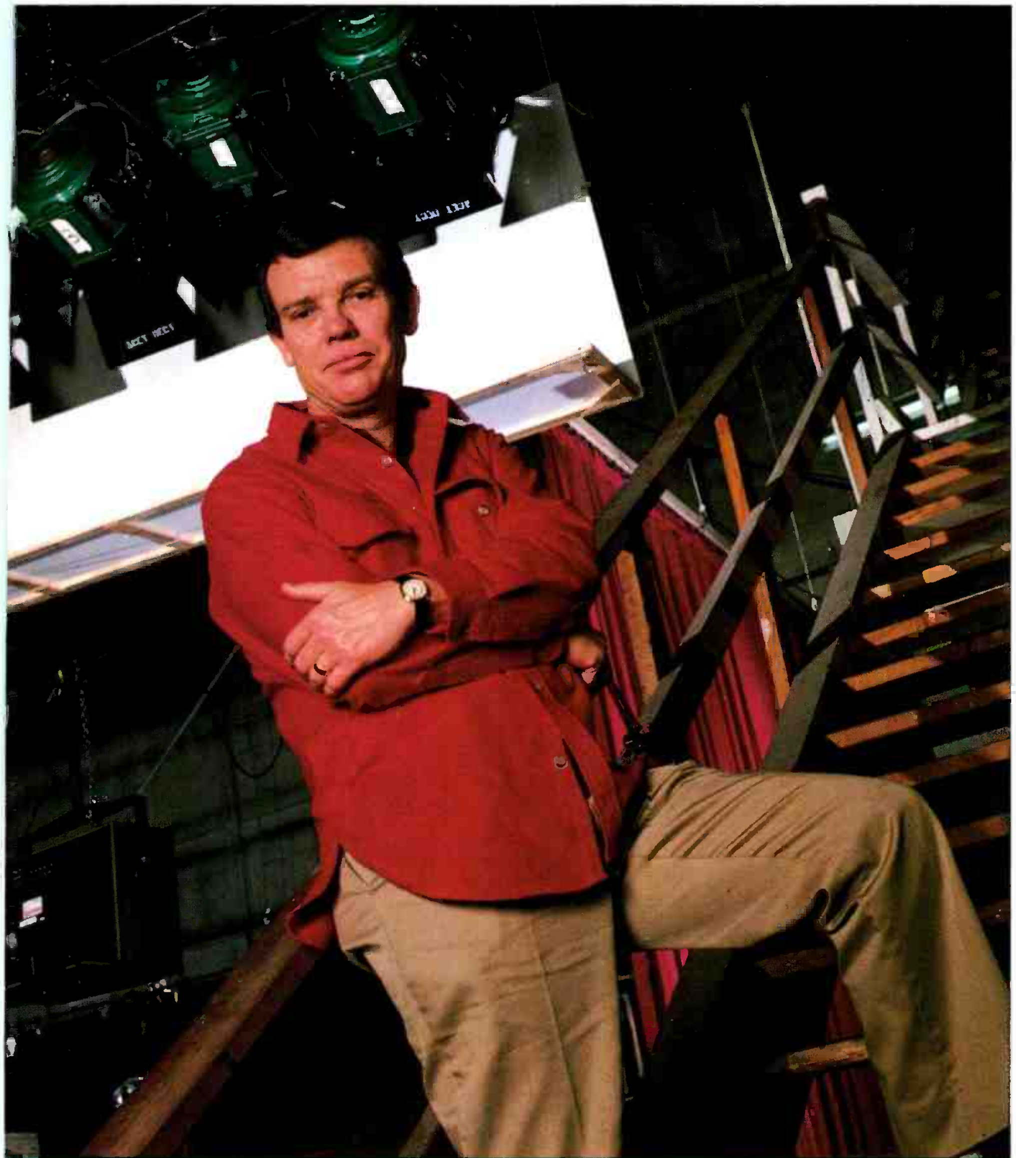
Peter Fischer is a member of Hollywood's new ruling class, and he knows it. He belongs to that cadre of about 25 top writer–producers who have proven that they can create and sustain a hit show week after week. And it's what Fischer and his colleagues do best that the Big Three networks and Hollywood studios need—more than ever as viewers' fingers dance nervously over their remote-control buttons. Fischer and his colleagues are no longer dismissed as necessary but quirky creative types.

In the process, the studios are acceding to the writer–producers' demands to be made partners—sometimes equal owners—in the shows they create, instigating a profound restructuring in the ownership and control of prime time series and their lucrative syndication payoffs. "Writer-producers are now in control of the series television business," says Richard Katz, v.p. for business affairs at GTG Entertainment.

To be sure, individual writer–producers such as Norman Lear (also the owner of *Channels*) and Garry Marshall have had a major impact on prime time in the past, building small empires and large personal fortunes in the process. But never before has the money bid by studios reached such heights for so many writer–producers.

This may all seem puzzling to those who recall that television owes its start to such *performers* as Milton Berle and Jack Benny, and that not long ago writers were simply paid a few dollars a week, without even the benefit of residuals. But

PHOTOFEST



frank's *Place* co-creator Hugh Wilson:
'I have clout that ought not to be wasted.'

PHOTOGRAPH BY PHILIP SALTONSTALL/ONYX

times have changed, and the change can be measured. Today, for instance, when networks specify that certain actors are a necessary condition to picking up a series from a studio, the studio typically offers the actors as much as 10 percent of the program's net profits to sign on, says Valerie Cavanaugh, executive v.p., business affairs at Columbia Pictures Television. But writer-producer-creators specified by the networks get up to 50 percent of the net, or 25 percent of the adjusted gross revenues, whichever is greater. (The "adjusted gross" usually includes all syndication and network license-fee revenues minus production costs, actual distribution expenses and interest on production deficits, and sometimes interest on the distribution expenses; sometimes distribution fees of 35 percent are also deducted.) "Writer-producers are the people who create, produce and deliver," says John Agoglia, executive v.p. for NBC Entertainment business affairs and executive v.p. of NBC Productions. "They are the dominant force." Allows Bill Klein, v.p. for CBS business affairs: "Actors and directors are important. But there is no place to start without the writer-producer. . . . We can't go black."

So while studios talk publicly of cost-cutting, oppressive unions and niggardly networks, behind the scenes they're bidding up the price of the creative talent most crucial to their production, staging a feeding frenzy over writer-producers that's even driving up prices for second- and third-tier talent. "It's a seller's market," says Bill Kerstetter, executive v.p. for Walt Disney Studios.

The studios and networks blame each other and the agents for this upward spiral that seems to take on greater urgency each day. Says one highly placed network official: "The unions are being realistic. It's the competition between the studios for talent that drives up the price of production as much, if not more, than any other factor in town." Others argue that the networks are responsible. "More and more," explains Hugh Wilson, 45, creator of *WKRP in Cincinnati* and co-creator of *Frank's Place*, "networks don't say, 'I want to be in business with such and such studio.' They say, 'I want such and such writer.' So the studios have to give [writers] the last thing they want to give—ownership in the back end."

Wilson recently signed an exclusive deal with Columbia that, sources say, not only sets him up with his own production company and pays him about $5 million over two years, but also gives him more than 20 percent of the adjusted gross of the network series he creates for the studio, or about double that percentage of the net profits, whichever is greater. The first show covered by this deal is *The Famous Teddy Z*, which may debut this spring on CBS.

"And power," Wilson adds, "follows money . . . I have clout that ought not to be wasted. . . . There wouldn't have been a *Frank's Place* if I hadn't said, 'I want it this way.' That was not a show that would have come out of a research department." While the critically acclaimed show failed in the ratings, the mere fact that it got as far as it did illustrates the new realities. In the old, authoritarian Hollywood of centralized power, says Ted Harbert, ABC vice president for prime time programming, "If your writer wanted too much of a say, you fired him. Now we put on the air what a writer wants to do, what's in his heart, what's in his gut." "Now," says Charles Slocum, director of industry analysis for the Writers Guild of America, West, "the creative person is the one who comes into the meeting with the power."

The writer-producers' newfound preeminence, however, generally remains limited to half-hour comedy series. This is primarily because of the soft market for reruns of hour shows. But another reason is the differing nature of long-form productions such as made-for-TV movies, miniseries and theatrical movies. These don't require the same talents that are so valued in series, including the ability to write in volume, with consistency and to perform on-the-spot rewrites. Once long-form productions start, the scripts are set and writers are often not even allowed into the filming sessions, which puts the director in control.

l.a. *Law* co-creator Stephen Bochco: 'I'll be just as surly no matter who's paying the freight.'

PHOTOGRAPH BY PHILIP SALTONSTALL/ONYX

Nevertheless, the recent ascent of comedy writer-producers to unprecedented heights remains clear. This profound change in the business of prime time television began with the evolution of the character and content of programming, starting with the shift from the hallmark of the 1950s, anthology drama, to series programming. Anthologies were usually composed of stand-alone episodes written by individual writers and having minimal connection from one week to another. The 1960s brought more series—among them *The Dick Van Dyke Show*—built around static characters in static situations. But, stirred by Norman Lear during the 1970s, series television began to tackle major political and social issues through characters who had sharply drawn, three-dimensional personalities. Sitcoms became dependent upon more realistic characters who, though they might be comedic, over time began to reveal themselves emotionally and to grow, as exemplified by *The Mary Tyler Moore Show.*

As MTM Enterprises turned out a raft of shows driven by witty, sensitive writing, it also empowered its writers by granting them greater control over their work through producer titles. "We didn't just have writers," says MTM senior v.p. Larry Bloustein."They were stars, too." And that whetted appetites throughout the industry. "There was an evolution," says ABC's Harbert. "The quality of the writing became so important that it was a rather simple step for agents of writers to say, 'Okay, if you want my guy to write, he's going to be the boss.' "

Another seminal step came when MTM's preeminent comic geniuses, James L. Brooks, Allan Burns, Stan Daniels, Ed. Weinberger and Dave Davis, realized that they could go for big money by becoming part owners of their shows. Paramount, in need of rebuilding its comedy operation, was only too glad to bring them aboard. Other MTMers followed them to Paramount and negotiated for large percentages of their shows, too.

Within a few years, Paramount had begun to rewrite the rules of the off-network syndication business. Deregulation helped too, by spawning dozens of new TV stations. Soon, some writer-producers found themselves wealthier and more powerful than any of their colleagues had ever been. "Suddenly, individuals who were not taking the financial risk, who were writer-producers, could earn $40 million, $50 million, even $60 million," says Skip Brittenham, a prominent industry attorney. "It was a gradual erosion until only one or two studios weren't making" those deals. (The last to give in, Brittenham says, was Universal, which fell in line a couple of years ago.) Paramount's *Family Ties* will bring the 45-year-old Gary David Goldberg, all told, more than $70 million, and possibly more than $100 million, according to industry insiders. "It's kind of shocking," Goldberg said when asked for comment. "It's a frightening thing." Knowledgeable sources estimate that Glen Charles, 46, his 41-year-old brother Les and their partner Jim Burrows, 49, co-creators and co-executive producers of *Cheers*, will likely take home more than $35 million each—perhaps much more—from their show, which NBC recently renewed for an eighth year.

There are other factors as well that converged to enhance the stature of writer-producers. The increased availability of capital through the public-equity markets and the junk-bond market brought new corporate players such as New World Entertainment into television production. New World contributed to the bidding up of prices for writer-producers as it bought its way onto network schedules, landing, for instance, *Growing Pains* alums Neal Marlens, 32, and Carol Black, 31. The husband-and-wife team went on to create *The Wonder Years* for New World, before a spat with that company caused them to leave day-to-day supervision of the show after just 19 episodes. (New World recently sold itself when its debt proved too burdensome following the October 1987 stock market crash.) Some also contend that the larger role public companies played in TV production has motivated studio executives to strike big deals with known writer-producers as a way of enhancing their companies' value, boosting

The late Michael Conrad in Bochco's *Hill Street Blues*: 'Lining up to buy.'

stock prices, helping with corporate borrowing and justifying a bigger tab if the company is sold.

Also improving the bargaining position of writer-producers has been the recent mushrooming of service companies that duplicate studios' functions. Studios still provide easy, one-stop shopping for writers with network-series commitments. But now it's easier than ever for independent producers to contract separately for production facilities and insurance, as well as accounting, legal, business affairs, payroll and casting services. All that's needed, then, is someone to cover production deficits and distribute shows into syndication. "Today," says Ken Kaufman, president and chief operating officer of the recently formed Patchett Kaufman Entertainment, "studios are just distributors and bankers. Their power in the network area is gone if [writer-producers] Tom Patchett [*Alf*] and Jay Tarses [*Slap Maxwell*] can do shows off the lot."

Most important, however, may be the growing belief among industry executives that as global markets for programming open up, only a few worldwide entertainment conglomerates will survive the current wave of industry consolidation. Within less than a year, for instance, Time Inc., Warner Communications and Lorimar Telepictures have landed under the same corporate banner, making Time Warner the world's largest media and entertainment concern—the nation's largest producer of television programming (Warner Bros.), the nation's biggest pay-TV channel (Home Box Office) and the nation's second-largest cable TV operation (ATC and Warner Cable Communications). And key to the strategy for survival in television of all companies owning Hollywood studios, many executives believe, will be the quality of their shows, what they have come to call their "software."

They need what NBC Broadcasting group chairman Brandon Tartikoff has called "graze-proof" programming, shows that grab and hold an audience, particularly younger, more upscale viewers. For that they must turn to those 25 or so writer-producers who have proven that they're capable of creating compelling concepts and sustaining their vitality week after week, at least 22 times a season for five years. Moreover, those who have succeeded are counted on to train the next generation. "For the most part, we're after the writer-producer and not buying based on the studio," explains Warren Littlefield, executive v.p., prime time programming at NBC Entertainment. "Day in and day out, the studio is not the one who's going to fix the script or give you a hit character." Recalls Jerry Katzman, executive v.p., worldwide head of television for the William Morris talent agency: "There used to be a time when you could get a network excited by having a motion-picture writer come in and do a pilot. No longer. Now they want to know who's going to stay with the show."

The feeding frenzy for quality writer-producers, having gradually increased over the past three years, continues to spiral upward, perhaps forever altering Hollywood's balance of power. Consider Columbia's deal with the eccentric but brilliant Ed. Weinberger, 51, whose credits include not only many old MTM shows but, more recently, *Taxi*, *Amen*, and the current *Dear John*. Sources say that to get Weinberger's exclusive services for five years, Columbia has created a new program-production and distribution company, and fueled it with a $36 million cash flow to cover production. In addition, Columbia will distribute the new company's shows without charge. Weinberger owns 50 percent of the company, sits on its board and expects to take home a bare minimum of $15 million at the end of five years for his personal services alone—even if he fails to produce a hit show. And here's the topper: Sources say that if the company is successful, Columbia plans to either buy Weinberger out or take the company public, for projected proceeds of more than $300 million, yielding Weinberger between $100 million and $200 million.

One Company's Strategy

Gary Lieberthal is a betting man. Of all the recent bidders for top writer-producers, no studio has been more aggressive than Columbia Pictures Television, of which Lieberthal is chairman and chief executive officer.

Columbia produces 14 hours of first-run network shows per week, five hours for first-run syndication and none for cable. But, says Lieberthal, that will change: "Our intent is to be a supplier for whatever delivery system is prepared to pay us." To that end, Lieberthal, in a matter of months, has signed exclusive contracts with a veritable *Who's Who* of proven writer-producers. The group is led by Ed. Weinberger, Hugh Wilson and Norman Lear, 66, in his return to series television. "Columbia is really out there," says one Hollywood talent agent. "They've really stepped up."


Lieberthal

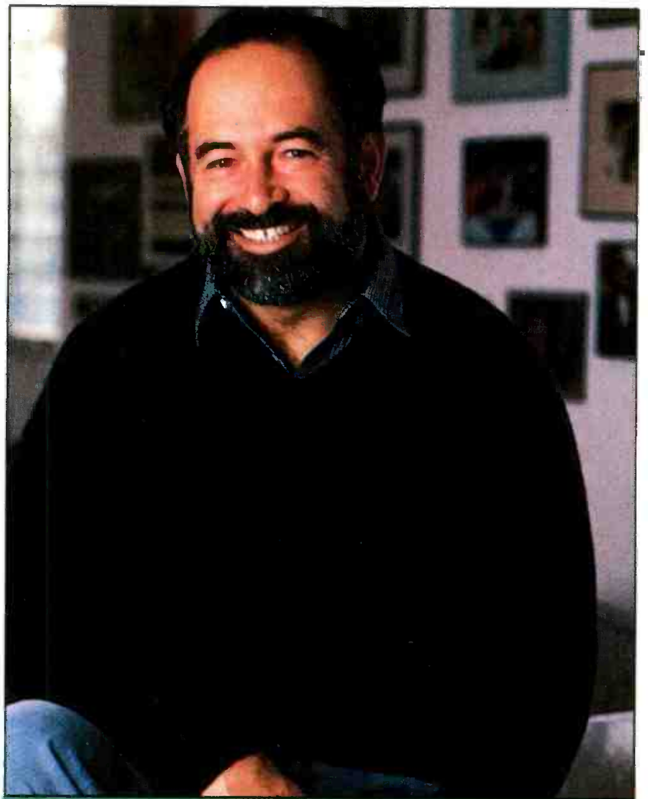
But stepped up to what, exactly? "It's about building a dynasty," says CPT president Scott Siegler. "Locking up the talent becomes one of the goals." Says one highly placed network executive, "They think they're going to corner the market on that kind of talent and then go to the networks."

Replies Lieberthal, "I've got an edge on my competitors at the networks, which is exactly what I've got in mind." That's because exclusive contracts with proven players not only restrict writers' availability to competitors but drive up the price of the remaining talent. They also raise barriers to entering the market for potential new competitors, and they enhance the power of the studios holding the contracts in dealing with the networks. One final benefit: A studio's market value is also greatly enriched, which could work nicely for CPT if its long-rumored acquisition by another large enterprise were to become reality.

Columbia's aggressive deal-making comes just as the networks may be freed to enter the market for talent in a bigger way as regulatory restrictions ease. In addition, Lieberthal hints that Columbia's leverage may produce higher prices from buyers for its programs in off-network syndication. "At the stations," he says, "I can say, 'I've got all these shows.' I think it would be in their best interest to protect their relationships with a long-term supplier [rather] than with a one-time supplier."

At the same time, Lieberthal acknowledges the risks he's taking: "It is a costly strategy," he concedes. "It involves our investing heavily." And stations, he admits, may not offer the syndication prices he needs to cover his higher costs. Nevertheless, Lieberthal says, "If you run the numbers, you find that if [each writer] generates one hit, you've made a good deal. If you bought them for half the price and they made all flops, you overpaid."

While he's building his comedy ranks, he's slashed the hour producers from 44 to 11. Besides, he says, surrounding himself with comedians "is kind of fun. There's a lot of energy around here. I haven't seen this since the old Tandem/TAT days," a former Lear company that employed Lieberthal on the same Hollywood lot. —N.K.



family Ties' Gary David Goldberg: It will bring from $70–$100 million.

Even though some consider Weinberger the best bet around, the bidding war has enveloped the entire range of his colleagues: Even spanking-new writers now routinely land six-figure deals. This past spring, for instance, two young graduates of Columbia University's school of journalism wrote a couple of scripts on spec and soon found themselves the subject of a bidding war by several top production companies. "Somebody will pay $250,000 to $300,000 just for a crack at an unproven guy with talent," says one knowledgeable industry attorney. "Then people can do a good job and double their salaries in a year based on performance. There are no rules," he explains. "It's not like in a shoe factory."

Says *Murder, She Wrote*'s Peter Fischer, "Soon as you find somebody who can write, you put him on staff. [Then] you put him in a closet and you tie him up. You say you never heard of him. If anybody asks, you say, 'Nah, he's no good,' so nobody else will go after him. And you promote him." Explains Beth Uffner, who specializes in representing new writers for the powerful agency Broder, Kurland, Webb & Uffner: "There are probably only 20 major players, and they're no longer buyable. So who do you go after? Those who used to work for those 20 people. The studios are taking enormous risks."

But Uffner and others in the business dislike the premature pressure on developing talent to go after big money while it's available. "Just because you wrote a good script doesn't necessarily make you a good producer," says Bruce Paltrow, the 45-year-old co-creator and executive producer of *St. Elsewhere* and *Tattinger's*. There are other downsides as well. For Hollywood, in part because of the new prices for writers, says Grant Tinker, chairman of GTG, "Early MTM is dead. I don't see a company full of Tiffany talent like we had there, and I doubt we ever will." For networks, it means sharing in the bill when the studios come back to them demanding higher license fees, despite the networks' eroding share of ad dollars. Both the advertisers and the networks might well be left wondering whether production values will suffer as dollars are rerouted to writers.

And some in the industry say they've yet to understand the mathematics of it all for the studios. Says Tinker, "There's got to be a point at which the Golden Goose falls over and dies." Over at CBS, says Bill Klein, "We sit here and wonder, 'How can they ever come out ahead on some of those deals?' "

"It gets very scary," concedes Columbia TV president Scott Siegler. "A big roster could get so expensive to hold on to that if you have a couple of dry years, you could go bust." Adds Valerie Cavanaugh, Columbia's head of business affairs, "We like to think we're acting rationally. But we're flying by the seat of our pants."

Nevertheless, the rationale, Cavanaugh and other officials counter, is that a few hits make up for bad deals, especially if many of the writer-producers' deals are cut so that their big money comes only with success. Moreover, even when the back end of shows are shared with talent, most of the time the studios still take 35 percent off the top as distribution fees. Still, "Does it make economic sense to do this?" asks Harvey Shephard, president of Warner Bros. Television, which has also been paying market rates for talent. "No one can tell until these deals are played out."

It's also too early, many industry insiders say, to tell what effect, if any, the bidding war will have on prices stations pay for syndicated shows.

In the meantime, though, the ascendancy of writer-producers ties in to a pressing problem that threatens the studios' entire role in program production and distribution. Next year will bring the first major loosening of the regulatory and consent-decree restrictions that limit the ability of the three major networks to own and distribute the programs they air, and the networks are pushing for even more freedom.

Writer-producer Steven Bochco understands the potential impact. Last year the 45-year-old co-creator of *L.A. Law* and *Hill Street Blues* leveraged his renown into what is for him a no-risk deal with ABC and Twentieth Century Fox that gives him $50 million in cash and could make him worth hundreds of millions more. ABC will pay him to develop and produce shows over a ten-year period, and will cover production deficits with interest-free loans, which may never have to be repaid. If the loans do come due, Fox will pay them off. In return, Fox gets certain distribution rights, though it still has to split the gross revenues from distribution and ancillary rights with Bochco. But if the networks were allowed to own distribution rights, would Bochco need Fox at all? "When you're in the software business," Bochco replies from a comfortable mauve chair in his sunlit office in the Tudor-like Old Writers Building on Fox's West L.A. lot, "it doesn't matter who the fuckin' bank is—Twentieth, ABC, the man in the moon or cheese. They'll be lining up to buy. It ul-

Goldberg calls the *Family Ties* windfall 'shocking.'

PHOTOGRAPH OF GARY DAVID GOLDBERG BY MICHELE SINGER timately doesn't matter to me who's giving me the dough. Hopefully I will be just as surly and hard to get along with no matter who's paying the freight." Says ABC's Harbert: "What you will see in the 1990s is the networks getting more into in-house production and making more deals directly with writers." Make no mistake, he adds, "We will compete with the studios for top talent—and the agents will be just as tough on us." That could further fuel the spiraling cost—not to mention the power—of Hollywood's writer-producers.

With last summer's writers' strike apparently a distant memory, the studios speak warmly of their newest business partners. In particular, they say they admire the common sense their writers possess, and indicate—without a trace of appreciation for the irony—that they'll be relying on that trait to accomplish something they, the studios, could not: holding down expenses. Writer-producers who own large shares in their shows will be more interested in reining in their urge to spend, the studios suggest, even if it means reining in their imagination and creativity a bit to boot.

Whether such writers as Stephen Bochco, who had a $600,000 baseball diamond built for his 1983 flop *Bay City Blues*, can come across for their new partners remains to be seen. But clearly Bochco gets the message: "When it's your money," he says, glancing across the room at a couch that holds some of his toys, including a giant tennis ball and a basketball, "it becomes a question of how big your nuts are."

Big may be Bochco's byword. But Peter Fischer, sources say, has never had the same drive for empire-building. Fischer, nevertheless, enjoyed playing hard to get last winter before signing on for two more years of *Murder, She Wrote*. Says Hugh Wilson, "It's a good time to be a writer." ●

Other Members of the Club

Other proven TV writer-producers generally considered to be on Hollywood's Most Desired list:

Don Bellisario	(Magnum, P.I.)
Bill Blinn	(Fame, Starsky & Hutch)
Linda Bloodworth-Thomason	(Designing Women)
James L. Brooks	(Tracey Ullman, Taxi, The Mary Tyler Moore Show)
Allan Burns	(The Mary Tyler Moore Show, Rhoda)
Stephen Cannell*	(Rockford Files, A-Team)
Glenn Gordon Caron	(Moonlighting)
Diane English	(Murphy Brown)
Susan Harris	(Golden Girls, Empty Nest, Soap)
Marshall Herskovitz & Ed Zwick	(thirtysomething)
Bill Link	(Columbo)
Michael Mann	(Miami Vice, Crime Story)
Esther Shapiro*	(Dynasty)
Rheinhold Weege	(Night Court)
Matt Williams	(Roseanne, The Cosby Show)

*Operates through own production company and generally not considered available for deals with studios.

Note: Other writer-producers not listed here are considered of top quality. However, some are generally considered not very active, such as Stan Daniels and Dave Davis. Still others are doing well but have yet to prove themselves over the long run.

Can We Talk?

Want to become a wealthy TV writer? First, you'll have to learn English, Hollywood style. Forthwith a TV-speak primer:

WRITER TYPES

Freelance writer: Signs up for one or a few episodes. Works on his own. Stops by the studio to pick up paychecks. You'd stop by, too, if you got paid at minimum rates of $12,791 for a half-hour script, $18,924 for an hour. The pay is even better for pilots: a minimum of $18,264 for a half-hour script and $26,859 for an hour.

Staff writer: Works in a company office for a guaranteed salary that's at least as lucrative as a per-script deal. Salary: about $2,000 a week.

Story editor: Paid to rewrite other writers. Typically has guarantee to write at least two original scripts, for additional pay. Salary: about $3,000 a week for first-timer, for about 40 weeks on successful show, plus script fees.

Producer: Duties vary, depending on whether there are other types of producers on the show, but generally makes sure the show comes together on time and, ideally, close to budget. Salary range: $10,000-$15,000 an episode.

Supervising producer: When job exists, the person oversees all episodes and all producers beneath this title. Usually filled by writers or former writers. Pay generally ranges between $12,500 and $20,000 an episode, or about $500,000 a year for a show in its third or fourth season.

Executive producer: Duties range from hands-on supervision of the production to just receiving a large fee for putting the package of talent together to create the show. Can be a writer, former writer, a lawyer, an executive. Pay often runs $17,500-$30,000 an episode, "but," says one agent, "could go as high as God knows what."

DEAL TERMS

If you have enough clout, you can get a piece of the action. What action? If you're savvy enough, part of the pot at the end of the off-network syndication rainbow. If you're not, a view of the rainbow. So your agent or lawyer may demand a percentage of the following:

Gross gross: All the revenues that come in the door. Nothing is taken off the top—usually.

Adjusted gross: All revenues, including network license fees and syndication revenues, minus the following: production costs, actual distribution expenses, interest on the production deficits and, occasionally, interest on the distribution expenses. You're a very heavy hitter if you get a piece of this. (Sometimes distribution fees, usually 35 percent, are first taken out. But that really amounts to net profits.)

Net profits: Revenues minus all of the above, as well as distribution fees. Be careful, though, because even if a deal calls for distribution fees to be repaid earlier, interest on those fees will still be deducted here. Yes, that seems illogical. But that's the way it's done. The reality is that lots of people get a percentage of net profits in their contracts. Few people ever get any net profits, though, spawning the rule of thumb among the cogniscenti (or the already-burned), "There is no net net."

Think you've got it? Well, maybe. These terms fluctuate further with each studio and with each contract. Fed up? Don't worry. They can mean altogether different things if you decide to write for the movies. —N.K.

Technology Takeover

IN FOCUS

The Urge to Automate

Broadcasters face tough but potentially profitable decisions as new technologies mature that can, among other things, replace humans behind studio cameras and in the control room.

There's little romance in the technophile's vision of a 1990's TV-station newsroom and control booth. Instead of today's human bustle—with camera people jockeying for position and a slew of technicians loading carts and switching video behind the scenes—tomorrow's studios will buzz only with the subdued hum of automated robotic cameras gliding back and forth on their tracks. Scripts, on-air supers and closed-captions will have been coordinated earlier in the day in the newsroom computer. And taped packages, commercials and station promos will be loaded, cued and triggered by an automated cart machine programmed with the station's traffic log.

Sound farfetched? Not to the dozen or more stations who already have at least part of that picture in place. Station automation is here, not coming. Machines—"robots," in fact, although not the humanoid spectacles of *Lost in Space* or *Star Wars*—can today do a number of the oftentimes repetitive or duplicative technical tasks involved with any television production. Contributing editor Paul Noglows details the technological choices facing stations in his story, "Man or Machine in the Newsroom?"

Replacing a worker with a machine can free the staff to accomplish other, more advanced tasks, station operators argue. And it can sometimes trim payroll and benefit costs long term. Indeed, at a Paul Kagan investment seminar earlier this year, Outlet Communications chairman and CEO David Henderson said that automated technology allowed his company to run its Atlanta independent station with just one person on the premises from 5 P.M. Friday until 9 A.M. Monday. He suggested that such economies could substantially change a station's bottom line. But these new technologies can also raise myriad problems with labor unions, and can negatively affect staff morale. Contributing editor David Bollier addresses those issues in his article, "Unions Learn to Go With the Flow." Finally, Eva Blinder, editor of *Broadcast Management of Engineering* magazine, provides an update on four emerging technologies in her story, "Innovations Here And Still to Come": desktop video, the new breed of energy-efficient UHF power tubes, HDTV and digital audio workstations.

ILLUSTRATION BY JIM LUDTKE

Man or Machine In the Newsroom?

One central computer can now control most studio and editorial tasks. But stations must decide whether to take the plunge.

BY PAUL NOGLOWS

Engineer Jacqueline Twohie sits in a darkened room sequestered off studio 3K at NBC's headquarters in Manhattan. Before her is an instrument panel that would look at home in NASA's mission control center. But Twohie is not bringing the Space Shuttle in for a landing. She is merely taking NBC's robotic cameras through the motions—pan, zoom, tilt, move right—that each night bring *NBC Nightly News* to air. With a simple flick of her wrist upon a video game-like joystick, Twohie is doing a task that used to require three cameramen, a video-control operator and a lighting person to complete. Elsewhere in the building, an Odetics MII-format video cart machine is automatically loading the next story segment to be aired, while the newsroom computer warns producers of a late-breaking story that has just come over the wire.

Welcome to the automated newsroom of 1989, a place where fewer people perform more jobs in less time than ever before. And it's not just at NBC that such a futuristic scenario is taking place. A similar scene can be found across town at independent WPIX, in Boston at WNEV, at WCCO in Minneapolis and KPIX in San Francisco, and at a growing number of stations nationwide.

"Automation is the difference between a writer dictating a story to a typist, who in turn types the story on a typewriter, and the writer who is able to sit and type it himself," says Tom Wolzien, NBC's v.p. of editorial and production services. "Automation takes away the need for a middleman."

And whereas today automation has enabled operators to control a number of machines from a single control panel, in the future some believe that nearly all studio machine functions, from character generation to robotic movement of cameras, will be driven off of one central newsroom computer. It is that total integration of automated machine control that equipment manufacturers—and stations bold enough to embrace it—believe will make news production viable in an era of increasing costs and tighter budgets.

"The key in today's market is full automation and complete integration, to take maximum advantage of cost reductions and efficiency increases in the operation," says Robert Gonnelli, president of TSM, the Valley Cottage, N.Y., manufacturer of the MultiController robotic-camera system. "All major groups of equipment—character generator, switcher, still store and camera-automation system—must all tie together in some central form. The natural place for that tie is the newsroom computer, because that's where the stories are scripted from."

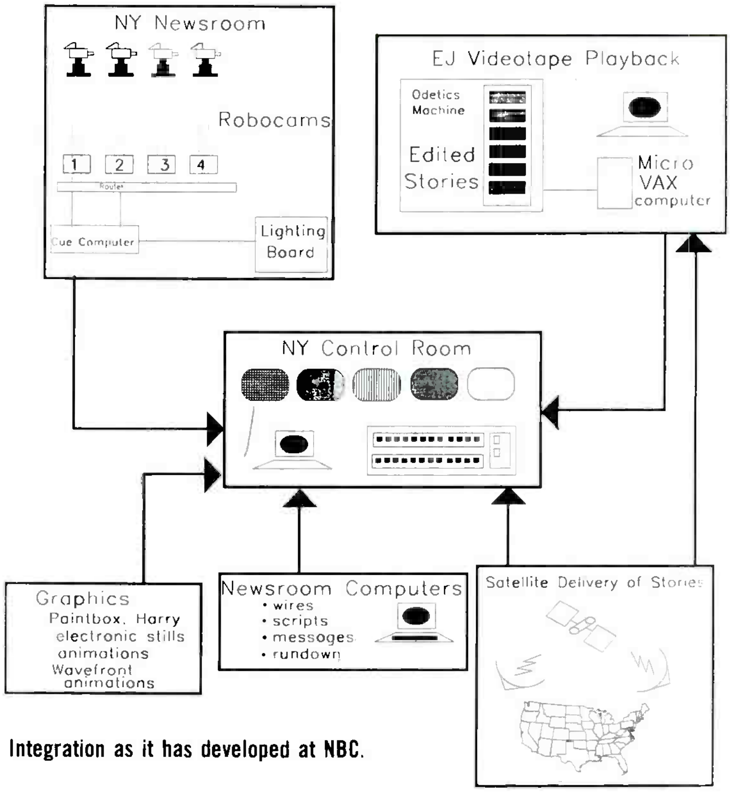
NBC engineer Jacqueline Twohie: Doing the work of five men

Major equipment and software manufacturers are concentrating their efforts accordingly. Dynatech NewStar, BASYS and SYSCOM, the industry's three leading software suppliers for newsroom computers, all now offer varying levels of studio-machine control, including manipulation of cameras, switchers and more. "It allows news management in a very obvious way to redirect personnel overhead toward much higher efficiencies and cost savings," says Harn Soper, director of marketing and communications for BASYS.

"The more automation the stations can put in place, the fewer people it's going to require to produce a show," adds Nancy Mistele, v.p. of NewStar training and system software for Dynatech NewStar. "Instead of just being the character-generator operator, I can be the character-generator operator, the TelePrompTer operator and the beta-cart controller. As automation comes into play, one person can control many more devices, much more easily. That's what the industry is looking for, to reduce costs and become more efficient."

But while manufacturers envision a day when integration will enable one person to single-handedly produce a newscast, overall industry acceptance of such technologies has been slow.

Most stations are still coming to grips with newsroom-computer applications that can provide their reporters and producers with word processing, downloading of wire-service stories (putting an end to the clattering AP machine), archive management and rundowns (the real-time story schedules prepared for each newscast). High initial outlay costs and doubts over the reliability of the systems, however, have kept some sta-



Integration as it has developed at NBC.

tions at bay. Depending on the configuration, a ten terminal Dynatech NewStar newsroom computer system (hardware and software) runs in the range of $100,000. And broadcast people still recount the tale of a newsroom-computer failure in 1981 that forced KSL in Salt Lake City to delay its evening newscast. Manufacturers believe, however, that such perceptions are fading as prices come down, user-friendliness increases and trouble-free performance records are established.

The most progress with computer-driven machine control has thus far come in the areas of character generation, still-store and closed captioning. But even those stations that are further along in the automation process—such as WPIX in New York, which uses Vinten Microswift remote-control cameras and boasts automatic on-air switching—have reservations over total newsroom integration. "You have to ask yourself, do I really want all my machines interfacing with the newsroom computer?" says Richard Slenker Jr., WPIX's director of technical operations. "Am I willing to put all my eggs in one basket?"

Some fear that putting more and more responsibility on one person, "super-techies" who can control a number of operations from a single control panel, may increase the likelihood of mistakes on air.

TSM's Gonnelli explains the paradox: "We're a funny group of people in the broadcast business. We like new things, we like technology, but we don't like to change."

For this reason, manufacturers are increasingly concentrating their efforts on perfecting automatic fail-safes that will correct problems within systems as they occur. Some machines offer users the ability to return to manual control of cameras and other equipment should all else fail.

Given the reservations of some broadcasters, the pace of automation growth will continue to be determined by the needs of individual stations. "You know what your requirements are and you look for opportunities where technologies can advance yourself," says Steve Moreen, director of broadcast operations and engineering at KPIX in San Francisco, which is in the process of installing robotic cameras. "A lot depends upon your labor costs," adds NBC's Wolzien. "Certainly in midtown Manhattan, if I were at CBS or ABC or any of the owned stations that are under the same labor contracts, I would seriously think about doing [robotic cameras]. But if you're in Milwaukee or Dallas, where your labor costs might be significantly lower, it might not make as much sense. Your payback period would be much longer." Wolzien says that NBC spent about $1 million on its robotic camera system—a brand-new technology that was then tailored to the network's specifications. Even so, he says the cameras have paid for themselves in wage savings generated during the year or so they have been in use.

In the long run, the cost-justification angle may not attract stations to integrated systems as much as the impact such systems can have on newscast quality. "Yes, robotics and systems integration may be viewed as a cost-savings measure at initial glance, but there are actually a lot of positive benefits to the quality of the product on the air," says KPIX's Moreen. "It's going to allow us to take quality people and put them in jobs where they can make a greater contribution to the overall effort. Frankly, the complexity of the shows are taxing the ability of our crews to get them done, and that's why automation is so important. There are so many video transitions now and so many sources and so many cues during a newscast, and they're incredibly fast paced. Last night we did a news show that had 19 live shots in it. It's just getting so complex that the only way we are going to be able to survive is by automating a lot of it and then having our technical crew monitor the process."

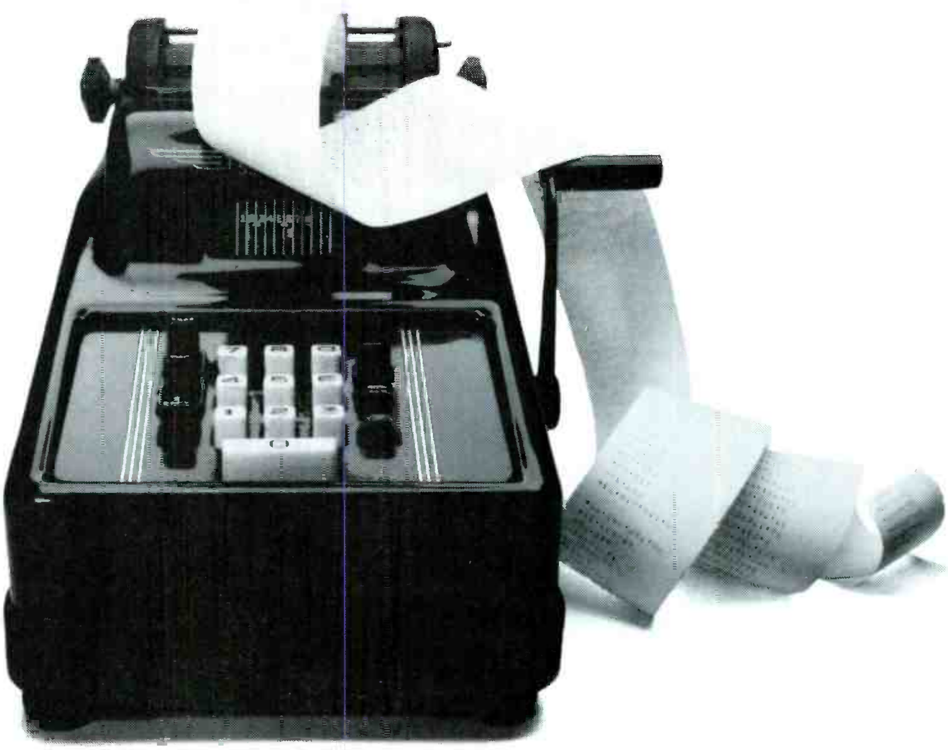
Others in the industry agree. "I don't think it has eliminated any work that we used to do, but it allows us to do things we wanted to do and often didn't get to because of time and other constraints," says Spencer Kinnard, news director at Salt Lake City's KSL.

"There has been a quiet and very, very substantial increase in the quality of the news product on a technical basis," says Wolzien. "What this means in terms of the editorial content is that you can probably do a better job of storytelling."

Yet even prophets of integration like Wolzien realize that technology in itself is not what will ensure the health of broadcast news. "Is it a replacement for good, solid, basic journalism? Absolutely not. None of this stuff will ever replace that." He adds: "All this stuff is, is tools. In concept, it's simply a tool of communication, no different than paper and pencil." ●

Contributing editor Paul Noglows is New York reporter for Media Business News.

Announcing The Most Important Change In Audience Research Since The Inception Of Arbitron Ratings



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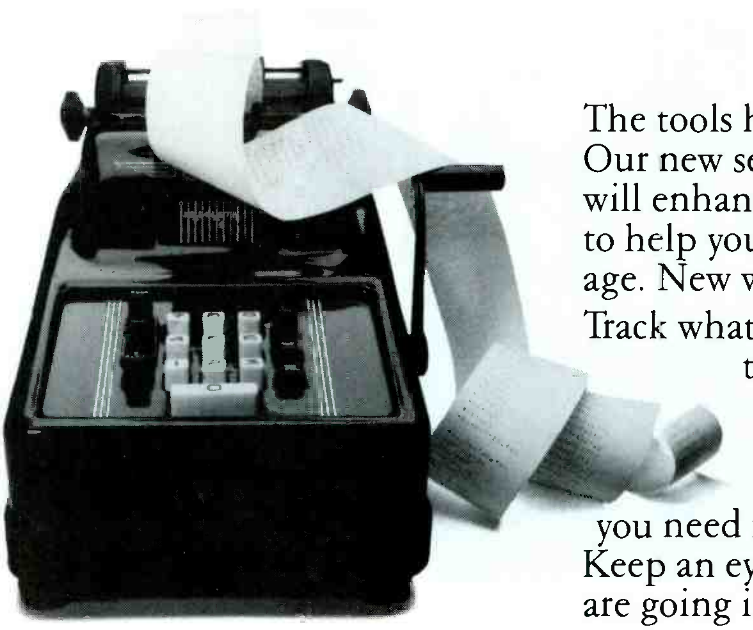

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ARBITRON

Unions Learn to Go With the Flow

Instead of protesting against studio and newsroom automation, some unions are making it work to their members' advantage. **BY DAVID BOLLIER**

As the coming wave of studio automation crashes over the nation's broadcast networks and local TV stations, it could well trigger some nasty labor disputes. After all, few workers welcome technologies that can eliminate jobs, render skills obsolete and slash wages. But the experience at technology-leader NBC —where robotic cameras, automatic cart machines and other new systems have eliminated 186 broadcast engineering jobs over the past year—has shown that new technologies can be introduced with a minimal amount of disruption, even if workers are represented by a union.

There are two main reasons why the National Association of Broadcast Employees and Technicians (NABET) decided they could live with NBC's big automation push. "One, the people left behind are paid at a higher grade than in any of their previous jobs, and two, no one was laid off," explains Cal Siemer, vice president of NABET Local 11 in New York City.

Layoffs at NBC were averted through a generous buy-out plan negotiated with NABET that gives workers who voluntarily leave one week's pay for every year of service at the network, along with job counseling and training benefits. For those technicians who remain, job responsibilities have often become more varied and challenging—and they pay much better. An NBC camera operator who once made $895 a week, for example, now makes $1,011 a week operating robotic cameras, videotape machines and lighting systems.

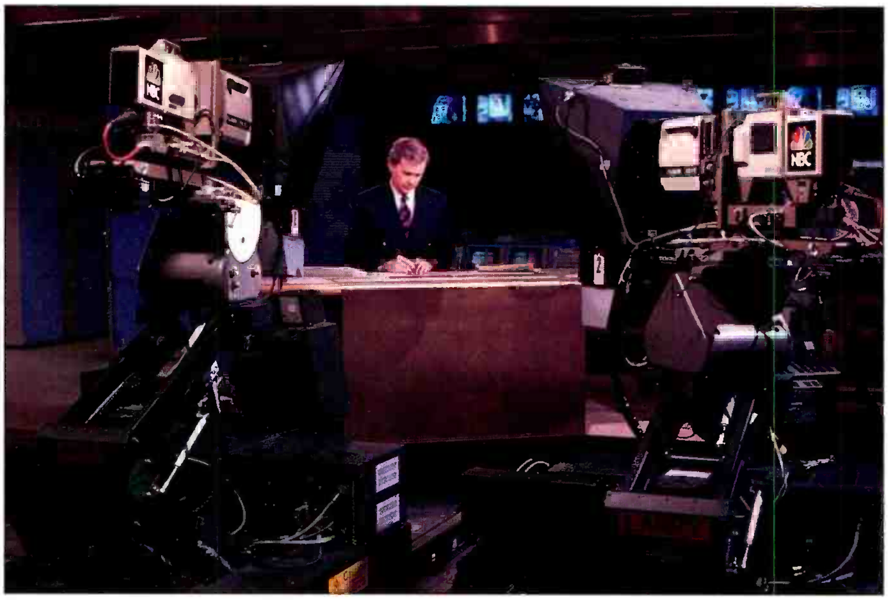
"We can't call advances in technology a problem," says Richard Smith, president of NABET Local 53 in Los Angeles. "The union has to go with the flow. We're not going to be like the railroad firemen who go on stoking nonexistent coal." In responding to studio automation, however, NABET is determined to avoid mandatory layoffs, says Smith.

In some cases, reductions in permanent jobs at NBC have caused temporary staff shortages, forcing the network to hire more per diem workers (at 130 percent of union scale). Dozens of "daily hires" were used for NBC's coverage of the 1988 political conventions in New Orleans and Atlanta, for example. Even though the number of full-time NABET staff at NBC declined from 1,300 to 1,100 following NABET's 1988 strike, NBC's use of per diem workers—all of whom must be union members—boosted NABET engineering positions to 1,600 that year. "It's crazy," says Siemer, but NBC is in effect "unionizing the freelance [technicians] market. It's causing us to become a broader-based organization."

Because the pace of studio automation has been slower at ABC and CBS, the unions there have not become as embroiled in major automation quarrels—yet. Nonetheless, the specter of future automation was an important part of recent negotiations between Capital Cities/ABC and NABET for a new union contract. If ABC gains sufficient changes in work rules, seniority and union jurisdiction, it will have an easier time introducing new technologies that could save it millions of dollars. At CBS, a new rapprochement over automation will likely have to be reached with the International Brotherhood of Electrical Workers by September 30, 1990, when the network's current contract expires.

At most broadcast stations, studio automation is still something of a sleeper issue. Only the largest stations are using robotic cameras or have plans to use them in the near future; the cost-efficiencies are just too limited, and robotic technology itself is still evolving. The more serious threat to station technicians is likely to come from newsroom computers and automated cart machines, which are increasingly common at larger stations. (See preceding story, "Man or Machine In the Newsroom?")

"The computer changes the whole concept of news production," says Mel Olinsky, operations manager at WFSB-TV in Hartford, Conn. "It makes it theoretically possible to have a newscast with just the talent and one



Robotic cameras focus on NBC's Tom Brokaw: human workers have moved on to better things.

person in the control room." Since they were first introduced five years ago, newsroom computers have been used primarily to control the information glut and improve operating efficiencies; staff layoffs have been rare.

As stations become more accustomed to computers, however, some visionary techies are getting a glimmer in their eyes: How can the computer be used to integrate all the studio equipment into one big remote-control machine? "The next wave will be the integration of all these clusters of machines—robotic cameras, switching, tape mechanisms," predicts Tom Wolzien, vice president, editorial and production services at NBC. Already some stations have developed innovative interfaces between machines, laying the foundation for future job cuts.

"It's just not efficient to type in supers [caption and ID overlays] for the script and then for air too," says Mel Martin, vice president and news director at WJXT-TV in Jacksonville, Fla. Using its newsroom computer, WJXT can automatically generate the supers for its newscast directly from the script, eliminating the need for a Chyron operator. WJXT is also among a handful of stations that use a newsroom computer to generate closed captions for the hearing impaired.

Future computer interfaces could introduce other breathtaking efficiencies that could also eliminate jobs. Newsrooms that can automatically feed scripts from the computer into the TelePrompTer could eliminate a technician; newsrooms that can retrieve old news footage through electronic searches of video archives might not need as many photographers and editors; newsrooms that coordinate story assignments with other stations in the region, via computer, could avoid duplicative camera crews and reporting.

In the control room, automatic cart systems have the potential for displacing videotape operators. WFSB's Olinsky explains: "Hook the cart into a station's schedule software in the traffic computer, load it into the library management system, and no one would be needed there." Automated cart systems with large capacities are just now being installed for commercial playback, so it may take a while before stations use them for newscasts.

While new technologies make future layoffs more likely, "a lot depends on what software and add-ons" a station eventually decides to buy, says Robert Beaulac, president of NABET Local 17 in Hartford. Since broadcast news trailed ten years behind newspapers in adopting newsroom computers, rapid technical innovations are problematic.

WFSB's Mel Olinsky says new technologies are changing 'the whole concept of news production.'

On the other hand, more stations are now quite comfortable with high-tech newsrooms; the leading computer system, Dynatech NewStar, is currently used at 130 stations. And as competition puts the squeeze on broadcast revenues, stations will be searching for new ways to improve operating efficiencies. New computer interfaces will be one promising place to start.

WBZ-TV in Boston is already wading into the high-tech waters with an automated cart machine and, within a year, robotic cameras, prompting IBEW Local 1228 to negotiate new contract language. Under the new contract, explains Kenneth F. Flanagan, business manager of Local 1228, "Management can install and use the studio automation systems, but installation, maintenance and repair has to be done by IBEW."

Apart from their impact on unions, newsroom computers are changing the daily operational norms for producers, reporters, engineers and technical staff. "If you approach a reporter to work for you, they'll ask, 'Do you have a computer?'—because it makes so much difference in their ability to do their job," says Skip Haley, assistant news director at WBRZ-TV in Baton Rouge, La. Reporters at WBRZ can use the computer to access the morgue files of 200 newspapers, communicate with the station from the field using laptop units, and even consult the ever-changing directory of airline flight schedules and fares. The new systems are so attractive if only because they can be so much more reliable and efficient than technicians standing machine-side. Stan Hopkins, news director at Boston's WBZ, believes greater automation is inevitable: "It's just a better way to do things."

Indeed, in the more competitive markets, computers and automated cart systems, once an option, are increasingly becoming mandatory. As David Urry, marketing manager for Sony's Library Management System, points out, "Competition in television is getting tougher and margins are getting smaller. Stations have to start running more efficiently because the revenues just aren't there."

For engineers and technicians, the story of studio automation is not the classic one of machines throwing hapless workers out of their jobs. It is a more complex story, in which some workers are losing their jobs while others are becoming more highly skilled and better-paid. There is less demand for single-skill technicians, more demand for versatile technicians who can perform installation, maintenance and per diem work.

While studio automation has proceeded fairly smoothly at the networks so far, the story could change as newsroom technologies filter down to individual stations, where managements may or may not be as accommodating and workers as flexible. Automation may not be a key bargaining issue for unions right now, admits Jack Stanley, international representative of the IBEW's broadcast department, "but it is going to have a top priority very shortly." ●

Contributing editor David Bollier last wrote about public-service TV.

Innovations Here And Still to Come

An update on four emerging technologies: 'desktop' video, new energy-efficient UHF power tubes, HDTV and digital audio workstations. **BY EVA J. BLINDER**

Without a doubt, the 1990s promise to be a decade of enormous change for broadcast technology. New product categories, developments from the computer industry and the inauguration of advanced television service will dramatically alter the face of broadcasting.

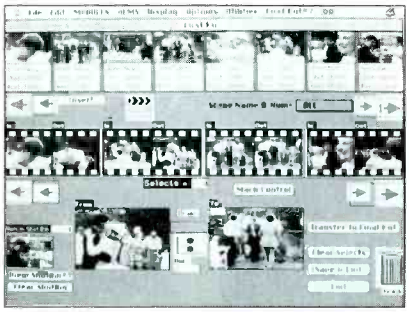
Some of these developments—for example, advanced television—are still in the early stages. At press time, the Advanced Television Test Center was reported to have moved back its start date for actual system tests to December from November because of unavailability of hardware. The nascent field of "desktop video" is still being defined, often in contradictory ways, by companies and users eager to exploit the increasing power of personal computers. Other changes, like the new breed of energy-efficient UHF power tubes, and digital audio workstations, are already in place at a small but growing number of stations.

Below, *Channels* examines a few of the issues surrounding these developments and emerging technologies.

DESKTOP VIDEO: IMAGES FROM A PC

Desktop video today is in a state of development similar to that of desktop publishing several years ago—an amorphous concept looking for a framework. Desktop publishing found its "framework" in the PostScript page-description language, which gave software and hardware designers a standard to build on. A similar breakthrough may be in the cards for desktop video, if a recent announcement by Pinnacle Systems lives up to its promise.

What exactly is desktop video? Does it have a place in broadcasting? The term has numerous interpretations, reflecting its relative newness as well as its varied possibilities. In general, however, a desktop video system will be based on off-the-shelf desktop computer hardware, with or without proprietary add-ins. It will be primarily software-based, and its end product will be true NTSC output onto videotape. To be truly useful for broadcast production, such a system should also be able to accept an NTSC input in some form.



The Mac display from Pinnacle/Seehorn.

This quick sketch leaves a lot of room for interpretation. Numerous products already on the market use personal computers for various video functions, from editing and edit decision list management (e.g., Comprehensive Video Supply's Edit Lister for IBM clones and the Apple Macintosh) to weather graphics (Associated Computer Systems' programs for the Amiga).

Desktop video recently got several boosts in the state of the art. Advanced Remote Technologies Inc. (ARTI) of Campbell, Calif., introduced a hardware/software package called the Executive V.P. Network (V.P. stands for Video Publishing). While the product is being marketed initially to corporate and industrial users, ARTI president Charles Ogden says it meets broadcast specs. In essence, the product turns an IBM-compatible or Macintosh PC into a videotape editing system. Proprietary hardware includes an Advanced Remote Computer Host Interface (ARCHI) that plugs into the computer's printer port. On the other end, the ARCHI connects to a network of "Advanced Remote Modules" (ARMs), each of which controls an external device, such as a VTR, ATR or switcher. The Video Publisher software is a complete A/B/C roll editing system with CMX-compatible edit-list management, so it can be used to prepare an edit decision list for auto assembly or as an on-line system.

According to Ogden, the system is now at several Beta test sites. The company is developing other software packages that will use the network for such additional functions as sequencing, commercial insertion or multimedia presentations management. A basic system can be put together for less than $5,000, although Ogden reported at press time that pricing had not been finalized and would vary with add-ons.

Meanwhile, a development from Pinnacle Systems promises a major step forward for desktop video. Pinnacle's announcement, made public a few weeks before NAB, was not a product but rather a process the company believes will do for desktop video what the PostScript page-description language did for desktop publishing. It is designed to streamline the producer's work by providing a unified interface for the entire process, from scripting through to post-production.

Under the terms of a recently signed technology agreement with Seehorn Technologies, Pinnacle will incorporate Seehorn's Macintosh-based products into its new desktop-video line. The first product is a software package for the Mac II that performs scripting, project management, budgeting, storyboarding and other preproduction tasks. For storyboarding, the graphical interface lets the user design "icons" to represent particular pieces of video. The software will sell for less than $500.

A further introduction is a "cataloguing" system for the Mac II that, in addition to the capabilities above, allows the producer to do a qualitative analysis of rushes as they come back and even begin edit-point selection. The cataloguing system includes hardware that will control one or two VTRs, grabbing frames at the in and out points and using the digitized images to replace the storyboard icons. The final product is a rough cut on video and a paper cut list.

That's just the beginning for Pinnacle,

however. According to Mark Gray, the company's executive v.p., the initial offerings are the hub of a planned network of products. One line will use the Mac II platform but add A/B roll edit capability and a CMX-compatible edit decision list. The second line will go all the way to digital component video by incorporating Pinnacle's recently introduced Prizm video workstation. This will give the producer 3-D digital effects capability, along with an optional key channel and freeze frame.

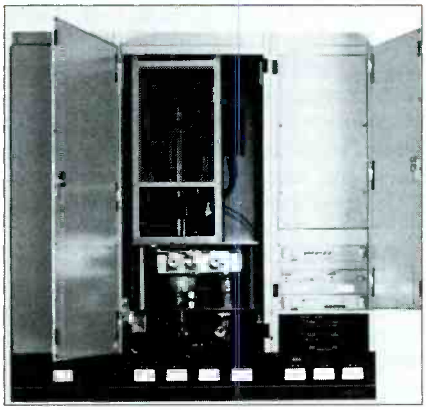
It's too early to tell whether Pinnacle's approach will indeed become the template for desktop video. But with their attractiveness to professional producers and first-time corporate video users alike, systems such as this demonstrate that desktop video is an easily achievable reality.

PUTTING UHF ON A POWER DIET

Anyone who approves or pays the power bills for a UHF stations is familiar with the huge power appetite of UHF transmitters. Now, two new transmitter technologies offer the promise of power-efficient UHF broadcasting, with attendant savings in energy bills. New tube designs from Comark (the Klystrode) and Varian TVT (the MSDC klystron) can cut UHF broadcasters' power bills in half, according to projections made by the manufacturers.

The MSDC (for "multi-stage depressed collector") klystron developed by Varian TVT is incorporated in a new transmitter line developed by the company expressly for the U.S. market. Retrofits to older transmitters will not be available, however, because the extensive modifications would not be cost-effective, according to Brian Akehurst of Varian.

Further savings come from an efficient multi-voltage power supply, which is required to drive the new tube. In addition, the transmitters incorporate a new exciter featuring precise precorrection and stability. This exciter, the company says, enables efficient annular control electrode (ACE) beam pulsing to be used to full potential without the need for continual readjustment by the user. That means the transmitter will operate for much longer periods without adjustment. At press time, Varian was believed to be on the verge of announcing a U.S. sale of an MSDC-equipped UHF transmitter.



Diet UHF: Comark's 60kW Klystrode Cabinet.

Comark, on the other hand, has installed half a dozen of its klystrode-based UHF transmitters in this country. The klystrode, which combines features of the klystron and tetrode power tubes, is highly efficient in its use of energy, and Comark has exploited this features to further enhance its desirability. A klystrode transmitter installed last December at WIIB-TV in Bloomington/Indianapolis, Ind., has two klystrodes operating in parallel with common video and audio amplification of 40 kW each, for a total power of 80 kW. The common amplification eliminated the diplexer and its switching system, greatly reducing the size and cost of the transmitter. In addition, parallel solid-state drivers and klystrode tubes along with dual high voltage power supplies contribute to reliability.

Comark's next step, expected soon, is a 30 kW, air-cooled, multiplexed klystrode transmitter.

Both these new tube technologies promise energy efficiency never before possible with UHF transmitters. But efficiency has traditionally taken a second place to reliability in transmitter purchases. Will these new units be as reliable as the ones they replace? As with any reliability question, only time will tell. Both Comark and Varian TVT have endeavored to design transmitters that are highly reliable. The klystrode, however, because of its hybrid design, has been the target of speculation that it may not make the grade on reliability. Not so, according to Comark president and CEO Nat Ostroff: "We have over 4,000 hours of operation on the oldest klystrode transmitter in the field and over 2,000 hours on the next three. All are running stable and meeting efficiency ratings. Performance is right where it ought to be."

HDTV: DRIFTING TOWARD A STANDARD

Despite many recent developments—most of them political or economic in nature—it's still unclear what form high-definition television will take in this country. Lines that seemed clearly drawn a few months ago are growing fuzzy as key players refine and shift their positions. A few points can be made with relative certainty, however. First of all, despite the dreams of a diminishing number of visionaries, there will be no "world standard" for either HDTV production or transmission. Early proponents of the NHK's 1,125-line HDTV production system and the related MUSE transmission system had predicted the adoption of a single HDTV standard worldwide, eliminating the standards conversion (and resultant picture degradation) now required for international program exchange. While some in the industry remain committed to an 1,125-line system, it's become clear that 1,125 won't be universal.

In Europe, the EUREKA project has developed a 1,250-line, 50 Hz family of HDTV transmission and production systems for that continent. Here in the U.S., the FCC has ruled that any over-the-air HDTV transmission system

An experimental HDTV viewing center.

must be compatible with the current NTSC system, and several experimental 1,050-line, 59.94 Hz systems have been proposed. NBC, one of the earliest and staunchest supporters of 1,050/59.94, recently suggested that this country maximize compatibility with European HDTV by adopting a 1,250-line system that would operate at 59.94 Hz.

Also recently, one of the strongest supporters of the 1,125-line, 60 Hz HDTV production system has backed down. The Motion Picture Association of America (MPAA) has softened its earlier position that 1,125/60 would be the best HDTV production system for the motion picture industry. Paramount Pictures has been especially critical of 1,125/60, stating that converting 60-fields-per-second HDTV to 24 fps film will create the jerky motion known as "temporal aliasing."

Nevertheless, the only currently available HDTV production equipment adheres to the 1,125/60 standard. A number of companies are beginning to manufacture ancillary equipment designed especially for HDTV: BTS's wideband routing system; Rebo Research's HDTV fiber-optic transmission system and frame-store; and Toko America's HDTV frame-store and standards converter are just a few.

The broadcast industry is moving ahead with transmission-systems testing, and while all of the proposed transmission systems make beautiful pictures in the laboratory, it remains to be seen how they will hold up in over-the-air transmission. Addressing the recent Television Conference of the Society of Motion Picture and Television Engineers, Julie Barnathan quipped, "The ghosts I have [in my current set], I can live with because they're not that sharp." Barnathan and others are quick to point out that terrestrial transmission can seriously degrade a broadcast signal, often in ways that are difficult to predict and almost impossible to correct.

The intense interest in HDTV from the federal government and the Department of Defense makes it highly likely that the HDTV system adopted in the U.S. will be one developed and largely built here. This has obvious advantages in terms of the health of our consumer electronics and semiconductor industries. But the biggest disadvantage is that once again, a broadcast standard may be chosen not on the basis of technical excellence but primarily on political and economic motives.

DIGITAL AUDIO: BOOM OR BUST?

The digital audio workstation (DAW), the hottest new audio-product category of the last two years, seems to be cooling off as the market matures. The technology itself continues to advance, however, and despite the retrenchment among some manufacturers, product development is continuing apace. Buying decisions remain complex.

This equipment category actually comprises a wide range of products, priced anywhere from $20,000 to $150,000 with corresponding variation in capabilities. While those prices may appear high, it's important to remember that in many cases, these systems replace an entire control room. By storing digital audio on hard disk drives, they allow the user to manipulate the material much faster and with greater flexibility than tape-based systems.

DAWs fall into three primary categories: Editor-only systems, such as the AMS Audiofile and Digital Audio Research (DAR) Soundstation II, convert downloaded audio into digital form, assign it to "tracks" and edit it, sans audio processing or mixing. Editors with "virtual mixers" add the ability to mix the digitally assigned tracks on a simulated mixer with a CRT display, using a computer keyboard or mouse; products in this category include the

The WaveFrame AudioFrame workstation.

WaveFrame AudioFrame, New England Digital PostPro and IMS Dyaxis. The third category includes editors with digital mixers, such as the Lexicon Opus, AMS Logic 1 and Solid State Logic 01. These incorporate an actual digital mixer that performs A/D conversion, grouping, mixing and assignment of audio inputs to the workstation, as well as digital mixdown and processing of edited tracks. They are true standalone audio rooms, requiring only an outboard mastering deck.

Despite the flexibility and power of DAW systems, "caveat emptor" remains the operative principle for a prospective buyer. Even within categories, systems vary widely in capabilities, and many lack features taken for granted in the conventional systems they replace. For example, one of the fully dedicated workstations has an eight-input, on-board digital mixer. But the CPU can handle only three "disk events" simultaneously, meaning that only three tracks can be mixed at a time to an outboard mastering deck, or only *two* tracks if staying totally inboard.

In addition, systems vary in configuration, size and the amount of digital audio storage they offer. Each system reflects the "personality" of its builder. They also differ in the kind of user interface involved, which may affect the learning curve for station staff.

The biggest shocker in the DAW arena has been the recent demise of Fairlight Instruments, the Australian maker of a popular and highly regarded DAW system. Fairlight's locked doors have cast some doubt on the viability of this fledgling area. But other DAW manufacturers continue to offer a variety of systems, and it seems likely that failures like Fairlight's are the standard "growing pains" of any new field. Company co-founder Kim Ryrie said, during a recent telephone interview, that Fairlight had been managed over the past 12 months by a group of venture capitalists. The company had incurred significant debt during the last two years, particularly in its U.S. operation. "The main reason [the company went under] was that the major investors had said they'd put in more funding at the end of the year," Ryrie said. "We had our record order month last November and December. In December they said they couldn't raise the money. There was no time to look for other sources."

Ryrie said he and his original partner, Peter Vogel, were exploring new avenues of funding and will attempt to buy back the assets and intellectual property of the company. ●

Eva J. Blinder is editor of BME.

New England Digital's PostPro system.

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No cape, no X-ray vision…just AP NewsDesk. A superpowered software system for radio and television stations, coming soon from AP Broadcast Services.

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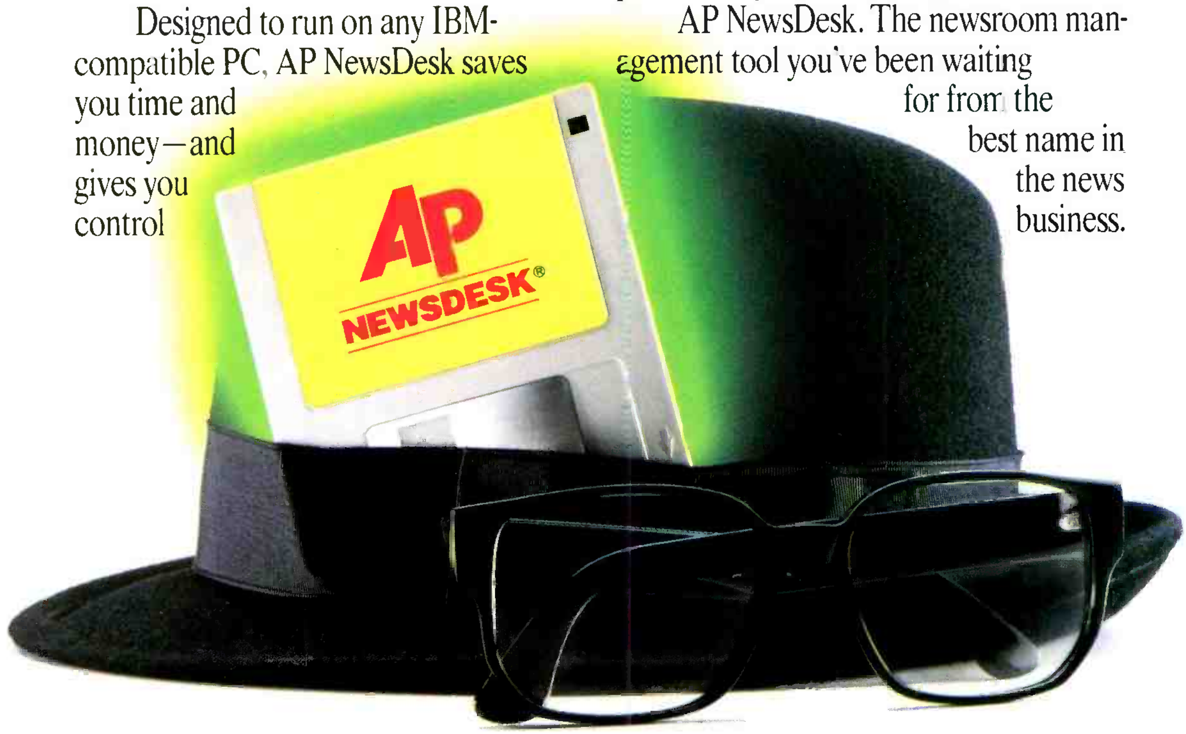
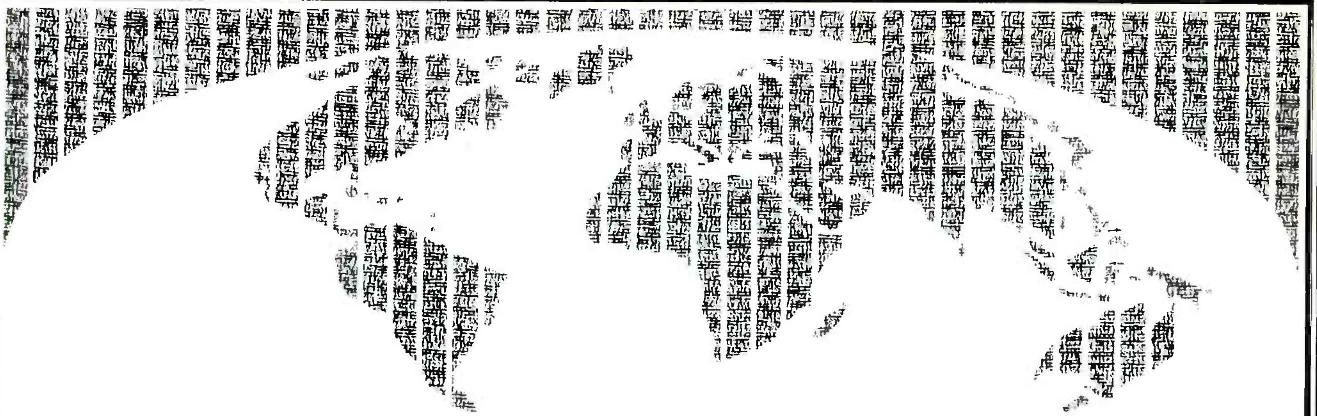


Associated Press Broadcast Services



Minority Partners

by Paul Noglows

With a strategy based on tax certificates, Cook Inlet has become a force in media.

George Kriste, president of Cook Inlet Communications Inc., still refers to his firm as a "small communications company." It's become a questionable characterization.

With the recent purchase of NBC affiliate WSMV in Nashville from George Gillett, Cook Inlet now owns two network-affiliated TV stations and eight FM and three AM radio stations spread across eight major markets. It has quietly emerged as one of the most powerful new groups in broadcasting.

A wholly owned subsidiary of Cook Inlet Region Inc. (CIRI), the company is one of 13 Alaskan regional corporations established by Congress under the Alaska Native Claims Settlement Act in 1971. Kriste explains: "As part of the settlement, the regional companies were endowed with a few million acres of land and cash [$37 million over seven years]. They were put into the corporate mold by legislation that said our shareholders would be Native American people and that their means of having economic self-worth would come from this entity that would compete in the corporate world."

Through careful management of its land and resource holdings, CIRI grew, and in the early 1980s began to look for ways to diversify outside the oil-driven Alaska economy. One foray into TV—a bid for the Anchorage cable franchise—was unsuccessful, but that disappointment did not dissuade Cook Inlet from pursuing media investments. "We stepped back and we made a decision to look at broadcast TV," says Kriste. In 1985, CIRI established Cook Inlet Communications. Via a 50-50 general partnership with Whitcom Partners (part owner of the *International Herald Tribune*), the company that year purchased ABC-affiliate WTNH in New Haven from Capital Cities/ABC Inc. for $170 million. Cook Inlet reviewed several other TV acquisitions over the next two years but chose not to expand because of high asking prices. Instead, Cook Inlet, with partner Whitcom, bought First Media Corp.'s 11 radio stations in 1987 for over $170 million. The acquisition, one of the largest in radio history, made Cook Inlet a major player in radio overnight.

Integral to Cook Inlet's success in the acquisitions arena has been the use in each case of minority tax certificates. Under FCC guidelines, an owner who sells media properties to a minority purchaser can postpone paying capital-gains tax on proceeds from the sale as long as those proceeds are applied to purchases of similar properties. Capital gains are paid only when that subsequent property is sold. Use of the certificates is becoming more widespread; The New York Times Co. recently saved over $55 million in taxes on the $420 million sale of its cable unit to Comcast Corp. and minority partner J. Bruce Llewellyn. Such tax certificates encourage deals to proceed that otherwise might not. "A lot of people, in a market that is a little bit depressed right now, would be less inclined to sell on the low side if they couldn't shelter some of the income," Kriste says. He maintains the tax certificates have served their purpose—encouraging minority ownership of broadcast properties. "A lot of the trading we've seen in radio and TV properties is club-oriented. This policy has helped break the club a little bit and get some new blood into the ownership side."

Kriste: Breaking up the broadcasting club.

On the operations side, Cook Inlet runs with decentralized management that puts the lion's share of responsibility on the company's field managers, a tack that appears to be working. CIRI netted about $500,000 in 1977; by 1988 profits grew to about $35 million. "We feel it is critical to have earnings and cash flow to produce dividends for our shareholders," Kriste says of the 6,300 Aleut, Athabascan and Eskimo owners of CIRI stock, who aren't permitted to divest their holdings. "It's the only benefit they get from the corporation." This year CIRI will pay about $11 million in dividends.

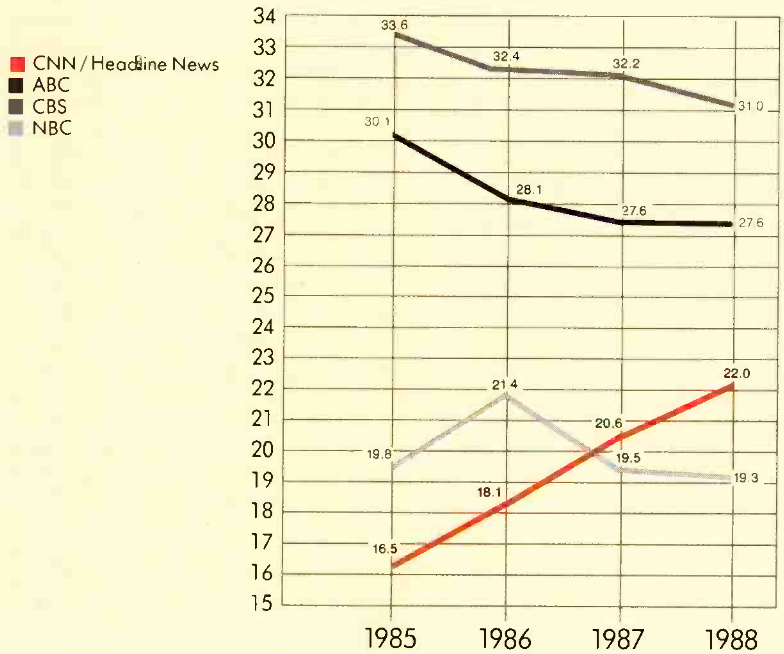
The company is determined to keep growing its media holdings. "This is a building process," says Kriste. "In radio there are still obvious major markets—L.A. and San Francisco, and maybe even Miami and Dallas—that we'd like to acquire stations in. In television, we are looking at top-30 market network-affiliated stations in good growth areas. And we're continuing to look at cable, because it is still a good buy in certain circumstances." ●

Contributing editor Paul Noglows is the New York reporter for Media Business News.

CABLE

CNN's Got Some News

Ted Turner can surely be happy about CNN and Headline News, his two profitable all-news networks on many cable systems. Apart from breaking their own viewing-share records in 1988 (highest monthly share: September, 26.0; highest quarterly share: third, 22.6), CNN and Headline News combined paved more inroads into the broadcast networks' viewing shares. Note: the shares represent minutes carried multiplied by average audience, working in the cable-news channels' favor since they're on 24 hours a day; the three networks are only represented by their half-hour notional newscasts. On the other hand, the audience measured represents all U.S. households, not just cable households.



Source: TBS Research from A.C. Nielsen National Ratings and NHI Daily Ratings.

DEALS

1988's Top Cable Brokers

After a record $8.4 billion worth of transactions in 1988, cable brokers expect as strong a market throughout this year. The number of deals transacted also rose 41 percent from 1988. Noticeably absent from the list of top ten brokers are First Boston and Goldman Sachs, whose numbers were not available. The companies are ranked by the sum dollar value.

Broker	Number of Deals	Dollar Value (In millions)	1987 Rank	1986 Rank
1. Morgan Stanley	11	$1,703.5	NA	NA
2. Drexel Burnham	1	1,440.0	NA	NA
3. Communications Equity Assoc.	48	961.3	4	3
4. Shearson Lehman	8	854.5	2	2
5. Waller Capital	23	806.3	5	8
6. Daniels	45	536.8	1	1
7. Jones Group	34	481.0	6	5
8. Kidder Peabody	1	375.2	7	NA
9. Coaxial Capital	13	200.5	15	12
10. Pat Thompson	28	121.3	13	11

Source: Paul Kagan Associates Inc.

★ RATINGS ★

TOP NETWORK SERIES

First 25 weeks of season, Sept. 18, 1988 through March 5, 1989

SERIES / NETWORK	RATING / SHARE
1 The Cosby Show / NBC	25.9 / 41
2 Roseanne / ABC	24.8 / 36
3 A Different World / NBC	23.0 / 36
4 Roseanne (8:30) / ABC	22.9 / 34
5 Cheers / NBC	22.7 / 35
6 60 Minutes / CBS	21.7 / 35
7 Golden Girls / NBC	21.6 / 37
8 Who's the Boss? / ABC	21.0 / 32
9 Wonder Years / ABC	20.6 / 30
10 Murder, She Wrote / CBS	20.4 / 31

TOP BARTER SERIES

First 24 weeks of season, Sept. 4, 1988 through Feb. 26, 1989

SERIES / SYNDICATOR	RATING
1 Wheel of Fortune / King World	15.8
2 Jeopardy! / King World	13.3
3 The Cosby Show / Viacom	11.9 #
4 The Oprah Winfrey Show / King World	10.2
5 Star Trek: The Next Generation / Paramount	10.1 #
6 Universal Pictures Debut Network / MCA TV	9.7 #
7 Wheel of Fortune (weekend) / King World	9.6
8 Tri-Star Showcase / TeleVentures	9.3
9 Columbia Night at the Movies / Columbia	9.0 #
10 TV Net Movie / Teletrib	8.9 #

TOP CABLE NETWORKS

Average ratings / projected households, February 1989

NETWORK	7 A.M. TO 1 A.M.	PRIME TIME
1 TBS	2.1 / 1,014,000	2.5 / 1,208,000
2 USA	1.4 / 657,000	2.2 / 1,032,000
3 ESPN	1.0 / 501,000	2.2 / 1,103,000
4 CNN	0.8 / 396,000	1.2 / 593,000
5 CBN	.8 / 348,000	.8 / 348,000
6 MTV	.7 / 313,000	.8 / 358,000
7 Nashville Network	.5 / 237,000*	.9 / 412,000
8 Lifetime	.5 / 211,000	.7 / 295,000
9 TNT	1.0 / 202,000	1.3 / 262,000
10 Discovery	.5 / 192,000*	.8 / 307,000

Includes multiple exposures.
* 9 A.M. to 3 A.M. Note: cable ratings are percentages within the varying populations that can receive each network. Networks are ranked by projected number of households rather than ratings. Source: Nielsen Media Research data.

HOME VIDEO

Top Videocassettes / Rentals

February 1989

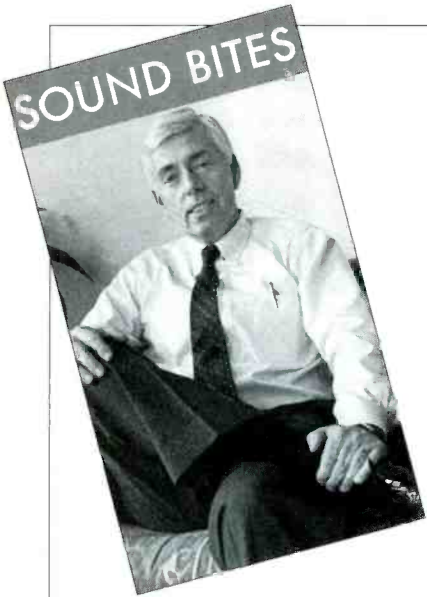
	TITLE / PUBLISHER	% TOP 50*
1	**Die Hard** / CBS / Fox	9.2
2	**Bull Durham** / Orion	7.9
3	**Presidio** / Paramount	5.7
4	**Dead Pool** / Warner	5.1
5	**Red Heat** / IVE	4.8
6	**Young Guns** / Vestron	4.7
7	**Great Outdoors** / MCA	4.3
8	**Three Men and a Baby** / Touchstone	4.1
9	**Beetlejuice** / Warner	2.6
10	**Willow** / RCA / Columbia	2.2
11	**Colors** / Orion	2.1
12	**Short Circuit 2** / RCA / Columbia	2.0
13	**Funny Farm** / Warner	1.9
14	**Unbearable Lightness of Being** / Orion	1.8
15	**Good Mother** / Touchstone	1.8
16	**Caddyshack II** / Warner	1.7
17	**License to Drive** / CBS / Fox	1.7
18	**Above the Law** / Warner	1.7
19	**Biloxi Blues** / MCA	1.6
20	**Shoot to Kill** / Touchstone	1.5

Top Videocassettes / Sales

February 1989

	TITLE / PUBLISHER	% TOP 50*
1	**Michael Jackson: Moonwalker** / CMV	12.3
2	**Bruce Springsteen: Video Anthology** / CMV	11.0
3	**Sports Illustrated Swimsuit Edition** / HBO	9.0
4	**Jane Fonda's Complete Workout** / Lorimar	7.1
5	**U2 Rattle and Hum** / Paramount	4.9
6	**E.T.** / MCA	3.7
7	**Untouchables** / Paramount	3.1
8	**Fatal Attraction** / Paramount	3.0
9	**Dirty Dancing** / Vestron	3.0
10	**Cinderella** / Disney	2.7
11	**Beverly Hills Cop II** / Paramount	2.1
12	**Jane Fonda's Start Up** / Lorimar	1.8
13	**Wizard of Oz** / MGM / UA	1.7
14	**Kathy Smith: Fat Burning Workout** / Fox Hills	1.6
15	**Jane Fonda's Low-Impact Aerobics** / Lorimar	1.6
16	**Jane Fonda's New Workout** / Lorimar	1.5
17	**Lady and the Tramp** / Disney	1.5
18	**Callanetics** / MCA	1.5
19	**Racquel: Lose 10 Lbs. in 3 Weeks** / HBO	1.4
20	**Alice in Wonderland** / Disney	1.4

Source: Videodome Enterprises, Dallas. Charts appear weekly in TWICE magazine. * Title as percentage of top-50 tapes total volume.



The Art and Advantage of Conversation

Multimedia Entertainment's Peter Lund is haunted by the specter of life without Phil. Who'll inherit the wireless mic?

M*ultimedia Inc. bought into the syndication business, literally, with its acquisition of WLWT-TV Cincinnati in 1976, a deal that included production and syndication rights to* The Phil Donahue Show. *Now in its 22nd year,* Donahue *is the centerpiece of Multimedia Entertainment, which also syndicates* Sally Jessy Raphael *and the* Young People's Specials *series. The division's president, Peter Lund, joined the company in 1987 following ten years at CBS (including stints as g.m. of WBBM Chicago and WCBS New York and president of CBS Television Stations). Lund recently talked with* Channels *about leading Multimedia into its next decade of syndicated talk.*

Making More Talk

The main thing we have in development is the continuation of *Sally Jessy Raphael.* I mean, that's not quite a fair answer to the question, what do we have in development? But the most important development for us, to use the word in its broadest sense, is the increase of *Sally* from a half hour to an hour show. That's development to us. Eighteen months ago, this was a half-hour television show in 65 markets, and in September it will be a one-hour show in 125 markets.

It's a better risk than trying a new show that you hope might get on the air. This is a show that's already on, and the question was, could we turn it into a successful one-hour talk show?

Sally's Ratings Rise

It's doing about a 4.8 on a national, week-to-week ratings basis, as compared to about a 2.8 a year ago. [The increase] is a good example of a two-pronged attack. One credit has to go to Sally and the producers, for producing a show that an increasing number of people want to watch. But that national number has also been impacted by the sales department, and the fact that the show is seen in more markets, in a longer forum [the show has been offered in a one-hour version since January '88] and in better time periods.

To me, *Sally* is a good example of a truism that we've all talked about in television over the years. That is, if you put something on television that is above the watermark, and then you stay with it, you have a good chance of success. As opposed to the never-ending problem of putting things on for six weeks or thirteen weeks and saying, "My God, this isn't working," and then taking it off. This past October marked the fifth year for *Sally Jessy Raphael.* It started as a half-hour show on KSDK in St. Louis.

The Talk-Show Competition

It makes us nervous. There is a competitive part of all of us—one of my old favorite corporate lines is: In order for me to succeed, my friends have to fail. Terrible line, but it has an unfortunate amount of truth to it in broadcasting. It may not be that your show is so wonderful, but that another show went into the tank, and you then subsequently get that time slot and get that chance.

Painted with Tabloid's Brush

All of us who are in the first-run syndication business, specifically the talk-show business, have been thrown into the same barrel and labeled as "trash television"—or at least sometimes labeled trash television. While *Donahue* is most often exempted from trash-television articles or comments, he is not always. Phil remembers with fondness his picture, in a dress, on the front of *USA Today.*

What Makes *Donahue* Different

One, the staff and Phil work hard to do shows that are informational, that are enlightening, whatever umbrella we put over them—classy shows that are meaningful, that have an impact. And the other thing that separates Phil is that he's been doing it for 20 years. So at least for some large number of people, Phil does it better than anybody else.

America's Talk-Show Audience

There doesn't seem to be any major demographic or socio-economic difference between [the audience for] the various talk shows. What we do see is, each of these talk shows—*Sally, Phil, Geraldo, Oprah*—has a base audience that likes that person better than any other, and watches that show almost irrespective of the topic. And each market is different. Then there is the swing vote. Again, it varies, but there is that 20 or 30 or 40 percent of the audience that tunes in based on that day's topic. They see a promotion on the station or an ad in the newspaper, or tune in and watch the first couple of minutes to decide whether this topic interests them.

You can come up with a pretty good estimate of what the core audience is for these shows. In other words, if Phil never gets lower than a 4 in New York, you could make an extrapolation from

PHOTOGRAPHS BY MARK STERN

that—without getting into complicated research—and say that's about the core. It never gets any worse than a 4, no matter what the topic is.

The Day that Talk Dies

I guess I never worry about talk shows going out of favor, because it seems to me that there are always going to be talk shows on television—some kind of conversation/talk shows. Phil has been on for twenty years. Phil won't be on twenty years from now, but *somebody* will be on the air doing talk shows. Talk shows are a part of the television fabric—they're not going to go away. Now, whether Multimedia has successful talk shows on television ten or fifteen years from now is an open question. I mean, I don't know at this point. There is no way to tell.

But I think that because we have some expertise in that area, and because we have had some success, we should continue to explore and develop talk shows. We should stay in that arena. At the same time, absolutely, we'd love to find something else. There is no form, virtually, that we wouldn't want to find. It would be great to find or develop a successful game show. We tried that with *Sweethearts*. We bought into the concept. We made a pilot. The sales department did a good job of getting the show cleared in 75 percent of the country. We didn't do such a good job subsequently [in the ratings].

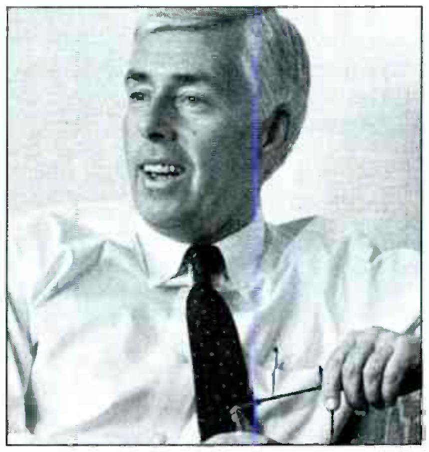
So Long, *Sweethearts*

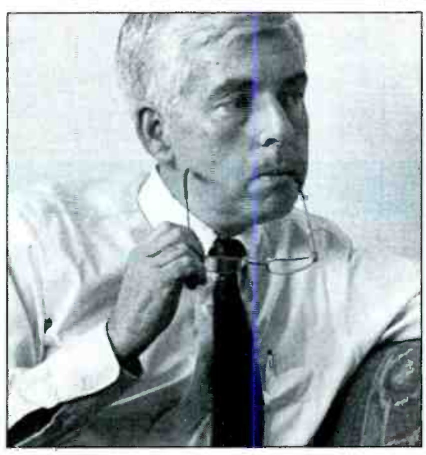
We're going to lose significant money on *Sweethearts*. It's going to be a one-year in and out, and then we'll be out of that business. But we haven't at all soured on game shows. We'd still do another one. The difficult part about a game show is that it's a little like trying to catch lightning in a bottle. It is a tough form to hit with. But we have a couple of projects that we're looking at.

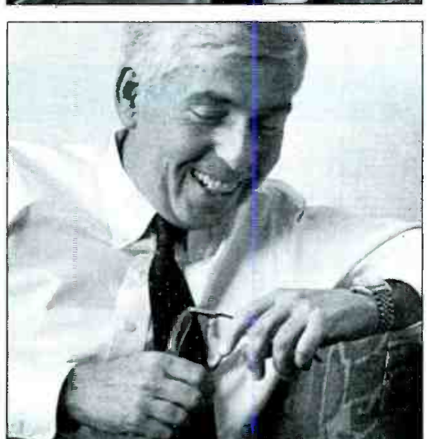
Finding the Next Phil

Where is the next show? What's going to follow Phil Donahue—someday? God forbid. I sort of always hope I'm gone before he is. But I am more likely to be here, and someday Phil will say, "I've had enough of doing this." There is clear pressure, self-imposed and otherwise, to get some more shows on television. [Multimedia Entertainment] is a company that has $60 million worth of revenues, and this company would very much like that revenue stream to continue. The success of Sally is wonderful. But we need to make sure that we have other things in the pipeline. That's why a show like *Sweethearts* is okay to do. I don't wake up at night or feel *too* awfully bad about the fact that we lost money on that show. You can't be in this business and say, well, I don't want to do anything because I don't want to fail. It is also a business of failures. We know that there are many more shows that bite the dust than there are shows that are successful. You've got to sink some money into pilots and products, which we are prepared to do.

> *'Talk shows are a part of the television fabric—they're not going to go away. Now, whether Multimedia has talk shows on TV ten years from now is an open question.'*







Barter Sales and Spectrum

We're primarily going to be a program-distribution and development company, but the barter-sales aspect is important—about 30 percent of our revenues come from barter sales. It's a significant part of our business.

Spectrum is basically a joint venture between Multimedia and GTG to sell the barter advertising for both those companies' shows, [formed] with the thought that it would do two things. One, it would cut down the cost of doing business for both parties, because you could spread those costs over two companies. And second, it would give the salespeople a bigger portfolio of product or spots to go in with. We have opened the door, and are representing some Fries product, and we'd like to do more of that. How high is up, I don't know.

Cementing a Cable Connection

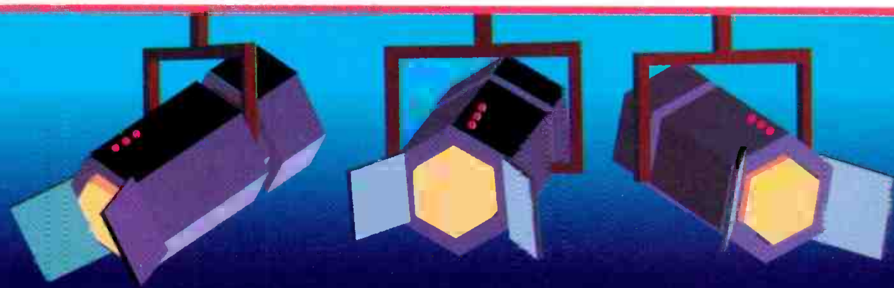
We did a movie for The Disney Channel this past winter, but outside of that we haven't produced programs specifically for cable. But generally speaking, if we're not producing programming for cable ten years from now, we won't be in business. I think all [syndication] companies will be producing for cable.

It's kind of a paradox, because we all talk about how it's a tough marketplace, and it's tougher to get shows on, and the time periods are crowded, and all this stuff that you all write about and we all read about and we say it—"Boy, it's tough out there." And yes, it is. Yet given fifty channels on your television set, the opportunities have never been greater. There are a lot of people making a living programming for cable right now, and if you read the articles, a lot of cable-program companies are making money.

What WCBS Really Needs

The last thing WCBS needs is advice from an ex-manager. They don't need any help from me. I follow [the New York marketplace] because I consider all three of the general managers friends, and once you've run a station here it's hard to not be interested. Plus, we have one-hour talk shows on two of the stations. But the one thing about running a television station in New York is that you're never short of advice. You can always get that. ●

RUNNING THE NUMBERS



Favorite Network News Stories

In a perfect world, one could expect network news to be an unbiased source of information. Here on Earth, however, each of the Big Three has its preferences—stories on which it spends more than average time. The *Tyndall Report*, a monthly newsletter published ten times a year, tracks network-news coverage throughout the year and measures the time devoted to every story and feature. The newsletter's January issue, which summed up 1988's news hits, included categories such as the most saturated days of news coverage and the latest Third World hot spot in the news. The *Tyndall Report* is published by ADT Research.

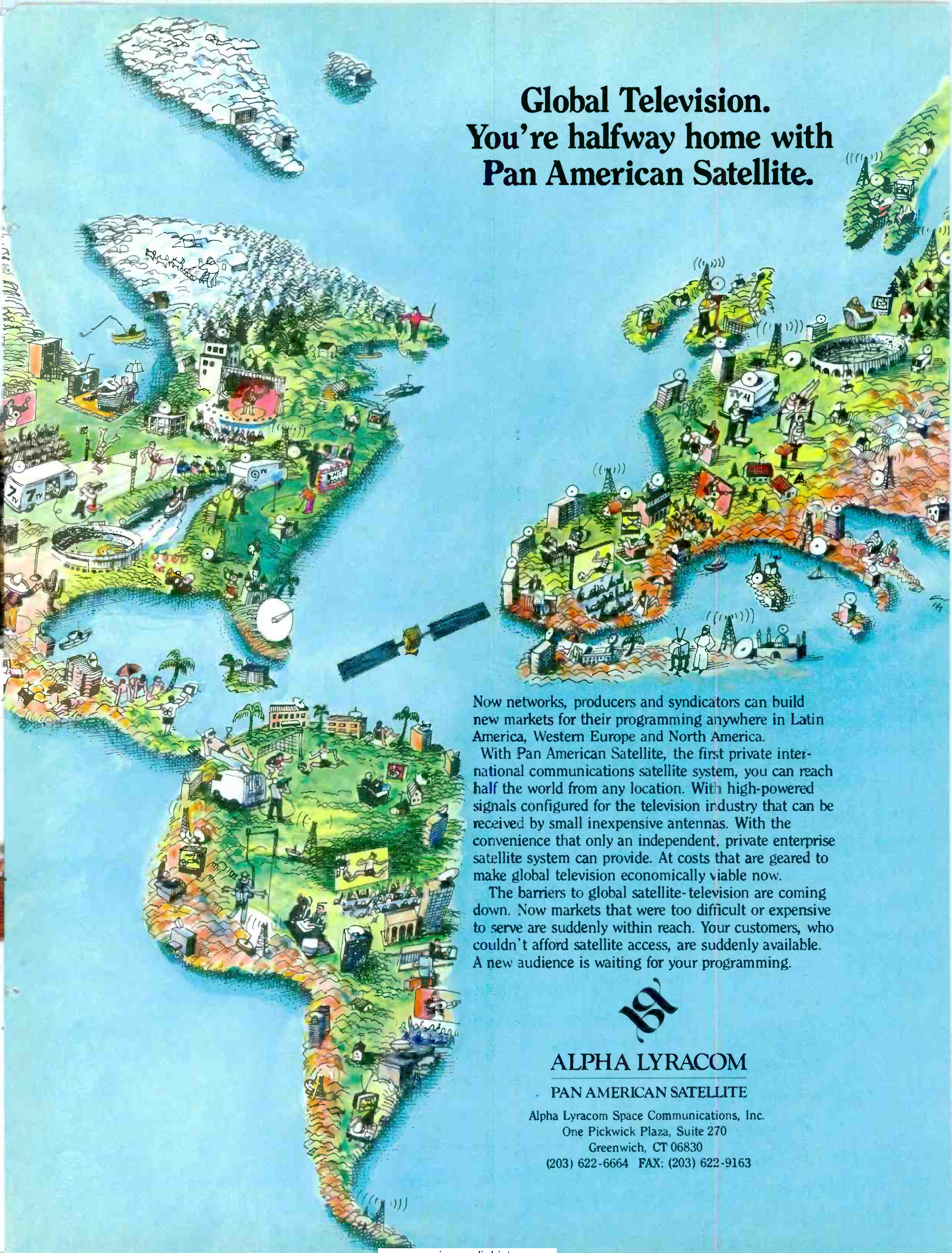
ABC FAVORITES	ABC	CBS	NBC	Rank within Most Covered Stories of '88
	(In minutes)			
•Israeli Palestinian Conflict	218	195	155	1
•US Navy missile downs Iranian Airbus	73	66	54	10
•Democratic National Convention	68	54	49	16
•Iran-Iraq war, ceasefire	43	33	20	30
•Northern Ireland troubles	28	12	15	50

CBS FAVORITES	CBS	ABC	NBC	Rank within Most Covered Stories of '88
	(In minutes)			
•Michael Dukakis campaign	151	113	137	3
•Hostages held in Lebanon	90	44	55	11
•NASA space shuttle program	83	60	52	9
•Afghanistan war continues	74	39	54	17
•JFK assassination 25th anniversary	48	1	17	39

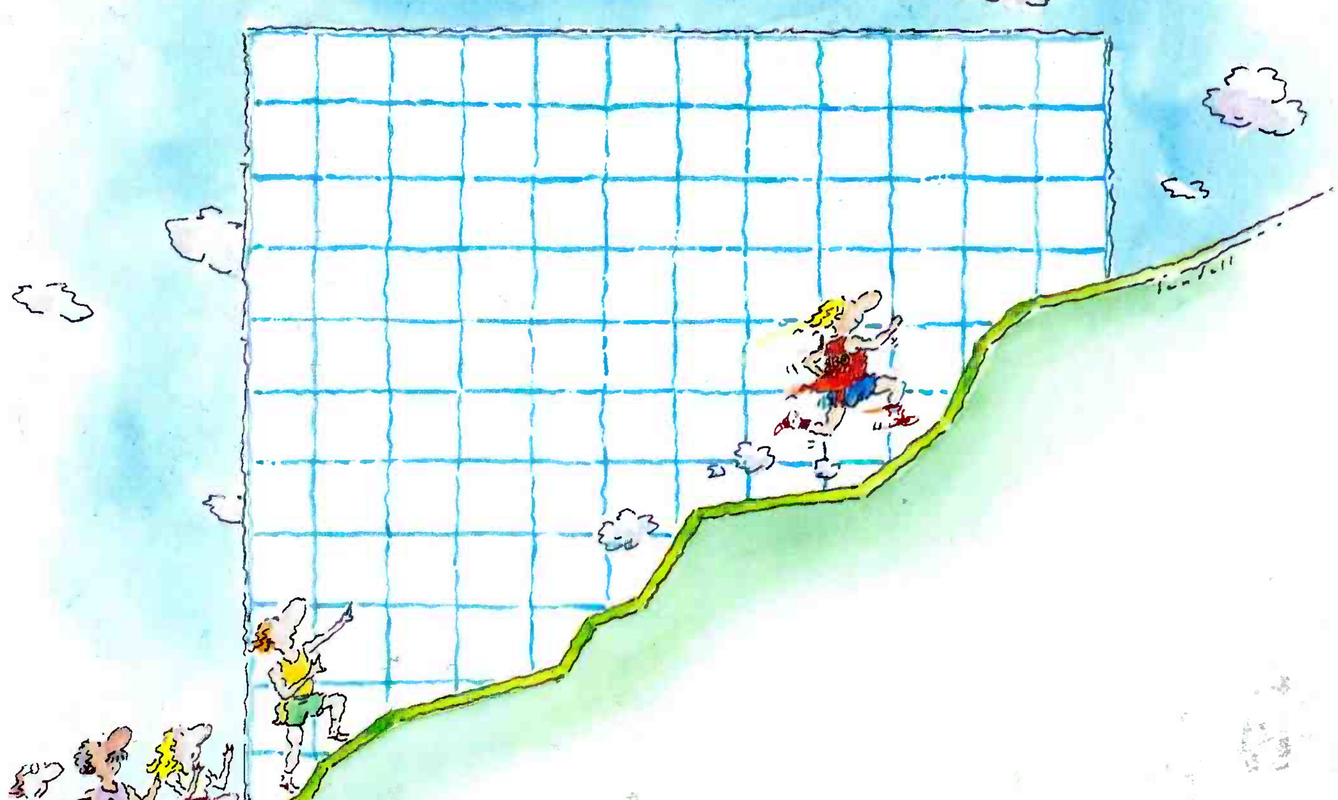
NBC FAVORITES	NBC	ABC	CBS	Rank within Most Covered Stories of '88
	(In minutes)			
•Contra war: aid votes, ceasefire	114	86	155	5
•Summer Olympics held in Seoul	89	36	54	19
•Pentagon procurement scandal	51	35	49	25
•Jesse Jackson campaign	44	24	20	29
•Drugs: Colombia cocaine cartel	27	4	15	N/A

Source: ADT Research

CHART BY JIM LUDTKE



Who's got the best track record for running up basic <u>and</u> pay sales?



For years, the HBO®/Cinemax® Combo marketing strategy has led the pack in giving you the best-performing, most cost-effective way to gain more basic and pay subscribers. And since eight out of ten of your new pay subscribers come from the homes passed audience, the best way to accelerate your revenue growth is with a proven strategy — one that sells HBO, Cinemax *and* basic. No wonder everyone is running with the winner — HBO/Cinemax Combo marketing.

HBO®

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Your Marketing Front-runners