

# SALUTE TO EXCELLENCE '87



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KYTV



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EYES ON  
THE PRIZE



CHANNEL 4  
U.K.

# CHANNELS

OCTOBER

THE BUSINESS OF COMMUNICATIONS

1987

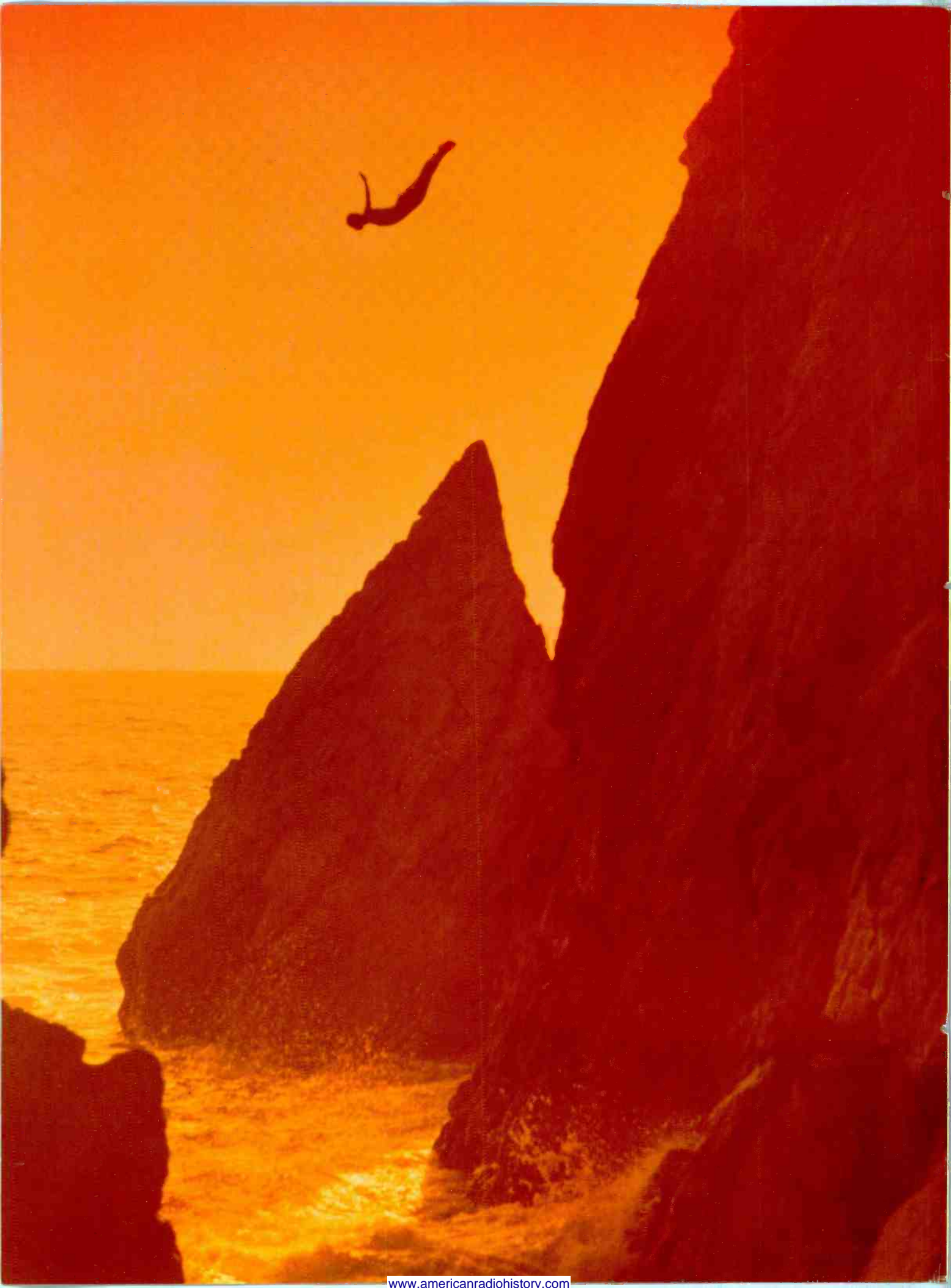
## Howard's Odyssey

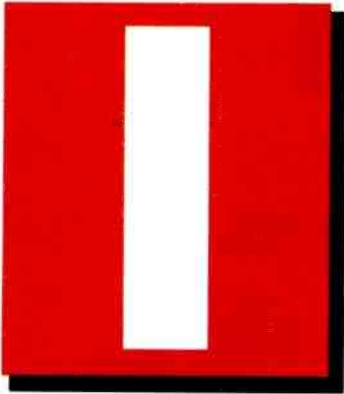
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# CHANNELS

THE BUSINESS OF COMMUNICATIONS

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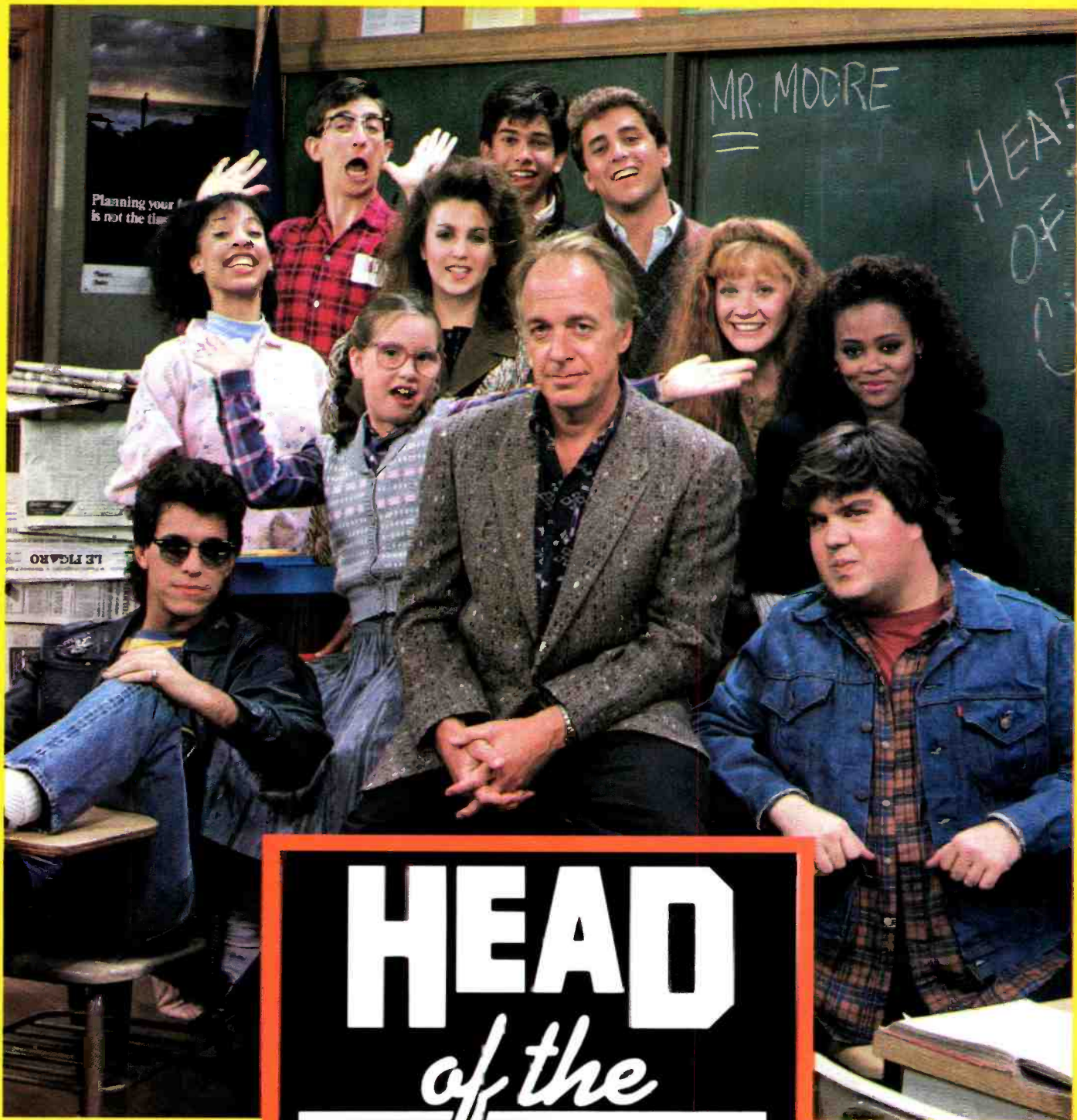
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Cover photograph: E.J. Camp





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## EDITOR'S NOTE

# CHANNELS

THE BUSINESS OF COMMUNICATIONS

## Recognizing Excellence

This issue of *Channels* features the magazine's fourth annual Excellence citations, a celebration of the people, programs and companies that make working in the electronic environment so compelling. It is satisfying to cite eight communications-industry endeavors for their commitment to quality and for their accompanying commercial and critical success, but it has also been rewarding to review the status of the industry as we searched for candidates. It's a process *Channels'* editors enthusiastically embrace every year.

In 1987, more than at any other time, the quality of programming in every part of the television industry is provocative, entertaining and informative. While it's fine to talk of the fifties as a Golden Age of Television, there is ample evidence to suggest that television is in another bright period: the remarkable expansion of programming outlets in the U.S. and elsewhere; the abundance of programming both in television and radio; the increasingly targeted nature of that programming; and the growing attractiveness of the industry for people in journalism, program production, writing and the performing arts.

The eight citations this year reflect those trends, as well as the qualities of the industry's historic praiseworthy endeavors. In the case of the *Hallmark Hall of Fame*, the Excellence citation is for a record of achievement in television over several decades, dating back, in fact, to the Golden Age. Much of the rest of the list, however, makes an even more contemporary statement about the state of the business and the opportunity for new people and new ventures to have their day.

Springfield Missouri's KYTV, with its exceptional achievements for a smaller-market station, and Chicago's investigative reporter Pam Zekman of WBBM-TV, represent recent examples of local-station commitment to quality and independence in serving their communities by offering top-notch programming and hard-hitting broadcast journalism. The brilliance of Henry Hampton and his colleagues, in their extended effort to produce *Eyes on the Prize*, is a reminder of how the nation's public television movement often succeeds when it keeps its eyes on the production of important documentaries.

In many ways, the work of *St. Elsewhere* executive producer Bruce Paltrow, like the remaining Excellence winners, reflects the new opportunity in American broadcasting. *St. Elsewhere* could only have succeeded in a diffused television marketplace that can support shows with smaller, but nonetheless attractive, audiences. That diffusion, meanwhile, has been brought on, in part, by the development of the nation's cable television system, which in turn spawned new services like Excellence notables Cable News Network and The Disney Channel. And only the proliferation of new TV outlets around the world could have permitted the emergence of a service as unusual and provocative as Britain's Channel 4.

Many others could have been named, joining the list of previous citations that include David Letterman and his writers, *CBS Sunday Morning*, cable's C-SPAN and such stations as WCCO-TV in Minneapolis and KING-TV in Seattle. It is a history of successes that *Channels* is proud to embrace.

Merrill Brown

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Advertising Sales Offices  
New York: 19 West 44th St., New York, NY  
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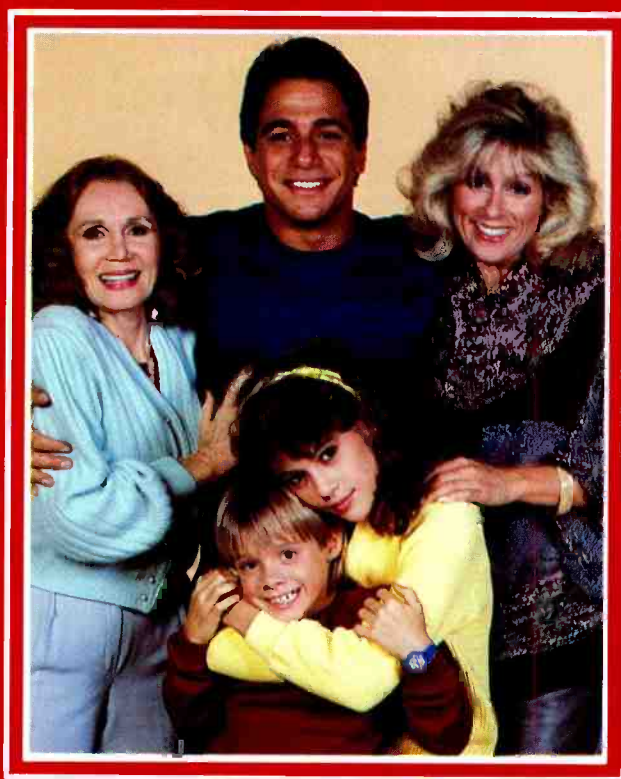
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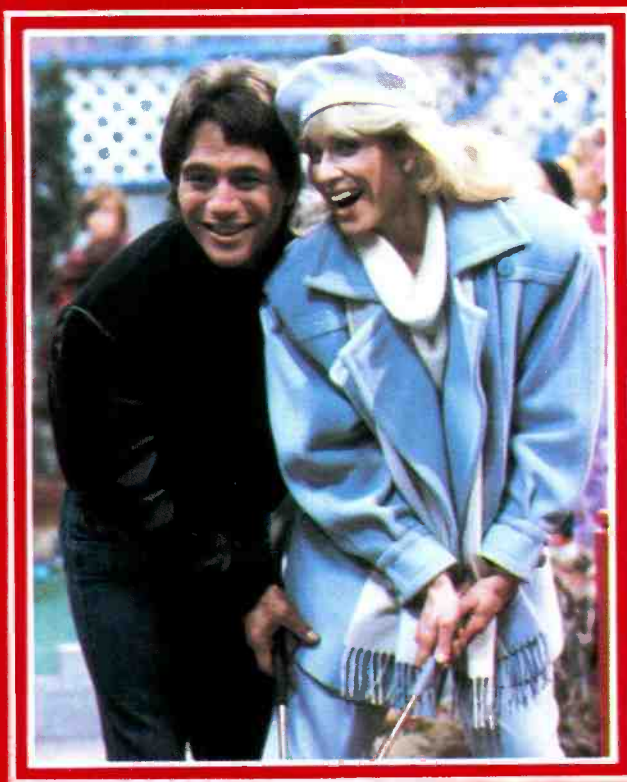
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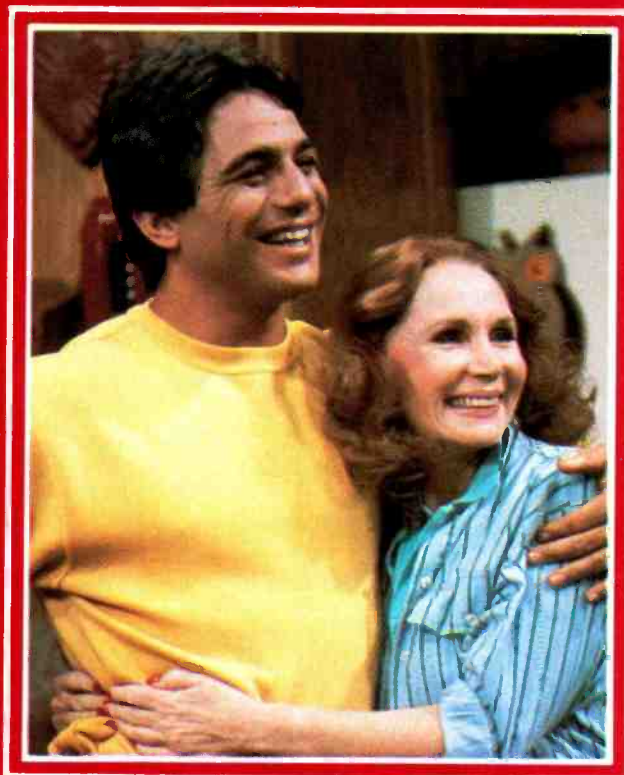
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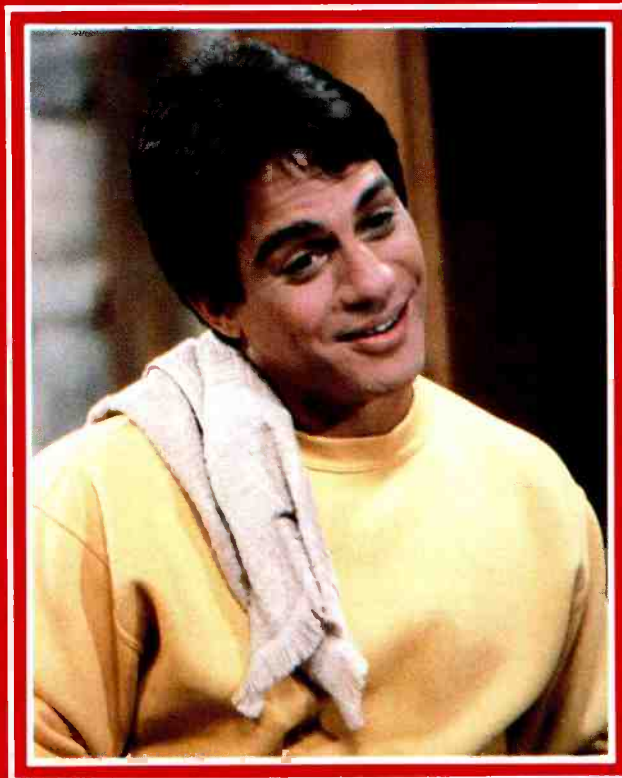
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**WJAR**

Outlet Communications





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**KSAT**

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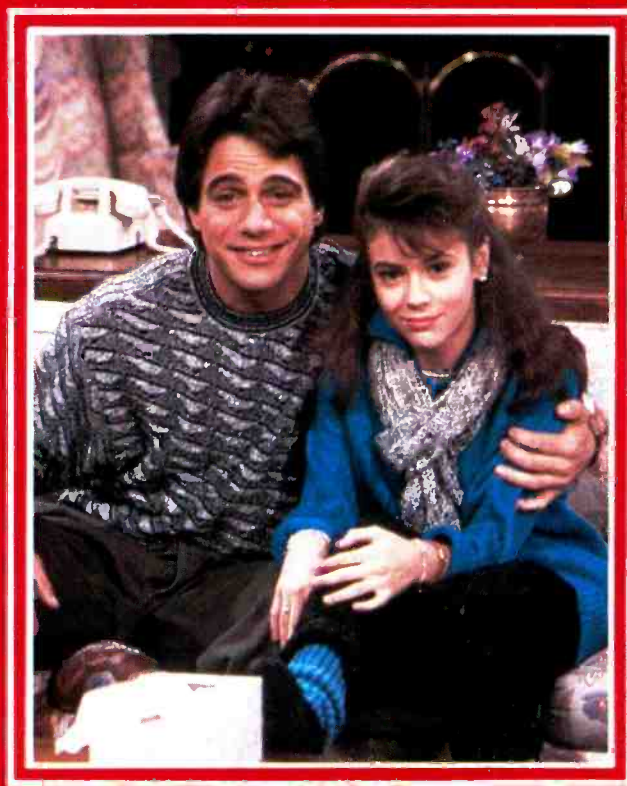
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**WTOC**

American Family Corporation



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# REPORTS



Scene from Japanese TV: An unexploitable market with little interest in non-Japanese shows.

## Japan's Closed Television World

Cultural insularity limits Asia's industrial powerhouse.

From *Kojak* and *Columbo* to *Dynasty* and *Dallas*, American television programs have been an important enough part of the world's TV schedules to have become political issues. But U.S. shows are as scarce in Japan as their programs are in the West. And the reasons Japan is neither a buyer nor seller of programs says much about Japanese culture.

At Fuji Television, the largest of Japan's networks, executive managing director Osamu Watanabe delicately explains just when foreign programs are shown: "On prime time, of course we do not have any, and not in golden time. And not in the morning or afternoon." When? "Maybe for one hour around one A.M." At the other networks there's little from the U.S. beyond an occasional *Man from Uncle* late at night and nothing from other countries.

Japan used to buy a fair amount of U.S. programming, but not since domestic production efforts intensified 15 years ago, says Chosei Kabira, executive secretary of the big Hoso Bunka

(Broadcasting Culture) Foundation, which finances TV studies.

Although Japan has been accused of curbing markets through trade barriers, that is not a factor in TV programming. "If there is discrimination, it's hard to find. I haven't seen it," says John Eger, president of Worldwide Media Group, U.S. consultants. One reason for the domestic emphasis: The Japanese prefer Japanese programs.

For one thing, Japanese don't identify easily with foreign situations. Although *Dallas* has been a hit in Europe, it failed in Japan, Kabira says, because "the stories seem very intricate unless you know U.S. culture." It's not just foreign settings, but also foreign people that Japanese tune out. When Fuji responded to Japan's passion for baseball by broadcasting U.S. games, they found no audience because there were no Japanese players.

Paradoxically, Western images suffuse Japanese ads. "We have a double feeling," Watanabe says. "We try to connect with the same language and same blood, but we have a kind of

respect for white people, and that has a big impact, especially in advertising." Says Van Buren, *Japan Times* TV columnist, "Foreigners aren't protagonists in a serious way. The values of the non-Japanese are presented in more subtle ways, via the experiences of a Japanese who triumphs by finding the Japanese solution."

This insularity also limits Japanese TV exports. Japan's four major networks create massive amounts of programming—Fuji is on the air 147 hours a week. And though there are steady foreign sales of animated shows, in which no one can determine the country of origin, only a few series have been sold, notably *Oshin*, a yearlong saga of a poor Japanese family.

Dubbing can ease language barriers, says Michael Schelp, a Japanese-speaking American with Fuji, but that's only part of the problem. "When I first watched television here, I couldn't understand why a character was angry or why they were obsessed by certain formalities." Americans and Europeans understand, in given situations, that Westerners "are going to get mad and scream." But the gap between East and West is wider.

And it has even inhibited the Japanese from partaking in the boom in multinational co-productions. A quarter century ago, Japan produced *Godzilla* and other monster movies starring Hollywood has-beens with Japanese supporting casts. Watanabe says he gets many requests from foreign TV companies to do such films today, but they are rejected because "it is impossible to mix Japanese and foreign people writing scenarios together because of the culture gap."

Today the Japanese seem to lack the will even more than the creative spark to become a force in international programming. Doubtless part of the reason is that they have long been an inward-looking people, convinced that they are unique, vulnerable and misunderstood. Amid their increasing prosperity, the Japanese—like Americans—have displayed relatively little interest in others. But unlike Americans, they're convinced that foreigners are uninterested in them. That view continues to prevent Japanese TV productions from being as familiar around the world as Japanese TV sets.

HARVEY D. SHAPIRO



# New Lease on Lifetime: Its Latest Metamorphosis May Be the Best

Revived cable network earns high hopes and rising revenues.



Jean Stapleton with *Attitudes* co-hosts Nancy Glass and Linda Dano: an alternative to daytime soaps.

When cable services Daytime and Cable Health Network merged in 1984 to create Lifetime, a joint service of Hearst/ABC and Viacom, few were optimistic about its future. The network claimed it would reach the much-sought-after upscale daytime female audience, but it went through format changes and rumors of demise before finally settling down to delivering the highest concentration of 18-to-49-year-old women.

Now, with ratings increased threefold and advertisers pleased by what they see, Lifetime has invested \$50 million in new production facilities it plans to occupy a year from now.

In its schizoid beginnings four years ago, Lifetime's informational programming had a dry, homogenized approach and generated national ad revenues of only \$9.5 million. Yet, there was a glimmer of success in marketing the first cable star, Dr. Ruth Westheimer, who received high ratings but low ad support. Since then, ad revenues have increased four and a half times, to over \$42 million, and viewership has tripled.

With more polished, reality-based

programs—including two therapy-advice shows, *Our Group* and *People in Crisis*—and the highly specialized weekend and early-morning medical programming aimed at doctors, 24-hour Lifetime seems to have nailed down its audiences.

The most successful cable networks have been vertically targeted ones: CNN, Nickelodeon, ESPN and MTV. Appealing to specific audiences, they reflect the change in viewers' habits that Lifetime president and CEO Thomas Burchill characterizes as "having gone from mass media to personal-

ized media."

"To do a broad-based network, we'd have to have unseated another network, which would have been a long, tiresome struggle," says Burchill. "We found it quicker to fill an unserved need instead of creating fractionalization in an area already well served by another player."

How did this happen in three years? With deregulation, the dismantling of tiers and income from affiliate fees, Lifetime has seen both its viewers and ad dollars increase. Thus the network could justify a larger budget for programming. This fall, for example, it will add new episodes of the former PBS series, *Sneak Previews* and female-oriented sports programming, as well as its most ambitious in-house production effort to date, an offbeat variety series called *Way Off Broadway*.

To avoid what Burchill refers to as "the vagaries of the acquisition marketplace" and to increase original programming, Lifetime is completing two state-of-the-art studios at New York City's Kaufman Astoria Studios, where it plans to move next fall.

Meanwhile, Lifetime's appeal in upscale homes is expanding. Says the National Cable TV Association's Char Beale, "Original programming like *Attitudes* draws a solid following of affluent, educated women who want an alternative to daytime soaps and game shows." Their buying power has enticed more major-league advertisers to come on board. In the past 12 months, the network has brought in Honda motorcycles, Mars, Inc. and Bristol-Myers, among others. "When we began working with them," says Tom Fuld, v.p., associate media director at BBDO ad agency, "they had a good idea. Now it has evolved to the point that Lifetime is the leader in delivering women in upscale homes."

CHERYL GERBER

## Lifetime Grows Up

	1984	1985	1986	1987
Net Revenue, in Millions	\$17.9	\$21.5	\$37.5	\$45.6*
Subscribers, in Millions	21.2	24.1	28.8	35*

\*Projected

SOURCES: Paul Kagan Associates (revenue), A. C. Nielsen (subscribers)



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# The Books Go Electronic

by Steve Behrens

For stations, the choice is between their own computer and their rep's.

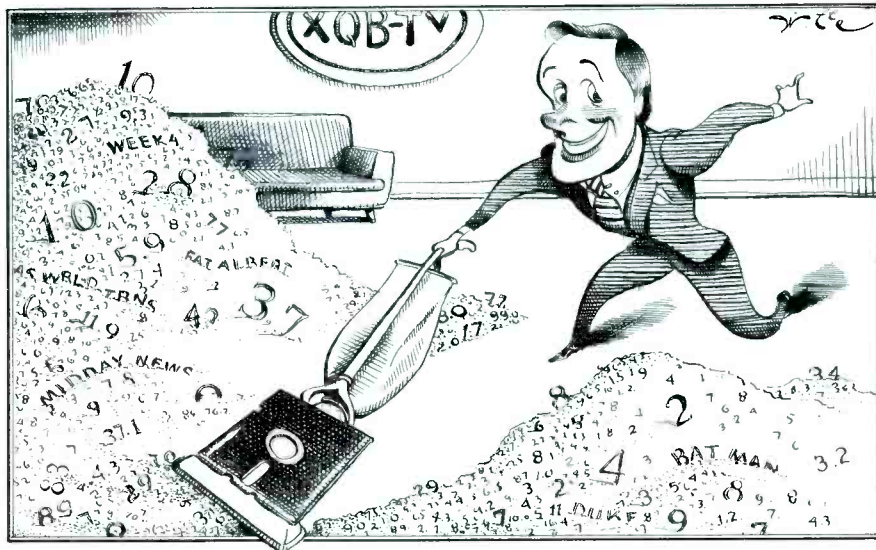
They were paid for selling, but sometimes it seemed the sales staffs at TV stations spent altogether too many hours a day with their noses in books—ratings books. “The main thing we do here is manipulate numbers,” says John Friend, sales manager at KSAS, Wichita. “Fortunately, they’ve invented a great machine that manipulates numbers and it’s called a computer.”

Those machines never complain when given the tedious job of preparing an avail for an advertiser—calculating and printing out a proposed schedule of spots with projected ratings and prices. “Doing a fourth-quarter avail now might take five minutes,” says Mark Friesch, local sales manager of WISC, Madison. “It used to take people an hour and a half. They could be contacting six other clients in that time.”

Computers have swept over the industry since the networks first installed central mainframes to handle ratings for their O&O stations in the 1970s. The arrival of IBM’s XT model with its hard disc in 1983 meant that many stations soon had personal computers with capacity for more than a month’s ratings. Nielsen could begin sending out its numbers electronically—first, overnight household ratings by phone to stations in metered markets in 1984, then local sweeps data on floppy discs in 1985. This September, clients can arrange to have a PC receive Nielsen’s national people-meter demographics by the morning after air.

By now, computers are handling sweeps numbers for most local stations, and the live question is: Whose computer? About 400 stations tap into central computers operated by (or for) their rep firms. Perhaps 300 others get their ratings on air-expressed floppy discs, crunching the numbers on their own PCs. That group is growing in size.

In the centralized computing camp, providers are upgrading. John Blair & Co., the big rep firm, now transmits ad orders electronically to stations that use its TelAvail system. Jefferson-Pilot Data Services, which operates central



ratings/avails systems for 13 reps and their clients, is developing links to integrate them with the BIAS and JDS traffic systems it sells to stations. “We don’t want this marketplace to run away from us,” says Jefferson-Pilot v.p. Don Crabtree. He says the company is exploring ways to bring PCs into the reps’ existing systems.

PCs have been attractive, Crabtree acknowledges, because they operate independently, without being slowed down by telephone transmission or user overloads, and can generate quick answers—or color graphics of ratings achievements. Moreover, fans applaud the available ratings analysis software for PCs. The major suppliers—Broadcast Management Plus, SoftPedal, Nielsen and Arbitron—provide sweeps data on floppy discs as well as the software.

When the floppies arrive at WBZ, Boston, research director Janet Patterson churns out a sheaf of sales-promotion flyers and rankings within an hour—work that took her and an aide most of a week in the pre-PC era. Nielsen’s Audience Analyst software, she says, is “so friendly it almost reaches out and pats you on the shoulder.”

Stations are shopping for special-pur-

pose PC software such as Arbitron’s Product Target AID package, which WBRZ in Baton Rouge uses to sell automotive advertisers on schedules that, judging from lifestyle surveys, will be watched by a lot of likely car buyers. More than 160 stations have MMP software, marketed by the Television Bureau of Advertising (TVB), which figures out the reach and frequency of various mixes of broadcast and print ads. The object, says TVB senior vice president Harvey Spiegel, is to be able to tell an advertiser, “For the same money, look what I can do for you on TV!”

Many of the smart things broadcasters do with a PC, such as testing a few extra ad packages to find the optimal, simply wouldn’t be tried if they couldn’t be done quickly. For instance: additional free services for advertisers. Friesch, at WISC, lets local media buyers drop in to use his MMP software.

KSAS in Wichita is a two-year-old independent, so sales manager John Friend is even more obliging. Using a SoftPedal program, his staff works up complete media-buying plans for advertisers, including print space and as many TV stations as they can buy. “We understand we won’t do all the TV business in town,” he says. The PC grinds away, helping him get his share. ●





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# What's On

O . C . T . O . B . E . R

## Keeping the Faithful

by Cecilia Capuzzi

**OCTOBER 22-24:** Ever since **PTL's Jim and Tammy Bakker** fell from grace and **Oral Roberts** threatened to return to his Maker if followers didn't cough up \$8 million, TV preachers have been fighting a massively tarnished image and critical financial problems. **National Assn. of Religious Broadcasters** even organized its three-day eastern chapter meeting in North East, Md., "**Communicating with Integrity**," in response to the problems. Speakers include **Dr. Bob Cook**, NRB president, and **David Mains** and **Steve Bell** from radio show *Chapel of the Air*. The Bakker affair, says **Joe Battaglia**, NRB executive board member, "is a typical example of people with power and no accountability." Apparently, lots of viewers of religious TV agree and have stopped subsidizing high-tech preachers. **CBN's 700 Club**, for example, expects a \$28 million loss and 500-person layoff this year; **Jimmy Swaggart** says he's losing half of the \$2.5 million a month usually received from "spasmodic givers." Viewership of religious programs has dropped since 1980. *Jerry Falwell's Old-Time Gospel Hour* is one hardest hit: Its audience is down about 62 percent since 1980.

**NOVEMBER 3:** This year's Election Day heralds the '88 **presidential election year**, and **ABC, CBS, NBC** and **CNN** begin plans for campaign coverage. CNN starts a new daily show, **Politics '88**, on **November 2**. CNN anchor **Bernard Shaw** hosts; *Atlanta Journal Constitution's* former political editor **Frederick Allen** is correspondent and analyst. CNN plans to cover eight League of Women Voters' presidential debates. **CBS** airs debates **March 3 and 4** and two candidate forums next year. **NBC** sponsors a debate **December 1**; **ABC** and the *Boston Globe* co-sponsor debates **December 7 and 8**.

**NOVEMBER 4:** Eight years ago, when Iranians took Americans hostage, ABC News president **Roone Arledge** recruited **Ted Koppel**, a seasoned but little-known State Department correspondent, and launched a program to keep Americans at home updated on events abroad. *The Iran Crisis: America Held Hostage*

began airing weeknights, and by **March '79** was so popular it became permanent and was rechristened *Nightline*. Arledge was once quoted as saying *Nightline* "would be on forever." But now, in its stride, it's unclear whether the show will continue in current format—or at all. Koppel's contract is up in **December** and he's said he's interested in a career change. A spokeswoman says ABC is hopeful Koppel will continue with the show. "No one's sitting around saying, 'Oh my goodness, what are we going to do?'" she says. "If he left, *Nightline* would go on." But it's hard to imagine anyone else as anchor. Who would replace him? ABC won't say. Maybe **Dan Rather** could get better ratings at 11:30 P.M.?

**NOVEMBER 8: Home Box Office** celebrates its 15th anniversary. From its meager beginnings as the nation's first cable programming service (365 subscribers in Wilkes-Barre, Pa.), **Time Inc.'s HBO** grew into the most dominant player in ca-

ble in the early '80s. It will celebrate its birthday with a "**Best of HBO**" **week-end Nov. 14 and 15**, available free to basic subscribers. HBO can still throw its weight about, but has been humbled by sluggish subscriber growth in the last couple of years, by VCR competition and by operators' charges that it acts as a monopoly. Its chief rival, **Viacom's Showtime**, served as a hedge in operator negotiations with HBO, but Showtime never made enough of an impact and still suffers financial problems. Tides could be turning. **National Amusement's Sumner Redstone**, Viacom's new owner, recruited **Frank Biondi**, former chairman of **Coke's TV division** and before that president of HBO, to head the company. Then **Tony Cox**, former executive v.p. of HBO, came on to head up Showtime. Both are now pitted against **Michael Fuchs**, who worked under Biondi at HBO and took over as president. Sparks will fly, and analysts say the changes mean Redstone's serious about making Showtime a success. ●  
**Research: Erin Kelly and Tim Bock.**

## CALENDAR

- Oct. 15-18:** American Women in Radio and TV Northeast area conference. Mathilde Cuomo, Christine Craft, speakers. Albany Marriott Hotel, Albany, N.Y. Contact: Mary Dougherty, (518) 436-4822.
- Oct. 19-27:** International Telecommunications Union Telecom '87 conference. Palexpo Conference Center, Geneva. Contact: in Geneva, 99-51-11.
- Oct. 20-23:** "Produced by . . . David Wolper," Mark Goodson Seminar Series. Museum of Broadcasting, N.Y.C. Contact: Diane Lewis, (212) 752-4690.
- Oct. 22-23:** "The Changing Television Marketplace in Europe," intensive, two-day seminar in Barcelona, Spain, presented by Televisio de Catalunya (TV3) and Channels. TV3 auditorium. Contact: Cheryl Gerber, (212) 302-2680.
- Oct. 24:** "High Definition TV: A Preview of the Future," seminar co-sponsored by SMPTE and U.C.L.A., at Walt

- Disney Studios, Burbank. Contact: Shannon Battle, (213) 825-9064.
- Oct. 27:** International Radio and TV Society newsmaker luncheon featuring NBC's Robert Wright. Waldorf-Astoria Hotel, N.Y.C. Contact: Marilyn Ellis, (212) 867-6650.
- Nov. 3:** "Sports and the Media," seminar sponsored by Gannett Center for Media Studies, Columbia Univ., N.Y.C. Contact: Hunt Williams, (212) 280-8392.
- Nov. 8-12:** PBS Program Fair for discussion of producers' program proposals. Omni Netherland Plaza Hotel, Cincinnati. Contact: Pamela Alexander, (703) 739-5190.
- Nov. 11-13:** TV Bureau of Advertising annual meeting. Atlanta Marriott Hotel. Contact: Robert Griebel, (212) 486-1111.
- Nov. 11-14:** Society of Professional Journalists/Sigma Delta Chi national convention. Riviera Hotel, Chicago. Contact: Rick Blunt, (312) 922-7422.

# The Maturing of Marketing *by Jeri Baker*

Yesterday a promoter, today a marketer: the new world of sophisticated image-making.

There's David Salinger, whose budget as marketing director at WPRI-TV in Providence has risen nearly 50 percent and whose staff has quadrupled in two years. There's Deb McDermott, who moved from promotion director, at 22, at KOLN-TV in Lincoln, Neb., to station manager of WKRN-TV Nashville ten years later. And there's Tim Kenney, promotion director at WPDE Florence/Myrtle Beach, S.C., who single-handedly turns out more than 80 promos and IDs weekly. And fills in as weatherman for the 6 and 11 P.M. newscasts when the need arises.

Though they hardly compose a random sample, each one has benefited from the changing nature of the marketing/promotion business. They're part of the second generation of change, drawn from an active job market filled with young, mobile, well-paid professionals vastly unlike their more stolid predecessors. They came in as part of the management of the station, peers of the heads of engineering, programming, business, news and sales.

"For most of us," says Dan Gold, president of Knight-Ridder Broadcasting, and widely credited with the opening up and professionalizing of television marketing, "our stations were a group of feudal baronies, each one run by a department head who pulled up his drawbridge at the end of the day and went home. But it was always my perception that we needed a confederation. Every executive has to understand in great detail what every aspect of the station is about."

That change came, for some of the farsighted group stations like Post-Newsweek and Multimedia, as early as the 1970s. Promotion directors metamorphosed into marketing directors. It was a crucial shift that vaulted them from professionally imposed tunnel vision—a hunt for the not-so-many ways to say "Watch this show"—to a view of the needs of all the station's constituencies:



the viewing audience, advertisers, employees and the community's opinionmakers. Questions about the look of early fringe, for instance, or the purchase of particular programs began to take account of promotion details. Were there enough avails unspoken for so that new material could be given adequate introduction?

WPRI's David Salinger has, by way of attrition, added the responsibility for program development and acquisition to public affairs, art, publicity and advertising, which commonly come under the grander promotion departments. "Programs I acquire for the station support our marketing goals. We run a medicine and health show called *Lifequest* from Group W, for instance. I

know the audience is interested, and I know I have a fixed position for a spot featuring the medicine and health reporter on our newscast."

Even Tim Kenney, whose turf is a fraction of Salinger's, feels he is a part of management. "I'm asked what I think, instead of getting a memo saying 'Do a promo on this.'" That's why he does his weatherman stint whenever he's asked, at no extra pay. "I want this to be a successful property and I'll do whatever I can to make it one."

That's the sort of dedication the '80s require. Local stations have lost their oligopoly status and found their battleground enlarging to include cable and home video. A station's image has become ever more important, particularly in the last two years, as reliable double-digit increases in annual ad revenues have evaporated. If the 3 to 5 percent of net revenues group owners decided was necessary for station promotion was to be found, it would have to come from other budgets. Meanwhile, broadcast ownership changed its character as major investment firms and wealthy but inexperienced private buyers moved in. In the face of the new owners' huge debts, they looked first for cuts in marketing

budgets since that didn't involve layoffs. "These people were not the top managers who had been so carefully educated about the importance of spending on the station's image," says Deb McDermott.

McDermott, who has tucked job after job under her belt in her ten-year career, has seen the importance of promotion from every side. She once asked to have her promotion manager raised to director and set free of her jurisdiction because she realized he needed equal status to be effective.

"The business is so competitive now that we have to be as good as we can possibly be without tripling our budgets. And we can never, never back off." ●



*"Just keep your marketing smarts to yourself. You grow it and I'll push it."*

DONALD REILLY: © 1987 THE NEW YORKER MAGAZINE, INC.



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## Who Needs Friends?

Cable has been getting gifts from the most unexpected sources. Or to put it otherwise, with enemies like broadcasters, who needs friends?

There was, for example, that extraordinary "let us entertain for you" overture to cable recently by NBC president Robert C. Wright. In a speech about incentives, he offered to produce programming for the competing medium, with the incentive being cable's exemption from the FCC's financial-interest and syndication rule. This rule bars the three main networks from taking equity positions in the programs they air or from engaging in domestic syndication. Producing for cable, then, means NBC could share in the lush fruits of the back end.

Said Wright, who once was president of Cox Cable Communications: "There is not a cable industry executive who doesn't believe that cable's overall program offerings can, and should, be substantially improved. . . . With our resources [at NBC], we believe we can pro-

The comedy is that as cable strives to be more like television, the networks wish to be more like cable.

vide immense value to cable at a critical stage of its development—without undermining our commitment to our core business."

This offer of aid from the big leagues followed a generous, although unwitting, assist to cable from the television station industry. Because stations aren't buying off-network, hour-long series these days, seeing better ratings and more profit in stripping sitcoms, the network action-adventure shows have been flowing straight to cable. And as a result, such cable services as USA, Lifetime and CBN are flush with remnants of yesterday's networks—items like *Remington Steele*, *Riptide*, *Jack and Mike*, *The New Mike Hammer Show*, *Flamingo Road*, *Kay O'Brien*, *Falcon Crest* and *Lady Blue*.

These may not be the crème de la crème of the hour drama genre, but they have stars, some glamour and the network look. Moreover, they are recent titles familiar to most TV habitués, and as these hour-long reruns accumulate on the peripheral channels they serve to stamp cable in the public mind as the place most likely to offer action-adventure. Ratings aside, the bottom line is that each of these broadcast rejects raises cable's stature a

few notches in the entertainment big time.

The flow of hour-long series to cable comes on top of the 12-game Sunday night National Football League package gained by ESPN this year essentially by the default of ABC, CBS and NBC. Had the networks been willing to pay the moon for NFL exclusivity, they would have lost much money on their separate pieces of the action. But in the long run that might have been better business than allowing cable to elbow its way in as last among equals.

The principal owner of ESPN, of course, is ABC, which won't mind too much if the Sunday night games are a smash, considering where the money ultimately ends up. But the deal contributes two ways to network audience erosion: first in getting top ratings for cable and second in lessening clearances in major markets, since several affiliated stations are bumping their networks to carry ESPN games involving their local teams.

Cable's good fortune is that every program commercial TV casts off potentially becomes its gain. The corollary to this is that almost every advertising dollar cable gains represents some commercial broadcaster's loss. Small as these gains may be, they steadily chip away at broadcast television's dominance.

A lot of broadcasters minimize the significance of off-network series going straight to cable, saying that because these were unsalable shows in the commercial TV market they will fail anywhere else. But cable's economy is markedly different from that of broadcast TV. Low ratings aren't life or death for cable programs; ratings in decimal points are in most cases the norm. The channel's the thing in cable, not the time slot. And if a channel should get a bit hotter because of an off-network show, that's pay dirt.

Cable networks make their money two ways: from subscriber fees and the sale of commercials. That's why seven or eight of the basic services will finish in the black this year, even while ABC-TV will finish in the red, and maybe CBS-TV as well, even with coverage of nearly every American household and billings of more than \$2 billion. The comedy is that as cable strives to be more like television, the networks wish they could be more like cable.

Last year one of the leaders of the cable industry, John Sie of TCI, made a big pitch for a cable war chest of around \$500 million to go toward producing what he called "punch-through" programming, which would be more competitive with the broadcast networks. Cable operators didn't rally to the cause. But as it turns out, they didn't have to—not when broadcasters are showering them with gifts.



# A Miniseries Of Life And Murder In America's Fast Lane

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This exciting four-hour miniseries is about the bizarre Billionaire Boys Club, a group of 30 rich Beverly Hills young men involved in a lifestyle of fast living that leads to financial swindle and murder.

"Billionaire Boys Club" is based on the actual and sensational events, attracting worldwide media coverage.

Judd Nelson ("The Breakfast Club," "St. Elmo's Fire") stars as the president of the club and convicted killer. The director and supervising producer is Marvin J. Chomsky ("Roots," "Peter The Great"); executive producer, Donald March; producers, Marcy Gross and Ann Weston; written by Gy Waldron. It will be telecast by the NBC Network in the fall of 1987.



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London W1A 1AG, England  
Tel: 44-1-262-3262 Telex: 261807

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# The Importance of Being Patient

**E**arly this decade, many people had grand ideas for cable networks, but few had the patience, wisdom or wherewithal to wait for the wiring of America in order to take advantage of cable's current boom. Perhaps the leading advocate of the patient approach to cable programming is Denver consultant Paul Bortz, who when things were tough for ABC's cable operations, repeatedly recommended that the company, now Capital Cities/ABC, wait it out. At ABC at least, Bortz ought to be a hero.

ESPN today is one red hot property, and the prophetic Bortz, with consultants Browne, Bortz & Coddington, deserves credit for advocating patience in a business world tarnished by the demand for quick results. Thomas Murphy, Cap Cities/ABC chairman, in fact admits that ESPN's rapid growth and potential \$1 billion price tag is the biggest positive surprise he and his Cap Cities colleagues found when they bought ABC last year.

**Cable networks need to think about operating with advertising loads comparable to broadcasting. There's too much ad inventory in basic.'**

With people meters supplying detailed, daily demographic data, with half the nation's homes cabled and with cable networks reporting record ratings and sales growth, the cable services are so successful that major syndication companies are, for the first time, looking to cable as a major buyer of first-run and off-network fare.

At the same time, superstation ratings are suffering as large-market independent stations offer top-of-the-line programming. The likelihood is that superstations such as Ted Turner's WTBS and the Tribune Co.'s WGN and WPIX will ultimately emerge as basic cable networks, backed by the programming resources of those companies. Moreover, inevitable changes in the compulsory-license copyright regulations, combined with the fact that basic networks and not superstations generate per-subscriber fees, suggests the development of new basic networks. "Everything seems to argue against superstations," Bortz says. "The generic superstation will run into more and more problems."

Reflecting on the success of a business he long ago endorsed, Bortz today—still working for Cap Cities/ABC—is well aware of the cable opportunities for pro-

grammers and producers. But he also says that it's time for cable networks to start seizing on their advantages for advertisers and boldly begin marketing themselves differently from the big three broadcast networks.

"Cable networks will continue to be a secondary buy for advertisers, as long as only half the country gets cable," he says. "What they need to do is to think about operating with advertising loads comparable to broadcasting. There's too much ad inventory in basic. They'd do better with less."

According to Bortz, advertisers might be moving even more quickly into cable if cable marketers readily admit they can't deliver broadcast numbers and begin touting the quality of their "targeted, efficient audience" in a less cluttered, "quality" ad environment. In other words, says Bortz, cable ought to sell fewer ads, but for higher rates. "That would be worth a premium and would pay off," he adds. Bortz says that certain channels targeted to particular audiences, like those devoted to public affairs and news or sports, should adopt the strategy with key dayparts. "Less inventory would sell out faster and you'd have a more attractive ad environment with more things to differentiate cable from broadcast."

**T**he emergence of people meters will only help. "Meters tie broadcasters up in knots because they're spot jockeys," Bortz says. "From the point of view of basic cable, it has got to help. The lightly watched, less familiar channels have got to do better. The diaries undercounted those kinds of program services." The uncertainties of the diary system allowed networks to sell more based on gross numbers, he notes. "So networks are now selling more based on value and that should be a plus for selling cable's more targeted audiences."

Bortz predicts that the cable networks' total prime time share could rise to 13 by the end of this decade, roughly a 50 percent jump over the current figure. And with big time product such as the NFL now on cable, "basic can even generate big broadcastlike numbers."

But opportunities for new cable services are limited, says Bortz. "I don't think there is a lot more room for the development of basic networks that are meaningful businesses with substantial profits." But, on the other hand, if cable operators continue to look to launch services with limited direct profit potential, but with the attractiveness to bring on new subscribers, perhaps a few more services will get off the ground. In addition, programmers might also launch new services in an effort to get their work displayed and bring in back-end type revenues after initial airings. And who knows what a little patience might yield. ●



# HERE ARE SIX EXCELLENT REASONS WHY CEA SHOULD BE YOUR BROKER.

July, 1987

**SOLD**

certain assets of  
**FIRST CAROL NA COMMUNICATIONS, INC.**  
 serving approximately 14,100 basic and 11,700 pay TV subscribers in suburban Cleveland and Toledo, OH have been sold to  
**CABLEVISION SYSTEMS CORP.**  
 of Woodbury, NY

The undersigned represented the seller in this transaction. This notice appears as a matter of record only.

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 Tampa, FL 33609 813/877-8844 Washington, DC 20036 202/778-1400



**COMMUNICATIONS EQUITY ASSOCIATES**


August, 1987

**SOLD**

**WQMR-AM and WTOS-FM**  
 of Showhegan, Maine, an asset of Laurel Group Limited have been sold to  
**MOUNTAIN WIRELESS, INC.**  
 of Showhegan, Maine

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**COMMUNICATIONS EQUITY ASSOCIATES**


June, 1987

**SOLD**

**COMMUNITY CABLEVISION SYSTEMS**  
 and  
**W.R.B.D. COMMUNICATIONS, INC.**  
 serving approximately 2,800 basic and 1,450 pay TV subscribers in Richton, Leakesville, Sumrill, Hattiesburg, Lake Serene, Lumberton and Poplarville, MS have been sold to  
**PHOENIX CABLE INCOME FUND**  
 of Ramsey, NJ

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July, 1987

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**CAYUGA CABLE TV and OAKWOOD CABLE TV**  
 serving approximately 1,456 basic and 975 pay TV subscribers in Cayuga, Eugene, and portions of Vermillion County, NY; and Oakwood, Muncie, Fithian and Farmount, IL have been sold to  
**WARNER CABLE COMMUNICATIONS, INC.**

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**COMMUNICATIONS EQUITY ASSOCIATES**

August, 1987

**SOLD**

**HAMILTON COUNTY CABLE TV, INC.**  
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**SCHOMANN ENTERTAINMENT CORP.**  
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July, 1987

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# **Spanish International Communications Corporation**

has been acquired by

## **Hallmark Cards, Incorporated and First Chicago Venture Capital**

We acted as financial advisor to  
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### **Bear, Stearns & Co. Inc.**

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August 1987



# EXCELLENCE '87



*In Channels' fourth annual tribute to Excellence, we're proud to salute eight remarkable individuals and companies, enterprises displaying the kind of single-minded commitment to quality that sets them apart from the crowd and makes television worth watching.*



# Bruce Paltrow: *In the school of Why Not? television, he's the dean—with the longest-running non-hit in the medium's history.*

BY LEE MARGULIES

**B**ruce Paltrow doesn't worry about ratings. After five years on the air, his show, *St. Elsewhere*, about life in a run-down Boston hospital, has never finished a season among the top 50 programs. Last season, as the final episode ended, a wrecking ball was poised to demolish the hospital just as NBC was ready to pull the plug on the show.

*St. Elsewhere*, however, was quickly revived. Whatever it lacks in numbers, it makes up for in golden demographics. And the right demos can turn mediocre ratings into a network goldmine.

What they've brought Paltrow, *St. Elsewhere's* executive producer, is freedom. While others warily watch the Nielsens to chart course corrections in their series, Paltrow plunges ahead, steering only on his creative instincts and two certainties: His efforts will get mediocre ratings at best and will make money for the network anyway.

The result is the longest-running, most honored non-hit in the annals of television. There's never been a series quite like *St. Elsewhere*. Just as it has forsworn the formulas and clichés of

the countless medical dramas before it, so too has *St. Elsewhere* defied conventional standards of success.

*Lee Margulies is a writer and editor at the Los Angeles Times.*



■ *Forswearing the formulas*

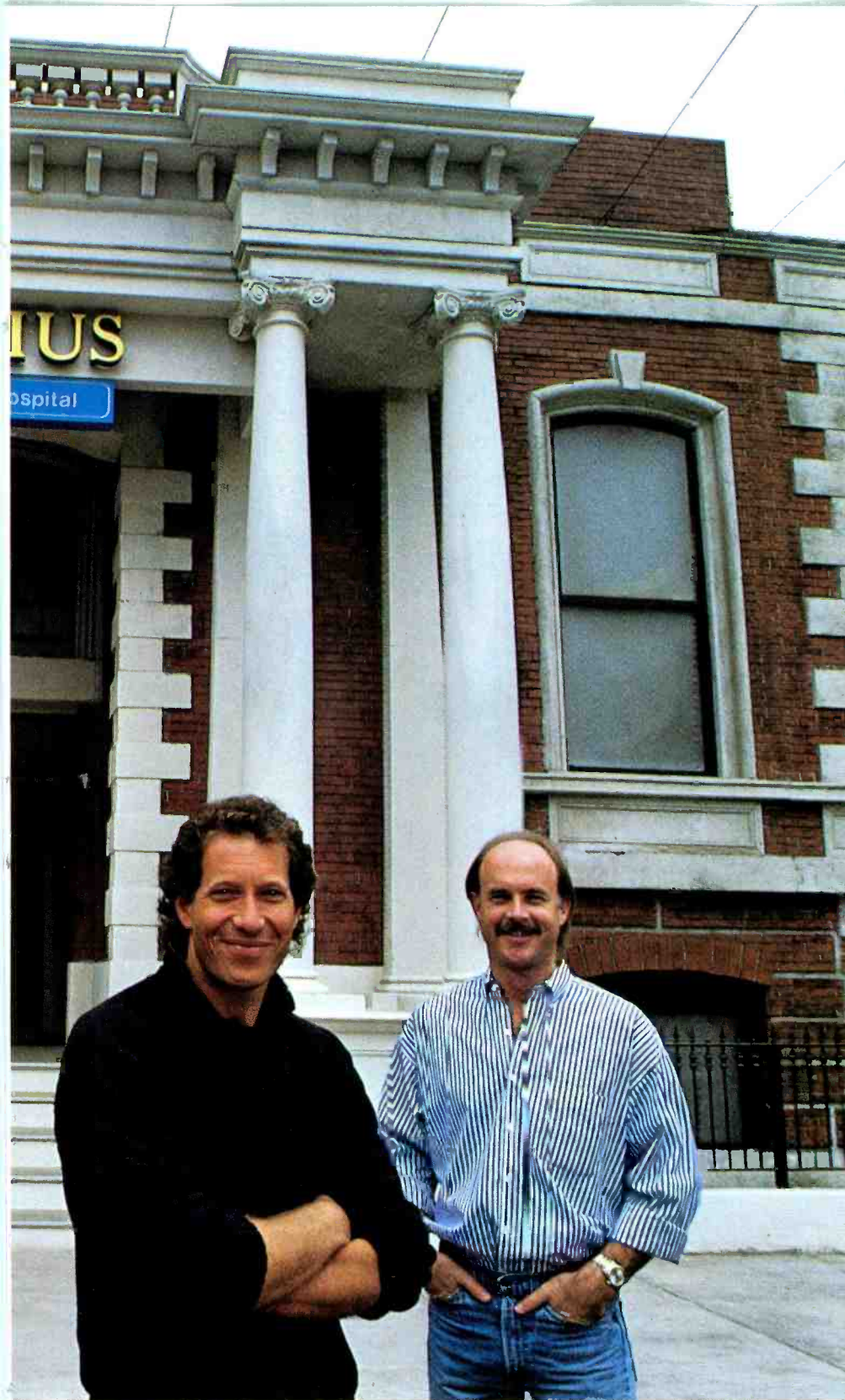


How to explain a show that is comfortable shifting gears from serious stories about AIDS, starvation, operating-room emergencies, political assassination, suicide, homosexual rape or drugs to fanciful flights about life after death, the hospital's history or memories of *The Mary Tyler Moore Show*? Not to mention offbeat humor about sex, bodily functions—even human heads being shipped through the mail or male

appendages getting caught in zippers?

"It's the 'Why Not?' school of television," says Paltrow. "Look, we're not a hit; we're never going to be a hit. Let's just do what we want to do. You want to deal with testicular cancer? Let's do it! We have nothing to lose. Let's just make the greatest stuff we can make. Let's deal with abortion, let's deal with mastectomies, let's deal with violence, with emergency-room screw-ups. Let's





Paltrow (left) and Tinker on the set:  
*"We're not a hit; we're never going to be a hit. Let's just do what we want to do."*

store programs catering to the masses, *St. Elsewhere* is a boutique, attracting a clientele that compensates in quality for what it lacks in quantity.

"Advertisers don't buy households; they buy people, because people buy products," explains NBC sales v.p. Carl Meyer. "And *St. Elsewhere* sells like a 30-share show, because its demographics are so strong."

NBC profits handsomely. Last season commercials on *St. Elsewhere* sold for as much as \$133,000 per 30-second spot—roughly 30 percent higher than the average prime time 30. With at least 12 ads per show, NBC's revenues were substantially more than its approximately \$800,000 license-fee investment, not counting rerun income.

As the show's producer, MTM's prospects for syndication aren't as bright. The current market is soft for hour shows in general, and for serials specifically. But MTM is not producing *St. Elsewhere* as a "charity venture," says a spokesperson, and Paltrow is optimistic about its long-term success. "I'll be astonished if the show doesn't do well in syndication. I mean, the idea of seeing the last 115 shows for the first time. Aren't they lucky?"

*St. Elsewhere's* unconventional success is a tribute to Paltrow, a 43-year-old Long Island, N.Y., native whose job it is to see that his gifted team of writer-producers and actors continue delivering the quality that keeps those hard-to-reach viewers coming back. The environment he has created is described by associates as the framework for *St. Elsewhere's* success.

Paltrow insists on sharing the glory. Credit for *St. Elsewhere's* creation goes to writers Joshua Brand and John Falsey, who left the show after the first season. Principal credit for its creative evolution in the years since goes to Tom Fontana, now a creative consultant after five years of writing and producing, and to fellow writer-producers John Masius and Mark Tinker. Tinker is also the show's primary director. "If you can have a multiple imprimatur on a program, it's what they've done and how they've done it," Paltrow says.

They say Paltrow's imprimatur is clearly there as well. His gift is in accomplishing this without great displays of ego. He is involved in every

do it! Why not? What's the worst that can happen? Where can we slip to?"

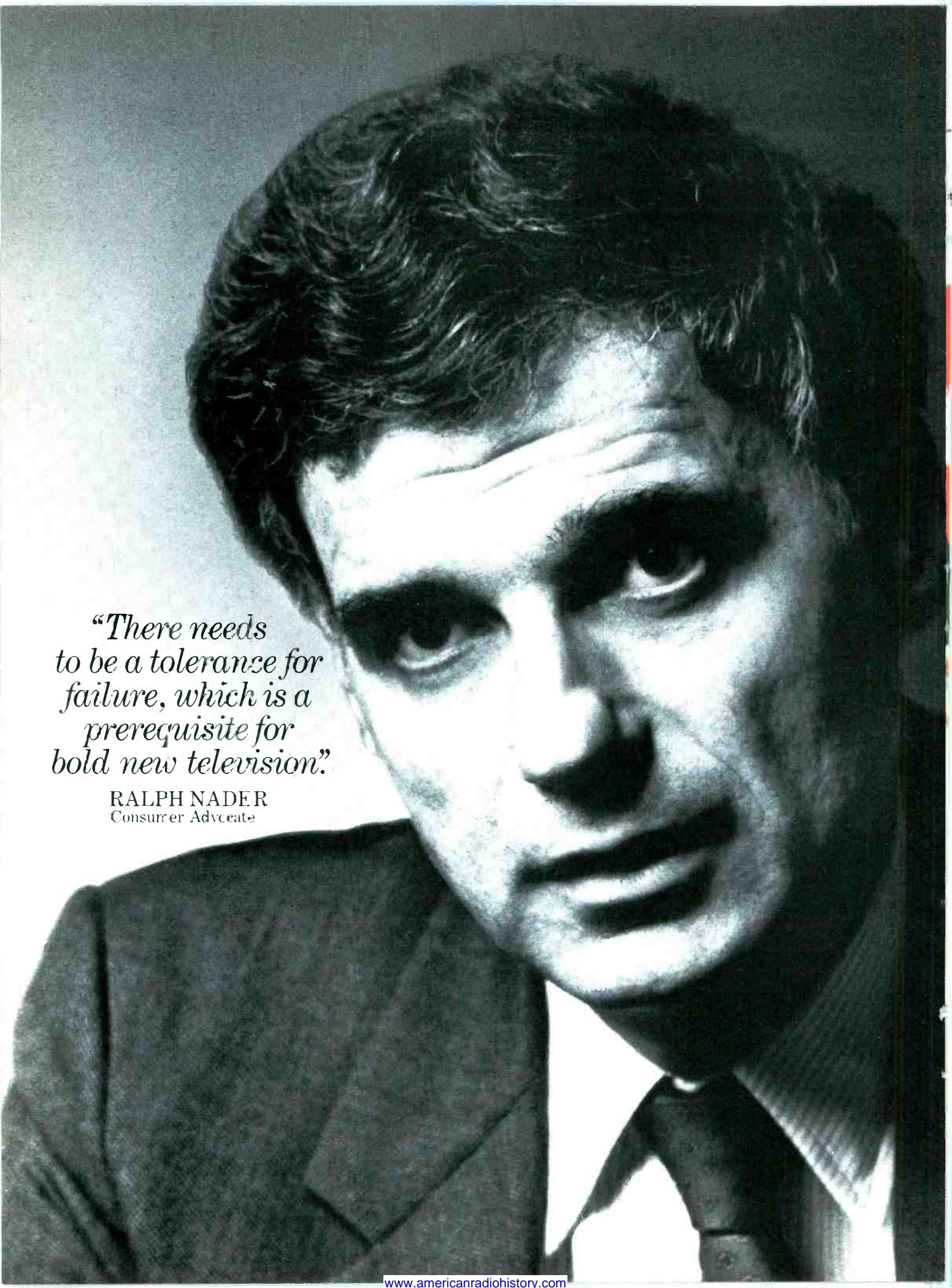
Billed by NBC as a medical *Hill Street Blues*, the show received glowing reviews when it premiered October 26, 1982, but its ratings were miserable. On average last season, as in the two previous, the show attracted 23 percent of the audience in its time period. Some weeks in its first season, it finished dead last among prime time programs; it

wound up ranked 88th among 98 series and was nearly canceled. Faced with lackluster replacements, however, NBC gave *St. Elsewhere* a second chance.

It has since gone on to win Emmys and the Humanitas award, and widespread praise for its compassionate, frequently humorous look at the doctors and nurses at St. Eligius Hospital. In a medium of department-

DOUGLAS KIRKLAND



A black and white, close-up portrait of Ralph Nader. He is looking slightly to the right of the camera with a serious expression. He has dark, wavy hair and is wearing a dark suit jacket, a white shirt, and a dark tie. The lighting is dramatic, with strong highlights on his forehead and nose, and deep shadows on the right side of his face.

*“There needs  
to be a tolerance for  
failure, which is a  
prerequisite for  
bold new television.”*

RALPH NADER  
Consumer Advocate



# Ralph Nader. No money.

There's not enough money in the world to make Ralph Nader say something he doesn't believe. So when we asked him to appear in NBC's "Tuned In To America" series of announcements we didn't know if we would agree with everything he had to say.

He did know we weren't looking for praise for NBC or its people or its programs. We were looking for credibility, and the credentials to speak authoritatively on the subject of television. We didn't write a script for him, and we didn't pay him any money.

"Tuned In To America" is NBC's corporate public forum for ideas. Its messages have been broadcast on NBC for a year and will continue throughout 1987.

The design of the campaign is simple: people who have something to say about television say it

on our television network. Some speakers are well known and some are unknown. Some are connected with television, but most aren't. No one gets paid.

During the campaign we've heard from Steve Allen and the President of the National PTA. We've heard from former astronaut James Irwin

and two New Jersey school teachers, among many others.

We've heard a lot of good things about our campaign from the press, the public and our affiliates. If you've got something to say about television, NBC would like to hear from you.

After all, the whole idea is for us to stay tuned in to America.



**NBC. Tuned In To America.™**

If you'd like to participate in this project, write to  
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**Drexel Burnham Lambert**  
INCORPORATED

September 14, 1987



(◀Continued from page 27) aspect of *St. Elsewhere*, from participating in idea meetings and discussions of long-term direction to helping structure stories and suggesting script revisions. He also directs several episodes each season, oversees everything from casting to editing and is the point man in dealing with NBC.

Mark Tinker, whose father is former NBC chairman Grant Tinker and whose brother John is a writer-producer on the show, has been with Paltrow since 1978, when Paltrow began work at MTM on his only previous series, *The White Shadow*. A well-regarded drama about a racially mixed high school basketball team, it lasted for three years on CBS.

After *Shadow*, Paltrow went off to direct his first (and only) feature film, *A Little Sex*, a comedy with Tim Matheson and Kate Capshaw. In the interim, NBC suggested to MTM that Paltrow and his *Shadow* team stay together and develop a new series, possibly with a medical theme, possibly with the ensemble-cast approach of *Hill Street Blues*, which had premiered that season to great acclaim.

Paltrow got into TV almost by accident. He majored in art at Tulane University, went to New York and got a job reading scripts at Screen Gems, Columbia Pictures' TV arm. There he decided to pursue a writing career.

He set out to learn to write, then directed and produced a couple of unsuccessful plays off Broadway, much of the time surviving on the earnings of his wife, actress Blythe Danner. They moved to Los Angeles in 1973, but not until 1977 did his career take flight with *The White Shadow*. The family, now with two children, has since returned to New York, and Paltrow spends much of the school year flying coast to coast.)

His goal, Paltrow says, has never been to try to expand television's horizons, or even to be startlingly original—only to make the best possible programs. He does not dispute that in some ways the show is simply a classy soap opera. More notable, however, is what the series isn't: another *Dr. Kildare*, *Ben Casey*, *Marcus Welby*, *Medical Center* or *Trapper John*.

And if a major portion of the audience seems happier with the old conventions of heroic doctors and happy endings? So be it. "I love that the program is what it is," Paltrow says. "I love being some place—in a store or picking my children up at school—when *St. Elsewhere* comes up and someone finds out that I work on it. To see their expression, if they're a *St. Elsewhere* junkie, is gratifying beyond words." ●

## Pam Zekman:

*As head of WBBM-TV's investigative unit, she's got Illinois' corrupt power brokers shaking in their Guccis*

BY JOSEPH VITALE

The wall behind Pam Zekman's desk is covered with gold—the kind of gilding used in lettering, etching, embossment and statuettes. Hanging there, against the whitewashed cinder blocks, are two Peabody's, two duPont-Columbia's, three citations from the National Association of Investigative Writers and Editors, several plaques from the Radio-Television News Directors Association and a host of accolades from local press organizations. Nearby, atop a black, battle-scarred filing cabinet are seven Emmys from the Chicago chapter of the Television Academy.

But if you think Zekman, who heads the investigative team at Chicago's WBBM-TV, needs the small-scale hall of fame to kick-start her ego each morning, you'd be wrong. Instead, call the wall a hedge against infringement. She does.

"We've had four news directors here in the last six years," says the 43-year-old Zekman, who stands barely five feet tall and tips the scales at just over 100 pounds. "Each time a new one walks through that door wondering why this station needs a unit that costs so much [more than \$1 million a year] and does only three or four new investigations a year, I want him to see this wall."

If there was ever really such a thing as "the CBS News tradition," its distillate was excellence: a striving for perfection combined with a unique esprit de corps. Born with Murrew, apotheosized under Cronkite, CBS News is now suffering the long, agonizing fall of giants. The *Evening News* no longer

rules the ratings, and the division has endured internal upheaval, a protracted libel suit, painful staff cuts, the trashing of its *Morning News* and the indignities of book-length exposes. But at CBS's Chicago O&O, and in the work of Pam Zekman, the tradition lives.

"She's tremendous, meticulous, simply the best," says Mike Royko, the *Chicago Tribune's* nationally syndicated columnist. "Everything she does is checked and double checked. She never goes with a story until it's absolutely right. There's no investigative technique she hasn't mastered."

Zekman's uniqueness derives, in part, from her background: She honed her investigative skills for 10 years on the city's newspapers before bringing them to TV. A native Chicagoan, she began her career in 1967 at the City News Bureau, a journalistic institution in the town that gave the world *The Front Page*. Many of Chicago's finest reporters began there. Some, like Royko and WBBM's Walter Jacobson, have remained in the city; others, like Seymour Hersh, have moved on. A wire service for Chicago's papers and radio stations, City News gave its cub reporters a taste of big-town journalism and an education in municipal government and corruption.

But racing to fires and frequenting the criminal courts was not what one would have expected from a child of privilege. Eldest daughter of a well-to-do ophthalmologist, Zekman as a youth was chauffeured around her classy Hyde Park neighborhood and, after her mother's death when Zekman was 12, was cared for by governesses and maids.

The skids were clearly greased for an effortless glide through life, but Zekman wanted challenges. At 8, she took up skating. Through her

teens, she trained two hours each morning at 5 A.M., eventually reaching the Junior National Women's Championships. But she decided to forgo skating in favor of college.

After graduating from Berkeley, Zekman went home, put in a year as a caseworker for the Cook County Department of Public Aid, then moved to City News. In 1970, she made the leap to the Metro section of the *Chicago Tribune*. It was there she met her "teachers"—Bill Jones, the *Tribune's* managing editor and George Bliss, the paper's investigative task force director. From them she learned not only the craft of investigative reporting but the cost: the personal commitment, the hours of work that result in dry holes as



■ Low threshold for outrage



JIM MATUSIK

often as they do in powerful exposés. Both Jones and Bliss are dead now, and when Zekman speaks about them the respect and affection are palpable.

"Bill and George taught me that you have to show, ultimately, that it's the 'system' that's to blame. It's too easy to simply find villains. You've got to reach the people who have power. Politicians are good at dismissing single cases of abuse or wrongdoing. Bill and George taught me that you've got to bury them with examples." When she employs the technique on television, the effect is stunning. Zekman unveils not one victim, but several; not one instance of abuse, but dozens. She usually begins with the particular—a solitary human tragedy—then draws back to reveal its cause: a tangled web of bureaucratic apathy and official paralysis.

Her 1983 report "License to Deal," starts with the overdose death of a young mother in Chicago's inner city. Gradually, it unearths, instance by

instance, a group of local doctors and pharmacists supplying drug addicts with a dangerous heroin substitute. And while the viewer's attention is fixed on the wrongdoing, Zekman suddenly springs the evidence that elevates the crimes from local scam to statewide scandal: The doctors and pharmacists are bilking Illinois for millions in Medicaid reimbursements for the lethal drugs. Ultimately, Zekman's report was instrumental in convicting 36 people, including 12 doctors and 13 pharmacists, on a \$20 million fraud, the largest case of its kind in the nation.

**I**nvestigative reporting in general, and investigative reporting on television in particular, has such a credibility problem you've got to do the extra work," says Zekman. "You've got to produce so many examples that everyone—the viewers and the powers-that-be alike—has to finally throw up their hands and say, 'Enough. That's it.

*Keeping Chicago honest: Zekman and her team—Sandy Bergo (left) and Andy Segal—know that finding villains isn't enough; you have to change the system.*

You've got 'em.' "

After sharing in two Pulitzers for local reporting at the *Tribune*, Zekman moved to the *Sun-Times* in 1976. She was happy there, working for editor Jim Hoge, when Peter Lund, then general manager of WBBM, and Eric Ober, then news director, courted her in 1980.

"Pam ran us ragged for a year," says Ober, now head of the CBS owned- and-operated TV stations. "Hoge was smart; he gave her a lot of room and provided what you need for a professional investigative unit: money, staff and time. It took us a year to woo her."

When she did make the transition, in 1981, she insisted on what she had at the *Sun-Times*: money, staff and time.



Congratulations  
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(◀ *Continued from previous page*) Today, her team includes Sandy Bergo, a producer from WBBM news radio, and Andy Segal, whose considerable TV experience includes a stint with the investigative unit of WLS, ABC's Chicago O&O.

"Pam has the two qualities that make a great investigative reporter," says the 36-year-old Bergo. "She knows what people *really* care about, and she always demands that two questions be answered: 'Who does this hurt, and who should care?'"

In addition to WBBM's commitment of money and resources, Zekman's contract shields her from many of the pressures of TV: The station cannot force her to produce reports just to hype sweeps periods, and her staff can't be siphoned off for other projects.

Zekman's achievements notwithstanding, many GMs would find those assurances distasteful, especially given CBS's declining fortunes and WBBM's spotty record of late.

Once the city's dominant news power, the station's 10 o'clock news sank to number three in November '86, and its early news suffered a 29 percent ratings decline from May '86 to May '87. Since the return of popular anchor Bill Kurtis, however, WBBM appears to be back in business.

Yet despite the local turmoil and the new austerity at Black Rock, WBBM's GM, Johnathan Rodgers, says his support of Zekman has never wavered.

"She's a crucial thread in the fabric of what we do," says Rodgers. "Her work provides the perception that we're an aggressive, no-nonsense shop. And in Chicago, that's everything."

So her work goes on: reports such as "Killing Crime" (about the Chicago Police Department's fraudulent crime statistics), "Abused and Then Betrayed" (about the failure of welfare agencies to protect battered children) and "Armed and Dangerous" (about unlicensed security guards). More awards, surely, will follow. But aside from their strategic value, awards have never meant much to Pam Zekman. They've never driven her, nor have they sheltered her from the anguish of having to deal daily with cruelty, crime and human tragedy. What *has* driven her is her anger and her sense of justice.

"I guess I just have a low threshold for outrage," she says. "Maybe it's because I had it relatively easy in my life and the people whose problems I report on have not. Long ago I learned a lesson that I try to apply every day: 'When you see something wrong, you fix it.'"





## KYTV: Springfield, Missouri's spunky NBC affiliate may just qualify as the best little television station in the land

BY JOHN MCGUIRE

**B**ack in the early '50s, Channel 3 in Springfield, Mo., came on the air at 10 P.M. with the Ozarks' first packaged nightly news. It was called *Night Desk*, and its opening credits ran alongside the silhouette of a newspaper rewrite man banging away at his typewriter, porkpie hat pushed back, cigarette dangling from his mouth. The graphic suggested one thing: that KYTV was serious about news. More than 30 years later, it still is.

In 1986 alone, KYTV's news department won a duPont-Columbia Award, the regional Edward R. Murrow Award of the Radio-Television News Directors Association, second place in the National Headliners competition, two regional Emmys, three first-place and two second-place awards from the Arkansas Associated Press and four first-place citations from the Kansas City Press Club. And that's not even the entire list.

Known throughout the Ozarks as "KY3"—a promotional idea that encourages viewers to greet KYTV news crews with three upraised fingers—the Springfield, Mo. (pop.: 150,000), NBC affiliate is in the 83rd market but acts like stations in much larger ones.

"I've visited some 300 stations in as many cities, and I've never seen a station quite like this anywhere in the country," says Bob Glazier, publisher of the Springfield city magazine and a former public television executive.

"Carl Fox [a former co-manager of the station] did a job building that image and, in a way, it's outlived him," says Glazier. "The people have changed; the formula has remained."

That formula—hire the best reporters around

*John McGuire is a writer for the St. Louis Post-Dispatch.*

General manager Stan Pederson (left, foreground) and news director Joyce Reed (right) head up the KYTV staff. "The people have changed, the formula has remained."



JEFF JASPERIS

■ Celebrate the Ozarks



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\*NSI, February, 1987.



and let them report in an aggressive, no-nonsense way—was enthusiastically embraced by Joyce Reed, a former KY3 general assignment reporter and then anchor who was promoted to news director in 1984.

**U**nder her tutelage, the station has taken the lead in identifying and reporting on environmental problems in the Ozarks, the 50,000-square-mile region of mountains that roll up from Arkansas into Missouri. For more than a year, KY3 reporters tracked the growing dimensions of the area's dioxin-disposal problem, and in the face of local opposition, helped make it a major issue in the community. The result of the investigation was an hour-long, prime time documentary and an ongoing series of news stories. "It's a very fragile land here," says Reed. "We have lots of underground caverns, and anything you dump in the ground is going to find its way into someone's water supply. Not a week goes by that we don't do a couple of environmental stories."

For a series on the local drug problem, Reed, in spite of her small news staff, assigned three members full time for two months to the story. They then produced two stories a night for a week, focusing during the 6 P.M. news on local trafficking, money laundering and law-enforcement problems, and at 10 P.M. on drug abusers, ranging from school children to a local businessman who lost his company due to cocaine addiction. On the Saturday after the series finale, the station bumped the network in prime time to run a half-hour documentary that combined the week's reports with new elements.

"We're not into zip and flash as much as we're into solid, good-citizen type stories," says Reed. "A lot of us come from this area. We're not here for two years and then out. We're here long-term and that makes a difference in how and why you cover things."

Today, the station enjoys a 30 rating and a 52 share for early-evening news and a 26/53 for its 10 P.M. program. Those numbers were strong enough to rank KYTV's late-night newscast first among all NBC affiliates in the top 100 markets, according to Arbitron's May sweeps. Sign on to sign off, KY3 ranked second among NBC-affiliated stations in the same survey.

KYTV is owned by Schurz Communications, owners of several small-market newspapers, cable systems and TV stations. Schurz bought the station last spring from San Antonio-based Harte-Hanks, which had purchased it on KY3's 25th anniversary in 1978 from its

original owners, Springfield businessman Lester L. Cox and his partners. Remarkably, all the owners have been consistent in maintaining the station's traditions—a rarity in today's fast-turn-over, squeeze-out-the-profits era.

Part of KY3's tradition of excellence has been its pioneering spirit with new technology. It was the first station in the region to use film, the first to shoot local news events and the first to use sound film. It had one of the first remote vans in the country, setting up in shopping centers and interviewing passersby, and for years it was reputed to have the best weather-radar unit in the nation. KY3 sent out minicam crews before anyone in the area. It was also the first station in the country—right behind the networks—to take delivery on RCA's new TK-76 cameras.

KY3 also has a long history of local programming innovation. From 1955 to 1960, it originated a weekly country-and-western music show called *Jubilee USA*, which featured c&w legend Red Foley live from the Jewell Theater in downtown Springfield. At the time, *Jubilee USA* was the only network show that originated from outside New York, Chicago or Los Angeles, and it was the number-one-rated TV show in the country in its time slot.

In more recent times, under general manager Stan Pederson, the station sent a camera crew to Western and Eastern Europe when West Plains, Mo., a small town near Springfield, sent its high school choir on a tour there last year, and produced a series of news reports on the trip as well as a documentary, which appeared (in a co-production deal) on the local PBS station. KY3 also produced a documentary for prime time about the Springfield Theatre's production of *Annie*, following it from casting through rehearsals to opening night.

**U**nder Pederson, KYTV has also instituted an ongoing series of motivational retreats for the station's managers and supervisors, to encourage team work and to help them establish job-related goals. "We have a lot of long-term employees and we have to keep them sparked," says Pederson. "Instead of getting them sparked by going somewhere else, let's keep them sparked right here." Pederson, who spent 12 years at WJLA-TV Washington, D.C., says of his crew in Springfield, "I'm constantly amazed at the commitment, dedication, loyalty and willingness to work among this station's personnel. Of our 92 employees we don't have one with a bad attitude. It's a pretty fun place to get up and go to work every morning."

The KY3 philosophy seems to be "Don't take anything for granted and never relax." Last July, during sweeps month, Joyce Reed decided that KY3 needed to gamble, what with the local ABC affiliate, KSPR, spending freely from the deep pockets of its owner, Lorimar-Telepictures.

**C**elebrate the Ozarks' might not have occurred last year without some pressure from the competitors down the pike," she said. "Stan [Pederson] went out on a limb. You do take some risks in this business—otherwise you're not going to set yourself apart."

"Celebrate the Ozarks" was indeed risky—20 live broadcasts in 15 locations in Missouri and Arkansas, something that had never been tried before in a market smaller than 50. For two weeks, a crew of 27 traveled in a caravan, broadcasting the 6 and 10 P.M. newscasts from such places as Alley Springs in Shannon County, Mo., the bluffs of the Buffalo River and Courthouse Square in Harrison, Ark.

Reed got the idea after attending a conference in Washington in the spring of '86, where she saw the work of a Phoenix station that had originated the concept. "I called for some tapes and lobbied some of the managers. Look, it was not a great profit year last year, and this thing would cost \$150,000 over and above budget.

"The only time I thought it might not work was in Alley Springs, the first stop. 'My gosh,' I thought, 'what if nobody cares.' But the phones started ringing off the hook right away."

The two weeks on the road were an unqualified ratings success, even though the final stop at Springfield's Ozark Empire Fair produced some anxious moments. A storm knocked out power at the station, which had to shift to an emergency generator. But ad-libbing from a borrowed tent, the show went on.

"I was worried," says co-anchor LeAnne Gregg. "I thought a tornado would come and take away our van with us in it."

"I think the best thing was getting away from the station, being out there with the people," says veteran weatherman Tom Dye.

"Celebrate the Ozarks" was such a success that Reed is considering an equally adventurous sequel—typical of the way Springfield's Channel 3 has operated during its 34 years. Says Reed: "In this industry, if you're not willing to grow, and not willing to take risks, you'll stagnate. And stagnating means moving backwards." ●





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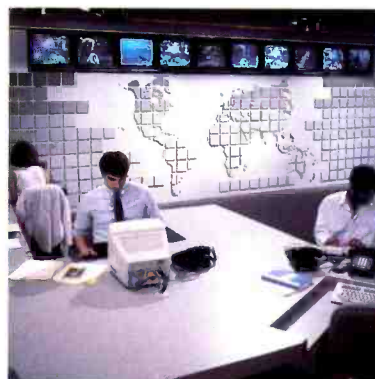
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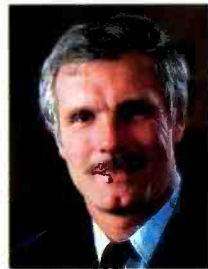
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# The Disney Channel:

*It's taken a lot more than Minnie, Mickey and Donald to capture the affections of the broadest niche around—American families—but Walt's heirs have done it*

BY PAMELA ELLIS-SIMONS

Way back when, conventional wisdom held that pay cable viewers wanted only blockbuster movies and sports. So when the folks at Walt Disney announced a new, family-oriented pay service in 1983, everyone groaned. The company hadn't had a successful movie in years, and seemed chronically behind the times.

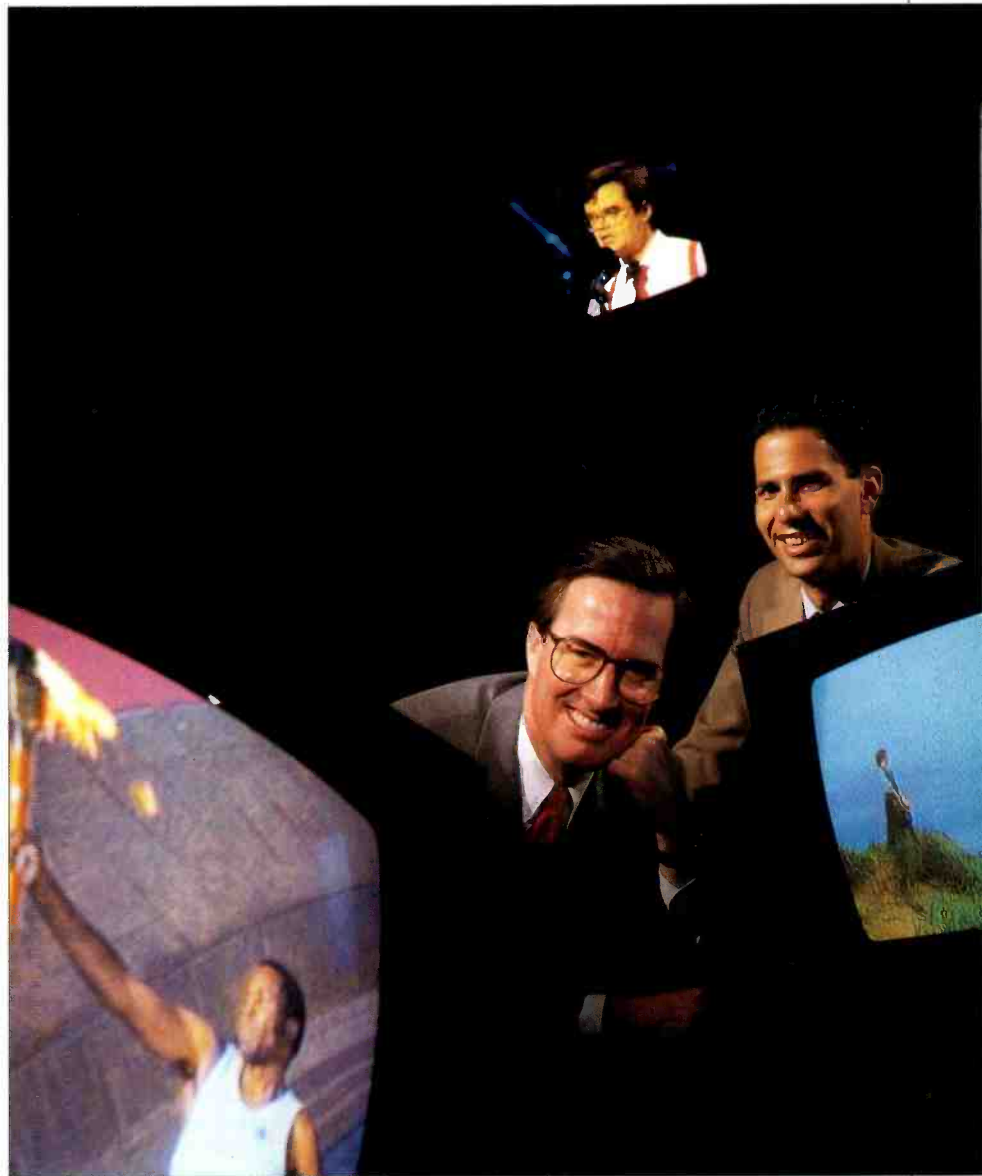
But the Disney Channel turned conventional wisdom on its ear. With programming that consisted largely of vintage cartoons and TV serial reruns, the channel took off under full sail, and hasn't slowed since. After only 20 months, it began turning a profit, and now makes an estimated \$50 million annually. It's also the fastest-growing pay service, adding as many viewers in 1986 as all the other payable services combined.

The Disney Channel is also one of the biggest in pay TV, surpassing The Movie Channel last year as cable's fourth-largest pay service. Some 3.17 million subscribers now pay up to \$14 monthly to watch the channel's eclectic mix of

*Pamela Ellis-Simons is a free-lance writer who lives in Los Angeles.*



■ Beauty's TV debut



DAVID STRICK

Disneyana, including *The Mickey Mouse Club*, live-action kiddie shows such as *Welcome to Pooh Corner* and *You and Me, Kid*, movies that run the gamut from classic to shock; playful adult fare such as last season's *A Prairie Home Companion*, and the critically acclaimed miniseries *Anne of Green Gables* and *Anne of Avonlea*, which were co-produced with PBS.

And those viewers seem to be satisfied. When *Consumer Reports* magazine recently asked its readers to rate their favorite cable channels on the basis of overall quality, the Disney Channel won going away. It scored 70 on a scale of zero to 100, the next closest competition being Ted Turner's Cable News Network.

The secret is an aggressive marketing

*Cooke (center, with v.p. Steve Fields) added such parent-pleasing fare as Garrison Keillor, (top), Olympics films and Anne of Avonlea.*

strategy and programming targeted to a market niche that had previously gone unserved: Yuppie parents of young children. Indeed, what is on the Disney Channel is in some ways less important than what *isn't* on. Keying in on parents who are concerned about the programs their children watch, Disney put together a mix that includes no sex, no violence, no commercials masquerading as cartoon shows and no manipulative appeals for toys and sugary junk food. It is, as the slogan says, Family Entertainment You Can Trust. "We knew there was a tremendously large underserved pay community who didn't want sex or

(◀Continued from page 43) violence in their homes," recalls Jim Jimirro, the Channel's first president and now head of J2 Productions. "We filled a crying need in the marketplace."

During Jimirro's tenure, the channel cranked out piles of original strip programming for children, most of which is still in place today. It also created its primary marketing tool: *The Disney Channel Magazine*. This slickly produced, full-sized program guide is sent every six weeks to subscribing families. It hypes Disney shows and woos children with contests, games and stories written by subscriber kids. The magazine's quasi-educational content makes it a parent-pleaser, virtually assuring that it's opened and read.

Other marketing efforts were intensified in 1985, when John F. Cooke left his job as executive vice president at Times Mirror Cable and joined the channel as president. Cooke beefed up incentives for cable operators who drop prices to \$9 a month, instituted free-trial "Sneak a Peek" weeks to let the channel sell itself and helped cable systems target likely subscribers. This fall, the channel plans to offer cable operators bilingual marketing materials in Spanish and English. Cooke, who brought a team of programmers and marketers with him, is well connected with cable operators and knows how to stroke them.

"They weren't as flexible in the past," says John Mathwick, vice president of marketing at Jones Intercable. "Now they are willing to try new approaches, new promotions."

Despite the channel's past successes, it's not certain that the rapid growth rate will continue—especially with new competition from Festival, an HBO spinoff touting no-sex, no-violence programming for adults. Though billed as a family service, the Disney Channel—like its parent company—has been weak in the area of adult programming. Compounding matters is the channel's relative lack of fresh programming. Exceptions include *A Prairie Home Companion* last spring and *16 Days of Glory*, covering the 1984 Olympics, shown in June. But most of its strip shows have been aired continuously for years, and many within Disney worry they risk boring subscribers.

Cooke is aware of the problems, but says the channel is well on its way to developing new shows for both kids and adults—such programs as a new series of Winnie the Pooh cartoons (later to appear on ABC) and remakes of the old *College Bowl* quiz show. In the meantime, there's always Mickey. ●

# CNN: No longer the 'Chicken Noodle Network,' Ted Turner's invention has gained respect, credibility and a place among U.S. news organizations. Now it's setting the tempo for the world

BY CECILIA CAPUZZI

From the atrium at Cable News Network's new headquarters in Atlanta's CNN Center, a 1.3 million-square-foot office-hotel-shopping complex once called the Omni, visitors watch CNN staffers at work in their glass-enclosed studio. Almost like props put there to liven up an otherwise dull Center, they toil amidst spotlights and the latest high-tech gear to produce the nonstop stream of television news that has revolutionized broadcast journalism.

Few could imagine such a scene in the late '70s, when CNN founder Ted Turner and Reese Schonfeld, its first president, were planning the network. Neither Turner nor the cable industry inspired much confidence then. Turner had no background in news, and cable reached only 23 percent of the country. The prognosis on the viability of 24-hour TV news: Poor. Even staffers made light of CNN's tenuous existence: "If you don't like something around here," went the newsroom joke, "wait an hour. It will change."

It has. Jokes about CNN, the Chicken Noodle Network, have stopped as it has gained respect, credibility and an established place among major news organizations. But getting there hasn't been easy. CNN survived the roughest years of the cable business; a 1982 attempt by Satellite News Channel, the shortlived ABC/Westing-



■ Covering the news live



house all-news service, to steal its thunder; and losses that totaled \$250 million by 1985. Nowadays, while its broadcast counterparts talk layoffs and budget cuts, CNN flourishes. With \$60 million in cash flow projected for the year, nine domestic and, by year end, 11 foreign bureaus, a national marketplace niche, a foothold overseas and the financial backing of the mighty cable industry, the only question competitors are asking is how to get a piece of the action.

CNN's popularity with viewers has strengthened its position with cable operators, who, despite its continued microscopic ratings (0.8 for 24 hours in second-quarter '87), so value it that 27 of them anted up \$568 million this year to help bail Turner out of financial straits and keep it out of others' hands.

Even with parent company Turner Broadcasting System \$1.4 billion in debt and in general disarray, CNN





TOMMY THOMPSON

Executive v.p. Ed Turner (left) and executive producer Bob Funnad oversee a flourishing operation: \$60 million in cash flow projected in '87.

methodically goes about the business of producing news. Now headed by president Burt Reinhardt, executive vice president Ed Turner and executive producer Bob Funnad, CNN consists of wrap-up newscasts including *Newsday* and *PrimeNews* and interview programs such as *Crossfire* and *Larry King Live*, its highest-rated show. The newscasts switch between Atlanta and bureaus in New York and Washington and, on the surface, look much like the broadcast networks' newscasts, minus glitz and name-brand anchors. But CNN's daylong format allows it the flexibility broadcasters will never have. It can chuck daytime programming and devote entire weeks to live coverage of the Iran-Contra or Bork confirmation hearings, or it can set aside seven minutes explaining life in Chad. It has the freedom to air lighter pieces on, for example, the British fad of adopting hedgehogs, and it has become adept at doing in-depth series on topics like AIDS in Africa.

CNN executives take pride in distin-

guishing it from the Big Three. "We're a different breed of cat," says Jeanée von Essen, vice president of foreign news. "We're a news network and they're entertainment networks with news programs. We're not crafting this jewel of a half-hour newscast. We don't have to digest a whole complicated story in a minute and ten seconds."

Larry Grossman, president of NBC News, which abandoned plans for a 24-hour cable news service and even offered to buy CNN, says CNN and broadcast network news are as different as the auto and airplane businesses. But that hasn't kept the networks from copying CNN. When CNN proved there was 24-hour demand for news and information programming, the networks created early-morning and late-night shows.

Media critic Ben Bagdikian says the most powerful lesson to be learned from CNN is that news can be produced less expensively. CNN, a non-union shop, spends \$100 million a year; the net-

works, \$275 million each or more. Bagdikian fears, though, that broadcast networks could give up their strongest franchise: experienced journalists. CNN reporters, he says, often lack the perspective of seasoned, better-paid broadcast correspondents. Other critics complain that CNN has gone soft in its news coverage, and point to the dissolution last March of its Special Assignments investigative unit. CNN says it was folded into its Special Reports department and Ed Turner bristles at the criticism: "With all 12 weeks of Iran-Contra hearings? Christ, no. Tell them to share the drugs they're on."

With a solid base on the domestic front, CNN is expanding abroad, spending some \$5 million a year to produce and market an international feed. It is a cost, says analyst Lee Wilder of Atlanta brokerage firm Robinson-Humphrey, that TBS is "perfectly willing" to shoulder, since investment overseas does not affect CNN's revenue growth. "We're losing our fanny over here at the moment," says Bob Ross, vice president for international sales who heads CNN's 25-person London office. But the losses make sense—just as CNN's domestic losses did seven years ago.

At least for now. The Canadians, English, Japanese and Germans are all talking about starting a similar service, but so far only NBC, American Express and Independent Newspapers of Ireland have done so with a company called AngloVision, which produces an international news feed available to upscale European hotels.

So far, 54 countries receive CNN legally, though countless others pick it up without paying. Its primary means of distribution is through broadcast outlets that buy CNN programming and run it live or as taped excerpts. Hotels and cable systems are also major means of distribution, and some 16 foreign newspapers use CNN as a type of international wire service.

Still, CNN International at the moment is merely another outlet for CNN domestic, according to Ross. Down the road that's likely to change. The combined force of the international and domestic feeds will give CNN firm worldwide standing. Says 16-year TBS vet Sid Pike: "When Ted started CNN, I don't think he ever thought of it as a worldwide service. But our impact is only beginning." ●

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# Hallmark Hall of Fame: Despite cost, rewrites, network troubles and missing extras, Hallmark shows maintain a reputation for impeccable quality

BY RINKER BUCK

Early this April, just three weeks before its spring movie aired on CBS, *Hallmark Hall of Fame* faced a crisis. During the final edit of *Pack of Lies*, a suspense drama starring Teri Garr and Ellen Burstyn, Hallmark's TV executives decided that the movie still lacked a critical scene. Toward the end of the film, Garr, just exposed as a Soviet agent, was led away in handcuffs as the friend who unwillingly betrayed her, Ellen Burstyn, watched from across the street. Hallmark felt it vital that Garr, before she was driven off, confront her friend with a long, soulful look—a four-second look, to be exact.

Shooting those four seconds meant that Garr would have to fly back to England almost immediately. "Probably no one but us would have noticed," says Richard Welsh, the New York agent who packages Hallmark's



■ *Pack of Lies* won kudos

films, "but we felt that the additional shot was important."

After negotiation, Garr agreed. Afterward, Welsh called to thank her. "Oh, no problem, Dick," Garr replied. "I talked to my mother about this and she said that I had to do it. I mean, we're talking *Hallmark* here, right?"

Since its founding 36 years ago, *Hall*



■ Guardians of the Hall are Brad Moore (left), and Hallmark chairman Donald Hall.

*of Fame* has become legendary for perfectionism. TV's longest-running dramatic series under continuous sponsorship, Hallmark's 153 productions have won more than 50 Emmys and becoming a major showcase for stars who otherwise might not appear on TV.

This spring, Hallmark completed one of its best years yet. Two of its movies from the 1986-87 season—*Pack of Lies* and *Promise*—earned ten Emmy nominations, including two for best picture. Indeed, *Promise*, a moving drama about a middle-aged man (James Garner) caring for his schizophrenic brother (James Woods), which ran last December, has already won just about every award in TV, including a Peabody, a Christopher and a Golden Globe.

If Hallmark's recent success seems exceptional, the story behind it is even more unusual. Hallmark chairman Donald Hall has been involved to a remarkable degree in every production since the first telecast in 1951. Aside from his unwavering commitment to funding the series, Hall also participates in the selection of properties, reviewing each project from con-

cept through final script and casting. Day-to-day management of the series over the past five years has been handled by two men, both of whom had spent most of their careers working on the periphery of TV production. They are Brad R. Moore, 40, a former Procter & Gamble ad manager who handled Folgers Coffee before joining Kansas City-based Hallmark as director of advertising in 1982. One year later, he was also put in charge of *Hall of Fame*. He hired Dick Welsh, 50, a former NBC programmer who had worked at the Young & Rubicam ad agency and superagents ICM—to work almost full-time on Hallmark's productions.

Moore and Welsh inherited an institution with a unique history. Begun in TV's early days by Hallmark's iconoclastic founder, J.C. Hall, *Hall of Fame* had consistently earned raves and high ratings for TV adaptations of works as diverse as Henrik Ibsen's *A Doll's House* and *Beauty and the Beast*. Hall's original inspiration was twofold, at once deeply philosophical and avowedly commercial. First, he wanted to prove that the new medium could be a vehicle for highbrow entertainment, proving that



(◀Continued from page 47) “the average American didn’t have the mind of a 12-year-old.” Second, by equating the Hallmark name with quality and taste, he wanted *Hall of Fame* to become a subtle, if powerful, means of marketing greeting cards. *Hall of Fame* presentations are scheduled four times a year during the busiest selling periods—between Thanksgiving and Christmas, and three more around Valentine’s Day, Easter or Mother’ Day.

**A**cross the country, Hallmark moves some 10 million cards a day, and 90 percent of its sales are to women. Thus, Hallmark productions are scheduled to attract primarily female demographics, and the dramas usually reflect themes that strongly appeal to women—caring, family, social values. Says Moore, “We are fundamentally concerned about relationships—that is what this company is about. It sounds corny, but we really believe the company motto: ‘When you care enough to send the very best.’”

Quality, however, often comes at a premium. *Hall of Fame’s* movies sometimes have budgets of \$3 million or more, compared with the \$2 million-plus budgets for most TV films. Ideas and scripts are patiently nurtured—Hallmark, for instance, spent 12 years developing *The Winter of Our Discontent* before it was aired in 1983.

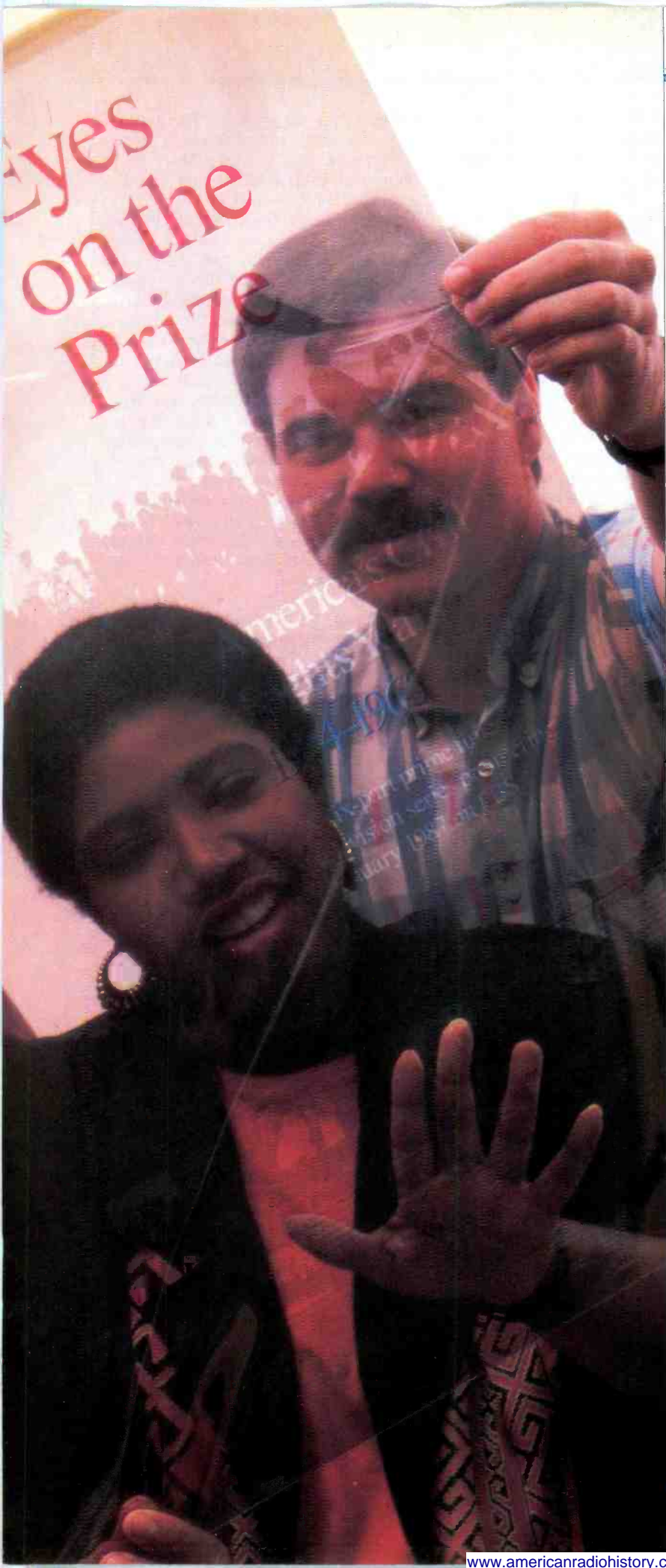
Hallmark is also legendary in Hollywood for backing producers in the face of network attempts to rewrite scripts and use stars with marquee value. One of Hallmark’s most celebrated battles occurred in 1985 over *Love Is Never Silent*, a drama about the hearing daughter of deaf parents. The movie was set to run on CBS until it balked at Hallmark’s plans to use deaf cast members for deaf roles. Hallmark took the movie to NBC, where it won two Emmys. “It was a gutsy decision—Moore and Welsh put their relationship with CBS on the line to do the right thing,” says Marian Rees, executive producer of *Love Is Never Silent*.

For the moment, the duo is busy locking in their 1987-88 season, which includes *Foxfire*, an adaptation of a play by Hume Cronyn and Susan Cooper, and *April Morning*, a drama set at the beginning of the Revolutionary War. Over the summer, Moore spent frantic hours one weekend helping redirect two busloads of British Redcoats who got lost on their way to filming *April Morning* in Canada.

“It’s all in a day’s work,” says Moore. “Besides, almost any sacrifice is worth it. Dick and I have the best jobs in America.” ●







# Eyes on the Prize: *No hype was necessary to make this six-part history of America's civil-rights movement one of the most powerfully dramatic programs TV has aired in many a season*

BY JAY ROSEN

**H**enry Hampton was 14, the same age as Emmett Till, when Till, a black kid from Chicago, was beaten and killed in rural Mississippi for saying "Bye, baby" to a local white woman. The year was 1955. In *Eyes on the Prize*, his remarkable six-part documentary on the civil rights movement, Hampton begins with the murder of Till "because that's where the story began for me," as he explains it. History as personal drama is the technique of *Eyes*, which ran on PBS last January and February to almost universal praise. By telling history with "stories," Hampton made a virtue of one of television's greatest limitations: the need to find symbols for complex events.

To provoke segregationists' vivid displays of racism was, of course, the strategy of civil rights workers in the South. The movement was, in that sense, symbolic by design. What Hampton conveys in *Eyes* is that individual men and women had to *decide* to make themselves symbols of resistance, and to suffer the consequences. And so Mose Wright, Emmett Till's uncle, stood up in a courtroom to become the first black man to testify against a white in the state of



■ *Heroes from history*

LOU JONES

*Jay Rosen, a Channels contributing editor, teaches journalism at New York University.*

*To make the series he imagined 20 years ago, Hampton (left) assembled a team including Vecchione, producer/director Callie Crossley and print coordinator Bob Lavelle.*

Mississippi. *Eyes* shows hundreds of acts like that. They make great television because they were inherently visual, dramatic and real.

Hampton saw the makings of the epic in 1965 when he went to Selma, Alabama, as a press officer for the Unitarian Church. The church had sent ministers to help in the voting-rights struggle, and Hampton was there when club-swinging cops on horseback attacked marchers on their way from Selma to Montgomery. "You could see this was a great moment," he says. "The nation was watching, the causes were very clear, and here were these wonderful heroes and villains."

He kept the idea in the back of his mind after starting his own Boston-based production company, Blackside Inc., in 1968. His goal was to create a company that would speak to black life in a professional manner through film. Contracts for anti-racism ads came in almost immediately; by 1979 Blackside was a modest success doing what he calls "behavior mod" films on such topics as teenage pregnancy.

But Hampton was growing restless; he could see himself becoming a businessman rather than a filmmaker. That year Capital Cities Communications happened to call. "They were talking to a lot of black producers," he recalls, "and they asked me what I would do if I had my druthers. It took me about 10 seconds to say, 'A history of the civil rights movement.'"

**T**o Hampton's surprise Cap Cities liked the idea. Georgia legislator Julian Bond was signed as on-camera host, and Hampton began filming him on location in the South. He found he had underestimated the work involved, especially the historical research. Cap Cities became uneasy about the scope of the "great, sweeping epic" Hampton was making, he says, and wanted to do a shorter, behind-the-scenes story on the movement. Cap Cities and Hampton parted company in 1980. He sought another backer, trying HBO, the networks and major syndicators, but Ronald Reagan had just been elected and none of the funders was interested in civil rights. "Their eyes would just glaze over," he remembers.

Three difficult years passed before a PBS executive, who had heard of Hampton's idea, called to say, "This has to be on public television." With small grants from PBS and the Corporation for Public Broadcasting (CPB), Hampton put together a presentation and got larger grants—in the end, CPB had donated \$610,000, PBS had put up \$250,000 and the Ford Foundation

\$400,000. In the fall of 1984 he convinced local PBS stations to kick in another \$300,000. Other backers brought the final budget to \$2.5 million.

With the early grants in hand, Hampton made several critical decisions. First, friends convinced him to open the project to others who might be sympathetic to it. A series of house parties began in Boston, San Francisco and Los Angeles, where interested people gave legal advice and some money (in amounts as small as \$25). Most important, Hampton got "a constituency," he says. "I would have given up 50 times, but once I opened up the idea, I couldn't let it go, because they wouldn't let me."

The second key decision was to start production in 1985 when he was still \$600,000 short of budget (then \$1.8 million). "I figured the momentum of production would bring in the rest," Hampton explains. It did, but just barely. The final grant, \$300,000 from General Electric, came in six months before air, when the series was finished and Hampton almost in hock.

A third key move was hiring as senior producer Judith Vecchione, who had made segments of *Vietnam: A Television History* and *Frontline* for Boston public TV station WGBH. The principles she brought were vital to the success of *Eyes*, especially the refusal to interview academics on camera. The "witnesses only" approach had been used well in *Vietnam*, and Hampton had already adopted it. Vecchione wanted him to go further, he says. "She convinced us to take out even the little analysis we had in the narration." Experts were not ignored, however. Borrowing again from *Vietnam*, the team sat down for a two-week series of classes on the roles of law, media, music, religion and politics in the movement.

Back at Selma in 1965, Hampton's first thought had been to do a theatrical feature about the movement's people. Now, as it came time to rough out treatments for the documentary, his team followed the tenets of dramatic filmmaking. "We'd say to ourselves, 'Okay, who are the characters here, who's talking, who are you going to care about in this scene?'" The thuglike Southern sheriffs and governors found in the period's film footage embody the evils of prejudice better than any actors.

The dramatic approach also required dropping Bond as the on-camera host. "Julian on-camera just didn't work," Hampton says. "The minute he showed up it became 'Julian Bond's History of the Civil Rights Movement,' and that's not what I wanted." Instead, Bond's rich, clear voice is heard setting the context and introducing the participants,

who move the story along. The result, as nearly every reviewer noted, is an effective tension between the "hot" footage of confrontation and Bond's "cool," almost detached tone.

Hampton dealt shrewdly with the one story most Americans already know about civil rights—the one that stars Martin Luther King Jr. His speeches, even as a young man, are intensely moving in *Eyes*. He is an important character, but by no means a god, or even a central figure. King's charisma comes through, but so do the dangers of relying on a charismatic leader, who was resented by some who did the day-to-day organizing. Hampton was careful not to include movement leaders or King's widow, Coretta, on his board of advisers. They are identified with King's legacy and might have influenced its portrayal. "If Coretta was an adviser," he asks, "how could we really talk about Martin?"

**H**ampton's follow-up eight-part series, which is expected to air on PBS in the fall of 1989, is even more ambitious than *Eyes*. He has raised \$2.7 million of the \$4 million he needs and is confident he'll find the rest. But the stories in the sequel undoubtedly will be more difficult to tell. Last season's series ended ominously with the Watts riots of 1965. Still to be covered are the rioting after King's assassination, the rise of the militant black-power movement, the battles over bus-ing in the 1970s and incidents as recent as the Bernhard Goetz case. The producer is aware that making the sequel will be trickier. As he puts it, "There's not a lot of nostalgia for the Black Panthers." Yet he insists that the years since 1965, "when black Americans were freed to really be themselves," are also a story of triumph.

Hampton sees the civil rights movement as an American success story, not only for blacks but for the democratic values Americans like to call their own. *Eyes* even refers to the movement as a "second American Revolution," the history of which belongs to us all.

Near the end of the series a line of small black children are shown marching at a funeral. One by one a Mississippi state trooper takes out of their hands the little American flags they hold. It is an astonishing sight. The great cumulative effect of *Eyes on the Prize* makes the viewer want to rise up in anger to shout, "Put those flags back!" Hampton and his team roused us with scenes of distant but pertinent events, excelling in a job that's seldom expected of television—moral instruction for its millions. ●



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*The Bretts*, published by Penguin Books is now available in local bookstores.

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# Channel 4:

*Britain's hybrid broadcaster, now a healthy five, is a 'cunning mix' in structure as well as in content*

**I**t began operations almost five years ago, on November 2, 1982, amid derisive jokes about its unorthodox programming. Now Channel 4 is regarded as one of the crown jewels of British broadcasting, renowned as an innovator and an intriguing model for 21st-century television. Foreign broadcasters beat a path to its door in London the way some people flock to a fashionable guru. And award juries honor the programs that chief executive Jeremy Isaacs unblushingly calls "a cunning mix of the accessible and the challenging."

Isaacs, an ebullient Scot who was top programmer at the big London commercial broadcaster, Thames Television, before starting up C4, will be saluted November 23 in a New York gala sponsored by the National Academy of Television Arts & Sciences. But the greatest American acclaim for C4 has been given to an extraordinary parade of individualistic movies produced for C4's *Film on Four* series, including such titles as *A Room With a View*, *Mona Lisa*, *Dance With a Stranger* and *My Beautiful Laundrette*. By partially financing more than 100 such "small" movies, C4 has earned wide recognition as a savior of the British film industry. And by showing that a channel can uphold high standards while contracting out films to independent producers, it is helping end the traditional near monopoly of in-house producers at the older BBC and ITV networks. Last year independent film makers contributed 25 percent of the channel's schedule and absorbed 43



■ C4's *Room With a View*

percent of its program spending.

Opening British television's door to independent producers was one of the government's major objectives for C4. Another, mandated by Parliament, was airing minority-interest programs for the increasingly polyglot nation. Under its unique structure, C4 has a schedule that often looks like public TV yet is supported by advertising. Britain's regional commercial broadcasters were allowed to keep their monopolies on TV advertising by selling the ad time on C4 as well as on their ITV network. In exchange, they're required to put about 14 percent of ITV and C4 revenues into C4—without controlling its programming. This year, finally, the ITV stations are approaching break-even, bringing in more ad revenues than they're spending on C4 programming. "Just getting it on the air with such an original structure was a stunning achievement," says Michael Grade, chief programmer at BBC-TV.

It was Isaacs who proposed the idea to the government in 1973, raising the scheme again six years later in the broadcasting industry's annual MacTaggart Memorial Lecture, which one listener wickedly described as "the MacTaggart Memorial Job Application." If that's what it was, it worked. Isaacs was appointed CEO in 1980.

Isaacs' aim was to command 10 percent of the audience, a share he's bettered on occasion but hasn't been able to sustain. (The average hovers around 8 percent.) Some of C4's higher ratings have come from its soap opera *Brookside* and American imports such as *The Golden Girls* and NFL football. (A staggering 32 percent of the schedule is American.) Isaacs says C4 had to air crowd-pleasers like those. "That's what allows us to do the programs that are innovative." C4 has carried breakthrough shows for and about both political and ethnic minorities. And it has aired the nation's only nightly hour-long newscast, a 7 P.M. program that pays more attention to politics, industry and sciences than to crimes, disasters and the royal family.

**B**ritish broadcasting will be the poorer late next year when Isaacs leaves C4, and the industry, to become general director of London's Royal Opera House. He's a fan of the lyric stage, but his reason for leaving TV is that there's no better job in sight since he was passed up earlier this year for the industry's most prestigious job—the BBC director-general. "People are not here wielding these vast amounts of public patronage for life," he once said about C4. The staff should turn over before the channel's first decade is out, Isaacs insists, so C4 could keep on surprising its viewers. ●

CLIVE ARROWSMITH



■ Isaacs, who envisioned C4 and was its first CEO, moves on to a new career next year.

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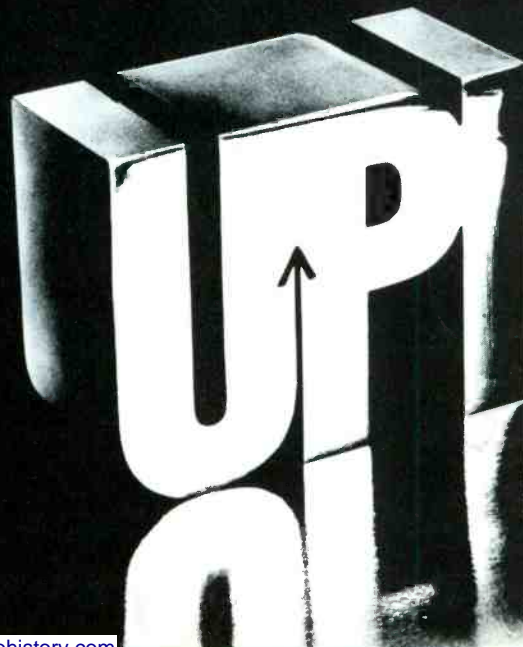
KRON-TV, San Francisco, CA, Division I      KCBS-AM, San Francisco, CA, Division I  
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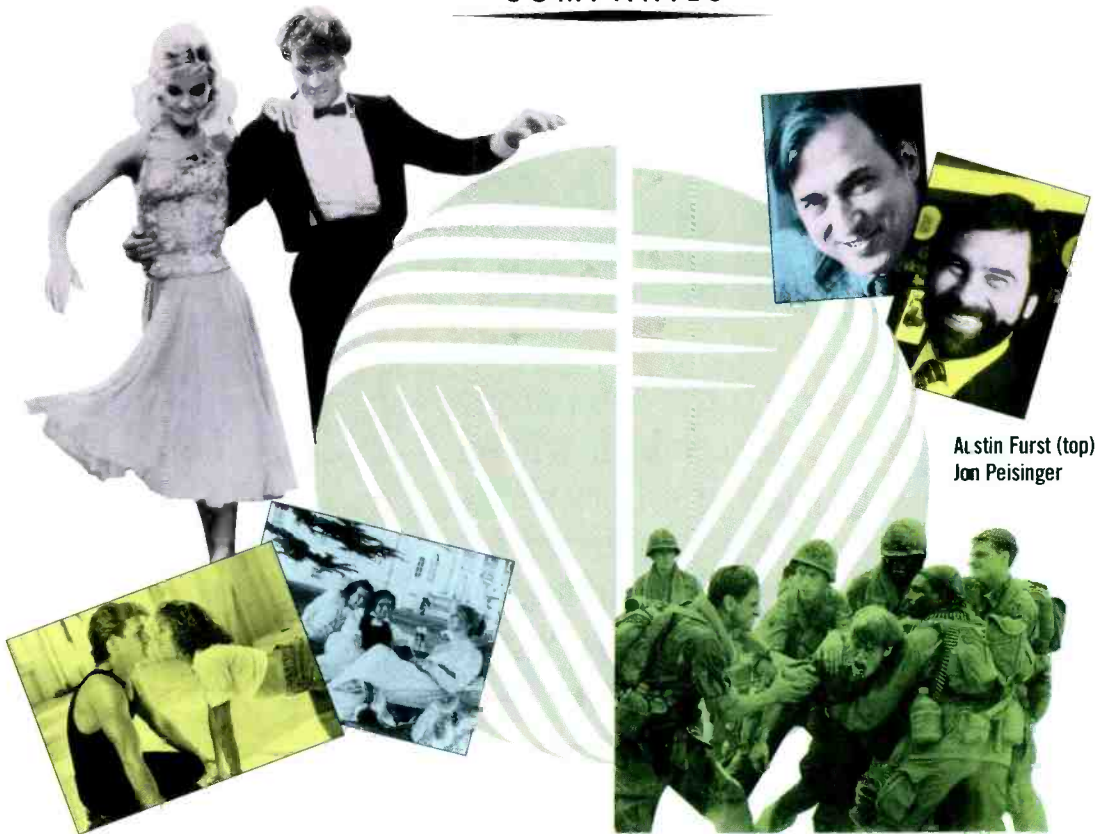
WCVB-TV, Boston, MA, Division I      WTVH-TV, Syracuse, NY, Division II

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Austin Furst (top)  
Jan Peisinger

# The Rise and Stall of Vestron Inc.

It was the brightest light in the home-video industry, but now Vestron must get into new entertainment businesses—and fast. Is there cash enough, and time? *by Mark Frankel*

**E**ight hungry men bidding on a TV dinner”—that’s how Austin O. Furst Jr. once described what it’s like these days trying to secure rights to films on videocassette. If there’s a touch of bitterness in the metaphor, it’s because Furst must be feeling stung right now. The company he founded six years ago, Vestron Inc., is embattled. And it’s embattled largely because of the success of a market he helped create.

The story of Vestron is one of the most intriguing entertainment-business tales of the decade. Launched in 1981, the company cashed in on the VCR explosion and built a video empire on a mix of prestigious titles and low-budget schlock. Just three years after its

Channels contributing editor Mark Frankel last wrote about comparative renewal.

founding, it was a \$200 million firm, the nation’s largest independent cassette distributor.

But for the past 18 months, Vestron has been losing money—lots of it—and management has been scurrying to move the company into other businesses. At the same time, Vestron was staggered this year by the apparent loss in a court battle of a guaranteed video money-maker, *Platoon*. (See box.)

Still, if Vestron can pull off its move into feature-film production and distribution, TV syndication and overseas theatrical releases, it will have achieved the unprecedented: the first company born of the video industry to produce and market movies for theaters, TV and cassettes.

“Any company that continues to define its business as simply releasing movies that were in theaters six months before is not taking advantage of the full scope

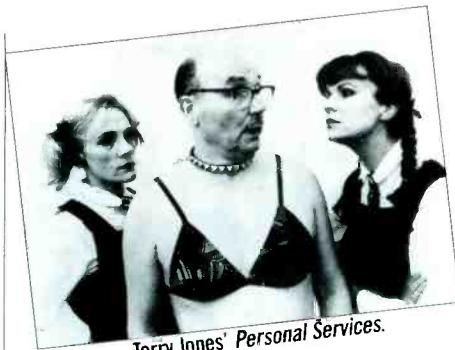
of the marketplace," says the company's 40-year-old president and chief operating officer, Jon Peisinger. With founder and chairman Furst no longer giving interviews, the dapper Peisinger has become the face Vestron shows to the world.

**T**his past summer, seeking to expand its horizons, Vestron Pictures struck gold with *Dirty Dancing*. As the movie emerged as a critical and box-office hit, Vestron stock began a turnaround, quickly passing \$6 a share, even as analysts remained wary. "I just don't think their move into theatrical films makes sense," says Paine Webber analyst Lee Isgur. "One *Dirty Dancing* does not a season make. For each one that Vestron comes up with, a company like MCA can find 10,000 in their archives." In Isgur's view, Vestron's claim of adequate capitalization is "hot air."

While video must remain Vestron's core, at least for a time, the move into movies and TV is a bold gambit. Furst, ex-CEO of Time-Life Films; Peisinger, former marketing v.p. for Time-Life Video, and their colleagues are betting they can reverse the traditional evolution of the Hollywood studios: from movies to TV to cassette. Peisinger calls Vestron's strategy "backwards integration." What he won't say is that it's a course the company has had to chart.

Last year was Vestron's worst. A shakeout in video retailing coupled with the start-up costs of its new ventures hit Vestron hard. After enjoying 200 to 300 percent increases in sales and earnings its first three years, the company managed a paltry 7 percent sales boost while earnings plummeted 63 percent in 1986. For first-half '87, Vestron reported an \$8.5 million loss, compared with a net profit of \$11 million for the same period last year.

What's more, Vestron lost market share in video, slipping from number two, behind CBS/Fox, to number five; its market share shrinking from 10 percent to 8 percent. Despite diversification, analysts



Terry Jones' *Personal Services*.

**If the company succeeds, it will be the first born of the video industry to produce and market movies for theaters, tape and TV.**

are predicting tough times still ahead for the company. "They may not have hit a brick wall, but they certainly haven't turned any corners yet," says Dennis McAlpine of Oppenheimer and Co.

Fifteen staffers, including four top executives, were laid off in August. That followed May's firing of 50 of the company's 400 employees at its Stamford, Conn., headquarters.

Despite the gloom, Peisinger holds his chin up: "We're well capitalized and have the resources to play for an extended period. We can wait for the cash flow from our new businesses. We've never run the company on the short term. If there's a short-term price to pay, so be it."

Nevertheless, Paul Sweeting, managing editor of *Video Marketing Newsletter* warns that "One of the new businesses they've chosen to enter [film production and distribution] can eat up \$100 million in a hurry."

When Vestron's first cassettes hit the streets in 1982, fewer than 6 percent of American homes had a VCR. But Vestron's revenues rose with the VCR boom—from \$12 million in '82 to \$182.6 million in '85. Profits kept pace, rising from \$2 million to \$34.4 million during the same period.

And Vestron was daring. In 1983, Furst and Peisinger pre-bought 32 films from Orion Pictures, a package that included such prestigious titles as *Gorky Park* and *Broadway Danny Rose*. Later that year, Vestron bucked industry wisdom and helped MTV and Showtime cover the \$1.5 million cost of producing a Michael Jackson documentary. The result, *Making Michael Jackson's "Thriller,"* was a cultural event. It sold more than a million tapes and earned

some \$12 million in sales for the company.

But by 1985, when Vestron prepared to go public, the first rust spots in its armor appeared. Relying on an overly optimistic consultant's report on VCR growth, Vestron and chief underwriter Merrill Lynch set a price of \$16 to \$19 per share for 10.8 million shares (half owned by Vestron, the other half by Furst). Pegged at 25 times earnings, the price for the new company was judged too high by Wall Street. Investors were also outraged by Furst's plan to take \$50 million in retained earnings out of the company.

"At \$12 the stock was attractive," says McAlpine. "At \$18 it made a good story, but it wasn't very convincing."

Furst eventually dropped his plans to sell his shares and Vestron debuted in October '85 at a more modest \$13, but Wall Street remained cool. Within months, brokers stopped pushing the stock. By June of this year it had sunk as low as \$4 7/8 before bouncing back. Nonetheless, Vestron managed successfully to issue \$115 million of convertible bonds in early 1986 to fuel its diversification.

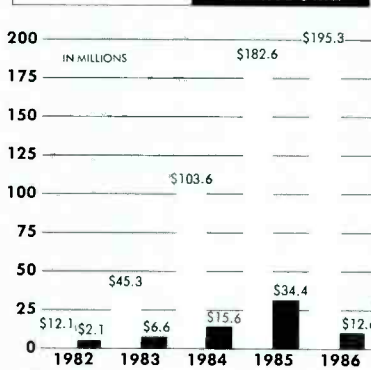
**B**ut even as Vestron was recuperating from its traumatic birth as a publicly owned company, the once solid video market went spongy. Peisinger says several factors contributed: Buying patterns among video stores changed dramatically in response to consumers' more selective tastes. The trade began buying more A titles, and Vestron's inventory, loaded with the likes of *Hollywood Hot Tubs* and *Stocks and Blondes*, was often left in the warehouse. In addition, video stores' proliferation began to slow down.

"Everyone anticipated that day would come," says Peisinger, "but we didn't expect to wake up one morning and find it had already arrived."

As all this was happening, Vestron's acquisition costs increased. Movie producers, realizing the true worth of video rights, raised their prices. Orion refused to renew its pre-buy agreements, putting an additional squeeze on Vestron's early

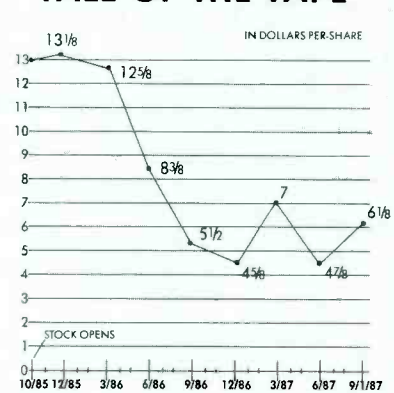
## VOLATILE VESTRON

SALES NET INCOME



Source: Company reports

## TALE OF THE TAPE





access to new product. The major studios began competing for video rights to independent productions. And finally, Vestron's decision to enter new businesses compounded its cash-flow problems.

In January 1986, the company established Vestron Pictures to oversee movie production and distribution; a few months later it began Interaccess Films to handle theatrical distribution abroad. The year ended with the December announcement of the start of Vestron Television, a syndicated movie packager.

While the company refuses to reveal its dollar investment in the new businesses, a source close to the company put it in the "tens of millions." In September '86, it announced a \$100 million joint venture with Integrated Resources, a New York financial-services firm, to co-produce up to 15 films over the next two years.

Whatever the long-term payoff, the new investments and additional overhead (the company refuses to say how large) decimated the bottom line.

"We were in a business where you turn your cash over quickly, acquiring video rights," Peisinger explains. "Literally within months we were collecting money from the trade. Now we've moved into businesses with more traditional R&D time, where the return on investment is 18 months."

Management, however, cannot escape blame. The company reportedly spent \$5 million acquiring the video rights to the Sean Penn-Madonna vehicle *Shanghai Surprise* long before its release. The surprise was on Vestron: The film bombed and the company lost \$1 million. Then Vestron repeated the misadventure with the big-bucks costume epic *Taipan*. Peisinger insists both will eventually make money in cassette: "We've had a lot of success with bad movies." But, as analyst McAlpine says, "They've got to burn off a lot of product they've paid extremely high prices for."

In its new motion-picture and TV operations, Vestron is counting on a formula of prestige and sleaze. Vestron Pictures, in theory, will provide the prestige. Concentrating on productions with moderate budgets (from \$6 million to \$8 million), Vestron will have come close to its projections by year's end—having released 16 films. "Spending \$30 million doesn't guarantee a hit," says Peisinger. "It didn't keep *Howard the Duck* from becoming a turkey."

In an attempt to reposition itself as a distributor of top-rank "A" titles, Vestron has begun marketing such films as Ken Russell's *Gothic*, John Huston's *The Dead*, and *Personal Services*, directed by ex-Monty Python hand Terry Jones.

The sleaze will come from Vestron Television in the form of three low-budget movie packages, under the general titles *Empire of Terror*, *Lovely and Deadly*, and *Heroes, Pirates and Warriors*.

## The Battle for ★ *Platoon* ★

Added to Vestron's woes this year was the battle over the videocassette rights to the Vietnam War drama, *Platoon*. For a time, it seemed the struggle would drag on as long as the war itself.

Vestron thought it had secured distribution rights to the Academy Award-winning hit, as well as to the basketball saga *Hoosiers*, from the producer, Hemdale Films. But Hemdale later peddled the rights to HBO Video, claiming Vestron had violated the contract. Last month, a federal court denied Vestron's motion for an injunction against HBO. An appeal will be heard this month—about the time HBO Video intends to begin distributing the first cassettes of *Platoon*.

At stake are the rights to what could be one of the biggest video movies of all time. *Platoon* has earned \$136 million at the box office and analysts think it could earn \$20 million in cassette.

In 1985, Vestron signed a \$6 million deal with Hemdale to market the film. Vestron agreed to put \$2.6 million up front, then to make three installment payments. That's where things get murky. Vestron says it never received a print of *Platoon* on release (as the contract called for), and thus never made the first payment. Hemdale claims the failure to pay negated the deal. The producer then sold the rights, along with *Hoosiers*, to HBO for a reported \$15 million. Even without a firm grip on distribution rights, HBO set aside \$1.5 million for promotion and has agreed to indemnify distributors against any future claims by Vestron.

What's surfaced in months of litigation is Hemdale's claim that Vestron participated in a 1984 scheme to "harm" it in connection with another film, *Ghoulies*. Hemdale said it wouldn't have entered into the *Platoon* agreement if it had known of Vestron's actions. Vestron says the *Ghoulies* matter is irrelevant, but so far the courts have disagreed. With an eventual trial expected, all Vestron can really hope for now is a damages award by Hemdale sometime in the future. Its 'Vietnam' war appears lost.

JOSEPH VITALE



Vestron's Vietnam?

Strauss Zelnick, the 30-year-old president of the TV division, admits the product may not thrill critics. "These films aren't *Kramer vs. Kramer*, but they'll deliver ratings and the right audiences at the right prices," he says. "Our goal is to provide films that will get ratings on pay, network and indies." The packages are designed to attract the young male 18-34 viewers beloved by advertisers.

Yet Vestron's decision to enter TV syndication disturbs some observers. "They're entering the market at the worst possible time," says Richard Lorber, president of Fox-Lorber, a TV syndication and video-licensing firm. "With many independents threatened with bankruptcy or cutting programming budgets, there's a serious reduction of buying opportunities as well as falling movie prices."

Still, Zelnick is unperturbed: "We've made a commitment over the long term." He says the company's first goal is to build a distribution organization, then worry about finding first-rate product to fill it. While plans to do TV series are far off, the company will soon begin offering movies of the week, with more feature packages to follow.

One of Vestron's most surprising strategies, and one which may offer a glimpse into its future marketing plans, can be found in its release sequence for *Secrets of the Titanic*. The 60-minute special was produced by the National Geographic Society, with which Vestron signed a 1985 contract for exclusive video rights. A documentary on the search for the legendary liner, *Secrets* was released on video last winter and sold 100,000 units in four months before its March 1987 premiere on cable superstation WTBS.

Even though it was pre-released on video, *Secrets* scored the highest rating in cable history—an 11.4 rating and a 17 share. "The common wisdom is that you kill TV with that kind of product if you go to video first," says Zelnick. "It actually promoted the cablecast."

Still, no one doubts that Vestron's fortunes are still linked to cassettes, and there it faces problems. The marketplace is crowded with strong competitors and if the company has, indeed, lost the video rights to *Platoon*, it could mean big trouble. Months ago, Peisinger himself said that if Vestron were forced to delay the release of the film by more than a few months, "we'll incur significant damages." Now he, Furst and the rest of Vestron's braintrust must face the prospect of losing the film entirely.

But regardless of the outcome of the *Platoon* case, the era of double-digit market share in the home-video business is ending. In order to survive, Vestron Inc., which helped to shape that business, will now have to invent itself once more. ●

# "If Howard had known..."

.....  
 Howard Stringer got his dream job running CBS news. Now he finds himself lurching from crisis to crisis.  
 .....

BY MERYL GORDON

**W**hen Howard Stringer was named president of CBS News last October, staffers gave him gifts to brighten his office—a card emblazoned with the words “Hellish Job,” a miniature fire engine to extinguish corporate conflagrations (a no-hard-feelings gift from ousted president Van Gordon Sauter) and a sequined silver scepter.

Looking back, those presents seem all too fitting in view of Stringer’s grueling first year on the job, a year in which he oversaw brutal cost-cutting and massive layoffs, declining ratings and sinking morale. The symbolic scepter on Stringer’s desk is now as frayed as if it had been mauled by a 5-year-old, not a 45-year-old. “If Howard had known what would happen, that the transition would be so difficult and savage,” says CBS anchor Dan Rather, “I’m not sure he’d have taken the job.” Sitting in his modest office, Stringer phrases his thoughts slightly differently, as he gestures with his scepter (“I like to think of it as a magic wand to make my cares go away,” he jokes) or absent-mindedly gnaws on it. “You take

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*Contributing editor Meryl Gordon last wrote for Channels about the independent station marketplace.*

this job because it’s a great organization, it has an enormous history and it’s incredibly gratifying,” he says emphatically, then pauses and wistfully adds, “You don’t get to pick the decade.”

A network news presidency has long been a tug-of-war job requiring feats of diplomacy to keep both the corporate “suits” and the rambunctious reporters and producers in the news division happy. At CBS News, with all the press scrutiny and the multiple factions (the Rather people, the Don Hewitt supporters)—these factors combine to make the pressures particularly intense.

Stringer, the fourth news-division president at CBS in a mere six years, was named to the job shortly after CBS’s single largest investor, Laurence Tisch, became the company’s chairman. As a nearly 20-year veteran of CBS who worked his way up from clerk to documentary producer to executive producer of the *Evening News*, Stringer hoped to spend his first year devising new programs and cheerleading the news division to glory. That scenario now seems a distant dream: “Unfortunately, it’s been pouring cold water on a lot of people’s hopes and aspirations,” says Stringer. He fired some 230 of his colleagues in March to enforce new budget constraints. Add to that the 170 people laid off during the previous two years—cuts that Stringer helped supervise—and CBS News has slashed its work force by a

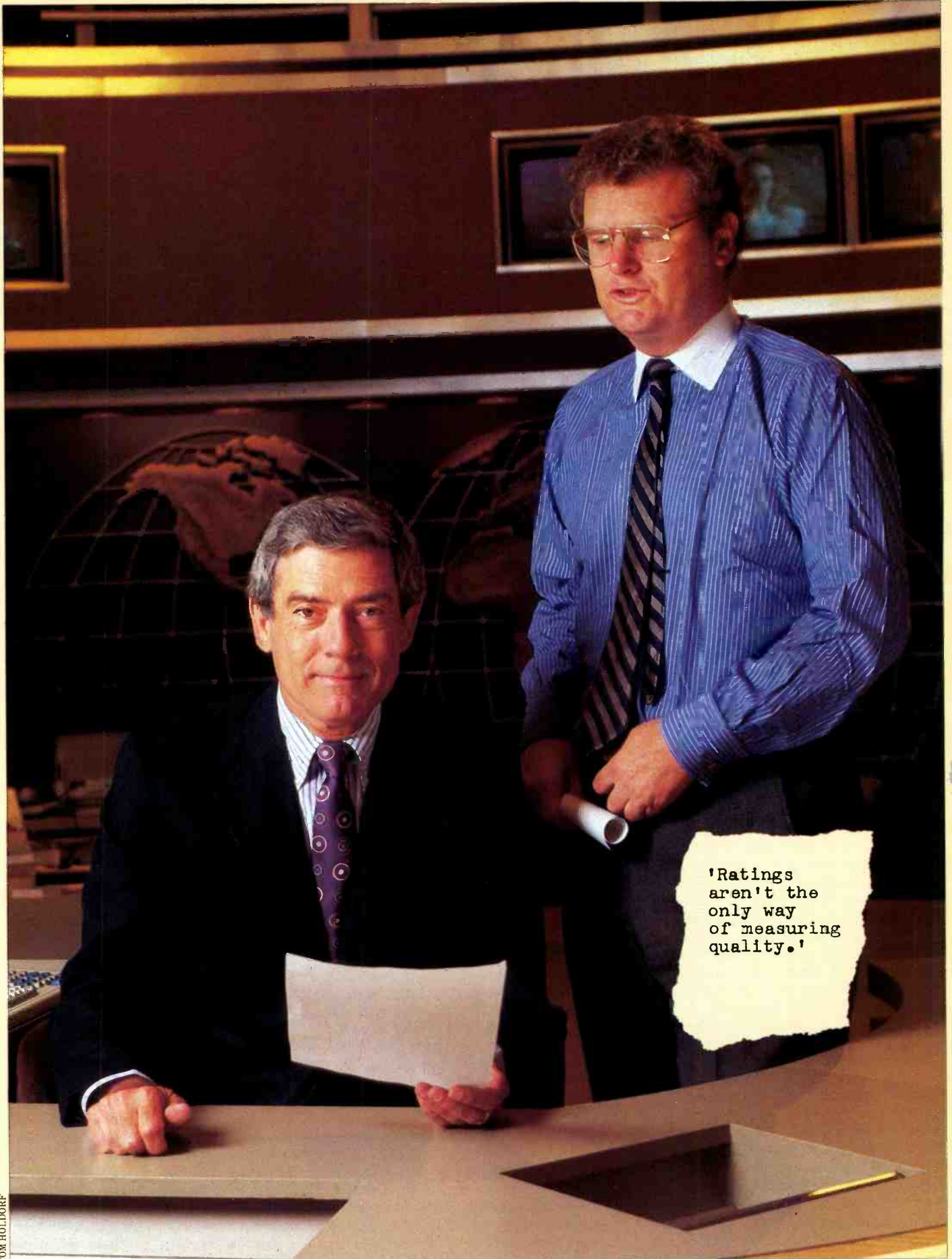
whopping 25 percent, to 1,200 employees. The news division budget was cut by \$30 million, to \$270 million.

The crisis-a-minute atmosphere has been unrelenting ever since. The latest incident came in early September when Dan Rather, angry that his broadcast would be delayed by a tennis match, walked off the set. In the resulting confusion, the network went black for six minutes until Rather returned. Stringer’s job, in the aftermath, was to patch up relations between Tisch and Rather and, more importantly, “make sure it doesn’t happen again. Dan is lightning in a bottle, exciting and bright and occasionally dangerous,” says Stringer wearily. “The trick is to bring out the best without too many crises.”

Like Tisch’s ousting of former CBS chief executive Thomas Wyman, Stringer’s ascension to the top job at CBS News, replacing Van Gordon Sauter, was greeted jubilantly by the news staff. But many of them are now bitter about the Stringer regime. With the worst of the restructuring over (“I don’t think we’ll have layoffs again,” he says, “but you realize we’re not entirely masters of our own destiny”), Stringer is now trying to heal the battered news division—a tough, time-consuming process.

“You don’t get over the Holocaust just because it isn’t here anymore,” says *60 Minutes*’ Andy Rooney. While Rooney thinks highly of Stringer, many others



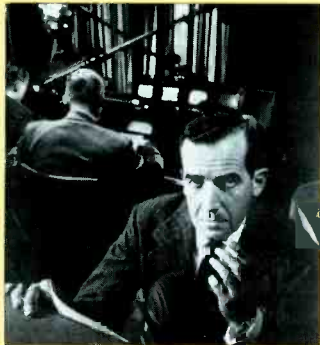


'Ratings  
aren't the  
only way  
of measuring  
quality.'

TOM HOI.DORF

CBS NEWS PRESIDENT HOWARD STRINGER HOVERING OVER ANCHOR DAN RATHER

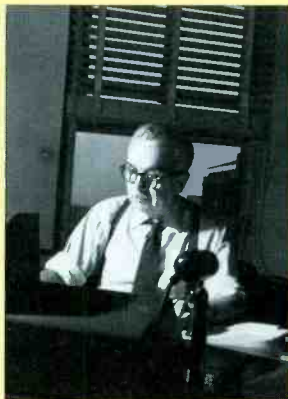
## Stringer's Predecessors as Head of CBS News



Edward R. Murrow, vice president and director of public affairs, December 1945 to July 1947.



Davidson Taylor, vice president and director of public affairs, July 1947



Edmund Chester, director of news, July 1949; later director of news and public affairs for radio division



Sig Mickelson, director of public affairs, December 1949; first president of CBS News, October 1959 to February 1961



Richard S. Salant, president, February 1961 to March 1964, and again February 1966 to March 1979

aren't so charitable, expressing suspicion and anger that Stringer—one of their own—carried out the layoffs. "Howard accepted Tisch's orders to cut with gusto," says one embittered producer, adding, "Howard is impressed by powerful people, and he knows that you get ahead by pleasing Larry." Stringer says he wants no higher position, and seems hurt by the hostility. "The easiest thing would have been for me to resign and let someone else do it," he says. "But the reality of this institution is that you have to change for the future."

The institution has changed in many ways. A Chinese Wall that once existed between CBS News and CBS corporate is there no more. "The president of CBS News used to be the buffer between the news organization and corporate management, but there's new management now and it works differently," says a veteran CBS News executive. "Tisch is a bit like George Steinbrenner in that he doesn't let the manager manage autonomously. Tisch keeps you constantly aware that Stringer works for the boss."

But in the new environment, the re-making of CBS News is much more complicated than the painful process of pink slips. As Stringer tries to make peace, he's also grappling, along with competitors at ABC and NBC, with the need to rethink the role of network news in an increasingly competitive environment. In just seven years, the change has been dramatic: During the peak 1979-80 TV season, 41.9 percent of all families watched one of the three network newscasts on the average night; but by the 1986-87 season, only 34.6 percent did. The networks blame some of their audience loss on revenue-conscious local program-

mers, who are pitting game shows against the evening newscasts, altering traditional viewing habits and further weakening network brand loyalty.

If these weren't issues enough to keep Howard Stringer awake at night (the job, he says, has turned him into a frequent insomniac, reading spy novels and watching late-night movies to unwind), add to his troubles the dramatic ratings slump of the *Evening News* with Dan Rather. After dominating the airwaves for nearly three years, the show plummeted this spring to third place, with its lowest showing in more than 20 years. It was almost as if viewers believed the cries emanating from the news division about the layoffs creating a second-class operation. "Tuesday used to be the day between Monday and Wednesday," sighs Lane Venardos, CBS News special events executive producer. "Now it's the day the ratings come out."

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tunned by the drop, CBS executives this summer issued excuse-of-the-week statements, blaming the problem on, respectively: skewed sampling data in the Nielsen ratings; Dan Rather's vacation (ratings kept falling upon his return); late West Coast basketball games; the popularity of the NBC schedule; the woes of CBS's owned-and-operated stations, and unpleasant publicity over the squabbling at CBS. Tony Malara, CBS senior v.p. for affiliates, began to receive nervous calls from station managers asking, "What the hell is going on? Is there anything going on here besides mass confusion in the ratings?"

Meanwhile, Stringer and his *Evening News* producers are rethinking the show,

looking at everything "from story selection to length of pieces to use of correspondents to a redesign of graphics" (Stringer himself is responsible for the program's new bumpers), as well as trying, so far unsuccessfully, to lure back commentator Bill Moyers, who angrily jumped from CBS to PBS last year. In the midst of this internal analysis, there was some good news: an August test of Nielsen's new people meters, which went into effect last month, showed the *CBS Evening News* in first place. But Stringer still vowed to make changes in the program, even if the figures prove real this fall: "Ratings aren't the only way of measuring quality."

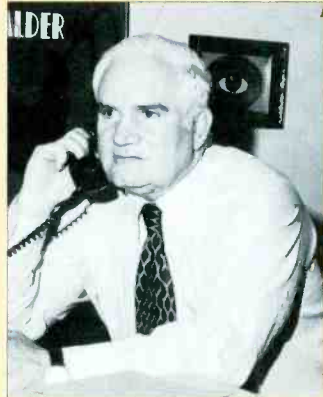
This debate over CBS's flagship news show is further roiling emotions at the network, pitting hard news enthusiasts against Stringer, who has a reputation for favoring eye-catching and emotion-grabbing stories over duller but worthy policy-type pieces. Detractors, who decline to be quoted by name, since, after all, Stringer is the boss, gripe that he's a "television person, not a journalist." Stringer responds, "They're afraid of me, that I'll popularize the broadcast. I'm not going to do that." These concerns are based on the not too distant past: During Stringer's tenure as the show's producer, he introduced—with encouragement by then-president Van Gordon Sauter—the use of emotional "moments" in the broadcast, in an effort to convey the poignant human dimension of subjects like the impact of government economic policies. Like many good ideas, the concept was soon overused and eventually ridiculed.

But the current conflicts about the newscast's tone are not, of course, occurring in a vacuum. Millions of dollars in





Fred W. Friendly, president, March 1964 to February 1966



William A. Leonard, president, April 1979 to March 1982



Van Gordon Sauter, president, March 1982 to September 1983, and again December 1985 to September 1986



Edward M. Joyce, president, September 1983 to December 1985.

advertising revenues are at stake. Heading into ad negotiations for the fall season, CBS Broadcast Group president Gene Jankowski reluctantly acknowledged that if the *Evening News* stays mired in third place, "Prices will still go up, but we won't receive as much as we'd like." As a lead-in, the *Evening News'* low ratings could also hurt CBS in prime time. Thus the increasing number of viewers who are watching NBC and ABC newscasts may stick with those networks—further taxing CBS's ability to inch up in ratings and revenues.

Still, a fierce debate continues over how to improve the program, a discussion centering on that time-honored television dilemma: how to balance information and entertainment. Stringer argues that CBS analyses conclude that audiences find news complicated and that longer pieces with depth are an answer. Expanded use of longer stories is a formula he followed in 1981 when he was named executive producer of the show and was given the job of recasting it around Rather, following Walter Cronkite's retirement.

Stringer's efforts (including stories on how changes in government policy af-

fect people, slower pacing and more features) helped lift the show back into first place. "I'm now accused of being successful but soft," says Stringer. "Long background pieces can look soft, and critics can say there were too many pieces on sheep. Tom [Bettag, executive producer of the *Evening News*] has brought a tougher element. I have concerns that it's too tough, and doesn't give Dan an opportunity to show a range of skills." In turn, Bettag says he favors doing longer provocative and thoughtful pieces, and appears chiefly concerned that CBS be perceived as the smart network, not the one that "goes for the glitz."

These discussions often translate into only minor program changes. When Fred Astaire died last summer, for example, NBC and ABC ran long pieces about the entertainer at the top of the show, while CBS protected its non-glitz reputation

by using a short mention up front, doing a longer Astaire feature later in the show. (Stringer, who was on vacation at the time, admits that if he'd been in town, he would have made the same call the other networks did.) CBS also chose to emphasize its hard news coverage during the recent Iran-contra hearings by having Rather anchor from Washington and con-

duct frequent live interviews with senators and congressmen, while NBC and ABC kept their shows in New York.

**W**atching Howard Stringer cope with his job's consuming concerns is like watching one of the Flying Karamazov Brothers juggle the cactuses, knives and dead fish

thrown by the audience; he should be versatile and composed even as the sharp objects occasionally hit their mark. An imposing six feet three, Stringer sports a mop of brown curls and a wardrobe of stylish British Burberry suits, and displays an engaging and mischievous manner. Born in Cardiff, South Wales, he's not exactly the standard-model American television executive: The son of an Air Force man and a teacher, Stringer was sent off as a scholarship student at age 11 to an exclusive boarding school and went on to receive a masters in history at Oxford. Upon graduation, Stringer yearned for a job in American television, and to pay his passage spent a summer working as a truck driver. Arriving in New York in 1965 with grand fantasies of eventually directing *The Ed Sullivan Show*, Stringer wangled a starting job as a clerk at WCBS-TV. But his journey soon took an odd turn: Three months later he was drafted into the Army, just as the Vietnam War was moving into high gear. Of course, he didn't have to serve; he could just have departed on his British passport. But at age 23, Stringer wasn't ready to go home and look for an ordinary job—"It would have felt like running away"—so he joined the Army, serving in Viet-



'You don't get to pick the decade.'

E. J. CAMP

nam as a policeman.

Those years rest lightly on him. He returned to CBS after his Army discharge, beginning to work his way up in the ranks, and is anything but the strict military man in current conduct. He's irrepressible, leaping out of his chair to act out a conversation or regaling an affiliates' meeting with remarks in song (including an Elvis imitation) and verse. Whether joking that news purists fear he'll "turn the *Evening News* into *The Rocky Horror Show*" or discussing CBS's "primal-scream" theory of public relations (the newspapers are regularly filled with stories leaked by disgruntled CBS employees), he is entertaining and colorful, always reaching for a laugh.



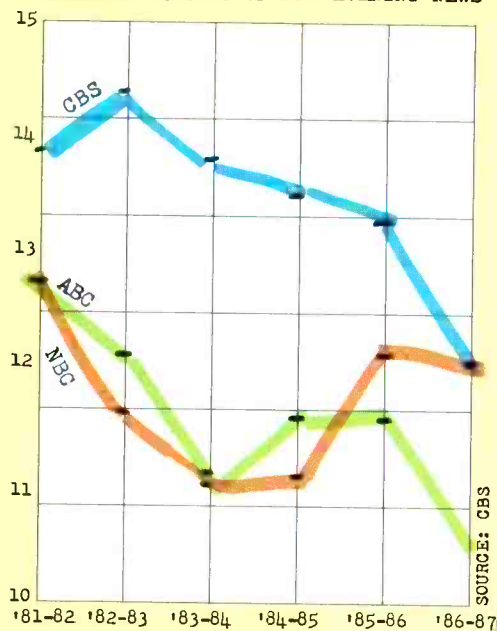
On the job, Stringer's hours are fragmented. One recent day, he was forced to drop everything to spend hours explaining to accountants why the division hadn't met budget and head-

count limits. Yet another day he rushed off with his boss, Gene Jankowski, to Charlotte, N.C., to successfully convince officials at CBS affiliate WBTV not to jump ship to NBC. Back at CBS, meetings and phone calls await him: dealing with a recalcitrant correspondent refusing to work without more money despite a contract; arranging for a weekend retreat with two producers to discuss program changes; meeting with a manager hoping to block a demotion to a lesser job, and continuing two successful lobbying efforts—keeping *West 57th* on the fall schedule, and working with other executives to prevent New York's WCBS-TV from moving up the *Evening News* by a half hour. At day's end, he always follows the same familylike ritual: His assistants gather by his desk to watch the *Evening News*, and then he walks to the set to chat briefly with Rather and the show's staff. Afterward it's back to the office for more paperwork and late calls. "You never feel like things are solved," he complained at 9 o'clock one night, riding home in the company's 1984 gray Fleetwood to the elegant Greenwich Village loft he shares with his wife, dermatologist Jennifer Patterson.

As a manager, Stringer has a reputation as someone who won't tolerate noisy confrontations. "He can't stand shouting and yelling," says executive producer Bettag. "He has changed the temperament of this place substantially." Stringer likes being a grand strategist and idea man—he proposed the high-

### Rather's Steep Decline

AVERAGE RATINGS OF CBS EVENING NEWS



rated June special, *Moscow: Seven Days in May* (with a 12.7 rating and 23 share it won the time slot)—but typically leaves day-to-day details to his deputies, Mark Harrington, who oversees the news broadcasts, and Joan Richman, who's in charge of the bureaus.

So far, Stringer gets mixed reviews for his tenure. With bad feelings over the layoffs come numerous complaints that the news division seems to be drifting, without a powerful sense of leadership or direction. Stringer's plans include more on-the-run documentaries such as *48 Hours on Crack Street*, and maybe more news shows (a pilot is in the works for a new Charles Kuralt nostalgia-history show entitled *Try to Remember*), but he freely admits that he's spending so much of his



'Stringer could make friends with a wall hanging.'

WITH CBS NEWS CHIEF WASHINGTON CORRESPONDENT BOB SCHIEFFER

time "lurching from crisis to crisis" that it's hard to do planning. In the short term, he's proud of his success in lobbying Black Rock to keep the magazine show *West 57th* on the fall schedule. "There are two ways to solve our problems—you can cut costs, or produce your way out of trouble," he says. "If you can turn out shows you can be proud of, at some stage they increase your profitability." Although the show's flashy techniques and reporter-as-star style are controversial, Stringer believes the program "has become more substantive but kept its electricity." Now, with the cancellation of the low-rated *Morning Program*, Stringer is also faced with devising an early-morning format that will put CBS back in the running.

Stringer's supporters say it's unfair to judge his skills on the basis of this tumultuous period. "Howard hasn't handled it perfectly," says Dan Rather. "But he's been the captain of the ship during the typhoon, and not every turn of the rudder is correct. As a manager,

Howard cares so much that he spreads himself awfully thin." That's a complaint echoed elsewhere: Members of the demoralized *Morning News* staff say they haven't seen Stringer this year.



One June afternoon, Stringer turned his attention to the documentary unit, heading over with deputy Harrington to view a one-hour report on the war in Afghanistan. As an award-winning documentary producer (*The Defense of the United States*, *The Palestinians*), Stringer retains a fondness for the unit, but today's offerings seems a far cry from the in-depth team investigations before the cutbacks. The film, albeit compelling, was shot by a freelancer; CBS's sole contribution was to edit the film and prepare a script, which was narrated by Dan Rather. Stringer quickly sizes up the situation. "You need to say this was done for CBS News especially," he tells producer Perry Wolff as the introduction begins to roll. "We need to establish the link to Rather and company, to give Dan a *raison d'etre*."

Midway through the film, there's a knock on the door and Stringer is called away to talk by phone with the vacationing Rather and deal with this week's P.R. crisis. *Washingtonian* magazine has hit the stands with a story entitled "The Incredible Shrinking Anchor," describing how Rather is purportedly "being cut down to size," and quoting Tisch as telling associates,

E.J. CAMP



"Why do I have to pay the number one salary to the number two anchorman?"—a comment Tisch denies making. Stringer has spent the week trying to soothe emotions over the story, but today's development stings personally. Rather has received an anonymous note charging that Stringer himself planted the negative story and is out to "get" the anchorman. "I didn't do that, I wouldn't do that, that's not what I think," says Stringer, throwing up his hands helplessly. (Rather, in an interview two weeks later, says he didn't take the note seriously and dismissed it as the equivalent of "an obscene phone call.") Still, this is office politics at its most vicious.

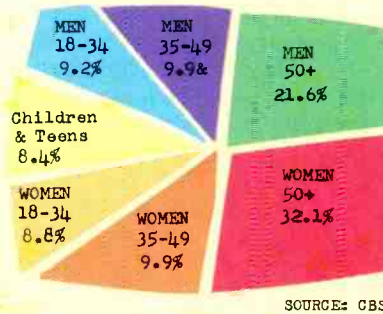
**O**ffice politics is an art form at any organization, but at CBS the daily drama is more engaging than most network soaps. Rumors run rampant: When Stringer took a walk through the newsroom in August with Tisch and consultant Jay Kriegel, word spread immediately that the three were discussing further job cuts ("I was just showing them around," says Stringer, adding wearily, "This organization is still so nervous"). Even on vacation, Stringer isn't immune from gossip. When he changed hotels in Jackson Hole, Wyo., word spread that he had flown back to New York to deal with the ratings problem.

Stringer gets dozens of press calls a week, and his handling of reporters has become a sore point for some network staffers. They complain, à la the Rather note, that Stringer orchestrates stories and manages by leaking. Stringer, in turn, says staffers try to "blackmail" him by taking their problems public. "People have learned in the last few years that if they go to the press they can kill things," he says. "People think I talk to the press too much, but I don't initiate calls anymore—I'm playing defense."

While the gossip ebbs and flows at the network, an ongoing subject of curiosity is Stringer's relationship with CBS chairman Tisch, particularly since the bruising incident between the two men back in March just after the layoffs were announced. Stung by criticism over the cuts, Tisch blamed them on Stringer in an interview with the *New York Times*, saying "I never said to Howard, 'We have to cut the budget at the news division.' That's the truth." Those remarks left Stringer looking like a toadying villain. After he quietly protested, Tisch made public statements assuming more responsibility. Diplomatically, Stringer now says that the dispute "was all in the language. [Accountants] Coopers & Lybrand were already here, going through the place. I made the decision to take charge of it."

The rift with Tisch apparently has been

The Aging Audience  
CBS EVENING NEWS, 1986-87



repaired, and Stringer now speaks warmly of his boss, calling him "unpretentious" and "easy to talk to," and adding staunchly that "the company's survival may depend on his toughness." Through a spokesman, Tisch declined several recent requests for an interview. Nonetheless, the perception lingers that Stringer has less power in the job than his predecessors, and may be constrained in delivering on promises. "The circumstances have changed," says Richard Salant, who was president of CBS News through most of the '60s and '70s. "It's a new environment now, and you're being bossed by people who don't know anything about broadcasting." Tight budget restrictions, requiring Stringer to explain every dollar spent, clearly give him less autonomy than predecessors had in running the news division.

Stringer's skills as a conciliator—"He could make friends with a wall hanging," says a colleague—have eased his way up the CBS hierarchy, although his initial rise was far from meteoric. The early years included stints as production coordinator at WCBS-AM radio; researcher with the CBS News 1968 election unit; researcher and eventually producer and executive producer at the documentary unit, *CBS Reports*, where he won kudos—and nine Emmys—for finding innovative and gripping ways to tell stories. Even now, Stringer proudly keeps a scrapbook from those years, showing off reviews for *A Tale of Two Irelands*, photos from location shoots and a note praising a documentary on the Rockefeller from Nelson himself. But there are no mementos concerning the last documentary that bore Stringer's name as executive producer—*The Uncounted Enemy: A Vietnam Deception*—the show that resulted in General William Westmoreland's libel suit. Stringer is uncharacteristically tense as he defends his role in the program, explaining that he was juggling his transition to a new job (executive producer of the *Evening News*) when the controversial documentary was being completed, and wasn't minding the store. "This is self-serving, but I think if I had not left the unit," he said, "I would have been able to help [producer] George Crile more, and I don't believe the whole thing would have exploded."

**D**espite the Westmoreland brouhaha, Stringer (whom one CBS correspondent, fired in March, calls "the other Teflon president") continued to prosper. In January 1984, after two



'Pouring water on a lot of people's hopes and aspirations.'

IN THE "FISHBOWL" WITH (foreground) STEVE GLAUBER AND (background, left to right) CHARLES OSGOOD, TOM BETTAG

years at the *Evening News*, Stringer chose power over money, taking a \$100,000 pay cut to go into management as executive vice president of the news division, number two to president Edward Joyce. The turmoil at CBS during the ensuing two years has been widely chronicled: Joyce was fired in 1985, and his successor, Van Gordon Sauter, was fired in turn when Tisch took over as chairman in the fall of 1986. Stringer was immediately named acting president, and after a carefully orchestrated lobbying campaign, won the top slot. To most insiders, there was no alternative to Stringer, with his mix of journalism and management experience. "You couldn't hire somebody from outside and expect any outsider to survive," said one source. "From day one, Howard was far and away the front runner for the job. The place isn't deep anymore. Who else could it have been?" But Stringer soon came to view the honor with anguish and ambivalence, according to friends and colleagues. "He was brand new and his eyes were filled with stars," says Robert Northshield, the executive producer who launched *Sunday Morning* and is now working on the new pilot *Try to Remember*. "He thought everything would be terrific. All of a sudden he was casually told to perform major surgery. It was a tough thing."



he layoffs were the spring crisis; now, all eyes are on the *Evening News*, and the tension over the ratings slump is palpable. Stringer has been trying to quash the paranoia

about personnel changes, but after the debacle when Rather walked off the set last month and the network went black, Stringer was under enormous pressure to regain control of the *Evening News* operation. *Evening News* executive producer Tom Bettag may ultimately be transferred elsewhere, and other changes are rumored as well to liven up the broadcast.

CBS News executives acknowledge that the major problem they're up against is that all three networks are now putting on, as one producer describes it, "remarkably similar programs" in look and content. Says CBS affiliate chairman Phil Jones, "The people presenting the news are three males within ten years of each other, and they're all good people. We have cosmetic parity." But while CBS may tinker with the style of the broadcast, network executives emphatically say they're committed to sticking with Rather as the anchor. "Dan Rather is one of the best communicators ever," says CBS Broadcast Group president Jankowski. "There's no thought of changing anchors." Rather, interviewed prior to the September incident, says, "I can't

imagine doing anything else, even on the worst days. The pressure really doesn't bother me. When I was working for \$65 a week with a baby on the way, that was pressure. Compared to that, this is a song."

As the debate over how to improve the evening newscast rages, staffers at CBS are still adjusting to life after the cutbacks, with fewer warm bodies around to get the work done. Producers and correspondents at most CBS news shows have hard-luck tales to tell of delaying pieces, of worrying about cutting corners with fewer reporters, of putting in extra-long hours to make up for the loss of colleagues. "There were a couple of times when stories broke in El Salvador," says an *Evening News* producer, "when we really had to scramble to get pictures because of the cutbacks in Central America." Beyond the sheer logistics of covering breaking news with smaller bureaus, the show may be feeling the impact of the layoffs in more subtle ways. "The cutbacks make the broadcast look more routine," says the producer, "since you have to use your resources to cover the basic news stories, and it's harder to do the discretionary and unique stories that give the network originality." Executives at other CBS News shows echo some of those sentiments and frustrations. Tom Yellin, senior producer of *West 57th*, says, "We have stories sitting on the shelf we can't do because we're short producers."

Under the new less-is-more regime, CBS has also changed the way it gathers news: The newscasts are more selective in assigning stories early in the day, instead of covering every potential story and making judgment calls later. So far, executives claim they haven't missed anything major. The network also used to send separate correspondents, producers and crews from the *Evening News*, the *Morning News* and sometimes even the *Weekend News* to cover breaking national events; now one group typically covers for all shows. In order to spread out resources, Stringer and his deputies tried this spring to create a pool of 35 producers to rotate among the news programs as needed, instead of being assigned to specific shows. As sensible as this may seem to outsiders, staffers complained angrily about the reshuffling, and the plan was dropped after six weeks. "CBS broadcasts have a long history of competing with one another and holding themselves to high standards," says Joan Richman, who was in charge of the pool, adding that breaking those broadcast loyalties turned out to be too disruptive. Stringer now also chairs a weekly staff meeting to review expenses, from overtime to per diems, a change from the time when costs were not a major concern. "In the old days," says Richman, "you always got a monthly budget, because the

company did, but it could be reflecting two-month-old reports."

Of course, CBS is not alone in cutting costs; the other two networks have also been going through search-and-destroy missions for excess expenses. ABC, acquired by Capital Cities in 1986, has cut its news staff by about 60 people; looking for additional savings "is now a never-ending way of life," says ABC senior vice president Richard C. Wald. But ABC's downsizing received less anguished publicity because, unlike CBS, the network didn't fire any correspondents, the layoffs were done gradually and were not as extensive. "No one said by next Thursday you have to shoot everybody," Wald says.

Over at NBC, acquired in late 1986 by General Electric, the cutting back and reorganizing have just begun. To keep down union wages, the network has gone through a lengthy strike by writers, producers, cameramen and editors. The company is also preparing to follow recommendations made by consultants McKinsey & Co., such as consolidating some NBC bureaus at owned-and-operated stations and setting up minibureaus at affiliates. The staff will shrink over time. "We hope that through normal retirement, early retirement, attrition and buyouts," says an NBC spokesman, "that we can get down to the numbers we need, without the turmoil experienced across the street."



he turmoil has clearly taken its toll at CBS, and on Howard Stringer as well. While he jokes that CBS is undergoing the equivalent of the French Revolution, and insists, "I don't think of myself as Robespierre," friends such as writers Ken Auletta and Nora Ephron say the transition has been personally wrenching for him. Mulling over this period, and fantasizing about the future, Stringer seems uncertain whether he'll stay at CBS beyond the one year left in his contract. Maybe, instead, he'll go off and write a black comedy about Vietnam, or work on the entertainment side of television in California. "My wife says, 'Get out,'" he confides. "We want to start a family, and I work long hours here and I'm on the phone at home, and there are a lot of sleepless nights. We've lurched from one crisis to another for two years. Just when you think it's safe to go into the water, there's something else. At some point, one's love for the institution is not enough to offset personal concerns."

But it's hard to believe he really means it. After all, Howard Stringer, the former history student, won't want his tenure as president of CBS News to be remembered merely as a brief but unpleasant time of blips and static. ●





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# Old Enough To Get Its Act Together

At 20, the public television system is still an unfocused underachiever, best known for its gigantic potential. *by Stuart Sucherman*

**T**his is a season for celebrating public television—the idea, the extraordinary programs it has brought us and the people who support and work in it. Twenty years ago, the two words “public” and “broadcasting” were joined together by the Carnegie Commission, and in November of that same year Congress authorized the first federal funding for operations.

This is *not* a time, however, for overlooking the sad and blatant flaws in the way public TV is run. American public television keeps the phosphors glowing and occasionally sets the screen on fire. I’ve been proud to work in the system as a producer and as a station executive from the beginning. But when I compare its output today with the high hopes of 1967, I can say bluntly and fairly: The system doesn’t work.

“It is a system no one in the outside world understands or can penetrate,” former PBS president Larry Grossman said in a notably forthright speech this year. “It is a system that keeps public broadcasting at war with itself. It is a system that ensures that public television

.....  
*Stuart Sucherman is president of Hilton-Sucherman Productions and former executive producer of the PBS series The Constitution: That Delicate Balance.*

will remain mired in second-class status, with a top-heavy, expensive and stifling bureaucracy, a handicap in attracting or retaining truly creative and talented people, and an incapacity to make timely program decisions.”

Public TV’s primary problem has been the failure to find a way to decide upon and finance a consistent stream of top-drawer national programming. For this you can blame Congress, the public broadcasters or Americans at large. Imagine if, every night of the week, public TV had at least one series of the caliber of *The Jewel in the Crown*, *Cosmos* or *Vietnam: A Television History*—blockbusters that would make a splash in the public consciousness, lift the viewers’ expectations, win larger audiences without resorting to the easy attractions of commercial TV and make the local PBS channel a solid viewing alternative. But, alas, it doesn’t. Too often, by playing *Leave It to Beaver* reruns or wildlife films, it looks like an independent commercial station down on its luck.

Public TV has not yet disciplined itself to focus its funds where they would have the greatest audience impact, or spend them with the decisiveness and speed required in broadcasting. Most funds, including nearly two thirds of the federal appropriation distributed by the Corporation for Public Broadcasting (CPB), go

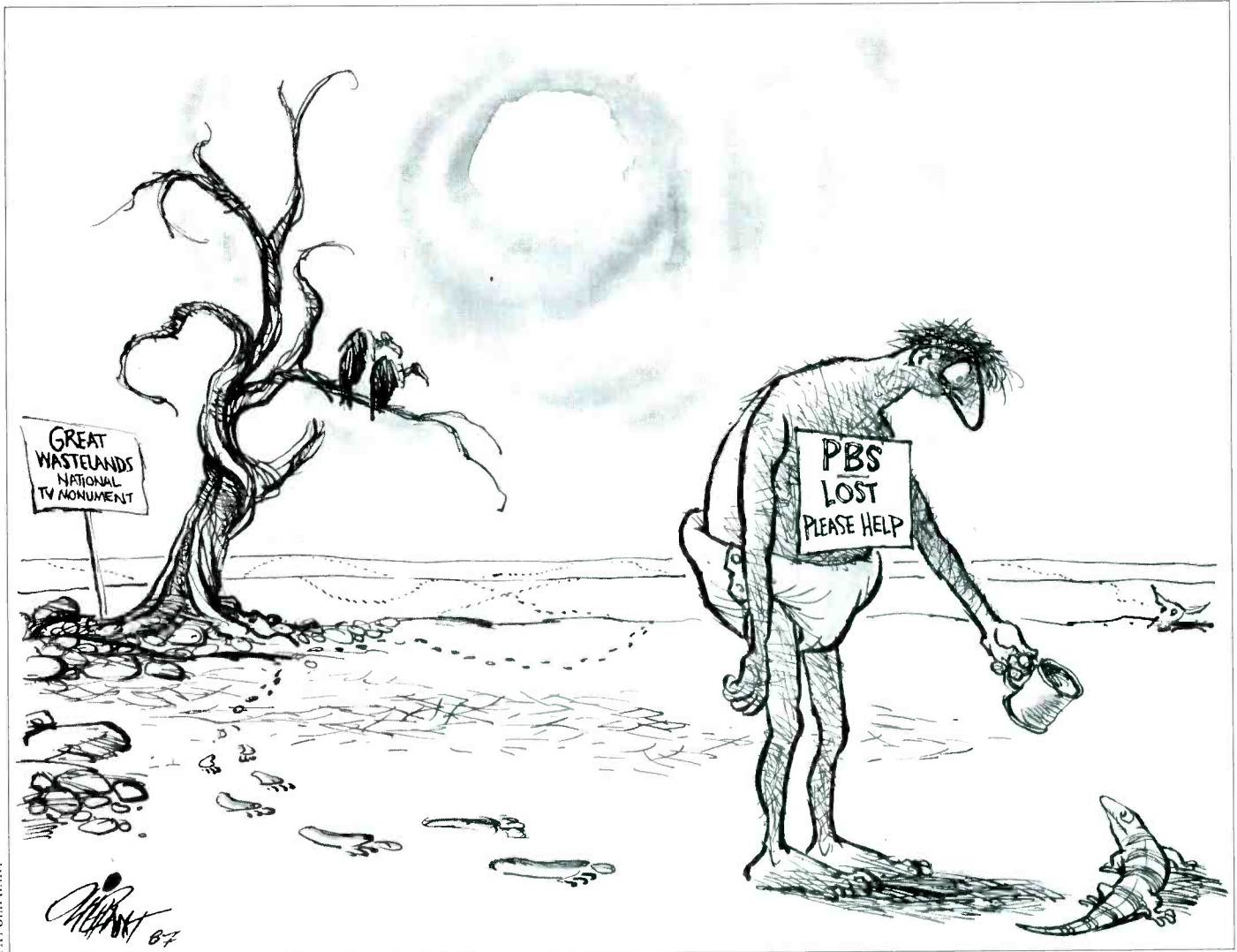
to the local stations, which tend to put them into local facilities and staffing instead of into national programming—though less than 6 percent of their schedules, on average, is locally produced.

The result is a program decision-making and funding process that makes public TV producers endure years of delay, frustration and sheer mental torment. (A friend of mine suggested that they should take their case to Amnesty International.) Consider the stories of two important series developed in part by the respected journalist Stanley Karnow. The first was *Vietnam: A Television History*, an immense project aired by PBS in 1983, which was worthy of public television’s original ambitions.

Karnow and Larry Grossman, then president of PBS, first talked about making such a series in 1976. PBS gave Karnow a small start-up grant and put him in contact with a producer named Dick Ellison and WGBH, the Boston public TV station, which was also contemplating a Vietnam series. Fund-raising began. Two years after Karnow spoke to Grossman, the project had been turned down by a myriad of corporations and by CPB. Karnow was at the end of his rope when he happened to bump into Joe Duffy, then head of the National Endowment for the Humanities.

Duffy’s agency eventually managed to





PAT O'LEARY

provide Karnow with about \$1.2 million—about a third of the cash needed. WGBH courageously put up almost \$1 million of the station's own funds. French and British broadcasters chipped in co-production funds. "Like so much of public television," says Karnow, "the program was about an American experience, and you had to go to Britain to get the story told."

The project's seven-year odyssey resulted in one of PBS' most important and controversial documentary series, which emboldened Karnow to try again. He proposed a series about the legacy of American colonialism in the Philippines. PBS gave Karnow a start on his \$1.2 million budget, and he began looking for the rest. During his search, Marcos fell and Aquino came to power in the Philippines, making the project not only more timely but nearly mandatory for a serious journalistic medium.

In the twilight zone of public TV decision-making, however, the explosion in Manila made no difference. NEH judged his idea too journalistic, Karnow says. Corporations wouldn't help either. With no guarantee of full funding, Karnow and executive producer Drew Pearson began shooting in early 1985. Two years later

they still have \$400,000 to raise.

Karnow had proposed a timely journalistic idea well ahead of time, but the resulting series will probably stagger onto the PBS schedule in the winter of 1988-89. It will have missed its ideal air date by two years. The logical successor to one of public TV's most important projects will have taken five years of excruciating fund-raising.

**O**ther proposals for series, equal in promise and timeliness, are abandoned in frustration at an earlier stage. Dick Ellison, Karnow's colleague on the

*Vietnam* series, had gone on to propose a series with the working title *Who Are the Russians?*, which would have taken an intimate look at the people most Americans regard as their primary global adversaries. The subjects, however, wouldn't stand still for public TV indecision. "The Russians refused to cooperate unless we had a firm financial commitment to the series," says Peter McGhee, WGBH's program manager for national productions. "Since we always had to present our requests with so much equiv-

ocation, we could never get them aboard." McGhee compares the situation to the tribulations in Homer's *Odyssey*. "It was like Penelope's tapestry, where every night the concept undid itself and we had to start over the next day."

The series would have been a wonderful primer as Americans struggle to come to grips with the enormous complexities of *glasnost*. But though the project had taken years and gotten commitments of some \$500,000, WGBH dropped the idea and moved on. It was the public TV project's typical good news/bad news situation. The good news was that it had partial funding. The bad news was that it had partial funding.

Very few if any PBS projects have gotten full funding from one of the federal endowments, public broadcasting agencies, corporations or foundations that make grants. Small projects have the best chance of assembling funds from a mere two or three sources, which explains the grab-bag PBS schedule peppered with hard-to-promote one-shot specials and the often disjointed anthology series that try to group them.

"We're at a point where we don't need more programs on public television,"

says Nat Katzman, station manager at KQED, San Francisco. "What we do need is better programs. We have replaced some of the imports with domestic production. The next stage is to fund programs sufficiently to jack up the quality, and to invest in coherent series rather than depend as we do on anthologies."

There would be no reason, or excuse, for spending as much to produce PBS programs as NBC or CBS spends, but the present discrepancies show how tightly the purse strings bind public TV producers. In 1985-86, when the commercial networks' producers were spending \$600,000 an hour, often much more, public TV producers spent just \$130,000 an hour, on average, to make PBS public-affairs programs, and \$195,000 an hour on drama and other cultural shows. While the commercial networks each laid out around \$1 billion for broadcast rights, PBS funders spent \$198 million.

**C**orporations, despite the prominence of their logos in underwriting credits, are vastly overrated as a source of production funds. Altogether they put up just \$73 million for national productions on PBS in fiscal 1986—approximately equal to the net revenue of a single big-market commercial TV station. Fewer than 40 put up as much as \$100,000 in 1985-86, and most of that had been selected to be highly non-controversial. In the view of one fundraiser, most corporate executives expect little gain from underwriting a show on PBS and don't want to risk the money by giving it a try.

"There is a mythology that implies there is a massive amount of corporate dollars just lying there to be plucked up by the system if only we were just a little bit smarter or more aggressive," says Jay Iselin, former president of the New York public TV station WNET. "The reality is that a corporation has no identifiable interest, or the funding levels required are so high that any corporate contribution is supplementary and usually inadequate."

Collectively, the public TV stations are the second largest category of funders for PBS programming—\$53 million in fiscal '86—but most of that is absorbed by continuing series such as *American Playhouse*, *Nova* and *Sesame Street*, vital for their schedules but not ideal for attracting and holding new audiences. Those same continuing series take a large share of the money available from the largest single backer of PBS programming, CPB, which spent \$29 million of its federal

## Will public TV remain mired in second-class status, with a top-heavy, expensive and stifling bureaucracy, and an incapacity to make timely program decisions?

appropriation in '86 and plans to spend \$36 million this fiscal year.

To use the remainder of that kitty, CPB puts producers through a Kafkaesque bureaucratic fantasy called the Peer Review Process. In theory, production grants can be given out more wisely by consulting a panel of "peers." In practice, the money is dribbled out to satisfy a long list of political agendas. The process is designed not to be creative but to be politically correct.

Though the final decision rests with a professional program fund director, responsibility is obscured. "The members of the panel, kings and queens for a day, make decisions about which programs should be made but they have no continuing responsibility," objects award-winning documentarian Fred Wiseman, who has been bruised by the panel process. "If they make bad decisions, their jobs are not at stake." And in their hands, says WGBH president Henry Becton, the programs suffer: "All the elements, funders and producers end up pushing projects toward the middle, safe ground." It could be worse, of course: Not long ago, CPB was leaving its production funding decisions to the White House appointees on its board of directors.

In short, public TV has its backers, but none of them is an angel. With the exception of the stations themselves, the program funders scatter their largesse according to their own needs. Fortunately, public broadcasters have taken some tentative but encouraging steps to pool resources and coordinate decisions. This year CPB has put up \$4 million, and the stations another \$4 million, in a joint challenge fund unencumbered by peer review or bureaucratic nonsense. But a larger reallocation, and bigger changes in its ways of doing business, are required. I would recommend the following:

- *CPB should be abolished or drastically reorganized.* It has never lived up to its original promise, and has been entangled too often in ideological intrigues by the political appointees on its board. The new unit, with many fewer employees, would have nothing to do with programming—and little to do with "leading" the

field, which ambitious CPB officials occasionally volunteer to do. Though public TV has a leadership vacuum, the last kind of leader it needs are hirelings of a political board.

- *All of the federal money should pass through CPB, or its successor, to local public TV and radio stations.* The responsibility for pulling up public TV by its bootstraps lies with the stations themselves—the same nonprofit, educational

and state bodies that hold the licenses and are accountable for what goes on the air. Public television must address itself to its own salvation.

- *Funders must reallocate money to strengthen national programming and entrust the decision-making for a major part of it to a group of programmers who can lead, rather than follow, the system.* If the stations want to retake the high ground, they must put adequate funds in the hands of people—probably elected by the system for a renewable term—who are free to make the coherent, creative and courageous program decisions required to make a strong schedule.

The need to redirect funds toward national programming is so great that Larry Grossman has recommended earmarking all the federal money CPB receives: "Every dollar must be spent on programs designed for national distribution. Stations can pool their dollars in a national cooperative, giving them to PBS or anyone else who will create or commission national programming."

**E**armarking could free up an additional \$100 million for national programs—a 50 percent increase over total spending in recent years. It would require painful cutbacks by some local public broadcasters that are now overdependent on federal funds. Some small-city stations might have to consolidate into cost-efficient regional or state networks. But stations generally would benefit from a stronger PBS schedule. At last they would have the goods to build and keep their audiences.

In 1962, a Federal Communications Commission chairman declared that commercial television was a "vast wasteland." That widely shared opinion gave impetus to the development of public television five years later. Today, the commercial networks are still based on high-gloss escapism. If public TV didn't exist in 1987, we would have to invent it. Now we're ahead of the game: Public television has been invented already, but we haven't yet figured out how to make it work. ●



# TALK SHOW

## The Quest for Cable-Resilience

**B**randon Tartikoff, head of NBC entertainment, at a recent American Advertising Federation luncheon:

**Hill Street Blues:** "We had a show we didn't quite know what to do with because it bore no resemblance to any show we had on the network—*Hill Street Blues*. I remember seeing the pilot in the screening room, and when the lights came up, everybody was speechless. . . . It was completely different from anything we had ever developed and I remember my boss, Fred Silverman, saying, 'I don't care what the research is on this show. We're going to put it on.' That was good because the research was the lowest of any program that NBC had



Tartikoff: 'Enough already.'

ever put on the air. . . .

"With *Hill Street*, we discovered a couple of things. One was that we sort of stepped into or stumbled upon what has now become the wave of the future. I'm talking about programming that is cable-resilient. We looked at *Hill Street*, and while its ratings were quite low in the normal Nielsen universe, it actually had *higher* ratings in pay-cable households. In other words, in homes where the viewers had the most options, the show actually outperformed the ratings it was getting in the Nielsen sample. This to us said that this is a show that can withstand cable, probably a show that, with the influx of video recorders, people will want to tape. It was a show that was geared to the future."

**Research:** "I think we've learned to put research into its proper place. I think research can tell you where people have been, but research cannot tell you where they're going. We have to rely a lot on instinct and a sense of impression when you see a show. Watching the same pilot over and over

you begin to approximate the experience of an audience seeing one, two, three, four or five episodes. And if it grows on you, there may be a chance that you've come upon something that could grow into a big hit."

**Selling:** "Every show has to have what I think you in advertising call the unique selling proposition. For us, it's really a reason for being. The show is either concept-driven or it's star-driven. But you can no longer survive with just another domestic comedy, just another detective character or just another cop car with squealing tires."

**The Future:** "The new hits will have to be cable-resilient like *Hill Street Blues*, *Cheers*, *Golden Girls*, *Moonlighting*—shows that can operate in a universe where there are 20 channels, because with VCRs the networks get credit when people watch one show and tape another. People are going to want to tape what is programmed in the future. We have to make these shows seem contemporary and, conversely, make what has preceded them look dated. That's how we will operate against shows that were once successful on the networks but are now on independents. As for protecting our position, our experience is that great writing and great acting

“ I can measure the progress of women in this society through my own shows. When Marlo Thomas had problems with the plumbing in *That Girl*, she called her father. When Mary had plumbing troubles in *The Mary Tyler Moore Show*, she called a plumber. Today, when Kate and Allie have the same problem, they fix it themselves. ”

TV WRITER AND PRODUCER  
BILL PERSKY

defy being ripped off or cloned. . . .”

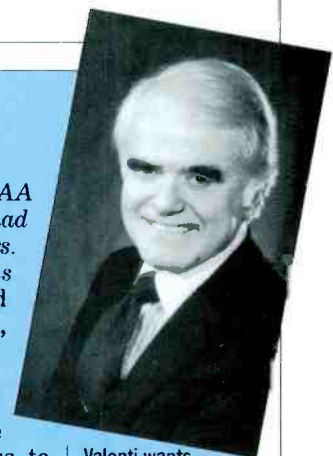
**Enough Already:** "I've just come through a two-month ordeal of having made 30 pilots. I now have research on these pilots, and I can tell you that the audience is saying one thing to us loud and clear: 'Enough already with the traditional programs.' "

## Jacking Them Around

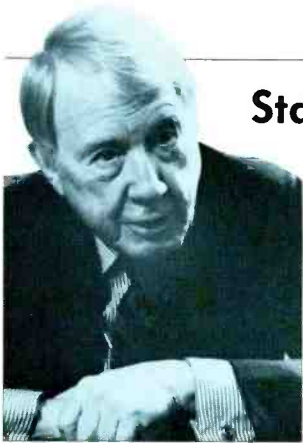
**M**r. Malone, meet Mr. Valenti. Over the years, MPAA president and LBJ confidant Jack Valenti has had his say about video pirates and Japanese VCR makers. Now it's the cable industry's turn for a Texas tongue-lashing: "Cable today is the only unregulated monopoly we have. . . . it is a Janus-faced industry, demanding First Amendment freedom on the one hand and government protection on the other. . . .

"We've got to allow cities to have more power in regulating cable; we've got to allow telephone companies to overbuild under common-carrier status to compete with cable; and we've got to protect the fledgling TVRO industry, which cable is trying to kill. . . .

"Very soon, when 70 to 80 percent of this country is cabled, three or four men are going to control the entire television distribution system of the United States. Is that sound communications policy? Is that sound public policy?"



Valenti wants to rein in runaway cable.



## Stanton Speaks

'The old molds can now be broken.'

**T**hough Frank Stanton was broadcasting's leading statesman during his years as president and vice chairman of CBS Inc., he's scarcely been heard from since his retirement 14 years ago. But at a recent media seminar at Fordham University in New York, it was apparent Stanton hasn't stopped thinking about the business he helped to shape:

"I don't think there's any doubt that should a fourth commercial network get under way and be fully competitive, it will mean the demise of one of the other commercial networks. There just isn't revenue to support all four. . . .

"There are going to be casualties in the networks over the next few years, the way there were casualties in

newspapers and in magazines before the rise of narrow, special-interest magazines. I think the patterns we've seen before in the print medium will now be repeated in the electronic world. . . .

"Network news departments must now find something that will set them apart from the competition. With jets and satellites and electronic gear, we can get to the scene. But it's a lot to ask those reporters in the field to be experts. I'd like to see networks develop 'contextual' news. That's how network news can be different. I think with the upset we're going through, a lot of the old molds can now be broken. . . .

"For 25 or 30 years, we at the networks had a free ride, so to speak. We didn't have to deal with revolutionary new technology and competition from outside the networks until now. This generation of network executive has got to come to grips with all of that. I had my crack. But I never had anything like the pressures that are affecting broadcast executives today."

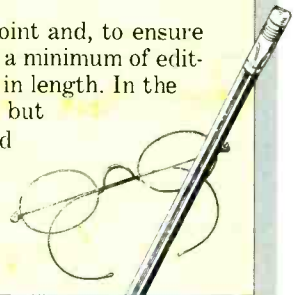
**“If Lew Wasserman of MCA had found a new vehicle for Ronald Reagan after G.E. gave up on his series, *G.E. Theatre*, in '62, he'd have stayed in TV and never run for office. So, in his own way, Lew could be said to have changed the course of American history.”**

—Overheard at a West Coast party

## Shrinking Violets

*From "Guidelines for Psychiatrists Working With the Communications Media," adopted by the Board of Trustees of the American Psychiatric Association:*

- ✓ When the radio or television station calls, find out what the reporter wants. If you decide you are the wrong person, don't say, "no comment." Instead, say, "I'm not qualified to talk about that" or "We're not ready to comment" or "It would not be appropriate for me to comment." If possible, offer to help the reporter find a psychiatrist who is qualified. . . .
- ✓ When time for the [television] interview comes, listen carefully to the questions and, if you don't understand, do not hesitate to ask the interviewer to rephrase it. When responding to questions, make eye contact with the interviewer. Looking around at what others on the set are doing makes you look shifty-eyed on camera.
- ✓ Keep your response to the point and, to ensure that a statement is used with a minimum of editing, keep it under 45 seconds in length. In the response, you may use examples but keep them short. Listeners and viewers have a hard time absorbing facts and figures. Save the hard data for the newspaper interviews. . . .



## 20/20 Hindsight Department

**T**elevision prognostication, like it ought to be, from *Mother Jones* magazine, August 1982:

"... CBS is replacing *Lou Grant* with a cop show called *Cagney & Lacey*, which flopped during its trial run last season. The lack of enthusiasm for the new series was palpable at the annual CBS convention in May, at which the network's upcoming fall schedule was presented with great fanfare to CBS-affiliate station managers.

The kindest word network vice president Harvey Shepard came up with to describe *Cagney & Lacey's* performance during an otherwise hype-heavy speech was 'erratic.' Shepard promised the leery station managers



The kindest word was 'erratic.'

that last-minute changes were being made in the show—including jettisoning one of its co-stars—but prospects are bleak."

[*Cagney & Lacey*, entering its sixth season on CBS as one of the most honored shows on television, has won 12 Emmy Awards.]



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## **MMG Patricof & Co., Inc.**

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September 1987

# True Grit in Amarillo

by Jean Bergantini Grillo

The eccentric Cadillac Ranch resorts to classic methods to boost his ABC affiliate.

**W**hen Stanley Marsh decided to enter the television business in 1968, he went shopping for the least expensive, lowest-ranked station he could find in his hometown of Amarillo, Tex. KVII, Channel 7, was the perfect fit. With a 5 percent share of the audience in what was then a three-station market, KVII placed a distant third and, priced at \$1.5 million, was going dirt cheap.

Not that money or questionable properties have ever been concerns of Marsh's. In true Texas style, Stanley Marsh 3 (he doesn't use the Roman numeral III) had already made his millions in the oil, gas and banking businesses when he entered broadcasting, though he's probably best known as the eccentric who buried a bunch of fin-tailed Cadillacs—head first with back ends protruding—in a Texas wheatfield.

The KVII purchase wasn't quite as frivolous as the Cadillac Ranch, but its success was just as dramatic—and surprising. What Stanley Marsh brought to Amarillo was old-time revival television: solid news delivered in a down-home style with local reporters who knew the territory, backed by tireless,



no-holds-barred promotion. And, perhaps because he was a broadcasting novice, unburdened by the conventions of local television, Marsh was willing to ignore the media consultants and insist on classic, no-frills news production. Neither was he afraid to preempt ABC network fare in favor of more popular syndicated programs. Even with ABC's erratic prime time schedule, KVII has held the lead in Amarillo for 15 years. And while it has fallen away from its one-time 60 percent audience share, it is still one of the network's best-performing affiliates.

Amarillo sits in the middle of the Texas Panhandle, a patchwork of coun-

ties whose chief industries are agriculture, cattle, oil and gas. In 1968, the energy and agriculture businesses were booming and advertising dollars were plentiful. But the leading stations had grown fat and as sluggish as Texas cattle on a hot summer day. CBS affiliate KFDA, then owned by the Bass brothers, was number one with 50 percent of the audience, but was losing key personnel who were fed up with lackluster management. NBC affiliate KGNC, later renamed KAMR, was a complacent second with 45 percent of the audience and KVII, living on leftovers, was hardly a consideration.

**M**arsh, who knew little about TV at the time, figured at least that he needn't spend a lot for a station to succeed in Amarillo. All three Amarillo affiliates were for sale, but KVII—the market loser—seemed the logical choice. Says Mike Lee, KFDA's current general manager: "The owners were sitting around cutting expenses, sucking every dime out and letting these stations sink lower and lower. Marsh simply bought the one that was cheapest."

But once Marsh purchased KVII, he spent lavishly. KVII's signal reception was so bad, most television viewers in the market couldn't tune it in. "We not only had a bad image, we literally had no image," says John Patrick, KVII's general sales manager, who joined the station as promotion director when Marsh took over. Marsh beefed up equipment, building Amarillo's first transmission tower and later adding radar, satellites and helicopters. With the physical plant improved, he then went after local talent, luring disgruntled news director Jim Pratt from CBS affiliate KFDA, as well as its general manager, John Tyler, and controller Jim McCormick. Together they set out to give KVII a local, down-home feel, most evident in its newscasts.

In 1970, for instance, Marsh hired Bill Tell Zortman as regional news director, gave him the gimmicky title of KVII "Man in Motion" and set him loose to



The Cadillac Ranch was offbeat, but in television, Marsh relied on old-fashioned news and promotion.

TERRENCE MOORE



cultivate a network of stringers. He engaged 70 of them, primarily housewives and farmers, and equipped most of them with cameras to cover the wide-ranging Amarillo market, ranked 120th by A.C. Nielsen Co. and roughly the size of Ohio. With 60 percent of KVII's audience outside the city of Amarillo, the rag-tag crew of stringers became, as Zortman calls them, the station's "life-blood."

Attracting the right kind of employee is important to Marsh, who has a reputation for hiring strong personnel and then backing off to let them do their job. (He wouldn't be interviewed for this story, preferring that his staff take credit for KVII's success.) "Marsh likes to hire people from the Southwest who can talk Texan," says McCormick, now president and general manager. "He wants them on the air because viewers can tell who's local." One way he accomplishes this is to enlist KVII staffers to go on regular talent hunts for locals who seem promising. Some of KVII's favorite personalities were discovered this way: Zortman, for example, was found working as a radio reporter at an Air Force base in Clovis, N.M.

Marsh also insisted that KVII news directors—who had no on-air experience and little resemblance to the polished script-readers local stations usually put in the anchor seat—also anchor the station's evening newscast. "Marsh wanted us to cover the news better and quicker than anyone else," recalls McCormick. "When a news director goes home at 5 P.M., he often ends up watching the news rather than reporting it. We had people who stayed with the story."

At KVII, Marsh let the news department be "king of the hill," according to Zortman, now a vice president at WDAM-TV in Hattiesburg, Miss. But the news department's special status often cost the station in ad revenue. Zortman estimates that up until 1980, some \$1 million was pulled by sponsors angered by news stories. "But we got it back three or four times over because people knew KVII wasn't going to hide anything," Zortman adds.

KVII newsroom *verité* impressed even the competition. "KVII news directors were not pretty faces," says KFDA's Mike Lee. "I can remember Jim Pratt reading the news with a cigarette in his hand. Or Bill Tell Zortman unshaven. These guys did not score on

.....

## Marsh is a local person with his ear to the ground. He knows the value of creating talk about KVII, then listening to what's said.

.....

cosmetics but they did it with grit."

In the meantime, Marsh bought two stations, in neighboring Clovis, N.M., and Sayre, Okla. (both part of the Amarillo market), and programmed them identically to KVII even though KVII was available in both areas by cable. (Marsh also owns a station in El Paso.) His theory: Blanket the market and keep the stations from becoming competition. "It was hardly cost-efficient," says a competitor. "But Marsh did it to keep them out of our hands and maybe gain one or two share points. He just don't quit."

Neither did he let up on promotion. The station had a "psychedelic news car" that cruised the Panhandle, and, in the early years, it was not uncommon for most of KVII's staff to take to the road on weekends in rented buses and flat-bed trucks. They would tour the Amarillo area, county by county, with hired bands, country singers, Texas belles and ABC stars giving away station schedules and trinkets.

Marsh never said no to promotion ideas. "Promotion is essential to him," says Patrick. "His strength is that he's a local person with his ear to the ground. He knows the value of creating talk about the station and then listening to what's being said."

Improvements didn't end in the KVII newsroom. In fact, they extended all the way to network programming. When ABC scheduled shows Marsh or KVII officials didn't like, they simply didn't run them. Once they canceled a whole season's worth of Saturday evening network programming, ABC brass was furious, but Marsh wasn't intimidated. He still preempts ABC shows that don't work for the station: The soaps *Loving* and *Ryan's Hope* are replaced with *All My Children* (taped and run on a day's delay) at 11 A.M. and KVII news from noon to 12:30 P.M.

For all of its complaints about ABC programming, however, KVII leads ABC affiliates in the amount it budgets to promote network shows and in its use of co-op advertising dollars. According to Alan Morris, Capital Cities/ABC director of affiliate marketing services, who polled 15 affiliates that regularly outperform ABC's national prime time ratings, only 38 percent budget any money at all to promote ABC programming. Of those, the average allocation is 13.5 percent of the total promotion budget for network prime time programming. KVII allocates 30 percent. The rest goes to local news (50 percent) and to syndicated shows (20 percent).

As KVII hammered away in the early years, its competitors drifted, losing momentum during ownership and personnel changes. "KVII had a three- to five year head start before we got ownership that could really fight back," says KFDA's Lee. At its peak in 1978, KVII commanded nearly 60 percent of television viewing in Amarillo. Today, even with a disastrous ABC prime time schedule down 16 percent this May over last, KVII held a slight lead over KAMR and its winning NBC prime time lineup. In news programming, the station maintains a solid lead, with 57 percent of the market tuned in to its 6 P.M. show and 47 percent at 10 P.M. (KVII bolsters its local news with *Jeopardy* and *Wheel of Fortune* scheduled in early fringe and prime time access, respectively.) It ranks first from sign on to sign off, commands 45 percent of all national ad dollars spent in Amarillo and 39 percent of local TV ad spending (\$10.5 million this year), compared with KAMR's 30 percent, KFDA's 21 percent and independent-station KCIT's (which began operation as KJIT in 1982) 10 percent.

KVII is noted for having excellent salespeople who deal cleanly—in other words, they don't pass over a deal when a more lucrative offer for the same commercial time comes along. "We call that 'Dealing like Amarillo,'" says a representative from Katz Communications, KVII's national rep firm.

The competition isn't taking any of this lying down. KFDA recently wooed farm and ranch reporter Bedford Forrest from KVII after 13 years, and KAMR bought rights to *The Cosby Show* for a reported \$4,000 per week and *Who's the Boss?* for about \$2,100 per episode. But they're unlikely to catch KVII anytime soon. Says Lee: "They've had such a running start on us, nobody's caught up with them yet." Ray Poindexter, vice president and general manager of KAMR, puts it another way: "KVII is a 20-year habit people find hard to break." ●



Amarillo billboard tells KVII's story.



## Return of the Living Room War

When this season's smartest and dumbest programming moves are tallied, one sure candidate for inclusion—though it's too soon to tell in which category—will be CBS's decision to buy the first Vietnam drama series, *Tour of Duty*, and then to schedule it in a Death Valley time slot opposite *The Cosby Show*. In optimistic moments, CBS officials recall how *The Waltons*, a similarly serious-minded ensemble effort, seemed doomed when it started in 1972 against another highly regarded black comic, but instead toppled *The Flip Wilson Show* from mega-ratings into oblivion. To justify pessimistic moments, CBS officials of course have a much wider range of examples to choose from.

The gamble on *Tour of Duty* by CBS entertainment honcho Kim LeMasters is part classic counterprogramming, part careful reading of *Variety's* movie grosses, part exploitation of a free-spending upstart company and part pure flair and gut instinct. The counterprogram-

CBS's *Tour of Duty* gamble is part counterprogramming, part careful reading of *Variety's* movie grosses and part gut instinct.

ming is straightforward. Whether or not *Cosby* is becoming vulnerable, plenty of erstwhile fans think the show is slipping in quality, and maybe so do *Cosby's* peers: Not one script, series regular or guest performer was nominated for an Emmy this year. *Cosby* appeals to women and to families with young kids, but slam-bang action lures kids too, and combat shows draw in men. *Cosby* offers essentially anodyne escapism, *Father Knows Best* in blackface, while a Vietnam show is the embodiment of relevance, not just to those who grew up in the Vietnam era but to anyone with an emotional memory of American military involvement overseas—and to a generation of children and teens seeking answers to the perennial question, "What did you do in the war, Daddy?"

To give an aura of authenticity will cost even more than the average action series. The one-hour pilot officially cost more than \$2 million; insiders say they have reason to believe the true number was more than \$3 million—a prodigious sum on a script that, by its length and nature, could not have been released theatrically anywhere. Weekly episodes will have less frequent combat but will nonetheless impose substantial deficit financing on New

World Pictures, which is willing to absorb the losses to expand from a profitable shlock theatrical-film business to at least a beachhead in episodic TV.

Still, why *Tour of Duty*, especially for CBS? War seems inherently an unlikely topic for weekly entertainment: If a show is to maintain even minimal honesty, beloved characters have to die, as indeed at least one of the leads on *Tour of Duty* has privately been told his character will. A war that Americans hated and often denounced—and worst of all, lost—seems still more daunting. True, *M\*A\*S\*H* was a sleeper hit, but it was essentially a comedy and concerned with a much less divisive conflict. A dozen years have passed since the final debacle in Saigon, however, and CBS officials reckon Americans are ready to look back in search of understanding rather than relapse into remembered pain and rage.

This is where the *Variety* grosses come in. "This project had been around for a while," says one of the people most involved in the production, "but when *Platoon* sold all those tickets—and to young people, not just Vietnam veterans—CBS was ready to buy." The summer box office grosses for *Full Metal Jacket* reinforced the conviction that *Platoon* was not a fluke but a signal: America was at last ready to deal with its longest national nightmare. Or, as one CBS executive more crassly puts it, "Vietnam has captured the American imagination like nothing since the hula hoop."

Movies, however, are cathartic, one-time-only experiences, while TV series ask audiences to revisit week after week and therefore must be altogether more comfortable. Thus even if the box office returns for *Platoon* meant that viewers might respond to *Tour of Duty*, its storytelling had to be different. The solution, according to insiders, is a much less angry and nightmarish vision of Vietnam, a presentation that makes it seem akin to other U.S. wars. The characters in the early scripts—the California muscle boy, the jiviest black and Hispanic—are scarcely different from the stock company of every Audie Murphy movie about World War II. Says one key figure involved in the production: "There's essentially no conflict within the platoon, no racial tension, no conflict of egos. Everybody loves everybody. The one pacifist war protestor kills an enemy right in the pilot, so you know he has to change. Nobody in this outfit seems likely to be fragging his lieutenant a few episodes in. It's Vietnam the way the guys there would have liked it to be. Some of us think it's rewriting history." Tough stuff. But if CBS can bring Vietnam back into American homes, this time for a more reasoned debate, that would be rewriting history, too—to the nation's great benefit. ●





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SPECIAL **ADWEEK** REPORT





# At Age 15, HBO Chases The Networks

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HBO is back and Michael Fuchs thinks no one has had more impact on the entertainment business than his company.

**N**ot long ago, as subscriber growth stalled, some forecasters predicted HBO's doom. But today, with subscriptions on the rise and the company's pay-TV niche more secure than ever, HBO chairman Michael Fuchs has a changed agenda. Fuchs is Time Inc.'s representative on Turner Broadcasting's new board and he's anxious to expand HBO's role in original programming. On the eve of HBO's 15th anniversary next month, Fuchs outlined his views on the state of programming and HBO's future with Channels editor Merrill Brown.

## HBO Today

We feel more competitive programming-wise at this point than we've ever felt. Our Vietnam anthology got reviewed with CBS's *Tour of Duty* and I would say we were much more favorably reviewed. It's more authentic and I look forward to more of that. And we're doing quite well on every basis—numbers, ratings and reviews. But if you're going to get new customers you have to show a different range for pay television. It's not just movies anymore.

## HBO Programs vs. Films

Original programming is always increasing a bit. What we spend on original programming goes up every year on a percentage basis, but the movie number is still dominant. What we expect to invest in, what we promote, what we expect to attract new customers with is original programming.

## Series Plans

On a ratings basis, our *First and Ten* goes through the roof, so we have a suc-

cessful series. But we develop them differently than the networks or Showtime. Our series will be franchise series, different from what everybody else is doing. This year we'll be a little bit more active in going after series than we have in the past. Each year we try to do one or two new program types. Series development is something we will get to.

## People Meters

The networks are such a large reality in our business that things that introduce uncertainty or chaos there are good for us. As I read people meters, that's pay-TV paradise. The ratings will be all over the place and we will benefit from it. The narrowly segmented approach to programming, cable, will benefit. Our audience is a little hipper, a little more sophisticated, a little more educated, and we play to that type of audience.

## Showtime, A Minor Concern

The press feels obligated every time it mentions HBO to mention Showtime, but we are two-and-a-half-times bigger than those guys and quite honestly that's not the entity we feel most competitive with. Over the last couple years, we've felt really competitive with the VCR. And I watch the networks more carefully than I watch Showtime. Our next challenge is competing more aggressively with the networks. We're the leading channel in cable and our ratings have gotten a little better. We have a big audience and we want to be bigger.

## Cable Operators and Showtime

The MSO guys always want a chained dog out there to keep programmers

honest, but HBO is as cable-friendly as can be. No one in cable comes to us as they used to five years ago and says HBO and Showtime perform the same. There's a vast differential. When HBO was the only brand really selling cable, we didn't beat anybody up on rates. Our success is going to come from growth. We're only in 25 percent of the homes that cable passes. You can give me another 20 cents but I'd rather get another five points of penetration.

## Home Video

Home video has been more lucrative than we anticipated, but from a competitive point of view it really took a lot of attention from pay television for three or four years. It knocked the install side of our business down quite a bit. Long term, it's going to be very healthy for us. It has speeded up our moves into things that can't be done on home video. It has changed our views about movies. Now, we go for volume of titles of movies. And our VCR customers are the most stable customers we have.

## Time Inc. and Ted Turner

Time feels a manifest destiny as the country's leading journalistic company to extend into the electronic world. We happen to be a company in which publishing and cable are married. It's ironic that we didn't get involved earlier. Frank Biondi and I did a presentation about going into the news business with CBS when Turner was getting started. It didn't get a lot of attention. If Ted doesn't stay involved in the business, then we would be the managing entity. Who else is more suited to step in? But no one is thinking about how long Ted is



in. We have a long-term view of it.

### Another Turner Channel

I think there are some real sound reasons for TBS coming up with a channel that doesn't have WTBS's limitations. If TBS comes out with a new channel it has to have something unique. I don't think the MGM library is enough. I think it's a marvelous asset, and movies play a role in 24-hour services, since they repeat better than any other programming. If Ted is able to leverage a second channel off the MGM library, then that takes care of that deal.

### The Dish Market

The idea of Congress legislating that we must deal with certain people to distribute our wares is quite astounding to us. It's not a rational thing, it's purely political. Television has become a very volatile political issue in this country. It astounds me that a guy running for president [Sen. Albert Gore] has backyard earth stations as a major part of his platform. I could list 12 to 20 things that, as a citizen, I would say are a little more critical to this country, but it's a populist issue.

### New Opportunities for HBO

I don't think we'll be coming up with another channel until we feel secure about Festival. Festival is not going to be HBO or Cinemax. Festival is a real business at 5 percent penetration. This is probably the first pay product targeted toward the cable-rejection segment and it is important for the industry. That 5 percent isn't giant, but it is lost money for the operator. We don't have any unique or immediate pay-per-view plans, and basic-cable ideas we'd bring to TBS first.

### HBO and the Networks

I say the networks pay more attention to us than we pay to them. They scout us. We put comedians on and soon they're in network sitcoms. We did anthologies, they came swinging in with anthologies. This year, ABC and NBC began to talk about reality-based programming. We've been talking about that for two or three years. The networks have been watching HBO numbers for years because HBO has always been the advance guard. Before NBC took over ratings leadership, it was leading in HBO homes. Pay viewers are more active, more insightful viewers than typical television viewers.

### ABC, CBS and NBC

The early generation that owned the networks were professional network people just as I'm a pay-television professional. We wrote a lot of the rules,

*'Take the networks' 20 best programs against our 20 best and we're the finest programming entity in the country. I say the networks pay more attention to us than we pay to them.'*



just like that generation. I'm not sure this new generation understands, breaths or has TV in their blood. I'd like to think now that we have the passion, the commitment and the desire to really measure our business more by its quality and by what we deliver rather than by the bottom line.

### HBO's Advantages

We are constructed for fragmentation. Our economics don't have anything to do with ratings. Audience flow doesn't mean anything to us, so programming here is more fun than network programming. If you take our 20 best programs against the networks' 20 best, we're the finest programming entity in this country and I think it will only get better for us. What's better in a fragmented world than to be a repeat business? The networks in the next five years will start repeating their shows. I don't think they can maintain the network business, programming half-hour after half-hour in a fragmented world.

### On HBO's 20th Anniversary

In five years we want to have 25 or 30 million units. In five years we may have the same quantity of movies, but we'll have more programming with impact and maybe we'll be winning Emmys. I honestly believe that what we do is better than what the networks do. But CBS is in every home, and half the time, Time's magazines put network stars on the cover. We must get a deeper level of penetration, a deeper level of acceptance. Considering HBO's size compared with the networks, we do an extraordinary job of getting attention. But look at the attention Fox has gotten. Fox has a thimbleful of programming but it's pretty much universally carried. That's what the media is looking for.

### The Impact of HBO

Over the last 10 years, HBO has had the most profound effect on the business of any entity in the industry. In 1975, the satellite revolutionized television. When cable was in the toilet in the mid-'70s, HBO turned it around. The appetite for uncut movies was created by HBO in the '70s. The word "ancillary" never meant anything until HBO. With Silver Screen, we had the biggest movie financing deal. Look at pay-per-view. Everybody is wondering where HBO is going as if we're going to define the industry. This is not an organization to take lightly. We survived every hostile force from unions to the networks to the studios. We survived the VCR. And now I like our business more than the networks. In 10 years, I would think we'll be in at least as good shape as the leading commercial network. ●

KEVIN GREGORY (4)

# RUNNING THE NUMBERS

## Close-up View of the Migrating Audience

Within the space of a year, a million households have deserted the broadcast networks in daytime, Monday through Friday, knocking down the networks' average ratings 7 percent. Many of those households, it appears, turned directly to cable channels. The audience share of TV's big three has been dropping for almost a decade, but the networks' decline has been more obvious since the growth in overall viewing leveled off in 1984. Now, for the first time, total viewing is actually dropping slightly, to the industry's dismay. "We're not used to seeing any declines at all," says Harvey Spiegel, research director for broadcasting's Television Bureau of Advertising. He believes Nielsen Media Research allowed its old national sample to deteriorate and become unrepresentative in recent months while its staff strained to start up the new people-meter system. "We feel strongly that the sample is out of kilter," he says. But the trends have been "too consistent to disbelieve," in the view of Bob Alter, president of the Cabletelevision Advertising Bureau. Either way, there's no argument that the broadcast networks altogether still get a 24-hour rating of 19 compared to a 6.6 total for all the cable channels.

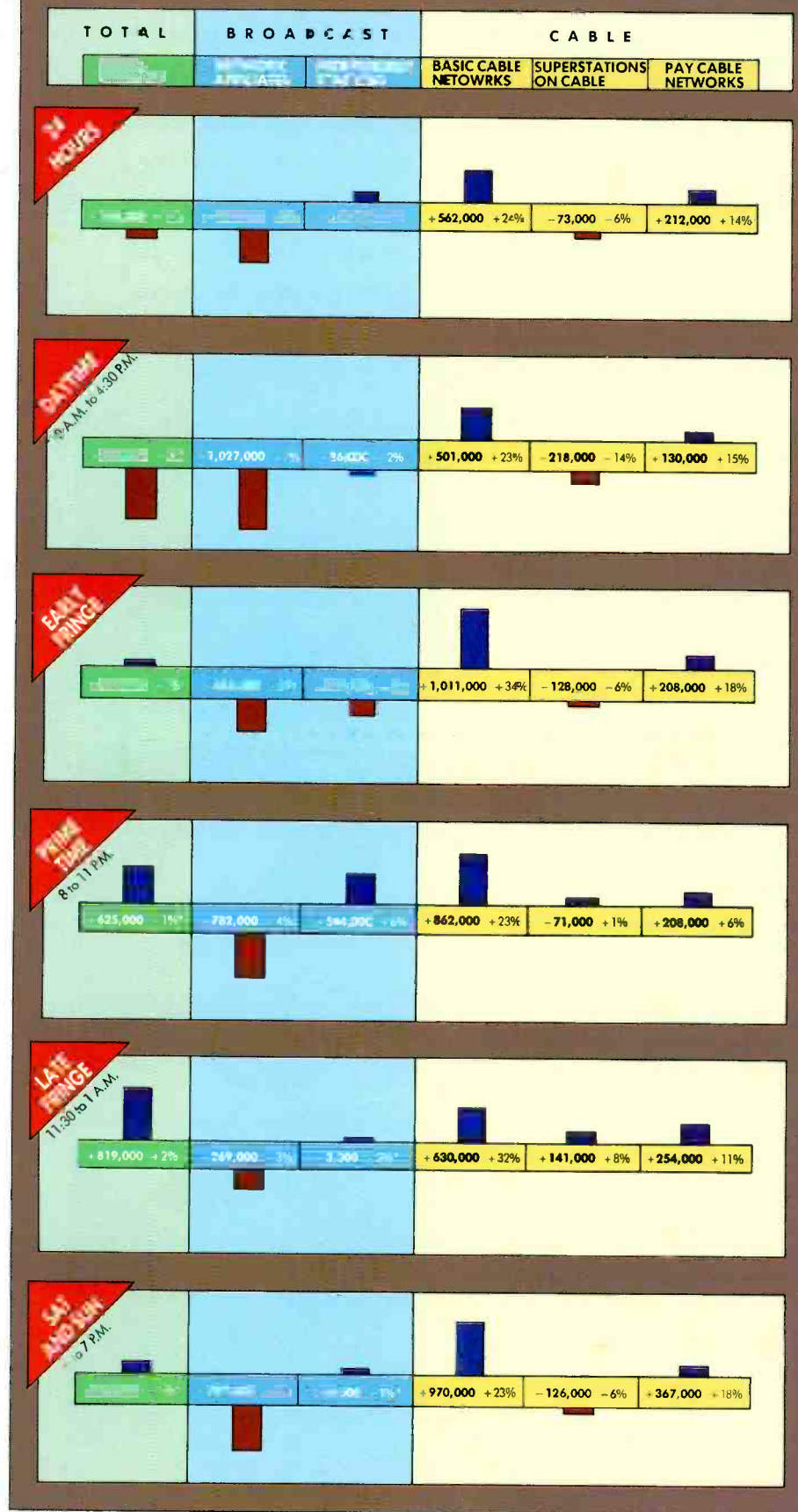
STEVE BEHRENS

\*In some cases ratings were down, despite growth in projected audience, because number of TV households grew faster. The '87 ratings are percentages of a larger universe of TV households.

Sources: compiled by Cabletelevision Advertising Bureau from Nielsen data for January through June 1986 and 1987. These ratings are averages of total viewing each minute during the designated daypart.

### AUDIENCE LOSS OR GAIN, BETWEEN FIRST HALVES OF '86 AND '87

CHANGE IN NUMBER OF TV HOUSEHOLDS AND PERCENT CHANGE IN RATINGS





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