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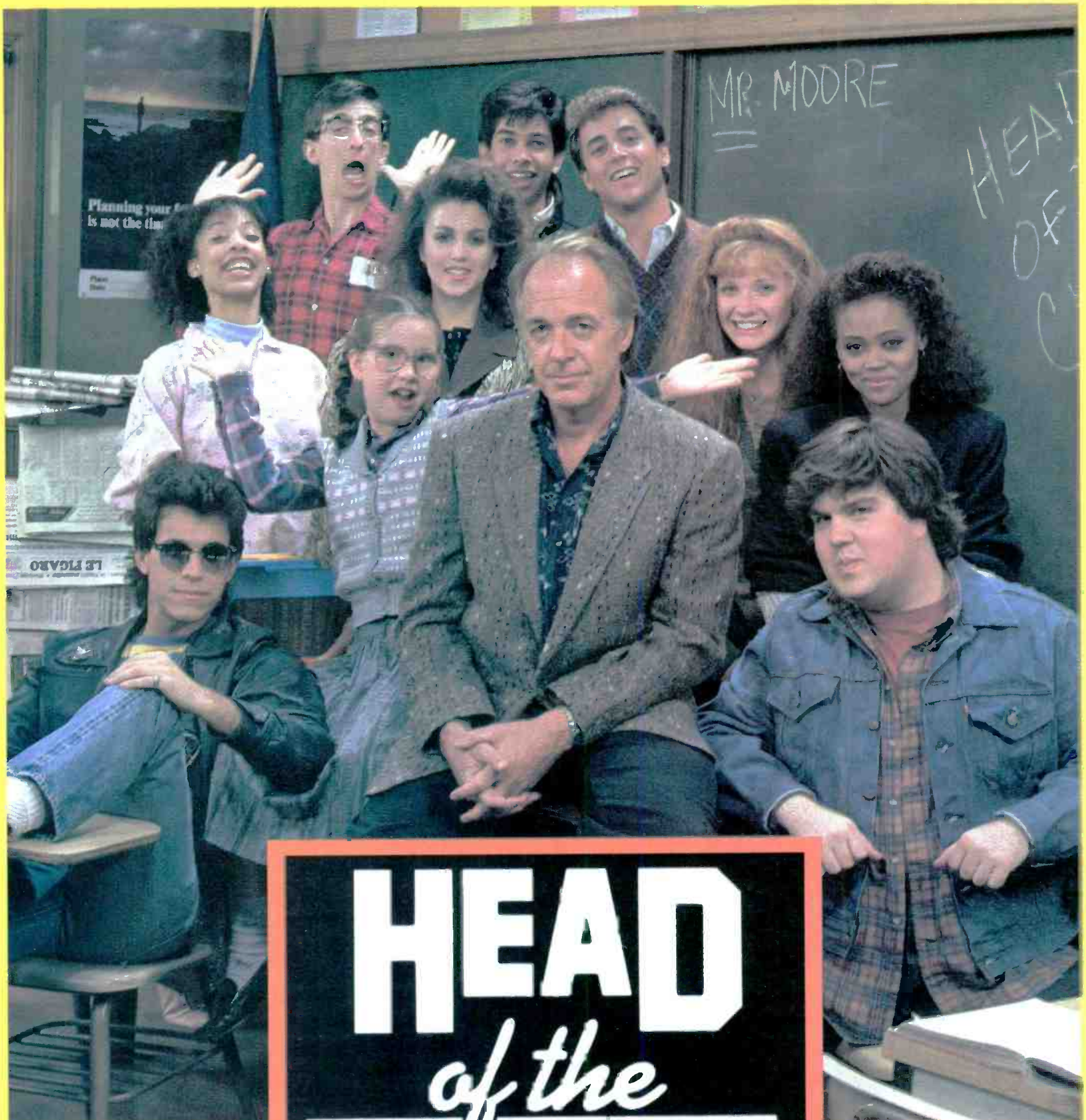
VOL. 8, NO. 1 JANUARY 1988

MICHAEL WITTE

For indies, the past two years were learning by undoing **64**

Cover photograph: Douglas Kirkland



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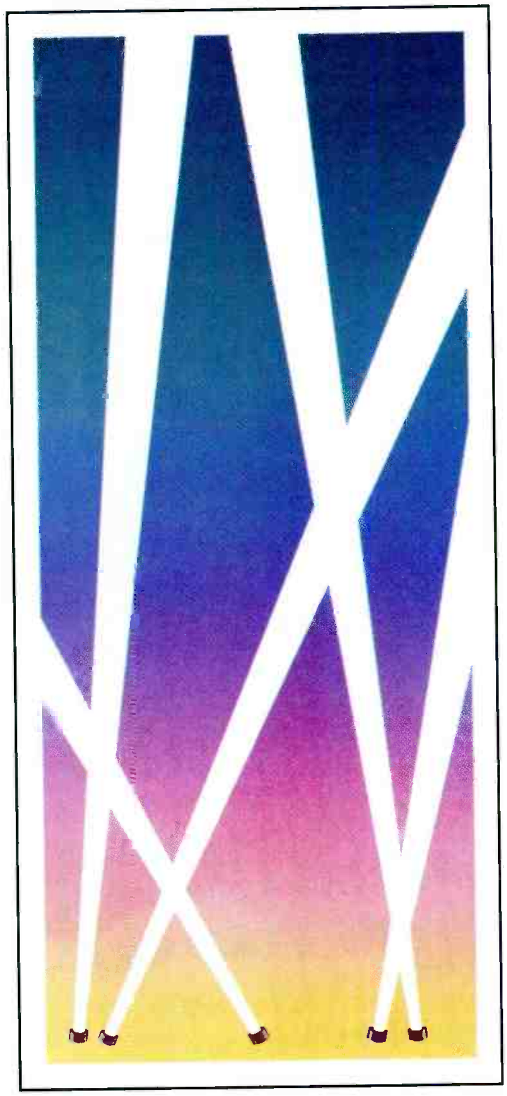

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LETTERS

The Good War

Les Brown's July/August column, "Hype in a Good Cause," was right on the money. It is indeed a "strange trade" that we ply—creating and mounting full-station public-affairs projects. May Les Brown's projection about it being "the most positive trend" in broadcasting be prophetic.

Jerry Wishnow
Wishnow Group Inc.
Marblehead, Mass.

Here Come the Judge

I read with great interest and pleasure Michael Pollan's "The Syndicated Bench" [July/August]. I would be less than honest if I didn't say that his flattering remarks about me were very gratifying. I think he was overly generous, but I loved it.

Judge Joseph A. Wapner
Los Angeles, Calif.

I'm OK, They're So-So

Joseph Vitale's sardonic comment on TV therapy ["The Syndicated Couch," July/August] was right on target. The most we can hope for is that these shows will encourage some people with mental problems to seek professional help. Unfortunately, as he points out, there is a downside:

Among the millions of psychological voyeurs peeping at these practitioners are some with serious mental disorders who may empathize with the "patient" and follow the TV therapist's advice, with disastrous consequences.

The situational problems of living faced by "patients" on the new TV couches bear little resemblance to the painful and debilitating mental illnesses that affect as many as one in five persons during any six-month period.

After careful evaluation and diagnosis, most patients with disorders can be effectively treated—but not with a 22-minute fix from therapists who hang their shingles in *TV Guide*.

John M. Blamphin
Director of Public Affairs
American Psychiatric Association
Washington, D.C.

Little Us

We enjoyed the article on George Gillett ["George Gillett's Private World," September] as we welcome him to one of the nation's highest-quality local TV markets.

In your list of the "strong stations" he will run up against with the Storer acquisition, you failed to mention Cox Enterprises' WSB-TV, the ABC affiliate in Atlanta.

While we are just a little country operation, we are currently number one in both the early and late news, and number one in most of the locally involved dayparts.

Andrew S. Fisher
Vice President and General Manager
WSB-TV Atlanta

Free to Be Fair

The September *Public Eye* ["In Fairness . . . and Out of It"] and its fear of a "white supremacist station" is an extreme view at best: conjecture based on fantasy, hardly a weapon for Congress in adjudicating "fairness."

The Fairness Doctrine must go. In the words of Frederic Bastiat, "without responsibility, man no longer has free will."

During my long broadcast career, nearly four years were spent defending myself against multiple counts of Fairness Doctrine violation (including conspiracy) while serving as general manager of KREM (radio and TV).

Despite promises of government dungeons along the way, in the end the FCC found nothing and returned the stations' licenses. They could not answer my question, however: "Where do I go to get my reputation back?"

Gene Wilkin
San Juan Capistrano, Calif.

Things Go Better With...

Francis T. Vincent Jr., executive vice president of the Coca-Cola Company, says he never felt that revenues (in contrast to profits) are "an important measure of anything in the entertainment industry" [see *Channels*' September letters]. This is a popular mix-up of means and ends.

Revenues help us to provide goods and services. If you lose touch with that, the profits won't be there either.

What matters for Coca-Cola is that with Coke, any one of its cans has to be like the one before (especially in the case of Classic), but every one of its TV episodes or films has to be different. As the great marketing guru Ted Levitt might have asked, "What business are you in?"

A.S.C. Ehrenberg
Director, Center for Marketing and Communication
London Business School
London

Fat Chance

While I enjoy your publication, the September 1987 issue contained a number of inaccuracies in your article, "Charting the New Season." Any production company—including Viacom—is reluctant to disclose its episodic production costs, license fees and resultant deficit for competitive reasons as well as [to avoid] jeopardizing network relationships. However, on two of our shows, *Frank's Place* and *Jake and the Fatman*, your chart indicated zero deficit for these two shows. Suffice it to say we should only be so fortunate.

James Schwab
Vice President, Finance, West Coast
Viacom Entertainment Group
Viacom Productions
Universal City, Calif.

Alive and Syndicatin'

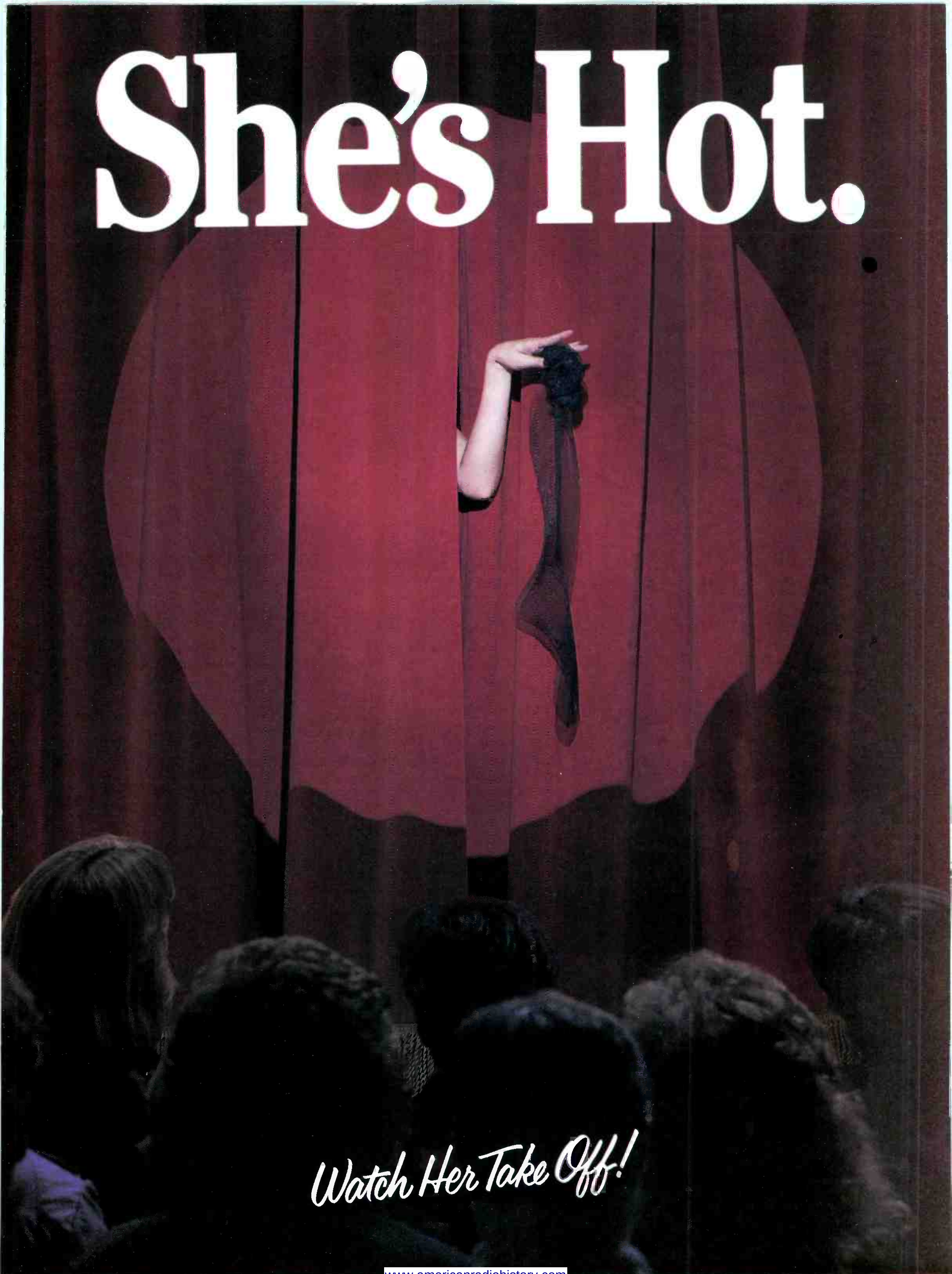
After having seen the ad for *Entertainment Tonight* in recent trade publications, I felt it necessary to set the record straight. In the ad copy, under the headline, "We are the competition," is the boast that *Entertainment Tonight* has, among other achievements, "outlasted *PM Magazine*." As Mark Twain remarked, reports of our death have been greatly exaggerated.

Not only does *PM Magazine* live but we're going strong, and looking forward to our second decade with enthusiasm and the same aggressive spirit that made the program a leader for virtually the entire history of prime-time access.

PM/Evening Magazine, now under the direction of the Group W Television Stations, has been sold in 30 markets to run in prime-time access.

Jeff Osborne
Vice President/Sales and Marketing
Group W Television Sales
New York, N.Y.

Channels *welcomes readers' comments. Address letters to* Channels, *19 West 44th Street, Suite 812, New York, N.Y. 10036.*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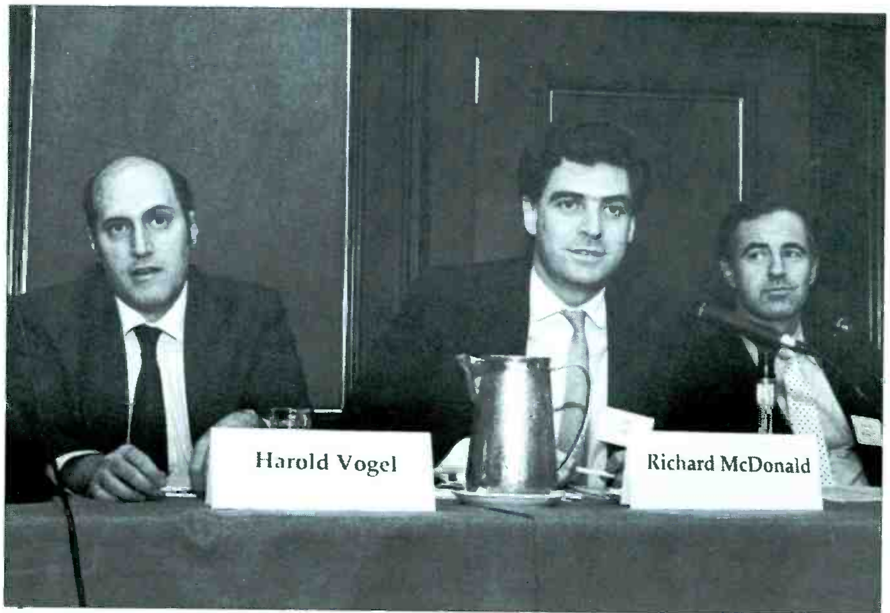
Watch Her Take Off!

REPORTS

Black Monday: The Impact on Media Deal-making

Blue-ribbon panel sees changes in financing and valuations.



'The principal change has been in the psychology of the investor,' said panelist Frank Biondi (right).

The stock market's October crash, a disquieting psychological jolt for investors both big and small, has made the future availability of public financing for media deals uncertain, and may alter the way media stocks and properties are valued in the future.

Such were the findings of a distinguished panel of media executives and experts who gathered to discuss and debate the impact of the crash upon media companies in "Media and the Markets."

Media stocks have enjoyed unprecedented growth during the last four years. Government deregulation opened the door for expansion in radio, television and cable, while low interest rates made financing such growth affordable. The popularization of junk-bond financing allowed media owners and corporate raiders to raise greater amounts of capital more cheaply than ever before. These developments, in turn, prompted analysts to radically change the way they value media companies.


Nancy Peretsman

Rather than use the traditional measures applied to industrial stocks such as earnings per share or the ratio of stock price to earnings, analysts opted to look at cash flows and private-market break-up values of assets as better determinants of a media company's worth.

But investor faith in these methods of valuation, and the growth that their use encouraged, appears to have been badly shaken by October's crash. "The principal change has been in the psychology of the investor," said Viacom International president Frank Biondi, a member of the panel, which was co-sponsored by *Channels* and *Media Business News (MBN)*. "If you're not selling assets, refinancing bridge loans or doing anything that would take you to the market or force you to deal with a market-dependent transaction, either as a buyer or seller, you're probably fine."

Those who do rely on the market have not fared so well. MTM Enterprises was forced to postpone indefinitely its four-million share initial public offering, while a merger between United Artists Communications and United Cable Television was canceled, citing market conditions. The acquisition price agreed to Oct 5. in Star Midwest Inc.'s takeover of North American Communications's cable systems was lowered the week following the crash.

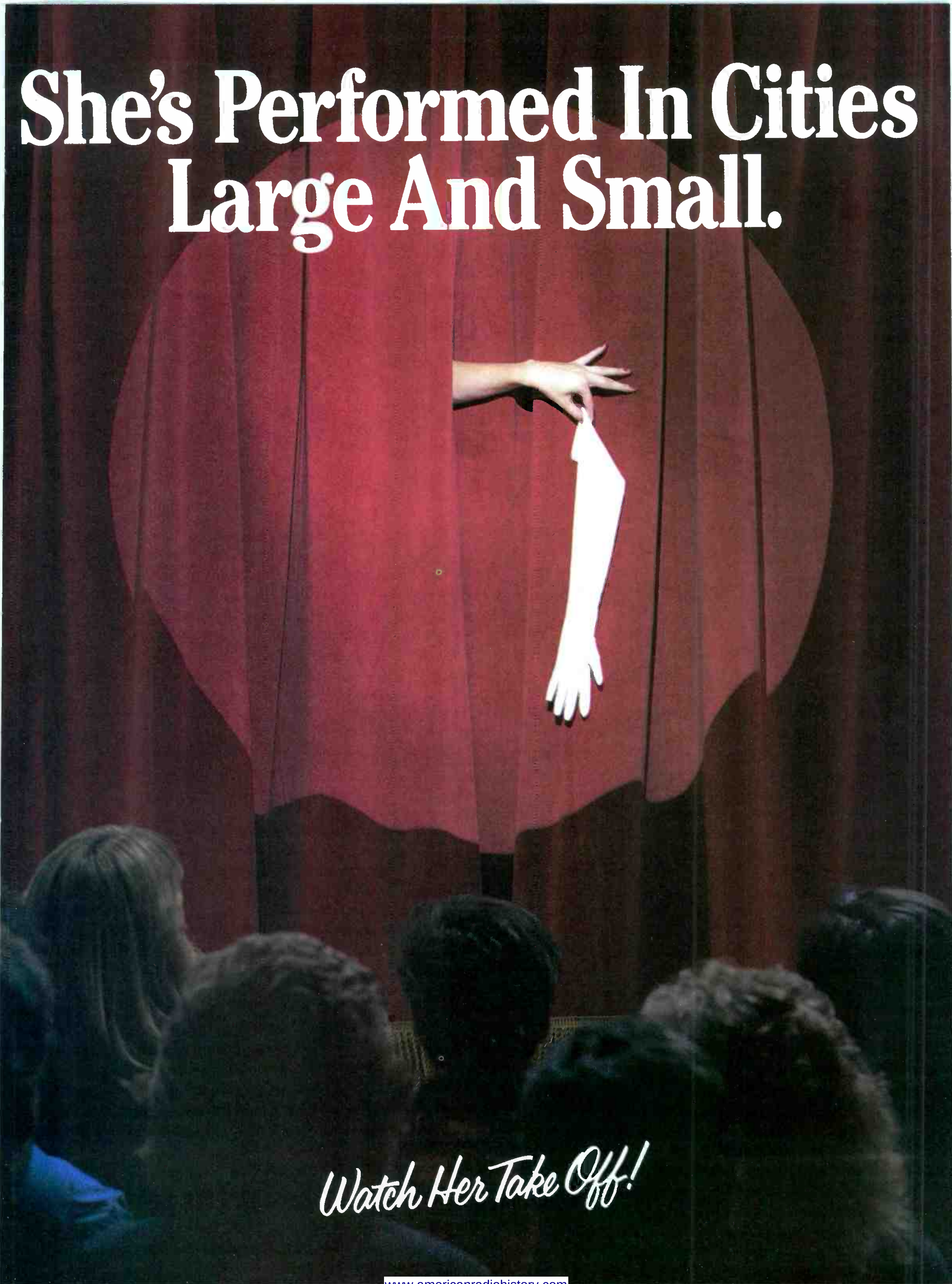
The junk-bond market, at least for the time being, looks completely dried up, as evidenced by the collapse or restructuring of a variety of junk-bond offerings and TVX Broadcasting's continuing problems in its attempt to refinance a $248 million bridge loan from Salomon Brothers.

Some feel the crash will help reestablish the importance of fundamentals among media investors, owners and lenders. First Boston media analyst Richard MacDonald: "There will be a return in the investors' minds to the very, very basics. They are looking for equity on the balance sheet, a lack of debt and are returning to old earnings valuations. The notions that we properly brought to the investment community of analyzing media businesses on an operating cash-flow approach, almost as if they were private companies, has lost a lot of ground."

"Deals are going to be a little bit more difficult to package," said Raymond Joslin, president of Hearst Cable. "Maybe the deal business needed some kind of sobering event. I find it very difficult to talk about multiples of 18 to 20 times cash flow."

Investment banker Nancy Peretsman, vice president of Salomon Brothers, said, "Times of tremendous volatility create unease, which tends to be reflected in pricing. Until people become comfortable with some level, whether ten times cash flow or twelve

BONNIE GELLER
Hearst's Joslin (l.) and *MBN*'s Paul Maxwell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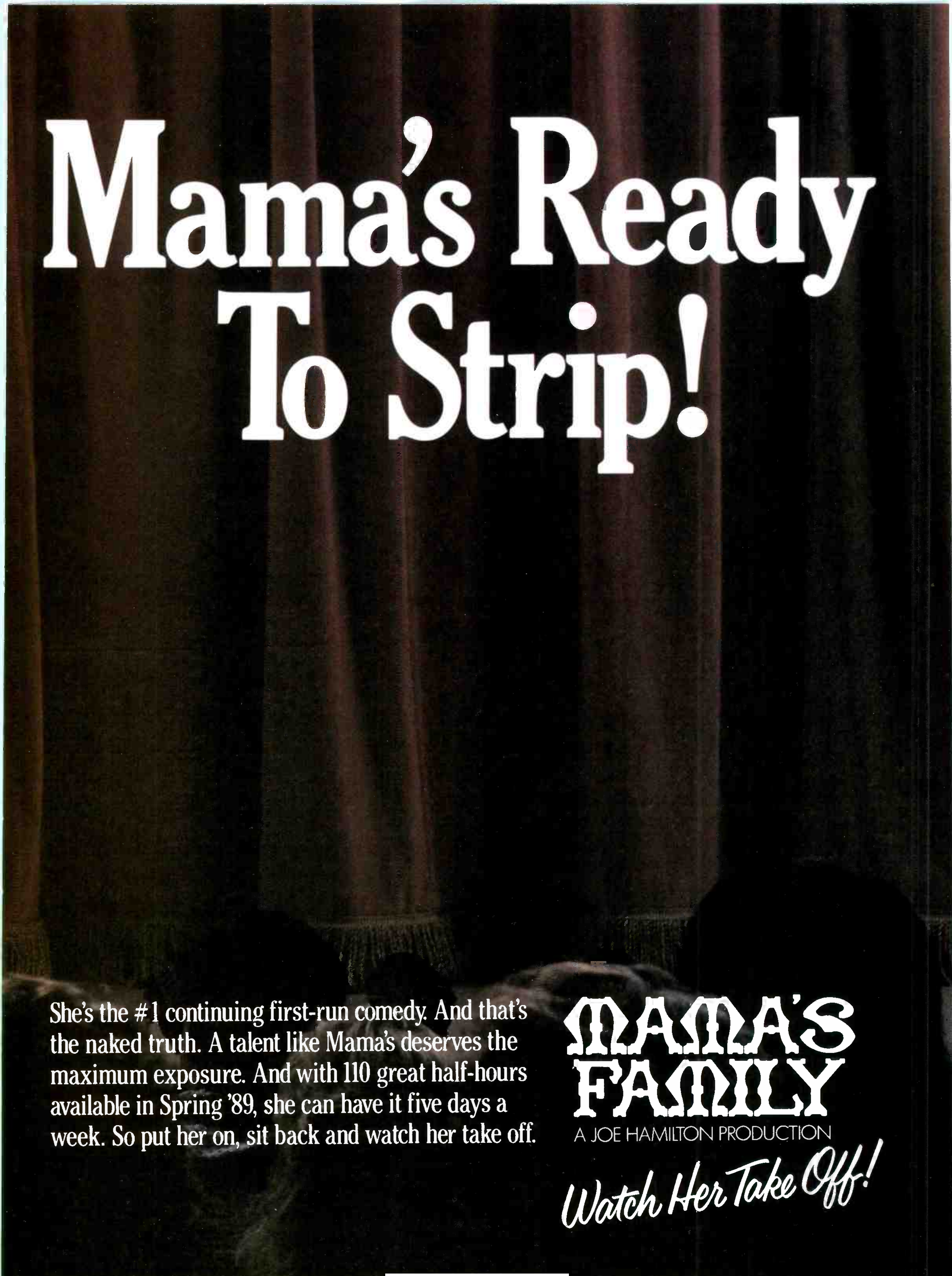
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times, fourteen times or seven . . . you will see some very erratic pricing in transactions."

Since the crash, scores of media companies, including A.H. Belo Corp., Jacor Communications Inc., Knight Ridder Inc., LIN Broadcasting Corp., Tele-Communications Inc. and The Washington Post Company, have announced stock buyback plans, feeling that their stocks were underpriced, but also as a supposed show of faith to investors.

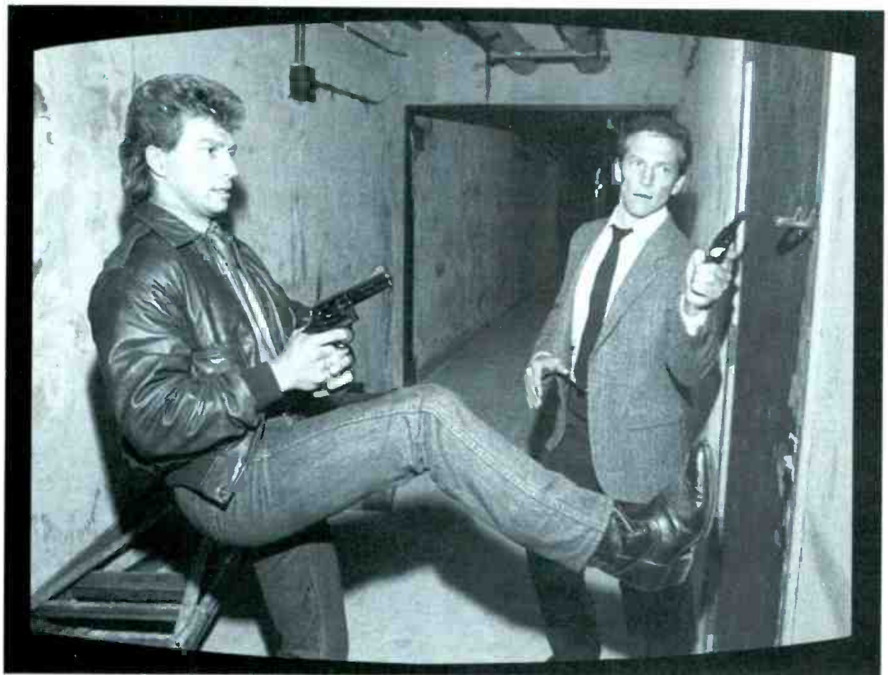

Panelist John Suhler

Merrill Lynch media analyst Harold Vogel, who is sometimes referred to as the "Lone Worrier" on Wall Street, labeled them, "a very dangerous type of precedent. You're using up capital that you may need later on; that should be used or available for building productive assets. Instead, you have companies that are playing the stock market."

MacDonald agreed: "Many companies are buying back stock which, given the economic uncertainties, is an awfully powerful statement. I wonder if they fully understand the power of the statement they're making, given the outlook. In some instances, I would like to see companies try to sell stock. I know they can't do it, but I'd like to see some sales of stock and cash put on the balance sheet. I think essentially that's what [CBS CEO Laurence] Tisch has been doing. His general pessimism has translated into wanting to circle the wagons of cash and hunker down."

While it was too early to make any long-range predictions, the experts agreed that both investors and lenders would tread more carefully when dealing with leveraged buyouts, but that quality media properties would weather the storm and retain their values. "If you've got quality properties, I'm not sure that you should be concerned," said Biondi. "I think you'll see the buyers come back in." PAUL NOGLOWS


Panelist David Bentley


Lightning in a bottle? Shot in Toronto, *Night Heat* stars Jeff Wincott (l.) and Scott Hylands.

New Haven for New Programs: CBS Fine-tuning Shows at 11:30 P.M.

Late-night successes can turn up on prime time schedule.

There's a broken heart for every light on prime time. Comparing it these days to hit-or-miss Broadway, producers and network executives complain that prime time production costs and licensing fees are spiraling crazily upward, making it increasingly burdensome to carry an hour-long drama that isn't an immediate hit.

The typical 13-week commitment for a new series has been pared to six weeks or even four. Casts and crews are expected to generate the kind of instant chemistry usually reserved for love at first sight and atomic bombs. "These days," sighs producer Jerry Golod, "everybody and everything has to be right immediately." That, he adds, "is like catching lightning in a bottle."

Golod, however is one of a thimbleful of television producers who've stumbled onto one possible, delightfully theatrical solution—the out-of-town tryout. Only instead of Philadelphia or New Haven, the venue is CBS's 11:30 P.M. slot. There, amidst old TV movies and reruns of *Hunter* and *The Night Stalker*, are three original, first-run dramas: Golod and Robert Cooper's *Adderly* and Sonny Grosso-Larry Jacobson's *Diamonds* and *Night Heat*.

Last August and September, *Adderly* and *Night Heat* each made it from the late-night sticks to the Great White Way—six weeks in CBS prime time. *Adderly* netted an overall 7.8 rating and 16 share, with *Night Heat* copping a 10.5 rating and 19 share. (The lower-rated *Adderly* held an unenviable position opposite *Falcon Crest* and *Crime Story* on Friday nights, while *Night Heat* ran Tuesdays at 10 P.M.)

Had these been brand-new shows, such ratings might have indicated disasterous investments. As it is, it's back to New Haven for more preview performances and tinkering.

CBS has no illusions of *A Chorus Line*. In fact, in the words of one executive, the network is currently "scrutinizing" the long-range viability of late-

(continued on p. 21)

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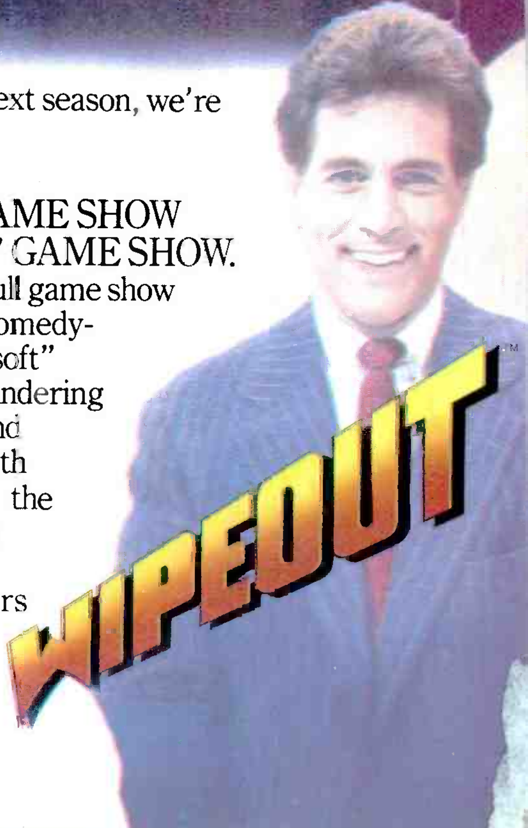

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THE PEAK PERFORMERS

night, first-run programming. But in an era of expensive pilots that more often than not don't make it, the inexpensive out-of-town tryout, with a paying audience of advertisers, has an intrinsic sort of appeal.

"The programs themselves and the way we're dealing with them validate that analogy to some extent," agrees Michael Brockman, CBS vice president of daytime and children's programming, and the person in charge of late-night shows. "We saw an opportunity to provide original programming in the late summer, when the networks have a classic problem of stemming erosion of the audience to cable and elsewhere. It made sense," he notes, "to take advantage of series we already had going," thereby dealing with a known quantity and not having to help amortize start-up costs for another show.

Few other shows have taken such circuitous routes to prime time. The most notable: *Mr. Ed*, which ran for a year in syndication before being picked up for CBS prime time in 1961.

Brockman reports that despite typically low summer ratings, CBS was pleased with the prime time *Adderly* and *Night Heat* from a creative point of view. The late-night dramas turned out to be a relatively low-cost boot camp for casts and crews.

"You save money immediately because there's no pilot," maintains *Night Heat* co-producer Larry Jacobson. "And since production costs are low, you've got time to work the bugs out." His average budget per episode is in the mid-six figures, U.S. dollars, which stretches on the Canadian soil where his shows are produced.

Says Brockman: "I don't see the industry turning away from [producing] pilots, but there's something to be said for working out the kinks and errors and learning how to mesh by actually going out and doing it. We were impressed by the talent—mostly Canadian—and the feel of the shows by the time they came to prime time."

The first of these late-night eye-openers was *Night Heat*, debuting in Februry 1985. Produced by Sonny Grosso (of *French Connection* fame) and Jacobson, in association with Alliance Entertainment and Canada's CTV network, the Toronto-produced drama stars Scott Hylands and Jeff Wincott as cops in an unidentified Northern city,

Originally, late-night wasn't intended for tryouts, but as a way to create syndication and overseas-market fodder, and to keep affiliates happy.

and Allan Royal as a crime reporter whose observations bookend the show. It airs Thursday nights after local newscasts; like its brethren, the hour-long show is in a 70-minute slot to accomodate added commercial time.

"CBS originally wanted to do a series of precinct documentaries," says Jacobson. "Go right into police stations with hand-held cameras and follow the process. [CBS late-night v.p.] George Bernsten came to us and said he had experience there. But there were civil-liberties concerns. I suggested a fictionalized version."

Night Heat was followed into the field by new episodes of *T.J. Hooker*—produced to fill out the syndication package after the show folded—and by the whimsical spy-adventure *Adderly* (Wednesday late-night), the *Moonlighting* clone *Diamonds* (Tuesdays) and the short-lived Grosso-Jacobson reporter thriller, *Hot Shots*. ("The numbers were OK," shrugs Jacobson, who doesn't appear to miss the show. "The network just didn't think it had legs.")

For economy, the programs are all shot in Toronto on 16mm film, rather than prime time's usual 35mm. Mitigating the difference somewhat is that no 16mm prints are used; the negative is transfered directly to videotape for post-production and distribution. *Night Heat*, in fact, continued to be shot on 16mm for CBS prime time, both for budget reasons and in an attempt to replicate the gritty docudrama feel of the late-'60s 16mm drama *NYPD*.

Diamonds' Nick Campbell and Peggy Smithhart.

Also undercutting costs are the underpriced Canadian dollar and union rules requiring fewer crew members than in the U.S., as well as a dearth of high-priced stars.

On the revenue side, the shows are financed not only by CBS and private investors, but also by Canadian networks. *Night Heat* in particular is a favorite on Canadian prime time, airing on CTV Thursdays at 10 P.M.

Night Heat's and *Adderly*'s elevation to prime time didn't take much change on the producer's parts. Late-night hasn't been a venue for violence or harsh language because of Canadian broadcast regulations, so no toning down was needed. *Adderly* was shot in 35mm for those six weeks, however, and each episode featured a known guest star the likes of Harry Guardino and George Takai. In neither case was the prime time episode a remake of a late-nighter.

That illustrates the fact that late-night, first-run drama wasn't initially intended as a training ground. The idea was to provide syndication and overseas-market fodder, and to help keep the affiliates happy. "Reruns aren't cheaper when you consider the nature of the investment," Brockman insists. With cable and video in particular, he notes, "the viewer has first-run choices in all the dayparts. It's become essential that we provide affiliates with original network programming whenever we can." Last summer's prime time runs were serendipitous fillips, representing one more way of doing things.

Will CBS continue to support these electronic out-of-town tryouts, bringing along shows from late-night to prime time? Brockman is noncommital. Jacobson naturally hopes so. "I like to think of it as a trend," he muses, "but it's hard to tell what a network is going to do." His partner Sonny Grosso, however, is eternally sanguine. "I'm quite satisfied and quite happy to be involved with late-night," he insists. "It's new territory, and we're the ones who staked it out. In television," he rightly observes, "you don't get to do many firsts."

FRANK LOVECE

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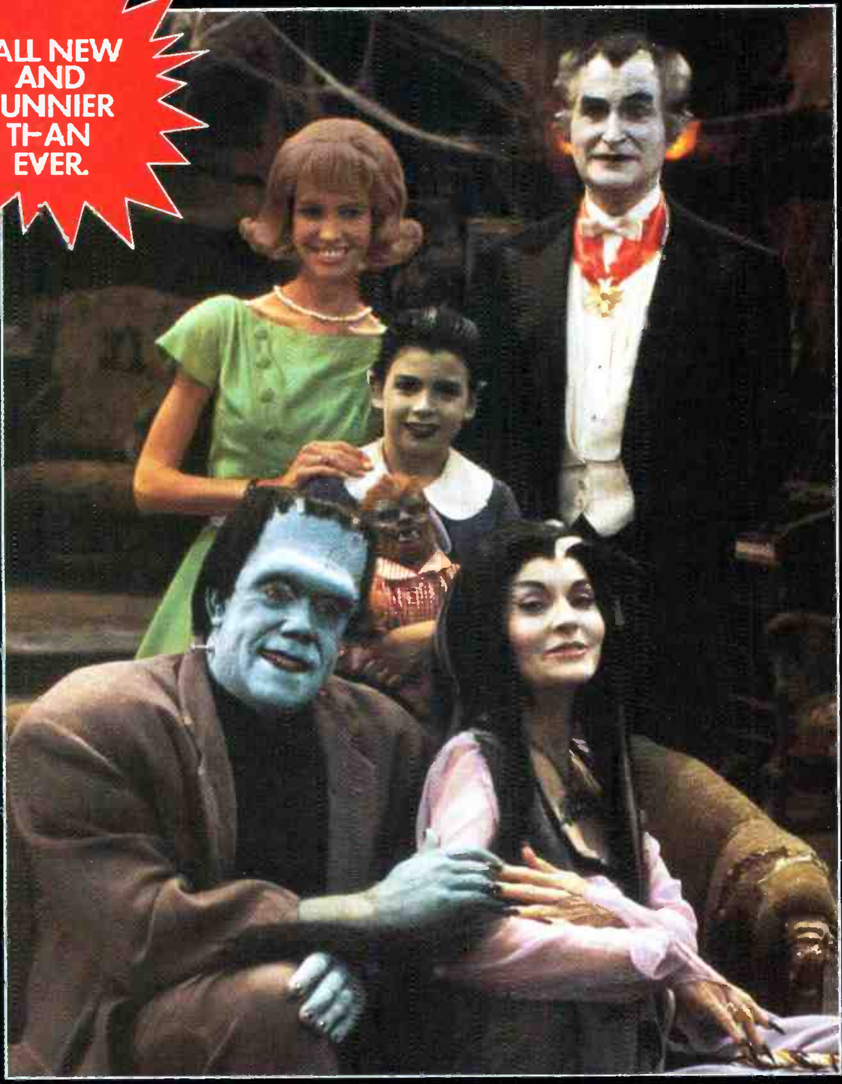

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Channels honors Excellence in a celebration at the Yale Club.

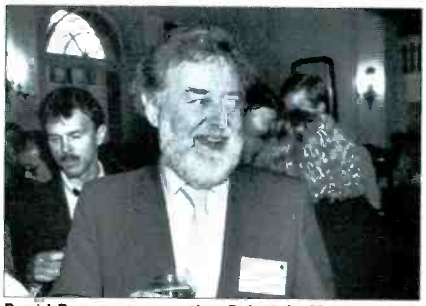
Our fourth annual tribute to Excellence, highlighted in *Channels'* October '87 issue, culminated in a special celebration at the Yale Club in Manhattan. As *Channels* owner Norman Lear noted in his opening remarks that night, "Excellence is a choice people make—just as mediocrity is a choice. Excellence is not a gift you're born with but something you strive for, and fight for, out of a conviction that being as good as you can be is what your life's work is all about."

Guests from the television industry joined *Channels* in saluting our Excellence Class of '87: *St. Elsewhere* producer Bruce Paltrow; WBBM-TV investigative reporter Pam Zekman; KYTV, Springfield, Mo.; The Disney Channel; CNN; Hallmark Hall of Fame; *Eyes on the Prize*; and Britain's Channel 4. As the honorees spoke, they confirmed Norman Lear's hypothesis: "They choose excellence because they have to; it's in their nature."

Hallmark's Brad Moore (l.) with Norman Lear.

Bruce Paltrow with his wife, Blythe Danner.

Henry Hampton: *Eyes on the Prize.*



David Rose, representing Britain's Channel 4.

Investigative reporter Pam Zekman.

From the staff of KYTV:
Joyce Reed (l), Stan Pederson, Laurie Leggett.

Channels' Joel Berger (l), CNN's Mary Alice Williams, *Channels'* Merrill Brown and CNN's Bob Furnad.

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What's On

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The Morning After

by Cecilia Capuzzi

JANUARY 14: **NBC's *Today*** show celebrates its 36th anniversary, ushering in what could be the stormiest period in the history of early morning TV. Though *Today* has been the most stable, all three network morning shows are in transition. *Today* faltered in November after people meters knocked it out of its 53-week lead and **ABC's *Good Morning America*** took first place by as little as two tenths of a point. And while *Today*'s **Jane Pauley** (after 12 years, the show's longest-running host) signed a new multiyear contract, it is uncertain that cohost **Bryant Gumble**, with *Today* since '82, will return when his contract is up later this year. In the meantime, *GMA* host **Joan Lunden** is trying to break into syndication via **Paramount**'s ***The Daytime Show***, and she might give up her spot on *GMA*. **CBS** is holding its breath on ***CBS This Morning***, which debuted Nov. 30 with hosts **Kathleen Sullivan** and **Harry Smith**.

. . . .

JANUARY 15: In the '84 presidential election year, cable had a hard time convincing politicians that it existed—let alone that it was a viable advertising alternative. This year, according to the **Cabletelevision Advertising Bureau** (CAB), the industry's major task is to determine what percentage cable, now in 50 percent of TV homes, should command of the estimated $30 million political ad budget. CAB sponsors a **political ad workshop** at Cannon House Office Building in Washington to drive home its strengths, but the going won't be easy. "Generally, cable will not equal the efficiency of broadcast," says **Catherine Farrell of Farrell Media**, which purchases time for **George Bush**. Adds **Mandy Grunwald** with the **Sawyer/Miller Group**, which handled **John Glenn** in '84: "We look to cable more for news coverage than for advertising." Grunwald says '88 ads will shy away from the "white picket fence" America portrayed in **Ronald Reagan**'s '84 spots and instead highlight "realism and grittiness—an 'I'm leveling with you' approach."

. . . .

JANUARY 23-24: Now that it's hip to watch an excessive amount of TV, there's an event to lend further legitimacy to "vegging out" in front of the set: **The Couch Potato Convention** at the Hyatt in Lincolnwood, Ill. The conference, created by PR firm **Rashman Assoc.** for the Hyatt, turns the "trend" into a weekend-long affair to drum up hotel business, according to **Ruth Rashman**. With special couch-potato rates of $55 a room per night, the Hyatt expects 500 guests to take part in a TV-dinner banquet (in-room in front of the set, or in the hotel lobby in front of special monitors) and workshops including "Suds for Spuds" (a catch-up course on the soaps), "Small Potatoes" (kids' TV rundown) and "Stop Spinning Your Wheels" (how to get on game shows). A variety of exhibitors show wares ranging from couch-potato dolls to survival kits (cassette cases that hold peanuts, tootsie rolls and popcorn). But what self-respecting couch potato would watch TV at a hotel? Says **Jack Mingo**, a spokesman for **The Couch Potatoes** club: "We have our doubts that it will work. Who wants to risk time away from the home television set?"

. . . .

FEBRUARY 13-28: **ABC** telecasts the **Winter Olympics** from Calgary, Canada, drawing more than 54 clients spending $285,000 for each 30-second prime time spot. **Chrysler, Ford, Coke, Miller** and **K-Mart** head the list. Unlike broadcasts of the '84 Games from Sarajevo, ABC expects to maintain audience levels promised to sponsors. **Larre Barrett**, v.p. of Olympic sales, says he expects a 21.5 rating for live, prime time Olympic broadcasts. In '84, projected 24 ratings averaged 18.3 due to delayed telecasts and problems caused by a snowstorm in Sarajevo the week before the Games. One certainty in '88: **John Denver** won't croon his way through the telecast as he did in '84. "No reflection on Denver," says Barrett, "but we're not going to use him this time." **NBC** carries **Summer Olympics** from Seoul **Sept. 17-Oct. 2**. ●

CALENDAR

Jan. 15-21: National Assn. of Broadcasters board meeting. Kona, Hawaii. Contact: Robert Hallahan, NAB, (202) 429-5350.

Jan. 17-20: CBS affiliate advisory board meeting. Westin Hotel, Maui, Hawaii. Contact: (212) 975-3001.

Jan. 19-21: Georgia Radio-TV Institute seminar. Ga. Assn. of Broadcasters. Ga. Center for Continuing Education, Athens, Ga. Contact: William Sanders, (404) 993-2200.

Jan. 20: Federal Communications Bar Assn. luncheon. Speaker: Judge Kenneth Starr. Marriott, Washington, D.C. Contact: James Smith, (202) 457-8663.

Jan. 20-Mar. 1: New York World TV Festival. Museum of Broadcasting, N.Y.C. Contact: Letty Aronson, (212) 752-4690.

Jan. 22: ACE awards for cable programming presented at Century Plaza Hotel, L.A. (Ceremony for 30 selected awards telecast on HBO, Jan. 24, from the Wiltern Theatre.) Contact: Susan Detwiler, (202) 775-3611.

Jan. 23-26: Radio Advertising Bureau managing sales conference. Hyatt Regency, Atlanta. Contact: Joanne Nimetz, RAB, (212) 254-4800.

Jan. 29-30: SMPTE conference, "Technology in Transition." Opryland Hotel, Nashville. Contact: Lynette Robinson, (914) 761-1100

Jan. 30-Feb. 3: National Religious Broadcasters convention. Speakers: Pat Robertson, Billy Graham. Sheraton Washington and Omni Shoreham Hotels, Washington, D.C. Contact: Ingrid DuMosch, (201) 428-5400.

Feb. 3-7: International Radio and TV Society faculty/industry seminar. Roosevelt Hotel, N.Y.C. Contact: Joyce Tudryn, (212) 867-6650.

Feb. 3-13: International TV Festival of Monte Carlo (International Film, TV and Video Market Feb. 8-13). Loews Monte Carlo hotel, Monaco. Contact: in Monte Carlo, (33) 93-30-87-01.

Feb. 11-13: Country Radio Broadcasters Association seminar. Opryland Hotel, Nashville, Tenn. Contact: Frank Mull, (615) 327-4488.

Feb. 12: Southern California Broadcasters Association radio awards. Phyllis Diller, master of ceremonies. Registry Hotel, L.A. Contact: George Mason, (213) 466-4481.

To Hook or Not to Hook?

by Steve Behrens

In cancellation, as elsewhere, NBC can afford to hold its shows to a higher standard.

As network television series' renewals and cancellations come down this winter, watch for signs of a double standard that demonstrates NBC's big audience advantage. Last season, most of the shows dropped by CBS and ABC had shares below 20 for the season; their average discard had a 17 share. But NBC's definition of a flop has ascended to a higher plane. Almost all the shows it threw away had attracted audience shares of at least 20; they averaged 23.

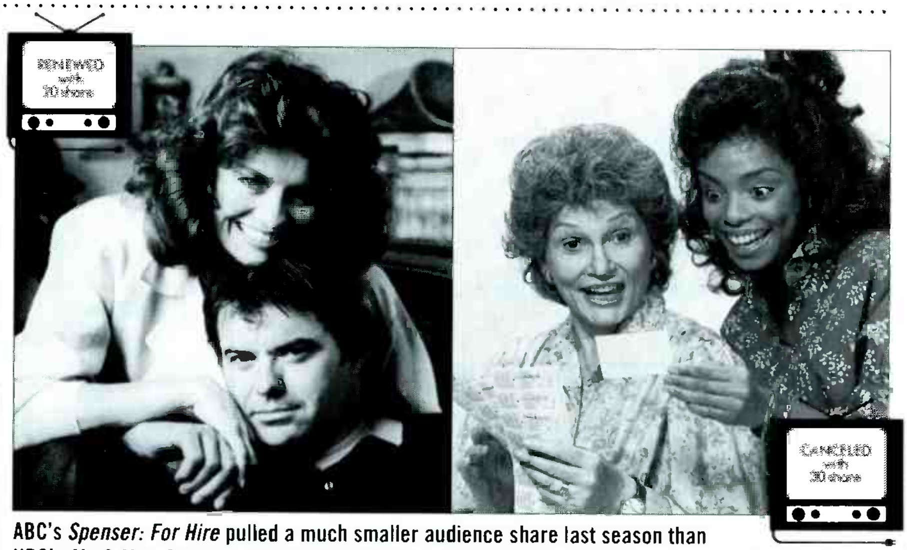
The number, not coincidentally, almost exactly equals a third of the combined three-network share last season, which was 72. Ask David Poltrack, CBS's vice president of marketing, for his network's target share for new shows and he'll say the same: 23 or 24. "Any show that gets that level or above," he says, "has a good chance for renewal."

In the past, a share of that size would have been ruination on any network. "There was a time, years ago, if you were below a 30 share you were iffy," says Paul Junger Witt, partner in Witt/Thomas/Harris. "But that was a time when there was no competition from cable or independent stations, and the three networks would invariably capture 90 percent of the audience."

Even by today's lowly standards, a 30 share doesn't guarantee renewal. Some 30-share series are canceled while 20-share programs live on to play another day. As always, each renewal, pickup or cancellation—each set of circumstances—is a custom-made gamble.

NBC's *Me & Mrs. C*, for instance, averaged a 30 share during its brief tryout on Saturdays last spring, but the network didn't bring it back in the fall. It had failed to retain enough of the 41-share audience of its lead-in, *Golden Girls*, explains William Rubens, vice president of research at NBC. Similarly, the network's *Nothing in Common* had a 31 share, unforgivable because it also had a 41-share lead-in, *Cheers*. Goodbye, *Nothing*.

ABC's *Spenser: For Hire* got a much smaller audience, but was renewed nonetheless. Last year it drew an average 20 share, despite its advantageous slot after *Moonlighting* on Tuesdays. "The producers of *Spenser* had owned the best time period on the network and blew it; they're lucky to be on," says Paul Schulman, president of the Paul Schulman Co., a network-TV time-buying operation. Though *Spenser* came back, its fate was little better than death: ABC put it up against CBS's *Murder, She Wrote* and NBC's *Family Ties* at 8 P.M. Sunday.



ABC's *Spenser: For Hire* pulled a much smaller audience share last season than NBC's *Me & Mrs. C*, but it was *Spenser* that came back this fall. ABC had a place for it on Sunday.

Those super-tough slots create an underclass of series each season. Residing in protected niches on the weaker networks, they can be renewed despite low viewership. *The Charmings*, for instance, drew only a 19 share last season, but ABC brought it back to throw its whimsical carcass at *The Cosby Show* every Thursday. At the same hour, CBS practices extreme counterprogramming with the war series *Tour of Duty*, which Poltrack says is "doing as well as anything can against *Cosby*."

But the weak network doesn't always accept what it's got in a tough slot. *Max Headroom* was getting just half the audience of CBS's *Dallas* or NBC's *Miami Vice* during the fall's first month, and, worse yet, its 12 share constituted a deadly dip between its 18-share lead-in, *I Married Dora*, and the 23-share lead-out, *20/20*. ABC gave *Max* a quick hook.

Generally, however, the networks have been delaying the hook since NBC made hits out of such slow-starting series as *Cheers*. "I think the other networks went to school on that," says Witt. Early this season, says Poltrack, CBS gave full-season commitments to five new shows including *Wiseguy*.

Shares weren't the only basis for the commitment decisions. Poltrack says CBS also consulted tracking studies—biweekly phone surveys of about 500 viewers, who are asked how they like certain shows. "A very, very positive tracking study tells you *Wiseguy* has potential that is probably not represented in its ratings. Basically we could move *Wiseguy* into a time period when it would do better, but it would be difficult for another program to do as well at 9 on Thursday."

Three out of ten new prime time series end up being renewed, according to Poltrack. Just holding a steady share through the fall is a good sign for a new series, he says, but after New Year's the standards rise: Now the networks are looking for growth. ●

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Series Ads Travel Off-Net

by Joe Mandese

The Big Three are relying more on other media to lure viewers into the network fold.

Think of some of the largest advertising brands in America, and such names as Coca-Cola, Budweiser and McDonald's come to mind. But mention ABC, CBS and NBC, and most people are surprised to learn that the broadcast networks also rank among America's biggest advertising spenders. Given that the networks air the combined equivalent of more than $1 billion a year in on-air promotional time, why would they spend any ad money at all?

"Our on-air promotion is very important, but at some point you begin to question whether you are talking to yourself," explains John Miller, vice president of advertising and promotion for NBC. "I think the networks still have enough reach so that we're not, but with the three-network share dwindling, it is going to get tougher and tougher to try and attract viewers to sample and stay with our programs." That's going to force them to rely more heavily on outside media and become more creative with how they use them.

Historically, network ad budgets have been spent primarily on print media such as *TV Guide*, newspaper TV listings and Sunday magazines. And while the networks continue to rely heavily on these vehicles, they are experimenting with new ways of reaching viewers—particularly on cable TV and radio.

"Print is really a second-best medium for presenting a message about television," explains Donald Foley, executive v.p. of ABC Entertainment's agency, Grey Entertainment and Media. Since networks can't buy time on other networks and since independent TV stations don't like to sell them time either, ABC has turned aggressively to spot radio and cable TV in an effort to reach the light network viewer.

Of the $38 million ABC spent on paid media in 1986, $7.6 million went to spot radio, and more than $600,000 went to cable, according to *Marketing & Media Decisions* magazine's top-200 brands report. While $600,000 may not sound like much of a budget, "it buys a lot of cable," says ABC vice president of creative advertising Mark Zakarin, noting that most of ABC's new shows and some of its returning series got heavy cable backing this season.

John Ritter (top) and Dolly Parton, photographed for ABC's fall campaign by Annie Leibovitz: Subtle star portraits instead of blaring hype.

Meanwhile, network ad bosses say they are meeting even greater resistance in their attempts to place ads on over-the-air spot TV. NBC, for example, wanted to buy spot time to promote an episode of *Our House* that featured *Dallas* star Patrick Duffy. "We thought we'd buy on indies airing *Dallas* in syndication," says NBC's Miller, "but almost none of them would take our spots."

To date, CBS and NBC have been far less aggressive in their use of cable. "We found that it was just as effective for us to put another spot on *The Cosby Show*," says Miller.

NBC, however, leads the pack in network radio spending. Of the $35 million it spent on advertising in 1986, more than $2 million went toward network radio, versus $557,000 for CBS and $260,000 for ABC.

CBS, meanwhile, continues to outspend the two other networks in traditional print media. It placed more than $27 million of its $35 million 1986 ad budget in magazines, compared with $24 million for each of the other nets.

In terms of creativity, ABC has been making the most waves with a subtle print campaign shot for them by celebrity photographer Annie Leibovitz. Unlike NBC's traditional formula that features punchy lines set in boldface type around reaction shots of series' stars, ABC's campaign uses little copy and relies instead on beautiful shots of its stars. CBS's print advertising, meanwhile, appears to be in transition both creatively and literally. Its campaign is more subtle than the traditional episodic style of NBC, but is not quite as stark as ABC's. That may all change soon when it breaks creative from its new agency.

About six months ago, CBS replaced Ogilvy & Mather with Backer Spielvogel Bates, which will pick up much of the media buying and print campaign work that the network previously handled in-house. (ABC and NBC continue to handle most of their buying in-house.)

"I think you're going to see a lot of changed thinking coming about on the part of all three networks," says CBS vice president of advertising and promotion Warren Spellman. "There's so much network competition that the viewers' choice is astounding. If we're going to retain the loyalty of the audience, we had better start giving them a sense of the network as a totality rather than simply saying, 'Tune in tonight because we've got . . .' or, 'Tune in tomorrow, because we have . . .' " ●

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Mining Olympic Gold

by William A. Henry III

Once, athletes competed for honor. Now there's another incentive: endorsements.

For one brief shining moment there is Camelot. Mary Lou Retton vaults a perfect 10 and leaps into the hearts of her countrymen. Or Eric Heiden wins his record sixth gold medal in a winter Olympics, or Mark Spitz captures his record seventh in a summer Games. Or Carl Lewis replicates, event for event, the glorious triumph of Jesse Owens. Maybe once upon a time it was all undertaken—the four or eight or 12 years of struggle—for the beauty of the moment and the honor of one's country. Nowadays, clearly the next challenge for most champions of this year's winter and summer Games will be to transmute ephemeral glory into enduring cash. And they will turn to the broadcast media to do it for them.

Some few champions, like Heiden, aren't much interested in mining gold. Some, like Lewis, don't get much of a chance because they set their prices too high and, in the process, project an arrogance that is a turnoff. Some, like Spitz, flame out fast because they lack the personality or communications skills to make an appealing commercial. But the canniest and sprightliest, like Retton, hit it big. At her peak, according to estimates by advertising maven George Lois, chairman and creative director of Lois Pitts Gershon, she was bringing in $800,000 an endorsement—and had six major campaigns going at once. She didn't get as far as Bruce Jenner, the 1976 decathlon gold medalist who craftily prepared for what has become a seemingly permanent career as actor, host and all-purpose personality. But even if she is fading now, Retton struck a blow for feminism: Her market rate for endorsements towered above what was commanded by many big-name pro athletes—double the standard fee of Sugar Ray Leonard, for example, and nearly double that of fellow Olympian Michael Jordan.

Even Retton's fees may soon be dwarfed by the sums to be commanded from the U.S. heroes emerging this winter and summer. Attorney Bob Woolf, whose big-name pro clients have included Joe Theisman, Julius Irving, Larry Bird and John Matuszak, says, "The opportunities for Olympic athletes will be greater than ever because a lot of people on Madison Avenue are turning away from pro athletes as a result of drug problems and other problems that professional sports have been involved with. The amateur athlete has the youth and wholesomeness that advertisers are looking for. Any winner

Mary Lou Retton (left) took her go-for-it Olympic performance and spunky personality all the way to endorsement nirvana, while track-and-field star Carl Lewis projected an image that turned off advertisers and the public. A winning performance on the field is a prerequisite, but the right blend of personality, willingness to work and a sense of humor can really pay off for former Olympians.

PHOTO, LEFT: APWIDE WORLD; RIGHT: F. ADAMS/SYGMA of a gold medal in the 1988 Olympics can count on a six-figure annual income for the next four years in commercials, endorsements and media appearances. A real star can make millions."

There are five ways for celebrated athletes to bring in big bucks beyond salaries. Nominally, athletes collect appearance fees for entering a competition—up to $25,000 a shot for such superstars as Carl Lewis and Edwin Moses, primarily because their presence can stimulate sale of TV rights. During or after their careers, athletes can become commentators on network and cable TV—sometimes because they are good, or at least uniquely knowledgeable, more often because their past achievement lends authority to banal assertions. Pro athletes from major sports sometimes become sportscasters on local TV news, beating out career broadcasters because of their celebrity status. The two biggest bursts of money, however, come from filming commercial endorsements and making appearances as company spokespersons or motivational speakers.

The rule is to strike while the iron is hot. Jimmy Connors is often described as the greatest tennis player of the pro era, and he has won far more tournaments than anyone else. But it is teenage phenom Boris Becker who, according to *Business Week*, is raking in $5 million a year in endorsement income. Jim McMahon is almost certainly too injury-prone to match the lifetime quarterbacking statistics of, say, a Fran Tarkenton, and even in a single season has come nowhere close to those of Dan Marino, but his $3 million endorsement income is almost certainly tops in football. Says ad guru Lois, "The real measure of fame for an athlete is whether women know who you are. You have to have that recognition beyond your actual achievements to make big money, and it usually takes some single extraordinary moment, some videotaped piece of sports ballet—Doug Flutie's Hail Mary pass, Reggie Jackson's third home run in a World Series game—to do it. If you're an Olympic athlete, you have to win the gold medal, and then you're only good until the next Olympics. If you're a pro, you have to keep playing. Only very few people, a Joe Namath or Wilt Chamberlain, say, can keep doing endorsements after they retire."

What makes an athlete marketable? First, attorney-agent Woolf agrees, "you have to win." Second, the athlete has to hustle. "A lot of athletes," says Woolf, "are not prepared to work hard to take advantage of their fame. They

Mary Lou Retton's $800,000 endorsement fees may be dwarfed by sums to be commanded from U.S. heroes emerging at this year's Games.

don't understand the need for speech coaches, they look to make endorsements without really getting involved with the company and understanding its other needs, they won't put in time for personal appearances." Third, the athlete must have a sense of humor about himself. "I like to put athletes in circumstances where the public doesn't expect to find them," says Lois, who has made hundreds of commercials featuring jocks. Typical of his work was the cereal classic that showed such he-men as Mickey Mantle pouting, "I want my Maypo." Fourth, the athlete's persona must play to American ideals. Carl Lewis, for example, won four gold medals but disappointed everyone in Los Angeles by passing up most of his chances at the long jump, doing enough to win but not trying hard for a world record. He also shied away from the press throughout the Games. So no one had much chance to see his guts or appreciate his vulnerability—there was only a machine. Retton, whose true achievements were objectively less impressive, showed both. She epitomized the free-wheeling courage Americans look for in athletes, according to Lois and Woolf—especially when, after her first perfect vault guaranteed her the women's all-around medal, she chose not to pass up a second attempt and instead went out, risked her pride and executed another perfect 10.

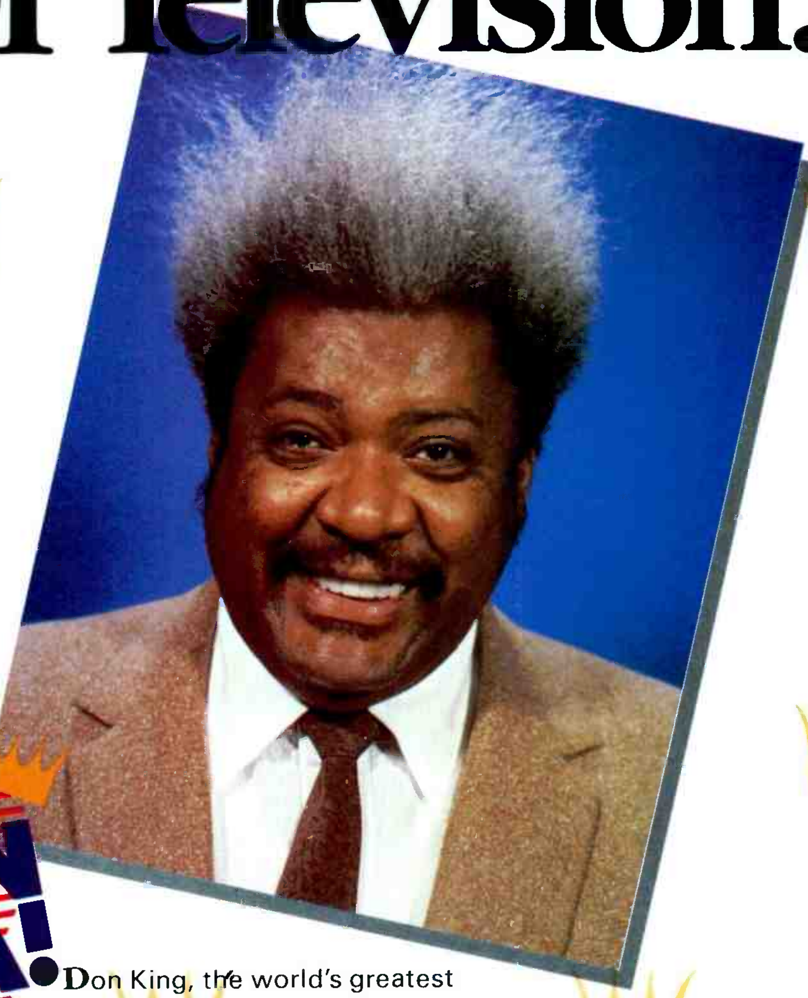
Finally, the athlete's persona has to fit the particular product. McMahon's bad-boy act is fine for clothes appealing to teenagers, but for a grown-up financial services company like Visa, a more sedate image is necessary. Says Janet Soderstrom, Visa USA's vice-president of advertising and marketing communication, "Our product is pretty well known, so we don't necessarily need the most famous athlete. We do need dignity. Olympic triple jumper Willie Banks has been an ideal kind of corporate spokesman for us." An athlete's race used to be an issue but, as the success at varying levels of Banks, Edwin Moses and Michael Jordan demonstrates, it doesn't seem to be much of one anymore. The most conspicuous questions of late were raised about the lack of endorsement deals for tennis players Lori McNeil and Zina Garrison, the best American women to emerge in the past few years. Both are black. Both have recently signed substantial contracts.

Visa USA, one of the top rung of sponsors of the Games, says it is spending in excess of $20 million (a number competitors privately rate as understated) on its total Olympic involvement. The choice to put ad and public relations dollars into that effort was based partly on demographics—the Olympics offer a rare opportunity to reach a dual male-female, all-ages audience through a sports event—and partly on market research about the goodwill generated by an Olympic connection. Visa is far from alone in finding the Olympics enticing. Despite the far-off location of Seoul, the commercial bonanza is rivaling the 1984 spending spree in Los Angeles. Soft-drink companies, auto makers and even typewriter manufacturers are commercializing the Games to the extent of $350 million in "sponsorships" sanctioned by the U.S. Olympic Committee, and perhaps double that in advertising expenditures. Some corporations are paying as much as $30 million just for the right to attach their names to the Games and use its five-ring symbol—all before they start spending on advertising and promotion to capitalize on the involvement.

Although executives who get to rub shoulders with athletes may disagree, some marketing specialists pooh-pooh the value of Olympic sponsorship and question its connection to advertising. Lois, a grumpy, sarcastic elder statesman of the trade, argues, "If you have the money, sponsorship is a nice thing to do. It isn't an ad campaign. There's no thrust, no control. It's likely to be invisible. But then," he adds with a twinkle, "97 percent of all advertising in the U.S. is invisible too."

Who will be the big individual winner this year? Lois and Woolf have the same pick: David Robinson of the Navy, the basketball player who is expected to lead the U.S. to a big victory over the Soviets and others and then, like Michael Jordan, move into pro stardom. "But the U.S. team has to get that gold medal," Woolf cautions. "Otherwise, he will be just a reminder of a disappointment. If not Robinson, though, there's a million and more out there waiting for somebody." ●

Take A Look At The New King Of Television.



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In its hour-long, weekly format, "Only in America," gives viewers something new in television viewing. The segments are diverse and fast-paced; Who will be crowned "King For a Day"? What entertainment superstar will perform at the King's Palace? And the guests are people and personalities that only Don King can bring in front of the cameras; Can two bitter, political rivals, settle their differences on television in The King's Court? Take a look at "Don King's Only in America" to find out.

The series premieres in the Fall, 1988 with a one-hour special available in March, 1988. It is available on an advertiser-supported basis.

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SYNDICATION

The Public Eye

by Les Brown

Plugged Into the Outside World

On a gentle fall evening in Cannes during the MIP-COM program market, a group of us strolling on the Croisette learned the news of Black Monday back in the States. The report came from a friend racing in the opposite direction who stopped to say, "Have you heard? The market crashed and we've bombed something in Iran, all in the same day. For all we know, we may be in a Depression and at war." And off she sped, presumably to a phone.

Our instinct was to head at once for the Majestic, one of two hotels on the Croisette that offer CNN. To our surprise the garden bar was crowded as usual, with television people sitting calmly over cocktails. Several who had already caught the news on CNN put us at some ease; the developments were alarming but not as dire as we had heard. The market had dived 500 points and U.S. destroyers had blown up an Iranian oil-drilling rig, but the economy was still intact and the world no more at war than before.

> HBO's failing is that it's as unresponsive to events as the VCR. My suggestion that it link up with CNN raised some hackles.

For the next few days we kept current by stopping periodically at the CNN stand on the exhibit floor or, at night, catching a newscast in someone's suite at the Majestic. Abroad in a time of crisis, I found great comfort in having this direct line to a world-class newsroom.

But what if I had been at home instead of in France, and what if I had spent that entire Monday watching the movies on HBO? I wouldn't have heard a word about the market's plunge or the shelling in the Persian Gulf. Nor would HBO have told me—if it had been true—the vital news that we were spiraling into a Depression or about to enter into World War III. HBO affords no direct line to a newsroom, and neither do any of the other cable networks not owned by Ted Turner.

It takes a national or global crisis to point up cable's general inadequacy as a mass medium. Cable looks like television and pretends to be its equal, but it fails woefully as a window on the world.

Black Monday happened, by coincidence, just a week after I was invited to speak to a group of HBO program executives at their long-range planning meeting. I'm afraid I upset some of them in saying that HBO could only ever be a peripheral TV service because it lacked the ability to react to events, to halt its virtually automated programming for an important news flash.

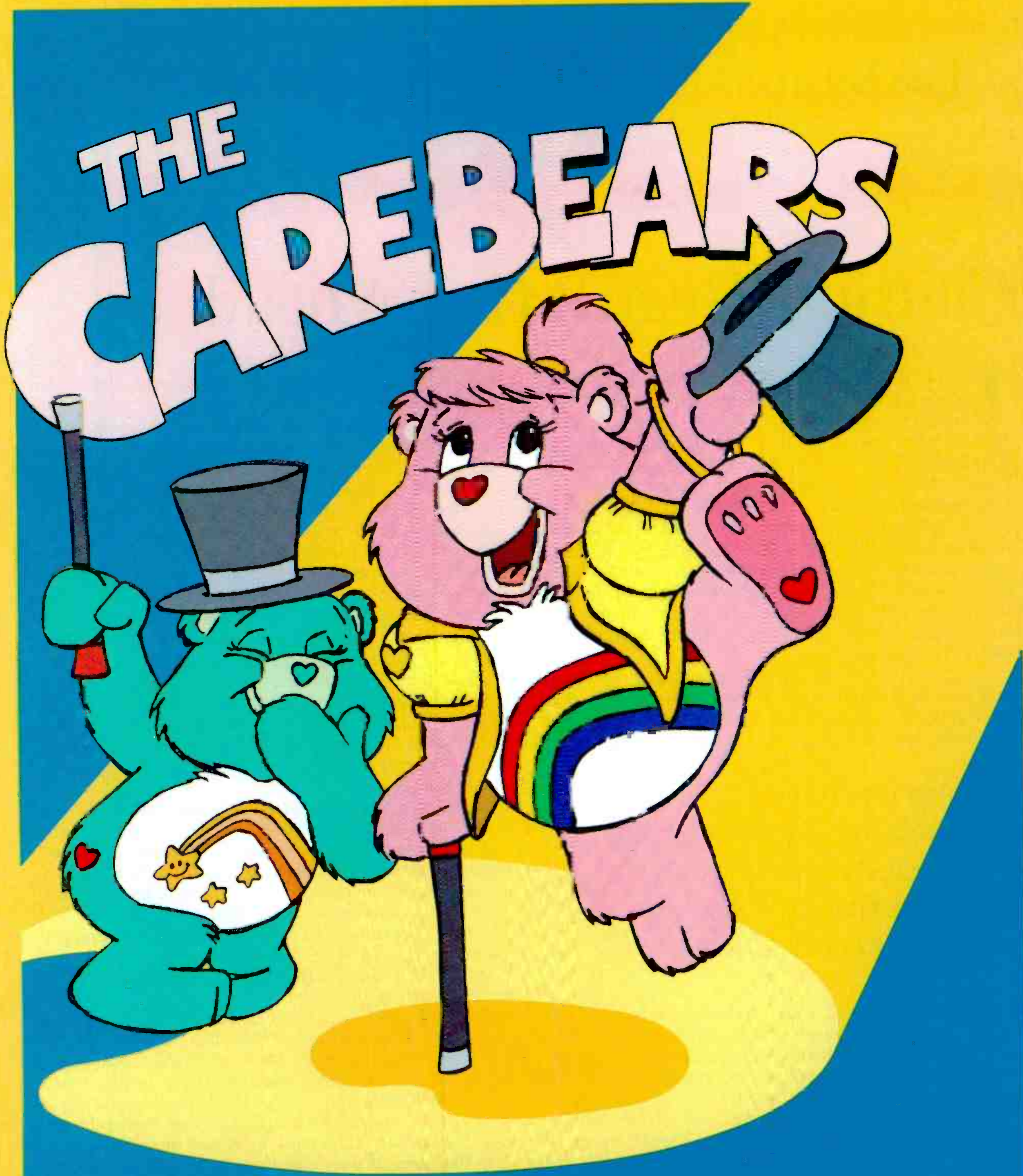
I offered my theory that people most often tune into television or radio from an unconscious desire to be plugged into the outside world. That's why we flick on the radio the moment we start our cars and why television sets are often on at home without anyone actively watching. It's also a chief reason why, despite all the choices afforded by cable, the network-affiliated broadcast stations still dominate the viewing.

In the back of the viewer's mind, those stations connect him to a vast news-gathering apparatus. Not that he wants his entertainment interrupted by news on a nightly basis, but he likes to know that if there should be a catastrophe, emergency or crisis, he is tuned to where he can learn about it swiftly and reliably. By now it's common industry knowledge that stations that lead their markets in news tend to lead in entertainment programming as well. Everything else being equal, the viewer tends to seek entertainment where he feels best plugged into the outside.

HBO's failing, I told the group, is that it's as unresponsive to events as the VCR. My suggestion was, very simply, that HBO link up with Turner's news outfit as a kind of affiliate. Let CNN prepare brief newscasts for HBO to carry in its breaks between movies, and let HBO's viewers know that for national emergencies it will carry CNN bulletins and even, if necessary, cut away to CNN. With luck, I pointed out, this might happen only once or twice a year. The idea raised more hackles than enthusiasm from the HBO program staff. "We're not supposed to be that kind of network," one fellow growled. Indeed, in the past HBO has pitched uninterrupted entertainment as one of its principal strengths.

Nor did the idea excite a CNN official, at least initially, when I mentioned it to him a few days later. He viewed the other cable networks as competitors, but conceded that HBO and the other pay services were less so. In time he came to see that it could be a win/win situation, the bulletins on HBO serving to promote viewership for CNN beyond its established universe.

Perhaps nothing will come of this, but if not it will be cable's loss. The medium has a great news apparatus in CNN, but one isolated on a pair of channels that people go to only if they want news. To judge by the ratings, that's infrequently on normal news days. How much more potent cable would be if each of the entertainment channels offered, when necessary, a direct line—even if the same one—to the outside world. ●



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The Business Side

by Merrill Brown

Caution: Regulation Ahead

In exactly a year, control of the White House and the political direction of the country will undergo fundamental change. Even if the Democrats don't win the White House, as seems likely at this point, and the Republican Party retains control, a moderation of the conservatism of the Reagan years is inevitable.

If that kind of change in the nation's leadership occurs, people in the television industry ought to be engaged in some serious rethinking of their business strategies. A more moderate Federal Communications Commission, a reinvigorated national antitrust policy at both the Justice Department and the Federal Trade Commission, and a Congress anxious to reassert itself in regulatory policy seems certain.

Although it's easy and popular to condemn deregulation policies in transportation and communications that have produced mass confusion and serious questions about the basic integrity of our national airline, telephone, television and radio systems, the nation will never return to the Roosevelt-era models for federal regulatory policy. That's because the failures of the Reagan years on these fronts do not reflect fundamental ideological deficiencies as much as they do unwise, occasionally inept, execution of those policies and narrow-minded industry political power grabs. What's gone wrong of late is that government and business have failed to insist on well managed regulation and policies that do enough to promote competition. An underpinning of the more intelligent deregulation efforts during the Carter administration was the maintenance of careful regulatory oversight during periods of transition from regulated to deregulated status, and vigilant antitrust enforcement during periods of industry restructuring.

> Government and business have failed to insist on well-managed regulation and policies that do enough to promote competition.

In media, telephone and airline policies, to name a few, what's happened throughout the 1980s is that the government's professed lack of concern about regulation, and a continuing lack of interest in appointing top-flight regulators, has undermined what remains of important regulatory functions. The rapid consolidation of airlines, for example, has left many markets with virtually no competition, making nearly monopolistic hub service the exception rather than the rule.

On the television front, the FCC and Congress, while wasting nearly everyone's time on fundamentally irrelevant issues like the Fairness Doctrine—a subject that nearly all broadcast news professionals find nonsensical—have looked the other way while FCC staff members quietly cut private deals with station owners like George Gillett that merit careful public scrutiny. Only the oversight by understaffed legislators like Rep. Edward Markey brought any government focus to Gillett's little-noticed move to "acquire" more stations than the 12-12-12 rules permit. The point is not that Gillett did anything necessarily wrong in trying to buy 18 stations and spin some off to family members, but that nobody at the FCC other than the few staff members who basically bought Gillett's plan thought to suggest that the deal merited public study. The terms of the deal were altered to more fairly separate the Gillett holdings only after Congress sounded alarms.

Meanwhile, the National Association of Broadcasters, not content to have its members operating almost without any government supervision, has spent enormous resources fighting both the Fairness Doctrine and a Senate subcommittee chairman, Sen. Ernest Hollings, who is certain to remember the NAB's open hostility. The Hollings plan to tax the sale of broadcast properties is only a start.

On the cable side, it's difficult to believe that the industry so happily continues on its merry way toward a major political problem over concentration at the same time that savvy Washington lobbyists like Jack Valenti and Preston Padden mount major anti-cable campaigns. Meanwhile, the nation's major film studios increase their stake in theaters and smaller production companies, a strategy that might look financially sound short-term but one that bucks historic antitrust-policy directions.

In 1987 it might have made sense for the NAB to reflect the historic animosity of station owners toward the Fairness Doctrine and try to beat it into the ground. It probably also makes sense for giant cable operators to consolidate and bring to their balance sheets and quarterly profit reports the benefits of economies of scale. Studios obviously add the ability to better control the fates of their costly film products when they have theater and other vertical interests.

What each industry had better recognize, and recognize soon, is that the boom time of the '80s is over, and that the government will not forget industry power grabs, especially in an economy and a society increasingly dependent on the communications business. The next cycle is about to begin. ●

LOOKING FOR WAYS TO WIN THEM BACK?

TURN THE PAGE

20 "WIN BACK THE KIDS" IDEAS FROM A GROUP THAT HAS A VESTED INTEREST IN YOUR SUCCESS.

We're both all too familiar with the problem: Kids are deserting television; viewership has dropped more than 15% in the last two years; and there's no turn-around in sight.

So what can you and we do to win them back? We considered that question, and came up with 20 suggestions we felt you might find useful.

None is a cure-all. But who knows? One may lead you to The Answer for your station. We hope so.

STOP DRIVING THEM AWAY.

1 Take a kid's-eye look at the programs you're running. Do they all have a similar visual appearance? When you're a kid, that's a turn-off.

2 Take a parent's-eye look at your programs. Do any seem scary, violent or mean-spirited? When you're a concerned parent (as most are), that's a turn-off.

3 Check your programs' production quality. Kids sense production short cuts intuitively, and tire of them over time.

4 Do schedule changes make it hard for kids to find their favorite shows? If so, you're probably losing a lot of them.

5 Are you betting on untested programs at the expense of your "tried's and true's?" If so, you're probably missing some good bets.

6 Are you ignoring "flow?" Don't. Follow an older-boy program with a younger-girl program and you're likely to lose both groups.

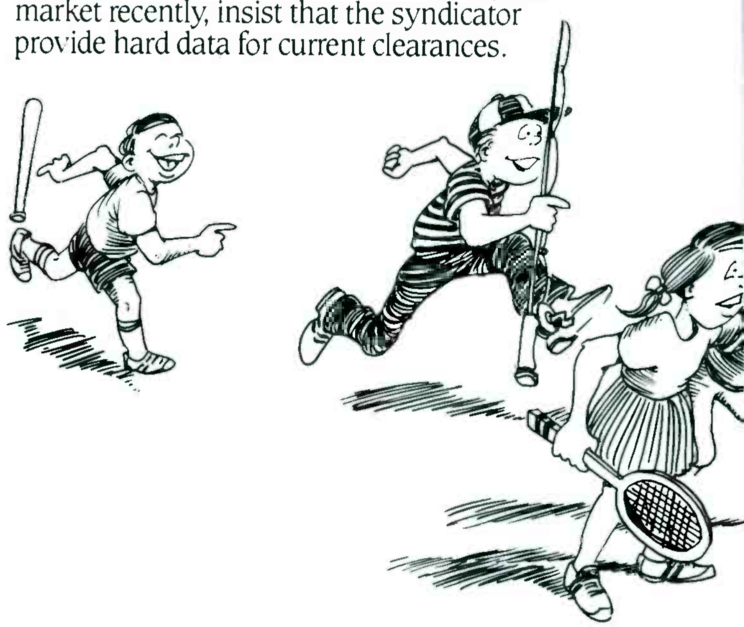
SELECT THE BEST.

7 Don't be seduced by "fad" programs. They fade fast . . and leave you with the daunting task of re-attracting kids who think you're *passé.*

8 Imagine that each program in your line-up is a chapter of a novel. Then ask yourself how they hang together. This is a good way to spot weak spots.

9 Now ask what sorts of programs you should add to make your novel hang together better. Look for shows that complement your winners . . . and outclass your competition.

10 When you look at an existing show, pay close attention to its track record. If it hasn't run in your market recently, insist that the syndicator provide hard data for current clearances.



SCRUTINIZE NEW ANIMATED OFFERINGS CAREFULLY.

11 Insist on seeing an actual episode, not just a glitzy sales reel.

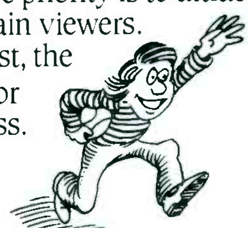
12 Give priority to programs produced by experienced people. Now is not the time to bet on rookies.

13 Pay close attention to the show's premise. Is it solid, clear and compelling? If not, kids will pass it up. And so should you.

14 Ask who's writing it, then check the story editor's credits. There are a lot of pretenders out there.

15 Check its production schedule, and make sure at least 13 weeks are budgeted for each episode's animation. Anything less and quality suffers.

16 Satisfy yourself that the producer's first creative priority is to attract and entertain viewers. If toys are placed first, the best you can hope for is short-term success.



MAKE THE MOST OF WHAT YOU HAVE.

17 Put your strength where the kids are. Your best show will do you the most good in your best slot.

18 Pay attention to transition programs. Be sure, for example, that your 4:30 offering is a show adults can watch too.

19 Promote your kid shows where kids are watching. Try promoting outside your animation blocks, for example, or in cable systems' kid programming.

20 Consider using local hosts to introduce your half hours... to ease the kids through line-up changes.

OUR INTEREST.

We represent General Mills, an advertiser who seeks to reach kids, and we also distribute some two dozen quality children's programs across the United States.

We've worked with you and your colleagues for over 25 years now, and we intend to continue. So the more we can help you "win back the kids" through smart programming, the better we fare.

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SPECIAL REPORT

Women in Television:

An Uphill Battle

FROM NEWSROOMS AND Hollywood sets to the executive suites of local stations and networks, women are challenging the notion that television is a man's business.

by Janice Castro

The young television reporter had come to New York to interview for a job at a network-owned station. Her appointment was with the news director. Waiting in his office when she arrived were the vice president in charge of owned-and-operated stations, the station manager and, for some reason, the sportscaster. Once the reporter was seated, the four men began to critique her looks: her hair, her eyes, her mouth, her legs.

"And then the vice president came over," she recalls, "and stood so close to me that his nose was nearly touching mine, and said: 'We don't have anything right now, but we could probably arrange something. Do you fuck?' "

Mary Alice Williams—and the television business—have come a long way since she walked out of that interview in 1971. She now anchors Cable News Network's daily national coverage and is a vice president of Turner Broadcasting. While not every woman executive in television has encountered such treatment, Williams' experience was anything but unique. Similar can-you-believe-this tales are told by many other women, most of whom nervously preface their horror stories by insisting that although there may be "a problem" for women in the business, they have not been among its victims.

Janice Castro writes about economics and business for Time *magazine.*

Williams entered the television business at a time when employment opportunities for women were being expanded under pressure of legislation, federal regulations and lawsuits. The phalanx of young women who took advantage of the opening doors was later dubbed "the Class of '72" (for the Equal Employment Opportunity Act of 1972). The law helped turn up the heat on the industry—and turn down the abuse of women working in it—by extending Title VII protections of the Civil Rights Act to private industry. Earlier, in 1969, the Federal Communications Commission had issued rules making it illegal for broadcasters to discriminate against women. Starting in 1971, broadcasters had to file annual lists of female and minority employees and their job classifications.

As the pressure mounted on an industry that had long excluded women from any significant roles, promotions and plum assignments were increasingly made available to qualified women. More women began to turn up as anchors, White House correspondents, engineers, camera operators, directors, finance professionals and sales and programming executives. Among the other talented Class of '72 members who made their first strides in the industry during that period: *Today*'s Jane Pauley; Marcy Carsey, co-owner and executive producer of *The Cosby Show*; Lucie Salhany, president of domestic television and video programming for Paramount; Leslie Stahl, anchor and national affairs correspondent of CBS's *Face the Nation*; Suzanne de Passe, president of Motown Productions; and chief Washington correspondent Judy Woodruff of *The MacNeil/Lehrer NewsHour*.

These women made it. Throughout the industry, in fact, in front of the camera and behind it, grow-

JOE MCNALLY/WHEELER

TBS vice president Mary Alice Williams in her New York office: 'We don't care about your architecture or your plumbing.'

DOUGLAS KIRKLAND/SYGMA

Esther Shapiro

'Fight for Yourself.'

"I never write memos," says *Dynasty's* Esther Shapiro, until recently a v.p. of Aaron Spelling Productions. "I've always been confrontational. I used to have a reputation for firing people and then taking them to lunch the next day. If people don't succeed, you replace them. But I try to help them find something." That matter-of-fact approach is characteristic of Shapiro. In 1986, when a dispute arose over her share of Spelling's company as he was taking it public, she and her husband/partner Richard sued and won an out-of-court settlement. Long since reconciled with Spelling, Shapiro says that if women expect to succeed, "They have to start betting on themselves more, taking risks. You must be willing to fight for yourself." One fight involves changing the way women are viewed. Noting that "older, successful men are always described as 'the vigorous David Packard,' or 'lively Armand Hammer,' " Shapiro asks: "Why don't they talk about older women like that?" Shapiro fantasizes about someday being on the cover of *Fortune*, white hair, pearls and all: "I wouldn't mind owning a network." Not even words like vigorous and lively will do then. J.C.

ing numbers of women now hold important jobs. Among other influential women in the industry are Kay Koplovitz, president of USA cable network; Esther Shapiro, formerly Aaron Spelling's vice president for corporate and creative affairs and, with her husband Richard, owner and creator of *Dynasty*; Jozie Emmerich, vice president in charge of daytime programming for ABC; Carolyn Wall, general manager of WNYW-TV, the Fox flagship station in New York City; and Joan Richman, vice president for news coverage at CBS. Since these women clearly have overcome whatever career obstacles they may have faced, a reasonable observer might conclude that women are finally enjoying equal opportunities in the television industry.

Not by a long shot. In conversations with women at all levels in the industry, frustration over the obstacles still slowing the progress of women is voiced again and again. Motown's Suzanne DePasse says, "Somehow it doesn't seem that we ever break through to that upper echelon. I go into high-level meetings all the time and I'm the only woman there. At the very top of this business, women still have a long, long way to go."

Indeed, despite the broad gains made by women during the past ten to 15 years, the evidence of a persistent pattern of discrimination against women in the television industry is far more than anecdotal. According to survey after survey, the television business has refused to move with anything approaching reasonable vigor to correct historical inequities in the compensation, hiring and promotion of women—slower, even, than medicine, law and other "last bastion" professions. The women portrayed on *Cagney & Lacey* and *L.A. Law* may be holding their own, but in general, the women writing, directing and producing television shows are still fighting an uphill battle. Some examples:

- A scathing report released by the Writers Guild of America, West last June sent tremors of embarrassment and outrage through Hollywood with its stark documentation of the problem women writers are facing. Reviewing four years of contract data, from 1982 through 1985, for its 5,434 film and TV writers, the Guild found that women writers were consistently paid sharply lower fees than men. While the median earnings of working male writers were $43,019 in 1985, women earned $30,000. For every dollar earned by male writers, said the report, women earned 70 cents. And the situation appears to be worsening: in 1982, women writers earned 73 cents on the dollar. During the three-year period studied, women did not narrow the salary gap in any sector of the industry.

'THE BRIGHTEST women in TV are all 27 and wear spike heels. Until they turn 30 or so. Then there's a new crop. The only way women can protect themselves is to sleep in formaldehyde and never get wrinkles.'

- A membership study released by the Directors Guild last year showed that women directors were having great difficulty getting work. As an indication, of the 65,000 prime time hours aired between 1959 and 1980, women directed just 115. Only by comparison with such an egregious historical record can one call the current picture heartening. Of 4,684 actual directors now in the Guild, 384—or 8 percent—are women. In 1986, women directed 348 of the 3,180 television programs filmed or taped in the U.S. As for the notion, often floated by network and studio officials, that women are not hired as directors because they do not do the job well, the DGA pointed out that although women captured only 11 percent of the directing work in 1986, they garnered 24 percent of the nominations for DGA directing awards.

According to a 1987 survey conducted for the Radio-Television News Directors Association, women TV news directors earn 34 percent less on average than males.

- A five-year analysis of industry hiring practices, conducted by the United Church of Christ using data from broadcasters' 1980 through 1985 FCC filings, concluded that after a period of progress during the late '70s, current trends for women in TV are "anything but hopeful." While women held 26.7 percent of the jobs in the top four categories at commercial TV stations in 1985, up from 21.5 percent in 1980, the report noted that references in the FCC data to upper-level jobs are extremely misleading: Some 80 percent of all jobs are listed in the top four categories. Said the study: Eighty percent of TV employees can't all be decision-makers."
- Even though the ranks of women in TV management are growing, men continue to hold almost all of the key jobs. That was one conclusion of *Prime Time Power*, a report released last fall by the National Commission on Working Women, a private, non-profit, Washington, D.C.-based group. Focusing on the top six producing, writing and directing positions at the 20 highest-rated prime time television shows of the 1986-87 sea-

DANA FINEMAN/SYGMA

CBS's vice president for news coverage, Joan Richman, among the most powerful women in network news: 'We've got women in all the jobs that lead to the top.'

son, the study found that there were female executive producers at only four shows, and at only six shows were women directing episodes. The Commission likened the challenges still facing women in the television industry to "scaling a snow-covered cliff."

• At local TV stations, few women have been able to advance beyond the middle-management level. According to a study by the group American Women in Radio & TV Inc., women comprised just 6.1 percent of all TV-station presidents, vice presidents or general managers in 1987, an increase of just 1/2 of 1 percent since 1978. Said AWRT: "Considering that women comprise 52 percent of the total population, 44 percent of all employed persons, 39 percent of all managers, 30 percent of all broadcast-industry managers and 28 percent of all owners of sole proprietorships, the representation of women in broadcast-station ownerships and top management is grossly deficient. The barriers to employment of women in top management directly hinders ownership of stations by women, because solid management experience is indispensable in raising funds for station purchases."

The picture that emerges from a long look at the status of women in the television industry is of a battle seen from the top of a hill: There is surprisingly little noise. On some parts of the battlefield, the troops are making excellent progress, driving on vice presidencies, taking the top jobs at stations, directing prime time shows. Now and then, the heavy artillery of a sex-discrimination lawsuit blasts a new opening. But elsewhere on the field, there are heavy casualties: top shows that have never hired a woman writer or director; production houses that still think girls are for typing and maybe public relations; network bigwigs who find it nearly impossible to talk business with a woman, even if she is a vice president in charge of a vital area; women going gray in a youthful industry, still trying to get their careers off the ground before it's too

DOUGLAS KIRKLAND/SYGMA

Marcy Carsey

'On the Right Ladder.'

It's hard enough for women to climb the corporate ladder, says Marcy Carsey, "but make sure that you are on the right ladder." Carsey, an English major from the University of New Hampshire who started in the TV business as an NBC tour guide, helped build ABC's prime time supernova in the late '70s. "I picked a network where I could shine. I went there pregnant. They did not care one particle about gender. I knew I could not show up at CBS, 30, female and pregnant. They were too pin-striped." As senior v.p. in charge of comedy and variety programing, Carsey, now 43, made such hits as *Barney Miller*, *Dynasty*, *Taxi* and *Soap*. As co-owner and co-executive producer of *The Cosby Show* with Tom Werner, Carsey is a regular on red-eye runs between Brooklyn and her home in Westwood. It is not, she says, a glamorous life. "I arrive in New York at 6 A.M. and go straight to work. Cosby saw me come in one morning and said, 'You know, Aaron Spelling would never do it like this.' But do you have any idea what my frequent-flier mileage is like? I could go to Venus for nothing."

—J.C.

late. Looking over the scene, however, the question lingers: Why are these people fighting so hard to beat talented women back? And what is it like out there for the women who are making headway against such odds?

Some female executives will talk about their experiences only if their names are not used. Others ask for even heavier camouflage, convinced that irritated colleagues will figure out who said what. Said one: "It's a very small-town business. You can't show bitterness. You can't take anything that happens to you personally." Given all that, the stories told by women in the business are, at times, remarkable, often having the ring of war stories, hairy tales of triumph and outrage brought back from the front. The view from the trenches:

- Producer Lillian Gallo (*Princess Daisy*, *Hustling*) has never felt pushed around in Hollywood, thanks in part to Rosalind Russell and the Marines. In the 1950s, following her graduation from the University of Michigan, Gallo joined the Marine Corps and quickly became its youngest captain. Gallo says that she joined the Marines out of a straightforward sense of duty. She had not anticipated her parents' horrified reaction, but says: "Marine training stood me in good stead in this business. I grew up feeling that there were no limits to what women could do. And I had great role models at the Pentagon."

Gallo later worked as a production assistant on Broadway before moving to Hollywood, and television. One of her shows was *Auntie Mame*, starring Rosalind Russell. "Ros taught me that it never hurts to ask for what you want. She made a list of the things she wanted when she made films—a limo in the morning, a certain kind of dressing room and so on. It became the model for the MCA star contract." Gallo's TV career included a ten-year stint as a production executive at Fox and a stretch at ABC as director of Saturday night movies for TV. In 1978, Gallo and writer Fay Kanin were the first female production team signed exclusively to a network, by ABC's Brandon Stoddard.

- Esther Shapiro: "I can be just as ruthless as a man. You have to fight to accomplish anything. Donald Trump sent me a fan letter."

'I CAN guarantee you that as big as this company is, somebody is being harassed right now,' CapCities/ABC president and CEO Dan Burke wearily concedes. 'We still have a lot to be modest about.'

- Terry Louise Fisher, supervising producer and co-creator of *L.A. Law*: "It's worse at the networks now than it was five years ago. The most talented women—Esther Shapiro, Marcy Carsey and others—have left, and women like them have yet to emerge. The networks are real white male bastions."
- Nancy Bein, until recently CBS vice president in charge of motion pictures for television: "The higher up you go, the more men you encounter who have never worked with a woman before, men who truly feel uncomfortable with the women in this business. They'll use the word 'hell' and then apologize profusely, like you've never heard the word before. Or they'll be so self-conscious that you can barely conduct a conversation."
- The president of a production house: "You get to the top and you begin to hear things you'd rather not hear, such as the candid opinions of your male colleagues toward women. Comments like 'Sure she can act, but who'd want to fuck her?' And you know they tend to view you in the same light, no matter what job you are doing or how well you are doing it."
- A senior writer on a hit prime time show: "People tell you that some of the women who claim discrimination are mediocre talent. Well, I'll tell you what. There's a lot of mediocrity in this town, and it's a hell of a lot easier to get along as a mediocre writer, director or executive if you're white and male."
- A Hollywood director: "If you don't get your big break by the time you're 40, forget it. You're finished. But men get moved along faster. You keep hoping for the big chance, and you know that everyone will assume that you must not be very good if you're only so far along in your career."

Another director: "All directors depend absolutely on their crews. But some crews just don't like to take orders from a woman. A crew can destroy you, make you run over budget, reshoot scenes. Once the crew turns against you, you might as well leave town. I know a woman director who will never work again for one major company because of what her crew did to her—and her shooting schedule."

- An experienced professional told of being the first woman to work in a certain technical area at one network's Manhattan broadcast center. At first, she was ignored by her male colleagues. Then one day on a coffee break, she came upon a large, "extremely crude and graphic nude" drawing taped to the wall. "My name was on the bottom, and these big tacks were driven through her, well, the obvious sexual places. It was clear that one of my co-workers had done it. I walked around those corridors real scared for a month."

• An ABC News correspondent: "It's the damnedest thing! The brightest women in television are all 27 and wear spike heels. Until they turn 30 or so. Then there's a new crop. The only way that women in this business can protect themselves is to sleep in formaldehyde and never get wrinkles."

• Jozie Emmerich, ABC vice president for daytime, asked if her career is the reason she has not married: "Absolutely. I've made my choices, and I have no regrets. There were men I might have married at different points, but I have to say, too, that I do not think that if I'd married one of them, we would still be married today. It is still very hard for a man to accept a woman who makes more money than he does, or has a more prestigious job."

• Betty Endicott, vice president and general manager at Fox's WTTG-TV in Washington, D.C.: "I've been scoring baseball since I was eight. I saw Sandy Kofax pitch: It was the most exciting thing I've ever seen. When you can talk about Kofax, pitching, basketball teams, hockey, even the tough old guys tend to say, 'Hey, maybe she's OK.' But when I got this job, I was tempted to bring in chintz curtains!" She laughs out loud. "There just really aren't too many of us running television stations."

• A network vice president: "To a certain extent, I'm a token. At the big meetings, they always sit me next to the chairman, if possible."

• A director of daytime television: "I've gone up for work, and I've had producers tell me, 'No, no, I just don't want to deal with a woman in that role.' One producer told me on the set that physically, I was better made to have children than to be a director."

• A highly placed studio executive: "I had just been promoted to a good production position when I received a call from a network executive I hardly knew, one with whom I would be doing business. He invited me to 'go to Vegas for the weekend and celebrate.' I told him bluntly that I'd take a pass on that, then added, 'I thought I'd left those proposals behind years ago.' He said to me: 'The difference is that now you can say no.' He wasn't kidding."

A director: "A producer said to me, 'You know, when you're on the set, why don't you pretend sometimes that you don't know something, so the guys can feel important too.' I asked him if he would give the same advice to a man. He said, 'No, but that's how you'll get along better in this business.' "

• A production executive for a prime time show describes "the denigration of work done by women. The assumption is that 'if you're here, this must be nowhere.' People tend to assume that if a woman is doing a job, it must not be a very important job."

• A Hollywood director: "When a woman does a great job, for some reason people make no assumptions about the future quality of her work. They keep telling you that you've got to pay your dues, that women should not expect to just move ahead and 'be given things.' Well, men pay their dues, and they move on, but women have to pay their dues over and over again."

• Gallo: "Prejudice is mostly unconscious. Men know the capabilities of other men more readily than of women."

• Bein: "I see men and women all the time who think someone or something is keeping them from succeeding. They'll come in with a chip on their shoulder, or they'll have one project that they'll pitch over and over again. It's a tough business. It's free-lance and very competitive. It's difficult for everyone. Self-confidence is everything."

• Mary Alice Williams: "The newer companies like Turner and Fox have a much better track record. Not because the older companies are more sexist, but because the labor pool from which executives were picked was mostly male for so long. Men had a 20-year jump on women getting into the newsrooms or any kind of management job. We started CNN here in 1980, with the values and the labor force of 1980, and we needed smart, aggressive people who were willing to take the risk to come here and make this sucker work. We don't care about your architecture or your plumbing. We just want to know if you can do the job."

DANA FINEMAN/SYGMA

L.A. Law co-creator and supervising producer Terry Louise Fisher: 'The networks are real white-male bastions.'

• Emmy-award winning producer Marian Rees (*Love Is Never Silent*, *The Autobiography of Miss Jane Pittman*), now 61, hocked her house six years ago to start her own production company. "The first few years were very hard. When we signed the completion bond for our first CBS movie, they had no idea—nor should they have—of the financial risk I had undertaken. But I had such confidence that we would do well. I had to."

The networks are on the record, of course, as wanting to eliminate sex discrimination. Says Daniel B. Burke, president and CEO of Capital Cities/ABC Inc.: "We still have a lot to be modest about. I think it's bad for women in this business, or at least it's not equal. The problem goes back quite a way. My own philosophy is that nothing should inhibit the progress of women." To help women

DANA FINEMAN/SYGMA

Nancy Bein

'Not smelling the roses.'

Nancy Bein had nothing but good things to say about CBS last summer. As v.p. in charge of producing some 50 movies every year for the network, Bein, 38, talked about discrimination against women in TV, but said that she had not suffered from it: "I have had a very good run there. Gene Jankowsky has been terrific." These days, the fiesty young woman who thought she was treated fairly on the way up at CBS says that she was also treated fairly on the way out. Eliminated along with an entire layer of long-form management in mid-November, Bein says: "There was no inequity, and the settlements were generous. With so many of us leaving at once, it was like an act of God. It's probably the luckiest thing that could have happened to me, in a sense. It was time to move on. The movie allotment has been cut in half. It's a blow to TV movies, but financially, Larry Tisch thinks that reruns make more sense. I am not interested in stopping to smell the roses. I leave CBS officially on January 4, and I will probably start a new job on January 5."

J.C.

advance, Capital Cities sponsors three programs for female employees, in cooperation with Smith College and Simmons Graduate School of Management. Says Burke: "I'm convinced that in the long haul, we can compete more effectively by cultivating all our best talent, including all the promising women who work in middle management."

"On the surface," says NBC president Robert Wright, "this business would not seem to have a lot of the biases against women that other businesses have. I mean, you don't have to be a chemical engineer to get ahead at the networks. But there are not as many women in senior positions at NBC as there should be." Wright attributes the stubborn discrimination against women within the networks in part to "a lot of men in senior positions with a lot of clout, deserved clout" who will never accept women as equals. Moreover, he predicts a wave of opportunities for women in five years, when many of those executives reach retirement age.

Both Wright and Burke note that corporate restructuring and heavy staff cuts have made it more difficult to expand opportunities for women. Those network managers who still have jobs are not leaving as readily as they used to, mainly because there are fewer opportunities elsewhere. Says Wright: "In the next few years, we're not going to be doing that much outside hiring."

Furthermore, it is difficult to see how women can be gaining much ground in management, since they are still nowhere near parity in promotions. At NBC, of those hired or promoted from within to vice presidencies within the last two years, men have outnumbered women about four to one. Neither CBS nor ABC was willing to provide parallel figures. CBS did say that as of last June, 19 of its 138 broadcast-group vice presidents were female. NBC and ABC refused to give out comparable numbers. Dan Burke admitted that his firm's count is not good.

A woman's problems aren't over once inside the networks' clubby halls, however. Pinches and other forms of unwarranted sexual behavior once may have been an unavoidable job hazard, but recent court cases have so broadened the definition of sexual harassment—including, in some cases, racy jokes and obscene cartoons in the office—that employers are now concerned about being held responsible for the puerile behavior of employees. Sexual harassment, says Patricia Matson, ABC vice president for corporate relations, "is now a judgment call. If a woman is working in an otherwise all-male group, for example, and there is excessive use of sexually offensive language, she might call that sexual harassment. Maybe it is. In each case, the company decides whether an investigation is warranted."

ABC's vice president for daytime, Jozie Emmerich.

The networks are taking steps to eliminate the problem. As part of that effort, they are circulating a 30-minute film entitled *Getting the Picture: Sex Harassment*—basically a primer for male troglodytes on what is unacceptable, and worse, actionable. But as Dan Burke wearily concedes, "I can guarantee you that as big as this company is, somebody is being harassed right now."

One thing is clear at the networks: demanding sex as a condition of employment is now a firing offense—most of the time, anyway. While it is impossible to say with any certainty how many sexual-harassment complaints of this type have been lodged against the networks (a number of lawsuits have been settled out of court under conditions of confidentiality), reliable industry sources have told of more than a dozen instances in which senior male network executives have been fired or forced to resign or to retire immediately during the past few years because of sexual-harassment complaints.

Considering the glare of publicity surrounding these cases, and the consequences that often befall the executives involved, it is all the more surprising that some men still swing for the fences. As recently as last September, a longtime network executive in Manhattan was forced to retire in such a case. The man had reportedly interviewed a young woman applicant for a job opening in his department late in the business day. The interview was going well, and the executive suggested they continue the conversation over dinner.

At the restaurant, he told her she seemed qualified, then informed her that the job would also entail sexual favors. When she told him she wasn't interested in that sort of overtime, he reportedly stormed out of the restaurant, leaving her to pick up the check. The next day, according to one source, the woman called his network, demanding reimbursement of the restaurant charges. After network officials learned the complete story behind the bill, they report-

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Galavisión

THE PREMIUM ENTERTAINMENT CABLE SERVICE IN SPANISH

Joan Richman

'Let's see what she can do.'

"It wasn't easy at any of the networks before the women's movement," says Joan Richman, CBS vice president of news coverage. In charge of all day-to-day operations for CBS News, Richman, 48, is easily the most powerful woman in network news and is respected as a tough, smart and honest manager. She credits former CBS News president Richard Salant with opening management ranks to women in the late '70s. "He named a number of women vice presidents, and it took on a momentum in the corporation." She minimizes the difficulties she faced along the way. "There were practically no other women in any of the jobs I've had. I was usually the first to do it, or one of the first. I wouldn't say I faced a lot of obstacles. Mostly people would say, 'Well, she's here, let's see what she can do.' " Richman is optimistic about the future. "There obviously are no women yet in the senior management of these corporations. But at CBS News, we now have women executive producers and a number of bureau managers, senior producers, finance people. We've got women in all the jobs that lead to the top."
—J.C.

edly forced the man to step down.

The real challenges facing women, however, are not the middle-aged executives with wandering hands, but the men of all ages who are still disturbed by female ambition. Many women—and some men—who have reached a reasonable level of success in television are now working on their own to expand opportunities for women. Some producers now welcome female would-be directors as observers on the set, then assign them to do a show under the supervision of an experienced director. Says Esther Shapiro, who has helped a number of women directors get started, including Nancy Malone (*Hotel*, *Dynasty*): "It's important to use your power to bring other women along."

Family Ties creator and executive producer Gary David Goldberg recently donated $100,000 to Women in Film (an organization composed mostly of women in television), to be awarded over four years to women in communications who are mothers, or are about to be, so that they can continue their education. Three working mothers are already back in school as a result. Toward a similar goal, when his contract with Paramount came up for renewal last year, Goldberg demanded (and got) a day-care center on the Paramount lot in Hollywood.

Barney Rosenzweig, executive producer of *Cagney & Lacey*, hires women directors as a matter of policy. So does Gregory Hoblit, co-executive producer of *L.A. Law*. Six of *L.A. Law*'s fourteen directors last year were women. Four of the first thirteen episodes this fall were directed by women. Says Hoblit: "I get calls from women directors all the time asking if they can come over and observe. I always say yes. We oughta put up bleachers! I turned around on the set one day last week and five people were taking notes."

Producer Dorothea Petrie reports: "There is an enormous support system developing among women in this business. They will offer you their best crew, a fine writer, whatever resources you need."

Sometimes the support is more intangible. Betty Endicott recalls, "The day I became general manager of WTTG in September 1986, I had never seen so many flowers in my life. I got flowers from people I didn't realize I knew. So many people were pleased for me and wanted to encourage me."

Motown Productions president Suzanne de Passe.

Some women, after struggling for years to overcome the problem of being the Wrong Kind, do not welcome these overtures so readily. Lynn Loring, executive vice president of MGM/UA Television, remembers getting calls from female colleagues when she got the job, telling her: "Thanks for doing this for us!" Says Loring: "Well, I didn't do it for them, goddamn it! I did it for me."

What are the chances that a woman will be named president of a major network in the next five to ten years? "The possibility is so remote," responds Barbara Corday, until recently the president of Columbia Pictures/Embassy Television, "that it isn't even worth discussing." "It could happen at any time—oh sure," says Marcy Carsey.

Bob Wright ascribes "a very reasonable possibility" to the chances that ABC, NBC or CBS will name a woman to the top job within five years. The job is so important, says Dan Burke, that virtually no considerations except ability apply: "I'm so competitive, and I want to win so much. I would not give it to the devil himself to win, but I would come close."

"I don't see any woman currently at the networks who is ready to be president," muses Esther Shapiro. "But when you think of the disasters the men running the networks have performed over the last 15 years, is it not possible that a woman could do it as badly as any of them? Why not give one a shot?"

The fight is far from over on the TV battlefield, and small victories on one part of the field are not always reflected elsewhere. A woman may be named president of a network before women writers are earning as much as 80 percent of what men make, before women are directing even a third of the shows, before they run as few as a tenth of the stations.

None of those goals will satisfy the women now working their way up through the ranks. The time for tokens and singular breakthroughs by industry pioneers is past. These women have got the training and the ambition to hold their gains, and they are running out of patience with third-grade prejudice. At a time of economic upheaval in the television industry, when profit lines are perilously narrow and virtually every sector of the business is fighting for audience share, owners and managers can no longer afford to ignore half of the best talent available.


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PREMIERE!

CHANNELS YEAR IN REVIEW

"Man is the only animal that blushes. Or needs to." —MARK TWAIN, *Pudd'nhead Wilson's New Calendar*

Of course, man's reddening reaction has a rational basis: the fear that we will be mocked for our trifling slip-ups, or perhaps the fear that everyone is looking while we stumble, just waiting for a chance to put it all down in, say, a year-end review piece in a national magazine. Conventional wisdom maintains that truth is stranger than fiction: Here, the best of both. CHRIS KELLY

November '86

1986 canceled despite promise from NBC's then chairman Grant Tinker that it would air "forever." Insiders agree program called *1986* would have trouble attracting an audience over course of forever run with given title. Official start of 1987.

January '87

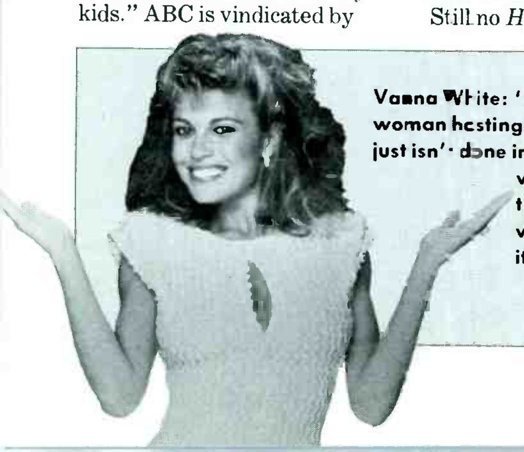
ABC still has not aired *Hart to Hart Reunion*, prepared for 1986 season.

Ongoing

ABC continues policy of cutting punch lines from *The Bugs Bunny and Tweety Show*. Alan Wurtzel, ABC vice president of broadcast standards and practices, explains, "What's been cut in the Bugs Bunny cartoons are acts of violence which we feel are imitable by kids." ABC is vindicated by sharp decline in nationwide deaths due to falling anvils, roast turkeys with TNT drumsticks, being hurled off cliffs by giant rubber bands.

February '87

Still no *Hart to Hart Reunion.*



Vanna White: "I think that a woman hosting a game show just isn't done in America. If it were the right thing to do, they would be doing it already."

February '87

ABC's *Amerika* predicts a United States with a demoralized, downtrodden population, breadlines, homelessness, farmers who can't afford to farm their lands, and empty, figure-head leadership acting as a front for an entrenched oligarchy interested only in power for power's sake. A ratings disappointment, perhaps the whole concept was just a little too far out.

March '87

New York Mayor Ed Koch begins Sunday morning phone-in program, *Koch on Call*, on Fox's WNYW-TV, preempting popular cartoon *Danger Mouse*. Write-in campaign sponsored by *Danger Mouse* syndicator D.L. Taffner/Ltd. solicits New Yorkers' opinions on whether *Danger Mouse* should be returned in place of the mayor. Over 750 respond "Yes," and list reasons. In a supreme test of Hizzoner's mandate, the *Daily News* puts the issue to a phone-in vote. Results: 6,540 votes for the program featuring the respected world figure, wit and man-about-town, while 660 votes support the mayor.

May '87

Consumer Product Safety Commission reports that in 1986, 25,435 people were treated in emergency rooms for TV-set related injuries. Figures indicate 10.5 injuries per 100,000 people, down from 11.4 per 100,000 in '85. This as opposed to 42 accidents per 100,000 relating to bathtubs, proving again, even *with* cartoons, that it's safer to watch the television than the bathtub.

May '87

Los Angeles' KABC airs eight heavily advertised reports about ratings families in 11 P.M. newscasts during local ratings period. Nielsen strikes all 11 P.M. data for those nights.

May '87

The Nashville Network announces *The Wit and Wisdom of Gene Autry*, a series that promises such pearls as: "Westerns were to the movies what the sports page is to the daily newspaper: the best part of it. The toy department." Says the network: "Whether for teaching or just a good chuckle, Gene Autry's words have always meant something to millions of Americans."

May '87

ABC holds "Cocktails and Hors d'oeuvres" screening for *Close-Up* special "Alcohol and Cocaine—The Secret Addiction."

June '87

Patti Chunn of Franklin, Tenn., wins breast-enlargement surgery in a local radio-station promotion. Says Chunn, "I prayed to the good Lord . . . Make me happy the way I am or do something." Chunn considers her new 43-C chest a gift from God; describes her old breasts as "little bitty."

March '87

God gets $8 million. Releases Oral Roberts, unharmed. Syrians unavailable for comment.

September '87

NFL players strike over issues of free-agency, salaries. Owners field teams of scab replacements. Networks opt to show scab games rather than *Hart to Hart Reunion*. Sandy Duncan anchors Denver Broncos' specialty kick-return squad. Total yards rushing: 108.

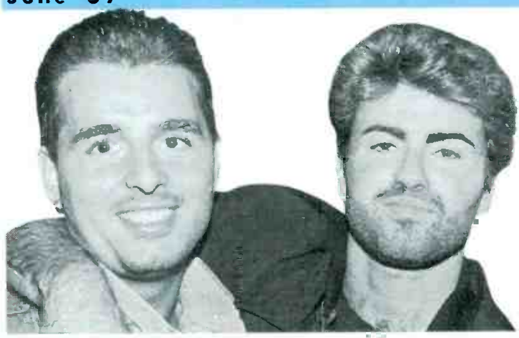
September '87

Michael Dukakis presidential campaign surreptitiously releases "attack" video to NBC, newspapers, showing similarities between speeches of Joseph Biden and speeches of Bobby Kennedy and British Labour leader Neil Kinnock.

January 2, '87

Jimmy Breslin fires ABC

June '87



George Michaels changes *Sex* (George on right)

MTV and numerous radio stations reject pop singer George Michaels' *I Want Your Sex*. MTV eventually agrees to air Michaels' *Sex* video with tacked-on introduction explaining that the song is really about something else. Some radio stations play re-edit of song prepared by Michaels: *I Want Your Love*, least artistically tampered with version from choice of other versions including *I Want Your Seat*; *I Want Change For A Twenty*; *I Want Extra Cheese On Half, Peppers, No Onions*; and *I Want To Thank The Members Of The Academy*.

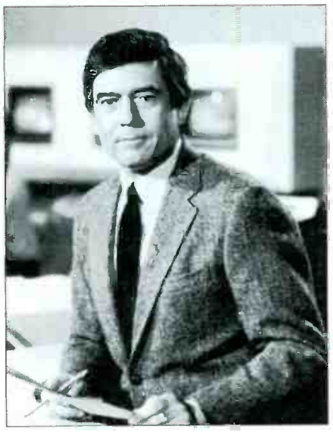
May 15, '87

Fox fires Joan Rivers

June '87

Former ABC correspondent Charles Glass disappears in Lebanon. Islamic radicals suspected. Concessions from U.S., Israel demanded.

September '87



CBS anchorman Dan Rather disappears at beginning of broadcast. Kenneth suspected. Frequency demanded.

August '87

Charles Glass makes daring and perilous escape from captors. Administration, rather than crediting Glass, attributes ease of escape to efforts of Syrian moderates.

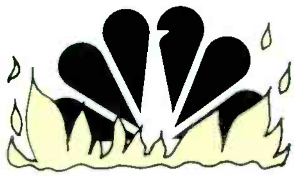
July '87

Valerie Harper leaves Lorimar's NBC series *Valerie* over creative control, salary demands. Sandy Duncan replaces Harper.

August '87

KNBC newsman David Horowitz is held briefly at gunpoint during evening broadcast. In a controversial move, the show's producer shuts down the broadcast rather than air the gunman's demands. Incident ends shortly, the gun turning out to be a plastic toy. Administration thanks Syrians for their part in the happy resolution, whatever it may have been.

October 18, '87



NBC catches fire

October 19 '87

Donald Trump, engaged in negotiations with NBC to land them in his floundering Television City, not, repeat not, considered a suspect in fire at Rockefeller Plaza October 18th. Fire causes WNBC to go black for eleven minutes and then show John Wayne film *The Lucky Texan* from a sub-station. WNBC misses excellent opportunity to air *Hart to Hart Reunion*. Television City deal falls apart shortly thereafter.

October '87

Robert Moore, president of the International Banana Association, complains to PBS about planned use of bananas to demonstrate proper condom use in the documentary *AIDS: Changing the Rules*. The program, which aired November 9, was hosted by Ron Reagan Jr., among others. Said Mr. Moore, "We just feel [PBS] reached out for the banana because it's the number one fruit in the world."

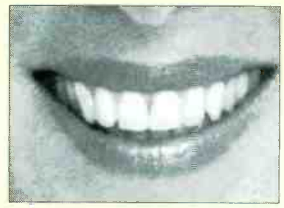
Ongoing

Sandy Duncan respects NABET picket line at NBC, rejects job as second camera on WNBC's local news show, *Live at Five*.

November '87

Bud Light spokesthing Spuds MacKenzie draws increasing fire from parents' groups, which fear that the advertising is aimed at children, who will imitate Spuds. Though Spuds never actually drinks beer on the popular spots, parents fear incidents of children scratching at fleas, chasing cars, chewing old shoes and having puppies.

And just when we'd gotten the Bugs Bunny thing taken care of.



Mariette Hartley: "I'm not a journalist, I'm a human being."

Sept.-Oct. '87

NBC's *St. Elsewhere* drops "Ecumena" as name of St. Eligius' holding company, after corporate pressure from Humana company. Given a deadline for eliminating the name by this season's twelfth episode, the writers scramble through rewrites, trying to invent new name for monolithic, inhuman conglomerate. G.E. not officially rumored as possible choice.

October '87

The *Washington Post* reports that Jim and Tammy Bakker have settled in rural Gatlinburg, Tenn., but that they enjoy shopping excursions to nearby Pigeon Forge. A saleswoman there confides to the *Post* that it was a fortunate thing Tammy Faye purchased most of the things she tried on, since "She gets make-up all over the clothes."

Ongoing

Dukakis campaign releases "attack" video showing similarities between episodes of *The Six Million Dollar Man*, *Matt Houston*, *Mannix* and 1949 Edmond O'Brien film, *D.O.A.*

November '87

Donna Rice and ABC break off negotiations for a possible telefilm based on Rice's life story. Rice apparently hesitant to allow the proposed film to portray her relationship with Gary Hart or the events of the evening she spent with the candidate in a Washington townhouse under the watchful eyes of the *Miami Herald*. ABC, still basking in the success of Barbara Walters' interview with Fawn Hall in which

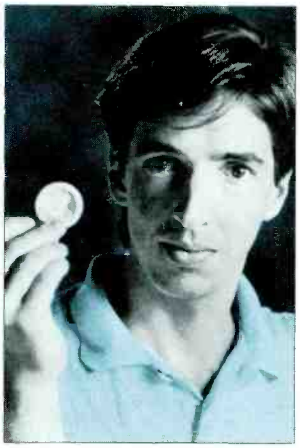
Walters and Hall were permitted by Hall's lawyers to discuss any subjects they chose except for Hall's work as secretary to Oliver North, is rumored to have in the planning stages an entire series of films based on the uninteresting and irrelevant parts of the lives of notable women. Proposed titles include: *Amelia Earhart: The High School Years*; *Emily Dickinson: Born To Bicycle*; and *You Don't Need a Vet: Homespun Remedies* and *Doggone Good Advice From Jean Harris*.

Ongoing

Dukakis campaign releases "attack" video showing similarities between Virgil's *Aeneid* and Homer's *Iliad* and *Odyssey*: similar phrasing, characters.

Ongoing

Arbitron reveals plans for new people meters that will be able to break down viewership by purchasing habits, as well as age and sex data. Company plans eventually to have participants record all purchases as well as viewing habits. Further down the line are plans to separate and record viewership by favorite color, basal metabolic rate and whether the subject thought Ingrid Bergman should have stayed with Rick at the end of *Casablanca*.



Never ever refrigerate.

October '87

ABC's *Max Headroom* and *Once a Hero* become first successful interactive programing for young adults. Viewers decide that they don't want to see any more; the heroes and their programs disappear.

Ongoing

Dukakis campaign releases "attack" video showing *Macbeth*, Act 3, Sc. 5, and Act 4, Sc. 1 to be interpolated works of Thomas Middleton rather than Shakespeare. Shakespeare's work reappears Act 4, Sc. 2.

Administration thanks Syrians.

Who combines communications industry know-how with investment banking expertise?

IN FOCUS

Independent Television

Fortunes In The Future?

Could 1988 be the year independent television rebounds from hard times? Our state-of-the-indie status report details the challenges.

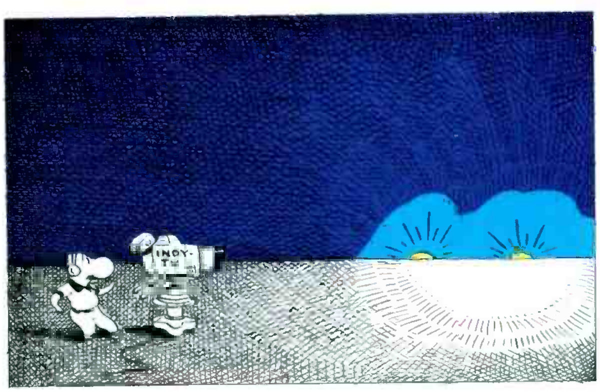
When the members of the Association of Independent Television Stations convene in Los Angeles this month, the conventioneers may be cheered by early signs of a turnaround in the fortunes of independent broadcasters.

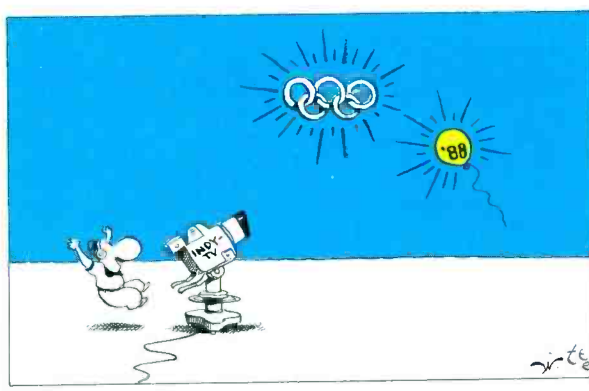
Many in the TV industry say 1988 could be the year independent TV shakes loose the fiscal blues it has developed over the last two years. As Jean Grillo notes in her story "The Cautious Survivors," 1988 holds promise as a strong advertising year. With programming costs now at more manageable levels, indies may begin resuscitating their crumpled profit margins—if the economy holds steady.

Regulatory initiatives in Congress and the FCC could also help define the coming year for independents. On issues such as syndicated exclusivity and must-carry, the views of INTV—as articulated by its president, Preston Padden—will undoubtedly be heard. As Noel Gunther details in his story, "INTV: The Mouse That Roared," this once-sleepy lobbying group has found a strident voice in Padden. Some critics, however, say Padden may be too strident.

While the majority of independents may have renewed prosperity in sight, troubled indies remain troubled. John Berry presents a case study of what can go wrong in "Anatomy of a Bankruptcy," his profile of the Media Central station group.

Not that Media Central is alone in its financial quagmire. With "Pop Go the Stations," Joseph Vitale lists the 20 indie stations currently under Chapter 11 protection, and updates their status. We finish with two statistical "snapshots" from the TV consulting firm Frazier Gross & Kadlec, who are updating their 1985 indie-TV overview. As this *In Focus* section shows, it's an industry still in a state of transition. ●





MICHAEL WITTE


MY LATE FRINGE SHOW IS PUTTING MY AUDIENCE TO SLEEP. IT'S A NIGHTMARE!
LOOKS LIKE WE NEED TO DREAM UP A HIT.
LOVE CONNECTION
LOVE CONNECTION

The Cautious Survivors

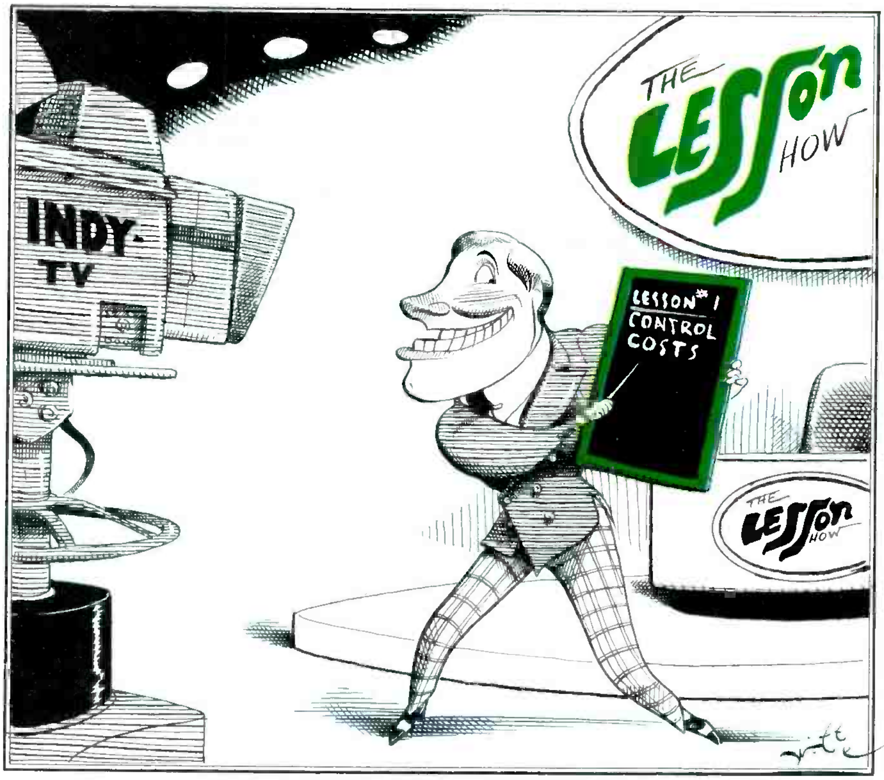
Some dare say sanity has returned, but for a real recovery among independents, the economy has to cooperate. BY JEAN BERGANTINI GRILLO

Is this the year independent television bounces back? It may very well be, if the gods hold recession at bay. Program costs have leveled off or dropped, station trading has slowed, many of the shakier UHF licensees are gone, and the promise of advertising associated with the 1988 Olympics and elections makes the survivors hopeful.

A prime cause for hope is that those indies have studied the primer on how *not* to run a station that they helped write during their wild expansion and painful contraction over the past few years. Risky financing, inflated cash-flow expectations, extravagant program purchases, greedy syndicators and market overcrowding combined to propel some 23 indies into Chapter 11 bankruptcy proceedings. As many as 20 more may be in trouble, says Chuck Kadlec, managing partner of Frazier, Gross & Kadlec consultants.

While only a couple of stations went dark, others are so weakened that they no longer compete for top syndicated shows. "In many Chapter 11 situations, creditors and distributors control what you do," Kadlec says. "They may let you get some new programming, but they won't allow you to go after *Who's the Boss?* or *Cosby*." At the same time, 17 additional indies are no longer chasing after advertising—11 were purchased by the Home Shopping Network and six joined HSN as affiliates.

"The shake-out of the Grant stations and others now in Chapter 11 are all to the good," says Steve Bell, senior v.p. and general manager of Tribune Broadcasting's KTLA in Los Angeles. "Sanity has returned," he says. "Everyone agrees 1988 will be a great year. We just need a little boost in national spot sales for a turnaround. That weak third station is gone from markets that only can afford two. That weak fourth is gone from those that only can afford three. With competition winnowed and avails tightened, syndicated program costs have dropped dramatically."



MICHAEL WITTE

Take Cleveland, for example. Two of the four indies on the air in 1986 are providing little or no competition. Media Central's WOAC-TV has declared bankruptcy. Locally owned WQHS-TV (formerly WCLQ) went Home Shopping. "We immediately saw a tremendous impact on our costs," says Michael E. Schuch, v.p. and general manager of Gaylord's WUAB-TV. "Once WCLQ was gone, costs for feature film packages dropped by half. When we had four indies competing, major half-hour sitcoms were going for $35,000 an episode. Now fully budgeted shows [with a complete production commitment] are going for $15,000 to $25,000."

Some indies had indulged in a self-destructive feeding frenzy during the boom years, buying programs at nearly any cost. "I don't see that kind of frenzy today," says Hal Protter, v.p. and general manager of WVTV in Milwaukee. He says a hit show such as *Head of the Class*, currently being syndicated for broadcast in 1990, is "better priced than *Webster* was in 1986, simply because you've got more shows competing for less station space."

The shakeout is also reducing the surplus inventory that piled up as some 100 new indies fired up their transmitters over the last four years. Last year there were four or more indies in 16 of the top 20 markets. In 43 of the top 50 markets, there were *two* or more indies. And each had a full day of avails to sell, which kept ad prices soft. "The enormous expansion wreaked havoc on the indie business and the syndicators took advantage," says KTLA's Bell. "Deals can't be so expensive that stations fail to break even. For syndicators, that kind of deal is fool's gold."

"Stations are buying smarter and

Jean Bergantini Grillo is a contributing editor of Channels.

more carefully, and the panic surrounding indies has subsided," says John Claster, president of Claster Television, the distributor of *My Little Pony*, *Transformers* and other children's fare. "Now you have to give stations as many reasons as possible to buy a show, especially in the animation area. The deal-making process is much more intense."

"Some kids' barter never even got on the air," says WUAB's Schuch, because there are now fewer broadcast schedules to fill in some markets. Some syndicators may step up paying cash compensation, as networks pay affiliates, to see that stations carry their shows, he says. "That's a hot topic right now."

Like the indies they sell to, syndicators with hot properties are also dealing more cautiously, seeking out stations they can count on to pay their bills. "Distribution companies do talk to each other about who's getting paid," says Claster. "We're very careful to check a buyer's financial security."

"Warner Bros. was the first to catch on," says Protter. "They stay out of bidding wars in a market and basically negotiate with stations that are totally solvent." (That's just "a proper, business-like" way to operate, comments Charles McGregor, president of Warner Bros. Television Distribution.)

The caution has leached into the broadcast-properties market as well. "It would help if the financial community renewed their interest in independent television," says Alice Frentz, group v.p. of the Shawmut Bank, who has worked with indies since 1984. "It's still a hard sell at both the commercial bank level and within Wall Street." With the caution, however, comes a clearer-eyed view of station potential. "We're seeing more integrity coming into the pricing of stations," says Frentz. In several pending sales, she says, "the demonstrated cash-flow statements are much more realistic."

All of these favorable trends may falter, however, if the financial world's volatility threatens consumer spending and dampens the ad market. "Corporate confidence may erode and cause a rash of advertisers not to pick up their options to advertise in the first quarter," said First Boston Corp. v.p. Richard MacDonald shortly after the October stock market crash. But other analysts have noted that advertisers

After one of Cleveland's indies went Home Shopping (and another went bankrupt), program prices dived 50 percent

keep putting out the word even during recessions. "It was because broadcasting weathered the '80-81 recession so well that Wall Street began to notice it," Frentz observes.

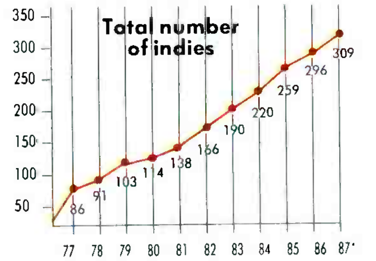
For at least the short term, retailers must continue to advertise because their shelves are stocked through the first quarter of '88, says Harvey Spiegel, senior v.p. of research at the Television Bureau of Advertising (TvB). He says automakers, for instance, are planning to push hard to maintain their sales levels. "Everything depends on the consumer," says Spiegel, "and the consumer is not overreacting the way many others have."

Spiegel stands by TvB's pre-crash ad-spending projections for '88, which show local advertising gaining 12 to 14 percent and national spot advertising gaining 10 to 12 percent.

As for indies, which get a quarter of local and national spot advertising, there are prospects for a turnaround, according to Preston Padden, president

EXCESS AIRTIME

Underlying the bust among indies was the sector's 50 percent growth from 1984 to '86, which ran up program prices and drove down ad rates.



Source: INTV. Excludes religious stations that don't accept ads.
*1987 figure is estimate, adjusted to include previously uncounted stations.

of the Association of Independent Television Stations (INTV). "But I don't think we're there yet," he says. "Everybody should be prepared for more bad news before we get to the good." Other observers are less wary.

"Real proof of a turnaround is already at hand," insists John Serrao, general manager of Outlet Communications' WATL in Atlanta. "Except for the oil states, inventory has now been absorbed in most markets. By the end of the first quarter, many independents actually will see real revenue growth because demand will exceed supply."

Serrao, who has put indies on the air in Detroit, Cleveland, Memphis and other markets, has lived through bear markets before. "In 1971-72, we saw the introduction of the 30-second spot and the prime-access period. At the same time, cigarette ads were dropped from TV. Suddenly inventory doubled and the roof fell in. We went to our knees."

It took another five years for the ad market to recover, says Serrao. "We had double the spots to sell but only 10 percent annual growth. Everything sold for less, while media buyers went right for our throats. It took time for stations to learn how to fight back." But by 1976, an Olympic/election year, spot revenues were up 45 percent and the networks sold out, he says.

The tremendous increase in the number of indies between 1983 and '86 caused a scenario not unlike that spot debacle in the early '70s. "With all those new indies, inventory glutted the market while program costs escalated," says Serrao. "New owners were not astute buyers and paid any price. All those forecasts of double-digit growth just weren't realized. Market revenue grew, no doubt about that, but the inventory more than met the supply."

Like Serrao, Randy Smith, executive v.p. of Taft Broadcasting, insists that indie fortunes are better than their reputation. "I think our revenues have always been healthy," he says. "Local spot has been good. Revenues were always up, even if not as high as some stations might have liked."

What added to indies' troubles was that "financial people came in and played" in broadcasting, he says. "They had to find out that this is not a license to print money. Independent television is a very competitive business." ●

INTV: The Mouse That Roared

Independent television has a vocal Washington presence in Preston Padden. But is his rhetoric turning into a vaudeville act? BY NOEL GUNTHER

Preston Padden looked like a long shot when he jumped into the race for the presidency of the Association of Independent Television Stations (INTV) in 1985. He was too young, said detractors, and too closely tied to Metromedia, then a dominant force in independent television. He had never run anything on his own.

But Padden made a strong presentation to INTV's board, and then his two leading supporters took over. When Padden lost on the first ballot, Kevin O'Brien, an old friend from Metromedia's WTTG-TV in Washington (now a Fox station), announced: "We could be here for a long time, gentlemen, but I'm not leaving until Preston is elected."

"It was like *Twelve Angry Men*," recalls Hal Protter, who is now general manager of WVTV in Milwaukee. "I stood up and then one by one, we won over everyone else."

Thanks to his 12 years as a Metromedia lawyer, Padden knew the issues. But what finally convinced INTV's board was his emotional bond with independent stations. "He wasn't just another lawyer or lobbyist," says Protter. "Preston grew up in our business. He was the kind of guy who used to go out and make calls with Metromedia's salesmen."

After two-and-a-half years as INTV's president, Padden is still making sales calls. Now, though, he's selling an idea: that cable TV is an unregulated monopoly, running roughshod over independent stations. "You have three players," he says. "The program producer, the broadcaster and the cable guy. Two of them operate in the free market. But the cable guy gets to grab whatever he wants and use it for his own benefit. . . . Cable is an industry that has crawled up our back, lived off our programming and is now trying to deal a death blow to some of our stations."

Noel Gunther is a Washington freelancer who writes about radio and TV.

Everywhere cable turns, Padden is there to object. He has forged coalitions with Hollywood producers, cable regulators and congressional staffers. He has given $10,000 to an Oregon citizens' group that was promoting a cable overbuild. He has nurtured an image as the underdog and made it stick. When Padden talks about the "scrappy little guys," you almost forget that he represents giants like Tribune Co. and the Fox stations as well as the newcomer on channel 68.

> 'Cable is an industry that has crawled up our back, lived off our programming and is now trying to deal a death blow to some of our stations.'

"There's no question that Preston has been an effective leader," says Mark Fowler, the former FCC chairman. "A lot of associations aren't very effective, so when you see one that is, it can be a thing of beauty—even when you're getting clobbered yourself." Critics, though, say Padden should tone down his verbal jousting with National Cable Television Association president Jim Mooney. "My biggest fear is that the Padden/Mooney show is becoming a vaudeville act," says a congressional source. "Preston's hyperbole gets attention, but sometimes the issues get lost."

Such gambits as Padden's recent suggestion that a Senate proposal to tax stations' license transfers was a cable-industry ploy raised questions about his credibility among lobbyists and other observers. "That's preposterous and revealing in that it betrays an excessive preoccupation with cable as the source of all evil," says a well-placed industry official. "That hurts his credibility and keeps INTV in the bush leagues even as it gives INTV visibility."

When Padden replaced Herman Land in May 1985, INTV was one of the sleepier organizations in Washington. Founded in 1972 by a small band of indies, INTV had never made much of a splash politically. "Herman was much more comfortable operating behind the scenes," says Jim Hedlund, INTV's top lobbyist. "He liked talking to reporters, but always off the record, and because it was off the record, INTV didn't show up much in the press." By 1985, independents were ready to make some noise.

In Padden, they found an exuberant spokesman. Padden has spent his whole life in the Washington area; his father was a furniture salesman, his mother a nurse. While attending the University of Maryland, he found a part-time job running the switchboard at WTTG and got to know Tom Dougherty, the company's Washington lawyer. In 1973, after graduating from George Washington University's law school, Padden became Dougherty's right-hand man.

When Padden took over at INTV, the association had roughly 100 members; now there are 170 (out of some 300 independents nationwide). All the major groups have joined except Turner Broadcasting, whose independent WTBS acts primarily as a cable service. Since most of his members also belong to the National Association of Broadcasters (NAB), Padden has the luxury of picking his fights. On no-win issues such as the Fairness Doctrine, he lets NAB carry the ball—and take the political heat. He steps in only when his members' pocketbooks are involved. "We try not to set ourselves as a mini-NAB," says Padden. "We focus on issues that have a unique or disproportionate impact on

SYLVIA PLACHY

Padden, sheltered from the storm: "The cable guy gets to grab whatever he wants and use it for his own benefit."

independent stations."

Just two blocks down from NAB's sumptuous headquarters, INTV leases space on the fifth floor of a nondescript building. Padden's office, overlooking Connecticut Avenue, is strictly functional—there are a few plants and a TV set, but no artwork and few personal mementos. A shoe buffer lies ready under his messy desk. Padden, tall and thin, exudes a restless energy. At 39, he still looks young enough, and puckish enough, to play a practical joke on his old frat brothers.

Since INTV has only 18 employees, Padden plays many roles. He spends most of his time—and two thirds of his estimated $2.4 million budget—attending to the perception of independents within the TV industry. Indies have long been known as outlets for wrestling, reruns and record ads. Padden thinks the image is outdated, and he travels constantly, to Hollywood and New York, to press his case with producers and advertisers. He's also met repeatedly with Nielsen and Arbitron to tell them that diaries under-count the indie audience.

Padden has also tried to gain clout with Congress. He moved INTV's annual general managers' meeting to Washington and set aside time for station officials to call on Congress. During last year's meeting, indie executives lobbied more than 100 congressmen. To reinforce those contacts, INTV hired TV talk-master John McLaughlin to produce "Sixty Seconds"—a series of debates between liberal and conservative congressmen on everything from contra aid to acid rain. "Sixty Seconds" now airs on 146 independent stations.

More importantly, INTV has revitalized its PAC and funnelled contributions to leading figures on the House and Senate telecommunications subcommittees. With Jim Hedlund and Malrite's Milton Maltz working the phones, INTV hopes to raise $100,000 for the 1988 campaign. That's small potatoes by Washington standards, but by keeping the money flowing, INTV makes sure that its voice is heard. "If we call and say it's important, congressmen will see us," says Hedlund. More often than not, Hedlund calls to complain about the cable industry. INTV's causes include:

- Reviving syndicated exclusivity. If a local station carries *M*A*S*H*, INTV wants cable systems to black out the program on distant signals.
- Obtaining favorable channel positions on cable systems.
- Protecting the must-carry rules. INTV wants the FCC—or Congress—to force cable systems to carry local stations.
- Defending "free" TV in its struggle to retain sports broadcasts and other popular programs.

In his crusade against cable, Padden will try anything. INTV is the driving force behind the Bryant bill introduced by Congressman John Bryant (D.-Texas), which would let local governments determine channel position for broadcast stations on cable. Padden says that without regulation, cable systems will favor such programmers as CNN that allow them to sell local ads. "They're refusing to carry new stations and they're shifting existing stations from Channel 2 to Channel 6002, up in cable Siberia."

"Siberia is just a thumb-click away," counters Steve Effros, president of the Community Antenna Television Association, which represents 2,000 cable systems. "Everyone can get there, because they've got remote control. The broadcast industry likes to yell about the First Amendment, but then it asks Congress to have local governments assign channel numbers."

Padden has also flirted with the idea of supporting proposals to allow telephone companies into the cable business, which has always been cable operators' worst nightmare. "Right now, the cable guys treat us like dirt," he says. "But imagine if there were two wires outside your home and neither one had a guaranteed right to take a broadcaster's signal. They'd be sending limousines for our guys and bribing us with fancy parties." Padden might be bluffing, but even raising the issue bothers many broadcasters, who envision phone companies working directly with program producers and dealing broadcasters out.

Padden's strained relationship with the cable industry reached a new low last summer. In July 1985, a federal court declared the FCC's must-carry rule unconstitutional, and INTV desperately wanted the rule reinstated. After six months of negotiations, NCTA and the broadcast trade associations signed a peace treaty. Jim Mooney of NCTA agreed to accept a modified version of the must-carry rule. INTV, in exchange, promised that it would "not seek . . . legislation to repeal the compulsory license," which allows cable systems to carry any broadcast station.

But in July 1987, INTV violated at least the spirit of the agreement. In comments filed with the FCC, INTV proposed to limit the compulsory license to local stations that are carried "on a cable-channel position acceptable to the station." Mooney's reaction was swift and sharp: "They've now clearly gone back on their word and have done it without benefit of any intervening event giving them an excuse to do so," he said. "This saddens me; good faith is the glue that makes civilized politics possible."

> Padden says INTV 'lived up to the letter' on compulsory license. But there's a sense in Washington that INTV has broken faith with lobbyists.

Padden, responding, chooses his words carefully. "We have lived up to the letter of the agreement. We have recommended changes in the compulsory license, but those changes do not contemplate repeal. Jim meant that we had done something he didn't think we'd do. Well, when they started shifting our channels around, they were doing something that we didn't think they would do to us."

Still, there's a sense that INTV has broken faith with Washington's tightly knit community of regulators and lobbyists. "I don't think it's wise to break your word in this town," says Bert Carp, v.p. of government affairs for Turner Broadcasting and a former NCTA executive. "It will come back to hurt them." Padden, critics in the lobbying community say, ought not to burn bridges with cable, especially since INTV will need strong cable alliances if must-carry rules ultimately go off the books. Cable officials are unlikely to want to negotiate with Padden at that point because, according to one ranking source, "his rhetoric has been excessive and he welched on a deal."

Padden, though, is off to other battles. Right now, he's heating up an old chestnut—the siphoning of programs from free TV to cable. Only half of all households subscribe to cable, he points out; other viewers have lost programs they used to get for free. "Look at all the people in the Bronx who paid to rebuild Yankee Stadium for George Steinbrenner," he says. "Now they can't watch the games. Do we really want to freeze them out of baseball because they can't get cable—or can't afford it?"

After two-and-a-half years on the job, Padden has made INTV a force to be reckoned with; by being so aggressive, he commands attention from Congress, the FCC and the press. Certainly his members are impressed. "From an independent's standpoint, INTV delivers a tremendous amount of bang per buck," says Protter of WVTV. But fireworks aside, has INTV been effective?

Opponents say Padden is long on rhetoric but short on practical solutions. "As they say in law school, first you use the facts, then you use the law; otherwise yell as loud as you can," says Effros. "Preston is great at yelling."

All that yelling, though, has made a difference. Most of INTV's issues are still being litigated, but Padden has already helped change the regulatory climate. Cable's long winning streak has been halted, and on issues such as syndicated exclusivity and the compulsory license, cable is clearly on the defensive. Along with MPAA's Jack Valenti, Padden branded cable as an "unregulated monopoly," a phrase that now trips off the tongues of TV executives—as well as some congressmen.

By being so outspoken, Padden has made some enemies, but his members, at least, seem to like his salty style. "There will be plenty of time for honey later," says Fox's Tom Herwitz—"after we win." ●

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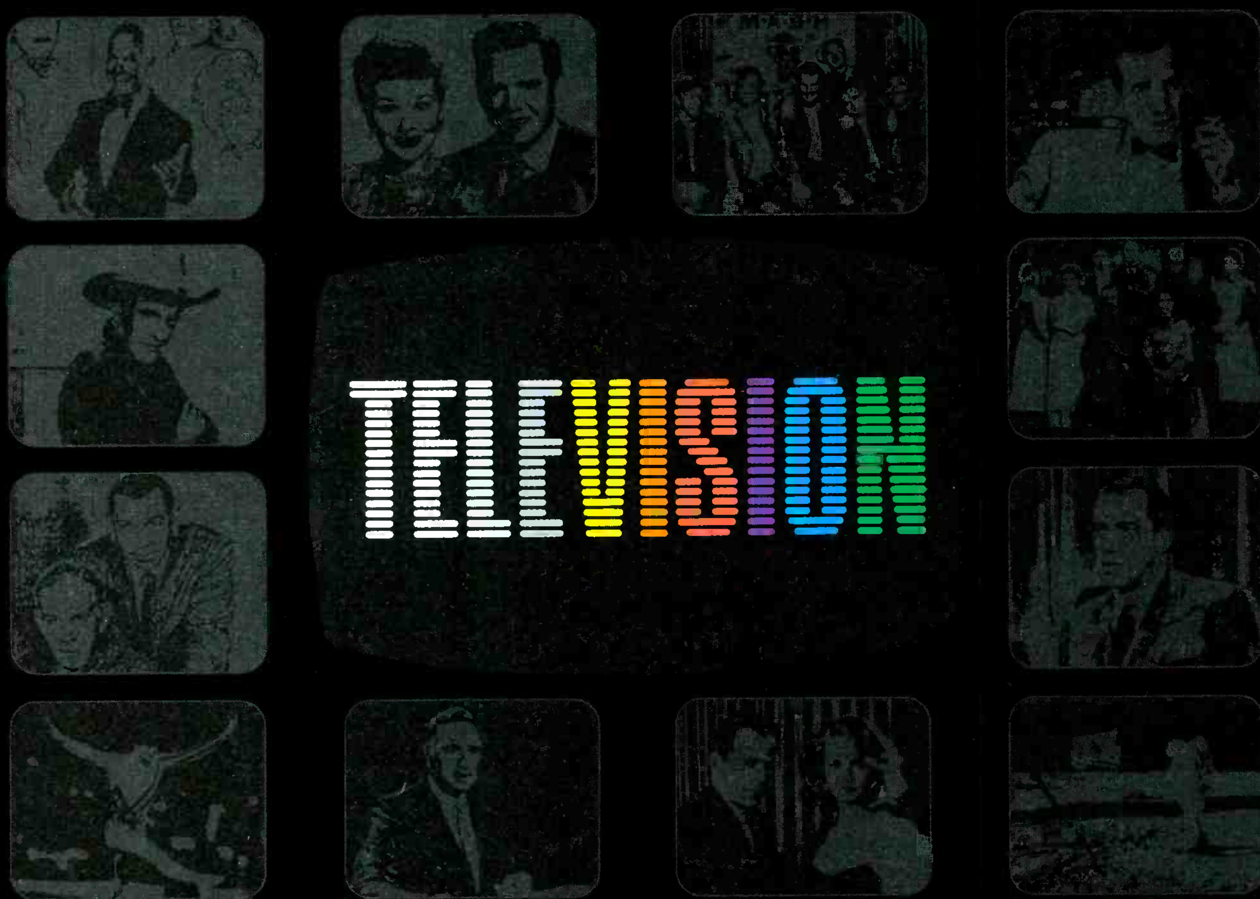

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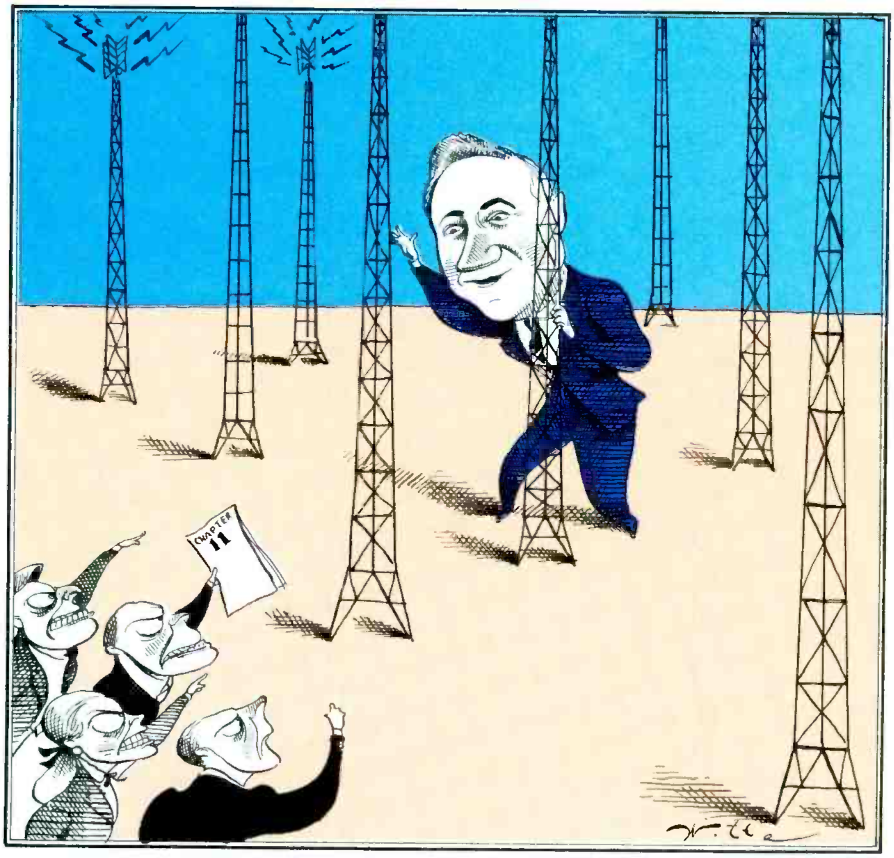
Anatomy of a Bankruptcy

Amidst allegations of mismanagement, Chattanooga independent broadcaster Media Central files for reorganization under Chapter 11.

BY JOHN F. BERRY



MICHAEL WITTE

Morton Kent says he got into television because there was easy money to be made: "It looked like one of the last industries that, if run like a business instead of show business, you could drop sixty cents of every dollar to the bottom line after you covered your nut."

Kent, 62, a former insurance executive with no TV experience, plunged into his new business in 1981, forming Media Central Inc. in his hometown of Chattanooga. Almost overnight, Mort Kent and his sons, Donald, David and Stephen, owned controlling interest in eight stations, with big plans for more, and were boasting that MCI, as they liked to call the company, was the "fastest-growing independent television chain in the country."

John F. Berry is a Channels *contributing editor.*

Then, last July, MCI filed for reorganization under Chapter 11 of the U.S. bankruptcy laws. In their disclosure statement, filed October 30 at the U.S. courthouse in Chattanooga, MCI listed assets (projected through Dec. 31, 1987 and adjusted for reorganization) of $68,438,000 and liabilities of $50,425,000. The liabilities figure includes $13,467,000 of debt to some of the biggest programmers in the business, including Viacom, Paramount, Twentieth Century Fox, MCA, Warner Bros. and MGM. Also at risk were more than 300 limited partners who paid some $17 million for investment units that financed the Kent family's acquisition of stations.

That Mort Kent created something of value in the stations is indisputable. But what is extraordinary about the MCI saga is that Kent, with no background in TV, managed to build a fledgling empire with other people's money that held the potential to greatly enrich himself and his three sons.

The irony is that by easing station-ownership and transfer rules, the FCC actually encouraged non-broadcasters to get into the business. Capitalizing on that, Kent persuaded a cash-rich Tennessee bank to put millions into a business it knew nothing about. RCA peddled him equipment on credit, and programmers did the same.

They all believed Mort Kent when he said that he would bring efficiency to the business by creating a centralized management structure at Media Central. But his critics—many of them former employees—counter that Kent's centralized management scheme simply enriched Mort Kent and his family, and that it helped lead to the company's collapse.

Not quite everyone is critical of Mort Kent, however. Harold L. Green, who was executive v.p. of MCI and who now owns a radio station in Durango, Colo., calls Kent, "one of the most brilliant businessmen around." Green was at MCI during the formative years, and says of the experience: "We built those TV stations in about five minutes. We put good pictures on the air. Morton Kent and others made millions no matter how you slice it."

But Green voices a minority view of Kent the businessman. In more than a score of interviews with former Kent employees, bankers, programmers and contractors, Kent was invariably portrayed as an incompetent manager who put his sons in responsible, high-paying jobs for which they were unqualified. Almost all those interviewed requested anonymity, many fearing vindictiveness by the Kents. A number report being threatened by the family. One former general manager told of how an associate so enraged the Kents by quitting that they dispatched an accountant, who spent two days pouring over the man's expense accounts. Some former employees are claimants in the bankruptcy. They maintain they were bullied by Kent and his sons, and were blamed for the company's woes. Promises of bonuses to make up for broken promises of raises were also broken. The employees say the Kents fostered an atmosphere of mistrust and paranoia at MCI, ordering employees not to communicate. Phone bills were reviewed and questions asked if one station manager had a long conversation with another.

The station managers were also kept away from industry functions. When they did attend the January 1986 INTV convention in Los Angeles, they were closely supervised. "We had daily meetings in Mort's suite," recalls one former station manager. "He wanted to know where we were every minute." (Morton Kent's son, Donald Kent, responding to the allegations through MCI's attorney, said they are "without basis.")

Programming acquired by MCI for the stations included such sitcom hits as *Silver Spoons*, *Family Ties*, *Cheers* and *What's Happening?* News, however, was strictly a low-budget affair: a total of eight minutes of local coverage each evening, with no national or international news.

This slim fare worked fine in small markets, say the managers, but when the Kents pushed into Kansas City, where they faced competition from another independent, it proved disastrous. By early 1986, the Associated Press had yanked its wire when bills weren't paid. Programmers pulled some of the better shows for the same reason in 1987, shortly before the bankruptcy papers were filed.

MCI's Morton Kent

Significantly, the general managers of six MCI stations as well as most of the sales managers have quit within the past six months. Industry sources say this hasn't happened in the other Chapter 11's, including Grant Broadcasting, the biggest of them all.

Ex-employees recall an atmosphere of bullying and mistrust, of being questioned when one station manager spoke at length with another.

When Morton Kent became interested in broadcasting in the 1970s, he already was in his mid-50s and a practiced hand at deal-making. Back in the 1960s and early 1970s, Kent was senior v.p. of a Chattanooga-based insurance company, Interstate Corp. Under his direction, Interstate launched an aggressive acquisition program, becoming an insurance, transportation and real estate conglomerate. Later, staggering under $250 million in debt, Interstate was taken over by Gulf Life Insurance Co., but Kent says, "There was no debt when I left."

In short order, Kent turned his attention to television. "I concluded it wasn't a very deep or complicated industry," he said one day last fall in his modest office near the Chattanooga airport. Coincidental with Kent's new-found interest, the FCC began awarding UHF licenses.

Armed with FCC construction permits, the Kents built stations in Canton, Ohio (WOAC); Columbus, Ga. (WXTX); Cape Girardeau, Mo. (KBSI); Honolulu (KHAI); and Kansas City (KZKC). They also entered into management agreements with holders of FCC construction permits to build stations in Huntsville, Ala. (WZDX); Jackson, Miss. (WDBD); and Knoxville, Tenn. (WKCH).

To finance construction, the Kents sold limited partnerships in each station except Huntsville through investment firms. Broadcast Equities, for example, an Atlanta investment firm, sold partnership units in the Jackson and Knoxville stations to wealthy clients as venture-capital investments. (Bert Ellis, who was president of Broadcast Equities—now a dormant company—is chief executive of ACT III Broadcasting, a station operator owned by the same entity that owns the company that publishes *Channels*.) For their investments, totaling $1 million to $3 million per station, the limited partners got 45 to 49 percent interest but no management say. Kent or family members or their companies retained the majority of the remainder of the interest and total management control as the general partner through MCI.

Kent used the limited partners' investments to build cookie-cutter stations, gaining economies of scale by duplicating design and equipment. In what broadcast investment analysts call a very unusual and complex financial structure, the Kents kept control of the physical assets of a number of the stations through a wholly owned company called Telco (Tower and Equipment Leasing Co. Inc.).

In an approach pioneered by TVX, the Norfolk, Va.-based operator of 12 indies, management of the stations was centralized in MCI, which charged the stations for various services. In the case of MCI, however, former station managers and employees describe these charges as excessive. They paid thousands of dollars a month for what they say were unnecessary services forced on them by MCI. The Kents deny there is any basis for the allegation.

Because of the complex structure of the deals, the Kents had a potential conflict of interest. As general partners, they had a fiduciary responsibility to the limited partners' investment. But as management contractors and creditors, they were watching out for their own interests.

Kent is fond of saying that he kept staffs lean in his effort to bring efficiency to the stations. Former managers agree that he kept staffing down, both at the stations and the headquarters. But savings from these economies and much more, they say, went toward paying the excessive charges leveled on the stations by the Kents.

The stations, for example, paid MCI an up-front management fee of $255,000. Furthermore, they paid MCI $5,000 apiece per month or 7 percent of gross revenues annually, whichever was more. Those charges were not excessive, but as MCI began to feel the pinch, according to station managers, the Kents' definition of gross revenues changed dramatically. Barter deals, for example, are normally treated as a wash on a station's books. But at MCI, the Kents counted the value of what the station got in barter as part of gross revenues and collected 7 percent on it.

MCI also began charging stations incrementally for marketing and for computer and engineering services, on top of the 7 percent service fee.

The most troublesome charges came from Telco, the Kents' wholly owned equipment leasing and sales company. At some stations such as Columbus, Ga., Telco owned all the property, including the building, tower and transmitter, which it rented to the station at inflated fees. Station managers also had to buy supplies through Telco, at a handsome mark-up. Telco charged one station manager an extra $6 for a reel of videotape purchased through Telco, but Media Central wouldn't pay the bill if he bought from less expensive local sources.

The Kents equipped all the stations with so-called industrial ¾-inch tape machines instead of broadcast-quality machines. "The high school in Shawnee Mission, Kansas, had better equipment than we did," says a former employee of KZKC, Kansas City. Others report that, to save money, the Kents equipped the station in Knoxville with a tower that was several hundred feet too short to serve adequately the mountainous market.

But Clifford Curley, who joined MCI in July as a member of the office of the president, counters that the equipment "is adequate for the size and type of operation we're running. The important thing is the picture that comes out the other end."

Curley and the Kents note—and others confirm—that MCI has first-class equipment at a production studio in Chattanooga used for dubbing and cleaning up tapes and films.

Finances at MCI were always stretched; the Kents didn't pay bills even before Chapter 11 became imminent. Mort Kent tried to string along creditors, often ending up antagonizing them. Says one executive who requested anonymity because he still hopes to get paid after being owed money for four years: "Mort is the most obnoxious, impossible person I've dealt with in my twenty years in business. He assaulted lawyers, bankers and everyone whom he dealt with. And he could never deal in facts. He always spoke in sweeping generalities, many of which simply were not true."

MCI had plenty of company in filing for Chapter 11 protection. Over the past year, around a dozen other independent stations, squeezed by soaring programming costs and declining ad revenues, have sought protection from creditors. Under Chapter 11, creditors are frozen while management files a reorganization plan. After the creditor committees review the plan and react to it, the court decides whether to accept it or to put in effect an alternative plan, which may result in liquidation of the company. The process can take months, even years.

Mort Kent, with his "can-do" approach, didn't figure to spend much time coddled in Uncle Sam's embrace. And indeed, on October 30, MCI filed a reorganization plan that, to no one's surprise, kept the Kent family in control and the creditors at bay.

The complex plan calls for payment of creditors over extended periods. Programmers, for example, would be paid over periods of 36 to 84 months with no interest; banks would get their money over a period of ten years.

The status of most of the limited partners, who invested some $17 million in the seven stations, would be changed. Only the Jackson station would remain a limited partnership. The six other limited partnerships, which contributed $14 million in equity capital to build the stations, would be rolled into MCI, with the limited partners becoming stockholders. MCI is offering those investors stock with a par value of $7 million, and a minority vote.

Thanks to the weighted valuation of several different classes of shares, the Kents end up with far more than 50 percent of the voting shares. So MCI, that is the Kents, would continue business almost as usual, if creditors agree. But that's a big if.


Steve (l.) and Don Kent (c.) and MCI ex-employee.

"Is a non-broadcaster like the Kents going to dictate to the syndicators how they operate?" asks a skeptical member of the MCI creditors committee. "If they can just go into Chapter 11 and put off paying, then everyone would go into Chapter 11. My betting is that the syndicators are going to say, 'Who needs these guys?' "

The New York ad-rep firm Seltel, which is an MCI creditor, recently agreed to represent all of MCI's stations except Japanese-language Honolulu, and has been busy explaining Chapter 11 to nervous would-be clients, concerned that their ad dollars might go to moribund stations. "We did a massive education job, telling them it wasn't a death wish," says Seltel president Ray Johns. Kent can't hide his delight at getting Seltel on his side, viewing it as an endorsement of his management. To Johns, the Chapter 11 woes "are meaningless compared to the value of the stations."

Indeed, MCI's stations have attracted a number of would-be buyers over the years, because Kent has occasionally put the stations on the market, then just as rapidly pulled them off. One theory is that Kent did this to placate his creditors, suggesting that he was going to sell out and make them whole, but that he never really intended to divest himself of Media Central.

Last year, Donatelli & Klein, a Bethesda, Md., investment firm that owns part interest in Chattanooga's WDSI-TV, got as far as co-signing a letter of intent to buy MCI's stock for $22.5 million. But then Kent claimed D&K didn't fulfill its end of the deal and backed out. D&K sued Media Central last spring for breach of contract, and MCI countersued. These and other lawsuits were put in limbo by MCI's Chapter 11 filing.

But for now, Mort Kent isn't interested in shopping his stations. To the contrary, he's doing his best to keep them, and he thinks he'll succeed if reason prevails. Kent puts it this way: "We have attempted to treat everyone fairly. And in this greedy world, fairness is a difficult thing." ●

Pop Go the Stations

As the shakeout in independent TV pushed more stations into Chapter 11 in 1987, the question isn't just what went wrong, but when will it end?

There are currently some 20 independent TV stations under Chapter 11 protection. Some have gone dark; others are being sold; still others promise they'll be back on their financial feet—if not back in the black—early in '88.

But why 20 bankruptcies in a business that used to produce one or two a year? "Three classic mistakes" were made by new indie operators, says Tony Hoffman, managing director of the ComCapital Group, and a veteran media analyst. One, he says, was going into markets too small to support an additional station. "It doesn't make sense to start up if a market can't generate $35 million in ad revenues," he says. The second mistake was entering markets where other independent stations were already strong. And the third mistake, according to Hoffman, was bidding up programming to exorbitant prices. "Many stations won the bidding battle, then lost the war by going into enormous debt," Hoffman says.

Lawrence Laurent, vice president/communications of the Association of Independent Television Stations, takes a more philosophical view. "Sure the number of bankruptcies is high when compared with other eras in television," he says. "But when you realize that the number of independent stations has more than doubled since the beginning of the decade [from 112 in 1980 to more than 300 today], the number of failures compares favorably with the failure rate of other new businesses."

Favorable or not, ComCapital's Hoffman thinks the shakeout isn't over. "The number of indie bankruptcies in '88 may come very close to what we've seen in '87," he says.

JOSEPH VITALE

RED ALERT
The Bankruptcy Scorecard

STATION*	CITY	OWNER	STATUS
WGBO-TV WBFS-TV WGBS-TV	Joliet, Ill. Miami, Fla. Philadelphia, Pa.	Grant Broadcasting System	Under Ch. 11 since December 1986; has filed reorganization plans; may be out of Ch. 11 this month
WZDX-TV WXTX-TV KHAI-TV WDBD-TV KBSI-TV KZKC-TV WOAC-TV WKCH-TV	Huntsville, Ala. Columbus, Ga. Honolulu, Hawaii Jackson, Miss. Cape Girardeau, Mo. Kansas City, Mo. Canton, Ohio Knoxville, Tenn.	Media Central Inc.	Filed for Ch. 11 July 1987; reorganization plan filed October 1987
WTTV-TV	Bloomington, Ind.	TEL-AM Corp.	Under Ch. 11; reorganizing; sale pending
KNMZ-TV	Sante Fe, N.M.	N.M. Media Limited License Holding Co.	Under Ch. 11; station in process of being sold
WGGT-TV	Greensboro, N.C.	Guilford Telecasters Inc.	Under Ch. 11; formulating reorganization plan
WIII-TV	Cincinnati, Ohio	Channel 64 Joint Venture	Under Ch. 11; reorganization in process; sale pending
WTGI-TV	Wilmington, Del.	Delaware Valley Broadcasters	Under Ch. 11; reorganization plan under court review
KSKN-TV	Spokane, Wash.	Spokane Limited Partnership	Under Ch. 11
WPAN-TV	Ft. Walton Beach, Fla.	Ft. Walton Beach Broadcasting	Went dark in 1987
KPDX-TV	Vancouver, Wash.	Columbia River Television	Under Ch. 11; formulating reorganization plan
KASK-TV	Las Cruces, N.M.	Las Cruces Full Power TV Inc.	Dark. Plans to be back on-air this month

*Represents status as of November 1987

Two Views on Indie Power

VHF slots may be more desirable for attracting viewers, but as the bottom chart shows, station sales rely on other factors. Both V's and U's benefit when meters move into a market, as our top chart makes clear.

What goes into pricing an independent TV station? Sandy Freschi, v.p./marketing and business development for Frazier Gross & Kadlec Inc., notes, "It's difficult to make generalizations. It depends on the market and the rank of the independent: the first indie in the market will have a much more prominent position. By the time you get to the third indie, it's a much harder pitch [to investors]."

Freschi notes the marked decrease in the number of transactions as proof of a shakeout: after jumping from 27 in '85 to 51 in '86, only 24 indie sales had been made through October '87. FG&K will be updating its 1985 indie-TV overview report at this month's INTV convention.

METERS VS. DIARIES: INDIES WIN

	7 A.M.–1 A.M. SHARE						HOUSEHOLDS USING TELEVISION
	INDEPENDENT			AFFILIATE			
	METER	DIARY	% INCR.	METER	DIARY	% (DECR.)	% INCR.
Atlanta	26	16	63	63	73	(14)	30
Dallas	27	19	42	62	72	(14)	18
Philadelphia	24	17	41	63	72	(12)	19
Denver	21	15	40	64	72	(11)	27
Houston	27	20	35	61	70	(13)	20
Boston	21	16	31	65	70	(7)	27
Detroit	21	16	31	71	75	(5)	20
Washington, D.C.	23	18	28	70	74	(5)	23
San Francisco	29	23	26	60	67	(10)	29
Chicago	30	24	25	61	69	(12)	17
Miami	30	25	20	62	67	(7)	19
New York	33	28	18	56	64	(12)	22
Los Angeles	42	36	17	54	60	(10)	20
13-market average	27	21	29	63	70	(10)	22

Source: A. C. Nielsen November '86 sweeps data, provided by Frazier Gross & Kadlec.

DOLLARS ON THE DIAL: UHF VS. VHF INDIE SALES

MARKET*	MARKET RANK**	STATION (CHANNEL)	SIGN-ON DATE	PRICE (000)
1987				
Los Angeles†	**2**	**KHJ (9)**	**1931**	**320,000**
Joplin-Pittsburg, Kan.	**118**	**KOAM (7)**	**1953**	**15,000**
Medford	**155**	**KDRV (12)**	**1984**	**8,250**
Philadelphia	4	WPHL (17)	1965	71,978
Salt Lake City	41	KSTU[1] (20)	1978	30,000
Erie	137	WSEE (35)	1954	8,750
El Paso	105	KASK (48)	N/A	825
1986				
Sacramento	**20**	**KOVR (13)**	**N/A**	**104,000**
Eureka	**184**	**KVIQ (6)**	**1958**	**3,900**
Wichita-Hutchinson	**58**	**KLBY (4)**	**1987**	**1,382**
Washington, D.C.	9	WDCA (20)	1966	240,000
New York	1	WNJU (47)	1965	60,000
Tulsa	52	KGCT (41)	1981	3,400
Lake Charles	171	KVHP (29)	1987	2,900
1985				
Los Angeles	**2**	**KTLA (5)**	**1947**	**510,000**
Sioux Falls	**93**	**KDLT (5)**	**1960**	**15,500**
Abilene-Sweetwater	**156**	**KTXS (12)**	**1956**	**8,000**
Denver	**19**	**KCWS (3)**	**1983**	**3,500**
Los Angeles	2	KBSC (52)	1966	30,000
Des Moines	66	KCBR (66)	1983	7,550
Cleveland	11	WDAC (67)	1982	5,800
Peoria	98	WBLN (43)	1982	500
1984				
Indianapolis	**24**	**WTTV (4)**	**1949**	**73,000**
Tucson	**85**	**KZAZ (11)**	**1967**	**13,000**
Las Vegas	**102**	**KVVU (5)**	**1967**	**20,000**
Missoula-Butte	**153**	**KCTZ (7)**	**N/A**	**179**
Detroit	7	WKBD (50)	1965	70,000
Tampa-St. Petersburg	17	WFTS (28)	1981	30,000
Memphis	38	WPTY (24)	1978	11,000
Amarillo	115	KCIT (14)	1982	1,000
1983				
Miami	**13**	**WCIX (6)**	**1967**	**110,000**
Los Angeles	**2**	**KTLA (5)**	**1947**	**245,000**
Chicago	3	WFLD (32)	1966	140,000
Boston	6	WLVI (56)	1966	47,000
Dallas-Fort Worth	10	KDFI (27)	1981	12,000
Chattanooga	79	WRIP (61)	1972	1,500

†Bold-face entries represent VHF stations. Source: Frazier Gross & Kadlec Inc. * Partial listing of sales for each year. **Market rank in year of sale. [1]KSTU now on channel 13

Courting Cable

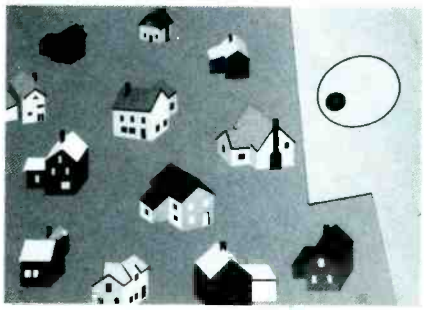
by Jean Bergantini Grillo

What happens to UHF indies when cable penetration is 70 percent? San Diego knows.

In 1987, when Dennis Conner's *Stars & Stripes* brought the America's Cup back to the San Diego Yacht Club, which financed his winning challenge, this city rocked in the glow of overdue recognition. Hosting its first NFL Super Bowl game this month will increase its share of the limelight. In fact, only San Diego's independent television stations seem left in the shadows these days.

A quirk of topography and roughly 70 percent cable penetration have combined to give this border city's locally owned indies competition from two sides: Los Angeles, to the north, and Mexico, to the south.

Of the 13 commercial channels San Diego viewers can pick up over the air, seven are Los Angeles stations, including four Herculean independents: Tribune-owned KTLA, Fox-owned KTTV, KHJ (which Disney has agreed to purchase from RKO/General pending FCC approval) and Chris-Craft-owned KCOP. Grabbing the L.A. signals from over the mountains, however, requires a dish antenna (largely outlawed in San Diego in the 1950s), so most San Diegans depend on cable. Those households receive six local commercial stations (three affiliates and three indies), and most also get five tempting L.A. operations: KNBC, KTLA, KCOP, KTTV and KMEX, which broadcasts in



Spanish. Lost in this banquet are a critical number of local viewers.

"Every night, we have the three best indies in the country competing against us," says William Moore, station manager for locally owned KUSI-TV, channel 51. "Often, their combined San Diego ratings surpass our three local indies'. And not only do they constantly promote, but since they have matched numbers on the cable dial [local cable systems have agreed on channel placement of the L.A. indies], it's much easier for local viewers to find them."

Moore's complaint is a serious one in a market where, out of 806,120 TV households, 542,770 have cable, according to Nielsen. "There are a lot of incoming signals we just don't have control of," adds Jules Moreland, program director of KFMB-TV, San Diego's CBS affiliate. "The reason we haven't been hit as hard as we might have been is that [new] people still flock to this city." Longtime residents grew up with the L.A. stations, and are less likely to switch their viewing to local channels.

San Diego County, which comprises 18 cities, boasts over 2 million people, half of whom live in San Diego itself, making it the second-largest city in California, behind L.A. With low unemployment (4.5 percent) and a thriving economy based on aerospace and high-tech industries, San Diegans' average household income is about $40,400—13 percent higher than the national average.

With that kind of spending power, San Diego TV viewers have made cable a $150 million business, according to Bob McRann, vice president and general manager of Cox Cable San Diego, the area's largest cable supplier, with 290,000 subs. (Other systems include Southwestern Cable, owned by ATC, with 105,000; Times-Mirror, with 90,000; and Daniels Cable, with 36,000.)

"Cable clearly has eroded broadcast delivery here, just as it's done in every market nationwide," McRann says. But ask if all those L.A. signals have hurt the local indies, and McRann gets a bit defensive. "First of all, those L.A. stations were here long before any of the San Diego indies were born," he begins. "People here have watched L.A. stations for years—many are former residents of Los Angeles who've moved here. If we were to take [L.A. indies] off the air just to support local indies, our viewers would be extremely angry."

McRann did drop one L.A. indie, KHJ, back in 1982 in order to add KUSI as part of a must-carry deal, "and I still haven't heard the last of that," he says.

Now neither KUSI (locally owned by University Television) or KTTY (locally owned by San Diego TV Inc.) is threatened with removal, nor is the Mexican-owned, but locally carried, XETV, channel 6. But while XETV is paired with channel 6 on the cable dial—as KTLA's broadcast channel 5 is matched by cable channel 5, KCOP's 13 with

SAN DIEGO FORTUNES

STATION/AFFILIATION (OWNER)	% 1987 AD REVENUE*	1987 AD REVENUE* (MIL.)
KCST Ch. 39 (NBC) (Gillett Group Broadcasting)	22.5%	$35.5
KFMB Ch. 8 (CBS) (Midwest Telev. Inc.)	32.0	50.5
KGTV Ch. 10 (ABC) (McGraw-Hill B'cast.)	25.5	40.5
KTTY Ch. 69 (Ind.) (San Diego TV Inc.)	3.5	5.5
KUSI Ch. 51 (Ind.) (University Telev. Inc.)	8.0	12.5
XETV Ch. 6 (Ind.) (Radio/Telev. S.A.)	8.5	13.5

*All revenues are estimates, provided by Frazier, Gross & Kadlec cable 13 and KTTV's 11 with cable 11—KUSI and KTTY find themselves all over the place. KUSI, which at one time was listed on channels 14 and 9 on competing cable systems, is now carried on channel 9 by the three major cable systems (Cox, Southwestern and Times-Mirror). "Cox was talking about moving us," notes Moore, "but we struck a deal with them, giving them x number of spots in exchange for keeping us on the lower dial."

KTTY hasn't been as fortunate. It's on channel 36 on Cox, channel 18 on Southwestern "and a half-dozen different numbers for all the smaller systems," says KTTY's president and manager, James Harmon. "The impact for us has been great." The station includes a listing of its channel positions in every print ad, and broadcasts a "directory" ID on its air.

As the last UHF in the market, having signed on in October of 1984, KTTY knows it's the last in line. "We'd love to be on the lower end," Harmon sighs, "but Cox hasn't responded to any of the deals we've offered, nor has Southwestern, although they've been more friendly."

Both KUSI's Moore and KTTY's Harmon underscore that a restoration of syndicated exclusivity would minimize the intrusion of L.A. stations and national cable superstations. What both men continue to worry about is XETV, whose outsider status makes its "preferential treatment" from the cable systems especially hard to accept.

"XETV is owned by a foreign company and based in a foreign country," Moore explains. "They don't have to follow any of the FCC rules and regulations that we do. Yet, they take anywhere from 8 to 10 percent of the revenue out of this market."

KTTY's Harmon agrees: "They pretty much do what they want to do." Harmon takes a dim view of the level of service XETV provides to its home territory, as well. "We have Mexican viewers in Tijuana who want us to broadcast in Spanish," he says. "I remind them that they have their own 'local' station there, channel 6, which only broadcasts in English." KUSI is considering filing a complaint with the FCC against XETV, which eight months ago became the San Diego Fox affiliate, a development KUSI's Moore says is unfair.

According to Martin Colby, XETV's general manager, the station operates under an executive agreement between the U.S. and Mexico, signed in 1951, that governs the allocation of VHF signals in border areas. For 17 years, XETV was the ABC affiliate for San Diego. Then, in 1969, Storer Broadcasting bought KCST-TV, a local independent. Storer challenged XETV's right to a network affiliation, and won. "Storer asked the FCC to disallow XETV's ABC affiliation simply because it was foreign owned," Moore says. "We're basing our complaint on the same reasoning."

"There are two local channels that could carry that Fox affiliation," adds KTTY's Harmon, "us and KUSI. I think there are probably some legal questions that need to be resolved." In the meantime, both local indies chafe at the non-duplication protection offered XETV by Cox Cable.

"The local indies are really nervous about XETV, especially since its affiliation with Fox," says Cox's McRann. Cox provides non-duplication protection for certain Fox shows, such as *Werewolf* and *The Tracy Ullman Show*, all of which also appear on KTTV in Los Angeles and are carried into San Diego by Cox. "We don't have to offer [protection] to XETV, but it's good business for us to do so," says McRann. "All of XETV's business is done here in San Diego. KTTV's is done in L.A."

To understand XETV's impact, it's important to note that KUSI, which has the San Diego rights to *Three's Company*, and KTTY, which owns *Hardcastle & McCormick*, were helpless when both of those shows aired on superstation WTBS via local cable. The cable-delivered *Three's Company*, in fact, ran an hour before KUSI's version.

Martin Colby, who likes to describe XETV as "the David among Goliaths," insists that the station has had to use "ingenuity and intelligence" to survive. Colby says that XETV, although not legally bound to do so, "abides by all FCC rules and all Mexican rules, which are more stringent." He says professional management and an almost 30-year association with its rep firm, Blair Television, have given XETV its edge.

Cox, like many cable systems, has recently restructured its channel lineup through "affinity grouping," arranging like channels in clusters. All over-the-air stations—save KTTY—are clustered between channels 2 and 13, for instance; most basic cable services are between channels 26 and 35. "Channel realignment makes a lot of sense," McRann says. "There's much more leverage in your ability to program." McRann insists that Cox's behavior is not an attempt to "bury" the indies: "Independent stations have constituents, too," he says.

Local cable ad sales currently account for only 3 to 4 percent of Cox's revenues, but McRann notes that cable's newly aggressive programming tack could change that. "Hopefully, if we can get a local advertiser to take a spot during one of the NFL games on ESPN, we can tie it into other spots."

McRann says creating local cable programming is next on the agenda. As a spokesman for the Cabletelevision Advertising Bureau points out, "In systems with cable penetration at 70 percent or above, cable isn't cable, it's just TV. Everyone has access to it. And with that access comes services such as a real-estate channel or a classified ads channel, both of which give newspapers more competition." McRann says he's talked about adding such services, "but we don't have the channel spectrum yet." When Cox rebuilds in San Diego in the early 1990s, however, "we'll be looking at a 60- to 75-channel capacity." ●

'L.A. stations were here long before any of the San Diego indies. Cable can't take L.A. indies off the air just to support local indies.'

L.A. INDIE STEALERS

Although San Diego has just three independent stations, its viewership breakdown makes it look like a six-indie town. Los Angeles indies make a considerable showing in the San Diego ADI in terms of ratings and shares, as the chart below indicates.

STATION (CITY)	4-7:30 P.M.* AVG. RATING/SHARE	8-11 P.M.* AVG. RATING/SHARE
KTTY (San Diego)	1/2	2/4
KUSI (San Diego)	3/8	3/5
XETV (Tijuana)	2/6	4/7
KCOP (Los Angeles)	1/4	2/3
KTLA (Los Angeles)	1/3	2/3
KTTV (Los Angeles)	1/2	1/2

*Source: Nielsen July '87 sweeps

High-Def Perplex

by Robert Rivlin

The most readily adoptable system may be strategically the worst for broadcasters.

NBC's announcement of an advanced television system that's fully compatible with the current NTSC standard should have been met with universal applause, or so it might seem. After all, the Advanced Compatible Television (ACTV) scheme, jointly developed by NBC, the David Sarnoff Research Center (originally RCA Laboratories) and GE/RCA Consumer Electronics, may well be "the most important development in television transmission since the advent of NTSC-compatible color," as it was described by Mike Sherlock, NBC's president of operations and technical services.

It offers, for the first time, the ability to transmit higher-definition TV pictures (1,050-line resolution in a wide-screen format) using the current 6 MHz bandwidth of a broadcast TV channel.

Of course, many broadcasters *are* inclined to jump on the ACTV bandwagon. Now that Super-VHS videocassette recorders are already delivering a more detailed picture than broadcasters, and cable systems are expected to begin delivering some kind of HDTV signal as early as 1989, broadcasters suddenly feel the need to improve their picture. At first glance, ACTV seems a heaven-sent means of remaining competitive. Every other previously proposed advanced TV system has had some combination of drawbacks—being incompatible with NTSC, costing a fortune to install and/or requiring extra bandwidth beyond 6 MHz. According to those who developed ACTV, however, the new transmission format presents none of these problems.

Why, then, are some quite influential broadcasters letting the ACTV bandwagon roll on by? In the first place, it must be pointed out that, although NBC has continued to ballyhoo the system as simple and cost-effective to install, that's only partly true.

The ACTV signal is an ingenious puzzle made of four components: the standard NTSC signal with some hidden data for the "side panels" that yield a wide-screen picture; two components carrying additional picture information (which are multiplexed with the main signal); and a fourth component carrying the extra vertical picture detail, which is added when the other three components are modulated onto the baseband just prior to transmission.

The first three parts of the signal are relatively easy to accommodate within the existing broadcast plant, but they would yield only a wide-screen picture with the same resolution as today's NTSC. To achieve the extra resolution, the station must make a *large* capital expenditure: a new transmitter, perhaps a new antenna, a new studio-transmitter link and other pieces of gear.

By far the largest problem with ACTV, however—the one causing insiders the most grief—is the possibility that adopting ACTV, or any other system shoehorned into the 6 MHz channel, may close the door forever on broadcasters' ability to deliver true, high-definition television such as the 1,125-line picture that soon will be enjoyed by the Japanese via direct-broadcast satellite and, possibly, the American public by cable.

That door may slam shut if the FCC, in its current inquiry on HDTV, determines that land-mobile radio users should be allowed to use more of the underutilized UHF spectrum now reserved for TV. Before ACTV came along, everyone assumed broadcasters would need additional spectrum, probably from the UHF band, to deliver HDTV signals. Now it's feared that the FCC will take ACTV as a sign that broadcasters do not, after all, need access to more UHF spectrum.

Those who are holding out for a better system aren't just grasping greedily for spectrum. Rather, they see ACTV as only a halfway measure toward an advanced TV system at least as capable as the systems coming from cable and home video, and which could serve the industry for decades to come. Those who have been tracking the technological change might also look a few years beyond and see cable and home video surpassing any broadcast picture that can be contained within 6 MHz. With a crash effort, ACTV or some similar system could be operating within a few years, but broadcasters may ultimately reject the quick-fix option as they realize they could be frozen for years with a second-rate picture and with no room to grow as technology advances. ●

STAN BRICK, FOR DAVID SARNOFF RESEARCH CENTER

Out of the Sarnoff labs: A compatible HDTV system (bottom right, with TV lab director Jack Fuhrer).

Robert Rivlin is editor-in-chief of Broadcast Management/Engineering *magazine.*

Timing is Everything

by Paul Noglows

TVX's Taft station deal made it the country's largest indie operator, but at what price?

Tim McDonald, president of TVX Broadcast Group Inc., spent the better part of 1986 shopping for an independent television station that would provide his company with a major-market presence. He ended up buying five.

On April 9, 1987, TVX sealed a $234 million deal with Taft Broadcasting to acquire underperforming independents in Philadelphia, Miami, Houston, Dallas and Washington. The acquisition of the stations made TVX not only the largest independent TV operator in history, but the sixth largest broadcaster in the country, as well.

But some analysts feel the acquisition that propelled TVX to the top of the independent heap was ill-timed, born amid a violent industrywide shakeout and changing attitudes on the part of investors as to the attractiveness of independent TV. "Faith in independent television has declined, if not evaporated," says Elisabeth Swanson, a senior analyst at Frazier Gross & Kadlec Inc. "The independents have been hurt by falling advertising revenues, skyrocketing programming costs and increased competition."

Announced in November of 1986, the acquisition was plagued by numerous delays amid reports that TVX's investment banker, Salomon Brothers, was having trouble raising the financing necessary to close the deal.

A year later the talk was still the same, as TVX—via Salomon—was attempting to place $165 million worth of 10-year subordinated notes and $50 million worth of convertible preferred shares to help repay the nearly $300 million Salomon provided for the deal. Additionally, TVX had secured a $115 million "commitment letter" from Citibank. The Citibank loan is senior to the Salomon issue and is secured by all of TVX's assets.

But it is the extremely heavy tolls

both Salomon and Citibank are exacting in money and control for their part in the company's recapitalization that have industry insiders questioning whether the Taft deal may prove to be TVX's Waterloo.

Salomon will collect $8.15 million in advisory fees, be given substantial equity warrants and have the right to add four members to the company's current five-person board of directors. Following the refinancing, Salomon will also own 15.1 percent of the broadcaster, qualifying it as the company's single largest shareholder.

Citibank requires that $30 million of its loan be repaid within 18 months of the borrowing. It will also receive $2.48 million upon delivery of the loan, as well as annual commitment fees based on the unused part of the loan and a $50,000 annual management fee that will increase to $150,000 in two years. Citibank's deal also includes 875,000 warrants convertible into about 5 percent of the broadcaster's common stock.

Concessions such as these may become a fact of life for independents. October's stock market crash cast further doubt on the strength of independent broadcasting and made financing more questionable than ever. Jim Dunleavy, a media lender at National Westminster Bank USA, puts it bluntly: "We're not even looking at independents."

McDonald is undaunted, confident that TVX will be able to place the offering despite upheaval in the bond markets. "After getting the stations in April, we said we're going to quit being financiers and we're going to put these stations right," he says. "In the first 150 days that TVX owned these stations we cut operating expenses by $9 million. In 1988 we'll cut $14 million more."

"TVX can turn things around," says Frank Higney, an analyst with Washington-based Broadcast Investment Analysts.

The company's financials paint a less optimistic picture. TVX has never yielded a positive cash flow, and according to its offering prospectus will remain cash flow negative through 1988. The company has already said it plans to sell off its Little Rock station and analysts predict additional spin-offs may be necessary down the road.

McDonald says he has no regrets concerning the Taft acquisition. He is confident of the future of independent television and his company's place in it. "TVX is alive and kicking," he says. "Our financing is going to close. We're going forward. We're still here, we're still doing business." ●

DENNIS BRACK/BLACKSTAR

TVX's Tim McDonald: "We're going forward."

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

ADVERTISING

Advertising's Growing Menu

Will advertising revenues follow viewers away from network television? Cable has had particularly impressive growth since 1980—it may be the category to watch in the '90s. Cable's ad revenues will grow some 70 percent through 1990, according to trade group projections, compared to 54 percent for barter syndication, 46 percent for local broadcast TV, 37 percent for broadcast spot sales and 24 percent for the broadcast TV networks.

AD REVENUES (IN MILLIONS)

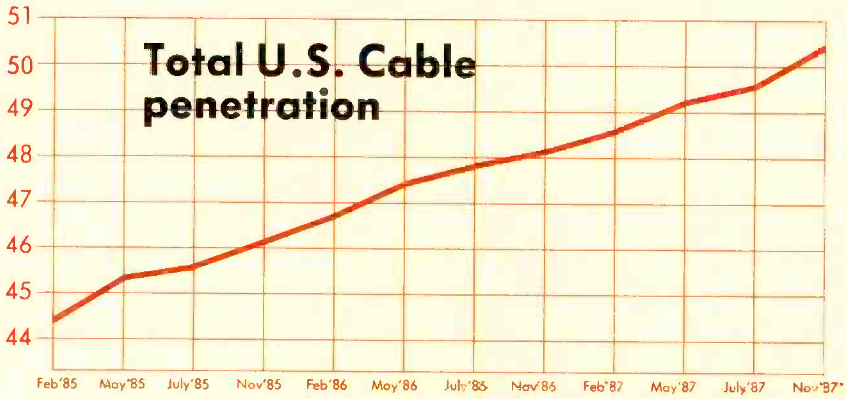
	1980	1985	1986	1987*	1988*	1989*	1990*
Total Cable:	$58	$767	$948	$1,147	$1,395	$1,685	$1,953
Broadcast Networks:	5,130	8,285	8,570	8,915	9,895	10,261	11,020
National Spot:	3,269	6,004	6,570	6,964	7,730	8,526	9,549
Local TV:	2,967	5,714	6,514	6,905	7,800	8,806	10,048
Syndication:	50	540	610	760	915	1,026	1,170

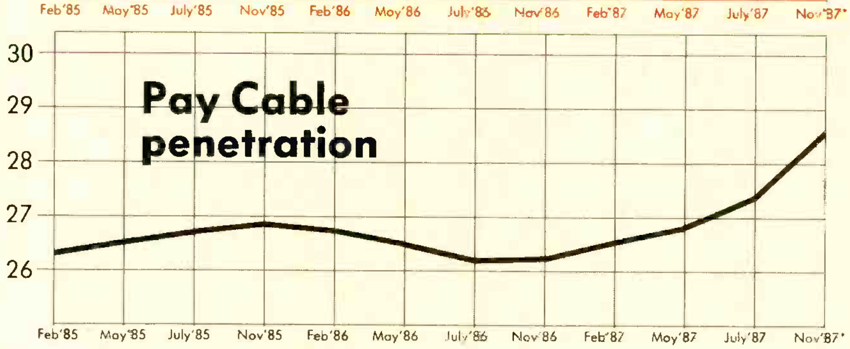
*Projected
Sources: Cable revenues courtesy of CAB, except '88 and '89 figures. All other data courtesy of TvB.

CABLE

Extending the Wire

More than half of the country's TV homes watch cable. And pay cable, after hitting a snag in '85 as disconnects mounted and new subscribers declined, is slowly gaining subs again.





Source: A.C. Nielsen Co. *Channels estimate

★ RATINGS ★

TOP NETWORK SERIES

First seven weeks of season, Sept. 20 through Nov. 1, 1987

	SERIES/NETWORK	RATING/SHARE
1	The Cosby Show/NBC	29.2/46
2	A Different World/NBC	27.5/43
3	Cheers/NBC	25.9/40
4	Growing Pains/ABC	24.6/38
5	Who's the Boss?/ABC	23.1/37
6	Night Court/NBC	22.5/36
7	Golden Girls/NBC	22.2/40
8	Moonlighting/ABC	22.0/34
9	60 Minutes/CBS	20.3/34
10	Murder, She Wrote/CBS	20.2/30

TOP BARTER SERIES

First seven weeks of season, Sept. 20 through Nov. 1, 1987

	SERIES/SYNDICATOR	RATING
1	Wheel of Fortune/ King World	16.3
2	Jeopardy!/King World	12.6
3	National Baseball Network/ Stuart Broadcasting	10.7
4	Star Trek: The Next Generation/Paramount	10.5
5	World Wrestling Federation/ Titan Sports/WWF	9.7
6	Universal Pictures Debut Network/MCA-TV	8.7
7	Oprah Winfrey Show/ King World	8.7
8	National Geographic Explorer/Turner Broadcasting	7.6
9	People's Court/ Lorimar-Telepictures	7.4
10	Entertainment Tonight/ Tribune/Teletrib	6.4

TOP CABLE NETWORKS

Average ratings/ projected households, October 1987

	NETWORK	7 A.M. TO 1 A.M.	PRIME TIME
1	WTBS	1.7/723,000	2.3/978,000
2	USA	1.2/446,000	1.5/609,000
3	ESPN	.8/355,000	1.6/709,000
4	CNN	.8/340,000	1.1/468,000
5	MTV	.7/266,000	.8/304,000
6	CBN	.7/260,000	.6/223,000
7	Nashville Network	.5/195,000*	1.2/447,000
8	Headline News	.5/142,000	.4/113,000
9	Lifetime	.4/139,000	.4/139,000
10	Discovery	.4/101,000*	.6/152,000

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

HOME VIDEO

Top Videocassettes/Rentals

October 1987

TITLE/PUBLISHER	% TOP 50*
1 **Star Trek IV**/Paramount	7.2
2 **Crocodile Dundee**/Paramount	4.5
3 **Angel Heart**/IVE	4.3
4 **Blind Date**/RCA/Columbia	4.3
5 **Mannequin**/Media	4.0
6 **Raising Arizona**/CBS/Fox	3.9
7 **Burglar**/Warner	3.5
8 **Lady and the Tramp**/Walt Disney	3.5
9 **An American Tail**/MCA	3.2
10 **Police Academy 4**/Warner	3.0
11 **Black Widow**/CBS/Fox	2.7
12 **Hoosiers**/HBO Video	2.6
13 **Some Kind of Wonderful**/ Paramount	2.5
14 **Color Purple**/Warner	2.4
15 **Bedroom Window**/Vestron	2.1
16 **From the Hip**/Lorimar	2.0
17 **Golden Child**/Paramount	2.0
18 **Ferris Bueller's Day Off**/ Paramount	1.9
19 **Light of Day**/Vestron	1.8
20 **Three Amigos**/HBO Video	1.8

Top Videocassettes/Sales

October 1987

TITLE/PUBLISHER	% TOP 50*
1 **Star Trek IV**/Paramount	31.6
2 **Lady and the Tramp**/Disney	30.3
3 **An American Tail**/MCA	4.0
4 **Crocodile Dundee**/Paramount	1.8
5 **Godfather**/Paramount	1.7
6 **Sing Along Songs: Heigh Ho**/ Walt Disney	1.2
7 **Star Trek II**/Paramount	1.2
8 **Red Shoes**/Paramount	1.2
9 **Callanetics**/MCA	1.1
10 **Sing Along Songs: Bare Necessities**/Walt Disney	1.0
11 **Sleeping Beauty**/Walt Disney	1.0
12 **Star Trek I**/Paramount	1.0
13 **Jane Fonda's Low-Impact Aerobics**/Lorimar	1.0
14 **Star Trek III**/Paramount	1.0
15 **Return of the Jedi**/CBS/Fox	1.0
16 **Star Trek Vol. 59**/Paramount	.9
17 **Top Gun**/Paramount	.8
18 **20-Minute Workout**/Vestron	.7
19 **Raiders of the Lost Ark**/ Paramount	.7
20 **Mickey & Minnie**/Walt Disney	.7

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

THE MAGID NUGGET

Nearly 60 percent of all TV homes now own VCRs, according to a survey of 1,000 households by Frank N. Magid Associates Inc. That percentage is significantly higher than previously estimated. And 23.7 percent of VCR owners say they watch less broadcast and cable television since buying their VCR.

OWNERSHIP OF VCR

	AUGUST 1987	DECEMBER 1985	MARCH 1984
Owns	59.9%	34.9%	17.7%
Doesn't own	40.1%	65.1%	82.1%
DK/NA	.0%	.0%	.2%
Approximate Total	100.0%	100.0%	100.0%
Raw Total	N = 1000	N = 1000	N = 1000

DEALS

Brokered Deals Drop

In the first half of '86, brokers handled 33 percent of TV-station deals. In first-half '87, only 12 percent of TV and radio deals were brokered. "It was the best of times, worst of times for media brokers," says analyst Bruce Bishop Cheen of Paul Kagan Associates. "While there's been a lot of buy/sell action, which ordinarily would be good for brokers, much of it has been in the form of direct mergers handled by large Wall Street banks." Cable has seen less of a decline. But both Cheen and his Kagan colleague Judd Ostrom, who follows cable, agree that a shakeout among media brokers is inevitable. Says Cheen: "The firms that offer a variety of services—not just brokering—will survive."

LARGEST BROKERED CABLE AND TV STATION DEALS OF LATE 1987

Television Stations

BUYER	SELLER	PROPERTY	BROKER	PRICE (MILLIONS)
Adams Communications Corp.	Forward Communications Corp.	KOSA-TV Odessa, Texas WHOI-TV Peoria, Ill. WMTV-TV Madison, Wis. WSAW-TV Wassau, Wis. WTRF-TV Wheeling, W.Va.	Shearson Lehman Bros. (seller)	$126.5
Burnham Broadcasting Co.	Gaylord Broadcasting Co.	WVUE-TV New Orleans, LA.	First Boston Corp. (seller) Shearson Lehman/Kidder Peabody (buyer)	60
Act III Broadcasting	Charleston Community Television	WTAT-TV Charleston, S.C.	Gammon & Ninowski	4.8

Cable Systems

BUYER	SELLER	PROPERTY	BROKER	PRICE (MILLIONS)
Continental Cablesystems Corp.	American Cablesystems Corp.	American Cablesystems Corp.	Kidder Peabody (seller) Morgan Stanley (buyer)	$481.7
Star Cablevision Group	North American Comm. Corp.	North American Comm. Corp.	Communications Equity Associates	104
Cencom Cable Associates	Adam Corp.	20 cable systems in eight states (75,000 subscribers)	Waller Capital Corp.	125
Northland Cable Properties	Tom Whitehead Inc.	Whitehead Inc. system serving Brenham, Texas	Clifton Gardiner & Associates Inc.	5.9

Sources: *Media Business News*, *Channels* and Paul Kagan Associates

TAKING STOCK

A Stock Crash Scorecard

Cable and broadcast programming companies were hit the hardest this year when the Wall Street collapse obliterated 1987 stock gains. But cable-operator issues revived quickly after Black Monday, reemphasizing the stock market's continuing bullish views on cable.

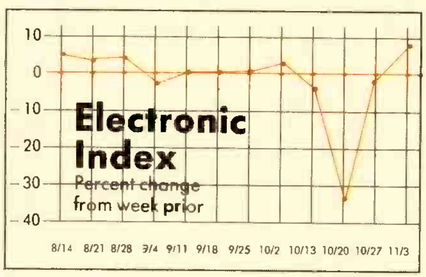
	12/31/86	10/30/87	% CHANGE
BROADCASTING			
Capital Cities/ABC	268.13	321.50	19.9
CBS	127.00	172.63	35.9
Chris-Craft	18.88	17.00	−10.0
Clear Channel Comm.	12.50	12.38	−0.1
GenCorp	73.00	69.75	−4.5
General Electric	43.00	47.38	10.2
Gray Comm.	199.00	153.00	−23.1
Infinity	11.75	17.00	44.7
Jacor	6.13	5.63	−8.2
Liberty	36.75	37.00	0.1
LIN Broadcasting	55.38	41.63	−24.8
Malrite Comm.	9.25	7.50	−19.0
Park Comm.	28.25	26.50	−6.2
Price Comm.	10.75	10.38	−3.4
Scripps-Howard	79.00	76.00	−3.8
TVX	9.75	6.00	−38.5
United Television	28.50	20.00	−30.00
Westinghouse	55.75	47.13	−15.5
Westwood One	26.25	19.25	−26.7
CABLE			
Adams-Russell	20.63	38.00	84.2
American Cablesystems	14.13	38.88	175.2
ATC	16.38	22.00	34.3
Cablevision Systems	18.88	21.38	13.2
Centel	56.00	56.13	0.0
Century Comm.	15.00	13.00	−13.3
Comcast	17.13	18.75	9.5
Financial News Network	9.88	6.88	−30.4
Home Shopping Network	37.13	6.75	−81.8
Jones	11.38	9.63	15.4
Scott Cable	11.00	20.75	88.6
TCA	16.75	22.75	35.8
TCI	22.88	22.25	−2.8
Tempo Enterprises	10.38	4.75	−54.2
Time	70.00	82.50	17.9
Turner Broadcasting	13.88	10.75	−22.6
United Cable	25.75	21.00	−18.4

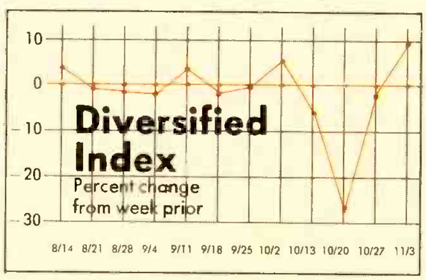
	12/31/86	10/30/87	% CHANGE
DIVERSIFIED			
A. H. Belo	51.00	50.75	0.0
Gannett	72.13	39.00	−46.0
Lee Enterprises	23.88	24.25	1.5
Knight-Ridder	46.88	39.25	−16.3
McGraw-Hill	54.63	54.63	0.0
Media General	42.50	32.75	22.9
Meredith	32.75	29.25	−10.7
Multimedia	41.00	47.00	14.6
New York Times	35.50	30.00	−15.5
News Corp.	47.00	15.50	−67.0
Times Mirror	63.50	74.50	17.3
Tribune	57.00	33.25	−41.7
Viacom	39.50	16.38	−58.5
Warner	22.50	27.38	21.7
Washington Post	156.00	202.00	29.5
PRODUCTION			
Barris	15.25	7.38	−51.6
Coca Cola	37.75	41.25	9.3
DeLaurentiis Ent.	12.75	3.13	−75.5
Walt Disney	43.13	55.25	28.1
Fries Ent.	4.00	2.50	−37.5
Gulf+Western	63.38	69.50	9.7
Hal Roach Studios	7.50	4.25	−43.3
Heritage Ent.	7.38	3.25	−56.0
King World Prods.	14.00	17.13	22.4
Lorimar-Telepictures	16.13	8.00	−51.5
MCA	38.38	39.25	2.3
MGM/UA Comm.	9.50	7.13	−24.9
New World	10.75	4.75	−55.8
Orion	12.13	8.88	−26.8
Playboy	8.75	10.13	15.8
Reeves Comm.	8.00	5.13	−35.9
Republic Pictures	8.00	4.50	−43.8
Aaron Spelling	8.88	5.50	−38.1
Tri-Star	8.75	9.25	5.7
Vestron	4.75	4.13	−13.1

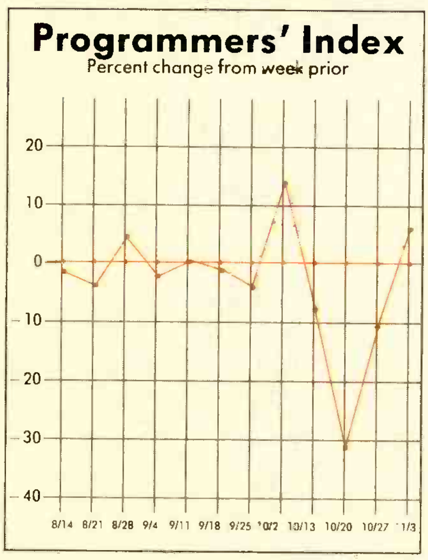
STOCKLINE

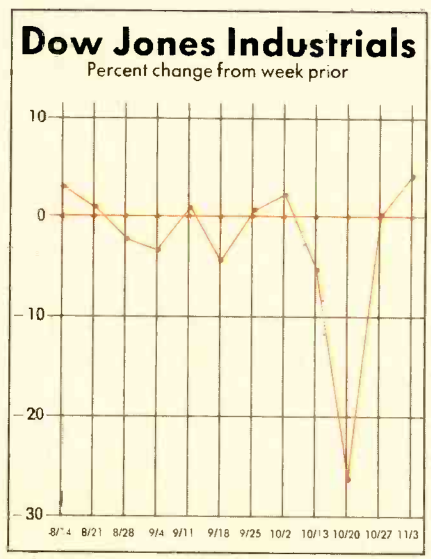
Industry Segment Profiles

Each index is an average of 12 companies reflective of that segment of the industry: Electronic, pure TV, cable, etc; Diversified, holdings in more than three areas of the media; and Production, pure TV programming. The Dow Jones is provided as a reference.









The Private Eye

by William A. Henry III

The Problem with *Television*

One of the subjects that television consistently covers least well is itself. The medium's impact on many facets of society has been enormous, but TV's ability, and will, to analyze that impact has generally been minimal. TV has transformed presidential politics, for example, and camera presence has become a credential if not a prerequisite for congressional leadership. Yet except for a documentary by ABC during the 1980 campaign, network TV has not taken a truly comprehensive look at its own electoral role in this decade. In sports, TV has altered the economics, the politics and in some cases the actual rules of the game. Yet TV's impact generally gets only the most offhand kind of discussion on network sports shows.

America's commercial and public TV stations have proved able to support three concurrent shows featuring pairs of critics reviewing movies, but not one doing the same for the medium of TV. All the networks have toyed

> Despite good intentions, TV may do an insufficient job of covering itself precisely because the medium is ironically ill-suited to the task.

with on-air TV review shows but only two media critics, both with a public-affairs bent and both on prestige shows in fringe hours, have endured: Jeff Greenfield of ABC's *Nightline* and Ron Powers, the successor to Greenfield at CBS's *Sunday Morning*.

Part of the reason for this lack of coverage is a kind of false modesty. Network anchors, news executives and their corporate masters all like to poor-mouth their own status and downplay the influence of their medium in order to avoid any appearance of arrogance—and the regulatory slapping down that an overt display of pride might bring. Another factor is commercial timidity. Station managers have resisted buying a *Sneak Previews*-style show about TV for fear of touting the competition's offerings and putting down their own.

They may also worry that such a program might produce more skeptical, and less frequent, viewers. As Reuven Frank, former president of NBC News, put it in a recent conversation, "The salvation of American TV has always been that people know how to change the channel but not how to turn off the set—and managers want to avoid anything that could teach them."

Even with the best intentions, however, TV may do an insufficient job of covering itself precisely because the medium is ironically ill-suited to the task. That conclusion is strongly suggested by the eight-hour PBS series, *Television*, that will begin airing later this month. The program, recut and re-scripted from a 13-hour British series, is surely TV's most ambitious attempt to look at itself. The two hours available for advance screening—dealing respectively with the impact of live coverage worldwide and with a grab-bag of light entertainment formats—discuss all the right issues and offer all the predictable, relevant examples.

One could cavil about a few small judgments and lament the relative absence of quirky, provocative or even particularly fresh observations. But what is really wrong is that whenever the show is illustrating a point with a concrete example, the viewer's eye and mind and heart get caught up in the example and lose track of the larger issue.

This is not altogether surprising. Documentary makers and news producers learn as the first rule of common sense that when images are put on the screen, the specific will always prevail over the general, the particular will prevail over the abstract and, above all, the picture will prevail over the word. There are plenty of anecdotal proofs of this: Advertising executives acknowledge that many commercials leave viewers with specific emotional residue but no recollection of what product was being pitched; stinging network news reports about President Reagan's media manipulation and hype during the 1984 campaign proved only to help Reagan, because viewers remembered the cheery pictures but not the acerbic text.

Perhaps the makers of *Television* didn't master this lesson. Perhaps they saw no way to assemble the show except by juxtaposing archival fragments and hoping that a text would make them cohere, rather than remain a succession of discrete, emotionally tinged moments.

Whatever their strategy, it didn't work. Hence, while the producers of *Television* may mean for us to think about the significance of shared international pageantry or tragedy, when the instances they have chosen flash before us on the screen, the pictures trigger instead a flood of tangible memories and associations—about where a viewer was or what he felt when men walked on the moon or the Challenger space shuttle blew up or Prince Charles got married. If a critic or scholar cites such instances in print, the cold gray abstractness of the medium prompts readers to think about the implications. But when familiar images reappear in color on a screen, a different part of the brain is engaged. What the television images in *Television* trigger is mostly nostalgia. ●

Getting a Grip on the Future

Cablevision's Charles Dolan warns cable operators to define the business they're in—before the courts do it for them.

Cable television has been through countless contortions in the 25 years since Charles Dolan, chairman and chief executive officer of Cablevision Systems Corp., has been in the business. Now the head of the nation's 16th largest cable operating company, Dolan has hardly stood on the sidelines watching the industry grow. One of cable's true visionaries, he created Home Box Office and established the nation's first urban system—now Manhattan Cable—in the days when most people hadn't heard of cable TV. He is also the architect of national pay services American Movie Classics and Bravo, and a number of regional services. Dolan, who says cable's programming potential has barely been tapped, shared other views on the business with the Channels *staff.*

The Changing Face of Cable

The old idea that because you have a franchise you therefore have a de facto monopoly is eroding. The value of our business will not be that we have a *municipal* franchise but that we have built our *own* franchise by providing people in an area a unique editorial service that is compelling and difficult to compete with. It's really no different from, in our area, *Newsday*. You can start a newspaper on Long Island to compete with *Newsday*, but you better be careful. They've done a wonderful job of serving the market and it would be difficult to compete with them. If we want to hang on to our markets and continue to enjoy the support we have had, we need to develop a service that is different from others and that is interesting and important to the areas we serve. That might mean developing services in which we have a legal proprietary and exclusive interest in programming—in the same way *Newsday* has its own columnists. The networks relate that way to affiliates, and newspaper syndicators relate that way to particular newspapers in a market.

Cablevision's Fiscal Success

The key is the philosophy that you don't need to show a proportionate gain in margin with every new service you provide; that you are far better off to package and tier the services so that the more the subscriber buys, the less it costs him to buy per service. What goes along with our high revenue per subscriber is also the highest ratio of sales of pay service to basic. We are giving the subscriber far more service for the dollar, I think, than anyone else, and accordingly the subscriber is buying more of our services than the average subscriber in the industry buys. If you examine this approach based on what each service contributes to margin growth, each contributes very little. But the effect is that the subscriber base is stable. I think we have the lowest churn rate in the industry at 18 percent per year. I won't deny that our systems are in wonderful areas. But when you compare us with systems in comparable areas, we're doing pretty well. Regional programming has helped. We started very early to develop our own services. It is pretty important, for example, that on Long Island our SportsChannel has all the Islanders hockey games, and that SportsChannel New England has the Hartford Whalers and Boston Celtics. We started Bravo in 1980 and though the industry's been slow to accept it, it's helpful in systems in New York.

The Channel Capacity Problem

The number one impediment to the development of new cable services is channel scarcity, not the ability of the industry or the public to support them. If you are advertising-supported, you need to reach the 15 million mark quickly or the deficit builds rapidly. If we had more channel capacity operators would be more willing to carry new services and a large circulation could be built in a hurry. At Cablevision we ponder endlessly before shifting a channel. We're upgrading service and installing the "star" system, which delivers program services in much the same way as you receive a phone call. When we have that, anybody who has a service can be at the switching center simply by getting up on the satellite. Subscribers will have fewer channels coming into their homes with star but they will be able to call down any service at the switching center.

Where the Opportunities Are

Regional services. You can make them so compelling that cable systems in the area want to carry them. We now have over half a million homes—every system on Long Island—taking News 12, our 24-hour regional news service. It's not making money, but it accomplishes other goals and is beginning to transcend the idea of neighborhood cable. There are nights when I watch it and think no one provides a better image of what's happening on Long Island. We think we can spin it off in other regions.

We spent $6 million last year and recouped less than half in advertising. We'd like to break even in 1989.

Pay-Per-View Prognosis

At its best, pay per view is still an experiment, but it is one with enormous potential. I hope it becomes more than a way to deliver movies earlier than the release sequence of pay-movie services. I think we should be experimenting with special events or educational programming. We'll have to be innovative before we recognize pay per view's potential. Also impulse ordering technology will have to be widely available. I don't think pay per view will put home video out of business.

John Zaccaro's Acquittal

I'm glad that the whole episode is finished. John Zaccaro was really very peripheral to my experience. As the testimony indicated, I met the man twice, and each time he was in a posture of being helpful to the company because an intermediary had introduced him to us. And I never had any information *other* than that. So I am happy that the court found him not guilty. I assume it was a fair verdict. I think it's a shame that cable in New York City has been delayed by that whole concern.

Independent Broadcasters

Increasingly we are competitors as we bid for rights to sports and other programming, and vie for audience and advertising. But cable has been very helpful to independents and there is really no basis for complaints that they are disadvantaged by cable delivery of their signals. They search around the country and come up with isolated problems and it seems we hear about the same instances all the time. Cable is a First Amendment entity and we should not have an obligation to carry broadcasters—and, in theory, I will be happy when we no longer have must-carry. When we didn't have it things didn't change substantially. Cablevision didn't drop stations. And I think the industry made few changes. Cable should provide local broadcast signals to subscribers, but in the long run cable ought to provide its own services.

Sorting Out Syndex and the Compulsory License

Syndicated exclusivity was repealed because the Supreme Court found we are entitled to carry broadcast shows because that carriage is not a "performance," but a "retransmission"—we serve as an antenna. That was codified in the compulsory-license rule—so we haven't obtained anything that the courts haven't found we're entitled to.

'The value of our business will not be that we have a municipal *franchise but that we have built our* own *franchise by providing people in an area a unique editorial service that's difficult to compete with.'*

BONNIE GELLER

But it might be that cable can do little about the reinstitution of syndex. I think everyone assumes that syndex will be the end of superstations, but there's nothing bad about that. There's nothing magic about superstations except that they provided access to copyrighted material we didn't have. With the compulsory license, when broadcasters say, "Let cable negotiate with copyright owners directly," that is deceptive and there is an inherent difficulty: In each region you have multiple ownership of cable systems. In the New York area, there are 18 system operators. So if we on Long Island went to copyright owners to buy a package of features, they'd say, "No, we're selling exclusively to the metropolitan area." Because we're municipally franchised, we're shut out of the syndication market because syndicators would rather sell to broadcasters who pay a metropolitan fee. Cable will be better off when it forms regional consortiums that buy programming for the area directly from copyright owners. If anything, that's the direction in which syndex will push us. It's tough medicine, but in the long term it's better than perpetuating cable's dependence on broadcast.

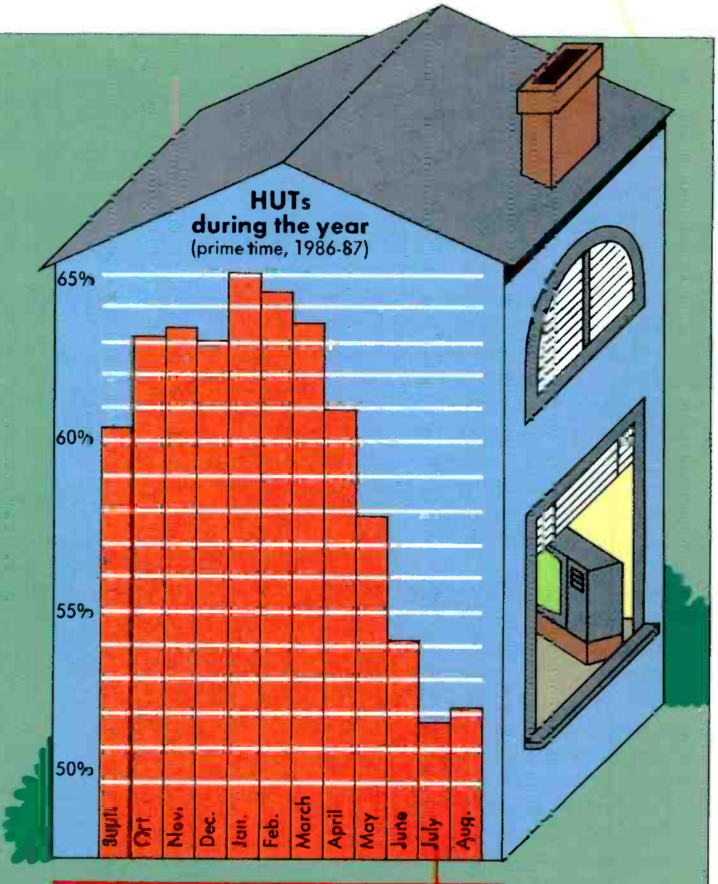
Toning Down Overbuild Frenzy

I don't think overbuilds, at this point, are an overwhelming factor, though it is beginning to preoccupy the industry and is causing us to reexamine our identity. What kind of business are we? How do we want to be defined by the courts, the municipalities? That's pretty fundamental. Also, financial institutions are examining overbuilding activity closely because if it begins, it is going to affect the willingness of banks to lend money and of people to invest. But overbuilds will probably only occur where they should and won't be a threat to the industry's growth. All you have to do is be terrific and the likelihood that someone will want to overbuild you is remote. Why should we as an industry protect a cable operator who hasn't built an entire area or who has gotten along for too long with outdated equipment and channel capacity, or who isn't attentive to service requirements? But if a community grants more than one franchise, it should grant it under the same conditions the first operator lives with. It is quite another thing, however, to talk about adjacent systems overbuilding each other—which means simply extending lines out from an established head end. That kind of overbuild is far more feasible, and more of it has happened than stand-alone overbuilds. You can prevent that by, again, making sure that service you provide is hard to duplicate for the dollar. ●

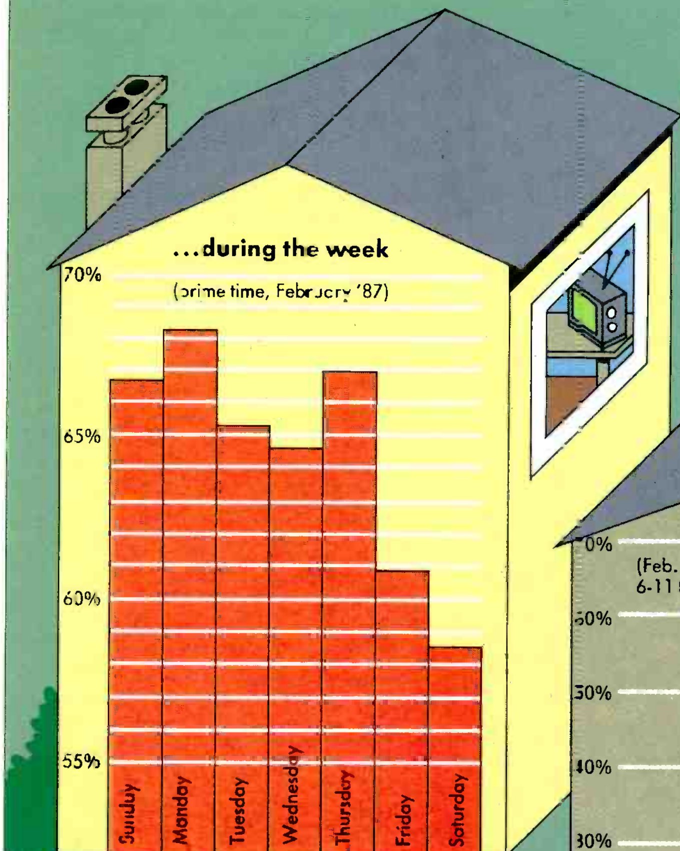
RUNNING THE NUMBERS

The Upper Limits

There may be 88.6 million households with TV sets, as Nielsen estimates this year, but the real ceiling on viewing—the percentage of Households Using Television, changes from hour to hour, day to day and month to month. Average HUTs also change slightly year to year: Fall '87's prime time HUT, after six weeks, was 59.9, down 5 percent from a 63 at the same point in 1986. (One reason may be the switch to Nielsen's people-meter sample, says CBS's Mike Eisenberg.)

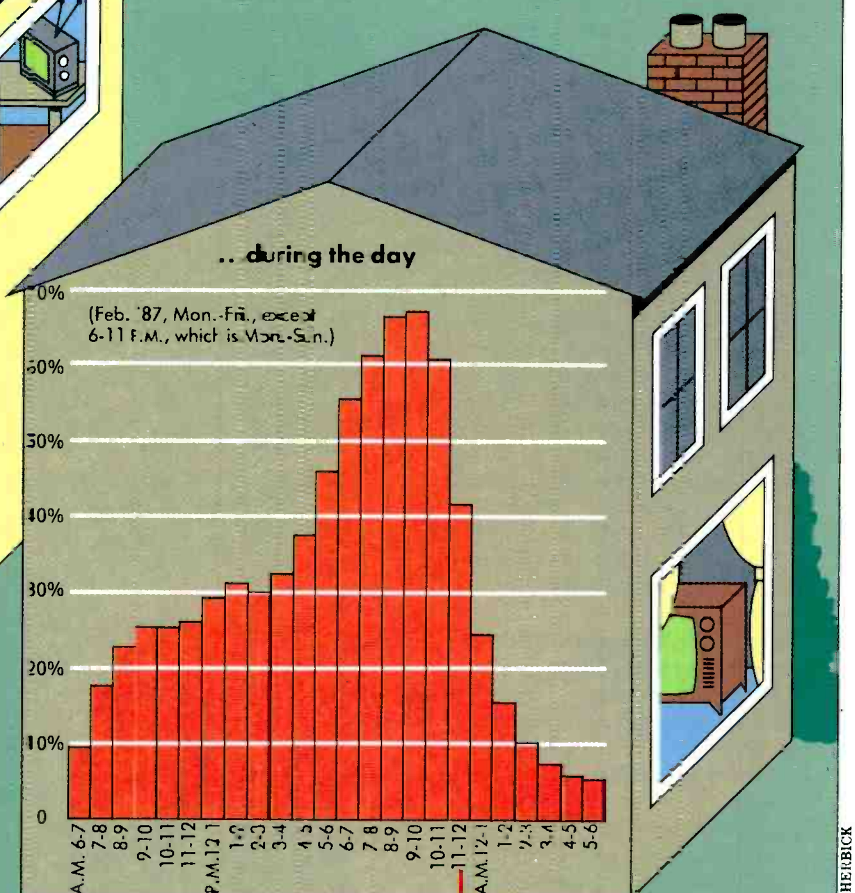


Despite low HUTs, the networks may debut more new programs in summer to protect their vulnerable spot against cable's encroachment.



Monday and Sunday usually have the largest audiences and Saturday the smallest. *Cagney & Lacey* on Monday and *227* on Saturday may both get a 25 share but the Monday program has 1.3 million more households watching.

Thursday was once part of the midweek audience slump but since the second season of *The Cosby Show*, 1985-86, it's had noticeably greater viewing than Wednesday.



Plummeting HUTs after 11 P.M. explain the rage of a station manager whose late news is delayed by sports overtime.

Source: Nielsen Media Research

DAVID HERBICK

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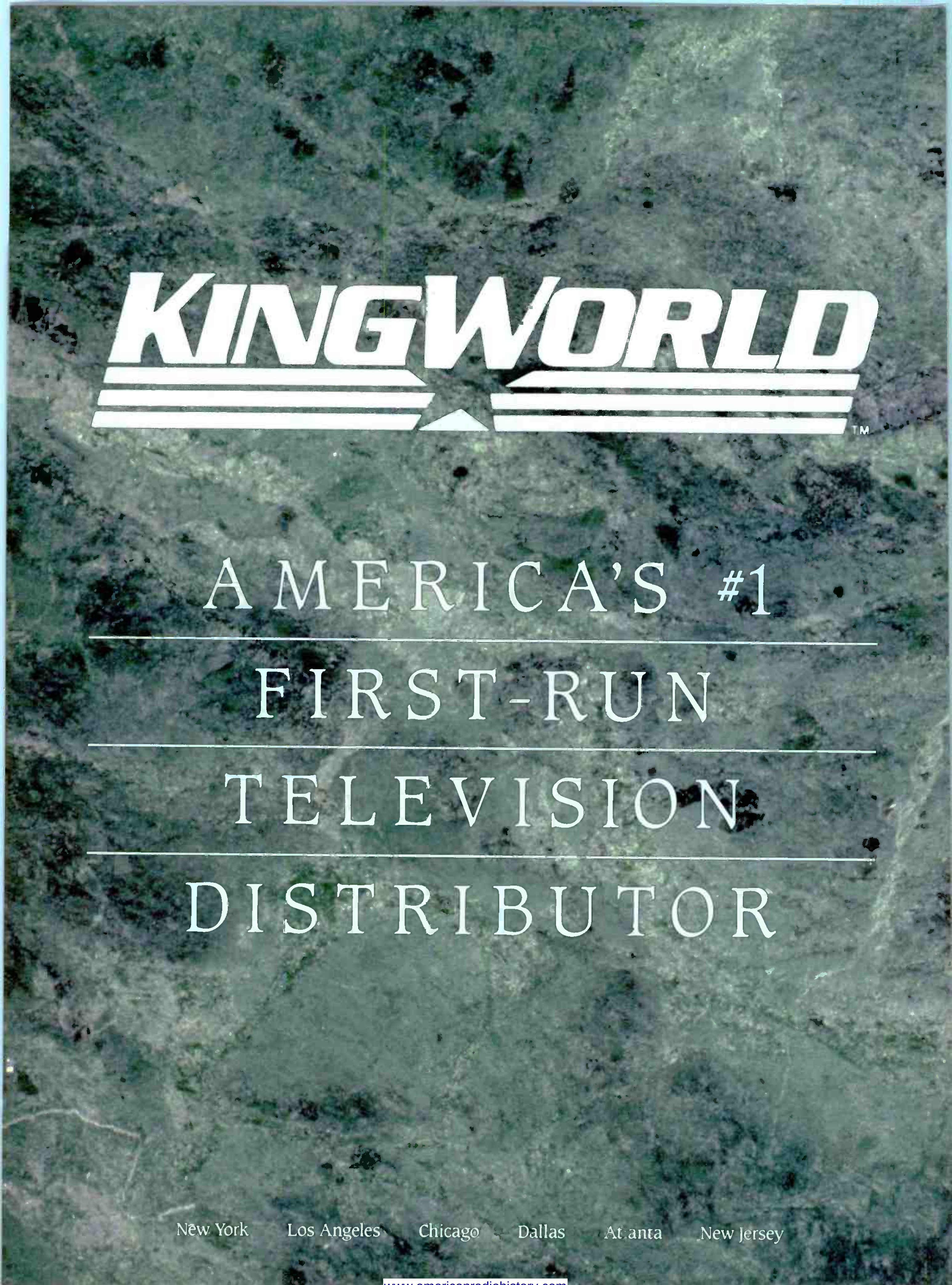
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