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ULTIMATE TEAM PLAYER

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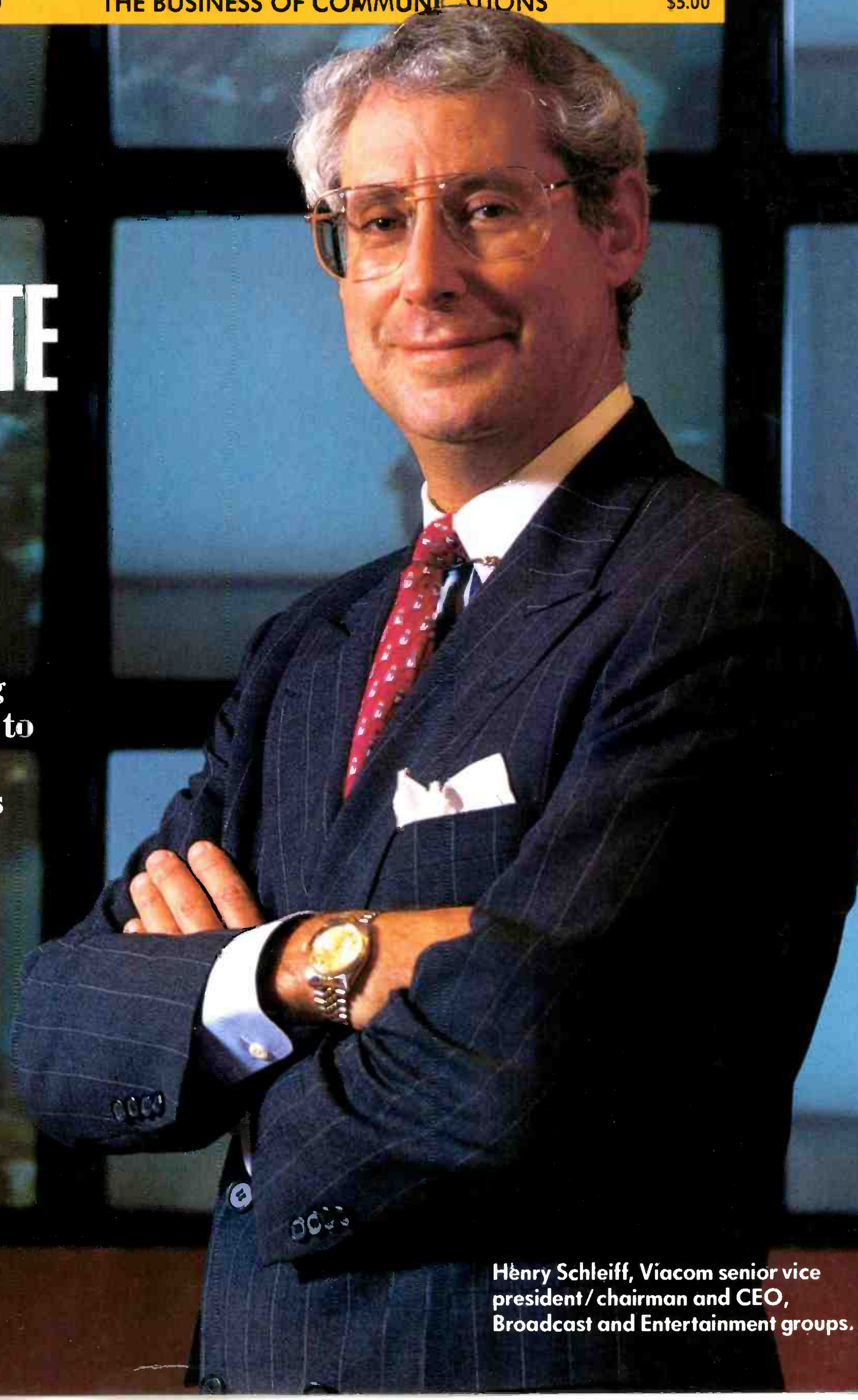

Henry Schleiff, Viacom senior vice president/chairman and CEO, Broadcast and Entertainment groups.

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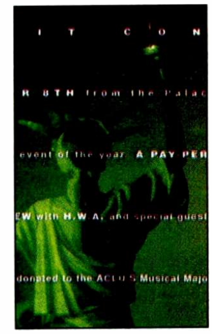
VOLUME 10, NUMBER 16 NOVEMBER 5, 1990



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LETTERS

A Public Disagreement

I am writing in response to David Bollier's article, "Community Affairs' New Lustre" in the August 13, 1990 issue of *Channels.*

First, the deserved praise. David took a complicated, multi-layered topic and made it clear, understandable and highly informative. Further, he gave several of my company's projects much appreciated positive comment. If he left anything out it was the distinction between public-affairs projects which are designed to actually measurably improve the community and those that are merely related to improving the station's image and, at best, provide awareness to a social issue. These distinctions are important. When the first category of projects are completed, the station and the community are improved. With the second, it's usually just the station goals which are enhanced.

Now the criticism. In the story's accompanying box, entitled "Save The Baby Rivalry," David makes three points which are inaccurate:

1. That my company's "Beautiful Babies Right From The Start" project is paid for by the station and, indeed, "costs in the high six figures." Despite a detailed conversation with David, he still got it wrong. Our projects are *free* to television stations. They receive a fully formed, tested campaign in exchange for enough airtime to promote the project and themselves. We work with the government, not-for-profit and business community to raise the dollars necessary to carry out the campaign. As David points out, unlike imitators of "Beautiful Babies Right From The Start," our campaigns are designed to be more than promotions: They have become medical interventions that actually save infant lives. The projects require the materials, supervision, staffing and infrastructure that are highly professional and as a result expensive. He did report correctly that my company's return is a fraction of the dollars that we help to raise, generally comparable to what a federal contractor receives.

2. David then quoted me out of context as saying that I was in a "tricky situation" regarding a lawsuit with KUTV. The situation was that I have been attempting to settle this matter rather than drag a sensitive public-service project through court and media battles, and for those reasons I felt it inappropriate to go into detail about the situation. Out of context his quote leaves the reader to conjure up his own meaning.

3. Probably the most regrettable error was a quote that I made that somehow emerged from the mouth of a KUTV representative: "It's unseemly that people would sue over how to prevent infant mortality." I agree it is unseemly and since KUTV *sued us* in an attempt to gain clear title to their version of the project, that quote coming from them makes no sense at all.

Your magazine is about the only place one can read about the burgeoning field of public affairs/promotion. My hope is that you and David continue to explore the issue, being sensitive to the nuance which defines it.

Jerry Wishnow
President
Wishnow Group
Marblehead, Mass.

David Bollier replies: Mr. Wishnow's campaigns are not "free," as stations are providing airtime, in-house resources and a percentage of sponsorship revenues in exchange—issues explicitly raised with Wishnow in reporting the article. Channels *did not claim that the "Beautiful Babies" campaign sells for "high six figures" generally—just at WBBM-TV in Chicago. A sum of this magnitude was mentioned by knowledgeable sources, and is consistent with the fee formula that Wishnow himself affirms as accurate.*

As for the tastefulness of a "Save-the-Babies" rivalry, a KUTV representative, not Wishnow, was the source of that remark. Readers can judge for themselves which is unseemly: litigation to permit a proliferation of other infant health campaigns (KUTV) or an attempt to retain exclusive control over the idea (Wishnow).

Channels *welcomes readers' comments. Address letters to the editor to* Channels, *401 Park Avenue South, New York, N.Y. 10016. Letters may be edited for purposes of clarity or space.*

The Next Letterman?

A local-access hero tests the syndication market.

Monday, Tuesday and Wednesday nights he can be found waiting tables at L.A.'s trendy Authentic Cafe, but Mr. Pete (a.k.a. Peter Chaconas) would quit in a second if his local-access cable show becomes the first ever launched into broadcast syndication.

The jury is still out. After a four-week September test run on L.A.'s Tribune-owned indie KTLA, the producers are discussing whether or not they can take *The Late Mr. Pete Show* to NATPE in January. "The goal is a first-run syndication five-night strip," says Kevin Bright, executive producer for the project and the Emmy-winning supervising producer of Fox's *In Living Color. Mr. Pete* is a Grant/Tribune Production in association with KTLA, Kevin Bright Productions and Moress, Nanas & Golden.

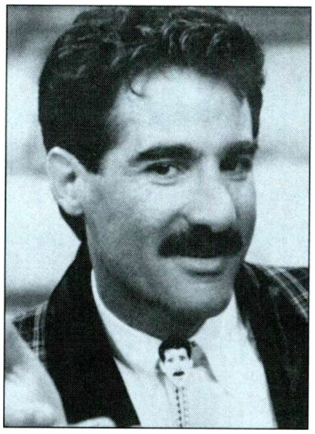
In his four-week trial on KTLA, the mustachioed Mr. Pete averaged an Arbitron 2.8 rating/10 share, usually beating the other indies in the 11:30 P.M. to midnight Sunday slot.

"That was a test to see what kind of show we could produce and whether or not there would be any broader appeal for this guy than just cable access," says David Goldsmith, senior v.p., creative affairs for Grant/Tribune. "We're cautiously optimistic and reasonably encouraged by the initial returns."

Mr. Pete has done 55 shows on Century Cable's public access channel and become a cult figure in Hollywood for his campy comedy. His character is a combination of Soupy Sales, Pee-Wee Herman and Bill Murray in a plaid smoking jacket. Steve Allen, Roseanne Barr and George Carlin are among the stars who've appeared on the show for free.

Chaconas and Bright agree that KTLA was lax in promoting the show. "[KTLA] did a good job in the first week of getting the word out," says Bright, "but when the ratings weren't equal to what they had in that slot prior to our premiere, I think a very premature panic set in and the promotion was pulled way back."

Mr. Pete was able to take five days off from the restaurant with the pay from the four test shows. For the time being, he's waiting tables and waiting to hear what Grant/Tribune decides to do with his show. He likes working at the Authentic Cafe—fans come in regularly to chat—but he'd much rather earn a paycheck for *The Late Mr. Pete Show* than work for tips. RICHARD KATZ



Mr. Pete would be the first access show to make it to syndication.

The Quest For Universal Acceptance

WWOR tries on a more national image.

As Fox affiliates have shifted their images from hometown independents to satellites of the Fox Broadcasting Company, non-Fox indies have been lacking in ways to compete. Now WWOR-TV, a New York indie carried by many cable systems as a superstation, has followed Fox's lead by trumpeting ties with its parent company, entertainment conglomerate MCA, which owns Universal Pictures.

"The premise is to create in the mind of the viewer that this in not just another New York independent station," says Alex Dusek, WWOR's director of creative services.

When the station was bought by MCA in 1987, it began to shed its former "Million Dollar Movie" image by investing in top-dollar off-net and first-run shows (*Cosby*, *Arsenio*), while expanding its news division.

With the debut of three first-run shows from MCA this fall, *She-Wolf of London*, *They Came from Outer Space* and *Shades of L.A.*, the station thought it was time to push its link to MCA/Universal. WWOR, Channel 9, is now "Universal Nine."

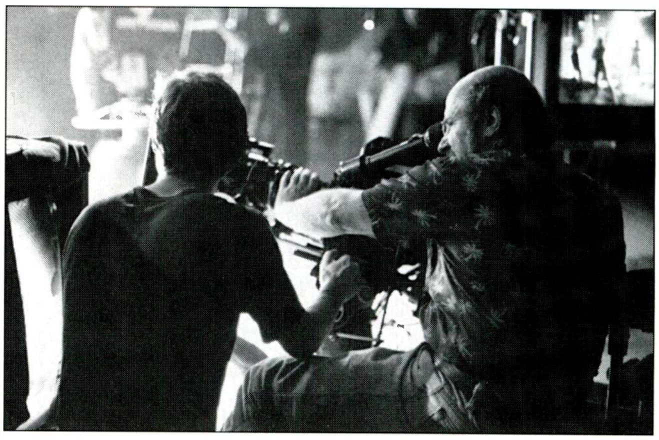
"To use Procter & Gamble terms," says Dusek, "we're moving toward one of the family of accepted brands." Says Donna Zapata, vice president of sales and advertising, "People will look to the station and expect more because we're part of an entertainment conglomerate."

The station began teaser spots in June, building the Universal tie-in with slogans such as "An explosion of Universal proportions is coming to Channel 9." Labor Day spots announced the new prime-time shows and introduced the "Universal Nine" ID. All on-air spots were produced in conjunction with Boston's Spotwise Agency.

Zapata says WWOR will wait to see how the new programming and image fared in the November books to decide what the next promotional tactic will be, but emphasizes that "Universal Nine" is a permanent change.

The potential sale of MCA to Japan's Matsushita Electric Industrial Co., however, could throw a wrench into the multimillion-dollar Universal campaign. No foreign company can own more than 20 percent of a U.S. station, so conceivably WWOR could end up not at all affiliated with MCA and Universal.

"There's no sense worrying about that now," shrugs Zapata. "Every year there are fresh rumors about buying and selling and takeovers. We're going to keep going with this [image] until there is a good solid reason not to." R.K.



Shooting a new look for New York independent Channel 9.

In Los Angeles, The Unkindest Cut

Two operators, two responses to vandalism.

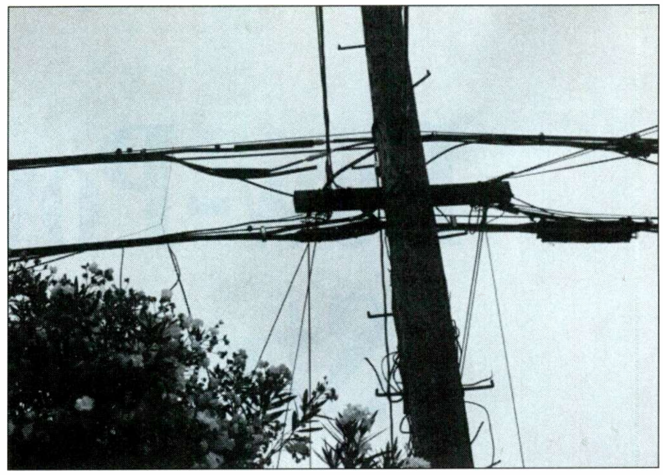
A series of unrelated incidents of vandalism have left executives of two L.A.-area cable systems devoid of suspects. And though they responded in radically different ways to the incidents, neither really knows how to keep it from happening again.

Century Cable suffered the first pair of incidents. On July 30 at 11 P.M., vandals cut a key fiber-optic line in West Los Angeles and interrupted service to 120,000 of Century's 160,000 subs. In Beverly Hills and West Hollywood, customers lost their cable for an hour. Elsewhere, downtime was only 30 seconds.

Century's back-up cable kicked in a feed throughout most of its coverage area, preventing a lengthy outage despite the severity of the cut. Century had been down that road before.

In 1987, during heated contract negotiations with the Communications Workers of America, Century suffered cuts all along its 1,700-mile plant. At the time, Bill Rosendahl, Century's v.p. of operations for L.A., offered a reward for info leading to an arrest. The July incident also came during contract negotiations. "Was it coincidental? I think not," says Rosendahl.

As in '87, Rosendahl swung into action. He phoned reporters and went before the L.A. City Council to offer a $25,000 reward. When a second, minor cut occurred August 2, he upped the reward to $50,000 and went on camera on ten Century channels with a "We've had enough!" message.



Continental's Gibbs says cable is vulnerable to anyone with hedge shears.

When Continental's 14-system, 325,000-sub complex was sabotaged August 11 and 14, John Gibbs, v.p. of corporate and legal affairs, took a more laid-back approach.

The first cut left 75,000 in the Wilshire and Hollywood areas cable-less for from two to 17 hours starting at 9 P.M., the heart of prime time. The second episode was in roughly the same area and affected more homes, but happened in the middle of the night.

Gibbs didn't tell subs that the line had been cut, offered no reward money and didn't contact reporters. He thinks the cuts were the isolated acts of pranksters. And though Gibbs has beefed up security, he admits cable is vulnerable to "anyone with a good pair of hedge shears."

Rosendahl's answer seems to be taking "an active, aggressive public posture against these things. [If you don't], the terrorists feel they've got you were they want you. I don't ever intend to give those bastards the upper hand again."

RAY RICHMOND

An Unlikely Cable-basher

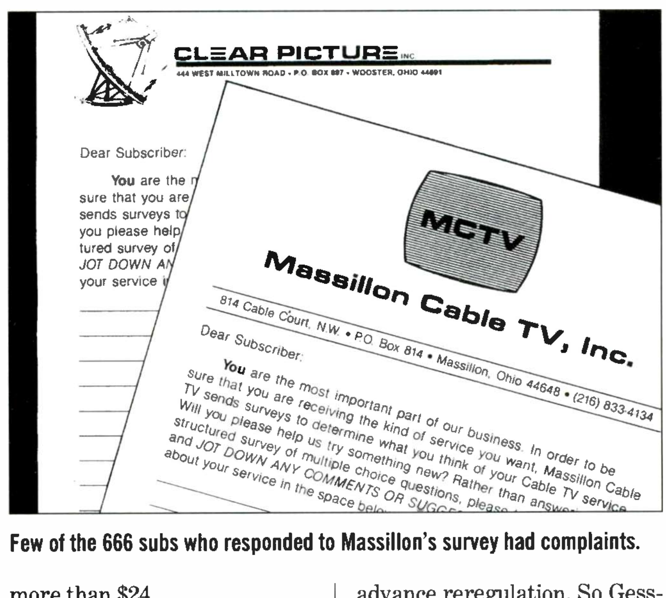
Bob Gessner knows what good service is.

Bob Gessner isn't shy about climbing up on a soapbox to decry the poor service offered by some cable operators. But what sets Gessner apart from others who criticize cable is that he's an insider: His family owns two cable systems with 34,000 subscribers in Massillon and Wooster, Ohio.

What gives Gessner the right to talk is the apparent satisfaction of his own customers. Gessner enclosed an open-ended survey with the July cable bill, simply telling subscribers, "Please jot down your comments and suggestions regarding our service."

Six hundred sixty-six people, or 2 percent of the combined sub base at Massillon Cable TV and Clear Picture Inc. in Wooster, responded. By Gessner's reckoning, only 42 had anything negative to say. Thirty of those were reporting technical problems, and ten objected to the price. Two subs complained about customer service; 256 lauded it.

Price may actually be one of the reasons for the positive glow, Gessner admits. Massillon's basic subs pay $15 monthly. In neighboring Canton, Warner subs pay $18.50, and in nearby Green Township, Post-Newsweek subs pay more than $24.



Few of the 666 subs who responded to Massillon's survey had complaints.

The biggest factor, says Gessner, is that Massillon simply provides good service. In fact, he thinks most systems do so—it's the minority, he says, that give legislators the anecdotal grist they need to advance reregulation. So Gessner, an inveterate letter-writer, sent copies of his survey results to 70 congressmen, hoping to convince them that a "silent majority" of the national public is happy with cable.

MARK SCHONE

Low-Power Struggle

BY RICHARD KATZ

NOVEMBER 1-30: ESPN veers into **Discovery Channel** territory with its new series, ***Expedition Earth***, an environmental and adventure show featuring human and nature stories from all over the planet. The 16-part series, shown over three years, is scheduled to kick off sometime in November—depending on weather and wind conditions—with "**Earthwinds: First-Ever Around-the-World Manned Balloon Flight**." "It's very difficult to be involved from a television standpoint because there are so many variables," says ESPN spokesman **Chris LaPlaca** about the unknown takeoff time. The network will air two one-hour shows on the attempt to break the nonstop balloon distance record. In addition, ESPN will attempt nightly updates on the flight's progress on its **SportsCenter**. "We think we have a way to get live video off the gondola," says LaPlaca, "but since we never know where the balloon is going to be at any given time, [it's difficult] to book satellite time." As for the environmental side of the show, **NASA** and **Glavkosmos**, the Soviet space agency, will provide science instruments to test the Earth's atmosphere and collect data about the ozone layer. LaPlaca says the series, which will feature a show attempting to get the first-ever footage of a **giant squid**, hasn't attracted any new advertisers to the network, but he remains hopeful it will once it gets rolling.

•

NOVEMBER 17-19: The small but rapidly expanding **low-power television** industry meets in Las Vegas at the third annual **LPTV Conference & Exposition**, sponsored by the **Community Broadcasters Association**. CBA president **John Kompas** says this year's buzz will be about the favorable impression the LPTV industry made on Washington in the past year. Getting on the local cable system is crucial for the financial viability of most LPTV stations, so the industry was banking on being covered by must carry. "In the Senate, if the [cable] bill would have gotten to the floor, it would have included local LPTV in the must carry," says Kompas, despite (he maintains) the **National Association of Broadcasters** sending each member of the Commerce Committee "a four-page assassination document" recommending against low-power being included in must carry. Kompas speculates that the **National Cable Television Association** traded the channel realignment the **Association of Independent Television Stations** wanted for the NAB coming out against low-power carriage. "There are a lot of LPTV stations competing with cable systems for local advertising," explains Kompas. "It would be hard for the NCTA to come out against us, but if the NAB [did], it would be a lot more palatable to Congress."

NAB spokesperson **Susan Kraus** says the NAB did recommend against low-power, but that Kompas' reasoning bears "no resemblance to reality." Says Kraus, "Low-power stations are awarded by lottery with no public-interest obligations. They don't have the same obligations as a full-power station, so they don't deserve the same protection."

•

NOVEMBER 20: Paul Tagliabue, commissioner of the **National Football League**, speaks at a **Federal Communications Bar Association** luncheon in Washington. One issue he might address is the fear that many pro football fans have that their beloved Sunday afternoon and Monday night games may end up on pay-per-view. At a recent **National Academy of Cable Programming** luncheon, **Bob Wussler**, president and CEO of **ComSat Video Enterprises**, noted that there is actually language in the current NFL TV contracts that would permit games to be offered via PPV. But **Paul Bortz**, president of analysts **Bortz & Co.**, says fans could benefit if the NFL went PPV. "[What's being talked about] is offering games that aren't coming into a particular market for the guy who moved from Chicago to Philadelphia and wants to get the **Bears** games," says Bortz. "It wouldn't be a substitute for what they now do, but a supplement." •

NOVEMBER

November 10: National Academy of Television Arts and Sciences Nashville chapter Emmy Awards. Opryland Hotel, Nashville, Tenn. Contact: Monty Nugent, (615) 373-8295.

November 12-14: "Regulating the Cable Industry," a course from the Cable Management Program, sponsored by Women in Cable and the University of Denver. Delivered via satellite to sites including Atlanta, San Francisco, Denver and Washington. Contact: Valerie Gross, (312) 661-1700.

November 14-16: Television Bureau of Advertising 36th Annual Meeting. Loews Anatole, Dallas, Texas. Contact: Ronni Faust, (212) 486-1111.

November 14-16: Private Cable Show. Caesar's Tahoe, Lake Tahoe, Nev. Contact: Barbara Polka, (713) 342-9826.

November 16-18: Third Annual Conference of College Broadcasters, sponsored by CBS. Keynote speaker: Quincy Jones. Brown University, Providence, R.I. Contact: Glenn Gutmacher, (401) 863-2225.

November 26-30: Video Expo Orlando, sponsored by Knowledge Industry Publications. Orange County Convention Center, Orlando, Fla. Contact: Debbie Rotolo, (914) 328-9157 or (800) 248-KIPI.

November 28-30: Western Cable Show, sponsored by the California Cable Television Association. Anaheim Convention Center, Anaheim, Calif. Contact: C.J. Hirschfield, (415) 428-2225.

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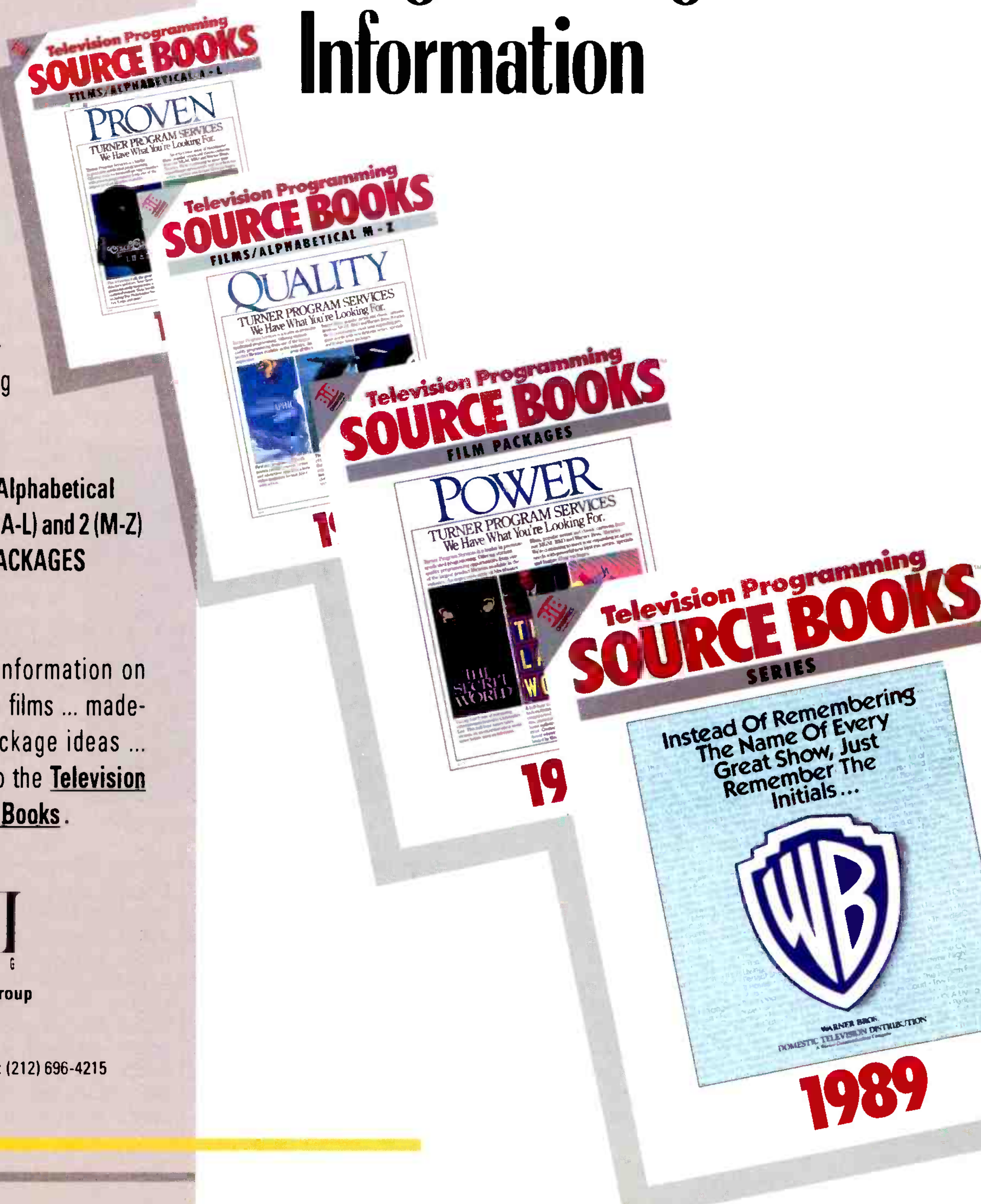

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More Justice For All

Two new cable channels could change the face of courtroom coverage on television.

BY JANET STILSON

He tried to tell the attendant, 'I want to live,' but he couldn't because he had no mouth, no chin, no nose.' "

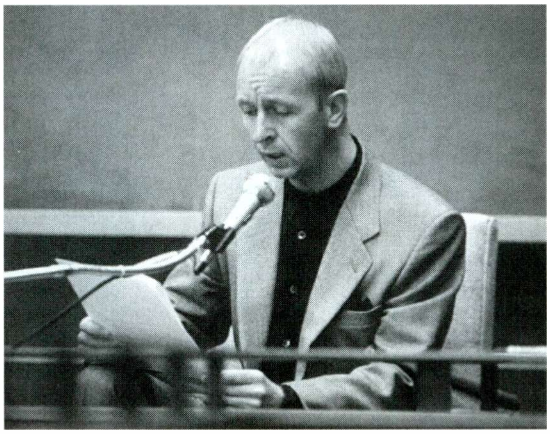
That bloody story isn't from a horror movie or pulp novel, but an attorney's recounting of a shotgun suicide attempt delivered during the recent Reno, Nev., trial of heavy-metal group Judas Priest. It's the kind of sensational moment that two new cable channels are counting on to draw viewers. While mayhem and celebrities may draw viewers to the networks, the duo's very existence is likely to improve the quality of courtroom reporting by TV stations.

Imagine a cable network programmed with gavel-to-gavel coverage of court cases across the country, and you've got the concept of In Court, a network from Cablevision Systems launching this month in several major markets. It's also the blueprint for American Courtroom Network, a joint venture of Time Warner and *American Lawyer* magazine expected in the first quarter of next year.

The pair could be more than just two more cable competitors nibbling away at broadcast television's audience share. Brad Carr, a spokesman for the New York State Bar Association, sees the potential impact on stations from an historical perspective. Just as some major-market newspapers added legal reporters after the emergence of several law publications in the late '70s (including *American Lawyer*), Carr expects top-market TV stations to hire legal correspondents after the channels debut.

The cable services' exhaustive coverage will hold broadcast newsrooms more accountable for their court reporting, according to Steven Brill, who heads American Courtroom as president and chief executive of American Lawyer Media. He thinks stations will move away from quick soundbites that misrepresent complex cases and mislead the public.

The cable channels could also assume responsibility for the soundbites. American Courtroom will request full-day coverage from judges, and will utilize two cameras, compared to stations' usual one. With those advantages, the network hopes to take over pool coverage duties.



Judas Priest's trial is the type of event two legal nets pray for.

It's a win-win proposition. American Courtroom can defray some of its expenses and is likely to derive some promotional benefit. Station newsrooms will cut costs and still have more material from which to choose.

NBC affiliates could find similar synergies with In Court, according to Tom Rogers, president of NBC Cable and business development. NBC is investing in the channel.

But Paul Beavers, news director at Cleveland's NBC O&O WKYC, doesn't expect his court coverage to be affected by In Court, tentatively set to launch in that city. He does believe, however, that the legal channels will expand consumer perspectives on legal proceedings well beyond Judge Wapner and *L.A. Law*. Dennis Patton, In Court's vice president and general manager, concurs wholeheartedly: "In Court will demystify the public's perception of the judicial process."

Are consumers *that* interested in being enlightened? Cablevision's Rainbow Program Enterprises unit, which created In Court, rests its case on one piece of evidence in particular.

Last February, the company's News 12/Long Island regional news channel conducted an hour-long phone coincidental survey midway through its live coverage of the Golub murder trial, which had received heavy media coverage. In the homes News 12 serves, it tied WABC with a 3.0 rating, and surpassed every other TV channel.

Both networks can exploit such regional interest in specific trials—they're owned by companies that control some of the largest multiple system operations in the country, and they plan to make use of their geographic strengths. Nowhere will their presence be felt more than in metropolitan New York, where both Time Warner and Cablevision have system clusters.

Time Warner could launch its network in central Florida, San Diego, Houston, Columbus and Rochester, all areas where it has pockets of strength. And In Court, to be launched in all Cablevision's operations, could affect stations in Boston and Chicago, as well as Cleveland.

Even with the top-market coverage, "the biggest challenge for these channels is going to be whether they can make trials interesting," says Paul Sagan, WCBS-TV New York's news director. Despite some sensational high points, "most are bloody boring."

Both channels plan on covering about three trials per day and switching between them to keep things lively, adding lots of analysis from experts. There was actually one week this year, points out Brill, when the John Gotti, Eddie Murphy/Art Buchwald and Pete Rose cases were all in court. It's the stuff of cable-channel dreams. •

Tools Of Capitalism

Soviet journalists at U.S. television stations find themselves surrounded by hype.

BY LYNN BRAZ

When Vincent Barresi, vice president and general manager of WTSP-TV Tampa, decided to send a news crew to the Soviet Union and, in return, host two Soviet journalists at his station, he knew he had something highly promotable. The only problem was finding an umbrella theme, something that would tie all the various activities the station had undertaken into one short and sweet concept. After translating every newsy word the WTSP staff could suggest into Russian, promotion manager Barbara Sobocinski finally decided on *druzhba*, which means friendship.

"It was the only word we could come up with that was short enough to pronounce in a 30-second spot," she says. *Druzhba*, Sobocinski believes, has now replaced *glasnost* as the Russian word most readily recognized by residents of the Tampa Bay area.

When democracy began running rampant in Eastern Europe last year, stations immediately recognized the possibilities. Across the country, stations have exchanged journalists with the Soviet Union. While Americans may learn more about the Soviet Union in the process, the Soviet journalists are likely to learn how important marketing is to American local news. Many find themselves doing soft, human interest stories and making promotional appearances.

WXIA-TV, the NBC affiliate in Atlanta, was the first to capitalize on the programming opportunities of *glasnost*. Hosting a reporter from the Soviet republic of Georgia named Nugzar Ruhadze, who became a local celebrity fondly referred to as "Nuggie," the station attracted national press coverage in April 1989. Response was so positive, says promotion manager Lanna Peavy, that Nuggie came back this spring for an encore.

Advertisers were offered a package deal during WTSP's Druzhba campaign.

A series of on-air spots featuring the flags of the U.S. and the U.S.S.R. touted Ruhadze's arrival in '89. The spots, which told viewers that WXIA was "making history," were rolled out two months ahead of time. "Once Nuggie got here and we saw how funny and unusual a character he was," says Peavy, "we decided he was very marketable." The promotional emphasis then switched to spots showing the reporter discovering things American. When the movie *Batman* gave Ruhadze a case of hysterical laughter, it gave viewers one too. When Ruhadze began weeping during Memorial Day services, viewers wept along with him. Wherever he went, whatever he did, a camera followed. Billboards featured his unglamorous visage. Print ads supplemented the marketing push and while Peavy won't say how much she spent on promoting Ruhadze, she will say this: "It really doesn't matter how much it cost because we got a million-dollars worth of free press."

Letting viewers hear the perspectives of a Russian journalist has its altrusitic overtones. But Ruhadze never actually covered hard news; he delved into the human-interest side of life. And the marketing of "Nuggie" is reminiscent of the methods radio stations use to hype their drive-time disc jockeys. How many news reporters are positioned as *Batman* fans? Still Peavy stresses the first goal of the station was to "bring two countries together." Ratings were secondary. "We don't know if this project did anything to the ratings," Peavy says. "But we were rated higher then [during Ruhadze's guest appearance] than we are now."

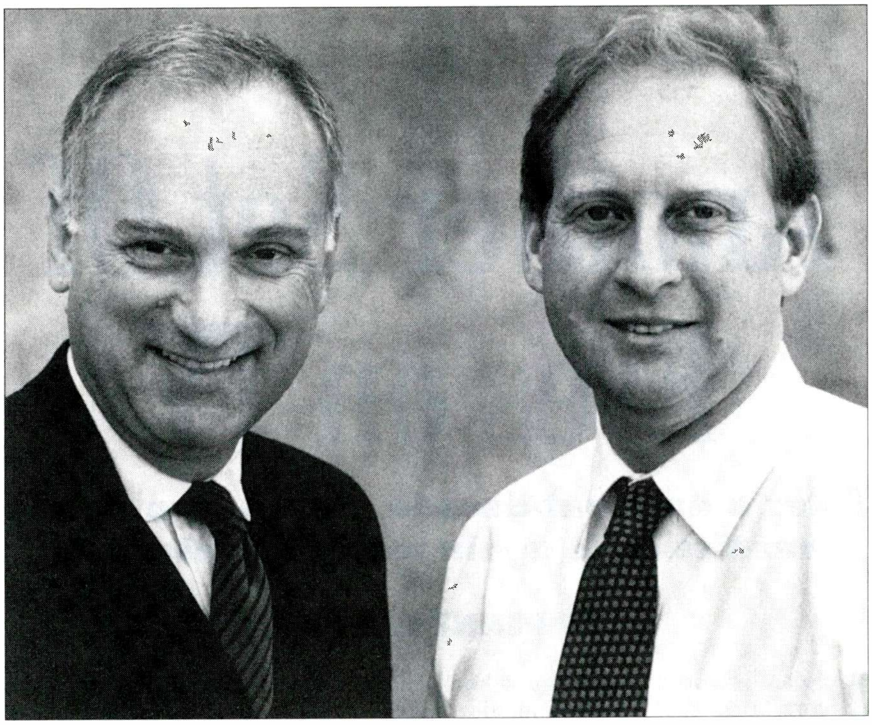
In Tampa, WTSP could use a little help with the numbers. Rated third in its market, the ABC affiliate's newscasts consistently lag behind those of the other affiliates. And though general manager Barresi stresses that the Druzhba campaign is first and foremost a programming decision, he acknowledges he hopes the promotional efforts will spawn a ratings increase that won't abate after the Russians return home.

"Druzhba: A Channel 10 Citizens' Summit" was one year in the works. Making arrangements with the Soviet television and radio ministry was "an incredible nightmare," according to Barresi. For two weeks, WTSP hosted Soviet journalists, who reported their views of Tampa Bay back to the U.S.S.R. as well as to WTSP viewers. Simultaneously, a WTSP news crew dispatched to the Soviet Union delivered live satellite feeds and taped segments for broadcast during the 5, 6 and 11 P.M. newscasts. The project culminated with a two-hour prime-time special that aired on October 25th. A skybridge between Tampa Bay and Moscow linked studio audiences in each country and gave them the chance to ask each other questions in a *Donahue*-like forum.

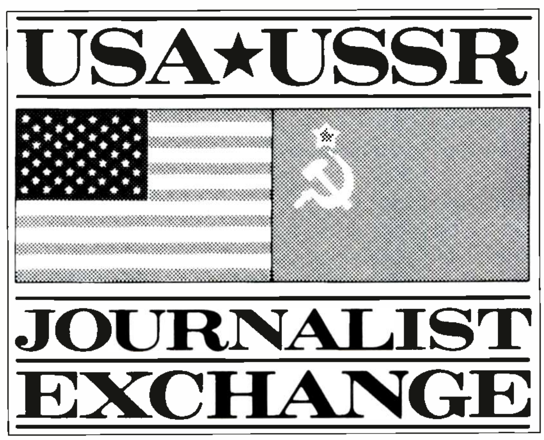
After Barresi announced the project at the end of the summer, he was besieged with requests for the Soviet reporters to make public and private appearances. Community interest was overwhelming. The Soviets were welcomed to Tampa Bay with a reception party attended by the station's advertisers, city officials, university Russian studies majors and civic leaders. Local business people begged to meet the journalists, says Barresi, because they were eager to make contacts in the U.S.S.R. and learn about opportunities for selling their products in that marketplace. The reporters, who were fluent in English, made speaking engagements at elementary schools, senior citizens' centers, women's groups, even malls. "Druzhba was most certainly event marketing," says Barresi. "In a way, this campaign was like a value-added marketing program."

Although Druzhba's hype level was extraordinarily high, Barresi says he was careful not to go too far in taking advantage of the marketing opportunities. Approached by advertisers as well as radio stations for requests to tie-in to the special programming, Barresi and his staff decided against it. "The news department wanted to keep it clean. We wanted to make it clear we weren't doing this just to get advertisers," says Sobocinski. One segment reported from Moscow, however, focused on such fast-food outlets as McDonald's and Pizza Hut, which are beginning to pop up in the Soviet Union. And since McDonald's was featured as part of the editorial, the company signed on as an advertiser for the prime-time special, according to Frank Seymour, general sales manager. "The great thing about Druzhba is that it was a local story with international flavor," he says. "That was very appealing to advertisers."

While the station discouraged co-sponsorship, advertisers *were* approached with a package deal that included buying into the regular newscasts during Druzhba, the prime-time special and *Moscow Minutes*, brief updates featuring the American crew reporting from the U.S.S.R. Ads were also sold individually during the schedule of newscasts and updates. And while Seymour shopped around Druzhba the way he would any other programming, he focused on companies that might have an interest in distributing their products in the Soviet Union—soft-drink distributors and manufacturers in particular. Once the Soviets arrived, they were the guests



Soviet reporter Nugzar Ruhadze (l., with WXIA's reporter Simeon Smith) became a star in Atlanta.



of honor at luncheons featuring the station's major advertisers.

As for consumer marketing, the first phase of the campaign rolled out on October 1st. Viewers were introduced to the word *druzhba* through four print ads and ten-second on-air spots featuring a logo with *druzhba* in Cyrillic lettering. Ads were tagged with the station identification followed by "Citizens' Summit." Both the print and on-air spots gave out little information to pique viewers' curiosity slowly, says Sobocinski. During the second week of the campaign, 30-second spots explained that Druzhba was an exchange of journalists and ended with, "*Druzhba*, a word we hope you'll all be using." Radio and print ads supplemented the on-air spots. Once the actual exchange took place, episodic spots telling viewers what the American crew would be reporting on during the week were taped. The total amount spent on all outside media for promotion came to about $45,000, says Sobocinski.

What effect, if any, Druzhba will have on viewer friendliness towards WTSP in the long run remains to be seen. Since the station had no control over the timing of the journalistic exchange—the Russians called all the shots—Druzhba couldn't be strategically placed in a sweeps month. But Barresi maintains ratings are secondary in any case. "We consider this something we did for the good of community," he says.

While both Druzhba and Nuggie were conceived in the stations' programming departments, the actual news reported by the Soviet journalists was much less hard-hitting than the marketing campaigns. And could it be hindsight to say that neither project was done for ratings, since extensive promotion didn't translate into significant viewership gains? "I've seen a lot of stations do some great things that don't necessarily translate into ratings," acknowledges Wayne Freedman, v.p. of marketing at WXIA. "But that doesn't mean you shouldn't try to do them." •

Lynn Braz is a freelance writer based in New York.

Another Set Of Eyes on TV

After a dormant decade, the Federal Trade Commission is again watching television.

BY PENNY PAGANO

It was about a year ago when news broke that Tele-Communications Inc. was planning to add another investment to the growing list of cable networks in which it owns a stake: a 50 percent interest in Showtime. As part of the deal, Showtime's owner, Viacom, would collect $225 million.

Weeks passed, then months, and now a year, yet the purchase has yet to be finalized. And it won't be until officials at one federal agency in Washington complete a review of the transaction and give their approval.

But if you're thinking that this is another matter before the Federal Communications Commission, you're wrong. True, when it comes to the nation's capital, the FCC is the first agency that comes to the minds of station owners and cable operators. But in the past year or so, a few more heads have been turned to a stately federal building across town and just a few blocks from Capitol Hill, the offices of the Federal Trade Commission. There a new Bush-appointed chairman, Janet D. Steiger—the first woman ever to head the 75-year-old agency—is raising some questions about what course the agency will follow and what areas, such as cable television, it will focus on with its limited staff and budget.

The TCI/Showtime deal is not the only broadcast/cable matter that has attracted the agency's attention:

- In September, the FTC charged the College Football Association and Capital Cities/ABC Inc. with illegally restraining competition in the marketing of college football games. In an administrative complaint, the FTC charged that the CFA illegally gave ABC exclusive rights to certain college football games. A conference between the parties and an administrative law judge is expected this month.
- Also in September, the staff of the FTC's Bureau of Economics filed comments with the FCC as part of the FCC's proceeding to evaluate the financial interest and syndication rules. The FTC's comments, similar to those filed in an earlier FCC proceeding in 1983, concluded that the justification for continuing the rules "seems to us questionable."
- While the FTC does not make its investigations public, there have been reports of several probes into the cable industry. According to the trade publication *FTC:WATCH*, the FTC has looked at a number of cable deals, including an acquisition by ATC of a 15,000-subscriber system in the Orlando, Fla., area from Sanlando Cablevision, a subsidiary of SCI Holdings; Benchmark's acquisition of a Ridgecrest, Calif., cable system from Boulder Ridge Cable TV; and the acquisition of certain assets of Telesat Cablevision Inc. by Storer Cable TV of Florida and by TCI.
- In a related area, *FTC:WATCH* also reported that the FTC is investigating whether some motion-picture studios have attempted to fix the price of videocassettes of their movies by refusing to provide co-op ad money to retailers who discount the videos.


Janet Steiger: personal ties to Bush.

What all this means for broadcasters and the cable industry is that in addition to the Al Sikes-revitalized FCC, there is another federal regulatory agency now taking a more serious look at television. And groups that watch over TV issues will have to pay more attention to the FTC, which had virtually disappeared from the news.

The investigations of the past year all fall within the purview of the FTC, which was created in 1915 with a broad mandate to promote fair competition and protect the public from unfair or deceptive business practices. Over the years the FTC has delved into controversial areas ranging from cigarette advertising to used cars to funeral homes, and in the process developed its share of supporters and foes.

If a federal agency could be said to suffer an identity crisis, the FTC is a candidate. The agency has been tagged with a number of nicknames, from the "national nanny" to the "old gray lady of Pennsylvania Avenue." Its fortunes have waxed and waned with those of its five commissioners and its chairmen. Relations with Congress have been rocky, at times even stormy. Its political constituency for strong enforcement is a fragile one.

As an independent agency, the FTC was perhaps most active under chairman Michael Pertschuk, appointed by President Jimmy Carter. Pertschuk's activist, pro-consumer stance led the commission to tackle issues far more aggressively and to hurl controversial challenges at some of the nation's largest corporations.

The agency's activities angered business and riled Congress, which reduced the FTC's powers, budget and staff. One of the most celebrated episodes occurred in the late '70s, when the FTC decided to look at television programs and advertising aimed at children. The FTC's famed "kidvid" investigation, with a goal of regulating advertising aimed at kids, essentially came to a halt after Congress passed a bill in 1980 setting restrictions on children's advertising.

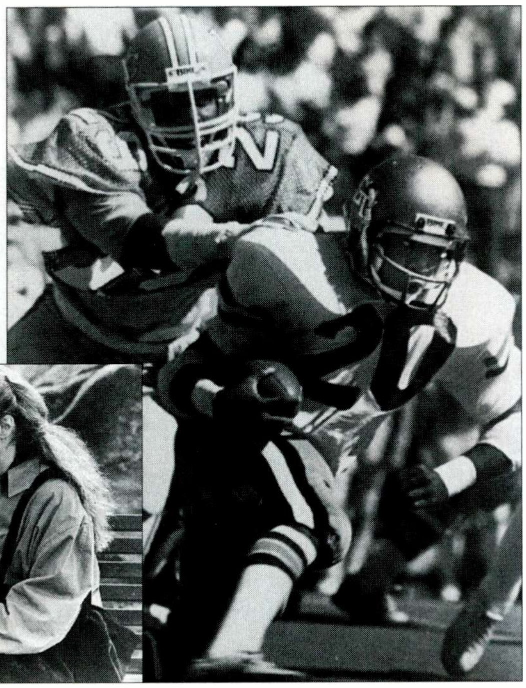
That issue and others precipitated uncomfortable times for the FTC. Fights over its funding and congressional authority to veto its actions led the FTC to actually shut down for a day in May 1980—the first federal agency to have to do so.

Once Ronald Reagan was elected president, and Pertschuk was replaced by James Miller III, the FTC's activist days were numbered. Miller, like Mark Fowler at the FCC, adhered to the Reagan administration's philosophy of deregulation and the free marketplace. While Miller ran the FTC as a tight ship, the agency made few headlines. Miller left in 1985 to head the Office of Management and Budget, but his successor, Daniel Oliver, held firm to the course already set.

Enter Bush's appointment as chairman, Janet Steiger, the 51-year-old widow of Rep. William A. Steiger (R-Wis.). Steiger, a Phi Beta Kappa graduate of Lawrence College in Wisconsin and a Fulbright and Woodrow Wilson scholar, is the former chairman of the Postal Rate Commission and has her own personal links to the White House: George Bush is her son's godfather.

So far the regulatory agencies in the Bush administration are not blindly continuing the Reagan administration's free-market ideology, but are taking a more pragmatic approach to competition with less aversion to regulation. Steiger's recently expressed interest in television is precedent-setting, in some ways, because the FTC's previous bout of activism came before cable was much of a factor in TV.

What clout Steiger and her four fellow commissioners will really be able to exercise remains to be seen. The FTC budget and its staff are about half the size they were ten years ago. One antitrust attorney, a former FTC staffer, says Steiger's highest priority is to create no waves and avoid fights with commission staff. "All Steiger wants to do is present a public-relations message. Popularity and go-along are big in the Bush administration," the attorney says.



Attracting FTC interest: football, in the form of ABC's deal with the College Football Association, and movies (inset: Woody Allen's *Crimes and Misdemeanors*) via TCI's proposed investment in Showtime.

Others, however, say Steiger has made strides to truly reinvigorate the FTC, to improve relations outside the agency—including on Capitol Hill—and to underscore its interest in upgrading antitrust enforcement in a number of areas, including cable television.

"There really has been a sea-change at the FTC, there's no question about it," says Pertschuk, now co-director of the Advocacy Institute, a public-interest lobbying group. "The FTC is back where it was under the Nixon administration with about half the resources. The Nixon administration had a reformist, activist FTC that recognized it had a responsibility in these areas. The best mark of this FTC is that Jim Miller has been quoted as saying that the FTC is out of control."

But Pertschuk adds a caveat about the current FTC: "They aren't going to do anything wild and crazy like we did to ban advertising to kids, but they are quite serious."

Even Peggy Charren, president of Action for Children's Television in Cambridge, Mass., seems pleasantly surprised. When Charren was unable to attend a session with Steiger and other public-interest groups, Steiger scheduled a separate hour-long meeting with Charren. "She listened and asked all of the right questions," says Charren.

Attorney Lewis Engman, who was FTC chairman from 1973 until 1975, and is now representing the College Football Association in the FTC's complaint, says, "Steiger has given every indication that she will have an aggressive enforcement policy, and I think that's good. Our system depends on the free-market economy and the good flow of information to consumers."

But not surprisingly, Engman doesn't think the FTC's complaint about televising college football games meets those criteria. "I haven't heard anyone complaining that there isn't enough college football being televised," he says.

"I don't think this is a very good case for the commission to bring," Engman continues, arguing that the FTC's action could result in less choice and fewer quality games being shown. "I hope [the CFA action] is not an example of the type of enforcement policy that Steiger hopes to have. There are a lot of problems out there that deserve attention. But whether there are 12 or 13 college football games isn't one of them."

Some FTC watchers also say the TCI/Showtime investigation may have revealed a permanent deviation from the FTC's earlier course. Under the Hart-Scott-Rodino law, companies involved in a merger exceeding $15 million must routinely file their plans with the federal government. The Justice Department and the FTC share this review authority, and usually decide informally which agency will screen the proposed merger.

Art Amolsch, editor and publisher of *FTC:WATCH*, says that the FTC moved into the cable-merger area during the twilight of the Reagan administration, when the Justice Department's antitrust division was concentrating its resources on criminal antitrust enforcement, leaving most merger work to the FTC. And now that the FTC staff has its hooks into mergers, Amolsch thinks the agency may be less inclined to defer merger reviews to the Justice Department's antitrust division.

"The bottom line," says Amolsch, "is that future cable TV mergers and other competitive problems are as likely to be examined by the FTC as they are by the Justice antitrust division. And that's new."

With all of the changes in the television arena, the broadcast and cable industries will have to pay more attention to the FTC and its decisions. And as companies such as TCI have found out, the wait can be a long one. When asked about the status of the FTC review, TCI executives say only that "Nothing's changed. We're just waiting." •

The CENSOR

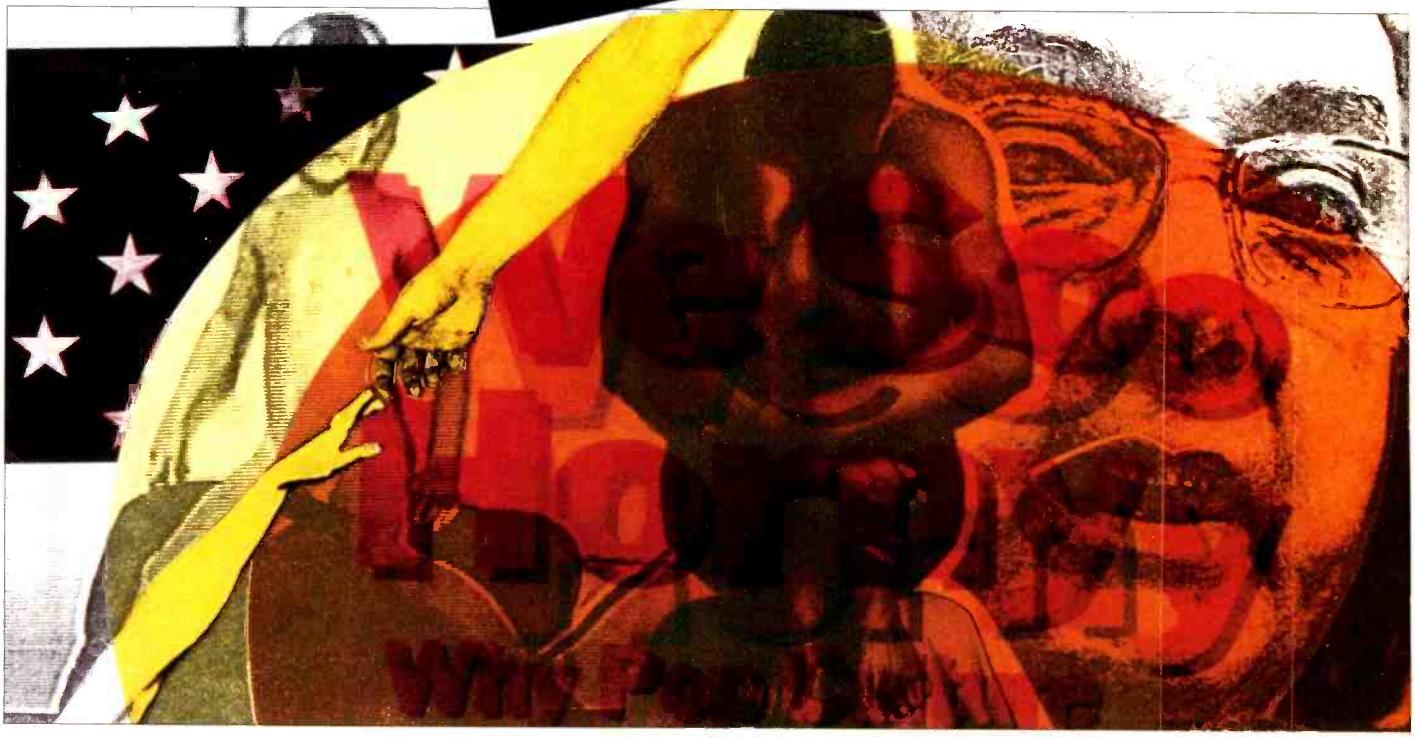


ILLUSTRATION BY ROSANNE PERCIVALLE

Will fear of offending the community defeat diversity in television?

By Bill Lichtenstein

If censorship is the controversy of the day, Tom Coleman, chairman of the Los Angeles-based Independent Entertainment Group, is the man of the hour, having agreed to produce a pay-per-view concert featuring trouble-ridden rap group 2 Live Crew. But the difficulty he's had getting clearances is making him half-wish he hadn't gotten involved.

"My first reaction when the people from 2 Live Crew brought us the program was, 'Why do we need this stuff on the air?' " says Coleman, whose Choice Entertainment is distributing the event. "The more I thought about it, I realized I was engaging in self-censorship. If I said no, I'd be part of the problem."

Coleman did not foresee that getting clearances for the two-hour program, scheduled for November 8, would be such a nightmare. PPV networks Viewer's Choice and Request have decided not to carry it, and Choice Entertainment has encountered strong resistance from local operators because of the bawdy lyrics and performances of the Crew. At press time, Choice had 2 million clearances out of a hoped-for 10 million, according to company president Lisa Phillips, but poor turnout at the Crew's live shows and tepid response to the PPV offer

Within

MAPPLETHORPE IMAGES COURTESY OF WGBH-TV; HELMS, COURTESY OF THE BETTMANN ARCHIVE; LUTHER CAMPBELL, COURTESY OF "DONAHUE" © 1990, MULTIMEDIA, INC.

were making the November 8 event look like an iffy proposition.

It's hard to say what role censorship—a decision to avoid controversy by keeping the event away from local subscribers—has played in the process, but most of Choice's refusals ultimately came down to community standards.

"I think it's an indulgent sort of adolescent programming," says Ellen Notbohm of KBLCOM in Houston, which refused to carry the concert. "For a number of reasons, including a risk to the community, we made the editorial decision not to run it."

The flap surrounding 2 Live Crew stems from the group's arrest on obscenity charges in Broward County, Fla., following an over-21-only show that featured songs from their latest album, *As Nasty as They Wanna Be*. The arrests followed a ruling by Federal District Court Judge Jose A. Gonzalez Jr. in Ft. Lauderdale that the Crew's music appealed to prurient interests, was patently offensive to the community and lacked any serious artistic merit: the three tests for obscenity established in the Supreme Court's 1973 Miller vs. California ruling. ("It's an appeal to dirty thoughts and loins," wrote Judge Gonzalez.) After the arrests, group spokesman David Chackler commented, "This country is going berserk. I don't see what the problem is. They're Eddie Murphy and Redd Foxx gone 1990. They're using authentic street lingo and they're poking fun and having a good time."

According to Chackler, the Crew's record sales skyrocketed following the bust—*As Nasty As They Wanna Be* has sold 1.9 million copies, up 600,000 since the June 10 arrest. In Florida, at the Video Juke Box Network, all the Crew's old videos went into the Top 20, and 74 percent of viewers responding to a poll thought the record shouldn't have been banned.

A wide variety of supporters have joined the Crew in their fight against rap censorship. Bruce Springsteen lent them the music from "Born in the USA" for their latest single, "Banned in the USA," and Duke University professor Henry Louis Gates Jr., author of *The Signifying Monkey*, wrote in *The New York Times* that "2 Live Crew, like many 'hip-hop' groups, is engaged in sexual carnivalesque. Parody reigns supreme, from a takeoff of standard blues to a spoof of the black power movement; their off-color nursery rhymes are part of a venerable Western tradition."

According to Lisa Phillips, however, "most cable operators"—many of whom have never seen the band—are "reluctant to say yes, reluctant to say no, [because of a] fear of being live [with the PPV show] and a fear of the unknown."

In fact, operators choosing to carry the concert will probably have few problems with it. The Crew cleaned up its lyrics for a recent appearance on the MTV Music Awards, and when Phil Donahue rushed them onto his program for a live broadcast, it was the pro-censorship Bob DeMoss of Focus on the Family, not the rap group, who broke the indecency barrier by reading the Crew's lyrics, leaving Donahue visibly flustered.

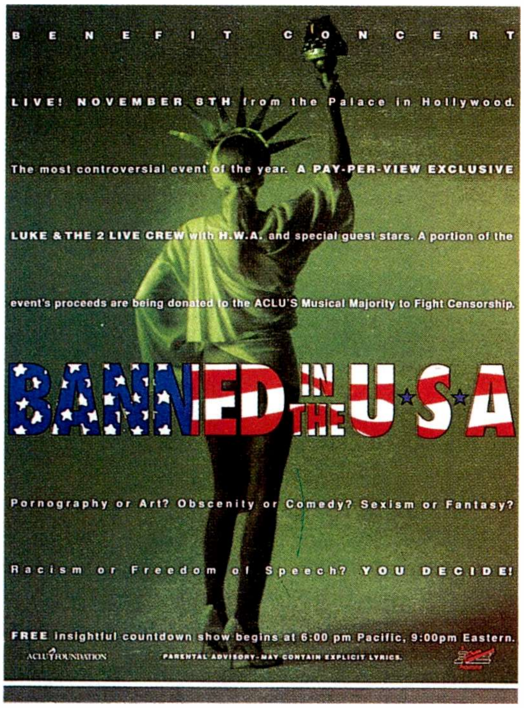
"The whole thing was appalling," says *Donahue* producer Debby Harwick. "The irony is that this is what this guy is trying to stop. If he wants the freedom for him to say it, it's amazing that he's trying to rein in freedoms for other people."

In all, Choice's problems in getting clearances for the 2 Live Crew event raise questions about the future of adult-oriented programming, and whether television—and PPV in particular—can support diverse products of interest to older viewers in the current climate of censorship.

Just examine some of the events of recent days:

■ In the wake of the bust of Cincinnati's Contemporary Arts Center for displaying photographs by Robert Mapplethorpe, complaints against WGBH, the Boston public-television station, are being reviewed by the FCC after the station showed more than 30 of the controversial photos on its evening newscast. "We felt we were acting appropriately in that the exhibition was controversial and was news in Boston, and we were giving the viewers the ability to decide for themselves," says WGBH's Julie Eggleston. "We felt with regard to FCC rules we were acting appropriately."

■ In October, New York City's Manhattan and Paragon Cable systems reformatted the notorious Channel J—a hybrid of public access and commercial leased access. On J, the public was free to rent a half-hour—reaching up to 400,000 households for as little as $35—produce programming and sell ad time (often to escort and Dial-a-Porn services) with virtually no restrictions. Displaced are such programs as Al Goldstein's *Interludes After Midnight*, which bills itself as the world's first all-nude talk show. Also gone will be Goldstein's provocative and often on-target editorials, as well as programs for the gay community and more innocuous talk and service shows.



Choice Entertainment's problems getting clearances for 2 Live Crew spell trouble for adult fare on TV.

■ The Helms Amendment, an effort to increase the current 6 A.M. to 8 P.M. FCC ban on indecency on television to 24 hours, is pending before Congress.

■ The R-rated Tuxxedo and X-rated American Exxxtasy networks, brainchildren of former NBC executive v.p. of programming Paul Klein, folded earlier this year after an Alabama district attorney indicted GTE Spacenet for carrying Exxxtasy on its satellite and threatened additional legal action, and General Motors, owner of Hughes Satellite, pulled Tuxxedo's transponder.

■ The FCC is reviewing a complaint against San Francisco's KQED for airing the BBC series *The Singing Detective*, which featured nudity and several scenes that depicted a tryst.

Looking at these and other similar events, a mosaic begins to take shape that explains, in part, why the 2 Live Crew event is having such trouble with clearances. Yet cable is supposed to be about choice. It has a long history with what has traditionally been referred to as "adult" TV—watered down R versions of skin movies, or what programmers call "provocative programming." And while there are no national figures available, the two leaders—Playboy and Graff Pay-Per-View—say business is doing quite well.

At Playboy's video division, a few lean years have turned around—the company is now offering two services: the pay-per-view Playboy at Night (in 3 million homes) and the premium Playboy Channel. After losing $926,000 on $21.9 million in revenues in 1988, Playboy reported $3 million operating income on $28.1 million in revenues for their international video Entertainment Division last year.

Graff's Spice network (formally called Rendezvous) currently has 2.6 million addressable households—double the subs of a year ago—but programs R-rated fare within what Tina Clarke calls "voluntary and discretionary censorship. We are very cognizant of the climate. Obviously you have to take into account what has already happened."

Surprisingly, even with PPV's ability to keep adult programs out of the hands of children or those who may be offended—viewers must actively seek out and order it—few systems will risk airing anything more provocative than *The Bikini Open* or *Playmates in Paradise*. Some systems won't go even that far. Witness Atlanta's Cox Cable, with its 24 systems and 1.6 million subs: "We have no adult programming," says Dave Andersen, Cox's v.p. of public affairs. "It's our operating philosophy. The product on our channels is sufficient for the wants and needs of the community. It has nothing to do with economics. We just don't see any merit."

Many operators, such as United Artists Entertainment, employ exhaustive surveys in the community before adding R-rated channels. At United Artists' Southwest division, which reaches 520,000 subs in Texas through California, senior v.p. Bill Cullen says, "We are very careful about how we introduce this type of service. Generally we will survey elected leaders, opinion makers, clergy—notable people in a community—and will make a decision on whether to introduce this service."

The limitations on adult TV are surprising if only because the security and viewer discretion offered by pay-per-view were once thought to be the key to more diverse programming. "I always recall the words of Supreme Court Justice Sutherland," says Andrew Schwartzman, executive director of the Media Access Project. "He wrote, 'Nuisance may be merely a right thing in the wrong place . . . like a pig in the parlor instead of the barnyard.' The difference between pay-per-view and broadcasting is like the pig in the parlor: it's not broadcasted. Broadcasting is there . . . and broadcasters are responsible for tailoring programming to community needs. However, PPV is a narrowcast medium, targeted to specific segments of the audience who choose to view it. And the Supreme Court has upheld that the private actions of adults in their own homes have much less justification for governmental intrusion."

Alan Gottesman, a media analyst with PaineWebber, thinks it's a matter of climate rather than security. "I don't think security is an issue," says Gottesman. "The people who worry about this sort of thing see its existence as a problem—not its accessibility."

But not everyone views the issue in terms of salaciousness. Dan O'Brien, v.p. of new product development for Warner Cable Communications in Dublin, Ohio, says that though only a few of the MSO's systems have picked up the Crew concert—such as BQ Cable in New York City—it's less a matter of censorship and more one of program quality. "I think there's a personal concern over censorship," says O'Brien, "but there's a greater concern among operators committed to PPV that we don't want to put on something that is considered trash. We hurt ourselves with *Thunder and Mud* [a heavy metal and mud wresting special] and there's a concern that we need to put on quality events. Then there's also a concern that we not fail to put on events because we're being a censor. The question is are we saying no because it's controversial and may make waves—and therefore no because it's self-censorship?" ●

Bill Lichtenstein is a New York-based writer and TV producer.

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I certify that the statements made by me above are correct and complete.
Joel A.Berger

UTILITY PLAYER

Everything is barely enough for Henry Schleiff.
By Cheryl Heuton

Inside IN FOCUS

The syndication business is changing. How and to whom distributors sell product is no longer as clear as it was just two years ago. Large and small companies often seem to be in different businesses. Our first story, a profile of Viacom's Henry Schleiff by Cheryl Heuton, shows that the diversified businesses of a major distributor call for a unique type of manager. Next, Lynn Braz describes the whimper, not a bang, with which cable is storming the syndication scene. And finally, David Kalish examines the shifting role of barter in program sales.


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If Henry Schleiff's job title were to describe what he actually does, it would have to be something like Guy in Charge of Making Sure That We Don't Miss Business Opportunities Right Under Our Noses, While at the Same Time Running Syndication, Production and Broadcasting. Shorter, if less descriptive, is the true label: senior vice president/chairman and CEO of Viacom's Broadcast and Entertainment groups.

Examining Schleiff's duties is like taking a snapshot of the syndication business itself. The market is increasingly split into two camps: the conglomerates, who produce for the networks as well as syndication, who own stations and perhaps a cable network or a movie studio, and who have varying degrees of success tying their diverse operations together; and the specialists, or niche players, who pick one area of the business—owning broadcast stations, or syndicating movie packages or first-run shows—to focus on.

Viacom used to be a conglomerate that acted like a band of specialists, each division out on its own. But three years ago, Viacom president Frank Biondi lured Schleiff away from HBO, where he was senior vice president of business administration, to oversee broadcasting and entertainment.

Since then, revenues in Schleiff's divisions have risen from approximately $290 million in '87 to $467 million in '90. Viacom continues to pursue the business for which it first became known: off-net syndication. Under Schleiff, the hit sitcom *Roseanne* has been added to a roster that features *The Cosby Show*, *A Different World* and *Matlock*. And, at Schleiff's insistence, Viacom is pushing to expand its product line for first-run syndication and has pursued what it considers a desirable niche: the half-hour action-adventure. This fall *Super Force* joined *The Adventures of Superboy*, creating a Saturday-afternoon package that hit the air in September and beat out key games in the National League pennant race. Viacom is developing *Lightning Force* and a project with the working title *Night Master* to fill out a two-hour block. Viacom was already

Schleiff likes to keep a light-hearted touch in a heavy business.

PHOTOGRAPH BY MICHAEL WEINSTEIN


THE ADVENTURES OF
Wilson

producing Perry Mason made-for-television movies when Schleiff came on board, but under his leadership the project grew from three or four to more than 20 so far, with no end in sight.

Under Schleiff, the radio division has grown to 14 stations and embarked on its own innovations. Bill Figenshu, president for radio, says Viacom bought two stations in the San Francisco area, adjacent on the dial, and combined them into "one huge mama radio station" covering 250 miles and three Arbitron markets. The television division, with its five network affiliates, wants to make acquisitions that will move it into larger markets. And in January, Schleiff put his touch on Viacom's internal organization, dividing his sales force into two parts—one assigned to first-run and international, the other to off-net and feature films. "Companies struggle with the idea of separate sales staffs, but it has worked out for us," says Michael Gerber, president for first-run sales.

Schleiff is known for ignoring the usual divisions between

Viacom's found a niche for action half-hours like *Super Force*.

business operations. Viacom syndicated Nickelodeon's *Double Dare* and *Finders Keepers*, despite resistance to selling basic-cable programming to broadcast. And last month Schleiff "brokered" a deal between MTV Networks and CapCities/ABC, which will see MTV producing prime-time programming for ABC's fall or mid-season '91 schedule.

In addition to all that, Schleiff's most important role may be making sure the company's diverse operations mesh: Viacom is often its own best customer, producer and co-venture partner. Schleiff's role is a bewildering combination of developer, broker, matchmaker, ringmaster. To do it he relies not only on his educational training (undergrad and law degrees from the University of Pennsylvania) and background in business affairs, but on an ability to work long hours and a talent for tracking details on a dozen projects. To these he adds a personable wit that, on a practical level, works as a shortcut to develop relationships and cooperation that might otherwise require years to evolve.

Many people find Schleiff's combination of personal cleverness and professional intensity arresting. John Mason, Schleiff's roommate in law school, recalls that "Henry was an extraordinarily hard worker. Everybody works hard in law school, but Henry quite literally worked around the clock. I had never seen anyone work as hard. I had never heard of it. It was a matter of getting two hours of sleep a night." Mason had been an indifferent student before rooming with Schleiff, but "because of Henry's example, I started working harder than I'd ever worked in my life. As a result of that—quite literally as a result of Henry's influence—I was named editor [in chief] of law review." Mason is now a partner in the Boston firm of Ropes and Gray. "Just about everything that's happened to me from law school on is due to Henry. I have never forgotten that energy, what it meant to me. I'd give everything to be able to repeat that feeling, to find that energy, to have something else in my life that affects me like that."

The ability to win loyalty has remained key to Schleiff's style. To cover the ground his job involves, he must rely on a staff of executives in whom he places great confidence. "I have incredible people working for me," he says. It is his trust in their judgment, combined with his capacity for work, that lies behind what many mistakenly perceive as a willingness to make snap decisions. Schleiff spends his off time studying, reading trades, talking on the phone, jotting down ideas. "There isn't a time you can't find Henry on the case," says Dennis Gillespie, Viacom's president of cash sales. Schleiff enjoys weekend trips to his house in Watermill, Long Island, because his wife drives and he gets two hours to read. The result is that he's ready to decide issues at a rate unusual in an industry characterized by hesitation and delay. "Henry is the personification of decisiveness," Gillespie says. Lou Weiss, chairman of the board of the William Morris Agency, says, "Many people in this industry have to take time to sleep on something before they decide. With Henry, he's already slept on it by the time you meet with him, so you get answers."

If patience is a virtue, it isn't one of Schleiff's. "If we're going to do something, then I say, 'Let's *do it*,' " he says. Those who work for him are accustomed to phone calls late at night and on weekends. "Henry is someone who needs instant gratification. No grass grows under his feet," says Pat Fili, senior v.p. for programming and production at Lifetime. "When you work for him you have to be fairly responsive to that type of management. It's good training." In 1986, Fili was working for Schleiff at HBO, when a broken pelvis put her in a hospital for two weeks. She continued work from bed, doing deals on the hospital room's two phone lines. "I was in the middle of a deal with a well-known female vocalist, and the phones in the hospital closed down at 9 P.M.," she recalls. At 10 P.M., a nurse raced into her room, saying that Fili's doctor was on the phone, warning that he had mistakenly prescribed the wrong dose of a medication and needed to talk to his patient. "My doctor?" asked Fili. "Yes," the nurse replied, "Dr. Schleiff." The restless executive, finding the phones closed for the night, had found a way to get through anyway.

Schleiff might have trouble getting away with such stunts if it weren't for his humor, which he uses to great effect. "It's so disarming," says Fili. Explains Weiss, "He never permits things to get too uptight. In dealing with Henry, irreconcilable differences become reconciled. The impossible things aren't impossible." Viacom president Biondi says that "Henry has taken a natural sense of fun and humor and turned into a resource for our company." Actor Raymond Burr explains that Schleiff's humor does more than keep things amiable: "His humor allows him to live in a corporate world that is an impossible place. It's a killer world, and Henry's humor not only allows him to stay in that world, but he makes it easier for other people who also find the television business an impossible, difficult place."

Schleiff upped Viacom's commitment to *Perry Mason* made-for-TV movies.

Unlike most executives who memorize a few jokes to deliver awkwardly, Schleiff's witticisms pop up in the course of everyday discussion to illustrate points or lighten the mood. His quips reveal an observant, irreverent, bemused view of the world and its absurdities. Tom Freston, chairman of Viacom's MTV Networks, says that when he first met Schleiff he seemed "a cross between a nightclub act and a strong executive." Says Sumner Redstone, Viacom's venerable chairman, "I've often told him, 'If you strike out at what you're doing, you can get a job as a stand-up comedian on Showtime.' Now I tell him he might even get on HA!" Schleiff seems to be well into rehearsals. About his marriage six years ago, Schleiff says, "Like everything else, I was quite decisive about this. If you do enough preparation, then you're ready when the right person is there—and she's had a lot of Scotch." On his son, Harry: "World's greatest. He's two, and he has a job at William Morris. Nobody knows he's two. We took him in, taught him to smoke. He works with Lou Weiss."

Schleiff offers insight on the role of humor in business. "What really works is to see the essence of a situation, to react to it accordingly. A good businessman sees the essence of a deal, and cuts to the chase. A sense of humor is the other side of that coin, it's the ability to see what people really mean. . . . I think humor is an important part of business, and of life, because it sets the parameters of what we're doing. Two dogs on the street recognize each other, and they set the parameters. If one barks at the get-go, that's not a good sign."

Henry Schleiff: A Brief Resume

Born April 17, 1948, Lawrence, L. I., N.Y.

B.A. Cum Laude, Political Science, University of Pennsylvania, 1970
J.D., Law Review, University of Pennsylvania, 1973

1973-74	Law Clerk, Federal Judge in Southern District Court of New York.
1974-79	Associate, Davis Polk Wardell, New York.
1979-81	Associate General Counsel and Assistant Secretary of Viacom International Inc.
1981	Director, Business Affairs, Home Box Office Inc.
1982	Director, Business Affairs, HBO Inc., New York
1983	Vice President, Business Affairs and Administration, HBO Inc.
1984	Senior Vice President, Business Affairs and Administration, HBO Inc.
1984-87	Senior Vice President, Business Administration, Enterprises, HBO Inc.
1987	Senior Vice President/Chairman and CEO, Broadcast and Entertainment Groups, Viacom International Inc.

Schleiff's style was clearly on display for an observer during one of his regular Monday-morning staff meetings last month. Surrounded by a dozen executives, each poised with a weekly update, Schleiff asked sternly: "Well, do we know who killed Laura Palmer?" The joke wasn't lost on the group; neither was the point. "Nobody knows, because nobody stayed tuned to find out," answered Gillespie. The overnights had revealed *Perry Mason* the winner over David Lynch's oddball *Twin Peaks*.

Schleiff kept things moving quickly, though never permitting a subject to drop before a judgment or decision had moved it ahead. There was no backgrounding or wordy introductions. There was no hesitation: Assignments were issued on the spot, executives dispatched to meetings on the West Coast, promotion ideas pitched, key sales announced, hirings and castings critiqued. Schleiff tracked dates and numbers on a desktop calendar—the kind with two small pages for each day. "When I'm in meetings, I have the ability to focus not only on the needs at hand, but on the next issue," says Schleiff. "Always in the back of my mind is something else that will be coming up. Like a tennis or pool player, I'm lining up for the next shot."

Gillespie says that Schleiff reminds him of "one of those guys you see in the park playing chess on 15 boards. Though he runs all operations, he can retain what's going on." Gillespie says he has never written his manager a memo, and has never received one. Instead they rely on "scribbled notes on clippings, or on notes we've made about other things. There's a real shorthand to this."

The word shorthand comes up frequently when Viacom executives talk about Schleiff. "We almost speak in shorthand," says Figenshu. "You keep it short," says Gerber. Gillespie tells of sharing a ride to the airport with his boss, with whom he needed to discuss a topic. Schleiff was on the car phone for call after call. Then they hit the Lincoln Tunnel. "During the phone black out, in those two and a half minutes, we did our business," Gillespie says. Once out of the tunnel, Schleiff was back on the phone.

Despite his schedule and his intensity, it's the affability people mention most when talking about Henry Schleiff. And it isn't something he saves for business contacts. "He's so busy, but he makes time to stay in touch," says John Siffert, who worked with Schleiff as a law clerk for a federal judge in 1973. "We talk once or twice a week," says his former roommate Mason, "and that's Henry's doing. He is extraordinarily loyal. He's never forgotten me. I can't do anything for him, but he calls. He'd walk through a wall for a friend."

Raymond Burr, who has worked on numerous projects with Viacom, from the *Perry Mason* movies to the first-run syndicated show *Trial By Jury*, expresses his one regret about his dealings with Schleiff: "I wish that both he and I were not so busy. I wish we had more time for friendship." •

THE TWO WORLDS OF CABLE SALES

For some cable is no great shakes, but for others it's a lifeline.

By Lynn Braz

Ask syndicators if cable represents an important market for them, and the answer you get will depend very much on the company you ask. Call it syndication bifurcation: Forming one branch are the companies peddling their libraries of one-hour off-network shows—and, in those rare instances when it behooves them financially, off-pay movies—to cable. For them, cable networks are an adjunct, one more potential buyer, just another card on the Rolodex.

Joel Berman, Paramount's vice president of off-network, feature planning and basic cable, doesn't see the cable market changing his business—just adding to it a little. "I know everyone is looking for the next wave in cable," Berman says, "but at least for right now, I see nothing new on the horizon."

But there's another world out there, coexisting with the first like an alternate universe in an old *Star Trek* rerun. For smaller companies, cable is far more significant. "More than 50 percent of our domestic sales are cable," says Chuck Larsen, president of Republic Domestic Television. "And that number continues to grow."

While the major-league syndicators largely stick to unbundling movie packages and pitching product with cable networks' niches in mind, smaller syndicators are doing more. Granted, when your product is *Get Smart*, one of Republic's offerings, some hustling is in order. The innovative approaches of small syndicators, however, indicate directions the entire market may follow as cable networks grow in ratings, cash and clout.

While the majors have plenty to keep them busy in traditional broadcast markets, for some syndicators cable sales are a desperately needed source of new revenue. A soft market created by overabundance of product and exacerbated by difficulties in peddling hour-long series makes broadcast opportunities rare. And when Fox Broadcasting swipes five nights of prime time from leading indies in the top 50 markets and barter deals lose their luster—cable suddenly starts looking pretty good. It offers one-stop shopping, cold hard cash. "The advent of cable is very good for our business," affirms Bob King, president of Orion Entertainment Group's domestic television distribution. "Cable has become our domestic business," says Rob Miller, vice president of domestic syndication for Fox/Lorber Associates Inc.

As enticing as the additional revenue is the nature of cable, says Larsen. "Cable is fun. The programming is fun. The buying and selling is fun. Even marketing to cable has to be innovative." Lacking the rigidity of a station negotiation process, cable nets are flexible. Larsen sold three series titles, each of which had only thirty or forty episodes, under the title *Theater of the Stars*, to the Nostalgia Channel. He sold *Beauty and the Beast* to the Family Channel for a limited pre-syndication run. "Every cable deal is unique," he says.

The smaller syndicators are setting more of the cable sales trends. Still considered a long way down the road for companies such as Paramount and Warner Bros., cable first-run is an expanding business for the little guys. Drew Levin, president and chief executive officer of DSL Entertainment, saw what he perceived as a great opportunity in cable. So great, in fact, that he created what he calls a "media fund," a $15 million dollar cache bankrolled by European investors who are well-acquainted with DSL's work in international syndication. Levin's partnership with Kagan Capital Management —aptly named Sentinel—controls the funds used to cover the deficit costs of producing new products for licensing to cable networks. Done deals include *Hollywood Fall Guys* to Discovery, *Shadow Theater* to USA and *This is Horror* to VH-1. Simultaneous with the shows' cable releases will be international releases. Thereafter, when the series go into U.S. syndication, they will already have a ratings history that, according to Levin, will increase their chances for success.

For Republic Pictures Domestic Television, savvy use of library led to a cable first-run sale. With American Movie Classics, it's coproducing a two-hour special that both entities maintain will have a strong appeal in ancillary sales. It features clips culled from Republic's own library of 1,200 titles.

Another angle Republic used to sell existing product was a swift response to syndicated exclusivity. "When I started hearing about syndex, like everyone else, I panicked," Larsen says. "Then I thought, 'There's gotta be a way to make some money off this.' " Republic now supplies Chicago superstation WGN with movies for blackout substitution. "If superstations have a lot of black holes, that's a very good deal for us," Larsen says.

Another change in the industry, heralded by shifts at a few companies, may be the reorganizations and staffing changes made to meet cable's special demands. "We're setting up a cable division that will go much deeper into understanding the cable business," says John D. Ryan, president and chief executive officer of Worldvision Enterprises Inc. "We want to explore the opportunities in cable first-run."

"We've amplified our operations to meet the needs of cable," says Ed Bleier, president of Warner Bros. pay-TV, animation and network features division. "While we haven't had to expand our sales staff, cable is necessitating a lot more operations work in the back room. We've added more people to our promotions department." For Fox/Lorber, cable means a streamlining of business. "Four years ago, we had a four-person sales staff. Now we operate with three," says Miller. The company's revenues have remained virtually the same. Republic's Larsen hasn't changed his staff numbers. "When you're already covering eleven hundred markets, 12 more calls to cable networks don't require beefing up staff," he says. However, Larsen has pulled people out of syndication to go after cable sales.

Republic licensed *Beauty and the Beast* to the Family Channel for a limited number of airings over one year prior to its syndication run.

Though the small guys may be showing the way on some fronts, the big syndicators continue to be responsible for the vast majority of non-original cable progamming. That is not likely to change soon. What will change is the ratio of library to off-network sales made to cable. "One of these days, cable will outbid broadcast for top sitcoms," notes Bleier. And, say cable programmers, major studios take cable very seriously. According to Neil Hoffman, vice president of programming for USA Network, it's not unusual for syndicators to "feel cable out" before deciding to take product into syndication. "I get a courtesy call on most, if not all, product," agrees Arts & Entertainment Network's v.p. of programming Brooke Bailey Johnson.

According to Peter Newman, Viacom's senior vice president of ancillary rights and special projects, cable offers fundamental advantages over domestic syndication. "One, residual payments are lower. Two, marketing costs are much lower. Three, there is much less wear and tear on the product," he says. A fourth advantage: Cable sales are exceedingly less complicated than syndication. Cable is basic math; broadcast is calculus.

"In many instances cable is much more cost effective than dealing with stations," says Fox/Lorber's Miller. "Stations involve clearances, marketing, ads, travel, distribution of shows, barter measurement costs, promotional materials. To have any success in syndication, you have to reach at least 100 stations. And that usually means traveling to 200 markets. Sometimes a cable sale can be done right over the phone. If we can get $100,000 in gross revenue from a syndication deal and $50,000 from cable, we'll take cable."

While cable deals are now far more swift than broadcast, that will likely change. Republic's Larsen points out that the days of sitting down with only one programming executive at a cable network are almost over. As cable builds momentum in its fight for popular programs, the next wave of the future, says Viacom's Newman, could be barter. "I think we could strike a barter deal right now if we wanted to," agrees USA's Hoffman. "Up until now we've preferred not to. But one doesn't rule anything out." Here, again, is an area small syndicators are likely to develop first. "We've never given any consideration to doing a barter deal [with cable]," says Paramount's Berman.

When told that cable inspires considerably more excitement from small companies than large ones, Warner Bros.' Ed Bleier laughs. "If my competitors don't know how exciting cable is, please don't tell them." Bleier notes some of the ratings achieved by shows he has sold to cable: *Life On Earth* gets the highest rating on Arts & Entertainment for an 8 P.M. show; *Scarecrow and Mrs. King* is the second-highest rated weekday show on Family. On Saturday nights, Lifetime's *Hotel* drew 50 percent more audience share than its lead-in.

Despite the carefully qualified data, ratings numbers aren't even discussed, presumably because the decimal points still line up on the left side. No matter, Bleier's pride is indicative that major syndicators are watching cable closely.

But Paramount's Berman does not see the day when he will consider cable a competitor of syndication for first-run. "The big projects like *Arsenio Hall* and *Donahue* could never generate near the money selling to cable they can selling in syndication. I can't foresee that changing. The dollar differential is too great. The numbers just don't work. For our first-run, stations will be primary," he says. Bleier notes that although cable networks have been investing increasing amounts of money in new programming, it's still the off-network reruns that are the strongest performers for cable.

It wasn't too long ago, though, that no one thought independents—buyers that could be counted on to pick up library product and off-net shows—would become aggressive purchasers of such first-run hits as *The Arsenio Hall Show*. Thus, points out Bleier, significant cable first-run deals could be on the horizon. Berman's response: "Call me in four years." •

Lynn Braz is a New York-based freelance writer.

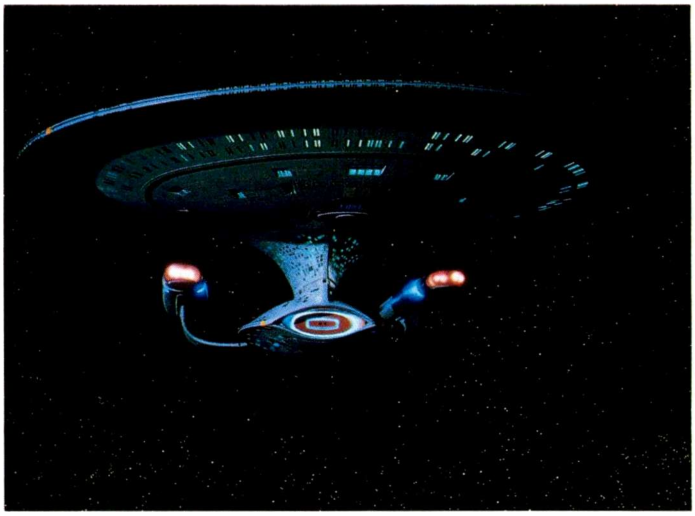
The Haves and the Have-nots

In a mature barter market, not everyone prospers.
By David Kalish

The $1.2 billion barter syndication market is in turmoil. Amid a dramatic glut of barter shows, syndicators trying to launch programs are failing to win over television stations, failing to get ratings they need to impress national advertisers and getting the brush off from skeptical ad agencies.

But that doesn't seem to bother the likes of the Walt Disney Co. This past summer the entertainment company formed a 22-person in-house unit to sell ad time on its television programming, removing the estimated $100-million account, starting with the '91 season, from barter giant Camelot Entertainment Sales, Disney's sales rep for three years. Anticipating double-digit growth in barter sales, Disney became the largest studio to date to vie with outside syndicators for the lucrative right to retain and sell national ad time on shows distributed to stations. "When you're representing your own product, you hope to be doing somewhat better [than non-Disney syndicators]," explains Mark Zoradi, vice president and sales manager at Buena Vista Television, Disney's syndication arm.

Disney's move could signal a trend of consolidation. In late September, Tribune Entertainment Co. announced plans to take over distribution of *Geraldo* and *The Joan Rivers Show*, both of which had been handled by Paramount Domestic Television (Tribune already handled barter ad sales). Tribune execs say the company is eager to increase its participation in the success of its own product, and will be expanding its sales staff accordingly in offices in New York, L.A., Chicago and Nashville. Other major companies, including Viacom Enterprises, have stated that they are studying the possibility of taking their own barter sales operations in-house.



Established syndication hits like Paramount's *Star Trek: The Next Generation* don't feel the pinch of a troubled marketplace.

That such optimism about the barter market can coexist with tales of barter gloom and doom points to the recent growth in the barter world of a two-class society: the haves and the have-nots. After five years of rocketing growth—sales of barter advertising doubled from $500 million in 1985 to $1.2 billion this year, according to Paul Kagan Associates—the market is showing signs of maturing. As with most businesses that reach a plateau, some early participants who got a free ride during the period of explosive growth are finding it difficult to keep going on their own steam. Big players, including Camelot and Disney's Buena Vista, talk about barter's rich opportunities because they have lots of popular shows to sell. The syndicators without hot programs, on the other hand, face trouble.

"We reject ten shows for every one we clear," compared to a much lower rejection rate just three years ago, says Dan Sullivan, president of Clear Channel Television, a Houston-based owner of five television stations.

Though these changes take some distributors by surprise, they really shouldn't. The market's maturation has been under way for several years. Ten years ago, for-cash programming was king, and syndicators were able to charge through the roof for their shows, thanks to a proliferation of independent stations hungry for fare. But in the mid-'80s, amid a slowing indie growth rate, stations began resisting price hikes. Under pressure to continue to increase revenues, syndicators began offering more shows through barter arrangements—where stations could get shows at little or no cash cost in exchange for ceding a portion of each program's ad avails to national advertisers that syndicators had signed on. Starting two years ago, however, many stations made a conscientious effort to accept less barter inventory. They wanted to retain control of their own revenue sources, and many felt they could accomplish more through local ad sales or by hawking the time on the national spot market. Fox Broadcasting exacerbated the situation: As the fourth network programs more time at former indies, traditional barter slots are disappearing.

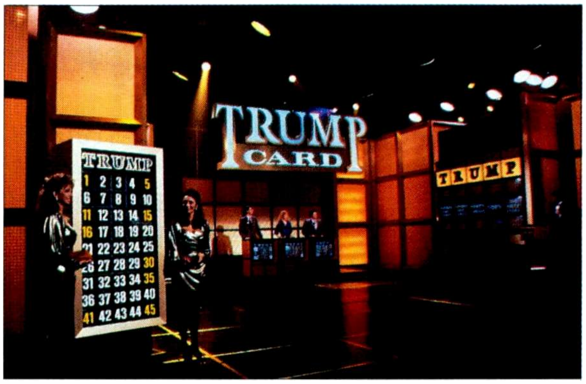
Even newly launched shows cleared in the major markets aren't attracting the sort of ratings that please national advertisers, because an embarrassingly large number of stations—their hands already full with established, high-performance barter fare—are relegating new barter shows to low viewership slots.

Many syndicators are so desperate to clear shows that they are formalizing "tiered" payment deals in contracts that allow stations to "pay 'x' price for 7:30 P.M., 'y' price for daytime and 'z' price for early morning," notes Steve Bell, vice president and general manager of Los Angeles independent KTLA. The result has not gone unnoticed at ad agencies. In the past, newly launched syndicated programs that cleared 80 to 90 percent of the country's markets typically aired during prime access and other coveted dayparts. Now, virtually all the new programs, including *Tic Tac Dough*, *Preview* and *Trump Card*, are also ending up in such less-than-desirable slots as 2 A.M., according to Dick Hobbs, senior vice president and media director at advertising agency Leo Burnett, the nation's largest purchaser of syndicated ad time.

Annoyed agencies are cracking down on syndicators' inflated claims by running a fine-toothed comb through syndicators' clearance lists to ensure they're getting the daypart delivery that's required by clients' plans.

"In the past, advertisers would be willing to cut even a pre-NATPE deal with the syndicators," says Donna Salvatore, senior vice president and group director of national broadcast at ad agency DMB&B, the number two syndication ad purchaser. Those days are over. Says Joel M. Segal, executive vice president of national broadcasting at McCann-Erickson, "Barter is as popular as it was. But its limitations are more generally known."

Seeking new sources of barter revenue, more syndicators are offering off-network shows on a cash-barter basis—particularly the hour-long dramas that were previously sold on a cash-only basis. In these deals, stations pay a discounted price for a program that has fewer-than-usual slots taken by built-in commercials. This fall, Viacom started distribution of *Matlock* on a cash-barter basis, the first time it had done so with an hour-long show.



New shows like *Trump Card* are ending up in undesirable time slots.

The pressures that have mounted against bartered shows are forcing syndicators to adopt increasingly risky strategies—even promoting program launches that have failed to achieve nationwide clearance. The idea is to use success stories in already cleared markets to convince prospective buyer stations to take on the programming. For example, Byrne Enterprises, with only 63-percent clearance at press time for its *Neon Rider*, which launched in July, says it has hired an outside firm to mail promotional kits to schools around the country in hopes teachers will encourage their students to watch the show. If the effort doesn't succeed, it will be much costlier than if the show had been canceled after failure to clear through traditional efforts.

The risk is considerable not only for syndicators who fail to clear programs, but especially for those barterers who can't deliver ratings. Advertiser contracts usually call for syndicators to pay back advertisers for bartered commercial time that failed to clear markets or achieve promised ratings at the end of 52 weeks. The risk is somewhat less for multiple-show syndicators, who often offer "make goods" or free ads in other programs for advertisers who paid for time in failed shows. A smaller outfit gets stuck with cash losses.

Looking ahead to an uncertain market, syndicators are considering the sale of barter fare directly to cable operators, and are even thinking of selling barter advertising to home-video movie distributors. In addition, "Barterers are trying to hedge themselves with international barter," thinking ahead to selling ads in globally distributed programs, says David Butterfield, who owns an eponymous Cambridge, Mass.-based broadcast management consultancy.

Despite all the problems, barter is still considered a powerful growth category. It just depends how big you are. In addition to Disney's new venture, MCA and Paramount one year ago jointly formed Premier Advertiser Sales to handle barter ad sales; its powerhouse shows include *Star Trek: The Next Generation*, *Arsenio Hall* and *Charles in Charge*. And despite the loss of the Disney account, Camelot, with hot shows like *Jeopardy!*, Wheel of Fortune and *Oprah Winfrey*, insists it will be in the money for years to come. Says president Steven Hirsch, "We are in a very enviable position."

If anything, analysts say the entrance of studios into the barter game is evidence that they are trying to diversify—just like syndicators. "Disney pulling out of Camelot is a recognition that programmers and distributors in the future are going to have to look at a mixture of revenue streams to support business," observes Butterfield. But with TV stations now in the driver's seat when it comes to barter syndication, it also marks a dangerous time for smaller distributors. They'll have fewer resources to fall back on if their bartered product grows less desirable to a picky market, one that is now faced with a much wider selection from which to choose. ●

David Kalish is a New York-based freelance writer specializing in advertising.

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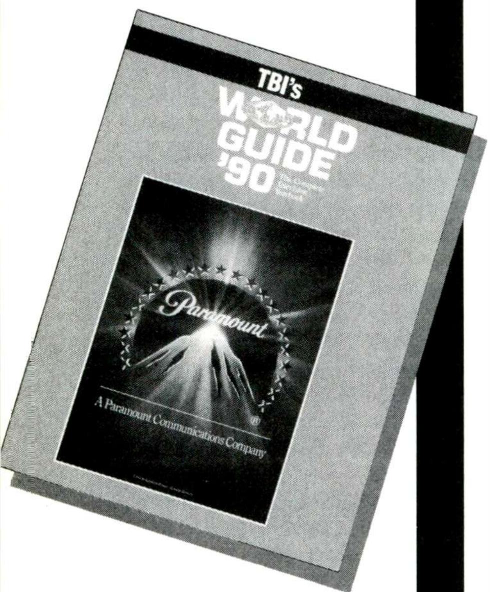

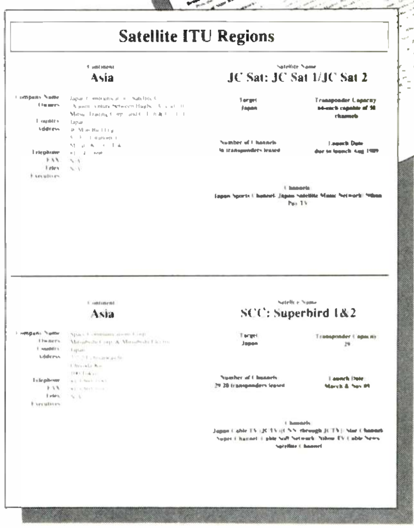

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MEDIA DEALS

The Magic Fades

by Cheryl Heuton

Blame Iraq or the market, but raising cash for first-run production isn't easy.

What do Saddam Hussein and the high cost of first-run production have in common? No, Hussein's TVQ rating hasn't landed him a talk-show contract. The correct answer is that both Hussein and high costs played a part in aborting King World's plans for a unique public offering called Merlin Program Capital. The syndicator's decision to back off, however, may say more about the risks that bedevil first-run production than it does about the struggle for petroleum resources.

Merlin was announced by King World Productions Inc. in July. Handled by PaineWebber, it was planned as a public offering to raise a minimum of $36 million by selling 2.25 million units priced at $16 apiece. Each unit would have consisted of one share of Merlin common stock and one warrant to purchase King World common stock at a price to be set in the future.

King World's chief financial officer, Jeff Epstein, says Merlin was to be a "unique pure-play investment in programming because it has no buildings, no employees, no equipment—just direct ownership of programs." While there are other public companies that syndicate, it's hard to find such a focused investment opportunity. Merlin would have split with King World the production costs of specified shows, with Merlin investors getting half the producer profits, but no share in distribution.

But while King World was waiting for its registration statement to clear the Securities and Exchange Commission, Hussein invaded Kuwait. The stock market responded with a precipitous drop. With prices depressed across the board, offerings such as King World's Merlin—introduced when the market was at a high—became great deals for investors. Too great. King World canceled the offering in September.

It's true that with prices down, the Merlin warrants would have diluted the share prices, as the company claimed. Many analysts, however, question

whether Merlin would have attracted investors had it gone on the market even under more usual conditions. It was, after all, a good deal for King World—but a mixed bag for investors.

"If you believe King World is going to do well, then you should just buy King World," says one Wall Street professional. "Why buy just a high-risk corner of the company?" Says another, "Merlin was made to seem as though it plugged investors into the success and excitement of the next *Wheel of Fortune*, then it turned out to be a chance to back a rehash of *Candid Camera*."

Most analysts agree that King World was probably counting on its reputation, and the lure of entertainment, to entice investors who wouldn't have been interested if the deal involved more mundane product. Indeed, the Merlin structure, while new to media financing, is old hat for technology and research. Such investments in high tech, while risky, offer the chance for tremendous gain, and thus attract the high-flyers who can afford to gamble. Merlin, however, had a decidedly limited upside. It was an odd mix: not safe enough for a conservative buyer, nor potentially lucrative enough for a big risk-taker.

King World's Epstein: no change in strategy.

Whatever it says about media investment and the dampening effect of international conflict, the clearest lesson Merlin offers is that the growing costs of first-run production are steep enough to prompt even the most successful companies to try to reduce the risk. King World's bench, which includes *Jeopardy!*, *Wheel of Fortune*, *The Oprah Winfrey Show* and *Inside Edition*, may be the deepest in the industry. It does not lack for cash—King World is sitting on a $150 million kitty, reports Epstein, and the company's consolidated long-term debt is a modest $90 million. "We'll go on without changing our strategy," says Epstein. The two shows that would have been the first Merlin projects, *Instant Recall* and *Candid Camera*, continue on schedule. Epstein says King World might consider an investment offering similar to Merlin, but "not right away."

Other investment analysts doubt that the offering or equivalents will surface. "I don't think it's something we'll ever see again," says one. Adds another, "If a powerhouse like King World couldn't make this an attractive package it could live with, there isn't much chance that smaller producers can." The need for cash, however, will prompt other attempts, though most will probably amount to variations on two old themes: coproduction deals and equity partnerships. •

Telso's Channel Crossings

Ann Harris of the U.K.'s Telso, a leader in international coproductions, braces for change at home and abroad.

Since she joined Telso Communications in 1987, Ann Harris has seen the British production and distribution company's client list expand, as American cable networks and other television outlets around the world become more receptive to such coproductions as Murderers Among Us; The Simon Wiesenthal Story. *This year's projects include participants from the U.K., New Zealand, Canada, the Netherlands, Japan and the U.S., among others. In 1989, Harris became managing director of Telso, a subsidiary of U.K.-based TVS Entertainment, which also owns TVS Television (the ITV franchise serving Southern England) and MTM. Members of the* Channels *editorial staff spoke with Harris recently.*

Changes in the U.K.

I am having to be in a somewhat reactive phase. That is, reactive to what happens to our principal client, the television company, our sister company [TVS Television]. They are going to go through this process of having to bid to retain their [TV station] franchise.

I think the channels now beaming into the U.K. on DBS, and indeed the cable franchises which are being applied for as well, will [create more windows]. That plus the fact that we have somehow or another to generate quite a significant amount of finance for our television business in the U.K. in the future, because we need, if nothing else, to bid for our own franchises. Our TV franchises will be awarded not just on merit, on quality, but also on the financial bid.

Franchises are bid for by March of next year, and the decisions will be known by the end of '91. We then have '92 as a notice period, a 12-month period during which either the newly appointed franchisee will take over, or the incumbent just carries on, depending on what the decision is.

I think you could seriously speculate that decision-makers, creative decision-makers, directors of programs at the television stations, would have more of a reason to be cautious about *major* international projects for the short-term than they might given more security of tenure.

We don't have enough time now to do a 24- or 26-hour series and broadcast it, if we were to lose our franchise. We have enough time to produce it. But if that is done in the last year of a company's franchise, then why make a commitment to do 26 new hours?

So I think those large projects are going to have a really rough time in the U.K. for a while. They always have had. Seven hours is a long-running series in the U.K. But there was a start to changing that.

One way or another, we have to create more cash in that U.K. market, and I think the use of programs at an ancillary level will be the way that we will do it.

Independents Day

There is support for independent producers from the powers that be. Legislation is going through Parliament which will affect the future of U.K. broadcasting. That will support a quota for independent production, both in terms of finance and in terms of hours, of 25 percent. The broadcasters in the U.K. will have to take 25 percent of their programming from the U.K. independent producers.

So you can see that they're not having to work in the more competitive environment that you have in the U.S. They've found a niche by intercutting legislative support for their cause. And they may take issue with that kind of statement, because it was a hard-fought-for position that they have. But at least it gives them a much more secure base, I think, from which to trade with the broadcasters.

Changes in the U.S.

I've referred to the way our market is changing. Yours changes very rapidly. It's noticeable that the cable stations have really put their identity in their programming. I think they have a very clear view of what they want.

And often, the executives I meet are combining both creative skills and business affairs skills, which is unusual—usually those disciplines are separate. Certainly in European television you find those are separate disciplines.

The other thing is that [in the U.S. the] decision process seems to be offered fairly quick. I mean, they seem to be able to take a project, assess it, and you've got a decision. Remember, my background is in dealing with PBS, largely—they were the principal operation through which you could get British programming to move into the U.S., both through acquisition and coproduction.

It feels a little bit more rapid. I mean, that's not to criticize PBS. Without them, British programming would

PHOTOGRAPHS BY ANDREW FRENCH

never have been able to find a home over here, and a lot of the executives, particularly flagship stations like WNET and KCET and WGBH in Boston, have been very loyal to British programming.

But there's been a marked change in the U.S., and I think it's to do with the emergence of cable stations. I'm not saying in terms of ease of access for British programming to come in here; it's never easy. There are more opportunities and more of a readiness to consider programming that used to be dismissed because it was British, because its source was British, because its writer was British. Much more open-mindedness. That consideration process may still result in it being dismissed. But at least now I know that at certain levels it's getting a chance.

It also speaks to the fact that whatever we may do internationally, people have a great interest in domestic programming, and I think we must never forget that. There's an attractiveness about the international marketplace. It apparently reduces financial risk and creates more opportunities for programs to emerge. But ultimately, people seem very interested in domestic.

Making It Work

My experience of people like A&E and Discovery and [TBS] is that they organized themselves very quickly. And I think those three stations also recognized the value of the international market very quickly. So they had professionals who were aware of the market and able to deal in it, and they put them into calm environments.

Changes in Development

There used to be a tendency just to develop a two-to-four-hour treatment on ten pages. Possibly sometimes to even take it to script form, and sort of throw it out onto the international marketplace and see what might happen to it. Increasingly, people are taking a strategic view of that.

Coproductions have to be project-driven. You can't contrive them. You seriously have to find a good script that you and I like before people get together and want to do it.

Now, if it's a project that is essentially European in its nature, [for example,] a documentary series about the Mediterranean, then we wouldn't even launch it [in the U.S.]. Indeed, I think it would be virtually impossible to introduce an American partner into that kind of property.

Producing for the Big Three

It's always quoted, as it were, as the gold ring. Because there's apparently so much more money attached to the potential of doing a coproduction with the U.S.—one of the three or four, depending on how you view it—networks. It's always seen as the pot of gold at the end of the rainbow. I hear less people in the U.K. talk about that now. The one example that we've had in recent times was *Jack the Ripper*, with Thames [Television]. I think, in terms of audience, it worked well in both countries.

'One way or another, we have to create more cash in that U.K. market, and I think the use of programs at an ancillary level will be the way that we will do it.'

There are certain creative interface problems. I don't just mean minute approval of the scripts that one assumes the networks would want, but the need to lead up to and fall back from an act break, just in the way you build the story—which we don't do so much in the U.K. around our airtime. So creatively, it's a very difficult juxtaposition.

The Meaning of Recession

You get some people who say, "Okay this means we now generally have to coproduce, co-finance." That you genuinely have to work television at its international level. And there are other people who just would avoid the risks of international coproduction and would say, "No, let's play it safe; let's just go for the domestic market for the time being." And you'll always get a mixture of those two kinds of people. I don't think you'll see any single reaction to that situation as uniform. You have a reaction to it, and so do I. The question has more to do with whether or not broadcasters in either of our countries decide to say, "Well, the hell with it."

Down Down Under

There are national characteristics in each country's reaction to a coproduction situation.

[For example,] until recently, obviously, the Australians were extremely entrepreneurial. Their projects, their type of production, the dramatic process seems to appeal to the audience that we certainly have in the U.K. And we had a number of projects which had been pre-sold to the Australian market appearing on U.K. television, and largely liked by the audience. But at a certain level, there was a way to say, "Perhaps there's too much of this going on." But anyway, I think the problems they have at their networks down there. . . . Projects haven't been killed, but certainly some have been put on the back burner. There were indications of it for quite some period. It hasn't just blown suddenly.

Now, because of the problems in Australia, the debt problems . . . That's an example to be avoided, certainly, with new stations in Europe. •

RUNNING THE NUMBERS

When Miami Freezes Over

In January, in San Jose, Calif., the average temperature is 50 degrees. There are only two ice skating rinks. Nevertheless, the San Jose Sharks will begin life as the NHL's newest franchise in fall '91. Hockey needs exposure to grow, thinks the NHL brain trust, and the San Francisco DMA is top-ten, even if kids there associate skating with roller derby. In 1992, the league will add two more teams, and the leading candidates among the eight applicant cities below are thought to be San Diego and Tampa/St. Petersburg, despite the palm trees. Potential TV revenues are reportedly the top criterion for franchise location—the NHL's contract with SportsChannel America runs out after this season. Canada may be awash in skating rinks and hockey fans, but Ottawa and Hamilton aren't given a good chance to land a team because of their relatively low populations.

	Average temperature in January:	Number of ice skating/ hockey rinks:	Number of television households:	DMA rank:	Cable penetration:	Potential cable sports outlets:
MIAMI	69°	4	1,313,540	16	62.5%	SportsChannel Florida, Sunshine Network
TAMPA/ ST. PETERSBURG	60°	4	1,349,730	13	61.8%	SportsChannel Florida, Sunshine Network
SAN DIEGO	55°	3	908,610	24	77%	Prime Ticket Network
HOUSTON	48°	2	1,471,840	10	51%	Home Sports Entertainment
SEATTLE	41°	8	1,321,920	14	63.6%	Prime Sports Northwest
HAMILTON	21°	14	Hamilton CMA, 210,000; part of Toronto DMA, 1,768,400	Hamilton is the equivalent of US DMA 110	83%	The Sports Network
OTTAWA	19°	173	427,000	Equivalent of US DMA 60	76%	The Sports Network
MILWAUKEE	19°	6	772,710	28	52.3%	Sports Channel Chicago

Source: Nielsen Media Research, *Channels* Research.

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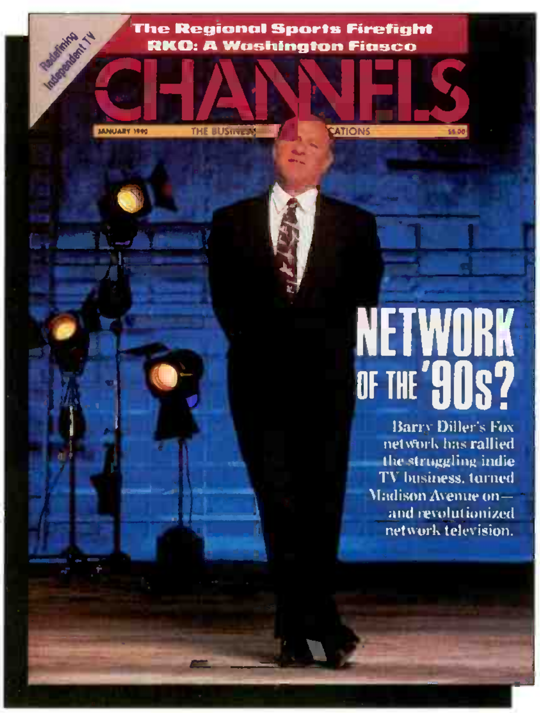

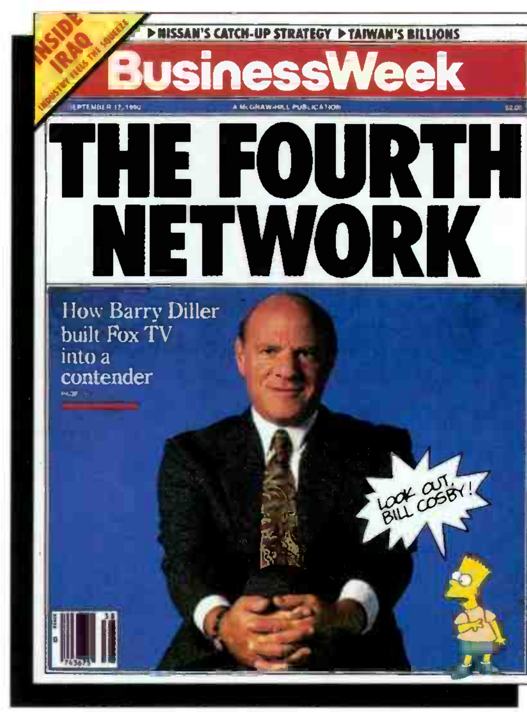

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