Tisch at the Top

Each time he buys a company, Larry Tisch pares perks, people and whole divisions. Then he steps aside and lets someone else run the show. Now that he’s the new power at CBS, will he change the pattern?
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- PREMIERE MOVIES SPECIALS

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A TISH IS STILL A TISH
A buy is just a buy. Larry Tisch's customary approach to running an acquired company is not likely to change just because he's doing it in an unaccustomed spotlight. A close look at his past performance provides convincing clues to the way he'll manage CBS.
BY FREDRIC DANNEN

WHO'S AFRAID OF TOM SHALES?
The Washington Post's TV critic doesn't just review programs. He reports. He analyzes. He second-guesses. No broadcast decision is safe from his probe. And the targets of what is more often wrath than roses regard him with fear and trembling. Don't they know he's such a sweetheart?
BY JAMES TRAUB

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THE SCHIZOID LIFE OF THE MEDIA ANALYST
Once the librarians of the industry, media analysts have bailed out of the quiet world of research for the rough-and-tumble of wheeling and dealing. As the pace accelerates, they often find themselves at the center of the conflict between research clients and raider clients, between what's objective data-gathering and what's inside information.
BY JOHN F. BERRY

NEWS MELTDOWN HITS L.A.
KCBS-TV's solid, straightforward local news show looked a little old-fashioned to the boys from headquarters. With vast ambition and expense, they set out to "expand the form." The ratings tumbled, New York grumbled, heads rolled.
BY DICK ADLER

THE STATE OF SYNDICATION
Excerpts from the Museum of Broadcasting seminar, a two-day session on new directions in the business, as seen by seven at the top.
HOLLYWOOD SQUARES
This season's #1 new prime access syndicated strip. Starring John Davidson. Sold in over 145 markets!

HIGH ROLLERS
A new version of the exciting hit NBC game-show, where the roll of the dice means big prizes and big money. Starring Wink Martindale. Your best bet for September '87 stripping...prime access, early fringe or morning.

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Sold in over 40 markets! Eleven captivating made-for-television movies with today's hottest stars—Farrah Fawcett, Faye Dunaway, Robert Hays...and more!

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1987 ORION TELEVISION SYNDICATION

www.americanradiohistory.com
Where the Action Is

It was by sheer chance that I happened upon NATPE in the spring of 1968 and became the first reporter to cover that annual convention of television program executives.

The organization was several years old at the time, but quite obscure in the industry. No one paid it much heed. Its membership was small and made up mainly of program directors from stations in middle-sized markets.

I had gone to New Orleans to report on another kind of meeting, the first (and, as it proved, last) gathering of humanists, scientists, artists and other notables who made up a national advisory committee for one of the prize creations of Lyndon Johnson's Great Society—public broadcasting.

But checking in a day early to load up at the city's oyster bars, I was astonished to find a number of TV syndication salesmen milling about the hotel lobby. Had they actually come for the highbrow public-broadcasting event? You gotta be kidding, the fellows said. They had come to buttonhole commercial station executives who were there for something called NATPE.

Syndicators were not allowed into the meeting. They were considered lowly peddlers of television filler, the stuff shoved into the airtime around the network feeds and local shows—mostly old movies and network reruns. If the salesmen were lucky when the session broke, they might snare a programmer or two for a drink, and flog their wares.

As a member of the press, I was welcomed to the meeting and, to my great surprise, stayed to the end. For a reporter it was a picnic. People told about the programs that worked or failed in their communities, about competitive practices and about the condescending treatment they received from their networks. The gripe session on the networks was absolutely wonderful. What I gained from being there, besides six or seven good stories for my paper, was a sense of America through television at the station level. After that, for the next 15 years, I never missed a NATPE.

In that span of time the organization experienced spectacular growth, partly because it had acquired a first-rate publicist in Bob Bernstein, who got the trade press to take notice finally and saw to it that the workshops addressed the gut issues of the day. But the great surge came in 1970, when the Federal Communications Commission adopted the prime time access rule, whose dictates made syndication an important force in the industry. Soon after, NATPE accepted syndicators as associate members of the group, recognizing the fellowship and interdependency of buyer and seller in this quite specialized field.

The great networks, which used to snub the annual event, now wheel in their top brass for extended presentations in what amount to small-scale affiliate meetings. (It's regrettable that their presence has put an end to the old candid gripe sessions.) Meanwhile, on the exhibit floor at the NATPE conventions, syndicators stage what has become the world's largest and most important program market of the year.

There were fewer than 200 in attendance when I stumbled upon NATPE in New Orleans 19 years ago. This year, in the same city, the attendance will exceed 4,000. For significance in television, NATPE has clearly overtaken the industry's biggest convention, that of the National Association of Broadcasters. This is because the NAB remains preoccupied with government relations and technical equipment while NATPE homes in on the main stuff of television, its programs.

Les Brown
"YES, THERE IS LIFE AFTER BREAST CANCER. AND THAT’S THE WHOLE POINT."
—Ann Jillian

A lot of women are so afraid of breast cancer they don’t want to hear about it. And that’s what frightens me. Because those women won’t practice breast self-examination regularly. Those women, particularly those over 35, won’t ask their doctor about a mammogram.

Yet that’s what’s required for breast cancer to be detected early. When the cure rate is 90%. And when there’s a good chance it won’t involve the loss of a breast.

But no matter what it involves, take it from someone who’s been through it all.

Life is just too wonderful to give up on. And, as I found out, you don’t have to give up on any of it. Not work, not play, not even romance.

Oh, there is one thing, though. You do have to give up being afraid to take care of yourself.

American Cancer Society
Get a checkup. Life is worth it.
Announcing a New Dimension in Television Programming.

MTM. The company you’ve known for quality network programming, “Newhart,” “Remington Steele,” “St. Elsewhere,” “The Mary Tyler Moore Show,” “Lou Grant,” “WKRP in Cincinnati” and “Hill Street Blues” now enters the syndication arena. With the same commitment to providing highly acclaimed entertainment for distribution.

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The tradition of quality continues.
The one thing McDonnell-Douglas, Hewlett-Packard, Norelco and Pru-Bache agree on.

What these leading corporate advertisers have in common is their recognition of the uncommon quality of the audience that watches the lively and informative Wall Street Journal Report on Television.

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So whether you advertise financial services or home electronics, office equipment or apparel, telephones or automobiles, entertainment or travel services, you should call Carl J. Sabatino at (212) 416-2375 and find out how economically you can spread your message through The Wall Street Journal Report on Television.

We think you’ll agree you’re in very good company.

*Source: NSI telephone survey. February 1986.*
The talk of Detroit is the 24-foot sign clocking the deaths by handguns in the Murder Capital of America. For WXYT, an AM talk station, the billboard is a promotional bullseye.

TV NEWS

GE Defense Ties Worry NBC Staffers

The fact that NBC's owner, General Electric, is the nation's third-largest defense contractor has been a ticklish subject at the network's Nightly News ever since GE acquired the company last year. Anchor Tom Brokaw has privately expressed his worry about the appearance of a conflict of interest in the network's defense coverage. New fears surfaced last fall after NBC president Robert Wright circulated a memo advocating employee contributions to a network political action committee. Can GE, the network owner, distance itself from GE, the manufacturer of fighter engines and antitank gear?

NBC News executive producer Bill Wheatley denies there will be any tightrope walking. "I always have concerns about my work environment, but I have no reason to believe there's going to be any interference. If any investigation takes us to General Electric, we're going to report it."

NBC had already increased its defense coverage a few months before the GE takeover, when correspondent Jim Miklaszewski joined Fred Francis at the Pentagon. A few months after the
GE announcement, the Nightly News created a national security beat, and correspondent Art Kent's intelligence-agency reporting occasionally spills over into defense.

One particular aspect of the GE-NBC merger, however, troubles news staffers and outsiders alike. When it acquired RCA, GE gained a strategic foothold in military electronics and satellites. This has positioned the company to compete for one of the most lucrative military projects to come along in decades, and in the middle of a great news story: Star Wars.

MICHAEL HOYT

CABLE TV

Travel Channels Hit the Road

Those glutted cable channels will soon have still another genre: travel. TWA and a competitor, the World Travel Network, will be launching all-travel cable networks this winter featuring travelogues, package deals and merchandise that viewers can purchase home-shopping style.

TWA, which plans to get its 24-hour service, The Travel Channel, under way this month, has purchased the name and satellite transponder time from Group W, which ran a travel service of its own until last year. Veteran traveler Gunther Less, whose Journey to Adventure series has been in syndication for years, will move his road show to TWA's channel.

The airline says its travel channel will not be a promotional outlet but will accept advertising from all travel-related companies, even its competitors. "We want British Airways and Pan Am," says company spokesman Sally McElwreath.

The World Travel Network has taken a different approach. It wants three-to-four-hour blocks on an existing network. This strategy requires a lower up-front investment but may leave it with only the least desirable time slots.

But can the wire really sustain another service? "Maybe not," says Jack Pottle, an analyst with Browne, Bortz and Coddington in Denver. "But then I never would have thought that cable could sustain five home-shopping networks."

JOSEPH VITALE

REPORTS

PRODUCTION

F/X on $5 a Day

Pressed by networks to keep quality up and expenses down, production companies are searching for innovative ways to maintain Cadillac looks on a Yugo budget. Nowhere is the pinch felt more than in special effects, where the cost of breathtaking results often leaves a producer gasping.

For years, TV has created its effects the same way the movies do—with optical printers, which press exposed layers of film together into one grand design. The results can be spectacular but the process was always too slow and expensive for most TV series. Each laser blast in the sci-fi series V, for example, is said to have cost $5,000.

Now The Post Group, a Hollywood production house, is pioneering a method of creating quality effects on videotape. Using powerful computer-driven generators such as the Mirage and the Quantel Paintbox, Post's technicians conjure up images, rotate them for three-dimensional effects, recolor frames and even produce background mattes electronically.

"The editor sees the results immediately instead of waiting three days or a week for film processing," says Rich Thorne, Post's senior vice president.

The biggest user of the process had been CBS' just canceled The Twilight Zone. Post created all its effects (exclusive of the opening titles) on video.

"We bid $45,000 on the opening 40-minute episode and got the job," says Thorne. "An optical printing house bid $250,000 for the same work. Since the video effects had to be inserted into filmed episodes, Post also added a "film look" to the tape electronically.

Bruno George, special effects coordinator of The Twilight Zone, estimates that his costs would have been 50 percent higher if he had used conventional film effects.

This season, Post is also producing the opening titles on all of Lorimar's programs (including Dallas and Falcon Crest) for $12,500 a show instead of the usual $50,000.

ANDY MEISLER
STRONG STORIES, TIMELESS CHARACTERS

PREMIERING FALL '87

That's the secret of every Disney success, from the first animated short through the feature-length classics to the sixty-five brand new episodes of DUCKTALES.

HIGH ADVENTURE WITH A DASH OF COMEDY AND A TOUCH OF WHIMSY.

DUCKTALES begins with long-time favorite Disney characters, Scrooge McDuck—the original billion dollar bird—and the nephews, Huey, Dewey and Louie, all pitted against their traditional arch-rivals, the Beagle Boys. Added to this long-time appeal is a brand-new character—Launchpad McQuack—a "retired" test pilot designed to give the Disney tradition some very up-to-the-minute company.

Story lines take DUCKTALES around the world in truly international escapades. From earthquake caverns to temple ruins in steaming jungles, from supersonic airborne pursuits to romance in an Alaskan goldrush, DUCKTALES is an all-family adventure.

QUALITY: THE DISNEY PASSION.

In a day of slap-dash animation, when it's difficult to tell whether you're watching robots that move like people or people who move like robots, Disney's lifelike motion and brilliant coloration shine above all others. The reason is really quite basic—and expensive. We use 40% more cels per minute—and with more multiple action frames—than the usual simply animated show. All story concepts, and scripts are done in Burbank, as is all post production. Only the cel painting is done overseas, under the watchful eyes of our own on-site inspectors. This unique combination of at-home and off-shore production ensures maximum production value.

PROMOTION AND MERCHANDISING: THE DISNEY ADVANTAGE.

Already DUCKTALES has the full attention of Disney's Licensing and Merchandising divisions. Larger-than-life Launchpad McQuack characters are being designed for Disneyland and Disney World, as are new lines of DUCKTALES promotional garments for sale by our licensees.

RATINGS AS SPECTACULAR AS THE PRODUCTION.

DUCKTALES has the clearances that build major audiences. On more than 130 stations covering over 90% of the country, DUCKTALES is already cleared in 10 of the top 10 markets, 48 of the top 50 and 90 of the top 100. No other syndicated series has, or ever had, clearances so strong.
SUCCESS.
IT'S THE ONLY GAME HE PLAYS.

Executive Producer Burt Reynolds brings the season's most exciting game/entertainment show to television—and he's playing to win.

WIN, LOSE OR DRAW combines the high-energy competition of a game show with the entertainment of improvisational comedy, then tops it off with celebrity star power that only a producer like Burt Reynolds can command.

Already signed to appear, more than 9 months in advance of production, are Loni Anderson, Bert Convy, Tony Danza, Dom DeLuise, Jamie Farr, Norman Fell, Marilyn McCoo, Ricardo Montalban, Martin Mull, Tom Posten, Carl Reiner, Dinah Shore, Sally Struthers and Betty White. Of course, Burt Reynolds will appear as well.

Ratings go up when celebrities let their hair down playing the sketch pad version of charades, America's favorite parlour game. With its comedy and star power, WIN, LOSE OR DRAW has two compelling attractions for a younger and more male audience along with a tremendous draw for the core female demos essential to any show's success.

WIN, LOSE OR DRAW. It's fast, fun and packed with star power, comedy and universal demographic appeal. Only WIN, LOSE OR DRAW has the unique flexibility to play in any dyaart.

WIN, LOSE OR DRAW

WIN, LOSE OR DRAW IS A BURT AND BURT PRODUCTION IN ASSOCIATION WITH KUNT & FRIENDS, INC. AND IS DISTRIBUTED BY WALT DISNEY TELEVISION.
DANGEROUS
WHEN
FUNNY.

We Got it Made

Starring Teri Copley and Tom Villard.

Have the last laugh on your competition when your ratings take off.

Follow the NBC O & O's lead. They chose the all new episodes of We Got it Made for access checkerboard.

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VISIT US AT NATPE BOOTH # 358
MILT GRANT'S FALL: THE MORAL

When Grant Broadcasting System filed for bankruptcy in December, citing onerous programming debts, it shocked syndicators into reassessing collection problems with independent stations. This was not just another shaky entrepreneur. Nor was it another failing station selling out to a new owner who refused to accept liability for program contracts. Milton Grant was a veteran broadcaster and onetime darling of investors. And now he was the center of the industry's biggest bankruptcy, in arrears on $24 million worth of programming, with long-term program debt of over $100 million.

Most aghast was Grant's creditors' group: suppliers who were in the process of considering discounts and payment extensions for his stations in Chicago, Miami and Philadelphia.

"This is a screaming, club-waving band yelling 'Pay me or I'll kill you,'" said Marv in Grieve, president of syndicator MG/Perin and of the Association of Program Distributors. "But they don't really mean it."

Milton Grant, however, a broadcaster for over 30 years, apparently believed they did, and would force him into involuntary bankruptcy, as suppliers had with WCLQ-TV, Cleveland, in October. So he co-opted them, filing Chapter 11. "Now," says Grieve, "they're saying, 'Wait. Let's see if we can't work something out.'"

That is what was done in the few previous experiences that distributors have had with station bankruptcies. "No distributor ever lost money," Grieve insists.

Until Grant, suppliers' woes came largely from a handful of opportunists who had intended a brief stint in broadcasting but got caught in the downturn that blocked the exit.

Ironically, Grant, a broadcast professional, was the prototype of the fast-in-and-out owner. Though it failed this time, his customary tack has been to pay huge sums for programming, win quick ratings successes and get out. (His KTXH-TV, Houston, went through two more owners before Taft Broadcasting, the second of those, faced the reckoning that Grant's spending made inevitable once ad revenues in the marketplace withered.)

Grant is also singular for the animosity he provokes in competitors. "Syndicators used to say to me, 'It's a whole new game now that Milt's here.' Now we're competing with what he bought, knowing he hasn't paid a dime on it," said an "angry, frustrated" programming vice president in one Grant market. "We're not dancing on his grave, but there's very little empathy here."

That animosity translated into demands that any mercy Grant received from suppliers be provided to all program licensees, solvent or not. And there's the rub. While suppliers had quietly entertained station pleas for renegotiation before Grant, the flood of requests that came after Grant has made givebacks a public, and potentially very expensive, decision.

The dimensions of the shakeout suppliers provoke will reveal whether there is any fraternity in the closed market of station and syndicator. Because Viacom and others delivered cease and desist orders to Grant Broadcasting before it declared bankruptcy, they believe they can pull programming even though legal proceedings preserve the status quo. What if they make an example of Grant to dissuade others from seeking givebacks?

What looms is a sobering moment, much like the one that clarified relations between cable operators and the cities. After months of battles over services promised in an era of giddy optimism and withdrawn when financial reality struck, the two admitted they were accomplices. Compromise was the only way out.

Syndicators and station owners face compromise, too. And just how they do it will turn a searchlight on how well each understands its community of interest.

"If we kill [the stations]," says Grieve, "we die."
TALK SHOW

GIVING THEM THE BUSINESS

Add big business, or at least the Mobil Corp., to the list of groups upset about their image on TV. Mobil put up 80 percent of the money for a PBS documentary to be broadcast next month that attempts to show that businessmen are portrayed negatively on television. This negative image has its effects, the program claims, on young people in particular.

_Hollywood's Favorite Heavy: Businessmen on Prime Time TV_ is a slick piece of propaganda. It is well shot, moves crisply and manages to be quite convincing at times. Using clips from such prime time soaps as _Dallas, Dynasty_ and _Falcon Crest_, all of which have businessmen as leading characters, the program builds a decent case that people in business are usually portrayed as liars, cheats and murderers who make their money not through hard work but by being ruthless.

Less impressive are a series of conversations conservative author and television writer Ben Stein has with TV producers and writers. They defend themselves in the usual way: "We're under deadline pressure"; "Look, you have to have a heavy"; "TV just reflects what people believe." But their hearts aren't in it. They know they use the evil businessman as a stock character, just as they use the handgun in the desk drawer as a handy plot device.

It might have been interesting to hear a few theories—perhaps Freudian—of why this is so, but none are forthcoming.

Whether all this proves an anti-business bias among television producers is open to doubt, but let us grant that television puts businessmen in a bad light—for whatever reasons. So what? Are mobs surrounding the homes of leading executives, demanding justice? Are college graduates refusing to lend their talents to major corporations? Are politicians declining contributions from business lobbies, afraid of being tainted? Does Lee Iacocca have trouble getting speaking engagements? In short, is capitalism in trouble?

No, there are only two possible explanations for Mobil's attempt to right the wrongs TV commits against business. One is an almost mystical belief that images invade minds the way pins in a voodoo doll invade the body. The other is vanity—the desire to see a pretty reflection of one's self, which Mobil executives can afford to indulge by putting up $300,000 for a documentary. Fear of a popular revolt against business cannot be the explanation, for America is the most pro-business nation on earth. Executives who don't like the images they see on _Dallas_ and _Dynasty_ should look at television in France or West Germany, where real live socialists—people who despise capitalism and say so—are routinely interviewed, often by socialist hosts.

American business has nothing to fear from television, which, after all, is a business. Everyone knows that the best things on TV are the commercials, which constitute one long pep rally for the joys of consumption. Surely the images produced by business succeed well enough in their aim—to make consumption the nearest thing to religion for most Americans—that businessmen can afford their unflattering image on prime time.

Perhaps this is why General Electric declined to fund _Hollywood's Favorite Heavy_. According to coproducer Michael Pack, GE preferred to rely on its "We bring good things to life" TV ads, which feature happy families in warm, brightly lit homes, enjoying their lives because General Electric appliances have made them easier. GE seems to understand that in the battle of images, the magic products outdo the evil characters every time.

So the captains of industry can sleep soundly. On TV, J.R. and Blake Carrington will continue to lie, cheat and steal. But in the real world, no mobs will be storming the malls. Unless, of course, there's a sale.

JAY ROSEN

CONGRESS AND TV: HURRY UP AND WAIT

The day the Communications Act of 1934 was passed, Sam Rayburn, then a Democratic leader in the House, said, "Nothing important happened today." In a sense, that has been Congress' attitude toward telecommunications ever since. Indeed, the basic structure of the Communications Act has remained unchanged for 50 years. And though Congress amends it about once every two months, the changes have been polite nibbles around the edges. Politicians are just plain scared of tinkering with TV.

Now there's a new Congress. The Democrats are back in control of the Senate, there's new leadership in the House and the end of the Reagan era is in sight. But anyone who thinks this augurs great changes for the industry can think again. If this group behaves like its predecessors, not much is going to happen.

Not only does Congress rarely do anything substantive on telecommunications issues, but this spring its attention will be elsewhere, namely on the Iran arms scandal. The other committee rooms will echo with talk of insider

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TELEVISION ISSUES INVOLVE QUESTIONS OF TECHNOLOGY AND CONTENT. ON THE TECHNICAL SIDE, WHICH INCLUDES SUCH ALL-IMPORTANT ISSUES AS SPECTRUM ALLOCATION, CONGRESS HAS TRADITIONALLY WAITED FOR THE INDUSTRIES INVOLVED TO DEVISE A COMPROMISE, THEN ENDORSED IT. FOR INTELLECTUAL-CONTENT ISSUES SUCH AS COPYRIGHT AND PIRACY, IT IS HARD TO EXAGGERATE THE CONFUSION ON THE HILL. A RECENT REPORT FROM THE CONGRESSIONAL OFFICE OF TECHNOLOGY ASSESSMENT COMES TO THE STUNNING CONCLUSION THAT "TECHNOCLOGICAL CHANGE IS OUTPACING THE LEGAL SYSTEM," THEN EXPLAINS THAT IT IS DIFFICULT TO DEFINE GOALS—LET ALONE SAY WHAT IS RIGHT OR WRONG.

THE WAY TO HANDLE CONGRESS ON SUCH MATTERS IS TO CONVINCE ITS MEMBERS THAT WHATEVER THE INDUSTRY WANTS IS WHAT THE TECHNOLOGY DICTATES.

THERE IS, HOWEVER, A GROWING AWARENESS OF TELEVISION'S OVERALL IMPACT, WHICH MAY RESULT IN MORE CONTENT-RELATED HEARINGS THIS YEAR—ON CHILDREN'S TV, FOR EXAMPLE. ARGUMENTS THAT TELEVISION ITSELF IS UNWORTHY OF PUBLIC DISCUSSION WILL NOT WORK AS WELL AS THEY ONCE DID.

BUT NEITHER DEREGULATION, CHANGES IN THE TELEVISION INDUSTRY NOR THE RECENT ELECTION HAS ALTERED THE BASIC CONGRESS-FCC DYNAMIC: ABOUT A DOZEN MEMBERS FROM EACH CHAMBER PAY ATTENTION TO THE COMMISSION; THE REST ARE LARGELY INDIFFERENT. IN THIS, THE BOREDOM FACTOR CANNOT BE UNDERESTIMATED. RATE Deregulation, ownership restrictions and network financial interest put most legislators to sleep faster than you can whisper mustang.

SO EVEN IF PRESIDENT REAGAN'S IRAN TROUBLES EMBOLDEN THE MEMBERS, THE MOST ONE CAN EXPECT FROM CONGRESS IS A FIGHT OVER SOMETHING PERIPHERAL, SUCH AS THE FAIRNESS DOCTRINE. THIS CONGRESS WON'T TRY TO SHAPE TV'S FUTURE BECAUSE NO CONGRESS HAS EVER TRIED.

ONE THING, HOWEVER, IS DIFFERENT. TELECOMMUNICATIONS SUBCOMMITTEES ARE NO LONGER THE LAST STOP FOR CAREERS. SOME YOUNGER MEMBERS—THOSE RAISED ON TV AND WHO HAVE A STRONG INTELLIGENT FEEL FOR IT—SEE THESE SUBCOMMITTEES AS SPRINGBOARDS TO NATIONAL ACCLAIM.

AT THE SAME TIME, STRENGTHENING OF BOTH THE SENIORITY SYSTEM AND THE PARTY STRUCTURE MEANS THAT CONGRESS WILL PLAY ITS GAME DIFFERENTLY EVEN IF THE RESULTS ARE THE SAME.

STILL, MOST OF THE RULES FOR BROADCASTERS REMAIN VALID: GIVE LAWMAKERS LOTS OF PERSONAL, HANDS-ON ATTENTION; PROMISE TO SERVE THE PUBLIC INTEREST (CONGRESS HAS A SHORT MEMORY ABOUT PROMISES); MAKE NO OVERT THREATS (TV IS PERCEIVED TO HAVE SUCH POWER THAT WHAT SEEMS LIKE INNOCENT SABER-RATTLING CAN STIMULATE IMPASSIONED OPPOSITION); IF NECESSARY, WRAP YOURSELF IN THE FIRST AMENDMENT; AND REMEMBER, IT'S EASIER TO STOP CONGRESS THAN TO GET IT TO DO ANYTHING.

IF ALL THIS SOUNDS SIMPLE AND CONFUSING AT THE SAME TIME, ACCEPT IT AS THE RULES OF THE TERRITORY: WELCOME TO WASHINGTON.

JOEL SWERIDLOW

MADE IN AMERIKA

A S IF THE UNITED NATIONS DOESN'T HAVE ENOUGH PROBLEMS ALREADY—WHAT WITH MEMBER STATES NOT PAYING THEIR BILLS AND TERRORISTS TAKING POT SHOTS AT ITS PEACE-KEEPING FORCES—MANKIND'S "LAST, BEST HOPE" NOW HAS AN IMAGE PROBLEM ON AMERICAN TV.

IN THIS MONTH'S CONTROVERSIAL MINISERIES AMERIKA—ABC'S MULTIGHT MINI SAGA ABOUT LIFE IN THE U.S. UNDER SOVIET OCCUPATION—U.N. TROOPS (CALLED U.N.S.S.U., FOR UNITED NATIONS SPECIAL SERVICES UNIT) ARE PORTRAYED AS MURDERERS, RAJISTANS AND SOVIET GOONS. NOT EVEN JEANE KIRKPATRICK WENT THAT FAR.

SINCE LAST FALL, THE U.N. HAS BEEN CONTEMPLATING A COUNTERATTACK. FOR A TIME, ITS LEGAL AFFAIRS DEPARTMENT CONSIDERED A LAWSUIT TO TRY TO PREVENT ABC FROM DISPLAYING U.N. FLAGS AND INSIGNIA IN THE MINISERIES, ARGUING THAT THEIR UNAUTHORIZED USE CONSTITUTE A KIND OF TRADEMARK VIOLATION. "WE WERE SUCCESSFUL WITH SUCH A SUIT BEFORE," SAYS A SOURCE IN THE LEGAL DEPARTMENT. "WE WERE ABLE TO STOP A PROMOTER FROM STARTING SOMETHING CALLED THE MISS UNITED NATIONS CONTEST." THIS TIME, THOUGH, THE LEGAL ROAD LED NOWHERE. BUT MANY BELIEVE THE U.N. MAY STILL BE ABLE TO HIT THE NETWORK WHERE IT HURTS IN THE POCKETBOOK. TAKE THAT, COMPARE.

BECAUSE MINISERIES TRADITIONALLY DO NOT PERFORM WELL IN DOMESTIC RUNS, NETWORKS COUNT HEAVILY ON FOREIGN AND ANCILLARY SALES TO HELP DEFRAIL COSTS. FOR EVERY $3 MILLION A PRODUCTION COMPANY SHELLS OUT FOR A MINISERIES, IT CAN COUNT ON ABOUT $750,000 FROM FOREIGN SYNDICATION.

THUS, FOR THE REPORTED $35 MILLION TO $50 MILLION IT SPENT TO MAKE AMERIKA, ABC (WHOSE IN-HOUSE PRODUCTION ARM, CIRCLE FILMS, CREATED IT) COULD THEORETICALLY REALIZE FROM $9 MILLION TO $12 MILLION IN FOREIGN SALES. THAT IS, UNLESS THE U.N. CAN CONVINCE FOREIGN TELEVISION BUYERS TO BOYCOTT THE MOVIE.

BUT WOULD THAT VENERABLE CONGREGATION OF NATIONS GO THAT FAR?

"WE HAVE ALERTED THE MEMBER STATES ABOUT THIS FILM AND MADE OUR FEELINGS CLEAR," SAYS FRANCOIS GIULIANI, SPOKESMAN FOR U.N. GENERAL SECRETARY JAVIER PEREZ DE CUELLAR. "WE CANNOT ASK MEMBER STATES TO INTERFERE IN THE MAKING OF THE FILM BUT WE WANT THEM TO BE ON NOTICE AND TO UNDERSTAND OUR POSITION."

WHAT GIULIANI MAY NOT REALIZE IS THAT WHEN IT COMES TO SALES, FOREIGN TV EXECUTIVES ACT VERY MUCH LIKE THEIR AMERICAN COUNTERPARTS. THE RATINGS SPEAK A UNIVERSAL LANGUAGE.

"THERE'S AN OLD AMERICAN SAYING," SAYS MIKE PEREZ, NBC'S VICE PRESIDENT OF FOREIGN SALES. "'THERE IS NO SUCH THING AS BAD PUBLICITY.' THAT STATEMENT TRANSLATES WELL INTO ALL LANGUAGES."

PEREZ RECALLS ANOTHER ABC PRODUCTION THAT STIRRED CONTROVERSY. "THE DAY AFTER GOT ITS SHARE OF BAD PRESS," PEREZ RECALLS. "THERE WAS TALK ABOUT SPONSORS PULLING OUT; PRESSURE GROUPS IN THE U.S. WANTED THE SHOW KILLED. AND DO YOU KNOW WHAT? THE INTERNATIONAL TELEVISION NETWORKS WERE LINING UP TO BUY IT." "THE DAY AFTER EVENTUALLY WENT INTO THEATRICAL RELEASE OVERSEAS.

"THE NET RESULT OF EVERYTHING THE U.N. IS DOING IS TO CREATE WORLDWIDE PUBLICITY. IF ABC'S EXPERIENCE IS ANYTHING LIKE OUR OWN, FOREIGN VIEWERS WILL DEMAND TO KNOW WHAT ALL THE CONTROVERSY IS ABOUT."

JOSEPH DI CERTO, DIRECTOR OF COMMUNICATIONS FOR CBS BROADCAST INTERNATIONAL AGREES: "NO ONE HAS BEEN ABLE TO GET COUNTRIES TO AGREE ON TERRORISM. I DOUBT THEY CAN BE MADE TO AGREE TO BOYCOTT A TV SHOW."

SO IF THE U.N. REALLY WANTS TO SETTLE AMERIKA, IT MIGHT BE BETTER ADVISED TO DROP THE LITIGATION, CANCEL THE FOREIGN SALES STRATEGIES AND COME UP WITH SOMETHING BLOCKBUSTER-STYLE, PROGRAMMING OF ITS OWN. AND SELL IT TO THE OTHER NETWORKS, FAST.

JOSEPH VITALE

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MIDNIGHT IN LONDON IS 4 P.M. IN L.A.

As head of drama for Yorkshire TV, David Cunliffe used to keep fairly normal office hours. But these days, like many another British television executive, he does much of his phone calling from home, often as late as midnight. Midnight in London is 4 P.M. In Los Angeles. This is the price paid—part of the price—for finally breaking the barrier to American commercial television.

Long snubbed by the lush Yankee market, British television companies recently have found their way in through a form that’s actually foreign to them—the made-for-TV movie. With the U.S. networks cutting back hard on their use of theatrical films and the pay-cable services, HBO and Showtime, countering the competition from videocassettes by making more original movies, the English have been enlisted to meet the demand here for low-budget-quality features.

When American producers get a network contract for a movie or miniseries, they often shop abroad for coproduction. The British are especially adept at producing dramatic programs and find the deals hard to resist: They’re almost immediately profitable and provide larger production budgets than native television normally allows. "In some ways, this is the biggest thing to happen to British television," says Cunliffe. "We’re riding a tiger, and I doubt we’ll ever be able to get off."

The coproduction ventures have been coming so thick and fast that today all the major British broadcasters have motion picture subsidiaries: Central Television has Zenith Productions; Thames, Euston Films; London Weekend; ITC; and TVS, Southern Films. Granada had been the sole holdout but last fall hired Mike Wooller from Goldcrest, producer of Chariots of Fire, to establish Granada Films.

Britain’s moribund movie industry has been brought back to life by television and financed, in effect, by the Yankee dollar. In turn, the Brits have been making films on distinctly American subjects—Kennedy, with Martin Sheen; for example; Murrow, with Daniel J. Travanti; On Trial; Lee Harvey Oswald; and the adaptation of F. Scott Fitzgerald’s Tender Is the Night. An English company reportedly is even mulling a film about Abraham Lincoln.

Recent made-in-England features include A Woman of Substance with Deborah Kerr, Romance on the Orient Express, Jenny’s War with Dyan Cannon and the miniseries Lace.

At Yorkshire, smallest of the British television majors, Cunliffe will oversee the production of at least six movies this year, including two adaptations from the Harlequin line of romance novels. Those are to air first on Showtime, then late night on CBS and later will go into syndication. They’ll also air on Britain’s commercial network, with their costs covered by the American sale.

Most of the made-for-TV movies are budgeted at $2 million to $4 million. British executives say the networks typically license them for about $2.5 million; HBO, for around $750,000, and Showtime, for about $600,000. When the proper deals are struck, the profits from the back end can be generous.

“A network sale in the U.S. is bigger than selling all the rest of the world,” Cunliffe says. “It’s difficult to raise money from European markets.”

Some might expect the Brits would be jubilant over this turn of events, but in fact many of the old pros are gloomy, believing the American connection inevitably will destroy their distinctive, highly respected brand of television. The Americans who write the checks typically demand casting, script and director approval and usually require at least one American star.

Moreover, the 97-minute made-for-TV movie, a distinctly American program form, is driving Britain’s traditional dramatic form—the one-hour play—from the nation’s screens. The British networks had programs that could not be denied, the fact is that England and America have had a healthy reciprocity in popular music over the last quarter century. American television can only benefit from a similar interchange with Britain, where some of the best ideas for series and miniseries are born and where the public-service tradition in broadcasting still flourishes. There’s a chance that the benefits will be reciprocal, but only if the Yanks don’t get carried away and try colonizing the Brits.
Ten years ago "That's My Mama" burst on the scene, capturing not only ratings, but the hearts of America. With a warmth, wisdom, and wit that aimed straight for the funny-bone.

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THE BUSINESS SIDE

CABLE’S STRANGE BEDFELLOWS

Since the cable television business has never been healthier, don’t be surprised to see the big players who control its programming services pump large amounts of money this year into the nation’s most underutilized program-distribution vehicle.

It’s a rarely discussed fact that the basic services are controlled by major companies who for the most part have been reluctant so far to invest heavily in cable-network operations. But when you look at the basic program-ownership lineup it’s easy to see the opportunity.

USA Network, for example, is owned by Gulf & Western’s Paramount Studios, Time Inc. and MCA. Arts & Entertainment belongs to Hearst, Capital Cities/ABC and General Electric through RCA. Lifetime’s owners are Hearst, Cap Cities and Viacom. In addition, there are the program networks owned by cable giant Tele-Communications Inc. (TCI) and other cable companies: American Movie Classics, The Discovery Channel and Black Entertainment Television.

And then there’s Ted Turner with his vast reach and clout, now operating with the resources of a major film library.

What it comes down to are national program services with growing audience reach and vast resources that match anybody’s in national networking. Furthermore, in a difficult advertising environment, the growth of the basic networks has been impressive. Estimates by Larry Gerbrant of Paul Kagan Associates show basic network revenues, including advertising and license fees, reaching as much as $1 billion this year—double their total of just three years ago. Moreover, three quarters of the 16 basic cable networks are expected either to operate profitably or to break even this year, and that, too, is twice the number of three years ago.

At the same time that the basic network business is taking off, there continues to be talk of a cable “super-network” by TCI and the Turner organization to bid for such nationally attractive programs as National Football League games and first-run Hollywood films. In a business that loves risk spreading joint ventures, it’s easy to see why such amalgamations of companies make sense as vehicles to take on the big three networks. It is also a sensible strategy at a time when cable’s reach, now at about half the country, is still far short of the big three.

But there are reasons why the owners of the basic networks may not yet be in a position to maximize the value of what they have.

For one thing, partnerships rarely work, especially in the ego-driven media and entertainment world. “USA Network is one of the best candidates for a super-channel,” says an industry source, “but the problem is that the three owners can’t agree on anything.”

Secondly, it is axiomatic in television that only private companies or public ones dominated by visionary entrepreneurs are successful in launching innovative ventures. Bold decisions rarely come out of cautious management committees. Ted Turner and Home Shopping Network founders Bud Paxson and Roy Speer are examples of entrepreneurs with the guts and freedom to promote new ideas in cable.

Yet some group efforts have worked. C-SPAN, the public-affairs service, has succeeded because the industry’s political incentive to telecast federal government activities is obvious and because it has been an effective tool in helping convince municipalities of cable’s public affairs value.

And there are other signs that cable operators are ready to help fund potentially successful programing ventures. The Discovery Channel (the science and adventure service) languished until TCI, United Cable, Cox Cable and others joined to get it moving last year. Another important consortium model is Cable Value Network, the shopping service. Launched in September by TCI, American Television & Communications, United, Warner Cable and others, it took the entrepreneurial foresight of its owners—C.O.M.B. Co., the merchandisers—to get the venture off the ground.

If these efforts overcome the structural difficulties inherent in multiple ownership, and if a handful of industry powers can pull off a joint effort to win rights to a package of NFL games, then a model for the industry will exist. Of course, the prospect of launching a major new service or feeding NFL games to cable outlets over an ad-hoc hookup (as Turner’s troops seem to be proposing) is daunting, unless the incentives of considerable local advertising avails are irresistible.

It’s important to remember that cable networks have demographics and viewer habits on their side. For today’s teenagers—the choice advertising targets of the future—MTV and USA are just notches on the hotline alongside ABC, CBS and NBC. The stepped-up effort to successfully program and market those networks would seem inevitable as cable continues to blanket the country. But that will happen only if companies with disparate interests and styles can learn to work together—or to leave the networks in the hands of the lone eagles.

by Merrill Brown
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Source: N71, 1971-1975
A Tisch Is Still a Tisch

Loews' boss says he took charge of CBS to protect an American institution. Does that mean he'll run it differently from his other holdings? Don't kid yourself, by Fredric Dannen.

Larry Tisch Goes Hollywood: It's a plot worthy of Tinseltown itself, prime fare for a made-for-TV movie. Here's the scenario: Lawrence Alan Tisch, a middle-class law school dropout from Flatbush, Brooklyn, toils 40 odd years in relative obscurity and amasses one of America's great fortunes. With his brother Preston Robert (whom everybody calls Bob), he turns family-run Loews Corporation into a vast holding company with stakes in real estate, tobacco, insurance and countless short-term investments. He gives millions to charity but shuns the limelight. He's so unimpressed with his wealth that he drives an old station wagon and makes self-deprecating remarks such as: "If I had a nickel for every time I was wrong, I'd be a rich man."

Suddenly, he's a national celebrity. By hoarding one quarter of the common stock of CBS, he saved a troubled American institution from such would-be predators as Ted Turner, Ivan Boesky—or worse. In a dramatic boardroom scene, CBS chief executive Thomas Wyman, a Tisch adversary, is ejected and replaced with the financier. Tisch's smiling face is splashed all over Newsweek and Time and the major dailies. Once so exclusive that brother Bob had to point him out to Loews employees, Larry is now seen mingling with cameramen, visiting CBS affiliates and chatting up TV stars. He foreshakes his drol little banker at Loews for Wyman's plush executive suite. He trades in his Quotron terminal for a row of TV monitors. The prestige of running a premier broadcasting network proves a heady experience. Though hired as acting CEO, Tisch hints that he might like to keep the job for a while—maybe indefinitely.

There's nothing wrong with the story's essentials; they're all perfectly true. The problem is in the conclusion so many have drawn: that some strange transformation has taken hold of Larry Tisch. People shake their heads over his sudden high profile, as if the boss of Dan Rather, Angela Lansbury and Brent Musburger had any choice in the matter. They assume that because Tisch has begun to throw his weight around, he wants to continue to make all the decisions, including what goes on the air. One concerned media analyst puts it this way: "Tisch is not a show-business personality. But now he's having the greatest time of his life. Can he handle it? He might decide this is the one investment to keep his hands on. That's what worries people."

Admittedly, the billionaire investor hasn't come off like an interim anything. (CBS founder William Paley, who swept back in as chairman on Tisch's coattails, is the real figurehead.) Tisch had barely moved into his new digs on the 35th floor of Black Rock last September when consultants from Coopers & Lybrand, at his behest, went on a bounty hunt for redundant scalps. By the time they were through a few months later, Tisch had axed about 400 employees—not counting the 700 jobs eliminated by Wyman to help retire the heavy debt CBS ran up fighting Ted Turner's 1985 takeover attempt. Tisch swiftly sold the company's book division, shut the technology center where the LP was invented, shrank the legal, finance and public relations staffs and even let go most of the company's young, blue-jeans-ed pages.

Happy, serene, entirely self-possessed and almost completely bald, the 63-year-old Tisch offers no apologies for the shakeup. "Whatever is being cut is redundant," he shrugs. "The press distorts those things. They say all the pages are gone. When everybody needed pages, we were going to have pages. We may have..."

Fredric Dannen is a contributing editor of Institutional Investor and is working on a book about the record industry.
HISTORIC PRECEDENT? Larry Tisch clutches the microphone FDR used for the fireside chats that calmed an anxious nation. Tisch must calm an anxious network.
had too many. That's the way it is in any business: You don't cut muscle; you cut fat. So far we haven't lost any good people." Period. "Larry comes at most businesses with the presumption that it's inefficient and that there's waste—and he's usually right," says Lazard Frères investment banker Felix Rohatyn.

Looking back on Tisch's career as a manager, his performance at CBS doesn't seem like a departure at all; it's more of a rerun. Though Tisch maintains that "no two businesses are alike," his record as an active investor is consistent. He likes to buy companies that are trading below asset value for whatever reason, including inept management. When Tisch takes over, he moves rapidly to cut overhead, doing away with excess people and perks, and focuses the company by disposing of units outside the core business. Finally, he appoints someone else (usually an industry maven) to run the operation. Then he gets out of the way.

CNA Financial, which represents 71 percent of Loews' $6 billion in revenues, is a classic example of the Tisch approach. The nation's 13th-biggest property-and-casualty insurer, CNA was acquired by Loews in 1974 for about $200 million. Today its market value is estimated at more than $3 billion—a 1,400 percent gain. It's inconceivable that Loews' investment in CBS will ever perform that well, but then, the risk was nowhere as great: While the broadcaster has a strong balance sheet (its debt-to-equity ratio is a comfortable 15 percent), CNA was probably insolvent when Loews bought it. Like CBS, however, CNA had run into trouble after management went on an ill-conceived diversification binge (the insurer had moved into mutual funds, real estate, nursing homes—even cable television).

Within months of the Loews takeover, the marbled top floors of CNA's new $85 million Chicago skyscraper were cleaned out of personnel and used for storage. Tisch not only fired CNA's top management, but let go all 400-odd people who ran the insurer's holding company. They were replaced by Tisch and Loews' executive vice president at the time, Lester Pollack, who disposed of all the noninsurance units, one by one. When Allstate veteran Edward Noha stepped in as the new head of CNA Insurance Companies, he eliminated another 1,400 jobs, mostly through attrition. A decade later, Noha gloats that he has presided over "the turnaround of the century." Lots of insurance analysts agree with him.

Or consider Lorillard. Loews bought the tobacco company (name brands: Kent, Newport, True) in a friendly 1968 deal. It was another contrarian move. Most investors thought the surgeon general's report spelled doom for cigarette makers. Lorillard has proven a dream cash cow, throwing off much of the capital that Loews has used to make subsequent investments. Early on, Loews sold Lorillard's cat food and candy businesses. Then it forced the company's incumbent management into early retirement and brought in J.R. Reynolds' Curtis Judge as CEO (Judge recently retired and was replaced by his own hand-picked successor, J. Robert Ave.).

What's important to note is that Larry Tisch does not step aside until he's good and ready. It took four months to appoint Noha at CNA and fifteen months to install Judge at Lorillard. But once he selects a person to manage operations, he has always delegated himself out of a job. In fact, whether Tisch keeps his title of chief executive of CBS is irrelevant. He is, for example, still chairman and CEO of CNA Financial. Yet, says Noha, echoing the heads of other Loews divisions, "I have never—never—been second-guessed or interfered with by Larry Tisch."

In many ways, in fact, Tisch sounds like a dream boss. He allows people to fail: "If I introduced a new product and lost $50 million," Judge relates, "I never knew either Larry or Bob to point and say, 'You talked us into that.'" No division head can ever recall getting a memo from Larry Tisch. And he seems to believe that a meeting should run no more than 15 minutes. "Larry's so quick, if I give him two good sentences, he's got it," says Lorillard's Bob Ave. "He's really not interested in day-to-day operations."

History shows, in fact, that there's no job Tisch is unwilling to delegate to someone he trusts. Consider Loews' kingly investment portfolio (over $10 billion, counting the assets of CNA and other subsidiaries). While Tisch has kept a hand in running the fund, he has placed it under money manager Joseph Rosenberg and allowed the Loews employee to call his own shots. "If anyone should never have had a free hand, it's me," Rosenberg
‘TISCH IS NOT a show-business personality, but he’s having the time of his life. Can he handle it? He might decide this is the one investment to keep his hands on. That’s what worries people.’

says. “I’ll tell you why. There’s nothing that Larry loves more than investing. So if he is willing to let someone else run his investment portfolio, why shouldn’t I believe he’d let someone else run CBS?”

“If past is prologue—if Lorillard and CNA have set an example—Larry will appoint someone, conceivably a programmer” to manage CBS, adds Loews board member Lester Pollack. “What Loews did [at CNA and Lorillard] was look at the financial structure, streamline management and do divestiture work. The same thing seems to be happening at CBS. I don’t think Larry Tisch anticipates sitting around and developing programming.”

Granted, the business of CBS is a bit sexier than insurance or tobacco. As Rohatyn points out, “CBS is a legend. It is a part of the intellect and power of the country.” Tisch himself has left no doubt that CBS was a highly uncharacteristic purchase, which carried the challenge of restoring a tarnished “national treasure.” “Certainly profit alone is not my interest,” he admits. “I think profit comes with doing the right thing by the institution. I’m sure it’s a good investment; the question is how long it takes to make it a good investment. But, in the process, I think you have to do the right thing by the franchise.”

Perhaps the best analogy to Tisch’s stewardship at CBS is the role he has played as chairman of the board of trustees of New York University. (Tisch enrolled in NYU at age 15 as a banking and finance major.) There are few things that gave Tisch more pride than the revived reputation of NYU as one of the nation’s top colleges, after several years of decline. One reason is the much-acclaimed Tisch School of the Arts, funded by a $7.5 million gift from Larry and his brother. It was Tisch who hired ex-congressman John Brademas as NYU president in 1981. The school has financials that would do a large corporation proud: a $767 million operating budget and a $615 million endowment fund. As chairman of NYU’s finance committee, Tisch has applied the same hardnosed principles he brings to every business.

Had Tom Wyman taken the trouble to study Larry Tisch’s career, he would have discovered another pattern: It’s usually a bad idea to have Tisch for an enemy.

Again, take the case of CNA, which is often cited as Loews’ only hostile takeover. CNA battled Loews’ tender offer for almost nine months, seeking protection from two state insurance departments and the Securities and Exchange Commission. Tisch had to testify at hearing after hearing, but refused to give up. In the end, CNA’s defiance of Tisch proved an expensive blunder: Testimony at hearings disclosed that the company’s own actuaries had found a $60 million shortfall in its reserve fund. By the time Loews took over CNA, the company’s stock price had plummeted about 16 percent.

It must have given Tisch a feeling of déjà vu, then, to see Wyman shoot himself in the foot at last September’s board meeting by mentioning that he’d approached Coca-Cola as a possible suitor. Tisch made it clear that he had no intention of selling his shares to Coca-Cola—or anyone else. Wyman had underestimated Tisch just as he had probably overestimated Turner; his gambit for survival turned out to be the most embarrassing flop since “new” Coke was launched.

By the time the board meeting took place, there can be little doubt that Tisch wanted Wyman gone. It wasn’t just that the network’s earnings prospects were lousy and that morale was suffering. Those things were bad enough, but Wyman had done the unthinkable: He had invited Tisch to join the board as a friend and then turned on him, asking him to sign an agreement not to buy any more stock. “I was upset about that,” Tisch admits.

Recalls a Tisch ally: “Larry could have lived with Wyman if Wyman had said, ‘Can you help me?’ Wyman would be chairman of CBS today if he had been straight with him. Larry’s fear was that the board would turn against him.”

“Early on, Larry had no disenchantment with Wyman,” adds one of Tisch’s closest advisers, takeover lawyer Martin Lipton of Wachtell, Lipton, Rosen & Katz. “The disenchantment came later—and the essence of it was that Wyman wanted a standstill agreement. All of a sudden, Wyman was saying, ‘I don’t trust you.’ At the same time, it was very clear that this was not a well-managed company. There were serious problems to be addressed.”

Tisch had a lot of time to acquaint himself with those problems. He served on the company’s board for almost a year before Wyman was fired. At the outset, Tisch was scanning corporate flowcharts and wondering aloud about all the layers of management. The excess was offensive to Tisch, no matter how the business was doing. But under Wyman, earnings had gone nowhere for five years, and weren’t likely to improve anytime soon, which made the boat looked even worse. Meanwhile, return on assets has averaged less than 6 percent over the past half decade.

“We’re certainly not earning enough money based on the value of the company,” Tisch agrees.

The networks’ dilemma has been brought on by softening ad revenues in the face of increased competition and a sluggish economy. But for CBS, the problem is compounded by low ratings. Wyman not only failed to boost earnings, but allowed CBS to slip from the number-one spot behind NBC. And the down-

In pre-CBS days, the functional Loews offices reflected Tisch’s tastes.

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Cease-Fire Line

Laurence Tisch has passionate causes other than the restoration of CBS—and chief among them is the survival of the state of Israel. He has served as president of the Greater New York Jewish Appeal; his wife Wilma was the first woman president of the Federation of Jewish Philanthropies. Since he is otherwise a political centrist, it was Tisch's militantly pro-Israel stance that Tom Wyman seized on in an effort to drive a wedge between the financier and the CBS news department. Wyman implied that Tisch would try to influence reporting on the Middle East. The ploy backfired. The news division disliked Wyman intensely, and Tisch was seen as the best hope for getting rid of him.

But the issue is not necessarily the red herring that Tisch loyalists are calling it. In the past, Tisch has been openly critical of the news media's coverage of the Arab-Israeli conflict. During a 1983 dinner party at the home of journalist Elizabeth Drew, cousin to the Tisches, he argued vehemently with ABC News anchor Peter Jennings over the role that Washington should play in Middle East negotiations. Jennings, who had once run the Beirut bureau of ABC News, was apparently seen by Tisch as pro-Arab, though the Newsman is considered balanced by his peers. "They had a very, very spirited discussion," recalls Felix Rohatyn, who was present that night. "But so what? Larry is not driven by ego. He's extremely bright, and he knows there is a line between executive authority and news."

"I don't think it was a heated argument," Tisch says when reminded of the incident. "Peter and I are good friends; we've had dinner a number of times. And I can guarantee you that the one area I will never interfere with is the delivery of the news." Tisch then goes on to contradict himself. "In my role at CBS," he says, "my obligation is to make sure the news is unbiased. You'll never find me in any way interfering with the presentation of the news as long as the news is presented fairly. But if I were sitting home, and I heard a commentary on CBS on any subject that was biased, I think it's my obligation the next day to speak to the head of the news division and say, look, you put on a biased commentary. But it has nothing to do with Israel."

-T.F.D.

Tisch does not dispute Sosnoff's appraisal; it's just that, unlike the money manager, he has the luxury of a longer time horizon. He certainly has no plans to shore up earnings this year or next by skimping on the production budget. "We have no interest in cutting programming costs, and we're not touching news," Tisch says. "Nothing that goes on the air is being cut." Once fixed costs are under control, Tisch's strategy for improving returns is "very simple. You get better programming, you get bigger audiences, you get bigger revenues. We'll pay whatever is necessary to make sure we have the best programs on the air."

When Tisch says he's willing to spend for quality, he should be taken at his word. History bears him out. As soon as Curtis Judge became head of Lorillard, he told Tisch that the cigarette company was turning out shoddy products. He said he'd need from $100 to $150 million to modernize the company's plants—a huge sum considering that it was 1970 and that Loews had spent about $400 million in debt and warrants to buy Lorillard in the first place. Judge got the money.

Even more dramatic evidence that Tisch is no piker comes from CNA. Ed Noia says that on becoming president in 1975, he found that the insurer's financial condition was far more parlous than Tisch had imagined. "I told Tisch I needed $50 million cash," Noia recalls. "He didn't blink."

Of course, in those other businesses, it's a lot easier to figure out what you need to spend to get a desired result. In a creative field like broadcasting, there's no direct connection between cost and quality. Tisch himself notes that "sometimes you pay a lot for a bad program and very little for a good program." When asked how he will get CBS to do a better job of programming, Tisch, for once, has no pat answers. "Our people are working harder out in Hollywood," he says a bit uncertainly. "We have very good people out there. I think they're going to succeed."

Tisch is well aware that whatever it costs to improve ratings will be money well spent. In good times, a franchise such as network television can be a money-spinning machine. What's more, Tisch worries about renewed inflation and thinks that "broadcasting is a good investment in inflationary times." He believes ad revenues will tend to go up faster than production costs. "But even if it didn't, at least you would maintain growth in line with the inflation, which is the important thing."

It was not lost on Tisch that fabled Omaha investor Warren Buffett has also made big investments in media stocks, including an 18 percent stake in Cap Cities/ABC (Channels, November 1986). "We're good friends," Tisch says of Buffett. "We've discussed broadcasting over the years. Maybe he's influenced me. I think he has." Tisch is also friends with Cap Cities/ABC chairman Tom Murphy, who happens to be chairman of NYU Medical School and who serves on the university's board of trustees.

And, for years, Tisch played tennis with Leonard Goldenson, the former head of ABC. "I think Larry was always intrigued with this business, listening to Leonard," says another tennis partner, Bernard Stein of the Wall Street brokerage firm, Neuberger & Berman.
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Finally there's a late night show where people don't talk. They scream. But don't panic. "Friday the 13th" may still be available in your market. So if you want to create fear in the hearts of your rivals, you'd better be quick. This show has sold so fast, it's scary.

STAR TREK: THE NEXT GENERATION
Accelerate your ratings, demos and sales to warp speed as the legend continues. With 26 first-run hours, including a two-hour world premiere movie, "Star Trek: The Next Generation" is the show that's boldly taking TV syndication where no show has gone before.
PORTFOLIO XII

Paramount Portfolios have always generated high interest. Some stations said Portfolio X was better than Portfolio IX. Some said Portfolio XI was better than Portfolio X. And some are saying Portfolio XII is better yet. Of course, at Paramount we like to think the best is yet to come. With blockbusters such as Top Gun, Crocodile Dundee, Star Trek III, Star Trek IV and Ferris Bueller's Day Off in current release, your future investment is already guaranteed.

CLASSICS

When you think about comedy, think about Paramount. After all, who can match our current network line-up, our new first-run properties and these unchallenged classics? So if you're looking for laughs—and who isn't—come to us. We deliver.

COMIC TRADITION

Continuing our tradition of great comedy, Paramount is proud to offer three of the most watched, most loved programs in television history. “Family Ties,” “Cheers” and “Webster.” And in the same spirit, we are equally proud to announce that the newest member of our comedy family will be available soon. “Brothers.”

SOLID GOLD

There are many legends of rock and roll. But only one is a television program. Now back for its 8th year, “Solid Gold” is a classic example of programming that improves with age. So save the last dance for us.
Tisch clearly has been thinking for years about the fundamentals of broadcasting. His initial stake in CBS—some 7 percent in July 1985—was not his first investment in the business. In 1981 Tisch bought 5 percent of ABC for about $43.5 million, but took profits a short time later. Two years later, he picked up 4.8 percent of Storer Communications, again selling at a profit. Just how much money Loews made off of those holdings is unknown, but Tisch clearly missed windfalls by selling out before Capital Cities’ 1986 tender offer for ABC and last year’s leveraged buyout of Storer. What’s more, says Joe Rosenberg, the man who runs Loews’ portfolio, “in 1974 we had a major investment in Metromedia. If we had held, it would have been our biggest winner of all. As Larry would say, ‘If we’d kept that, we’d be rich.’”

Actually, Tisch’s involvement in CBS began as an arbitrage move. His son Daniel, the head of risk arbitrage at Salomon Brothers, called him with the news that Wyman had just offered to buy back 20 percent of CBS stock at $150 a share in an effort to thwart Ted Turner. Danny figured that, using Salomon’s trading capability, he could buy CBS stock on behalf of Loews at an average price far below $150. Further, the profit would be taxed at the dividend rate rather than the capital-gains rate. It was exactly the type of investment dear to Larry Tisch—one with no apparent downside.

But somewhere along the line, Tisch clearly changed his thinking. After all, the whole point of risk arbitrage is to sell—and Tisch didn’t. Perhaps the real moment of truth came last April when real estate mogul Lawrence and Zachary Fischer put 1 million CBS shares up for sale at an average price of $143. Tisch decided instantly to buy them, but it was probably a move that he had contemplated in advance. “He really wanted that block, even though he knew in the short term he might be overpaying,” says Bernie Stein.

Though he admits he could have found a more lucrative use for Loews’ money—the holding company paid a total of $851 million for its CBS stock at an average share price of $127—Tisch scoops at the idea that the investment was somehow a betrayal of his value-oriented discipline. “I’ve never made a typical investment,” Tisch says, adding that his investment style has been described so many different ways that “if you lined them all up, they’re all a contradiction.”

What people often forget in trying to describe Tisch is that he is, above all, a pragmatic man—sometimes almost ruthlessly so. On Tisch’s first day as CBS chief, he wrote a rare memo expressing his “complete confidence” in publishing head Peter Derow—whom he fired a month later. Reportedly, Derow was bluntly informed of his dismissal by Tisch in the middle of a budget meeting. “I agonize for weeks if I have to let someone go,” says CNA’s Ed Noha. “Larry has a lot of heart, but he also has a very tough exterior. He will move on things.”

Noha believes that the same pragmatism will lead Tisch to phase himself out of operations at CBS. He tells a revealing anecdote about a recent CNA board meeting that turned into more of a celebration. The once-foundering insurer was enjoying the best earnings in its history, and a director stood up to praise Larry Tisch, Ed Noha and CNA’s other officers.

Tisch, as usual, refused to accept praise for his own achievements. “I couldn’t agree more about Ed and the other people,” Tisch is recalled to have said. “But, you know, when I took over CNA, I really thought any smart Wharton MBA could learn it and run it.”

Yet it would have been a grave mistake, Tisch allowed, not to have given the job to an expert like Noha. “This is the most complicated business I’ve ever been involved in,” he concluded.

It doesn’t matter at all that Tisch, himself a Wharton MBA, made the remark. What matters is that Tisch did not make the mistake.
The Last Tycoon

William Paley ran his network like the court at Versailles, and his pampered elite lacked for nothing—except power. by John Cooney and George Winslow

N o longer is CBS the gracious preserve William Paley ran like Louis Quatorze; he was given to spending lavishly on art treasures and insisted on elegance and style, whether in the decor of offices or the fixtures in executive washrooms. Black Rock, the corporate Versailles that Paley built, is going through austere times.

The gilt-edged perks of the Paley era—the limos, the first-class travel, the executive dining rooms and much more—are all taboo. Accountants who could squeeze eleven pennies out of a dime are firing employees and demolishing departments.

In last September’s upheaval, when chairman Thomas H. Wyman was ousted and CBS’ biggest shareholder, Laurence Tisch, seized control, Paley temporarily regained the title of chairman. Although happy as a clam to be in the thick of things again, Paley by now must realize that his Last Hurrah isn’t something to be ecstatic about. The new CBS is a denial of what Paley himself stood for.

As much as he should be praised for creating CBS, he must be held responsible for many of the problems CBS faces today. Paley’s attitude toward quality—damn the expense—was fine for its era. For decades, CBS was such a cash cow that he not only tolerated management inefficiencies but added staffs who did everything from speech polishing to economic analyses that were barely used. In tough times, that culture helped bring about CBS’ undoing. Paley’s flaw was that, as the classic entrepreneur, he treated CBS as his personal fiefdom long after it went public. Going public gave him a new set of obligations that he largely disregarded. What may have been worse was the fact that he made no real provision for succession. Though Paley occupies the corporate throne from which he once ruled with regal authority, he is participating albeit tangentially, in turning a paragon of broadcasting into a lesser company. “Everyone always looked to CBS as the standard-bearer of the broadcasting industry,” says Robert Smith, dean of Temple University’s School of Communications and Theater. “Now, they’re looking at the company to see how it will be run.”

Indeed, CBS was a great company for good times. But nowhere is the downsizing of network television more shocking than at CBS. Hundreds of employees, from pages and security guards to layers of top management, have been fired. Entire departments, including acquisitions, and committees such as planning, policy and management have been disbanded. CBS Technology Center, an influential, 50-year-old laboratory where the 33 rpm record and a prototype of color TV were developed, was shut down. Meanwhile, second-place CBS shows no signs of catching NBC in the ratings.

How did things go so wrong with Bill Paley’s dream? Paley complains that he should never have taken the company public. When he did, his management-by-whim became obvious, paving the way for someone like Tisch to take over one day.

T he most telling example of his caprice was his cavalier attempts at finding successors. His canning of heir apparents—when his mercurial nature moved him—undermined management with Wall Street and the CBS board. For instance, he repeatedly promised that he would step down in 1966 at age 65 so highly respected president Frank Stanton could take over. But minutes before the press release was to go out, Paley changed his mind and exempted himself from the company’s retirement rule. When Stanton turned 65 in 1973, Paley gave him no such exemption and turned him out. After Stanton, Paley filled the job with corporate caretakers who lacked Paley’s own fire and dynamism as well as his sense of the public’s love affair with the medium. Of Stanton’s five successors, all were fired but one: Chick Ireland, who died after nine months in office. “Paley rears his presidents as disposable lighters,” media analyst Anthony Hoffman joked as Paley fired yet another one.

Among the worst of his picks was Wyman, the last president Paley brought into CBS. Wyman had no entertainment-industry experience, but was willing to be president at a time when Paley had made many qualified executives gun-shy about the job. By 1981, the job had become so unattractive that the board had to offer a $1 million signing bonus.

Wyman also fit Paley’s ideal successor, or a “corporate son,” as he once put it. Paley was looking for an establishment type, and here was Wyman: tall, distinguished, pipe smoking and a product of Phillips Academy and Amherst and large companies, including Pillsbury and Nestlé. But Wyman rarely demonstrated financial or management skills, although during his regime CBS led prime time ratings for all but his last year. His cleverest feat, other than landing his job, was convincing the board to elbow Paley aside.
so he himself could become chairman. His deal record was mixed and he panicked when faced with Ted Turner's junk bond takeover bid, buying back stock and leaving a once rich company laden with debt. His next move, attracting Tisch as a white knight, was his undoing.

But Wyman was merely a symptom of what had gone wrong at CBS. Paley's arrogance resulted in Wyman's ascension, and the same trait was responsible for Paley's poor acquisition history. Mistakes included Hytron, a TV-set manufacturer that made TV picture tubes by a process that became obsolete when the vacuum picture tube was invented. In 1964, CBS bought the New York Yankees, which plunged from first place to last before being sold.

Eventually CBS came to own a jumble of companies, many of which were barely profitable—and some not at all. CBS was making guitars and pianos, retailing stereo components, manufacturing toys, producing motion pictures and publishing trade books, school books, paperbacks and magazines as diverse as Women's Day and Field & Stream. The businesses shared an entertainment-industry link. The need was for shirtsleeve managers, not network executives used to overseeing ad order takers. A CBS management that could sell The Beverly Hillbillies to the public thought it could market anything. Although some staffers issued warnings, nobody listened because Paley was committed to reducing CBS' dependence on broadcasting for growth. The expansion strategy proved costly as CBS dropped $30 million on movie ventures, for instance, and at least that much on cable programming.

Yet, when Paley was outmaneuvered by Wyman and lost the chairmanship, things only got worse. For all his failings, Paley really was CBS. Nowhere was that more noticeable than in the news division, where Paley always had special relationships. Under his aegis, news wasn't a profit center as much as a prestigious, quasi-public trust. But as in the corporate environment, Paley's continuing failure to address succession issues again haunted CBS. The new heads of news were given a profit mandate and they slashed the budgets of journalists, who didn't view their work as a business.

Hundreds were fired from the news division. Washington stories were deemphasized and replaced with human interest features, trend stories and softer pieces believed to have broader appeal. Just last summer, CBS News president Van Gordon Sauter boasted, "I brought CBS on line financially for the first time in history." In the process, morale plummeted and problems mounted as the news staff became factionalized. The public spectacle, which could never have happened in Paley's day, was meant to humiliate the Wyman management, and it did. Paley himself was said to be mortified.

But today Paley finds that his position as temporary chairman doesn't mean much. For the most part, he sits on the sidelines while Tisch does as he wants with CBS.

At least temporarily, Tisch has soothed the news division and says the quality of the news is far more important than profit. Some lost jobs were restored and CBS provided wall-to-wall election coverage last November while ABC and NBC didn't. But producer Don Hewitt, a Tisch friend, says: "When CBS was a mom and pop shop, the entertainment side could support the news. That's no longer the case. We have to pay our own way. We have to come up with ideas to convince men like Tisch that we deserve more airtime."

All the while, some news professionals continue to complain about CBS' coverage. Former news president Richard Salant calls CBS' failure to air a special on the Soviet-American Iceland summit "outrageous," and says he is heartbroken that the special aired instead on ABC. He also notes that it was NBC, not CBS, that jumped on the Iran-Reagan mess.

Then, of course, there's entertainment programming, which is the money-making heart of any network and also the business that ties up most network costs. Under Paley, that was never much of a worry because the network was usually at the top of the ratings. Now, however, it's number two, battling with a resurgent ABC, and desperately looking for hits. As NBC's entertainment president, Brandon Tartikoff, says, "Hits drive this business, not accountants." No one knew this better than Bill Paley, who built his network on stars and worked at keeping them happy as long as they delivered high ratings.

The programming gamble is the one that Paley always understood. If you win big, it can hide a lot of problems. If you lose, no matter how much cost cutting you do internally, you still lose very big. If Paley's programming judgment and good fortune do not rub off on Tisch, no amount of financial wizardry and cost cutting will renew CBS' luster. But if it should happen, it could be the founder's greatest triumph.

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John Cooney and George Winslow are free-lancers currently writing a business almanac with Louis Rukeyser.
Who's Afraid of Tom Shales?

by James Traub

The morning after the terrible Sunday afternoon last fall, when Ronald Reagan and Mikhail Gorbachev scuttled to their opposite corners in Reykjavik, Tom Shales, television critic of The Washington Post, popped up on the front page of the paper's Style section with about 800 well-chosen words. Something in the coverage of the event had caught his attention. “Even as Secretary of State George P. Shultz was virtually throwing in the towel and proclaiming the summit a bust,” he wrote, “anchor Dan Rather was still looking on a very elusive bright side.” And so, Shales pointed out, Rather continued to report even as his fellow anchors were ringing down the curtain.

“That,” says a former CBS insider, “sent the management of CBS Evening News into a black hole for eight to 12 hours. Dan Rather was very depressed.”

Even in these parlous days, CBS News would seem to have the institutional self-confidence of, say, IBM, if not the College of Cardinals. Dan Rather might be expected to pay no more heed to a newspaper critic than to a spot of lint on one of his designer sweaters. In fact, Rather denies the tale, though he concedes that the Shales piece moved him “to review what we did” at Reykjavik. But another source, a CBS News producer, confirms the account. “Make no mistake about it,” says the producer, “Tom Shales is a major power in this business.”

In the world of television, power is associated either with immense quantities of money, or beautiful hair and per-
feet. Shales pulls down a good income, and his hair and teeth look okay from across his desk. Then how does he do it? Talent. Tom Shales is too good to be ignored and, in the world of daily television criticism, he's all alone at the top. M.S. Rukeyser Jr., NBC vice president and close student of the television review, calls Shales "the Taj Mahal of television critics." CBS media critic and former television reviewer Ron Powers has called Shales "the definitive newspaper TV critic today." Bill Moyers considers him "almost a genius." And Steve Friedman, executive producer of the Today show, calls Shales the Willard Scott of television criticism.

Who is this critic whose column makes strong men lie down and put cool washcloths on their forehead? About the sweetest guy you ever met, actually. Tom Shales is a softie who doesn't mind admitting that he watched the rediscovered episodes of The Honeymooners, "rough-edged and frenzied and passionately funny," in a trance. He laughs—giggles, to be exact—at other people's jokes and ridicules himself with slightly disturbing sincerity. With his blond mop and round, unmarked face, Shales bears a passing

The special power of The Washington Post's television critic lies in his ability to shake up the people who make programs, not merely the people who watch.
At CBS news, Shales is the first thing people read each day. "There's nothing people are more afraid of here than a bad Shales review."

resemblance to Dennis the Menace, though given his 200-pound-plus-plus frame you might say he resembles someone who swallowed Dennis the Menace. He's friendly and shy and hermitic, and he's unworlthy enough to inspire a sense of protectiveness among his friends. "You be nice to him," said Jack Carrmody, the other half of the Post's television team. Tom Shales is very easy to be nice to, unless you happen to be one of his almost immeasurable victims—ABC News president Roone Arledge, NBC anchor Tom Brokaw, or producer Aaron Spelling. Those people may not like him so much. An ABC News executive, who demanded anonymity for fear of retribution, called the Taj Mahal's writing "incredibly heavy-handed," "gratui-
tous" and "unfair."

Shales is the impossible force of television criticism. He writes tender elegies, he reports on network brouhahas, he reviews every program and race into print every time a major news event is played out on television. Shales is not only influential, but omnipresent. He appears in the Post three and occasionally four times a week, writes two more pieces for syndication to 166 papers, reviews films each week for National Public Radio and contributes lengthy columns to Esquire. And he has just begun reviewing movies that appear on videocassette for a monthly magazine-on-cassette called Overview.

Tom Shales does not like very much of what he sees on television, and he has become notorious for the mark he leaves on his victims. Dan Rather shall forever remain "Gunga Dan," the nickname Shales dreamed up after watching the anchor skulk across Afghanistan in native garb. After first seeing Farrah Fawcett he moved to write, "Maybe it's the hair. Maybe it's the teeth. Maybe it's the intellect. No, it's the hair." Particularly dismaying spectacles provoke from Shales the prose equivalent of carpet-bombing. Of ABC's Growing Pains he reflected, "Here we have reached the nadir, the bottom, the subterraneous depths that lie below the dregs...Growing Pains leaves behind it the entertainment equivalent of soap scum."

But if Shales simply scored more points off television than the next critic, he wouldn't be read so rarely either inside or outside the industry. Over the years, the route of television abuse has been plowed into a mighty highway. Hating television, even for good reasons, has become banal. But Shales only hates television when it's hateful, and he doles out his rants grudgingly, because he understands the medium. "If Joan Collins does a six-hour mini-series that's worthless," he says, "and I come out and rant, it's gratuitous because it wasn't meant to be worth anything."

In fact, Shales is a romantic. He wants to be in love, even if hardly anything seems to deserve his affection. When Cary Grant died in mid-November Shales wrote a tender appreciation in the next day's paper; Ron Powers and Bill Moyers both said they were so moved that they sent Shales notes about the piece. And much though he enjoys ridiculing PBS and the snobbism that it depends on in order to make its way in the world, these were Shales' last words about Brideshead Revisited: "Farewell to Brideshead, farewell to the chapel, farewell to Oxford, and Cointreau, and Venice, and Aloysius, and Mr. Samgrass, and the monogrammed turtleneck, and such a lot of nonsense, and wine and strawberries under a tree, and innocence and youth and duty and honor, and to all we hoped we one day would become, farewell."

Anyone, of course, can love Brideshead, but only Tom Shales can love both Brideshead and The Honeymooners. He doesn't love them in the same way—no mature adult could. But Tom Shales loves television. In the introduction to his collection of reviews, On The Air, Shales recalls a "terrible interviewer" who asked him what he watched for fun. When he said, Family Feud, the reporter assumed he was being ironic. Quite the contrary, Shales writes: "I enjoyed responding as I was intended to respond." Shales is also a big fan of Entertainment Tonight's Mary Hart, and not only because of her calves and her gossip. "I find the sight of her cheering," he says. Very few people are as literate, as mentally active, as Shales can watch much television without the feeling that moss is growing on their soul.

The Also-Wrote

If television is popular culture writ large, surprisingly few newspaper critics seem comfortable with it. Most critics revie

programs the way restaurant critics appraise entrees—the sauce was too thin, the carrots overcooked—ignoring the medium's broader social context. Indeed, the reviewers for three of the country's most powerful dailies seem particularly maladjusted to the great black hole of TV.

Television and The New York Times do not seem to like each other. The Times thinks of itself as a bastion of integrity, and generally treats television as a barbarian at the gates of print. Times critic John O'Connor can be a model of subtle erudition when he writes about highbrow British productions shown on PBS, but when he turns his well-polished artillery on the drunken carnival of commercial television, the effect can be faintly comic. The number two Times critic, John Corry, is a belligerent conservative when it comes to documentaries and news, but he can be amusing and sympathetic when reviewing entertainment shows.

As the most circulated daily in Hollywood, The Los Angeles Times might be expected to toe the line of Fantasyland, but Pulitzer Prize winner Howard Rosenberg isn't very happy in front of a television set. He seems to be asking television to stop acting like an adolescent and is freshly disap
Tom Shales may very well have been born to be a television critic. He is, for one thing, an indoor kind of guy. He doesn’t go to parties; he doesn’t stalk the streets with a press pass stuck in his hatband. His colleagues at the Post have noticed that his sociability varies in inverse proportion to his weight, which makes him, at just this moment, rather reclusive. Shales sighs about his weight a lot, and he has the self-deprecating humor of the long-distance sufferer. “I don’t know what keeps me going,” he says, “I don’t know what else to do for a living.”

Shales has the sort of office which bespeaks fanatic devotion. It contains three televisions, four VCRs, tottering piles of cassettes, funny rubber animals and learned volumes like A History of American Bandstand—an entire life-support system. Home is apparently about the same, except with a bed. Here’s a day in the life of Tom Shales: “I get up and eat some junk food, and watch some TV, and whine, and think about going back to bed, and imagine that I’m quite ill and can’t come in and ... then it’s 8:30 and I go home. I eat whenever I have a creative breakdown, which is every 12 minutes or so.” What does Tom Shales eat? Reese’s Peanut Butter Cups—ever since Mary Hart told him that she loved them.

One of Shales’ pet eccentricities is lying about his age. He calls himself 35, though he will admit to being “as high as 38.” Shales’ rationale, which is not intended to be credible, is that “I wasted a few years and they don’t count. I didn’t age during that period.” But even fixing his age around 40, Shales would be of the generation that grew up with television as a second-language, a fact of which he is acutely conscious. In an essay about his earliest memories of the medium, written in 1975, Shales wondered whether “the TV generation” was not, as is normally supposed, those who were born after the medium began to thrive but the slightly earlier cohort—“those of us who are the last generation with a conscious memory of television’s entrance into our lives and our living rooms, neither of which, as the saying goes, would ever be the same.”

To an earlier generation, raised during the Golden Age of radio, it would be gratifying to imagine a world without television as, for example, Jerry Mander did with Four Arguments for the Elimination of Television, published in 1978. To practically anyone born after 1945, though, television was entwined with childhood itself. Shales has written lovingly of the unbridled, all-too-human television of Chicago—he grew up in nearby Elgin—in the early 1950s. It’s just not in him to hate the medium he grew up with, even when it seems to him like a vacuum cleaner poised at the frontier of decent human values.

At some point in the mid-60s, he won’t say when, Shales entered American University in Washington. He left without graduating, since he couldn’t put together enough chemistry credits. Only in 1973, when the requirements were reduced, was Shales graduated. By 1971 he had joined the staff of the Post as a general assignment reporter. The first time he took over the standard rookie assignment of covering The Ice Capades he led off the article with, “Something there is that loves a Capade.” That caught people’s attention.

Shales was a young phenom. “Many people, including me, have said that they discovered Tom Shales,” says Christian Williams, his former editor. “But many people did discover Shales, because he was so good.” Ere long Shales was slipping out of reporting, which he didn’t like, and into television criticism, which suited him down to the ground and onto the couch.

Watching five hours of television a day may look like cushy work to the average citizen, but go ahead and try it sometime. Except for the writing part, which is slightly less fun than pushing boulders uphill, the job appeals to Shales’ soul. Yet there’s something mock-heroic about the intensity with which Shales engages the medium. “To me,” he says, lounging back in his arm chair so that his tie hitches halfway up his chest, “it’s like the critic’s version of being macho. I love to get, like, eight of these tapes in a stack and I put the damn thing down and I say, ‘All right, I’m just going to sit down and watch. All eight hours of it right now.’ And I do it. All I want is pity. I don’t want respect.” It’s hard to imagine this character, half porcupine and half lambkin, being quite

‘You chastise people, you try to humiliate them.Aaron Spelling cannot be shamed but Grant Tinker can be,’ says Shales.
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getting in touch

WITH DAVID VISCOTT, M.D.
A Post ombudsman once suggested that Shales keep his political views to himself. "What are you going to do with a jerk like that?"

as at home anywhere as at the Post. More than any major newspaper in the country, the Post encourages individuality; even its news articles sometimes read like magazine features. The Style section, especially, reads something like The New Yorker's Talk of the Town. Its authors have a remarkably sure grasp of such ephemera as the jockeying at last night's highly political benefit dinner. They are, collectively, just about the coolest thing going in American newspapers; and among these Tom Shales is regarded with something of the detached awe accorded a natural phenomenon. "He's the crown jewel," says Style editor Mary Hadar.

Shales' preeminence virtually exempts him from the rules governing other reporters. "He's not really edited," says a Style reporter. "He does the story that he wants to do. And he normally writes late in the afternoon, close to deadline." Stupefied colleagues tell stories of Shales writing a 2,000-word story in an hour— that's more than 30 words per minute. Despite all his whining about creative breakdowns, Shales seems to toss off articles the way Picasso tossed off sketches, as if all were known beforehand.

Critics crave influence, but normally they must use the instrument of the public to affect the medium of expression they write about. New York Times theater critic Frank Rich can virtually change the currents of Broadway by influencing the tastes of his readers. But television critics have almost no effect at all on viewers—"about as much effect as the phases of the moon," says Rokeyser. Network executives concede that critics, collectively, can help sustain a good program with bad ratings, especially now that the networks are aiming for a smaller, "quality" slice of the audience, but that's nothing more than working the margins. If a critic wants to change the medium, he can only do so by shaping the opinions of those who make the shows.

Shales' effect on CBS News is probably a unique instance of this kind of influence. "The first piece of newsprint read in this building every day by practically everyone is the Style section of the Post," says a source at CBS News. "There's nothing people are more afraid of than a really bad Shales review." Sources cite Shales' critique of CBS' second minidocumentary, AIDS Hits Home, broadcast last October. Shales complained of the "tearful sound bites," and the "dubious propriety" of showing the administration of last rites. At the time a third minidoc was scheduled, but since then none has been announced, which both sources attribute to the Shales critique. "I disagree with that," says CBS News president Howard Stringer—not a very definitive demurral.

Stringer does admit that a certain niche of his mind is reserved for Shales' opinions. The Post's critic, he says, is "one of the few people who prompts me to self-examination." Even the Bigfoot himself says as much. "When Shales writes critically," says Dan Rather, "I take it seriously. His batting average is incredibly high." Stringer, it is believed, not only listens to Shales but actively cultivates him. He talks to Shales more often than to any other critic, and Shales received a review copy of the controversial West 57th a day earlier than The New York Times' John Corry, though Stringer denies that this represents an effort to beat a negative with a positive review. In fact Shales raved about West 57th when it was being battered to a pulp elsewhere in the press. He also repeatedly praised the controversial 1982 CBS documentary The Uncounted Enemy: A Vietnam Deception, even as an author on Southeast Asia was discounting it in the news pages of the Post.

There is a widespread belief that, as Jeff Greenfield, formerly a commentator with CBS and now with ABC, puts it, "Shales seems to have an institutional crush on CBS." Whatever method CBS used, NBC must have recently discovered, since nowadays Shales flings most of his bouquets at the network he once ridiculed for suffering "dementia peacocks." Maybe it's a coincidence, but Shales seems to fall in love with networks in direct proportion to the quality of their programming. But even his abuse, says Shales, is for the subject's own good. "You chastise people, you try to humiliate them. Aaron Spelling cannot be shamed, but Grant Tinker can be."

Shales doesn't really expect television to get much better. His sense of optimism probably reached its high water mark at the outset of the 1986-87 season, when he wrote, "there does seem to be a smaller amount of deplorably execrable stuff than usual. This year's mediocrity is more competent than last year's." This fall he liked NBC's L.A. Law and ALF, and mustered an adequate display of enthusiasm for ABC's Sledge Hammer, but that, Shales says, was about it.

What Shales writes about, above all, is politics, or rather national events as they are played out on television. Shales absorbs a good deal of criticism for the presumption that a television critic has the right to opinions about the news, as if he were aspiring above his lowly caste origin. A Post ombudsman once suggested that he keep his political opinions to himself. "What are you going to do with a jerk like that?" asks Shales. "I just ignored him." Post managing editor Leonard Downie complains that "Shales is at his weakest when dealing with politics," but he doesn't complain to Shales.

At his best, Shales is a critic not only of television but of the culture itself. A public too immersed in television to understand its effects needs to have the medium held up at a distance for inspection. This process runs through every Shales piece, but his first Esquire column, titled "The Re Decade," attempted it in a more daring form. The piece described the '80s as "the decade of replay, recycle, recall, reprocess and rerun. Where everybody is having deja vu, nobody is having deja vu. Deja is the prevailing vu." Shales was writing about something almost ineffable—"the TV process" of the nation's radioactive fallout, its insidious tampering with our mental connections. Even its style, which put one in mind of R.D. Laing, reenacted the theme of scrambled logic and twisted time sense.

When the rest of the world is feeling good, Tom Shales asks us to swallow a cup of dread. When even the saintly New York Times was applauding the sonic boom of Liberty Weekend, Shales poured out a mighty cataract of outrage, a splendid binge of immoderation. This was the event that launched ten thousand words. "Liberty Weekend wasn't just a patriotic-commercial spectacular; it was a convening of the nation, by the powers that be: IBM, the Prudential, Chrysler Corp. and Wendy's Crispy Nuggets."

Poor Tom's a cold; but he plans on staying out in the storm. Sometimes he wonders why. Perhaps he thinks the medium will improve if he keeps criticizing it. "I think," he provisionally concludes, "that's one of the delusions under which I need to operate in order to preserve my sanity." Shales knows that television is absorbent but not accidental; he keeps doing just the opposite until now. But he is not himself an absorbent television. He believes in certain values, and he believes in chiseling television along in their general direction. Television's funniest critic is also its most serious critic. Somehow Tom Shales manages to write television criticism as if it were a criticism of life.
The William Benton Fellowship Program at The University of Chicago, now entering its fifth year, provides a unique opportunity for professionals—television and radio reporters, news executives, producers, writers—to expand their expertise on essential issues, free from deadline pressure. The Program is sponsored by the William Benton Foundation.

Each Fellow works with a faculty adviser to develop an individualized academic program of course work in such fields as law, economics, religion, and public policy. The Fellows participate in a weekly seminar dealing with such fundamentals as First Amendment issues. They also meet and exchange ideas with national and international leaders in media, government, business, education, and other fields of public policy.

Stipends are normally equivalent to full-time salary for the six-month period of the Fellowship. The Foundation covers tuition and travel costs. University personnel assist with local arrangements for Fellows and their families.

The application deadline is March 2. Fellows will be notified by June 1. The 1987-88 Program begins September 21, 1987.

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Produced in association with Charles Colaruso Productions.
The mood this year should be more subdued than before. A prevailing sense of uncertainty will haunt the proceedings of NATPE '87 in New Orleans, muting the carnival atmosphere on the convention floor. In the wake of a year of unprecedented change in the broadcast industry, program buyers and sellers alike are caught in a classic economic squeeze, one that threatens to alter the shape of the marketplace.

The changes have rocked the industry from top to bottom. Each of the three major networks, whose owned-and-operated stations have traditionally been important buyers of syndicated shows, have been taken over by new, cost-conscious managers determined to reduce program costs in the coming year. Independent stations, whose spectacular boom over the past five years has provided a bonanza for syndicators, are now in the throes of a shakeout, with station sale prices plummeting and escalating programming costs driving many stations to the brink. Some 45 of them are now several months delinquent in their payments for shows, putting syndicators in the position of anxious creditors who don't want to shut down their customers but also can't afford to keep them on the tab much longer. The Home Shopping Network's recent assets-only purchase of ten UHF stations—HSN will not pay distributors for previously sold shows—has exacerbated syndicators' problems.

Thus, the industry finds itself in the midst of a curious distortion of supply and demand. While the need for new programming has never seemed greater, the costs of obtaining it have grown increasingly out of reach. Syndicators have good reason to worry about the long-range effects of this trend. If they exact better terms from stations, weaker independents will be forced out of business, which will have the effect of driving program prices down.

This Channels Focus section examines syndication today from the perspective of several different sectors of the industry. Ben Yagoda describes Group W's attempt to bring so-called light talk shows back to television with its new Wil Shriner Show, and Zina Klapper chronicles a novel attempt to bring first-run movies to independent stations. The section also ranks the top buyers at NATPE, charts the 15 hottest shows and analyzes the revived interest in early-evening checkerboarding of first-run sitcoms.

RINKER BUCK
Making a New Merv
How those wonderful folks who brought us Mike and Merv and John Davidson are grooming Wil Shriner for the return of the light talk show.

BY BEN YAGODA

Penile implants. Somehow, that summed it up. Every time Charlie Colarusso turned on the TV set, there was Phil or Oprah or Gary or Sally Jessy, talking about husbands who abuse wives, or latchkey children, or lesbian nuns, or... penile implants. Colarusso figured a sure way to make a mint, in this new world of topical talk television, was to open a deviant talent agency. “Hello... no, you can’t have bisexuals on death row today... No, not children who abuse grandparents, either. They’re doing Donahue... How about penile implants?”

Of course, Colarusso looked at all this from a special perspective. He is a veteran producer, game/talk division, who had started out 25 years ago as a graphic artist for ABC’s short-lived game show Make a Face, moved into producing other games and gone on to the Dinah Shore, Jim Nabors and John Davidson talk shows. When it came to the talks, he had seen it all—the time Debbie Boone fell asleep on camera and the day Dinah assured her place (temporarily) in the book of love by bringing together Andy Gibb and Victoria Principal.

But, alas, all of the remaining daytime talk shows were of the penile-implant school, dedicated to the Vital Issues of the Day. Their topics had gotten to be self-parodies, and so had the hosts: They were so sincere as they gazed into their suffering guests’ eyes and nodded. If he heard one of them say “I feel your pain” again, he didn’t know what he’d do.

What was missing from daytime, obviously, was the kind of talk Dinah, Mike and Merv had done—“light talk”—parody of serious tone.

Show time: Shriner (left) in Philly

Celebrities, comics, singers, authors with new advice books. For the last few years, Charlie had been developing new programs for Group W Productions, and if anybody could bring back light talk, it was Group W. It had been behind Merv, behind David Frost, for a time behind Steve Allen, behind the king of daytime talk, Mike Douglas, and behind John Davidson, who was given Douglas’ chair in 1980.

That year represented, it could be argued, the supernova stage of light talk—the moment when it burned itself into temporary extinction. Dinah, Davidson, Merv, Mike and lesser hosts all had their own shows. For several years Multimedia’s syndicated Phil Donahue Show had been picking up outlets. And with the debut of Group W’s Hour Magazine, there was a new era, the era of heavy talk.

Colarusso knew that Ed Vane, the president of Group W Productions, had been looking for someone in the Mike/Merv vein ever since Davidson bit the dust back in 1982. At every convention of the National Association of Television Program Executives (NATPE) the same names were touted as possible hosts—Chuck Woolery, Regis Philbin, Bert Convy—but Colarusso wanted a fresh face, and thought he had one.

The face belonged to Wil Shriner. Shriner, a friend of his since they had met at a pool party given by director Barry Glaser several years before, was a stand-up comic, the son of the late Hoosier humorist and game-show host Herb Shriner. (Wil was named after Will Rogers; his twin brother, Kin, had a role on General Hospital for years.) Only 30, he already had been an opening comedy act for Tony Orlando, Crystal Gayle and others, a regular on David Letterman’s daytime show and TV’s Blooper & Practical Jokes, a frequent guest on The Tonight Show (where he was known for his short comic films featuring Petey the Dog) and a featured actor in the Francis Coppola film Peggy Sue Got Married.

Shriner had a certain something that said “talk show.” Like Johnny, Dick Cavett and Letterman, he was born in the Midwest (though he had grown up in Florida and gone to college at UCLA) and had a wholesome, unthreatening quality. He was likable, good-looking, but not slick or aggressively sexy. He was even short. When Shriner came in to meet with Ed Vane at Group W, it struck Vane that Wil was cool in the way Johnny Carson is cool—in Marshall McLuhan’s sense of the word, which is precisely what is needed in a talk-show host. And since his days on Letterman’s daytime show, Shriner had actually aspired to host a talk show someday. In fact, he and his managers had been discussing with Taft the possibility of doing a late night talk show. But nighttime was overstocked with talk, and Shriner signed with Group W to develop The Wil Shriner Show, a light talk show for fall ‘87.

KYW-TV, Philadelphia, September 29, 1986, 10:17 A.M.: It’s the first day of
Pretested product: Viewers of his tryout tapes found Shriner friendly (97 percent), likable (93 percent) and not too sexy.

Wil Shriner’s second separate week as guest host of the live local show People Are Talking, and things aren’t going well. The day’s celebrity guest—Jackee Harry, who plays the lovable vamp on the sitcom 227—hasn’t shown up yet and may completely miss the broadcast. What’s more, NBC News keeps breaking in with updates on the Nick Daniloff story, destroying any pretense of continuity the show might have had.

Word comes in that Jackee indeed won’t be able to make it. During a commercial break, Shriner and his writer, Eugene Lebowitz, huddle together, and Shriner emerges with an announcement: “And now, here she is, direct from the comedy hit 227, Jackee Harry!” In walks Eugene, who bears a resemblance to Peter Lorre, only
Davidson succeeded Mike Douglas when Douglas and the company had come to a bitter parting in 1980. Says Bill Carroll, director of programming for Katz Broadcasting: "The problem with Davidson was that they immediately tried to slip him into the Douglas show. But Douglas had started as a local talk-show host and had gone national. Davidson was a singer. He had substituted for Douglas and Carson, but it was usually at Christmas time, and he had his friends on. He never had to carry a show before." It turned out that he couldn't. "John was a nice guy, but...," says one Group W veteran, pointing to his head and shaking it.

To avoid that fate, and that of the more recent daytime talk debacle America, Vane decided to try a variation of the procedure the company followed in introducing Hour Magazine seven years ago. Group W had sent Gary Collins on the road, giving him a chance to practice hosting talk shows at various Group W stations, seeing how people reacted.

As Vane says, "There's no mystery to producing talk-variety shows. Ninety-nine percent of the battle is the host, and 99 percent of our energies go toward getting him to improve at that function." And so Group W spent a quarter of a million dollars last summer sending Shriner to cohost or guest-host shows in Baltimore, Pittsburgh and San Diego (at Midwest Television's KFMB) as well as Philadelphia.

For Shriner's second week in Philadelphia, he's wearing the same blue...
WHO'S HOT AT NATPE

Meet the salesmen: Shriner with Group W's sales exec Peter Ginther (left) and creative services director Owen Simon.

Mapping the day's show: Shriner with writer Eugene Lebowitz (left) and Lloyd Burkley, Philadelphia tryout director.

On the road: Producer Colarasso (right) spent $250,000 trying Shriner out in Baltimore, Pittsburgh, San Diego and Philly.

blazer and red tie every day so that different days' bits can be spliced into the tape Group W plans to show to stations around the country. Things are looking up after the Jackee Harry miscalculation. Today's next feature is a punk fashion show, with models from a local boutique. They are suitably bizarre looking and make perfect foils for Shriner's Wonder Bread looks. Chatting them up one by one, he's in perfect comic command. Speaking to one dressed in spikes, he asks: "Do you ever wonder when you kiss a girl, that you'll put her eyes out with that thing?"

The material isn't brilliant but the audience roars. The crowd is responding to a quality of Shriner's that may distinguish him most clearly from the Bert Convys of the world, and may give his show its best shot at survival: his ability to gently mock people without being threatening or cruel. In a
way, Shriner is a melding of the hip-but-heartless David Letterman and the everyman Johnny Carson. "Wil has the unique quality of letting people in on the fun," says KYW programming director Bob Jones, "and that's why he can get away with anything."

With few exceptions, the week goes superbly. Especially refreshing are Shriner's variations on a tired but necessary feature, the celebrity interview. Before a satellite interview with Linda Evans, for example, Shriner confides that he and Linda were once romantically involved (a faked composite photo of the couple flashes on the screen), and now he wants to get back together. So he goes through the audience, spraying Krystal perfume on the wrist of every willing woman, and seats himself at an elegantly set table with a glass of champagne. The bit works—even Linda Evans seems amused.

Maybe the high point of the week is a segment with the Today show's Dr. Art Ulene ("Can I call you Doc?" asks Shriner), a leotarded exercise instructor named Tammy and a peculiar exercise device that resembles a giant rubber band. As Tammy demonstrates a certain move that must be executed on the floor, she assures Wil, "I'm not going to make you go down." He proceeds to execute a display of mugging so lengthy, varied and skilled that it could be called symphonic.

When Shriner finished his road show, Group W's researchers began testing audience response. They showed try-out tapes to focus groups in person, to people who took cassettes home and watched Shriner's blue-blazer week on their VCRs, and even, using available cable channels, to 300 selected families in Canton and Cincinnati, Ohio, and Riverside, Calif.

The results were heartening, no doubt about it. The producers had feared people would be put off by his wisecracks, but they weren't. And in the cable test, viewers enjoyed Shriner's audience interaction so much that, for the pilot show, Group W built the main interview stage in the middle of the crowd. Best of all, the people loved Shriner himself. Given a list of 29 adjectives, they nearly unanimously agreed he was friendly, likable and believable—and neither phony, boring nor cold.

Shriner's show also had a head start in lining up stations. It can expect to receive favorable consideration from the six Group W stations. And Wes Harris, programming vice president for the NRB-owned stations, was so impressed with the idea that he sunk some money in the program in return for the first crack at it in his markets.

But no one at Group W was naive enough to think these favors guarantee success. Though the programming gurus believe there is probably room enough for just one new talk show, word of new competitors was coming out weekly: Tribune was pushing Geraldo Rivera; Multimedia had Rita Moreno; King World was trying out Tony Orlando in Detroit and syndicators were talking up other projects in development.

With so much competition, it was obviously too soon to know whether Shriner would keep his light touch or even a chance at hosthood. But there's one way to tell whether or not Charlie Colaruso or his bosses at Group W Productions are losing faith in the show's concept. If you're at NATPE in New Orleans, walk over to the Group W booth and look at the Shriner promotional literature. Turn to the page where sample talk topics are listed. If one of them is penile implants, you'll know things aren't looking up.
Syndies’ Title Bout

From first-run movies like Godzilla ‘85 to home-shopping shows, an explosion of program services is now available to independents. by ZINA KLAPPER

In 1984 Tom Hughes was a relatively unknown Hollywood personal manager with visions of becoming a program supplier for independent TV. Hughes wanted to find an inexpensive way to bring new feature films to independent television stations, which normally air movies only after they have been heavily exposed for about six years in theaters, pay TV, the networks and home video. Hughes realized that dream last May when his company, Alternative Network Television (ANTV), pieced together an ad hoc network of stations for the television premiere of New World Pictures’ Godzilla ‘85, before the film appeared on pay TV or the networks. Although the celluloid lizard was scheduled against some tough competition—the Celtics in Boston and Bobby’s return to Dallas—it still pulled down a respectable six points in the national Nielsen’s, and in some major markets it did better.

Godzilla ‘85 was far from independent TV’s only iconoclastic programming venture last season. In addition to Fox Broadcasting, there are new broadcast shopping channels sprouting up, first-run sitcoms such as The New Gidget and Charles in Charge. Independents were also the first to air the popular colorized version of Miracle on 34th Street and It’s a Wonderful Life. The fuel for this programming explosion has been the phenomenal growth of barter syndication and the increasing willingness of advertisers to support independents.

Godzilla ‘85 was offered to stations with a barter split heavily weighted toward ANTV. Like most stations in the ad hoc network, San Francisco’s leading independent, KTVU-TV, gave

ANTV offered an ambitious, 13-title broadcast schedule, including Godzilla ‘85 and several other New World films it was still negotiating for, which seemed to indicate that the studio would be bypassing the usual pay-TV window for its films in the future. But shortly after Godzilla ‘85’s television appearance in May, HBO stepped in and bought exclusive first-run television rights to New World’s lineup, leaving ANTV scrounging for product.

When today’s soft advertising market improves, ANTV may be in a better position to bid for features. The company is now negotiating for such titles as Wacko and KGB: The Secret War, from smaller distributors who have less to lose by alienating the pay services. ANTV and companies like it may eventually help the independents lure titles away from pay TV, but for the moment the competition shows no signs of easing.

Godzilla and costar Raymond Burr (right) pulled down decent national ratings.
Issues of the Information Age:

PROMISES KEPT, PROMISES TO KEEP.

At the beginning of this century, Theodore N. Vail, president of AT&T, understood his competition not just as other telephone companies, but as distance, loneliness, separation. He foresaw that the success of his company could end the geographic isolation of man. And, in ending that isolation, the company’s success would be assured. The vision became reality: by the mid-’70s, America had universal telephone service.

Today, as the Information Age has begun, there is a new kind of isolation. People are awash in a mounting sea of information, yet unable to connect or work with information in an orderly, useful form; that is, with the world’s knowledge. Often, information machines do little to help. They are difficult to use, rigid in their demands, generally unable to work with any but their own kind.

To overcome this new kind of isolation, we have a new vision: to make the Information Age universal, to help build a worldwide Telecommunity, not just open to all, but inviting.

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We envision a vast global network of networks, the merging of communications and computers, linking devices so incredibly capable, they will bend to the will of human beings, rather than forcing humans to bend to theirs.

Obviously, no one company, no one nation, can universalize the Information Age. It will take the best minds of many companies and many nations. The needs of our customers are creating imperatives for our industry. We need common standards and compatibility. We need national and international policies that are open and encouraging. And we need to make information machines far easier to use.

We have the science to construct the systems now. The technology is rapidly taking shape.

We are dedicating our minds, our energy, our resources—our future—to making Telecommunity a reality.

To bringing the best of the Information Age to the world.

Our vision has its roots in AT&T’s heritage of service. Just as the telephone extended the reach of the human voice, Telecommunity will extend the reach and capability of minds and talents.

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Hey, Big Spender

Who are the program buyers courted most ardently at NATPE? What makes them so attractive to syndicators? What are they looking for? BY JEAN BERGANTINI GRILLO

To understand the challenge program sellers face, consider this: At any moment, every moment of buyable airtime is filled with something else. The syndicator, part prophet, part huckster, must know which show now on the air won’t be on next year. Then he must sell a replacement that might or might not retain the viewer enthusiasm it had in its network run. (Star Trek did far better in syndication; Mary Tyler Moore was a surprising, and expensive, disappointment.) Or he must conjure up irresistibility for a show that may not even be in production yet.

In the cutthroat argot of the trade, distributors “go after the lame puppies.” The key is to do it before the competition does.

Some syndicated programming may actually be sold to a key buyer before the National Association of Television Program Executives (NATPE) members gather at the biggest program market of the year. That annual convention is critical, however, to provide access to supplemental takers who fall into line when a leader buys, and who make the difference between profit and loss.

Who are the “must” buyers, whose ardent courtship can move a program off the shelf and into the living room? First, of course, are those with the largest number of major-market stations and/or those reaching the largest percent of viewers. With eight affiliates serving 24.4 percent of all U.S. households, CapCities/ABC heads the list. However, corporate belt tightening, including a note to distributors that ABC will be “holding back on barter,” has sellers scrambling. There’s no haven at CBS, either, where the turmoil caused one distributor to moan, “You don’t even know who to call.” NBC is the “better bet,” said one spokesman for the sellers’ consensus, “because they’re creating new programming and willing to invest in pilots.”

While a deal with a network owned-and-operated station traditionally has been the sine qua non for a successful syndication, major station groups, traditionally the supplement, now sometimes supplant the O&Os. Fox Broadcasting has made a quick run to the top of the list of non-O&O buyers, followed by Tribune, Gannett and Taft (see chart). The latter, by selling all five of its indies to TVX Broadcast Group, created a new major player. TVX now owns 12 stations, the new ones in far larger markets than the old. Lorimar-Telepictures also wats on deck. FCC rules prevent stations in between owners from bidding on product, but if L-T does pursue acquisitions to replace its abandoned purchase of six major-market Storer properties—as it says it will—a deal could conclude just in time for NATPE. Indeed, the company’s possible clout as a buyer is representative of a significant tilt in the market. L-T is itself a distributor of enormous weight. It’s pitching off-network Dallas and first-run People’s Court, among other products. Said one veteran distributor, reflecting on the rush of program suppliers into station ownership, “Remember,” when discussing the top five buyers, “here are guys who are also sellers. They speak out of both sides of their mouths.”

NBC Owned Stations The Peacock Group is described by syndicators as a “really, really big factor” and “wonderful guys to do business with.” “A lot of buyers are as unprepared as some sellers,” one Paramount distributor notes, “but NBC always knows what it wants.” According to an Embassy representative, the station group is important in several specific areas: talk shows, game shows, situation comedies and weekend barter shows. NBC’s decision to checkerboard five new sitcoms in access time is “our big-
biggest commitment so far to non-network fare and the first time checkboardin

is being done all in the same genre," says Wes Harris, programming vice presi
dent for the NBC Owned Sta
tions. The shows include Out of This World (MCA/Universal), Suddenly
Sheriff (Lorimar-Telepictures), You
Can’t Take It With You (LBS/P&G),
Marblehead Manor (Paramount) and
We Got It Made (MGM/UA TV-Fred
Silverman Co.). Harris says a sixth
show may be in the wings.

Program sellers believe NBC’s move
could change the face of syndication.

"First-run sitcoms really have been
alien to syndication," Harris says.

"But they offer a real alternative to
game shows, reality shows and evening
magazines."

NBC also plans to go after the early
fringe market and currently is develop-
ing The Wil Shriner Show with Group
W and a series on psychotherapy from
Chelsea Productions/LBS. "By law, we
can’t enter into a partnership where
we would participate in syndicated
sales or profit," Harris explains. "But
we like to be in on the process, offering
holding money or option money that
will help get a show launched. It’s an
expression of good faith."

Domark, People’s Court, Love Con
nection and The New Neelywood Game
are some examples of NBC O&Os’ past
willingness to welcome first-run syndi
cated product.

Fox Television Stations With independ-
ent stations in seven of the ten top mar
kets, the Fox group is ambitious about
its impact. "We’re hoping to be able to
influence the marketplace," notes
David Simon, programming vice presi
dent. "We want to make changes that
will benefit all stations." Simon offers
one major "do" for sellers: "It’s your
homework. When a distributor comes
in and tells you ‘You need this show in
this time period,’ and you’re already
locked into something else, you know
he hasn’t done his research." Simon is
especially exercised by sellers of ani-
mated children’s programming. "With
most animated shows contracted for
two years," he says, "Fox stations, as
well as others, don’t have a great deal
of flexibility to open a spot from 3 to 5
P.M. but that is what sellers want a
commitment for." One anonymous dis
tributor waited until October to offer a
package of three half-hour animated
series underwritten by a toy maker.
The seller, of course, wanted a 3 to 5
P.M. guarantee. The bad timing was
"unbelievable," Simon says.

Fox Television Stations, owned and
operated by Fox Broadcasting, will
eventually carry more and more 20th
Century Fox programming. Among the
non-Fox-produced series slated for
1987 are Jump Street Chapel, a one-
hour action-adventure show from
Steve Cannel, and the half-hour sitcom
Duet from UBU Productions/Param
ount. "These are not [multi-year]
syndicated contracts, however," Simon
points out. "They will only have the
regular-season run, unless renewed.
Meanwhile, our stations have to buy
for the other time periods, and the bot
tom line for us is fill a need."
From the moment the first telecast made its way into a handful of living rooms, audiences were entranced, entertained and enlightened. Now, television reaches 98% of all households. That's why advertisers invest a whopping 21 billion dollars each year. How do we know? We've been watching audiences watch TV since 1949 - longer than anyone. And, as the medium and the audience grow and change, so do we. Developing new ways to define and describe who they are, what they watch, and what they buy. Arbitron. We know the territory.

Gannett Broadcasting Group

Gannett has the best stations in the second tier of markets, numbers 10 to 25, making it the second stop on the distributor's sales route.

Gannett owns stations in such hot population centers as Atlanta, Phoenix and Minneapolis, and it gives those stations autonomy. It is the only major group station owner that doesn’t buy as a group.

“We are trying to speed the process,” says Dan Ehrmand, financial vice president, “but sellers eventually are told to go to the individual stations. Our feeling is that local management has a much better understanding of the needs of its marketplace. That’s been the Gannett philosophy starting with its newspapers.”

Beating NBC O&Os into checkerboarding, KOCO-TV in Oklahoma City already airs first-run sitcoms in prime time access (Ted Knight Show, Throb, One Big Family, Mama's Family and Small Wonder). WLVI-TV Boston buys big movies in a big way (Big Chill, Diner and 150 other titles in 1986 alone). KARE-TV Minneapolis is gambling on a late-night talk show, Crook & Chase.

Taft Broadcasting

"When we sold all our independent stations," notes Greg Miller, vice president for programming, "we became an all-affiliates group, and the nature and type of programming we'll seek will have to meet affiliate needs."

Specifically, Taft will go after new programming for the fringe and access time slots that bookend network fare. Taft has had “great success” with Entertainment Tonight, Small Wonder, Star Search and Lifestyles of the Rich and Famous, Gidget, What a Country! and Dream Girl are, says Miller, “too early to tell.”

“Ideally, you get involved with shows that fill a void,” Miller says, “and that offer the market a realistic alternative.”

Sellers do not only approach Taft for straight, across-the-board sale of a show, Miller says, “but for seed money for a pilot, or, at the least, an endorsement.”

If Taft provides the money, it takes a share of the profits. But, according to Miller, “it’s becoming more difficult.

NATPE '87 Arbitron Booth #1343
ARBITRON RATINGS
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Small Wonder was the first first-run sitcom. Now there are several. It's just getting harder to (be first) on a consistent basis."

**Tribune Broadcasting** Tribune scored by coventering Tales from the Dark Side and G.I. Joe, the latter a top-rated animated kids' show. G.I. Joe came about because "our stations said they needed first-run animated kids' product," says Mel Smith, vice president of programming. At the time, he says, "He-Man was the only competition. Now, there are 25 first-run animated shows for sale." He offers Smith's Law of Syndication: "Out of scarcity comes glut."

Smith is careful to note the decision-making power of Tribune stations. "We serve as a coordinator," Smith says of his role, "because I know sellers would rather make one visit than six. But all our stations are involved. We work very closely with them to learn their needs."

Upcoming for Tribune is Bustin' Loose, the new MCA/Universal sitcom starring Jimmy Walker, What a Country!, One Big Family and Charles in Charge.

"I have a 'do' and a 'don't,'" Smith says. "Do call. Don't forget. We deal with the big and the small. And that's the way it should be."

**TVX Broadcast Group** Even before the purchase of the five Taft independents, TVX president Tim McDonald was quick to assert, "We were a significant buyer of programming as we stood."

According to McDonald, the chief factor in whether or not a seller gets a foot in his door is "prior relationships."

"I didn't personally like Start of Something Big," McDonald says, "but I took it because I supported Al Masini," whose company, TPE, was the distributor.

McDonald's group was a major supporter of Paramount/Tele-Rep, buying Solid Gold in 1979 when TVX had one station. "And we still carry it," McDonald adds.

Since then, TVX also has taken Star Search, Lifestyles of the Rich and Famous and Start of Something Big, all from TPE, Tele-Rep's production arm.

McDonald passed, however, on TPE's You Write the Songs, saying the format was "done to the ground." In fact, McDonald notes two givens that all good buyers must embrace: "First, you must buy without passion. Otherwise, you'll overpay." "And, second, if you can't generate a profit with it, don't buy it."
Checkerboard Gamble

The fate of syndication's new first-run comedies is hitched to a scheduling tactic that stations abandoned years ago.  

BY STEVE BEHRENS

ACROSS THE WEEK The five NBC owned stations took the lead in adopting checkerboards for fall '87, buying these five new sitcoms for the prime-access period (these are not necessarily the weekdays the shows will run, however—that decision comes later). Philadelphia's CBS-owned WCAU-TV was first to follow.

The prime-access period comes along in every station's day, but not every station can fill it with a daily thermomolecular device like Wheel of Fortune—or even a close substitute. Because of this simple fact of television life, broadcasters across the country are watching the results of an equally simple experiment in scheduling: checkerboarding. Instead of devoting their weekday prime-access slots to the usual five-day strip of Wheel or another single show, a handful of stations are trying to boost ratings by scheduling five separate weekly shows—generally sitcoms.

If checkerboard schedules work this season at those stations, and if many others follow their lead, their need for five weekly shows in the half hour before the evening's network shows will boost demand for the many first-run syndicated comedies proposed for next fall. But there are questions about whether that demand will push more new syndicated sitcoms over the hump and into production.

John Von Soosten, vice president and director of programming at the ad rep firm Katz Television Group and a skeptic about checkerboarding, says that with purchases spread among such a wide selection of new sitcoms, many won't get the buys they need. He advises program buyers to watch what others are doing: "Stations must go beyond assessing the best shows available and identify those that will get the requisite clearances."

NBC's five owned stations have taken a major step in building a consensus, announcing purchase of five new comedies for their prime-access lineup next fall: We Got It Made, Suddenly Sheriff, Out of This World, Marblehead Manor and You Can't Take It With You. WCAU-TV, a CBS-owned station in Philadelphia, where NBC doesn't own a station, has booked the same five shows for a 7:30 p.m. checkerboard.

A number of other TV stations have helped stir up interest in checkerboarding by trying it this season, among them: KTLA, Los Angeles; WOIO, Cleveland; KCRA, Sacramento; KOCO, Oklahoma City; WTVK, Knoxville and XETV, Tijuana / San Diego.

KVVU in Las Vegas has one checkerboard in early fringe at 4:30 and another at 7:30. KTLA general manager Steve Bell claims "an enormous success" with the station's 7:30 weekday checkerboard, made up of four first-run sitcoms and an off-network rerun. In the time period last November, the Tribune-owned independent won an average 9 rating and 14 share—"spectacular for a seven-station market," says Bell. This season KTLA came in third in the time period, up from sixth place the previous November.

In Las Vegas, KVVU general manager Rusty Durante says he's satisfied with his checkerboards, which draw a 14 share at 4:30 and a 16 at 7:30. But checkerboards did not perform uniformly as well in other markets during the November sweeps. In Sacramento, KCRA's average weekday 7:30 p.m. rating dropped from an 8 last year to a 6.4. In Knoxville, WTVK has already replaced its 7 p.m. checkerboard with a Benson strip after getting only a 6 share, half the station's usual audience for the time slot.

Though some of the new syndicated sitcoms will be purchased for airing on weekend evenings as well, their destiny is interwoven with that of checkerboarding. And putting together a checkerboard requires stations to take on the same jobs that have made the networks' role so risky and occasionally lucrative. Stations are not only screening pilots and buying whole seasons of the programs they choose—making longer commitments than the networks make these days—but they're also stuck with the task of...
reshaping viewers’ habits for each night of the week.

Instead of ballyhooing one show for the time period, promoters of checkerboards are hammering away at selling five. “It does take more effort,” says Tribune Broadcasting vice president Jim Ellis. “It takes about five times as much.” The task is a welcome challenge to an old promotion man like KTLA’s Steve Bell. As manager of an independent, Bell could air network reruns at 7:30 but he chooses to get involved in nurturing new programs. “It’s so different to be in an independent station now,” he says. “With off-network, we were borrowing someone else’s successes.”

First-run syndicated comedies and dramas, and the checkerboards to accommodate them, aren’t really new to TV this season. In the late ’50s, there were such syndicated successes as Frederick Ziv’s Highway Patrol and Sea Hunt. But after the FCC adopted the Prime Time Access Rule in 1971, effectively pushing the networks out of the 7:30 half-hour (6:30 Central and Mountain time), checkerboards lost favor to game shows and other programs that could be turned out daily.

Today’s checkerboards, in comparison, take advantage of the new breed of syndicated sitcoms—productions slick enough that they can be used by network affiliates, in effect, to rev up prime time a half hour early. But checkerboards still fall victim to weak links, as they did in the ’70s. At KCRA-TV, Sacramento, in October, for example, different shows in the checkerboard drew shares as high as 18

(Mama’s Family) and as low as 10 (The New Gadget). And each weakness loses viewers to a competing strip. To plug leaks, proprietors of checkerboards are stocking up on extras. KTLA, for example, expects to have Bustin’ Loose in reserve next fall, as well as Square Pegs, an off-network show that

Jonathan Murray, assistant director of program services at the rep firm HRP. Strips of off-network reruns are clearly a better choice for stations in markets smaller than the top 50, where the Federal Communications Commission’s Prime Time Access Rule doesn’t ban off-network shows, according to Mur-

PROMOTING FIVE SHOWS TAKES MORE EFFORT—‘ABOUT FIVE TIMES AS MUCH’

retired from active duty in the checkerboard when the new Charles in Charge became available in January.

Many other stations haven’t decided whether to schedule checkerboards, but are keeping their options open by buying first-run sitcoms. Jack Fen-
tress, vice president and director of programming at Petry Television, estimates that there is “substantial interest” in checkerboarding at one or more stations in 35 to 40 percent of the markets. Other rep firm programmers are more skeptical. Katz’s von Soosten says the idea of checkerboarding has been hipped by syndicators and the trade press.

For many stations, checkerboards are simply inappropriate, according to ray. And off-network strips are also better for independents in larger markets because sitcoms are good for counterprogramming the game shows on network affiliates.

Until their reputation is rehabilitated, checkerboards rank almost as a last resort. “If stations can’t run off-network because they’re in the top 50 markets, or if they don’t have Wheel of Fortune, Hollywood Squares or The New Neighboor Game, then they have to consider a checkerboard,” says Murray. Stations that are ranking first or a strong second in the time period have no reason to risk a checkerboard, von Soosten says.

But some stations that are adopting checkerboards have not been doing so well. None of the NBC-owned stations had Wheel in their treasuries. WCAU, Philadelphia ranked fourth in its 7:30 period. WTOK, Knoxville, was in third place, handicapped by having a UHF frequency. KOCO rated a distant third in Oklahoma City with The Price Is Right. (“They could do better with a test pattern,” says a competitor.) And KTLA, Los Angeles, was number six in a field of seven major commercial stations. Said Steve Bell, after opening his checkerboard for business: “The competitive situation was ripe for this.”
FOCUS

NATPE’S HOTTEST SHOWS

So what’s it going to be this year? Which shows, which genre will entice the nation’s television programmers to dig deeply into their already threadbare budgets? Once, “game” was the name, headlined by Hollywood Squares and the phenomenal Wheel of Fortune. Last year it was first-run sitcoms. This year, the smart money is firmly based in “reality” — therapy shows such as Blair’s Strictly Confidential, Dick Clark’s Getting in Touch and Columbia’s Parele Board, in which, presumably, viewers will try to make sense of that most unfathomable mystery, the American penal system.

Sitcoms are still well represented among this year’s most talked-about and bargained-for shows, and they’re stocked with such familiar faces as Donna Pescow, Harry Morgan, Jimmie Walker and the Ropers. The Starship Enterprise will be back in deep space this fall, and game master Monty Hall returns. Programmers who have yearned for their very own home-shopping extravaganza will get their chance this year—in spades, with Lorimar’s Value Television and the Home Shopping Game heading the list.

But regardless of which shows a programmer chooses, John von Soosten, vice president of programming for Katz Television, a national rep firm, has some trenchant advice: “Stations should look first at who the syndicator is and how likely he is to actually get a show on the air and keep it there. That means syndicators with a track record, marketing clout and those that have already locked up a group deal.”

Speaking of deals, in alphabetical order, here are the new shows we think will be burning up the booths and back rooms at NATPE.

**Bustin’ Loose**
- MCA hopes star Jimmy (“LIl”) Walker will make this sitcom dynamo-mite. A smart-talking bachelor tries to deal with four street-wise foster kids and one skeptical but caring foster mom in this co-production effort.
  - **EPISODES**: 26
  - **PRODUCER**: MCA-Tribune
  - **PREMIERE**: Sept. ‘87
  - **DISTRIBUTOR**: early fringe
  - **DAYPART**: local

**Friday the 13th**
- Based on the Friday the 13th horror movie series, these one-hour dramas will be water-down versions (less gore per minute) for the TV audience. Produced by Frank Mancuso Jr., who also produced the films.
  - **EPISODES**: 24
  - **PRODUCER**: Paramount
  - **PREMIERE**: Fall ‘87
  - **DISTRIBUTOR**: DEAL
  - **DAYPART**: weekend access

**Honeymoon Hotel**
- Isabel Sanford of All in the Family and The Jeffersons as owner of debt-ridden hotel constantly at odds with her penny-pinching general manager. DEG's confident of 75 percent national clearance, will produce 100 episodes up front.
  - **EPISODES**: 100
  - **PRODUCER**: Farr/Silverman Co. and DeLaurentis Entertainment Group
  - **PREMIERE**: Sept. ’87
  - **DISTRIBUTOR**: Access Syndication

**Marblehead Manor**
- A revived pilot that never took off a couple of years ago. Stars Paxton Whitehead, Michael Richards and Chiara as domestic staff of estate. Already sold to NBC O&Os for access checkerboarding.
  - **EPISODES**: 24
  - **PRODUCER**: Gary Nardino and Dames/Fraser Productions
  - **PREMIERE**: Sept. ’87
  - **DISTRIBUTOR**: Paramount
  - **DAYPART**: Prime access

**Getting in Touch**
- A daily one-hour show featuring psychiatrist Dr. David Viscott helping real people overcome real problems. Viewers should keep an eye peeled for occasional well-known guests who'll drop in to bare celebrity ailments.
  - **EPISODES**: 210
  - **PRODUCER**: The Dick Clark Co. and Malrite Communications Group
  - **PREMIERE**: Sept. ’87
  - **DISTRIBUTOR**: Baruch Television Group
  - **DAYPART**: daytime

**Out of This World**
- Donna Pescow stars as modern mom with unusual problem. The father of her 13-year-old daughter is an alien who has since returned home. Girl and mom learn episode by episode of the many powers girl possesses. Sold to NBC O&Os as lead-in to Cosby.
  - **EPISODES**: 22
  - **PRODUCER**: Bob Booker Productions
  - **PREMIERE**: Fall ’87
  - **DISTRIBUTOR**: MCA
  - **DAYPART**: Prime time

**Joe Vitale**
### Parole Board

Thirty-minute strip in which actors re-create the drama of parole board hearings. Drawn from actual case histories. Will the miscreants get 40 years, 40 days or 40 lashes with a wet script?

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<tr>
<th>EPISODES</th>
<th>PRODUCER</th>
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<tr>
<td>175</td>
<td>Columbia</td>
<td>Television Program Source</td>
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<tr>
<th>PREMIERE</th>
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<tr>
<td>Sept. '87</td>
<td>Early fringe, late night</td>
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### Home Shopping Game

The marriage of game show and home shopping. MCA will use the show, in part, to move merchandise from its records, home-video, toys and books divisions. Stations carrying the show will get a percentage of sales in their markets.

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<th>EPISODES</th>
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<tr>
<td>260</td>
<td>Home Shopping Network, Ken Krug &amp; Co. and MCA-TV</td>
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<th>PREMIERE</th>
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<tr>
<td>Sept. '87</td>
<td>Cash-barter, with local stations keeping four minutes of ad time</td>
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### Split Second

The dean of American TV games, Monty Hall, is back with something new and something old: an updated version of a 1972-1975 show. Three players match wits and knowledge for money and prizes. If any new game shows make it past NATPE, this should be the one.

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<th>EPISODES</th>
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<tr>
<td>26</td>
<td>Harlow-Hall Productions</td>
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<th>PREMIERE</th>
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<tr>
<td>Jan. '87</td>
<td>Cash-barter, with one minute for Viacom and five for the locals</td>
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### Star Trek: The Next Generation

Revival of one of television's most popular series, with new cast. Gene Roddenberry returns as executive producer. Show will be offered first to stations running original series in syndication.

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<td>24</td>
<td>Paramount</td>
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<tr>
<td>Fall '87</td>
<td>Bumper: Paramount retains seven minutes of ad time; locals get five</td>
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### Strickly Confidential

Despite the title, viewers are encouraged to watch. Couples gather round Dr. Susan Forward to talk about and even act out their most personal problems.

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<th>EPISODES</th>
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<tr>
<td>180</td>
<td>Kushner-Locke</td>
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<th>PREMIERE</th>
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<tr>
<td>Fall '87</td>
<td>Cash-barter, with Blair retaining one minute and local stations getting five and a half minutes</td>
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### Suddenly Sheriff

Priscilla Barnes plays a widowed mother of three who replaces her husband as sheriff of Lake Tahoe. She is supported by kids, mother, meddlesome deputy, dizzy secretary and bumbling dispatcher. Already sold to NBC O&Os.

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<tr>
<td>22</td>
<td>Lorimar-Telepictures</td>
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<th>PREMIERE</th>
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<td>Fall '87</td>
<td>Cash-barter, with producer retaining one and a half minutes and local stations getting five minutes</td>
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### Three Apartments

Norman Fell and Audra Lindley return as the Ropers — those nosy but warm-and-lovable landlords. Three new actors will compose the ménage à trois upstairs with occasional guest appearances by the show's original Jack Tripper, John Ritter.

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<td>D.L. Taffner</td>
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<th>PREMIERE</th>
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<tr>
<td>April or Sept. '87</td>
<td>Cash-barter. Taffner retains one and a half minutes, locals get five</td>
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### Value Television

A joint venture of L-T, Fox and the Hanover Co., this magazine-format shopping show features Alex Trebek and Meredith MacRae as on-air hawksers. Susan Winston, bumped from CBS Morning News, is executive producer. Will be carried by Fox stations.

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<th>EPISODES</th>
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<tr>
<td>312</td>
<td>Lorimar-Telepictures and Fox Television Stations</td>
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<th>PREMIERE</th>
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<tr>
<td>Jan. '87</td>
<td>Cash, then cash-barter for '87-88 season. L-T will eventually get two minutes, local stations four and a half</td>
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### You Can't Take It With You

Stars Harry Morgan and Lois Nettleton in TV version of the Kaufman-Hart comedy about eccentric but blissfully happy household. Show has been sold to five NBC O&Os.

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<td>22</td>
<td>Procter &amp; Gamble Productions</td>
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<tr>
<td>Fall '87</td>
<td>Cash-barter or barter. Cash-barter: Producers retain one and a half minutes, stations, five. Barter: Producers get three minutes, stations three and a half</td>
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www.americanradiohistory.com
The Schizoid Life of the Media Analyst

The voices they hear are often at war: Do they tell all to a research client if the subject is an investment banking customer of their own firm? by John F. Berry

It was late Friday afternoon in August 1982 and David Londoner's family, eager to get away on vacation, waited anxiously in the car outside his office in Manhattan's Pan Am Building. Londoner, a vice president in the investment house of Wertheim & Co., was heading for the door when the firm's electronics specialist grabbed him and said, "We gotta have a meeting."

"I said, 'Screw off. I'm leaving for vacation,' " Londoner recalls. Quickly, the specialist explained that Texas Instruments was slashing the price of its low-end computer.

Londoner, who has spent 25 of his 49 years following media companies, instantly understood what that meant: Trouble for TI competitor Warner Communications, whose corporate profits rested on sales of its higher-priced Atari. Based on his expectation of those profits, Londoner had been recommending the purchase of Warner stock since January. "I called in the salesmen at four o'clock that Friday and said, 'Everybody bail out of Warner Monday morning.' Then I went on vacation." Londoner called it right, as it soon turned out, but some of his peers at other companies did not.

Right or wrong, the results of the Warner call were so dramatic that analysts still use it as a benchmark for their own acuity.

While the opinions of entertainment critics can make or break a TV sitcom or a movie, the opinions of media analysts like Londoner can make or break a whole company.

Who are these numbers crunchers and how do they affect media fortunes? How do they handle the potential conflicts between their role as dispassionate analysts and Wall Street's natural lure toward self-enrichment? Whom do they serve and how are they evaluated? Can their opinions be trusted?

The analyst forms his judgments for more than one audience. The first is his firm's retail-securities sales staff, many of whom wouldn't know a balance sheet from an income statement. The big institutions—pension and mutual funds or insurance companies—are more important clients who pay handsomely for information. According to a Greenwich Associates study of institutional research practices, the largest institutions pay most of the cost of most of the research done on Wall Street. Institutions have analysts of their own (called buy-side analysts) who evaluate the reports of the Wall Street sell-side analysts. The buy-siders, in turn, report their findings to the institutions' money managers, who may have millions of dollars to invest. If a leading Wall Street analyst turns thumbs down on the prospects for a media company, money managers may react by selling their funds' stock in the company. If the holdings are sizable, these sales will drive down the price of the stock, leaving the company's management vulnerable to criticism and maybe even to ouster. If the price drops far enough, the company could attract the attention of raiders in search of a bargain.

In truth, that scenario is unlikely. After all, most analysts work for big brokerage or investment-banking firms whose earnings come mainly from the very subjects of their analysis. The analysts' firms compete to underwrite corporations' new securities or to handle their investment-banking affairs. That's where the real money is. And that's what forces the analyst to walk a very fine line between an honest appraisal of a corporation for his institutional clients and the disruption of his employer's relationship with that same corporation.

In an attempt to keep everyone happy—or at least to offend as few as possible—analysts are extremely circumspect in their written critiques. "Very
often, I will temper it to a degree," says Merrill Lynch vice president Harold L. Vogel, "because I'd like to give the company the benefit of a doubt. But if I see something that's not to my liking, I'm not afraid to say it."

Drexel Burnham Lambert has a formula for saying a company's a dog without really saying it. Most firms do. Drexel vice president John Reidy is candid about how it works: "If we put investment-banking clients under our ratings program, an agreement is established at the outset that if the stock gets overpriced, we will change our recommendation from 'buy' to 'neutral,' and both they and we understand that it won't prejudice the relationship. If that bothers them, we'll treat it as a 'not rated stock' and we'll write about it and say that things are going okay. If the client's going to go into a paroxysm of rage if you change your recommendation, it isn't worth the aggravation."

Dennis Leibowitz, one of the most respected of the analysts and a vice president at Donaldson Lufkin & Jenrette, concurs: "If you're in a banking situation, a negative opinion is probably soft-pedaled. Not that you say things are positive when they're not. You probably just don't open your mouth."

A "sell" recommendation is virtually unheard of, even when the market turns down. "I've never rated a stock a 'sell,' " says Alan Gottesman of L.F. Rothschild, Unterberg, Towbin. "I do often change my recommendation from 'buy' to something other than 'buy.'"

Chumminess between the analyst and the analyst troubles institutional customers. "It makes them a little less objective, wouldn't you say?" asked Karen Firestone, a buy-side analyst with Fidelity Management in Boston, the investment firm which runs the country's biggest group of mutual funds. "These analysts are often reluctant to voice a negative opinion on a company that's a corporate finance client of the firm, and they often tend to push the stock beyond reason. I see that more and more."

If an analyst learns bad news about a company, should he bring it to the attention of his buy-side customers? Such negative news may not only offend a valued client but may depress the price of the stock if the institution sells out. And that goes against the real aim of a Wall Street firm, which is to underwrite and sell stocks and other securities for corporate clients. "Analysts are in a ticklish situation," says Anthony Hoffman, a former analyst who is now a New York-based investment-banking specialist for Union Bank of Los Angeles. "They're almost never found saying a stock should be sold, because they feel—and rightly so—that the company will be less confiding in the future about what's really going on."

At Goldman Sachs, says vice president Barry Kaplan, "We strive to have analysts be as objective as possible. You may have a personal relationship, but you try to be professional." Still, he says, "it remains an industry-wide issue."

The analysts' accepted image, of
course, is that of a reflective observer, somewhat akin to a news reporter. In a
business dominated by hucksters, traders and dealers, the analyst has
played the thoughtful role. That sagacity
has become extremely important with
Wall Street's young deal makers literally
recontouring the media landscape. But in
some firms, analysts have gone beyond
opinion, joining the hungry deal makers
in putting together multibillion-dollar
mergers and buyouts. Not surprisingly,
analysts' paychecks, once quite modest
by Street standards, have climbed, aver-
ing between $200,000 and $400,000 and
twice that for those who get deeply into
deal making:

When an analyst joins his firm's invest-
ment bankers in masterminding a merger
or some similar deal, he becomes an
insider, privy to nonpublic information.
The law says he cannot discuss those
negotiations elsewhere, even within the
firm, where a so-called Chinese Wall sup-
posedly separates departments involved
in potentially conflicting situations.

"The lure is enormous," says former
analyst Hoffman. "Analysts say, 'Geez, if
I could get a 5 or 10 percent fee on one of
those deals, I could retire.'" Adds Drexel's
Reidy, "It's tempting. Wall Street
firms throw increasingly large bones to
the analyst who helps in corporate-
finance deals. And what everybody
dreams of is bringing in a quarter of a bil-
lion dollar deal with a six-figure bonus."

D LJ's Leibowitz is heav-
ily involved in deal mak-
ing along with his work
as an analyst. "The firm
has encouraged analyst
involvement because we
do n't have a tradition of investment
banking." He helped structure the
leveraged buyout of Viacom Interna-
tional, among others. "I was responsible
for introducing Viacom to my firm," he
says.

But Fidelity's Karen Firestone thinks
such dealings are not in her institution's
best interest. "People get bonuses on the
basis of how much corporate-finance busi-
ness they bring in. It's a real conflict of
interest when the analyst loses his objec-
tivity about a company's future," Reidy
agrees. "I've got competitors who got
greatly involved in corporate finance and
lost their effectiveness. They lose some
stature with institutional clients and
therefore lose their value as research
analysts."

But Leibowitz counters that firms have
demanded more of analysts because insti-
tutions have pinched on payments. "The
institutions have made that part of the
business relatively unprofitable," he
says. "So the firms are trying to get more
mileage out of the analysts by working
them in other areas, including invest-
ment banking."

Because of the attraction of deal mak-
ing, corporate clients have become more
reluctant to trust analysts in the big firms
with aggressive merger operations.
Despite the Chinese Wall and the ethical
considerations it implies, a corporate
manager fears that if he gives an analyst
too much information, it could come back
to haunt him should the analyst's firm be
retained by a predator looking to acquire
his company.

In the real world, of course, there’s nothing to stop the unscrupulous from breaching the Chinese Wall—or a naturally nosy analyst from trying to learn what’s happening on the other side. One analyst’s not-for-attribution comment seems typical. He considers it part of his job to know what the investment bankers are up to—but he says he keeps the information strictly to himself, sharing it neither with institutional clients nor with brokers in his firm. As Smith Barney managing director Ed Atorino succinctly put it, “The analyst’s got to keep his fat mouth shut.”

Not many years ago, analysts led a fairly leisurely life. There were only a few publicly owned media companies to follow, among them ABC, CBS, Time Inc. and Times Mirror. But in the 1970s and '80s, a phalanx of newcomers hit the securities markets. At the same time, technological advances—satellites, cable TV, home computers—expanded the media business and gave the analysts a vast array of complex, sophisticated companies to study.

Three significant developments fueled this change. First, in 1984 the Federal Communications Commission abolished the 7-7-7 rule, raising to 12 each the number of TV, AM and FM stations one corporation could own. This freed many established companies like Taft Broadcasting and Gannett and newcomers like Rupert Murdoch to build larger stables of stations or even to start a network.

Second, interest rates dropped, making it cheaper to finance mergers, acquisitions and leveraged buyouts. Also, Drexel Burnham popularized junk bonds, which allowed raiders and others to raise vast amounts of capital at low cost. Finally, these two developments led a couple of years ago to a third: Analysts began evaluating media companies not by the traditional measurements applied to steel or auto or rubber companies, such as earnings per share or the ratio of stock price to earnings, but by asset value and the amount of cash flow generated.

Asset value, or breakup value, is what a buyer today would pay for a media property, or part of that property. Paul Kagan, an independent media analyst and indefatigable newsletter publisher, often writes of “the gap between public and private values,” or the difference between a company’s stock market value and what it would fetch if broken up and sold privately, piece by piece. The private value includes heavy amounts for goodwill, since stations have relatively modest assets, and it has become a key measure for deal makers doing mergers or buyouts. As media properties got higher and higher prices based on their asset value, the gap narrowed.

Cash-flow analysis is another outgrowth of the merger and buyout craze.

You just can’t give a client a half-assed argument. The business is too competitive. They’re smart and they hear a lot of stuff from the Street.’

Richard MacDonald
vice president
First Boston
before those deductions, look much more vigorous.

Using the analyst’s research, a firm’s merger-and-acquisition specialists show clients how cash flow can finance increasing debt, which is used in turn to acquire new properties, which are brought to them at high commissions by the same firm. For example, Rupert Murdoch paid a whopping $2 billion for the six Metro-media stations Drexel Burnham introduced him to, at least partly on the basis of the cash flow he could anticipate from the properties.

For analysts following media companies—far more than for those following less dynamic industries—life on the job is life at a gallop. Adding to the pace has been the recent bull market, which brought tremendous daily trade volume. “In a bear market, you’ve got all the time in the world,” says Atorino, as follows about twenty companies in advertising, broadcasting and publishing, “but these days management want you to write more, travel more, call more.”

In more leisurely times, when companies are eager to woo market interest, there are junkets for analysts to Hollywood and exotic climes where executives brief them between cocktail parties and banquets. ABC, for instance, flew a bunch of friendly analysts to the 1984 Olympics. But the erstwhile guests say there’s not much time for junketing anymore, and most find even visiting companies a chore. “Sure there are trips,” grumbled Vogel, “but you come back exhausted and still have to face the same 35 publications, crises in the markets, reports to write…”

Analysts are slaves to the telephone, constantly exchanging calls with institutional clients and corporate investor-relations executives. Alan Kassan of First Manhattan Co., which manages $4 billion of institutional and individual investments, burns the wires daily to the West Coast. “A big chunk of my day is spent on the phone with studio people. A lot of it is asking one company

The Men Behind the Numbers

In the basement of his suburban Westchester home, J. Kenneth Noble, 58, stars at the screen of his old Hewlett-Packard 9845 computer. It’s a massive pre-miniaturization machine that cost $100,000 back in 1979. Nearby, a big generator that prevents power surges from bleeping out Noble’s calculations emits a mad-dening drone. The floor is a tangle of wires, and the rest of this room and another next door are stacked with filing cabinets and shelves of research. On hot summer days, Noble strips to his underwear as he paces through deep-set eyes at the flickering screen; in the dead of winter, he needs a footwarmer to combat the cold.

Noble, a first vice president at PaineWebber, is unique among analysts. He echeches the New York deal-making scene to do laborious research with variables and constants that just might reveal trends. Right now, for instance, he’s trying to prepare an outlook on advertising, a worrisome thing for networks these days, by tracing trends back to 1947. “It takes forever, but I figure nobody else is going to do this,” he says. “And that’s the way to be a top analyst—to come up with something nobody else does.”

While corporations find Noble’s work helpful, some of his fellow analysts scoff at his economic model building as pedantic, especially in the fast-moving merger environment of recent times. Noble has been around Wall Street long enough to know that only money talks. So every year he runs a very successful media conference whose unspoken purpose is to lure investment-banking clients to PaineWebber. That week helps justify the rest of the year Noble spends working in the basement at his true calling: research.

In downtown Manhattan, meanwhile, Harold L. Vogel looks out over massive stacks of reading that cover his desk and repeats the analyst’s universal plea for more time and less work. A balding man with long sideburns that frame his narrow face, capital markets vice president Vogel, 40, heads a team of three media researchers at Merrill Lynch. The others are William Suter, who follows broadcasting, and Peter Faleo, who follows newspapers and cable.

Merrill Lynch, Vogel claims, approaches investment research differently than most firms: “At many other places, analysts must go through elaborate procedures to upgrade or downgrade a stock—lots of committee meetings where they have to be accountable to lots of people. If people don’t like to fly free, then they probably wouldn’t like it here because we’ve got lots of freedom to do what we want.”

Across lower Broadway from Vogel’s offices Dennis H. Leibowitz of Donaldson, Lufkin & Jenrette, generally viewed as the Street’s top media analyst. But 44-year-old Leibowitz, whose outside interests include playing classical piano, has a love-hate relationship with the Street, which he escapes when he can. “I have the obligatory subscriptions to Fortune, Forbes, Business Week, and I cringe when they come in because I have to read them,” he says. “I’m just not one of those people who lives the business.”

Last year, after he disappeared into Mexico on vacation, leaving no address or phone number behind, Capital Cities moved on ABC. On his trip home, Leibowitz checked stock quotations in a newspaper and found that the price of ABC, as well as CBS, had soared. “I was in a state of total shock trying to figure out what happened,” he recalls.

Uptown, Edward J. Atorino, managing director of Smith Barney, looks down at Central Park from an office that contrasts sharply with Vogel’s and Leibowitz’ in its painstaking neatness. “The toughest part of the job is keeping up with the information,” says Atorino. “Media companies send us all kinds of research. They do their best to make our job as easy as possible. They’re wonderful people to deal with—even the managements.” Then, reflecting on his words, Atorino adds, “But I try not to fall in love with a company, because sooner or later you’re going to be bagged.”

—J.F.B.
When he predicted—accurately—that broadcasting's salad days were over, 'the networks were up in arms. Two of the three wrote position papers against the piece.'

David J. Londoner vice president Wertheim & Co.

whether the strategy of another will work.”

It's a little like being a reporter. "You have to develop relationships to understand what's going on," Kassan says. "But reporting isn't all of it. Those who tend to accept the company's party line as gospel have frequently made mistakes. There are a lot of analysts who are good reporters. But I'm not sure if they're good money-makers."

The most effective of them are good communicators, able to describe and evaluate succinctly—and to sell their ideas to buy-side analysts. Richard MacDonald, an articulate broadcast-industry analyst at First Boston, gets high grades from buy sides. "You can't give a client a half-assed argument," he says. "The business is just too competitive. They are smart, each and every one of them, and they hear a lot of stuff from the Street. You've got to get them in a dialogue."

Many of the calls to analysts these days are from news reporters seeking information and commentary. Analysts have enjoyed the fame that comes from being quoted in influential journals or appearing on television. But as the financial press grows in size and demands, some analysts are inundated with calls from all over the country.

A favorite among reporters is Drexel's John Reidy, a master of the neatly packaged quote, who also has the direct delivery and sonorous voice that goes over well on TV. Recently, CBS News tracked him for three days at his 25th reunion at Harvard, concluding with his appearance on CBS Morning News to talk about the boom in home shopping channels. Later, The New York Times did a piece based on the show, as did The Wall Street Journal.

Press coverage is "flattering, but it reaches diminishing returns," says Atorino. Lisa Donneson, a media analyst for Salomon Brothers, says flatly, "I don't talk to the press."

While a knack for the pithy quote can win publicity, the acid test of an analyst's thinking is what goes on paper. "I think it's important to document what you've said," says Francine S. Blum, a young associate of David Londoner who analyzes broadcasting at Wertheim. "When you've written it, you're on the record."

Generally, Wall Street prose is functional at best. It declined perceptibly when Ellen Berland Gibbs, a Ph.D. in English, left Goldman Sachs to start her own firm. Her reports were likely to be peppered with literary allusions from Thucydides to Twain. For the rest, "It's not great literature, but it serves its purpose, which is to relay information," says Vogel, a good writer who has published an impressive textbook titled Entertainment Industry Economics. Rothschild's Gottesman, a prolific writer, shows occasional flair in his regular newsletter, "AdLibs: Notes on Media/Advertising Topics." A somewhat truculent man who sports a Van Dyk goatee and cowboy boots with his pinstripes, Gottesman allows, "I might have been a journalist if I could have figured out how to make a decent living from it."
Occasionally a Wall Street author takes a step back and produces a far-ranging work more ambitious than an everyday report. In 1978, Londoner wrote an analysis of the changing economics of entertainment that shook the industry. The salad days for broadcasters were over, he said, and accurately predicted that with programming costs rising rapidly, the big money would be in that end of the business. According to Londoner, “The networks were up in arms. Two of the three wrote internal position papers against the piece.”

Londoner and Blum teamed up to produce another important report in April 1985 that questioned the soaring prices being paid for broadcast properties. Titled “Gong!” to signal the top of the market, it argued that “with excessive valuations put on private transactions... it simply takes too long to pay back a station acquisition...” While the two may have rung their warning a little prematurely, broadcasters who paid big cashflow multiples for acquisitions not long ago are indeed struggling.

Analysts, like students, are forever getting report cards—from corporate investor-relations executives, from institutional clients, from peers, from salesmen, from employers. The most important grade, both in terms of prestige and pay, is to be chosen for Institutional Investor’s “All-American Research Team.” Each October for the past 15 years, the monthly magazine for institutional and professional investors has published the results of a survey of 1,000 money managers who rank analysts in 65 industries and investment specialties.

The title is apt. Those who make it gain top pay, perks and privilege usually accorded a top athlete. And like ballplayers, they become hot properties.

Dennis Leibowitz has been named number one in broadcasting for nine consecutive years, and consequently is immensely valuable to his firm. “In the cable industry especially,” he says, “I’m seen as the drawing card to getting the business.”

Drexel Burnham tries to recruit the number two- or three-rated analyst covering an industry. “It’s important to the firm to establish its image with institutions,” says Reidy, who made the 1985 squad in broadcasting and publishing. “And it’s important to the analyst to make the team because it’s a direct factor in compensation.”

“Does First Boston care about it?” rhetorically asks Rich MacDonald, on the second team for broadcasting. “You betcha. But it’s a drag to have to worry about it.”

Worry the analyst must. If not about Institutional Investor, then about whether he’s offended a corporation, shortchanged an institution, breached the Chinese Wall, impressed The Wall Street Journal, comprehended the latest technology, given a buy to the wrong stock... But things could be worse. He could be analyzing plastics or chemicals or insurance companies. As Wertheim’s Blum puts it, “I’d rather be at a screening than touring somebody’s steel mill.”

Who’s Who Among Media Analysts

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News Meltdown
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Virtually overnight, KCBS-TV scuttled its format, ditched its anchors and introduced an innovative “news wheel” to its afternoon broadcast. How did it do? Don’t ask. by Dick Adler

Everyone thought it was a good idea. KCBS-TV, CBS’ owned-and-operated station in Los Angeles, was running a weak third in the local news race, its low ratings hurting Dan Rather’s fight to keep the CBS Evening News in first place nationwide. Why not try something completely different—or as different as you can get in the cookie-cutter world of local television news?

So the management of KCBS last fall came up with a bold concept for the 4 to 6 P.M. news slot—six 20-minute broadcasts, each with a special theme. Each segment in the news wheel would begin with a brief news wrap-up, then segue into thematic segments such as “California Health,” “California People” and “California Family.” At 6 P.M., a traditional 30-minute local news show would lead into the network newscast, which had been rescheduled from 7 P.M. to 6:30 to counter rival KNBC-TV’s similar move with Tom Brokaw’s Nightly News. That would free up another 30 minutes of lucrative prime access time for the station.

CBS-owned stations to four, with coverage of just 19 percent of the national audience, the lowest of all three networks. The Los Angeles market now represents a quarter of the station group’s national coverage. And, with just one rating point in the Los Angeles early-news market worth about $800 per minute in ad revenues, the network was losing millions of dollars because of KCBS’ disappointing showing.

Last year, when CBS stations president Neil E. Derrrough dispatched Frank Gardner—then news director at WCBS-TV in New York—to Los Angeles to take over as KCBS general manager, Gardner’s mandate was abundantly clear. He was to give KCBS’ news department the same kind of genial boot in the britches that Van Gordon Sauter had just been brought back to administer to the network news division. Indeed, Sauter had performed that same service for CBS in the late 1970s, reviving the Channel 2 back into the high ratings after an earlier station decline. But his magic hadn’t lasted. After Gardner arrived last spring, he and KCBS news director Erik Sorenson surveyed the talent at the station and decided to go for broke.

“It’s time for a change,” Gardner told a reporter. “We have a video-savvy audience watching a news form invented 35 years ago. It’s got to be more in tune with the California of 1986.”

Many of the changes Gardner envisioned did not involve spending money. The new format, with its reduced airtime per person, would let anchors become “working journalists again,” Gardner enthused, with paychecks matching their new status. KCBS anchor Jeff Marlow, originally courted from KNBC with all the zeal of a major talent raid, was unceremoniously dumped by being offered a new contract with a substantial pay cut. Colleen Williams, one of the smartest younger anchors on the local scene, got similar treatment at contract-renewal time. Both quickly bolted for KNBC. KCBS sportscaster Jim Hill adopted a more novel approach. To avoid being associated with the new “California” look, he simply decamped for an extended vacation.

After the usual promotional hoopla, KCBS’ “news-wheel” format made its debut on September 15, complete with the inevitable redesigned set (by 60 Minutes director Arthur Bloom) and the latest in video graphics. The Los Angeles television critics, however, were predictably rude about the new program. KCBS weatherman Kevin O’Connell took the brunt of their raps for his live-on-location “California Living” segments that “discovered” a new town every day. Wrote the Herald Examiner’s Ray Richmond: “The only hope is that he’ll eventually run out of towns.”

Los Angeles viewers quickly voted with their channel selectors. After two weeks, the Nielsen for KCBS news was down a full share point over the previous year. The Arbitron ratings were even worse. For the five-day period between September 29 and October 3, KCBS finished in seventh and last place in the local market. The abysmal ratings carried over to the network newscast. That week, the CBS Evening News with Dan Rather fell to sixth place.

Dick Adler is a Los Angeles free-lancer who writes on television and the media.
As luck would have it, Dan Rather was broadcasting from Los Angeles during the new format’s debut—a particularly humiliating turn of events since the entire purpose of his trip was to enhance the Evening News' profile in the important West Coast market. At a reception that week for KCBS, Rather attempted to reassure the staffers after a particularly nasty set of reviews, but his network bosses back in New York would not be as gracious.

After the first burst of bad ratings, Derrough flew out to Los Angeles to meet with Gardner. A KCBS spokesman reported afterward that a "minuscule" number of changes would be made, none of them visible to the viewer. But just a week later, with no visible changes in the numbers either, Derrough was fired in New York (his resistance to cost-cutting measures also contributed to his departure). Neil Pilson, executive vice president of the CBS broadcast group, flew to California to accept the resignations of Gardner and Sorenson.

KCBS' embarrassing slippage and the firings in New York and Los Angeles point up an enduring problem faced by news directors. Local news viewing tends to be habitual, and a station's core audience usually remains loyal to the broadcast even in the face of an overall decline in ratings. Sudden format changes always run the risk of permanently alienating this nucleus of traditional viewers while failing to make up the difference in new viewers attracted to the changed look. In the early 1970s, for example, the CBS-owned station in Chicago, WBBM-TV, replaced its anchor team and many of its correspondents and changed its format, only to suffer an immediate ratings decline that took years to reverse. Westinghouse's Philadelphia station, KYW-TV, introduced an equally drastic format change a few years later from which it has only recently recovered. Attempting anything radically different in local news, in short, has proven extremely difficult, and this is exactly the lesson KCBS learned the hard way with its news wheel experiment last fall.

CBS' new Mr. Fixit is Tom Van Amburg, former vice president and general manager of KABC-TV in Los Angeles, who was brought in as KCBS' general manager shortly after Gardner was fired. As a primary force behind the flashy, "people-oriented" formats that propelled KABC into ratings leadership in L.A., Van Amburg seemed a curious choice, but he has quickly moved to restore traditional broadcasts at KCBS. After just three days on the job, Van Amburg jettisoned the news wheel and resumed straight newscasts at 4 and 5 P.M. Van Amburg also canceled a weak Entertainment Tonight clone, Photo-play, which KCBS ran at 7 P.M., and replaced it with another 30 minutes of local news after Rather. "We're telling people that we made a mistake—come back and give us another chance," says Van Amburg.

Van Amburg has his work cut out for him. CBS not only expects him to restore KCBS to respectable ratings, but to do so within the new budgetary constraints that now prevail at the network. Says Van Amburg: "The message I'm getting is, 'Run the business as if it were your own. But please don't run it as though it were a government-funded operation.'"

And, he might have added, please don't schedule any more 20-minute weather segments called "California Living."
The State of Syndication

Seven captains of the industry discuss where it’s been and where it’s headed in a two-day seminar in New York.

On the tenth anniversary of LBS Communications, the syndication company's chairman, Henry Siegel, made a grant to the Museum of Broadcasting in New York for a seminar to illuminate the arcane field that allowed a smart operator and his company to prosper. The subject was syndication—its history and its significance in the television industry today—a subject large enough for two sessions. Held on successive days last fall, the seminars were coproduced and cohosted by the museum and Channels.

The full transcript is now part of the museum's permanent collection. While the discussion ranged over all aspects of the syndication field, the recurring theme was barter. The highlights presented here focus on that motif:

GEORGE BACK, president, All American Television:
Barter is perhaps the greatest boon to diversity in programming in the history of broadcasting. Barter creates access to advertisers and access to the station, while spreading the risk among producer, station and a third party, the advertising sponsor. And anywhere you have a risk being spread among so many parties, the independent producer is better served because money can be more easily gotten—and new ideas made to happen.

AL MASINI, president, Telerep:
When you come out with a new concept that's never been tested and you go to a station and ask them to buy a year's worth of that show, they're very frightened about putting up the money. So your best shot at getting the program on is barter, because you're getting the advertising money and taking a chance that the ratings are going to come in to cover. It gives you a chance to produce shows that wouldn't get on the air, and it certainly helps the small stations, because for them there's no cash outlay and no risk.

RAY TIMOTHY, group executive vice president, NBC:
If a barter packager gets his program on 150 stations and has, say, a minute of advertising time to sell, he is in effect a network competing with my salesmen on Madison Avenue. He competes not only for network dollars but for network audience. Barter is now between a $500 million and an $800 million business, but the network business is measured in billions, and so far barter is not a direct threat to what we do. We monitor it carefully; we sell against it. We think a network buy is better than a market buy for a number of reasons. But barter is here to stay. The six stations we own deal in barter syndication, just as other stations do, so we aren't against it. NBC'sToday show is a pure form of barter. The affiliates sell one hour and the network the other.
HENRY SIEGEL, chairman, LBS Communications:

The barter syndication industry is almost, but not quite, inflation proof. In a soft market, we get a lower price for our merchandise. On the other hand, we clear more stations because the spot marketplace is soft, and stations would rather take the product on a barter basis than pay for it. In a tight marketplace, we get a higher price for our inventory but may not be able to clear as many stations. Right now it's a soft marketplace, but there's a lot of competition in the barter field. . . . Currently barter programs carrying national spots number about 150—approximately one-third of all syndicated programs. We expect that by next season as many as half the programs will be done on a barter basis. Almost every national advertiser in the top 100 group is using barter in some fashion.

JOEL SEGAL, executive vice president, Ted Bates Advertising:

From an advertiser's point of view, there are certain weaknesses in barter that tend to restrict the medium's growth. First, the shows are cluttered with advertising. Secondly, while syndicators usually guarantee audiences, their rating estimates are wildly off base. This means that when the demographic data are reported, sometimes months after a show airs, we start scrambling around for make-goods, long after our advertisers' schedules have expired . . .

We don't want to see advertisers frightened away from the syndication business by poor performance, because frankly, syndication works very well for us as a device to keep pressure on the networks—keep those guys in their place and their prices down . . . It would be wonderful if there were seven evenly distributed networks and I could pit one against the other. Wow, what a deal we could get for our clients.

JOSEPH TIRINATO, president, Southbrook Television Distribution Co.:

I don't like the term "syndicator." We're really marketing specialists. With "Fame," for example, we took a show that was perceived as having failed on the network. How do you take that show and rev it up, without touching the quality and then convince the stations, both affiliates and independents, to clear it? On top of that, what Henry [Siegell] had to do was take it to an advertiser like Joel [Segal] and convince him to put his advertising dollars in a "failed show." I consider that being a specialist. I consider it marketing. I don't consider it syndication.

DON MENCHEL, president, MCA-TV:

Just to keep things in perspective, there's another area of syndication that is very, very, very important—off-network syndication, where stations pay license fees, in cash, for programs. We keep talking about barter and how it's grown to be a more than half-billion-dollar business. But it wouldn't be far off the track to say that one program, The Cosby Show, is ultimately going to produce the same half billion dollars in syndication revenue . . . In today's market it's possible to produce series through a combination of network and syndication. So in a perverse kind of way, despite deficit financing, it's still an advantage to get a show on a network even if it only lasts one year. You can take a show that was canceled after 22 weeks, as we did with Charles In Charge, and combine it with first-run episodes. Not only does that give you a leg up on the shows that begin with episode one, but having 22 episodes in the can makes it a heck of a lot easier to reach the magic number of 80 episodes you now need for a strip.

'The history of syndication has been to follow the networks and be a good guerrilla. For syndicators and barter people, the method of competing is to cut network pricing in general. So we've discovered that barter can't rise unless the networks rise. In other words, in terms of advertising dollars, we're a stepchild to the networks. Barter just went through its worst year in six years, and the reason was that the network economy had its worst year in many. I had no idea until I had to live through this past year that our existence in syndication is so completely dependent upon the health of the networks.'

—George Back, president, All American Television
This could be your last chance to see what is really going on in South Africa.

APARTHEID

Four one-hour films made by Granada Television of England

"The year's best documentary project" The Independent
"Superb documentary" The Observer
"Merits every minute of precious airtime" The Sunday Times

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New York: 1221 Avenue of the Americas, Suite 3468
New York NY 10020 USA
Telephone (212) 869-8480. Telex 62354 UW

NATPE BOOTH NUMBER: 734
HOW ABC DROPPED THE BALL

The biggest news of the 1986-1987 season was the return of Lucille Ball to weekly prime time television. Among the littlest news, by the time it happened, was her show's "suspension" after just eight dismal episodes. The end may have come as a relief.

Gossip columns reported Lucy was tired, speckled with bruises from slapstick stunts, frustrated that audiences didn't respond the way they used to. The show's ratings humiliated TV's most enduring star. It ranked 23rd the week it opened—pretty good for a new entry and for Saturday, a light viewing night, but borderline lousy for the resurrection of a national icon 12 years after her last weekly series.

Viewers, only mildly curious to begin with, proved downright uninterested once they saw what Lucy was up to. The show never again ranked better than 53rd. The episode that aired the day after ABC issued its pink slip justified the lack of faith: It finished 74th and was outdrawn by all three networks' news specials about the midterm elections.

Doesn't America still love Lucy? Aren't her three previous series (I Love Lucy, The Lucy Show, Here's Lucy) still in syndication practically everywhere? Isn't here the only TV character, except maybe Ralph Kramden, that has beguiled every generation from late vaudeville to post-punk?

Sure. But that wasn't Lucy up on the screen. It was some elderly impostor. Caked with makeup, she looked mummified. Her voice, deep and hoarse, sounded like a bullfrog's in agony. She gamely attempted her old style of slapstick but her impeccable timing had fled. Worse, what used to be cute and girlish in a younger woman, and, in a male chauvinist era, turned out to be embarrassing in a senior citizen today. One excruciating episode engaged Lucy in a protracted flirtation, at least half-serious, with John Ritter, who is young enough to be her grandson.

The objection is not that she grew older, that her body underwent normal physical change. Appearing as herself, she does fine. She was an ornament to this year's Emmy show, and CBS is still finding use for her in specials. I just regret that despite her pledge at the season's start, she did not reinvent the Lucy character nearly enough to reflect the passage of time—and the manifold differences in the way we live, particularly the battle between the sexes.

ABC apparently realized by the time the show premiered that it had a stinker. The network refused to release any cassettes to critics for prescreening. I can only wonder why the likelihood of failure didn't occur to anyone earlier—say, at the point when the network committed to buying a full season's worth of episodes without even commissioning a pilot. It's not as though a Lucy comeback was an untested notion. In the late 1970s, CBS aired a special costarring her old foils, Vivian Vance and arpeggio-voiced Gale Gordon, with whom Lucy teamed up again at ABC. The special was inept: Its comic high point came when someone sat on a cake, which even by slapstick standards is a long walk from opening an oven and watching a seven-foot loaf of bread push its way out.

When Fred Silverman took over at NBC in mid-1978, one of his first acts was to hire Lucy as consultant. Her one completed project was an inane comedy pilot starring Donald O'Connor as a white-bread paterfamilias who owned a music store. The show aired only because Lucy agreed to pad it with a story that provided a sizable role for her—and again her performance was subpar.

Who is to blame for this season's fiasco? Not Lucy herself. Performers like to perform, and after hearing over and over that TV needed her, she responded admirably, like an old firehorse hearing the bell. Maybe some of the onus should fall on producer Aaron Spelling, who makes mostly "eye candy" (his phrase) but who demonstrably knows the difference between competent trash and hapless trash. Foremost one should pin the donkey's tail on ABC, which knew or should have known two things:

First, that slapstick doesn't sell much anymore, no matter who is doing it. Consider the failure of its own O Madeline, a skillful enough attempt to recreate the Lucy shows of old with a star, Madeline Kahn, still in her full youthful vigor.

Second, that in trying to counter NBC's Golden Girls, ABC missed the point of that superhit. Golden Girls succeeds not simply because it is about older women, but because it is about women who look and act younger than they are—and who in fact are played by actresses who are marginally younger than the characters. The show is a testament to the illusion of eternal, or at least enduring, youth.

The new Lucy, by contrast, was—and looked—more than a decade older than any of the Golden Girls. Unlike them, she played someone younger than her age. The Lucy of old beguiled us with impossible dreams—of instant fame and stardom, of show biz success via a misplaced saxophone or the soprano of an ailing crow. Her new impossible dream of agelessness only saddened audiences with its intimations of mortality. That's no recipe for a sitcom.
WASHINGTON

WHAT EVERY LOBBYIST SHOULD KNOW

As new senators and representatives unpack their bags, they might notice a trophy hanging in the halls of Congress: Mike Pertschuk's head. Pertschuk, for those who may have forgotten, was the Federal Trade Commission chairman who, during the Carter Administration, tried to ban all television advertising aimed at young children.

He lost big. A huge majority in both houses of Congress—who found in Pertschuk a ready target for growing antiregulatory sentiment—eventually voted to emasculate the FTC by subjecting its actions to legislative veto. Official Washington shook its head and said, "That's what happens when you take on the TV industry."

But Pertschuk has not gone away. Along with former Common Cause chief David Cohen, he now heads the Advocacy Institute, a two-year-old, not-for-profit organization designed to promote public-interest lobbying. Although none of the institute's activities involve television per se, the world of TV can learn a lot from Pertschuk.

Thanks to deregulation, communications industries lobby against each other (cable versus broadcast, for example) and are increasingly cloaking themselves in the trappings of the "public interest." The savvy among them could learn a thing or two from an old public-interest lobbyist's bag of tricks. Appropriately, at the entrance to Pertschuk's office is a weathered wooden sign advertising "Washington's Headquarters for Magic, Tricks, Jokes—Fireworks." Now in his early 50s, Pertschuk has a rumpled, professorial look. He smokes cigars and laughs when reminded that he spent much of his career fighting the tobacco industry on health grounds. He doesn't mind giving corporate America a little advice, he says, because "I'm sure they'd never listen to me anyway."

Pertschuk's academic manner belies the tough practicality of that advice: In public-policy debates, corporations should carefully devise and use symbols; they should seize the moral high ground on an issue early and always keep in mind that media attention and grass-roots organizing are the decisive battlefields. He says the major pitfalls for corporations are appearing too greedy or powerful—by conspicuously pouring money into political action committees, for example, and failing to anticipate the issues that lie "just below the surface of public outrage."

All of which leads Pertschuk to the subject of broadcasting. The man who battled the industry almost a decade ago sees the next great issue facing that industry as "what the American people perceive as greed in broadcaster profits from political advertising." Other ticking packages include the increasing concentration of ownership and the general lack of minority participation. But whatever the next flashpoint, broadcasting will always be subject to greater scrutiny by the public than other industries because of the "public interest, convenience and necessity" language of the Communications Act of 1934.

One of Washington's little secrets is that some corporations are currently forming coalitions with public interest groups, enlisting do-gooders as allies in largely intercorporate battles. This is happening, for example, in telephone regulation at the state level, where large clients have aligned themselves with consumer activists to stop rate increases.

Reflecting on his earlier defeat, Pertschuk calls it an "endless source of inspiration in how not to conduct public policy." He also says he learned two major lessons that should be remembered by those who anticipate a move to deregulate during Reagan's final two years: 1) Congress and not a regulatory agency should always take the initiative; and 2) compromise solutions, such as requiring free TV ads pointing out the health risks of eating too much sugar, should receive precedent over law-driven regulations such as an outright ban. These lessons apply to several current issues, such as children's television and how best to guarantee a diversity of voices on the nation's cable, satellite and broadcast systems.

Pertschuk's insights into lobbying can also help CEOs judge whether their D.C. dollars are well spent. The best lobbyists, he says, are always in touch with the grass roots and remain realistically self-effacing about what they can and cannot do.

Pertschuk quotes former Sen. Warren Magnuson, who once lamented that "I spent this whole day seeing people who never even tried to persuade me of anything. They just wanted to be able to report to their clients, 'I saw Magnuson today.'"

Leading broadcast executives, Pertschuk says, should save some money and come to Washington themselves to meet people, including "the 25-year-old staffers on Capitol Hill who have lots of power."

But there's another way to learn more about what Pertschuk is thinking about: The Advocacy Institute's brochure promises that for a tax deductible $1,000 contribution, the former FTC chairman "will come over for dinner and regale you with tales." It might be the most economical $1,000 dinner that a broadcaster ever paid for.
America's Leading First-run Television Distributor
The World According to Lorimar-Telepictures

L-T’s Richard Robertson talks about the company’s collapsed station deal, why NATPE is overrated and why program costs won’t go down.

As the top syndication executive and a member of the office of the president at Lorimar-Telepictures, Richard Robertson’s job requires a salesman’s bravado and a senior manager’s analytical skills. Those skills were severely taxed during 1986, when L-T’s senior management was consumed with its now collapsed efforts to spend $1.4 billion acquiring seven television stations. But with thirteen first-run shows on the air, the company is again focusing on programming. A former network sales executive and executive vice president of Telepictures, which he helped start in 1978, Robertson discussed the changing television marketplace recently with Channels’ executive editor Merrill Brown and West Coast editor Patricia E. Bauer.

PROGRAM COSTS
The cost of programming, I believe, will even go higher. This business won’t be in true balance until programming gets a better share of the back end. All the talk in the industry of bringing down programming costs is rhetoric, in my opinion. I wish clothes didn’t cost so much. I wish cars didn’t cost so much. I wish gasoline still was thirty cents a gallon. But I just don’t see it as a realistic goal.

There’s nothing more expensive than a show that doesn’t do a good rating. Stations live off of selling their twenties. And the cost of programming to the people who make it is not going down. The infrastructure is there: the agents, the managers, the unions, the networks, the banks who finance it, the interest rates they charge. It just keeps going—like a giant machine.

THE SYNDICATION BUSINESS
I’ve always said that syndication is a selling and marketing business, and the best shows don’t get on the air and stay on, necessarily. The shows represented by the best marketing and selling companies get on the air and tend to stay on the air because they get the best time periods. The best thing about selling programs, and it’s what I love about this business, is that somebody’s always in last place so there is always a marketplace. Relatively speaking, it’s a recession-proof business.

WHAT HAPPENS AT NATPE
Wheel of Fortune was a big hit, and all of a sudden there were fifty game shows going to NATPE. So what? People go to NATPE and they have all these booths and they give away all this shrimp and they don’t sell diddly squat. By the time you go to NATPE, everything’s done in most of the major markets. NATPE is basically fill-in time for most companies that do it right. The companies that go to NATPE thinking they’re going to launch a new show are ignorant of the process.

DEFICITS
The deficit problem has to get resolved. It’s the single biggest problem in our business. The only reason people are in this business and take deficits, from a financial point of view, is so they will recoup the deficit and yield a profit in the back end. You don’t have to be a real major financial maven to figure that out. But there are a great number of hit hour shows that are either going to lose money or, at best, break even, because they’re not sold in the top ten markets—things like Hill Street Blues, Simon & Simon, Night Rider and The A-Team. A lot of people are going to wind up shaking hands with themselves.

Right now we make all three of our hours in profit because they’re very successful hours, with foreign revenues and syndication revenues. We have to know that we’re going to make a profit. Just to be on the network for the network’s sake is not a business.

THE APPEAL OF FIRST-RUN FARE
I think first-run syndication is pretty much maxing out in terms of number of hours on the air. It’s an enormous industry, but the pie is only so big. Still, it’s a great business. Most people buy programs to be safe. They don’t want to spend six million dollars and buy a turkey and be stuck with it. Careers are on the line. Stations are in the first-run business because they only have to commit to these projects for, generally, one year. Then if the shows work, the station can make the decision to renew them. And if
All the talk of bringing down programming costs is just rhetoric. I wish clothes didn’t cost so much. I wish gasoline was still thirty cents a gallon. But it’s just not a realistic goal.

the shows don’t work, they can cancel and buy a new one.

The problem in off-network is that when you make that commitment, you commit for multiple runs, generally for three years or more. If the general manager makes a mistake on The Cosby Show, spends all that money and it doesn’t work, that could cost him his job. First run is a much lower risk.

SELLING STRATEGY

This business has changed. It is getting more complex and more sophisticated and the program buyers are getting smarter because the money is getting so big now. It’s not just a pat on the back and a couple of martinis when you sell a show. The general manager’s very involved in every programming decision in those stations, and you’ve gotten a much higher level programming director. Instead of just buying a show, they’re asking themselves: can we sell this?

L’T’S FAILED STATION DEAL

We’re real sad. We all worked real hard and we spent about seven million dollars on lawyers’ fees and bankers’ fees. And we really took our eyes off of managing our core business for those many months.

We believed that television stations are a good business. We did believe it and we still believe it. It’s an excellent business. But it depends on what you pay. You have to pay a price that gives you the opportunity of getting your money back at a reasonable rate of return. That’s number one. Number two: we became concerned when we saw the Tribune Company buying KTLA; when we saw the 12-12-12 rule come in. There was a lot written that this would make it easier on syndication, because you had to go to fewer people to get your show watched. We would prefer the old way of having a lot of different customers, because then no one customer has that much control over the ability to get programs seen in the major cities, in the right time periods, on the right stations. When there are just a few major customers, the deals you make are not as attractive as they once were. They extract major profit participations and make back-end deals. They can clip the upside on the risk that we take. We thought that with the group of stations that we were buying, a wonderful group of stations, we would get security. In addition to operating them as a business with a good return: on our investment, we would be able to align ourselves with these other companies as partners in program ventures. But this would never be an alternative to network television. That’s just ridiculous that anybody would think that.

THE APPEAL OF OFF-NETWORK SHOWS

There is still an overwhelming fundamental bias toward off-network at the station level. Any syndicator who has ever sold a show will tell you that coming in with an off-network show is magic. And the funny thing is that sometimes an off-network show creates magic in syndication, and sometimes it doesn’t. Everybody thought The Muppet Show was going to be the greatest thing since sliced bread, and it was a colossal failure. Those stations are still paying off on Muppet contracts. What a program does once a week on the network doesn’t have much to do with its success in syndication five days a week.

BARTER SYNDICATION

It’s a little tougher to sell cash programming at the bottom third of the indie stations, so how do we do business there? Barter. Then we don’t have collection problems, and they don’t have to advance money. The best thing that ever happened to the national advertising business in the last ten years, from an advertiser’s point of view, is the giant growth and proliferation of barter syndication. The networks didn’t really take it very seriously; they snickered at it. But barter syndication was real, with real national ratings: eights, nines, tens, fifties. That had a major impact on network pricing from the advertiser’s point of view because all of a sudden there’s a fourth place to go with your money.

FOX BROADCASTING

Quite frankly, they’re a competitor, but they’re also a customer. And I’ve got to tell you, I feel like I’m riding with the hounds but my heart is with the fox. I’m rooting for them. They will create more competition. The question is, can they support this giant cash loss long enough to get it turned around? I think they’re going to have to get some better-quality stations in the major markets. You may even see them wind up with an affiliate or two every now and then.

THE NEXT WAVE

I think the stations will take a more aggressive role in determining their future—investing in programming or experimenting with a night a week on their own, or maybe adjusting the network relationship a little bit. Networks are still going to dominate this industry, but we may see some changes in how affiliates look at their network relationship when the compensation formula changes. And the Fox Network is lying in the weeds, offering a much better deal than they get from their own network.
The power of the majors

Spokesmen for the movie and cable industries are slugging away at each other in "a sand-lot fight," as a Capitol Hill aide called it. Each says the other is dominated by relatively few aggressively expanding corporations. Motion Picture Association of America president Jack Valenti points out that cable system ownership is highly concentrated among a few powerful operators, and is growing more so. Forty percent of cable subscribers are served by the ten largest operators. National Cable Television Association president James Mooney complains about Hollywood's "cartel-like grasp on the American entertainment dollar," and offers the accompanying figures as evidence. (Sources: NCTA compilation of estimates from Variety, Videoweek, Katz Television.)

Box Office

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Syndication

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Donahue v. The Oprah Winfrey Show

October '86 audience shares in large markets where the shows air head-to-head

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Look to the lead-in

At first glance it appears that Oprah Winfrey's syndicated talk show is besting Phil Donahue's in the six biggest of the 48 markets where they go head-to-head. Note her four winning shares in boldface. And indeed she's been gaining on Donahue during her five months in syndication. She's in 141 markets already; he's in 212 after 18 years of syndication. But Winfrey's toasty personality doesn't fully explain her wins, says Jonathan Murray, a programming expert for the ad rep firm HRP. Where Donahue is preceded by an equal or stronger show, and presumably inherits some of its audience, he gets the larger audience. (Sources: HRP, based on Nielsen Station Index, October '86; King World; Multimedia.)
SFM Children’s Theatre
Crystal Light
National Aerobics Championship
Bud Greenspan/Cappy Productions Specials
SFM Holiday Network
Jayce and the Wheeled Warriors
The March of Time
Photon
SFM Special Event
Sports Pros . . .
& Cons
Twentieth Century Woman
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