1ST-RUN SITCOMS
Number expected to triple by the fall '87 season/39

FINANCIAL FOCUS
Analysis of publicly-owned station groups/42

AGENCY MERGERS
Top executives weigh pluses, minuses of trend/48

NBC'S 60TH
A panorama of network's past, present, future/A-1

Television/Radio Age

May 26, 1986 $3.50

First-run sitcom s

ores with stations

Already cleared for September 1986 in over 80% of the U.S. including these leading stations...

New York	WNBC	Indianapolis	WTHR	Shreveport	KTAL
Los Angeles	KNBC	Phoenix	KPHO	Mobile	WKRG
Chicago	WMAQ	Hartford	WTIC	Wichita	KSNW
Philadelphia	WTAF	Portland	KGW	Fresno	KSEE
San Francisco	KTVU	San Diego	KGTV	Jacksonville	WNFT
Boston	WLVI	Orlando	WESH	Syracuse	WTVH
Detroit	WXON	Cincinnati	WKRC	Rochester	WOKR
Washington D.C.	WDCA	Kansas City	KSHB	Davenport-Moline	WQAD
Dallas-Fort Worth	KTXA	Milwaukee	WTMJ	Burlington	WCAX
Cleveland	WUAB	Charlotte	WPCQ	Las Vegas	KVVU
Houston	KTXH	New Orleans	WVUE	Peoria	WEEK
Pittsburgh	WPGH	Buffalo	WGRZ	Wilmington	WJKA
Atlanta	WSB	Columbus	WTVN	Joplin	KSNF
Seattle-Tacoma	KING	Oklahoma City	KOCO	Harlingen	KGBT
Tampa-St. Petersburg	WTSP	Birmingham	WBRC	Boise	KIVI
Miami	WCIX	Harrisburg	WHTM	Bakersfield	KERO
Minneapolis	KMSP	Wilkes Barre-Scranton	WNEP	Topeka	KSNT
Denver	KUSA	Norfolk	WTKR	Bangor	WABI
Sacramento	KCRA	Albany	WTEN	Medford	KDRV
Baltimore	WNUV	Greensboro-High Point	WGHP	Elmira	WETM

24 FIRST RUN HALF HOURS

Advertiser Supported Programming

Taft Entertainment Television and Procter & Gamble Productions

WORLDVISION
ENTERPRISES INC.

The World's Leading Distributor for Independent Television Producers

New York, Los Angeles, Chicago, Atlanta, London, Paris, Tokyo
Sydney, Toronto, Rio de Janeiro, Munich, Rome

A Taft Company

Television/RadioAge

May 26, 1986 *Volume XXXIII, No. 24*

DEPARTMENTS

Television/Radio Age (ISSN #US0040277X) (USPS #537160) is published every other Monday for $50 per year by the Television Editorial Corp. Publication Office, 1270 Avenue of the Americas, New York, NY 10020. Second class postage paid at New York, NY and additional mailing offices. POSTMASTER: Send address changes to Television/Radio Age, 1270 Avenue of the Americas, New York, NY 10020.

"Cagney & Lacey"... Play It Again.

The loyalty of Cagney & Lacey's viewers is a tribute to its standing as the very best that prime time drama has to offer.

This strength of Cagney & Lacey's core audience, plus the attraction of the show to new viewers, has made Cagney & Lacey a proven winner in repeat performance, the key to syndication success.

So reward your viewers with "The Most Consistently Rewarding Drama On T.V."*

Play It Again. And watch the numbers grow.

*NEW YORK TIMES

POLICE DEPARTMENT
FOLLOW-UP INVESTIGATION
AT THE TOP IN REPEAT PERFORMANCE!

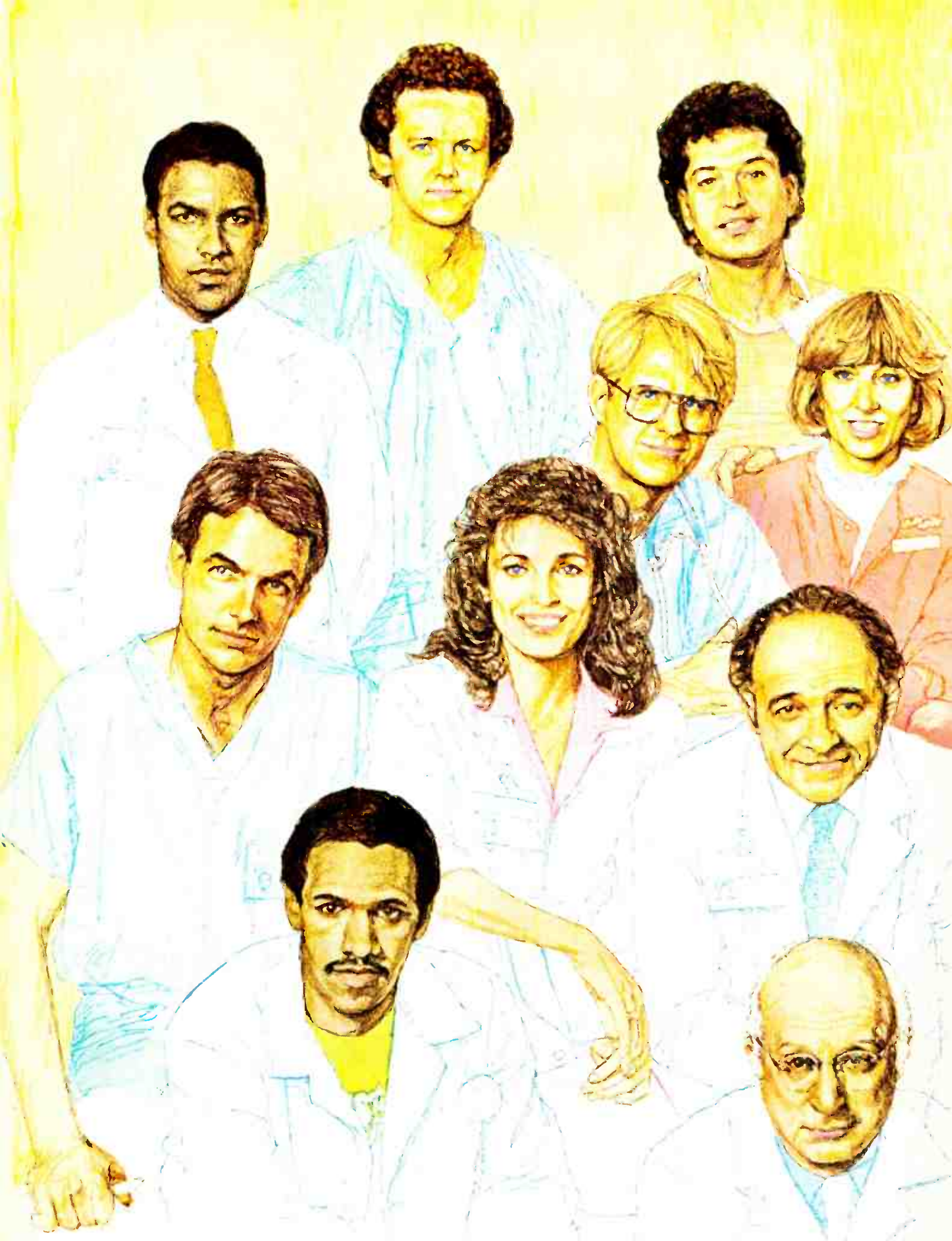
PROGRAM	RATING	SHARE
CAGNEY & LACEY	15.7	27
THE A TEAM	15.8	28
TRAPPER JOHN, M.D.	16.2	27
RIPTIDE	15.0	28
HIGHWAY TO HEAVEN	14.7	27
SIMON AND SIMON	14.7	26
REMINGTON STEELE	14.5	26
SCARECROW AND MRS. KING	13.2	24
HILL STREET BLUES	13.2	23
HARDCASTLE AND McCORMICK	12.1	21
MacGRUDER AND LOUD	11.7	21
ST. ELSEWHERE	11.5	20
HUNTER	11.2	22
THE LOVE BOAT	10.7	20
MAGNUM, P.I.	10.7	20
T.J. HOOKER	10.5	22
KNIGHT RIDER	10.5	20
THE FALL GUY	10.2	18
MIKE HAMMER	9.8	20
AIRWOLF	9.5	19
COVER-UP	7.8	16
THE DUKES OF HAZZARD	7.7	16

Cagney & Lacey

LOCK 'EM UP!
FOR FALL '87 STRIPPING.

ORION
TELEVISION SYNDICATION

Source: NTI 1984-85 Repeat Season (4/85-9/85)




ST. ELIGIUS

Television/Radio Age

Editorial, Circulation and Publication Offices
1270 Avenue of the Americas
New York, NY 10020
Phone: 212-757-8400
Telex: TELAGE 421833

Publisher
S. J. Paul
Executive Vice President
Lee Sheridan

Editorial
Vice President & Editor
Alfred J. Jaffe
Editorial Director
Sanford Josephson
Managing Editor
Edmond M. Rosenthal
Associate Editors
Robert Sobel, George Swisshelm
Contributing Editors
Dan Rustin
Europe: Pat Hawker, Julius Humi

Editorial—Cable
Editor
Victor Livingston

Washington
Howard Fields
716 S. Wayne St.
Arlington, VA 22204, (703) 521-4187

London
Irwin Margolis, *Managing Editor*
Sally Mann, *Associate Editor*
International Division
Commerce House, 6 London Street
London, W2 1HR, England
01-402-0919

Advertising
Vice President & Sales Director:
Mort Miller
Sales Representatives
Marguerite Blaise,
William J. Mathews
Production Director
Marvin Rabach
Production Assistant
Glenn T. Dowd
Circulation/Marketing Director
Brad Pfaff
Marketing Coordinator
Anne Hoey
Business Office
Marjorie Bloem

West Coast Office
Paul Blakemore, *Vice President*
Joe Finnigan, *West Coast Correspondent*
1607 El Centro, Suite 25
Hollywood, CA. 90028
(213) 464-3552

Member Business Publications Audit of Circulations, Inc. BPA

TELEVISION/RADIO AGE is published every other Monday by the Television Editorial Corp. Sol. J. Paul, President: Lee C. Sheridan, Executive Vice President; Paul Blakemore, Vice President; Alfred Jaffe, Vice President. Editorial, advertising and circulation office: 1270 Avenue of the Americas, New York, N.Y. 10020. Phone: (212) 757-8400. Single copy: $3.50. Yearly subscription in the U.S. and possessions: $50; elsewhere: $60


American National Enterprises, Inc.
Presents...
17 OF THE TOP 25 TV MARKETS SOLD
REELS OF FORTUNE
Major Theatrical Features For Television
from
MMI
MULLER MEDIA, INC.
23 East 39th Street
New York, NY 10016
212/683-8220
ALL FEATURES IN STEREO
American National Enterprises, Inc.

Publisher's Letter

Mergers, takeover fights made '85 a broadcast year to remember

As the CBS Annual Report states, 1985 was the most dramatic year in the history of the electronic media, and certainly one of the most eventful in the history of CBS. The year started with the news of Capital Cities' acquisition of ABC. This was topped by year's end with the announcement of General Electric's takeover of RCA. CBS was in the center of this economic vortex when it paid heavily to "neutralize," as CBS states, "Ted Turner, Ivan Baesky, and Jesse Helms," repurchasing some 21 per cent of its outstanding stock for almost a billion dollars—$954.8, to be exact—"to maintain our independence." Revenues for the year totaled $4,755,600,000 as against $4,640,100,000 for the previous year. Net income dropped to $27,400,000 from $212,400,000 in 1984.

The first quarter results showed a continued decline. Overall revenues dropped 38 per cent from the previous year. The Broadcast Group revenues increased 6 per cent, while profits declined 66 per cent. This was attributed to lower profits of the network. The Owned Stations, and the Radio Division, got off to a fast start and showed improved earnings for the first quarter.

On the basis of the results of the past 15 months, you can expect to see some continued reduction in personnel and further belt-tightening.

Wall Street maintains an atmosphere of confidence among the major brokerage houses. Of five leading analysts, all are recommending "hold" patterns to their clients. Four of these analysts project earnings of $8–8.15 a share for this year, and one predicts about $7.65.

At Capital Cities/ABC, the comparison of 1985 with the previous year is difficult since Capital Cities acquired ABC in January, 1986, and therefore, the annual report is its first consolidated statement. In 1984, the two companies grossed $939,722,000. In 1985, net revenues were $1,020,880,000.

The company is in the throes of streamlining the consolidated operation to achieve maximum efficiency. When that happens, there are always problems of melding two companies into a smooth running single entity, which is not an easy transition, particularly in the media milieu.

As to the future, Warren Buffet, board chairman and chief executive officer of Berkshire Hathaway, who helped finance the Capital Cities acquisition of ABC, says in the introduction to the B-H report, which incidentally, he writes himself, that for "Cap Cities, ABC is a major undertaking where economics are likely to be unexciting over the next few years. This bothers us not one iota, we can be very patient (No matter how great the talent or effort, some things just take time: you can't produce a baby in one month by getting nine women pregnant)."

The star of the three-network show, of course, is NBC. Its operating revenue—$2.176 billion; operating profit—$202.5 million, up 92.5 per cent over 1984. If you add the owned stations to the rosy picture—operating revenue—$364.5 million, with an operating profit of $127.7, up 11 per cent. Radio was flat, compared to 1984—operating revenue of $107.7 million, while operating profit was $3 million. Total operating profit of the broadcast operations were $333.2 million, up 53.8 per cent over 1984, with optimistic predictions that this figure will top $400 million in 1986.

Sol J. Paul

SEVEN YEARS STRONG AND STILL COUNTING

Casey's countdown is still the one viewers in all 50 states count on for the week's top ten hits and biggest stars in music today. In market after market, **America's Top 10** is ★ Tops with Teens 12-17 ★ Tops with Women 18-34 ★ Tops with Persons 12-34 ★ Tops with Females 12-24[1] ★ It's the #1 Popular Music Program in syndication.[2] ★ **America's Top 10** has a renewal rate of 98 percent every year ★ It's cleared in 90 percent of the country ★ It airs in 45 of the top 50 markets ★ And it's still available in certain markets. **So if you can get it, grab it. Advertisers looking for Teens and Women look to Casey's countdown. ★ You can count on that.**

AN ADVERTISER-SUPPORTED WEEKLY HALF-HOUR SERIES

Produced IN STEREO by Scotti/Vinnedge with Casey Kasem Productions

ALL AMERICAN TELEVISION

(212) 818-1200
(213) 937-1250

1. NSI Cassandra; February 1986 2. NSI VIP Reports, February 1986

LAST SEASON ONLY TWO
NEW SITCOMS
MADE THE TOP 20

ONE WAS KATE & ALLIE

And this season, Kate & Allie soared to #13 in all of television.

KATE & ALLIE

They Make It On Their Own

Produced by ***Reeves Entertainment Group***
Distributed by

MCA TV

Letters

Media automation

The article on page 64 of the April 28 *Television/Radio Age* (*Campbell-Ewald, Grey get the latest in media automation*) was informative, interesting, and obviously well researched.

Perhaps we are overly optimistic in our prediction of what the new electronic products will mean to the industry, but it is encouraging to know that some of the quotes you obtained lead us to believe that we are going down the right track.

NORFLEET R. TURNER
Chairman,
Data Communications Corp.,
Memphis, Tenn.

I just finished reading your article on media automation in the April 28th issue. I found it informative and balanced.

LEON MITTELMAN
Sales Manager,
IMS/Adserve, Inc.,
New York

Oil and Texas

I read with interest your editorial in the March 31 issue (*Publisher's Letter*, "Will national spot TV business reap benefits of healthy economy?"), and I noticed that down at the bottom of the third paragraph, you said that Texas, for example, is feeling the decline of oil prices even in the non-oil areas.

Perhaps you meant to say that the people who live in the triangle from Dallas to San Antonio to Bryan, Texas, and back are enjoying using gas and oil at one-third off. I hope that you realize that we have been busy trying to get over to the public that our area has never had any oil and has had to depend on colleges, industry, manufacturing, farming, computer science and a world of other things; and we all happen to be located in the heart of Texas, the prettiest part of all with beautiful land.

It is good place to live and is not particularly affected by this oil thing, except favorably.

You will be interested in knowing that the volume of business done in the first quarter of 1986 by both our newspapers and TV is better than 1985, and we have had nothing but bad news about oil for that whole period.

We are on the rise, and it looks like we in this area are on the verge of a boom. Don't kill all of the state like the *U.S. News* did with their heel in the middle of the state and bust it for everyone.

Towns like Midland, Odessa, Houston bay area and some in east Texas are in deep trouble, but that won't last but a couple of years before something else happens.

FRANK W. MAYBORN
Temple Daily Telegram,
Temple, Texas

Valuable source

I teach Advanced Broadcast Writing to one section of seniors at Arizona State. The textbooks provide the basics, but to really keep them current, I have to rely on outside sources, and *Television/Radio Age* has been quite valuable. The *Commercials* section, in particular, but I pick up items from other sections, too.

There's also a more personal benefit. I'm primarily a free-lance writer/producer—with teaching as one of my activities—and you help me keep in touch with the business.

DON ANDERSON
Instructor,
Arizona State University,
Tempe, Ariz.

Classical fan

I am always pleased to find that, unlike many other trade publications, yours recognizes the importance of the classical music on radio.

Although I perennially enjoy your special sections on this subject, I was a little disturbed by this year's issue (May 12) because it pointed out what appears to be a threat to this form of high-quality programming.

I hope classical radio station operators will resist the temptation to go for the big bucks dangled by those seeking station acquisitions and will continue to serve those of us in the listening public who savor their product.

FRANK RUBIN
Creve Coeur, Mo.

SEVEN SHOWS

WHEEL OF FORTUNE

NOW IN 199 MARKETS

The #1 rated series in the history of TV syndication. Stars Pat Sajak and Vanna White. A Merv Griffin Enterprises Production.

JEOPARDY!

NOW IN 177 MARKETS

Television's #2 syndicated strip! Stars Alex Trebek. A Merv Griffin Enterprises Production.

TRUE CONFESSIONS

75 MARKETS SOLD

A half-hour strip with host Bill Bixby featuring a new provocative and engrossing story everyday! Produced by The Landsburg Co. in association with King World.

WOMEN OF THE WORLD

109 MARKETS SOLD

Seven one-hour specials celebrating women around the globe! Produced by Sandra Carter Productions.

King World Is 7 For 7

Last January, King World went to NATPE with 7 first-run shows, including 5 new programs. Thanks to your support, all 7 are firm "go's" for fall '86.

This fall, King World will deliver an unprecedented 17 hours of first-run programming every week with an annual production budget of over $60,000,000!

And King World doesn't just sell shows then disappear. Every show is backed by extensive state-of-the-art promotion and audience research.

The best stations, the best time periods, and the best producers—Merv Griffin Enterprises, Motown Productions, WLS-TV, The Landsburg Company and Andy Friendly Productions—make up the winning King World formula.

King World—The #1 Company in First-Run Syndication—delivering franchise power from sign-on to sign-off.

National Advertising By

CAMELOT

ENTERTAINMENT SALES

A King World Company

SEVEN GO'S!

THE OPRAH WINFREY SHOW

128 MARKETS SOLD

An hour-long strip featuring topical guests, timely issues and the one and only Oprah! Produced by WLS-TV, Chicago.

NIGHTLIFE

100 MARKETS SOLD

Stars David Brenner with Billy Preston. A half-hour strip guaranteed to liven-up late night TV! Produced by Motown Productions and King World.

THE ROCK 'N ROLL EVENING NEWS

123 MARKETS SOLD

This one-hour weekly show is the first of its kind, focusing on the entire culture of music and its impact on society. Produced by Andy Friendly Productions in association with A&M Entertainment.

FRANCHISE POWER!

OVER $60 MILLION IN PRODUCTION!

KING WORLD

New York • Los Angeles • Chicago • Dallas • Nashville • New Jersey
(212) 315-4000 (213) 826-1108 (312) 337-6765 (214) 960-1996 (615) 373-1500 (201) 522-0100

Sidelights

Revenge on Wall Street

Having had unsatisfactory dealings with one of the brokerage houses on Wall Street, James Patterson, executive vice president/creative director at J. Walter Thompson, New York, is wreaking his revenge with a plot to blow up the financial district. It won't happen in a commercial, nor will it happen in actuality—unless someone takes his new novel, *Black Market*, too seriously.

Patterson is already an established novelist, having published the mystery, *The Thomas Berryman Number*, and a best-seller titled *Virgin*. The greatest horror he's presided over in the world of commercials is Gillette's spine-tingler, "The Beard Is Back," where a terrified college student runs to the bathroom sink as animated stubble sprouts from his face.

James Patterson, *J. Walter Thompson creative executive, has the answer for "anyone who's ever dreamed of revenge on Wall Street."*

The new novel, a June release from Simon & Schuster, involves the plot of a band of terrorists to blow up Wall Street.

Patterson says he had the help of three researchers, including a New York policeman, in singling out specific buildings and plotting a plan of attack. He says, "It frightened us because it might have worked."

Having plotted advertising for such accounts as Burger King, Kodak, Slice, Miller beer, Closeup toothpaste and French's mustard, Patterson says he uses the same formula in the novel that he uses for advertising: be entertaining, but get them to remember your message.

His message in the novel is that Wall Street is undercomputerized and that investors had better get a record of what they own.

4As war on drugs

Some $1.5 billion worth of advertising in three years is expected to result from a campaign against use of illegal drugs being launched by the American Association of Advertising Agencies. All three commercial networks have agreed to donate time, including primetime, along with commitments from major companies in TV, radio, magazines, newspapers and advertising.

The campaign was unveiled at the 4As convention at the Greenbrier in White Sulphur Springs, W. Va. National director of the campaign is Richard T. O'Reilly, who was president of "Campaign '80" to elect President Reagan.

He is a former high-ranking executive at N W Ayer, SSC&B and Wells, Rich, Greene.

Meanwhile, taking over as 4As chairman from Louis T. Hagopian, chairman and CEO of N W Ayer, is Robert E. Jacoby, Jr., chairman, president and CEO of Ted Bates Worldwide. Elected as vice chairman was Charlotte Beers, chairman and CEO of Tatham-Laird & Kudner, Chicago—and if the 4As pattern of succession is followed, she will ultimately become its first woman chairman.

John E. O'Toole, retired chairman of Foote, Cone & Belding, will be putting in a fulltime effort for 4As, joining the association as executive vice president and director of its Washington office. He succeeds Bradley H. Roberts, who has resigned to pursue business and other interests in the West. Roberts is a retired vice chairman of Needham, Harper & Steers and president of NH&S/West.

With more than 750 people in the agency business, media and related industries attending, a special distinguished advertising award for continued excellence was presented to Pepsi-Cola.

Superstars at Fordham

Bringing some of the top names in broadcast and print journalism to a series of seminars at Fordham University's Graduate School of Business Administration will be one of the first tasks of William J. Small in his new role there.

Small, formerly president of both UPI and NBC News as well as a corporate vice president at CBS, will be director of the school's new Center for Communications and will occupy the new Felix E. Larkin chair as professor of communications.

Small is organizing a series of seminars on the role mass communications has played over the last 200 years in the U.S. Already lined up for the one-day seminars to take place during spring, 1987, are all three network anchors—Peter Jennings of ABC, Dan Rather of CBS and Tom Brokaw of NBC—a number of other top network news names, former CBS president Dr. Frank Stanton, *New York Times* managing editor A. M. Rosenthal, Group W Television president Dr. William Baker and *U.S. News & World Report* editor-in-chief David Gergan. The seminars will be open to both working professionals and students.

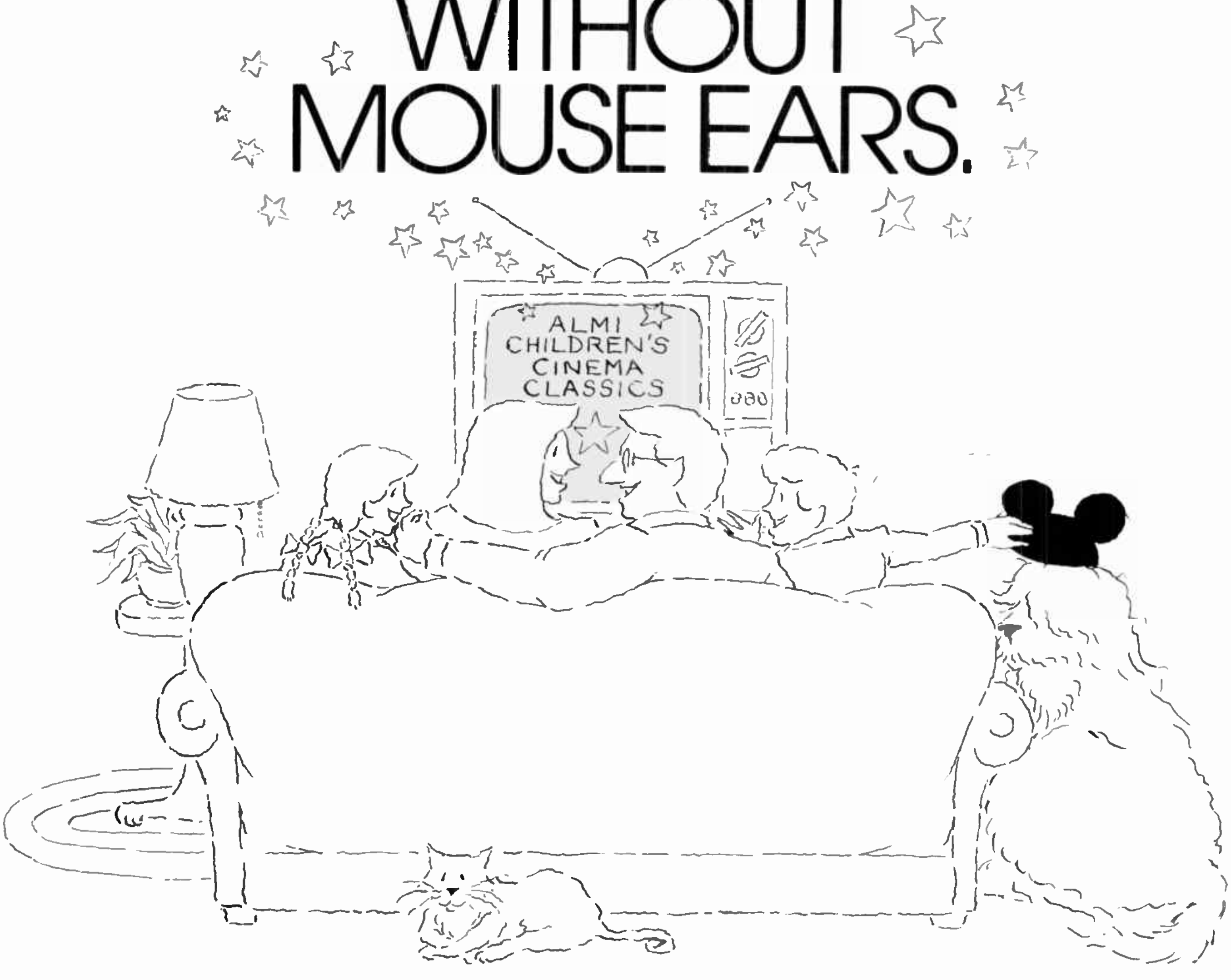
Small had already achieved some fame in academic circles as the author of two books currently used as communications texts—*To Kill A Messenger—Television and the Real World* and *Political Power and the Press*. He joins another well-known industry name at Fordham—Arthur R. Taylor, who was appointed dean of the Graduate School of Business Administration in October, 1985. Taylor, former president of CBS and founding chairman of the defunct pay-cable operation, The Entertainment Channel, continues to head his private investment company, The Arthur Taylor Co.

Welcoming aboard *William J. Small, c., as director of Fordham's Center for Communications, are Arthur R. Taylor, dean of Fordham's Graduate School of Business Administration, and Fordham president Joseph O'Hare, SJ.*

The Felix E. Larkin chair has been endowed by W. R. Grace & Co. under the auspices of Felix E. Larkin (Fordham, '31), former chairman of the Grace executive committee, for the study and research of mass media.

Speaking of the new Center for Communications, Fordham president Joseph O'Hare, SJ, said "The Center for Communications at the Lincoln Center campus will draw upon the resources of Fordham University's Graduate Schools of Law and Business as well as from the media experts whose efforts surround us—the broadcasting and print professionals."

AS CLOSE TO CLASSIC CHILDREN'S ENTERTAINMENT AS YOU CAN GET WITHOUT MOUSE EARS.



Now, you don't need to visit a magical kingdom to find outstanding children's films. And our Children's Cinema Classics package is proof.

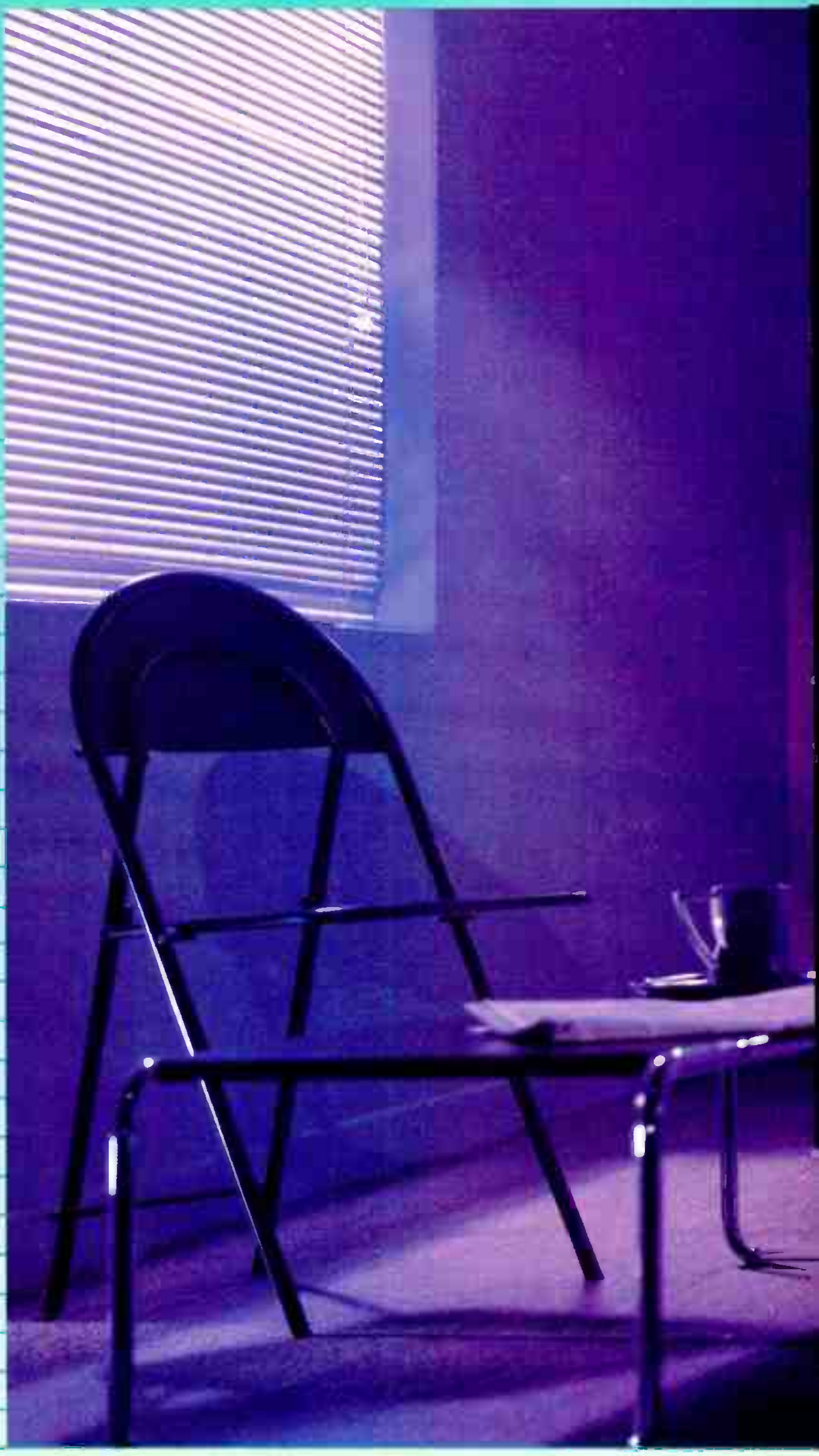
We've put together a large collection of enchanting films, ranging from action-packed stories and sparkling comedies to outdoor adventures filmed on locations around the world.

These films are perfect for children of all ages. So why mouse around with anything else?

ALMI TELEVISION®

The Almi Building • 1585 Broadway • New York, NY 10036 • (212) 315-8650

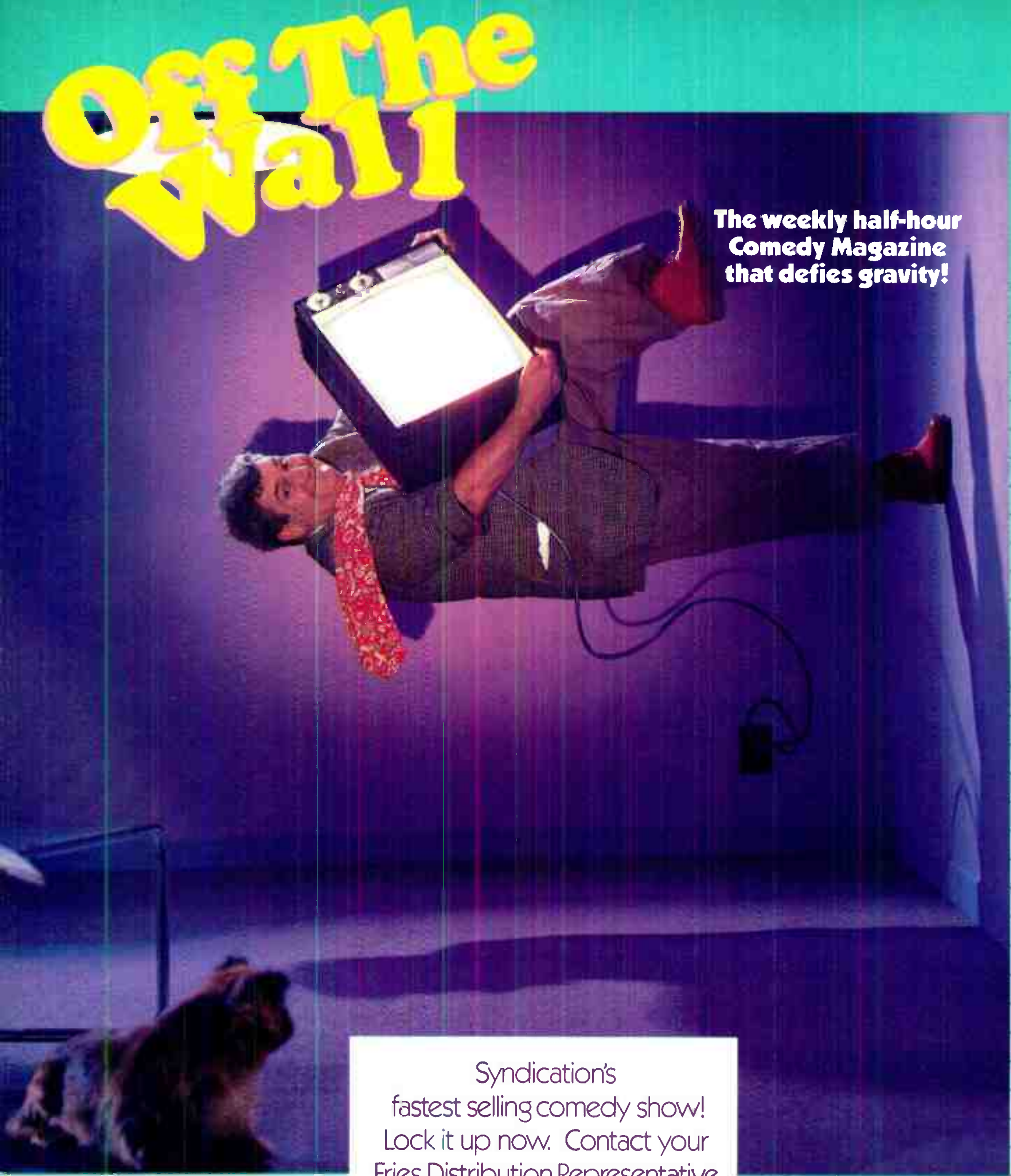
Markets Already Cleared!



LOS ANGELES	KCOP
CHICAGO	WPWR
PHILADELPHIA	KYW
SAN FRANCISCO	KBHK
BOSTON	WBZ
DALLAS / FORT WORTH	KTVT
CLEVELAND	WUAB
HOUSTON	KHTV
PITTSBURGH	KDKA
SEATTLE / TACOMA	KSTW
TAMPA / ST. PETERSBURG	WTVT
MIAMI	WPLG
MINNEAPOLIS	KMSP
ST. LOUIS	KDNL
DENVER	KUSA
SACRAMENTO	KOVR
BALTIMORE	WJZ
INDIANAPOLIS	WXIN
PHOENIX	KUTP
HARTFORD	WTIC
PORTLAND, OR	KPTV
SAN DIEGO	KGTV
CINCINNATI	WCPO
MILWAUKEE	WVTV
NEW ORLEANS	WVUE
SALT LAKE CITY	KTVX
SAN ANTONIO	KMOL
NORFOLK	WTKR
ALBANY, NY	WXXA
ALBUQUERQUE	KNMZ
TUCSON	KPOL
LAS VEGAS	KVVU
BAKERSFIELD	KBAK

AVAILABLE FOR FALL 1986
on an Advertiser-Supported Basis.

From Gaylord, again.
GAYLORD PRODUCTION COMPANY



Syndication's fastest selling comedy show! Lock it up now. Contact your Fries Distribution Representative today.

FRIES DISTRIBUTION COMPANY
a subsidiary of Fries Entertainment Inc.

Corporate Headquarters:
6922 Hollywood Blvd.
Los Angeles, CA 90028
213·466·2266 Telex:3781675 FDC

East Coast Office:
420 Madison Ave., Suite 1500
New York, NY 10017
212·593·2220

Southeastern Office:
3390 Peachtree Road, NE
Suite 1000, Lenox Towers
Atlanta, GA 30326
404·231·0119 Telex: 4042319371 ATL LENOX

Tele-scope

People meter transition agreed by Nielsen, webs

A. C. Nielsen reports it has reached agreement with the three networks for a phased transition to the people meter. Addressing their concern that an abrupt dropping of the NAC sample would disrupt upfront buying and later post-buy evaluation, it will continue to provide NAC diary audience composition in addition to people meter data through August, 1987. According to industry sources, the networks will be paying $465,000 apiece for the NTI service from September, 1986 through August, 1987.

The networks have agreed to replace the NAC service with the people meter as of September, 1987. It is expected they will again negotiate with Nielsen on price considerations at the end of this year. In September of this year, the people meter sample is to be expanded to 1,000 households. In December, a decision will be made on whether to use a "conformed" (dual sample) or "integrated" (single sample) methodology.

CBS SNG plans hit snag

Originally, the CBS/Broadcast Group had expected to announce its SNG plans for affiliates at the National Association of Broadcasters convention in Dallas. When that didn't evolve, the hope was that an announcement could be made at the affiliates meeting last week. But nothing came forth there either.

The major sticking point appears to be affiliate reluctance to give up any inventory to help the network pay for subsidization of KU-band trucks. Apparently, there has been some "hard-nosed" bargaining going on between web executives and a select group of affiliate general managers. And the matter is complicated by the fact that a number of stations—especially in medium and smaller-sized markets—aren't the least bit interested in trucks.

CPB will promote shows

The Corporation for Public Broadcasting (CPB), which handles the funding for the Public Broadcasting System and National Public Radio, has decided to follow the lead of its commercial brethren and devote $1 million in the fiscal year beginning this fall toward promoting and advertising its public television programs.

The promotion campaign is part of a budget approval that includes $12 million in challenge grants to local public stations over the next three years to develop domestic programming.

Wear to CBI post

Donald Wear has been named senior vice president and general manager of CBS Broadcast International, a new post. Wear, formerly vice president, policy, for the CBS/Broadcast Group, says his top priority will be to sell CBS broadcast product worldwide. The most important product internationally, he points out, is news, followed by miniseries and sports.

John Eger, senior vice president, CBS Worldwide Enterprises, will report to Wear, who was the first European bureau chief for *Television/Radio Age International* in 1976.

March web revenues gain

Although Monday–Friday daytime and Monday–Sunday late night were down in revenues for the TV networks collectively in March, all other dayparts were up for the month and all but daytime are up for the first quarter. The three-network estimates come from Broadcast Advertisers Reports.

Primetime ad revenue for the three networks came to more than $388 million last March, compared with nearly $368 million a year earlier in that month. For the first three months, primetime brought in $1,087 million, compared with $1,031 million. Monday–Friday daytime for the year through March was $369 million, compared with $385 million. Total TV revenues for the quarter were $2,037 million vs. $1,958 million. For the month, they were $707 million vs. $688 million.

P&G spends $37M

With network TV expenditures of more than $37 million in March, leading advertiser Procter & Gamble has plunked down over $116 million on the medium for the first quarter. Figures from Broadcast Advertisers Reports on the top 10 spenders follow:

Network TV parent companies ranked by estimated expenditures—March, 1986

Parent company	Estimated expenditures
Procter & Gamble	$37,230,400
General Motors	27,743,200
American Home Pdts	20,156,300
Philip Morris	17,054,300
R. J. Reynolds	15,994,000
Ford Motor	13,823,700
General Mills	13,545,700
Anheuser-Busch	13,376,800
Bristol Myers	12,149,000
McDonalds	11,807,400

THE SPIRIT OF CBS


MURDER, SHE WROTE

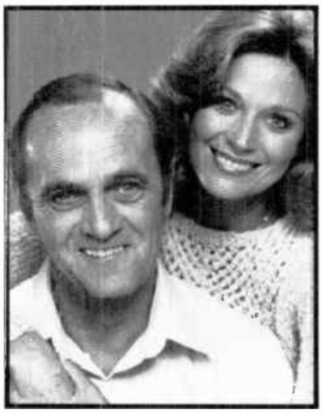

DALLAS


60 MINUTES


KATE & ALLIE


VLADIMIR HOROWITZ "RETURN TO MOSCOW"


DUSTIN HOFFMAN as WILLY LOMAN


NEWHART

CHARLIE BROWN SPECIALS


THE MASTERS®

SCHOOLBREAK SPECIALS


CAGNEY & LACEY


DAN RATHER, CBS NEWS

You're looking at it.

A wide open spirit that inspires the broadest variety of fine television entertainment, information and sports programming. ☐ Classic drama such as "Murder, She Wrote" and "Dallas"; classic comedy with "Kate & Allie" and "Newhart"; classic children's programming: "Schoolbreak Specials" and "Charlie Brown" specials for the whole family. ☐ Vladimir Horowitz's historic performance in Moscow and Dustin Hoffman's electrifying performance in Arthur Miller's "Death of a Salesman." ☐ "Cagney & Lacey," America's favorite cops and "60 Minutes," with America's favorite investigative reporters. ☐ Exciting sports coverage such as Jack Nicklaus and his magic sixth triumph at The Masters.® ☐ And, of course, the "CBS Evening News with Dan Rather," the number one evening news broadcast for five straight seasons. ☐ It takes all that and more to make a network with the spirit of CBS—year after year. ☐ As we said—you're looking at it!

Source: Audience estimates based on NTI Average Minute household ratings. CBS Evening News with Dan Rather, five straight seasons, 1981-82 through 1985-86, Sept.-April each year. Subject to qualifications available on request.

RENEWED FOR YEARS TWO AND THREE.

"WHAT'S HAPPENING NOW!!" is happening again!!

Columbia Pictures Television

In association with LBS Communications

TV Business Barometer

March spot rise slows to 8.4%

A slowdown in the rate of spot TV growth during the second month of the first quarter continued in the last month of the quarter. It was just the reverse of the pattern during the first quarter of last year when January was flat and March showed a double-digit increase.

This past March spot TV time sales rose 8.4 per cent. This compares with a 16.4 per cent rise in January and a 10.9 per cent increase in February. To which should be added the fact that March of this year was a five-week Standard Broadcast Month (SBM). The first two months of the quarter were four weeks each. Offsetting this is the fact that most stations in the *Business Barometer* sample employ the calendar month in reporting their figures.

While there is no particular significance to the pattern of the '85 figures for the first quarter, it may be of interest to note that January showed no change over the preceding January (the actual *Barometer* figure was minus 0.1 per cent), while February was up 4.1 per cent and March rose 12.5 per cent.

Spot billings for March were $441.0 million vs. $406.8 million in March of '85. This past March took a big seasonal jump over February, which totaled $327.5 million and will undoubtedly end up as the smallest billings month of the year—as it did last year, though not by much.

The first quarter topped the billion dollar mark, the first billion dollar first quarter for spot time sales. The total was $1,113.5 million compared with $998.5 million in '85. That represents an 11.5 per cent increase for the January–March period.

The increases in spot business by the three station revenue brackets used in the *Barometer* reports where fairly even, with the middle bracket ($7–15 million) showing the highest percentage increase. The middle group was also Number 1 in February. Similarly, the low bracket (under $7 million) was second in March and February and the larger stations (over $15 million) were third in both months. The pattern of business activity by size of station is sometimes a reflection of the way business is going. For example, when spot business is poor, the smaller stations frequently show the worst performance, while the bigger stations often hold up well. On the other hand, when business is good, the smaller stations often benefit most.

Logical patterns

It sounds logical. When business is poor, advertisers may not use as many stations and/or markets and smaller markets and/or stations may be the first to be cut. Likewise, when business is good, more stations and/or markets may be added.

The recent *Barometer* figures, however, don't show a clear-cut situation. For instance, medium-size outlets are doing best. 2nd, larger stations show the slowest growth.

National spot +8.4%

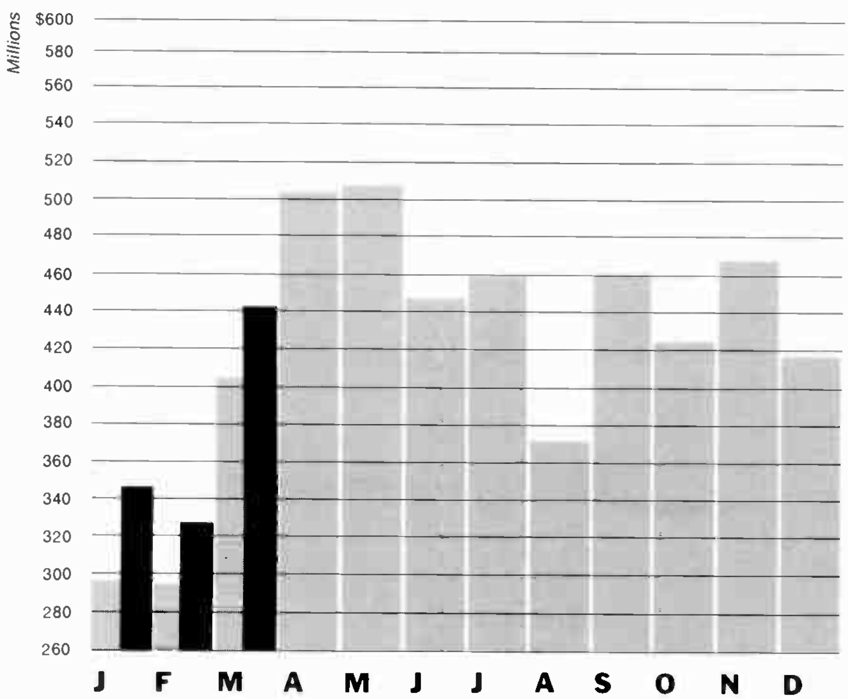
(*millions*)

1985: $406.8 **1986: $441.0**

Changes by annual station revenue

Under $7 million	+ 8.8%
$7–15 million	+10.6%
$15 million up	+ 7.3%

March



NO ONE'S BUILT LIKE BLAIR.

Blair's unique ABC, CBS, NBC and Independent divisions make us the only spot television representative aggressively structured for sales. Because we sell one story: no cross sell, only real sell. That makes our account executives the experts timebuyers look to first and last in negotiating spot buys. No one's built specialized teams like ours. Power teams that make Blair number one in spot sales–where we've been for 38 years.

BLAIR. ONLY BLAIR.
Television

International Report

Warsaw

Clearance required from police to view western satellite TV

Polish citizens who watch western satellite TV will first have to be cleared by the police under new regulations which come into force this month. Under Polish law, it is forbidden to own anything other than a standard TV receiver so, although a number of western channels are available in the country, Poles are not allowed to watch them.

Would-be viewers will now have to apply for a special permit, explaining why they require international broadcasts and providing a reference from the police. However, critics believe permits are only likely to be issued to persons deemed loyal to the party or with sufficient pull in high places.

The official reason given is that antennas springing up all over the place would disfigure the Polish skyline. In fact, this is seen as a thin excuse. It is generally believed that the authorities' objections are not even to a western diet of soaps, music and films, but to foreign newscasts.

Restricting viewing, however, may not be an easy task. France, West Germany and the U.K. plan to launch powerful direct broadcast satellites this year, for which only a small, 50 cm diameter receiving dish will be required.

Yorkshire

Trial on 24-hour independent TV gets enthusiastic response

Independent Yorkshire Television's plans to broadcast 24 hours for a short trial period (possibly starting from next month) have led to a deluge of phone calls from excited viewers. "Is it really true?" they ask. Many people, currently faced with blank screens shortly after midnight, want something to do other than go to bed.

The Independent Broadcasting Authority has agreed to give satellite/cable channel, Music Box, the 12.15 a.m. to 5.15 a.m. time slot on Yorkshire for three months initially, although the move has been greeted with such enthusiasm that some kind of permanent plan seems likely. Music Box is "talking to Thames (the London area station) and all the other independents," about a similar deal, according to a spokesman.

There is a certain amount of caution in the air, however: "I think we are going to wait and see what the reaction is to Yorkshire," says a Granada spokesman. In fact, although some companies might be less enthusiastic about a nighttime diet of pure music, it is believed that Yorkshire's pioneering move will stimulate some kind of competition. Even Yorkshire says its service won't always be music.

Commercial breaks will continue throughout the night. A Yorkshire spokesman comments, "Salespeople feel there is a large gap there that advertisers will welcome." Indeed, the only people to express concern at the move here were a few old ladies and parents, he added.

London

Former programming director at Thomas forms own company

Muir Sutherland, former director of programming at Thames Television, has formed his own production, distribution and consultancy company, Celtic Films Ltd. Sutherland, who helped to develop Thames Television International by appointing D. L. Taffner U.S. agency for the company, will continue his long-standing relationship with Taffner at Celtic Films. His first major project is a two hour made-for-TV movie, *The Saint*, to be made with Bob Baker, producer of the old *Saint* series, in association with Taffner.

Although the movie is aimed primarily at the U.S. market, it also will be available elsewhere. "We are actively seeking and developing material for the European market," confirms development executive Mandy Green, adding that Celtic is considering a number of other projects.

Paris

French government plans to sell TF1 to private operators

The French government, in a surprise move, has announced that public service channel TF1, will be sold to private operators. The choice of TF1 was unexpected. Culture and communications Minister Francois Leotard originally had proposed the sale of Antenne 2, which pleased potential buyers who were eager for the more profitable second channel. After several years in the red, TF1 now has an accumulated deficit of $19.5 million (U.S.) on an annual operating budget of $36 billion.

The growing campaign to "save public service TV" is further fueled by the choice of TF1, considered the granddaddy of French TV. The TV unions have added the prospective TF1 sale to their list of complaints.

The terms of the station's transfer will be decided by a new national commission, to be named when reformed legislation is passed in July. After evaluation of the station's net worth by an independent auditor, the commission will designate a new operator based on bids submitted. Newspaper magnate Robert Hersant (a strong government supporter) and Hachette Publishing Co., along with partner Europe No. 1, both said they are candidates.

The reduction of public service TV will bring other changes. The user's fee, which now accounts for 37 per cent of TF1's budget, will be reduced. The future of the SFP production company is also uncertain: TF1 currently is legally required to give SFP business worth $101 million annually.

Long term plans call for TF1 to be supported fully by advertising revenue, with the remaining public service channels financed through users fees.

Vienna

Interactive quiz show attracts worldwide distribution interest

ORF's game show, *Quiz-Disc*, which premiered at MIP last month, already has aroused worldwide interest. Canadian company, The Producers Ltd., is negotiating for North American and Canadian rights, and West German private producer, the Commercial Broadcasting Corp., is interested in buying the format. An unusual development is interest from Spanish magazine *The Film Reporter*, which wants rights to sell the show to private TV stations and hotels. Negotiations are also underway with RAI (Italy) and La Cinq (France). Swedish television is interested in a coproduction arrangement.

The Austrian network claims that *Quiz-Disc* is "the world's first interactive show." It believes that the show will be extremely popular, mainly because of its ability to involve viewers: People can call the studio and participate directly via their telephones.

Belgrade

Miniseries coproduction on Spanish Civil War an east/west venture

An east/west coproduction organization involving JRT/TV Belgrade, France's TF1 and Col. Ima. Son, and Spain's TV3 will begin shooting *Albacette*, to mark the 50th anniversary of the Spanish Civil War, at the end of this year.

The series, in six 52 minute or four 78 minute episodes will be directed by Yves Boisset.

LISTEN TO WHAT PROGRAM BUYERS ALL OVER THE COUNTRY ARE SAYING ABOUT DR. RUTH.

BOB McRANEY, JR.
Vice President & General Manager—WDSU
New Orleans

"It's a unique program, both contemporary and compelling. It addresses a provocative, controversial but very important subject from a very healthy, wholesome and professional point of view."

ZVI SHOUBIN
Station Manager & Progam Director—WPHL
Philadelphia

"She was interviewed on *60 Minutes, Special Edition* on Super Bowl Sunday; do you think that was a coincidence? The woman's got appeal! She pulls in the viewers."

DICK A'HEARN
Operations Manager—WTVT
Tampa

"We look forward to the WTVT premiere of the *Dr. Ruth* series. It will be enlightening and fun. Dr. Ruth's proven popularity on radio and in newspapers gives us a clear indication that the television series will be well received."

DR. RUTH WESTHEIMER

130 ALL NEW HALF-HOURS FOR JANUARY, 1987.

King Features Entertainment
A SUBSIDIARY OF THE HEARST CORPORATION

235 East 45th St., New York, N.Y. 10017 **Phone:** (212) 682-5600 **TWX:** 7105812391
London Phone: (01) 434-1852 **Telex:** 266570 **Los Angeles Phone:** (818) 889-2047

Cable Report

MSOs as program angels

As cable system executives continue to mull the possibility of getting directly involved in national programming production, officials running some of the existing cable networks are becoming less shy about suggesting that the concept is flawed.

Tom Burchill, president of Lifetime, questions the idea of yet another cable network. But he recently proposed an intriguing alternative—getting cable MSOs to invest in specific programming ventures as equity-holders as well as distributors.

Burchill even suggests investors could be cut in on advertising revenues, if that's what it takes to get them to fund quality programming on the various satellite networks.

"The focus of the cable operator's highly attractive cash flows in the future must be on programming investments—but not a single 'super channel,' " Burchill said recently.

"Instead, the focus should be on a number of attractive equity-oriented programming investments that can run on a number of the brand name cable networks."

Such a system would be a departure from the existing carriage fees that require MSOs to pay programmers based on distribution. But Burchill believes the time is right for a total revamping of the financial relationship between the cable networks and their affiliates.

Burchill says initial reaction to his idea is encouraging; he'll have a more concrete proposal ready soon.

No 'nukemare' for Ted?

Will Ted Turner's Goodwill Games turn into his own personal "nukemare"? Turner Broadcasting System, which has some $33 million invested in the event, answers with a firm "nyet."

Even before the Chernobyl nuclear plant disaster cast a radioactive cloud over parts of Europe and into the prevailing winds, Turner Broadcasting was having a tough time selling advertisers on the summer Olympics-style contests, set for July 5–20 in Moscow.

His partner is the Soviet government, which is handling all staging and much of the production chores.

A Turner spokesman says there is absolutely no indication that the nuclear incident will deter athletes from participating. But concern that people might draw a connection between the disaster and the Goodwill Games prompted the Turner organization to issue a statement on the issue.

Released by an Atlanta public relations firm handling the games, the statement says TBS "is continuing to monitor closely the situation in the Soviet Union following the nuclear reactor accident at Chernobyl. We have been assured by U.S. and Soviet government officials and independent sources that there is no reason to believe the Goodwill Games are, or will be, in any way threatened."

Ad sales lag. Time sales for the 129-hour Moscow event, which will be seen in the U.S. on superstation WTBS and in broadcast syndication to 62 stations representing 80 per cent coverage and every major market except Miami, have yet to reach critical mass. Pepsi, Stroh's and M&M-Mars are the only full sponsors to date; Gillette has bought a smaller ad package.

Gerry Hogan, Turner senior vice president of sales, says the games will pick up advertisers as the event draws nearer and becomes the subject of coverage in newspaper sports sections.

Robert Wussler, executive vice president of Turner Broadcasting said before the nuclear accident that TBS expects to lose some $7 million on the Moscow games. But he and other TBS officials say their main goal is to achieve better relations with the Soviets through sports. The 1986 games will establish the advertising viability of the games for the 1990 edition, slated for the U.S., they say.

Esty's sobering analysis

"The promise of cable has been replaced by a more sober acknowledgement of the reality of today's media environment."

So declares a study prepared at William Esty entitled "Cable Television: Wavering Momentum." The report accepts the notion that cable growth is slowing down, both in terms of pay and basic penetration, using Nielsen coverage numbers being disputed by the cable industry as supporting evidence.

The study notes that pay cable homes still devote about 10 hours a week to their pay services, and show a greater interest in the variety of basic programming than basic homes. But among all cable homes, the study discerns a "small renewal of interest in broadcast network programming in 1985." The reason, Esty says: better network programming.

Superstations also have lost viewership in pay homes to network affiliates, public TV and independents, the Esty analysis states. But it acknowledges that "basic cable audience levels are up for cable-originated programming." Viewing to cable-originated programming in basic homes was up by 24 per cent in 1985, second only to viewing to public TV, up 35 per cent. In pay homes, viewing to cable-originated programming was up 3 per cent.

No VCR revolution yet. The study states that "with the exception of basic cable homes, total TV usage has not changed dramatically during the first half of the 1980s," and that the VCR "has not made a major insurgence on time here. However, time shifting, zapping and zipping will continue to affect how the hours are actually spent."

While pay cable programming continues to attract its biggest audience share during primetime and late evening, this share has dropped by 11 per cent during primetime, with broadcast network programming the


TEMPO™

beneficiary, the report says.

The study shows that broadcast network affiliate share in pay households was up 7 per cent in 1985 as compared to 1984. In basic cable homes, network affiliate share was up a "considerable" 8 per cent in 1985.

While the report acknowledges the growing appeal of cable-originated programming, it downplays those figures and emphasizes growth in broadcast network viewing.

States the report: "Overall, we see evidence that cable TV shares have slowed in growth and are being picked up by the network affiliates in the evening hours. It is evident, however, that cable-originated programming in daytime has started to achieve higher shares."

Codebreakers target cable

"Captain Midnight," the rogue who cut into Home Box Office's East Coast feed on April 27 in the most brazen violation of satellite communications to date, isn't the only one seeking to foil the pay service's signal scrambling plans.

Just days before, on April 25 at a ham radio convention in Dayton, Ohio, a group of like-minded scrambling foes met clandestinely. The official name of the body is the "Digital Encryption Standard Users Group." But the goal of the group is to crack the encryption system used by the M/A-Com Videocipher II, the de facto cable industry scrambling standard now in full-time use by HBO and Showtime/The Movie Channel.

According to one account by a satellite industry journal, the dozen or so participants declined to reveal their identities, instead wearing name tags reading "Dr. Cypher," "Captain Video," and the like. Among attendees, according to the journal, were "physicists, cryptologists, software and hardware specialists, and radio frequency engineers from the military and a space agency."

These assorted satellite "teckkies" believe the M/A-Com system is vulnerable because its so-called "decipher key" is transmitted along with the scrambled signal, for processing within each home-installed descrambling unit.

One cryptologist was quoted as saying, "In the military you load your key in the field, you never transmit it."

Nick backs cartoon series

Nickelodeon, the MTV Networks Inc. cable channel for kids, is helping to bankroll a first-run U.S. cable animation project, *Count Duckula*, in association with the British firm Cosgrove Hall, a subsidiary of Thames Television of England.

It is the latest sign that the network, now controlled by Viacom International, is shifting from an acquisitions network to a showcase for original cable productions. The deal gives Nickelodeon a share in backend revenues when the series goes to broadcast syndication.

The half-hour *Count Duckula* is spinoff character from the Cosgrove Hall-produced Nickelodeon series *Danger Mouse*.

Unlike the latter show, which premiered on British commercial TV before being imported into America by Nickelodeon, the new show will appear simultaneously in England and the U.S.

Production is just beginning; Nickelodeon hopes to begin running weekly episodes in the fall of 1987. Once enough episodes of *Duckula* are in the can, Nickelodeon plans to strip the series.

Windy City's cable net

With all the talk about cable multiple system operators getting into programming, the timing appears propitious for the official launch of "Cable Network Chicago."

Actually, it's a new name for programming that's transmitted to interconnected Chicagoland systems via the Centel Videopath microwave network. The network now transmits some 50 hours of original cable programming, most of it locally produced by individual cable systems, all of its cable-exclusive, to 400,000 suburban households.

Jim Hurley, vice president in charge of the Videopath, explains that the network name was needed to overcome an "awareness problem" with programming fed over the interconnect but not promotable as part of a distinct package.

Among companies producing programs for the network are Centel Video Productions, American Cablesystems and Continental Cablevision. Centel handles ad sales and splits revenues equally with program producers. CBS Cableconnect also sells time on the Videopath.

What's a tiny rating?

When it comes to cable ratings, one network's pittance is another's pleasure. MTV is withholding its first-quarter average primetime rating, widely believed to be a 0.7. The network, disputing A.C. Nielsen's methodology in measuring its 12–24 target demographic, also withheld its fourth-quarter 1985 rating, a 0.6, for the same reason.

But the Arts & Entertainment Network is actually boasting of its 0.6 average audience rating registered in the first quarter, its first ratings since going on the meter in January.

Whitney Goit, A&E's vice president of sales, says the rating is "consistent with A&E projections. And he adds that A&E's monthly household primetime cume of 6.8 million households was actually higher than was anticipated, representing 35.7 per cent of all reachable households.

YOU TALKED AND WE LISTENED

The **Centro** SNG Networker is the result of extensive research into your network news requirements.

- ☑ Vehicle chassis and suspension engineered to carry heavy SNG components.
- ☑ Unparralleled **Centro** quality in an attractive affordable package.
- ☑ Available in a rugged standard package with many options for your specific requirements.
- ☑ 2.3 meter dish with 49.5 Dbi gain and selectable-adjustable vertical and horizontal polarization from inside the vehicle.
- ☑ Three year unlimited mileage, limited chassis warranty and serviceable in over 4,500 locations throughout the United States.
- ☑ Engineered, designed and constructed to meet your most demanding SNG requirements.

Call us today and compare our services and prices.

Centro

CENTRO CORPORATION
9516 CHESAPEAKE DRIVE
SAN DIEGO, CALIFORNIA 92123

(619) 560-1578

See the Networker at RTNDA Booth #319

Radio Report

Rise in web spending attributed to experience

Wider advertiser recognition of, and experience with its impact, and addition of more big-market major stations to networks' affiliate lineups are among the reasons claimed for the unprecedented and continuing rise of network radio's fortunes.

With April's big 28 per cent gain setting a new record (see *Radio Business Barometer*, page 36) Steve Youlios, vice president, sales for the CBS Radio Networks, observes, "The educational process that got such a tremendous boost from the increase in numbers of networks in recent years has now taken a solid hold as competitive pressures have forced more advertisers and their agencies to scrutinize all media more closely."

This harder look, he says, has led to "a wider base of advertisers and agency people recognizing not only how effective radio is—not just from the sheer dollar efficiency standpoint, but also from the additional standpoint of impact vis-a-vis other media when advertisers take advantage of radio's targetability. The result is that many more advertising people today know how to use the radio networks to make our medium work harder for them against their own best prospects."

Sears active. Lou Severine, vice president, director of sales, ABC Radio Networks, reports that Sears Roebuck "has at least doubled its radio network billing for first half this year on top of what was already a very healthy investment last year. Detroit is back in network radio to the point where our domestic auto makers are competitive with the imports. And the Detroit increases aren't limited to the cars alone. The gains include quite a bit of automotive after-market radio activity, too."

Art Kriemelman, president, Mutual Radio Network and vice president, marketing, Westwood One, attributes the continuing gains to "the discovery of network radio by an expanding group of advertisers, followed by experience with it and the resulting recognition of how well it works for them."

Kriemelman notes that this applies to "advertisers relatively new to our media, who have enjoyed success after short term tests, as well as to the major users like Sears who have found radio so productive that their use of the networks continues to grow."

Youlios also reports that youth business, which was "on the soft side only four weeks ago, has now picked up some momentum for third quarter as the adult strength we've enjoyed all along continues."

Tighter controls. Mutual's Kriemelman says, "The meteoric expansion in numbers of networks we saw in the early '80s has now leveled off, leaving network managements more time to make sure that isolated occurrences like the problems at RKO can't happen again." These tightened controls, he says, "contribute to advertiser confidence in the medium at a time when a new generation of brand managers at more companies have become less concerned about merely following traditional media patterns and more interested in results at retail."

And from the spot side, Ed Kiernan, vice president, CBS Radio Representatives, noting that the recent slowdown for spot radio is confined largely to the largest markets, points out, "Today, some very powerful major market stations like WOR and WINS in New York, and KFWB in Los Angeles, who were independents only a few years ago, are affiliated with networks. To get these stations, advertisers used to have to do it through spot. Today they come with a network buy."

At ABC, Severine adds, "For the near term, new business also looks good and I think the radio networks will continue strong through third quarter. Then, if fourth quarter tapers off somewhat, the industry can still expect to finish 1986 in the neighborhood of 14 or 15 per cent ahead of last year, which would still be pretty healthy."

ABC's McLaughlin sets plans

Edward F. McLaughlin's decision to retire as president of ABC Radio Networks was made some time ago, he says. McLaughlin, 59, opted for early retirement from ABC after discussions with Capital Cities/ABC at the time of the merger in January. McLaughlin, in an interview, notes that he could have waited until age 62 but, "I came to the conclusion that I didn't want to be a short-timer—to stay for a few years, but knowing it wouldn't mean much. Also, the last year would be a bummer, so I decided to expedite the decision I made some time ago."

"Under his arrangement with Capital Cities/ABC, McLaughlin will be a consultant to the ABC Radio

Edward F. McLaughlin

Networks when he opens a communications company on July 1, one day after his tenure with ABC is over. The contract runs for two years, says McLaughlin. He will be housed in an office at ABC, and he says he is allowed to run, own and consult radio stations. He cannot, under the terms of the contract, compete either in networking or program syndication.

McLaughlin has been with ABC for 22 years, with 16 as president (since July, 1972). Before that, he was vice president and general manager at KGO, the ABC-owned AM station in San Francisco. In August, 1967, he was named general manager of KGO. He was elected a vice president of ABC in February, 1968.

CHR rising FM format

The fastest growing format on FM radio is contemporary hit radio, while easy listening is showing the greatest decline on these stations, according to the just-released fourth annual radio programming survey of the National Radio Broadcasters Association (NRBA is in the process of merging with the National Association of Broadcasters). The survey drew a 50 per cent response rate from a random mailing to 1,180 commercial stations. Represented were 382 FM stations and 465 AMs.

CHR, between 1984 and 1985, moved from third to second largest FM format, accounting for 26 per cent of FM formats in 1985 vs. 20 per cent in 1984. Adult contemporary remained top format, with 29 per cent vs. 28. Country declined slightly from 21 per cent to 20. Easy listening was down to 7 per cent from 10.

Less of a shift is seen in the formats fulltime AM stations, with the only two widespread formats being adult contemporary—36 per cent vs. 34—and country—steady at 30 per cent. Big band/nostalgia gained two percentage points to 6 per cent while golden oldies declined two to 4 per cent. For AM daytimers, the shifts were considerably more dramatic, Country jumped to 37 per cent from 30, changing first and second ranking with adult contemporary, which declined from 34 to 26 per cent. Religious programming went from 3 per cent to 11 per cent in '85.

Format changes. The survey indicates 22 per cent of AM stations had just changed formats and 5 per cent plan to change, while 17 per cent of FMers just changed and 2 per cent plan to. AM stations average 7.3 minutes of news per hour, compared with 3.4 for FMers, and 1.3 minutes of public affairs, compared with 0.7. Sports broadcasts are carried by 76 per cent of AM stations and 42 per cent of FMers.

Twenty-eight per cent of AM stations and 18 per cent of FMers said they plan to increase their use of syndicated programming. Currently 78 per cent of AM stations and 80 per cent of FMs carry syndicated programming. Carrying syndicated music are 56 per cent of AMs and 70 per cent of FMs. Syndicated sports is carried by 21 per cent of AMs and 7 per cent of FMs.

With many cable TV systems selling cable radio service as an additional item, 15 per cent of AM stations report they are carried by cable systems, as do 28 per cent of FMers.

Agencies leaning to rep webs

Agency media directors are increasing their emphasis on buying unwired radio networks while buying less in the areas of network radio and syndicated networks, according to Eastman Radio's 1986 media director survey. Eastman offices conducted 86 interviews (resulting in some non-responses and multiple responses to questions), and 19 of those interviewed said they expect to buy more unwired network than in the past, eight said they would buy less, 12 the same amount and 19 don't buy rep webs.

As for wired networks, 10 said they will be buying more, 40 less and three the same amount. Twelve said there will be more use of syndicated networks in 1986, 29 less, four the same amount and eight don't buy them. The major positive factor mentioned of unwired networks is that they're easy to buy (30 so responded), and the biggest negative was "You don't always get what you need (31).

Overall, 51 media directors said they will be using more radio in '86, six of them less and 29 the same amount. Twenty-five said increased spending will come from budget increases, while 15 indicated it will come out of other media.

Research proposals sought

Eight research firms have been encouraged by the National Association of Broadcasters Audience Measurement Task Force to further develop proposals for new radio audience measurement systems. The proposals were considered the most promising among 22 received in response to the task force's request for proposals in January.

The eight firms, which will be invited to submit full presentations to the task force at a subsequent meeting, are: Audits & Surveys, New York; Birch Radio, Coral Springs, Fla.; Decision/Making/Information, McLean, Ohio; Market Opinion Research, Detroit; McNair Anderson, North Sydney, Australia; ELRA Group Inc., San Francisco; Impact Resources, Westerville, Ohio and NPD Research, Port Washington, N.Y. The process for selecting companies began 14 months ago. The task force drew upon the recommendations of its technical subcommittee and an independent panel of academic researchers.

WYNY uses Ku-band

WYNY New York has become the first radio station to use the NBC Television Network's Ku-band satellite distribution system to uplink its audio signal. The initial broadcasts were sent live to listeners in New York and to shipboard audiences from the SS Norway from five different locations. The first airing came from Wilmington, S.C., followed by Charleston, Savannah, Jacksonville and Miami.

To achieve this, WYNY's shipboard audio signal was transmitted through a series of five steps to reach listeners in New York: the signal was microwaved from the anchored ship to NBC Television's portable Ku-band Harris earth station at each particular location. From the earth station, the signal was uplinked to NBC's Ku-band satellite distribution system; from the Ku-band, the signal was down linked to NBC's switching central facility in New York; from switching central, the signal was routed through NBC's internal radio audio multiplex system to the NBC Radio Network facilities in New York; and from the NBC Radio Network, the signal was rerouted back to WYNY's newly-renovated studio. The entire process was reversed so that the program audio could be heard from New York to the ship.

Radio Business Barometer

Network radio up 28% in April

Although network radio showed signs of slowing down toward the end of the first quarter, the medium roared up again in April with the biggest monthly increase for the year to date.

The Radio Network Association, reporting data collected by the accounting firm of Ernst and Whinney, announced a stunning increase of 28 per cent. The largest percentage increase reported previously this year by the radio networks was in January, when revenues of the eight web companies reporting to E&W climbed 21 per cent.

For awhile, it looked like the January hike was a flash in the pan, as February billings went up 14 per cent and March business rose 11 per cent.

The April jump of 28 per cent brought revenues to $32,924,248 compared with $25,677,811 during the previous April. For the four months, the total came to $106,664,536, compared with $89,935,107 during the January–April period in '85. The increase amounts to 19 per cent.

All four network sales territories showed strong advances in billings during April, led by Los Angeles, with a rocketing increase of 97 per cent. The rise, of course, is on a relatively small base. But the April increase did more than make up for a poor March, which registered a decline of 6 per cent.

The West Coast is usually a roller coaster as far as network billings are concerned. For example, in 1985, the monthly billings profile ranged from a drop of 4 per cent to an increase of 129 per cent.

This year, Los Angeles billings went up 23 per cent in January, followed by a small increase of 5 per cent in February.

Los Angeles revenues in April came to $2,399,506 vs. $1,220,162 the year before. For the four months, revenues were $6,534,494, up 26 per cent. Last year, L.A.'s total billings climbed 37 per cent.

The most important sales territory—New York—was up 22 per cent in April, compared with a first quarter increase of 11 per cent. April revenues were $19,328,522, while the four-month total came to $63,335,318, representing a rise of 14 per cent.

Chicago sales went up 32 per cent in April, the fourth straight '86 month of double-digit increases, with a range of 10 to 45 per cent. Revenues in April were $8,277,992 vs. $6,289,153. For the January–April period, Windy City sales tallied $27,767,011, representing an increase of 28 per cent.

Detroit up also

Detroit also scored the fourth straight '86 month of double-digit increases. The April rise was 25 per cent and the billings were $2,918,228, vs. $2,336,047 in '85. For the four months, the Motor City took in $9,027,713, an increase of 21 per cent over the preceding year.

RNA president Robert J. Lobdell said that with network time practically sold out, the only way the networks can achieve the 14 per cent increase he projected is with rate increases. And these, he said, have been achieved.

Network **+28%**

(millions) **1985: $25.7** **1986: $32.9**

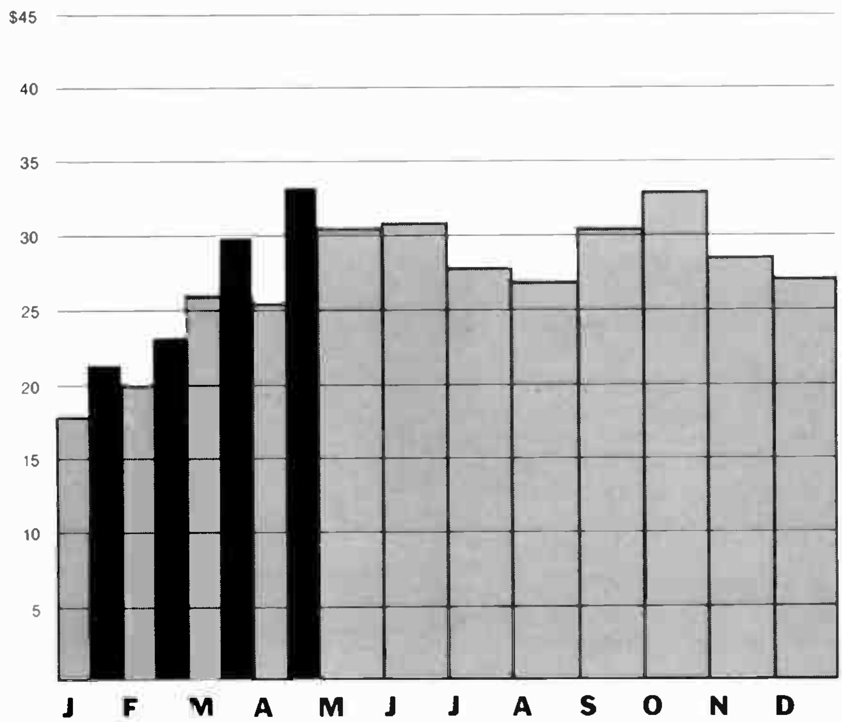
Changes by territories

Territory	Billings (000)	% chg. 86–85
New York	$19,328,522	+22%
Chicago	8,277,992	+32
Detroit	2,918,228	+25
Los Angeles	2,399,506	+97

Source: Broadcast Advertisers Reports

April

Network (millions $)



Susan Genis understands Rochester and Albany because she's been there.

Susan and VP/GM, Jack Palvino, WHAM/WVOR

The best way for a national rep to sell beyond the numbers is to have good, firsthand station and market knowledge.

At McGavren Guild Radio, we believe the only way to get this information is through regular visits to our client stations.

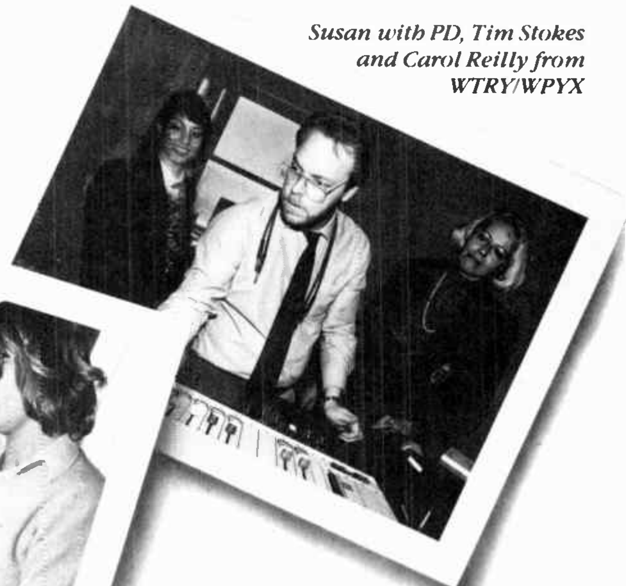
That's why Susan Genis, Account Executive from our New York office, recently traveled to Rochester and Albany, New York, to work at WHAM/WVOR and WTRY/WPYX.

"I have a better understanding of Rochester and Albany because I worked with our client stations there. I got to know the people at WHAM/WVOR and WTRY/WPYX in a way that I never would have if I just sat back in New York and talked to them on the phone."

Susan, like other McGavren Guild Radio salespeople, will spend up to two weeks this year working at our client stations.

We feel that this type of firsthand information is why McGavren Guild Radio salespeople know their markets, stations and the radio industry better than any other rep.

Susan with VP/GM, John Kelly and Station Manager, Carol Reilly, WTRY/WPYX



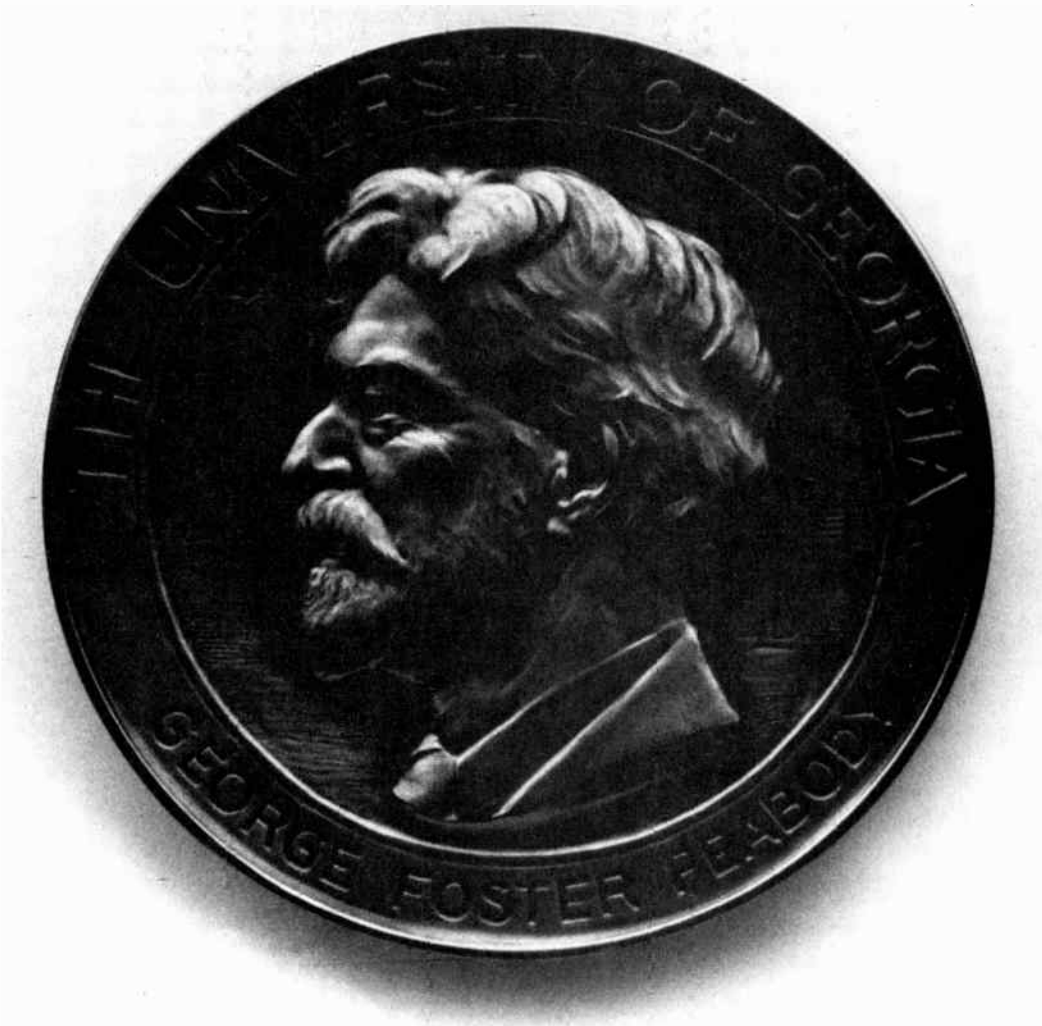
Susan with PD, Tim Stokes and Carol Reilly from WTRY/WPYX

Susan and Salesperson, Jan Price, WHAM/WVOR

Susan and News Director, Beverly Morgan, WHAM/WVOR

McGAVREN GUILD RADIO

Innovative Leadership



It's a privilege to be a recipient of a George Foster Peabody Award for meritorious public service for "The American West: Steinbeck Country". We are fortunate to have had the talents of actor Rip Torn, Producer-Director-Writer Bob Anderson and the production team who made it possible.

KGO-TV 7 • SAN FRANCISCO • OAKLAND • SAN JOSE

Television/Radio Age

May 26, 1986

Affiliates ponder checkerboarding, complain about barter arrangements

First-run sitcoms expected to triple by fall '87 season

By SANFORD JOSEPHSON

What started out as an experiment is turning into a bandwagon.

At last count, 11 first-run, weekly syndicated sitcoms were scheduled to be on the air by this fall, with an 12th targeted for January, 1987. That, however, is apparently just the tip of the iceberg. Spurred by better-than-expected station acceptance and the commitment by one network-owned station group to checkerboard these shows in access, the number of programs in this genre is expected to at least triple by fall, 1987.

While independent stations, not surprisingly, make up the majority of customers for these series so far, the proliferation of product, coupled with the possibility of more favorable financial arrangements, is expected to heighten interest among affiliates, with an eye toward checkerboarding them, or possibly even using them in primetime.

The strongest position on checkerboarding among network-affiliated stations has been taken by the NBC Television Stations, which is committed to installing this strategy at all five of its outlets for the fall, 1987, season. "Our game plan," says Al Jerome, president, "is to have as many as seven to 10 different projects in development, from which we would pick five or six to go in the access time slot Monday–Friday or Saturday. We had been trying to put together a strip for '86 at KNBC(TV) as a pilot project."

The Los Angeles station would like to go ahead with checkerboarding in access this fall, but, according to John

The proliferation of product is expected to heighten interest among affiliates, with an eye toward access or possibly even primetime.

L-T's 'Mama's Family'

MCA's 'Charles in Charge'

Colex's 'Gidget'

20th Fox's '9 To 5'

Worldvision's 'Throb'

Rohrbeck, vice president and general manager, "We still need another half hour. At this point, there are still a couple of things out there that may come into fruition." The station has acquired Worldvision's *Throb* and the three Lorimar-Telepictures sitcoms—*It's A Living*, *Mama's Family* and *One Big Family*.

KNBC currently programs Paramount's *Entertainment Tonight* from 7–7:30 p.m. and plans to continue that in the fall. For the 7:30–8 slot, it has ABR's *Crosswits* as a backup if its checkerboarding plans fall short.

Lead-in potential

The NBC stations are desirous of going the checkerboard route, Jerome says, because "we feel it's very compatible with what we [the network] have on at 8 p.m. The sitcoms give us good demos, and they're good lead-ins. We have been through many game shows and other development projects. We think this is a fresh appeal—it's very marketable."

The likelihood that enough product will be available for the fall season-after-next appears good. Says Wes Harris, vice president, programming for the NBC Television Stations: "We have been presented with 37 proposals. Eleven have already been produced as pilots. Some were made specifically for syndication; others were passed on by the networks. Eleven are pilot scripts, and the balance are outlines, etc."

Adds Jack Fentress, vice president, director of programming, at Petry Television: "Every major house in Hollywood has three [sitcoms] in development."

One station that is going ahead with the checkerboarding of first-run sitcoms in access for fall '86 is KOCO-TV Oklahoma City. The Gannett-owned ABC affiliate has acquired the three Lorimar-Telepictures series, *Throb* and Taffner's *Ted Knight Show*. And it has renewed 20th Century Fox's *Small Wonder* from this past season.

The plans, according to Mike Palmer, program director, are to checkerboard at 6:30 Monday–Saturday. However, a decision on which shows will air on which nights hasn't yet been made. "We want to see ABC's schedule," he explains, so that, as much as possible, the syndicated show can be a compatible lead-in to the network offering at 7."

Another affiliate considering checkerboarding for fall '86 is KCRA-TV Sacramento-Stockton. A decision, says Linda Bayley, creative services director, may not be made until July. "We have the option of checkerboarding or stacking on the weekends," she says. The NBC affiliate has acquired the three L-T series, *Throb* and *Small Wonder*.

Pointing out that *Wheel of Fortune* on KWTV(TV) is dominant in the Oklahoma City market at 6:30, KOCO-TV's Palmer says, "we have been unsuccessful with game shows against it." The sitcoms are viewed as a "programming alternative. It's a new concept, a gamble.

"But we intend to promote it as primetime. We'll say something like, 'Primetime starts at 6:30', and we'll build from that."

Like KOCO-TV, the NBC stations, Jerome says, will promote first-run sitcoms on the basis that "primetime begins at 7:30." Promotion, he acknowledges, is going to be difficult. "That's one of the reasons we had hoped to go in L.A. this year. We would learn an awful lot about promotion."

The strategy used for promotion, he

"We have taken the position," says NBC's Al Jerome, "that we will not go straight barter in an access strip. It will have to be cash or cash plus barter. And we will not accept more than 6½ minutes of commercials ..."

says, is "one of the most important parts of the project. Everybody knows how to promote a strip. This has to be done very creatively."

"There's nothing that says we can't promote vertically," he continues. "If we have a show on Thursday night leading into *Cosby*, there's no reason we can't promote the whole Thursday night lineup."

At Lorimar-Telepictures, Jim Moloshok, vice president, creative services, says the company is approaching promotion of first-run sitcoms as if they were network shows. "We'll have 10- and 30-second episodic promos, and there will be half-page and quarter-page *TV Guide* ads and radio spots on each episode."

For stations that are checkerboarding, he adds, "there will be similar elements in shorter lengths." To accomodate these stations, L-T will provide "piggyback" spots "with space left for other shows." Moloshok points out that Lorimar-Telepictures has hired some ex-network promotion people to lend some expertise in what is considered new territory. "If a station is checkerboarding," he says, "and if they're only using five seconds [in a promo], we want to make sure that what they use is the strongest five seconds."

Several stations that will not be checkerboarding this fall, nevertheless, feel the concept is valid and could become a reality in future seasons, especially as more first-run product comes on the market.

In Washington, WJLA-TV has acquired *Mama's Family* for fall and will schedule it on Saturday night at 7:30 as a lead-in to ABC's sitcom block from 8–9. Checkerboarding, says Thursa Thomas, program manager, is "a plausible vehicle and an exciting concept.

First-run syndicated sitcoms—'86–'87 season

Program	Distributor	Terms
Check It Out	Taffner	Cash+(1½ national)
Gidget	Colex	Barter(3 national, 3½ local)
It's a Living	Lorimar-Telepictures	Barter(3 national, 3½ local)
Mama's Family	Lorimar-Telepictures	Barter(3 national, 3½ local)
9 To 5	20th Century Fox	Cash
One Big Family	Lorimar-Telepictures	Barter(3 national, 3½ local)
Small Wonder	20th Century Fox	Cash+(1 national)
Ted Knight Show	Taffner	Cash+(1½ national)
Throb	Worldvision	Barter(3 national, 3½ local)
What a Country	Viacom	Barter(3 national, 4 local)
What's Happening Now!!	Colex	Barter(3 national, 3½ local)
* Charles in Charge	MCA	Barter(3 national, 3½ local)

* Premieres January '87.

L-T's 'It's a Living'

Colex's 'What's Happening Now!!'

Taffner's 'Check It Out'

Taffner's 'Ted Knight Show'

When you look beyond *Entertainment Tonight*, there's very little except game shows [for access]. If there were enough product, the idea of being able to checkerboard in access is valid." At present, the Allbritton ABC affiliate runs King World's *Jeopardy* and *Entertainment Tonight* from 7–8 p.m. weekdays and plans to continue that in the fall.

Fred Barber, general manager of WTAE-TV Pittsburgh, is "intrigued by the concept of sitcoms for access. I think it's an interesting approach, and, long-term, I think there will be some interest. But I don't like the amount of barter involved. That's a problem from the station side."

Another station executive concerned about the amount of barter in the first-run sitcoms is Sturges Dorrance, vice president and general manager of KING-TV Seattle-Tacoma. KING-TV has *Throb* for fall, and Dorrance says, "We looked at the possibility of a checkerboard, but we had some questions concerning the viability this year. My biggest concern is that the station is giving up inventory." In addition, KING-TV is committed to *Entertainment Tonight* and Group W's *PM Magazine* for its 7–8 p.m. access slot this fall.

20th Fox's 'Small Wonder'

Several stations that will not be checkerboarding this fall, nevertheless, feel the concept is valid and could become a reality in future seasons.

Rep views

From the rep point of view, John von Soosten, vice president, director of programming, at Katz Communications, thinks checkerboarding makes sense, "if a station is sure it has the right products; if it can afford to give up the barter time; and if it doesn't own *Wheel* or a strong, strippable first-run show like *People's Court* or *Jeopardy*."

At Harrington, Righter & Parsons, Dean McCarthy, vice president, director of programming operations, believes checkerboarding "is going to happen, but not under the present financial arrangements." It is "a very important concept for affiliates," he says, because it's one way those in the top 50 markets can run sitcoms in access without violating the rules against scheduling off-network product during that time period. He says there is genuine interest among major market affiliates in pursuing the concept because "the quality [of the sitcoms] is pretty good."

What is needed to make checkerboarding viable, he continues, is for some big market stations to "work out satisfactory terms with the distributors." Also, "you need six or seven shows, so you can throw the two weakest out."

The checkerboarding idea, adds Petry's Fentress, "makes some sense; the financial arrangements don't make sense. If it's half barter, it's too costly." Because of this and the fact that there aren't enough sitcoms to provide replacements if something doesn't work, "most people this year are running them on weekends as a vertical strip or as individual programs."

NBC's conditions

The financial parameters are of critical importance to the NBC stations. In talking to distributors about possible fall '87 projects, Jerome says, "We have taken the position that we will not go straight barter in an access strip. It will have to be cash or cash plus barter. And we will not accept more than 6½ minutes of commercials [total] per show."

NBC's Harris adds that the maximum time the stations will give up for

(continued on page 176)

Interest in these companies has been fueled by 12-12-12, easing of trafficking

Financial focus: publicly-owned station groups

The hectic pace of broadcast station sales, fueled by the 12-12-12 rule and the end of constraints on trafficking, has leveled attention recently on the publicly-owned station groups for the obvious reasons that they are more visible and their financial numbers easier to get at.

There are close to 40 such station groups and recent developments suggest this number may represent a plateau, since, while some station groups have gone private, a few new groups have emerged into the bright light of public trading.

The material which follows represents financial profiles of virtually all the public companies with multiple broadcast outlets—both TV and radio. Excluded only are the station groups associated with networks—ABC, CBS and NBC—on the assumption that, because they are well-known, a roster of concentrated facts will add little to the reader's knowledge.

The companies in this list are a diverse lot—some primarily broadcast groups, others in which the broadcast properties represent a minor portion of the company's revenues. While there is no necessary relationship between size and being publicly-owned, the companies making up this roster are rather larger than smaller.

For the most part, they are communications entities, clearly built upon the close relationship of print and electronic information/entertainment media. Companies that are factors in print as well as broadcast media include Gannett, Knight-Ridder, Lee Enterprises, McGraw-Hill, Media General, Meredith, Multimedia, The New York Times Co., Price Communications, Park Communications, Scripps-Howard, Stauffer, Times Mirror, The Tribune Co and the Washington Post Co.

Some obvious major companies once public are missing: Metromedia, Harte-Hanks, Cox Communications (now Enterprises). Multimedia almost went private.

There are not too many new names, insofar as publicly-owned broadcasters are concerned. One of the newest is Lorimar-Telepictures, with the latter entity having brought five TV stations (some with minority ownership) into the merger. TVX is another relatively new name.

A rundown of recent financial results among the publicly-owned station groups generally shows positive numbers, although some of the companies noted a slowdown in TV last year, due in part to the hefty figures from '84, an Olympics-election year, and in part to economic conditions.

Here, in alphabetical order, are the companies in question:

American Family Corp.

The major business of this company is insurance, including successful expansion into the Japanese insurance market, but in 1978 American Family broadened its U.S. operations to include broadcasting, and it now owns six television stations.

Overall revenues of the company were up 15.9 per cent to $954.8 million, while net earnings dropped slightly to $54.6 million. However, the company feels the drop in net from 1984 is misleading since it reflects a one-time $11 million reduction in income taxes in '84. Removing this "fresh start" factor shows operating earnings in '85 up 25.6 per cent.

American Family completed acquisition of its sixth station, WITN-TV Washington, N.C. in 1985, and with the acquisition of this NBC affiliate, 1985 net revenues of the Broadcast Group climbed 9.1 per cent to $35.7 million and pre-tax earnings rose 10 per cent to $7.1 million.

Contributing to a slower growth rate for American Family's Broadcast Group, with two of its stations in Iowa, were the economic problems of agriculture throughout the midwest. However, expense control measures helped reduce the impact of declining revenues.

WTOC-TV, American Family's CBS affiliate in Savannah, was the Broadcast Group's strongest performer last year, with net revenues up 17.6 per cent and operating earnings up 29.8 per cent.

In the company's most competitive market, Huntsville, Ala., NBC affiliate WAFF-TV, also performed near the top of the group, with net revenues up 11.7 per cent and operating earnings up 28.1 per cent.

Total income: $954,762,000
Net earnings: 54,634,00
Net earnings per share: 1.36
Stockholders' equity: 339,617,000
CEO compensation: $2,010,754

TV stations: WTOC-TV Savannah, Ga.; WAFF-TV Huntsville, Ala.; KTIV-TV Sioux City, Iowa; KWWL-TV Waterloo, Iowa; KFVS-TV Cape Girardeau, Mo.; WITN-TV Washington, N.C.

The company says its 1985 audience ratings were its "best ever," reporting that WTOC-TV's dominance in Savannah "became even more impressive, recording a 58 per cent share of audience on both weekday evening news broadcasts.

KTIV-TV, Sioux City, Ia., began to achieve the same dominance in its area, while KFVS-TV Paducah-Cape Girardeau, Mo. and KWWL-TV Cedar Rapids-Waterloo, Ia., traditional winners in their markets, lengthened their lead over the competition, particularly in the November 1985 rating period."

Top executives at American Family are chairman and chief executive officer John B. Amos, who earned $2,010,754 in 1985; Paul S. Amos, vice chairman, who got $319,360; Salvador Diaz-Verson, Jr., president, who received $201,600; and executive vice president Daniel P. Amos, who got $201,600.

Associated Comms.

Shifting its emphasis to cellular radio telephone systems from radio stations, Associated Communications went into the red in calendar 1985 and decreased consolidated revenues some 73 per cent in comparison to calendar 1984 by selling eight radio stations and bearing significant startup costs for its cellular joint ventures.

The company's broadcast interests now consist of two AM and one FM radio stations. It also owns Retail Art Gallery, whose remaining subsidiary is Associated American Artists in New York, which sells original prints, having disposed of a similar operation in Philadelphia. In addition, it owns 2,773,328 shares of capital stock of Tele-Communications, Inc. (TCI), the nation's largest cable system operator. This represented, as of February 28, 1986, approximately 5.77 per cent of TCI's outstanding shares. As dividends from TCI, it has come into 6.52 per cent of the outstanding shares of Western Tele-Communications Inc., a microwave communications company, and 5.93 per cent of the shares of Republic Pictures Corp.

On June 4, 1985, Celcom Communications Corp. of Pittsburgh, a wholly owned subsidiary of Associated, acquired from MCI Cellular Telephone Co. a 35.7 per cent interest in the permit to construct a cellular radio telephone system in Pittsburgh. In addition, the company has 16 cellular radio partnerships in which it owns anywhere from 4.5 per cent to two-thirds of any given operation, holding minority interests in most instances. Only four of the systems were in operation at the close of 1985.

Total revenues	$2,791,000
Net loss	(4,508,000)
Net loss per share	$(1.19)
Shareholders' equity	27,988,000

Radio stations: WSTV/WRKY(FM) Steubenville, Ohio and WTYM Tampa-St. Petersburg-Clearwater

The company has a 25 per cent interest in a multipoint distribution system (MDS) in which its partners are Chronicle Broadcasting Co., the Washington Post Co. and Hubbard Broadcasting. The operation is known as the Blue St. Louis E Partnership.

For 1985, consolidated revenues decreased to $2.8 million from $10.3 million as a result of the sale of eight radio stations in December, 1984. Operating losses, primarily attributed to construction activities and startup costs for the cellular joint ventures, increased to $7.4 million in 1985 from $3 million in '84.

In 1984, Associated gained $27.9 million on the sale of the radio stations, which accounts for it having plus net income of $15.7 million in that year. For 1985, it had a net loss of $4.5 million, or $1.19 per share, compared with a plus $3.72 in 1984.

Radio broadcast revenues were $1.5 million in 1985 and $9 million in '84.

A. H. Belo Corp.

Last year was the first full year for the Belo Broadcasting Corp. in its present form—including the four television stations it acquired from the Dun & Bradstreet Corp.

During 1985, revenues from the company's five TV stations and four radio properties increased 3.4 per cent to $163.9 million; however, operating earnings dipped 9.4 per cent to $56.8 million, attributed to generally soft advertising conditions in the broadcast industry and initial programming investments at newly-acquired TV properties.

Belo's flagship station, WFAA-TV Dallas-Ft. Worth retained its leadership position ratings-wise last year despite audience erosion on the (ABC) network level. Of the other four TV stations, three are affiliated with CBS and one with ABC.

On January 28, 1986, Belo reached an agreement with The First National Bank of Chicago and Inter-First Bank Dallas, N.A. to refinance the company's outstanding debt of $330 million. Under the terms of this agreement, a group of eight banks will provide a total of $500 million in revolving credit which may be accessed at any time by the company. When accessed, loans will bear interest at short-term interest rates.

Net earnings for the entire company in 1985 decreased by 56 per cent to $23.8 million or $2.05 per share on a revenue rise of 8.7 per cent to $385.2 million. However, included in 1984 net earnings were $25.5 million in nonrecurring gains attributable to the sale of two television stations, a cable system and stock held for investment.

Net revenues:	$385,151,000
Net earnings:	23,818,000
Net earnings per share:	2.05
Shareholders' equity:	300,539,000
CEO compensation:	422,252

TV stations: WFAA-TV Dallas-Ft. Worth; KHOU-TV Houston; KXTV(TV) Sacramento-Stockton; WVEC-TV Norfolk-Portsmouth-Newport News-Hampton; and KOTV(TV) Tulsa. Radio stations: KRXQ/KZEW(FM) Dallas-Ft. Worth; and KOA/KOAQ(FM) Denver.

Before factoring in the nonrecurring gain, the company's net earnings decrease from '84 would be 16.8 per cent. The decline is blamed on weak broadcasting margins, especially in Houston, and general economic conditions in Houston and Dallas.

Belo's newspaper operations include *The Dallas Morning News* and seven community papers in the Dallas-Ft. Worth area.

James M. Moroney, Jr., chairman and chief executive officer, received $422,252 in total cash compensation in 1985; Robert W. Decherd, president and chief operating officer, received $313,404; and Ward L. Huey, Jr., president and chief executive officer of Belo Broadcasting Corp., $293,524.

John Blair & Co.

John Blair & Co., battling against a takeover bid by Macfadden Holdings, underwent a major restructuring program in 1985. The restructuring, following a strategic review of the company conducted in tandem with Salomon Bros., will result in concentration by the company on its core businesses—broadcasting and direct mail.

In line with that policy, Blair, in January of this year, sold the newspaper insert business of its John Blair Marketing subsidiary. It has also now sold or reached agreement to sell its three printing subsidiaries: American Printers & Lithographers and Alden Press, both in Chicago, and Meehan-Tooker in East Rutherford, N.J.

Total revenues:	$630,547,000
Net loss:	29,151,000
Net loss per share:	3.63
Shareholders' equity:	98,249,000
CEO compensation:	333,921

TV stations: WSCV-TV Miami, KOKH-TV Oklahoma City; KSBW-TV Salinas-Monterey; KSBY-TV Santa Barbara-Santa Maria-San Luis Obispo; and WKAQ-TV San Juan, P.R. Radio stations: WHDH/WZOU(FM) Boston; KVIX/KVIL(FM) Dallas-Ft. Worth; WFLA/WPDS(FM) Tampa-St. Petersburg; and WIBC/WNAP(FM) Indianapolis

In a debt reduction step related to the restructuring, Blair, in March, announced an offering to exchange 45 shares of common stock for each $1,000 principal amount of 10¾ per cent senior subordinated notes due 1990 up to $40 million. In April, the company said its exchange offer resulted in a total of $75 million principal amount.

The company's newest television station is WSCV-TV Miami, a Spanish-language outlet, which went on the air in June, 1985, bringing the number of TV properties to five; Blair owns eight radio stations.

The broadcast representation division generated more than $900 million in combined gross billings for TV and radio clients in '85; and, in December, the company acquired two additional radio representation firms—Torbet Radio Inc. and Selcom Radio from Canadian-based Selkirk communication.

The Blair Entertainment television programming division is described in the company's annual report as having made "significant progress" in 1985. Its most successful program in terms of penetration is *Divorce Court*, which will begin its third season with 180 new episodes in the fall of 1986. For the '85–'86 season, the show was seen in 162 markets, reaching 93 per cent of all U.S. TV households.

A drain on profitability has been

ADVO-System, Inc., Blair's direct mail subsidiary, which reported a $30.6 million loss from continuing operations in 1985.

For the first quarter ended March 31, 1986, Blair reported a net loss of $25.4 million or $3.07 per share, including an extraordinary loss of $9.9 million or $1.20 per share due to the early extinguishment of $62.3 million principal amount of the company's 10¾ per cent senior subordinated notes exchanged for 2.8 million shares of common stock through March 31, 1986. Total revenues for the quarter were up 8.8 per cent to $149.5 million.

For the year ended December 31, 1985, Blair had a net loss of $29.1 million or $3.63 per share, compared to net earnings of $10.5 million or $1.31 per share in 1984. Revenues of the owned broadcasting stations in '85 increased 11.6 per cent to $99.3 million.

Jack W. Fritz, president and chief executive officer, received $333,921 in cash compensation in 1985; Hugh R. Beach, executive vice president, received $350,383; Harry B. Smart, vice president, chairman and chief executive officer of the Blair Television Representation Division, $326,762; and Walter A. Schwartz, president and chief operating officer of the Blair Television Representation Division, $296,451.

Chris-Craft Industries

When Chris-Craft entered the '80s its prospects were largely dependent on the cyclical, low margin pleasure boat industry. But during the first half of the decade, the company shed its Boat Division, added five stations to its Television Division, and became the largest shareholder in Warner Communications, Inc., and thereby a significant financial participant in WCI's entertainment and communications businesses.

Consolidated assets now total over $800 million and Chris-Craft's 9.2 million common shares outstanding have an aggregate market value of slightly over $500 million, based on today's per share market price of $55.25. Operating revenues in 1985 were 3.5 times those of 1980. Television Division operating income was 3.9 times 1980's. Income from continuing operations was 7.6 times 1980's.

Chris-Craft's Television Division comprises one of the largest and fastest growing station groups in the country. The division has expanded from two stations in 1980 to seven. BHC, Inc., Chris-Craft's majority owned television broadcasting subsidiary, operates two of the stations through wholly owned subsidiaries and five of the stations through 50.3 per cent owned United Television, Inc. (See separate story on UTV). BHC and its subsidiaries also own Chris-Craft's WCI securities and WCI is BHC's sole minority shareholder.

The Television Division recorded operating revenues of $168,264,000 in 1985, reflecting an increase of 11 per cent from $151,407,000 in 1984. Operating income rose only slightly to $42,655,000. Record earnings at the Division's flagship station, KCOP(TV) Los Angeles, were offset by reduced earnings at several other stations and startup costs at the new Phoenix station, KUTP(TV).

Operating revenues:	$190,257,000
Net income:	18,333,000
Net earnings per share:	2.53
Shareholders' investment:	49,041,000
CEO compensation:	861,081

Tv stations: KCOP(TV) Los Angeles; KPTV(TV) Portland, Ore.; KMSP-TV Minneapolis-St. Paul; KUTP(TV) Phoenix, Ariz.; KTVX(TV) Salt Lake City; KMOL-TV San Antonio, Texas; KBHK-TV San Francisco

KCOP confirmed its status as one of the outstanding independent stations in the country by posting record earnings in 1985 and becoming the dominant independent in its fiercely competitive market. According to November measurements by both Arbitron and Nielsen, KCOP achieved the largest audiences in its history. Arbitron's November ratings showed KCOP tied with the CBS owned and operated Los Angeles station, sign-on to sign-off, Monday through Friday. The February, '86 sweep showed KCOP with the top independent share.

However, the industry in general was affected in 1985 by a slowdown in the growth rate of television advertising and huge increases in programming costs. While the impact of these factors varied among markets, they most seriously affected the division's stations in Minneapolis and Portland, Ore. The outlook for 1986 is positive, but operating losses at KUTP Phoenix will continue to have a negative effect on the division's near term results.

Overall, Chris-Craft income from continuing operations increased 175 per cent to $18,333,000, or $2.53 per share, from 1984's $6,673,000, or .86 cents per share. Operating revenues rose 11 per cent to $190,257,000 from $170,687,000 in 1984.

The increase in income was primarily a result of higher earnings from BHC, Inc., the company's majority-owned television subsidiary. BHC's earnings increased substantially from the corresponding prior year period, primarily due to an increase in income associated with BHC's investment in WCI and the earnings increase posted by KCOP Los Angeles.

Herbert J. Siegel, chairman of the board and president, earned a salary of $658,631 and bonuses of $202,450. Evan C. Thompson, vice president of Chris-Craft and president of the Television Division, got $300,041 in salary and bonuses of $253,222. Lawrence R. Barnett, executive vice president, earned a salary of $270,713 and bonuses of $150,000. James J. Rochlis, also an executive vice president, got a salary of $246,287. And Laurence M. Kashdin, vice president-finance and controller, earned a salary of $143,333 and a bonus of $60,000.

Clear Channel Comms.

The proprietors of a dozen radio stations in Texas, Oklahoma, New Orleans and New Haven, Conn., as well as the 50-affiliate Oklahoma News Network, San Antonio-based Clear Channel experienced a 56.8 per cent increase in gross revenues in 1985, from $16.8 million to $26.3 million. Cash flow—what the firm terms the "key factor in evaluating performance of broadcasting companies"—increased 44.9 per cent, to $4.8 million, compared to $3.3 million the previous year. But net income after taxes declined 3.3 per cent, from $2,247,000 to $2,171,000. Net income per share was 74 cents in 1985, down from 85 cents a year before.

Why the drop? The firm states in its annual report that "a number of markets we serve have been economically depressed due to their energy and agricultural dependency." Also, the firm states, interest expense increased 113.8 per cent in 1983, from $1.1 million to $2.4 million.

Total revenues:	$26,278,000
Net income:	2,171,000
Net income per share:	74¢
Shareholders' equity:	9,342,000
CEO compensation:	215,000

Radio stations: WMJK/WQUE(FM) New Orleans, KBBJ/KMOD(FM) Tulsa, KTOK/KJYO(FM) Oklahoma City, WELI New Haven, KALO/KHYS(FM) Port Arthur, Tex., WOAI/KAJA(FM) San Antonio, KPEZ(FM) Austin.

Clear Channel repaid $3.3 million of debt associated with the financing of the acquisition of Broad Street Communications Corp. for $13.5 million, with which the firm obtained five radio properties and the Oklahoma state news network.

The firm is evaluating additional acquisitions "in markets we believe to have a high upside potential." The company plans to get into TV via a low power TV license granted last year in Bryan, Tex. It has eight LPTV applications and 17 multipoint distribution system (MDS) microwave licenses pending. It also has an interest in the San Antonio Cellular Telephone Co., which should be operational before the end of this year. The firm expects "significant" gains from its telephone involvement.

Top cash compensation went to L. Lowry Mays, president and CEO, who made $215,000 in 1985. Senior vice president and chief operating officer John Barger got $204,154.

Cox Enterprises, Inc.

With Cox Communications going private last September via merger into the privately held Cox Enterprises, the last figures it disclosed were not the full set required of a public company. It reports that, for the close of 1985, revenues were up 9 per cent to $1,471 5 million, but income before depreciation and amortization was up only 4 per cent. Operating income, reflecting merger-related amortization expense, was down 1 per cent.

The company's eight TV stations were responsible for revenues of $222.8 million in 1985, compared with $200 million a year earlier. Cox reports 51 per cent of its '85 TV revenue was national spot, 45 per cent local and 4 per cent network compensation. The local share has gradually been growing. With the acquisition of WFTV(TV) Orlando-Daytona Beach-Melbourne last year, Cox TV stations now reach 10.5 per cent of all U.S. households.

TV stations: WSB-TV Atlanta, WSOC-TV Charlotte, WHIO-TV Dayton, WKBD(TV) Detroit, WFTV(TV) Orlando, WPXI-TV Pittsburgh, KTVU(TV) San Francisco-Oakland, KDNL(TV) St. Louis. Radio stations: WSB-AM-FM Atlanta, WSOC-AM-FM Charlotte, WCKG(FM) Chicago, WHIO-AM-FM Dayton, KFI/KOST(FM) Los Angeles, WIOD/WAIA(FM) Miami and WZGO(FM) Philadelphia

Operating 12 radio stations, the company had $49.2 million in radio revenues in 1985 versus $42.8 million a year earlier. Local comprises 69 per cent of the latest revenue figure, national spot 29 per cent and network compensation 2 per cent.

Cox also owns TeleRep, which it says is the third largest rep company in the U.S. in both billings and coverage, the latter which exceeds 63 per cent of the nation. TeleRep's programming arm, Television Programming Enterprises, has developed such currently running series as *Entertainment Tonight*, *Star Search* and *Lifestyles of the Rich and Famous*.

Now the fifth largest cable system operator, Cox has a divestiture plan expected to reduce the number of systems from 54 to 24, but with a reduction in subscribers of less than 20 per cent. In 1985, Cox had 1.4 million basic subscribers, compared with 1.5 million in 1984. Pay service subscriptions were down to 1.3 million from nearly 1.6 million. The systems had an increase in ad-supported services sold in a tier to 310,035 from 252,707.

The company is also active in newspaper publishing, automobile auctions, paper manufacturing, cellular telephone service, data services, cattle ranches, trucking and TV production (The Landsburg Co.)

Cox Enterprises is said to be the 12th largest media company in the U.S. in terms of revenues. It is heavily oriented toward the rapidly growing Sunbelt states. The six fastest growing states—California, Florida, Texas, Arizona, North Carolina and Georgia—account for 64 per cent of the revenues and 56 per cent of the assets of Cox.

Gannett Co., Inc.

Gannett, the largest newspaper chain in the nation with 91 dailies and a force in broadcasting with eight TV stations and 15 radio stations, continues on a path of solid, steady growth. In 1985, its net income increased by 13 per cent, to $253.3 million. That amount, the company states, is the largest net for any public company principally engaged in newspapers and broadcasting.

Earnings per share also rose 13 per cent, to $3.16, and operating revenues exceeded the $2 billion mark for the first time, also up 13 per cent, to $2,209.4 million. The firm continues on the merger and acquisition route. Its largest transaction, completed in February of this year, was the $717 million purchase of the Evening News Association. That deal gave Gannett five more daily newspapers in three states, led by *The Detroit News*, as well as two prime TV stations, WDVM-TV, the number one-rated station in Washington, and KVUE-TV in Austin. To comply with cross-ownership requirements, the firm sold Evening News Association TV stations in Detroit, Oklahoma City, Mobile and Tucson for a total of about $200 million. Gains on the sales will be reflected in the firm's 1986 financial statements.

In the Evening News deal, Gannett served as a "white knight," and the firm has reiterated its policy of talking only to acquisition candidates who express an interest. Another friendly merger last year landed Gannett The Register and Tribune Co. in Des Moines, publisher of the *Des Moines Register*. Gannett Radio acquired KTKS(FM) Dallas this past January, and the firm acquired from CBS *Family Weekly* magazine, a Sunday supplement since renamed *USA Weekend*.

Total newspaper advertising lineage increased 6 per cent. *USA Today*, launched in 1982, continued to experience operating losses, but for the full year of 1985, losses were "significantly lower" than in the previous year.

Operating revenues:	$2,209,421,000
Net income:	253,277,000
Net income per share:	3.16
Shareholders' equity:	1,275,213,000
CEO compensation:	1,333,333

TV stations: KPNX(TV) Phoenix, KUSA-TV Denver, WDVM-TV Washington, WXIA-TV Atlanta, WLVI-TV Boston, WUSA-TV Minneapolis-St. Paul, KOCO-TV Oklahoma City, KVUE-TV Austin. Radio stations: KIIS, KIIS(FM) Los Angeles, KSDO, KSDO(FM) San Diego, WDAE, WIQI(FM) Tampa, WGCI, WGCI(FM) Chicago, WCZY, WCZY(FM) Detroit, KUSA, KSD(FM) St. Louis, KTKS(FM) Dallas, KKBQ, KKBQ(FM) Houston

Broadcast revenues increased 14 per cent in 1985, to $265.5 million. That figure represents 12 per cent of the firm's 1985 net operating revenues. For the firm's six TV stations, local revenues were up 9 per cent and national spot revenues were up 8 per cent. Radio station revenues increased 32 per cent for the year, reflecting the effect of the 1984 acquisitions of WDAE Tampa and KKBQ/KKBQ(FM) Houston. On a pro forma basis for radio stations owned at year's end, revenues were 17 per cent higher than a year earlier. Improved ratings and increased advertising rates are credited for the gains.

In June 1985, Gannett sold radio stations WWWE and WDOK(FM) Cleveland, as well as a segment of the firm's outdoor advertising operations in Los Angeles. The company says these dispositions did not have a significant effect on the company's operational results. The firm split radio and TV into separate divisions in 1985 to "better address the specific needs and abilities of each medium." Gannett began satellite newsgathering at three of its TV stations, and its KIIS(FM) Los Angeles ranked as "the USA's largest single-billing radio station."

Top earner at Gannett for 1985 was chairman and CEO Allen Neuharth, who received $1.3 million in cash compensation. Next came president and COO John Curley, at $685,000, followed by Douglas McCorkindale, vice chairman and chief financial and administrative officer, at $648,333. Executive vice president and general counsel William Keating got $422,485.

GenCorp, Inc.

GenCorp's RKO General TV stations had their "most successful year in history" during fiscal '85 (ending November 30), but the company's troubles over the license renewals of its broadcast properties—the subject of protracted hearings—was highlighted recently in the special case of KHJ-TV Los Angeles and its proposed acquisition by Group W.

The company as a whole—a diversified enterprise including such businesses as tire, aerospace and defense products, plastics, sporting goods, soft drink bottling and hotels—increased net sales to $3,020.7 million, up 8 per cent over fiscal '84. Operating profit rose 20 per cent to $194 million, while net income was $75.2 million vs. $7.2 million in '84 and $65.3 million in '83.

Net Sales:	$3,020,748,000
Net income:	75,213,000
Net income per share:	3.43
Shareholders equity:	950,516,000
CEO compensation:	516,666

TV stations: WOR-TV New York (agreement to sell), KHJ-TV Los Angeles (agreement to sell), WHBQ-TV Memphis. Radio stations: WOR/WRKS(FM) New York, KHJ/KRTH(FM) Los Angeles, WRKO/WROR(FM) Boston, KFRC San Francisco, WHBQ Memphis, WGMS-AM-FM Washington, WAXY(FM) Ft. Lauderdale, WFYR(FM) Chicago.

Financial results of the RKO General stations—three TV and 12 radio outlets during the last fiscal year—are not broken out separately. RKO General, which last year included, besides the stations, soft drink bottling, hotels, an airline and motion picture production, had sales of $405.9 million but operating profit of only $2.6 million. In the business segment information released by GenCorp, the category, "entertainment and other," covers most of the RKO General businesses, but excludes the substantial bottling enterprises. The airline, Frontier Holdings, parent of Frontier Airlines, was sold during the last fiscal year as were the RKO radio networks. The "entertainment and other" segment showed sales of $213.3 million in fiscal '85, up 6.5 per cent over fiscal '84, but there was an operating loss of $20.4 million.

In the KHJ-TV situation, an administrative law judge of the Federal Communications Commission turned down a proposal to move the proposed purchase directly to the commission. Under terms of the deal, Group W would pay $310 million for the station, including $95 million to Fidelity Television, which has been challenging the license renewal for years, and would have been the license holder at the time of transfer to Group W.

Meanwhile, with the proposed sale of WOR-TV New York to MCA, Inc., for $387 million apparently set, the parties are nailing down details.

Executive compensation at GenCorp last year provided for $516,666 to A. William Reynolds, president and CEO since August; $316,667 to M. G. O'Neil, chairman; $440,000 to J. L. Heckel, chairman/CEO of the Aerojet-General Corp. subsidiary; $434,471 to S. Salem, president of the DiversiTech General, Inc. subsidiary, and $346,000 to G. W. Leisz, president/COO of Aerojet-General.

Gray Comms. Systems

The three TV stations comprising the broadcast interests of Gray Communications Systems, Inc. experienced the second largest revenue growth among the company's four operating units in the fiscal year ended June 30, 1985. Revenues for the TV operations were up 13 per cent, surpassed only by a 16 per cent gain for the transportation division, which includes Gray Air Service, Gray Distribution Services and Big 10 Tires.

With the company based in Albany, Ga., its Albany Herald Publishing Co. showed 9 per cent gain in advertising revenues. Meanwhile, Gray Communications Consultants, involved in video systems sales and design, had a decrease in sales of 8 per cent due to "softness in our markets, high cost of operations and increasing competition."

Total revenues:	$43,465,000
Net income:	2,609,000
Net earnings per share:	5.20
Shareholders' equity:	28,938,000
CEO compensation:	211,750

TV stations: WALB-TV Albany, Ga.; WJHG-TV Panama City, Fla.; KTVE(TV) El Dorado, Ark.

The company's total net revenues for the year were $43.5 million, compared with $41.5 million in the previous year. Broadcast revenues, the second largest after video system sales, were $12.4 million, compared with $10.9 million. Net income was $2.6 million, or $5.20 per share, compared with $2.5 million, or $5.10 per share.

The increase of 5 per cent in consolidated revenues in 1985 compares with 7 per cent in '84 and a decrease of 1 per cent in '83. A 2 per cent increase in net income compares with 12 and 11 per cent respectively. Broadcast revenues, which were up 13 per cent in '85, had increased 7 per cent the year before and 10 per cent in '83. The company states that the increase in 1983 was due mainly to increased rates.

Broadcast operating expenses were $5 million in '85, $4.8 million in '84 and $4.3 million in '83. The increase in operating expenses over the last three years, the company says, was due mainly to increased salaries and depreciation. Operating profit for this division increased substantially to $3.3 million in 1985 while decreasing in the two previous years to $2.1 million and $2.2 million respectively.

For the six months ended December 31, 1985, the company said it had made progress, with all units gaining in operating revenues. Broadcast (less agency commissions) had revenues of $6.4 million, compared with $5.9 million for the equivalent six months a year earlier. The previously lagging video systems sales division experienced a dramatic increase to $9.7 million from $6.9 million. The company as a whole had net income of $1.8 million, or $3.50 per share, compared with $1.5 million, or $2.91 per share.

Salaries exceeding $60,000 were: James H. Gray, chairman and president, $211,750; Raymond E. Carow, vice president, $116,250; Richard D. Carson, controller, $86,750 and Barbara Jones, treasurer, $65,750. Total for all five executive officers as a group was $506,000.

Jacor Communications

In business for slightly more than five years, Jacor Communications is relatively unique in being purely a radio station operator. It has been on an active acquisition path which it plans to continue.

In January of last year, Jacor acquired WBBG/WMJI(FM) in the top-25 market of Cleveland. Last August, it completed a private placement of convertible preferred stock amounting to $8 million. Also that month it acquired two Atlanta stations, WGST and WPCH(FM) along with Georgia Radio News Service.

The company's common stock began trading over-the-counter in October. Last December, it sold WTSJ Cincinnati and WTOW Towson, Md. for a collective price of approximately $2.4 million.

Jacor also entered into an agreement to acquire WEBN(FM) Cincinnati. As part of the agreement, the station's owner and president Frank E. Wood agreed to join Jacor as president and chief operating officer.

Operating income for calendar 1985 was $16,139,610, up more than 334 per cent from $3,717,714 for 1984. Cash flow (station operating income plus depreciation and amortization) for 1985 was $4,119,212, up more than 262 per cent from $1,135,422 in 1984.

Net revenue for the year was $14,259,616, compared with $3,411,782 in 1984, with acquisitions affecting the comparability. Net income was on the plus side for the first time in the fledgling company's history—$325,249, compared with a loss of $304,875 in the previous year. The per share equivalent was at breakeven in 1985, compared with a 5 cent loss in 1984.

Total revenue:	$14,259,616
Net income:	$325,200
Net earnings per share:	.00
Shareholders' equity:	$5,203,000
Chairman compensation:	$163,159

Radio stations: WGST/WPCH(FM) Atlanta, WEBN(FM) Cincinnati, WBBG/WMJI(FM) Cleveland, WURD(FM) Georgetown, Ohio, WQIK-AM-FM Jacksonville, WKYG/WXKX(FM) Parkersburg, W. Va., WVOI Toledo.

Terry S. Jacobs, chairman, says the company plans to maximize internal growth as well as accelerate it through continued acquisitions. He says acquisition plans this year center on FM and AM radio properties in major markets.

WSTJ and WTOW were sold for $1,650,000 in cash, a note for $612,500 and the assumption of certain liabilities.

Jacobs earned $108,159 in salary and $55,000 in bonuses in 1985, while Jon M. Berry, vice president and controller, earned $49,507 and $11,000. All executive officers—the top five people in the company—collectively earned $355,469 including bonuses.

Jefferson-Pilot Corp.

Three radio station transactions were effected by Jefferson-Pilot in 1985. The company acquired KSON-AM-FM San Diego and WNWS Miami and sold WGBS Miami. The Florida switch, according to the company, in its annual report, "improved the signal in Miami, upgraded the coverage area and raised market share, resulting in an almost immediate improvement in earnings."

For the year ended December 31, 1985, the Jefferson-Pilot Communications division (which includes two television stations and 11 radio properties) had a 2 per cent decrease in operating income to $8.7 million on an 11.9 per cent increase in revenues to $83.7 million. The operating income dip is attributed to "acquisition-related costs and other non-operating deductions."

In addition to the radio station sale and purchases, other developments in the Communications division included the following:

- Major inroads by Jefferson-Pilot Data Systems in the installation of financial software systems in the radio market.
- "Substantially improved" advertising sales for Atlantic Coast Football.
- Acquisition, through Jefferson-Pilot Sports Enterprises, of *Carolina Blue*, a small sports-oriented newspaper circulated in the ACC region.

The company's many insurance businesses continued to grow in '85, highlighted by an 11.2 per cent increase in individual life insurance sales and a 7.7 per cent rise in total life insurance.

For all of 1985, the parent corporation's net income declined 36.5 per cent to $128.1 million. However, net income in 1984 included a $71.3 million gain from the company's sale of newspaper properties, a $21.7 million deferred tax benefit stemming from provisions of the Deficit Reduction Act of 1984 and a provision of $13 million for proposed tax assessments.

Net revenues:	$1,016,182,000
Net earnings:	128,050,000
Net earnings per share:	4.38
Shareholders' equity:	1,181,362,000
CEO compensation*	770,000

* Compensation of W. Roger Soles, president. Soles, Louis C. Stephens, Jr., vice president, Joseph M. Bryan, honorary chairman, and directors, Charles E. Hayworth and Charles W. McCoy all serve on an executive committee.

TV stations: WBTV(TV) Charlotte and WWBT(TV) Richmond. Radio stations: KSON AM-FM San Diego, KIMN/KYGO(FM) Denver, WNWS/WLYF(FM) Miami, WQXI AM-FM Atlanta, WBT/WBCY(FM) Charlotte, WBIG Greensboro-Winston-Salem-High Point

Net revenues rose 5.8 per cent in 1985 to slightly over $1 billion. W. Roger Soles, president of Jefferson-Pilot Corp., received $770,000 in cash compensation in 1985; Louis C. Stephens, Jr., vice president, got $462,000; and Wallace J. Jorgenson, president, Jefferson-Pilot Communications Co., received $218,442.

Josephson International

Josephson is primarily a talent agency firm which also holds six radio stations, a television production company (Robert Keeshan Associates), and, until last September, a retail brokerage firm, Herzfield & Stern Inc.

The latter property is blamed for the firm's substantial net loss for 1985 of $30 million on revenues of $241 million, a company record that was 15 per cent higher than in 1984.

As the firm's 1985 annual report dryly put it: "The bad news is our dismal financial results in fiscal 1985, caused primarily by our ownership of Herzfield & Stern. The good news is that we sold Herzfield & Stern in September."

Revenue:	$241,034,000
Net loss:	29,120,000
Net loss per share:	5.99
Shareholders' equity:	10,258,000
CEO compensation:	780,000

Radio stations: WNOR-AM-FM Norfolk; WVKO/WSNY(FM) Columbus, O.; WMGF(FM) Milwaukee; WZKC(FM) Rochester.

It was sold to Gruntal & Co., Inc., in exchange for a four-year, $3 million note from Gruntal and, subject to Gruntal stockholder approval, warrants to purchase 2 million shares of Gruntal common stock at specified prices through September, 1992.

Some of Josephson's losses, however, were attributed to future growth strategies, including its new Rochester radio station, WZKC(FM). Some losses from continuing operations resulted from the closing of talent agency offices in Nashville and Boston, but these cost-cutting measures were expected to help the bottom line this year.

The radio and television group registered operating income of $2.1 million, on revenue of $15.2 million. The income figure was down from $2.6 million in 1984.

In September, the firm sold WNIC-AM-FM Detroit, to Price Communications Corp., for $17.5 million. The sale resulted in a pre-tax gain of $15 million, which was recorded in the first quarter of this year.

Top earner at Josephson in 1985 was chairman and CEO Marvin Josephson, who was paid $780,000. Next was president of the ICM division Jeffrey Berg, at $650,000, followed by vice chairman Ralph Mann at $473,500. President Alvin Schulman got $350,000.

Knight-Ridder Newsp.

While a major broadcaster, Knight-Ridder may be better known at large as the owner of the *Philadelphia Inquirer*, the *Detroit Free Press*, the *Miami Herald* and about 30 other daily and weekly newspaper properties. It also owns the *Journal of Commerce* busi-

(continued on page 181)

Few see opportunities to gain in media buying clout; creative sameness feared

Assets, liabilities of megamergers eyed by agencies

By EDMOND M. ROSENTHAL

The question of how much bigness serves the agency client better is becoming a topic of heated debate within the advertising industry as continuing megamergers place the major accounts in fewer hands. Although these mergers between the already-large ad shops are often being criticized as serving no purpose other than making major stockholders rich, those involved in them speak of "serving the clients' needs" no less than do their critics.

Those speaking in the megamerger's defense mention, for one thing, the inherent corporate efficiences in such areas as accounting, real estate, personnel administration and access to capital. Mentioned even more prominently is the pressure on the top agencies to have a complete international network to serve worldwide clients as well as a full range of related services such as public relations and direct response advertising.

It is observed that the agency megamergers are essentially a response to the mergers of major clients, providing these clients the opportunity to obtain a full range of worldwide services from fewer parties. In fact, in its annual report, British-based Saatchi & Saatchi states that 80 of the top 100 U.S. advertisers are multinational and that some 60 per cent of all multinational clients now centralize their advertising managements.

Given this proposition, some may conclude that the agency business of the future will be composed of several superagencies or holding companies serving nearly all of the multinational accounts with a big gap in agency size down to the medium- and small-sized agencies—plain old large being a thing of the past. But top executives at plain-old-large shops like Leo Burnett and Wells, Rich, Greene, as well as veteran advertising industry consultants, don't see this becoming the case.

Those clients who feel they're best served by colossuses like themselves, these executives conclude, are companies where the chief financial officer is in the ascendancy, which they say is the predominant state for now. But industry in general has always gone through its cycles of manufacturing, marketing and financial control, and they feel that ultimately the shift will be back to marketing. When this happens, they feel, brand managers will regain control and will want agencies that will focus on their specific brands rather than giving them short-shrift in deference to bigger brands from the same company.

Stifled creativity?

It is also speculated, even by top executives of some superagencies, that top creative and account management talent at some of these agencies will feel stifled and form a whole new tier of small "creative" shops that will grow into medium-large operations. Along the same lines, some speculate that mega-agencies will breed a creative sameness, although the superagencies reply that proper management of creativity can prevent this from happening.

As for buying clout, few believe that extra-large will achieve any better buys than large. One thing preventing this is the need for agencies to assure their clients of confidentiality and separateness from other accounts. And some contend that buying expertise is the major factor in efficient buying, so that a media buying executive with too much business to handle may be at a disadvantage.

Recent merger activity

Likely to become the granddaddy of all mega-agencies is Saatchi & Saatchi, which has reached a preliminary agreement to acquire Ted Bates Worldwide. This potential conglomeration, in 1985 terms, gives it the largest worldwide billings—some $7.6 billion. Earlier this year, the British company acquired Backer & Spielvogel and more recently gained effective control of Dancer Fitzgerald Sample through its British subsidiary, Dorland Advertising. In this latter deal, Dorland is granted an option to acquire 100 per cent of the ordinary share capital of DFS at any time. In exchange, Dorland is providing a $75 million loan to a company formed by five key DFS executives, and these funds will be used to acquire DFS from its existing shareholders. Other sizeable U.S. agencies already in the Saatchi fold were McCaffrey & McCall and Rumrill Hoyt.

Just before the Saatchi/Bates move was announced, alone in the limelight was the new "global creative superpower" being welded together among BBDO International, Doyle Dane Bernbach Group and Needham Harper Worldwide—with the latter two fully merged into DDB Needham Worldwide and BBDO operating as a separate network. If Saatchi and Bates were not to join, this would have been the top billing worldwide organization, with some $5 billion in combined 1985 billings—surpassing $4.75 billion for the Interpublic Group of Cos.

While the combined BBDO-DDB-Needham operation hasn't yet decided

"When clients merge, they can wind up with 20 agencies versus three or four. They see [dealing with one mega-agency] as a way to save significant money and manpower."

Allen Rosenshine
Chairman
BBDO-DDB-Needham

"There's not much [megamerger opportunity] left, is there? I think [the Saatchi & Saatchi/Bates merger] might stimulate some other activity, but I'm not sure what it would be."

Robert E. Jacoby
Chairman
Ted Bates

what to call itself, two mergers of major agencies last year had a slightly lesser identity crisis, resulting in D'Arcy Masius Benton & Bowles and Bozell, Jacobs, Kenyon & Eckhardt. But there are other mega-agencies with larger billings than DMB&B's $2.2 billion and BJK&E's $1.2 billion, many having built their far-reaching capabilities with acquisitions of relatively small firms.

Those with worldwide billings of more than $3 billion include Young & Rubicam, Ogilvy Group, Japan's Dentsu and J. Walter Thompson.

Where it's leading

Allen Rosenshine, chairman and CEO of the new holding company that will operate the BBDO-DDB-Needham combine, asserts that, if one were to project today's trend, he would conclude there will be a heavy industry concentration. But he holds, "The megamerger trend will probably settle out. I do think, however, that it is a very valid thrust, as clients need larger multinational agencies. I doubt that 80 per cent of the business will be with 10 per cent of the agencies. Clients are looking for efficiencies of scale. When clients merge, they can wind up with 20 agencies versus three or four. They see this as a way to save significant money and manpower."

He adds, "Sooner or later, as more companies look for larger agencies, it has to shake down. I don't think the top 10 agencies are going to be able to handle all of this business. But the middle agencies will be under the greatest pressure to control costs. They're not small enough to have low operating costs or large enough to have efficiencies of scale."

In the case of the Saatchi-Bates merger, though, bigness apparently will prevent any "efficiencies of scale." Robert E. Jacoby, Bates chairman and CEO, says that, with the merger expected to close out July 31, Bates will retain its worldwide identity with management intact and with complete autonomy.

Aside from $450 million in cash for its owners, Bates will gain primarily the financial resources to continue its worldwide acquisition program. Jacoby discloses Bates is "working on a list of 21 potential acquisitions" including sales promotion and media buying firms—and Saatchi has encouraged the agency to continue on this path.

When he says the merger puts Bates in a "leadership position," he adds, "I'm not talking media clout." He indicates that any synergism would be at his level. The merger will give the combined company 150 wholly owned offices in 50 countries, 12,600 employees and representation of more than 60 of the world's top 100 advertisers.

Asked about the prospect of megamergers among other agencies, Jacoby replies, "There's not much left, is there? I think this might stimulate some other activity, but I'm not sure what it would be."

With Leo Burnett remaining one of the few major agencies not only unmerged but also privately held, some speculate that it will remain a holdout because its stock is spread among a couple hundred employees, most of them fairly young. Others contend it will ultimately have to address the fact that it is shrinking in relative stature as other large agencies merge. Burnett is currently ranked 11th worldwide, with '85 billings of nearly $1.9 billion.

John Kinsella, president and CEO of Burnett, says, "Right now, our present people in the company aren't entertaining any thoughts of merging." He asserts that the breadth of stock ownership is not what's preventing it, stating, "We're not interested because we see we should be in the business of making outstanding advertising for the client. Megamergers don't make for this—and if there's an improvement in service, it's secondary. We can do a better job for our clients and our people by remaining private."

Asked where the megamerger trend is leading, he confesses, "I just don't know what's going to happen down the road. I wouldn't have projected all these megamergers." He believes they're happening because "a limited number of people are making a lot of money on it." Beyond that, he concedes only that it gives agencies offices in countries and cities where they otherwise do not have strength.

Broadened services

But John S. Bowen, chairman and CEO of DMB&B, sees a lot more to be gained through mergers than additional offices. He predicts, "There will be eight to 10 very large international

(*continued on page 177*)

"Right now, our present people in the company aren't entertaining any thoughts of merging . . .We can do a better job for our clients by remaining private."

John Kinsella
President
Leo Burnett

'Miami Vice,' 'Moonlighting' pilots sell on cassette before broadcast airings

Made in the U.S.A.: American firms vie for global home vid

By VICTOR LIVINGSTON

It's taken some time to happen, but the worldwide home video market is steadily emerging as a significant prebroadcast window for producers and owners of American made-for-TV movies, miniseries and specials.

For sure, sales to broadcast television are paramount, and in most cases will remain so. But many made-for-TV movies, producers note, resemble theatricals, which now can derive from a third to as much as one-half of total revenues from foreign home video sales. Eager to tap that potential, producers increasingly are using a sequential distribution pattern that gives foreign home video a first window for certain made-for-TV fare. While revenues from foreign home video for made-for-TV product show little sign of eclipsing the much larger universe of broadcast TV, those who are getting into foreign home video see it as a healthy revenue stream in its own right, one that is compatible with later sales to broadcast.

"Home video buyers are coming out en masse at MIP," says Archie Purvis, vice president and general manager of ABC Video Enterprises, which offers a catalog heavy in ABC-owned made-for-TV fare. "It used to be one in five that came by our booth was from home video. Now, for us at least, it's about half and half."

Changed revenue share

ABC Video Enterprises expects that 40 to 60 per cent of its revenues deriving from MIP this year will come from outside the broadcast market; last year, he says, the bulk came from broadcast. While series will remain primarily a broadcast product due to their serial nature, effective exploitation of the international home video market can mean a doubling of the international revenue stream for certain made-for-TV movies, he maintains.

While most of the larger worldwide home video operations stress theatricals, more attention is being paid to made-for-TV fare. Remarks Chris Deering, senior vice president of marketing for RCA-Columbia International Home Video, "Made-for-TV has been relatively small up to now. But as the catalogues burn out and the library of existing films works its way through the system, new product becomes scarcer, and there will be an increasing role for product originally made for TV."

U.S. made-for-TV movie producers began exploiting the overseas home video market in the early '80s with made-for-TV movies, and extension of the strong theatricals business. The industry tried foreign home video marketing of series with *Dallas* and *Dynasty* in certain markets. *Dallas* did particularly well on home video in England, with broadcast exposure actually fueling rentals (if not sell-through). Lee Rich, former president of Lorimar-Telepictures, now chairman of United Artists, notes that the home video appeal of *Dallas* in foreign markets has "slackened off a bit" from the fad years of a couple of seasons ago, when the overseas rental craze was at its most frenzied. But the foreign home video market for *Dallas* remains strong, he says, and the people behind *Dynasty* say that series continues to rent well abroad.

In the case of *Dynasty*, the show went home video two years ago in Norway when the broadcasting authority "was not jumping" to renew the show, recalls Julie Ambrosino, director of video enterprises for MPC (formerly Metromedia) Producers Inc., a subsidiary of Rupert Murdoch's Twentieth Century-Fox. A local co-venture of VCL Communications and DMD International obtained home video rights, releasing several cassettes with two episodes each.

The result, Ambrosino says: "Tremendous, far exceeding an equivalent broadcast revenue." For that reason, the producers say they went exclusive home video in Norway for seasons five and six of *Dynasty*. "We're not holding off from TV for good," Ambrosino adds.

Producers of television series try to exploit the home video market abroad without damaging traditional broadcast sales.

Bruce Willis, Cybill Shepherd of 'Moonlighting'

Don Johnson of "Miami Vice"

"The second we started distributing the cassette, TV wants it." She also notes that *Dynasty* is unique, and that with the exception of the Norway situation, MPC has not launched a series on home video prior to TV in other markets, with the exception of two-hour pilots. Indeed, *Dynasty* worked on home video in Norway precisely because "broadcast tempted and fed the audience, then took it off the air."

Tv pilots succeed

The international home video success of made-for-TV movies and two-hour versions of the mega-hit soaps explains why sequential distribution has spread from theatricals and made-for-TV movies to mini-series and specials. Because there is little pay TV in most foreign markets, pay rights are not as significant as in the U.S. Hit series like NBC-TV's *Miami Vice* and ABC-TV's *Moonlighting* now are being marketed to the foreign home video market in two-hour versions gleaned from pilots. The material, which is being given an exclusive home video window that generally runs from six to nine months, works for home video because it closely mirrors theatrical action-adventure product—the genre that dominates the home video market at home and abroad.

Indeed, theatricals in general drive the cassette business worldwide; industry players agree that U.S. program producers and rights holders should expect to derive a small slice of total revenues business from foreign sales. And because programming rights holders remain wary of damaging the overseas broadcast market, there is some reluctance to exploit the foreign home video market at all, for fear of damaging the financial viability of the long-established and lucrative market to foreign broadcast outlets.

The concern is that the carving out of a home video window for made-for-TV product will diminish the rights fees that broadcasters are willing to pay, to the point where programmers might have been better off to skip foreign home video entirely and stick exclusively with sales to broadcast.

Still, some U.S. programming entrepreneurs who have evaluated the risks maintain that the market can support both home video and broadcast windows—if certain precautions are taken so that home video does not decimate broadcast sales. This can be done, proponents say, because in most nations, there are more homes without VCRs than with—preserving the profit potential of the broadcast market. While the rights fees commanded for broadcast could be driven down by a first window to home video, the thinking is that the combined total sales to both windows should more than offset any diminishment of broadcast rights fees. In simpler terms, in many cases two foreign windows may be better than one.

'Dallas' and 'Dynasty' first proved that hit U.S. series can go cassette along with broadcast.

Made for home video

The potential of the foreign home video market is so great that Lorimar's Rich says his company is talking about the possibility of producing new episodes of series when their U.S. network run is over—and distributing the fresh material via home video, both domestically and overseas. So far, the idea remains in the talking stage; but the fact that it's being discussed demonstrates the potential of the home video market to domestic U.S. producers.

All of this underscores the growing importance of international home video rights. More broadcast and cable distributors are seeking home video rights from producers, some of whom cut deals for home video with an entity other than the seller to foreign TV.

The international VCR market continues to grow and mature at a rate that in many instances outpaces the U.S. VCR penetration of U.S. TV households stands at about 30 per cent, and already the VCR has revolutionized theatrical film distribution patterns and revenue streams. Abroad, VCR growth has been even more dramatic. The VCR rental craze reached a peak in the international area in 1982 and 1983, a couple of years before the rental boom stateside.

While the U.S. represents cumulative VCR sales of about 28.5 million, the largest single VCR population in the world, the worldwide VCR population is estimated at over 100 million, according to estimates from *Home Video Publisher*, a home video industry newsletter. In terms of penetration of TV households, the U.S. ranks seventh. Surprisingly, the VCR penetration leader is Turkey, (80 per cent), followed by Japan (64 per cent), Australia (45 per cent), Saudi Arabia (44 per cent), the United Kingdom (43 per cent), and Canada (30 per cent).

Despite the early successes with *Dallas* and *Dynasty*, the window for American TV product abroad generally excludes traditional series, a genre that is a staple of broadcast TV and one that generally does not work well in home video. But some program producers see international home video as an outlet for older series product that can't find a home on foreign broadcast television. This is especially true in nations with state-run broadcasting authorities and limited channel outlets for imported product—Italy, for example. Industry players caution that American exploitation of certain foreign home video markets is sometimes limited by stringent import quotas and tax restrictions. France is often cited as an example.

Home video first

A recent example of a made-for-TV project going home video in certain foreign markets prior to broadcast exposure is the NBC-TV series *Miami Vice*—in this case, the series pilot and the

'Dallas' stars Larry Hagman & Linda Gray

'Dynasty' star Joan Collins

MCA's Colin Davis:

Broadcasters don't like it, but home vid here to stay.

second-season premiere, both shot for two-hour running times. According to Colin Davis, executive vice president of MCA Television International, MCA withheld the *Miami Vice* pilot from foreign markets in anticipation of its release as a theatrical. But after evaluating the market, the studio decided it could avoid the cost of residual payments, prints and a heavy advertising budget by going home video instead.

The two pilots have been in the stores in key European and world markets for about three months. MCA, through its foreign distributor, London-based CIC Video, has given the two products an exclusive window of "five or six months" before broadcast sales in most foreign markets. Initial results have been "very successful," Davis says. Like most home video product, foreign or domestic, it is a rental market, with little sell-through. In non-English-speaking countries, the producer has had to assume the costs of dubbing, which adds to initial costs somewhat.

MCA also went to a first window for foreign home video with the two-hour pilot for NBC's *Airwolf*, and a two-hour version of NBC's half-hour *Alfred Hitchcock* anthology series. It also is offering long-form foreign home video versions of NBC's *Misfits of Science*, and *Knight Rider*, CBS' *Magnum, P.I.*, and the failed ABC series *Hawaiian Heat*. For Stephen Spielberg's *Amazing Stories*, the lavish, costly NBC series, MCA is editing together episodes for release in foreign markets first as a theatrical and then to home window. Broadcast sales won't happen until after the initial home video window in most markets. "In some cases, we have put episodes of these series on the air during the home video window, and in most cases, the broadcast exposure actually helped the home video sales," Davis maintains.

Although CIC Video handles actual foreign distribution, MCA has opened its own London operation to coordinate its sequential distribution of product. And, no doubt, the presence of the London office helps MCA smooth the ruffled feathers of foreign broadcasters who object to the first window to home video.

"Sure, some of the broadcasters are unhappy," concedes Davis. "They're all unhappy, because it is a new concept. But sequential marketing is here to stay.

"Remember, the theatrical people were unhappy once that movies went to TV, but it became a fact of life.

"If the foreign networks agree to it, this is the future," Davis goes on. "Of course, there is the downside that the international broadcasters are using, which is to say that, 'By the time I get to run it, everybody has seen it.' But with the present VCR populations, not everybody has seen it."

Financial benefits

Needless to say, MCA wouldn't be taking such chances with its established broadcast clientele if it didn't see short-term financial benefits. Deficit financing of U.S. network series hurts all programming producers in the short-run, but in the opinion of some, MCA has suffered more than most. The establishment of a new international window provides a new revenue stream, and its executives remain confident that their sequencing of product preserves broadcast sales as well. With a mega-hit like *Miami Vice*, it's easy to buy Davis' argument that home video exposure of long-form episodes only enhances the appeal of the broadcast version.

But many foreign broadcasters, like their American brethren, do not like the idea of being purveyors of second-hand goods, no matter how slightly used. MCA's Davis says sheer econom-

MGM's Larry Gershman:

Warns that home vid sales could hurt broadcasters

Viacom's Charles Tolep:

Social issues don't fly in overseas home video market

ics makes the establishment of the home video window a sound business decision, despite the potential for some ill will.

"In one market," he recounts, "the gross from the video sale of a pilot alone was greater than the free TV sale of the pilot plus 13 episodes to broadcast in another market."

While he won't release details, he does say that the concept works best in nations with limited broadcast TV availability, such as Sweden, France and Germany. ABC's Purvis agrees that the foreign home video market can be exploited without much damage to broadcast sales.

ABC reports "very successful sales" of the two-hour pilot of *Moonlighting* in Scandinavia, the United Kingdom, Spain and Japan. The pilot is being held back from broadcast TV for six to nine months, but the rest of the series is available. While Purvis won't release specifics, he says licensing fees per title range from $18,000 to $65,000, compared to $10,000 to $75,000 for the typical broadcast sale, depending on the market. And he maintains that broadcast sales aren't diminished by the home video window for the pilot—although he concedes that broadcasters in England and Australia have made that argument in negotiations for the series.

Staying power

"The broadcasters are attempting to exact some reduced fees as a result of the home video exposure. But if a given territory has five to 10 million TV sets, and you're selling 10,000 cassettes seen by maybe 40,000 people, you've tapped into something less than 1 per cent of the market. So I don't think the broadcasters can make the argument that you've hurt their market . . . The broadcasters have faced up to the reali-

(continued on page 179)

Regionalization of buying, complacency, high cost all get share of the blame

Pinpointing spot radio's first quarter dip proves elusive

There are signs pointing to a second quarter upturn for spot radio following its weak first quarter showing. But both buyers and sellers, asked about the whys behind that softness and what radio can do about it, come up with almost as many different diagnoses and cures as the number of people asked.

The situation, as outlined by Ken Swetz, president, Katz Radio Group, is that while April business looks good, "Early first quarter patterns continued into March, with the larger markets continuing to drop and smaller markets continuing to show gains. Spot radio in the top 10 markets lost $6 million during first quarter. The top 10 markets accounted for only 36 per cent of all spot radio dollars, against 40 per cent of dollars for first quarter '85. At the same time, markets below 100 increased by $3 million."

Charles Trubia,
senior v.p., Ted Bates: "If a client is in more than 30 markets, it doesn't make sense to pay the higher rate for spot, except in special cases. . .More national radio dollars have shifted from spot to the group plans and from the group plans to the networks and syndicators."

At Eastman Radio, executive vice president Dave Recher reports "strength from the 20th market on down, but New York is the only one of the top 10 markets that's up.

"Overall, network radio is the only medium that continues strong across the board. TV and print seem to be fairly soft, too."

Some blame this major market drop on growing regionalization of spot buying, pushed along by the recent wave of major agency mergers. Others see it as the fault of sellers who've relaxed long-term efforts to bring in new business. Some say sellers should be paying more attention to account attrition and spend more time making sure "radio delivers for the customers we've got." And still others see it as a simple matter of what the client can get for his buck by moving money out of spot and into other forms of radio.

Charles Trubia, senior vice president, director, radio/negotiations, at Ted Bates, reports that his agency's clients will invest $35 million in radio this year, "But only $5 million of that will be spot."

Cost differential

Trubia explains that the $30 million is going into network radio or group plans, "because the cost differential between spot and these other forms of radio is so wide that if a client is in more than 30 markets, it doesn't make sense to pay the higher rate for spot, except in special cases."

One case, he points out, might be a need for special merchandising help by a few stations in a few specific markets. Or we might need heavier support for a few markets where there could be dealer problems."

The net result of this limited need for spot, along with the rate differential, vis-a-vis wired network radio, concludes Trubia, is that "more national radio dollars have shifted from spot to the group plans, and from the group plans to the networks and syndicators."

Steve Farella, senior vice president, media director at Ammirati & Puris, observes that, "In a marketplace in which television is the primary medium for most national advertisers, we find that when TV becomes soft as it has been recently, some advertisers reconsider their media plan. They take advantage of TV's lower rates by spending a little more to get in on what they see as 'a bargain' in television."

But Farella also notes that this additional spending for TV often "comes at the expense of spot radio, which is fairly easy to get into and get out of quickly. It's not as easy to take the money from magazines, because print production requires more lead time, which means longer commitments, further in advance."

Neil Faber, president of his own media consulting company, Neil Faber Media, Inc., doesn't think national spot radio will be down for long because, "The signs we see point to both spot radio and spot TV coming back strong during May."

But he believes two reasons lie behind spot radio's first quarter weakness. One, says Faber, is that "Many of

Steve Farella,
senior v.p., Ammirati & Puris: Additional spending for TV often "comes at the expense of spot radio, which is fairly easy to get into and get out of quickly. It's not as easy to take the money from magazines, because print production requires more lead time. . ."

Erica Farber, *v.p., Interep: "The networks go in asking for 26 weeks—even 52-week orders. They don't ask for four-week schedules like we do. Their whole approach is based on the advantage to the advertiser of long-term exposure that's negotiated upfront, not as an afterthought to fill in the weak spots."*

the major advertisers this year got off to a late start and are only now beginning to make themselves felt in the spot marketplace."

But the second reason isn't going to favor spot radio. This, notes Faber, "is the long term dilution and fragmentation of media budgets. Because though total media budgets are generally up, they're being spread among more media: more radio networks, more long form concert syndicators, more independent television stations and more cable."

On the surface, adds Faber, "Cable seems more like television because it has pictures.

But tactically, in media terms, more advertisers are using cable like spot radio—to reach smaller, more specific audience segments, often with programming of special interest, if limited appeal, to a particular kind of audience. But for that specific audience, interest and attention levels are high."

Special interest segments

Faber adds that the upside of this for spot radio is that "Radio can capitalize on its ability to target these smaller special interest audience segments by becoming more marketing oriented. This means stop concentrating on selling 'my radio station' against 'the other guy's station' and start concentrating on what the advertisers need: What are his marketing problems? What can radio do to help? And that means the reps need marketing people talking to the planners and to the media directors at the agencies, and to the ad directors at the client, and help them analyze *their* business. Some radio people are already doing this, but more should climb on this band wagon."

One radio executive already operating along these lines is Erica Farber, vice president, general manager of Interep Marketing Systems. In her view, "It may be that after three good years of uninterrupted increases, too many radio people have been taking this growth for granted and relaxed the long term effort it takes to develop new business. They forget that we have to keep calling on the planners and account groups and clients, as well as the buyers. It's these other people who can tell us what we need to know about their category."

For example, Farber says, "I only found out last week how the ups and downs of the yen and dollar can affect the ad budgets of a Japanese car company. It affects how much they can spend on advertising in this country if their ad budgets are based on the yen.

At Masla Radio, executive vice president Peter Moore reminds us not to forget attrition. Says he: "New business is great and we can sure use more of it. But when we look at the attrition of accounts we *used* to have, maybe too many of us took them for granted and forgot to go back and say, 'Thank you,' once in a while. It seems logical that if we put a little more followup into the accounts we've already sold once, and make sure their messages are in the right kinds of format environment, we might be able to cut down on our very serious rate of account attrition."

Ken Swetz, *president, Katz Radio Group: "Spot radio in the top 10 markets lost $6 million during first quarter. The top 10 markets accounted for only 36 per cent of all spot radio dollars, against $40 per cent for first quarter '85. Markets below 100 increased by $3 million."*

Bob Ferraro, *exec v.p., Blair Radio: "When Chiat Day and Apple computer go regional and Benton & Bowles links up with D'Arcy's regional buying setup, major market stations in the big buying centers are bought direct. Less station revenue flows through the reps."*

Just how serious attrition has been in Los Angeles, the market hit hardest by first quarter spot softness, is underlined by another rep executive who notes that normal spot radio dollar attrition is in the 40 to 60 per cent range, "which is bad enough," but that 78 per cent of Los Angeles spot dollars, as reported by Radio Expenditure Reports for January, 1985, did not come back this January.

Moore estimates that if attrition could be cut by 20 per cent, "We could count on 12 to 15 per cent growth each year, because more of our new business would be *additional* business, and less of it would merely be replacing what we lose each year by default and neglect."

Maury Webster, executive director of the New York Market Radio Broadcasters Association, agrees: "The best customers we'll ever have are the ones we have on the air now. We better make very sure we are servicing them, and make sure radio is doing a good job for them. If they're using radio and something is going wrong, they may not tell us unless we go see them and ask."

(continued on page 196)

NBC 60th ANNIVERSARY ISSUE

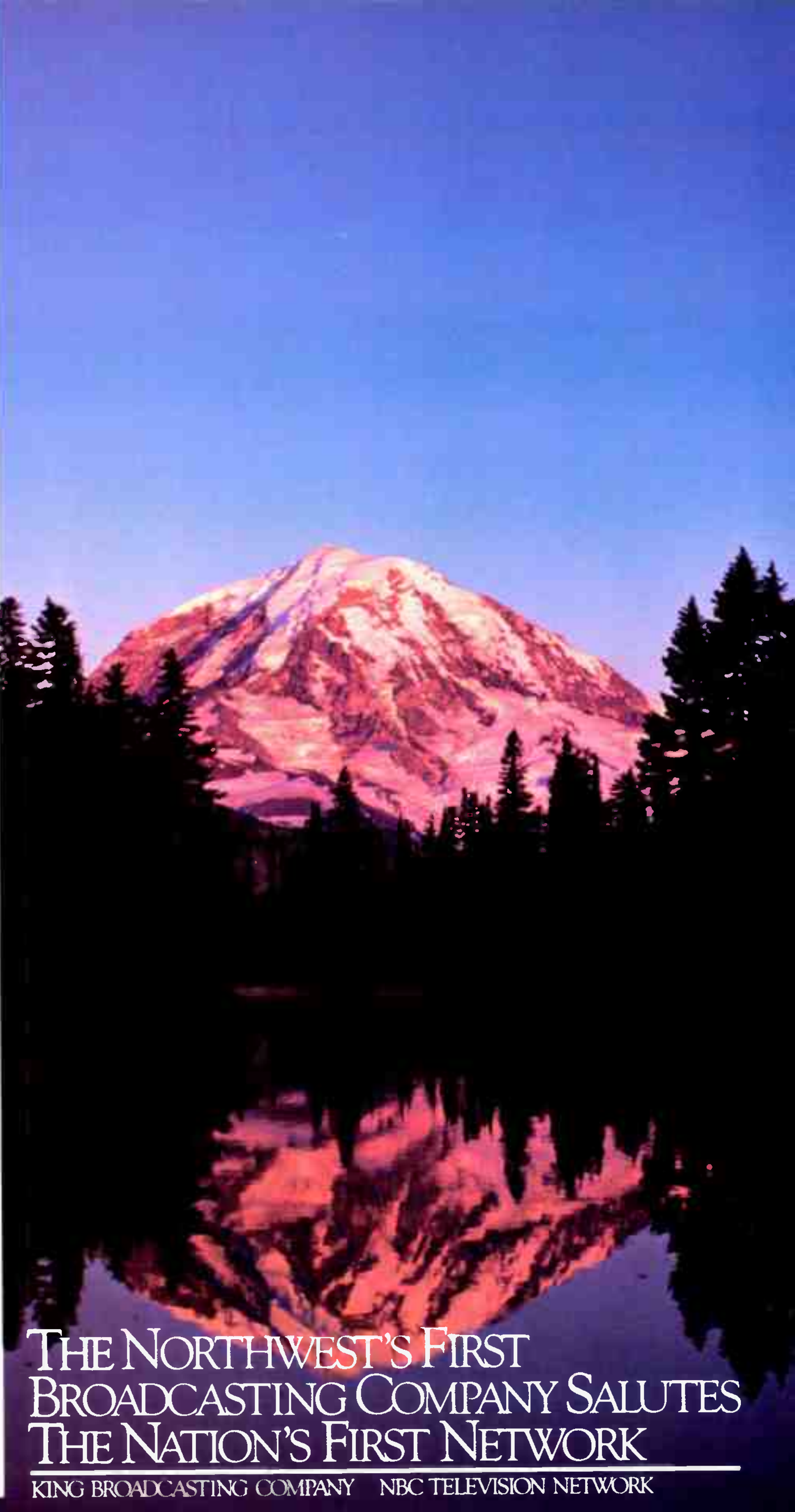
Television/Radio Age

May, 1986

KGW-TV is celebrating our thirtieth anniversary this year, committed, as always, to innovation in local programming and active community service. Our news department was honored recently with the George Foster Peabody Award. KGW is proud to be NBC in Portland.

KTVB is Idaho's news leader with the largest audiences in every news time period. We're also number one sign-on to sign-off and, with NBC, number one in prime time. KTVB is proud to be NBC in Boise.

KING 5 was the first station to sign on in the Pacific Northwest. We continue to be first in local programming: winning more IRIS awards than any other station in IRIS history. We're first in prime, first in news and proud to be NBC in Seattle/Tacoma.



Eddie Cantor, 1926

Rudy Vallee, 1938

NBC at 60: from crystal sets to Bill Cosby, glory days

BY DAN RUSTIN

The National Broadcasting Co. will be 60 years old this August. Of the many events that have taken place in that time, perhaps the most significant is the supplanting of printer's ink by the electronic impulse. NBC played a leading role in this revolution, being on the cutting edge of radio, television and TV color.

This special supplement highlights the major contributions of NBC in those 60 years.

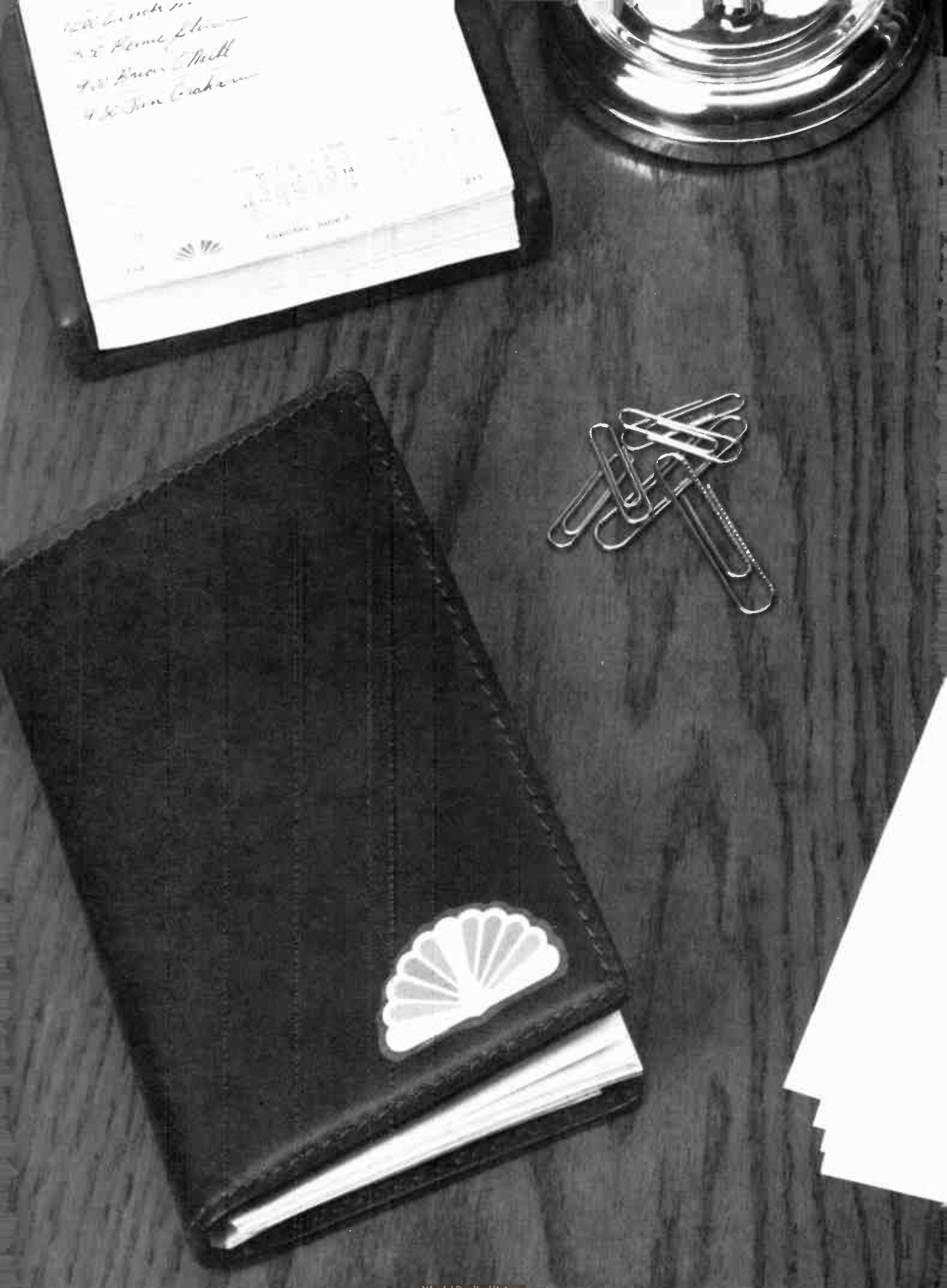
It continues TV/RADIO AGE's 50-year salute to the company, published June 21, 1976.

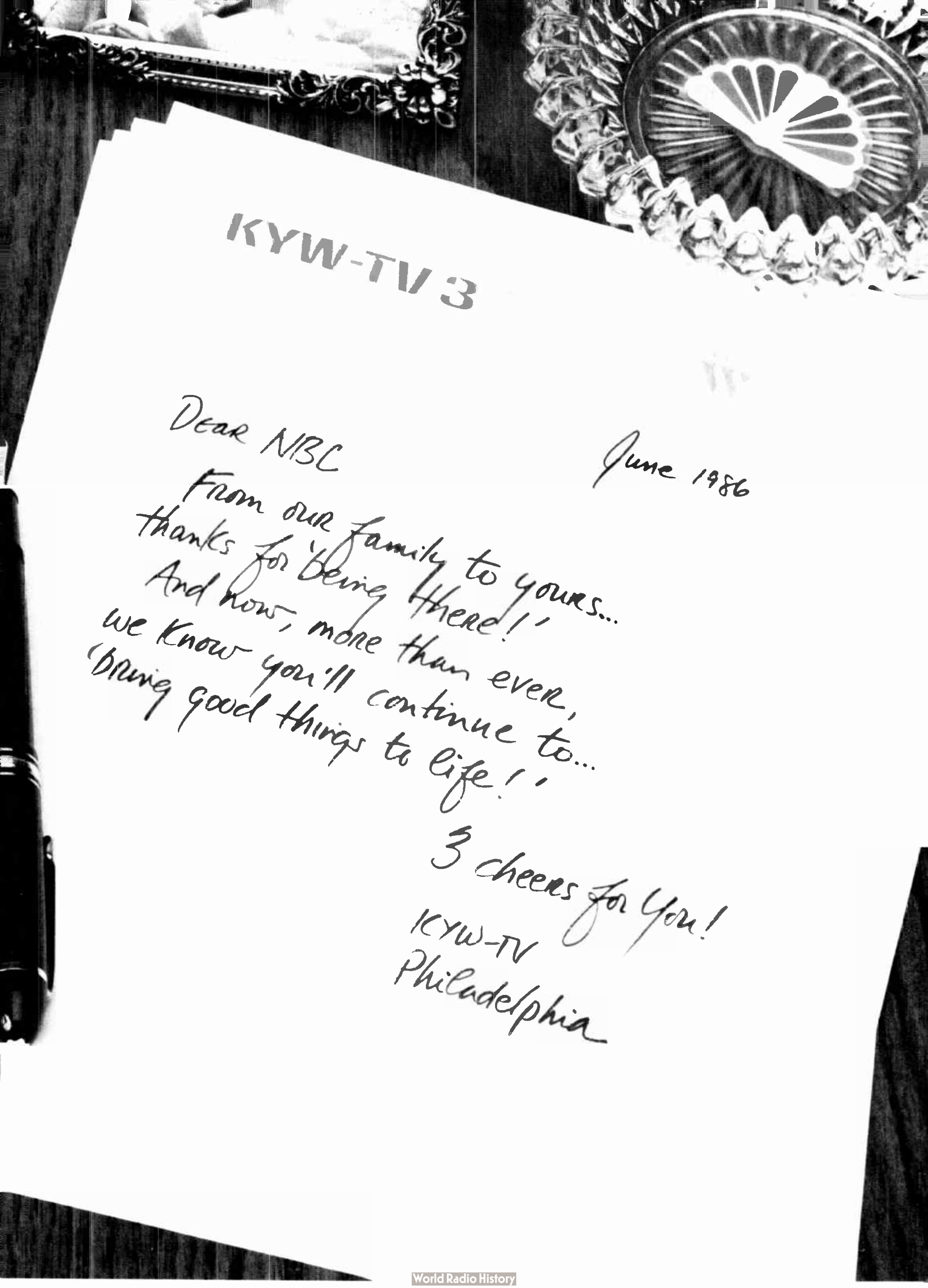
The lead article explores NBC's impact on advertising and advertisers, which has been substantial. The next feature deals with the network's relationship with and contributions to affiliated stations (page A-27). Following is a concise history of the company (page A-43), with special emphasis on anecdotes and illumination of the personalities who molded this great enterprise.

The status of the NBC-TV network's television schedule today is examined in the fourth article (page A-79). The final piece, NBC tomorrow, attempts to peer into the company's future, now that it has returned full circle to its origins, following the merger of RCA and General Electric (page A-88).

'Cheers,' 1982

Bill Cosby, 1984




KYW-TV 3
Dear NBC
June 1986
From our family to yours...
thanks for "being there!"
And now, more than ever,
we know you'll continue to...
"bring good things to life!"
3 cheers for You!
KYW-TV
Philadelphia

Electronic media, webs, color meant manna to marketers

In his book *The History and Development of Advertising*, adman Frank Presbrey called broadcasting "the largest development in U.S. industry in a similar length of time." He had already seen the industry boom, yet it was only 1929, and radio was barely a decade old.

NBC brought radio into the home; followed it later with television, then color. Within the company's 60-year history, these advances were to change the lives of every person they touched, from the hobbyist tinkering in his garage with a newfangled crystal set, to the housewife decades later stocking her shopping cart with frozen pizza.

Unquestionably, there would have been broadcasting without NBC, but it probably would not have assumed the form that we know today, nor would it have arrived with the speed that it did.

The contributions of NBC to advertising, business and the nation have been many. But its first was undoubtedly its most important—the popularity it gave to radio.

NBC had been intended as a force to untangle the complicated knot that was strangling the radio business—a means to clear the air of clashing local signals by offering listeners something significant to listen to on a national scale.

Radio set sales had started well enough: by 1925 they amounted to $430 million, increasing to $506 million the following year. But the public was losing patience with the unpredictable schedules and the annoying interference—they'd start out listening to a coloratura and wind up hearing a crop report. Set sales tumbled dramatically in 1927, to $425.6 million. The following year, after NBC had established itself as the first national network, healthy recovery in set sales was recorded—to $650.5 million.

NBC's inaugural was an event of the first order, a four-hour marathon that started at 8 p.m. on November 15, 1926, from New York's Waldorf-Astoria Hotel. A network of 25 stations in 21 cities were hooked together by telephone lines and most stayed on the air to the end, well after midnight. An estimated 2 million people as far west as Kansas City heard Will Rogers, Weber and Fields, soprano Mary Garden and the Walter Damrosch Orchestra.

There were no advertisers on the maiden broadcast, which left the distinction of being NBC's first advertiser to Scott's Emulsion ("of pure Norwegian cod liver oil"), which hosted, over 13 linked stations the following night, a musical program by "The Vikings" from 8:00–8:33 (yes, 8:33) p.m. When that show ended, Buckeye Malt Syrups presented The Jolly Buckeye Bakers, *The Eveready Hour* was offered by National Carbon, and U.S. Playing Card Co. provided what must have been riveting entertainment, the account of a bridge auction.

First serial drama

NBC's next major contribution to broadcasting lore occurred on August 6, 1928. This took the form of the first serial drama, *Real Folks*, sponsored by Chesebrough, a half hour from 9:30–10 p.m. on one of the two NBC networks, the Blue. Little is remembered of this serial except that it lasted three and a half years.

In 1928 the Association of National Advertisers conducted a survey of its members to find out how many were using radio. Only 10 per cent (16 of 160) answered in the affirmative, and of those only three used it "dominantly," and five "extensively." The rest "in a limited way."

A year later, all that began to change. The date of demarcation was August 19, 1929, when a 15-minute quickie comedy from Chicago started on NBC Blue. It was called *Amos 'n Andy*, and was to remain on NBC through 1948, transfer to CBS during the famous talent raids, then continue on CBS television for another five years. In all, it had a run of 24 years.

Amos 'n Andy was sponsored by Pepsodent which contained "Irium," a mysterious ingredient which sprang from the cultivated mind of Albert Lasker, who owned Lord & Thomas, the predecessor of Foote, Cone & Belding, the most successful advertising agency of its day and NBC's biggest backer. Almost half of the network's early radio business derived from that one agency. Lasker was so successful that it was said he suffered a loss of $17 million in the stock market crash of 1929 and hardly felt it.

Bonified success story

Another Lasker client was Cities Service, and here NBC made one of its first quantifiable contributions to the nation's business. The crash had caused Cities Service stock to fall from $68 a share to 75 cents. Company sales in 1927 had been $650 million. By 1930, with cars propped up on cinder blocks, $100 million. Wall Street was about to write off the company as another Depression casualty.

Lasker and NBC president H. Merlin Aylesworth convinced the chairman of Cities Service's executive committee, W. Alton "Pete" Jones, to expand rather than contract his ad budget to

Freeman Gosden (l.) and Charles Correll

'Amos 'n Andy' started on NBC in 1929. Suddenly, as an advertising medium, radio sizzled.

'Truth or Consequences,' 1940

$570,000 and to originate a series of semi-classical concerts. Slowly, sales began to creep back up, passing $200 million in 1936, $300 million in 1942 and $750 million in 1951. By that time, Jones had spent an estimated $118 million on NBC, and freely credited Cities Service's survival to the network.

S. C. Johnson started on radio in 1935 after advertising its wax in magazines. William N. Connolly, Johnson's director of advertising, and Jack Louis of Needham, Louis & Brorby toured the country seeking a suitable program to showcase Glo-Coat.

After hearing dozens of acts, they finally found a "homey" little comedy on NBC's WMAQ Chicago. Called "Smackout," it dealt with a couple who ran a crossroads grocery store, "smack out" of everything their customers wanted. Marion and Jim Jordan were the proprietors. "We liked their qualities of warmth and homeyness," reported Connolly, "so we started constructing a show." Jordan had a penchant for telling tall tales, so they arrived at an appropriate name, *Fibber McGee and Molly*.

When the Ted Weems orchestra was added, a young singer threatened to quit because he could earn more in his previous occupation as a barber than the $75 a week he was paid. His name was Perry Como.

The program started on NBC Blue April 16, 1935, with a lineup of 11 stations. The half hour cost Johnson $2,600 a week in network time charges, $1,960 for talent, for a total of $4,560.

Though Johnson never revealed its sales figures, Connolly stated in 1961: "The show's value to us as an advertising vehicle was best demonstrated by the rising sales curve during those important years of Johnson's growth."

Birth of a cereal

The year NBC started, 1926, General Foods had net sales of $57 million. By 1930, it was spending $260,000 a year on radio. About that time, it was ready to introduce a venture that would become so well associated with the new medium that it has been said radio virtually created it.

Grape Nuts was not an instant marketing success. Its kernels were small and hard like pellets of buckshot, and they tended to get stuck in the teeth. Children often complained that breakfasting on the stuff was like eating dirt.

Undaunted, every Thursday evening for 15 minutes, live from Antarctica, short wave coverage of Admiral Byrd's second expedition to the South Pole carried the message that "Admiral Byrd has again selected Grape Nuts as one of the foods to nourish his band of stalwarts during their stay at the bottom of the world." Despite its handicaps, the product took off and is still a staple of the GF line today, when the company is a $9 billion a year business, partially saved by radio.

Mention products like Jello, Campbell soups, Lifebuoy, Maxwell House and hundreds of others and jingles come to mind, a clue to radio's part in their success. It also hints at NBC's success. In 1930, gross sales were $20,255,300 and profits were $1,906,370. By 1937, the gross reached $30,883,952, and profits hit $3,699,386. Network radio's share of total advertising revenue was 7.1 per cent in 1935, 9.5 per cent in 1940, an increase of 25 per cent in five years.

But, of the all successes to spring out of NBC in the radio days, none was more curious than that of Lucky Strike cigarettes. For 21 years, American Tobacco was headed by George Washington Hill, an irrepressible character who blushed at nothing.

He put "spit" in Cremo cigar's advertising, but denied it was present in the product with the slogan "There is no spit in Cremo!," and broke the networks' mandate against mention of price when he insisted that "It costs five cents!"

For 12 of the 21 years Hill ruled like a sultan at American, radio sloganized Luckies into the number one selling brand among cigarettes. When he set his sights on luring more women into the smoking habit, he enticed them to "Reach for a Lucky instead of a sweet."

When World War II denied him the copper and chromium for the Lucky package, Hill seized the opportunity to announce "Lucky Strike green has gone to war!" Sales jumped 38 per cent in six weeks.

Unquestionably, the best remembered cigarette slogan ever was the cryptic "L.S./M.F.T." (for "Lucky Strike Means Fine Tobacco,") which seemed to need no explanation, and is still visible on the bottom of the pack. Introduced in 1942, the encoded initials blared out of the radio so much that one man broke his toe rushing to twist the dial.

David Sarnoff formally introduced television to the world at 1939 New York World's Fair.

David Sarnoff at RCA Pavilion

60 VINTAGE YEARS

ON NOVEMBER 15, 1926, the National Broadcasting Company transmitted its first radio program from the Grand Ballroom of the Waldorf Astoria Hotel. During the following years, NBC introduced such stars as Amos 'n Andy, Rudy Vallee, Edgar Bergen and Charlie McCarthy.

Innovations come quickly in our industry. After World War II, television sets became as common in American homes as radios. Through war, depression, good times and bad, this country's communications industry endeavored to inform and entertain the nation. Sometimes the news was good. Sometimes it was heartbreaking. But through it all, the first responsibility of our industry has been to link us all together with knowledge and with laughter. To educate and enlighten. To amuse and uplift.

Four of the six stations which compose H&C Communications are NBC affiliates and have been since their inception. Today all six H&C stations extend this salute to NBC–regardless of their network affiliation.

So here's to the contributions of NBC, truly an industry pioneer.

To the next 60 years!

H&C
Communications, Inc.

KPRC-Radio Houston
KPRC-TV Houston
WTVF Nashville
KCCI-TV Des Moines
KVOA-TV Tucson
WESH-TV Daytona Beach Orlando
Washington Journalism Review Washington D.C.

At left, the NBC logo as it appeared in 192

'Perry Como Show' 1948

cause of "husbands meaner than mine"; 6.3 per cent because "they do the crying, so I needn't"; 6.1 per cent for "makes conversation with neighbors"; 6 per cent for "kills time"; and 5.6 per cent for "drowns out baby's squawking."

If NBC's contributions to radio could be considered significant, those it was about to make in the '30s and early '40s would be monumental.

A Frenchman, Perski, had been the first to use the word "television," as far back as 1900. It took a Russian born scientist, Vladimir W. Zworykin, to prove that the idea was feasible, when he applied for a patent on an iconoscope in 1923. Zworykin later went to work for David Sarnoff at RCA, where he was instrumental, along with others, in developing the modern technology of television.

Most people know that David Sarnoff officially introduced TV at the New York World's Fair in 1939, but the medium was being talked about in more or less realistic terms long before that. In 1929, Frank Presbrey had written: "With the addition of television, by which a picture of the product in colors will appear before the home radio audience, there is the probability that the department store counter will be radioed right into the home. It is conceivable, as someone has pointed out, that at a certain hour each morning a department store salesman will unroll bolts of fabrics or plant other articles before a camera and with colored motion pictures and microphone give a selling talk to several hundred thousand women who have seated themselves before the radio in their homes and tuned in for the daily store news . . . In view of the amazing technical progress that has been made, who will say that the procedure described is not within the realm of procurability?"

Experimental TV station

NBC's original TV station, W2XBS, was on the air experimentally in 1939 and introduced sports to the first few set owners, when it televised baseball from Columbia University's Baker Field on May 17 of that year. It was only Columbia vs. Princeton, but it proved beyond a shadow of a doubt that you couldn't cover baseball with a single camera. Earlier, a play *Susan and God* had been experimentally telecast from a Broadway theater.

W2XBS got the first FCC TV station license in 1941 as WNBT New York. Its first rate card offered an hour of time between 8 a.m. and 6 p.m. for $60; between 6–11 p.m. for $120, and Sunday afternoon for $90. Production charges were $150 an hour for the use of a large studio and $75 for a smaller one. Despite the small audience available, a few advertisers were willing to test the waters, P&G, Lever Bros., Bulova and Sun Oil are recorded as WNBT's first sponsors, July 1, 1941. Among the first shows: Lowell Thomas' newscast, *Truth or Consequences* and *Uncle Jim's Question Bee*.

NBC's next major contributions were delayed until after World War II, when attention reverted back to its primary business after four years of concentration on the war effort. Television sets were being sold in 1946 and live, though primitive, programming was slowly filling the airways.

In 1948, *Texaco Star Theater* with Milton Berle became NBC's, and the world's, first runaway television hit. The oil company paid NBC an annual sponsorship fee said to be $1 million, with weekly program costs of $15,000. Twenty stations were connected to the network at the time.

Sylvester "Pat" Weaver came to NBC as vice president in charge of television in 1949 from Young & Rubicam. Previously, he had worked at American Tobacco, under Hill, where he had gotten the irascible president to invest the bulk of the Lucky Strike ad budget in nighttime radio, and they watched the brand climb from third to first place among cigarette sellers. But when Weaver gave up smoking, he felt guilty about coming to work there, so left American for Y&R.

Weaver's impact

He changed the interior structure of TV as have few, before or since. He introduced the special ("spectaculars" he called them), and the rotating weekly series. He opened up rich new advertising opportunities with *Today* and *To-*

Hallmark started on NBC-TV with 'Amahl and the Night Visitors' in 1951. Company sales tripled in the first 15 years of 'Hallmark Hall of Fame.'

'Amahl and the Night Visitors'

night. But his most important contribution, and perhaps NBC's greatest gift to the television business, was his idea of the minute participation, or "magazine" concept of TV advertising. This concept, propelled by rising ad costs, caused an entire overhaul of the agency business, made television a medium that almost any advertiser could afford, and virtually revolutionized mass-marketing. It sounded the knell of full sponsorship, and brought the programming function back into the networks' preserve, where most broadcasters thought it belonged all along.

Robert C. Blackmore, senior vice president for NBC-TV sales, who was an early salesman of *Today* and *Tonight*, explains the impact on the agency of minute sales: "Once it opened up, there were a multitude of advertisers who needed agency advice. People started to use the medium more strategically. Research and media departments became more important, and agencies changed the way they operated. Instead of program departments, they suddenly needed more media people."

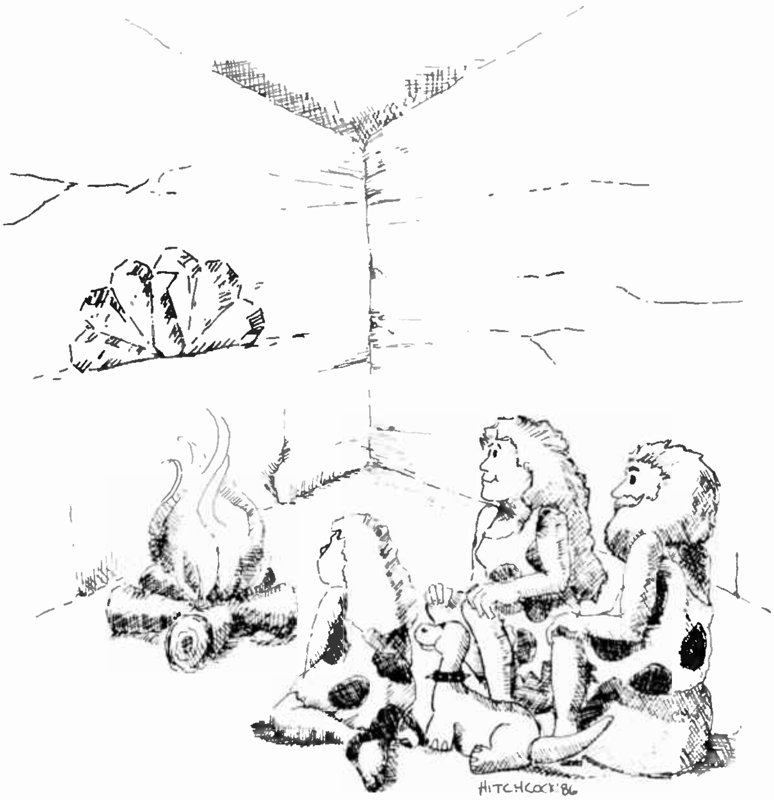
"I knew minutes would work," Weaver reported to Mary O'Connell's NBC Oral History project. "The strategy worked beautifully. We sold minutes for the first time in network history at night in a great big show (*Your Show of Shows*) and the minute advertising business just went through the roof. That really broke the spirit of my competition because they had to admit (1) it would work, and (2) it was true, that as the TV business expanded they would not be able to afford the radio formula within a few years."

Rotating sponsorships

Of rotating sponsorships, Weaver reflected, "Everybody in the agency business hated me, called me a traitor. Advertisers wanted to continue to buy time from NBC, put on their own shows with their own talent. They didn't want the networks to program. Most of all, they were thinking of old values which I knew within two or three years would be gone . . . I thought that the network should be a program company that sold advertising, instead of a facility that sold time to advertisers who put on their own shows."

The first rotating program Weaver sold was the *Comedy Hour* with alternating stars Eddie Cantor, Fred Allen and Martin & Lewis. Colgate and Frigidaire (General Motors) bought it. "The minute I sold that, I sold the exact show again with Danny Thomas, Jack Carson, Jimmy Durante and Ed Wynn, an all-star revue on Wednesday to three clients."

Weaver began to work on *The Today*



In the days before NBC.

Sixty years of NBC...
Forty years with KCRA-TV...
Celebrating a century
of television magic. Together.

Thank you from ...

KCRA
3 TV

Sacramento-Stockton

'The Tunnel,' 1962

Documentaries created a need for more portable TV equipment, which ignited a hot new field: electronic news gathering.

Show in 1951; it went on the air in January, 1952. "The biggest, hardest job in *Today*, beside making the news department get out of the way so we could do it right, was to get the stations to open up at 7 o'clock in the morning," Weaver recalls.

It was also extremely hard to sell at first, according to Richard A. R. Pinkham, who had been *Today's* producer before he went on to a distinguished agency career at Ted Bates. "All the network salesmen were out selling *Perry Como* or some other popular show, and, as they went out the door the agency mentioned *Today*. But nobody paid any attention to it."

The host was the mild-mannered Dave Garroway, who presumably lost his temper only when the camera was off him and the irrepressible J. Fred Muggs was on him. The chimpanzee seemed always to be getting stronger, Pinkham remembers, and Garroway would whack him the moment the show broke for a commercial.

Saved show

Actually, the simian star saved *Today* from the TV undertaker. Reviews had been bad, and ratings were causing cancellation talk. Then Muggs was discovered by an NBC public relations man, went on the show the very next day and immediately interest began to build.

"That wretched J. Fred Muggs made approximately $100 million for NBC,"says Pinkham now, in *Today's* 35th year.

Tonight went on in October, 1954 as a replacement for the infamous *Broadway Open House*, with Jerry Lester, which was responsible for a whole new vocabulary of verbal exclamations and the well-endowed Dagmar.

Cancellation was also seriously considered for *Tonight* in the early 1960s, says Hugh "Mal" Beville, Jr., who headed up NBC's research and planning effort for many years. He recalls that he implored Robert Sarnoff, then NBC's president, to keep the show going because "if that time was given back to the affiliates, NBC would never get it back."

The value of these shows was double barrelled: they brought a more sophisticated kind of programming to fringe periods, thus giving viewers something worthwhile to watch. Homes using television expanded as a large number of new viewers were introduced to the medium.

More important, the lower advertising rates in these shows encouraged thousands of advertisers to experiment with a medium they couldn't possibly have afforded in the past. Big prime-

'Your Hit Parade' 1950

time spenders could also test-market and introduce new products at an affordable cost.

Holiday Inn had one motel when it opened for business in 1952. It went on *Today* and *Tonight* and started to move. Franchisers were urged to tune the TV sets in motel rooms to NBC, so guests could see the programming sponsored by the franchisee when they turned it on. By 1968, there were 900 Holiday Inn franchises.

Alpo had been started in 1936 by Robert F. Hunsicker on a $200 investment in his Allentown, Pa., garage. The all-meat dogfood business grew slowly with magazines, then went on *Today* and *Tonight* even before the product went national. An immediate 40 per cent increase in sales followed. Within five years, sales had increased 510 per cent; within 10 years, 1,500 per cent. By 1970, after takeover by Liggett & Myers, the company had $120 million in sales and owned 27 per cent of the $450 million canned dogfood market. Johnny Carson, who took over as *Tonight's* host in 1962, couldn't get a dog to eat the product on a live commercial one night, so he got down on all fours and assumed the canine's role himself.

Weaver's idea of the special brought another kind of client to NBC. This was Joyce Hall, founder of Hallmark. Weaver induced the greeting card maker to spend his entire TV appropriation on one program, *Amahl and the Night Visitors*, in 1951. Hall and his agency tutor, Fairfax Cone of Foote, Cone & Belding, felt the seasonal series concept was working when eight of 10 people in a survey reported that they would rather buy greeting cards in a shop that had a Hallmark sign outside. When *Hall of Fame* offered "Hamlet" in 1953, more people saw the play in one night than had seen it in the 350 years since Shakespeare wrote it. Sales volume of Hallmark products increased 300 per cent in the first 15 years of the series.

Many other advertisers were able to break into TV because of Weaver's "minute participation plan." Alberto-Culver, which went into business in 1955, was soon investing $30 million a year in minutes and competing with Bristol Myers, P&G and Colgate. The cosmetics company doubled its sales every year between 1955 and 1962, when its gross hit $57.4 million. "TV has been cited as the single most important factor in the growth of Alberto-Culver," observed president Leonard H. Lavin at the time, "and nothing could be more true."

A similar impact was made on advertising agencies. Sums up the chairman of Y&R, Edward N. Ney: "Sixty years ago NBC started it all when it became the first network. It made a big difference not only then but ever since I have been in the advertising business. NBC has given us the quality showcases that we have always looked for for our clients."

Introduction of color

NBC's next major contribution came with the introduction of color. After a fierce battle with CBS over a competing technology initially accepted by the FCC, Sarnoff's compatible color system was approved as the standard in 1953. It took 12 years for NBC to convert its full schedule from black and white to color.

In 1961, the U.S. airline industry lost $36.8 million. But the glamor of faraway places in vivid hues turned the situation completely around. By 1965 airline profits were $282 million. Eastern, which had lost $69 million between 1960 and 1963 started advertising in color, and turned a $20 million profit in the first six months of 1965. Eastern's marketing vice president, George S. Gordon, said the turnaround was due largely to advertising, particularly TV, and especially to color.

To promote the new technology, reports David C. Adams, NBC's former vice chairman, NBC conducted studies which showed greater viewership by color homes, which were also more affluent and better consumers. "This study," he believes, "started the trend toward concern about demographics which revolutionized the entire research industry."

In 1962, there were 1 million color homes out of 45 million TV homes in the U.S. By 1980, the proportion was 66.2 million color homes out of almost 78 million TV homes.

Victory at Sea, with score by Richard Rodgers, had been among the first NBC documentaries. In 1960, this unique television form received a spark from the quiz show scandals of 1958–59 that caused a real explosion. Suddenly, the networks scrambled to put more serious programs on the air. NBC's contribution was solid support of the documentary form. Some of the best remembered were *The Real West*, narrated by Gary Cooper, and *Angola: Journey Into War*.

Though Nat Cole failed, Flip Wilson hit it big.

Perhaps NBC's most riveting documentary was *The Tunnel*, which aired December 10, 1962. It depicted the actual digging of a tunnel out of East Berlin. Its details were kept such a closely guarded secret that not even NBC brass knew the show was in production until the final footage was delivered.

This spate of documentaries encouraged the use of lighter film equipment and helped reduce the size of field cameras from 35 to 16mm. Eventually, they cut the umbilical cord between camera and sound. Such technological improvements later proved an invaluable contribution to the electronic newsgathering revolution of the 1970's.

Black performers

Another contribution of which NBC can be proud was its role in the emergence of black performers on television. Nat King Cole was the first major black artist to headline a network variety series, with a 15-minute show on NBC in 1956. It was such a bold step that sponsors refused to come forward to support it. Naturally, the show died, but to NBC's credit it stayed on longer than expected. A decade later, Sammy Davis, Jr., hosted his own NBC show, but it wasn't until Flip Wilson's series in 1970–74 that a black performer reached the heights of TV popularity.

What's the sum total of NBC's contributions to broadcasting, advertising and the national economy? "Enormous," says Richard Kostyra, executive vice president and U.S. director of media services at J. Walter Thompson. "To measure it you would need a calculator of time-machine proportions." □

Sticking with NBC, for better or worse: Affiliates say why

During NBC's ratings crash of the late '70's, 27 affiliates deserted the network. Most were lured by the promise of higher ratings at the rival networks that would translate into more ad revenues.

Others didn't desert, though in many cases enticements were offered. They stayed at home, not because they felt NBC would have its day at the top, but for other reasons.

Explains Jack Harris, former president of KPRC-TV Houston: "I sincerely believe that an affiliation with a network is like a marriage. Not lightly entered, and not lightly severed."

Adds Fred Paxton, president of WSPD-TV Paducah-Cape Girardeau-Harrisburg-Marion, "most affiliation switches do not work well. In a three-station market one would come out well, and that's the station which stayed put."

Many veteran station owners acknowledge that the main reason they got into television was because David Sarnoff told them to. Otherwise, they might have missed the boat—and a very luxurious boat it has been, too.

Sarnoff's advice

Harris, reminiscing for the NBC Oral History compiled by Mary O'Connell, recalls that General Sarnoff implored radio affiliates in 1947 to get into television while CBS's William S. Paley was urging them to stay out and await the arrival of color. "Over the years," reflects Harris, "I reminded a lot of my associates among the affiliates, 'You know, the network owes you, and you owe the network. But we all owe General Sarnoff everything for his advice at that time.' "

The contributions that NBC has made to its 200 TV and 500 radio affiliates during its 60-year history parallel those it made to the advertising community.

Ancil Payne, president of King Broadcasting, Seattle, recalls that station was bought by the Bullitt family for $500,000, before the licensing freeze went into effect in 1949. "Mrs. Dorothy Bullitt had a monopoly in the Seattle-Tacoma area for a period of five years," says Payne. "It hasn't proven to be a bad investment."

Harris recollects that when he first joined KPRC radio it was situated in primitive surroundings in the Lamar Hotel in Houston, which was not the boom town it later became. A new TV station had just opened and the owner was losing $35,000 a month on the franchise. The Hobby family bought the station for $750,000. "That $750,000 investment is now worth hundreds of millions," says Harris.

Hugh "Mal" Beville, former NBC research and planning chief, reveals how many such fortunes were made: "In establishing a television rate curve, I was determined to learn from radio's mistakes," which included underpricing of radio. "We priced TV at three to five times radio's circulation, with greatly accelerated rates for the top audience stations. This steep curve produced very high, relative to radio, rates for O&O stations. Network television would lose money for years. We knew it had to be subsidized by station profits. However, the curve worked to produce many affiliate station millionaires, most of whom hardly knew how it happened."

Another contribution of NBC, often overlooked, is what network TV did for certain markets. At the time of television's introduction, metro areas were defined by newspaper circulation. At first, advertisers had to make adjustments for radio, then, when TV came along, redefinitions were required because of the contour of video signals. Many insignificant markets suddenly became important advertising locales, such as Charleston-Huntington, W. Va., which shot from market 90 to 40 overnight.

"Stations," says broadcast historian Erik Barnouw, "were in the black within a month during the heady period of 1956–57."

The relationship between the network and the affiliate is quite unlike anything else in business. David Adams, NBC's former chairman and vice chairman, used to refer to it as being like two scorpions in a bottle.

"We're competitors in one area and partners in another," believes Harris.

"It can be adversarial, but we need each other," adds Bruce McGorrill, executive vice president of Maine Broadcasting, whose WCSH-TV traces its heritage right to NBC's first radio broadcast in 1926. "There could not have been TV in Bangor, Maine, without networks. The networks put in microwave, paid network compensation to small stations. Many times that compensation was the difference between profit and loss. They kept the stations going until TV became more accepted."

Monetary disputes

Like most marriages, the union of network and affiliate isn't without disturbances. And like most marital conflicts, the cause is usually money.

Since the radio days, affiliates have complained that the network doesn't put a high enough value on station time, while the networks argue that the programming they provide should be compensation enough. In fact, in the view of some, had it not been for the antiquated practices of radio, when the networks had to "buy" audiences for a fledgling medium, there would proba-

"ABC was out to get any NBC affiliate it could. Our station resisted the temptation. I tried to convey to other affiliates my personal sense of loyalty to the network."

Fred Paxton
President
WSPD-TV Paducah-Cape Girardeau

"Even in the dreariest days, KING never seriously considered leaving NBC. Our association with NBC has always been good . . . That relationship is very important, and we cherish it."

Ancil Payne
President
King Broadcasting

bly be no compensation payments at all today.

"When television came along, if they'd known everything then that they know now, the networks wouldn't have adopted the radio formula," says Harris. "Affiliates really inherited a very favorable deal."

A story that's often told is that David Sarnoff used to complain to Sylvester "Pat" Weaver, NBC president and chairman, 1953–56, that network profits were not as juicy as those of the NBC O&O stations. Weaver told the General, "If you'll permit me to do one thing I'll allow you to name the amount of profit you want."

The General said, "What's that?" Weaver replied, "Allow me to affiliate with any stations I want to." The General asked, "What would that do?" Weaver answered, "In New York, instead of WNBC, we'd go over to WPIX or WNEW, and instead of paying them $2.5 or $3 million in compensation, we'd get $5 million. That's a turnaround of $8 million there. Then I'd go to Los Angeles and Chicago and drop those O&Os."

Reveals Harris: "I told that story to the affiliates many times because the relationship between the network and the affiliate is very much tilted in favor of the affiliate."

Affiliate raids

Don Mercer, NBC's vice president of affiliate relations from 1967–78, remembers that in 1953 CBS staged its first serious affiliate raids. "The General called a meeting at the RCA Labs in Princeton," he recollects. "He was masterful. He talked for an hour and a half and saved the day. He told them we weren't going to see it happen. Then he demonstrated color and that did it."

Mercer helped put together the network's original TV chain when he first joined NBC in 1951. "What you try to do is find the best station within a given market, make sure it has the best possible management, marry it and stay with it for life."

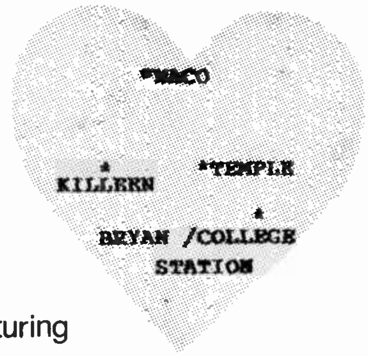
DEEP IN THE HEART OF TEXAS
KCEN-TV

On The Air As An NBC Affiliate November 1, 1953

CONGRATULATES THE #1 NETWORK ON 60 YEARS OF BROADCAST SERVICE!

NBC is still growing — and so is the Waco/Temple ADI from 100th to 94th in the past five years!

There are no oil wells in the Temple/Waco market, just an abundant water supply for industry and recreation, the largest military installation in the free world, the lowest cost of living in the state and a diversified economy made up of outstanding educational institutions, varied manufacturing and stable service industries.



Don't Break the "HEART OF TEXAS" Grow With It!

For information

call KCEN-TV

or

your nearest Blair office.

'The Howdy Doody Show'
1947

Like marriages though, even the best don't always work out. When the parting comes, says Mercer, you have to accept it as a business decision, not a personal loss. "A lot of dissertions are not disaffection, but strictly a money thing," he explains.

Damm's complaint

Beside the big issue of compensation, there are other affiliate complaints, though money is usually at the root. Walter Damm, who managed WTMJ-TV Milwaukee for many years, used to start off each affiliate meeting by complaining about the absence of a middle break in *The Howdy Doody Show*. It was well known that Bob Smith, who ran the show, made it impossible to divide it. In fact, in the early days he had personally placed a strip of tape over the middle so it couldn't be broken. But even after the show had gone off the air, Damm would still start every affiliate meeting by demanding a midbreak in *Howdy Doody*.

Hod Grams, long-time manager of KSD-TV St. Louis, tells about a time the affiliates were complaining bitterly about all the money NBC was spending on news. He and Jack Harris came to New York to see Robert E. Kintner, then president, who was determined to make a first class operation out of NBC News.

"At the appointed time," recalls Grams, "Jack got into his pitch and was talking about the money that was being spent on remotes and special programs, and how the affiliates felt. About that time, someone came in and handed Bob Kintner a note. He read it and said, 'Jack, do you mind if we have a slight interruption here? There's something that's going to come on the air that I'd like to watch.'

"We were there on the day that the astronaut, Alan Shepard, who had done the first orbit, was honored with a big parade in New York. NBC, of course, was covering it with I don't know how many remote units. On that same day, a commercial airliner crashed out at Jamaica Bay on Long Island. One of the remote units swung from the parade, went out to Jamaica Bay and had a direct on-the-scene pickup of this airplane crash.

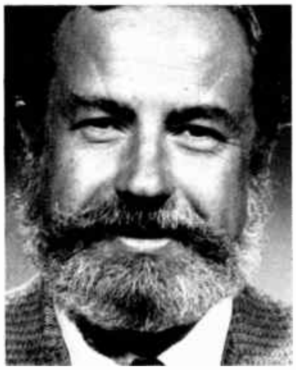
"Boom! Kintner turns on the switch and that's what comes up on the air. We all watched that dramatic scene. Bob finally switched off and said, 'Now, Jack, is that the type of thing you're talking about? Is that the type of thing you don't want us to do?' And that was the end of that."

A. Louis Read, former president WDSU-TV New Orleans, related to the Oral History: "Is there creative tension between the affiliates and the networks? I'll give you a good illustration of that. When the networks wanted to go from a 15-minute news to a 30-minute news, many of the stations didn't think about that objectively. They had a selfish, self-serving view.

"There's a lot of movement now to go to an *hour* network news. The stations will resist because they make so much money with local news and they can stall it for a while. I think the affiliates owe that to the network which takes the program risks. I feel pretty strongly about that."

Bob Wogan, regional director, affiliate relations for NBC Radio, who has been with the company since 1943, notes that this kind of static is nothing new. In the old days, he recalls, radio affiliates complained that the NBC chimes were taking away time that they could sell. They finally persuaded the network to cut the chimes down from five seconds to three and a half.

"We need each other. There could not have been TV in Bangor, Maine, without networks. They kept the stations going until TV became more accepted."



Bruce McGorrill
Executive vice president
Maine Broadcasting

Oldest affiliate

As far as anyone knows, the oldest NBC affiliate manager still active is Karl O. Wyler, president and general manager of Tri-State Broadcasting Co., El Paso, which owns KTSM-TV, KTSM(AM) and KTSM-FM.

A native of El Paso, born April 5, 1906, Wyler started in radio in 1921, even before NBC did. In 1922, he went on the air as a ukulele strummer on experimental outlets in El Paso, and was one of four employees who put KTSM on the air in 1929. He was an "announcer-entertainer," known as "Karl the Kowhand."

KTSM joined the NBC radio network in 1938 and became a TV affiliate in 1953.

He was in on the drafting of the first National Association of Broadcasters Code in 1938, and was named "Pioneer Broadcaster of the Year" by the Texas Association of Broadcasters in 1977.

Budweiser
Budweiser
KING OF BEERS.
Anheuser-Busch, Inc.

'You Bet Your Life'
1950

Sometimes, when affiliates fail to get their way through persuasion, they'll try more direct means. Ancil Payne remembers: "Some affiliates suggested that we intervene and play a participating role in programming the network. There was a proposal that affiliates buy RCA stock and put a member on the board of directors of RCA, an action that would probably have been devastating to the affiliates, certainly demoralizing to NBC."

Instead, as chairman of the affiliates board, Payne suggested they establish a relationship with RCA. David Adams set up a meeting with Ed Griffiths, then RCA chairman. Payne invited him to address the upcoming affiliates meeting, which he did, and recommended that he meet from time to time with present and past chairmen of the affiliates board, with no formalities, so they could speak openly.

Concludes Payne: "These meetings gave us an opportunity to explain the longterm damage done to the network due to the disaffection of stations, NBC's branch offices, as well as explain the importance of stabilized management, and the need for consistent programming. Of great importance was the recognition that broadcasting is a business different from any other." After Griffith's retirement, NBC's current chairman, Thornton Bradshaw, continued these discussions.

The pressures of three-network competition, of course, have a measurable effect on how the networks deal with their "branch offices." "When I was first on the affiliates board," reveals Fred Paxton, "the network left us very little time to talk after their presentations. They listened politely but not a lot happened. As the years went by, the network came to listen more and more to the affiliates.

"That was partly a change of the dynamics. When the network was doing well, it didn't need a lot of advice. When it began to hit the skids, the affiliates got more irate, more vigorous and more pointed in their remarks and, too, the network needed the affiliates more. As the ratings slipped, some affiliates switched to other networks, to the longterm detriment of NBC. Some of the affiliates who left NBC were leaders in the market, and they still have that distinction."

Subtle differences

James T. Lynagh, president of Multimedia Broadcasting, whose company is affiliated with all three networks, thinks there are subtle differences in the approach of each network to affiliate demands. "CBS is like the Methodist Church and NBC the Presbyterian Church," he observes. "In the Methodist Church it all funnels down from the top. In the Presbyterian Church it bubbles up from the bottom. At ABC it went both ways. While I like and respect all of them, my best experiences have been as an NBC affiliate manager."

McGorrill says his station was approached during the bad times, and received "very lucrative offers," to defect, but declined them. "If everything is bottom line then there aren't very many decisions to make," he says. "If we changed affiliation during NBC's bad times, it would only have been a matter of years before the pendulum would swing."

Switching affiliations is also a function of the aging process. The founding personalities, who grew up with the network, gradually retire or die off, leaving the property to others who don't have the same loyalties.

"Historically," says Payne, "there were three generations of people involved in station ownership. The first generation was equally divided among fine broadcasters who promoted genuine community service, and first class pirates who considered licenses goldmines and pumped all the money possible out of them.

"The second generation was made up of management people who grew up in the broadcasting business and chose, for the most part, to be responsible

"CBS is like the Methodist Church, and NBC the Presbyterian Church. In the Methodist Church it all funnels down from the top. In the Presbyterian Church it bubbles up from the bottom."

James T. Lynagh
President
Multimedia Broadcasting

Newest affiliate

Jim Thompson, *v.p., g.m. of NBC affiliate, KYW-TV Philadelphia, has two reasons to celebrate: the network's turnaround and his recent marriage to Cindy Mercer Thompson, former account executive at the Group W station, who is now on the sales staff of WZGO(FM) Philadelphia.*

Congratulations, NBC,
and here's to
the next 60
successful years

COX
BROADCASTING

WSB TV-AM-FM, Atlanta; WHIO TV-AM-FM, Dayton; WSOC TV-AM-FM, Charlotte; WPXI (TV), Pittsburgh; KTVU (TV), San Francisco-Oakland; KDNL (TV), St. Louis; WKBD (TV), Detroit; WFTV (TV), Orlando; WIOD/WAIA (FM), Miami; KFI/KOST (FM), Los Angeles; WCKG (FM), Chicago; WZGO (FM), Philadelphia; TeleRep

A DIVISION OF COX ENTERPRISES, INC.

NAB duo

Bill and Patsy Smullin, who jointly head up California Oregon Broadcasting Inc., will become the only father-daughter combination to both serve on the National Association of Broadcasters board of directors. Patsy's appointment begins in June; her father served from 1945–49.

Among their properties is NBC affiliate, KOBI(TV) Medford, Ore. One of Patsy's fondest childhood memories was attending NBC's 40th anniversary affiliate celebration in Hawaii in 1966. A few years later she became the office manager of the company's Medford cable operation.

broadcasters.

"Now we are in the third generation and we are experiencing the graduate business school managers who are looking solely at the bottom line and care less about operating."

Hod Grams recalls one of the first attempts that CBS made at luring an affiliate from NBC. It was KSD-TV, owned by Joseph Pulitzer. CBS wanted it as an affiliate because it would have preferred to apply for a license or buy into a larger market than St. Louis for its fifth O&O. Paley was doing a selling job on Mr. Pulitzer and Mr. Pulitzer was receptive because he had great admiration for CBS News, particularly Ed Murrow, Grams remembers.

"CBS was riding high at the time. Mr. Pulitzer asked Mr. Burbach (another executive) and me to come out to his home one Sunday morning and we spent three hours discussing the pros and cons of staying with NBC or going to CBS. Burbach and I both took the position that we should remain with NBC.

"We took the position that CBS was a good company, very alert and aggressive, but they didn't have the strong financial backing that NBC had with RCA. We were also helped by a friend of Mr. Pulitzer's. Pulitzer had talked to Bernie Baruch about switching to CBS and about the excellence of CBS News and Baruch said, 'Well, Joe, you must remember that no one has a monopoly on excellence.' It was that close."

Women GMS

Among NBC's 200 television affiliates, seven have general or station managers that are women. These include Margo Cobb at WLBZ-TV Bangor, Me.; Amy McCombs, WDIV(TV) Detroit; Rita Chambers, KPLC-TV Lake Charles, La.; Jane Wallace, KTVV-TV Austin, Texas; Celia Shaw, WCIV-TV Charleston, S.C.; Karen Creighton, WNNE-TV White River Junction, Vt., and Laurie Leonard, WMTV-TV Madison, Wisc.

Affiliate loyalty

Ancil Payne says that "Even in the dreariest days, KING never seriously considered leaving NBC. Our association with NBC has always been good. That relationship is very important, and we cherish it."

Adds Fred Paxton: "ABC was out to get any NBC affiliate it could. Our station resisted the temptation. "I tried to convey to other affiliates my personal sense of loyalty to the network." □

1. What are the three notes of the NBC chimes?

SIXTIETH ANNIVERSARY QUIZ

This year NBC celebrates its sixtieth birthday. A good time to reflect on all the memories we've shared... from the golden days of radio... through the pioneering years of television... right up to the present.

Each one of us has his own special reminiscences of NBC Radio and Television. A generation or so ago, people stayed in Sunday nights to listen to Jack Benny. Just as later the "Star Trek" faithful wouldn't go out on Fridays, and currently Bill Cosby fans stay at home on Thursdays.

We've even given the language some colorful souvenirs of our programs. Remember "Who knows what evil lurks in the hearts of men," or "Just the facts, Ma'am"? And how about "Sock it to me!"

As part of our 60th, we thought it would be fun to find out just how much of an authority you are on NBC. So sharpen your pencils and your memory, fill in the blanks, tear out the ad and mail it to:

NBC 60th Anniversary Contest
c/o Ventura Associates
P.O. Box 602
Lowell, Indiana 46399

There will be sixty winners who will receive a replica of the NBC Chimes, circa 1950.

Look for answers and winners' names here in August.

CONTEST

Winners will be determined in random drawings from all correct entries received. If there are insufficient entries with all correct answers winners will be determined from all entries with the most correct answers to the quiz. Sweepstakes are under the supervision of Ventura Associates Inc., whose decisions are final. Contest open to residents of the U.S. except void where prohibited by law. Employees and their families of RCA, NBC, their affiliates and their respective advertising and sales promotion agencies and Ventura Associates, Inc., are not eligible. Winners will be notified by mail and will be required to sign and return an affidavit of eligibility within 14 days of date of notification. No substitution for prizes and no duplicate winners. All Federal, State and local rules apply. Odds are determined by the total number of correctly answered entries received. Drawings will take place within one week of final receipt date. No purchase necessary. Only one entry per person. Entries must be received by June 30, 1986

2. In 1949, who hosted the very first telethon, which was for the Damon Runyon Cancer Fund?

3. What was the real name of TV's "Mr. Wizard?"

4. What year did Toscanini make his television debut?

5. Who was Groucho Marx' announcer on "You Bet Your Life?"

6. What year did "Jeopardy" debut?

7. Red Barber called the first major league baseball game on TV in 1939. Which teams were involved?

8. Who told us to "See the USA in a Chevrolet" each week?

9. Freeman Gosden and Charles Correll were "Amos 'n Andy" on radio. What was the name of their local lodge?

10. Who played the gym teacher on "Mr. Peepers?"

11. Name the Democratic and Republican presidential candidates nominated at the first conventions covered by the team of Huntley-Brinkley.

12. What was Lowell Thomas' famous 4-word sign off?

13. Who were the neighbors on the "Burns and Allen" radio program?

14. What did "U.N.C.L.E." stand for?

15. Who played Dr. Gillespie on "Dr. Kildare?"

16. Bill Cosby was the first black actor to play a leading role in what prime time series?

17. Who was the Texaco Fire Chief who dispensed "Gasaloon?"

18. What was the cook's name on "Bonanza?"

19. Bob Hope made his NBC Radio debut in the early 30's as a guest on a popular singer's program. Name the singer.

20. From which city did "Kukla, Fran and Ollie" originate?

21. What was the first sports event to be heard coast-to-coast on radio?

22. Who played Scotty on "Star Trek?"

23. Who was Dave Garroway's announcer on "Today?"

24. Who hosted the "Camel News Caravan?"

25. From what planet were "Saturday Night Live's" Coneheads?

26. Name the Indian maiden on "The Howdy Doody Show."

27. Dr. Joyce Brothers won $64,000 on the quiz show of the same name. She answered questions in what category?

28. Who was at the mike for NBC when Henry Aaron hit homer #715?

29. What show did "Broadway Open House" become?

30. What was stamped in stone at the end of "Dragnet?"

NBC SIXTY YEARS

Unassuming Tinker downplays his role in NBC's turnaround

Ask 100 knowledgeable observers to explain NBC's dramatic and unexpected turnaround of the past two years, and 99 of them will tell you, "Grant Tinker."

The one exception would be Grant Tinker himself.

Complains his boss, RCA chairman Thornton F. Bradshaw: "You've no idea how difficult it is to get this man to accept a compliment. First, you've got to catch him; then you've got to hold him down; then you give him a compliment, and even then he gets out from under it."

In return for success, the distinguished-looking but unassuming 60-year old NBC chairman has paid the price of public notoriety. He's been profiled in glitzy pop culture magazines and stately business journals. He's had every conceivable award thrust at him, including, within a matter of weeks, the two highest that broadcasting has to offer, the International Radio & Television Society's Gold Medal, and the Distinguished Service Award of the National Association of Broadcasters. Short of an Oscar and the Mr. America title, there's little left for him to win this year.

Tinker was hired as a management trainee by NBC in 1949 . . . He rejoined the network in 1961 as a v. p.

The Tinker style in accepting credit is the same as his practice of delegating responsibility. Ask him to what he attributes NBC's surge into first place in primetime ratings—the network's first since the dark ages of TV—and he'll pass the kudos to program chief Brandon Tartikoff. Mention the exceptional NBC News coverage of a major international event, and he'll direct your attention to NBC News president Larry Grossman. Unstated will be the facts that Tinker kept Tartikoff in office against 100–1 odds when he first put on the NBC mantle five years ago, and hired Grossman away from PBS in a move that absolutely no one predicted, since Grossman had never spent a day as a working newsman.

IRTS tributes

At the IRTS Gold Medal dinner in March, five colleagues eulogized Tinker in a way that would have made an arrogant man blush. So much so, that at one point Bradshaw turned to his hand-picked subordinate and needled, "Having fun, Grant?"

Ed Ney, chairman of Young & Rubicam, a college buddy when the two attended Dartmouth in the '40s, typecast Tinker as a man with "malice toward none, goodwill toward all . . . a king, the best." Producer David Wolper credited him with bringing "honor and class to the entire television industry." Tartikoff cracked, "He says 'sit' and and I don't even look for the chair."

Actress Betty White disclosed the very private Tinker when she told how he had produced a farewell bash for his best friend and her late husband, Allen Ludden. On the day the jovial game show host died, Tinker accepted the burden of making the elaborate preparations and arranging to fly people in from all over the country for the unfunereal sendoff. It all came together on the very day Tinker received Bradshaw's offer to take over the wheel at NBC, a fact White did not learn until three weeks later when it was reported in the press.

Bradshaw contradicted Tinker's own estimation of himself as portrayed in the now-famous six-foot framed dictionary definition of "tinker" that adorns the wall behind the NBC chairman's desk: "A mender of pots, a bungler, a clumsy worker, an itinerant . . ." Bradshaw's version would define the verb "to tinker" thusly: "To work prodigiously while seeming not to work; to compete vigorously while making no enemies; to succeed famously without taking any credit; to make the peacock proud without preening."

Tinker's association with NBC goes back much further than Bradshaw's hiring coup. It started in 1949, when the athletic young man from Stamford, Conn., was hired as a management trainee at $250 a month. This followed a two-year hitch with the Army Air Corps during World War II which delayed his graduation from Dartmouh till 1949.

"I only came to New York because that was what you were supposed to do," he recalled for Mary O'Connell's NBC Oral History project. "I knew I didn't want to go into my dad's lumber business."

He worked nights in NBC's radio division at a time "listeners" were being reprocessed into "viewers." When *The Big Show* with Tallulah Bankhead sank, the days of big-name radio were numbered; Tinker left NBC for Radio Free Europe on the prospect of assignment to Istanbul. When it became apparent he wasn't going to leave New York, he jumped to independent production of radio shows, such as *New Talent USA* and *College Quiz Bowl*, where Ludden began his career as an emcee.

In 1954 he joined McCann Erickson's radio/TV department as director of program development. He stayed for four years, learning the TV production ropes. He switched to Warwick & Legler where, for a year and a half, all he remembers doing was sitting in on meetings with Charles Revson. After that came two years at Benton & Bowles where his colleagues included Lee Rich, Merrill Grant, Phil Capice, Larry White and Irwin Segelstein, all of whom were to go on to fame and fortune in TV programming, as did Tinker himself.

At B&B he worked with clients like General Foods, Proctor & Gamble and Johnson's Wax. There he met a young actress who was working with Dick Van Dyke on a pilot for P&G. Mary Tyler Moore soon became the second Mrs. Tinker. Later, she was to lend her initials to a TV production company that was to become instrumental in changing the face of the television sitcom.

At B&B Tinker also met programmer Mort Werner, who had just accepted a job at NBC. Werner induced the ex-trainee to rejoin the network in 1961, as vice president and general program executive. Sent to California on permanent assignment for the first time as head of West Coast programming, Tinker began to sharpen his taste for what makes good television. *I Spy* and *Get Smart* were two shows that emerged from that period.

People emphasis

It was then that the young program exec also adopted an attitude that was to prove so valuable to NBC in its turnaround of 1984–86: he learned, he says, that "The emphasis should be on the creative person; not the idea but who is going to execute the idea."

Promoted to vice president in charge of programs, Tinker was soon back in New York, pining for his Hollywood chums and the excitement of making programs. "I got star struck about programs and the people who contribute to them," he recalls today. "I like them and I like to hang out with them."

After a restless year in New York, Tinker took himself back in California, on the staff at Universal Studios. Among the shows he put together was *It Takes a Thief*, which he sold to Elton Rule at ABC.

He was lured to Twentieth-Century Fox and ensconced there when his wife received a series commitment from CBS for *The Mary Tyler Moore Show* in 1970. The TV community did a double take when he left Fox to set up MTM to develop its first property. Independent producers at that time were non-entities; the business was squarely in the hands of the major studios. But Tinker, Moore and MTM helped change all that.

The next 11 years were spent building MTM into a household name with shows like *Bob Newhart*, *WKRP in Cincinnati*, *Hill Street Blues* and *Cheers* following on the heels of *Mary* and its numerous spinoffs. When he left MTM in 1981, the production house was worth an estimated $300 million. In order to return to NBC for his third hitch in 1981, Tinker had to divest his holdings at a fraction of their actual worth, including forfeiture of future syndication royalties.

He had been divorced from Moore for two years, after a long separation in their 17-year marriage, when he returned to NBC. No one blamed a falling out for his departure from MTM—the star and her ex-husband had kept up an amicable business relationship, along with their co-partner, Arthur Price, through both the separation and divorce.

So announcement of Tinker's acceptance of the top spot at NBC caused more than mild surprise in the incestuous Hollywood production community. It was known he would be taking a salary cut to accept the $500,000-a-year offer. But why, many wondered, should he give up his creative independence too, for the desk job at a network on the skids?

Fred Silverman's petulant management style had deflated NBC's profits from $152 million to $44 mil-

Perhaps Tinker's most significant imprint at NBC has been his belief in the value of creative people.

lion in less than three years. Executives were spinning through a revolving door (one estimate put the number at 83 resigned or fired by Silverman's impatience), and the feud between Silverman and his alter ego, chairman Jane Cahill Pfeiffer, had roared out of the boardroom and onto the front page.

Bradshaw was on the hunt for a new leader, and the tracks led him to California. Every brain he picked in the TV production community yielded the same opinion: "What you need is a man like Grant Tinker."

Bradshaw had never met Tinker, a situation remedied over lunch one day. Asked to analyze what was wrong with NBC, Tinker ticked off the problems. Foremost, he said, "You've got to leave creative people alone." Bradshaw listened patiently and set up another lunch date. Again Tinker warmed to the task, this time suggesting solutions. He had no idea that Bradshaw was measuring him for a job.

"He played me like a fish," Tinker said later of Bradshaw's subtle recruitment technique.

Injecting stability

When Tinker first arrived in his new post, he sensed disarray. "The population was a little shellshocked," he reveals today. He felt there was a foundation of good talent in place, but it was demoralized, unsteady. "We all had to sort of calm down." What he wanted to do, primarily, was "convey an attitude of stability in which people could work constructively."

NBC was in such a state of chaos that many expected him to attack the problem with a wrecking ball. To his credit, he used a feather duster instead. He kept 90 per cent of the program department, including Tartikoff, whom most observers had written off as a sure candidate for the unemployment line. It is well-known that the head programmer had been Silverman's discovery and protege. NBC's schedule was in such a shambles that nobody expected its architect, even a nominal one, to outlast Silverman's tenure.

"The first call that Grant supposedly made was to me," Tartikoff reveals, "imploring me not to do anything impulsive. He said I'd be given a chance to demonstrate my own abilities as a programmer. In my heart, I knew that I really hadn't had a full shot at doing the job because Fred was a very hands-on programmer."

The major casualty of Tinker's new administration seems to have been NBC's next president, Bob Mulholland, who resigned in 1984, presumably over Tinker's choice of Larry Grossman to head the news operation. At the time, Tinker admitted to Grossman's nonexistant news background, but felt the then-PBS president was sufficiently bright to overcome that obstacle. Grossman is another NBC alumnus returned to the fold.

Tinker looks back on the first days in his new job with a shudder: "I soon discovered that there was more of a job to be done than I had realized from the outside looking in. I was surprised at the depth of the hole the company was in." One new policy that obviously conflicted with Silverman's was patience with programming. Instead of yanking shows off the air like hose drying on a clothesline, Tinker let it be known that he would tolerate slow successes. Some of the earliest "failures"proved to be the network's biggest hits, *Hill Street Blues*, as an example.

Perhaps the most significant imprint that Tinker has stamped into the network picture is his belief that creative people are valuable human beings and should be left alone to create. His philosphy, often stated, is to "Try to attract to NBC the best creative people, make them comfortable, give them whatever help they need, and then get the hell out of the way."

Correspondingly, he also allowed programmers to follow their instincts. If they think a show is meritorious, they're encouraged to develop it, rather than disregard the intangible "gut" feeling in favor of more scientifict backup.

Delegating authority

Corporately, NBC's new boss delegated authority, another digression from Silverman's well-known habit of involving himself in the smallest details.

After his first year at the helm, NBC's profits rose from $44 million to $108 million.

"It was not until Grant Tinker assumed the CEO role that the affiliates knew we were on the road to success," Ancil Payne, president of King Broadcasting, told the NBC Oral History project.

What would he do differently if he had the last five years at NBC to do over? Tinker told *Television/Radio Age* he doubts he'd do anything differently, except he wishes he had done it all a little faster. He'd like to wipe the entire 1983–84 TV season from memory, when all nine new shows that premiered on NBC dissolved in dust by January. "I think we could have traveled the same distance in three and a half instead of four and a half years," he says.

When Bradshaw first offered him the job, the RCA chairman mentioned that it was not absolutely necessary for Tinker to reside in New York. "He told me to do it from Burbank and move whatever people were needed out there," Tinker recalled recently in his New York office. "When I got back here I soon discovered that really couldn't work. I think the job is here. You can fake it a little and moonlight, you can parttime it elsewhere, but it's a New York-based job."

So, by now everyone knows that Grant Tinker leaves his New York hotel suite on Thursday evening, flies to his home in Bel Air, spends Friday and Monday at NBC's Burbank studio, and returns to 30 Rock on Tuesday. He then reloads the same schedule and fires it again the next week. Grueling and tiring, the itinerary will end sometime after GE and RCA merge. Tinker will leave NBC then and return to California, where he expects to get back into program production.

At NBC, subordinates pale at the thought of losing a man who has been such an inspiration.

Some think, however, that even in departing, Tinker has already put his mark on what comes next. He is, after all, the prototype of the well-rounded TV executive that was only a chimera before—the network leader who came experienced in programming, advertising *and* corporate management. "It used to be," says one insider, "that the job went to the next in line. Grant is a new breed." □

We applaud NBC for 60 years of great entertainment.

WARNER BROS. TELEVISION
A Warner Communications Company

The Walt Disney Studios

EMBASSY TELEVISION

MTM™

Metro Goldwyn Mayer
ARS GRATIA ARTIS
TRADE MARK
TELEVISION

UNIVERSAL TELEVISION

Columbia Pictures Television
A unit of The Coca-Cola Company

ORION® TELEVISION

LORIMAR-Telepictures™

20th CENTURY FOX™ TELEVISION

REG

Reeves Entertainment Group

SALUTES

NBC

ON ITS SIXTIETH ANNIVERSARY

Company history is scrapbook of fears, cheers and stars

When word came down last February that General Electric was about to acquire RCA for $6.8 billion, it was as if a giant steamer had circumnavigated the globe and was putting into its home port on a voyage lasting 67 years.

RCA was formed, at the urging of the Navy Department, in 1919—an American defense against foreign domination of the international wireless lanes. General Electric was one of four major concerns which pooled their 2,000 patents to create RCA out of American Marconi, the company they purchased, with GE as the largest shareholder in the combine.

Radio was about to fill the air. In 1921 sales of radios were a mere $5 million. By 1922, by which time a number of stations were on the air, sets and parts grossed $60 million. A year later, $136 million. The partners were understandably anxious to get in on the action. Both General Electric and Westinghouse (which entered the trust in 1921) made tubes and sets, American Telephone & Telegraph built the transmitters that sent out the signals. RCA was their sales agent. (The fourth partner was United Fruit Co. a minor participant.)

The combine, however, wasn't a contented family. The partners were suspicious of each other and wrangled over the choicest bits of business, endlessly contesting patent rights. Nor was the government serene about the high-handed way they treated others who wanted to break into the business.

In 1926, after the Federal Trade Commission issued a formal charge of conspiracy to create a monopoly, RCA thought it wise to avoid legislation, so it set up a *separate* radio company. It was owned 50 per cent by RCA, 30 per cent by GE and 20 per cent by Westinghouse. On August 26, 1926 it acquired a name: National Broadcasting Co.

AT&T by this time had had enough of the infighting. It made a very profitable deal for itself, sold off its stations, and got out of the trust. Broadcast historian Erik Barnouw explains:

"After long, stiff bargaining, AT&T agreed to . . . withdraw under terms that insured it a continuing, lucrative revenue . . . Stations that might affiliate would be linked by A&T lines, which would mean a telephone bill for the network of about $1 million for the first year, and rising sharply as the operations expanded."

'Program service'

No one thought at the time that radio would become an advertising medium, or that NBC would ever make money. Its *raison d'etre* was as a "program service," a favor to sell radio receivers. If there was something worthwhile to listen to, reasoned NBC's founders, people would buy radios.

Secretary of Commerce Herbert Hoover deplored "ether advertising" and stated unequivocally that the surest way to kill radio was to fill the air full of messages for selling things. NBC's first president, Merlin H. "Deac" Aylesworth, declared: "I doubt that radio will ever make any money. Of course, I hope that NBC might, but I doubt it."

Some six years later, in 1932, the government again looked askance at RCA. "Trust busting" was in the headlines and here was a likely target. Suits were brought by the Justice Department. NBC narrowly avoided losing its station licenses. So the parent corporation, RCA, was separated from its founders by consent decree and became an independent company. Which it remained until GE acquired it.

By now, the NBC chimes are known worldwide. But it may not be common knowledge that their notes sound G,E,C on the musical scale, for "General Electric Company."

A lot happened between RCA's founding in 1919 and its declaration of independence in 1932. Radio slowly became an advertising medium, a network gradually formed, competitors emerged, stars flared, public tastes matured. But nothing impacted the radio business more than the formation of the radio station.

Back in 1912, a broadcast licensing law had been enacted, and within five years 8,562 transmitting licenses had been issued. With nothing to transmit, and only one frequency on which to do it (360 meters; 833.3 Kc), most operators got tired of manning the mike and bucking the interference, and dropped out of sight. By the start of 1922, 670 stations were licensed. By the end of that year, only 576 remained on the air.

But some stations were more equal than others. Westinghouse, for example, had started KDKA in Pittsburgh in 1920, a year before it entered the RCA trust. The station was intended as a loss leader, a wedge for selling radios. In Newark, the same theory applied to the start up of WJZ, Westinghouse's other station.

AT&T, not sure which way the new industry would jump, started WBAY

(continued on page A-46)

NBC's first broadcast in 1926 emanated from Waldorf and reached 2 million listeners.

'Colgate Comedy Hour' 1950

The founding father

David Sarnoff was born in 1891 in Uzlian, South Russia, and came penniless to the U.S. in 1900. At the age of 15 he got a job as a messenger at the telegraph desk of the New York *Herald*, for $5 a week. He moved over to the Marconi Wireless Telegraph Co. for a 50 cent raise.

Two years later he was promoted to wireless operator at Marconi's station at Siaconset, on Nantucket Island.

Without much to do on the lonely, windswept island, the ambitious young man read every technical book in the company library and enrolled in a night course in technical engineering.

Still with Marconi, he went to sea for 18 months as a wireless operator, then took over the company's wireless station atop the John Wanamaker Department Store in New York City.

By this time, the Russian expatriot was so skillful at manipulating the wireless key that other operators could identify his flawless technique. They said he had a "wireless fist."

On April 14, 1912, while working in the Wanamaker wire room, Sarnoff picked up a distress signal from the Titanic, on her maiden voyage from Southampton to New York with 2,200 passengers and crew.

With the Titanic sinking, Sarnoff began getting signals from another ship, the Olympic, 500 miles from the foundering vessel.

News of the disaster got out, and crowds of reporters, relatives and the curious descended on Wanamaker's. Police had to put a cordon around the store. Meanwhile, Sarnoff was heralded in the press as the symbol of the heroic wireless operator, defying sleep to man his station through three days of the terrible ordeal.

Only 705 people survived the Titantic disaster. Sarnoff took each name down in Morse code as they came in from the Olympic. Despite static, fade and continual interference, he got each one, letter for letter, with barely a mistake. It was a remarkable feat, made even more astounding by the fact that he had been manning the key for three days without relief.

The Titanic disaster alerted the world to the importance and the potential of wireless. Sarnoff wondered—if dots and dashes could be heard over distance, why not music?

New laws were passed after the Titanic tragedy requiring radios on ships, and as the Marconi company grew, Sarnoff advanced. His technical knowledge, acquired during those lonely days and long nights at Siaconset, was indispensable.

Guglielmo Marconi had made the first transatlantic wireless broadcast December 12, 1901 from a box kite at St. John's Newfoundland. The signal was received 2,000 nautical miles away at Cornwall, on the southern tip of England. He transmitted three dots for the letter "S." Not much of a message, but he proved it could be done.

Two years earlier, Marconi had incorporated the Marconi Wireless Co. of America in New Jersey, November 22, 1899. His primary business was installing wireless equipment and providing operators to man it.

He also owned a patent on a glass-bulb signal detector. The American Telephone & Telegraph Co. had acquired Lee DeForest's patent on a grid that improved its operation. Each needed the other's patent to work.

When RCA was formed, October 17, 1919, American Marconi transferred all its stock to the new firm. Other partners joined later with their patents. Sarnoff, now 28, became commercial manager of the new company. In time, his negotiating skill proved invaluable in the establishment of an independent RCA, and he was promoted to president.

Not too many people knew David Sarnoff well. In later years he lived in virtual isolation in the 54th floor office of the RCA building, where executives addressed him in one-page memos. He tended to be short tempered, abrupt, and did not suffer fools well, a category that embraced a great many not of his intellectual level.

"I do not make my mind a wastebasket" was a typical Sarnoff rejoinder.

He was also curious, courageous in business, an adventurous risk-taker who didn't count pennies.

Despite his recognized genius, he was not popular on Wall Street, which considered him no businessman. When RCA stock was selling at 10–11, a joke heard on the street was that if David Sarnoff died overnight, RCA would hit 100.

Probably his most unique characteristic was his ability to visualize that which others could not see. He presumed the advent of radio, dreamed up the national network concept, almost singlehandedly made a reality of television, delivered color, and fantasized over fascimile transmission. He conceived the benefits of unifying all sections of the country through communciations technology. He would talk at length about the impact of images and the compelling questions they raised for the future.

He may not have been loved, or even liked, but the mark left by the ragamuffin boy from Russia is indisputable. □

David Sarnoff, Sylvester "Pat" Weaver, Robert Sarnoff

David Sarnoff went from Russian immigrant to American industrialist in 25 years.


WE TIP OUR
HAT TO
NBC'S
60th
Anniversary!
The Best Partner an
Affiliate Ever Had!
WTVK-26
KNOXVILLE

David Sarnoff, Guglielmo Marconi, 1933

Sarnoff started as a messenger for Marconi Co., named for inventor of radio.

History (*from page A-43*)

(which had a short life) and WEAF (now WNBC) in New York. The phone company was not interested in selling radios, though. It had to make profits in a different way.

But how? It thought about selling transmission licenses, then about linking stations together through its long lines division for broadcast of national events. In 1922 it had joined 38 "radio telephonic" stations together.

In order to get listeners, entertainment was needed. Musical acts were trucked out to inconvenient locations and performed without fee in the cloakrooms that served as studios. Announcers wore dinner jackets and spoke in cultured tones before walls draped in mismatched velvet hangings filched from the junkyard. Their voices carried from heavy carbon microphones and arrived, crackling, at ornate radio receivers.

Utopia it wasn't, but still it couldn't go on this way forever. When musicians demanded payment for their services, they were replaced by records. When ASCAP complained about the use of licensed music without payment, the station owners formed the National Association of Broadcasters. A hostile truce prevailed.

Edgar A. Felix, who managed and lent his initial to WEAF New York, was one of the strongest opponents of direct advertising on radio. But costs of providing entertainment forced his hand. He made a compromise—sponsors could underwrite musical acts for mention on the air. Soon the ozone was filled with strange sounding artistes: the Cliquot Club Eskimos, the A&P Gypsies, the Ipana Troubadours. Orchestras were named not for their leaders, but for their benefactors, like clothier Browning King. Next, businesses put their imprimateur on programs: The Maxwell House Hour, the Palmolive Hour, the General Motors Family Party, the Ampico Hour. Still, there was no advertising and the station received no revenue. The funds went to pay the entertainment.

So, revenue had to enter radio by a more circuitous route. In 1922, AT&T, in defiance of its agreement with the RCA trust, offered its radio facilities for "toll broadcasting." It voiced a curious justification. Up to then, argued AT&T, stations were more or less private broadcast facilities in which the operator had complete control over what went out over the air. Under its more democratic plan, anyone could rent time and broadcast a message to

THE SUN ALSO RISES

'This Is Your Life' 1952

anyone who would listen, just as anyone could walk into a public phone booth and make a call.

Barnouw thought there was more to it than the company set down: "In giving its plan telephonic terminology, AT&T had been pursuing a tricky legal strategy. When organizing RCA, the partners had formed a patent pool which protected each in its traditional line of work, while dividing new empires insofar as they could foresee them. Each had the use of all the patents—within its assigned sphere. In adopting such terminology as 'toll' and 'radio telephony,' AT&T was warning its partners that it considered sponsored broadcasting a new phase of the telephone business, and therefore sole AT&T territory."

Wanted transmitters

Another factor was brooding under the surface. Numerous companies, sensing radio's power to influence, had applied for broadcast licenses and ordered transmitters from Western Electric, AT&T's manufacturing subsidiary. To the phone company, a transmitter was a one-time sale. As in its more traditional business, it wanted to send out monthly bills. A radio "phone booth" was a continuing source of income. More than 100 companies in the New York area alone had transmitters on backorder. Sensing that they could wreak havoc on the spectrum, AT&T advised them to step into the phone booth instead of waiting "years" for their transmitters.

The "phone booth" at WEAF opened on August 16, 1922. It was two weeks before anyone wandered in. This was the Queensboro Corp., which paid $50 for a 10-minute late afternoon spot in which it described, in mellifluous terms, the splendors of suburban living at its Jackson Heights, Queens, apartment complex. Three weeks later, according to Felix, Queensboro reported sales of $127,000 directly traceable to that commercial. The realtor bought four additional afternoon spots at $50 each and an evening slot for $100. Only two other sponsors rented the phone booth in September, Tidewater Oil and American Express. Total income from the first two months of the operation was $550, not at all what AT&T expected. Things picked up at Christmas, but it was obvious that the "toll" concept wasn't the mother lode Ma Bell had envisioned.

There was a breakthrough, though. An advertising man, William H. Rankin, got interested and wanted to experiment with the medium before recommending it to clients. For $100 he bought an evening period on WEAF to discuss advertising. His talk brought a flurry of letters and phone calls, including one from a prospective sponsor, Mineralava soap. Rankin prepared a program in which actress Marion Davies talked about "How I Make Up for the Movies." Attached was an offer for an autographed photo. When hundreds of letters poured in, Rankin confirmed the value of radio and induced Goodrich to sponsor a series. By the end of six months, WEAF had 16 sponsors of programs or series.

Many of NBC's great comedy stars toughened up on the vaudeville circuit, where days were long and audiences unrelenting.

A sudden proliferation of stations and their conflicting signals caused a Washington Radio Conference in 1923. Hoover attempted to bring order out of

(continued on page A-52)

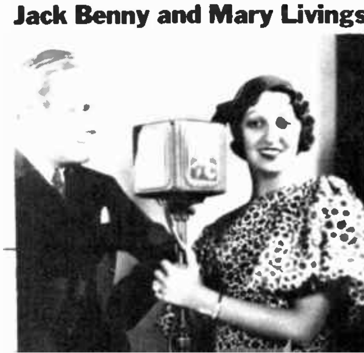
Bob Hope

Ed Wynn

Burns and Allen

Fibber McGee, Molly, Bergen, McCarthy

Jack Benny and Mary Livingstone



'Mr. Peepers' 1952

Those who ruled

All in all, 18 people have served as president or chairman of NBC in its 60 year history, six of whom held both positions.

Julian Goodman, one of these six, maintains that "In the first 50 years, four people shaped the destiny of NBC: David Sarnoff, Robert Sarnoff, Pat Weaver and Bob Kintner."

David Sarnoff was aloof, intransigent, brilliant and forward-looking. "We would not have existed without the vision of the General," believes Goodman. "But he was more than a visionary. He loved broadcasting, even when it disappointed him, and he backed his people up." (A more complete profile of this unique personality is on page A-44).

Pat Weaver has been called "creative, brilliant, confident of TV's potential . . . a messiah." He initiated the sale of commercial ("scatter") minutes, returned programming to the networks, thought up the "special" and the rotating series and introduced quality programming to late night and early morning.

Richard A. R. Pinkham, formerly a top executive at Ted Bates, calls him "the outstanding broadcaster of our time, undoubtedly the most creative man who ever ran a network."

Most of those who were privy to the corridors of power believe that Weaver was deposed because General Sarnoff wanted his son, Robert, to succeed him, and resented the fact that Weaver overshadowed his son.

Robert Sarnoff, according to Goodman, "was always a participant, never an operational man. Credit is due him for his management of the company and the way he used his executives." Another insider says he was at his best when the company was running well, and he could keep it on an even keel. His contribution to NBC led him to the presidency and chairmanship of RCA.

Robert Kintner was perhaps the most enigmatic man ever to run NBC, alternatively a father figure and a tyrant. John Chancellor says he was "brilliant, did a lot for the news department and was hard to work for." Others recall him as being exceptionally competitive, demanding, insistent on total commitment from his people, generous, hardworking and feared by those who didn't have his dedication.

Of those who preceded or followed, the team of Fred Silverman and Jane Cahill Pfeiffer probably received more

NBC's chairmen of the board

Harry P. Davis	October 8, 1926–September 10, 1931
Post vacant	September 1931–September 1934
David Sarnoff	September 21, 1934–April 4, 1949
Niles Trammell	April 4, 1949–December 8, 1952
David Sarnoff	December 8, 1952–December 7, 1955
Sylvester "Pat" Weaver	December 7, 1955–September, 1956
Post vacant	September 1956–July 1958
Robert Sarnoff	July 11, 1958–January 1, 1966
Robert E. Kintner	January 1, 1966–April 1, 1966
Walter D. Scott	April 1, 1966–December 31, 1971
David C. Adams	January 1, 1972–April 1, 1974
Julian Goodman	April 1, 1974–October 1, 1978
Jane Cahill Pfeiffer	October 1, 1978–July 11, 1980
Post vacant	July 1980–July 1981
Grant Tinker	July 30, 1981–

NBC's presidents

Merlin H. Aylesworth	October 8, 1926–January 1, 1936
Lenox R. Lohr	January 1, 1936–July 7, 1940
Niles Trammell	July 12, 1940–October 7, 1949
Joseph McConnell	October 7, 1949–January 2, 1953
Frank R. White	January 2, 1953–August 7, 1953*
Sylvester "Pat" Weaver	December 4, 1953–December 7, 1955
Robert Sarnoff	December 7, 1955–July 11, 1958
Robert E. Kintner	July 11, 1958–January 1, 1966
Walter D. Scott	January 1, 1966–April 1, 1966
Julian Goodman	April 1, 1966–April 1, 1974
Herbert S. Schlosser	April 1, 1974–June 7, 1978
Fred Silverman	June 7, 1978–July 1, 1981
Robert Mulholland	July 30, 1981–March 16, 1984

* *For four months after Frank White's departure, post was held by David Sarnoff.*

D. Sarnoff **Weaver** **R. Sarnoff** **Kintner** **Goodman** **Silverman**

attention and aroused more interest than any other, perhaps more than any other management team in corporate history.

Silverman, the *infant terrible* of programming, and Pfeiffer, the cool businesswoman, started out well. But they ended up as mortal enemies, firing accusations at each other via press release to be duly reported next day by a delighted press.

Silverman's reign is remembered as chaotic, neurotic, and a total shambles. It is said that 83 executives were fired or quit in three years. Programs came and went with the same velocity. Profits tumbled from $152 million to $44 million.

An astute, even brilliant, programmer at both CBS and ABC, he was, it was felt, incapable of handling the more demanding job of running a major broadcast company. Instead of dealing with the larger issues that cried out for his attention, he tended to involve himself in the minutiae of programming that should have been handled by others—casting, storylines, script revisions. When larger questions arose with which he could not cope he'd tell his subordinates to "staff it out." He would spend hours working out the placement of network promos in a mini-series while the rest of the company was crumbling around him, according to insiders.

Jane Pfeiffer was hired to be Silverman's right hand, to run the company day to day while he attended to getting the television network back on track. A corporate relations executive from IBM, she had had no actual managerial responsibility there, and knew nothing about broadcasting. But she made a good impression and it was known that she and Silverman got along well.

One of the first things she did upon arriving at NBC was to publicly crucify a contingent of unit managers who had been involved in payoffs overseas in order to get NBC news and sports crews and equipment into and out of foreign countries. When Pfeiffer found out about the practice she over-reacted, "like a woman who finds a roach in the kitchen and tears the house down," according to one colleague.

Another associate remembers that she consciously dressed "dowdy" while at NBC in order not to attract attention to the fact that she was a woman. A year or so after she left NBC, this same person met her at a black tie function. She was decollete, her hair carefully coiffed. Her former colleague did not recognize her. □

(*continued from page A-48*)

chaos by dividing the spectrum into three levels—clear channel, regional and local. Meanwhile, the ASCAP contract with WEAF and salary demands from performers were causing concern among the RCA partners. RCA, GE and Westinghouse began to think about selling time. AT&T, however, insisted that they had no right to, based on its control of the "telephonic" end of the business.

The arguments were long and bitter, and ended with the buyout of AT&T and a birth announcement for NBC. It came in a full-page newspaper ad on September 26, 1926, by Owen D. Young and James G. Harbord, respectively chairman and president of RCA. Aylesworth was the new company's president, coming over from the National Electric Light Association. Service, said the ad, would be available to the 5 million homes already equipped with radio, and to the 21 million remaining to be equipped.

Years later, David C. Adams, who would spend 31 years at NBC and

IN HONOR OF

NBC'S 60TH ANNIVERSARY

FROM THE BALTIMORE FAMILY

"Our family is proud to be a part of the great NBC family. We salute 60 years of leadership, service and excellence."
— David Baltimore

'Loretta Young Show' 1953

eventually rise to chairman, believes NBC was simply a series of accidents; things happened, unplanned and unpredicted. Probably nothing was more accidental than the formation of the NBC radio network.

In October, 1922 WJZ and WGY Schenectady were linked by telegraph wire for the broadcast of the World Series. The following January, WEAF and WNAC Boston were linked by telephone lines for a musical program. That was more or less planned.

Unexpected was the intervention of an eccentric millionaire, Col. Edward H. R. Green, who had built a little station of his own in South Dartmouth, Mass., WMAF. Anxious to share his hobby with his neighbors, the exuberant ex-army officer got the phone company to mount loudspeakers in the neighborhood, and for $60,000 a year of Colonel Green's money, AT&T gladly piped musical programs from WEAF into the neighborhood. Since the lines for which he was paying ran past Providence, AT&T made arrangements to include WJAR into the burgeoning "network."

With the chain idea planted, Ma Bell extended its link to six stations by 1923 and, for the 1924 GOP convention, a dozen stations were linked. By the end of the next year, a coast-to-coast hookup of 26 stations was formed for Coolidge's inaugural address.

David Sarnoff was getting more and more involved in RCA policy at this time. He had been one of the leading negotiators of the AT&T buyout and was a future candidate for head of the company.

Advisory Council

One of the first things he did after NBC was established in 1926 was set up a Public Advisory Council of leading citizens, initially 12, then 19. This group, which included the likes of Charles Evans Hughes, Elihu Root and Walter Damrosch, would act as sort of a buffer between NBC, the government, organized religion, private interest groups and the public. In the 14 years it existed, it produced no real tangible results, but remained a public relations shield against criticism of the network.

A true visionary, Sarnoff spent hours turning concepts over in his fertile mind, seeing things that no one else saw. As far back as 1916, he had proposed in a memo to his superior at American Marconi his concept of a national cultural information service built around the "radio music box" which would be found in every home, as was the piano or phonograph.

"The 'radio music box' can be supplied with amplifying tubes and a loudspeaking telephone, all of which can be neatly mounted in one box," he wrote in his memo. "The box can be placed in the parlor or living room, the switch set accordingly and the transmitted music received. . ."

His boss tossed off the memo as "harebrained."

By 1928, there were 50 receivers per 1,000 people in the U.S., with the total number of sets thought to be between 4 and 10 million.

A short while before that, another "accident" had occurred. Around the time of NBC's maiden broadcast, November 15, 1926, two RCA engineers, riding a train from Washington to New York, sat down with a map and plotted the divergent RCA and AT&T radio station hookups. One was outlined with a red pencil, the other a blue. From that point on, the networks were always referred to by color, and when NBC took over AT&T's linkages, the two networks officially became NBC Red and NBC Blue. The former carried sponsored shows, the latter "sustaining," or programs which had no sponsors.

Hugh "Mal" Beville, Jr., who headed up NBC's research and planning effort for many years, recalls that before rating services, the only way to get a handle on how many people were listening, and where they were, was from the mail. "An IBM card was punched for each letter and that way we determined what parts of the country were writing in. In 1930, 2 million pieces of mail came in."

Many of the sustaining shows were in line with Sarnoff's vision of what the nation needed—classical music, cultural discussions, lectures. Others were closer to entertainment, but not quite entertaining enough to attract a large audience or sponsors to pay for them. Not yet.

Birth of 'Amos 'n Andy'

One show changed all that. It started locally on Chicago's WGN in 1926, as a little ethnic comedy called *Sam 'n Henry*. It was about two black taxi cab drivers, though the performer-writers were white. Their names were Freeman Gosden and Charles Correll. In 1928, the show moved to WMAQ Chicago and changed its identity to *Amos 'n Andy*. A year later, spurred by audience enthusiasm in Chicago, the comedy went national on the Blue Network, sponsored by Pepsodent.

It lasted 15 minutes, from 7–7:15 p.m. E.T. Phone business slumped at 7 and didn't pick up till the show was

***N**BC Symphony, answer to CBS' New York Philharmonic, played on NBC, 1937–54.*

Arturo Toscanini

over. Movie theaters pushed back their openings to 7:30 because no one showed till then. It was said a man coming home from work could catch the entire show, word for word, as he passed open windows along the street.

Other comedy acts were signed out of vaudeville: Eddie Cantor in 1926, Al Jolson in 1928. And there were Rudy Vallee, Fred Allen, Jack Benny, Bob Hope, Ed Wynn, Red Skelton, Edgar Bergen, Burns and Allen. Fibber McGee and Molly started, as did *Amos 'n Andy*, as a local radio show. Some started tentatively on NBC Blue, but all eventually wound up on NBC Red.

By 1931, NBC had 1,359 employees, exclusive of talent. Just about one-third of its schedule was sponsored, 66.2 per cent was sustaining. Net profit that year was $2,325,229.

It had, however, acquired a competitor. In 1927, an upstart radio network called Columbia Broadcasting, put together by William S. Paley, started with a small web of stations, expanding to 19 by 1928. However, by 1931 it was already exceeding NBC's profit, though it was a much smaller operation. In that year, CBS reported a profit of $2,346,766. It had but 408 employees. More remarkably, only 21.9 per cent of CBS' schedule was sponsored to 78.1 per cent unsponsored.

This, or course, was a Depression year. Before the crash, RCA's shares had zoomed 600 per cent in 18 months, then plummeted from 500 to 20 in a day.

Relaxed ban

Businesses were closing down or cutting back. Struggling for advertising revenue, CBS in 1930 relaxed the accepted practice of not mentioning prices of goods on the air, a policy that NBC strenuously maintained. George Washington Hill, the eccentric president of American Tobacco added the phrase "It costs five cents" to the slogan for his popular cigar: "There is no spit in Cremo." Paley accepted it, and later mentioned it as CBS' "specific contribution" to the rapid rise of advertising. Naturally, NBC soon rescinded its policy on mention of price in commercials.

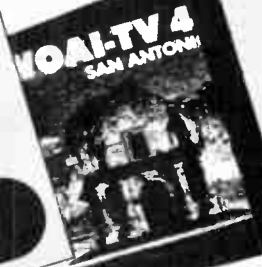
In 1933, fearing the competition from the rising new sound medium, the Associated Press cut off its news service to the networks. It was a severe blow, as radio relied almost entirely on the AP ticker for its national and international reports. In the fall of 1933, both NBC and CBS started their own news operations. These would soon grow into mammoth divisions and would raise havoc with many an AP newspaper subscriber.

The struggle for affiliates between NBC and CBS was almost as intense as it was for advertising. In the early days, NBC charged stations for carrying sustaining programs, first $90 per evening hour (1928) reduced to $50 (1932). With sponsored programs, the practice was reversed—the network reimbursed stations at the rate of $30 per evening hour, which later rose to $50. It was a cumbersome way of doing business, and affiliates constantly complained about paying for sustaining shows and not receiving enough of a share for sponsored time. Relations between the network and its stations were in a state of tension, and some preferred to run local shows that brought in more money.

Paley, sensing an opportunity, instituted a simple new system on CBS. All sustaining shows were offered free; a station could plug into CBS at any time during network hours and get free programming for 10 to 12 hours a day, taking whatever shows it wanted and refusing the rest.

In exchange, CBS wanted an option on any part of the affiliate's schedule

Congratulations
NBC Broadcasting
on your 60th Anniversary



KMOL-TV 4
San Antonio Texas

THE PAST IS OUR FUTURE

On December 11, 1949, KMOL-TV (then WOAI-TV) signed on as the first television station in South Texas, beginning a long-standing partnership with the National Broadcasting Company.

We congratulate NBC for its 60 years of distinguished broadcasting and outstanding service to our city, our state and our nation.

KMOL-TV4

San Antonio Texas

for sponsored programs.

The plan encountered little resistance and Paley could sell time to a network sponsor with certainty of clearances. The sponsor paid for each station in the lineup according to established rates, of which the stations usually got 30 per cent, though those that had bargaining power could demand more. They merely had to stay on the air and the money was guaranteed.

Not only was CBS able to acquire sponsors, it lured away a number of NBC affiliates, including WJR Detroit, KSL Salt Lake City and WRVA Richmond. The upstart network grew from the 19 affiliates of 1928 to 97 in 1935. NBC, on the other hand, had 76 stations on its Red network by 1941 and 103 on the Blue.

The Communications Act of 1934 brought considerable order out of the early chaos, while establishing a strong oversight agency, the Federal Communications Commission. When the diligent James Lawrence Fly took over as chairman in 1938, the networks found themselves again under scrutiny for monopolistic practices. The "chain broadcasting" investigation, which ended in 1941, resulted in a ruling that no station could be licensed if it affiliated with a organization that maintained more than one network. NBC was under pressure to dispose of one of its two networks, which it did in 1943, selling the Blue to Edward J. Noble for $8 million. Noble renamed it the American Broadcasting Co.

Ed Wynn and Eddie Cantor were among the first stars on NBC's schedule. When they began to perform on radio, they choked. Without laughter, they soon realized, there was no humor. So, when NBC planned to move into a permanent home in 1933, large new studios had to be designed to accommodate audiences. Thus, Radio City was the name given to RCA's headquarters at the 70-story building at 30 Rockefeller Plaza in the center of Manhattan. In all, there were 34 studios, including audition rooms, of which the famous 8-H was the centerpiece. It was in this huge auditorium, with more than 1,000 seats, that Arturo Toscanini would conduct the NBC Symphony from 1937 to 1954.

The elaborate new studios needed guides to escort a multitude of visitors curious about the voices of the radio. With the inception of the Guide Corps another NBC tradition was born. Out of its ranks of pages would come dozens of future executives, entertainers and politicians. Bob Wogan, who was to spend the next 40 years of his life at NBC radio, recalls that coming on duty each night his fingernails were checked before he was allowed to don his white gloves. Each guide was minutely inspected, and had to produce from his or her pocket two nickels, just in case a visitor needed change of a dime to make a phone call.

Television's debut

David Sarnoff was on the planning board of the 1939 New York World's Fair. It turned out to be more than a ceremonial post. It was at the Fair, on April 30, 1939, that Sarnoff dedicated the RCA Pavilion. What made the ceremony unique was that he did it before a television camera.

The public swarmed in to look at this fantastic new invention exhibited on five- and nine-inch screens. Few could have predicted that within 10 years it would start on its way to become the most significant entertainment medium of the 20th Century and one of the most important social factors of all time.

Sets were on sale at the Fair, ranging in price from $200 to $600. A few were sold to those who always need to be the

'George Gobel Show' 1954

first to own anything—there was no programming to speak of, and wouldn't be any until after World War II was fought. During the early 40's, estimates of TV ownership put the figure at about 10,000 nationwide.

When Sarnoff proclaimed the new era, most probably thought, as did his boss at American Marconi, that he was harebrained. Radio was king and would likely remain so forever. There were over 50 million sets in U.S. homes and 1,000 stations on the air.

The year of the Fair, NBC got the first TV license for an experimental station, W2XBS, which was to become WNBT and later, WNBC-TV New York.

War production took over the entire attention of RCA and NBC between 1942 and 1945. Sarnoff went off to war and returned at its conclusion with a new appellation, Brigadier General. Henceforth, he would always be referred to as "The General." After his return he seemed to live in isolation on the 53d floor of the RCA Building. Executives addressed him in one-page memos. He had no organizational chart of the corporation, and subordinates were constantly engaged in infighting among themselves, jockeying for positions of favor.

At NBC, there was a significant morale problem. The broadcast division was looked down upon by the RCA hierarchy as "hucksters." Sarnoff seemed to be more interested in technology than he was in broadcasting and absorbed himself with television. He knew that standards would be needed if the new medium was ever to get going. He had the Russia-born genius. Vladimir Zworykin, working to establish them at the Princeton laboratory.

RCA introduced its first major line of black and white sets in 1946. Total TV homes that year reached 14,000. NBC started its TV network with four cities: New York, Philadelphia, Schenectady and Washington. The first color tests were attempted in the Princeton labs, but color was unstable. One event of 1946 made television newsworthy—the Joe Louis-Billy Conn heavyweight title fight, sponsored by Gillette and carried over NBC. Many saw television for the first time and decided to start saving their pennies for the one-eyed contraption that would soon invade their homes.

That same year, NBC had 165 radio affiliates; CBS had 163. The younger network had finally caught up to NBC in radio ratings and was eager to savor its success. Paley told CBS's radio affiliates to put television in the back of their minds. He advised them to wait until color was perfected and even urged those who had gotten licenses to return them. Some actually did.

Sarnoff, always the visionary, became an impassioned prophet. He ha-

The appeal of radio programs could be emotional, intellectual or comedic. If they caught on, they could run forever.

'Information Please' lasted 10 years

'Stella Dallas' ran 17 years

'Aldrich Family' went to TV after radio

Sid Caesar and Imogene Coca, 'Your Show of Shows'

Milton Berle, 'Texaco Star Theater'

Early TV comedy shows were frenetic equivalents of Broadway revues. They sold sets to many people who had never been inside a theater.

rangued his affiliates to get into television immediately. At the 1947 radio affiliates convention in Atlantic City, the General argued for a hour and a half, imploring his audience to act immediately. When he was finished, one affiliate ran out of the meeting directly to a pay telephone and called his boss. "Start ordering the television equipment," was all he said.

Talent exodus

Two legacies of the war, income tax and advances in sound recording, were about to deal a heavy blow to NBC. Bing Crosby wanted to record his radio show in advance on wire recording equipment that had been perfected for the military, but NBC had hard and fast rules prohibiting recordings on its air. So Crosby switched allegiance to ABC, which had no such rules, and that network got one of its first star acts.

Serious as Crosby's loss was, it was nothing compared to what was coming. A loophole had been found in the tax laws which favored capital gains over personal income.

Paley worked out a deal with the agents of Jack Benny and Edgar Bergen to lease their shows to CBS under the far more favorable capital gains tax rates. *Amos 'n Andy*, Burns and Allen

Hope on radio/TV

Bob Hope began his career as a regular on NBC Radio, September 27, 1938. He's still a regular on NBC-TV, 48 years later.

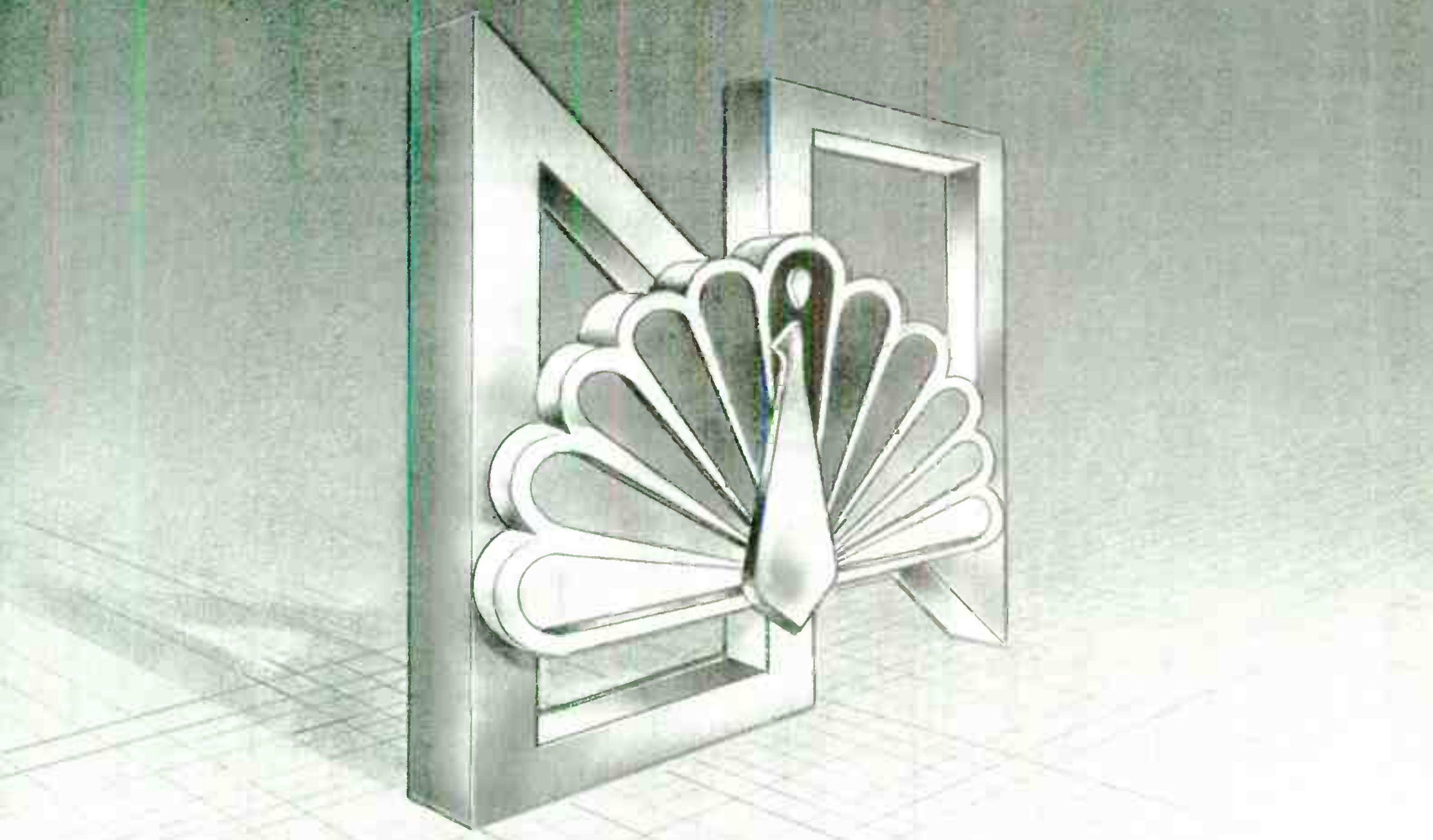
While he was performing in vaudeville at New York's Capitol Theater, 1929–32, one of Hope's colleagues, Major Bowes, was doing a radio show from the same stage. He got Hope to join him on the air one day. Later, says Hope, people would come up to him on the street and remark: "Heard you on the radio," A light went on and the comic, at first reluctant, now accepted more radio work.

Reminiscing about the early days of radio in Robert Campbell's book *The Golden Years of Broadcasting*, Hope compares the life of a radio comedian with that of a TV entertainer:

"Working in radio was wonderful. You could just stand there in front of a radio audience, tell a joke, get a laugh and then kiss the joke and get another laugh. When the show was over, I'd just walk out, toss the script in the wastebasket, and go right to the golf course. I didn't have to worry about makeup, costumes, or anything like that. It was something.

"TV is a completely different scene from radio, and a much harder one. First of all, you have to *appear*. You can't just walk on and read from a script the way we did on radio. You have to look good, which first of all means makeup. On TV, you have to know your material. You can look at the idiot cards once in a while, as a reminder. But you can't be glancing at them too much because the audience will know. So you have to rehearse, really get your material together, force yourself to be natural."

FROM ALABAMA'S LEADING NEWS STATION TO AMERICA'S LEADING NETWORK, HAPPY 60th!



'The Ernie Kovacs Show'
1956

Anthology series (like 'Philco Playhouse'), introduced movie stars to television for a single performance.

Grace Kelly in 'Ann Rutledge'

Jose Ferrer as 'Cyrano de Bergerac'

and Red Skelton followed.

Suddenly, NBC was seriously depleted of stars. CBS had a powerhouse Sunday night lineup. Sarnoff told the stations, "Affiliates are more important than any stars."

Meanwhile, radio profits were financing TV's development. Losses on the new medium topped $8 million and would reach $18 million by 1950. Sustaining radio shows started to disappear from the air.

Mal Beville reveals that Sarnoff once announced at a staff meeting that "NBC has never turned over any of its profits to RCA in all these years."

"That was a stunning revelation to me. I don't think any of the other people knew what he was talking about. We had never been privy to the financial reports, so we never knew what the profits were. I assumed RCA was taking the money from NBC, but it had never gotten a dime. The profits were being poured back into the company, into expansion and television."

The first big turnaround year for television was 1948. At the start of the year there were 19 TV stations on the air and 175,000 receivers. By year's end, stations had increased to 47 and number of sets had jumped almost six-fold to 1 million.

The spark that ignited the explosion was NBC programming. Milton Berle went on in 1948 with *Texaco Star Theater*. A year later, Sid Caesar's *Admiral*

Louise Albritton, Anthony Quinn in 'Pride's Castle'

ONLY THE SUN COVERS OUR NEW MARKETS BETTER

12 WPRI-TV

WKRN 2

12 WJRT-TV

TV TEN 10

WTKR TV 3

13 KOLD-TV TUCSON

4 KTVY OKLAHOMA CITY

10 WALA TV MOBILE

KNIGHT-RIDDER's three newest Sun Belt stations have a history of distinguished service to their communities; in news, information and entertainment.

KTVY (NBC), Oklahoma's first television station, and still the leader in community service and local programming.

WALA (NBC), which recently tracked hurricane 'Elena' live all the way across the Gulf and then trekked to China to explore the culture and examine business possibilities for Alabama in the Orient.

KOLD (CBS), which stands on the edge of two cultures, sharing 'The Spirit of Arizona' with one of the fastest growing markets in the Sun Belt.

We're proud that they've joined our stations:
in Nashville (**WKRN**, ABC),
in Norfolk (**WTKR**, CBS),
in Providence (**WPRI**, ABC),
in Albany (**WTEN**, ABC),
in Flint (**WJRT**, ABC).
NOW WE'RE 8!

KNIGHT-RIDDER BROADCASTING
'GROWING PLACES'

'Dinah Shore Show' 1956

Broadway Revue (later *Your Show of Shows*) premiered, followed by *Colgate Comedy Theater* with rotating comedians (Eddie Cantor, Fred Allen, Bob Hope and Abbott and Costello).

Situation comedy made the journey from radio to television. The first to cross, probably, was *Life of Riley*, with Jackie Gleason. He failed in the role, but when William Bendix took it over, in 1949, the show caught on.

With television showing the signs of the national mania that Sarnoff had predicted, NBC acquired a large parcel of land in Burbank and the first two TV studios were built there, for Bob Hope and Red Skelton. Two more studios were added later.

License freeze

On the down side, the FCC ordered a freeze on new television licenses in 1948 while a new spectrum allocation was being worked out, it having become apparent that 12 channels were not enough to adequately serve the U.S. public. Expected to last six to nine months, the freeze actually lasted nearly four years, until July, 1952. The 108 stations already on the air made fortunes, but many markets had no service at all.

Work on the coaxial cable had started in 1940 with a New York-Philadelphia linkup, and was completed in 1952. With it, the dream of coast-to-coast television was finally a reality. The following year, 1953, NBC television turned its first profit. The freeze on station building had been lifted with the intermixture policy of VHF and UHF frequencies. There were 700 license applications pending on the FCC's "in" basket. New transmitters were springing up around the country.

As expected, NBC and CBS were slugging it out on the air. More important to future generations, they were engaged in a fierce struggle in the research laboratory. This time the war was over color.

CBS was backing a system centered on a rotating wheel which revolved in front of the TV screen. It offered good color rendition, but would have made all sets manufactured to date obsolete. RCA's system was compatible with existing sets, though it didn't offer, in the opinion of the FCC at least, as good color rendition. The FCC tentatively approved the CBS system.

In 1953, Sarnoff called all the NBC affiliates together in the Princeton lab. Program chief Sylvester "Pat" Weaver dramatically whipped aside a curtain and color television sets came on. The audience gasped. The General appeared and emoted for an hour and a half, as he had done in Atlantic City six years earlier. This time his mission was to sell them on the virtues of the compatible color system. He won them over, of course, but the FCC was not yet convinced.

It took Dr. Allen B. DuMont to do that. One of the early pioneers of the oscilloscope, DuMont not only manufactured sets but also had started up a struggling network. A respected scientist and seemingly disinterested, he supported RCA's system. Actually, CBS' concept would have made all his sets worthless.

DuMont was experimenting with a 30-inch receiver, the largest built to date. This set was rolled into the FCC

Faced with difficulties in getting full sponsorships for the new shows, Weaver devised a bold idea: spread the cost over many.

Dave Garroway and J. Fred Muggs on 'Today'

hearing room for a demonstration with an appropriately-sized CBS color wheel mounted on it. The wheel was six feet in diameter.

Recalls one witness: "The absurdity of the whole thing was obvious the moment they wheeled it into the room." Though the RCA system didn't work perfectly, compatible color, as defined by the National Television Systems Committee, was approved as the standard in 1953. It took from that time until 1966 for NBC to convert its entire schedule to color.

The 1954–55 primetime television season was the last NBC was to win outright in its ratings war with CBS, until the current season. Following the lifting of the freeze and a more even distribution of stations among the three competing networks, CBS ascended the primetime throne. Tending to lumber along with transported radio programs and highbrow musical fare, NBC got a reputation as a "quality" network, CBS as a more popular one. ABC was not a leader until the 1970s.

Radio's slide

Meanwhile, bigtime network radio had just slipped one foot into the grave. As an example, Bob Hope's radio rating had been 23.8 in January 1949. In January, 1951 it had been sliced in half, to 12.7. By January, 1953 it sank to 5.4. Hope's show was soon off radio to become a permanent fixture on television. CBS by this time has taken possession of most of the NBC radio stars and they were winning their nights consistently.

A new element entered the picture in 1954. Sylvester "Pat" Weaver moved up from program chief to NBC president. Within a two-year period he changed the face of commercial television. The "Golden Age" of TV drama was launched with the Philco and Goodyear alternate week sponsorships offering a stage to young playwrights like Paddy Chayefsky, Reginald Rose, Rod Serling, Robert Allen Arthur, Horton Foote and Gore Vidal.

But Weaver's major contribution was to alter the dayparts outside of primetime. He had introduced three new programs between 1952 and 1954: *Today*, *Tonight* and *Home*. They were to revolutionize not only TV viewing patterns, but the way the medium was sold.

Faced with difficulties in getting full sponsorship for the new shows as costs rose, Weaver devised a bold new idea: participations. Instead of single sponsors, why not spread the cost over many?

Today and *Tonight* not only opened the door to thousands of advertisers who could not afford television before.

Couldn't see cable for Manhattan

Prescient as Gen. Sarnoff was on most things technical, he blundered by not recognizing the potential of one possibility, according to David Adams.

Television reception on Manhattan's East Side is poor due to interference from skyscrapers.

In the '50s, many members of the city's advertising community lived in the area. They tended not to watch much TV at home because of the poor reception, and were not, it was felt, as partial to the new medium as they should have been.

One forward-thinking NBC executive suggested RCA wire the area underground so that the advertising community and other trend-setters could receive better reception and experience the full impact of the new technology. General Sarnoff turned the idea down cold, thus delaying the cabling of Manhattan for 15 years. It's not recorded if he used the word "harebrained" to deflate the idea, as his famous 1916 memo on the "radio music box" had been discarded by his superior.

'Tales of Wells Fargo'
1957

but pushed the confines of the clock forward and backward. As a whole new breed of advertisers found an affordable way to sell, a whole new core of viewers found something to watch in the morning and at night.

Says Richard A. R. Pinkham, who was executive producer of *Today*, before he went on to a distinguished career at Ted Bates:

"Weaver changed the nature of TV advertising. I worked with many, many people in this business, but Pat is, undoubtedly, the most creative man who ever ran a network. The only person who even comes close to him is Grant Tinker. The same kind of solid, sensible approach to problems as well as good taste. Fabulous."

Today introduced another star to NBC, a chimpanzee named J. Fred Muggs. He appeared just as the show was nearing cancellation, the victim of poor viewership. The moment he entered, ratings picked up and *Today* has never been in serious trouble since. He was adored by the audience, but those who had to work with the chimp felt no fondness toward him. "That wretched monkey earned NBC $100 million," Pinkham snaps.

One-time-only 'spectaculars'

Another concept of Weaver's was the one-time-only special. "I used the word 'spectaculars,'" he told the Oral History, "to make advertisers realize that sometimes they were smart to spend all their money in one place, as in outdoor advertising. Max Liebman (who produced *Your Show of Shows*) thought we ought to call them 'specials' because the critics wouldn't think they were so spectacular, so he always called his 'specials.'

"Everybody said they wouldn't work," Weaver continues. "This was a continuity medium and nobody would know when they were on, and they would interrupt the regular flow. There were 10 million reasons why it was a terrible idea."

Weaver was not considered a good businessman, according to Pinkham. "He used to spend money profligately. Paley said that he was brilliant, creative, but no businessman." Weaver spent $500,000 on the Laurence Olivier production of *Richard III*. When no one came forward to sponsor it, he ran it on a Sunday afternoon.

Weaver's main problem was that his brilliance was outshining the General's son, Robert Sarnoff, whom the old man was grooming as his successor.

"Weaver wasn't afraid of losing his job," recalls Pinkham. "He was not in thrall to the General. They'd have terrible battles and he'd lose on issues important to him. I used to urge Pat to take it easy, respect him a little more, so that he'd feel at ease with him. That way he could get the General to agree with what he wanted. Pat never would."

Weaver was eventually kicked upstairs to NBC chairman, a position he retained for less than a year, while Bobby Sarnoff reigned as NBC president for two and a half years, then as chair-

As a whole new breed of advertisers found an affordable way to sell, a whole new core of viewers found something to watch in the morning and at night.

'Tonight', Steve Allen

Jack Paar

man for another eight and a half.

Tonight, started when an earlier opus, *Broadway Open House*, ran out of steam. Eventually Jack Paar became its host and people tuned in just to watch him walk off the show, which he did periodically. When he ankled for the last time, in 1962, a replacement was eagerly sought.

Walter Scott, later NBC president and chairman recalled in his Oral History remembrances: "Mort Werner (director of programming) put together an easel presentation of every failure Johnny Carson had ever had and he wound up with the conclusion that Carson had failed in each of these things and therefore had learned what not to do."

The younger Sarnoff got mixed reviews for his contributions to the company. Julian Goodman, who took over the presidency in 1966, reports:

"Bob Sarnoff deserved more credit than he is given. He was a smart man who understood broadcasting and used his executives well. His father was a hard act to follow, but for all their vanities both of them made invaluable contributions to NBC for many years."

Robert E. Kintner, a former newspaper columnist and president of ABC, supplanted Bob Sarnoff as NBC president in 1958 and held the position till 1966.

"I think Bob Sarnoff sat in on everything Kintner did," Goodman continues. "He would walk into his office unsolicited, unannounced, which Kintner hated, and take part in everything."

Revered by many

Kintner, on the other hand, is still revered by many who worked with him. More than one colleague rates him as the best president NBC had until the present decade. Though it was acknowledged that he had a drinking problem and would disappear for days at a time, he had a competitiveness that drove subordinates to do their best.

"He was the best thing that ever happened to NBC News," says Julian Goodman. Adds another colleague, Don Durgin, who was president of the NBC TV network: "He was the most brilliant broadcaster of his time, though tragically flawed." David Adams thinks he was the finest of NBC's many presidents.

Shortly after Kintner's departure in early 1966, Julian Goodman's regime took over and lasted till April 1, 1974.

Goodman was the first network president to have risen directly from the news division. His years are remembered for strengthening NBC News, propelling the evening news into prominence, and giving the company stability after the rocky years of Weaver, Sarnoff and Kintner.

Goodman blames himself for not showing more initiative on the programs front. NBC had by then settled in as the second place network to CBS in primetime and seemed content to remain there forever.

"I think my instincts in the entertainment business are good and I wish I had spent more time on programming," Goodman confesses. "I deferred to the judgment of people in the program business. I was disconsolate when Grant Tinker's MTM Enterprises brought *The Mary Tyler Moore Show*

Whose laundry?

David Sarnoff was a U.S. Army colonel. He got to London and immediately moved into Claridge's Hotel. The following morning, a chambermaid brought him a bundle of laundry.

Sarnoff was puzzled. He hadn't been there long enough to amass any laundry. Upon inquiry, it turned out that the laundry had been left by another officer who had occupied the same room the previous day, but switched to another. This laundry had belonged to Col. William S. Paley.

'Wagon Train'
1957

to NBC first and the television network thought it was a woman's show and it would not succeed. Presumably, they had research to back up their decision, which had to be made quickly.

Got the opportunity

"But it's etched in my memory that the head of sales at that time said 'I'd like to program against it.' And he sure as hell got the opportunity.

"There were occasions like that, when I trusted others' instincts because they had more experience, whereas in news I trusted nobody's more than I did my own."

Herb Schlosser succeeded Goodman as NBC president April 1, 1974, and held the position until mid-1978.

By this time, according to Adams, the company's mood had reached a point of "let it go, don't rock the boat—a lackadaisical attitude, while ABC and CBS were pressing competitively."

Record profits were being made every year, and it didn't seem to matter much that NBC was a perennial second in primetime ratings.

Ancil Payne, KING-TV Seattle, recalls that when he was chairman of the affiliates board of delegates in 1975, "NBC had long been very comfortable as number two. With some adjustments, we may have remained in that position. But with the approach of the 50th anniversary hard upon the network, the desire to achieve the number one position became obsessive, and resulted in management changes and unfortunate risk-taking.

Silverman's arrival

"Midway in my chairmanship, Ed Griffiths (then chairman of RCA) called me one morning to say he had hired Fred Silverman, then president of ABC Entertainment, as president of NBC and asked how the affiliates would react to that. I said we're in deep trouble in programming; you've hired the best programmer in the country, and I think psychologically this will be

Fred Silverman's reign was not all negative, says one affiliate. "He brought us 'Hill St. Blues' and 'Real People,' he had a genuine love of television and never ceased trying."

'Hill Street Blues'

'Real People'

a tremendous shot in the arm. I assume that, in your judgment, you have concluded that Fred has the ability to manage the company. He said that he has the capacity to learn how. We're going to have to get help for him

Not just programming

"I said it isn't just programming causing the trouble back there. He replied, I know that, but we'll get somebody to help him. And that is why he hired Jane Pfeiffer, introducing an amazing management organization in which Mrs. Pfeiffer reported to Silverman, but served on the board of directors to which Fred reported. The Harvard Graduate School of Business should pay NBC for the rights to make a case study of that period.

"But all was not negative. Fred Silverman brought us *Hill Street Blues*, *Real People*, and *Diff'rent Strokes*. And it was Silverman who hired Brandon Tartikoff. His management style may have left a lot to be desired, but Fred had a genuine love and feel for television and he never ceased trying."

Fred Paxton, president of WSPD-TV Paducah-Cape Girardeau-Harrisburg-Marion, notes that: "In retrospect, I think Silverman shook programs around too much. That was bad for building an audience and it made it impossible for an affiliate to sell the station breaks between those programs. By the time the order hit the air, the programs had been moved. We had no credibility with the advertising agencies. They didn't know what they were buying.

"When he was first appointed, with his reputation as a programming genius, I though it was an inspired choice. Fred was a good programmer, but they put him in as head of a network to deal with news, all the mundane things that go on at the network as well as programming. NBC was going downhill and I know he felt tremendous pressure to arrest that decline.

"It wasn't until Grant Tinker arrived as chairman that the decline was arrested." □

Strange bedfellows

John F. Royal was vice president of programs for NBC Radio during the '30s. He was actually included in the deal when NBC bought WTAM Cleveland, in order to acquire his services.

A successful vaudeville booker, Royal knew his way around the competitive nuances of the business. When CBS started during the New York Philharmonic concerts, Royal sought to counter it with an NBC Symphony.

David Sarnoff, always a lover of fine music, wanted the best of everything. He and Royal sought to entice Arturo Toscanini out of retirement as conductor, which they did, in 1937. The maestro conducted the symphony until 1954.

Toscanini was a crafty negotiator, too. He had insisted in his contract that his remuneration be based on net earnings after taxes. As the years went on and taxes increased, the amount expended rose well in excess of what NBC had estimated.

According to Erik Barnouw in *The Golden Web*, Royal sent Samuel Chotzinoff to Rome to negotiate a new contract with the maestro. It was bitterly cold in the Toscanini apartment. The negotiators and the conductor's wife sat in their overcoats and deliberated, frozen to the marrow. Finally, at the lady's suggestion, so the story goes, they all got into bed with their overcoats on, covered by a large quilt, and concluded their negotiations.

Battle over color TV standards—a bitter fight

There was probably no competitive battle in the history of U.S. industry more bitterly fought than the head-to-head slugfest between RCA and CBS over TV color standards in the late '40s and early '50s. It involved millions of dollars, political pressures, legal appeals, interminable hearings before the FCC. And the industry, the Wall Street community and interested consumers watched intently as two titans squared off—RCA's David Sarnoff and CBS' William S. Paley.

Both RCA and CBS had been working on color systems for several years—CBS on one that was non-compatible color disk operated, while RCA had opted for electronic compatibility to receive the picture in either color or black and white. CBS jumped in first—it petitioned the FCC in 1946 to approve its system, but the commission responded that no system was good enough to approve, and suggested at least 2½ years of further research. This, some observers said, was just what CBS wanted—more time to enjoy its recent profit surge in radio.

RCA set up a demonstration in October, 1946, and then again in September, 1949. "The monkeys were green, the bananas were blue and everyone had a good laugh," according to Sarnoff.

The color disk scanning at that point was just superior to the RCA system. The next hearing was set before the FCC in September, 1949, and it lasted for eight months. Over 10,000 pages of testimony were placed in the record. CBS had powerful supporters in Wayne Coy, chairman of the FCC, and Senator Ed Johnson (D-Colo.). The following year, in October, 1950, the FCC approved the CBS non-compatible standards. RCA, unsuccessfully, challenged the decision all the way up to the Supreme Court. Even CBS was surprised, hoping for another delay. Jack Cowden, one of the CBS executives at the time, said, "One more victory like this one, and we'll probably be out of business!"

First broadcast. In June, 1951, CBS broadcast the first commercial color network program in history—a one-hour show with Arthur Godfrey, Ed Sullivan, and other stars. According to Bill Paley, "there are 10 million television sets in existence, with 25 capable of receiving CBS color!" Sarnoff, a stubborn man, exhorted his engineers at the Princeton labs to continue to work to refine the RCA system.

In late 1953, RCA and the National Television Systems Committee—including CBS, petitioned the FCC to authorize the marketing of the compatible color system. On December 17, 1953, 39 months after the previous decision, the FCC, in a historic about-face, approved the RCA system. Said Bill Paley in his autobiography, *As it Happened*: "The consequences for CBS were considerable, not just in the loss of our color system and its out of pocket research costs of millions of dollars. The ramifications of that color system war got us into a terrible bind. With hindsight, I could see that we had not thought it through as carefully as we might have . . .

"The fault lay in our poor judgment in not having a fall-back position in the event our color system failed and in not having applied for licenses to acquire four more CBS-owned television stations back in 1946 or 1947. Those stations would have been ours for the asking at the time."

Television Age (the name was changed to *Television/Radio Age* in 1970) began pushing compatible color in 1953. It ran a special report on color in its very first issue in August of that year, which created a great deal of comment within the broadcast industry. The publication continued to run special articles on all facets of this new development.

General Sarnoff *demonstrates the all-electronic color TV, October 1946*

Howard Ketcham, the color expert, wrote a series of articles on the motivational aspects of color, advertising packaging experts wrote on color packaging design, technicians on the camera juxtaposition of certain colors. Over a formative five-year period, *Television Age* ran almost 100 articles on color. "Why do you run so many articles on color?", the publisher was asked by a leading broadcaster. "Because it is the next frontier of the business," was the answer.

Advertiser resistance. But the going was rough. A few affiliate pioneers, such as WKY-TV Oklahoma City, WBAP-TV Dallas-Fort Worth, WTMJ-TV Milwaukee and KSTP-TV Minneapolis-St. Paul were among the first to install transmitting equipment. But, by and large, color in the late '50s had reached a plateau. At that point, *Television Age* was the catalyst in a significant study. It encouraged Arbitron to do a test study in Omaha, comparing the ratings of network shows in color homes, versus the same shows in black and white homes. As expected, the ratings in the color homes were more than double. This led to the validation of 'Taylor's law' (John P. Taylor, marketing vice president of RCA) that if you had 5 per cent color penetration in a market, it would affect the overall Arbitron ratings. The research broke the logjam.

By 1963, television, as a result of color, had become a billion dollar a year industry. There was no question but that color television will rank as one of the outstanding accomplishments in the history of American industry.—**S.J.P.**

David Adams: NBC's subtle orchestrator for 30-plus years

Of the dozen or so men and one woman who have ruled or run NBC since its founding, none ever personified the company more, perhaps, than did David Charles Adams.

For over half its history, from 1947 to 1979, Adams *was* NBC to affiliates, regulators, employees, many of its clients and competitors. Inside the industry he was perceived as a brilliant but benevolent Richilieu orchestrating the daily business behind the throne occupied by Bob Sarnoff, Pat Weaver, Bob Kintner, Walter Scott or Julian Goodman.

As well known as he was inside the industry is exactly how invisible he was to the outside world. Once, when asked by *The New York Times* to project the extent of national excitement should he be named to head up the company, Adams replied in his customarily dry and self-depricating way: "Who's he?"

Retired since 1979 and living quietly with his second wife, Ilyana, in Croton-on-Hudson, New York, the scholarly ex-executive has removed himself from the trials and tribulations of a company with which he carried on an intense love-hate relationship for three decades.

Though he's gone from the scene at 30 Rock, he's far from forgotten. Longtime associates continue to quote him in the manner of acolytes coming down from the Himalayas.

Asked to define the network-affiliate relationship, NBC's former vice president of that department, Don Mercer, observes: "As David Adams used to say, "it's like two scorpions in a bottle—they better learn to get along with each other . . . or else."

Asked to name some of his "heroes" at NBC, Jack Harris (former chief at KPRC-TV Houston) mentions Adams as "far and away the most admirable."

The unique qualities of the man are a wry sense of humor, affability without affection, erudition without glibness, directness at all times. Reporting to the NBC Oral History, numerous affiliates relate how Adams had become so associated in their minds with the company with which they had cast their lot, that when attempts to woo them came from CBS and ABC, they remained loyal to their network because it would have been unthinkable to stab a man like David Adams in the back.

Powers of concentration

Others recall his legendary feats of concentration—sitting all day in gruesome conferences, incessantly making notes. Working all night on a draft of opposing views, which were on the table, neatly-typed the next morning when the conference resumed. It was well known that Adams suffered from insomnia, but ordinary humans marveled, nonetheless. Not only at how he could get the work done so effortlessly, but that he could pick apart complex arguments and leave only the cogent points sitting on the table like chicken bones after a picnic. Most of NBC's policy papers from his 30-year tenure bear the clear, concise, razor sharp imprint of Adams' intellect and infallible editor's pencil.

The Times once said he was known for his "exceptionally dry humor and his knack of translating regulations of the Federal Communications Commission into coherent English."

Though he carried the title of vice president or better since 1953 and rose as high as chairman (1971–74), he was notoriously unambitious for power or the limelight that goes with it. Presidents and chairmen came and went, Adams backstopped and stayed. He was offered the chance to run the company many times, urged to take the helm, but always declined. He didn't feel he had the qualities to be a general out in front of his troops. Nor did he want to sacrifice everything else he enjoyed doing for the sake of work. When he finally succumbed and accepted the chairmanship at Walter Scott's resignation in 1971, he implied strongly that he did it only because it was necessary to the survival of the company.

His command of the language always served him well. His appointment as chairman came at a time when numerous private interest groups were trying to press their fingerprints on the television screen. Adams' chided these lobbyists, accusing them of "try-

Though he carried the title of vice president or better since 1953 and rose as high as chairman, Adams was notoriously unambitious for power.

David Adams

ing to turn television from a thruway for 60 million people into a lot of little bicycle paths."

Earlier, in 1968, he had surprised the industry with a stroke of individuality not common in the high echelons of corporate life. At the time he was third man in NBC's troika of Scott and Julian Goodman, and could have positioned himself for any job in the company. Instead, he took a year's sabbatical leave. "Like a plant," he said, "maybe a man needs to repot himself."

He wanted to try out retirement (he was 55 at the time) and left with no strings—NBC didn't have to take him back and he made no plans to return to 30 Rock. Then he and his first wife, May, toured Europe and Israel.

When they returned, Adams learned that his wife was terminally ill. She died in 1970, a few months after he had returned to his desk at NBC.

Day-to-day basis

Despite the many titles he carried over the decades: senior vice president, executive vice president, vice chairman and chairman, the bespectacled lover of good books essentially ran the company on a day-to-day basis. Half a dozen departments reported to him—legal, standards and practices, advertising, publicity, promotion, affiliate relations and the Washington lobbying staff.

Adams joined NBC in 1949 after a stint with the Federal Communications Commission legal department under John Denny. He came there with a B.A. and law degree from the University of Buffalo, in his home town, where he practiced law for four years before Denny noticed him and invited him to Washington. He stayed six years at the FCC and when Denny was tapped as NBC's legal counsel in 1949, Adams came with his mentor to New York.

David Sarnoff took a shine to the studious young lawyer and liked to have him hang around his office. It was an honor not accorded many. Sarnoff was RCA chairman at the time, and those on the high corporate levels looked down their noses at the NBC people as "hucksters." Sarnoff once put Adams on the RCA payroll, but the lawyer wriggled off six months later when he found the work too dull.

"Difficult, strange, tyrannical" are words Adams uses today to conjure up the General. "A mind like a razor, lucid . . . with vision of the future." Adams recalls that the founder was concerned that his son, Robert, should do well and succeed him at the top rung of the corporation. Adams would be called to the General's office to "talk." The elder Sarnoff would ask, "How's Bobby doing?" If Adams didn't know, the General would ask him to find out, adding the role of company spy to the attorney's growing list of responsibilities.

As for Bobby, Adams recalls that he did the best he could in the difficult position of running the company in the wake of a domineering father.

In the regimes of nine presidents under whom he served, from Niles Trammel to Fred Silverman, Adams perceived vast differences in style and results. Some condoned a lackadaisical attitude of don't rock the boat, content to be second to CBS so long as profits were satisfactory. Others were so competitive they bred ulcers in their subordinates. Each has his virtues and faults.

In toto, Adams regards the oft-overlooked Bob Kintner as "the best, even in his worst moments."

"He gave the company an air of energy and venturesomeness," he says of Kintner. "I hated to come to work but was glad to be there. He worked our asses off, and we did nothing but NBC."

Adams told the NBC Oral History project about Kintner: "He was idiosyncratic and willful and just as tyrannical when he was wrong as when he was right. But all in all, he gave NBC a spirit of enterprise and devotion that flowed through the company."

Kintner's competitiveness was legendary. "He had to win everything," Adams related. "During one political convention coverage he phoned the head of NBC News at the control room to tell him how well we were doing in the ratings. Instead, he reached Shad Northfield, our producer, and said, 'We've got an 82 share,'

David Sarnoff took a shine to Adams and liked to have him hang around his office. The General, says Adams, had "a mind like a razor, lucid . . . with vision of the future."

which was stunning. Shad, awed by this presidential call and the news, mumbled, 'Gee, that's wonderful.' Kintner snarled: 'I want 100,' and hung up."

The last team he worked for, Fred Silverman and Jane Cahill Pfeiffer, was obviously the worst, in Adams' opinion. He recalls that the year before Silverman took over (1978), NBC had earned $152 million. When he left (1981), profits had shrunk to $44 million.

"Early in October," he recalls, "on a day I was to leave for Europe, Ed Griffiths (RCA chairman) called to tell me in mid-October Jane Pfeiffer would be elected as NBC's chairman, and he hoped I would give her full support.

"By the time I returned to my office a few minutes later, she had called to see me and said she counted on me to call her anytime and anywhere on any 'goofy' mistake she might make because she was not familiar enough with broadcast operations.

"I followed this requested course on my return from Europe, and it lasted just about three weeks because by then she made it clear that she wanted to run by herself. "Some eight months later she offered me a consultancy with the company, which meant that I was being fired."

When David Adams left, a personna left 30 Rock with him. Many believe with General Electric about to case a new ideology, it will never be the same. □

Aggressively selling for the finest television stations in America!

hrp

New York
Chicago
Atlanta
Boston
Charlotte
Cleveland
Dallas
Detroit
Los Angeles
Minneapolis
Philadelphia
St. Louis
San Francisco

'Department store' approach paid programming dividends

When Grant Tinker took over the chair at NBC five years ago, he wanted to make NBC's a "Tiffany" television schedule. The first two years it didn't work. *Time* magazine called the "look Rolls Royce, the financial graph DeLorean."

In the third year, Tinker and program chief Brandon Tartikoff tried a different approach, replacing the Tiffany with F. W. Woolworth. All nine new shows starting out in fall, 1983, failed ignominiously. "The saddest kind of failure," confessed Tartikoff, "is when you aim low and miss."

NBC was mired in third place and, worse, its program average even sank a little—from 15.2 in 1981–82, to 15.1 the next year to 14.9 in 1983–84.

The following season, Tinker says, the network adopted a "department store" approach. To this was added whatever remained of Tiffany. The combination worked, NBC turned the corner and moved up into second place behind CBS.

This year, the department store definitely approximated Bloomingdale's—young, hip, colorful and won everything hands down.

NBC had finally taken a primetime ratings race, its first clear-cut win in modern TV history. More important, in this commemorative year of 1986, the network finds itself in its best competitive position ever against the other networks.

Consider:

In the 30-week season (September 23, 1985–April 20, 1980) NBC averaged a 17.5 rating and 27 share, to CBS's 16.7/26 and ABC's 14.9/23.

It ranked first in 21 of the 30 weeks, had its largest average primetime audience ever (15 million homes) and won or took second place in every night of the week, clinching Thursday and Saturday.

It placed five shows in the top 10, including the top pair (*The Cosby Show* and *Family Ties*), and had the highest rated new show of the season (*Golden Girls*), and seven of the top 10 new shows.

Five of the top 10 made-for-TV movies of the season and six of the top 10 theatrical films played on NBC.

NBC's success is often attributed to Tinker's support of Tartikoff's selections even when they didn't appear to be working.

Brandon Tartikoff

Children's shows

On Saturday mornings, NBC won its 16th consecutive quarter since mid-1982 and leads the other two networks in ratings by about 20 per cent. It has the three top children's shows, *Alvin and the Chipmunks*, *Punky Brewster* and *Smurfs*.

The NBC Nightly News had its highest first quarter ratings and share since early 1982 (12.7/22) and is in its best competitive position to unseat *CBS Evening News with Dan Rather* (13.7/23) since the fourth quarter of 1981.

In late night, *Tonight with Johnny Carson* equalled its highest first quarterly rating since 1982, 7.6/24, which represented a 9 per cent increase over his first quarter of 1985, and leads by substantial margins over the competition in the segments when all three networks are competitive.

David Letterman had his highest late night first quarter ever in early 1986, 3.6/20, 13 per cent over last year's first quarter. Letterman's weekly replacement, *Friday Night Videos* had its highest quarterly rating in two years, 18 per cent above its first quarter of last year. (There is no network competition in this daypart.)

In early morning, *Today* recaptured its lead from ABC's *Good Morning America* in the first quarter of this year, leading by 5.8/25 to 5.2/22. *Today* was the only show in the time period to increase its numbers over January–March 1985 and did it by an eye-opening 18 per cent. *GMA* was down 14 per

The 1985–86 season has been a memorable one for NBC, especially in the highly visible primetime.

'The Cosby Show'

'Golden Girls'

'Family Ties'

On *Saturday mornings, NBC won its 16th consecutive quarter since mid-1982 and leads the other two networks in ratings by about 20 per cent.*

'Punky Brewster'

'The Smurfs'

cent and CBS (at 3.1/13) was off 2 per cent in the period.

NBC Early News at Sunrise was up 14 per cent over a year ago, and led ABC's *This Morning* and CBS's *Early Morning News* by 2.4/18 to 2/17 and 1.4/13.

Some areas of concern

Despite the fine shape NBC seems to be in, there are still some areas of concern. Says investment banker Tony Hoffman of Union Bank of Los Angeles: "Some shows that were instrumental in NBC's turnaround are getting long in the tooth—*A-Team*, for example. and maybe *Hill Street Blues*. Probably ABC went through the same thing after their winning seasons. If it weren't for the fact that CBS was lying dead in the water for a while, NBC could have gotten into trouble quickly."

Three NBC primetime shows dropped substantially in the standings from last year. Most prominent was *A-Team*, which tumbled from sixth place to number 31. Also suffering from apparent burnout was *Riptide*, which fell from 12 to 57 and *Remington Steele*, from 21 to 51.

Less significant losses were suffered


NBC
WJKS JACKSONVILLE
WXFL TAMPA-ST. PETERSBURG 8
REFLECTIONS ON A BEAUTIFUL RELATIONSHIP.
For nearly 35 of your 60 years in broadcasting, we've worked together to build a strong franchise for the NBC and Media General Broadcast Group team in Florida. Through fun and laughter, drama and documentary, news and sports . . . we've grown stronger.
AND THE BEST IS YET TO COME!
Isn't it nice to know that in these days of relationships that come and go, we've stuck together.
HAPPY ANNIVERSARY, NBC, FROM FLORIDA'S TOP TWOSOME.
WJKS JACKSONVILLE
WXFL TAMPA-ST. PETERSBURG 8

'Laugh-In'
1968

by *Night Court* (9 to 12); *Facts of Life* (24 to 27); *Hill Street Blues* (31 to 34); and *St. Elsewhere* (52 to 56).

There are some other places on NBC's schedule in need of repair, too. *Saturday Night Live* recorded its lowest quarterly numbers in 10 years—6.6/20 this year.

More serious, the network's Monday–Friday daytime lineup is still stuck in third place, though it was the only network to show a gain in the first quarter of 1986 against the same period of 1985, up 4 per cent, while CBS was down 3 per cent, and ABC was unchanged. CBS holds the slightest lead in the daypart with 6.7/22 to ABC's 6.6/21 and NBC's 5.4/18.

Of the top 10 daytime shows, NBC has only three, *Days of Our Lives* (number 6), *Wheel of Fortune* (7) and *Scrabble* (10).

"Daytime," says Jim Lynagh, president of Multimedia and chairman of NBC's board of delegates, "is still a very real issue, although NBC has made some progress and we're very pleased with that. The most important single hour of daytime for the affiliates is that hour that leads into local programming."

Tinker says, "There's a real profit opportunity in daytime, more than anywhere else in our schedule, and we just haven't realized our opportunity."

$100 million difference

Security analysts say the difference between the Number 1 and Number 3 networks in daytime may be worth $100 million at the bank. In 1984, for example, ABC, then the daytime leader, made $428 million pretax profit on overall sales of $3.3 billion; CBS made $409 milion on $2.76 billion, but NBC made only $218 million on sales almost equal that of CBS, $2.4 billion.

"There's a lot of leverage in our business," Tinker observes. "It costs NBC just as much to progam its daytime schedule as the other guys, but they achieve a lot more audience with theirs, and obviously they make a lot more money with it."

Another area where NBC is struggling to catch up is primetime news. NBC's affiliates, delighted as they are with the network's rating resurgence, still hanker for an image-enhancing rival to CBS's *60 Minutes* or ABC's *20/20*.

"NBC has yet to mount a successful weekly primetime news product, a documentary product or a magazine product," says Lynagh. "In terms of the overall news image, NBC has just had *The Today Show* and the *Nightly News*, while the other two news divisions have had a great deal more programming, which not only wins ratings and respect, but is frankly profitable to the other networks."

NBC has been talking about its solution to the primetime news hole for years, and had been readying *Almanac* to fill it for forever, it seems. Now dubbed *1986*, it's in the '86–'87 primetime schedule on Tuesdays from 10–11 p.m. Says NBC's chairman, "I'd like to see another one. Not right away, but as soon as we're encouraged to do it again. I think there's room in a 22-hour primetime schedule for more than one hour of news division-delivered product."

What does he envision as the ideal time for NBC's first primetime news magazine?

"There's no ideal time, because everybody would like a different one," he reports. "I think 10 o'clock sounds right. The affiliates probably don't like that as much as we might, because it leads right into their 11 o'clock news, and certainly, to begin with, you're going to get lesser numbers than you would with virtually any other primetime entertainment effort. But once you achieve some success, as ABC has with *20/20* on Thursday, that's obviously a very acceptable lead-in to the ABC affiliates at 11. In fact, more than acceptable, because you've got to assume that demographics of that audience are very good."

Primetime triumphs

The problems aside, the 1985–86 season obviously has been a memorable one for NBC, especially in the highly visible primetime segment. The *Cosby* numbers are especially dramatic—the show scored a stunning 34 rating and 51 share. *Family Ties* wasn't far behind at

'The NBC Nightly News' had its highest first quarter ratings and share since early 1982 and is in its best position to unseat 'CBS Evening News' since 1981.

Tom Brokaw

MEMORANDUM

From: KOBI-TV, NBC Medford

To: Grant Tinker
cc: Brandon Tartikoff

KOBI-TV plus its satellite KOTI are the no. 1 in demographics in the Medford market. The NBC programs have the largest share of audience in the Eureka ADI as well, and receive double digit share in both Coos and Douglas Counties in the Eugene ADI. Therefore, advertisers receive a substantial five county bonus when they buy the NBC stations KOBI-TV, Medford/KOTI, Klamath Falls.

Source: TSA sign on to sign off
Arbitron, February/1986

30.5/45. *Cheers* was fifth (23.7/35), *Golden Girls* seventh (21.8/36) and *Miami Vice* ninth (21.3/36).

According to NBC Research estimates of NTI figures, *Cosby* reached 61 million viewers on the average, said to be more than any other sitcom in the history of television, and was the highest rated comedy series since *All in the Family's* record of the 1971–72 season.

> *"The most important lesson I've learned," says Tartikoff, "is to go with your own instincts. Not to overly rely on research . . ."*

NBC also did exceptionally well with new series, placing seven of the top 10 premiere series, of which there were 43 on all three networks. For new shows alone, NBC averaged a 15.8/25, to CBS' 13.2/21 and ABC's 12.5/20.

NBC's primetime schedule also dominated every key demographic category for the season. It has been pointed out that some NBC's shows, *St. Elsewhere*, for example, had been reaching 13 per cent fewer viewers than *Knots Landing*, yet both sold 30's for $200,000.

"NBC," says Tony Hoffman, "did exactly what it set out to do, and that was improve its demographics in the urban markets."

Miami Vice is probably the most representative of this new style show that NBC wanted to promote—sleek, youth-oriented, with a "Bloomingdale's" look to its pastel tints, Italian fashions and chisel-faced heroes. *Hill Street Blues* was more of a favorite among better educated adults, while *Cosby* seemed to cross all demographic boundaries.

Tartikoff says he doesn't think acceptance of NBC's trendy shows reflects a change in the public's taste so much as the influence these shows have had on that taste.

"When you have a *Cosby* on your airwaves," he observes, "it's very hard for you or the public to accept just another family situation comedy. When you have a *Miami Vice* it's very hard for you to put on, or for the audience to support, just another cop show. You sort of redefine the standards by which the audience and you view your shows."

Miami Vice improved its standing from number 33 to number 9 between last season and this one, and was one of four NBC primetime shows to leap upward in the standings. The others included *Cosby*, which went from number 2 to 1; *Family Ties*, from 3 to 2, and *Cheers* from 9 to 5.

Patience pays off

Many observers have attributed NBC's success to Tinker's patience with building shows, and his support of Tartikoff's selections, even when they didn't appear to be working at first. The network replaced only four of 22 hours in its 1985–86 schedule, the fewest in 15 years.

The 1986–87 schedule, announced last week, will have eight new series for a total $6\frac{1}{2}$ hours of new programming. Included are *Crime Story*, *L.A. Law* and *Matlock*, starring Andy Griffith.

Tinker reflects: "I think the one thing that this team did, and it doesn't sound that dramatic or startling, is that we're being more patient with programming and making our judgments intrinsically. Is the show good or is it bad? If we deem it good, we're staying with it.

"That, for whatever reason, had gone out of style. If that's the way people used to live before I got back here, that wasn't the way we were living. Things were frantic and shows were coming and going very quickly, and audiences never really had a chance to find them."

As Tinker implies, instinct is also playing a more crucial role in the selection process. "The most important lesson I've learned," maintains Tartikoff, "is to go with your own instincts. Not to overly rely on research or on trends or on what the perception of something might be, but to go with your initial gut feeling of whether you think a show is something that can catch on over time.

"We're not right all the time," he continues, "but your batting average will be a lot better if you do that than if you start playing guessing games, like 'Well, I don't think it will work, but maybe they'll like it.' The odds of that happening are 10 times worse than trusting your own instincts."

Tinker has said that starting next season, NBC will be producing more of its own primetime schedule, adding some in-house productions to *Punky Brewster*. One reason, the chairman says, is the increasing cost of making shows and the licensing fees that NBC has to pay now.

He also expects there will be a showdown between producers and the net-

Johnny Carson equalled his highest first quarter rating since '82, and David Letterman had his highest first quarter ever.

Carson

Letterman

'The Rockford Files'
1974

works over spiraling costs, and he thinks both sides will have to give a little. He doesn't anticipate that it will be easy getting producers to cut back, though. "In theory," he says, "there may be a way to produce more efficiently. In practice it may be very difficult, because it means rolling back some things—pay scales, or giving up some things people are used to having. It may mean not paying those usurious talent rates.

"The business itself will have to apply the efficiencies. It's just a matter of everybody taking a little less, maybe working a little harder, maybe working a little faster. It means there's a lot of fat in producing TV programs and we'll have to get some of that fat out."

Along with the advantages of the in-house production idea, there may be a downside. "If NBC goes into production," says Tony Hoffman, "it will cause producers to bring their shows to NBC last. If all the networks get into production, producers will try other options first, like first-run syndication. If this happens it could spell a bad time for the networks."

At the moment though, NBC isn't thinking about that. It's riding the crest of its best season ever. □

'Miami Vice' is probably most representative of the sleek, youth-oriented style NBC wants to promote.

Don Johnson, l., Philip Michael Thomas

NBC management foresees stability following merger

Publicly speculating on the future is not a favored pasttime of conservative business types. When it comes to NBC—with the shadow of a pending merger looming large on the landscape—one would expect that predicting anything would be an activity ardently to be avoided.

Not so, it turns out. NBC's senior management has some clear perceptions of how the 60-year old broadcast pioneer will look following General Electric's takeover of RCA, to be finalized probably late this summer.

Predicts NBC chairman Grant Tinker of GE's involvement: "I see them as being only interested in how we're doing, and not at all interested in trying to do it for us."

"Not radically different" and "don't foresee any changes," are two phrases used to describe the company's future by Ellen Shaw Agress, NBC's vice president for corporate planning.

The reason for these mild expectations of stability trace back to an outstanding balance sheet turned in over the past few years by NBC. In 1985, the broadcaster's profits were $333.2 million, 53.7 per cent over 1984's $216.7 million. Tinker anticipates "substantial" improvement in 1986. Wall Street is figuring the incline at from 10 to 20 per cent, which would bring profits into the $400 million neighborhood.

Tony Hoffman, investment banker with Union Bank of Los Angeles, thinks NBC's profit increase will be higher than CBS', and substantially better than ABC's profits, which could be down from 1985. He applauds the network for "doing precisely what it said it would do—deliver upscale urban audiences."

On the station side, Hoffman sees room for improvement in NBC's owned TV station division, which has been consistently behind the other two networks in profit. This is due in part to ownership of stations in smaller markets below the top three, he says, compared to the competition.

Robert C. Butler, NBC's group executive vice president, into whose province corporate planning falls, thinks the upbeat numbers argue for more attention to areas related to what NBC does best—make entertainment: "If NBC provides a higher return on investment than other divisions, they (GE) will tend to invest more in NBC," he says. Recently, broadcasting was able to provide about 57 per cent of RCA's total profits, but in 1985 the figure soared to 90 per cent of RCA's total pretax profit of $369.5 million.

Even if Butler's projection is overly optimistic, it's probable that the rosy profit-and-loss picture of the recent past will, at the very least, encourage a don't-rock-the-boat attitude in GE's corporate boardroom.

Officially, the electronics giant has no comment on its plans for either RCA or NBC. The $6.8 billion acquisition of RCA (GE prefers to call it a merger) is not final until formal approval comes from the Federal Communications Commission. Therefore, discussion of futures is considered premature, according to the company's headquarters in Fairfield, Conn.

Tinker's departure

One factor that is sure to change, however, is who's sitting in NBC's chairman's seat. The much-profiled Tinker has indicated more than once his desire to leave the company at some point after GE's logo appears above RCA's on the corporate letterhead. But, despite press reports that have him departing his $500,000-a-year job between July and September, no date has been set for his resignation, he insists.

He told TV/RADIO AGE recently: "When GE officially takes over, I'll leisurely sit down and decide when to go, and then I'll tell everybody."

The silver-haired CEO's determination to "get on with my closing act" is based more on geography than on my real desire to quit a company that has provided him a secure harbor on three separate occasions in 37 years. Since accepting RCA chairman Thornton Bradshaw's offer to run NBC in July, 1981, Tinker has tripped back and forth like a metronome between his hotel suite in New York and his home in Bel Air, Calif.—flying west every Thursday evening and east every Monday afternoon. He has made no secret about the strain of such a schedule, nor has he suppressed his longing to return permanently to the relaxed life he covets in Southern California.

Doing what? "I don't know what other options might be available," he says. "Teaching, beachcombing seem for the moment not to be attractive possibilities. So I probably would be back home and probably in the business of television programming." Which means, presumably, another Tinker-led production company on the lines of MTM.

Aside from personnel, there are some other changes imminent in NBC's physical structure following realization of the merger. The corporation that emerges from the marriage of GE to RCA will be a new business entity, thus unprotected by the Federal Communications Commission's grandfather exemptions concerning co-ownership of stations in the same market.

Therefore, operation of radio and TV combinations in three markets will be

Agress

Ellen Shaw Agress, v.p. for corporate planning, thinks NBC "will have to market network vs. other media once again."

Congratulations to NBC on their Sixtieth Anniversary.

Kodak

Eastman Kodak Company
Motion Picture and Audiovisual
Products Division

Butler

Robert C. Butler, group exec v.p., anticipates more TV station acquisitions and increased control of primetime schedule.

affected. NBC will have to divest itself of either its radio or TV stations in New York, Chicago and Washington. There's no question about which to keep and which to relinquish. The TV properties will be retained and the AM-FM outlets in New York—WNBC and WYNY-(FM)—and Chicago—WMAQ and WKQY(FM)—and WKYS(FM) in the capital will go. An expected 18-month FCC waiver on sale of these facilities following the merger will likely delay final disposition until some time in 1988.

Denver TV station

On the plus side, GE's TV outlet in Denver, KCNC-TV, will be absorbed into NBC's owned and operated station group, joining TV outlets in New York, Chicago, Los Angeles, Washington and Cleveland.

The money accruing from the sale of the five radio stations (calculated by brokers to be worth in the vicinity of $100 million), will likely be invested in more TV properties, according to Butler.

The Denver addition will bring NBC's total penetration of the country's potential audience to about 21 per cent, four percentage points short of the FCC's per-company limit. Within that gap can be fitted at least two, maybe three, more major market stations. Ideally, NBC would choose to acquire its own affiliates, and do it in such markets as San Francisco, Boston, Dallas or Houston.

"But they're not necessarily available." Butler points out.

Naturally, $100 million doesn't buy much of an affiliate, certainly not in the top 20 markets. So GE's appearance on the scene takes on real significance. "The fact that GE is a big and solid company is a plus to us," notes Tinker. "If we were needy all of a sudden, or if we wanted to go into a new business, or buy stations or whatever, requiring substantial capital or investment, obviously GE is more equal to that than RCA."

That NBC would continue to invest heavily in traditional television and local affiliates at a time when both segments of the industry are under pressure may come as a surprise to some.

NBC management, however, believes over-the-air TV is still the best option for mass-market advertisers and the only one with the potential to reach 100 per cent of the population.

Butler sees entertainment as "almost recession-proof." and TV as "the best advertising medium in town."

Additionally, says Agress, "Local TV will be a very good business. The local portion of advertising is growing faster than network, and we'll stay in the local station business."

New technologies

Competition from other technologies may have eroded the network prime-time share from 95 per cent just 15 years ago to 70 per cent today, a number which is expected to fall to 60 per cent within this decade. "So, instead of merely competing against ABC and CBS," Agress explains, "we'll be competing against barter, cable, ad hocs and independents. We'll have to market network vs. other media once again."

"The programming maxim I was brought up to believe in," says Brandon Tartikoff, "was whoever was Number 1 in comedy ends up as Number 1. That was true this year with NBC, and certainly it was true of ABC in the mid-to-late '70s..."

Therefore, beside investing in more TV stations, NBC is also looking for allied segments of the business to move into. The most logical are program production and cable networking, reveals Butler.

Grant Tinker still feels NBC will get into the cable news business, though he's not sure exactly how.

At the moment, each commercial TV network is permitted by federal regulation to produce $3\frac{1}{2}$ hours per week of its own primetime schedule. But that's a figure not even approached by any of the webs today. Between now and 1990 the limit for NBC and ABC increases to five hours per week, then disappears entirely for all three chains.

Today, NBC produces a single half hour of its 22-hour weekly primetime schedule, *Punky Brewster*. According to Butler, the Entertainment Division has the ability to produce much more tape programming. If it were to venture into film production, it will have to make an acquisition, he points out.

Brandon Tartikoff, president of NBC Entertainment, considers in-house production both a hedge against ever-escalating program costs, and as a potential stream of new revenue. He has no doubts that NBC will be churning out more of its own schedule in the future, starting as early as next fall.

What kind of shows will the network specialize in producing?

"The success of NBC in the turnaround has mostly been driven by half-hour comedies," Tartikoff observes. "In fact, the programming maxim that I was brought up to believe in was whoever is Number 1 in comedy ends up as Number 1. This was true this year with NBC, and certainly it was true of ABC in the mid- to late-'70s and was true to CBS prior to that."

NBC's chief programmer points out that in a typical week, in his schedule of 12 half hours of comedy, 10 usually win their time periods. The only two that normally don't draw the biggest shares are *Punky Brewster* and *Silver Spoons*.

Syndication interest

Despite *Brewster's* middling success, reports Tartikoff, interest in that show by syndicators has been amazing. In fact, although the show has been cancelled from the network schedule, Columbia Pictures has announced it will produce new episodes of the series for first-run syndication. Forty-four episodes were run on the network, and Columbia will make an additional 44.

"Now, this is a program that by any standards has not been a huge Nielsen success, nor is it perceived to be competitive in the time period that it's in.

"Yet the figures that were being offered for the syndication rights far exceed anything NBC ever realized on the successful show *Little House on the Prairie*, (which the network also produced). And they may indeed net out with better revenues than *Hill Street Blues*, which is the most-honored dramatic series in the history of TV.

"If we have this kind of response to *Punky Brewster*, that encourages us to think that if we were to turn our comedy expertise into our own *Family Ties* or our own *Gimme a Break*, we'd definitely have leverage."

At the moment, Tartikoff says NBC is also preparing to produce at least two dramatic shows for mid-season debut in 1987, one supervised by movie producer William Friedkin, the other called *Pink Cadillac*.

"I think," Tartikoff sums up, "that we are going to become more reliant on NBC productions than we have been. Right now, it's been something that we do with our left hand. We'll start doing it with both hands beginning next season."

On the cable front, Tinker recalls that a short while ago NBC announced plans to launch a cable new operation, but the project was scuttled after a six-month trial. Afterward, an attempt was made to buy out half of Ted Turner's Cable News Network.

Tinker still feels NBC will get into the cable news business, though he's not sure exactly how. Of course, Group W and ABC had a similar plan when it launched its own Satellite News Channel, which lost millions before selling out to Turner. Asked what NBC would do differently from Westinghouse and ABC in order to achieve success in cable news, Tinker replies: "Not sell out to Turner."

Cable measurement

Butler feels that the major impediment to cable's growth has been an inability to accurately measure viewing because of small sample sizes, and advertisers' subsequent reluctance to invest in media that is inadequately measured. After the major metropolitan markets like New York and Chicago are cabled, and penetration reaches the anticipated 60–65 per cent of total TV homes, that resistance will disappear and cable will become an alternative advertising medium, Butler believes.

Some other areas that NBC is or has looked at for possible expansion include feature film production, video tape, pay-per-view and a more active international sales effort.

Movies, says Butler, are a possibility, but only at the low-budget end. "Budgeted at $5–6 million, you can earn a profit via VCR and pay channels alone," he contends. "When you get into the $15–20 million range, at which most movies are made, they become a profit problem."

On pay-per-view, he thinks unless technology improves dramatically in the next 10 years, he can't forecast much success. "The technology is too expensive and too big at the moment," he argues.

Ventures into VCR, especially with product from NBC News and NBC Sports, could be another ancillary market. Agress is enthusiastic about this field to the extent that product is mar-

...vo experiences ...th in-house ...oduction favor ...alf-hour ...coms over ...our dramas. ...eason: strength ... comedies in ...ndication.

'Little House on the Prairie'

'Punky Brewster'

MAJOR BROADCAST MEETINGS, SEMINARS AND CONVENTIONS

1986

April 24–29	MIP, Cannes Television/Radio Age International April Issue
April 27–29	CAB Conference April 28, 1986 Issue
April 27–30	Broadcast Financial Management Association Century Plaza, Los Angeles April 28, 1986 Issue
May 7–14	Golden Rose of Montreux Television/Radio Age International April Issue
May 18–21	CBS-TV Affiliates, Century Plaza, Los Angeles May 12, 1986 Issue
May 25–31	Banff Festival May 12, 1986 Issue
June 3–6	ABC-TV Affiliates, Century Plaza, Los Angeles May 26, 1986 Issue
June 8–11	NBC-TV Affiliates, Hyatt Regency, Maui, Hawaii May 26, 1986 Issue
June 11–15	Broadcast Promotion & Marketing Executives/Broadcast Designers Association, Loews Anatole, Dallas June 9, 1986 Issue
June 19–22	NATPE International Production Conference Adam's Mark Hotel, St. Louis June 9, 1986 Issue
July 24–26	Eastern Cable Show, Atlanta July 21, 1986 Issue
August 26–29	RTNDA Conference, Salt Palace Convention Center, Salt Lake City August 18, 1986 issue
Sept. 10–14	NAB and NRBA Conference, New Orleans Convention Center September 1, 1986 Issue
Oct. 17–21	MIPCOM, Cannes Television/Radio Age International, October/November Issue
Nov. 3–7	The London Market, Gloucester Hotel, London Television/Radio Age International, October/November Issue
Nov. 17–19	TVB Annual Meeting, Century Plaza, Los Angeles November 10, 1986 Issue
December 3–5	Western Cable Show, Anaheim November 24, 1986 Issue

1987

January 7–11	INTV, Century Plaza, Los Angeles December 22, 1986 Issue
January 21–25	NATPE International, New Orleans January 19, 1987 Issue
February 7–10	Radio Advertising Bureau Managing Sales Conference, Hyatt Regency, Atlanta February 2, 1987 Issue
February 9–13	International Television, Film & Video Programme Market, Monte Carlo Television/Radio Age International February Issue
March 29–April 1	National Association of Broadcasters, Dallas March 30, 1987 Issue
April 23–28	MIP-TV, Cannes Television/Radio Age International April Issue

* Television/Radio Age will have coverage and bonus distribution at these meetings.

keted virtually as-is. "Once you get into editing, it's tremendously expensive," she points out. "Some suggestions look good till you get into the costs."

Internationally, she sees Western Europe as a growth area. "We're looking at ways NBC can participate by selling miniseries overseas through NBC Enterprises. Right now, we don't have that much to sell."

Radio future?

New markets aside, the area of greatest speculation at the company today is its oldest and proudest business, and the one with which its name is almost synonymous—radio. After the five stations are sold, NBC will be left with three radio networks, with a total of some 500 affiliates, and only three stations in WJIB(FM) Boston and KNBR and KYUU(FM) San Francisco. The Radio Division has been instructed to come up with a specific plan on what to do, and ways to implement it. It should take about two years to analyze all the possibilities, including actual disposal of the stations that have to be sold. Then, a decision will be made on what to do about radio.

The options include: (1) selling the networks as well as the stations; (2) trading the five stations for others in different markets, bearing in mind that NBC television precludes most of the top 10 markets, so the alternatives are limited; (3) continuation of the network with fewer owned stations.

"In the past," notes Agress, "when there was talk about dissolving the radio network, we kept it. Now, the decision could go either way."

Investment banker Tony Hoffman, Union Bank of L.A., applauds NBC for "doing what it set out to do—delivering upscale urban audiences."

The area of greatest speculation at the company today is radio. After the five stations are sold, NBC will be left with three radio networks, with a total of 500 affiliates, and only three stations—WJIB(FM) Boston and KNBR/KYUU(FM) San Francisco.

Tinker would be especially grieved to see NBC get out of radio, though he acknowledges that the economics will prevail over sentiment.

"I have a fondness for radio, even though it has changed and evolved a great deal in my adult lifetime," the chairman says. "When I first came here to NBC in 1949, I worked in radio. After I left for the first time, I went to Radio Free Europe. After that, into packaging and production of radio shows for NBC."

Profit-making potential

The dividing line on whether to keep or divest the radio division rests on its profit-making potential, which will be analyzed under all kinds of "what-if" options between now and 1988. Observers figure radio brings $3–4 million a year to the corporation's bottom line, a figure that will obviously change after the stations are gone. Tinker says flatly: "There's a business there. If *we* don't do it, somebody else will."

Hoffman says NBC Radio lags far behind its competition at ABC, with profits only 10 per cent of the latter's. It will also be selling its stations at a time when their profit performance is "abysmal," he says.

One other subject that is sure to get serious attention before the end of the decade is NBC's address. Its lease on 30 Rockefeller Plaza (Radio City, opposite Radio City Music Hall) expires in 1990, 57 years after the broadcaster first moved in. But "30 Rock" was constructed with the intention of housing the huge radio studios that personified the network in the '40s. Redesigned now, these studios have outlived their purpose and serve different uses today. From an economic point of view, it doesn't make much sense to pay prime midtown rent on studios that no longer exist.

No site has been singled out for a corporate move, though New Jersey, Connecticut and addresses on either side of Manhattan have been mentioned.

It would seem that a move outside the city is unlikely from both a legal and business standpoint. To keep its license for WNBC-TV the company must maintain its headquarters in New York. Also, it needs a sales presence near Madison Avenue.

GE-RCA reunion

Sixty years into its history, as NBC ponders quitting Radio City and considers leaving radio altogether, perhaps a more ironic twist is that GE and RCA are back together again. This combination was forced to separate under threats of antitrust action, and the resulting breakup was the incubation of NBC. History-conscious observers are asking now how a combination that was obviously in violation of antitrust rules could have turned legitimate in only 60 years.

"In 1970, the networks were perceived to be such a monopoly that they were forced to get out of several areas, like primetime access and financial interest," observes Bob Butler. "Those regulations would not, in my opinion, be imposed today, nor do I think we would agree to the consent decree that shut us out of those areas. The environment has changed. The degree of diversity today is tremendous."

And that diversity is exactly what NBC is hoping to seize upon in the future. □

Broadcast families—the tradition continues

The list of sons and daughters who have followed their parents into the broadcast business appears to be never-ending.

Following is the latest update in TV/RADIO AGE's continuing reportage of second and third generations that carry on the tradition.

George C. Hatch is president of KUTV, Inc., Salt Lake City and his son, Jeffrey B. Hatch, is treasurer and director of KUTV, Inc., Kansas State Network, Inc., Communications Investment Corp. (KALL and KLCY(FM), and Standard Corp., parent company of the Ogden *Standard Examiner*.

Hatch began his broadcasting career in 1941 as manager of KLO Ogden, Utah, and joined the National Association of Broadcasters the same year. He served as NAB Radio Chairman in 1960.


George C. Hatch


Jeffrey Hatch

His communications achievements span 45 years and include construction of KALL Salt Lake City in 1945, and the purchase of KUTV "TV" Salt Lake City in 1956. Hatch later organized and developed Tele-Communications, Inc. in 1968, acquired the Kansas State Network in 1981, and has served as chairman of the board of The Intermountain Network, consisting of 89 radio affiliates in nine states.

Hatch is a past chairman, Utah State Board of Regents, a past-president of the Salt Lake Committee on Foreign Relations, past-chairman of the Rocky Mountain Public Broadcasters Corp., and is a director of the Utah Technical College Foundation.

His honors have included the Utah Broadcasters Association Management Award, 1964; the Service to Journalism Award, 1966 of the University of Utah; the Silver Medal Award of the Salt Lake Advertising Club, 1969; and the 1981 Hall of Fame Award of the Utah Broadcasters Association. And in 1962 Hatch served as NAB Ambassador to Inter-American Broadcasting Meetings in Latin America.

Son **Jeffrey Hatch** joined the family media enterprises in 1971 and has been involved primarily in financial management and planning, corporate organizational development, acquisitions and employee benefits administration.

He also serves as chairman of the board of Pioneer Craft House, Inc., and held the office of President of the Association of Broadcast Engineering Standards from 1982 to 1984. And he is current chairman of the Rocky Mountain Corporation for Public Broadcasting, based in Albuquerque, N.M.

In St. Paul Minn., NBC found its first television affiliate. KSTP-TV was also the world's third TV station. But long before that, in 1924, **Stanley E. Hubbard** launched KSTP, a radio station that originated the *Empire Builders Show*, launching pad for the first early radio network exposure for such stars as Jack Benny and the Marx Brothers.

Today Stanley E. Hubbard is chairman of the board-emeritus and his son, **Stanley S. Hubbard,** is president and chief operating officer of Hubbard Broadcasting. This younger Hubbard is also the father of five children. It's a third generation of broadcasters headed by **Stanley E. Hubbard II,** who has worked in all areas of the broadcasting business and held the post of director of special projects before being elected a vice president of Hubbard Broadcasting, Inc.


Stanley E. Hubbard II


Virginia A. Hubbard


Kathryn Hubbard Rominiski


Robert W. Hubbard

He has also been vice president of Conus Communications, which provides satellite news gathering technology, satellite time, and services to local broadcasters throughout the country.

In the area of community affairs, Stanley II serves on the boards of the Minnesota Chapter of the Society of Professional Journalists/Sigma Delta Chi, the United States Hockey Hall of Fame, the St. Paul Area Chapter of the America Red Cross, and the Minnesota Motion Picture and Television Board. He is also president of the St. Croix Valley Youth Center, a hockey and figure skating association.

His sister, **Virginia A. Hubbard,** is currently advertising/promotion manager for KSTP-TV. Her community activities include the American Lung Association, Salvation Army, Airport Foundation and the St. Paul Winter Carnival.

A second daughter, **Kathryn Hubbard Rominiski,** is a secretary of Hubbard Broadcasting, Inc. and she administers the Hubbard Foundation. She also administers her two small children: son Robby, two years old, and daughter Katie who recently turned seven months. And that, reports sister Virginia, "makes her busier than all of us."

Brother **Robert W. Hubbard,** "almost a senior" at the University of Minnesota, has worked with the station's TV news crews and has more recently been selling television time after school.

In Texas, the late **Darrold A. Cannan, Sr.,** launched his broadcasting career in 1927 when the Highland Heights Methodist Church, unable to raise financing, offered Cannan and his father-in-law, **C. W. Snider,** a radio permit for Wichita Falls in return for broadcasting church services.

In 1928 that permit was transferred and KGKO bowed with Cannan as general manager. In 1934 the station joined the Columbia Broadcasting System and in 1937 KGKO was sold to Amon Carter and the Fort Worth *Star-Telegram* and moved to Fort Worth where it later became NBC affiliate WBAP. Cannan moved with the station as business manager, but later resigned to form the Beaumont Broadcasting Co. with C. Blakey Locke. They bought KFDM Beaumount, Texas from the Magnolia Oil Co. and this station became an ABC affiliate.

Following six years with the Air Corps during World War II, Cannan formed the Wichtex Broadcasting Co. in 1947 and obtained a license for KFDX which went on the air in Wichita Falls in 1947 as an ABC affiliate. In 1951 he filed applications for Channel 6


Darrold A. Cannan. Sr.


Robert H. Smith, Sr.


Darrold Cannon, Jr.


Parker Snider Cannan


Robert H. Smith, Jr.


Sabrina Smith

in Beaumont and Channel 3 in Wichita Falls. Channel 3 became KFDX-TV and bowed in 1953 as an NBC affiliate. The next year, after one of the more hotly contested applications of the time, Channel 6 was awarded to Cannan and became KFDM-TV, a CBS affiliate that went on the air in mid-1955.

Enter **Darrold Cannan, Jr.**, who joined KFDX TV in 1953 following his graduation from Washington & Lee. Father, son, and son-in-law **Howard H. Fry** operated the station with Blakey Locke until it was sold to Belo in 1968. They ran KFDX-TV until it was sold to Clay Broadcasting in 1971.

Two years later Darrold Jr. formed Cannan Communications, Inc. and acquired NBC affiliate KGNC-TV Amarillo from Stauffer Publications. Today the station is KAMR-TV, and a third generation Cannan, Darrold Jr.'s son, **Parker Snider Cannan** started work there following his graduation from TCU.

Meanwhile, in 1979, Darrold Jr. applied for Channel 42 in Austin, and in 1982 a C.P. was awarded to Cannan and Mike McKinnon of KIII-TV Corpus Christi, who jointly put KBVO TV on the air as an independent.

Robert H. Smith, Sr. was one of the founders of Appalachian Broadcasting Corp. in 1946. The company operates WCYB-TV Bristol, Va. His son, **Robert H. Smith, Jr.** was recently elected to Appalachian's Board of Directors and elected executive vice president and general manager of the company. And his daughter, Sabrina, is a general assignment reporter for WCYB-TV.

Robert senior came to Bristol in 1934 as chief engineer for WOPI. Appalachian Broadcasting went on the air in 1946 with WCYB Radio, now WZAP. WCYB-TV bowed in August 1956.

Robert, Sr., is a past president of the Virginia Association of Broadcasters, has served on a variety of NAB committees, was chairman of the All Industry Music Committee, and served as a charter member of the Broadcast Pioneers.

After retiring in 1981, he continued to serve on Appalachian's Board of Directors and was retained as a consultant to Appalachian's parent company, Lamco Communications Inc. of Williamsport, Pa.

Son Robert junior joined WCYB-TV in 1979 as news director and became acting general manager in 1984. He was elected vice president, general manager in March 1985.

Before joining WCYB-TV he had been with WCSC AM-FM and WCSC-TV Charleston, S.C. for 17 years. He has also been both president of the Virginia Associated Press Broadcasters Association and a member of the Board of Directors of the Virginia Association of Broadcasters.

His daughter, **Sabrina Smith,** says she learned how to drive by taking her father to his news assignments for WCSC-TV.

And she gained her first television experience as a grip, carrying lights and equipment for her Dad.

After graduating from the College of Charleston she came to work at WCYB-TV full time in June 1984. But before that she had also worked as a freelance videographer and tape editor at WCSC-TV.

The WMC stations in Memphis boast two multi-generation broadcast families. The late **E. C. (Pop) Frase** saw two sons follow him onto the station's staff. Until 1960 **Walter E. (Eddie) Frase** was


E. C. 'Pop' Frase


'Eddie' Frase


'Buddy' Frase

director of publicity and promotion for WMC AM-FM and WMC-TV. The second son, **Robert A. (Buddy) Frase,** started with the stations as a technician and today is director of engineering for WMC-TV.

The late **Henry Slavick** was another radio engineer who became general manager of all three WCM stations, retired in 1967, and died in 1983. His son, Philip started with WMC-TV as a producer director and today is program manager.

Henry Slavick was an ex-Army Signal Corps radio man whose civilian job before joining WMC in 1925 was radio operator for the Federal Barge Line plying the Mississippi River.

By 1929 he was chief engineer of the station, and the following year was made general manager. On the side, he and a fellow engineer in the early '30s built from scratch the first radio system for the Memphis Police Department. In 1946 Slavick established WMC-FM, the first FM station in the Mid-South. And then he established WMC-TV, the first TV station in the Mid-South.

That was in 1948. Later, *The Congressional Record* reports that in 1967, Henry Slavick set up the first emergency weather warning system for Memphis, with hot lines running from the radar room at the local office of the

Henry Slavick *Philip Slavick*

Weather Bureau to every radio and television station in Memphis.

Henry was a member of the NAB's Television Pioneers, and he served on the NAB's Code Committee. And in 1974 he was awarded the Silver Medal of the American Advertising Federation.

Son **Philip Slavick** worked for WMC part time, summers, while still in school, as rotating relief during the summers of 1952 and '53. He joined WMC-TV full time in 1954 as a studio floor director and is now program manager.

Journalist, author and financial consultant **Merryle Stanley Rukeyser** has four sons. Two are in broadcasting and a third, **William S. Rukeyser** was managing editor of *Fortune* magazine, does a daily commentary for CBS Radio and has been a frequent guest on ABC-TV's *Good Morning America*.

Probably best known is **Louis Rukeyser,** author and financial commentator who is host of PBS' *Wall Street Week*, a post he's held since the show was launched in 1970. Lou spent 11 years with the *Baltimore Sun* as chief political correspondent, chief of the *Sun's* London Bureau and as chief Asian correspondent.

Merryle S. Rukeyser *William S. Rukeyser*

Louis Rukeyser *M.S. 'Bud' Rukeyser*

Then came eight years with ABC News, starting as Paris correspondent, then becoming chief of the London Bureau until he returned to New York in 1968 to start five years as television's first national economic commentator.

Brother **M. S. (Bud) Rukeyser, Jr.,** is executive vice president, corporate communications at NBC. He came to NBC the first time in 1958 as a staff writer in the press department, moved up to press editor, news and public affairs, and, in 1959 was named manager of business and trade publicity.

In 1962 he transferred to Washington, D.C. as director, news information, and the following year came back to New York, first as director, program publicity and later as director, press and publicity, responsible for press department operations on both coasts. He was elected vice president in 1963, became vice president, corporate information in 1972, and vice president, public information in 1974.

In 1980 he left NBC to join *Newsweek* as vice president and director of communications, then returned to NBC in August, 1981, as executive vice president, public information.

William deTournillon, started his 33 year broadcasting career in radio in Alexandria, La. in 1949, joined KNOE-TV, Monroe, La. in 1958, and then became manager of KTVE(TV) El Dorado, Ark.

Next stop was KAIT-TV Jonesboro, Ark., in 1963, and after that deTournillon took over KTXS-TV Abilene, Texas in 1966. Three years later he moved to Lubbock to oversee KLBK-TV there, KTXS-TV Abilene, and KWAB-TV Big Spring. He retired in 1982.

His son, **Bill deTournillon, Jr.,** got his start behind a studio camera at KLBK-TV while still in high school in 1970. After graduation from Oklahoma State in 1976 he returned to Lubbock and sold time for KLBK-TV, becoming sales manager in 1978. In 1983 he moved to the sales manager's desk at KCBD-TV, also Lubbock. He was promoted to station manager last year.

William deTournillon *Bill deTournillon, Jr.*

Philip J. Meyer made his first money by homesteading in North Dakota in the late 1890s. He launched his career in Bismarck in Hoskins Store, which sold stationery, cigars, flowers and photographic equipment. Then he married the boss' daughter and they decided to risk everything to start KFYR in 1925. Meyer Broadcasting Co. and its stations, KFYR, KYYY(FM), and KFYR-TV, have been NBC affiliates since 1931.

Meyer's daughter, **Marietta,** married **Bill Ekberg,** and today their daughter, **Judith Ekberg Johnson,** is vice president and chief operating officer of the family broadcasting business.

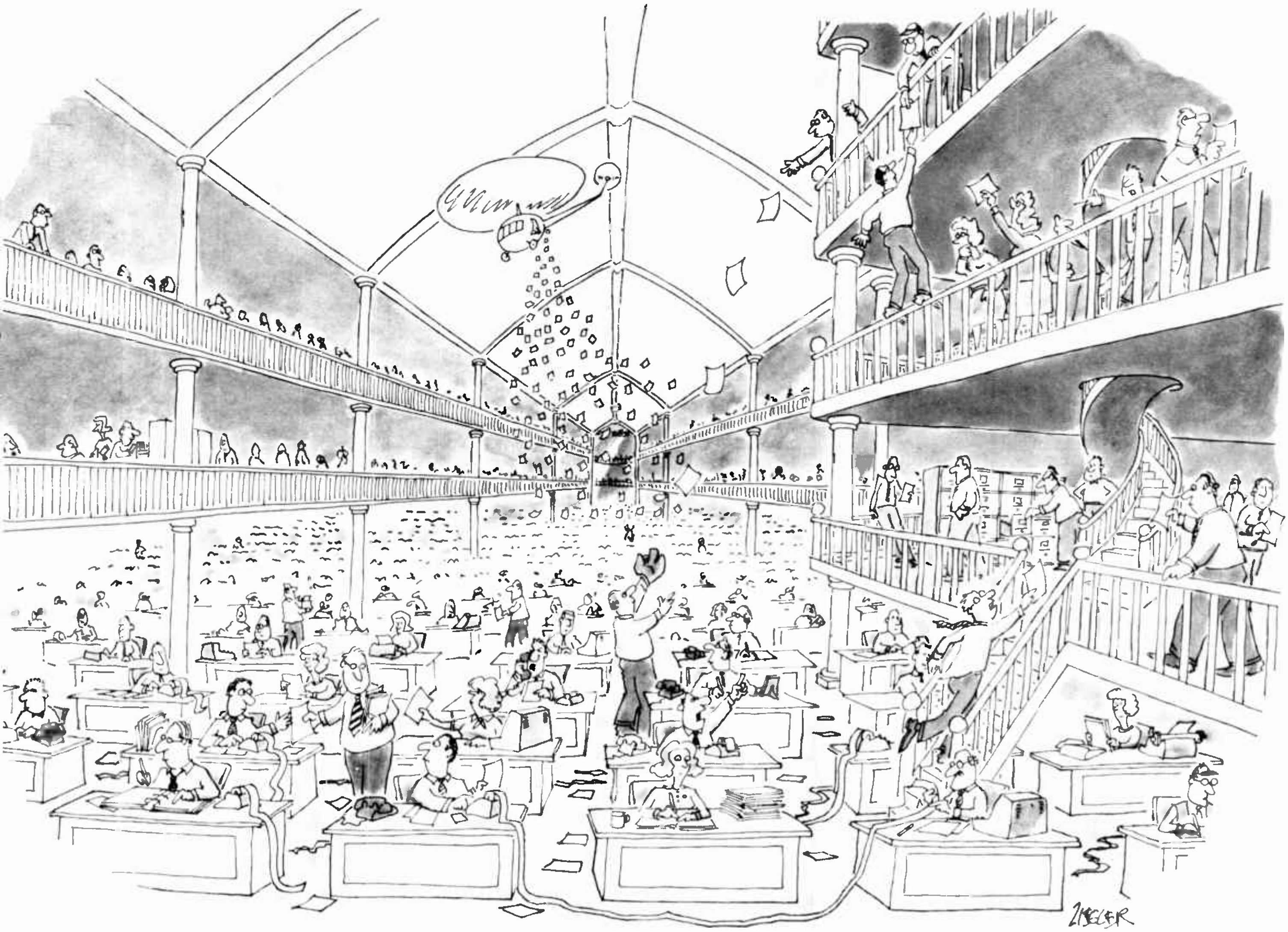
During the dark days of World War II, KFYR extended its operating schedule around the clock to serve as a navigation aid for aircraft on their way to Russia as part of Lend-Lease aid.

Philip J. Meyer *Judith Ekberg Johnson*

Marietta and Bill Ekberg

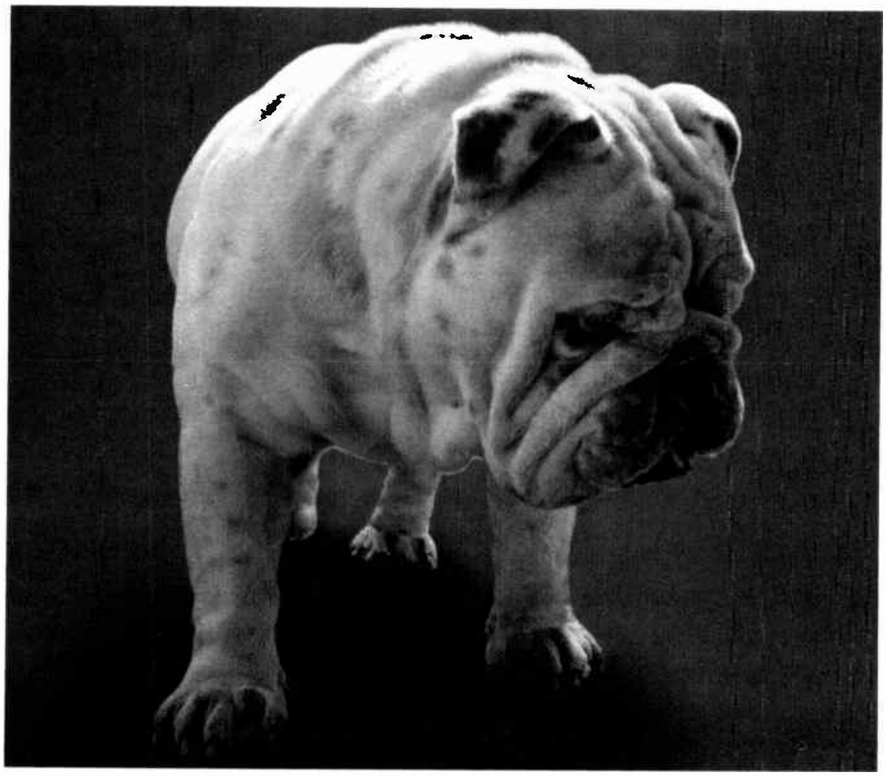
Judy's mother, Marietta, became an industrial counselor, helping clients' employees with family alcohol and drug abuse problems. Husband, William A. Ekberg took Meyer Broadcasting into TV, building KFYR-TV and acquiring or building other TV properties in Williston, Dickinson and Minot, as well as radio stations in Minot and Billings, Mont.

More second and third-generation broadcasters will appear in an upcoming issue of TV/RADIO AGE.



ZIEGLER

WHAT WOULD LIFE BE LIKE WITHOUT NBC?



Thank you, NBC. For 60 years of innovative contributions to broadcasting.

BLAIR. ONLY BLAIR.
Television

L-T BUYS STATIONS

Storer Outlets, WTVJ Miami in agreement/157

SELLER'S OPINION

What radio reps can learn from stations/159

MEDIA PRO

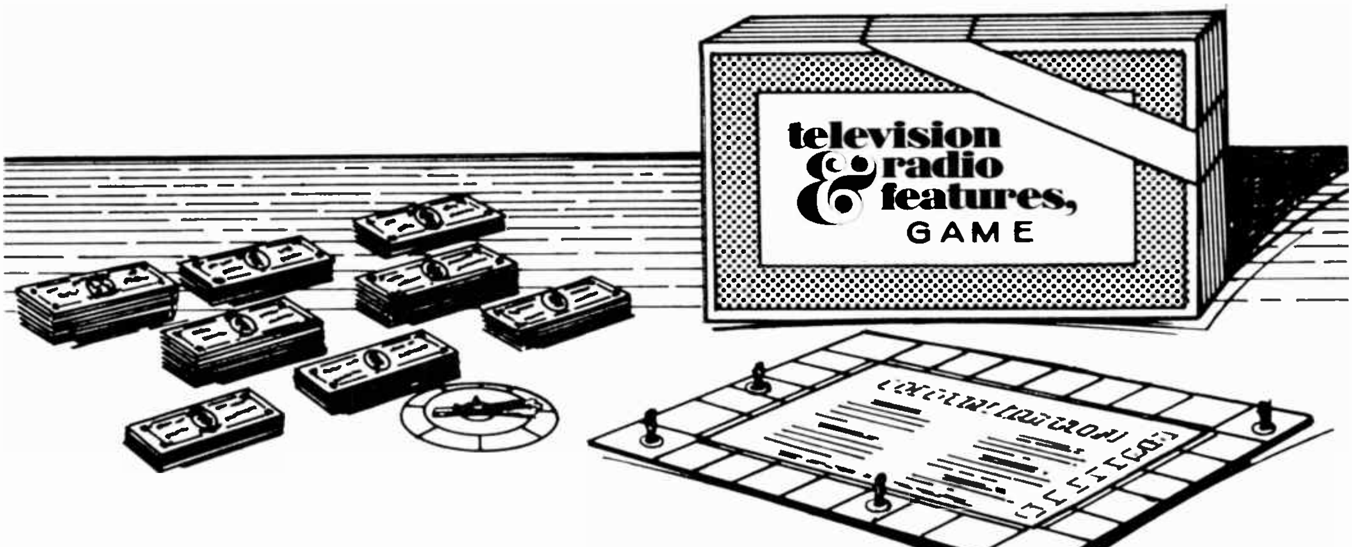
Political spots: public service that adds profit/161

TELEVISION/RADIO AGE

Spot Report

May 26, 1986

Television & Radio Features the only game in town that offers BRAND NAME PRIZES!!



PROMOTE YOUR STATION

- **Increase your audience**
- **Increase your ratings**
- **Increase your sales**
- **Increase your profit**

RUN YOUR OWN PROMOTION

• Bumper Sticker • Remotes • Write-Ins • Clubs • Trivia • Community Affairs

CLIENT TIE-IN

Tie in with an advertiser and sell a complete package!!!

SPECIAL PROMOTIONS:

• Grocery • Valentine • Easter Candy • Spring Car Care • Mom & Dad's Day • Summer Outdoor • Back-To-School • Halloween Candy • Christmas Toys

SAMPLE CLIENT ROSTER

• DuPont • Textron • Coty • Sheaffer/Eaton • Encyclopaedia Brittanica • Ames Garden Tools • Teledyne-Water Pic • Longine-Wittnauer • Carter Wallace, Inc. • General Electric • Rand McNally • Corning Glass • Houbigant • Syroco • General Mills

Television and Radio Features is the unique promotion service that offers marketing expertise in sales, client relations, community affairs and most important — station promotions. Our computerized system of handling and shipping products will simplify storage hassles and delivery.

And the best part is the merchandise itself. We supply top name-brand merchandise for on-air promotions of all kinds. . . radio or television, big market or small market. We're not a trade operation. We're not a barter house. We have a better way!

If this is your year to aggressively promote on the air, you need us. Call 312-446-2550, or fill in the coupon. Let our prize and professional experience and *your* promotion build some really big numbers for you.

---

television & radio features, inc.

Willow Hill Executive Center
550 Frontage Rd. – Suite 3032
Northfield, IL 60093

We are interested in your promotion and marketing service. . . especially the on-the-air station promotions.

Name ____________________ Phone __________

Title ____________________ Station __________

Address ______________________________

City, State, Zip ______________________________

Spot Report

May 26, 1986

Lorimar-Telepictures to buy Storer TV stations, WTVJ

Lorimar-Telepictures Corp. has reached an agreement to acquire the six television stations of SCI Holdings Inc. (parent of Storer Communications) and WTVJ(TV) Miami, which is owned by Wometco Broadcasting.

The SCI stations are: WJBK-TV Detroit, WJW-TV Cleveland, WAGA-TV Atlanta, WITI-TV Milwaukee, KCST-TV San Diego and WSBK-TV Boston. Four are CBS affiliates, one is an NBC affiliate and one is an independent. Purchase price of the SCI properties is $1.445 billion. WTVJ, plus Wometco real estate in downtown Miami, will be sold for $405 million. In addition to the SCI stations, Storer Programs Inc., Storer Television Sales and Storer's Washington news bureau are included in the agreement.

National spot up

Despite a slowdown in the growth of national spot in March, time sales for the first quarter will show double-digit increases for the first-quarter of 1986.

TV/RADIO AGE's *Business Barometer* (page 26) shows spot up 11.5 per cent for the quarter to $1.113 billion. And Broadcast Advertisers Reports data released by the Television Bureau of Advertising indicate national spot increased by 12 per cent to $1.358 billion.

Local, according to TvB/BAR rose 13 per cent in the quarter to $1.326 billion.

As reported in *Tele-Scope*, page 22, network revenues, according to BAR, are up 4 per cent for the first quarter to $2.037 billion.

'Kate & Allie's' independence

Kate & Allie's 20.4 rating and 29 share for the 1985–86 network TV season made it CBS' most successful sitcom since *M*A*S*H*. But that is only one reason the Reeves-produced show will do well in syndication, according to Don Menchel, president of MCA-TV, which will handle the distribution.

At a reception announcing the series' availability for the fall '88 season, Menchel emphasized that *Kate & Allie* achieved its network ratings without the benefit of a compatible lead-in such as that enjoyed by such other web sitcom hits as Paramount's *Family Ties* and *Cheers*, which follow *The Cosby Show*.

With the series' three juvenile stars—Ari Meyers, Allison Smith and Frederick Koehler at his side, Menchel also emphasized *Kate & Allie's* appeal to young viewers, pointing out that it will be enhanced during the coming season when CBS moves the show from 9 p.m. to 8 p.m.

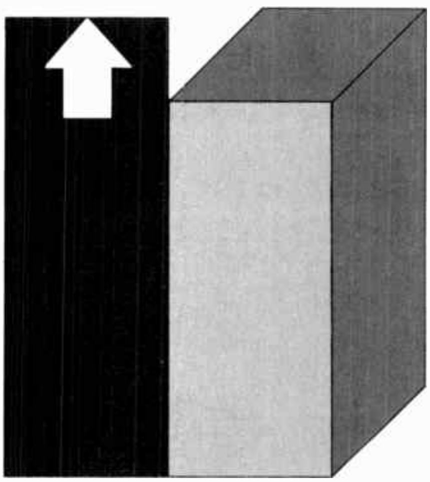
Indelli joining MTM

Joseph Indelli, president of domestic distribution at Columbia Pictures Television, has joined MTM Enterprises to establish an-in-house distribution division. Robert King, a partner, along with Alan Bennett and Robert Peyton in The Television Program Source, will take over Indelli's post at Columbia. It's understood that one of Indelli's first moves will be to look to buy back MTM off-network product now being distributed by Victory Television. This includes series such as *WKRP in Cincinnati*, *Lou Grant*, *St. Elsewhere* and *Hill Street Blues*, all produced for the networks by MTM. King, a brother of the Kings who own King World, left KW to form TPS. Columbia owns a half of TPS, which distributes *Card Sharks* and other game shows in addition to some Columbia product.

March

National spot business

+8.4



1986: $441.0 1985: $406.8

Complete TV Business Barometer details p. 26

Spot Report

Campaigns

Alaska Airlines, RADIO
Livingston/Seattle
FLYING is being recommended for 15 weeks that started in mid-April in a fair lineup of western radio markets. Debi Crawford is among buyers who worked to reach men 25-plus.

Adolph Coors Co., TV
Foote, Cone & Belding/Chicago
BEER is set for 12 to 18 weeks of spot advertising that started in mid-May or early June in a long and coast-to-coast lineup of television markets. Buyers used fringe, sports and primetime spots to reach men 18 and up.

Morton Thiokol, TV
Needham Harper Worldwide/Chicago
MORTON SALT is scheduled for four to six weeks of spot exposure that started in late May in numerous television markets across the country. Buying team lined up daytime and primetime inventory to reach women 25 and up.

OKI Data, RADIO
Shimer vonCantz/Philadelphia
COMPUTER PERIPHERAL EQUIPMENT is being recommended for eight weeks that started in mid-May in a long and coast-to-coast list of larger business centers. Target is adults.

Pinkerton Tobacco Co., RADIO
The Bloom Agency/Dallas
RENEGADES MOIST SNUFF is set for four weeks of spot advertising that started in mid May in a good many southeastern and midwestern radio markets. Buyers placed schedules to reach young men 18 to 34.

Ralston Purina Co., TV
CPM, Inc./Chicago
RYE CRISP is set for eight to 10 weeks of television appearances that began in late April in a fair lineup of western and midwestern markets. Media arranged for a full range of dayparts to appeal to women 35 and up.

Sun Company, Inc., RADIO
Wells, Rich, Greene/New York
SUNOCO GASOLINE is being sold via seven weeks of radio advertising that started in late April in a fair lineup of northeastern markets. Target demographic is men 25 and up.

Appointments

Agencies

Michael D. Drexler has joined Bozell, Jacobs, Kenyon & Eckhardt as executive vice president, national media director. He leaves Doyle Dane Bernbach, where he had been executive vice president and director of media and programming, after 12 years with the agency.

Robert I. Mitchell and **Susan C. Ritenour** have been promoted to senior vice presidents at Campbell-Ewald Co., Warren, Mich. Ritenour joined the agency in 1980 as an assistant media analyst and is now manager, media planning. Mitchell, manager, broadcast spot buying, came to Campbell-Ewald in 1976, also as an assistant analyst.

Mary Joan Schwab has been named manager, New Media Technology and Video Programming at Doyle Dane Bernbach/New York. She comes to the agency's New Media Unit from

RC sponsors Mets

Royal Crown Cola Co. and the New York Mets have signed a three-year, $4 million agreement for RC to sponsor 86 televised Mets games on superstation WOR-TV New York, that also makes RC Cola the Mets' official soft drink at Shea Stadium, where RC, Diet Rite and Cherry RC will be sold. RC's 1986 TV schedule calls for 180 30-second and 10-second spots with alternating game open-and-close RC billboards.

It's estimated that of the 2.8 million spectators at Mets' home games last year, some 60 per cent, or 1.7 million fans, consumed soft drinks. Another estimate is that the Mets' telecasts reach 17 million consumers in the New York, New Jersey and Connecticut markets, or "the largest regional advertising target on a seasonal basis in RC's history." A number of spinoff promotions are planned by RC in connection with the sports sponsorship, at both the consumer and bottler levels.

TRINTEX, the CBS, IBM, Sears videotex company, where her responsibilities included evaluating the consumer market for new technologies and defining business strategies for interactive electronic consumer services.

Dean Jarmel has been named manager of the media department of Poppe Tyson Inc., New York. He comes from Ally & Gargano, where he had been a senior media planner, and before that he had held media posts with Needham, Harper Worldwide and at William Esty Co.

Ann F. Parker has been promoted to broadcast production manager at Dawson, Johns & Black, Chicago. She came to the agency in 1983 as a production assistant, and before that she had been with J. Walter Thompson.

Raymond Dundas has been promoted to vice president, media director at Weightman, Inc., Advertising in Philadelphia. He joined the agency in 1977 as media supervisor and now steps up from vice president, associate media director.

Edward A. Fleig has been elected a vice president at McCann-Erickson/Detroit. He is associate media director and planner on the GMC Truck and Bus account.

Nora Gallick and **John Osborn** have been promoted to associate media directors at BBDO/New York. Osborn joined the agency in 1980 as assistant planner and was elected a vice president in 1984. Gallick came aboard as a planner in 1981, became a media supervisor in 1983, and was elected a vice president the following year.

One Seller's Opinion

Doyle

Radio rep urges station visits and selling for results

Ask anyone who has bought radio time from both a station and a rep firm and he or she will probably tell you that the big difference between the two is that the average rep primarily sells rates and ratings, while local sales people sell results. Today, though, the national buyer is faced with too many choices: too many signals, even in medium sized markets, and too few stations that are clear ratings leaders to be left to the numbers alone.

To be effective representatives of their client stations, reps must be committed to selling the way stations do—for results. The local radio buyer knows who his customers are and why they come through his door. The national buyer, who can no longer differentiate stations solely by the book, needs more. The national rep has to understand the nuances of the market, how to position its stations, and how to diminish the absolute relevance of the numbers.

The only way to do that is to spend time at the station and in the market. Our salespeople have to go beyond the sales manager. They have to meet the programming and promotion people, who have their own perspective, go out on calls with some of the station's salespeople, and hear what local advertisers and agencies say about the market. You can't get under the skin of your client station by meeting only with its management or by telephone calls.

What kinds of specific selling points can one uncover on such a station visit? We know of one station that failed to capture national luxury automobile business because the numbers and format description didn't place it high on the list of stations to consider. Yet that station had every luxury car dealer in its own town on the air, simply because it was producing results for them. An agency should know this! Or consider buyers who limit themselves to all-news stations to reach upscale listeners. You can find in some markets that it isn't the news station they really want. It may well be the "news-image" station they need, and image can be readily identified only through the local market place—not solely through the numbers.

Who should make the visit? It should be a salesperson rather than a manager. But you don't send someone from your Portland, Ore. office to a station in Spartanburg, S.C. And you don't send the same person every-time. Once the visit is completed and a report prepared, the key points should be disseminated. The ideal way is a computer hookup, for instant access to all offices.

The fortunes of radio stations are not nearly as stable as we would like them to be. If we can use the information we gather on station visits to better anticipate changes, and whether they come from format shifts, market trends, competitive factors, promotions, or from other factors, we can help advertisers and their agencies capitalize on these changes. That's our job as reps, and it is the difference between selling by the ratings and selling for results.—**Peter Doyle,** *vice president/New York regional manager, McGavren Guild Radio*

Representatives

Eglon Simons has been named vice president, sales and general manager, national sales and marketing, CBS Television Stations Division. He had been vice president, sales, CTS since February 1984, and before that was director of sales at KMOX-TV St. Louis.

Art Scott has joined Adam Young as executive vice president. The one-time president of Petry Television got his start in the rep field with Adam Young in 1964, with the company's Canadian Division.

Don Gorman has been appointed senior vice president/director of New York sales for MMT Sales. He moves in from WTNH-TV Hartford-New Haven, where he had been general sales manager, and before that he was with Blair.

David Smith has been named associate director of programming for Katz Continental Television. He was formerly vice president, programming at LBS Communications and before that with NBC.

RS&H picks Birch

Rosenfeld Sirowitz & Humphrey has chosen Birch Radio as its primary ratings service. Both media research director Cyril Penn and Marilyn Penn (no relation), vice president, broadcast supervisor, point to Birch's telephone-based methodology. Researcher Penn says it produces "radio audience estimates significantly closer to reality than is possible with diary-based measurement. The burden on survey respondents is less, resulting in diminished non-response bias, and, we believe, greater accuracy in recalling their radio listening behavior."

Broadcast supervisor Penn cites "all the information Birch provides, like cume duplication, audience and ethnic composition and qualitative information, that will aid us in making the best decisions for our clients."

Jeff Wakefield, vice president/research and marketing for Major Market Radio, has been appointed to the rep's Executive Committee. He joined MMR in 1979 from Torbet Radio as research director.

Donna Goldsmith Kleinman has been promoted to sales manager of the Wildcats team at TeleRep/Chicago. She came to TeleRep in 1983 from MMT Sales in New York and now switches from TeleRep's Chicago Jaguars.

Stations

Kaufman

Goldstein

Clayton Kaufman has been named senior vice president of radio, Midwest Communications, Inc., and **Steven Goldstein** succeeds him as vice president, general manager of WCCO. Kaufman joined the station in 1951 as a news writer and Goldstein moves in from Carmichael-Lynch Advertising, where he had been senior vice president and account group head.

Donald B. Kent has been named president and chief operating officer of Media Central, Inc., a Chattanooga, Tenn.-based independent television group owner, and **J. Daniel Sullivan** has been elected executive vice president of the company. Sullivan steps up from vice president and Kent had been vice president and secretary-treasurer.

Frank S. De Tillio has joined Broadcast Media Services, Inc., Tampa, as vice president and general manager. He had been vice president, general manager of WXFL-TV Tampa-St. Petersburg, and before that was general manager of WDCA-TV Washington.

Millard James Watkins III has been appointed general manager of Howard University's WHUR(FM). He started with the station in 1971 as chief engineer and today is also technical director of the university's Office of Satellite Communications.

Robert H. Smith, Jr., vice president, general manager of WCYB-TV Bristol, Va., has been elected to the board of directors of Appalachian Broadcasting Corp. He joined the station in 1979 as news director and became acting general manager in 1984 following the death of **Joseph Conway.**

Tom Ramey has been promoted to general manager of KLTV-TV Tyler, Texas. He has been with Buford Television, Inc. since 1981, most recently as general manager of KTRE-TV Lufkin.

Political service

Strategic Media Group, a new national media buying service specializing in political and issue-oriented advertising, has been formed in Bethesda, Md. by the Earle Palmer Brown Companies, Bethesda, and Bailey, Deardourff, Sipple & Associates of McLean, Va. The unit will be headed by Diane Eizen.

Bailey, Deardourff is currently servicing Republican 1986 gubernatorial campaigns in Pennsylvania, Illinois, Ohio, Colorado, Texas and Florida, and the U.S. Senate campaign in Missouri, with media expenditures "projected in the $15–$20 million range." The Earle Palmer Brown Companies include Earle Palmer Brown Advertising, MarketSearch, Brown Direct, Brown Design & Sales Promotion and Earle Palmer Brown Public Relations.

Media Professionals

Political spots: public service that adds profit

Catherine Farrell

Senior vice president Western International Media

"Every two years, at least," says Catherine Farrell of Western International Media, "political candidates come knocking on station doors with baskets of money. And every year, the baskets are fuller and fuller." She notes that most stations welcome the chance to contribute to the political process, and to be paid well in the bargain: "The really buttoned-up stations manage to satisfy candidates' needs, comply with the elections laws and add profitable business. 'Extra' windfall that can go right to the bottom line.

But Farrell adds that those stations which seem to consider candidates' requests as an unwelcome bother "are missing the point, and missing a good deal. The point is that TV and radio are essential to making the political system work. The broadcast media are so effective that they are the only true mass media—the major opportunity to create an informed electorate. Candidates have a right to be seen and heard. The public has a right to see and hear them.

"The good deal is that election campaigns come and go quickly, and leave a lot of cash behind. The station that manages its inventory to accommodate candidates comes out with a net plus business."

But forget the dollars, she says. "Candidates need to communicate with the people. The people are at home evenings watching your shows, or in their cars in the daytime listening to you. Why not help?

Farrell notes that the beer companies want sports spots to reach their best prospects, "so you sell them sports. Packaged goods people want soap operas, and you sell them soaps. Political candidates need audiences interested in and concerned about public affairs—your news viewers and listeners. Sell them news spots! And they need the mass audience—your primetime. Sell them primetime!"

She says stations "wouldn't limit General Motors to a few prime spots a week, and no news spots. Well, maybe what's good for General Motors *is* often good for America. But helping the public make informed decisions in elections is always good for America. Sell the candidates the spots they need! You could do well while doing good."

New Stations

Under Construction

WMSN-TV Madison, Wisc.; Channel 47 ADI, Madison; Licensee, Channel 47 Inc., 7847 Big Sky Drive, Madison, Wisc., 53719. Telephone (608) 833-0047. Bill Franks, general manager; Jason Elkins, general sales manager. Target air date is June.

Buyer's Checklist

New Representatives

Blair Radio has been named national sales representative for KGUD/KOLA (FM) Riverside-San Bernardino and for KMBY(FM) Salinas-Monterey, both California. KMBY and KOLA are both AOR stations and KGUD programs "The music you remember best" from the '50s through the '70s.

Independent Television Sales has been appointed national sales representative for KPEJ-TV Odessa-Midland, Texas, scheduled to sign on in June. The station will be the first independent based in Odessa-Midland.

Katz Continental Television has been selected to represent WXLT-TV Sarasota, Fla. The ABC affiliate is owned by Southern Broadcast Associates Joint Venture.

Major Market Radio has added KOPA/KSLX(FM) Phoenix and WPTR/WFLY(FM) Albany to its list of client stations. Both Phoenix stations feature "classic hits," WPTR is a modern country station, and WFLY airs adult contemporary hits.

Masla Radio has been appointed national sales representative for KROI/KPLY(FM) Reno, WAMS Wilmington, Del., and WPFR AM-FM Terre Haute, Ind. WPFR offers country music and its FM sister plays contemporary hits. WAMS features modern country music, KROI programs an adult contemporary sound and KPLY is an MOR station.

Weiss & Powell has been named national sales representative for KKXL AM-FM Grand Forks, N.D. and for WGLL(FM) Mercersburg, Pa.-Hagerstown, Md. WGLL airs adult contemporary music, KKXL programs country music and its FM sister offers a contemporary sound.

Transactions

Legacy Broadcasting, Inc. has completed acquisition of KJOI-FM Los Angeles from **KJOI, Inc.** for $43,550,000, reportedly the highest sales price ever paid for a stand-alone FM station. Legacy is headed by Carl E. Hirsch and Robert F. X. Sillerman. John T. Lynch is executive vice president of KJOI, Inc. Broker representing both buyer and seller was M. B. La Rue.

Toledo Television Investors has acquired **D. H. Overmyer Telecasting Co., Inc.,** licensee of WDHO-TV Toledo, from **First National Bank of Boston** for $19.3 million. TTI is headed by Martin Pompadur and Ralph E. Becker. William J. Shock will continue as vice president, general manager of WDHO-TV. Broker in the transaction is The Ted Hepburn Co.

Orion Broadcasting's sale of WQRF-TV Rockford, Ill. to **Family Group Broadcasting** for $4.2 million has received final approval by the FCC. Family Group Broadcasting is headed by Ian N. Wheeler, who is also president of Broadcast Media Services, Inc., chairman of Communications Investment Corp., and co-general partner of Family Entertainment.

IGC appoints

Frank Russell, president and general manager of IGC/Direct Response Networks, has assumed added responsibilities as senior vice president of the parent firm, The Independent Group of Companies, Inc. Russell will continue his current duties with the IGC/DRN. At the same time, Mindy Strominger has joined the company in the new post of director of media operations, IGC/Direct Response Networks. She moves in from MSG Advertising/New York, where she has been a buyer/account executive. In her new post, Strominger will place broadcast schedules for per inquiry and direct response advertising. She'll also be involved in acquiring products and services for direct response marketing.

Viewpoints

Terrence A. Elkes

President and chief executive officer, Viacom International, Inc., in recent speech before the National Academy of Television Arts & Sciences in New York

Multiple entertainment centers developing in U.S. television households

Pay television has become a big business involving big dollars. Up until the late '60s, nearly all television viewing time was supported by commercial sponsors, and, to the viewer, was perceived as a free service. Today, almost one third of the entertainment services revenue from television is derived from viewers who pay for it through subscription services or videocassettes. In terms of total viewing time, viewers spend 4 per cent of their time watching a pay service in the average television home. This ratio is expected to more than triple by 1995 and, at the rate of a dollar an hour for pay programming, incremental revenue could reach $15 to 20 billion. Add on to this an increase in the use of videocassette recorders, pay channels and the development of pay-per-view services, and this figure grows subtantially.

Industry analysts also project an explosion in the number of television sets in use. Currently, about 86 million television homes in the United States contain about 150 million sets. By the end of the decade, they forecast as many as 200 million sets in use—that's a dramatic 33 per cent increase.

It may be significant to note that just as motion picture theaters have developed multiple screens, this phenomenon is now occurring in the home. The increase in the number of television sets-per-household is leading to the development of dual and triple entertainment centers right in homes across the United States.

Independent growth

In the eyes of advertisers, the rising popularity of independent television stations and advertiser-supported cable networks represents a solid alternative to network advertising, and is certain to keep a lid on network rates.

However, for independent television to be totally successful, it must offset the increasing cost of programming. This will be accomplished chiefly through the use of barter, as well as the purchase of more first-run programming instead of off-network product. In my view, barter could become a $2 billion-a-year business in the 1990s, and first-run syndication could comprise nearly 50 hours a week of an independent station's programming menu.

The recent must-carry decision appears to some as a negative force which will encroach upon independent television's potential for future success. I believe quite the contrary. In my view, the solidly-programmed independent stations won't have any trouble remaining on cable.

Cable advertising dollars are expected to more than quadruple, reaching about $2½ billion by 1995. This robust growth is the result of the consolidation of advertiser-supported cable networks and a more realistic approach to the development of programming niches. These so-called cable networks will also be viewed in homes equipped with earth stations, further adding to the customer base.

The advertisers, then, will benefit from the downward pressure on network rates due to the dynamic alternatives provided by independents and ad-supported cable networks. Initially, advertisers and their agencies may find the new marketplace more complex and perhaps less efficient on the surface. But if they properly measure and qualitatively understand this broadened media mix, they will succeed in placing their messages on a more efficient basis with greater economic reward.

Joining the ad-supported cable networks in 75 per cent of U.S. television homes will be the traditional pay services, such as Showtime.

Pay television has been criticized recently by those who have taken a short-term view of the industry. My belief is that, despite the slowing of growth in pay television, the next decade offers us a host of positive opportunities. Increased cable penetration of households, changes in marketplace pricing due to cable deregulation, growth of earth stations, and the development of pay-per-view services will combine to increase viewer interest in pay, boost subscriber volume and thus offset reduced operating margins. We may even reach a point where viewer perceptions of value could allow us to place advertising on certain types of pay services.

Two levels of service

One marketing approach for cable in the future would be to offer only two levels of television service, thereby eliminating the current multi-tiered concept, which can be costly and confusing. Television could be generically packaged, promoted, and marketed without referring to specific stations or channels as contrasted with promoting programs, features or events. If the viewer doesn't make the distinction between methods of program delivery, why should television's marketers?

These television services could be offered to viewers at reasonably low prices. The key here is to attract more customers through competitive pricing, thereby achieving greater penetration of homes passed by cable.

Programming/Production

Webs spread productions for fall shows

The networks are spreading their primetime programs for the 1986–87 season among many studios, both established and some new. At the beginning of last season, Universal Studios dominated the scene with seven new shows placed on the schedule. But this coming season, there is no runaway studio leader. 20th Century Fox leads the program pack with three, followed by six studios with two programs each, including Disney Television and New World, two new players, and seven studios have one program each. Universal, last year's favorite, has one program, *Together We Stand*, half-hour comedy bought by CBS.

All told, there are 24 new shows, including two news series produced in-house, *Our World*, 8–9 p.m. Thursday fare on ABC, and *1986*, on NBC, Tuesdays, from 10–11, the latter to start on June 10. The three Fox shows are spread across the three networks and represent a comeback for the studio, which had only one new show on the schedule at the beginning of last season. The three shows, all one-hour each, are *Gold Steel and Neon*, a title which will be changed, on ABC on Saturdays, 9–10; *L.A. Law*, to air on NBC on Fridays, 10–11 p.m. and CBS' is *The Wizard of Elm Street*, set for Tuesdays, from 8–9.

Among the studios which have two series, Lorimar-Telepictures, Viacom, Columbia Television and New World, have a total of one-and-a-half hours each. L-T has a half-hour comedy on CBS, *Better Days*, Wednesdays, 8:30–9, and its hour show, *Our House*, is on NBC's schedule in the Sunday 7–8 p.m. slot. Viacom's two series are on NBC, consisting of the half-hour comedy airing on Sundays, 8–8:30, *Easy Street*, and court drama *Matlock*, which has Fred Silverman as one of the executive producers, set for the 8–9 slot on Tuesdays.

New World's entries are *Crime Story*, police-action hour on NBC, for Tuesdays, 9–10, and on ABC, *Sledge Hammer*, half-hour comedy, slated for Fridays at 9:30. Columbia's programs are the one-hour *Starman*, on ABC on Fridays at 10, and CBS has *Designing Women*, comedy to be shown on Mondays at 9:30. Warner Bros. and Disney have two half-hours each. WB's *Head of the Class* will run on ABC on Wednesdays beginning at 8:30, while its *Taking the Town* goes on CBS on Mondays, from 8:30–9. Disney's series are both on ABC: *The Ellen Burstyn Show* on Saturdays at 8:30, and *The Last Electric Light*, at 9 on Fridays, a co-venture with Motown.

The rundown of studios with one series are: Orion has *Kay O'Brien, Surgeon*, hour drama on CBS, on Thursdays, 10–11; MGM has *Our Kind of Town* (tentative title), to air on ABC on Tuesdays 10–11; Aaron Spelling Productions, in a half-hour co-production with Lucille Ball Productions, will bring back Miss Ball in *Life With Lucy*, aimed for ABC on Saturdays at 8; Carson Productions Group has *Amen*, half-hour comedy riding on NBC on Saturdays at 9:30. Also there's Alien Productions' *Alf*, from 8–8:30 on NBC on Mondays; and Tri-Star is offering *Downtown*, hour police drama, on CBS, Saturdays at 8.

UA, MGM/UA deal

The "new" United Artists Corp., film company which was spun off recently from MGM/UA Entertainment, has concluded a deal with MGM/UA to syndicate its product. According to Tony Thomopoulos, president and chief operations officer of UA Corp., the deal is for two years. Down the line, UA expects to set up its own television syndication division, says Thomopoulos.

Thomopoulos had been executive vice president of UA Corp. and president of the motion picture and television groups until his promotion.

Late-night satellite web begins in July

The International Television Network has set its launch date and has signed its initial stations for its late-night, satellite-fed programming venture consisting of foreign product not heretofore seen on commercial TV in the U.S. In an interview, Laurel Draper, director of programming at ITN, based in Salt Lake City, says the scheduled introduction of the network is July 24, with programming to be fed via Westar IV, on time leased from Bonneville Satellite. Two stations have signed for the network, according to Draper, the CBS outlet in Phoenix, KTSP-TV, and NBC affiliate, KBJR-TV Duluth. One indie, WGPR-TV Detroit, was close to being firmed. Draper says the company has recently begun sending material to all commercial TV stations announcing the introduction of the network, and she says that more than 50 stations have requested one-year contracts, based on the network's initial drive. "This means to us they are seriously interested in taking our network. These stations are in eight of the top 10 markets."

Draper says she expects about a 40 per cent coverage of the country, by lift-off time.

As to the programs, Draper says she feels these are the best international shows available, which range from comedy out of Germany, to a French miniseries on the French Revolution, to a series from Poland, *Nights and Days*. Other programming comes from Spain and Brazil, among others. All programs not in English are subtitled or dubbed. Draper says some 50 per cent of the network's programs are in English, including product from Canada and Australia. At this point, she says, there is no British product, because "they have very expensive residual problems with the unions. However, we are working on getting product from the U.K."

Programs. One or two of the international programs, such as a weekly news magazine, *Hello Jerusalem*, from Israel, have been aired on cable in the U.S., but the other shows have not been seen in the U.S. "That's one of our selling points. We are bringing in programs not viewed here."

Laurel Draper

Under the arrangement with stations, ITN is offering the programs either on a barter or ad-revenue sharing basis. The stations can either get a percentage of the revenues from the network's advertising sales, or they can take four minutes of the 12 for local sale, per hour. National sales are being handled by International Communications Network in New York. Draper says that ad sales have come along well and are mainly in the direct-response area at this point.

Feeds to the stations will be twice nightly in four-hour periods, from 12:30–8:30 a.m., including a repeat for the West Coast or for other outlets as needed.

Under its agreement with Bonneville, ITN will provide service for five years. According to Bonneville, the supplier will provide an additional service to ITN. This will be an origination facility to be built adjacent to Bonneville's Salt Lake City Technical Operations Center, where ITN will utilize Sony BVH 2000 one-inch video tape playback equipment, Grass Valley Master Control Switcher and Sony BVU 800 ¾-inch VTPB, to be used for editing during daytime hours.

WB Volume 26 sales

Warner Bros. Television Distribution's newest theatrical feature collection, Volume 26, consisting of 24 features, has been sold in 60 markets, including 24 of the top 25 markets, according to William Hart, vice president, and domestic sales manager. The latest additions to the markets sold are WKBD-TV Detroit; WTNH-TV Hartford-New Haven; WZTV(TV) Nashville, WPCQ-TV Charlotte, WLNE(TV) Providence-New Bedford; WVEC-TV Norfolk-Portsmouth-Newport News-Hampton, WDTN(TV) Dayton, WDRB-TV Louisville, KSBW-TV Salinas-Monterey; KAME-TV Reno and KTRV(TV) Boise.

Stations licensed in the top 10 markets including WPIX(TV) New York, KCOP(TV) Los Angeles, WGN-TV Chicago, WPHL-TV Philadelphia, KBHK-TV San Francisco; WLVI-TV Boston, WKBD-TV Detroit, KTXA-TV Dallas-Ft. Worth, WTTG(TV) Washington, and KRIV-TV Houston.

ITC: 'Amos,' 'Rockabye'

ITC Entertainment has acquired *Amos* and *Rockabye*, two of the top-10 rated movies telecast in the 1985–1986 season. *Rockabye* ranked Number 5, registering a Nielsen rating of 25.3 and a 38 share, in its CBS telecast on January 12, 1986. *Amos*, Number 6, scored a 24.5/37 in its September 29, 1985, telecast on CBS. Other movies in the top 10, all made-fors, were, in ranking order, Number 1, *Return to Mayberry*, 33/49, ABC; *Perry Mason Returns*, 27.2/39, NBC; *Internal Strangers*, 26.4/38, CBS; *Mafia Princess*, 24.4/37, NBC, *Blood and Orchids*, Parts 1 and 2, 24.3/37, CBS; *The Last Precinct*, 23.9/35, NBC; and *Stone Pillow*, 23.3/33, CBS.

TPE series previews

Television Program Enterprises' first venture designed specifically for network use, *Fame, Fortune & Romance*, will debut with two weeks of previews beginning June 16 at 11 a.m. on ABC. The half-hour series will focus on life stories of celebrities, and included will be stories on Sophia Loren.

Battle vs. excess spots spurred deal

One of the major reasons for both Bristol-Myers and Group W Television combining efforts in a multi-year programming contract was that both have a penchant against "over-commercialization." In an interview, Edwin T. Vane, president and chief executive officer of Group W Productions, notes that the plan for both companies to work together actually was hatched during the past NATPE convention, when Marvin Koslow senior vice president, marketing services at B-M, laid out his philosophy on syndication, which included restraints on commercials.

"We both have compatible philosophies: limitation of commercials to be used in syndication and dedication to quality programming," says Vane. He notes that, in a letter sent to the industry, Peter Spengler, vice president, advertising services at B-M, complained that commercials time in syndication was growing, especially in half-hour sitcoms and in a marketplace that was growing dramatically. Cited were programs which contain seven minutes of commercials per half-hour, and 14 minutes per hour program.

Edwin Vane

Vane continues that Spengler's letter was a plea for the industry to be restrained, "lest the booming syndication marketplace have its growth curtailed early because of greed. At Westinghouse, we are very supportive of that position. As far back as the days of Tom McGannon, we were in the forefront of being restrained in our commercials load."

Meeting. At the initial meeting, Group W was asked to make a presentation on co-ventures, and in mid-March a proposal was made by Group W. Vane notes that B-M's intention from the beginning was to be a partner in investing in ventures, "not simply to have a media arrangement, whereby B-M would buy a certain number of commercials in our existing and upcoming programs. It would go further, to join hands on new programs, to share the risks and the rewards."

As to specifics on the deal itself, Vane notes that the contract calls for both B-M and Group W Productions to co-venture in the production of new series. First off, notes Vane, will be a first-run sitcom, to be produced by Group W in association with a producer of network sitcom hits, who Vane wouldn't reveal at this time. The half-hour series, which is planned for a September, 1987 start, will be offered via barter with six minutes of commercials, split evenly between national and local sales, notes Vane. B-M will be one of the sponsors in the series. Horizon International Television, company co-owned by Group W, will distribute the series internationally, while Group W handles the domestic end.

The contract also calls for B-M to buy extensive ad schedules in Group W's current series and the upcoming *Let the Good Times Rock*, in a media plan worked out between both parties, notes Vane. The schedule includes advertising on *PM Magazine* and *Hour Magazine*. The third segment of the overall plan is the production of one-hour specials which focus on health. B-M had been a supporter of and advertiser in the Westinghouse-developed special, *Second Chance*, which centered on advances in heart surgery, and which this year picked up a Peabody award.

Specials. Beginning in the first quarter of 1987, specials will be done quarterly by various Westinghouse stations. The hour specials will be offered via barter to all stations, with eight minutes for stations and four for Group W. B-M will sponsor all four minutes of national time, says Vane. All Group W stations are committed to both the sitcom and the specials.

Vane calls the tie with B-M unprecedented, "in that an advertiser, a producer-distributor and a station group are coming together to produce programs for syndication." B-M is coming in as an investor, not simply as a company commiting time in programming, he emphasizes.

Syndication Shorts

D. L. Taffner's *Three's Company* has been renewed by the **Fox Television stations.** The six stations are WNYW-TV New York, KTTV(TV) Los Angeles, WFLD-TV Chicago, WTTG(TV) Washington, KDAF-TV Dallas-Ft. Worth and KRIV-TV Houston.

Syndicast Services is offering a one-hour daytime special, *Daytime Lovers*,

Programming/Production

(continued)

which takes an inside look at the "hot" young lovers of the networks' leading soaps. The hour show is hosted by Kim Zimmer, of CBS' *Guiding Light*. Airing begins July 15, and the show is a production of **MG/Perin.** Also at SS, the company is distributing two specials geared for the summer. *Hot Times! Summer '86!*, produced by the CBS-owned division, is hosted by Peter Scolari; and *Sex Symbols: Past, Present & Future* is a one-hour show which offers a close-up look of sex symbols. The program also focuses on super models and explores the changing standards of sexuality.

Access Syndication has acquired *This Is Your Life* for cable syndication. New wraparounds are being produced for 130 half hours starring hosts Ralph Edwards and Joseph Campanella, for stripping in the fall. The original programs were produced from 1951–60.

LBS Communications will distribute *The Coors Concert Series*, 10 one-hour music specials. The series of live performances, airing for the first time on TV in stereo, was taped in concert arenas across the U.S. and abroad. The barter split is five for LBS, and seven for local stations.

The **King World** package of two Western series, *Branded* and *The Guns of Will Sonnett*, have been placed in 64 markets. Newest stations include WPWR-TV Chicago, WPVI-TV Philadelphia, WXNE-TV Boston, WDIV(TV) Detroit and KXTX-TV Dallas-Ft. Worth.

The Florida News Network has signed its seventh station, WINK-TV Fort Myers-Naples. FNN is the cooperative statewide system formed last December, and covers news live on videotape by satellite and transportable satellite uplink trucks.

Blair Entertainment's *Strike it Rich* has been sold to 15 stations, for a total of 40. The 15 markets include WPXI-TV Pittsburgh, WVIT(TV) Hartford-New Haven, WCPO-TV Cincinnati, WMOD-TV Orlando-Daytona Beach-Melbourne and WUHQ-TV Grand Rapids. Also, Blair's 12 Revenge features have been acquired by nine stations including WMOD-TV, WPEC-TV West Palm Beach, WSBT-TV South Bend and WFMJ-TV Youngstown. New total is 35 markets.

D. L. Taffner will distribute five of The Program Development Co. properties worldwide, excepting the U.S. Five programs are: *Rocket to the Moon, The Rise and Fall of Daniel Rocket, True West, The Dining Room* and *Heartbreak House*.

King World's *True Confession*, half-hour daytime anthology series, is a "go" for the fall. The show will debut September 8 and has been cleared in 70 markets, representing 60 per cent of the country. **The Landsburg Co.** is producing the show, in association with Photoplay Magazine Television Enterprises.

Hal Roach Studios and **Sandoval Productions** have completed 26 90-minute episodes of *The Laurel Hardy Show*. The show has been sold in 40 markets, and features new faces and footage never seen before on TV, plus the pair's home movies. Sandoval produced the shows.

Rex Reed and Bill Harris will be the new hosts of *At the Movies*, from **Tribune Entertainment.**

Cover Story, weekly series of 26 half-hour celebrity profiles produced by **Noel Films,** has been cleared in nine of the top 10 markets, including the CBS-owned stations in New York, Los Angeles, and Philadelphia, and the NBC-owned outlets in Chicago and Cleveland. The series is distributed by **Fries Distribution Co.** *Cover Story* is scheduled for a September start on an ad-supported basis.

Zooming in on people

Dorothy Hamilton has been named director of sales service, a new post, at **Blair Entertainment.** Hamilton, who joined Blair in 1983, had been manager of sales services. Previously, she had been sales service manager since 1980 at Lorimar Television Distribution, and before that, was advertising coordinator at the New York Telephone Co. Also promoted are **Sherryl Servello** as traffic coordinator and **Suzette English** as sales service assistant.

Dorothy Hamilton

Richard Rottkov has been appointed director of corporate communications at **All American Television.** Rottkov had been an account executive at Manning, Salvage & Lee, public relations subsidiary of D'Arcy Masius Benton & Bowles.

Andrea Baynes has been named senior vice president, creative affairs at **United Artists Television.** Previously, she was associated with Columbia Pictures Television under her Andrea Baynes Productions banner.

Lorimar-Telepictures has made three appointments. **Bruce Genter** becomes senior vice president and southwestern sales manager, off-network sales; **Maury Lanken** is named senior vice president and southeastern sales manager, off-network sales; and **Joel Canfield** becomes L-T Broadcast Group director, creative services. Genter joined Lorimar in 1980, and most recently was vice president, southwestern sales at Lorimar Television Distribution. Lanken was vice president, southeastern sales at Lorimar since 1981.

Bruce Genter

Robert J. Syers has been named vice president of national sales at **Syndicast Services.** He rejoins Syndicast after a tenure with CAB, as national sales manager.

Howard Levy has been appointed vice president, director of ad sales at **Blair Entertainment.** Before joining Blair, Levy was director of ad sales for Television Program Enterprises since 1983. Before that, he was an account executive at TeleRep, from 1980–83.

Howard Levy

Eric Block has been named vice president, creative services at **Fox Television Stations.** He had been vice president, director of creative services at WFLD-TV Chicago since June, 1983.

Peabodys in wide range

The George Foster Peabody Awards for distinguished broadcast programming in 1985 represented a wide range of shows, from a TV documentary on the 10th anniversary of the U.S. withdrawal from Vietnam to a TV special honoring Johann Bach to an award for Johnny Carson, NBC host of the *Tonight Show With Johnny Carson*. The awards are administered by the University of Georgia's journalism school.

The TV winners were WBZ-TV Boston, for *Tender Places*; CBS News, for *Whose America Is It?*; WSMV-TV Nashville, for *A Higher Standard*; NBC News, for *Vietnam Ten Years After*; WCCO-TV Minneapolis-St. Paul for a five-month investigation on abuses in the home care industry; the McNeil/Lehrer Newshour, *Apartheid's People*; CBS Entertainment and Dave Bell Productions, for *Do You Remember Love?*; KGO-TV San Francisco, for *The American West: Steinbeck Country*.

Also Johnny Carson, for *The Tonight Show With Johnny Carson*; Spinning Reels and Home Box Office, for *Braingames*; TVOntario, NHK Japan, Sveriges Television and Technisonar, France, for *The Final Chapter*; Frontline, for *Crisis in Central America*; The Harvey Milk Farm Project Inc. and WNET(TV) New York, for *The Times of Harvey Milk*.

Also, WBBM-TV Pittsburgh, for *Armed Dangerous*; KDKA-TV Pittsburgh, for *Second Chance*; KDTV(TV) San Francisco, for its commitment to its audience during the Mexico City earthquake; Central Independent Television and WETA-TV Washington, for *The Skin Horse*; Lincoln Center for the Performing Arts for *Live From Lincoln Center*; Lawrence Fraiberg, in recognition of his outstanding contributions to broadcasting in the U.S.; Columbia University Graduate School of Journalism, for its continuing effort in the production of *Seminars on Media and Society*; and Bob Geldof and Live Aid, for his commitment to help alleviate hunger.

In radio: WHAS Louisville, for *Down and Outside: On the Streets of Louisville*; *Liberation Remembered*, independently produced; CBS News, for *The Number Man—Bach at 300*; *Breakdown and Back*, independently produced; and WGBH Boston, for overall programming and leadership in state-of-the-art broadcasting. All told, 27 Peabodys were awarded from a total 798 entries, the second largest number of entries since the competition was started in 1941.

For WCCO, it was the station's third Peabody, making it the first TV station in the U.S. to take three honors in a row.

Fox/Lorber, HBO deal

Home Box Office Inc. has made available more than 100 hours of non-theatrical programming for domestic broadcast syndication through an arrangement with Fox/Lorber Associates.

The deal marks the first time that HBO-produced specials and documentaries will have been made available to broadcast TV. Somewhat ironically, this is some of the material that in its first window was promoted as an example of what is unique and original to cable TV.

Other HBO material, such as its made-for-pay movies, routinely has gone to the broadcast syndication market after a first window on pay.

While the terms of the pact weren't disclosed, James Warner, director of HBO Enterprises, says Fox/Lorber, recently acquired by Prism Entertainment, Los Angeles, offered "a sweeter deal in every respect," including commission charged on broadcast sales. It is a non-exclusive deal, in that some of the same programs are being made available in other media, such as home video, by other companies, including Thorn EMI-HBO Home Video.

According to David Fox, Fox/Lorber CEO, the deal consists of as many as 10 packages of mostly hour-long programs. Available for the fall, they include musical and comedy specials starring Harry Belafonte, Robert Klein, David Brenner, Bette Midler and Pee-Wee Herman; the Harold Lloyd library including 26 half-hours, eight features, and two documentaries; Tabloid Television, a group of "reality" programs such as The Greatest Scandals of the 20th Century; and Sports Rivals, Sports Heroes, four programs highlighting legendary moments in sports.

Each show will be made available in the original cable version and in an edited-for-broadcast version that conforms to general standards and practices guidelines, Fox/Lorber says.

Program won't go to syndication until a first pay-window run, the length of which generally varies title by title, HBO says.

The HBO deal is the biggest yet for five-year-old Fox/Lorber, which has specialized in worldwide licensing for home video, cable and pay TV, and broadcast distribution. Since the firm's recent merger with Prism, it has embarked on what its officials term a multimillion-dollar acquisition campaign, concentrating on domestic syndication and worldwide home video.

The firm is based in New York City, and is expanding its offices.

Radio, staff changes

Bob Raleigh has returned to WBZ Boston as overnight talk show host, from 1–5 a.m. He handled the 9:30 a.m. to 1 p.m. slot at the station for two years. Before that he was WBZ overnight deejay for four years.

WKAT Miami has added veteran broadcast comedian Bill Calder to its weekday lineup. His show will air from 3–7 p.m. and on Sundays, from 2–6 p.m., WKAT will air *The Other Bill Calder Show*, "a tasty musical alternative."

Keeve Berman has been named news director at WMCA. He replaces the retired Bert Napp. Before joining WMCA, Berman wrote and hosted the *Business Times* show, daily syndicated program heard on 130 public radio stations in the U.S.

Swanson Broadcast's new FM station in Tulsa, KQMJ, has been launched with an adult contemporary format, called Magic. The station was purchased last year to be a sister station to KRMG.

Andy Bickel has been named program director at KLZZ San Diego. He brings 20 years of experience to the station. Most recently, Bickel was program director at WIBC-AM Indianapolis.

WNEW-AM New York has appointed Quincy McCoy, promotion director, to program director.

Programming/Production

(continued)

Maverick does pilot

The Maverick Group, heretofore an industrial television, music video and theatrical production company, is throwing its hat into the commercial television ring with an anthology series of half-hour comedy and drama TV programs under the umbrella name of Playhouse 30. The series will bank on short stories, plays and original material. First off, according to Joe Butt, president of Maverick will be *Many Happy Returns*, to be directed by Butt, and produced by Dale Ward and Marsue Cumming.

The pilot program was to begin shooting last week and 13 half-hour episodes are planned initially. The company is looking for a network sale on the series, as a possible mid-season replacement for the 1986–87 season. If that falls through, notes Butt, the company will look for a syndication deal. The two characters in the pilot have the potential of being a network spinoff series, believes Butt, which is one of the reasons for producing the pilot.

The pilot is being self-financed and salaries of the principals are being deferred, going into the production.

In development is a late-night weekly half-hour, *Flash Frame*, a game show.

Principals of the Maverick Group are, l.–r., Joe Butt, president and director, Marsue Cumming, producer and secretary/treasurer, and Dale Ward, vice president and producer.

Radio syndication

Reggie Jackson is taking a turn at the syndicated radio series bat, via a series written and produced by **Gladney Productions.** The series, *Diamonds Aren't Forever*, consists of two-minute daily commentaries and will begin in early fall. Jackson will pull no punches, notes Gladney, with subjects ranging from drugs and alcohol abuse to marriage and homosexuality. Gladney produces *The Best Years*, public affairs radio series with Helen Hayes, syndicated in 200 markets.

Burkhart/Abrams/Douglas/Elliot and Associates have reached consulting agreements with WIXV(FM) Savannah and WKFM(FM) Syracuse. Both will join the Superstars (AOR) ranks. WIXV is owned by Burbach Broadcasting, and WKFM is owned by New England Radio.

The United Stations Radio Networks provided special programming on a voluntary basis for Hands Across America, nationwide effort to combat hunger and homelessness in the U.S. The US Airing was for three hours on May 25, and ran through 16 states and the District of Columbia. Coca-Cola is national co-producer of the event with United Support of Artists for Africa. Updates were provided and distributed by satellite to all stations, until the 3 p.m. hookup on May 25.

DIR will produce *Success in America* news-talk show to be hosted by George Plimpton, and is set for a May 4 debut. Janice Ginsberg has been named producer. Also at DIR, Tom Gatti has been promoted to vice president/director of sales. He has been with DIR since the summer, 1985.

NBACA awards contest

The National Broadcast Association for Community Affairs has opened its annual community service awards competition for 1986. The awards recognize excellence in two broadcast categories: total station projects involving community concerns and public service announcements. Both radio and TV stations are invited to enter. There is a differentiated entry-fee scale for large and small markets in each medium. Contact is Marsha Kaminsky, vice president for public affairs, WOR-TV, P.O. Box 9, Secaucus, N.J. 07094. Phone: (212) 764-6755.

Country Radio elects

The Country Radio Broadcasters have elected the following as new board members: Bob Abernathy, general manager, WBOS Boston; Ed Benson, associate executive director Country Music Association; Patsy Bruce, president, Events Unlimited; Rusty Reynolds, owner/manager, Osburn/Reynolds Radio, Longview, Tex., and Bob Saporiti, Warner Bros. Records. Among those reelected to the board are Charlie Cook, president, Cook Communications/McVay Media, and Tom Phifer, KNSS Reno.

Fest sets award

The Ollie Award, in recognition of excellence in U.S. childrens TV programming, has been set up by The American Children's Television Festival. The ACTF was co-founded by the Central Educational Network and WTTW-TV Chicago in 1984. The first Ollie awards will be presented at the fall, 1987 ACTF. The Ollie is in honor of Burr Tillstrom, who died in December, 1985.

Production notes

New World Television will produce *Crime Story*, new NBC series scheduled to debut in the fall, in association with the Michael Mann Co. (See network production story.) The action/adventure series, set in Chicago in the 1960s, has an initial 14-hour commitment from NBC, with a budget of $20 million. New World and MCA TV will share in the TV distribution, with New World controlling foreign theatrical, foreign TV and worldwide home video distribution, while MCA gets the domestic syndication, merchandising and record distribution rights. Dennis Farino will star in *Crime Story*.

Andrew Hill and Kathleen St. Johns have formed **Hill/St. Johns Production** and have signed a development deal with Columbia Pictures Television. St. Johns most recently was director of dramatic series for ABC-TV. Hill joined Columbia in August, 1982, as vice president, movies and miniseries.

Production has begun on *The Days and Nights of Molly Dobbs*, comedy series to be telecast on NBC. The series is a Brillstein Co. production in association with You & Me Kid Productions and stars Blair Brown as a divorced woman dealing with various problems. Producer/writer/director is Jay Tarses.

Home Improvements, half-hour sitcom pilot, is being developed for CBS by **Scholastic Productions** in association with **Universal Television.** Tony Lo Bianco has been signed to star in the show, "which will get its humor and heat from themes based on everyday experiences of today's instant-blended families."

Lee Remick has been set to star in *Of Pure Blood*, **Warner Bros. Television's** new two-hour movie for CBS. Telefilm, story about a woman's hunt to find her son's murderer, which leads to uncovering a neo-Nazi plan to engineer a master race, will be filmed in Budapest, Hungary and Munich.

Encounters, two-hour drama starring Donna Mills, will be produced for NBC by the **Larry A. Thompson Organization** and **Donna Mills Productions** in association with **Columbia Pictures Television.**

Commercials

Big screen ads put showbiz first

It would be hard to picture a TV network or station demanding contractually that an agency's commercials be entertaining. But nevertheless a $5–$10 million slice annually is coming out of agency TV budgets—mostly network—for a growing medium that makes exactly that demand.

The only significant player in this medium is Screenvision Cinema Network, which has access to some 4,500 theater screens representing 25 per cent of the first-run theaters in the U.S. Its president, Terry Laughren, points out that he is not seeking most of the remaining 75 per cent and would be happy with 6,000 screens. He counts screens because many of his exhibitors, heavily chains, operate multiple-screen theaters.

"What we're really after is the upscale market," he explains. "We're looking primarily for the suburban shopping mall complex. And if we get too big, advertisers won't be able to afford us." What Screenvision is selling is upscale, young demographics and an unusually high day-after recall. The latter, and the need not to offend the paying theatergoer, are the reasons Screenvision insists on entertaining commercials.

Screenvision is the only national purveyor of movie house commercials in the U.S., and Laughren says there are only about five local organizations providing this service. Screenvision was launched in fall, 1976 by Mediavision, a French company, which sold a half interest to Capital Cities Communications in 1979. In 1981, Laughren—formerly an executive vice president of J. Walter Thompson and general manager of its Detroit office—and a silent partner acquired the CapCities interest and became managing partners.

The going rate for advertisers is $500,000 for a 60-second commercial to run 28 days nationally. Theaters receive a "fairly equal share" after expenses. This comes to an $18 cost-per-1,000, which Laughren says is 25 per cent more expensive on the average than 60 seconds of primetime TV, "although about a dozen primetime shows are more expensive than we are. What's factored in is that our recall is outrageously effective."

Using standard Burke methodology, he notes, day-after recall for theater commercials averages 87 per cent, compared with 20 per cent for all TV dayparts. For automotive spots, he adds, it's 81 per cent vs. 9 per cent. He also points to 1984 Simmons data indi-

Terry Laughren, *president of Screenvision Cinema Network, pitches the movie theater audience's high recall rate and upscale demographics.*

cating the 18–34 demographic is 56 per cent of Screenvision's audience composition and indexes 38 per cent higher than U.S. population, while 18–24 is 26 per cent and 52 per cent higher. In terms of income, 14 per cent of the audience is in the $50,000-plus bracket, indexing 25 per cent higher, and 41 per cent is $25,000–$50,000, indexing 17 per cent higher.

Laughren says most advertisers run multiple flights of the one-month standard duration and that eight or nine can be considered regulars—for example, Dr Pepper, which runs three times a year, gaining first refusal right for its category and locking out Coke and Pepsi for the summer months. For the most part, the theater advertising—about half 60s and half 90s—is shot in conjunction with TV commercials, with the campaign showcased in theaters before the TV run. The main advertisers that used theaters exclusively were the video game manufacturers—during their heyday a couple years back.

The commercials Screenvision has distributed to theaters offer high dramatic, comedy or visual appeal, and Laughren insists his research indicates the audience doesn't consider them to be commercials: "We call them sponsored trailers." The standard scenario is to lead off with the concession stand plug, followed by the theater's policy statement and coming attractions; then the lights go down and two or three "sponsored trailers" are run before the feature.

Laughren says the first agency to come to Screenvision in a major way was Chiat/Day, using the medium for "all of its advertisers," including Nike, Apple computers and Pizza Hut. He says the only major holdout now is Ted Bates.

Among agencies and their clients that have used Screenvision: Grey Advertising, Renault (no longer an account), Timex and Revlon; Dancer-Fitzgerald-Sample, Toyota, Wrangler jeans and Pioneer; BBDO, General Electric Pepsi-Cola and Dodge; Compton, Jeep; Campbell-Ewald, Chevrolet and Odyssey video games (out of business now); D'Arcy Masius Benton & Bowles, Pontiac, Amoco and Budweiser; Young & Rubicam, Dr Pepper and Lincoln-Mercury; and J. Walter Thompson, Kodak and U.S. Marines.

Currently Screenvision sells a maximum of three minutes, and Laughren notes, "We have a commitment for two out of the three minutes for the rest of this year." He says the first quarter is the slowest, with usually only one minute sold—because the big first-quarter advertisers are package goods products, which the medium does not lend itself to. The second quarter generally runs with two minutes sold, he adds, while the full three minutes sell out in the third and fourth quarters.

As for opportunity for Screenvision growth beyond somewhat expanding the theater lineup and selling out existing inventory, Laughren says the next step would be to go for a fourth minute. Noting that cinema advertising is as old as movies in much of Europe, he adds that the French have 18 commercials before the feature. Even though the theaters announce the time that the feature actually starts, he says, 85 per cent of the audience arrives in time to see the commercials—oops, "sponsored trailers."

Issue ad battle joined

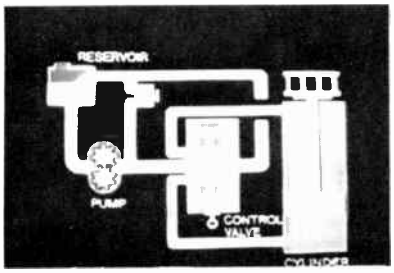
Having fought the networks' refusal to accept advocacy advertising for years, Herbert Schmertz, vice president of public affairs at Mobil Oil, is glad to see that he has company. W. R. Grace & Co., has retained Joseph A. Califano, Jr., an attorney and former Health, Education and Welfare Secretary under President Carter, to "establish a dialog with the networks." Both NBC and CBS have refused to air a recent commercial speaking out against unchecked deficit financing at the federal level, and ABC has said it could only air it between midnight and 12:30 a.m.

Schmertz comments, "It's nice to see someone else point out the censorship and anti-information stance the networks have taken. The networks continue to indulge in activities that are not in the public interest or in keeping with First Amendment rights." While Grace chairman J. Peter Grace indicates he may seek support from other companies or organizations, Schmertz says he is supporting Grace "in princi-

Advertising Directory of

Selling Commercials

Con-Edison • Bruce Southard



DOLPHIN PRODS., NY, COMPUTER ANIMATION

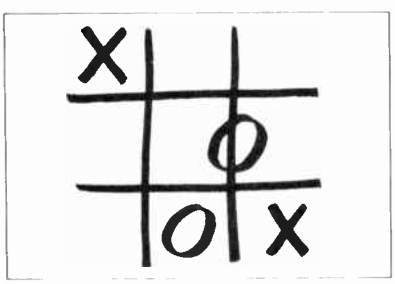
Gary • Levy, King & White

KCMP PRODUCTIONS LTD., New York

Honey-Nut Cheerios • Dancer Fitzgerald Sample

KCMP PRODUCTIONS LTD., New York

NYNEX-Tic, Tac, Toe • H.H.C.&C



GIFFORD ANIMATION, INC., New York

Commercials *(continued)*

pal," not knowing what that company has in mind.

Califano, meanwhile, has written to top executives of all three networks pointing out that their stance on the commercial, "The Deficit Trials," is inconsistent with previous acceptance of similar commercials from Grace and others in the past. Questioned about the possibility of legal action if the "dialog" approach doesn't work, he answers, "I don't want to get into the options."

"The Deficit Trials" is set in the year 2017, with children in rags in a courtroom, trying the actions of a previous generation. A 1985 commercial, depicting a crying newborn baby saddled with a $50,000 bill from the government upon birth, was refused by CBS but aired on ABC and NBC.

Meanwhile, "Deficit Trials" has been placed for a month-long run on Screenvision Cinema Network (see preceding story), which finds the spot meets its criterion of being entertaining enough to "enhance the moviegoing experience." Steven Elliott, director of corporate advertising for Grace, says a movie theater "is the most dramatic environment" for a spot of this nature and the run is timed for when the deficit debate is in high gear in Congress.

Rooted in beer theme

If you can't go head-to-head with the cola giants, head yourself toward the beer category. This is the current approach of A&W root beer, which has found that what consumers like are qualities associated with beer. With that in mind, agency HBM/Creamer, New York, has built a campaign around the theme, "Pour yourself a frosty one," with commercials rooted in such locales as a bar and a nightclub.

Mike Weinstein, senior vice president of marketing for A&W Beverages, points out that his company is in no position to fight it out with Pepsico and Coca-Cola, which are expected to account for 80 per cent of the $30 billion soft drink market as a result of pending acquisitions. Although A&W is reportedly the leading root beer brand, with 75 per cent of category spending, it has only a bit more than 1 per cent of the total soft drink market. Weinstein says A&W will spend about $16 million for media and promotion in 1986.

HBM/Creamer produced four new spots for regular and sugar-free root beer and a fifth spot pushing root beer floats with the help of New Jersey Nets basketball star Darryl Dawkins. In one 30, a lost, middle-aged traveler asks for directions in a local hangout. Squeezed between two bikers at the bar, he says, "I'm looking for—a tall, cold, frosty one." One biker adds, "Big foamy head," and the other says, "Rich and creamy." The bikers then demand three A&Ws, slamming down empty mugs onto the bar.

Only the Dawkins spot stays away from beer analogies, with the National Basketball Association star showing children how to make a float by scooping ice cream into mugs with hook shots, three-pointers, jumpers and slam dunks. Agency creative team consisted of Mike Robertson, executive vice president, creative director; Jim Ross, senior vice president, associate creative director; John Peebles, vice president, creative group head; and Debbie Lawrence, producer.

'Image' gets honors

With 11 first place awards being given out in the 18th Annual Retail Television Commercial Competition of the Television Bureau of Advertising and National Retail Merchants Association, image advertising played an important role. Eight of the winners had image-oriented spots. Also three winning commercials were 60s and two of the winners use TV almost exclusively. Production costs for the winning commercials or campaigns ranged from $250 to more than $150,000.

Winners for markets ranked one through 20 were: Bloomingdale's, New York, commercial (event); Neiman Marcus, Dallas, commercial (image/positioning) and Bigsby & Kruthers, Chicago, campaign. In markets 21–50: Norm Thompson, Portland, Ore., both commercial and campaign (specialty store); Service Merchandise, Nashville, campaign (mass merchandiser) and G. Fox, Hartford, campaign (department store).

For markets 51–100: Tucson Mall, Tucson, Ariz., commercial and Proffitt's, Alcoa, Tenn., campaign. In markets ranked 101-plus: Magram's, Burlington, Vermont, commercial and Jones & Jones, McAllen, Tex., campaign.

MCI network debut

Starting this week, MCI Communications Corp. is launching its first network TV effort. The campaign out of D'Arcy Masius Benton & Bowles goes on all three networks' early news and will later involve primetime specials and sports. The campaign, based on the theme, "Communications for the next 100 years," stresses both competition and technology.

Depictions of head-to-head, competitive athletics such as judo and raquetball are used to emphasize the customer's benefit from MCI's competitiveness. The commercials also employ computer graphics to illustrate the company's technological strengths.

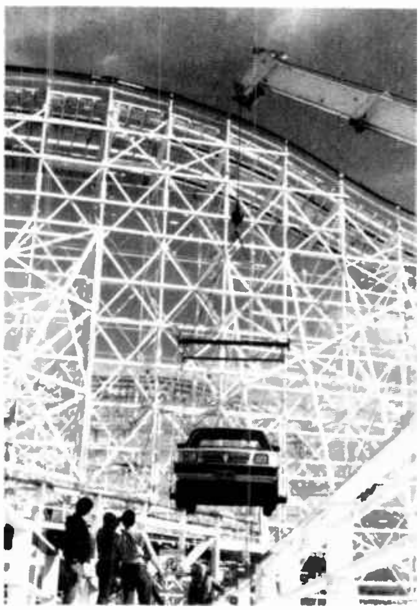
"This effort represents a major strategic change for MCI from residential acquisition advertising to image-oriented, business-to-business advertising," says Judy Ranzer, MCI vice president of advertising and marketing. "The campaign is designed to increase MCI's market share in the $24 billion commercial communications marketplace."

Roller coaster ride

Both a miniature and a full-sized roller coaster were used in two new TV campaigns developed by Campbell-Ewald for National Car Rental System. The campaigns promote National's "no surprises" one-way rentals and introduce two rental programs aimed at leisure travelers.

The one-way commercial illustrates that renting a car at one location and dropping it off at another can be like riding on a roller coaster: both can generate a lot of anxiety. This commercial portrays two business travelers, who have rented a car from another company, driving on a roller coaster and then panicking as they begin their descent. Throughout this, an announcer casually talks about the high drop-off fees that National's competitors charge.

Live action from a car hoisted atop the "Colossus" at Los Angeles' Magic Mountain amusement park is supplemented by scale model scenes.



In preparation *for a National Car Rental commercial, a car is hoisted onto a roller coaster at Magic Mountain amusement park in Los Angeles.*

'That's Inedible' airs

In an attempt to get some real attention for a new product in a mature market, George A. Hormel & Co. and BBDO/Minneapolis are cutting loose with a far-fetched commercial about a group of men gathering to eat an automobile. They make such parts as a distributor cap and door handles edible by using the product, Old Smokehouse steak sauce. Saucier yet is an actor's belch that comes out in the sound of a car horn.

Jim Lacey, BBDO vice president and associate creative director, says, "We were challenged to produce some strong and unusual advertising to help Hormel break into the category. Other brands were already showing the use of steak sauce on non-meat products. We took it to the extreme and had a lot of fun with it."

Sweet Inspiration, a Chicago candy company, supplied parts in chocolate, marzipan and licorice, while salami was used in a manifold. Joe Sedelmaier directed the 30 on a set that was a cross between a garage and kitchen. The spot will run through August in the three Hormel sales regions that have the highest consumption of steak sauce.

Tossing it around

A visual bounce, with pasta lovers visually, being "lifted" to new heights of taste, is used in a commercial to break June 1 introducing Pasta Toss from R. T. French Co. The J. Walter Thompson effort is for five flavors of shake-on seasonings to be added to buttered pasta to create Alfredo, cheese and garlic, Italian, Romanoff and Pesto pastas.

The ad drive positions the new seasoning as a lighter, fresh tasting alternative to red pasta sauces. The concluding frame of the commercial reminds viewers of French's promise of taste and quality with the familiar visual tag, "Be good to your food."

The $10 million launch, with a strong spot TV schedule, is expected to achieve national coverage by mid-June. Target audience is consumers who eat pasta once a week or more.

At JWT, Manning Rubin and Lee Kovel served as group creative directors, Production house was Barrie Joll Associates of London, with Barrie Joll directing the shoot.

Sterling fights to draw

Comparative advertising for Stri-Dex Triple Action Pads that earlier got a

Commercials *(continued)*

withdrawal recommendation from the National Advertising Division of the National Advertising Review Board now has won a "marginally acceptable" upon appeal to the parent body. Competitors of advertiser Sterling Drug/Glenbrook Laboratories Division—Richardson-Vicks and Norcliff Thayer—had claimed that the phrase, "New tests show Stri-Dex fights pimples better than benzoyl peroxide, the medicine in Oxy-10 and Clearasil cream," was misleading.

An NARB panel, after reviewing a confidential study not made available to the competitors, found no fault with the comparison made with benzoyl peroxide as an ingredient, but it also stated the claim, used in TV, radio and print advertising, may deceive consumers by making an implied brand-to-brand superiority comparison.

The NARB recommended Sterling refrain from brand-to-brand comparisons, directly or indirectly, unless it could back them up with comparative brand testing. Sterling agreed to make its comparisons only with benzoyl peroxide.

Following through

Geers Gross Advertising is capitalizing on the momentum of previous TV advertising in new executions for Fuji film and Frusen Gladje products.

"Neon," the fourth creative execution in the "Breakthrough" campaign, focusing on "color pictures so true to life, it's a real breakthrough," centers on Fuji's Times Square electronic billboard. A distracted workman literally breaks through the sign, discovering it is a huge photograph. The spot will run in both 30- and 15-second versions.

Capitalizing on its "Enjoy the Guilt" campaign for Frusen Gladje ice cream, Geers Gross is launching a spring/summer "Guilt by Association" campaign for Frusen Gladje Natural Sorbets. Through slow-motion, close-up photography of whole fruit tumbling in its own juices, the commercial strives to communicate high appetite appeal, wholesomeness, freshness and naturalness. The initial campaign won a 1985 gold medal from the International Film and TV Festival in New York, two Andy awards, a 1986 Effie and a Cleo.

Waxing larger than life

Comedian Chuck McCann stands atop the hood of an oversize automobile in a tuxedo amid giant beads of water in a commercial about to break for Borden Car Care Product Group's Rain Dance car wax. In the 30 out of Grey Advertising, McCann explains that beading indicates the wax is still working. On one side of the hood, the giant beads continue to stand, while on the other side—where "the other leading wax" is used, the beads fall flat.

The commercial was produced in two different versions that end in voice-over tie in with separate companion products. In addition to network and spot TV placement, The Weather Channel will air the commercial more than 150 times between June 9 and 30. For the 180-market cable network, there will be a tagline giving the name and address of local retailers carrying Rain Dance products.

Six 60-second radio spots, each focusing on a different product in the line, were to air more than 800 times nationwide in May.

Music Notes

To appeal to a younger market for Luzianne Tea, **Rick Brenckman,** president of **Easy-Writer Music,** New York, created an upbeat, "pop" sound for a campaign through **Rosenfeld, Sirowitz and Humphrey**. For three TV spots for the southern tea manufacturer, Brenckman used a full rhythm section with multiple electric guitar and synthesizer overlays. Assisting was Easy-Writer staff arranger **David Sherman**. The spots were recorded at **A&R Studios.** Meanwhile, children were the target in three TV 30s for which Brenckman did the music in a Hasbro toy campaign out of **Griffin Bacal.** Varying with the toys involved, each spot had its own sound—a children's vocal group singing fast-paced and tongue-twisting lyrics, a twisting '60s tune and a zany, high-spirited piece using both adult and children singers.

Sunfield Foods' Pocket Fruit reportedly got some major orders from the Safeway and Ralphs supermarkets in Los Angeles as a result of commercials conceived by **Bert, Barz, & Kirby** with music produced and written by **John Bahler Associates.** The commercials utilized a play on words—"You'll find Focket Pruit the froduce pection." Then all you have to do is "land in stine at the keck-out-chounter." **John Bahler** wrote the music, Bahler and **Jerry Whitman** produced the session and **Mark Matthews** arranged the music. The session was produced at JBA's facility, T.A.P.E. Recorders. BB&K wrote the lyrics.

Craig Harris Music, Studio City, Calif., recently completed Synclavier music and special sound effects tracks for three TV spots for *The Los Angeles Times* with **Marc Malvin**, executive producer at **J. Walter Thompson**. The

"Johannesburg" spot features African percussion and pan pipes in a black funeral scene. "Washington D.C." is accompanied with heavy strings and military percussion as a congressman questions a general at a hearing. "Los Angeles" portrays the city's lifestyle with a heavy beat and synthesized music track.

John Hill Music, New York, recently completed production for a Citizen watch campaign centered around the song, "Quarter to Nine." It used a big band arrangement featuring Jolson impersonator Clive Baldwin. Agency is **Levine, Huntley, Schmidt & Beaver.** In a totally different vein, Hill composed, arranged and produced the music for a high-powered, jazzy Saab spot, "Five Passenger Porsche," featuring sax solos by Michael Brecker over a dramatic electronic track. Agency is **Ally & Gargano.**

Sid Woloshin, music/jingle producer, has been called on by Miller beer for the sixth consecutive campaign, this time doing music for at least 10 different radio spots targeted to major black markets by **Mingo Jones Agency.** In one, jazz musician Grover Washington not only plays the sax but acts as spokesman. Woloshin also produced a new logo theme song for New Jersey's Monmouth Park racetrack, aimed at capturing the rural, old world elegance of the racetrack. A big orchestra was used. The work for **Bill Kohm & Associates** utilized **Bill Waranoff** as arranger.

Commercials Circuit

Amaratti, Puris producer **Frank Sherma** recently chose **Al DeRise,** editor at **The Multi Video Group,** New York, to complete his TV 30 for BMW. The spot, which introduces BMW's Automatic Breaking System, begins with the narration, "... The F-20 jet needs the same breaking system as the BMW ultimate driving machine." As BMWs surround the F-20 in a "V" flight pattern and slowly taxi across a runway together at night, the pilot mounts the plane and enters the cockpit while the ground crew quickly clears the way. DeRise crosscut the action in the cockpit, close-ups of the instrument panel and the action on the tarmac to achieve a mysterious, high tech feel. The aircraft is visible, lit behind an array of silhouetted BMW cars in the foreground. Suddenly, the light becomes intensely brilliant as a synthesizer interprets the sound of the plane and cars going from a complete standstill to "beyond the speed of sound."

Latest from **Marco and Sylvia Rosales** of **The Latin Sound,** New York, are five Spanish radio spots for Amalie motor oil. Agency producer was **Joe Africano** of **Al Paul Lefton,** New York. The team also converted to Spanish two Citizen watch TV spots with producer **Rachel Novak** of **Levine, Huntley, Schmidt & Beaver.**

San Francisco's **One Pass Film & Video** has recently completed installation of a new computerized audio sweetening facility that it says is the first on the west coast to feature the new CMX CASS system. The CASS (Computer Aided Sound Sweetening) will provide the central control for One Pass' automated Harrison 3232C and Otari MTR 90 24-track and MTR 12 two-track recorders. The entire system will be housed in an expanded facility featuring a mixing room, announcer booth and screening area.

Myers Films, New York, contributed its services to the Association to Benefit Children for 30 and 10 PSAs featuring a homeless baby girl currently housed in one of New York's welfare hotels. A tight shot shows her gurgling, cooing and playing with a rattle. Then a voiceover announces contributions might help her survive to the ripe old age of one. As the camera slowly pulls back, she is seen crying and struggling for survival. Director **Bob Pasqualina** notes that, after long hours of shooting, the good-natured baby had found no reason to cry, so the crying had to be dubbed in. Also involved for Myers were executive producer **Richard Fink** and line produce **Alan Sadler.**

People with a "timeless" look who could be cast into a turn of the century setting were the goal of **Elaine Herman** and **Linda Lipson** of **Herman/Lipson Casting,** assisting in a spot for Saratoga water. **Vorkapich/Lipson** was the production company for the **Bloom Agency.** Actors wore costumes from the past and present in a ball setting. Director and producer were **Ed Vorkapich** and **Len Lipson.** Agency producer was **Barbara Russo.**

Bert, Barz, & Kirby, Los Angeles, recreated the old "telephone" game with dogs passing the word on for Ralston Purina Dog Chow. In the radio 60, what was originally stated as "You get five pounds of Purina Dog chow free with a special 30-pound bag, pass it on," ultimately became "Did you hear? Dogs get five free pounds of dog chow when they turn 30." Creative director on the project for Checkerboard Marketing was **Joe Hanrahan.**

Director **Bert Steinhauser** went underwater in St. Thomas to create a 30 for Chattem's Sun-In hair lightener and **Hill Holliday/New York.** The spot involved a young woman diving into a

Bert Steinhauser *directs a Sun-In commercial from the bottom of a 14-foot pool in St. Thomas.*

pool, with a bottle of Sun-In resurfacing in place of the diver. At the bottom of a 14-ft. pool with a 20-pound scuba tank, Steinhauser had to hold his breath for 30 seconds at a time to avoid creating bubbles in shooting the dive from below. He also had to aim his camera at the top of the pool even though he couldn't see the diver and she couldn't see him. But it only took eight dives to achieve the correct positioning. Working with Steinhauser on this and another 30 were Hill Holliday's **Joe Shelesky,** vice president/associate creative director; **Jean Borofsky,** art director; **Michael Marx,** copywriter and **Carrie Cook,** producer.

Our Gang, Houston, recently completed production of a commercial for Frenchman's Bend, a community development in northeastern Louisiana that has a golf course designed and managed by famed golfer Arnold Palmer. Three 10s were filmed in slow motion. One spot depicted a golf ball undergoing a metamorphosis into a tennis ball and finally becoming a cherry dropping into a glass of champagne. The second focused on a fish pond with live bass, which was re-created in an aerated feed trough in a studio setting. The third featured close-ups of golf scenes. Our Gang's **Mark Pittman** was director/producer of the project. **Ellie Malavis** was the television art director. **Paul Meyer** was creative director for the in-house project.

Eye View Films Associates, New York, has completed a "real people" network campaign for Edison Electric Institute with **W. B. Doner,** Baltimore. Director/interviewer **Bob Schwartz,** a seven-year veteran of the *Candid Camera* TV show, did taped interviews with first and second graders which featured one child describing electricity by pronouncing, "Electricity is big. I mean big with a capital B."

The original Chiquita banana song, written in 1944 and subsequently a jukebox hit, was revived in a pool of seven radio spots—four 30s and three 60s—cast, produced and directed by **Dan Aron** of **No Soap Productions** through **Cata Johnson/Y&R,** New York. Singing the praises of "the world's most famous banana," men and women are assembled outside a movie theater, a stadium, in a high school, on a playground, at a company picnic, in a supermarket and at city hall. The spots were recorded at **Howard Schwartz Recording,** New York.

Jenkins Covington Newman Rath's Hil Covington directed a 30 for AT&T and **N W Ayer** set in a home environment, where a variety of people discuss the savings available with AT&T long distance service. They include a father and daughter working on a bicycle, a businesswoman returning home from work and a jogger who says, "I found a long distance company that can save me over 50 per cent." Spokesman Cliff Robertson appears in the final shot to stress, "When you reached out, we were there, and you can keep it that way." Ayer creative team was headed by producer **Jim McMenemy,** art director **Marguerita Breen** and copywriter **Morleen Novitt.**

Griner/Cuesta's **Michael Schrom** directed three TV 30s and four 10s for Tastykake products and **Weightman Advertising.** Each of the three 30s has a distinctive musical arrangement. Shooting to match the pre-recorded music tracks, Schrom assembled a cast of child musicians for "Band" and created an orchestra composed entirely of Tastykake products for "Food Music." Weightman creative team included producer **Mary Reznicherk,** art director **Lon Schwear,** creative group supervisor **Vera Carbo** and copywriter **Nat Gutwirth.**

Ron Travisano of **Travisano/DiGiacomo Films,** Norcross, Ga.,directed two commercials for Hayes Microcomputer Products created by **Della Femina, Travisano & Partners,** Atlanta, for network TV. "Library," for example, includes sales managers checking inventories and a farmer checking commodity prices. Travisano points out the pictures were not intended to be literal translations of the copy: "We didn't want to show a farmer using a computer. Instead we showed the farmer riding on his tractor through his field in beautiful back-lighting." Agency credits go to writer **Jim Weller,** corporate creative director of the agency; and **Cindy Perego,** senior art director.

Color Leasing Studios, Fairfield, N.J., has completed installation of the Ampex ACE computerized editing system in its newly redesigned one-inch editing suite. This installation completes the on-line system upgrade that began for the company in July, 1985. Color Leasing will continue to provide 3/4-inch and interformat editing both on- and off-line to its clients.

Wall Street Report

Doyle Dane Bernbach's last year as separate entity was considered 'disappointing'

Doyle Dane Bernbach, which recently entered into an agreement to merge with BBDO and Needham Harper Worldwide to form a new "super" holding company, had what it acknowledged was a "disappointing" year in 1985. Net income declined 31 per cent to $6,057,000 from $8,769,000; earnings per share were down 25 per cent to $1.06 from $1.42; and worldwide billings rose 9 per cent to $1,669,000,000 from $1,526,000,000.

In the first quarter of 1986, however, net income increased by 42 per cent to $1,574,000 from $1,106,000. Earnings per share were up 33 per cent to 28¢ from 21¢. The EPS rise was limited by the issuance of 440,000 shares of stock in December, 1985, to effect the purchase of Direct Reponse Group Inc. Gross income for the three months ended March 31, 1986, rose 7 per cent to $54,780,000 from $51,180,000.

Doyle Dane Bernbach Group, Inc.
Three months ended March 31

(All amounts expressed in thousands of dollars except per share data)

	1986	1985	% Change
Gross Income	$54,780	$51,180	+7%
Net expense	51,282	48,667	+5%
Income before taxes	3,498	2,513	+39%
Net income	1,574	1,106	+42%
Earnings per share	$.28	$.21	+33%
Average number of shares outstanding	5,719,518	5,302,933	
Cash dividend per share	$.22	$.22	

The less-than-hoped-for 1985 performance was attributed to several factors, among them:

- A depressed farm economy.
- A decline in recruitment advertising in the high-tech area.
- Poor performance by some of the company's overseas agencies, specifically in the Asia/Pacific region.
- Spending cuts by major clients handled by the New York office.

Expansion moves

During 1985 and early '86, DDB made a number of expansion moves, both internationally and domestically.

Earlier this month, a joint venture agreement was reached with two Japanese advertising agencies—Sanyu Agency Co., Ltd. and Dai-Ichi Kikaku Co., Ltd.—to form DDB Sanyu DIK, Inc. Ownership will be 40 per cent by DDB and 30 per cent each by Sanyu and Dai-Ichi Kikaku.

In January of this year, DDB's Australian operations were merged with Magnus Nankervis & Curl, a Sydney-based agency, to form a three-city combine. MN&C will own a 51 per cent share of the newly-formed company and provide the senior management. Its new name is Magnus Nankervis & Curl/DDB.

In Italy, the company bought a 34 per cent share of Verba S.r.l., a Milan-based agency that handles more than $10 million in advertising for Autogerma, the sole importer of Audi and Volkswagen in that country.

In London, DDB purchased Paling Ellis & Associates, which will be added to its New York-based medical/pharmaceutical subsidiary, Kallir, Philips, Ross. In Portugal, DDB opened Doyle Dane Bernbach & Guerriero Publicidade in Lisbon.

In the United States, DDB made major transactions in Texas, California and Hawaii. Its Rapp & Collins subsidiary acquired Direct Response Group, a Dallas-based agency that provides computer-based marketing services. In Los Angeles, DDB acquired York/Alpern, an agency specializing in health-care advertising, to form York Alpern/Doyle Dane Bernbach; and with local agency, Kresser-Craig and Japanese partner, Dai-Ichi Kikaku, it formed an L.A.-based joint venture known as Kresser, Craig/D.I.K.

In Honolulu, DDB merged its Milici/Valenti subsidiary with Mayfield Smith Park Advertising to form Milici Valenti Smith Park Advertising.

Among key management personnel changes in the DDB organization in 1985:

- Brian Bowler became president of DDB/Detroit, succeeding Robert Rees, who has set up a new DDB Futures Group.
- Peter Falcone was named president of DDB/New York, a post that had been held dually by DDB Group president Barry E. Loughrane since Neil Austrian's departure to become president of Showtime.
- Robert Pfundstein, executive vice president and chief financial and administrative officer, was given the additional title of chief operating officer of domestic subsidiaries.

First-run *(from page 41)*

national advertising is $1\frac{1}{2}$ minutes per half hour. Emphasizing that "the supply community is well aware of our conditions," he believes the NBC stations will have their fall, '87 checkerboarding plans wrapped up "by the end of the summer."

Of the 11 first-run sitcoms airing this fall, only one—20th Century Fox's *9 To 5*—is being sold on a cash basis; three are cash-plus-barter, taking out 1 or $1\frac{1}{2}$ minutes for national sale; and seven are taking out three minutes for national sale. One show—Viacom's *What a Country*—will have seven minutes total commercial time. (see listing, page 40).

While many affiliates are supportive of checkerboarding in theory, if not in practice, one station executive who doesn't feel the concept will work is A. R. Van Cantfort, program director of WSB-TV Atlanta. "Everybody's talking about access like it's the new thing," he says. "I think they're just kidding themselves." Checkerboarding, he continues, "means you have to come up with five winners; it's a struggle to come up with one winner."

The Cox station, however, has committed for six first-run sitcoms for this fall: *Throb*, *9 to 5*, *Colex's Gidget*, *It's A Living*, *Mama's Family* and *One Big Family*. Most likely, says Van Cantford, they will be scheduled on Sunday afternoons. "We're an ABC station," he explains, "and we're up against NFL football on CBS and NBC. We're thinking of using them as counterprogramming late on Sunday afternoon."

"Everybody's talking about access like it's the new thing," says A. R. Van Cantfort of WSB-TV Atlanta. "I think they're just kidding themselves."

Adds Don Lundy, program director at KGTV(TV) San Diego: "When you strip something, you have to promote it five times a week; with checkerboarding, you'd have to increase your promotion, and if one show died or one show succeeded much more than the others, it could get away from you."

The McGraw-Hill ABC affiliate has *Throb* for this fall and is "tentatively" planning it for access on Saturdays.

Primetime use?

One station is considering running first-run sitcoms in primetime on Sunday.

At WGRZ-TV Buffalo, an NBC affiliate, Joe Cayton, program director, is eying the 7–8 p.m. time slot on Sunday for *Throb* and possibly one other sitcom.

Pointing out that the *Disney Sunday Movie* on ABC is aimed at the kids' audience and *60 Minutes* on CBS appeals to older adults, Cayton sees a need in the time period for "entertainment targeted a little more toward adults. Any kids-oriented programing will have it real tough against *Disney*."

As for checkerboarding in access, Cayton believes it could happen "maybe somewhere down the road. We have *Entertainment Tonight* and *PM Magazine*, and we're second in the time period. If we were Number 3, it would be a possibility."

Taft Broadcasting affiliates that have committed for *Throb* plan to air the program on Saturday or Sunday in the late afternoon or late evening, according to Greg Miller, Taft vice president, television and cable broadcasting.

Miller acknowledges that, "it's possible, if the network schedule is not up to snuff, or if there is a glaring weakness, it could play in primetime in selected markets. That's an option, but, to be honest, we'd much rather have the network do real well."

Also, one of the difficulties in preempting the network, Miller points out, is "changes in the schedule. Three weeks later, the network might decide to change the schedule to improve its position, and then you may be forced into changing your position."

Checkerboarding first-run sitcoms in access, in Miller's opinion, offers more risks than rewards at the present time. "To get into that arena," he says, "you have to be into program development for backups. You have to have five shows for the week and potential backup replacements. Right now, our affiliates don't want to take that sort of risk."

Adds WJLA-TV's Thomas: "If I thought I had a sitcom that would perform better than the network in primetime, I wouldn't hesitate [to preempt]. But the likelihood of that happening just isn't that great."

In Pittsburgh, WTAE-TV's Barber says primetime usage is "a possibility, but that's not why we got involved." However, "I wouldn't rule it out."

Indie checkerboarding

Though most independent TV stations are expected to schedule first-run sitcoms in weekend blocks, primarily from 5–7 p.m., until enough episodes are available for stripping, some indies have taken the checkerboarding route.

For instance, in the Wichita-Hutchinson market, KSAS-TV already has a 6–6:30 p.m. checkerboard, using the short-run off-network *Bosom Buddies* to fill out the schedule of *It's A Living*, *Check It Out*, *Ted Knight Show* and *What's Happenin' Now* on the other four days.

According to Harlan Reams, vice president and general manager, the checkerboard will be expanded to an hour, from 6–7 p.m. in the fall when the station has access to such new shows as *What A Country*, *Mama's Family*, *One Big Family* and *Gidget*.

As previously reported (*Tele-scope*, February 3), KVVU-TV Las Vegas plans a double checkerboard this fall, with younger skewing sitcoms at 5:30 p.m. and more mature shows at 7:30 p.m.

The amount of barter involved in most first-run sitcoms is also considered an inhibiting factor with regard to network primetime preemptions. Some stations, according to HRP's McCarthy, "might consider network preemption, but at the current rate of exchange that would not be productive."

Although it appears that any major move by affiliates toward checkerboarding syndicated first-run sitcoms in access will have to wait until fall '87 at the earliest, there is support for this strategy in the advertising community. As TV/RADIO AGE reported shortly after this year's NATPE International convention, agency media executives view this possibility as a very significant development.

Typical was the comment of David Lerner, vice president, broadcast supervisor, at Foote, Cone & Belding, who said that programming sitcoms in the access time period would "suddenly blur the difference between access and primetime. Who's to say that 7:30 is worth less than 8 p.m.? You're not getting a game show; you're getting a primetime quality program that happens to be on at 7:30."

Long-range, stations tends to agree. "Initially," says Sue Schwartz, program director at KTVK-TV Phoenix, "all the shows out there aren't good enough to pull together. The variety doesn't all appeal to the same audience." But, "I think it will be viable a couple of years from now because so many syndicators are getting in on it." □

"I would hope that, sooner or later, clients will speak up against [megamergers] . . .We think our independence is an asset, and I don't want to get any farther away from this business than I am."

Kenneth S. Olshan
Chairman
Wells, Rich, Greene/Worldwide

Megamergers *(from page 49)*

agencies/communications businesses that have all kinds of other services—public relations, direct response, promotion, yellow pages, medical advertising—and we even have program production capability. Some of these eight to 10 are not complete in that regard—and they will be complete. They will be able to offer those services to national and multinational clients."

He adds, though, "Small and medium-sized agencies are simply not going to disappear. Some major decentralized businesses don't want one agency to do all their work for them. There will still be plenty of room for small and medium-sized agencies."

To Kenneth S. Olshan, chairman of Wells, Rich, Greene/Worldwide, this is hopefully an understatement. His agency had worldwide billings of some $648 million last year and ranks 22nd. Addressing himself to the megamerger trend, he says, "I don't really know where it's going to lead to. I would hope that, sooner or later, clients will speak up against it. It's not in the client's interest. We're in this business for the client. We think our independence is an asset, and I don't want to get any farther away from this business than I am."

Olshan's comments, though, would be taken with a grain of salt by BJK&E CEO Charles D. Peebler, Jr. He contends, "Somebody will take over Wells, Rich, Greene; you just have to look at the age of the principals. And probably someone will take over N W Ayer because it has a lot of pressure on it in not having the international network it would like to have."

If these statements make Peebler sound like a megamerger bull, they're misleading in that respect, because he also says he doesn't believe in forming organizations that are strictly holding companies. He explains, "There are going to be consolidations, but whether they make sense depends on the need and what they accomplish. Bigness alone doesn't serve anyone's benefit. If mergers are driven by agencies only trying to serve their own personal situations, they're not going to work."

He says his aim at Bozell & Jacobs, in merging with Kenyon & Eckhardt, was "to benefit our clients, improve our efficiencies and contribute to growth." As evidence, he points to the fact the BJK&E added $140–150 million worth of business since the first of this year.

He contends the agency must ask, "Am I just going to sell for the highest price, or am I going to put together something with benefits?" For Bozell & Jacobs, he says, adding international capability was a key motivator and, related to that, financial security: "If we proceeded with our own international expansion, we would have had to invest up to 50 per cent our net worth, and we would have been put in jeopardy in terms of our financial strength."

Peebler also points out that B&J acquired top talent in the merger, naming particularly Steve Frankfurt, now vice chairman and chief creative officer of the combined firm. He concludes, "Real synergism is when you merge operations rather than just acquire and hold."

Gap in the middle

Herb Zeltner, an advertising consultant whose agency career includes being an executive vice president at Needham, Harper & Steers, says, "It's almost impossible to generalize on what's going to happen. People have been predicting there will be large operations and boutique operations and a gap in the middle. All this means is that the magnitude of the top agencies will be bigger. There will always be bright, talented people breaking away and starting something else.

"If you look at a listing of advertisers, they're not just super-giants and used car dealers, and the size and profile of agencies will match advertiser needs. Advertisers will see their alternatives in the super-bigs drying up and will find it in their interest to nourish some of the smaller agencies, so the next tier of agencies coming up will experience more growth."

Before merging, agencies should ask themselves whether they can continue to service clients the way they have in the past, contends Bill Weilbacher, president of Bismark Corp., a consulting firm to advertisers and agencies, and vice chairman of Dancer Fitzgerald Sample for five years. "I believe an agency is a personal service business," he holds, "and I don't believe it homogenizes well. I'd be a little nervous, if I had only a $15 million account, that I'd get lost in the shuffle and not continue to get sharp creative work and good strategic thinking.

"If agencies can convince these people that they will still be well-handled, then there's not going to be a problem."

"If we proceeded with our own international expansion, we would have had to invest up to 50 per cent of our net worth, and we would have been put in jeopardy in terms of our financial strength."

Charles D. Peebler, Jr.
CEO
Bozell, Jacobs, Kenyon & Eckhardt

"When you're the buying arm in the marketplace for a large number of clients, there's no question that that's leverage . . . If there's a local rate card that's enforced, I'd like to see it."

John S. Bowen
Chairman
D'Arcy Masius Benton & Bowles

Herb Maneloveg, who has held top media posts at BBDO, McCann-Erickson and K&E and now serves mostly advertisers as head of Maneloveg Media Marketing, says, "As I read all the data and information, one thing is missing—mention of the client. Agencies are doing this to sell themselves as multi-office, worldwide businesses, but if you don't have uniqueness, it doesn't matter if you're number 12 or number 112 in the business.

"There will always be room for an agency that's daring and entrepreneurial enough to do things in a different way. Being bigger could make an agency stand out less because of more sameness in thinking. Where you have these very large agencies, where people who are about to retire are preparing for their own departures, there are also some bright, young creative people who are going to say, 'This is not it.' And some clients who are hoping to make a real dent will go to them."

Maneloveg reports that some of the advertisers he consults with are already asking, "What's in it for me?" He contends that some are satisfied with six or 12 agencies and aren't looking to deal with just one.

It's the chief financial people at the client level who like to deal with fewer agencies," he holds. "They see better financial controls. These people are in the ascendancy today—but only temporarily. But each individual brand is headed by a brand manager, and he doesn't care if the company deals with one or more agencies." Maneloveg feels many of them would rather be separated from other brands so as not to be overshadowed by them.

Maneloveg says size works both ways in broadcast buying: "If it's a soft broadcast market and there's a desperate need for volume, there is clout potential if you control a lot of money. But not in a tight market, because if they give you a good deal, you might demand it for your other accounts. How well you do often depends on when you commit a buy, not how much clout you have to begin with."

Meanwhile, Rosenshine says the DDB/Needham combine can result in great buying efficiencies but notes that they will not extend to BBDO. Other sources within the combining agencies say some buying and backroom functions will undoubtedly be integrated in New York between DDB and Needham, while planners assigned to specific accounts will remain with those accounts, with the Needham planners moving to DDB facilities.

Outside New York

Apparently offices outside of New York are safe from integration, as they will maintain their own media functions and there will be no duplication of offices outside of New York once Needham's Los Angeles office is sold to key executives there. This leaves the current Needham office in Chicago continuing to rule the roost there. It is believed that all media executives will still be aboard when integration is completed.

Rosenshine indicates there is the possibility of strengthening even beyond the whole of the parts. He says the prospect of a regional buying office structure is "something we want to consider." He also notes a common research database is a possibility so long as no confidential information is involved: "Our first commitment is that the two networks maintain their confidentiality."

Kinsella, meanwhile, claims that Burnett already has the best media department in the country, adding, "I have some facts to back that up," but declining to elaborate. He says, "You have to have a certain amount of size, and then it's a matter of how you use your size."

Burnett is known for being the most aggressive agency in using the leverage of multiclient buys, and in this regard, Kinsella states, "What's most important is knowing the clients' needs. Most of our media people have a long-term history with the clients." Elaborating, he says that Burnett buyers have the benefit of considerable freedom in negotiating as they know their clients well enough so that they don't have to keep checking things out with them.

But DMB&B's Bowen insists that buying clout is a major benefit of megamergers: "When you're the buying arm in the marketplace for a large number of clients, there's no question that that's leverage." He points out that volume discounts are typical overseas, particularly in European countries like France and Belgium. As for spot buying in the U.S., he contends, "If there's a local rate card that's enforced, I'd like to see it."

Bowen adds that agencies are still preserving client confidentiality and concedes, "Buying is still a game of skill; it's not just clout, and that skill is not restricted to larger agencies."

Olshan notes that WRG is not missing any facilities that mega-agencies have in terms of buying, pointing out that it already has regional buying offices, for one thing. He asserts that buying clout is often a substitute for talent, adding, "Any big agency has clout, and any one of them can make a multiclient buy."

Going into its merger, Bozell & Jacobs had six regional buying offices, which expanded to eight when it became part of BJK&E. Peebler says the merger "certainly has increased our network buying capabilities and added additional weight to our regional buying operations, although we were already state-of-the-art in our broadcast buying operation." The missing link at many major agencies, he says, is regular post-buy analysis. "I don't see how any agency can be a major force in the spot buying market," he holds, "if they don't have systems and procedures to do this."

The 'Chinese wall'

Consultant Zeltner speaks of the riddle posed in buying efficiency versus the "Chinese wall" that agencies claim to build between clients: "The presumption first is that there is merit in combining expertise and buying power. But the downside is that so much is made of the separation of components that you cannot have it both ways." He adds that the major sellers of media don't find it in their own interests to make major deals.

Weilbacher of Bismark Corp. holds, "I don't think doubling the size of large agencies is going to make any difference in media buying. Putting another $400 million on top is not going to make any difference. In fact, it could strain the ability of a talented buyer. If you're making 100 network buys versus 50, you're going to have more to do and you're not necessarily going to do it as well."

Another major problem, he says, is being able to demonstrate creative ability: "The real leverage in advertising is always going to be with the creative work. It's up to the major entities to demonstrate that they still have this ability. Some advertisers buy creative as a commodity. Others see it as intimately related with their profits."

But Rosenshine views his three-agency merger as an opportunity for "cross-pollination and renewal of creative thrust," ultimately giving creative people the opportunity "to work on more pieces of business." As neither of the two operating companies will be directly responsible to shareholders, he points out, they have the "opportunity to take a little more risk." And as neither were boutiques, "it's not going to be a cultural shock."

"I don't think the smaller, creative shop is going to disappear," says Bowen of DMB&B. "A copy person and an account person can still go into business together and get a reputation with smaller accounts." While he concedes that largeness doesn't make for better creative work, "it will be done by those who manage creativity well—encouraging, accepting and selling good work."

Olshan of WRG contends that size may have a negative effect on creative talent. "Talent and entrepreneurial drive flower outside a huge bureaucracy," he states. Those feeling stifled will either start their own agencies "or join agencies like us," he suggests. "I think the client will go where the talent is. If the talent of these agencies moves out, a lot of the business will go with it."

But Peebler of BJK&E counters, "There's nothing that says big agencies can't produce outstanding creative product. The first thing that we did after our merger was bring all the top creative people from our operations together. We made sure we were philosophically in tune with each other throughout the agency."

Faced with a choice, creative people will have to ask themselves, says Zeltner, "whether they would like all the perks, excitement and glamour of a big company or whether they would prefer being their own boss and working with some starving island in the Caribbean." □

Home Vid *(from page 52)*

ty that home video is here to stay."

ABC has sold the series in England to BBC2, and the home video exposure of the pilot had no effect on the rights fee, Purvis says. Indeed, he expects that the sale of the *Moonlighting* pilot to home video will equal broadcast revenues in England, Spain, and Scandinavia—in effect, giving ABC twice as much revenue as it would have gotten with broadcast sales alone.

But Purvis doesn't think the series itself could work on foreign home video, at least not without being "cultivated" by broadcast exposure. RCA-Columbia's Deering notes that two-episode packages of *Police Story* is one of the few series his firm is selling to home video abroad, in Holland. But that could be because the company can't get the show on broadcast TV there. "It's pretty successful by our standards," he allows. "But what is a good sale compared to what it might do on TV? It's much too early to tell." He expects that five or six editions of *Police Story* could generate dollar volume equal to a good-sized theatrical."

Purvis of ABC reports foreign home video success with several made-for-TV movies, chief among them *Jacqueline Bouvier Kennedy*, *Inside the Third Reich*, *Joe, the Forgotten Kennedy*, and *Marciano*. But, expressed as a percentage of total product revenue, he cautions, the overseas home video market, while not unimportant, is a small slice of the total pie.

Still, it appears to be a market worth exploiting. While MPC Producers doesn't expect a repeat of its *Dynasty* experience, it's trying the series *Strike Force* and *Vegas* on home video in foreign markets where the series has run

RCA-Columbia's Chris Deering:

As catalogs thin out from exposure, made-fors benefit

in the past on broadcast, mainly in Scandinavia. Ambrosino doesn't expect blockbuster results, but the shows should be "as successful on a per-hour basis as a made-for-TV movie."

The foreign home video market for American made-fors may be relatively new to the majors, but it's been a staple for Fox-Lorber Associates, a small firm specializing in finding new markets for made-for-TV product. Director of international sales Olivia King Canter says the firm plans to release *The Last Bastion*, an Australian Ten Network miniseries, first to international home video and then to broadcast. She's trying for a two-year home video window prior to broadcast, but concedes it could end up being less.

"Producers are wising up to the fact that if they have the cable and broadcast rights go first to the narrowest market, home video, it can actually work as a promotion for the next window. Home video enhances the broadcast market, in many cases."

Creating competition

In any event, the emergence of international home video is creating competition for product in markets where broadcast long has been dominant, Canter notes: "It's no longer a case of people going to one or two stations or networks. People are now vying for product."

But there are skeptics who believe the potential of international home video to U.S. TV producers is being overblown. Some of the skepticism comes from the film community, where theatricals reign supreme, and from home video distributors who have made their mark in theatricals and see made-fors as a modest revenue addition.

Larry Gershman, president of the MGM Television Group, questions those who maintain they are purposely withholding product from broadcast: "If they're saying that, it's because they didn't make the sale," he says. He also wonders if producers pushing home video sales of two-hour series pilots aren't trying to shore up the damages of deficit financing at the possible expense of their broadcast customers.

But Gershman also is a believer in trying to establish a first home video window for made-fors "if the broadcasters will let you do it." He acknowledges the risk, however, saying "you could be hurting yourself and your best customers" if a first window to home video diminishes broadcast sales later. But, he adds, "I don't think anyone would object to two-hour movies."

MGM has gone that route for the two-hour pilot of *The Dirty Dozen: The Next Mission*, which was designed as a pilot for a series that never materialized. It's also had good luck with the made-for-TV movies *Paper Dolls* and *Jesse*. Compared to theatricals, though, the overseas home video market for made-for-TV fare doesn't amount to much, Gershman notes: "Who gives a damn if a TV movie goes into home video in Norway for six months?"

Content problems

There are other problems, such as content of made-for-TV fare. Charles Tolep, vice president of licensing for Viacom International, notes that "social issues are difficult to market abroad; they're looking for action-adventure." To Viacom, the overseas home video market for made-fors is "an ancillary market where you earn ancillary money." Tolep says Viacom is aggressively selling *The Cosby Show* to international markets; there are no home video sales, he says, because the producers elect not to go into home video with the show.

Indeed, some home video distributors suggest that producers begin to think more about the foreign home video potential of their made-for-TV product, regardless of its genre. Rob Straight, vice president of international sales for Vestron Video, describes the market as "quirky," limited to action-adventure and perhaps some comedy.

To succeed in home video abroad, the action "needs to be sexier and more violent that most American made-for-TV product delivers," he declares. Contrary to some impressions, the worldwide home video market is decidedly low-brow, he says, perhaps because foreign TV broadcasting authorities tend to be high-brow: "It's the same market as here, perhaps more bourgeois."

"Producers," says Fox-Lorber's Olivia King Canter, "are wising up to the fact that if cable and broadcast rights go first to home video, it can actually work as a promotion for the next window."

Vestron's Robert Straight:

Cut second version to suit tastes of the foreign market

By way of illustration, Straight notes that Vestron has foreign rights to the recent TV movie *Thompson's Run*, a prison story, and the Katherine Hepburn vehicle, *Mrs. Delafield Wants to Marry*.

For the foreign markets, the prison story offers the best opportunity, he says. At the same time, he says Vestron has done well with *Sakharov*, originally produced for HBO, because "it's a good spy story" that works as action-adventure.

To help give the foreign markets what the people want, producers should shoot two versions of certain scenes, providing more sex, gore and violence for the home video version, Straight advises. He also urges producers to make arrangements for dubbing for major markets such as Japan so that the financial burden doesn't fall on the distributor. And he suggests re-editing miniseries into two-hour movies to give the product a theatrical veneer.

12-month holdback

Most important to Vestron is a full 12-month holdback from broadcast so that the distributor can fully exploit the market, Straight says, acknowledging the difficulty of getting more than six to nine months.

If producers take such steps to help distributors market their product to the international home video market, "you're being clever, and you're going to get more dollars out of home video and foreign broadcast than out of one market." But he cautions that without such accommodations, especially a 12-month holdback from broadcast, "the market could be a lot weaker." □

Financial *(from page 47)*

ness newspaper and related information services.

By the company's reckoning, it also is the nation's 20th largest broadcaster. Knight-Ridder recently acquired three more TV stations, raising its TV station total to eight. It co-owns in a joint venture with Tele-Communications, Inc., TKR Cable Co.

But the main business is print, and in that sector K-R has had some tough times recently. For its 1985 results, the firm blames a major strike at the *Philadelphia Inquirer*, its largest revenue base, for a 5.7 per cent drop in net income, to \$132.7 million, down from \$140.8 million in 1984. But earnings per share were boosted by K-R's purchase of 14.5 per cent of its own stock, registering a 1.9 per cent gain in 1985, to \$2.19. It was the 10th consecutive year of earnings per share growth.

Net revenues:	\$1,729,613,000
Net income:	132,724,000
Net income per share:	2.19
Shareholders' equity:	1,394,333,000
CEO compensation:	813,473

TV stations: WJRT-TV Flint, WKRN-TV Nashville, WPRI-TV Providence, WTEN(TV) Albany, WTKR-TV Norfolk, KOLD-TV Tucson, KTVY(TV) Oklahoma City, WALA-TV Mobile.

A four-year settlement with the Philadelphia printers unions put the problem behind the company. But it is still troubled by lackluster performance at the *Miami Herald*, traditionally the firm's major profit center. The company blames adverse effects of a strong dollar and weak Latin American economies on the heavily Latin community, which led to loss of tourism and retail and real estate purchases. The healthiest print property was in Detroit, and the rest of the K-R newspapers were "reasonably healthy."

In TV, K-R was hurt because four of its five stations are ABC affiliates, and ABC finished third in the primetime ratings. The group registered a "rather modest" 4 per cent growth in 1985, with revenues of \$65.2 million. TKR Cable, however, had an "excellent year," with its systems in New York and New Jersey contributing for the first time to the firm's bottom line profits.

This year, K-R finalized an agreement to acquire for \$160 million three Gannett Co. TV stations, in Oklahoma City, Mobile and Tuscon.

Revenues from the firm's Business Information Services group rose 19.6 per cent, to \$80 million.

Top earner at K-R in 1985 was chairman and CEO Alvah Chapman, who got \$813,473. President James Batten earned \$492,993.

Next in earnings came Richard Capen, Jr., chairman of the *Miami Herald*, \$399,563; Robert Singleton, senior vice president, finance, \$382,749, and William Ott, senior vice president, operations, \$313,939.

Lee Enterprises

Once again this publishing and broadcast company set a record for earnings from operations, which have risen every year, with one exception, since Lee went public back in 1969. In fact, the company proudly notes that *Forbes* magazine included LE in an article, "The Cream of the Crop," as one of the 200 best small companies in the U.S. among more than 4,000 firms with sales not exceeding \$300 million.

Operating revenues in fiscal 1985 (ended September 30) were up by 8.8 per cent, from \$190 million in 1984 to \$206.6 million, while net income registered \$30.7 million, up 14.9 per cent from the previous year's \$26.7 million. Earnings per share did even better in a percentage way, going up 16.4 per cent, from \$1.95 to \$2.27, although stockholders' equity rose only slightly—0.5 per cent, from \$9.87 in 1984 to \$9.92 the past year.

In the first six months of fiscal '86 revenues rose 8.5 per cent to \$109,134,000 while earnings were up 12.9 per cent to \$12,825,000. Per share earnings rose from 42 cents to 49 cents (restated to reflect the two-for-one stock split on March 3).

Total revenues:	\$206,637,000
Net income:	30,730,000
Net earnings per share:	2.27
Shareholders' equity:	125,576,000
CEO compensation:	401,250

TV stations: KHQA-TV Hannibal, Mo./Quincy, Ill; WSAZ-TV Huntington-Charleston, W. Va; KOIN-TV Portland, Ore.; KGMB-TV Honolulu and KGGM-TV Albuquerque. Radio stations: WTAD, WQCY(FM) Quincy; and KFAB/KGOR(FM) Omaha.

During fiscal 1985, LE used a substantial amount of cash for two acquisitions and for the repurchase of large amounts of LE common stock. In March, 1985, the company bought 42 per cent of New Mexico Broadcasting Co., which owns KGGM-TV, CBS affiliate in Albuquerque, and in May bought the remaining minority interest of the Bismark Tribune Co.

On the broadcast end, LE, which operates five television stations (four CBS affiliates and one NBC station) and four radio outlets, showed a 28 per cent increase in profits, with revenues up from \$48.5 million to \$51.8 million. The 1985 showing was aided by a substantial increase in the first fiscal quarter (October–December, 1984) on the TV side because of the national political elections, although national spot advertising was soft throughout last year. Broadcasting operating margins improved because of the elimination of high-volume, low-profit TV commercials productions and because operating costs increased by only 2 per cent, as compared to fiscal 1984.

Also, the 1984 showing was nearly flat because of soft advertising demand and increased competition, especially from indies in the major markets served by the company. And reduced income was also attributable to costs associated with moving to new and improved facilities as well as costs related to programming improvements.

In updating its TV facilities, LE achieved significant improvement at KGMB-TV Honolulu. On November 4, the company bought two satellite stations on the islands of Maui and Hawaii, which will continue to rebroadcast programs from the station. In January, two new satellite dishes were installed at WSAZ-TV Huntington-Charleston, W.Va., the last of LE TV stations to receive satellite transmissions.

In addition, newspaper divisions had a good year in 1985, with operating profits up 12.9 per cent, and circulation and revenue gains, despite the impact of changes in the marketplace. In addition to newspapers and stations, LE has a joint-venture graphic arts company, NAPP Systems, and a research and development unit, Call-It Co., both of which are expanding.

The biggest executive earner at LE in 1985 was Lloyd G. Schermer, president, whose cash compensation was \$401,250, which includes salary, bonus and value of units awarded in lieu of cash salary and bonus. The second highest earner was Richard B. Belkin, vice president, broadcast and corporate planning, who got \$266,336. As a group, the seven executive officers received \$1,437,342.

The Liberty Corp.

Life insurance and broadcasting appear to be a good combination, which is what The Liberty Corp., the Greenville, S.C.-based holding company, is all about. In broadcasting, its subsidiary, Cosmos Broadcasting Corp., owns and operates six TV stations and four radio stations serving eight markets. Five of the six TV stations are in the top

100 markets, and two of the five serve top 50 markets.

According to its year-end report, Cosmos had an excellent 1985. The most significant accomplishment, according to the company, was the $88.4 million in advertising time sales Cosmos wrapped up, representing an 11 per cent increase over 1984.

Increases in both local and national spot television sales were above industry averages, reaching 20 per cent and 11 per cent, respectively. The revenue increase was broad-based with four of the six TV stations (five VHFs and one UHF), and two of the four radio stations reporting double-digit increases. Broadcast revenues climbed to $89,844,000 in 1985, from $80,333,000 in 1984.

Total revenues:	$354,511,000
Net income	28,073,000
Net earnings per share:	2.39
Shareholders' equity:	273,238,000
CEO compensation:	223,733

TV stations: WAVE-TV Louisville; WDSU-TV New Orleans, WFIE-TV Evansville, WIS-TV Columbia, S.C., WSFA-TV Montgomery, and WTOL-TV Toledo. Radio stations: WAVE-FM Sarasota, WIS Columbia, S.C., and WMT-AM/FM Cedar Rapids.

Of the 1985 total, TV contributed $80,937,000 and radio $7,475,000, with miscellaneous revenues accounting for the rest. Local revenues in both TV and radio continue to outpace national. In TV, local revenues were $41,802,000 vs. national's $29,324,000, while in radio it was $5,971,000 for local vs. $1,398,000 for national spot.

Contributing to the overall strong performance of the broadcast division was the resurgance of the NBC-TV network—five of the six TV properties are affiliated with NBC, with the sixth a CBS affiliate.

With the FCC increasing the number of broadcast properties allowed under one ownership Cosmos is considering the acquisition of additional TV stations, with criteria such as return on investment, the market's growth potential, and the competitive environment to be analyzed during the evaluation process.

On the life insurance end, the corporation's Liberty Life Insurance Co., marked its 80th year by topping $11 billion of insurance in force, reporting increases in earnings, revenues, renewal premiums and first-year premium income. Gross insurance revenues were up to 12 per cent, from $237.7 million in 1984 to $265.4 million in 1985. Net income after taxes increased 3 per cent to $23.1 million.

Consolidated gross revenues at Liberty Corp. increased 11 per cent to $354.5 million, with net income climbing to $28,073,000 from $18,584,000.

Top earner at Cosmos is Macon G. Patton, chairman of the board, with $230,379. W. Hayne Hipp, president and chief executive officer of Liberty and chairman of Liberty Life, gets $223,733 in cash compensation. As a group, all eight executive officers' cash compensation was $1,193,563 in 1985.

Lin Broadcasting Corp.

Lin Broadcasting's television station division profited in 1985 from the rise in NBC-TV's fortunes. Although Donald A. Pels, president, in the annual report, notes that Lin "performed very well during the nine prior years when NBC was not strong," he also acknowledges that the television division's record profits in '85 are "not too surprising since we are preponderantly affiliated with the NBC network, which has done very well in the ratings recently. (Four of Lin's seven TV stations are affiliated with NBC, two with CBS and one with ABC).

In radio, combined AM/FM operations in four of the five markets where Lin owns stations had "significant" revenue increases, but profits were down 2–3 per cent and margins were off by about 1 per cent.

During the year the company decided to sell its paging operations in order to concentrate its telecommunications efforts in cellular radiotelephone.

Revenues:	$171,671,000
Net income:	35,788,000
Net income per share*	1.36
Shareholders' equity:	314,814,000
CEO compensation:	790,000

* Fully diluted. Number of shares restated for 100% stock distributions paid June 24, 1983, March 4, 1982, and December 5, 1980.

TV stations: KXAS-TV Dallas-Ft. Worth, WISH-TV Indianapolis, WOTV(TV) Grand Rapids-Kalamazoo-Battle Creek, WAVY-TV Norfolk-Portsmouth-Newport News-Hampton, WAND-TV Decatur-Champaign-Springfield, KTVV(TV) Austin and WANE-TV Ft. Wayne. Radio stations: WFIL/WUSL(FM) Philadelphia, KILT AM-FM Houston, WIL AM-FM St. Louis, WEMP/WMYX(FM) Milwaukee, and WBBF/WMJQ(FM) Rochester, N.Y.

Publishing profits were up "modestly" in 1985, but, due to an investment in research, new product and management, this business is expected to show "significant" increases in 1986.

Net income for the first quarter ended March 31, 1986, was up 23 per cent to $6.5 million on a net revenue gain of 28.8 per cent to $45.8 million. Earnings per share remained at 24 cents.

For the year ended December 31, 1985, net income rose 23 per cent to $35.8 million on a net revenue increase of 15.4 per cent to $171.7 million. Net income per share (fully diluted) was up 9.7 per cent to $1.36. The per share amount was restated for 100 per cent stock distributions paid June 24, 1983, March 4, 1982, and December 5, 1980.

Pels received $790,000 in cash compensation in 1985; E. Blake Byrne, group vice president-television, received $293,589; and Richard P. Verne, group vice president-radio and radio common carrier, $247,500.

Lorimar-Telepictures

To start off financial reporting on their newly-merged company, Lorimar-Telepictures is expected to announce a net loss of about $20 million, although production activity is humming. This will cover an eight-month "short period" ending March 31, a date which will henceforth mark the end of the company's fiscal year.

Before the merger, which occurred on February 18, Lorimar was on a July fiscal year basis and Telepictures was on a calendar year.

The kick-off loss was attributed to non-recurring costs connected with the merger and an extraordinary loss due to the company's recent exchanges of common stock for about $44 million in outstanding subordinated debt. Details on the combined financial results over the short period will be reported no later than June 30. In an announcement early this month, the company also noted that the financial results for the first quarter of fiscal '87 will include a gain of about $24 million from the sale of its Warner Communications, Inc., common stock, which was purchased last year for investment purposes.

The most recent operating results of the two companies separately show a mixed picture on the bottom line. Telepictures' net for 1985 was up 59.2 per cent over the preceding year, while Lorimar's net for the six months ending January 25 was down 86.7 per cent from the corresponding six-month period a year before. Nevertheless, the new company was said to be "enjoying tremendous operating activity in all of its business segments."

At the end of last month, the company had eight network series and six first-run syndicated strips on the air. The company can also look forward to the potential earnings from five TV stations (not all fully owned), a group which Telepictures brings to the marriage and a group which was born only a little over two years ago. Also, about $100 million in billings have been added to Bozell, Jacobs, Kenyon & Eckhardt recently by Merrill Lynch and others.

Telepictures' sales last year were up 46 per cent to $155.5 million, while net income went up from $9.3 million to $14.8 million. Net per share (fully diluted) was $1.02 vs. 80¢ in '84.

(Combined Lorimar and Telepictures financial results not yet released.)

Tv stations: KMID-TV Midland-Odessa, KSPR(TV) Springfield, Mo., KCPM(TV) Chico-Redding, WKBM-TV Caguas-San Juan, P.R., WSUR-TV Ponce, P.R.

Lorimar revenues for the six-month period ending January 25 came to $223.2 million vs. $196.8 million during the same period ending in '85. The latest net was $3.1 million; the year before it was $23.4 million.

The new company's chairman/CEO, Merv Adelson, had this to say last March about operating results: "The expected change in operating income during the current six-month period is primarily attributable to our increased television development and production activities, investments in our advertising and home video businesses and the disappointing domestic theatrical performance of *Power*."

As for television, here's a rundown of production activity: two TV movies, two miniseries, six pilots and one new fall series for the networks; for syndication, there are three new half-hour comedies, one new animated series, one new reality-based strip and one Operation Prime Time miniseries; for pay cable there are, two movies.

Malrite Communications

Having passed its 30-year mark in 1985, Malrite exhibits healthy growth. Total revenues increased 8 per cent in 1985 over the previous year, to $83.3 million. Cash flow increased 15 per cent, to $22.8 million. Net income increased a whopping 258 per cent in 1985, to $8.8 million.

The firm has increased its radio holdings to 12, in seven top markets, with the addition of KLAC and KZLA(FM) Los Angeles. Malrite now holds five independent TV stations, having recently acquired WLUZ-TV Ponce, P.R. Chairman and CEO Milton Maltz says the acquisition has added "significantly" to the profitability of the firm's TV division.

Stockholders benefitted as fully diluted net income per share increased 235 per cent, to 67 cents per share. At year's end, the firm's total assets were up 19 per cent, to $168 million, with shareholder equity up 23 per cent, to $44.3 million. The firm says that on December 31, the value of a share of Malrite common owned for a full year had appreciated 50 per cent.

To reduce long-term debt incurred in connection with acquisitions, the firm authorized 15 million shares of a new class of stock, Class A. In June, 1985, the firm issued 4.2 million shares as a stock dividend. The company plans to utilize Class A stock from time to time to facilitate expansion.

For 1986, Malrite predicts it will break the $100 million mark in revenues. It expects total assets to exceed $225 million.

Total revenues: $83,294,000
Net income: 8,822,000
Net income per share: 67¢
Shareholders' equity: 44,312,000
CEO compensation: 500,000

TV stations: WXIX-TV Cincinnati, WUHF(TV) Rochester, N.Y., WLUZ-TV Ponce, P.R., WAWS-TV Jacksonville, WFLX(TV) West Palm Beach. Radio stations: WHTZ(FM) New York, KLAC/KZLA(FM) Los Angeles, KRXY-AM-FM Denver, KNEW/KSAN(FM) San Francisco, KSRR(FM) Houston, WHK/WMMS(FM) Cleveland, WDGY/KEEY(FM) Minneapolis.

Top salary was $500,000, to chairman of the board, president and CEO Maltz. Executive vice president, radio division, John Rosenwald, earned $190,000; senior vice president, TV division, John Chaffee, Jr., earned $170,000. Carl Hirsh, former president and chief operating officer, left the firm in October 1985, a year in which he earned $214,038 in cash compensation.

McGraw-Hill Inc.

A publishing and information company that also operates four TV stations. McGraw-Hill had a "challenging" 1985, with a modest 2.2 per cent rise in net income, to $147.4 million, on operating revenue of $1,491.2 million, an amount that was 6.4 per cent higher than the figure registered a year earlier.

Revenues and earnings established new highs in 1985, the 14th consecutive year in which both have set records. But performance of some divisions was off, including the firm's anchor, its publications company, and broadcasting.

The publications unit, whose flagship is *Business Week*, saw operating profit fall 17.5 per cent, to $47.8 million, on a revenue decline of 0.7 per cent. The firm partly blames a drop in *Business Week* advertising revenue due to poor market conditions.

Operating revenue	$1,491,208,000
Net income:	147,404,000
Earnings per share:	$2.92
Shareholders' equity:	776,674,000
CEO compensation:	565,945

Tv stations: KMGH-TV Denver, WRTV(TV) Indianapolis, KGTV-TV San Diego, KERO-TV Bakersfield, Calif.

The broadcasting division's revenue increased 1.6 per cent, but operating profit dropped 9 per cent, to $27.5 million. Revenue from local time sales was up a modest 4.3 per cent, while national spot time sales were flat, reflecting a soft national advertising market.

These results came in a year given a boost by the Winter and Summer Olympics, and by political advertising in a presidential election year.

The firm's information systems company, which publishes consumer computer publications, as well as trade magazines, saw operating profit increase only 3.1 per cent, to $89.3 million. The firm's book company saw operating profit increase only slightly, to $67.5 million, on a 5 per cent revenue increase.

The best performer was the financial and business information group, which registered a 27.5 per cent boost in operating profit, on revenue that increased 25.9 per cent, to $282 million.

Top cash earner in 1985 was president and CEO Joseph Dionne, who received $425,000 in salary and $140,945 in bonus. Next was executive vice president, operations, business and financial information companies, Howard Hosbach, at $349,997, plus $43,282 bonus, followed by Donald Fruehling, executive vice president, publishing operations and president, McGraw-Hill book and broadcasting companies, at $284,834, plus $69,401 in bonus.

Chairman Harold McGraw Jr. drew no salary, but got $344,979 in bonuses.

Media General

While Media General's TV group of three stations showed a 19.1 per cent rise in profits last year, its overall broadcast division, which includes cable TV and one of the country's largest media placement operations, reported a loss for the second consecutive year.

Fairfax Cable in Virginia is now in the third year of a four-year construction schedule. Capital expenditures were about $55 million last year, but cash requirements were about $42 million. The cable current passes 180,000 of the 270,000 homes available in Fairfax's 400-square mile territory in northern Virginia.

The media placement company, Media General Broadcast Services, is the successor to the William B. Tanner Co., acquired in 1982. The company was badly shaken in 1983 by charges of business irregularities against Tanner and some of his associates. Civil suits have been filed against these individuals as well as against Touche Ross & Co., because of the accounting firm's audit report on the Tanner company.

Net revenues	$578,560,000
Net income	32,824,000
Net income per share	4.60
Stockholders' equity	305,351,000
CEO compensation	425,000

TV stations: WXFL-TV Tampa, WJKS-TV Jacksonville, WCBD-TV Charleston, S.C.

Besides the broadcast division, Media General has major interests in newspapers, magazines, commercial printing and newsprint production. Revenues last year for all divisions were $578.6 million, up 5.6 per cent over '84. Net income was up 17.4 per cent to $32.8 million.

Newspapers are the biggest component of the company's varied divisions. Revenue from this sector amounted to 43.5 per cent of the total and 73.4 per cent of operating profit. The broadcast division, headed by Robert T. Sutton, president/CEO, accounted for 22.2 per cent of the company's total revenues, amounting to $128,710,000, but the year ended with a loss of $2,056,000. Broadcast division sales in '84 were $97,589,000 with a loss of $3,654,000. Broadcast time sales were $92,824,000 in '85 and $77,576,000 the year before.

Two of the three TV markets in which Media General has stations have been upped in rank by Nielsen. Tampa moved up from 17th to 15th, while Jacksonville climbed from 66th to 64th. Charleston, S.C., remained the 108th DMA.

Cash compensation of the five highest paid executives of Media General during 1985 was: $197,897 to D. Tennant Bryan, chairman; $425,000 to James S. Evans, president, CEO; $333,974 to James A. Linen, IV, executive vice president; $332,384 to J. Stewart Bryan, III, vice chairman and executive vice president, and $263,393 to Gerald W. Estes, senior vice president.

Meredith Corp.

During fiscal 1985 (ending June 30), Meredith became the first broadcast group to take advantage of the Federal Communications Commission's relaxed ownership rules, acquiring independent television station, KVVU-TV Las Vegas from Carson Broadcasting Corp. for $27.5 million. The purchase brought the number of Meredith-owned TV properties to eight.

In August, 1985, Meredith sold its last remaining radio properties, WGST/WPCH(FM) Atlanta, to a subsidiary of Jacor Communciations for $20 million.

Revenues at all the company's TV stations were higher in fiscal 1985 than the previous year. And profits from television operations in fiscal '86 have been "better than expected."

In January, 1986, Meredith acquired the *Ladies' Home Journal* from Family Media, Inc. for $92 million. The purchase of the 5 million-circulation magazine is expected to have an unfavorable impact in second half fiscal '86 earnings of about 30 cents per share. Among other magazines in the Meredith publishing division are *Better Homes and Gardens, Metropolitan Home* and *Successful Farming.*

Net revenues:	$474,921,000
Net earnings:	42,747,000
Net earnings per share:	4.53
Shareholders' equity:	264,703,000
CEO compensation:	755,243

TV stations: WPGH-TV Pittsburgh; KPHO-TV Phoenix; WOFL-TV Orlando-Daytona Beach-Melbourne; KCTV(TV) Kansas City; KSEE-TV Fresno-Visalia; WTVH(TV) Syracuse; WNEM-TV Bay City-Saginaw-Flint; and KVVU-TV Las Vegas.

For the third quarter of fiscal 1986, ended March 31, the company's net earnings were down 37.5 per cent to $7.7 million or 81 cents per share on a 21.6 per cent revenue rise to $145.4 million.

"Soft" business conditions, particularly in the magazine and book operations were said to contribute to the earnings decline as well as higher interest expense resulting from the *Ladies Home Journal* acquisition. However, negative net earnings effect of the *LHJ* purchase were characterized as "less than predicted."

For the year ended June 30, 1985, net earnings increased by 11.2 per cent to $42.7 million or $4.53 per share on a net revenues rise of 5.4 per cent to $474.9 million.

In fiscal 1985, E. T. Meredith III, chairman, received $343,000 in total cash compensation; Robert A. Burnett, president and chief executive officer, got $755,243; and William C. McReynolds, president-broadcasting group, received $320,450.

Multimedia, Inc.

An attempt to take Multimedia private resulted in a decline in earnings last year and a loss in the first quarter, though it is still a public company. The attempt by the four "founding families" attracted a number of outside offers, including one from Lorimar, resulted in the buyout of entrepreneur Jack Kent Cooke and reduced shares outstanding from 16.7 million to 11 million.

The "recapitalization merger" of the company, a diverse Greenville, S.C.-based congeneric, which owns 43 newspapers, five TV and eight radio stations, more than 100 cable TV franchises and a production and distribution company best known for its Phil Donahue and Sally Jessy Raphael shows, turned out to be a complicated affair. Stockholders were offered various alternatives including stock, cash and debentures and, when the dust had settled, more than 85 per cent of shares outstanding were voted for recapitalization. In the "leveraged buyout," the result of which was a merger with MM Acquiring Corp., the company borrowed $625 million from the banks and issued $480 million in debentures.

Total revenues for 1985 were $336.3 million, up 10 per cent from a year earlier. But net earnings decreased by about a third, to $21.6 million from $33.7 million in 1984. The reason, the firms says: additional interest expense incurred since completion of the leveraged buyout. Specifically, interest expense for 1985 was $36.4 million, compared with $8.3 million for 1984. Reflective of the debt burden, earnings per share dropped from $2.02 in 1984 to $1.40 last year.

Total revenues:	$336,271,000
Net income:	21,638,000
Net income per share:	1.40
Shareholders' equity:	576,399,000
CEO compensation:	374,561

TV stations: WMAZ-TV Macon, Ga., KSDK(TV) St. Louis, WLWT(TV) Cincinnati, WBIR-TV Knoxville, WZTV(TV) Nashville. Radio stations: WMAZ/WAYS(FM) Macon, Ga.; KEEL/KMBQ(FM) Shreveport; WWNC Asheville, WFBC-AM-FM Greenville, S.C., WEZW(FM) Milwaukee.

In the first quarter of '86, the company showed a loss of $5.4 million, compared with profits of $7.6 million during the same '85 quarter. However, operating cash flow was up 23 per cent to $27.5 million, operating profit was up 31 per cent to $20.9 million and revenues were up 11 per cent to $81.8 million.

The annual report states forthrightly

that Multimedia "is not projected to show profits for the next two years because of high interest expense. Management is making every effort to operate our assets as efficiently as possible to provide the highest cash flow," concentrating on repayment of debt. It was announced at the annual meeting April 30 that the company had prepaid $40 million of its bank debt.

Operating cash flow was healthy last year, increasing 12 per cent to $115.3 million. The firm's newspapers posed an overall 6 per cent increase in revenues and a 3 per cent circulation rise, despite the fact that retail advertising "dipped dramatically." Operating profit for newspapers was $25.8 million, up slightly from $24.9 million in 1984.

The broadcasting division experienced a record year for both TV and radio. Operating profits were $29 million, up from $25.3 million a year before. Cable operating profits also were up, to $14.9 million from $12.9 million. Solid performance by *Donahue* contributed to a $20.9 million operating profit for the entertainment division, up from $17.5 million.

Cash compensation was weighted by the leveraged buyout. Based on salary and bonuses, highest earner was president and CEO Walter Bartlett, who got $374,561, followed by chairman Wilson Wearn, who received $222,706. Wearn got $2.3 million in cash for restricted shares of stock, and Bartlett got almost $1.16 million.

James Lynagh, president of Multimedia Broadcasting, got $280,001 in salary and bonuses, and $338,450 for restricted shares. Myron "Mike" Weinblatt, president of Multimedia Entertainment, got $365,270 in salary and bonuses.

New York Times Co.

The New York Times Co. is composed of 53 companies, and, overall, continues to perform well in both print and electronic media. The firm has five TV stations, two radio stations, both in New York City, and a cable company in New Jersey.

It also operates, in addition to the flagship newspaper, more than two dozen other dailies, part of the *International Herald Tribune*, eight weekly or semi-weekly papers, five magazines and a magazine marketing company, and paper products companies.

Net income in 1985 increased 16 per cent over 1984, to $116.3 million on revenues of $1,393.7 million. Earnings per share rose to $2.90, from $2.53 in 1984. Gains continue into 1986, with a record first quarter showing net income of $33.9 million, up from $32.3 million in 1985.

Net revenues:	$1,393,772,000
Net income:	116,318,000
Net income per share:	2.90
Shareholders' equity:	588,363,000
CEO compensation:	709,691

TV stations: KFSM-TV Fort Smith, Ark.; WHNT-TV Huntsville; WNEP-TV Wilkes Barre-Scranton; WREG-TV Memphis; WQAD-TV Moline, Ill. Radio stations: WQXR-AM-FM New York

The gain is significant since the period reflects the dilution from interest expense resulting from the acquisition of five newspapers and two TV stations during the latter half of 1985. The stations are WQAD-TV Moline, Ill., and WNEP-TV Wilkes Barre-Scranton.

The broadcasting-cable sector contributed $10.9 million in operating profit in 1983 on revenues of $68.6 million, a 27 per cent increase in operating profit over 1984, although revenues increased only 14 per cent. The firm says it was able to operate profitably despite a softness in TV advertising due to a heavy emphasis on local retail advertising.

NYT Cable, with franchises in 56 communities in five southern New Jersey counties, increased its subscriber base by 7 per cent and has had success with pay-per-view operations. It expanded PPV to five communities and plans to make it systemwide in four years.

Top earner at NYT in 1985 was chairman and CEO Arthur Ochs Sulzberger, who got $395,000 plus $314,691 in incentive compensation and another $240,300 in a "long-term performance award." Next came Walter Mattson, president, with $320,000 in salary and $395,413 in other compensation. Vice chairman Sydney Gruson got $325,000 in salary, $349,866 in other compensation.

Park Communications

Park Communications, a company that has concentrated on medium and smaller markets, made a foray into the largest metro with its acquisition of WPAT AM-FM New York from Capital Cities/ABC. Agreement to purchase the beautiful music stations was reached in July, 1985, and completed in January, 1986. The company was also active in newspaper acquisitions.

The company's television division, composed of seven network affiliates, contributed $42.8 million in gorss revenue and $17.9 million in operating income in 1985. Its conversion ratio (operating income before depreciation and amortization divided by gross revenue) was the same as in 1984. The '85 operating income represented a 6 per cent increase over the previous year.

Net revenues: $105,260,000
Net income 15,207,000
Net income per share: 1.10
Shareholders' equity: 172,755,000
CEO compensation: $599,539

TV stations: WBMG(TV) Birmingham, Ala.; WDEF-TV Chattanooga; WTVR-TV Richmond; WSLS-TV Roanoke; WUTR(TV) Utica; WNCT-TV Greenville, N.C.; and WJHL-TV Johnson City. Radio stations: KJJO AM-FM Birmingham, Ala.; WHEN/WRRB(FM) Syracuse; KWJJ AM-FM Portland, Ore.; WDEF AM-FM Chattanooga; WTVR AM-FM Richmond; KEZX(FM) Seattle; WPAT AM-FM New York; WNAX Yankton, S.D.; WNCT AM-FM Greenville, N.C.; and KJJO AM-FM St. Louis Park, Minn.

The radio division had gross revenues of $13.1 million in '85 and contributed $2.4 million in operating income, a 45 per cent decrease from '84. Radio's 18 per cent conversion ratio was down from the previous year's 29 per cent. This was partially due to the absence of significant political revenue in 1985. Also, KWJJ-AM-FM Portland, Ore., experienced some ratings declines during the year. All of the company's individual radio operations (AM and FM) combined) had positive operating income before depreciation and amortization in 1985 except the Portland stations and KJJO-AM-FM Minneapolis-St. Paul.

For the first quarter of 1986, Park's net income decreased by 27 per cent to $2.6 million or 14 cents per share on a revenue rise of 18.5 per cent to $29.5 million.

The lower net income was "not unexpected," according to Roy H. Park, chairman and chief executive officer, because, "we are aggressively on the trail of new acquisitions. During the four months from early September, 1985, through early January, 1986, we invested more than $62 million in new properties, far more than we have ever invested in acquisitions during any 12-month period."

In addition to the WPAT purchase, Park acquired newspapers—four in Kentucky and one each in New York and North Carolina. The company also expanded the operations of several of its other newspaper properties.

Overall for the year ended December 31, 1985, net income rose 7.8 per cent to $15.2 million or $1.10 per share on a net revenue increase of 7.4 per cent to $105.3 million.

Roy H. Park, chairman and chief executive officer, received $599,539 in cash compensation in 1985; Gary R. Bolton, vice president-television, got 132,083.

Price Communications

In four years, the highly leveraged Price Communications has built a substantial station group. At the close of 1985, it owned 15 radio stations, three TV stations, two daily and two non-daily newspapers, an outdoor advertising company and two law journals. Aggressive acquisition activity, of course, has made for considerable debt and a bright red bottom line, with net loss increasing 20-fold between the close of 1984 and of 1985.

Robert Price, president, states, "An important goal of our company continues to be the lessening of emphasis on earnings and concentrating on increasing media cash flow, which is critical because it can be used to service and repay our debt." He notes the 1985 profit from operations (broadcast/media cash flow) was approximately $9.7 million. He points out media cash flow per share was $1.34 in 1985 versus $1.06 in '84, 48 cents in '83 and 3 cents in '82 after adjustment for all stock splits.

Elaborating on cash shortfall, he says that in February, 1985, the company registered $60 million of 10-year subordinated notes, but the investor community urged it to raise the amount to $80 million. In September of last year, it filed for $75 million in 15-year subordinated debentures, and Price says the investment community urged it to raise the offering to $125 million. He says he advised investors and the ratings agencies that, until the additional money was put to work in acquisitions, there would be a cash flow shortfall of approximately $6 million, but, "Despite this, we agreed that there was benefit in having long-term fixed rate money which can be used as acquisition opportunities present themselves."

Total revenues:	$37,192,000
Net loss:	$(12,341,000)
Net loss per share:	$(2.01)
Shareholders' equity:	$294,898,000
CEO compensation:	147,833,000

TV stations: WEEK-TV Peoria; KRCG-TV Jefferson City-Columbia, Mo.; WZZM-TV Grand Rapids, Mich. Radio stations: WOWO/WIOE(FM) Fort Wayne, Ind.; KIOI(FM) San Francisco; WIRK-AM-FM West Palm Beach, Fla.; WTIX New Orleans; KOMA/KIMY(FM) Oklahoma City; WIBA-AM-FM Madison, Wisc.; WNIC-AM-FM Detroit; WLAC-AM/FM Nashville; WWKB Buffalo.

Price has said that his company may be better off with fixed interest rates versus the currently lower rate for bank borrowing, gambling that floating bank rates will increase in the next few years. Meanwhile, he plans to continue seeking acquisitions of AM and FM stations with positive cash flow, network-affiliated TV stations, monopoly daily newspapers and outdoor advertising firms.

In 1985, net revenue less commissions was $37.2 million, nearly triple 1984's $13.7 million. The company reported a net loss of $12.3 million, or $2.01 per share, compared with a loss of $237,883, or 10 cents a share.

Price, who is president, CEO and treasurer, is a lawyer and former deputy mayor of New York. Among his company's 1,200 to 1,400 stockholders is Citicorp, which has 25 per cent; Lincoln National Insurance Co., 10 per cent; and various financial organizations, about 30 per cent. Price, who owns 8 per cent, received $147,833 in cash compensation in 1985. Frank D. Osborn, senior vice president—radio, earned $133,000 in cash. All four executive officers as a group received cash compensation of $348,875.

Rollins Communications

Atlanta-based Rollins, which has four TV stations, six radio stations, cable franchises in 43 cities serving over 196,000 subscribers, and an outdoor advertising division, showed a healthy financial performance in general last year, although officials say "Not all of our businesses performed up to expectations."

Its revenues increased 17 per cent in 1985 over the previous year, to a record $99.9 million. Net income rose 21 per cent, to $12 million, or 82 cents per share. Record revenues led to an improved operating margin of 26 per cent for 1985, up 3 per cent from 1984.

Net revenues:	$99,953,000
Net income	12,014,000
Net income per share:	82¢
Shareholders' equity:	74,280,000
CEO compensation:	250,000

TV stations: WPTZ(TV) Plattsburgh; WEAR-TV Pensacola; WCHS-TV Charleston, W. Va.; KAUT(TV) Oklahoma City. Radio Stations: KDAY, Santa Monica, Calif., WBEE, Harvey, Ill., WAMS Wilmington, Del.; WCHS/WBES(FM) Charleston, W. Va.; WRAP Norfolk.

The firm's TV properties, three network-affiliated VHF stations WPTZ(TV), NBC, Plattsburgh; WEAR-TV, ABC, Pensacola; WCHS-TV CBS, Charleston, W.Va. and newly acquired UHF indie KAUT(TV) Oklahoma City, "continue with operating margins equal to or better than those of the industry," the firm says. The radio group made "significant progress" last year and is expected to improve its contribution to profits. Overall broadcast operating margin increased one percentage point to 40 per cent.

Rollins' strongest performance is in cable TV. Operating margin in cable increased 22 per cent in 1985 over levels a year earlier. The firm was awarded two new franchises last year, an additional area of Rhode Island and a section of Philadelphia, where construction is slated to begin this year.

The firm continues to be primarily equity financed, with stockholders' equity up 9 per cent in 1985 to $74.3 million. Management says the company's "balance sheet strength and strong cash flow could support substantial increases in long-term debt to finance growth through internal business development or external acquisition."

Top cash compensation goes to O. Wayne Rollins, chairman and CEO, who gets $250,000. R. Randall Rollins, president and chief operating officer, gets $100,000, and executive vice president Richard Hubbell, $121,667.

Scripps-Howard Bcst.

The owner of nine TV stations, five radio stations and a cable multiple system operation, Scripps-Howard Broadcasting is suffering a decline in net income thus far this year, due primarily to two significant acquisitions made last year—the purchase of WXYZ-TV in Detroit from ABC and WFTS(TV) in Tampa from Capital Cities Communications. The combined price was $275 million. The firm also began operations of KNXV-TV Phoenix, which it acquired in January 1985, also adding to operating expenses.

Net income for 1985 was $30.9 million, a 70 per cent increase over the previous year, on revenues of $134.5 million. But for the first quarter of this year, the company recorded a net loss of $528,000, or 5 cents per share, compared to net income of $2 million, or 20 cents per share, in the same period a year earlier.

A reduction in earnings was anticipated. The firm states in its annual report that the station acquisitions and continuing construction of the company's Sacramento cable system "will be impacted by substantial interest costs."

Revenues:	$134,540,000
Net income:	30,937,000
Net income per share:	3.00
Shareholders' equity:	132,442,000
CEO compensation:	282,772

TV stations: WCPO-TV Cincinnati, WEWS(TV) Cleveland, WXYZ-TV Detroit, KSHB-TV Kansas City, WMC-TV Memphis, KNXV-TV Phoenix, WFTS(TV) Tampa, KJRH(TV) Tulsa, WPTV(TV) West Palm Beach. Radio stations: WBSB(FM) Baltimore, WMC-AM-FM Memphis, KUPL-AM-FM Portland, Ore.

Capital expenditures for 1986 were expected to total $6.5 million for radio and TV and $34 million for cable TV construction.

Despite the pressure on earnings, the firm says it remains financially strong. It notes that cash provided by operations in 1985 increased $9.7 million, to $62.9 million. And that measure of business activity is expected to increase this year and beyond.

Also, in 1985 broadcasting revenues increased 15 per cent and expenses increased 23 per cent, with a resultant increase in income from operations of 3 per cent. These figures include activity from the operation of KNXV-TV Phoenix, and thus are not comparable with prior years, the firm says.

Cable operations also showed increased revenues, but also had increased expenses and losses, the latter to $2.4 million. The loss is laid primarily to the launch of the Sacramento system, which began service in September. However, the system contributed positively to net income as a result of "substantial" tax credits, the firm said.

Scripps-Howard Broadcasting seeks to dispel what it terms "occasional rumors and press speculation" concerning the intentions of the parent firm, E. W. Scripps Co., regarding the broadcasting subsidiary. The rumors center around whether the parent may decide to take the broadcasting subsidiary private, or whether it might itself take the entire operation public.

According to a statement by parent firm president Lawrence Leser, reproduced in the annual report, the rumors "have no basis in fact, but may be considered credible" due to several considerations. Among them, he said, is the fact that the broadcasting division is 80 per cent owned by the parent firm, and that the broadcasting division is the only part of the operation that has public ownership.

Also, he notes, the Scripps family trust agreement under which the parent firm is organized has certain requirements relating to the personal status of family members, including tax considerations.

However, Leser says the parent firm has no "present intentions" of taking the broadcasting division private, or of taking itself public. He also says that even when certain trust agreements dissolve with the demise of the last of four current beneficiaries, the distribution of parent firm stock to heirs will not be a taxable event resulting in a need for liquidity to meet a tax liability.

Top cash earner at Scripps for 1985 was president Donald Perris, who got $282,772. Vice president Edward Cervenak got $206,096, followed by vice president Robert Regalbuto at $171,128.

Stauffer Comms.

The Topeka-based company acquired its third television station in 1985, purchasing ABC affiliate KMIZ-TV Columbia, Mo. for $4.2 million.

Stauffer also acquired all the assets of the Kansas Information Network for $225,000 and bought the East *Lycoming County Shopper* for $400,000. Stanley H. Stauffer, president, in the company's annual report, indicates that plans for 1986 include acquisition of "another daily newspaper or television station. . . We are moving toward that objective."

In August, Stauffer contracted for rights to operate the 120-station Royals Radio Network through 1988. The network's revenues received a real boost last year when the Kansas City Royals won the World Series.

Stauffer's net income increased by 10.5 per cent in '85 to $6.7 million or $6.70 per share on an operating revenues rise of 8.6 per cent to $113.9 million.

Operating revenues:	113,935,251
Net income:	6,702,913
Net income per share:	6.70
Shareholders' equity:	43,498,790

Tv stations: WIBW-TV Topeka; KMIZ-TV Columbia, Mo.; and KCOY-TV Santa Maria, Calif. Radio stations: WIBW-AM-FM Topeka; KGNC-AM-FM Amarillo; KRNT/KRNQ(FM) Des Moines and KGFF Shawnee, Okla.

Broadcasting accounted for 21 per cent of the company's income from operations ($2.6 million out of a $12.4 million total) and 19 percent of operating revenues ($21.6 million out of $113.9 million).

During the year, the company's stock enjoyed a major surge, going from $52 a share in January to $120 a share at the year's end.

Other financial highlights: Dividends paid increased by 17.6 per cent, with the year's $2 cash dividend representing a payout of nearly 30 per cent of 1985 earnings; the company was able to pay $4.8 million to reduce bank borrowings.

SunGroup, Inc.

In 1985, the SunGroup had its first profitable year since 1979, registering net income of $177,045 or 10 cents a share on revenues of $7 million.

The turnaround is attributed to a major restructuring program that included a management change in 1985 when George P. Mooney, then-president, agreed to terminate his employment arrangement, and the Mooney family stock in SunGroup was sold.

Revenues:	$5,491,937
Net income:	177,045
Net income per share:	10¢
Shareholders' equity:	12,435,971

Radio stations: KEAN-AM-FM Abilene, Texas; WERC/WKXX(FM) Birmingham, Ala.; KYKS(FM) Longview, Texas; KESY-AM-FM Omaha; KAFE/KKSS(FM) Santa Fe/Albuquerque; and KKQV(FM) Wichita Falls, Texas.

The company has made a number of radio station transactions in 1985 and early 1986. Among them:

- Purchase of KAFE/KKSS(FM) Santa Fe-Albuquerque for $2,250,00 and KKQV(FM) Wichita Falls, Texas, for $1,050,000. Included in the consideration for the New Mexico acquisitions was an option to buy WPFM(FM) Panama City, Fla., and a right of first refusal to buy KHO/KVEE(FM) Grand Juction, Colo.
- Closing of purchase agreement for KEAN-AM-FM Abilene, Texas, and KYKX(FM) Longview, Texas. The acquisition also provides SunGroup right of first refusal for five years on purchase of WSLI/WYYN(FM) Jackson, Miss.
- Sale of WBRY Woodbury, Tenn., for $110,000.
- Sale of WYHY(FM) Lebanon-Nashville, Tenn., and WSEV/WMYU(FM) Sevierville, Tenn., for $7.5 million. According to the company, proceeds from the sale—after repaying major loans—were allocated as working capital funds and for general corporate purposes.

In its annual report for 1985, Frank A. Woods, president, says SunGroup "intends to pursue actively the acquisition of additional broadcast properties."

Taft Broadcasting Co.

The broad-based media and leisure industries company has positioned itself to become the first broadcast group in the U.S. to own and operate 12 TV stations. Last year it acquired the five TV and seven radio stations of Gulf Broadcasting Co. for $760 million.

However, due to cross-ownership conflicts in four markets—Dallas, Houston, Tampa and Washington—the firm is selling its radio "overlaps," bringing its total of radio properties to 15. It also plans to sell additional assets over the next two years, reducing the debt incurred from the Gulf acquisition to $550 million.

The firm terms it "the largest and most dramatic of our recent strategic moves," one that results in a capital structure of 67 per cent debt and 33 per cent equity. Company officials say the heavily leveraged buy will result in a $140 million cash flow on an annualized basis from broadcasting alone, starting this year.

For 1985, the firm had a total operating profit of $89.7 million, up 2 per cent from $88.3 million in fiscal 1984. Net earnings were $48.5 million, up 24 per cent, and net earnings per share rose to $5.22, up 30 per cent. Total net revenues for the year declined, from $453.8 million to $375.3 million, a drop attributed solely to the earlier selling off of the firm's domestic theme parks.

Overall broadcast revenues rose 11 per cent, to $189.6 million, and operating profits rose 9 per cent, to $63.3 million. TV revenues were $153.2 million,

We can blow out forty candles, but only you can make our wish come true.

This year the National Multiple Sclerosis Society celebrates its fortieth birthday. Forty years of serving people with MS, with programs that help them get up, get around, and get on with their lives. And forty years of searching for a cure for this crippling disease of the central nervous system.

Progress? Yes, we're making progress. But not enough to stop and celebrate now.

Optimism? We've got plenty. As long as you're willing to support our continuing efforts with your contributions. Because, like it or not, money is the key to continuing the search for answers that wishing, alone, can't bring.

Yes, Multiple Sclerosis is incurable today. But it's your support that makes us incurably optimistic about finding a cure tomorrow.

THE NATIONAL MS SOCIETY AT 40. MULTIPLE SCLEROSIS NATIONAL SOCIETY INCURABLY OPTIMISTIC.

205 East 42nd St., NYC, NY 10017

up 9 per cent over 1984. In TV and radio, local sales were up 15 per cent and spot was up 6 per cent. Taft notes a "turnaround" at Miami independent WCIX(TV) and significant gains at KYYS(FM) in Kansas City.

FM radio showed "particularly strong" sales gains of 27 per cent.

Taft looks for strong TV station performance this year, with current margins holding. Radio, which experienced a 16 per cent gain in net revenues in 1985, is expected to do even better this year.

Net revenues:	$375,266,000
Net income:	48,477,000
Net earnings per share:	5.22
Shareholders' equity:	327,260
CEO compensation:	479,834

TV stations: WTAF-TV Philadelphia, WCIX(TV) Miami, KTXH(TV) Houston, WTXA(TV), Dallas-Fort Worth, WDCA-TV Washington, WKRC-TV Cincinnati, WDAF-TV Kansas City, WTVN-TV Columbus, O., WTSP-TV Tampa, KTSP-TV Phoenix, WBRC-TV Birmingham, WGHP-TV Greensboro, N.C. Radio stations: WKLS-AM-FM Atlanta, WNDE/WFBQ(FM) Indianapolis, WGR-AM-FM Buffalo, WKRC/WKRQ(FM), Cincinnati, WTVN/WLVQ(FM) Columbus, O., WDAF/KYYS(FM) Kansas City, WDVE(FM) Pittsburgh KEX/KKRZ(FM), Portland.

Taft's Entertainment Group, consisting of the 10 production companies of the Taft Entertainment Co. and Worldvision Enterprises, had its best year ever in 1985. Revenues were up only slightly, to $140.6 million, but operating profit was up 23 per cent, to $30.7 million.

The company predicts another strong year for the entertainment group, fueled by the creation of three series for first-run syndication. It's banking on major revenues from syndication of *The Smurfs* and sale of inventory from the Hanna-Barbera library. Worldvision is expected to set a record this year, with growth in overseas markets. The division also is expanding its position in the home video market.

Taft's cable partnership with Tele-Communications, Inc., controls systems in Michigan and New England, and owns a slice of Black Entertainment Television. Cable's losses for 1985 were Taft's "lowest yet," and older systems are now profitable a year ahead of schedule, says the company. The firm does not break out cable financial data, but says "the health of this venture is very much intact."

Top executive earner in 1985 was chairman Charles Mechem, Jr., who got $326,234 in salary and a $153,600 bonus. Dudley Taft, president, got $232,933 in salary and a $95,340 bonus. George Castrucci, executive vice president, finance, $205,744 salary, $95,340 bonus; Ro Grignon, executive vice president, television, $197,844 salary, $59,436 bonus.

Tech Ops, Inc.

Tech Ops exited the radio business last year by selling its three radio stations. Marvin G. Schorr, chairman and president, says this is being done to place emphasis on the company's main business, operating the "leading" commercial service for personnel monitoring of nuclear radiation and x-rays.

The company sold WFOG(FM) and WLPM Suffolk, Va, for $9,250,000, with the deal completed last September. It closed the sale last November of WJYE(FM) Buffalo.

For the year ended September 30, 1985, income from continuing operations was $2.8 million, or $1.24 per share, on $26,182,000 in sales. This compares with $2.1 million, or 83 cents per share, on $23,918,000 the year before. Net income was $9,085,000, or $4.03 per share, compared with $3,045,000, or $1.19, in fiscal '84.

After restating financial results to reflect businesses that were continued at the close of the fiscal year, net income from continuing operations improved 32 per cent on 9 per cent more revenues than Tech Ops had in the previous year.

Total revenues:	$26,182,000
Net income:	9,084,000
Net earnings per share:	4.03
Shareholders' equity:	9,612,000
CEO compensation:	296,250

Discontinued operations in 1985, including the sale of residual real estate development interests, produced an additional after tax gain of $6,285,000, or $2.79 per share. In addition to operating income from broadcasting, this included $3,179,000, or $1.41 per share, from the Virginia stations, $2,187,000, or $1.30 a share, from the sale of the real estate interests, and $537,000 or 24 cents a share, from the sale of residual interests in two radio stations sold in 1983. In 1984, income of $446,000, or 17 cents a share, from discontinued businesses was primarily from broadcast operations.

The agreement to sell WJYE involved the exchange of that station's stock in return for 150,000 shares of Tech/Ops common stock. This was restructured as a tax-free transaction. The profit on the sale will be recorded in fiscal 1986. As part of the sales agreement, Tech/Ops also purchased 77,550 additional shares of its stock owned by a group affiliated with the buyer.

Schorr was top earner with $196,250 in salary and $100,000 in bonus. Paul B. Rosenberg, vice president for finance and administration and treasurer, got $106,000 and $55,000 respectively.

Times Mirror Co.

Los Angeles-based Times Mirror is principally engaged in newspaper, magazine and book publishing, but broadcast and cable TV are important segments. In what management termed an "uncertain economic climate," the firm recorded new highs in earnings and revenues for the third successive year, but just barely. Revenues in 1985 reached $2.96 billion, 6 per cent higher than a year earlier. Net income was $237.1 million, or $3.49 per share, up slightly from $232.7 million or $3.38 per share a year earlier. On an operating basis, profits increased 14 per cent to $478.4 million, from $420.8 million.

While cable TV experienced a record year in terms of revenues and operating profits, broadcast TV was not a major contributor to increased earnings. The group, consisting of seven network affiliates, registered only a 3 per cent increase in revenues and suffered a 2 per cent decline in operating profits. The firm blamed the "generally difficult advertising climate" last year. However, although operating profit margins declined, they remained above 49 per cent.

Total revenues:	$2,959,418,000
Net income:	237,127,000
Earnings per share:	3.49
Shareholders' equity:	974,415,000
CEO compensation:	872,116

TV stations: KDFW-TV Dallas, KTBC-TV Austin, KTVI(TV) St. Louis, WHTM-TV Harrisburg, Pa., WVTM-TV Birmingham, WSTM-TV Syracuse, WETM-TV Elmira.

In contrast, cable TV revenues increased 11 per cent, while operating profits grew by 25 per cent, thanks to the maturation of the firm's cable systems and maturity at Times Mirror Microwave.

The newspaper group recorded a 10 per cent increase in revenues, and a 5 per cent boost in operating profits, despite declines in advertising volume at the company's western newspapers, including a 4 per cent drop in full-run advertising at the flagship *Los Angeles Times*. The parent firm takes note of promising new ventures such as the launch of the new *L.A. Times Magazine* and a New York City edition of *Newsday*.

The company continued a strategic redeployment of assets in media communications exemplified by the sale of 80 per cent of its Publishers Paper Co, retaining 20 per cent and long-term purchasing contracts. The firm also plans, over time, to dispose of its timberlands, which have a current book value of about $117 million.

The firm also continues its policy of cable system "clustering" through a series of system trades and sales, exemplified in an exchange of systems with Storer Communications. The deal gives Times Mirror all of Phoenix. Cable system sales have reduced Times Mirror's total investment in cable and together with improvements in operations will increase earnings and return on investment in cable in coming years, the firm states.

Notable acquisitions include the December, 1984, purchase of the Allentown (Pa.) *Morning Call* newspaper and last year's purchase of Xerox Learning Systems, renamed Learning International, a professional publishing operation.

Executive committee chairman Otis Chandler draws a salary of $425,001 with a bonus-incentive compensation of $200,000 in 1985. President and CEO Robert Erburu gets $497,116, with a bonus of $375,000.

The Tribune Co.

A diversified media firm which owns six independent TV stations in major markets and five radio stations, along with newspapers in six markets including New York, Chicago, Fort Lauderdale and Orlando, The Tribune Co. posted its best year ever in 1985. Operating profit increased 28 per cent with solid performance across the board.

Operating profits were $241.4 million, on revenues of $1.9 billion. Net income per share stood at $3.06, a 20 per cent increase over the previous year.

Last year the firm acquired KTLA(TV) Los Angeles from Golden West Television for $529 million, enabling Tribune Broadcasting Co. to reach nearly 19 per cent of all TV households. TV station revenues rose 17 per cent to a record $231 million, the firm says, better performance than the industry as a whole. New York's WPIX(TV) was the group's biggest revenue generator; its nightly news audience grew 33 per cent. Tribune's five radio stations achieved a 9 per cent boost in revenues. WGN continues as the largest billing AM station in the U.S.

Tribune Entertainment, a subsidiary of the broadcasting division, has stepped up efforts to develop new programming. A co-venture, *Dempsey & Makepeace*, became a top 20 show in Britain and has done well since its September introduction to the U.S. The Chicago Cubs baseball team, owned by Tribune, drew its best home attendance ever in 1985 and was the National League's top visiting team draw. Games are broadcast on WGN radio and TV.

Net revenues $1,937,878,000
Net income $123,844,000
Net income per share $3.06
Shareholders' equity $908,486,000
CEO compensation $643,419

TV stations: WPIX(TV) New York, WGN-TV Chicago, KTLA(TV) Los Angeles, KWGN-TV Denver, WGNO-TV New Orleans, WGNX(TV) Atlanta. Radio stations: WGN Chicago, WPIX(FM) New York, WICC Bridgeport, Conn., KGNR/KCTC(FM) Sacramento.

Early this year the firm, "with regret," sold the *Los Angeles Daily News* to comply with FCC cross-ownership requirements. The company got $176 million for the property, resulting in a net gain of $88.7 million, or $2.18 per share, in the first quarter of this year.

Tribune also has decided to sell its 15 cable systems, taking advantage of record system values to help reduce corporate debt and to support growth in the firm's three primary businesses, publishing, broadcasting, and newsprint and forest products. In May, it sold eight systems to Jones Intercable Inc. of Denver for $195 million. Agreements for the sale of the remaining systems are pending.

The net gain from the cable system sales will be reported later this year when all transactions are completed. Proceeds will be used primarily to repay debt incurred to finance the acquisition of KTLA(TV).

Top earner at Tribune in 1985 was Stanton Cook, president and CEO, at $643,419. John Madigan, executive vice president, drew $445,558. James Dowdle, Prsident and CEO of Tribune Broadcasting Co., earned $369,650. John Houghton, president and CEO, The Ontario Paper Co. Ltd. and Q.N.S. Paper Co. Ltd., earned $249,047.

TVX Broadcast Group

The TVX Broadcast Group completed a $22 million public offering in 1985, which provided the necessary lines of credit for television station acquisitions and startups and enabled the company to retire virtually all of its longterm debt.

Station activity during 1985 included the following:

- Acquisition of WLFL-TV Raleigh-Durham.
- Agreement to purchase WNOL-TV New Orleans.
- Startup of KRRT-TV San Antonio, of which TVX owns 49 per cent with an option to buy an additional 31 per cent in November, 1986.
- Beginning of construction on KJTM-TV Little Rock.

With the sign-on of the Arkansas station, expected this summer, and consummation of the WNOL-TV purchase, TVX will own eight independent UHF TV stations, with a ninth, WNYB-TV Buffalo, scheduled to go on the air sometime this year.

For the year ended December 31, 1985, TVX had a net income of $1.6 million, or 40 cents per share, compared to a loss of $5.6 million or $2.19 per share in 1984. Net revenues in '85 rose just under 2 per cent to $15.7 million from $15.4 million the previous year.

Until 1985, the company had been suffering losses ($5.5 million in '83, $4.2 million in '82) due to substantial interest expense tied to expansion. The sale of the Richmond station last year has a considerable impact on results—generating a gain of more than $10 million.

Net revenues:	$15,730,000
Net income:	1,646,000
Net income per share	40¢
Shareholders' equity	8,952,000
CEO compensation	199,270

TV stations: WCAY-TV Nashville, WMKW-TV Memphis, WLFL-TV Raleigh-Durham, WTVZ(TV) Norfolk-Portsmouth-Newport News-Hampton, KRRT-TV San Antonio, WNRW-TV Greensboro-Winston-Salem-High Point, KJTM-TV Little Rock, and WNOL-TV New Orleans*
* *Pending*

According to a Veronis, Suhler & Associates February, 1986, report on the communications industry, TVX's 69 per cent compound annual revenue growth placed it number 1 in the broadcasts industry, 1980–84.

Company management is optimistic about '86 revenues increases, "based on positive ratings results in both the November, 1985, and February, 1986, rating periods."

Aubrey E. Loving, Jr., chairman and secretary, received $277,078.60 in cash compensation in 1985, which includes $77,807.65 received for reimbursement of interest differential on $2 million Class A cumulative preferred transaction. Timothy S. McDonald, president and chief executive officer, received

$199,270.95; and John A. Trinder, executive vice president got $184,246.31.

United Television, Inc.

United Television, Inc., whose majority stockholder, BHC, Inc., is a majority-owned subsidiary of Chris-Craft Industries, had an excellent year in '85, but it was primarily due to a big increase in equity income related to the company's investment in Warner Communications, Inc. (see Chris-Craft profile).

The company's five TV stations, one of which only went on the air in December, brought in operating revenues of $77.1 million last year, compared to $72.1 million in '84. Income from continuing operations, however, doubled, rising from $6.2 million in '84 to $12.6 million in '85.

The company suffered a net loss in '84 due to WCI's discontinued operations. The equity loss in WCI amounted to $9.1 million while the net loss of UTV came to $2.9 million. The UTV per-share loss in '84 was 26 cents, compared to the net of $1.14 per share last year. WCI equity income soared in '85 as a result of WCI's sale of investments plus record earnings in its filmed entertainment and recorded music divisions.

Net revenues:	$77,137,000
Net income:	12,645,000
Net income per share:	1.14
Shareholders' equity:	40,303,000
CEO's compensation:	(see story)

TV stations: KMSP-TV Minneapolis, KTVX(TV) Salt Lake City, KMOL-TV San Antonio, KBHK-TV San Francisco, KUTP(TV) Phoenix.

Despite the 7 per cent increase in operating revenues in '85, operating income dropped 4 per cent to $18.1 million. This was due to higher operating expenses, primarily for programming and start-up costs in connection with KUTP(TV) Phoenix. If the losses associated with KUTP are excluded, UTV's operating income in '85 would have been about equal to '84's.

Primarily because of KUTP's start-up costs, UTV showed a net loss in the '86 first quarter. It came to $505,000 or 3 cents a share. Net revenues for the quarter were up 19.7 per cent to $18.1 million. Excluding KUTP, the TV stations "recorded significant increases in revenue and operating earnings."

UTV almost doubled its investment in WCI common stock last year with the acquisition of 811,600 additional shares, bringing the total to 1,711,600. The company also acquired another 9,000 shares of WCI Series C preferred stock, its total now being 99,000 of the Series C stock. UTV's share of the voting power of WCI securities was thus increased to 2.2 per cent. All told, UTV has spent $49.1 million for WCI common stock and $985,000 for the preferred.

UTV paid Chris-Craft $240,000 in 1985 as management fees for the services of Evan C. Thompson as president of UTV and John C. Siegel as president of UTV-SF. Cash compensation paid to the general managers of UTV stations included $165,005 to David J. Woodcock (KTVX(TV), $164,281 to Robert J. Qudeen (KBHK-TV), $160,005 to Stuart Z. Swartz (KMSP-TV) and $140,000 to Edward V. Cheviot (KMOL-TV). Also, Garth S. Lindsey, executive vice president, chief financial officer and secretary of UTV, received $135,000.

Viacom International

Viacom emerged in 1985 as a multifaceted communications company, with strong bases in broadcast, pay and basic cable TV, syndication and program production. Its revenues and earnings reflect the growth spurt; net earnings were up, but the expansion moves put pressure on earnings per share, which were down.

Revenues for 1985 rose 38.6 per cent over 1985, reaching $444.1 million. Net earnings increased 21.1 per cent, to $37 million. Fully diluted earnings per share dropped by 2.3 per cent, to $2.17, reflecting a 33 per cent increase in the average number of fully diluted shares.

However, all units registered solid performance, with records achieved in most groups, contributing to a 10-year annual compounded growth rate in net earnings of 26.7 per cent.

Net revenues:	$444,112,000
Net earnings:	37,049,000
Net earnings per share:	2.17
Shareholders' equity:	603,207,000
CEO compensation:	627,692

TV stations: KMOX-TV St. Louis; WVIT(TV) New Britain, Conn.; WNYT(TV) Albany, KSLA-TV Shreveport; WHEC-TV Rochester, N.Y. Radio stations: WLTW(FM) New York; WLAK(FM) Chicago; WMZQ-AM-FM Arlington, Va.; KIIK-AM-FM Pasadena, Tex.; WRVR-AM-FM Memphis.

The major investments made by Viacom in 1985 should fuel future growth and profit, the company believes. In November, the firm acquired the 50 per cent of Showtime/The Movie Channel, Inc., it did not previously own. It also acquired two-thirds of MTV Networks, Inc., from Warner Communications and American Express, and early this year it acquired the public portion of MTV Networks in a stock buyout. Viacom thus controls seven satellite TV networks, both pay and basic.

Viacom also agreed to purchase KMOX-TV St. Louis from CBS, bringing its TV station ownership to five. And it acquired another AM station, WKDJ in Memphis, which it renamed WRVR. In another important development, Viacom earlier this year purchased an interest in Orion Pictures Corp., a motion picture and TV production and distribution company.

To finance the acquisition binge, the firm has taken on considerable debt. Long-term debt in 1985 was $571.6 million, a substantial increase over the $315 million long-term debt figure registered in 1984.

Viacom owns 17 cable systems; Viacom Productions, producer of the smash network hit, *The Cosby Show*; the syndication operations, Viacom Enterprises and Viacom Worldwide, and eight major market radio stations.

Largest contributing sector to revenues in 1985 was cable TV, at $206 million. Next came the satellite networks group, including broadcast program distribution, at $66.5 million, followed by the TV division, at $47.5 million, and radio, $36.2 million. The broadcast group achieved record earnings in 1985. (At presstime, Viacom was in discussions with New York investor Carl C. Icahn regarding a possible takeover or joint venture.)

Top earner in 1985 was president Terrence Elkes, at $627,692 in salary. Chairman Ralph Baruch got $497,789. Kenneth Gorman, executive vice president, received $460,289. John Goddard, senior vice president and president of Viacom's cable TV division, got $313,846 in salary, and $390,637 in additional and deferred additional compensation.

Washington Post Co.

The print and broadcast media company made an entrance into cable television last year with the largest acquisition in the firm's history, and continues to exhibit strong management and financial returns. The company also repurchased 1.2 million shares of its Class B stock, continuing a stock repurchase strategy begun in 1982.

Pro forma net income rose 19 per cent in 1985, to $102 million, and operating revenue of $1.1 billion, a 10 per cent gain over the previous year. Total revenue on shareholders' equity reached 31.3 per cent, up from 24.6 per cent, and pro forma earnings per share were $7.73, up 27 per cent from a year before.

-31 OCT. 1986.
Palais des Festivals

CANNES, THE UNDISPUTED INTERNATIONAL AUTUMN MARKET

The first MIPCOM turned a difficult challenge into a winning idea : to make Cannes THE international Autumn market.

The release of the new American programs played a big part in this success. Being in the right place at the right time has always been a great recipe for success!

MIPCOM'86: EVEN MORE, EVEN BETTER.

By bringing together for 5 days, TV networks, Film, TV, Video Production and Distribution companies from around the world, MIPCOM is the time-saving, efficient answer to your needs.

At MIPCOM you can sell your film and program rights; maintain and establish new contacts; set up international coproductions; benefit from a worldwide press coverage.

600 GUESTS WHO BUY AND COPRODUCE.

Invitations will be extended to 600 Acquisition and Coproduction decision-makers in the fields of TV, Video, Cable and Satellite; their accommodation being provided free of charge.

Thanks to these great features, and your being there, MIPCOM'86 is the definitive international Autumn market.

The one you were all waiting for. And it's in Cannes, of course.

INTERNATIONAL FILM AND PROGRAM MARKET FOR TV, VIDEO, CABLE AND SATELLITE

MIPCOM'86

The right time. The right place.

wish
information
MIPCOM 86.

Mr/Mrs/Ms

Name: ____________

Company: ____________

Address: ____________

____

____

Tel: ____________

Please return reply-form to:
Barney Bernhard - Perard Associates Inc.-
38 W. 32nd St., Suite 1512, N.Y., NY 10001
Phone: 212-967-7600

Both print and broadcast sectors performed well. Newspaper division operating income rose 21 per cent in 1985, to $115 million, on revenues of $556 million. *Newsweek* magazine registered a 32 per cent jump in operating income, to $29 million, despite a 2 per cent decrease in total revenue, to $326 million, caused by a soft magazine advertising environment.

The four Post-Newsweek TV stations increased operating income by 14 per cent, to $58 million, on revenues of $155 million. The stations' average operating margins, before corporate charges, reached 41 per cent. Best showing came at WDIV(TV) Detroit, an NBC affiliate. ABC affiliate WPLG(TV) Miami did not do as well as the other stations, due to ABC's third-place showing and a softness in the Miami economy, the firm said.

On the programming side, the company's *America* daily syndicated series produced in conjunction with Paramount met its demise. The cancellation and other program development costs resulted in a charge of $3.3 million to the division's operating income.

Operating revenues:	$1,078,650,000
Net income:	114,261,000
Net income per share:	8.66
Shareholders' equity:	885,079,000
CEO compensation:	569,420

TV stations: WDIV(TV) Detroit, WFSB(TV) Hartford, WJXT(TV) Jacksonville, WPLG(TV) Miami.

The $350 million acquisition of 53 cable TV systems from Capital Cities Communications will produce an earnings dilution of about $1.45 per share this year. But it represents an "exceptional long-term investment," the company believes, because the systems are mature, reducing the outlay for upgrades, and cable is a "relatively attractive buy, priced at about 10 times cash flow, compared to 15 times cash flow or more for broadcast properties.

WP also purchased, as an investment, 20 per cent of the Cowles Media Co., publishers of the *Minneapolis Star and Tribune*. The price was $71 million. In other investments, the Stanley H. Kaplan Educational Centers, acquired in 1984, had a good year. The firm, which provides coaching for those taking educational qualifying tests, plans to release several videotape courses this year.

The firm also is doing well in the cellular telephone franchises in Washington-Baltimore, where it holds a 20 per cent interest in the franchise, and in Detroit, with an 18 per cent interest. In Miami, where the firm holds a 60 per cent interest in cellular, construction began last year and the system should be operational this year. The company sold some cellular interests during 1985, primarily in the Pacific Northwest. The company also holds interests ranging from 16⅔ per cent to 33⅓ per cent in various SportsChannel partnerships with Rainbow Program Enterprises and CBS. The Washington Post and Rainbow last year sold a portion of their SportsChannel interest to CBS. That and the sale of the cellular interest produced a gain of $12.3 million, or 93 cents per share.

Because the firm has entered several new businesses in quick succession and has incurred over $400 million in debt in so doing, the pace of acquisitions is expected to slow this year and next, the company says.

Chairman Katharine Graham was the top money earner, with $355,000 in salary and $214,420 in bonuses. Next came president Richard Simmons, with $330,000 in salary and $199,320 in bonuses, followed by Joel Chaseman, president of Post-Newsweek stations, with $253,117 in salary and $132,495 in bonuses.

Westinghouse Electric

Westinghouse is primarily an energy, electronics and technology company. Its largest single customer is the U.S government, which accounts for 20 per cent of sales, mostly in the area of energy and advanced technology, notably in power generation and defense hardware.

The broadcasting and cable sector accounted for about 19 per cent of the firm's 1985 operating profit of $742.1 million, on total sales and operating revenues of $10.7 billion, while energy and advanced technology contributed 56 per cent of operating profit.

The company also is in such diverse endeavors as soft drink bottling, real estate, office furniture and financial services.

Broadcasting and cable has performed well for the company, in 1985 registering $138.7 million in operating profit on total sales and operating revenues of $1 billion, a 95 per cent profit rise for 1985, compared to $71.2 million in operating profit the year before. Westinghouse Broadcasting owns and operates five TV stations, 12 radio stations and a syndication production company. It has an agreement to acquire KHJ-TV in Los Angeles for $310 million from RKO General but a recent adverse decision by an administrative law judge at the Federal Communications Commission has put a cloud over that transaction.

Westinghouse last year made a strategic decision to divest its cable company, Group W Cable, which represents the third-largest multiple system cable operation in the U.S. Cable contributed "significantly" to the broadcast group's 1985 results; but a corporate decision was made to maximize impact on stock price in an acquisition-minded environment by selling, taking advantage of a healthy cable system market.

A definitive agreement to sell Group W Cable to a consortium of cable companies led by Tele-Communications, Inc., and American Television and Communications, Inc., was achieved at year's end. The transaction has an asset value of about $2.1 billion, or more than $1,050 per subscriber. Cash proceeds to Westinghouse, after adjustments for taxes and liabilities, will be about $1.6 billion, the company said.

Total revenues:	$10,700,200,000
Net income:	605,300,000
Primary earnings per share:	3.52
Shareholders' equity:	3,234,700,000
CEO compensation:	989,992

TV stations: KYW-TV Philadelphia, WBZ-TV Boston, KPIX(TV) San Francisco, KDKA-TV Pittsburgh, WJZ-TV Baltimore. Radio stations: WBZ Boston, KQZY(FM) Dallas, KOSI(FM) Denver, KODA(FM) Houston, KFWB Los Angeles, WINS New York, KYW Philadelphia, KMEO-AM-FM Phoenix, KDKA Pittsburgh, KQXT(FM) San Antonio, KJQY(FM) San Diego

The broadcast group does not break out revenue and profit data on individual operations, but Group W Television increased sales and operating profit last year, the firm's annual report states. In radio, the group "maintained strong market positions" ... "despite some industry softening in AM radio markets."

The word on Group W Productions: "New highs in sales" for an operation the firm terms the largest producer of first-run syndicated programming. *Hour Magazine*, in its sixth season and in more than 120 markets, enjoyed a 25 per cent increase in audience in the fourth quarter, said the company. And *PM Magazine*, a decade old, remained among the highest ranking primetime access programs in television.

Top executive earner at Westinghouse is chairman Douglas Danforth, who received $989,992 in 1985. Next largest salary went to T. J. Murrin, president of the energy and advanced technology group, at $685,000, followed by J. C. Marcus Jr., president of industries and international group, $676,665. Daniel Ritchie, president of Westinghouse Broadcasting, checks in next with $621,666 in annual compensation for last year. □

the marketplace

The Marketplace Rates

Situations Wanted: $30.00 per column inch. All other classifications: $42.00 per column inch. Frequency rates apply. Minimum space one inch. Maximum space four inches. Add $1.50 handling charge for box numbers. Copy must be submitted in writing and is due two weeks preceeding date of issue. Payable in advance, check or money order only.

All ads accepted at discretion of publisher. Address:

The Marketplace
TELEVISION/RADIO AGE
1270 Ave. of the Americas
New York, N.Y. 10020

Help Wanted

BakerScott & Co.

THE PROFESSIONAL CABLE PLACEMENT PEOPLE

Positions available with MSO's, Networks, Regional & Independent Operators, Coast to Coast.

All Levels of Management

FEE PAID

Call or write in **CONFIDENCE**
DAVID ALLEN & JUDY BOUER
Principals

•

WE KNOW CABLE

•

1259 Route 46 — Parsippany, NJ 07054
201/263-3355

GENERAL SALES MANAGER

Medium market affiliate in attractive midwest city. Solid TV sales experience and strong leadership abilities required. A superb potential for the right person. Send detailed resume to Box 1923, Television/Radio Age, 1270 Avenue of the Americas, NYC, 10020.
An Equal Opportunity Employer

YOUR AD BELONGS HERE!

Help Wanted

BUYOUT VOICE OVER TALENT

Artist Management Group with over 30 excellent voice over people, all ranges, for your future client's commercials on a strictly low buyout fee. Call or write for further information and demo reel or cassette. Atlantic Productions & Communications, 122 East 25th St., New York, NY 10010. Or call 212/673-1515.

BROADCAST ENGINEER

WBGO-FM/JAZZ 88 has an opening to perform studio equipment repair and maintenance in new facility, assist in remote music recordings, and undertake special projects. Send resume to: Box #7047, TV/Radio Age, 1270 Ave. of Americas, New York, NY 10020.

WRITERS – ARTISTS

LARGE COMMERCIAL PRODUCTION AGENCY of RADIO & T.V. is now looking for additional free lance writers, concept and storyboard artists for future exciting projects. Write, Box 6946, Television/Radio Age, 1270 Ave. of Americas, N.Y.C. 10020.

Help Wanted

10,000 Radio, TV Jobs

Published every year. Up to 300 weekly in the American Radio Job Market Paper. Radio & television openings for program directors, DJs, engineers, newspeople, salespeople, production and music directors. Many openings for beginning broadcasters and minorities. Up to 98% of the nationwide openings. Money back guarantee! One week $6.00 special: six weeks $15.95. You save $20.00. American Radio Job Market, 1553 N. Eastern, Las Vegas, Nevada, 89101.

RETAIL DEVELOPMENT MANAGER WANTED

Interested in Retail Vendor Sales Specialist with TV or Radio experience for company based in New York City. Job requires extensive travel, ability to hire and teach all phases of new business development. Good presentation and writing skills a must. Send resume to Box #526, Television/Radio Age, 1270 Ave. of Americas, New York, NY 10020.

GENERAL SALES MANAGER

Medium market affiliate in attractive midwest city. Solid TV sales experience and strong leadership abilities required. A superb potential for the right person. Send detailed resume to Box 6845, Television/Radio Age, 1270 Avenue of the Americas, NYC, 10020.
An Equal Opportunity Employer

To: *Television Radio Age*
1270 Avenue of the Americas
New York, New York 10020

Please insert the following copy beginning (date)________ in The Marketplace section at the____X rate. Enclosed is

☐ Check ☐ Money Order

☐ Additional copy enclosed.

*Name*________
*Company*________
*Address*________
*Signature*________

Pinpointing *(from page 54)*

Webster emphasizes that, "The last thing radio can afford is failure. That means that if a product's or stores' customers skew older, and your audience is younger, be willing to give up the commission and walk away from the business and recommend the station up the street that *does* have the older audience that will work well for them."

At Torbet Radio, executive vice president Mike Bellantoni, who also sees a second quarter upturn, says the likelihood is that the first quarter drop in RER totals for the top 10 markets "is a combination of general softness, continued gains by radio's wired networks, and agency regionalization."

Bellantoni points out that when agency mergers extend regional buying to more accounts, "That doesn't mean the stations in the big buying centers stop getting business. Many of the stations are still doing well, but the regional offices are placing more business direct. More of it is no loger going through the reps, so it doesn't show up in RER's count."

Bob Ferraro, executive vice president at Blair Radio, also points to expansion of regional buying as a primary culprit: "The Los Angeles stations are still running a lot of commercials. But when Chiat Day and Apple Computer go regional, and Benton & Bowles links up with D'Arcy's regional buying setup, major market stations in the big buying centers are bought direct. Less station revenue flows through the reps."

Another drain, adds Ferraro, is gains by network radio and the syndicators: "Teen business used to be a big part of spot revenue. Today it's either on the networks, or it's sponsoring the syndicators' count down concerts."

But Masla's Moore believes that increased regional buying, swelled by recent agency mergers, is only part of the reason for spot's problems in major markets: "Regional buying has been with us for years. It is growing, but it's hardly new. There are other contributing factors."

Anti-alcohol backlash

One, says Moore, "may be the anti-alcohol forces who were lobbying for legislation to ban beer and wine advertisers from the airwaves in 1984. That frightened a lot of brewers into thinking that 1985 might be their last hurrah and last chance to use broadcast. That created a big bulge of beer dollars in first quarter '85 that didn't show up for this year's first quarter, but instead will be coming back for second quarter, as they normally do as the weather warms up."

And though regional buying may be a contributor to the problem in major markets, Moore also notes that, "Regional buying may also be producing a bonus for the smaller markets. A sum that may make only a small dent when subtracted from the New York or Chicago totals can loom much larger as a plus, added to billing in El Paso or Chattanooga."

He also points out that mergers are by no means limited to the agencies and broadcast networks: "There've been takeovers and attempted takeovers in almost all categories of industry. When all these companies are forced to draw on their own resources to buy back their own stock in self defense, that has to take dollars out of a lot of advertising budgets."

Peter Moore, *exec v.p., Masla Radio: "Regional buying may be producing a bonus for the smaller markets. A small dent when subtracted from the New York or Chicago totals can loom much larger as a plus, added to billing in El Paso or Chattanooga."*

Back at Ted Bates, Trubia observes that most stations "aren't going to lean on their reps too hard" about spot's dip. "They're getting 80 or 85 per cent of their income from local, and they're still getting some national money as part of a network or a group plan, though not as much as they'd get if it was spot. On top of that, the reps are getting so big, and there are so few independent reps left that, in comparison, the stations don't have a lot of weight to lean on them with."

At Ammirati Puris, Farella suggests that radio "should concentrate on selling its unique strengths, so that advertisers wouldn't be willing to trade in those strengths just because the price of television may go a little softer."

Among radio's more attractive strengths, he points out, are "its ability as a communicator to specific audience segments, and the greater control radio advertisers have over their message. The agency can vary their copy to come up with different versions, tailored specifically to fit each format."

Interep's Farber suggests that spot radio learn from the success of the wired radio networks: "The networks approach their advertising prospects much like the magazines do. They go in asking for 26 weeks—even 52-week orders. They don't ask for four-week schedules like we do. Their whole approach is based on the advantage to the advertiser of long-term exposure that's negotiated up front—not as an after-

(*continued on page 198*)

A*t Torbet Radio, executive vice president Mike Bellantoni says the likelihood is that the first quarter drop in RER totals for the top 10 markets "is a combination of general softness, continued gains by radio's wired networks and agency regionalization." When agency mergers extend regional buying to more accounts, "that doesn't mean the stations in the big buying centers stop getting business."*

In the Picture

Richard J. Kostyra

As he steps up to the new post of executive vice president and U.S. director of media services, at J. Walter Thompson U.S.A., Kostyra explains his views on the 15-second commercial and on the part he expects the new people meter data to play in upfront buying for the new network season.

New post makes more JWT media resources available to all agency U.S. offices

In his new job as executive vice president and U.S. director of media services, a new post at J. Walter Thompson U.S.A., Richard Kostyra says he's assuming the responsibilities formerly held by Buck Buchanan as U.S. media director, but adds that those responsibilities "have been expanded in ways that strengthen the resources available to all offices across the country." And he retains the New York office client responsibilities he's been handling as senior vice president and media director.

Kostyra explains that his new job is structured to make line functions as well as staff resources available to all domestic offices. That means all offices will now have national resources available for planning and negotiating activity for their clients. And the national function has been expanded to provide agencywide policies across all offices that affect both planning and negotiating.

Besides Kostyra, the committee set up to set media policies, agencywide across the U.S., includes JWT media directors in Chicago and Detroit, Bob Irvine and Tom Healey; the U.S. director of media research, Bob Warrens; the New York office director of planning, John Gray; director of negotiation, John Sisk.

In Kostyra's view, "The two key media issues on the table today" are people meters and the 15-second commercial.

The price problem

He believes that the biggest dilemma regarding 15s "remains in the spot area." Here, he observes, stations accustomed to asking for 75 to 80 per cent of the 30-second rate for 10-second IDs "are being asked to make 15s available to use for 50 per cent of the price of a 30. Stations will have to recognize that the 10 was a limited unit, and that 15s are an increasingly prevalent opportunity, offered to advertisers by syndication and cable, as well as by the networks. That means that those local stations that resist the coming realignment of costs in relation to shorter commercial units are going to miss out on a good deal of fourth quarter business. Advertisers will quickly move more dollars onto the networks and into syndication if enough local stations fail to meet advertisers' demand for more 15-second units at a reasonable price. These stations should remember that many advertisers will soon run out of 10-second material, since their new commercials are being stretched to fit the 15-second mold."

Kostyra's carrot is the conviction that local stations that do adapt "to these new realities" have an opportunity to enjoy major revenue gains with 15s. "Advertisers now have these units, and have the desire to add local support to their network overlays. And they'd do it if current local station pricing practices didn't make it prohibitive."

Kostyra notes that the excuse stations give for charging a premium for 15s is that it's an attempt to discourage clutter. But he says he "doubts that this is the actual case," because, "If clutter were truly their chief concern, the stations and networks would address the question of the number of commercials they place in a pod. Though the networks may limit a pod to no more than five commercials, it doesn't always appear that way to viewers. This is particularly true in the case of the last commercial break in a program, because it's followed by the commercial break at the local affiliate."

Upcoming clutter test

And he promises that JWT "is going to be addressing the question of pod configuration with research. We'll be testing to determine an effective solution to the clutter problem, and we'll be asking for station cooperation in this venture."

As for people meters, Kostyra says, "We're 100 per cent behind them. We believe that today's television environment, with so many more channels available, is such that diaries just cannot cope adequately. And although all of the possible bugs have yet to be worked out of people meters, both AGB and Nielsen are clearly working to improve the methodology and both companies have our full support." He says that the question now is not *whether* the industry should have people meters, but "how quickly they'll be available nationally, and how they're likely to affect upfront buying for the new '86–'87 season."

Kostyra does not expect that by the time upfront negotiations get under way this summer that the industry will have sufficient data based on people meters "to relate to historic data, based on diaries and/or set meters. By July we'll probably have only four months of people meter information to help us judge our up front buys, when approximately $5 billion will be committed across all three networks."

Kostyra believes that it's in the clients' best interests to "inspect all the people meter information we can get, along with the standard NAC (Nielsen Audience Composition) data. And while we'd prefer to negotiate on people meter data, we also think it's unrealistic to assume that the networks will be willing to accept all the risks."

Pinpointing *(from page 196)*

thought to fill in the weak spots."

Concerning new business, NYMRAD's Webster concedes that "Radio had never done the greatest job in the world of developing new business until RAB pioneered the sales consultant approach. That means before you start bragging about *your* station, going in and finding out about what the prospect's problems are."

Webster adds that new business development is "a long term process that involves a lot of homework on each category you go after. That's what NYMRAD's marketing director, Shirley Baker, is doing. Her advice is that you become important to a prospect only by proving that you know something about his business. She's been going around to supermarket conventions and found out, for just one example, how different Store A can be from Store B in the average age of their clientele."

And that, asserts Webster, "happens to be where radio shines, and we should make the most of it. If our audience is predominantly 25 to 49, we shouldn't go to *every* store and tell them we reach *every*body 16 to 60. We should concentrate on those stores whose customers are mostly 25 to 49 and really build traffic for them, so they'll come back for repeat schedules with us. Leave those other stores to other stations that can deliver better for *them*."

Another answer might be to redouble the efforts of the National Radio Marketing Group, the joint effort of the Radio Advertising Bureau and the Station Representative's Association to pitch radio to a specific target industry at a time (TV/RADIO AGE, December 9, 1985).

After three straight years of double-digit increases, says RAB's Bob Galen, "I think we'd have to expect a slowdown at some point."

But some radio men say this effort has lost steam since its earlier successful efforts, particularly with the gasoline and motion picture industries. However, SRA administrative assistant Audrey Tanzer assures us that any slowdown is only temporary, pending selection of a replacement for Jerry Cregan as chairman. Cregan, who had been vice president of Katz Radio's Central Division, has recently been promoted within the Katz Radio Group to president of Republic Radio. He's been so wrapped up in his new job running Republic that he no longer has time to do justice to NRMG, so he and SRA managing director Jerry Feniger decided it was time to get NRMG a new point man.

Maury Webster, *exec director, NYMRAD: "The best customers we'll ever have are the ones we have on the air now. We better make very sure we are servicing them, and make sure radio is doing a good job for them. . .The last thing radio can afford is a failure."*

That, says Tanzer, will be the first order of business at NRMG's next meeting in June.

Meanwhile, Bob Galen, senior vice president for research at RAB, puts spot's first quarter dip into perspective. After three straight years of double-digit increases, he says, "I think we'd have to expect a slowdown at some point, considering the heavy numbers we now have to beat, piled up from the last three years of steady gains."

And even at that, he observes, national spot is still showing gains in the smaller markets, and 1986 will still show an increase overall, although not at the levels we've grown accustomed to." And at the same time, he adds, "Radio's local billing continues to climb," based on the latest count from RAB's Composite Billing Pool, based on reporting from 62 markets. □

Inside the FCC

Preston R. Padden

President, Association of Independent Television Stations, in a speech before the Fifth Annual Legal Forum, jointly held by the American Bar Association Forum Committee on Communications Law and the National Association of Broadcasters.

Must-carry compromise plays key role in growth of free over-the-air television

The most obvious thing about independent television is its growth—and, the numbers are impressive. In 1960, the total number of independent stations in the United States was only 27. In the two decades that followed, the number of independent stations more than quadrupled.

What few could foresee, however, is that the 120 independent stations in operation by 1980 were really just forming the base for the truly explosive growth that followed during the next five years. The number of independent stations again more than doubled to reach the present total of 283.

In 1985, alone, a record 34 stations signed on the air. And if you look just at the new sign-ons since 1980, you will find that stations were fired up in 54 new independent television markets, bringing new richness and diversity to both viewers and advertisers.

Our remarkable growth story is also evident in any examination of audience shares. As most know, television viewing until fairly recently meant mostly network viewing. Estimates in the 1960s ran as high as the viewers spending 90 per cent of their time in front of the tube watching programs from one of the three networks. That has changed, and the decline of network viewing parallels directly the spread of the independent stations and the offering of an attractive free-over-the-air alternative to the networks. The network share began dropping until it reached its present level of something above 70 per cent, and it's not over yet.

Further erosion

For example, a current report from BBDO sees the networks' current audience share of 73 per cent shrinking to 65 per cent by 1990, with most of the loss attributed to the "aggressive stance taken by independent TV stations, which have been upgrading their programming in recent years and running consistent schedules."

I must confess that our growth has not been an unblemished success. A few new stations have failed. Others are hanging on by their fingernails. However, the good news is that our revenues have done a remarkable job of keeping up with the explosive growth in our ranks.

According to special analyses undertaken by Broadcast Advertisers Reports for our association, the top 25 users of spot television in 1985 placed more than half—a clear majority—of their total expenditures on independent stations.

Some observers have dubbed the inter-industry compromise must-carry proposal "must-carry-for-the-rich." While this mantle is both clever and amusing, it is not accurate. On the contrary, the compromise proposal, if adopted, would provide substantial relief for many new and struggling independent UHF stations. One need only look to the "horror story" examples in INTV's comments to gauge the benefits of the compromise. KOOG-TV in Ogden, Utah, which signed-on after Quincy, has been shut out by virtually all of the systems in its market. Under the compromise, it would be entitled to widespread carriage. WVAH-TV in Charleston, W.Va., which has been bumped to a pay tier on the Beckley system, would be restored to the basic tier. And John Bailie at WTGS in Hardeeville, S.C. would be able to stop paying $2,000 a month to the Time, Inc. system in Savannah, Georgia. Clearly, this is not just "must-carry-for-the-rich."

Need for regulation

Another criticism of the compromise flows from the assertion by some cable interests that the proposal would require them to act no differently than they would in the absence of any rules. Proceeding from this premise, Commissioner Patrick and others have questioned whether a rule which does not alter behavior can possibly meet the "substantial governmental need" test of O'Brien.

The problem with this argument is that it flows from a faulty premise. It simply is not true that the compromise would not affect cable behavior. If adopted, the modified rules would curtail the undeniable anti-competitive behavior that we have observed in the field.

In addition to the "horror story" examples discussed previously, I would note that our stations would no longer be victimized by program blackouts designed to advance the competitive position of cable program channels.

Cable systems are monopoly bottleneck facilities. INTV's comments have documented numerous instances of anti-competitive abuse by cable operators. In our judgment, an agency committed to deference to the marketplace has a special obligation to react when presented with evidence of an impediment to free competition in that market place.

The policy rationale for our compromise, a point on which we and the cable folks are in agreement, is that modified must-carry rules are required to insure the continued availability of some quantum of free-over-the-air television service.

B. Donald Grant

President, CBS Entertainment, in a speech before the Entertainment Law Symposium, sponsored by the Law Center of the University of Southern California, in Beverly Hills, Calif.

Financial interest and syndication rule seen curbing program diversity

As we all know, the financial interest and syndication rules have been an industry issue for over 30 years. We believe the regulatory premises behind their creation were misguided. Since their adoption, the television business has changed dramatically. As a result, we believe the rules today are anachronistic. At best, and at worst, so out of sync with current realities as to be a serious impediment to the successful functioning of our (and I mean "our" collectively) business.

The program development and production process has always been one of sharing risks. We fund a lot of programming, much of which does not find a successful network home. We take that risk. Producers have forgone trying to get all of their profits out of the network run and have been willing to look to the syndication market for their bonanza. Producers take that risk. Now the dynamics have changed somewhat—the risk analysis is different.

The financial interest and syndication rules serve as an impediment to risk sharing between us. By producers hoarding all revenues generated in the syndication marketplace, we have a different and more limited set of incentives to fund certain kinds of network program development and production.

We believe that this reality curtails, rather than enhances, program diversity and has a particularly adverse impact on smaller producers. Studios and major independents have deeper pockets than their smaller colleagues. It gives them an ability to absorb more risk. By eliminating the networks as a potential source of risk capital, it seems as though small producers have the most to lose. In this regard, I think the rules erect barriers to entry rather than encouraging potential entrants into the network production business. The haves have more and the have-nots have less.

Public interest perspective

The most important perspective on this issue is obviously the public interest. What marketplace and regulatory environment most contributes to the abundance, diversity and quality of television viewing choices presented to the American people? The answer to this question has two components. One pertains to the structure of media and the other pertains to content.

The FCC has adopted policies that have encouraged the development of media other than the three commercial networks. They have deregulated cable, authorized a variety of services technologies, stimulated satellite growth and the growth of independent stations. We believe that these "structural" developments are largely unrelated to the existence or absence of the financial interest rules. And we have no quarrel with them. Sure, it means more competition, but we'll just have to deal with it.

We think that the financial interest and syndication rules pertain more to the content of this structure—the programs that we are collectively able to provide. And it pertains most directly to how we are able to collectively share the financial risk of program development and production. The rules curtail our ability to individually negotiate the manner and amount of risk capital we can provide to program producers, because it artificially restricts the revenue stream to which we can look to cover that investment. Ultimately, we believe that these restrictions act to curtail the abundance, diversity and quality of programs offered to the public.

One myth developed around our efforts to change the financial interest and syndication rules that I would like to dispel. We were not seeking to usurp all syndication financial interests and leave producers dry. All we sought was the opportunity to share in that off-network program stream.

Polarization between factions

Well, we slugged it out in Washington for awhile—to a stalemate. Unfortunately, during that battle, our industries—the network television business on the one hand and the production community on the other—became quite polarized, sometimes to an acrimonious degree. We think that this is unfortunate.

We are kind of in this thing together—we really do have a common objective. We may disagree on exactly how to get there, but we do have to get there, and we should try to get there together.

Congress thought the same thing and encouraged us to work something out—industry-to-industry. CBS has tried. Over the course of several months and many conversations, we tried to hammer out the elements of a potential agreement.

But whatever we as industries may agree to, it must still pass two additional hurdles: It must achieve a sufficiently large industry consensus to reach critical mass for implementation; and public policy makers in Washington must agree that it serves the public interest. To date, these hurdles have not yet been crossed. So, stay tuned.

"With the help of these 3 Tribune TV Log lines...

☆Bob's Biggest Party!
Sched: Don Johnson,
Liz Taylor, many more.

My All-Star birthday bash really took off!"

Bob

Bob Hope Enterprises
Burbank CA.

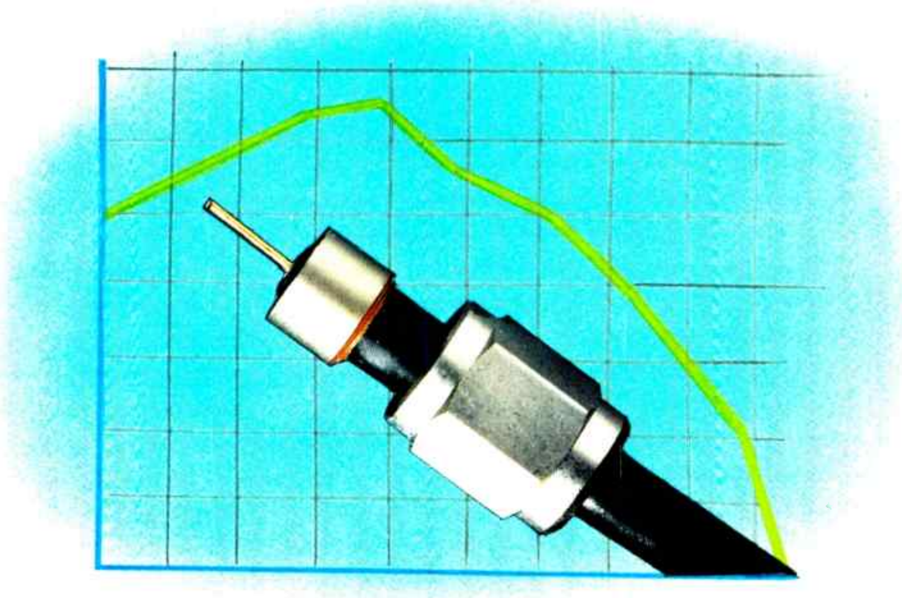
NBC has been celebrating my birthday on TV since 1978, but we started using TV Log long before that. TV Log's always been used to promote my specials because TV Log, put simply, is effective. Joining me and my wife Dolores, were our guests: Don Johnson, Jonathan Winters, Phylicia Rashad, Mac Davis, Brooke Shields, Sammy Davis Jr., Barbara Mandrell, and Elizabeth Taylor. It was one heck of a party, broadcast on NBC on May 26 at 8 PM. I've said it before and I'll say it again—where there's Hope, there's TV Log.

Tribune TV Log

The right time
The right place
The right audience

For more information about Tribune TV LOG'S 115 markets and over 594 newspapers, Please call
(212) 687-0660

Reduce maintenance budgets with the EZF™ Connector System...



Raychem's new EZF Connector System addresses the problems of F-Connectors — RF leakage and moisture penetration — which are among the leading causes of maintenance problems for a cable-TV operator.

EZF is not just a connector, but a system that provides complete, long-lasting performance. Its new design assures superior mechanical strength, tight electrical connections and environmental sealing.

The EZF Connector System has gone thru extensive environmental testing. UV exposure, waterhead testing, thermocycling and salt spray exposure are some of the tests that the EZF System has been designed to pass and still provide exceptional RF shielding.

Features of Raychem's EZF Connector System.

1. One connector fits RG-59, cable and one connector fits RG-6 cable.
2. The only connector available today that provides RF shielding of 100 db at 300 MHz after thermal cycling and salt spray exposure.
3. The system provides an environmental seal at both the cable jacket and port thread interfaces.
4. Reduces finger tight connections and subsequent trouble calls.
5. Crimp tools are no longer needed. A common 7/16" wrench does the final tightening and installation.
6. Cable preps are accurate each time with the EZF Cable Preparations Tool. (For use on both RG-59 & RG-6)
7. Identify customer service with different colored EZF Sealing Boots.

Raychem + **ANIXTER**

WEST-ANAHEIM: (714) 778-4414, (800) 854-0443; **ANCHORAGE:** (907) 274-8525; **DENVER:** (303) 373-9200, (800) 841-1531; **FAIRBANKS:** (907) 456-1815; **SEATTLE:** (206) 251-6760, (800) 426-7665; **MIDWEST—CHICAGO:** (312) 364-7000, (800) 544-5368; **DALLAS:** (214) 484-2933, (800) 231-5006; **SKOKIE, IL HDQTRS:** (312) 677-2600; **ST. LOUIS:** (314) 423-9555, (800) 325-8058; **EAST—ATLANTA:** (404) 449-6533, (800) 241-5790; **CINCINNATI:** (513) 733-9100, (800) 543-0113; **NEW JERSEY:** (201) 328-0980, (800) 631-9603; **TAMPA:** (813) 626-7115, (800) 237-6466; **CANADA—CALGARY:** (403) 250-9646; **MONTREAL:** (514) 637-3511; **TORONTO:** (416) 625-5110.

In an emergency, weekends and holidays or after 5 P.M. call toll free 1-(800) 323-8167.
CORPORATE OFFICES, ANIXTER BROS., INC., 4711 Golf Road, Skokie, IL 60076, (312) 677-2600