

Chapter One

Born in the U.S.A.

Ladies and gentlemen, rock and roll.

—John Lack, August 1, 1981

Television was the miracle of my childhood. The reality of moving images being sent through the air into your home was brand-new when I was growing up in Miami, and for me our 12" black-and-white TV set was my escape capsule. My family was struggling; my father was long gone and money was a problem. I can remember being in a grocery store and wondering if we could afford a 17-cent jar of mustard or a loaf of bread for 22 cents. But every night at 7 o'clock, my grandmother, my great-aunt, my mother, my sister, and I would gather in front of our set and be transported to places where people were happy and having adventures and living exciting lives. Those people on television didn't struggle to pay the mortgage, or scream at each other, or have to meet an endless series of potential stepfathers. Television was our only respite, and one of the few times I remember hearing laughter in our home.

At 10 o'clock, much too late, my mother and I would sit together and do my homework—with the TV on in the background. The TV was always on; it brought the whole world into my life. Even as a child I realized that television was magical. As I got older, to please my mother,

each week I would memorize the entire *TV Guide*, and my mother would proudly have me recite the primetime schedule for her friends. Maybe other kids could recite the preamble to the Constitution of the United States, but I could tell you what time and on what channel *Have Gun—Will Travel* was on.

I loved television. I loved everything about it, and my dream was to work in that industry one day. Even at that age I understood the power of television. It was the ultimate shared experience. Everyone I knew watched TV, and most of us watched the same programs. In school, whatever show was on the night before was almost always a subject of conversation. I listened to the way the people I knew talked about television and I saw how it affected their thinking. It made an impact on me. Television was important to everyone I knew. I figured that if I was watching, so was everyone else—and television could be my way to connect with those people. If I could work in television, I believed, I would have the ability to influence huge numbers of people. And I might even get to meet the star of *Have Gun—Will Travel*, Richard Boone!

It did not occur to me that working in television would allow me to watch as communications history was made. I was there at the beginning of the cable-TV industry, the digital television industry, and the miracle of TV everywhere. I watched as television was transformed from my small black-and-white picture to a 60" 3-D television or a 4" screen on my mobile device with extraordinary clarity. In so many ways television has shaped and changed all of our lives, but in my own life, it has made all the difference.

And I certainly never dreamed that one day I would be the person responsible for bringing *Beavis and Butt-Head* to Russia, or *Pimp My Vespa* to Italy. Or that I would support dressing the animated children's character Dora the Explorer in a burka. Or that I would drink moutai with its 53-percent alcohol content with Mongolian cable operators, negotiate contracts with the mayor of Leningrad, rap with rappers in Saudi Arabia, sing "I want my MTV" with 3,000 Pakistanis in Karachi, and visit Mecca to get permission to launch MTV Arabia. Or that television would allow me to be in Berlin when the Wall came down or in Russia at the birth of capitalism. Or that I would have the privilege and the resources to save many lives by educating young people around

the world about the dangers of—and the truth about—AIDS. Or that I would be cited in gossip columns as being engaged to Naomi Campbell, the best-known supermodel in the world. I certainly never dreamed I would find myself dressed as a police officer in a Japanese karaoke bar at 5 A.M. and singing a duet with U2's Bono—who was dressed as a nurse. But more than anything else, I never expected that together with an extraordinarily young and diverse organization we would build the largest and most successful media network in the world.

With all the attention television gets, with all the glamour surrounding television and the stars it creates, and the immense pleasure it brings to billions of people in every country in the world, the most important thing to remember about the television business is that it is a business and it has to be run as a business. Like any other business, the bottom line is still the bottom line. The problems that I faced in building MTV Networks International were in many ways similar to the problems any business trying to expand throughout the world will encounter and has to overcome. The lessons that I learned can be applied to almost any effort to expand any company into the international market. My business just happens to be more visible than most.

There was a time when an executive at an American company could basically ignore the rest of the world. Many people spent their entire career at one company focusing only on the domestic market. More and more that has become a rarity. It's now estimated that the average person will have at least 10 different jobs in his or her lifetime. To become a successful manager in an increasingly global business community it's absolutely imperative that an executive understand the way the rest of the world does business. More than ever, as the economic growth shifts from America and Europe to China, India, and the emerging nations, having an international perspective is an absolute necessity.

When I joined MTV Europe in 1989 it was a startup operation. At least once, they had to use a car battery to provide the power to keep the channel on the air. Just before I arrived in London a ferocious windstorm had knocked out all the power in our building, preventing us from transmitting. Much of London had lost power; even the BBC was off the air. Then our security guard, affectionately known as "The Amazing Tony," had a great idea. He drove his Ford Cortina up to the front window, got a long extension cord, and used alligator clips to attach it to

his car battery. We managed to get back on the air before the BBC. But in the more than two decades I spent there, MTV Networks International grew from a single channel broadcasting to a few hundred thousand European households, mostly in Holland and Greece, into a giant media network operating 175 locally programmed cable, satellite, and terrestrial television channels and about 400 digital media properties stretching across 163 countries with a potential audience of more than two billion people.

But let me backtrack. I began working in the industry at HBO in 1979, when television consisted almost exclusively of the three national networks as well as several local channels in each city transmitted through the terrestrial signal, frequencies that were picked up by a rooftop antenna. Cable television was in its infancy. For the most part it consisted largely of mom-and-pop operations strung out across the nation. No one possibly could imagine that it would eventually overwhelm the networks and become a \$140-billion-a-year industry. In fact at that time there was considerable doubt it would survive. The business model made little sense: Television was free and it had always been free, so why would anyone pay for it? In those early days the most exciting technological advances were color television and the remote control, which allowed viewers to change channels without getting up, therefore creating the couch potato.

The television business was pretty straightforward in those days. The three major networks essentially had a monopoly and advertisers had limited options if they wanted to reach a mass audience. That wasn't true only in television; at that time most industries offered consumers only limited choices, from the products manufactured by the Big Three automakers and a few foreign manufacturers to the three popular flavors of ice cream. America was the largest market in the world, and an industry could remain very profitable without offering multiple choices and certainly without expanding beyond our borders.

Since that time waves of new technology have revolutionized the world. The United States is now merely part of the growing global market. Those companies that were slow to recognize and adapt to these changes exist today in a far different form, if they are fortunate enough to still be in business. Remember U.S. Steel, or Polaroid? In the media world, technology has now made it possible for viewers to choose when

and where and how they want to watch the programs of their choice. From the rigid weekly *TV Guide* schedule I memorized as a kid, the business has progressed to the delivery of programming on demand to any of several devices most convenient for the consumer. Technology is forcing the industry to change more rapidly than at any time in the past.

MTV Networks International (MTVNI) has ridden all of those waves and, while at times it has been a very bumpy ride, we've emerged to become, according to the respected *BusinessWeek* and Interbrand annual study, one of the most recognizable brands of any type and the most valuable media brand in the world. We took the original American MTV concept of delivering music with a creative cutting edge and adapted it to the customs and desires of almost every culture on every continent—with the exception of Antarctica (so far). We've adapted our programming to meet the technological changes and the generational shifts. We built our brand country by country; sometimes it seemed like we were doing it house by house. I've watched MTVNI in the tallest building in the world and in a hut in Africa; I've watched it in fevalas and I've watched it in the desert. We've done what few companies in any industry have been able to do. We've successfully maintained our global identity while responding to local cultures. The term we've used to describe it is “glocal,” meaning *think local, act global*. That concept has become so common in business it literally is a cliché, but no one can dispute that we were the first company to do it successfully. Ted Turner used to say about Turner Broadcasting, “We were cable before cable was cool,” which I amended and said about MTV around the world, “We were local before local was cool.”

It has not been easy. As with the growth of any business, we have had some tremendous successes as well as some discouraging failures. While building our brand we helped bring down the Berlin Wall, hosted concerts for more than 500,000 people, introduced extraordinary performers to the world—please don't blame me for the Spice Girls—and made a significant impact in reducing the spread of AIDS and human trafficking. But I've also had to make my share of “apology tours.” We have been thrown off the air for a period of time in several different countries and we have made attempts to plant our corporate flag that just didn't work. For two decades I awoke to a new challenge every day.

MTVNI grew up with the satellite and cable industry. In some countries we helped it grow. There was no business model to follow because no media company had successfully created a worldwide brand. Each day brought a new challenge, a new problem, and usually in a foreign language. But we did something no media company had done before and we did it more successfully than any company has done it since. At MTVNI we wrote the rulebook, and we did it by following one basic principle: Break the rules. The foundation of my business philosophy is that in business there are so many rules and so much authority that if you're going to get things done you've got to break those rules.



Break the rules; that was my rule and it was the one rule that I insisted everybody follow. It made complete sense to me. I think it is accurate to say I had one of the most unusual backgrounds in the entire industry. I certainly was the only executive I knew who, as a 25-year-old, commanded three missile bases with 36 nuclear missiles aimed at Eastern Europe and the Soviet military.

I'd planned on attending Vanderbilt University after graduating from North Miami High School, where the number-one challenge I faced was winning the fights after school. I was accepted by Vanderbilt; my picture was even published in the freshman yearbook. Unfortunately, we couldn't afford the tuition and instead at the last minute I applied and was accepted to West Point. It was completely a financial decision. In fact, West Point was probably my last choice. My father was a West Point graduate, a career military officer. My parents had been at Pearl Harbor on December 7, 1941. My mother used to tell me that as the Japanese planes flew overhead he stood in front of the bathroom mirror, calmly shaving. She asked him why he continued shaving when the base was under attack and he told her, "Because I know I'm going to be gone for a long time." My sister Peggy was born in a makeshift clinic a month later, and within days she and my mother were evacuated.

He and my mother had divorced when I was four years old, so essentially she raised me as a single parent. She worked many different

jobs and because she couldn't afford a babysitter I would go to work with her. For a time she worked in a curbside rental car booth at the Miami International Airport, and I'd spend a lot of time there, which might be why I have always been so comfortable at airports. West Point had been a bad fit for me. I came from an undisciplined environment and intended to keep it that way. I didn't like the highly structured environment there and I certainly didn't like the social life. I'd grown up in a household with my mother and sisters. I had an active social life in high school. And too late I discovered that West Point might be the only college in the country from which you leave with fewer social skills than you had when you entered.

When I enrolled in West Point my high school girlfriend, Nancy, went to Florida State. We agreed that we would be allowed to date someone else once a week. We made that agreement before I knew how little opportunity I would have to meet women. In fact, in my four years there I had one blind date. It was on my birthday and she stood me up. The summer before your fourth or first-class year, every cadet travels to different forts around the country to experience the different branches. For example, I was sent to Ft. Knox, Kentucky, for artillery training. During many of these visits, dances were held for young women to meet West Pointers. I was given a blind date with someone whose name I'll never forget: Willy Wingo. She didn't show up. I waited and slowly everybody else met their date and left, leaving only me and this gorgeous woman, who basically picked me up. I thought, *this is the luckiest day of my life*. Although it was unauthorized, rather than going to the dance she took me to a nightclub off the base. We sat down near the front door and were there for only a few minutes when suddenly the door burst open and a guy about six times my size with a cast on his arm walked in, looked around, and came after me. He swung his cast at me, missing by inches. Within seconds the entire place broke out in an old-fashioned brawl. I crawled underneath the table and as soon as I could, I got out of there. But as I reached the door I looked back and my date was smiling at this monster. I figured it out: She had picked me up to make him jealous. That was my one date at West Point.

At the academy I struggled against authority. I was a member of what was known as the "Century Club," meaning I had accumulated more than a hundred hours of punishment duty. It was there I learned the

difference between fighting the system and *finessing* it. I was also overwhelmed by the academic achievements of my classmates. I was convinced that everyone there was smarter than I, and I had to work hard just to keep up with them. I spent a lot of time marching off demerits and graduated toward the bottom of my class. It was at West Point that I learned many of the skills that would enable me to succeed in business, including discipline, time management, the value of teamwork, and the importance of physical endurance. “Duty, honor, country” wasn’t just a motto at West Point; it was our way of life. We went to classes six days a week so we never had enough time to do everything that was required of us. To survive we had to learn how to prioritize. In business there are always more things to be done than time allows, and how to best utilize your time often makes the difference between success and failure. Sometimes it’s simple: Survival is always the priority. When the enemy is coming out of the Vietnamese jungle or you’re about to lose all your distribution in Italy, that is your priority. Otherwise, for me at least, it comes down to intuition, instinct, judgment, and experience—a *lot* of experience.

The reality is that I wasn’t even smart enough to understand how much I learned at West Point, and how important what I learned would be throughout my life.

Too often I have seen people focusing on the wrong things—things that are not going to directly or immediately affect their business. Most of us are surrounded by chaff; chaff is the small bits of reflective foil dropped by airplanes for electronic jamming, which my missile base radar had to cut through. Essentially, it’s a lot of nothing. Leaders learn how to cut through the chaff to determine priorities and to identify the real target.

I’m an inveterate list maker, which started at West Point. For me, when I just listen I can recall a certain amount, when I recite back what I’ve learned I can recall a certain amount more, but when I write down something I recall it best. I may not even consult my list, but the action of writing it down seems to inscribe it in my mind. I also have made a point of writing *everything*—my lists, memos, notes, and letters—in green ink. That’s one of my few idiosyncrasies. Green has always been my favorite color. It’s the color of hope; but more importantly, no one else was writing in green, so when anyone received a document in green ink they instantly knew it came from me. That saved a lot of time.

And people did receive a lot of green handwritten notes—and birthday cards—from me. Taking the time to handwrite a note complimenting someone for doing a good job or remembering to send a person a card on an occasion is an easy and very effective means of giving positive reinforcement. It's a little thing that often makes a big difference.

Teamwork, of course, is essential, whether on the battlefield or in the boardroom. An executive is the sum total of the people he or she works with; I don't believe there is anything more important to success in a large company than putting the right people in the position in which they can be most effective and then allowing them to do their job.

Very few people in business have traveled as extensively as I have, and without the commitment to physical fitness I learned at the Academy that would have been impossible.

The ironic thing about my struggles at West Point is that by the end of my 11-year military career I had accumulated more command experience than any of my classmates. Command time is essential for anyone intending to move up the military ladder. When we graduated in 1970, the Vietnam War was growing increasingly unpopular and people were doing everything possible to stay out of there. I was one of a small percentage who volunteered to go; at West Point we had been taught that the war was the strategically correct response to communism, while every day I was reading in the *New York Times* about the massive antiwar movement sweeping the country. Even among the cadets we debated the wisdom of the war. I decided the only way to reconcile those differences was to get over there and decide for myself. West Point had prepared me for battle; there was a war going on and I felt it was my duty to be there. Instead I discovered that when they drop you in the middle of a combat environment your sole concern is survival. My strategic vision was limited to who was coming out of the jungle to try to kill me.

Many years later I would drive with Tom Freston, the chairman of MTV Networks, for eight hours through the Afghanistani countryside to Bamiyan, where the Taliban had destroyed the ancient statues of Buddha, with only three bodyguards who were in a car far ahead of us. Another night I walked alone through the crime-ridden favela, the slums, of Rio. In a nightclub in Shanghai a group of thugs suddenly surrounded

me and tried to rob me. But I was rarely scared. After Vietnam I just never again felt like I was in danger.

I thought I was prepared for combat. After West Point I'd gone the gung-ho route through Airborne school and Army Ranger school. It was at Ranger school that I first encountered the harsh reality of military life. We made a parachute jump one unusually windy night because some brass showed up—and my roommate from Airborne school was killed. We took five minutes to deal with that, then we went right back on patrol. But as I discovered almost immediately after arriving in-country that there is nothing that prepares you for battle—except battle. In Vietnam people used to joke that the life expectancy of a second lieutenant was measured in hours. I was a second lieutenant. As a result I learned “boots on the ground” command management.

In Vietnam I commanded a platoon stationed on the border with the north. We provided perimeter defense along the demilitarized zone for four forward fire bases, we cleared mined roads, we conducted raids into enemy territory, and we spent much of our time dodging Vietcong 122-mm rockets. I still have shell fragments from one of those rockets that narrowly missed me. We were constantly in danger of being overrun. Every night in command meetings we were told the same thing: The North Vietnamese are massing in preparation for an attack. I spent an entire year without a single restful night.

My platoon was attached to an artillery unit. We had the biggest cannons in the Army, 175-mm long-range guns that could toss a round of ammunition 26 miles and very accurate eight-inch howitzers that fired a 200-pound high explosive about 10 miles. Several of the commanders of the fire bases were real cowboys. When they suspected an incursion, they would level those eight-inchers completely horizontal and fire straight ahead, maybe a thousand meters. That's not a long distance for a weapon capable of firing 10 miles. It leaves a large hole in the jungle. My platoon was armed with 40-mm mechanized dusters, basically small tanks, and mounted quad 50s, which had been designed to provide air support in previous wars, but because we had air superiority we used them for ground coverage. When we sprayed a valley with a quad 50 we made our presence known. My unit was one of only three units in Vietnam equipped with this powerful weapon, which made us very popular with other combat troops.

I spent one year in Vietnam, half of it as a platoon leader and the rest of the time as an aide to a general. The lessons I learned during that time helped shape everything I did after that. I learned the importance of making quick and firm decisions, communicating those decisions clearly to my troops, and then doing anything and everything necessary to implement them. I learned the importance of building morale, camaraderie, and a team spirit. I learned how to deal with the chain of command and how to get around it when necessary. And after living on the frontlines for a year there isn't much that intimidates me. For example, at a concert we produced in Cape Town, South Africa, to increase awareness of the preventative measures that would help reduce the incidence of AIDS, and fight the stigma associated with the disease, we had a problem with P Diddy. He was scheduled to be the closing act that night. Usher had opened the show and his set had run longer than scheduled, so the show was running late. Alicia Keys was onstage. P Diddy told me flatly, "You need to pull Alicia Keys right now or I'm not going to perform." I couldn't believe it. Alicia Keys had poured her heart into this concert, rehearsing practically nonstop with a full choir, and there was absolutely no possible way I could interrupt her performance.

But P Diddy was serious. Admittedly, we shared some of the responsibility. We'd told him he would go on while it was still daylight and the sun had already set. But predictability generally is not a hallmark of a rock concert.

In a situation like that the first thing is reduce the volume, and try to avoid a confrontation. "Why?" I asked.

P Diddy was surrounded by several massive bodyguards wearing their sunglasses. None of them were smiling. "'Cause I'm so tired," he explained.

I wanted to diffuse the situation, so I put my hand on his arm. It was a friendly gesture, something I often do, but as I touched him one of those bodyguards stepped in and pushed my arm away. His bodyguards formed a tight ring around us. The situation was getting tense. I assume I was supposed to be intimidated. But when you've spent every night for a year in Vietnam waiting for the enemy to come out of the jungle, glaring bodyguards don't have much effect. I explained to P Diddy that the huge audience had come to see him and that he really didn't want to let them down. But rather than simply telling him there was absolutely

no chance I would do anything to interfere with Alicia Keys' performance, I told him I understood how tired he was and I would speak with her manager.

It wasn't a lie. I spoke with her manager and told him, "P Diddy is quite anxious about getting on and he wants us to cut Alicia's set. *But* I don't want you to do anything at all." There. When she finished her complete act P Diddy went on to close the show and, as we anticipated, he was tremendous. But the key to solving that particular problem was maintaining a calm, unemotional demeanor.

After completing my tour in Vietnam I returned to the United States and spent 18 months as second in command of a nuclear missile base in Travis, California, right outside San Francisco. The commander of that base was an officer named Jon Thompson, who was also a West Point graduate. The base was austere and one day Jon decided that we needed a pool and he was going to build it. None of these bases ever had a pool. Everyone thought he was crazy, and they continued to think that until they were swimming in Jon Thompson's pool. Watching him reinforced my belief that the first "no" was never a final answer.

By that time I had married my high school sweetheart and we were transferred to Northern Italy, where I spent four years in command of three NATO nuclear missile bases. I employed several hundred people and had responsibility for weapons and materials valued at several hundred million dollars—and the capability to kill millions of people by pressing a button. Each base was equipped with 12 Nike-Hercules missiles; ironically, when my father was an engineer in the Army he had worked with former Nazi scientists at the Redstone Arsenal in Alabama on the program that built the Nike-Ajax, the predecessor to our missiles. The Nike-Hercules was America's last wall of defense. It was a medium-range air defense missile with a range of about 200 miles. Originally, it was a surface-to-air missile, the weapon we would depend on to shoot down the Warsaw Pact's nuclear bombers, as well as any incoming missiles, but later it was converted to a surface-to-surface function. Each of my missiles was 30 kilotons, twice the size of the bomb that devastated Hiroshima.

If I learned how to deal with fear in Vietnam, in Italy I learned how to live with pressure and stress. In Italy, my security clearance was top secret, atomic, cryptographic, which meant that I had access to the

nuclear codes and NATO's war plans. There wasn't a minute when I could just relax. When you are commanding nuclear missile bases you learn not to lose your temper, which is a valuable management trait most of the time. *Most* of the time.

When I entered the business world I was used to being calm, cool, and collected no matter how much pressure was being exerted on me. I learned very quickly that in the business world an important element of leadership is showing your staff how much you care. At one point a senior executive at HBO commented to me that I never showed any emotion. I thought about that. I had always been a very emotional person, but I had learned first at West Point and later in the field that a commander doesn't show his emotions; a commander is always cool under pressure. But in the world of business there are people who equate emotion with commitment, and at times my calm demeanor was mistaken for a lack of passion. At HBO I actually found myself acting out emotion to prove to my people that I cared desperately. I don't like to shout, but I learned that sometimes you have to raise your voice in front of your own people to emphasize a point; although never—I have always believed this strongly—never *at* your own people.

In addition to being on the front lines of the Cold War, at that time there were several terrorist groups, including the notorious Red Brigades who had kidnapped and killed a former Italian president, and whose express goal was to penetrate a nuclear missile base, so for years we existed in a state of total preparedness for attacks from both inside and outside the country. We were continually being evaluated and tested. There are few situations more stressful than commanding a nuclear missile site and trying to determine in 30 seconds whether the aircraft approaching the base was a friend or foe. There was no margin for error. We had to be perfect every day. A single failure could mean the end of my military career.

I spent 11 years in the military, almost all of it in command positions. When I resigned my commission I had valuable management experience, but I knew nothing about the business world. I didn't know the terminology, I didn't know how to read a P&L statement, I didn't know about strategic planning, and I did not even know what a *logo* was. I did know how to fire a duster and lead a patrol in the jungle, but I doubted there was much demand for those skills in the business world.



If I wanted to have a career in business, I realized, I had to go to business school. I believed that would provide the broadest possible base to make the transition from the military to the civilian world. The only business school to which I applied was Harvard, primarily because it was the only business school I'd ever heard of, and miraculously I was accepted. My experience at Harvard was similar to West Point; I was convinced every one of my classmates was smarter than I. I wondered how I'd gotten in, and to do well I had to study six hours or more a day. While I loved the two years I spent in Cambridge, and the exposure I got to a different world was invaluable, beyond learning the fundamentals of the business world I'm not sure the actual education was applicable to real-life situations, at least initially. At Harvard the case studies taught us how to make decisions as CEOs, but in reality those of us whose last name was not on the front door entered the business world at a substantially lower level. In that real world, our initial decision-making opportunities were more often what to order for lunch than how to run the company.

Harvard MBA students spend the summer between their two years interning. Most of my classmates gravitated toward high-paying jobs in banking and consulting in New York, building connections that might result in a lucrative career. I knew I wanted to go into television, so I found a job at the ABC Boston affiliate, WCVB. While my classmates were receiving substantial salaries, I was being paid minimum wage at a local TV station. I didn't care. I was working in the television industry and I absolutely loved it. The first question anyone should ask himself or herself when entering the career market is: What rewards will be the most personally fulfilling? What are those factors that make you happy? Maybe that question seems obvious, but I've found that often people pursue careers for the wrong reasons and end up trapped. I loved the media world, so for me that was the television industry.

At WCVB I learned the dynamics of local television, from the studio to the president's office. My project was to evaluate the existing salary structure to determine whether it accurately reflected the needs of the station. I interviewed every person working at that station and each of

them opened up with me, perhaps because we were talking about their salaries. As a result I learned more in that one month than I did in two years at Harvard. I got lessons in management, motivation, and how the television industry worked. I spent much of my time trying to bridge the gap between the creative side and the business side; it was the first time I had to deal with the conflict between programming and sales. Maintaining a wall between the two sides is one of the central conflicts in any media organization, and often it requires mediation and management.

Harvard provided the necessary bridge for me from the military to the business world, without which I never could have been successful. But the truth is that there is nothing that prepares you for business—except business. Students spend much of the second year of the program focusing on getting a job. There is no lack of opportunity for a Harvard MBA. Corporations come to Cambridge to recruit, and there were days on which I interviewed with 10 different companies. I interviewed with every industry—consulting, banking, manufacturing, even insurance companies—and at the end of the process I received several offers, the most substantial coming from the 300-year-old Insurance Company of North America. It was a great proposal from an excellent company, but having spent 11 years of my life in a highly structured environment—West Point and the U.S. Army—I couldn't visualize myself being happy in a traditional corporate environment.

I remember the precise moment I realized what I wanted to do. I'd flown to Chicago to meet with the human resources director of a major manufacturing corporation. Coincidentally, it was the evening the Academy Awards was being broadcast. I was sitting with the HR director in the corporate cafeteria, being briefed on our agenda—but as she enthusiastically went over my schedule for the next few days I completely lost interest. A television in the background was tuned to the Oscars and I couldn't take my eyes away from it. I wondered, *what am I doing here?* I decided to pursue my passion. I was going to work in television.

Only two of the several media companies with which I'd interviewed offered me a job. It had been difficult to convince executives that serving in combat and commanding nuclear missile bases had a transfer that would be valuable in the media world. My dream job was working for one of the three networks. When NBC offered me a job as a unit manager, which is basically a financial job overseeing programs, I

was very excited. NBC! That was my dream. It was one of the giants of the television industry. I was certain I would take that job. But as I walked the hallowed halls in Rockefeller Center it wasn't nearly as glamorous as I had imagined it. Rather than the exciting, creative environment I'd imagined, it felt very corporate.

The other offer I had was from a startup cable channel, Home Box Office (HBO). My Harvard classmates were accepting those high-paying jobs at the prestigious financial institutions, consulting firms, and on Wall Street. When I told them excitedly, "I got HBO!" they looked at me quizzically and asked, "What's that?" I didn't care; it was television—sort of. Cable television was a new industry, which I believed meant there would be more opportunity for someone like me. Executives with years of experience in broadcast television couldn't afford to take the risk of joining a new and completely unproven business, but I had absolutely nothing to lose by working there.

Contrary to the generally accepted belief, cable television was not founded to bring additional channel choices to viewers. It was simply an alternative means of transmitting a broadcast signal. There were a lot of rural areas that for various reasons could not receive the three networks, which normally were transmitted across the country terrestrially, from tower to tower, so cables had to be laid to connect those areas to the television world. In the beginning no one anticipated it would become an alternative or an addition to those broadcast channels. Initially, people referred to it as *CATV*, meaning *Community Antenna Television*. There also had been several attempts to launch experimental pay-per-view systems. In one of them, for example, when the homeowner wanted to watch a specific program he would literally deposit cash in a box on top of his set. They were also broadcasting pay-per-view events, like championship boxing matches, to movie theaters.

HBO had been launched by Charles Dolan, whose company, Sterling Manhattan Cable, spent a fortune laying underground cables in lower Manhattan to serve those areas that had difficulty receiving clear signals because of the surrounding tall buildings. This was the first underground cable system in America. In addition to transmitting the three networks and some local stations to his customers, Dolan offered them the subscription channel he'd founded called HBO, which broadcast movies and sports events. HBO was cable-TV's first entertainment channel. In the

early 1970s, Dolan had begun distributing HBO outside New York through traditional microwave transmission. The magazine publisher, Time Inc., which initially had bought a 20 percent stake in Dolan's channel, bought control of the entire company in 1973.

Several of the offers I received paid substantially more than HBO, but HBO was a ground-floor business and I thought I could grow with it. There was an entrepreneurial spirit there that appealed to me. I was recruited by a legendary figure in the industry named Tony Cox, who was then head of sales and marketing and eventually became president. He was extremely charismatic, a real "people person" who reminded me a bit of a military commander because he had the unique ability to get people to charge up the hill regardless of the chance of success—which reaffirmed one of my definitions of leadership.

Truthfully, my mother wasn't particularly pleased when I told her I'd accepted this offer because she'd never heard of HBO, but she did perk up when I told her it was part of Time Inc., because she'd heard of *Time* and knew I'd be working in the prestigious Time-Life Building.

The opportunity to be part of this industry at this time was incredibly exciting. As decisions being made today will shape the future of the Internet, the decisions being made then would shape the future of cable television and I got to sit in on those meetings and voice my opinion. It seemed like the media version of oil wildcatting. In wildcatting, oil drills are set up in areas not known to be oil fields. It's a risk that can have big rewards. We were building a business, one house, one town, one city at a time—and we weren't sure of the outcome.

This literally was a business being created from under the ground up. Among the many questions to be answered was whether it should continue to be a subscription service, meaning customers paid a monthly fee and received all the programming, or pay-per-view, meaning customers paid only for those programs they wanted to watch. Should programs on HBO and the other new premium channels be sponsored like broadcast television or commercial free? Should programming be broadcast 24 hours a day or only those hours when the bulk of viewers would be watching? There was little data to support any conclusions to these questions. It just came down to somebody making a decision. At HBO, for example, we went back and forth on whether we should sell advertising. Was the announcement "brought to you by ..." really

advertising? Would consumers object to a brief ad at the beginning of a movie? We also debated the wisdom of broadcasting the entire day—who was watching at 4 A.M.? We ended up deciding to broadcast commercial-free television the full 24-hour day more as a marketing tool than because we believed anyone wanted to watch the channel in the middle of the night. The research we did do always concluded that unedited and commercial-free television was our number-one attribute.



I began working for HBO in 1979. At that time HBO was a subscription channel broadcasting only nine hours a day. Its programming consisted almost entirely of theatrical movies, shown numerous times throughout the day and night “unedited and commercial free” and generally before they were shown on network television, and sports, primarily boxing. The problem was that people would subscribe for a major fight, and then cancel their subscription. What little original programming HBO did was extremely inexpensively produced shows like HBO’s first show, the *Pennsylvania Polka Festival*. It wasn’t until 1983 that HBO began creating its own original programming, like the comedy-sketch show, *Not Necessarily the News*, and produced its first movie, *The Terry Fox Story*.

In order to understand the business, I began my career at HBO on the front lines—as an installer. After a building was wired for cable, an installer would have to go into an apartment to connect it to the system. That was me; for several weeks I was Bill the Cable Guy. I hooked up cable and made repairs in about 12 apartments a day and it was an extraordinary experience. I remember walking into an apartment and noticing cans of cat food piled high on the kitchen table—but the owner had no cat. Often people would ask me to sit down just to talk because they were desperate for company. And, unfortunately, too often people would yell at me for causing real or imagined problems.

Within several weeks I moved into the job I’d been hired to do. As manager of HBO’s National Accounts, my job was to negotiate deals

with cable operators and then travel throughout the country to launch HBO on their systems. I negotiated all day, every day with tough, savvy, powerful men who knew how to use that power; and as challenging as it was, I loved it. Ironically, those people yelled at me too.

I learned immediately that in the cable-TV business only one thing mattered: *distribution*. Distribution, distribution, distribution. Later, at MTV, my mantra would become “aggressive, creative, relentless distribution.” *Distribution was the whole business*. Cable systems were largely local mom-and-pop operations, many of them struggling to survive. The government had granted these companies *natural monopolies*, recognizing that small companies couldn’t justify making the huge investment necessary to build a cable system in a competitive market. In most areas there just weren’t enough potential subscribers to support two companies.

Arguably the single most important decision in the history of the cable industry was made by an executive named Jerry Levin. Initially, HBO transmitted its signal to cable operators through a terrestrial-based microwave system, which limited its distribution. But in 1975, Levin made the momentous decision that we would distribute that signal by satellite to cable operators across the country, who would then distribute it by cable to their customers. It was a revolutionary concept and it was extremely controversial. Many people were highly critical of his decision. Unfortunately, the only satellite dishes capable of receiving HBO’s signal were huge and expensive. These original dishes looked more like scientific earth stations searching outer space for signals from aliens than a transmission system for the *Pennsylvania Polka Festival*. While Levin’s visionary decision was courageous, each dish cost more than \$100,000 and few of the smaller cable operators could afford to buy one. Without those dishes in place there was no way we could get the distribution we needed. To help solve that problem HBO initially financed the capital that enabled cable operators to buy the dish and receive our channel. As a result, the cost of those dishes came down. This was one of the first projects I worked on at HBO and it allowed us to transmit our signal across the entire country. It gave us instant access to every cable system in the country.

This was the decision that accelerated Jerry Levin’s career. Unfortunately, several years later, he also made the decision to merge Time Warner and AOL, another revolutionary decision that caught the

industry by surprise. But unlike his original decision, which led directly to the massive growth of the cable industry, this decision proved disastrous. Sumner Redstone, the brilliant entrepreneur who created Viacom and was my boss for more than two decades, once mused, "One of the smartest people I've ever met made one of the most questionable decisions ever." Unfortunately for Levin this merger was far ahead of its time. In fact, it was later described as "The worst deal of the century." While today the concept of merging a major Internet company with a leader in traditional media may make sense, this took place much too early. It was also very poorly executed. The culture at each company was so strong that rather than combining their strengths and working together, they were at each other's throats. That didn't surprise me. I remember sitting at a large, round table with Quincy Jones and AOL Chairman Steve Case at Davos just after the merger had been announced. I overheard Case say forcefully, "We are going to change their culture." I knew immediately that there was going to be trouble in paradise. Finally, because this took place at the peak of the Internet bubble, AOL essentially acquired the much larger Time Warner. Time Warner had more substantial assets, generated more revenue, and returned greater profits, yet AOL's stock had an inflated value.

As the cable business developed there were two levels of programming, basic cable, which meant subscribers got a package of many channels for their monthly payment, and premium channels, for which they had to pay extra. Time Inc. sold HBO as a premium channel. To see first-run movies "uncensored and uncut" subscribers had to pay an additional fee to the cable operator, of which we got a share. The formula was simple: Cable operators charged subscribers about \$10 a month for basic cable, which consisted of about 20 channels, and an extra \$7 to subscribe to a premium service like HBO. The fee we charged cable operators varied with the number of subscribers they delivered. Of that \$7, for example, the cable operator might pay HBO \$3.25. The basic cable channels were much less expensive to the cable operator. Instead of paying \$3.25 to HBO, for example, they might pay 10 cents per subscriber for CNN or even MTV. But for those channels distribution was as important as or even more important than the revenue fee, because they also sold advertising, and as with terrestrial networks the price they charged advertisers was based on the number of

viewers they delivered. Unlike HBO, which had only one revenue source, those basic cable channels had a dual revenue stream—fees and advertising. It was a beautiful business model: If their advertising went down because of economic conditions or a ratings decline, they still had subscription fees that were consistent and predictable. If advertising went up, you suddenly had rapid growth. Over time, those dual revenue streams made basic cable a more profitable business model than premium channels. It remains a very workable and profitable system.

The biggest threats to the cable industry were the phone companies, because they already were hardwired to just about every home in the nation, and home satellite dishes. The cable industry was spending a fortune wiring the country house-by-house while the phone companies already were connected and satellite companies did not need to lay cable. If the cable signal was not encrypted, meaning put into a code that had to be unscrambled to be seen, viewers at home could intercept our signal, everybody's signal, without paying for it. Fortunately for the cable operators, the phone companies were prohibited by government regulation from carrying programming and the only satellite dishes initially available were very large and very expensive.

I was fortunate to be at HBO at that point. We were in a perfect symbiotic relationship with the cable industry. Our programming helped the cable industry sell subscriptions, while the growth of the cable industry made it possible for us to expand. Consumers wanted HBO but they could get it only by subscribing to a cable service, while we needed the cable systems to reach our customers. There literally was a race to wire the nation. We had a unique product in a rapidly growing industry and the financial support of one of the largest media companies in the world. Cable operators loved HBO because it attracted new subscribers and provided substantial revenue. There was no CNN, no Discovery, and no MTV; there was only HBO. If you wanted movies uncensored and uncut, if you wanted to watch championship fights in the comfort of your own living room, you had to have HBO.

By the time I got into the industry the consolidation that would result in the creation of major corporations like Bob Magness and John Malone's TCI, Charles Dolan's Cablevision, Cox, Newhouse, TelePrompTer, MetroVision, Comcast, and ATC, which later became Time Warner Cable, was just starting. At HBO I worked for the National

Account Group, which basically did deals with these multiple system operators (MSOs). The product I was selling was entertainment, but it could have been almost anything. I was one of the three original employees of that unit, so I grew with it. This was my postgraduate education in deal-making, entrepreneurship, and cable television. I had loved the intellectual stimulation at Harvard, but my education there had little to do with the real world of business. As I had learned to do at Harvard, during my first month at HBO I spent considerable time writing a very sophisticated marketing plan for a small mom-and-pop cable system in Connecticut. I presented this detailed plan to a man named Barry Stigers, who looked at me as if my rocket ship had just landed at the strip mall. It had absolutely nothing to do with his world.

I had the opportunity to work with and learn from a group of impressive, intelligent, creative men who were building an industry. Frank Biondi, a straight-shooter and well-respected executive who later became president and CEO of Viacom, was on the programming side. Michael Fuchs, who eventually became chairman and CEO of HBO, was creating the cutting-edge programming that became a hallmark of the channel. Jeff Bewkes, a charismatic and especially astute executive who eventually became chairman and CEO of Time Warner, started the same week I did. In fact, he looked so young that he told me once he was jealous of my prematurely gray-streaked hair, "because people will take you seriously." Jeff and I actually were involved, at least peripherally, in the creation of Bob Johnson's BET, Black Entertainment Television. Jeff was in finance, and together we negotiated a deal with TCI in which they got a satellite transponder for very little money. In exchange for partial ownership, TCI used that transponder to launch BET, which became a huge success and in 2000 was purchased by Viacom for about \$3 billion.

On the business side, I learned from men like Tom Oliver, Peter Frame, Julian Brodsky, and J.C. Sparkman. Cable TV was a new business and we had to invent a whole new vocabulary to describe it: *Penetration* meant what percent of total households potentially reached by cable subscribers and how many of those subscribers bought HBO; *churn* was the constant turnover of customers; there were *new builds* and *old builds*, *head-ins*, and *volume* and *performance discounts*. I grew with our business. Tom Oliver was one of the most creative dealmakers I've ever known. We would sit on an airplane for hours and he would take me

through the extremely sophisticated and complicated process step-by-step. From him I learned *performance pricing*, *sliding scales*, *decision trees*, and the thousand other details that make up the art of a deal. Negotiations with the cable systems could be extremely difficult and complicated. We were dealing with monopolies who understood completely the economic value of their distribution capability. There were so many different aspects of each deal to be considered, and it was all new. Much of the time we were fighting over pennies per subscriber, but as I was to learn from the legendary J.C. Sparkman, who ran John Malone's TCI, "A small number times a big number equals a bigger number." *Scale*, as he called it, meant that if you had a large subscriber base, a few pennies eventually became a substantial number of dollars. And those fights sometimes went on for months. Tom Oliver understood it all and was an artist at structuring a deal. He was analytical, especially in crafting a deal, although I suspected he enjoyed the negotiation more than the close.

Closing the deal was a skill I learned from a genius named Peter Frame. While Tom was all about negotiating a deal, Peter was a master at long-range planning—at steadily growing a business. Julian Brodsky was a financial wizard who teamed with the legendary Ralph Roberts and his son, Brian Roberts, to build Comcast into the nation's largest cable system. I learned from all of them, but if there was one person who taught me the art of negotiation, it was J.C. Sparkman.

One weekend during my first year at HBO I'd snuck away to go skiing in Jackson Hole when Stan found me on the slopes and told me with excitement in his voice, "Bill, you got TCI."

I got TCI? That was great, except at that moment I didn't even know what that meant. Eventually, though, TCI became the largest multisystem operator in the industry and HBO's most important client. I practically lived in their office. In fact, I became so close to those people that Sparkman offered me a good job. I was tempted to take it, but I just loved what I was doing and wasn't ready to make a change.

J.C. Sparkman seemed like he had come directly out of Central Casting. He had a very large and dynamic personality. He spoke with the commanding voice of a Hollywood leading man and had the charisma to dominate every room he was in. While John Malone was the financial wizard who devised the strategy that turned TCI into the industry

gorilla, Sparkman ran their operation. We were continually doing deals with TCI; we did renewals, product launches, and promotions, so I spent an enormous amount of time with him. Tom Oliver and I would take the 6:50 A.M. flight Monday morning from Newark to Denver and hole up in Sparkman's office all day—and the day usually ended with a parting shot of vodka and a long flight home that landed at midnight.

For J.C. Sparkman, more than anything else business was about relationships. He insisted on dealing face-to-face with people. Business for him was people, not products. I spent countless hours with him over meals and drinks, on trips, and in his office. We'd spend those hours talking about family, politics, sports, the world, but mostly the business of cable television. He taught me about the cable industry; he even taught me about the strengths and weaknesses of HBO. He used to say, "Don't you worry, one day we're going to buy HBO."

J.C. was definitely a hands-on guy. Normally, when you're ready to launch a system you flip a switch and you're on the air. But as we were getting ready to launch in Laramie, Wyoming, there was a massive power outage. The whole system was down. J.C. took the situation in his own hands, drove to the head-in, the location where the earth station receives the satellite signal, and actually fixed the problem literally seconds before we were scheduled to go on the air.

But he also was a very tough negotiator. TCI often demanded that content providers give them partial ownership of the company in exchange for distribution. That's how the Discovery Channel got started; that's how BET got started. J.C. was always searching for a way to increase the rate a penny or two. He was always trying to get us to give him a favored-nations clause, meaning that if we gave another distributor a better deal, TCI would automatically get the same or a better rate, or exclusivity. Occasionally, our negotiations would get really heated. I got used to him getting angry, walking out of the room, and slamming the door behind him as he left. We knew eventually he was coming back. We'd sit there waiting or take a break, although admittedly at times that break would consist of us going home.

But J.C. and I learned to trust each other, and that trust helped us complete a lot of difficult deals. At one point I closed a 10-year deal with TCI that probably was the first billion-dollar programming contract in the cable industry. But as part of that deal, he made me promise that I

would be at every premium launch throughout their entire operation to help insure its success. And they were launching an average of three per month. So I crisscrossed the entire country launching HBO. Name a small city in America and I probably have been there. I traveled from Parkersburg, West Virginia, to Cody, Wyoming, to Cedar Falls, Iowa. I often appeared on local television pitching this amazing service: "Movies just like you watch them in the theater, unedited and commercial free, in the comfort of your own living room." Sometimes I would answer phones on the air, as if it were a telethon rather than a new business promotion, taking new subscriptions by hand. At HBO I practically lived on the road for 10 years. I was the cable industry's traveling salesman.

I got to be good at it, probably because I loved what I was doing. In life as well as in business, the ability to sell is the foundation upon which success is built. That is increasingly true as the world evolves. Some people are turned off by the concept of selling, but I think that's because they don't really understand it. Even in Vietnam I had to sell the mission. I had to inspire my troops, in the military, for example, even though I had the formal authority to force troops to obey my orders, I found that if people didn't believe in the mission, I never got a total effort from them.

At HBO I was selling every time I walked out the door. I was selling my product, my company, and perhaps most importantly, myself. That was when I learned to truly appreciate the importance of looking a client in the face when there is an issue to be resolved. As J.C. Sparkman taught me, nothing replaces being there. That became a lot more difficult years later when "there" meant flying thousands of miles to a distant country rather than driving a few hundred miles to a neighboring city. But even after technology made it possible to have videoconferences, I continued to get on a plane and make those trips. I am convinced that there is no substitute for face-to-face meetings, especially in the international market where trust and personal relationships mean everything.

I know there are many CEOs who disagree with me. A successful colleague of mine, who runs a major global corporation, never travels. His philosophy is if people want to see him, they should come to his office.

When companies are facing a budget crunch, travel and entertainment are the first things to be cut. Maybe that's the right decision; maybe some trips aren't absolutely necessary. Certainly for inter-corporate

communications videoconferencing can be a useful tool, especially in situations like Viacom, where offices are separated by thousands of miles. But relationships can make or break your business, and throughout my career there have been numerous situations in which the personal relationships I'd built during those less-than-essential trips proved absolutely vital in resolving a problem. No one should underestimate the value of forming strong personal relationships, especially when doing business in Asia and the Far East. In the western world, when you meet with an executive from a company with which you want to do business, generally speaking, you'll conduct that business first and then maybe a relationship will develop. But in Asia it's critical to build a personal relationship first and the business relationship will follow. The trust factor that is built through that personal relationship may eventually prove more important than any contract you sign. In my opinion, western executives don't travel enough to that part of the world.

One memorable night, for example, then-MTV Networks Chairman Tom Freston and I had dinner in China's Forbidden City with about 200 cable system operators from across the entire nation. Although I do know there were among our guests several system operators from Mongolia as well as the province of Guangdong, I can't remember every detail because we respected a local tradition—numerous times. The cable operators formed a long line and I had to drink a moutai toast with each one of them. What I failed to appreciate is that each one of them had only one drink, whereas Tom and I had one drink with *each* of them. My plan was to match them toast-for-toast. My plan failed—gloriously. It was impossible to keep up with them. Later that evening we all sang karaoke. The cable operators all sang arias from various opera. It was a scene out of *Indiana Jones*, two somewhat-inebriated Americans in a room filled with Chinese singing operas. When our turn came, Tom sang “The House of the Rising Sun.” My original plan was to sing “My Girl.” Somehow I ended up singing a duet from *Madame Butterfly* with one of our Chinese guests.

I often quote a man named Vinnie Longobardo, for a time the head of MTV Asia, who once said, “I regret I have but one liver to give to my company!” Getting inebriated hardly sounds like a positive business strategy, but in fact the relationships we built or solidified that night would prove vital in the future. Extending our brand to China was

certainly one of our more complicated efforts. For different reasons MTV was pulled off the air by the central government several times. But at those times there were people we could contact who helped us rectify the situation, men and women with whom we had formed personal relationships—oftentimes over alcohol.

Selling HBO had become my life. After 10 years, my marriage had ended; Nancy and I had married too young and had grown apart. Although these many years later Nancy, her sister Annette, and her wonderful father, Baron Capizzi, still remain close friends. In reality, it would have been impossible for me to do all the traveling necessary for this job if we had stayed married. Eventually, I was selling, servicing, and supporting 20 good-sized accounts at HBO. It was absurd; no one person could cover all those accounts. But I had developed a “can-do” attitude at West Point and believed there was almost nothing I couldn’t accomplish if I focused on it. Twenty accounts? I’ll take some more! A problem? Don’t worry about it; I can solve it. As I’ve learned in my career, at times that can be a flaw. Eventually, you do end up with more than one person can handle.

I had to learn how to *delegate*. But because I had this attitude I objected strenuously when Stan Thomas started taking accounts away from me. When I argued with him he asked, “When was the last time you saw So-and-So?” “A month ago,” I said, probably stretching the truth a little, but it still was the wrong answer. “You’ve got to see them once a week,” he said, and then he asked me a question I have never forgotten and have often asked people working for me: “Would you rather do 10 things half-well or five things *really* well?” Decades later, when at first I resisted hiring someone to take over many of my responsibilities, this was the question I asked myself.

While I was helping build HBO, numerous new cable channels were being founded—*boom! boom! boom!* By the early 1980s, they were popping up almost overnight. Cable operators had more channel capacity than they had programming to fill it and they were desperate for channels they could add inexpensively to their basic service. In March 1979, the children’s channel Nickelodeon was founded to be, as Warner-Amex President Gustave Hauser explained, “the first children’s channel of programming wholly created for cable television audiences.” In June 1980, Ted Turner launched the first 24-hour all-news channel in

the United States, CNN. And on August 1, 1981, MTV began broadcasting on a single New Jersey cable system.

It's almost impossible to credit any single person as the man who created MTV. I'm not even sure it matters, because what MTV has become is completely different from the channel anyone originally imagined it would be. It's evolved and reinvented itself countless times. I'm also convinced that very rarely is an idea the product of only one person's mind. In fact, in business most ideas are derivative. They grow organically from other ideas. We were broadcasting music videos at HBO before MTV was created. Other stations were experimenting with various music video concepts. As MTV developed, it wasn't simply the idea of a channel consisting of music videos that captured America's attention—it was about the extraordinarily creative execution of every aspect of the channel, from the logo to the content to the marketing. The idea was great, but it was the implementation that made the difference.

Many different veins eventually came together to form this particular goldmine. One of those veins can be traced back to 1977, when Michael Nesmith, the best-known member of the created-for-TV band *The Monkees*, realized that the short music videos rock bands were producing for distant markets would work well on television. Music videos weren't new. As early as 1966, record companies had started filming bands performing their popular songs, primarily to be shown to audiences in places that were either too far away or too small for artists to appear there. For example, videos were particularly popular on Australian and New Zealand television, where they were known as "pop clips." In 1976, a half-hour program consisting solely of music videos went on the air in New Zealand.

Nesmith made a pilot for a half-hour show called *PopClips*, but failed to find a buyer. In 1979, he brought the concept to John Lack, a radio executive who had left CBS to join Qube, Warner's embryonic TV cable operation in Columbus, Ohio. Lack thought it was a great idea and in 1980 began broadcasting Nesmith's *PopClips* on another new Warner channel, Nickelodeon. Its popularity convinced Lack that music videos could form the foundation of an all-music cable channel.

For cable programmers music videos were a wonderful gift; they were creative and entertaining, they attracted the demographically

desirable young audience, and most important, they were free. It also was a great deal for the record companies, who were delighted to get this free promotion and practically begged the cable systems to run them. And it turned out they filled a need we had at HBO. Because movies were all different lengths, we were always looking for programming to fill time between the end of a movie and the next natural viewing time, generally on the hour or half-hour. We had been filling these *interstitial blocks*, as we referred to them, with promos and animation. So when these music videos became available, we started running them. In fact, the first music video I ever saw was broadcast on HBO.

What no one at HBO realized was that a sizeable segment of our audience was more interested in the music videos being shown between programs than our programming. With a little imagination we could have created that music channel. Eventually, we did create a half-hour music video show entitled *Video Jukebox*, but by that time it was too late. The fact is we never saw MTV coming.

We weren't the only channel to use these videos this way. At WNBC in New York, for example, a programming genius named Bob Pittman, who had started his career as a radio DJ in Jackson, Mississippi, when he was only 15 years old, began producing the music video program *Album Tracks* in 1978. About a year later, at Warner-Amex Satellite Entertainment Company, which was owned jointly by Warner and American Express, John Lack, John Schneider, former president of CBS and then-president of WASEC, and Bob McGroarty suggested that the cable system create a channel that would show only music videos. While Bob Pittman usually gets the credit for it, at the dinner celebrating MTV's tenth anniversary in 1991, Tom Freston cited Schneider for actually putting the channel on the air. In addition to those three men, the team that was assembled to create TV-M, as it was then called, included Pittman, Tom Freston, and a record promoter named John Sykes, a creative and energetic executive who eventually ran VH1.

Pittman once explained what they envisioned: "The concept I had was to have a clear image, to build on attitude. In other words, to build a brand, a channel that happened to use video clips as a building block, as opposed to being a delivery system for videos. The star wouldn't be the videos; the star would be the channel." Another member of that

group, Steve Casey, suggested, “Don’t you think *MTV* sounds a little better than *TVM?*” And *MTV* was born.



MTV went on the air as a basic cable channel on August 1, 1981. It was pretty unsophisticated at the beginning; at times the screen would go black for several seconds while an engineer hustled to slip a new tape into the VCR. To gain distribution *MTV* initially was offered to cable operators for free. The plan was that revenue was going to be generated from advertising. As any trivia expert would know, the first video broadcast on *MTV* was the Buggles’ *Video Killed the Radio Star*. Almost immediately, *MTV* began creating stars; Billy Idol, for example, has credited *MTV* with providing the exposure he needed after his punk image had scared away radio stations. The audience showed up right away, but not the advertisers. Advertisers were still reluctant to commit too much of their budgets to cable programming, particularly to something as unique as an all-music channel. Nobody really knew who was watching. *MTV* lost \$34 million in its first two years in operation. But among young people the channel was building a buzz, a loud buzz. When record stores began selling music that was being played only on *MTV*, the music labels finally appreciated its potential and began turning those once straight-ahead videos into unbelievably creative short films.

Music videos became an amazingly creative art form and the best young directors in both advertising and motion pictures wanted to be involved. A great video could make a band an overnight success. But as Bob Pittman and Tom Freston had once predicted, *MTV* had become much more than a showcase for videos. It had an attitude, a spirit, and a unique style. It broke all the molds of traditionally structured television programming. It had its own instantly recognizable look: It was bright and colorful and brash, accurately reflecting the optimism and enthusiasm of young people in America. In addition to the videos there was news, some gossip, and film reviews, the subjects that specifically interested the targeted demographic—teenagers to young adults. Most

of the pieces were short and the programming and advertising was blended almost seamlessly. The logo, a large *M* on top of which *TV* was scripted, was often shown onscreen during programming. It was animated and was continually changing color and shape. The hosts (MTV created the description *VJ* for *video jockey* to differentiate from radio disc jockeys) were all young and trendy, the kind of nonthreatening cool kids you wanted to hang out with. Young people accepted it as their own and began demanding their MTV—and cable operators willingly began paying a fee to carry it.

But MTV failed to generate the revenues that American Express had expected, and some people believed the concept was already running out of steam. In 1985, Warner's partner in its cable company, American Express, decided to get out of the business. Basically, Warner either could buy Amex's share in their partnership or agree to accept an offer for the entire cable division. Warner Chairman Steve Ross agreed to pay Amex \$450 million for its stake in the company and immediately began looking for a new partner. Eventually, he sold MTV Networks to Viacom for \$525 million. In addition to the music channel, MTV Networks at that time also consisted of Nickelodeon, a struggling children's channel competing unsuccessfully with Disney, and VH1, a music channel for the post-MTV demographic. In 1991, I met Steve Ross at the Midem convention in Cannes. By that time I had left HBO and joined Viacom as Managing Director, MTV Europe. When I introduced myself to him he smiled sadly and admitted, "Selling MTV is the biggest regret of my career." Within five years MTV had become a large and lucrative enterprise.

Viacom had been founded in 1971 when the Federal Communications Commission forced CBS to divest itself of its programming syndication division and its small cable operation. It had grown to become one of the most successful program syndicators in the world. Among the channels it founded was Showtime, which in 1983 had merged with Warner-Amex's Movie Channel to become HBO's primary competition. HBO and Showtime were like Hertz and Avis, the giants of the cable movie business. In 1987, the man who would become my boss for the next two decades, Sumner Redstone, bought a controlling interest in Viacom for \$3.4 billion.

Sumner Redstone had built his family's Massachusetts-based drive-in movie theater chain, National Amusements, into one of the largest

and most successful movie theater companies in the world. But he also understood the importance of owning programming, and in fact is credited with the oft-quoted statement, “Content is king.” I don’t know if he actually was the first to say it, but I do know he believed it. It was his belief that cable television, like the multiplexes he built, was an alternative means of delivering programming to a paying audience—with the huge advantage that cable’s audience was sitting in the comfort of their own home, often watching the same movies shown only months earlier in his theaters. With his purchase of Viacom, Sumner Redstone joined media giants like Rupert Murdoch, John Malone, and Ted Turner in the early days of cable, and, to a lesser degree, Robert Maxwell.

Through the years I’ve traveled around the world with Sumner. For example, I was with him in China where he was warmly received by President Jiang Zemin. Sumner is a fascinating, complex man. His basic philosophy of business is direct and uncomplicated: *Win*. He has always emphasized that you just keep fighting, fighting, fighting, until you win. You absolutely *never* give up. He may be the most tenacious man I have ever known, and I loved that about him. In 1979, he was trapped in a fire in the Copley Hotel in Boston. He survived by crawling out a third-floor window, kneeling on a ledge, and holding on by his fingertips. He was terribly burned and was not expected to survive, but after five operations lasting more than 60 hours he made a miraculous recovery.

In addition to Viacom he eventually got control of Paramount Pictures and CBS. Ironically Viacom, which had been formed as a CBS subsidiary, ended up buying its parent. I was at the press conference at which the deal for CBS was announced. I remember Sumner came off the stage, a big smile on his face, and the first thing he whispered to me was, “Roedy, I got control. I got control.”

The one thing he did not like was small talk; he wanted to get right to the point. He wasn’t impressed by packaging, by ceremony; he wanted to get directly to the heart of the issue. But while Sumner controlled Viacom, the man I actually worked for and reported to, the man who hired me, was Tom Freston.

After working at HBO for a decade I was very comfortable. Maybe that’s why I was uneasy. Stan had put me in charge of HBO’s West Coast office, replacing the retiring Don Anderson. I had a wonderful

life; I had a beautiful apartment on the water in Santa Monica, a job I loved, an unlimited expense account, and all the accoutrements of success. I played beach volleyball every weekend and was engaged to Annie Bloom, the highly talented and vivacious star of HBO's very successful *Not Necessarily the News*. My boss, Stan Thomas, was one of the most decent, charismatic human beings I'd ever met and I loved working for him. I was living the American Dream. I had settled happily into that life and might have remained there for my entire career if MTV had not come along.

I was not looking for a new or different job. HBO was a huge success and I had a significant emotional investment—although unfortunately not a financial stake—in that success. By the late 1980s, the wildcatting days of cable were done. Much of the nation had access to cable programming, either by wire or by satellite. There were no new domestic horizons. All that was left was the rest of the world. It was clear to me that to be truly successful for the long term it was necessary to have a global presence. The day a business stops expanding is the day it begins dying. Doing the same thing today that you did yesterday absolutely will end in failure.

Among other media companies, Ted Turner at CNN and Sumner Redstone, Tom Freston, and President and CEO Frank Biondi at Viacom had begun exploring the possibility of creating a global television network. An estimated 96 percent of TV-owning households are outside the United States, meaning cable TV had barely penetrated the potential market. What was personally disappointing is that HBO mostly missed this opportunity. Fred Cohen, who was running our international operation, lobbied hard to grow that business. The world was there for our taking, but we had a limited international strategy. One reason for that, I have always believed, was that our parent corporation, Time Inc., had gotten so involved in the complicated negotiations to purchase Warner that expanding HBO outside the United States didn't seem to be a priority.

In 1987, Viacom had begun its expansion by launching MTV Europe, a joint venture in which Viacom was the minority partner. In return for supplying the content Viacom had a 24.9 percent stake in the partnership. British Telecom owned 25 percent, and the boisterous, bombastic media billionaire Robert Maxwell, who put up the money

for the channel, controlled 50.1 percent. At about the same time, Viacom also began supplying programming blocks to existing television channels in Japan, Australia, and Latin America, but these were insignificant. Europe was where MTV intended to plant its flag.

The original managing director of MTV Europe was a highly respected man named Mark Booth, with whom I eventually became good friends. Mark did such an impressive job setting up the initial MTV structure that Robert Maxwell offered him a higher paying job. That was typical Maxwell. Sumner Redstone was furious when he was informed Booth was leaving, supposedly telling Maxwell, "I don't know about your country, but in ours one partner doesn't go stealing the other's employees." It is not recorded how Maxwell responded. But Booth's departure left MTV Europe without a managing director. It was a chaotic situation. To manage the business they'd set up a rotation system in which the four top executives would be in charge for a month at a time.

I never learned specifically how my name was first brought up for the job. Admittedly, as a former Army Ranger and commander of nuclear missile bases, I was an unlikely choice to head a European rock-and-roll channel. It was my impression that Frank Biondi, whom I knew well from his days as CEO at HBO, suggested to Tom Freston that he consider me, but Tom once told a reporter, "I had already looked at several potential candidates for what I knew would be a difficult job when Bill Roedy was recommend to me by Matt Blank, with whom he'd worked at HBO. At first I thought, what can I do with a West Point graduate who has come from a missile base in Italy. . . ."

The thought of leaving HBO had not occurred to me until I was contacted by Freston. HBO was my home. But Freston described the job as a challenge and guaranteed that I would have almost complete decision-making control. During the next six months we met secretly several times to discuss the scope of the job. Among my concerns was what would happen if Maxwell backed out. What if the business failed? I was giving up a good career at HBO to make this move. We reached an agreement that I insisted include repatriation. Just in case.

I certainly didn't want anyone at HBO knowing that I was considering leaving. Incredibly, when I went to London in September 1988 to see the office, I bumped into a colleague from HBO. I had to make up some sort of silly excuse to explain what I was doing there. Leaving

HBO was an extremely difficult decision for me. It meant completely uprooting my life. I would have to move to England to take charge of a small unit mandated with building the first pan-Europe television channel. It was a completely untested concept. Ted Turner, for example, was focused on distributing his channel, CNN, to hotels, but we had decided to go after households. Nothing of this magnitude had ever been attempted and there was no guarantee it would work.

While I liked popular music and knew quite a bit about it, I certainly wasn't an expert. But I was enthralled by music videos. My friends and I would sit in my apartment on weekends watching hours of videos, and I was mesmerized by the creativity. I remember my friend, dancer Sandra LaValle, deciding, "This is a new art form." In addition to MTV, Turner had a music video service at night. So being involved in that exciting, creative world appealed to me. Living in Europe appealed to me. After spending a year in Vietnam and four years in Italy I felt very comfortable in an international environment, and being in charge of what essentially was a startup operation also appealed to me. Conversely, I loved my job at HBO, I had considerable security, and I had tremendous respect for Time Inc. and Stan Thomas. If I'd had children at that time, I might not have done it. But I was ready to do something different. I had just turned 40 years old and maybe this was the beginning of a midlife crisis. I was ready to take a risk. I decided to go after the adventure.

My job title was Managing Director, MTV Europe. Although it's never used in the States, *MD* is a common title in Europe. And as I liked to tell my friends, "My mother can finally say her son has become an MD!"

HBO did not make my decision easy. Time Inc. President Nick Nicholas called me while I was in Key West, attending my first MTV Domestic meeting, and essentially offered me the job heading a new cable network then called FNN, which eventually became CNBC. Oh, it was tempting. But I'd made my decision. It turned out to be the best decision of my life.

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