# TOM MURPHY

***Thomas "Tom" Murphy*** *(Capital Cities/ABC), HBS 1949, joined a small television station in upstate New York after graduating from HBS. Over several decades, and as a result of many brilliantly crafted deals, he gradually built the telecommunications empire Capital Cities. In 1985, Tom engineered the purchase of ABC with the backing of his long-time friend Warren Buffett, and the company became Cap Cities/ABC. Ten years later, Tom sold Cap Cities/ABC to Disney for about $19 billion. He described his experiences in an interview from his Manhattan office at ABC in December 2000. Interviewer: Amy Blitz, HBS Director of Media Development for Entrepreneurial Management.*

## The Early Years

I would say that the most fortunate thing that happened to me, outside of being born an American, was that my father and mother were just magnificent. They were very happily married. They were vitally interested in their children and in giving us the best possible education. They were great role models for my sister, my brother, and me. I think that to have great role models at a very young age is a very fortunate thing. It doesn't happen to everybody. I would say that the single most important thing in my life is the wonderful family I came from.

My father was the youngest child in a big Irish family. He was the only one who went to college and later, after he got out of the First World War, he became a lawyer. He went to Fordham Law School at night. As a lawyer he developed quite a business, and during the last fifteen years of his life he was a Supreme Court judge in New York State. Unfortunately, he died when he was sixty-four. My father was very successful and I was very proud of him.

I have an older brother who's a very successful lawyer, and a younger sister. She's seventy years old now, but she's still younger than I am. She has been a mother of four children and has had quite a successful career doing a great deal of work for cancer causes. The three of us were always trying to get the best possible education for ourselves. My father was insistent about it—almost a nut about it. He wanted us to work hard and play hard. My brother ended up going to Dartmouth and then to law school.

I ended up going to Princeton and then into the Navy. The Navy sent me to Cornell, where I graduated as an engineer. Then the G.I. Bill got me through Harvard Business School. Most of my education in college was done through the United States Service, either through the Navy or through the G.I. Bill.

## The Navy Experience

I was in the Second World War from June 1943 to July 1946. Actually, I was lucky. The thing that probably saved me from getting into serious trouble was the atom bomb being dropped. It happened when I was just about to go out to sea on a ship that probably would have taken me to the shores of Japan. So I'm probably one of the people saved by the bombing. I never saw anything more than a beer bottle thrown at me during my three years in the Navy, but it was a terrific experience for me. They told you that you had to show up on time, do what you were told, and tell the truth—all great qualities. The service is a wonderful experience for a young man or woman. I'm a big advocate for doing time in the U.S. Services. Either that or something like the Peace Corps is a great thing for young people to do after their higher education.

When I was out to sea in the Navy, I was lucky with some of my experiences. I ended up with a lot of responsibility at a very young age and I made some foolish decisions. I was lucky nothing bad happened. Once, at the end of the war, we were in the Philippines and going back to our ship. I had asked the coxswain to take us back 180 degrees but he went 90 degrees, so we were out to sea in the middle of the night. I made the mistake of trying to triangulate back to the ship, and it really would have been a stupid thing to do because there were about 100 sunken ships in the bay at the time. Any one of them could have ripped apart the bottom of our landing craft.

I had all these, frankly, drunken sailors with me. I was the only officer on this little landing craft, so I was the senior person. If anything went wrong, I was the guy who got blamed, and rightly so. The coxswain did what I told him to do. He made a mistake, but I should have just gone right back on the same 180 degrees**,** bringing us back to the landing point, before I tried to get us to the right spot. I don't drink anymore, but back then, I was having a few drinks, and I made a bad decision. I would have, and should have, been court marshaled, but I was lucky it didn't happen.

**The HBS Experience**

Harvard Business School did two very important things for me. The first was that it gave me self-confidence. Before you get to HBS, you're a young fellow, looking at business and seeing all these big things happening in complicated companies. You're asking yourself, "How am I ever going to get involved in anything like that," or "How can I find out whether I'm any good or not?" But with the case method you find out very quickly that the answer is simply good judgment. After you have the facts, you can make sensible decisions.

I found out, quite to my own surprise, that I was really pretty good at business. One of the interesting things I've learned in my life is that one of the most uncommon things in life is common sense. It's very hard to notice whether people have great common sense. I attribute mine to my family. So the two years at Harvard Business School, plus my time in the service, gave me self-confidence. I was able to say, "Gee, business isn't so tough. I can figure this out."

The second thing Harvard Business School did was it gave me associations through my classmates. We had all just come out of the service, and my classmates have become my best friends in the last fifty years. These are fellows I ended up living with in New York after we graduated. They are still my best friends. That's a wonderful thing to have happen. A lot of people go to college and never see their friends after that because they all go in different directions. But at Harvard Business School, everyone is interested in the same thing, which is business. Everyone has a lot in common.

In fact, my partner at Capital Cities for thirty years was Dan Burke. Dan is the younger brother of Jim Burke, who was my roommate after we graduated from Harvard Business School. Jim is the former chairman and outstanding CEO of Johnson & Johnson.

**Early Career**

I was the first employee of Capital Cities when I was twenty-nine years old. The founder was my first boss, a fellow named Frank M. Smith, who was a 1932 graduate of Harvard Business School. When I met him, he said, "I'm going into a little crapshoot up in Albany, New York, and I'm looking for someone who would be a good salesman, and maybe a pretty good manager, to run a television station up there. Maybe you know somebody that would be a good fit for the job."

Right then, I remembered that my father once told me a story about a fellow who came to him while he was a lawyer in the advertising business working with Conoco. The head of Conoco Oil approached my father and asked him to suggest someone who could be Chief Counsel of Conoco, someone who knew something about both advertising and the oil business. The fellow also said that if the guy my father recommended was the right guy, the Chief Counsel might eventually become the head of Conoco. My father didn't catch on at all. He suggested some people. Five years later the head of Conoco came back to him and said, "Charlie, why didn't you ever take that job?" My father said, "What job?" and the fellow said, "Charlie, you were the only guy I knew who was a lawyer, who had worked for an oil company, and who also had some advertising experience."

So I realized that that's what Frank might have been doing with me. A week later, I was working for him. I wouldn't have got the job if my father hadn't told me that story. I'm a bit of a square. I would have assumed that if Frank wanted me, he would have asked me, but he didn't. He was the kind of guy who didn't want to come out directly and ask me. He just thought, "Maybe this guy will get it." Fortunately, I did.

Frank was a great boss. One of the great things that can happen to you when you're very young is to find someone to work for who is really smart and is willing to teach you. That's what Frank did. He was almost professorial. He would explain everything he did when he made deals. Frank was the chairman and CEO and I was the chief operating officer. Frank would always explain exactly what he was doing and why he was doing it. Working for him was a terrific learning experience for me. I worked for him for twelve years before he died suddenly and prematurely, and then I was the head of Capital Cities for the next thirty-five years.

We had started out with one television station, then two and then three stations. By the time Frank died, we had five television stations and about six or seven radio stations.

**Finding the Opportunity**

I would like to tell you I was smart enough to have said, from the top, "Broadcasting is going to be a terrific business," and, "It's going to grow for the next thirty or forty years, so I'm getting into it." What really prompted me to go into broadcasting was that Frank offered me an opportunity to run something myself. For better or for worse, when I left Harvard Business School I had it in mind that I wanted to run something that I thought I could be good at. Whether that was self-confidence or cockiness or something else, I don't know, but Frank offered me the opportunity I was looking for. If he had offered me a job in the plumbing business, I probably would have taken it. But he offered me a job in the broadcasting business.

There are not many great businesses that come along in a lifetime. In 1954, television was just starting. People were losing a lot of money in the business, but it was about to explode. Because of the limited availability of licenses, there was limited competition, and so it exploded over the next thirty or forty years. I was very fortunate to be in broadcasting. The business is not capital intensive, nor is it labor intensive. There was a little government involvement but never any price controls. In the last forty or fifty years, broadcasting has been one of the great businesses of this nation. It's less so now because of synchronous satellite, cable competition, and things like that, but it's still a very good business.

Frank was a terrific guy and he was an entrepreneur. There's no question about it. But when he said that starting up Capital Cities was "a crapshoot," that he was just trying to make a little money, he had no idea it would end up the way it did. Nor did I. I think one of the things Frank and I had going for us is that we started off in such a small company and had serious financial troubles in the early years of the business. We almost went bankrupt twice when we took over a television station that was losing money. We had to go back to the original stockholders twice for additional money. As a result, we always ran the operation with a very limited number of people. We never had any more people than we absolutely needed. I think we had fewer people than we really needed. Over time, that barebones culture stayed with us.

Eventually, it became clear to both of us that broadcasting was quite a business. We were smart enough to figure that out and I don't think everyone else did. This was a business that began to explode, and as we grew, the margins grew. The costs are somewhat fixed so as you had greater and greater sales, the margins would just continue to grow. Other people would look at the business as it was at the time and say, "Well, gee, there's a 25 percent margin. That's sensational." The fact was, it could have been a 50 percent margin and Frank and I were able to see that. So just by being sensible about our business, we continued to grow the company and buy businesses from other people who didn't see the potential profitability that we saw.

**Building the Business**

During the first three years of Capital Cities, we almost went into bankruptcy. We just ran out of cash. As an entrepreneur, you don't want to run out of cash. You don't want to borrow any more money than you absolutely need. When you get a business going, money is always tight. When we had to go back to the original stockholders twice for money, it was tough, because when we went back the second time, we got different investors. The first set of stockholders didn't come back with all the money. We had to give the new stockholders the same deal as the original stockholders. It was not clear during those first three years if we were going to make it. I was so young and we were working so hard. And Frank Smith would say, "Oh, don't worry Murph, we'll get through this."

We lost money the first three years we were up in Albany and then we finally broke even. From then on, all we did was make money, buy assets such as stations that could make money, and ride a wave of sales increases of 15 or 20 percent a year, with increasing margins. We had huge cash flow without needing to make any great capital expenditures. Once you had the studio, your cameras, and your antenna, you were all set. Occasionally, we had to spend more money, such as when we went to color television from black and white and when we got videotape machines and things like that.

Over the years, we probably didn't spend much more money on capital expenditures than the depreciation we took each year. For example, if we reported before-tax profit of $10 million and paid our 40 percent taxes on it, we would have had $6 million of cash in the bank to do what we wanted. And with it we would pay back debt, buy back our stock, or make acquisitions. It's a lot easier to look back and recognize now what we had then. At the time, we would just go from deal to deal and sometimes business would be slow for a while. It's a lot clearer now, when I look back, that it was a wonderful business to be in.

By the time I was about forty years old, I was president of Capital Cities and involved in acquisitions. Frank Smith didn't like to fly, so if there was any opportunity that meant going further than Buffalo, I was the guy who went to do it. Frank would send me to Los Angeles to try to buy a radio station or something and I would go as far as I could in negotiations. Then I'd excuse myself, leave the room, and call him on the phone to say, "What do you think we ought to do?" He was terrific. Then all of a sudden, when he was fifty-six years old, Frank died. Before that, I was always running the day-to-day operations and afterwards it was my job to grow the company.

Capital Cities had started with about $1 million to $1 1/2 million. And having gone through those rough first three years, I always ran the company, for better or for worse, as if I owned 100 percent of it. We really thought about our stockholders. We ran the company to do the best job for our stockholders. We never ran it to get big. We ran it, if we could, to get our stockholders rich. We weren't exorbitant in taking options or in what we paid each other. We didn't take ourselves too seriously.

Fortunately, I stayed as long as I could in the businesses we understood, which were television and radio. When we got as big as the FCC would allow, I went into another business that I could understand, which was the newspaper business. In a sense, it's a monopoly business like broadcasting and it is advertiser supported. So we bought the *Fort Worth Star Telegram*, the *Kansas City Star*, and *Time*. We got quite big in the newspaper business and made almost as much money as we did in radio and television.

We had started the company in 1954 and we went public in 1957 or 1958. But we never worried about quarterly reports since business was so good we could afford not to worry. Since I didn't have to worry about someone taking over the company on an unfriendly basis, we focused on making deals. We also didn't worry about goodwill or all the things that might make it look bad for quarterly earnings. We never worried about any of that. We ran the company when it was public the same way we ran it when it had been private.

In terms of takeovers, we didn't worry about that because if someone wanted to come in and take over a company like ours, which had a lot of licenses, we would fight it with the FCC and once we told the FCC "This person is not qualified to handle this company," it would be very difficult for the takeover to occur. Back in the 1950s, 1960s, 1970s, and 1980s there was no such thing as unfriendly takeovers in the radio and television business. But by the 1980s you could see that things were going to start to loosen up. For example, the FCC used to require companies to keep a license for three years before they could sell it for a profit. Then they decided that companies could sell licenses for a profit in as little as three to six months. Policy changes like this were starting to erode the protection the FCC gave companies like ours.

**Buying ABC**

But the FCC's policy changes also created an opportunity for us to make a deal with Lenny Goldenson to buy ABC. Lenny was eighty years old at the time and didn't have anyone within his organization that he felt could run the company. So he agreed to sell it to us.

The acquisition had 100 percent to do with the changes in the FCC. It used to be that they would allow an owner to have only five VHF television stations. Then they decided to open it up so that an owner could have twelve stations. I never would have thought that we could buy ABC but there we were, able to buy. At the time, we owned Houston, Buffalo, Hartford, New Haven, and Philadelphia, which were all ABC stations. We were the biggest ABC affiliate that was not owned by ABC. And because of that I knew Leonard Goldenson and he was a wonderful guy who had run ABC for many years.

I went to him and I said, "Leonard, I'd like to see if we can make a deal together." I thought he'd throw me out of the thirty-ninth floor, but he didn't. As a matter of fact, we very quickly made a deal. Leonard said one thing to me: "Tom, you'll need a 400-pound gorilla to prevent someone from coming in and trying to take both of us over." He said that because I didn't have any one huge stockholder at that stage. As a result, I got mixed up with my pal Warren Buffett. I had known Warren for fifteen years. When I called him up, he was the director at the *Washington Post*. I told Warren, "I think I have a deal with Leonard Goldenson and I would like your advice." So he came up the next day, and we discussed it.

I told Warren that I really wanted to make a deal with him if he wanted to make a deal with me. He thought about it and said, "OK, I think that's a good idea. I'd like to do that." Then he said, "I'll put $500 million in." The deal was $3.5 billion, and Warren offered $500 million. I suspect Warren thought I was being rash. ABC was so much bigger than Capital Cities was, but I told Warren that Capital Cities made an awful lot of money and the margins were great, so I convinced him. He probably saw me coming. In any case, Warren said, "I'll put $500 million in, but I don't want to pay for it twice.

When the deal is announced and your stock goes up, I don't want to have to pay the market price for your stock. I want to pay the price it is right now." So, that's what we did. Of course, we made the deal and the stock went up, just like he said. He made a lot of money on it. He deserved every bit of it. He made it possible for us to buy ABC.

One of the interesting things that happened is that Warren put his 18 percent ownership of the company in my hands for eleven years. I never would have thought of asking him for it, but he told me to vote his share of the stock. He put me in absolute control of the company. He showed great confidence in me and my partner Dan Burke. We had a wonderful, wonderful relationship for all the years we ran ABC. And there's no question that Warren Buffett gave me a great deal of security. He was my 400-pound gorilla, so to speak.

I had tried fifteen years before to get him to become a director of Capital Cities. That's when I first met him through a classmate of mine from Harvard Business School. I went out to Omaha to meet with Warren and he said, "No, I can't be a director of your company because your multiple is too high. I would want a big position." Then he said, "If there's any way I can be of help to you, please feel free to call me." From that day on, Warren was the best director I had even though, technically, he wasn't directing. Whenever I was going to make a deal, I'd call Warren and talk with him about it. He was very free with his time and his advice. Over the fifteen years since we had met, he became pretty comfortable with us. At one point, we even tried to buy *TV Guide* together. In my opinion, Warren would quietly step in if he thought we were doing something foolish.

As I look back, there's no substitute for being in good businesses, and there are not many of them. If you go into business, the most important thing is to do something you like. That's the most important thing, but it's even better if you can do that and pick a business that really has a future. If you wanted to be in the railroad business during the last twenty-five years, it's been pretty tough. The railroad business in 1950 was sensational. Today, the cable business is a pretty good business. It's probably better than the broadcast industry, although the broadcasting business has been pretty good in the past several decades too.

Other than picking a good industry, I don't have any particular advice for anybody who is thinking of starting a company except to get in front of a business. Find something that you can improve on in an area, and always have enough cash to weather the good and bad times. That's one of the most important points—always have enough cash. I'm a board member of DoubleClick, which is the biggest seller of advertising on the Internet, and they have plenty of cash. They're going to weather these poor times right now, and they'll come out at the other end of the tunnel.

**The Future of Broadcasting**

There was very little technological change in the television business for twenty years. The only thing that dramatically changed it in my tenure was the synchronous satellite. All of a sudden, we can instantaneously bounce a signal off a satellite and distribute programming to all the cable channels in the country. That's what HBO did. It used to be that to start networks on cable, you did just what HBO had to do, which was bicycle its product from place to place. Now, it can deliver instantaneously just like we do in broadcasting television, sending programming around the country to affiliates. So the synchronous satellite dramatically enabled cable to grow the way it did.

Today, there are so many changes happening, like the Internet. Everyone was scared to death of the Internet and the direct broadcast satellite to the home, which is DirectTV. DirectTV is more competition for cable than it is for over-the-air television because it sells the same channels as cable, such as Lifetime, Arts & Entertainment, CNN, HBO, Showtime, and all that. You can get those stations through direct broadcast satellite or through cable. If cable and direct broadcast satellite had started at the same time, there would probably be only direct broadcast satellite because it's so inexpensive to deliver. You can see that choice in England, for instance, where there was less cable when direct broadcast came along. Direct broadcast has done much better over there. In the United States, cable is everywhere.

At Capital Cities, we dealt with the changes by buying RKO Cable and then we built a lot of cable franchises. Cable was still the same business we were in since it was somewhat advertiser supported, but it was very capital intensive, which we were not used to. But cable was similar to our original business from the point of view that it was a monopoly business. When we went into cable, it took a lot of cash, which was different for us. We bought RKO at about $350 a share. Eventually, we sold RKO to the *Washington Post*, because the FCC wouldn't allow us to own both the ABC Television Network and cable. So we sold RKO for about $1,100 a share. We made money on RKO Cable and it was a good business. I would have stayed in the cable business if the opportunity to buy ABC hadn't come along.

Thanks to Leonard Goldenson, ABC had a lot of cable as well, with a big piece of Lifetime, Arts & Entertainment, and 80 percent of ESPN, which is the most successful cable network in the history of the business. ESPN is unbelievably successful. When we bought it in 1985, it was losing $40 million a year. Leonard Goldenson said to me, "Tom, someday that's going to be worth as much as one of your big television stations." I said, "OK. I hope you're right."

He was. Capital Cities bought ABC because we thought we could run the television stations and make more money, which we did. But the thing that has actually been a huge break for us is the continual growth of ESPN. It has gone from losing $40 million to losing $20 million to breaking even to making $50 million to making $100 million. Now it's in the stratosphere. Then we ended up buying more of Lifetime and we put ESPN 2 on the air. Of course, Disney now owns us, and they're big in cable. Of all the networks, ABC is better represented in cable than anybody else in the cable networking business.

The gold mined from the Internet is a little more scarce than people thought it would be. I think the Internet is a very big thing, but I'm not so sure who's going to make a lot of money in it. In any case, people are going to be using the Internet network more and more, and I think it's a short matter of time before you won't be able to tell the difference between your computer, the Internet, and your television set. I think that's what will happen, though I'm not well enough equipped with knowledge about electronics to tell you when or how it's going to happen. But in terms of the AOL/Time-Warner deal, I don't think Michael Eisner would do something like that.

**The Role of a Leader**
I think a good CEO sees that his or her company has responsibility to its employees, its audience, and its stockholders. When I was growing up in the broadcasting business, we had to write a proposal every three years stating what we would do with the license that the government gave us. We would have to be approved to continue for another three years. So I always had benchmarks on which I would be judged. I felt we had a responsibility to serve the communities in which we had licenses to broadcast, whether it was the farming industry or the local communities or whatever it was.

In terms of culture, we told our employees that we hire the smartest people we can find and that we have no more of them around than necessary. We also told them that we would be highly decentralized and give them a lot of responsibility. For most employees, we'd give them a ticket on the horse race, which means we'd give them options. We also told employees that we were in a business that was fun to be in. In fact, very few people ever left the company voluntarily.

We told employees that the one thing they could not do was anything that would embarrass the company. They could not do anything that was improper or unethical because there would be no second chance. That's how we operated and that's how the leadership ran the company. We thought we had a responsibility to the communities that we served and we figured that if we did a good job serving the community and our employees, then our stockholders would do fine. Of course, we were lucky, too, that we happened to be in a wonderful business.

Our stockholders did pretty well. People who became stockholders when Capital Cities went public got $2,000 for every dollar they put in. That's 2,000 to 1. For the original stockholders, the gain was 10,000 to 1. Now, that's a pretty good record.

**Ethics**
When Capital Cities was an ABC affiliate, we mainly supplied news, sports, weather, and other kinds of local shows. After I bought ABC, I started having personal concerns. I'm a Roman Catholic and as a young man I had some concerns in that area. I became over-scrupulous. I was always scared about doing what was right. I was wondering, for example, what my responsibilities were when putting on soap operas and stuff like that, which had a lot of sex and other things in them.

I once went to talk with a monsignor. I had made a deal that I thought was good for my stockholders, but it worried me enough that I wondered, "Gee, am I the right guy to run this company?" I went to this monsignor and said, "I can't really run this the way the Catholic Church wants me to run it. I've got to run it as a business and run it with the way the culture is.” I asked him what he thought and I remember him telling me, “Tom, you’ll do this better than anybody else will. Don’t be concerned with it.”

There was another time, not necessarily involved with Capital Cities, when a guy asked me to deliver something to somebody and it was cash. He said, “You’re going that way, why don’t you just drop this off there?” I said, “Oh, sure.” So I brought the package back to the office and I thought, “Gee, that’s a funny request. What am I doing bringing cash to somebody?” He sort of told me what it was for and it was for somebody else. Anyway, I called my father, who was alive at the time, and I explained it to him. I asked him, “Dad, do you think what they’re doing is wrong and that I’d be a party to it?” He asked me what I thought and I told him that I thought it was wrong. He said, “Damn right, it’s wrong.” When I asked him what I should do, he said, “You go back and you give that envelope back to the person and tell him you’re not comfortable delivering it.” He didn’t think I’d ever hear about it again, and he was right.

There haven’t been many instances like that in my career at all, though. Most of the people I’ve done business with are honorable. There were no payoffs. No one tried to bribe me or anything like that. A lot of people might not get along or have trouble with partners but, by and large, my experience with partners has been pretty good. Sometimes I would inherit a deal and I would have to work my way out of it or come up with some other solution because it wasn’t working out. But if you’re in partnership with somebody who’s of high caliber and reasonable, I think you’ll do fine.

A perfect example would be Frank Bennack, who’s the head of Hearst. He’s a big affiliate at ABC. We were in business with him on Lifetime, Arts & Entertainment, and ESPN. He’s just as smart and as honest as can be. If we have a disagreement, we figure a reasonable way to work it out. Leonard Goldenson was also just the best partner in the world. Not everyone is good at partnering, but I think we were pretty good at it.

**Merging with Disney**

I turned over the CEO position to Dan Burke in the early 1990s. I thought he would stay CEO for quite a while but after he had been CEO for about four years, when he was sixty-five, he decided to quit. We didn’t have anyone right to put in the job at that time. I was still chairman, but I was no longer chief operating officer. I went to Warren Buffett and asked if he would be CEO. I told him that I’d stay on and do whatever he wanted. But he wasn’t interested. So we talked and I realized I would have to come back. And that’s what I have done for a couple of years.

While Dan was here, we entered negotiations with Michael Eisner of Disney about merging, but we couldn’t agree on a price. Then Michael Eisner came back. He recognized that I was seventy and that Dan was no longer actively around. He said he wanted to buy the company for about $19 billion in cash. I said, “No, I don’t want to do that.” Now Leonard Goldenson always thought a merger with Disney would be natural. Leonard’s idea would be for ABC to buy Disney, but by this time Disney was too big.

To make a long story short, I finally said to Michael Eisner that I would take stock. He said, “I don’t want to give you stock. The stock’s not selling high enough.” So he wanted to leverage the deal. We ended the deal with 50 percent stock, 50 percent cash, and the stock portion of it was tax free. I guess we came off the deal close to $20 billion. At the time, CBS was also being sold, to Westinghouse. So we sold at the right time and we got a handsome price. Now, hindsight would have told us to hold on for five more years because the explosion in the stock market was coming. When we sold, the Dow Jones was at 4,700. Now it’s much higher.

The transition went well. ABC/Cap Cities leadership is well represented at Disney. As a matter of fact the number one guy is an ABC guy. But there have been substantial changes here. The company is run differently. Before the merger, we were highly decentralized; we gave people a lot of responsibilities. Michael Eisner is very much a hands-on, control guy. From that point of view, the change has been a bit traumatic for some of the ABC people.

A lot of them have done very well too, though. All the people who were with ABC had stock options. We made a great deal of money with the deal. At times, the stock has been up almost double what it was when we sold five years ago. Today, it’s up maybe 80 percent from that time. So from a financial viewpoint, our people have done well. Still, there has been adjustment. Actually, the culture has gone back a little to what it was at ABC before Capital Cities took it over. It’s more hands-on now and it’s very difficult for Michael Eisner not to be involved in everything.

In any case, I came back to running the company at seventy. I think the time span of your interest shrinks as you get older. It’s tough to think about deals in terms of ten or fifteen years when you’re seventy, compared with when you’re fifty. It’s harder to think about what’s a good deal out into the future. But I have continued to run the company and we’re making a lot of money. And we’re number one in the ratings.

**Summary Reflections**

Looking back, I think I was in the right business at the right time. I was smart enough to stay in the businesses that made sense or were compatible with radio and television. First we went into the newspaper business, then we went into the cable business, and then we went into the network business. So I stayed in businesses I could understand, which were, by and large, not capital intensive and were advertiser supported. As a manager, I always put a premium on hiring the smartest people we could find, and not having any more people than we absolutely needed. Also, we’re not in a high-tech business, so I always went for brains more than I did for experience. By and large, it worked. We always had enough people around who could teach the mechanics of the business or anything like that. There’s no substitute for people with brains who are willing to work hard.

I had no idea we’d ever end up where we did. I was just trying to run something to see if I could run it and have some fun. I wanted to make enough money so I could enjoy myself. A guy name John Poole, who was the chairman of our Executive Committee for the first few years we were in business, would tell me, “Murph, we can really have a big company here someday. You're in a really good business. It's not capital intensive, not labor intensive, and it's throwing off all this cash."

When he first told me that I thought he was crazy, but the business developed and we continued to do exactly what we were doing, which was being sensible and running the business properly, buying new assets, and doing practically everything with cash. We never gave any stock away, so we never increased our capitalization to any degree, and we never paid any dividends. We poured all our money back into the business, paying off our debts and starting again. We got bigger and bigger. We bought the Annenberg stations and the *Kansas City Star*. Some of the deals we made were the biggest deals in the business. They look small now, but they were big at the time.

Then we had the opportunity to buy ABC. I really get a kick out of the line that more people in the United States get their news from ABC news than from any other news source. Now that's not just advertising. When we first ran it, it was just because of what we did in television. Peter Jennings was number one, Ted Koppel was number one, all our primetime shows were doing so great, and *Good Morning America* was doing a lot better than it is now. I have a great sense of pride when we say that more and more people get their news from ABC. It's still true now because ABC News Radio is so big. We have thousands of stations. NBC doesn't have that. More people get their news from ABC. It's true, though, that more people get their *television* news from NBC because they have MSNBC, CNBC, and so forth.

I'm proud of all of that, but as you get to be my age—I'm seventy-five years old now—you recognize that the only thing that's important is your family and your friends. Business is just a way to live your life so that you can have a nice life for your family and make good friends. The greatest blessing in the world, outside of being an American, is to have good health. To be blessed with good health is a great luxury. Fortunately, I've had that for many, many years. To be a workaholic never appealed to me. My wife and my four children and now my grandchildren are the most important things in my life. I think that's the way life should be. On a personal basis, I am unbelievably fortunate. I'd just like to keep it going for a little longer.

**Community Service**

My father was always interested in doing something for his community. And when you run a television station, you get involved with community. I enjoyed that up in Albany with the Troy Boy's Club. Since I've come to New York City, I've been very active in the Madison Square Boys and Girls Club. For probably thirty or thirty-five years I was with the New York University Medical Center and I was chairman there for thirteen years. Those were the two main things I was interested in as a public service.

Then a friend of mine named Bill Hayward talked me into getting involved with Save the Children, which has been a very interesting experience for me. I just got back from Mali in West Africa, one of the poorest countries in the world, which is just fraught with malaria and HIV AIDS. The average life span of the population is forty-six and annual income averages \$820. It's a tough place, but the kids there are happy because they don't know any different. Save the Children is really doing a good job. They're building community schools and helping them build good wells so they have good water. Mali is an area that's just south of the Sahara, so it's not the best land in the world. It's very poor. When you've been as lucky as I have, you ought to do something. I kid about how I'm just trying to figure out how to get into Heaven.

I'm proudest that I've been happily married for forty-five years to the same woman, who is absolutely wonderful, and have had all these great children and grandchildren. Then I would say that I'm proud of the reputation that Capital Cities/ABC had when we sold it. I think we ran a good company and delivered for our stockholders, our employees, and the public. And as I look back, I realize I never went to work. I just loved fixing things, or figuring out how to make deals and things like that, and I couldn't wait to get to the office in the morning. So I never went to work. Not many people can say that. It's an unbelievable luxury to be able to say something like that.

As far as advice to future entrepreneurs goes, I would say you shouldn't fear failure—not that I necessarily lived with this advice. If you have a good idea and you run out of money and have a failure, don't worry about it because at least you were really trying something. You weren't working for General Electric or some big company where all the finances were taken care of and all of the things were being done for you. You were trying to do something on your own and get things done and take chances that are reasonable. I would encourage people, particularly those who are young but also experienced enough to know what's going on, to try starting a business because the rewards of being your own boss are wonderful.

I would also say, don't give up on your ideas and certainly never give up on your ideals.