

## Dean's Executive Leadership Series - DELS 2006-2007

### Transcript of Presentation by Brian Frons, President of Daytime Disney ABC Television Group

**About DELS:** The Dean's Executive Leadership Series at the [Graziadio School of Business and Management](#) features in-depth audio or video interviews with today's top business practitioners and thought leaders. [Listen](#) or [subscribe](#) to the podcast to hear their views and insight on the current challenges and opportunities facing the business community.

#### Start ####

**Linda Livingstone:** Good evening everyone. I hope you are all enjoying a beautiful Malibu evening. We're thankful that we're here tonight and not last night in Malibu. But two big events back to back in Malibu. Fortunately, this was a more positive event than the one we experienced last night. So, we're thrilled to have all of you here as we have our second installment of the Dean's Executive Leadership Series for this year. And looking forward to a wonderful event this evening. I hope that some of you were with us in the fall when we had Patty Sellers, who is the Editor at Large at *Fortune Magazine*. And then on March 13<sup>th</sup>, we will follow up this evenings DELS with Dennis Tito, who is the CEO, Founder and Chair of the Board of Wilshire Associates. But as you probably know, is better known for the time he spent in space with the Russian cosmonauts. So, we are going to have a wonderful evening with him in March. But before that, we will have a great event this evening as well. Before we get started, I do want to introduce Fay McClure, who here with us with Farmer's Insurance Group and they are our sponsors for the Dean's Executive Leadership Series. And this is the second year they have done that so thank you so much Fay. It's always a pleasure to have you with us. <applause>

Just a couple of quick updates on some things that are going on in the school before we move on to our speaker this evening. We had a wonderful fall with some events that were going on. We had our Student Initiated Value Centered Leadership Lab hosted the first annual Case Competition for that organization. We had 11 teams participate from across our various MBA programs and we even had some students participate from the School of Law and the School of Public Policy. The focus of that competition was to really emphasize that ethics and social responsibility are critical components of a balanced business strategy. So, they did a really interesting case. I got to watch the finals and it was just a wonderful event

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to really emphasize the work that our Value Centered Leadership Lab is doing. It's particularly heartening because it is a student initiated project so I always love to see those. This fall, we also were honored when our net impact Chapter received the prestigious award as Net Impact Rookie Chapter of the Year during the 2006 Net Impact Conference in Chicago. If you're not familiar with it, Net Impact is a global organization with a mission to improve the world by growing and strengthening a network of leaders who are use the power of business to make a positive social environmental and economic impact. So, that was a wonderful honor. That's a great group of students and they've worked very hard to be involved in a lot of different activities here in the Malibu community and then around Los Angeles. So, we're very pleased with that this fall.

Some upcoming events you need to be aware of and pay attention to; on January 19<sup>th</sup>, just right around the corner, we are hosting our Graziadio Talent Career Fair. It will be at the Doubletree in Santa Monica. I think we have right now 400 students and alumni signed up to participate and around 35 or 40 companies. So, if you are not signed up and want to, on either side of that as a company that's recruiting or as a student or alumni that's looking for an opportunity, please go online to Graziadio Talent online and register. It's going to be a great event coming up in just a week or so. And then, we have our third annual business planning competition that will be hosted right here in this auditorium on February 20<sup>th</sup>. This again, is a student initiated project we began three years ago. It is sponsored by Miven Venture Partners. Victor Tsao, one of our alumni is involved with that so we're looking forward to that event on the 20<sup>th</sup> of February. Then on March 1<sup>st</sup>, we will have our Alumni Sharing Knowledge Ask Reception in Los Angeles. So be looking for information about that coming up. So lots of great things going on and we want to encourage you to continue to participate and be involved in what we're doing here in the school and continue to build our network of over 30,000 alumni here and around the country and around the world.

Well, it is now my pleasure to introduce our guest speaker this evening, Mr. Brian Frons. Mr. Frons was named president of daytime ABC Disney television group in May 2006 by Ann Sweeney, who is the Co-Chair of Disney Media Networks and President of Disney/ABC Television Group and coincidentally was one of our DEL speakers last year. In naming Mr. Frons to this position, Miss Sweeney described him as intelligent, collaborative, creative and honorable. A lot to live up to there, Brian, in that description. This move to merge ABC and Disney daytime TV, was part of an ongoing process to create function units that allow for an integrated business strategy across the Disney/ABC Television Group. In this role, Mr. Frons oversees the daytime shows on ABC, all shows on Soap Net and syndicated shows on Buena Vista Productions. Just in the past year, Brian has handled a big promotion, firings, hirings, a train crash, a tornado, a viral epidemic and that's all just on "The View." And I'm sure you'll have some interesting things to say about that show tonight and something going on with that.

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But under his reign we've also seen Luke and Laura reunited after 25 years on General Hospital. Kelly Monaco's career was catapulted from Soap Star to "Dancing with the Stars" star to Daytime Emmy host. Mary J. Blige and Nelly Furtado and other major musical stars have been featured on "One Life to Live." And Erica Kane, who is Susan Lucci's character, has had to deal with new controversial family members. And while doing all that, they've also been looking at new ways of making soaps relevant to the next generation of women with blogs and podcasts and other newer technology. So, lots of interesting things going on. And through all of that, and under Mr. Frons leadership, ABC is currently number one in their key demographic for daytime TV of women that are 18 to 49. Prior to moving into the position that he's in now, Mr. Frons served as a president of ABC Daytime and he joined ABC from the London based SBS Broadcasting where he most recently served as Senior Vice President of Programming. He actually began his television career in 1978 a very interesting way; as one of three management trainees chosen during a national search for CBS Entertainment. So, you never know where you're going to go when you think about where you start. He holds a Master of Science degree in Communications from Syracuse University and Bachelor of Arts degree from the State University of New York at Fredonia. So, please join me in welcoming Mr. Brian Frons. <applause>

**Brian Frons:** My God, that's the best introduction I've had since my bar mitzvah. First I want to thank Fay and the people from Farmer's as well. Not just for sponsoring tonight and getting me out of Burbank and into Malibu, but for keeping me after I totaled my Mercedes last year. Thank you for that. They didn't drop me. You guys think it's nothing. I was frightened. Okay. So, obviously everybody wants to hear about Donald and Rosie and we'll save that for later. I'm in daytime. It's a cliffhanger. You have to wait for the good stuff. Okay, so let's see if I can explain in a little more detail what I do and then we'll talk a little bit about maybe what you can take away from daytime TV in terms of management. So, what I'm responsible for is everything sort of related to daytime at ABC and Disney. So, that means the lineup on ABC. So, that's "The View," "All My Children," "One Life to Live" and "General Hospital." We also have a cable channel that I'm responsible for that's called Soap Net. Soap Net is the first 24 hour a day, seven day a week channel devoted to soap operas and their fans and of course, the stars of daytime soaps. I'm also responsible for Buena Vista Productions. That's the team behind shows like "Who Wants to be a Millionaire" and "Ebert and Roper." And that's also part of our group. So, three sort of programming arms and three distribution channels; a cable network, a television network and syndication where we sell our shows market by market, station by station. Now, dirt, divas, backstabbing; we're going to cover all of that. Hopefully a few leadership tips along the way and maybe I'll convert a couple of you into ABC viewers. Okay?

So, as you heard, before I joined the company about four years ago, I was in Europe with SBS Broadcasting. I was programming 12 different local networks in 11 countries. And we were among the pioneers in Reality TV: "Survivor," "Big Brother," "Fear Factor"—all had their earliest days on SBS

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Channels in Europe and yes I am proud of that. I started my career as you heard, at daytime at CBS and I've also worked in daytime programming—actually head of daytime programming when I was 26 years old at NBC. So, either triple crown winner of the original three networks or daytime dinosaur as my wife likes to say. Now, I really learned something from everyone I've ever worked with. Now not just about TV, but also about working together and what it takes to create something unique and special. So, for instance, I know you have to have a great team of people and we do have a great team at Disney/ABC. But also, and you're going to hear this a lot during this presentation, I know that a good brand is really about building and creating real, emotional connection. And I have to say, we're very good at both at Disney/ABC Daytime. We've put together an incredibly strong team of talented people and they make real connections with viewers. So, examples; they trust Ebert and Roper to recommend movies. They trust Barbara Walters to interpret the news of the day. And they know that Susan Lucci, no matter what happens, will get married again. Now, I know what you're thinking. It's a soap guy. I'm an insurance company. I'm a finance person. What in God's name can I possibly learn about leadership?

But the truth is that daytime TV is not just about bed hoping and bitch slapping, though there's quite a bit of that in the staff meetings. <laughter> The challenges of daytime TV are very specific and they come both onscreen and off-screen. And some of them are indeed unique but I think some of them are very universal and you might find of interest. And we'll try to point a few of them out today as we go along and I'll probably throw in a few other things I've learned along the way in some of the other jobs I've had. And the first point I want to make is, change happens and it's really something you have to deal with. For example, when I came here today, we had both PowerPoint and video. As you can see, we have a blue screen. There will be no special effects on the blue screen nor will there be a PowerPoint. We had a switcher crash just before this speech. So, you will have video. We had to make a choice. So, whenever I'm talking about someone or something, just use your imagination. Barbara Walters, really big screen. Rosie O'Donnell, big screen. Donald Trump, no slide. Okay. Let's talk about Barbara and "The View" because I know that's on everybody's mind. And I'm not really going to dig into the fun stuff until the questions, seriously. But let's talk a little bit about what's gone on over the last year, because you guys know over the last year.

"The View" has been the talk of the town and gone through enormous change. So, Barbara creates a franchise. What's the show about? It's a show where women of different ages and different backgrounds, share their views about life, about the news of the day. Now, the first time I met Barbara was about four and a half years ago. And she looked at me over lunch and said, "you know, I don't know how much longer this show's gonna be around?" I said, "What do you mean?" She goes, "Well, you know, I don't know how long I want to do this and Joy's getting old. And Meredith this and I don't know." And I said, "You know, this show to me is more like Good Morning America. It's a franchise." American women are constantly changing. Their views are constantly changing. What is the typical American

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woman is constantly changing. This should be a franchise. Little did I know what trouble I was causing because I put the idea in her head that we should not be afraid to change the faces on the show. And in the time I've been here, we've changed virtually every face on the show. Okay, so let's flashback for a second and remember sort of the last year in broad strokes. <Video clip of The View>

No, things aren't the same. Okay, here's what you didn't read in the headlines. All right, first, Star Jones. We do enormous amount of research with our audience. We talk to them constantly both online and with phone surveys and we knew Star's popularity had declined a lot. She had burned a lot of bridges with the audience, both because of the wedding and a lot of things that were associated with the wedding and the way her relationship with the audience changed. Where she had been one of them and suddenly became somebody who was looking down on them and they didn't buy the transition in the way she had. So, we were going to replace her about a year ago and before we did that we said, let's just make sure Meredith is going to be sticking around.

And we went to Meredith. She said to us, "Well actually, the "Today Show" has been feeling me out and they've really offered me a chance to really do something I've always dreamed about and that's to replace Katie Couric on the "Today Show." Now, one immediately gets competitive in network television. I said, "Well, how much are they going to pay you?" And it was only ten times more than I could pay her. So I did what any good network executive could do which was I thanked her for everything she had done for us over the last decade and sent her off with our best wishes. So, that meant that we had a bigger problem. Replacing Star is one thing. Replacing Star and Meredith is another and especially imagine emotionally for Barbara Walters. Here were the two really- the 'go-to' women for her. The younger person was never that person for her. It was almost an irrelevant position, probably an overstatement but not far off. And Joy was there for the comedy. Okay, now suddenly we had to really sit and say, "What now?" And you have a choice then. You can retreat, you can be afraid, you can be safe.

We chose to be bold. We said what if this is a chance to reinvigorate and reinvent what "The View" is. To rethink what it could be and who can be on it. Now when Barbara came with Rosie, there were a lot of people who had some trepidations. Rosie had done some things to her career over time and some people felt that this was really not a calculated risk but an enormous risk. But we went into the field. We talked to viewers. And viewers were really, really interesting in their response to Rosie. They knew why she had sort of fallen off the rollercoaster or taken off the tracks. And interestingly, maybe more interesting, Rosie knew why. The most self aware, brilliant person I've ever met about herself, about television and about television production. And when I talked to her, she knew what she had learned. She knew where she had gone off. She knew what she wanted to be when she sat at that table and she knew what she was going to do for the other women to make them better and to make the show better.

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She was going to take these life lessons and share them on the view. This is a woman who emotionally connects with viewers. She's smart. She handles the news of the day. She's the most aware person. If you've read any magazine article, you mention it to Rosie, she tells you the end of the story. It's amazing. She is funny. And she uses humor in many, many different ways; as a leveler, as a change of pace, as a chance to reinvigorate a show. And whatever happens- and this is the amazing part to me, she takes the audience with her. She shares the love she has of being a mom. And that makes her very, very relatable. It just sort of covers up everything else that has gone on over the last five years for her. And yet, she'll also sit and talk about the mistakes she's made and in that first episode, if you've ever went back and looked at it, there's a six minute package at the end of the show; it's like here's all the things I did wrong. And here's why I wouldn't do it again. Or, if you ever end up in this situation, don't sue a major magazine and start a Broadway Show at the same time. Damn good advice I thought. Okay. So, here's this amazing woman. She shares everything on the air and just has done an amazing job.

So, change, Star, Meredith, Rosie and suddenly we had a show that was in its ninth year and for six months, from the time of Star's problems to the time everybody left and as you saw Rosie was announced on the Daytime Emmy's, we were suddenly the talk of the show. The whole show was subject to intense media speculation, water cooler conversation, gossip; and I don't think—Let me rephrase that. We could not afford a marketing campaign that got us the amount of airtime and ink that was generated by the changes on this show. And frankly right now, we are sitting with the highest ratings in the ten year history of the show. For those of you who don't know anything about daytime TV, this doesn't happen. Shows that are-- <Video clip of Rosie O'Donnell> Okay, you can run that. <Video clip of Rosie O'Donnell and Rent cast>

So, I think you see—getting a tear in your eye was not something that ever was associated with “The View.” Seeing real people and feeling their heartbeat was not something “The View” was known for. And what's amazing to me is that we have a franchise that's true to sharing the points of view of women, sharing what's important to women. But this woman is different and yet she belongs in this branch. She belongs in this franchise. And I think that's what's so amazing, how viewers and consumers can actually survive change and franchises can go through change and they come out stronger than the other side. And that's certainly our experience with The View. It's just a wonderful thing to live through. It's one of those things that don't happen very often in a career. But we deal with change all the time in a lot of other areas. Now, let's talk a little bit about the soap side of my life and General Hospital.

Now, General Hospital, one of the top rated soaps on TV. Last May, it set a record when it won its ninth Emmy for outstanding daytime drama. No other show has ever done that. And we have a character named Carly Corinthos. And she's one of the most popular characters on the show. Now unfortunately

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for us, that popularity always seems to extend to whoever's playing her. So, every actress who's been Carly has pretty much runaway to star in primetime. And we've had four so far playing the same character. So, how do we deal with this? And Soap Net I think did an amazing thing. They actually created a little promo to bring the audience into the back story of Carly but also show that there's a new Carly. So, why don't we show that promo. <Promo of Carly Corinthos>

And the amazing thing, the last woman you saw is a woman named Laura Wright who came over from "Guiding Light" and is actually the most popular Carly we've had to date. So, it's really kind of an amazing thing how the audience will accept a different face in the same role and it's kind of a unique thing really for television. Obviously in theater you see it all the time. And I think it has a lot to do with who Carly is as an iconic character to a GH viewer. And Carly is always the person who does things that the fans can't imagine them doing themselves but they wish they could. And they love watching it. And Carly came out of a psych ward. She blackmailed her way into half ownership of a hotel then started dating the millionaire who owned the other half of the hotel. She married a mobster. She got shot in the head while giving birth; perfectly fine today. But the amazing thing is as long as we stay true to that character and what the appeal is to the audience, they accept these casting changes because they do see the actress but they layer the character's attributes on to her as well. And again, a lesson that you can take in and sort of put on to franchise building or brand building in your efforts. Because once you've defined who you are, whether it's a show or a character and what you mean to consumers, then you can weather change as long as you stay emotionally true to what the audience or the market really connected with in the first place. So, that was point number one.

Second point I want to make tonight, never underestimate the imagination of your audience or your team. Now we have a very unique problem at the ABC daytime part of the house. We make more than 1000 hours of original programming every year. We're on five weeks a year every week, almost no reruns. A couple of "The View" reruns. No breaks and limited production resources. And our writers don't just have to create, they have to endure. Now, by contrast, a show like "Lost," 22 hours a year and they spend a few million for each episode as opposed to a couple hundred thousand that we do. And of course, they get to do it in Hawaii; but okay. So, in daytime, we deal with the basics. We keep our viewers connected without a lot of special effects because we don't have the time. We don't have the money to really do them on a regular basis. Now occasionally, as you'll see here, we do get to go all out. <Video clip for TV show>

So, these train wrecks, plane riots, prison riots, plane crashes—always November, February, May. That's about the time that Nielsen measures ratings that determine advertising rates for the local stations around the country. It's an old-fashioned thing but we all still sort of view to it. The rest of the time, we have to

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be creative without so much money. We capture our audience's attention; again, strong, emotional connections. There's a relationship between a fan and subject that's very intimate. The characters are in our home every day. They become part of our life. They start to feel like friends, family members and she really cares what happens to them. And notice I say women because it's women that we sell to and women that we program for. About a 30%, 35%, depending on the show, of our audience is men. We do not sell them and cannot sell them. So, let's talk a little bit more about "General Hospital" and talk about how some imagination and exciting relationship between characters. In this case, the iconic Luke and Laura created a whole new direction for the show and the genre in general.

So, let's flashback probably about 28 years ago. And you got to remember what soaps were like then. People sat down and they talked. They had coffee. They talked. And they'd have a little more coffee. Some things were really getting wild, they would actually walk and talk at the same time with their cup of coffee. It's great. Then Luke and Laura come along. "General Hospital" on ten years, had never won its time period. A new producer comes in named Gloria Monty. They basically said, "Gloria, blow this thing up and change it otherwise we're going to cancel it." So, she takes a lot of chances. She brings in these characters of Luke and Laura and suddenly soap operas are doing adventure stories and high romance. They are acting out old movies. They're dancing in department stores. They're saving the world from freezing over. They do it with a lot of a pawn and boy is the tongue in the cheek during those scenes. They have fun. The viewers have fun. They fall in love. The entire country falls in love as well. Thirty million people tune in to watch Luke and Laura say 'I do' in 1981. This year—the 25<sup>th</sup> anniversary. I should say in November we celebrated the 25<sup>th</sup> anniversary by bringing them back together. You're going to see two pieces of video. The original wedding and then what we just did in November. <Video clip of Luke and Laura's wedding 1981> That was then. Here is now. <Video clip of Luke and Laura's 25<sup>th</sup> anniversary>

Now, we did a couple of different things in this November. One of the biggest challenges we face is holding on to the core 35+ audience but we also need to grow our under 35 audience so the genre has more of a future. So, what we did is we crafter the reunion of Luke and Laura so that women who watched the show 25 years ago would tune back in but we encouraged them to bring their children back in. Remember what had happened. And when that next generation of viewers hopefully came in, they fell in love or at least in like, with our next generation of characters who of course are the children of Luke and Laura. And that's constantly what we're trying to do; find and create imaginative moments that deepen the relationship that our viewers have with the show. Now, what my experience is, totally TV and entertainment. Finding unique and effective ways to stay important and relevant to your consumers is obviously critical to any business or brand or franchise. Another thing you can learn from daytime TV, I hate to say this, but everything is fair game. People often ask us, "Where do you get those ideas for

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those stories on them soaps?" And I tell them it's in the headlines. If it's not in the headlines, it's on the screen.

When the married New Jersey Governor announced that he was a proud gay American on national TV, we were not far behind. Millions of women were watching One Life to Live and were right by Nora's side for moral support when she said-- <Video clip of Nora> Yes, that's about all she could say. What really else was there to say? Anyway, we don't really care so much where the ideas come from as long as they work. I recently met the guy who had my job when ABC bought General Hospital 40 odd years ago. At the time, hospital dramas were big in primetime. Dr. Kildare, Ben Casey. And ABC simply wanted Dr. Kildare for daytime. And General Hospital was created to meet that need essentially copying that concept. Fast forward 40+ years, and one of the biggest shows on primetime on ABC is?

**Audience:** "Grey's Anatomy."

**Brian Frons:** Very good audience. And of course, "General Hospital" is still around and they shoot on the same lot by the way. Occasionally, people do ask if they're copying us or we're copying them or whatever. And I don't think that ever really happens but I have to say in this promo where we sort of feature our own Dr. McDreamy, Patrick Drake; people did ask if we had stolen something but never mind. <Video clip of "General Hospital" promo Patrick Drake>

So, looking for new ideas. Understanding is critical that learning is a never-ending process. Earlier I mentioned I spent several years with SBS in Europe; second largest broadcaster in that region. And the broadband wireless markets over there were really quite a bit ahead of us then and I think still a little bit now. So, when we launched Big Brother, we also launched a live feed from the house on broadband. So, this is 1999, so that's quite a while ago. Broadband, everybody in the country in Norway have it. And fans really wanted to see what was happening in the house between episodes. And before I went into a staff-- as I was going to a staff meeting at TV Norga, which means TV Norway in Norwegian, several of our senior female staffers were really kind of standing around giggling, and I go, "What's so funny?" And they went, "Rodney's in the shower." And Rodney was one of the men in the big brother house. And I asked if his being in the shower was big news, and they all went, "Yes. Rodney in the shower's actually extremely big news, huge, actually." And I said, "Well, would you guys pay for a text messaging service on your mobile phone that would let you know that something interesting was happening in the shower or in the house, and then you could go to the broadband?" And they said yes. And so, we actually created a very successful and profitable text messaging system.

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And when I came to ABC, we actually used the same idea, and today you can sign up for a service and get messages about when something good is going to happen on your soap, and it comes directly from one of our-- which one of our characters. So, that really tells you that, I believe, that if you find something that works, you can steal from yourself over and over again, or other people, for that matter. I've mentioned Erica Kane had gotten married about a year ago May. We actually, I think I said ten times earlier. We actually have a recount; it's eleven times so far. And every time the woman gets married, we actually get very good ratings, and we're perfectly happy to continue to get married over and over again, and I think as long as soap fans believe in love and hope and-- or until the ratings drop. Now, in addition to Kane weddings, we're also using online communities to give soap fans new opportunities to get more connected and involved with their favorite characters. You can also connect-- we connect with our viewers, in addition to online, with mobile and other virtual communities. And I think a lot of that comes out of our desire to listen deeply to what our audience says. And this is sort of something that came out of a relationship with a friend, my friend Richard.

Richard is the guy who invented Plax Mouthwash. And Richard's theory is that network it be in general listened to too many people instead of sitting down and listening to a few people. And what he used to do is do one-on-one interviews, not focus groups, and he'd keep talking to women until he came up with ideas for products. Okay? And so, what I try and do is listen deeply, not just broadly. Three years ago, a couple of characters on "All My Children" launched a cosmetics company in their kitchen, and not long after that, we held a fan event at Disney California Adventure, and I met a lot of people that weekend. And by far, the question I heard most often and most intently was, "Where can we buy the products the girls are making in the kitchen?" And I felt, boy, if women really want to be a part of the show and bring the show into their own lives, we have to do that. And so we are now in the cosmetics business. Enchantment Perfume in 2004 was our first product, which we launched in Wal-Mart.

An interesting sidebar, when we were developing the perfume, we let the staff members weigh in on the product. They said the packaging was awful, and the perfume smelled bad, and so I said, "Which of you shops at Wal-Mart?" And they all said, "Not us." So I said, "Fine, why don't we actually talk to women who shop at Wal-Mart?" Guess what? They loved the packaging and they loved the perfume, and we listened deeply to those women, and they turned All My Children's Enchantment into the biggest-selling perfume that holiday season. Now, we followed that success with another line of products inspired by one of the companies of "All My Children" called Fusion, and it's another best seller for us. This is the commercial for it. COMMERCIAL <woman's voice>: "It's beauty wherever you go. When the story continues with All My Children's Fusion. It's now available for you. The dream can be yours at Wal-Mart."

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**Brian Frons:** Now, if you didn't get a bottle for the holidays, remember, Valentine's Day is just around the corner. <laughter> They're still available at Wal-Mart at a very reasonable price. Now, if any of you thought I was above that sort of showing, you are not paying close enough attention to what's going on today. So pay very careful to the fifth point today, which is: Check your preconceptions at the door. I got my first big lesson in preconceptions as a baby programming executive assigned to CBS's "Guiding Light," first show I ever covered in 1979. The show was owned by Procter & Gamble, and Procter was already starting to have a little bit of trouble with their programming arm, and they said, "Why don't we try and research soaps the way we research our other products?" And so off we went, reluctantly, I would say, to focus groups, which were held on a lovely snowy, winter's day in Dayton, Ohio. We really, you know, the creative people didn't really expect to learn very much from the process, but in truth, we learned an awful lot and some very important things.

What we learned was how women really watch their soaps. It turned out as follows: One third of women watch their soaps with intent religious fervor, you know, like this-- okay, glued to the screen for every moment, paying attention to every production nuance and acting moment that the producers had intended. One third of the women watching the soaps doing other things while in the same room, reading magazines, talking to friends, yakking on the phone, paying bills, whatever they needed to do while the shows were on. And the other third used soaps as radio, as they went around the house doing whatever chores they needed to, and they maybe came in for some of the good parts, you know, like when the music comes up, there's no dialogue, and they've seen people are taking their clothes off. <laughter> Okay.

Now, poor Michael Labeson, who was our producer, thought that everyone watched his soap and all soaps highly intently. And later on, research revealed another shocking truth about soap opera watchers: Their lives were more important than their soaps. And oddly enough, this revelation stunned the men who ran daytime TV at the three networks. They never thought women would actually allow their real-life responsibilities, like working, volunteering, and picking up the kids, to interfere with their soaps. Now, it took a mere 15 to 20 years for some very bright executives who were at ABC before me to be able to actualize the idea that women should have a channel to watch their soaps whenever they wanted to watch their soaps, on their schedule, not ours, and that's how Soapnet was launched on basic cable with the basic and simple expression "Today's soaps tonight." Now, it's a great thing about Soapnet that it understands that women deserve their soaps and it makes the experience more fun than ever. When you enter the Soapnet environment, whether it's on television or Soapnet.com or on our new broadband service, Soapnetic, you know you're there for entertainment, that you deserve your soap, and you deserve to have a great time.

# PEPPERDINE UNIVERSITY

## Graziadio School of Business and Management

So, for the first 50 years that soaps were on the air, people believed they were perishable. Okay. They aired that day--pfft-- gone. And literally in the days of live, gone. Soapnet proved that preconception wrong by giving fans a chance to see the top-five-rated daytime dramas every night after they air, or you can watch them again the next morning, or you can catch up with them on the weekends. And it turns out the shelf life of an episode of a daytime drama is actually about seven days. Okay. So, if you think about in business terms, for those of you who are not in the TV business, imagine having something that lasts seven times longer and has value seven times longer than you thought. That's a huge, huge opportunity. And in fact, today, 25 percent of the women who watch those top five soap operas actually watch them on Soapnet. Okay? And that new business wouldn't have existed if industry preconception was not chucked in favor of learning what was really going on. And that really brings me the sixth and final point that I want to cover tonight before we get to the fun stuff.

The best way to prevent your own preconceptions from limiting your success is to be accessible--to your consumers, but especially to your staff. You never know where the next great idea is coming from or the insight that will change your entire perspective. One example, it turns out, was what viewers wanted most on "General Hospital" was the return of a specific character, Robin Scorpio. And we heard it over and over in focus groups. I'd say, "Who would you like to see back?" Over and over again. And unlike the Cora Lee character, you know, in the little flip promo at the beginning of the presentation, Robin was strongly identified with the actress in addition to the character. They had seen her grow up as a little girl on the show, seen her go all the way to adulthood, and they really had a vested interest in her as a human being, as a person, in more than is normal. And, you know, I don't know how many of you actually watch soaps, but soap operas also have been famous for really reflecting the social issues of the day and emotionalizing them. So, it's not a polemic like, "This is important." They make it emotional and passionate and real, and then people act on what they learn on the TV screen. So, here was this character, HIV positive. They had seen her grow up as a little girl, and so just to sort of recap who Robin is, let's watch this for a second.

FILM CLIP:

Child: Daddy.

Man: Come here. Who is this delightful young lady that I'm in the company of?

Girl: I don't understand. I mean, he just made it.

Man: What about you?

Man: I'd like you to have some blood taken so we can send it down to the lab for a test.

Woman: Look-at, I'll take it, okay. Just not today, all right?

Man: You never give up just for the hell of it...chance something wonderful will happen.

Woman: I can't afford to be spontaneous. I'm HIV positive.

# PEPPERDINE UNIVERSITY

## Graziadio School of Business and Management

**Brian Frons:** So, think about what this would mean in terms of taking a risk. Okay? So, "General Hospital" takes this beloved little kid, we've seen her grow up, and what do they do? They make her HIV positive at a time in America when people don't even know what that really means. They're scared. They're worried. They don't know how they're going to catch it. Okay? And suddenly, millions of women at home are watching this girl. They love the character. They love the actress. They have this connection. Okay? So, now when I come in and people are telling me, "Let's bring back Robin." We can't recast her. We talked to the actress. She's not interested in coming back. But what was so great about the teenage age, they said, "You know what? Let's see if we can just reconnect. You know, she hasn't been here in five, six years," and they wrote in a guest appearance for her. And she agreed to come back because it was the funeral of a real-life character, and the actress had passed away, and so we were honoring her on the show, and she came back. And guess what? She enjoyed it. Okay? And she agreed to come back to the show, and it's been a terrific success for us and the young man you just saw her with.

Now, the interesting thing was--let's put another layer of contemporariness to it--as she was coming back, blogs were becoming mainstream, and people were asking us, "Where was Robin the last few years? What's been going on in her life? Who was she dating? Blah-blah-blah." And so, we took a young woman in the staff who was doing continuity, who we felt was, you know, one of the writers of the future, because we spent a lot of time talking about who's going to be next generation both in front of and behind the camera, and she started writing Robin's blog. Right now on all of ABC.com, with all the blogs that are out there--Lost, Desperate Housewives, whatever--the number two blog in all of ABC.com second only to Grey's Anatomy, is Robin's Daily Dose from General Hospital. So it really gives you a sense of how popular this character is and how strong the emotional connections are between soap fans, you know, and the characters. Okay. Accessibility--let's talk about accessibility to the staff. Anyone can come into my office and make a suggestion. They can complain, they can tell me what they're looking for, doesn't matter. That's the way the business works at our place.

**Abbey:** Brian, you're really long.

**Brian Frons:** There you go. All right. So that's Abbey, who runs media relations for us. So, let's review the five things that you're going to get tested on. Nah, just kidding. Not enough students here to make that joke work. Okay, so, five things for tonight. We leverage our imagination to build a strong connection with our consumers, and we don't put a limit on where we find the ideas to do that. We owe it to our consumers and our colleagues to listen to them, especially when they challenge our preconceptions. And ultimately, the only way to achieve the first five things is to make sure we're accessible to anyone who has something to say about what we're doing and how we're doing it. So, I

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## Graziadio School of Business and Management

want to hear from you guys about the presentation and anything else on your mind, and let's do some questions. And there's microphones around the room, and people will run there so that when they have the video they'll be able to hear the questions. And I probably won't be able to see you because of the light.

Q: <Male>: Hi. I'm Bruce Crassic. I have a question for you. How has TiVo and DVRs affected your business?

**Brian Frons:** Right now I would say there's probably about five to seven percent of viewing being done on TiVo and all television, generally speaking, and there's some shows that get more, obviously, and some genres that get less. And right now we're not able to turn that into money. There's, as you probably heard, a big fight last fall--or last spring, rather--between the networks and the advertisers on how to, you know, find a way to monetize that. Because there are some studies that say that, you know, some of the messages are popping through because people are actually scanning, so they're seeing the names pop up, and there's some recognition. So I think the biggest industry challenge you're going to see tackled over the next year or two is finding some kind of compromise between what the networks would like, which is live plus anyone who sees the show in the next seven days after original broadcast, and what we have today, which is just the live viewing. And in addition to that, I think, you know, Soapnet's kind of in an interesting place, and it's probably anecdotally true in my house--or it is an anecdote from my house, I should say--which is, I actually was recording, you know, the soaps and some competitive soaps on the TiVo in the big, you know, the big screen room, and I was thrown out because my soaps were taking up too much room on the hard drive. So, you know, it seems that Soapnet is not getting recorded quite as much as some other things because people know they can watch it five times, they like the environment, and it's just physically a ton of product. So, what that's worth. Couple in the middle there? Or you got one?

Q: <Male>: Hi, Brian. Great presentation. A question the Hispanic market, which is huge in the country, are you picking up market share or are you up a battle against Univision and their soaps and that type of demographic? I'd be interested to hear more about that.

**Brian Frons:** Sure. Well, one of the interesting things and perspectives I brought in an integrated business unit is I no longer looked at the slipping market share of the network business, but I started to look at an aggregation. So, if you took the network plus Soapnet plus what's happening at TiVo and working with sales to, you know, try and figure out how to monetize it, we're actually growing by offering the product on more channels. And I think in prime, you know, you see some erosion, but you see much

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## Graziadio School of Business and Management

more of a stabilization in overall level because, you know, we've sort of hit saturation in cable on how many channels are going to, you know, find real space that have real product. And if you add that to what's happening with digital delivery, whether it's iTunes or ABC.com, I sort of feel like we've at least hit equilibrium in general. And I think for us, you know, we see moments of growth here and there. It's a tough business, you know, and ultimately, you know, it's a zero sum game. There's only so many people watching TV.

Q: <Male>: You mentioned that the ability to be bold and the ability to imagine what could be ultimately became catalysts of success. Now, as competition increases and that becomes a very important element to infuse into the cultural fabric of your organization, what else have you done besides being accessible and so forth to really ingrain that into the cultural fabric of your organization that reaches to all levels?

**Brian Frons:** We actually will sit and do several different things. First, staff members--why don't you pass it towards the middle. I think there's a couple of ladies in the middle that never sort of get the mic. There's a couple of things. First, we actually ask staff members to contribute ideas, and they get rewarded for that. We also set up a couple of research pods where the shows and the programming people are actually getting constant streams of real-life stories and real cultural feedback what's happening in the society. And most of all, it's things like putting Rosie on. You know, you have to walk the talk, you know. And I will tell you that with a couple of exceptions, people looked at me like I was out of my mind when I announced Rosie was the new host.

But what came out of that was much more boldness in other areas of the organization, because when you throw the dice, and you're willing to risk your career, then other people are willing to throw the dice. And there's nothing that I think inspires people more than that than taking those chances. It's saying, you know, okay we've done a stolen baby story, but let's take the baby to another soap, which we did. We did a-- which we still do every February-- we do what we call "Fan February." It's sort of an affinity thing. And the first year I was here, I actually allowed fans to write stories, and we shot them. So, if you take chances, the organization is empowered to take chances. If you don't and you're very conservative, when you're playing, you know, football terms, a ball control offense, don't expect them to take chances if you're not doing it. It's the most important thing, I think.

Q: <Female>: You mentioned briefly how in the past you would format your story lines to match the sweep periods. But now, you know, the landscape of local people meters that have kind of gone across the states, have you had to make changes in order to stay competitive?

# PEPPERDINE UNIVERSITY

## Graziadio School of Business and Management

**Brian Frons:** Yeah. The shocking thing was that when I actually met with the head of owned stations, he felt that there was still, you know, 40, 50 percent of the money out there was still tied to the old diary system and the places where that still exists. So he asked that we continue to actually focus on the sweep months, which I find kind of frustrating, because I would rather take some of that money and smooth it out a little and hold it to when there's higher viewing. For instance, in January, you have very high viewing, you know, and after you get past that first few days of the year, there's ad money. And right now the scatter market's very strong right now, and I wish I had, you know, more money to throw against bigger story right now. So, the answer is, I think, over the next five years as the people meters roll out, I think you'll see the sweeps start to have only historic, you know, memory as opposed to having real memory. But they're still a little bit, you know, residual there. I'm fighting it. And I think you heard me more griping than anything else.

Q: <Female>: You said that you do not and cannot sell to the 35 percent of men who watch the show. How did you arrive at that particular decision, or has it just always?

**Brian Frons:** It's been a historical thing, and I've asked sales about it and there's only maybe a couple of percentage points of, you know, total adult sales. I think it's a big opportunity for us. If we could figure out how to monetize that, then the whole business becomes, you know, a lot stronger. And it's really just a situation where people, advertisers came to daytime for a certain reason, you know, to launch certain products, to remind people about certain products. And they just don't get there, and it's something, you know, I think we will try and figure out as time goes on. But it hasn't been as high a priority for sales as I would like it to be. You know, you don't succeed at everything right away. You know, it's like the Robin story. You know, I have this list of stuff and, as people on my staff like to say, "You never know when he's going to circle back." You know?

Q: <Male>: Brian, we were contemporaneously together at CBS what seems eons ago.

**Brian Frons:** But I had hair then, right? You can vouch for that?

Q: <Male>: Yeah, yeah. And if you'll recall, at that time, we were called the Tiffany Network. We had this thing called standards and practices. I myself not too fondly recall having to re-edit Magnum Force for the Tuesday Night Movie and remove all gunshots, and it just completely eviscerated the film. And I realize now that, we're sitting at Pepperdine University, a faith-based university, with an orb of ethics around it, and I look at Fox, and I realize Fox probably, if they felt they could have gotten away with it, would have done the O.J. thing, okay? I also saw that CBS took on Howard Stern not too long ago. And

# PEPPERDINE UNIVERSITY

## Graziadio School of Business and Management

Bill Paily would be flipping and flopping in his grave over that one. Where is ABC right now? And I don't mean to pin anything on ABC, but where is your head, and where is ABC relative to the ethics questions of, if you draw things out of society's headlines--I mean, I'm reading headlines every day about Paris Hilton and Lindsay Lohan, okay, and I'm not so sure that's exactly what I want my media focus to be cameling.

**Brian Frons:** Well, let me sort of tee it up first as, you know, we are part of the Walt Disney Company, and so, while on a day-to-day level I don't expect my programming executives and my soaps to reflect Disney, you know, all the restrictions of the Disney filter, that's always in the back of your mind. You know, we work for a company first, and everything stems out of that. And so, when you see a lot of reality reflected on our shows-- and let's pick up, like, the Lindsay Lohan, you know, Brittany kind of thing-- you know, there's, you know, a great bit that Rosy did on The View, which was, you know, Brittany was, you know, in the, you know-- he's laughing; he remembers. Okay. So, she had no underwear on, okay. And, you know, Rosie's reaction to that was to say, "This girl needs help. I want you to come move into my house" -- I think half serious, half funny-- "and let's straighten you out because you're a mom." And I thought that was a great way to take something that's in the headlines that is a little salacious, that is on the worst pages of, you know, page six in Star, and turn it into something that's caring and warm and, you know, sort of proactive. And I think if you look at the reality shows that, you know, under the brand <inaudible> good runs alternative is created, and bought, you know, Super Nanny, Extreme Makeover Home Edition, you sort of see that we're going to make things better, we're going to realize dreams. And I think, you know, that's sort of the frame for, you know, ABC. They're trying to reflect things that are happening in this society, but if it's not the things that we want emulated, then we sort of say, "Okay. Then you need to change it, and we want to help change it." Okay?

Q: <Male>: I was listening to you speak of The View franchise. Could you kind of elaborate on what exactly the franchise, how it extends and what it is?

**Brian Frons:** Sure. You know, I think at its core, it's a show that has a lot of opportunity that has not been exploited yet. So, when we say franchise as opposed to just a regular TV show, most shows have a very short life. Okay? You know, if you look, most TV shows are five years and less. And this is a show that's been on its tenth year. It has its best ratings. Why? Well, at its heart, we believe there's brand promise that says women of different-- different American women, different points of view, and that we feel we can constantly reinvent that. We know that women come there for information. And at one time there's a very robust, you know, web offering that went away in the dot.com blow-up that we want to re-exploit. Some people think there's books. Some people thinks there's movies. So, maybe I should have said franchise in a sense that this is a show that can continue to carry and build revenue. But I think

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## Graziadio School of Business and Management

when you talk about brand extensions and ways to make other money, I think we're in the early days of it, strangely enough for a show that's been on that long. So, I don't know if that answered it, but that's the reality of it. It's like this wave as the mic roams across the room.

Q: <Female>: I feel like I've been noticing more and more of our new programming in the states coming from Great Britain or Europe, and I don't know that that's my own just being more aware of it.

**Brian Frons:** That's correct. That is true.

Q: <Female>: But I was wondering whether you could speak to, having not been there or seen television program abroad, what is it that-- are they filling a hole that we don't have or, I'm just curious as to how that's happening.

**Brian Frons:** There's a couple of reasons for it. First realize that making drama and comedy is extremely expensive. And so, if you are in anywhere but, let's say, let's just talk Europe for a second. If you're outside the top five ad revenue markets, which are Britain, France, Germany, Spain and Italy, then it's very difficult for you to make scripted material. So, then you spend the next-- you spend 20 years of your economic life coming up with other program forms: Entertainment, variety, reality, "docusoap" and whatever. And then one day, somebody comes to America and gets a sponsor to foot the bill for Survivor. And then everybody in America goes, "Oh, my God. We need more of this. Where'd you get this?" And the answer was, from an English guy who had the show produced in Sweden, which is a whole other side story. And there was this massive vault of stuff that had been developed all those years for economic reasons. You wanted nationalistic program, you wanted your own programming, what could you afford? Nonfiction. And so that stuff came here. It wasn't that we couldn't do it. It's that we had lost interest in it.

If you go back to when I was in graduate school, people were talking. There was Lifeline. There were the Body Human specials. There was a lot of that stuff. And we're a cyclical, you know, economy, and we're a cyclical television economy. You know, how many times have sitcoms been dead? How many times have drama series been dead? How many times have primetime soaps been dead? How many times have miniseries been dead and resurrected and dead and resurrected and dead? So, this is the next go-around for reality, in some way, shape or form, in American TV. And it's really been grabbed onto particularly by Fox and, you know, some other people to fill holes, but especially by cable. Some shows that were BBC primetime shows were sitting on cable, things like Changing Rooms. What do they call it here? Is it Changing Rooms here? Trading Spaces was Changing Rooms. That was a BBC primetime

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## Graziadio School of Business and Management

show. Huge ratings all over Europe. But you know, networks looked at it and went, "Oh, that's cable." We do a big [ph?] number. So, it's something that's going to continue. It won't happen at the same pace, just because they don't have the backlog of inventory anymore.

**Dean Linda Livingstone:** We'll take one more question.

Q: <Male>: Just in terms of, like, the TiVo we were talking about...

**Brian Frons:** Ah, thanks. <laughter>

Q: <Male>: Advertising's kind of getting fast forwarded through, and then now you're selling DVDs possibly of some of your shows, how does product placement fit into that for, maybe, daytime ABC or any other stations?

**Brian Frons:** Sure. Yeah. We have a department called integrated sales and marketing. And the bigger part of the business, actually, is not so much just having the Coke bottle on the desk, which is what, you know, you see the most of the story's about. What they really sit and do is work with advertisers to say, "Give us a bigger part of your ad budget and some additional marketing money, and we'll create something interesting for you." So a lot of times you'll see, like, the best holiday gifts from Kohl's on The View; that's actually a sponsored segment. So we've gotten Kohl's to come give us money to do it and then present it. We had a story on General Hospital where Nicholas wrecked his car, and-- God, I'm blanking-- OnStar, thank you. You know, he bounced into OnStar, and that was the first time they had done something like that. Or, you know, we did a great thing with Ford, I believe, where they helped us on The View find somebody who had made a significant contribution in fighting breast cancer or helping somebody fight breast cancer, and they were the "Warrior of the Week," and they gave away a car. So, those are the kinds of things you'll see. It's not so much the Doritos bag in the corner anymore.

Q: <Male>: In the television show, the customer said that's, like obtrusive to filming?

**Brian Frons:** People are very-- I believe, well, the audience is very perceptive. If it's annoying and obvious and pitchy, you know, and cheesy, they reject it. If it's natural and integrated, they embrace it and it's not a problem at all, and it's worth a lot of money to us.

# PEPPERDINE UNIVERSITY

## Graziadio School of Business and Management

**Dean Linda Livingstone:** Great, thank you so much.

**Brian Frons:** Thank you, guys, very much. <applause>

**Dean Linda Livingstone:** Thank you. It was great. We have a gift for you, some Pepperdine things to take with you and remember us by.

**Brian Frons:** Oh, great. Thank you very much.

**Dean Linda Livingstone:** So, thank you so much.

**Brian Frons:** And you can keep the Fusion.

**Dean Linda Livingstone:** Thank you so much. <laughter and applause> See, I'll take this home to my ten-year-old daughter, and she'll think I did something really special tonight for her. It'll get me off the hook for not being home to help with homework tonight. But thank you all so much for joining us. What a wonderful evening it was, Brian. We really appreciate the insights you shared, not only about daytime television, but just about what you've learned from that that really is applicable across many areas of business. We hope to see you at events coming up, certainly the next DELS, but at the Ask [ph?] Reception, at the business planning competition, some other activities. So, have a safe drive home and thank you so much for being with us this evening. <applause>

#### End ####