

ANNENBERG SCHOOL FOR COMMUNICATION

HBO ORAL HISTORY PROJECT

The Reminiscences of

William G. Hooks

Annenberg School for Communication Library Archives

University of Pennsylvania

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PREFACE

The following oral history is the result of a recorded interview with William G. Hooks conducted by Howard Burkat on January 13, 2015. This is part of the HBO Oral History Project.

Readers are asked to bear in mind that they are reading a transcript of the spoken word, rather than written prose.

Transcribed by: Kyle W. Burress

Session: 1 (of 1)

Interviewee: William G. Hooks

Location: New York, NY

Interviewers: Howard Burkat (Q1), Corrina K. Laughlin (Q2), Date: January 13, 2015

Kate Zambon (Q3)

Q1: You're ready?

Hooks: Yes, sir.

Q1: [Laughs] Yes, right.

Hooks: As ready as I will ever be.

Q1: Can you tell us your name?

Hooks: Bill [William G.] Hooks.

Q1: And during your time at HBO [Home Box Office, Inc.], what titles did you have? I know it's not a short list, but give it a shot so we'll know.

Hooks: Well, I don't remember the first one or two, but it had something to do with sales and distribution. Maybe I was a field marketing manager or something like that. But I guess the first real title was when I became regional manager, opening the Dallas [Texas] office in 1975. Then I

kind of got a VP [vice president] title added on to that, but the responsibilities remained the same. I think the salary did, too. Came back to New York [New York], then it sort of crystallized into affiliate operations, so I became VP of affiliate operations. Then I had a short stint as your boss, when I was the VP of marketing administration and communications--

Q1: Of course, my happiest time.

Hooks: --and mine too, Howard--which was a number of staff positions. Then I went back to affiliate operations, eventually became the senior VP of affiliate operations, but that was the field offices, the regional offices. A colleague of mine--now since gone, Stan [Stanley B.] Thomas [Jr.]--had the responsibility for the national accounts, the so-called MSO [multiple-system operator] accounts. Then in 1992, the company sent me to Singapore, to start up and run HBO Asia, so I became the CEO [chief executive officer] of HBO Asia, and stayed there for almost six years. I came back to New York for a few months, and then they sent me to London [United Kingdom], as the EVP [executive vice president] of HBO International, responsible for managing oversight of our Eastern European properties--launching some, divesting some others. I stayed there for five or six years, and then they had no idea what to do with me after that, so they retired me in 2004, thirty years after I started.

Q1: And they said you couldn't hold a job, right?

Hooks: And they said I couldn't hold a job. A few of us lasted.

Q1: What did you do before you joined HBO? What was your background to be joining HBO?

Hooks: Out of college I worked for an oil company. I think that was because of my dad, who had been in the oil business all his life. That was principally in sales, up in Rhode Island. Then I went to Boston University and took a master's [degree] in communications, and then out of there I-- let's see what happened--I went to work for TelePrompTer [Corporation], and a guy named Les [Leslie H.] Read, and Sandy Freeman, working in the field with the system operators, helping them with their marketing. Then I moved over to Warner Cable [a division of Warner Communications] and did the same thing, sort of. And then I got retired from Warner Cable, during the recession of the early '70s. I got a call from John [R.] Barrington, who had been head of PR [public relations] at TelePrompTer, and was now working for Jerry [Gerald M.] Levin. And John said, "You should come and meet this guy and find out about this company called HBO."

Q1: This guy being Levin?

Hooks: Jerry, yes--"Meet Jerry Levin, and find out a little bit about HBO, and maybe there's a spot for you here." So that was the beginning. That was in February of '74--

[INTERRUPTION 3:50-6:32]

Q1: So what interested me, the last thing you said is, there you are, you're working in oil, your father had been in, or was in a similar field, and suddenly you're in cable. That's a bit of a jump. What happened there? How did that go, and why?

Hooks: This may sound facetious, but it's actually true, I watched a lot of television while I was at Brown [University]. I grew to like the medium, and sort of became interested in a progression from entertainment to, maybe there's something I can do to work in this industry, which is why I went to BU [Boston University] to pursue the master's. So, that was an opportunity to learn about, more from a business standpoint, and from a policy standpoint, et cetera, what was going on in the communications business.

Q1: So you do that for a while, you get the call from Barrington, you meet Levin who tells you about this fledgling business that no one has ever heard of and is losing money, and yet you decide to join it. The obvious question is, what was your thinking? What were you looking to do, and what did you see HBO as doing?

Hooks: Again, not to be facetious, but I had just lost my job. I was recently married, had a child. So I was looking for a job, Howard, and a paycheck.

Q1: Oh, that's a detail. Come on.

Hooks: [Laughs] But that's very true. Now it was in the television business, so it sounded interesting, and from what I could glean from Jerry they really needed someone out in the field to

pitch this thing to. It was a very nascent cable [television] business at that point. I mean we're talking less than eight million subscribers, in 1974. So I thought okay, it's movies, it's television, it's kind of like, why I went to graduate school. It seems more interesting than selling insurance, or whatever other opportunities there might have been, and that was one of the job offers I had.

Q1: Did you, or anyone at the time have any inclination, "Someday this is going to be big, someday we'll be something." Was there any of that around at the time?

Hooks: I suspect that Jerry knew that he had, and maybe Chuck [Charles F. Dolan]-- the guy behind Jerry when this channel called the [The] Green Channel was put together--I think Jerry was smart enough and maybe omniscient enough in terms of what was happening in the television landscape, and maybe structurally in terms of demographic change, technology change. There were a lot of things that were happening underneath that weren't apparent-- certainly not to a thirty year old--but that in hindsight, not a long hindsight, but a few years later, it became clear that we had, above all else, moved first, and the timing couldn't have been better from the standpoint of what was going on in the television business, and the industry as a whole. And then you had cable starting to grow--again, eight million--now this oral history is supposed to take ten years, okay--

Q1: Approximately, yes--

Hooks: So, let's just say eight million in 1972. In 1982 there were thirty million cable subscribers. You add on that the satellite technology, which obviously came in '75, and suddenly

a lot of things are falling into place--not that we didn't have obstacles--but a lot of things are falling into place that make this a very attractive business. Our cost basis was low. We had a lot of upside as the cable business grew, and I think fundamentally, and I take no credit for this, but the basic business model was sound. I mean it's more or less the same business model forty-two years later. You've got a subscription basis, you have no advertising, no editing, you have a network, we weren't shipping around tapes, we added original programming, the cable operator paid for the capital equipment--"the converter"--did some of the marketing. I mean, it was pretty clean. And Jerry, and I suppose some of the early senior executives, chewed over that and had a lot to do with thinking that through, but obviously since it's more or less survived intact, although it's obviously gotten richer, it was a pretty good business model from the start.

Q1: You mentioned, in a very small but interesting point, that it at one point was called The Green Channel?

Hooks: That was the name that Chuck Dolan gave to it, when in, I don't know, a couple of years before it launched, when he, as the majority shareholder of Sterling Manhattan [Cable], the cable company, that then Time Inc. gradually assumed control of, because they kept lending Chuck money, to keep this thing afloat, and they owned twenty percent of it from the beginning, but they kept lending Chuck money. Chuck couldn't pay the loan back, so they kept converting the debt to equity, and then finally Chuck came back to the shareholders, which included us--Time Inc.--and said, "Well, if we're going to make this go, we have to invent a channel that is not available anywhere else--" as in over the air. I mean the only thing they were carrying were the seven broadcast channels, which most people could get anyway. So he came up with the idea,

sailing to Europe on the Queen Mary--or maybe it was the Queen Elizabeth [note: Queen Elizabeth 2], I don't remember--to come up with a pay television channel, and it's code name was The Green Channel.

Q1: So you were hired--was the thing on the air when you were hired?

Hooks: Yes.

Q1: It was a going business--may not have been a profitable business--but it was a going business.

Hooks: It launched in November of '72, and I joined in February of '74. And I think we had roughly ten thousand subscribers at that point.

Q1: You were knocking on cable operator doors, tell us, what was your job? Get specific about what someone in those jobs that you mentioned a few minutes ago did when he woke up in the morning and went to do his job.

Hooks: Keep in mind this was before satellite, which came a few years later, so we had a very small distribution platform in the Northeast, using microwave transmission from tower to tower, to get to cable systems that were operating, and mostly those were in Pennsylvania and Upstate New York. So I would drive to Elmira, New York, meet with the cable television manager, and

also the--I guess that was a NewChannels [Corporation] cable system then--and try to convince them--and this wasn't cold calling, I mean there were phone calls and introductions--

Q1: Yet it wasn't corporate headquarters, small corporate, but it wasn't NewChannels corporate office either, it was the individual system manager--

Hooks: It was both. I think NewChannels was in Syracuse [New York], maybe, at the time, so there would be a trip there, perhaps, but essentially my job was to try to convince the relatively small number of cable operators and cable systems that they should carry this service as a way of generating incremental revenue.

Q1: What was your pitch?

Hooks: Well, we have programming that is not available anywhere else. We'll have movies, fresh out of the theater, before they go to television, and we will not edit those movies, there will be no commercial interruptions, we'll have some other programming. The famous example of early HBO original programming, because we launched in Pennsylvania--Wilkes-Barre, Pennsylvania--was the Pennsylvania Polka Festival. This was twenty-five years before Tony Soprano [note: *The Sopranos* television series], so we came a long way.

Q1: You're telling me that I'm going to put these movies on, in my system, and--I'm a little worried there's going to be dirty stuff there, and naked people?

Hooks: I think there was some concern about the lack of editing, if that's the way to describe it. But earlier on I referred to what I think were, again, I think this is a little bit of hindsight, but were changing demographics, and maybe changing television tastes. This was not--we're talking about the boomers now, coming of age, becoming young adults. Their parents had grown up on Ed Sullivan [note: *The Ed Sullivan Show* television series], on Lucy [note: *I Love Lucy* television series], on Milton Berle [note: Mendel Berlinger; American comedian and actor], and now the next generation is being told, well, you can see a movie on television that is just the way it was in the theater, and we're not going to interrupt it, and you're only going to pay six bucks a month, and there will be some other programming on as well. HBO's model then was not racy, no more than theatrical movies were racy, at the time.

Q1: Was the pitch to the operator that you would make money from the HBO service, or was it that it would boost your basic cable, and that that's where you would make money?

Hooks: I think in those days, since cable was, in the early 70s, primarily a rural service, before its rapid and explosive growth in urban areas--which is an interesting part of the history of HBO--but then it was more of a rural service, which meant, at least from a penetration standpoint, they were highly penetrated. The jargon is, there are so many homes "passed," let's call it a thousand homes passed in a little town and maybe eight hundred of those homes took cable televisions, so there wasn't a lot of upside on cable. Perhaps that's another reason why incremental revenue, which by the way, for the cable operator, only came with rate increases that had to be approved by city councils every year. So they have no way of generating, in any significant fashion, incremental revenue to augment their bottom line. So suddenly you're telling them, okay, we

think twenty-five to thirty percent of your cable subscribers will take this service, based on our research, and we're going to split the monthly subscription fee with you. You'll get half, we'll get half--I mean that was the basic pitch--and we'll grow your business that way. Maybe some people that haven't taken cable will take it now in order to get HBO, but that, I think, was not the primary pitch.

Q1: You were an avenue to difficult-to-find, incremental revenue?

Hooks: Yes.

Q1: At that time, my recollection and understanding is that HBO--you knocking on the door on Monday--were competing with a Showtime [Networks, Inc.] sales person who might have been knocking on the door on Tuesday. Is that correct? And if so, how did you pitch versus the other guys, and why did you get the business and the other people didn't?

Hooks: Well, probably Austin [O.] Furst, our head of programming, roughly in the mid-70s, would have a better answer by way of answering why our programming model was better than Showtime's, but, first of all, we were there first, so Showtime wasn't on the shelf at the same time we were. We had a head start. The first mover advantage I think was pretty critical. As an interesting statistic, which I dredged up from somewhere, we went on the satellite in September of '75--

Q1: September 12th--

Hooks: --30th, but close enough.

Q1: I thought it was the 12th because that's my anniversary, too, and I thought it was--

Hooks: Well, it can be the 12th. September of '75.

Q1: Good enough, yes.

Hooks: Showtime didn't go up until two and a half years later, on the satellite, and we gained a million subscribers in that two and a half year period, off of satellite distribution. So the ability--I don't know if the ability--but the decision to get out there, and the consequence of being first, was very, very significant from a competitive advantage [sic]. Saying that, Showtime was competition, and we had to deal with it, and it probably was good for us, as competition usually is.

Q1: Is there a common thread as to, if a system became, in the terms of the time, a Showtime system, as opposed to an HBO system, why would we lose--why would HBO lose the deal? Why would it become a Showtime system?

Hooks: Howard, you're talking about one of my first failures at HBO. When I went down and opened the Dallas [office] in 1975, and a company called Sammons [Communications, Inc.], which doesn't exist anymore, but which had cable systems in and around that part of the country,

we were pitching them and Showtime was pitching them, and Showtime got the deal, and we didn't, and I had to call Jim [James O.] Heyworth, and tell him that Showtime had gotten the deal, and it was not a great day in my business career, but these things happen. Why they got it, let's just say the programming was equal, they probably gave them a better rate, maybe they offered them some marketing money. These are very early times at HBO. The marketing model and the sophistication of how we sold the product, which became better and better with experience and with passing years, probably wasn't finely honed in the early-to-mid-70s, so we made mistakes. And maybe we were a little arrogant. We thought, well, we're the best, so of course you have to take HBO. There was a little bit of that, too.

Q1: When the satellite time came, did that--you kind of hinted at this, but I'd just like to hear a little more--that changed everything, right? That was a game changer?

Hooks: No question about it. It was as somebody put it, not me, with the flick of a switch, we had instant national distribution. Another small detail, it didn't cost very much. Jerry signed that deal, six years, seven and a half million dollars lease. Basically, a million and two hundred fifty thousand a year, and fixed cost. So suddenly you got a fairly low fixed cost base--if we're going to talk about business model--and very high leverage on the upside, so from that standpoint it was a game changer. The fact that we went two and a half years before Showtime was a game changer. Now we're starting to see cable evolve from a rural service, as other services went up. [Robert E.] Turner launched his superstation [note: an independent broadcast station, which secondarily transmits its signal via satellite to local cable television systems] right after we did, and then the others followed in the late 70s: CNN [Cable News Network], ESPN, et cetera.

Suddenly, there was a lot of proprietary programming--not as much as there is now, but a lot more than there was. That encouraged the development of cable into metropolitan areas and urban areas, which heretofore we didn't have anything to offer, and now we had lots to offer, as an industry.

Q1: When you knocked on the doors of the Corning, New Yorks of the world and said, "All you got to do is put this thing in your backyard, and the space age is now with you." Was that a hard sell, or did they go "Yes, good, show me the contract?" How did that get introduced out in the real world of affiliates?

Hooks: I think initially with difficulty, Howard, because--and again I alluded to some of the obstacles--well one of the obstacles was government regulation back then. There were restrictions of the kind of programming, the types of movies we could carry, I'm not sure whether anybody else alluded to this, but the so called two-twelve rule--

Q1: Two-ten--

Hooks: --yes, two-ten rule, was a factor in what movies we could carry. When we launched on satellite the FCC [Federal Communications Commission] had mandated that operators had to have a twelve meter dish, no smaller, which cost a hundred thousand dollars then. Clearly, not every Tom, Dick, and Harry in the cable business could afford that. So we were more or less limited to the MSOs that existed at the time and could afford it. Deals were made, I'm sure somebody alluded to the TCI [Tele-Communications, Inc.] deal, and of course where we

financed, as the pitch to John [C.] Malone, we said we would--and Nick [J.] Nicholas [Jr.] and Tony [Winston H. Cox] did this deal, I think--that we would finance all of their earth stations. Now I believe that at the time of that deal the restrictions against dishes smaller than twelve meters had been eliminated, so that, from a cost and from a timing standpoint it wasn't as onerous as it might've been, from a financing standpoint. The pitch was, buy the dish. It was the same pitch from a programming standpoint, but now, obviously, we had the ability to reach any cable operator in the country, and we had to convince those that had some critical size that this was an opportunity. There was a lot of analysis on the business side of, this is what a PnL [Profit and Loss] will look like. I can remember sitting at a typewriter, remember those?

Q1: I've heard of them. My children don't even know them.

Hooks: In the mid-70s, I had sketched a PnL for a cable operator, and then I had to put it into some presentable format, i.e. what the invest was, what the cash flow would be, what the five year PnL is, based on your investing dollars, in bringing HBO to your cable subscribers. So come back to the basic business pitch as an opportunity to obviously make more money. As the industry moved into the late 70s, early 80s, and you started having cable systems launching from scratch--franchises were granted, in smaller and bigger cities--then we got bundled together with basic cable right from the beginning. It was a way for those systems to have more programming to offer right from the get-go, it was not an add-on or a bolt-on to older, more rural cable systems.

Q1: In 1980, Cinemax launches.

Hooks: Right.

Q1: Now, at this point, you're passed driving to Corning and knocking on a door, but on the other hand, it's yet another world of trying to get cable operators to do some more business with the Home Box?

Hooks: There was a lot of fancy promotion stuff, too. I just want to come back to the "driving to Corning," although it was driving to Elmira, but I think there might've been driving to Corning--

Q1: Ah, well, the thought remains, yes.

Hooks: We used celebrities a lot, I mean Floyd Patterson, who was the heavyweight boxing champion back in the 60s--Upstate New York was big in boxing, a lot of fighters came out of that part of the world--so I used to drive Floyd Patterson up to Elmira, pick him up at his place just up on the throughway--

Q1: Call him "champ," did you?

Hooks: Champ? Mr. Patterson, I think. We'd drive six hours, arriving for a Rotary [International] lunch on a Wednesday, in Elmira. He would deliver his pat speech, which I heard probably twenty times, about the fight game, then he'd say a little bit about HBO, and we'd get back in the car and I'd drive him home. I'd get home at midnight.

Q1: And that--

Hooks: And that was a way to spread the word about HBO. We had exciting people that were working for us. This may be before we got into the boxing, but not too far before. Boxing became a big sport on HBO as well, in the early days, and for a long time thereafter.

Q1: Again, if I may, about Cinemax. Did Cinemax help your sales efforts, everyone's sales efforts? Were you involved in helping to create it, or bringing an affiliate perspective to its creation? What was your connection with it?

Hooks: Just to go back a little bit, in the early days, you either carried HBO or Showtime. If you lost the HBO deal, as I did with Sammons, they were carrying Showtime. Then an operator, in of all places Thibodaux, Louisiana--I can't remember the guy's name, but that's where the cable system was--decided to carry both HBO and Showtime. Now the reason that you chose one or the other was not very clear, because we both sort of had the same programming, but maybe we had a little better original programming, or maybe they had something else. It was sort of carved in stone for the first five, six, seven, eight years that you either carried HBO or had Showtime. Well the guy in Thibodaux said, "I'm just going to carry both services and let them fight it out for the subscribers." That became the beginning of what is called mutlipay [note: cable service operators carrying multiple pay cable services on their systems], at least in the jargon that we used. So I think that development, and the possibility that Showtime would be carried alongside HBO, probably, from a strategic standpoint, sort of drove the decision to build a flanker brand

[note: addition of a new brand in the same product category as an original brand to capture a greater share of the market for the original brand] for HBO, in the classic business jargon. Maybe we could have a Showtime of our own, and then, the Showtime guy wouldn't get on the system. You would have HBO and Cinemax. I think it made strategic sense, it likely worked, it was a different model, it was all movies, with some racier stuff at night. There was no, back then, no original programming on Cinemax. So it complemented, and it was much lower cost, too. It complemented HBO and it made a nice package for the cable operator. I think, by and large--I don't know what the numbers are for Cinemax today, probably fifteen million or something like that--it worked extremely well. Strategically it worked well, from a programming standpoint it worked well, it was fairly easy to sell. We didn't win all the battles, but we certainly got our share of them, and if we hadn't done Cinemax, I suspect that HBO, as the lead brand, would've had more encroachment on it from Showtime than otherwise happened.

Q1: The operator community accepted this widening of the shelf space of HBO?

Hooks: Yes.

Q1: Happily?

Hooks: In a larger sense, there's no monolithic cable operator, Howard, as you well know.

Q1: Yes, at least then there wasn't. There sort of is now, right?

Hooks: There were some good guys, there were some bad guys, there were a lot of middle of the road guys, so you had to earn the deal. There was no question about it. And it wasn't as if Cinemax was an inferior product. And by the way, again, HBO and Showtime probably had the same studio output deals at that time, so it wasn't as if, if you put Showtime, if you didn't carry Showtime, you were going to miss some big movies. Something else happened a few years down the road, when HBO and Showtime both went after exclusive deals, and so their movie lineups were essentially different from a point in time in the '80s. That obviously added to the ability of one or the other to be carried by a system that would carry both. Does that make sense?

Q1: Yes that's what happened, I think. Your bosses at this time, let's see, maybe you can--

Hooks: I can run through them all, if you--

Q1: That would be interesting, I'd love to hear them.

Hooks: I'll bet you don't know the first one.

Q1: Let's see--

Hooks: Is this repartee allowed here? We can go back and forth?

Q1: Yes, absolutely. You were hired as a regional manager, and it was mostly in the--

Hooks: Northeast.

Q1: Cox?

Hooks: [Shakes head]

Q1: Heyworth?

Hooks: Bill Meyers [phonetic].

Q1: Never heard the name.

Hooks: Never heard the name. Bill Meyers had been seconded from People Magazine, of all places, where he was an ad sales guy. And--

Q1: Wow.

Hooks:--he was my boss. In fact, I saw Jerry first, but then I went to see Bill, and Bill and I hit it off, and so I got hired. Bill lasted for a couple years, and then a guy named Bruce Sawyer came in, and Bill I think went back to People, and had a very distinguished career at People Magazine. Sawyer sent me to Dallas, and I think the message was, "Bill, you can either go to Dallas and open the regional office, or you can go home, because too much is happening out there and we don't need you here in New York." So Jim Heyworth became my boss, and then Tony Cox

became my boss. Now that's over, probably a seven or eight year period. There were a few others along the way, after that.

Q1: In the period we're talking about, which is roughly '73 to '83, what did you see the respective roles, functions, of Nicholas and Levin, and how did they play out?

Hooks: That's a good question. And I'm not sure I have a very good answer for the question. I think Jerry in some sense was the dreamer, the entrepreneur, the guy who had the vision--the vision guy, maybe that's the right way to put it, the big picture guy. Nick--Princeton [University] and Harvard [University] Business School--was clearly a numbers guy, and this was at a time when we were continuing to lose money, in the late '70s, early '80s. I'm not sure when we broke even, it might have been '77, '78, actually.

Q1: Yes, I can picture Nick calling the troops together, to make the announcement that--

Hooks: --I think we hit operating breakeven sometime in '77, and we ended that year with something like a million subscribers. But that was sort of irrelevant--and I'm not, I don't want to digress--but we had roughly fifty million invested when we hit operating breakeven. But that was artificially pushed off, because we kept investing in more programming, and staff, and so forth. We probably could have spent less money and broken even earlier, but if you look at what the company has cash flowing today, against a 50 million dollar investment, it's not a bad ROI [return on investment]. I think Jerry was the vision guy, and Nick was the numbers guy--the manager--and I think they complimented each other pretty well in that sense. I think Nick was

brought down to bring some discipline to the business. That applied to both what we were doing on the distribution side--the types of deals we were doing, how we were spending our time, the pricing strategy, et cetera--and the programming side.

The early programming schedules were, as you probably remember, Howard, a little undisciplined. A movie would end at 7:43, and then the next one would start at 7:49, or something like that. People didn't quite know where to go to get the--and network television obviously was by the half hour, or the hour, at that time, which was predictable programming, predictable scheduling. So we did--Austin Furst had a lot to do with that, bringing some discipline. And then we started doing research, to find out what our subscribers actually liked, or didn't like about the service. That all helped on the programming side to bring, again, more discipline to what we were doing on programming, and to hopefully improve the experience for the subscriber. We introduced the infamous TSS--Total Satisfaction Score--which told us how many people were viewing, but more importantly whether they liked the programming or not.

Q1: Can you characterize--is it characterizable, actually, I guess--what Tony Cox brought to the party?

Hooks: I think Tony--and everybody that knew Tony then, and remembers Tony--realized that there were two things about him. One, he was extraordinarily bright--again, Princeton and Harvard Business School--but a different kind of manager than Nick, whereas Nick was by the numbers, and low-key. Second thing about Tony, he had more energy than ten other people in the room. He just had this can-do attitude about the business, and about running at a hundred

miles an hour to succeed, and willing to accept mistakes, but overcoming those with ten other ways that we could do things right. He was an extraordinarily good people manager. He certainly was my mentor at the company. Of all the bosses I've had, I was probably closest to him. He just, he treated you well--knew when to give you shit, knew when to pat you on the back.

Communicated very well. See, he always kind of knew what was going on.

When I went overseas to start up HBO Asia--and I realize this is not about that, but it sort of applies--and I had a staff of Singaporeans, Malaysians, et cetera, which grew to be a hundred and fifty people, a lot of how I managed twelve thousand miles away, I learned from Tony.

Q1: I often said--I'm just thinking about what you were saying about Tony, and I had many of the similar feelings--I often said that HBO, in general, was kind of my MBA. Because, like you, I went to the Annenberg School, a communications school, which is not a management school. That time at HBO was a great lesson in how to be a manager, with the Nicholases around with the Coxes around, it was a great--

Hooks: Yes, and Tony didn't over manage, either, because we were growing so fast, and obviously with a great deal of success, he didn't want to step on that energy, however you want to describe it. But he realized at some point that the chaos of growth was getting so overwhelming that, for instance, we had to hire to hire a consultant to come in and take a look at how we were managing the sales side of the business. It wasn't a McKinsey [& Company] thing that looked at the entire HBO structure, but it was a hard and analytical look at how we were running the distribution side of the business. Because, again, we were launching cable systems

every week, every month, dozens of them, all over the country. And we had, by then, eight regional offices, whatever the number was, and a few hundred people out there, and it wasn't quite clear what they did every day.

[Laughter]

Q1: I've mentioned this to, or asked this of a number of people in this study, and I'm just interested in your reaction to it. Generalizing from my own experience, on the topic of growth, it always seemed to me there, that everyone had two jobs. One job was whatever it was you were hired to do, to get it done today, to run the Dallas office, or, whatever it was that you were supposed to be doing. But the other part, which was almost equally challenging, was, what's the growth going to be, how am I going to manage the growth, what's happening the day after tomorrow. You almost had two things going on at once. Did you find that?

Hooks: Yes, there was a real sense of running hard to stay even. To sort of do the day-to-day stuff, get whatever your objectives were, that your boss had set for you for the year, but also just sort of keep your head above water. You learned to prioritize, I think. I would say this from a culture standpoint, at HBO, we had the right people, whether it was Jim Heyworth, or Tony, or others like them--Bill Meyers, my first boss--who understood that this was a brand new business. And as long as we had fairly bright people--hopefully I can put myself in that category, not the smartest guy there--they were going to make mistakes, and we have got to let them make mistakes, occasionally. We can't be stepping on them every decision, because that will just slow the whole forward progress down, if we were second-guessing everything that everybody was

doing out in the field. So there was this culture of, okay, we're going to have--there's got to be some structure to this, but we are going to give you a lot of leeway, to learn how to be managers, and to learn how to be executives, and to learn how to deal with the clients, to learn how to deal with the press, and to learn how to be a manager, a lot of opportunity to do that. And you know, some of us got to be okay at it.

Q1: We were talking before about some of the people--the names and the legendary people of HBO--but there's also, it's a sort of a business of two, in many ways, of names and legendary people, and I made a list as I was thinking about talking with you, and I was just wondering if any of these ended up in your wheelhouse, and if you can tell us what it was like to work with them, and what they did. You actually were talking about Newhouse [Advance/Newhouse Communications], now did you work with Bob [Robert J.] Miron?

Hooks: Very much so.

Q1: He was involved with the company then. What did he do for the company, together with HBO?

Hooks: Well I don't know what his title was, but everybody on the operating side, in the cable systems that comprised the Newhouse MSO reported ultimately to Bob--the senior regional guys, Leo [A.] Calistri--

Q1: Was he a friend of HBO?

Hooks: Yes, I think Bob was a very good friend of HBO. A tough manager, or maybe not manager, but a tough customer in the sense that he expected the best, for the money he was paying us. But I think he liked the concept, and I think he realized--probably one of the guys that did realize what this meant to the cable industry, not just HBO, but what was following on after HBO--if we were one of the catalysts or the channels, if you will, that were going to lead to a lot of growth in the cable business, he was all in favor of that. He was a terrific guy, and a good friend of HBO's.

Q1: We've talked with John Malone in the course of this study. Did you work on any of those John Malone-HBO deals?

Hooks: No.

Q1: No. Alan Gerry, at Liberty [Video]?

Hooks: Yes, I had some interaction with Alan a few times, after I became head of all the distribution, which would have been in the late '80s, early '90s. I didn't know Alan that well, and as the cable industry grew, obviously, layers of management came in underneath the founders. So you found yourself dealing more and more with those people. But Allen was a straight shooter, is my recollection.

Q1: I mention him because you've been talking about Upstate New York, so--

Hooks: Yes.

Q1: I'm thinking, so maybe I'll throw it back to you as a more open ended question and say, are there any legends of the industry that you would mention as particularly relevant to the expansion and helpfulness [sic] of HBO? Or if you were really feeling sharp, people who were a bit of an impediment?

Hooks: Well clearly John Malone, and the deal that Nick and Tony did with John, which I mentioned before, was probably the single most important deal we had done since we launched, because TCI was the largest cable operator. I don't remember the size of TCI, but by then, I think we're probably talking the late 70s, early 80s, when that deal was done, so we were, you know, seven, eight years old at that point. And John--everybody knows John Malone, I don't need to sit here and tell anybody about John Malone--clearly one of the smartest guys, and toughest guys, in the cable business. So if you want to talk about legends, start with him. And he's still there. Clearly John would be the first that comes to mind, but I dealt with so many, Howard, so many operators, and mostly in my career it was with smaller MSOs and individual cable operators out in the landscape. I saw a lot of the United States of America--I can tell you that--that I probably wouldn't have otherwise been to. But nobody in particular. They were all, in their own ways, unique.

Q1: HBO had a big legal department. HBO worked a lot with the legal department. Did they get involved in your deal? Were you there just ready to sign something with XYZ Cable, of

XYZville New York, or even a much bigger deal, and suddenly the lawyers were there, troubling you? Helping you? Advising you? How did they fit in what you did?

Hooks: Good question. Your question reminds me of one other point that I was going to make, which has to do with our early success, and has to do with the legal department. I think there are two answers to the question. The legal actions we took, and I mean aggressive legal actions we took early on, to sue the FCC about the programming restrictions, to petition them about the dish size, to challenge the premiere service that was going to compete with HBO--the studio conglomerate that was going to start a pay television service--and take the movies earlier than the HBO window. We encouraged the [United States] Justice Department to look at that from an antitrust standpoint, filed briefs, and ultimately prevailed. The same thing happened when Paramount Universal [Paramount Pictures Corporation and Universal Pictures], and I think Warner Brothers [Warner Bros. Entertainment Inc.], put together a consortium to buy Showtime and The Movie Channel separately, and merge them into one company. We challenged that with the Justice Department. Our legal department had, in their own way, from a corporate standpoint--and from overcoming legal obstacles that had been put in place against us, or that were going to wind up putting us against unfair competition, such as premiere--we really acted ferociously and aggressively, and in most cases prevailed, which helped us to grow.

Now to your point about deals. The best deals were always the deals where a lawyer and someone like myself would work together. A lot of people have the sense that lawyers are obstacles, because their only job is to say no. I think we hired the right people. A guy like Tom [Thomas M.] Woodbury, who is general counsel today, is a lawyer that I worked a lot with

during those early years, and into the '80s, and even into the '90s. Tom was never a no guy, Tom was a "Let's figure out how to get the deal done," guy. The legal department by and large, with some exceptions, was a partner in our progress, at the operating level.

Q1: In any of these million positions that you had, did you have much dealing with Dick [J. Richard] Munro, in those first ten years or so of the company? If so, what was going on there?

Hooks: I can remember the first year that I was there working, '74, I got a call that said Dick wanted to have lunch with me. I've never been so scared in my life. I didn't know Dick, I just had heard about him. And so I trudged up to corporate--

Q1: Thirty-four? Thirty-seven? Thirty-four, I think.

Hooks: I think I met him in the--maybe I met him outside his office, I don't know. But Dick, I believe then, his responsibilities included all the video stuff that was going on at corporate, because we owned a television station, I think in Michigan, and there might have been some newspapers, and HBO, obviously, was probably the most important element in that asset basket. Anyway, I never had any business dealing with Dick. I can remember the lunch, and he was interested in what I thought about the business. I remember telling him that I thought the way we were distributing the service was pretty inefficient. But I didn't have the sense to say we should go on a satellite, you know? [Laughter] Smarter people than I. I said "It's really very difficult to get this service around the countryside, Dick." He said, "Well, okay, fine." Maybe he took that to Levin, and Levin, you know--

Q1: Yes--

Hooks: --you never know. Dick would always check in every once in a while, and ask how things were going. He was a hands-on kind of guy in that sense, even reaching down to guys at my level.

Q1: In the first ten years, some people have talked about the--if not the power play, just the question of which was more crucial to the company: the affiliate sales and marketing function, or the programming, the product itself? You come from one side of that debate, at least as far as your assignment, and I'm just wondering what you think was the most relevant to the spread and success of the company?

Hooks: I think some people on my side will tell you that the, let's call it the distribution--which is a fancy way of saying sales--side of the business was more important in the early stages of our development. I never thought that, because, if you're a salesman and you don't have a good product, it's tough to sell. Particularly when Austin came on board, there was a lot of effort on the part of people like Austin to get feedback from us, in the field, about what, certainly, our distributors were saying about the service. Saying that, getting on the map, and getting distributed--on the shelf, I should say--clearly was critical in the early stages. Once we were more or less fully distributed--and then some other things happened, as you well know, in the video business, in terms of home video, and the transition to not just movies but to original programming is what really put HBO on the map as the destination place for quality

programming. I wouldn't attribute our success more to one than the other. I think it was a transition that was probably pretty natural at the time.

Q1: In affiliate land, was there some attention paid to programming, or were they just I'm glad to sell whatever the pipe brought to them?

Hooks: No, they paid a lot of attention to it. They listened to their customers as best they could, I'm not sure they had a lot of sophisticated research. This was the first service that would run a movie twelve times a month, maybe more. The awful word "repeats," was front and center. "Why are there so many?" The consumer expected two new movies a day on HBO, thirty days [sic] a week, and we actually looked at the programming model--first twelve hours, then eventually twenty-four hours. There were a lot of slots to fill, and we couldn't fill them up with a movie every time. We had to spend a lot of time with the cable operator--mostly the cable operator, because that's who the interface was with--trying to explain how the HBO model worked. Maybe we, in some cases, invented it. Like, if somebody couldn't see the movie on Sunday night, we give them another chance to see it on Wednesday night, or Friday night. We made the repeats as palatable, and as much of a consumer convenience, as we could. The cable operator gave us a lot of feedback. There were many times when a delegation from an MSO would arrive in New York, to sit down with us for a day, and tell us everything we were doing wrong. I remember a lot of those meetings.

Q1: Did HBO listen, or were the affiliates contributing anything useful?

Hooks: Yes, I couldn't give you a specific--but I certainly know that we listened. If you don't listen to your customer--and I mean the customer as a distributor, or not the subscriber--you're going to have a problem. Particularly if competition is out there, and there are alternatives, and contracts expire. We did our best to listen, and certainly managers like Tony encouraged all of us to do that, and to make sure that we were listening. Whether it was good or bad, and it wasn't all purely helpful, or constructive, coming from the cable operator, but that's the environment we were dealing in. We listened, and some stuff we probably did something about, and some other things that were silly we probably didn't do anything about, but we didn't call the cable operator silly. We just figured out a way to make things better, and make it clear that we were listening to them, and hopefully, we'd make progress that way.

Q1: People like me spent a lot of time preparing materials for affiliates to use in marketing efforts, and I often wondered--and as time passed wondered even more--did anyone ever care that HBO was doing all this stuff for them? Preparing every kind of goody you can think of to help them acquire customers. Was that relevant to the affiliate body, or was that something they kind of chucked in the wastebasket?

Hooks: No it was pretty relevant. First of all, you tried to look professional. You'd walk in there--in the early days it was with these foam core boards. Somebody somewhere would take some pitch points, some selling points, and put them on these boards somehow, and then you'd take these boards and these big briefcases, or whatever the size of these things were, off sometimes on a plane. You go and you sit down, and you get an easel, and then you'd start kind of talking through the HBO pitch. I think it was necessary.

I can remember one of my first presentations--this would have been in '74--we went over to Warner Cable, and sat down with Steve [Steven J.] Ross, of all people--now there's another legend--with these boards, and I had to deliver this pitch to Steve Ross, as to why he should launch HBO on the Warner Cable systems. Now, this was the company I had just been fired from, or let go from, so they knew who I was. [Laughs] I think making the pitch as professional as possible, and as presentable as possible, was a discipline that we came to. Tony had a lot to do with that as well.

Q1: There were national accounts, regional accounts, regional managers, national account managers--that got a little confusing, did it?

Hooks: Yes.

Q1: And therefore, what was the impact on the business? And how did it get fixed?

Hooks: I don't think the impact was negative. There was a determination made that there were large national accounts, MSOs, that had corporate headquarters. Those corporate headquarters made decisions that couldn't be made, or wouldn't be made, in the field, so that they needed corporate attention. The national accounts group, under Stan Thomas, was born. They interfaced with the corporate people. Then there was the regional offices which ultimately reported to me, which interfaced with both the cable systems that were owned by these MSOs, as well as

regional MSOs, and as well as what was called the ma and pa's, then, of the cable business--these one off, single-owner cable systems out in the middle of nowhere.

Where there might have been some tension occasionally, was when a regional manager in an office that I managed had to go to a cable system that was owned by an MSO, and you had Stan's national account group concerned about what the pitch was, because they were dealing with corporate. We figured it out. It wasn't that difficult, in hindsight. There might have been a few shouting matches in those days, but that was par for the course. It was a very open--don't pull any punches--when we got behind closed doors.

Q1: Well, I was just going to ask you, can you characterize--how can you characterize--how do you characterize the management style of the place?

Hooks: Because we went through a lot of different managers, and I mentioned Tony, and Nick, and other people that came along after, I don't think there was one type of management. My sense is that it was pretty open. It wasn't rigidly structured, as it became much later on, even after I went overseas--in the sense that the chain of command, as we really got to be big, and managers changed and became more "managers" than visionaries or entrepreneurs, did it by the book. But, in the era that I grew up, things were very fluid. You never thought twice about calling up the CEO, whoever that would be at the time, and having lunch with him. Without even telling your boss you were doing it. Nobody seemed to worry about that. Twenty years later, if you did that, you would be accused of going behind your boss's back. And that happened a few times.

So I think the style was open, it was--I said this to somebody once, I was brought up in the company to always express my opinion. If I did it in a civilized way, even if I disagreed with whatever the issue or the decision was at the time, that we were debating. You got a chance, particularly if you had reached a certain senior level, to express your opinion, and people would listen to you. Once a decision was made you got behind the decision and you moved forward. But no one was told to keep it to themselves. No one was told we don't need your opinion, we've made a decision. I think in that sense, the ability to tap a lot of bright, aggressive, energetic people, and meld that into something that worked was a big part of HBO's success. There was a lot of mental talent, and is, at the company. We were hiring people from Harvard Business School, and from very big colleges, so it was a real brainy group of people that were operating within this company, and you can't just sit on those people. You have to let them do their thing and grow and hopefully it'll all work.

Q1: My next to the last question--purposely open-ended--is that I know you had some things you've been thinking about, and I just wanted to make sure if we didn't cover them that, if you wanted to mention them, we'd love to hear it.

Hooks: No, I think you pretty much hit on the--your questions were pretty close to my own recollections and talking notes of what the first ten years were like. That night in September of 1975, when two cable systems--actually three, but let's call it two cable systems--turned on HBO via satellite--Fort Pierce, Vero Beach, Florida, which was a UA Columbia [Cablevision] system, and Jackson, Mississippi, which was an ATC [American Television and Communications Corp.]

system, all the senior executives went to Florida, and I got to go to Jackson, Mississippi, as the HBO executive, to help flip the switch that night. I remember--I don't remember the movie, although I know what it was. *Alice Doesn't Live Here Anymore*, was the first movie on HBO that night.

But when that fight [note: 1975 heavyweight championship bout between Muhammad Ali and Joseph "Joe" W. Frazier] came on, from Manila [Philippines], in the morning, there--at whatever time it was, nine o'clock at night, probably twelve hour time difference--and it was crystal sharp, I remember thinking, this is really magical, this is stunning. I don't think I really appreciated it how much that event put us on the map, but I certainly had this sense that we were really now doing something that was really special. And seventeen years later, I'll never forget this, when I was the CEO of HBO Asia, based in Singapore, and went to Manila for the first time, and I remember thinking as I was driving in from the airport, this is where it all started, seventeen years ago. I don't know whether that launch in '72--it was obviously where we started--but when I think we sort of knew something special was going on, was when that fight came down, that night. That was really special.

Q1: Final question is forcing you a bit into a box. Why did HBO succeed? Didn't have to succeed, could easily not have succeeded.

Hooks: I saw a line, in one of the communications you sent out from someone at the school, and the comment was, "HBO changed the face of television, how did they do it, we want to know

about that," or something like that. I think it was a confluence of a lot, if not most of the things that we've touched on in the last hour or so.

We went first, okay, that was important. If somebody else had gone first, and had the wherewithal, and the brains, and the capitalization to do what we did, they'd probably be here, and they'd be called something else. The basic business model, which I alluded to, worked, and still works. I do believe--and I don't know whether there's been enough attention paid to this--that clearly demographically there was a shift going on, from the Greatest Generation to the boomers growing up. And so television habits were changing. Viewing habits were changing. That fed into the HBO model, the programming side of things, so that helped us succeed. I think the fact that a very young cable industry was on the cusp of becoming something huge, when we launched--and the two went hand in hand--was certainly, from a distribution standpoint, as critical as anything we did--I mean, from the standpoint of our success, coupled with the satellite launch--was as important as any--because we pitched our star to an industry that could take us as far as it's taken us, so that was critical. If you look at all those factors lining up, all of them working, it's not to say that it was HBO that made--if anybody had done it other than us, and had been in the position that we were in, it might have had the same end result. We made the right decisions.

We could have failed, I guess, but we took advantage of structural changes, in both the industry, as well as in the culture of the country, and we made decisions that ultimately proved to be the right way to do this. When we faced obstacles, we knew how to handle them. Whether it was the regulations that we had to deal with, or, when home video came along and we hit the proverbial

wall--this is post 1980 obviously--and we gradually started investing in original programming. So whenever we faced a crisis in our growth path, we always found a way around it. Maybe that's a function of the smart people we had. And the fact that we had a corporate parent, by the way. That fifty million bucks came from corporate, that got us to break even. As a standalone company we might not have had the opportunity to do that.

Q1: Often, now, our friends behind us have a question or two.

Hooks: Hi, friends behind us. Kate [Zambon] Corrina [K. Laughlin] Joe [phonetic].

Q1: You've heard a lot of business stuff. Kate, Corrina, Joe. Oh, you still have it, you still have that sales guy's, manager's--

Hooks: It's melting, though.

Q1: The best guy I ever saw like that was Munro, by the way.

Hooks: Good.

Q1: He was unbelievable, he remembered your kid's birthday, figuratively, like nobody else. So you heard a lot about business. Questions, comments, wonderings?

Q2: I have a question, because we did hear a lot about business, and in other interviews we've heard a lot about the culture of HBO, and since you were there for thirty years you said, right?

Hooks: Yes.

Q2: Could you talk a little about what it was like to work at HBO, and maybe how that changed over the years, or if it did? Just about the culture, what it meant to be somebody at HBO, and the kind of things you'd do.

Q1: [To Hooks] Talk to me by the way, it helps the look of the thing--

Hooks: Yes. It's a good question. I'm not sure I can capture it all, in a minute.

Q1: Take two.

Hooks: I think it was, if you think about what, sort of the iconic American companies were like, or the reputation that they have--the IBMs [International Business Machines Corporation] and the Xeroxes [Xerox Corporation] of the '50s and '60s--and the way American companies were managed and run in those days--everybody wore a white shirt--clearly from a business model standpoint it was a sea change, but also I think from a management-cultural standpoint, we were very young. At forty I was one of the oldest people at the company and I started at thirty. So we were a very young company. And youth means energy, and it means excitement. I can't begin--if

you really want to hear some stuff, I'll tell you about these sale conferences, but I don't really think we want that in the oral history, do we? No, we don't Howard.

Q1: No.

Hooks: No. We knew how to have a good time. I'm not going to hide behind [sic] that. When you get that many young people--and I'm just talking about maybe my side of the business, but the programming side was no different, and the staff positions, whether it was legal, or the marketing department--it was chaotic. Every day was challenging, and exciting. There were obstacles, as I said before, that you figured out your way around, whether it was on a day-to-day basis, whether it was your job, whether it was a corporate obstacle.

I remember when a cable operator decided to drop HBO, at the end of the HBO contract--it might have been in Rochester [New York]--and substitute Showtime for HBO, and give them all of our subscribers. We went to war. We ran full page newspaper ads in the town, and we accused the cable operator of being a this, and that, and the other thing, and we told everybody that was reading that paper, "call up your--whatever the guy's name was--and tell him you want your HBO back," and stuff like that.

We played dirty when we had to. It was just an exciting, competitive--and by the way, this was like any competitive environment--there were a lot of sharp elbows [jabs elbow]. I think people realized that the management pyramid went like this [indicates pyramid], and that not everybody was going to make it to the top, so you threw punches, and sometimes it was dirty, but no

different than any other corporate environment. But I think there was still a gentility about the place that maybe didn't exist at other companies. Maybe I'm not the expert on that, but, it seems that we played hard, worked hard. All of us were ambitious, and we wanted to get ahead, and that's the kind of culture it was.

Q1: I'm glad Corrina asked that because it reminded me of a question that I've asked some other people and didn't get to with you, and now, she's provided a great lead into it, which is, there also was raised, at the time, a question about whether there was too much homogeneity in the background, that it was a--

Hooks: WASP [white Anglo-Saxon protestant] culture--

Q1: --mostly--exactly, mostly male, mostly WASP, mostly Ivy League [note: athletic conference comprised of Brown University, Columbia University, Cornell University, Dartmouth College, Harvard University, University of Pennsylvania, Princeton University, and Yale University] mostly the same age. People on almost every level of the company, from even some of the more junior administrative people, were not that far removed in either age or other demographics from the most senior executives of the company. How do you think that affected the company for better or worse, if at all?

Hooks: First of all, if you want to blame anybody for that--you're right, that's what it was, early on--you have to blame the Time Inc. culture from which we came. Time Inc., the magazine company, was that. It was an Ivy League finishing school. If you look at the pedigree of major

journalists, and even the founder, [Henry A.] Grunwald--Yale [University]--I'm sorry not Grunwald, who am I thinking of--

Q1: [Henry R.] Luce--

Hooks: Luce--

Q1: Yes, right.

Hooks: But Mr. Grunwald also went--anyway, HBO, initially, because we had some managers that came from Time Inc. down to run it--Bill Meyers, as I mentioned earlier on, was a People magazine guy--we were somewhat a reflection of the style and culture the parent company, which was not involved in programming, in any material way. We moved from that, if you will, to--as programming became more and more important--a company that looked a little bit like Time Inc. the magazine company, a little bit like Hollywood--the programming community. That was an interesting of merger cultures, and I will say religion, that I think worked pretty well, in the final analysis, as I think about it. So, what was your question? [Laughs]

Q1: The question was, did what we now agree on, or what you feel, was somewhat homogeneous, that in the end, (a) it broadened and--my specific question was, did this help or hurt or even affect the company at all?

Hooks: If you just look at the results, it obviously helped. We're today a hugely successful company, and a pretty diverse company, from a cultural standpoint. I can remember early on we had to deal, as a management team, with some sensitive issues--how many women were in senior positions? Not many. How many blacks were in senior positions? Not many. Diversity did become an issue, which we had to deal with. And I will tell you again, his name keeps coming back, Tony Cox was one of the leading proponents of trying to work on the diversity profile of HBO. When maybe not a lot of people thought about it that much, because we were so young, we were all just trying to earn a buck, that I guess we never really thought about what the company was looking like at the time. But, there's always somebody there to wake you up and point out some deficiencies, and that was helpful.

Q1: It is interesting, isn't it, that Tony, whose background was this classic background--

Hooks: Right--

Q1: --was the one who took that as one of his charges.

Hooks: Yes, particularly on the women's side--

Q1: Yes.

Hooks: --even bringing in, I forget her name but someone who was fairly well-known in the area of fostering better diversity between more traditionally senior male executives, and getting

women into more responsible positions. And it was also just the frat--there was this sense that this young company, full of a lot of males, was in many ways the fraternity writ large after college. There was still a little bit of that there, because we were still young and having fun and so forth and so on.

Q1: There weren't really any grown-ups around, were there?

Hooks: I like to think I was one of them, because I was the oldest, but you're right--

Q1: There was a guy named Joe Kelly [phonetic], Joe actually retired from HBO. That was an unheard-of event that here was someone actually retiring, how could this be?

Hooks: What did the Joe Kelly do?

Q1: Joe Kelly, I remember his office was on the seventh floor on the 50th Street side. That's about as much as I'll give you. [Laughs] I don't remember--

Hooks: --I don't remember. Forty years on, obviously, the diversity issue, I think, has to a large extent been dealt with, on many levels. But it's certainly the difference between managing a fifty million dollar company, as opposed to a five billion dollar company. People would chafe, as we got older and older we didn't have an HR department, so all these organizational things came in. You chafe at that because you didn't have to worry about that stuff early on, but you realize, and

again, hindsight, that you can't run a five billion dollar company the way you ran a fifty million dollar company. It's just the nature of things.

Q1: Linda [A.] Frankenbach told us that to succeed as a woman at HBO--let's see if we get this right--you had to have a sense of humor, be a good dancer, and a good drinker.

Hooks: I hope that you also had to be smart, and capable, and competent. But I wouldn't discount those other attributes that she mentioned. And she's a good friend of mine, I just spent New Year's Eve with her. I didn't dance with her, but I did drink with her.

[Laughter]

Q1: Further questions?

Q3: I'd like to ask about your experience with the international divisions of HBO, and what it was like taking this product, and the organizational culture there, and what HBO did to address different markets, and als

o how, maybe, the office was different in those places?

Hooks: [To Q1] Yes, I will look at you, just listening and thinking about it. This is obviously not the time frame that this oral history is supposed to cover--'72 to '82--but in '92, I was asked to go to Singapore, to evaluate a business plan that somebody had written--guy by the name of Bob [Robert S.] Sender--for launching a service like HBO in Southeast Asia, either out of Singapore,

or out of Hong Kong. I went there and actually stayed for about two months, in late '92--actually it would have been late '91--anyway, it doesn't matter, '91, '92. I came back and presented to the HBO senior management, and they asked me to go over there and actually start the service up.

The model was the same--the programming model was the same--obviously the satellite technology was now intact, so we had the wherewithal to get to the markets that we were targeting. The challenge had more to do with the fact that unlike the homogenous United States--notwithstanding the fact that Louisiana is not California--I mean, everybody speaks the same language, all Americans, and presumably all enjoy the same, more or less, type of programming--but trying to deal with a Singaporean audience, a Thai audience, the Philippines, Malaysia, Indonesia, Hong Kong, all with, in many cases different languages, different demographics income-wise, different means of distribution, different regulatory issues that we had to deal with--so while the basic model worked, the challenge was to bolt that model onto a significantly different market. It wasn't a single market. I would say the biggest challenge is that it was multiple markets--trying to figure out how to sell this one service into multiple markets. We adapted. We figured out a way to add subtitles to the main feed, that would be hidden within what they called a--I can't remember what it was called--but within the signal you could bury subtitles for Thailand--

Q1: Blanking interval [note: a vertical blanking interval (VBI) is the time between the end of one frame and the beginning of the next in a raster graphics display]?

Hooks: I forget what it was. Basically, we figured out a way to deliver--even the audio was in English--a subtitled feed to each country, in their native language. The basic premise was, could we spread the HBO brand around the world? There are basically three international platforms, HBO Ole, which is the South American platform, launched first, and then Singapore and Southeast Asia launched next, and actually I wound up going to London in 1998 to manage the assets that we had in Eastern Europe. The same sort of issues except that they were different markets, had just come out from behind the Iron Curtain, so we had a whole bunch of issues that related to what people wanted to watch in those days. I think I've wandered a little bit in the answer, maybe you could point me back to a central question, [laughs] on the international side--

Q3: It was a broad question I was just curious to hear more about what HBO was like in that [crosstalk]--

Q1: And how it was introduced and how it was accepted [crosstalk]--

Hooks: I went over as a lone expat [expatriate], and then I wound up recruiting four other Americans, expats, one in programming, one in technology, and one in finance, and one in sales and marketing. There were five of us in the initial stages of the launch of the service, and everybody else was Singaporean. It started out with fifty people and it grew to a couple hundred, five or six years later. As I said before, an hour ago, managing that diverse culture of people, there were some things that I had to learn that were only relevant there--religions, different holidays. We had Muslims, we had Christians, we had Buddhists, we had Hindus. I had to think about all that stuff. I had to figure out how to communicate to people, largely in a culture that

wasn't used to authority communicating to them in an open way. Particularly in the Chinese culture--

Q1: In an open way?

Hooks: "Where are we going, how's the company doing, what are the issues we face?" Once a month I would gather everybody, or as many people as I could, in a conference room, and tell them what was going on. That's not the way those people were used to working. I can remember the first couple of times I'd speak for ten minutes then I'd say, "Okay, any questions?" Back at HBO--on the home-front--there would be fifty questions, "Why are you doing this, I don't agree with that," dada dada dada, "Come on, what's--". There, dead silence. It got so that I'd have to plant questions, just so that I had something else to talk about, and I could answer the questions. I got the expats to ask the tough--and then I'd get the expats to plant some other questions--and eventually people loosened up, and I think--so there was an American style of management that I think came in handy, although it wasn't a total bolt-on of everything we did, but it seemed to work.

Q1: I've seen HBO in a lot of countries, and just turning the channel it feels very similar. Which has nothing to do with what it might be like in an office building in Singapore, someplace, on the management side--

Hooks: Right, yes. Back then in the '90s when we launched in Asia, it was virtually the same programming model as we had in the states, albeit with more delayed windows, which I'm not

going to get into because it's too complicated. The programming came later on HBO Asia than it would have come to HBO in the states. That's all changed in the last twenty-five years as the international side has gotten bigger and more successful. We also had partners in those ventures, which were studios, American film studios, which made the management of those companies a lot more difficult, because our partners were only interested in selling us programming, and not in making money. The reason we had them as partners is because they wouldn't license us their movies unless we invited them in as equity partners. Unfortunately, for better or worse, as equity partners, they were more concerned about licensing their movies, and making money off their programming, than they were about the venture making money, which is the only thing that HBO cared about, because we weren't making any money licensing.

It was a lot of fun--a lot of challenges. I think the Chinese saying that I remember that most applied to me managing twelve thousand miles away from the United States, was the old Confuc[ian] saying that "The mountains are high, and the emperor is far, far away." That's the way I felt. My emperors were a long way away, in different time zones, and they couldn't bother me too much. I got a chance to kind of make it up as I went along, and make mistakes, and do more right--hopefully, make the right decisions more times than the wrong decisions.

[END OF INTERVIEW]