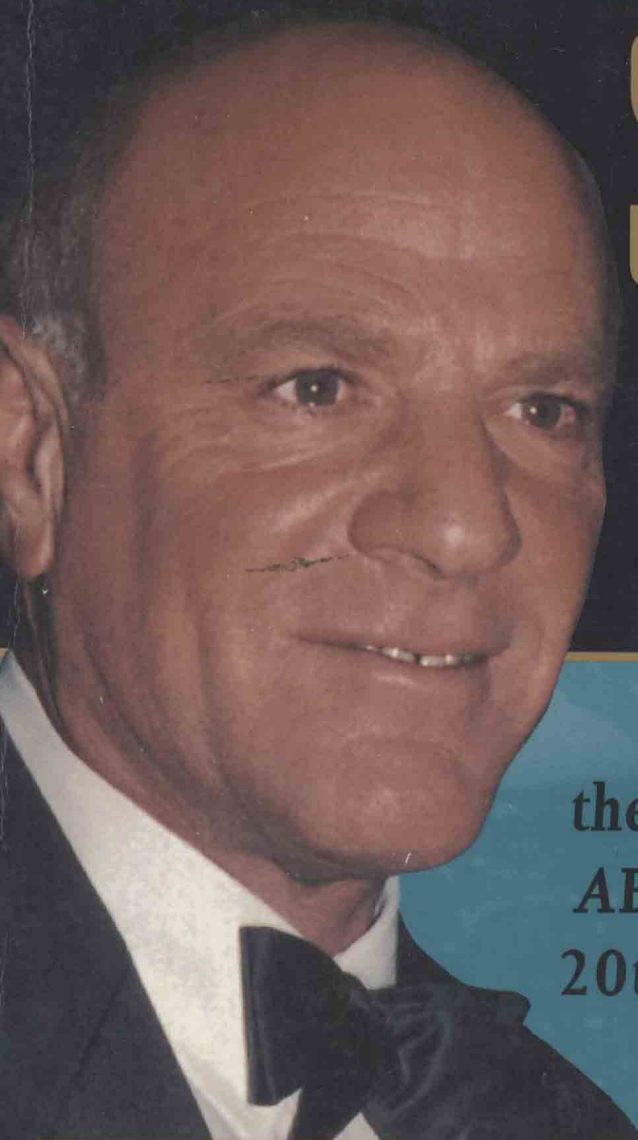


"The one true visionary in Hollywood and the smartest . . . he spawned a whole generation of moguls." — Paul Rosenfeld in *The Club Rules*

THE BARRY DILLER STORY

A close-up portrait of Barry Diller, an older man with a receding hairline, wearing a dark tuxedo and a bow tie. He is smiling slightly and looking towards the camera.

An Inside Look
at Hollywood's
Power Player

Behind
the scenes at Fox,
ABC, Paramount,
20th Century Fox,
and more!

G E O R G E M A I R

Barry Diller Story

**The Life and Times of America's
Greatest Entertainment Mogul**

GEORGE MAIR



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Contents

Introduction	1
1 An Issue of Privacy	9
2 The Mailroom and Beyond	19
3 Reinventing the Wheel	35
4 At the Movies	51
5 The “Killer Dillers”	71
6 Aboard the Twentieth-Century Express	89
7 Setting the House in Order	107
8 Creating the Fourth Network	119
9 Truth or Consequences	139



CONTENTS

10	The Plots Thicken	151
11	“Don’t Have a Cow, Man”	167
12	In Development Hell	179
13	Saying Goodbye	201
14	The Odyssey	211
15	“What’s the Idea?”	229
16	Of Paramount Importance	245
17	Breakfast at Tiffany’s: The Bid for Black Rock	285
18	Silver King	311
	Notes	331
	Index	343



Introduction

In the spring of 1975, writer-director Elia Kazan had just completed shooting *The Last Tycoon*, F. Scott Fitzgerald's final, unfinished novel about the dark side of Hollywood. Harold Pinter had written the screenplay for legendary producer Sam Spiegel, and Kazan, who had previously directed *Streetcar Named Desire* and *On the Waterfront*, had insisted that the lead role of Monroe Stahr go to Robert De Niro. Despite the combined talents of such an illustrious team, the filming had been difficult for all concerned.

The producer, director, and writer were at odds about the key cast members: Spiegel characterized De Niro as "willful and arrogant," and criticized Theresa Russell, his own choice for one of the major women's roles, for being "hopeless, even embarrassing." Although Kazan had originally opposed Spiegel's choice of Ingrid



Boulting for the other female lead, he changed his mind after seeing her work, much to the distress of Pinter, who strongly felt that she was wrong for the part. To add to the tension, Kazan had serious reservations about the strength of the love story at the heart of the movie. He had written to Pinter about his concerns and twice traveled to England with Spiegel to discuss the script. But Pinter ignored his comments and made none of the changes Kazan sought.

For all of his doubts and fears, after viewing the rough cut in early March, Kazan wrote in his diary, "The picture hangs together. . . . the film has . . . subtlety, and even emotional power."

But the true seal of approval was to come three months later, on June 1, when Sam Spiegel screened the movie for Barry Diller, who was then in his second year as chairman and chief executive officer of Paramount Pictures. Diller telephoned Kazan the very next day. "It's a wonderful picture," he declared.

Kazan's relief was short-lived. Subsequent audiences composed of close friends and colleagues within the film industry, as well as the European distributors, were unanimous in their disappointment. The movie was a failure. It opened to decidedly mixed reviews and bombed at the box office.

What did Barry Diller see in *The Last Tycoon* that others did not? Why the enthusiastic endorsement from the *wunderkind* of the movie industry, who was just one month shy of his thirty-second birthday when he was plucked out of television to head up Paramount? Perhaps Diller was particularly drawn to the character of Monroe Stahr, the genius, work-obsessed studio head whom Fitzgerald had so patently modeled after Irving Thalberg. Thalberg, considered "the most influential man in Hollywood" for almost a decade beginning in 1924, could well have been a role model for Barry Diller.

Promoted to MGM's chief of production at the age of 25, Thalberg was meticulous almost to a fault. He involved himself in every



aspect of film-making, from originating concepts to casting and editing classics such as *Grand Hotel*, *The Barretts of Wimpole Street*, *The Good Earth*, and *Camille*. Thalberg had many foes and came in for his share of criticism. Some said his movies were all glitz and glamour—empty, bland vehicles that borrowed too much from Broadway theater. But writers and directors appreciated his canny, diplomatic approach to improving scripts and rushes. He also propounded the radical idea that a successful studio like MGM—the only one of the major studios to turn a profit during the Depression—could occasionally afford the luxury of producing a movie that would run far above budget, so long as it added to MGM's prestige and glory.

Like Irving Thalberg and the fictitious Monroe Stahr, Barry Diller was only in his mid-20s when, as vice president of prime-time programming at ABC Television, he was charged with making financial and creative decisions that involved millions of dollars and shaped the viewing habits of vast numbers of Americans. While at ABC, Diller virtually invented the concept of the *Movie of the Week*, as well as that of the miniseries.

He moved from the William Morris Agency to ABC as personal assistant to Leonard Goldberg, who had just been named head of programming for the network. Diller quickly became known at ABC as a man who got results. Even then, his style was to demand, cajole, pressure, and intimidate in order to achieve his goals, making it clear to those with whom he dealt that he would not accept excuses or refusals. Goldberg would later say that Diller was every executive's dream assistant.

In the mid-1970s, Diller returned to Hollywood, where he saved Paramount Pictures from fiscal disaster and revolutionized the process by which the studio acquired scripts. A decade later, despite a string of hits, Diller ran into trouble at Paramount; after the sudden death of his boss Charles Bluhdorn, a bitter conflict—the first of several that dogged his career—erupted between him



and Martin Davis, the new head of Gulf & Western, Paramount's parent company.

Eager to escape from an increasingly untenable situation, he was enticed by oil magnate Marvin Davis to become chief executive officer of Fox, Inc., where he was immediately and unexpectedly faced with a corporate debt of six hundred million dollars. An ugly power struggle between Diller and Davis culminated in the purchase of Fox by Australian newspaper titan Rupert Murdoch. In 1987, he and Murdoch made television history when they launched the fourth television network. Fox-TV soon became known for its edgy humor and offbeat programs, including *Married . . . with Children* and *The Simpsons*, the animated cartoon created by Matt Groening. At the same time, Diller, as head of Fox's movie studio, was also green-lighting hits such as *Home Alone* and *Big*.

Then, in February 1992, he stunned both Hollywood and Wall Street when he left Fox to spend the next several months driving across the United States, accompanied only by his newest toy, his Apple Powerbook®. Amazement turned to shock when, in December of that same year, he acquired a 3 percent stake in QVC, a home shopping network, and became its chief executive officer. *Multichannel News*, an industry publication, voiced the question being asked by so many others who had followed Barry Diller's career: "What interest could the former chairman of Fox, Inc. possibly have in running a cable network that peddles ceramics and fake diamonds?"

In the months that followed, Diller tried to provide an answer as he articulated his vision for the future of television, which he believed would be "dominated by the interests of cable." He spoke of expansion and interactivity, of information services and the evolution of programming. And yet the skeptics wondered why Barry Diller, one of Hollywood's most powerful, respected, and feared individuals, a man whose closest friends were a select group of the



industry's power elite, would exile himself to a shopping network in the backwaters of West Chester, Pennsylvania.

The picture seemed to come more sharply into focus later that year when Diller, backed by his QVC partners, played the spoiler in the proposed Viacom-buyout of Paramount Communications. Although Diller denied that his bid to buy Paramount was fueled by personal motives, his friends spoke off the record about his well-known animosity toward his former employer, Martin Davis. The battle between Diller and Sumner Redstone, Viacom's chairman, raged in the Delaware courts and on Wall Street until February 1994, when Redstone's bid of roughly 10 billion dollars finally forced Diller to drop out.

"They won. We lost. Next," Diller proclaimed, serving notice that he would continue the search for a suitable corporate partner for QVC. Although Diller publicly betrayed no signs of doubt, questions resurfaced among veteran Diller-watchers: How could he have so badly miscalculated his position in a deal of this magnitude? And was he truly as sanguine about his future as he professed to be?

His next move, a proposed marriage with CBS, seemed like a match made in heaven. "It's a real merger," said CBS chief executive Laurence Tisch, in an obvious attempt to warn off other bidders. He would stay on at CBS as chairman but publicly committed himself to leaving the company within the next two years. "Barry is going to be the boss here," he said. "It's time to move on."

By the close of trading on the day of Tisch's announcement, Wall Street registered its excitement with prices that jumped 19 percent for both CBS's and QVC's stock. The two companies scheduled board meetings to vote on the proposal. But in an eleventh-hour surprise move, one of Diller's own partners made a rival bid. Stockholders hardly had time to consider the offer before the *Wall Street Journal* was predicting the outcome by calling Diller "a mogul in search of an empire."



Why had the CBS deal fallen through? And why would Brian Roberts, the man who'd wooed him to join QVC, suddenly turn against him? Was Diller losing his touch? Would he ever attain his stated goal of being his own boss?

Six months later, when the QVC-Comcast deal finally became a reality, Diller was richer by a hundred million dollars, and the press was still speculating about his next move. Though some had him renewing his pursuit of CBS, his war chest was still far short of the two billion dollars needed to gain control of the company.

Diller bided his time, scheming and spinning his dreams until the summer and fall of 1995, when he became the owner of Silver King Communications and Savoy Pictures, and gained a controlling interest in the Home Shopping Network. The ever-watchful press was quick to weigh in with their questions and comments about Diller's media empire *manqué*. "How much room is there for Barry?" asked *BusinessWeek*, while the *Economist* dubbed him "the would-be network king." Diller, guarded as always about his strategy, would only say that he intended to create his new network "from the bottom up with local programming."

However his plans for the future play out, the man who's known in Hollywood as "Killer Diller" has already left an indelible mark on the entertainment industry. Dawn Steel, another of Diller's Paramount protégés and currently president of Columbia Studios, said of her former mentor's contribution to the movie industry, "He created the 'advocacy system' within motion picture studios. He taught movie executives how to put some passion into their jobs. The business is a better place because of Barry."

Many would disagree with her. Diller has always had his enemies, although few will go public with their complaints.

There are no end of stories about Diller's perfectionist nature, fiery temper, and abrasive tongue. Like Irving Thalberg, once Hollywood's ultimate micromanager, Diller insists on exerting such total control that during his tenure at Fox, he personally chose the



graphics for the shows, as well as the color schemes for the sets. He is often described as a bully and emotionally abusive. Once, also while at Fox, he became so enraged at a key associate that he flung a videocassette at his errant aide with such ferocity that it made a dent in the wall.

Diller is aware of his reputation for being a son of a bitch, an expression that comes up time and again in conversations about him. He professes surprise, yet admits to being difficult. But he defends himself by saying, "I think difficult is good, especially if you're dealing with the 'creative process,' in which you have to make editorial choices All you really have to contribute is what you think. There is no rightness involved, only being true to oneself."

Diller's words yet again eerily evoke the ghost of Irving Thalberg. In his notes for *The Last Tycoon*, Scott Fitzgerald recalled a chance conversation he had with Thalberg in the MGM commissary in 1927, during which Thalberg eloquently described his decision-making process. Fitzgerald was so struck by his comments that he later paraphrased them in a speech made by his hero, Monroe Stahr.

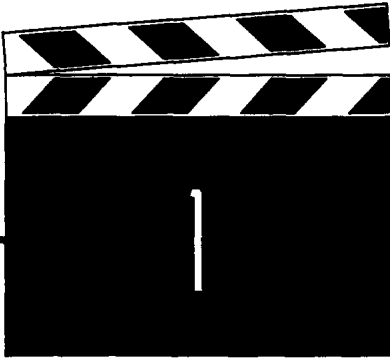
"Suppose there's got to be a road through a mountain," Thalberg told Fitzgerald. ". . . there seem to be half a dozen possible roads through those mountains [S]uppose you happen to be the top man You say, 'Well, I think we will put the road there,' and . . . and you've got to pretend . . . that you did it for specific reasons, even though you're utterly assailed by doubts at times as to the wisdom of your decision, because all those other possible decisions keep echoing in your ear. But when you're planning a new enterprise on a grand scale, the people under you . . . mustn't ever dream that you're in any doubt about any decision."

Surely, Barry Diller, like Irving Thalberg, the wunderkind of an earlier moviemaking generation, must also have private doubts about the wisdom of some of his decisions. *Silver King*, a collection of 12 television stations that feature home shopping programs, is

a far cry from the boardroom seats of power and influence he once occupied. Still, he professes to be as convinced today of his choice of a road through the mountains as he was 10 and 20 years ago when the entertainment world was his for the asking.

Nevertheless, the questions inevitably arise: How did he come to wear the mantle of power so early and so comfortably, and how did he manage to let it slip from his grasp? Why have his recent efforts to reclaim his position so conspicuously and spectacularly failed? What forces drive Barry Diller to chase what some might call an impossible dream? Does he suffer from some fatal character flaw that will ultimately prevent him from achieving his fantasy of running his own show?

These are questions best answered by people close to Diller—people he respects—but they were unwilling to share their insights. Some spoke anonymously, others of lesser note were reluctant to talk because of Diller's power and status. Perhaps the day will come that Diller will choose to write his autobiography. Until such time, however, this exploration of Diller's much discussed public persona, as well as his private life, shrouded in secrecy, will shed some light on this extraordinarily complex human being—the once and perhaps future mogul, still in search of his empire.



An Issue of Privacy

Barry Diller is often described as a man of passion. Most of all, he has a passion for privacy. "I care a lot about privacy," he has said flat out.

He rarely gives interviews, and when he does, he quickly retreats from the personal, preferring to talk about business issues, creative and technological concepts, ideas rather than emotions. His discomfort, when queried about his inner life, is palpable. He avoids introspection, at least in a public forum, and claims to "have no powers of self-observation." Caught in the act of self-analysis on the subject of how he makes his hiring decisions, he has said, "I really don't know anything about anything. . . . This is all babble. It's pure pretentiousness."

"I have never given a personal interview in my life," he has boasted, and it's the rare and exceptionally secure friend or colleague who will make a statement about him on the record.

Unlike most of his peers, Diller has no press agent. And yet, for all of his detractors, he consistently gets great press, because



his accomplishments stand on their own merits. "He really is the brightest of the bunch," says Julia Phillips, one of the few in Hollywood who will speak for attribution. (The successful producer and author of *You'll Never Have Lunch in This Town Again* truly has nothing to lose.) "He really did do all those things his admirers say about him."

Diller's profound sense of privacy extends to those selected few who share his personal life, about which he admits to being shy. "I respect privacy in other people, and I expect them to respect it in me," he once told a journalist who tried, with little success, to probe the recesses of Diller's psyche. Asked to comment on some of the people who make up his most intimate circle, he replied, "I wouldn't ever talk about a friend."

Yet some facts are a matter of public record.

Michael Diller, Barry Diller's father, was the youngest of seven children born to Bernard Diller, an Austrian-Jewish immigrant who arrived in San Francisco in 1902, at the age of 37. It took Bernard, a butcher and grocer, only three years to save enough money to send for his wife, Ida and their children: Charlie (born 1891), Minnie (born 1895), Fanny (born 1899), and Sammie, who would later be known as Richard (born 1902, according to some records, or 1905, on the boat to America, according to others).

The year after Ida and the children arrived in America, the Dillers, along with thousands of other San Francisco residents, lived through the worst earthquake and fire in the city's history. Nevertheless, they remained in their newly adopted hometown, where they worked hard to establish themselves, eventually buying a house at 1081 McAllister Street to raise their family. Bernard, a deeply religious man, opened a market where he sold kosher meat (slaughtered according to Jewish law) and groceries in the heart of San Francisco's Orthodox Jewish community, while Ida took care of their ever-growing family. In all, she was pregnant 11 times; four babies died in infancy, and three more were born in

