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The Cheyenne Report

From the CEO

The role of today's CEO comes with high expectations. The list of attributes reminds me of something Anne Bishop, our Senior Associate in Chicago said; "the purple cow who can jump over the moon syndrome." CEOs need to be all-knowing and skilled in everything from finance and marketing to human resources and technology, and across all content platforms. Unfortunately, no single CEO possesses all this knowledge, and success depends on an executive team. And that's today's challenge: Having the very best people around you.

CEOs must have the right organization, the top executives, and make the necessary organizational changes. Procrastination handicaps business. Many CEOs don't have time to reeducate themselves for change, assuming that they have all the answers. There's a saying,

"It is important to learn from other people's mistakes, because you won't live long enough to make them all yourself." CEOs face pressure to perform and be decisive, but lack the research resources

that were the luxury of the past and the time to debate the issues.

Exciting times lie ahead. It's not for the weak-hearted, but there are rewards for those who raise the bar. We will be watching all of you with more than passing interest!
Best, Pat Mastandrea



Pat Mastandrea

Ancier Redefines the BBC

Garth Ancier took over as President, BBC Worldwide America in early 2007. After a career heading up the entertainment divisions of Fox, NBC and the WB, he's now rebuilding the BBC brand in the U.S. Cheyenne Group CEO Pat Mastandrea talked to him about his first 90 days, BBC America's evolution and his biggest challenges.

P: Describe your role as President, BBC Worldwide America.

G: BBC America consists of several primary businesses which are all different in terms of size and growth. It's a unique company in that it has a Chinese wall between public service and Worldwide, the commercial arm. Often, I'm working on behalf of the public service, though it's not part of my remit. On the B2B side we have Content and Production, producing shows for ABC (*Dancing with the Stars*), and NBC, as well as some cable networks. Then there's digital. We made BBC.com, previously funded by the public service, into a commercial site outside the U.K. It has 10 million U.S. users a month. We're also taking our deep library content and creating a service with a media



partner. TV sales include non-BBC products to U.S. broadcasters and networks, including BBC America. We have a DVD business with our partner Warner Brothers Home Video. We manage news distribution in the U.S., and launched a U.S. newscast produced out of Washington and London. We also have a presence with BBC World, the international news channel.

P: What attracted you to the job?

G: I was intrigued to learn how global media companies deal with the U.S. market and vice versa. Britain and the U.S. are the two biggest production centers in the world, and how they interface with each other is fascinating. The BBC is unique. It's part public service and part commercial, each with different goals. BBC Worldwide, the commercial part, is more aligned with how U.S. companies operate. The

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The Cheyenne Report

Publisher and Editorial Director
Pat Mastandrea

Editor-in-Chief
Ann Cooper

Contributing Editors
Regina Angeles, Daniela Beyrouti, Anne Bishop, Mike Discepolo, Mary O'Keefe, Joanna Reesby, Jeff Schon, Franca Virgili

Production Manager
Jessica Ely

Art Director
Christina Williams



The Cheyenne Group
www.cheyennegroup.com

NEW YORK
60 East 42nd Street, Suite 2821
New York, NY 10165
212-471-5000

CONNECTICUT
10 Saugatuck Avenue,
Westport, CT 06880
203-557-4905

Partners
Regina Angeles
Mike Discepolo
Pat Mastandrea
Mary O'Keefe
Jeff Schon

Research Manager
Peter Herrick

Finance Director
Steven Manzi

LOS ANGELES
1875 Century Park East, Suite 600,
Los Angeles, CA 90067
310-284-3230

Partners
Daniela Beyrouti
Franca Virgili

CHICAGO
4109 N. Sheridan, #2,
South Chicago, IL 60613
847-277-1141

Senior Associate
Anne Bishop

LONDON
2 Eaton Gate, London SW1W 9BJ
+44 (0) 203-043-0150

Partner
Joanna Reesby

Associate
Jennifer Meli

Trends Watch

Taking the Pulse

Leaders in the media and communications industries sound off about the challenges facing them in 2008.

Today, senior executives face the kind of challenges unheard of twenty, or even ten, years ago. The impact of the Internet, new media models, and greater consumer control, all mean that decision-makers are held accountable as never before, which may explain the high level of CEO turnover in some industries. Below, some of our top thinkers in different communications fields reveal the specific challenges facing them in the year ahead.

ANDY PROZES
Global CEO, LexisNexis

There are two primary challenges facing the media industry that are increasing in prominence and criticality. For media companies relying predominantly on non-advertising revenue, such as LexisNexis, the challenge is to enhance the value of their offerings by adding either valued functionality (for example, work load tools) and/or new proprietary content, which customers feel they absolutely "have to have." For advertiser-supported media, the challenge remains to find a way to participate in the high growth areas of advertising and marketing. Marketing dollars are flowing online to search engines. Traditional media companies find it difficult to move to these higher growth areas. Perhaps newspapers are the best testimonials to the size of the challenge. For most media companies relying on advertising, the Holy Grail, and the challenge, is moving to online.



BEN FEDER
CEO Take-Two Interactive Software

Demand for video games accelerates every five to seven years as consumers swap old video game consoles for more advanced machines. This creates enormous management challenges for publishers. But, for the first time, those countries in Asia that were low cost producers only a few years ago, are now mass market consumers. They are a critical new market for our content, made all the more valuable in the era of the weak dollar. Managing through these challenges creates human resource needs that are unmatched in any other industry. It is our key challenge in 2008.

JOSH BERGER
President and MD, Warner Brothers, U.K.

The biggest challenge is staying ahead of the speed at which the world is changing. It's about freeing up enough time and not staying too close, so you can see how markets evolve, and how externalities affect our ability to grow strong, sustainable businesses. The other big challenge for Warner Brothers is digital. On the one hand it presents large opportunities, and on the other, consumers take gratis many products which we usually sell. So, how do we use digital as both a marketing vehicle and as a sales channel? How do we stay relevant as everyone migrates online? It's about how these "digital natives"



interact with our stuff, which is so totally different from how they used to, and that's one of the biggest challenges for all CEOs and managers. Trying to figure out our growth strategies in a business that looks like its maturing reminds me of the old adage, there's no such thing as mature markets, there's only mature marketers.

MARK STOEVER

SVP & General Manager, Internet Advertising & Fees Division, Monster Worldwide

Audiences increasingly want more from publishers. Our challenge is to provide what they want, without barriers such as having to provide large amounts of personal information, or learning new systems. (iPod's ease of use and large payoff for users in being able to access music is the benchmark for success here.) Companies face increasing competitiveness. For example, we see LinkedIn and Facebook as competitors in the employment space. We are heavily influenced by the explosion in user-generated content

and push constantly for relevance and personalized content. With advertising, we need an improvement in technology and vehicles for new models such as video and rich media integrated

into user-generated content and social media. There's an increased use of behavioral and user profile targeting. The ad industry is maturing, more offline ad budgets are shifting online. When it comes to talent, we need to balance employee desire for unstructured environments, with their desire for the advancement, training and support that comes with a larger entity.



DAVID VERKLIN

CEO, Carat, North America

2008 looks to be a year of contrasts and contradictions. The 12 months of 2008 will be action packed. Consider that we have the Olympics in Beijing this summer and the presidential elections in November. Also, 2008 will be a year of remarkable and accelerated technological change. Pay particular attention to the rise in video on demand, the ubiquity of mobile devices, the increase in DVR penetration, and the digitization of the broadcast television spectrum. Perhaps in 2008 we will also stop hearing about the travails of Britney Spears. That alone would make the year truly special!

JANE TURNER

Managing Director, Chorion, U.K.

We're in a highly competitive, fast-moving multi-media environment and have to ensure that whatever we produce—TV, kids' toys or educational product lines—are the best of breed. This means that they need to be innovative, engaging and relevant for today's consumer. They also have to have a competitive advantage.

At Chorion, our TV programs are our showcases for our brands. It's all about the brand difference and it's important that the brand stands for something and has meaning, instead of being just entertainment for entertainment's sake. Classic brands are classic brands for a

reason. Values remain as true today as they were when they were first launched. Noddy remains as true today as he was decades ago. We're fortunate to be in the brand management business, so you want to have consumers experience the brand in all its formats.



BRIAN NAIRN

CEO, Elsevier Health Sciences Division

The largest challenge is in product development—ensuring our products continue to evolve in a way that best meets customer needs—thus not creating opportunities for new and existing competitors. We also have to alter our sales and marketing strategies and methodologies to connect with our customers in a different way.

MARY WARLICK

CEO, The One Club

Companies in today's market have to be as savvy as their competitors about all the new forms of media. At the same time, companies still have to stay on message with the myriad of new methods of communicating. Good business today is about building personal relationships more than ever. It is really the only distinguishing factor in an electronic saturated market place.



CEO Blogs

CEO blogs are a high-profile means of conveying vision, attitude and information. Below, The Cheyenne Group's top picks.

Marc Cuban, Chairman, HDNet and Owner of the Dallas Mavericks Blog Maverick

<http://www.blogmaverick.com/>

Tom Glocer, CEO Reuters Tom Glocer's Blog

<http://tomglocer.com/>

Ted Leonsis, Vice Chairman Emeritus, of AOL

Ted's Take, <http://ted.aol.com/>

Alan Meckler, CEO, Jupiter Media <http://weblogs.jupitermedia.com/meckler/>

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BBC is a public service company for which people pay a license fee to watch channels of commercial-free television, radio and Internet, and that affects the country's culture. It has very different cable and satellite penetration with more of a terrestrial bent. It's difficult explaining to an American how the British marketplace works, and vice versa.

P: Comparing your first 90 days at Fox and WB, how do they differ?

G: In some ways they're the same. Phase one is all about surrounding yourself with highly skilled people. For example, the BBC has never had an in-house business affairs function. The first person I hired was a head of business affairs, so that we could have contracts along industry standard lines. The BBC had two CFOs and two separate marketing and advertising departments, which we combined into one. We've combined many elements that were previously separate and decentralized. Previously, the creative, done by the marketing department, was sent out to agencies. We brought it in-house and the significant savings go back into the central pie. We had two research contracts, and now we have one. We had stars here that were underutilized, and we elevated them. Some people needed a little motivation, and others we replaced.

P: What's been the biggest adjustment?

G: The speed of most commercial companies is a lot more intense than that of the BBC. As a company it can feel a bit like the Post Office, so you have to be patient and manage your expectations and pick your issues carefully.

P: What are your biggest challenges?

G: There's tremendous pressure on cable networks to make their value proposition clear to customers such as the mobile systems and satellite

operators. The most important thing is to make BBC America's uniqueness clear.

P: What's the future for bbc.com?

G: It started as a news Website. If you ask the average American what the BBC is good at, they'll tell you news. Our other major content area is natural history and science, which we want to brand in the online space. We're launching a site called Love Earth (loveearth.com) and other branded sites we call passion sites. These are basically interactive sites around specific genres.

P: The future for the Web business is multi sites?

G: It's going to be cross linked across multiple access points. The aggregating site probably will be BBC.com, and you'll see promos for BBCNews.com running on all of our linear newscasts, saying "BBCNews.com updated every minute." There are only four major news providers in the world: BBC, AFP, AP, and Reuters. BBCNews.com has thousands of pages of content. There's rarely a link to a non-BBC story. Our on-air campaign has people all over the world typing on their keypad in rice paddies and remote islands filing their stories for BBC.com.

P: What are your future growth areas?

G: Growing the channel; adding channels and introducing a kids' VOD service. Content production is exploding. We're fortunate to have *Dancing with the Stars*, but we have other shows coming out as well. *Clash of the Choirs* aired on NBC just before the Holidays, *Dance War* is doing well on ABC and we're about to pilot *Top Gear* for NBC. Everyone's trying to figure out how to make digital more meaningful. We have deals with U.S. partners to platform BBC content.



P: And the monetizing of the Websites will be commercial?

G: I always thought online would be ad-driven. Early on, we thought that people would subscribe for this or that, but it's not a big enough business yet. People look at the Web as a place to get things free. What will happen is what has happened in TV: you have to engage people. An ad can't be sitting there like a billboard.

P: Have you had any fascinating learning experiences in your first year?

G: The British television industry is wildly creative. That's the positive side. The negative side is that the industry is not as commercially driven as America. In order to build viewership when you have many channels, you must have long series of product. Most U.K. shows are only four, six or eight episodes. That's not enough to build a cable audience. I've suggested to my British counterparts that they make 12, or 14, or 22 episodes in order to build loyalty. The flow of product from the U.S. to the U.K. is just short of \$3 billion dollars. The U.K.'s watching *Lost*, *Desperate Housewives* and *Heroes*, for which they pay a lot of money. I say, hoping to stir up British pride, 'How can you let Americans take advantage by buying U.S. product instead of supporting your creative industry?' By comparison, the flow of British product towards the U.S. in television is \$60 million dollars a year. And that needs to change.

Career Corner

Reference Check

The Last, but not Least, Step in the Recruiting Process

Checking the references of prospective employees is a crucial step that is too often underestimated by many employers. Yet, if appropriately executed, such checks can detect warning signs, whether it is a new assistant or an EVP. Below, our experts at The Cheyenne Group offer a few suggestions to make the process go more smoothly and efficiently.

Tips for an Effective Reference Check

The reference check needs to be carefully planned and executed and is usually preceded by an extensive and in-depth interviewing process. This provides a thorough evaluation of the candidate's strengths and weaknesses vis-à-vis the specific skills required for the position in question as well as the attributes, from a personality and style standpoint, necessary to fit the particular culture of the organization.

Tailor-Made List of Questions is Key

Once the main skills and personal attributes have been assessed against the ideal candidate profile, develop a customized list of specifically targeted questions. This allows a better understanding of any areas in the candidate's background and profile which are weak and/or need additional vetting.

Be Consistent

Ask the same questions of all those on the reference list. If the questions differ, then it's more difficult to gather a comprehensive, multi-dimensional view of issues that need clarification. It's also interesting to discover how

the same issue is viewed through different eyes and from multiple points of view. This helps better explain or resolve or identify any red flag issues that surface. Ideally, the same person should ask the same questions to guarantee a more homogeneous take on the response of different people to the same issue.

Minimum of Five References Required

Usually, we ask a candidate for a minimum of five or six references, including people with whom the candidate has had a meaningful and not too distant professional relationship. This combination of subordinates, peers and superiors should guarantee a multi-faceted overview.

Unsolicited References

While a reference check will always start with the names provided by the candidate, it shouldn't be limited to just those. It pays to also include "unsolicited" references, and there are several ways of adding these to the original list. Because of The Cheyenne Group's specialization, we can ask people from our vast network of contacts in various markets for additional names.

Confidentiality is Key

Referencing a candidate is a delicate and sensitive process. We work mostly with already employed, highly visible senior executives, whom we obviously cannot risk exposing unnecessarily or compromising their current position. References should be checked only at the final stage of the selection and recruiting process, when all of the inter-

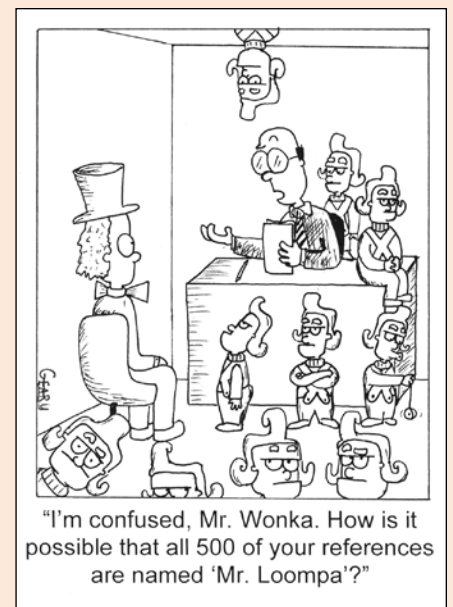
views have been completed and an offer has been made (at least verbally)—contingent, of course, upon the positive outcome of the reference check.

Education Check

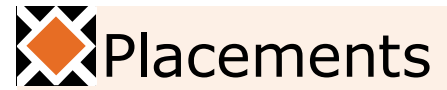
Finally, the very last step of a complete reference process is the education check which verifies a person's degrees. Some public companies request more thorough background checks such as criminal and credit history, particularly for finance positions.

Summing Up

Following all of the above steps helps reveal "the big picture" about a candidate. The process helps provide crucial information about how co-workers might react to a potential employee's style and personality, based on how superiors and employees have perceived them. It all goes towards helping ensure a successful hire! ■



Multicultural Connections



Focus on Marketing

Media companies not paying attention to the Hispanic market are going to miss huge opportunities in connecting with this increasingly influential audience — once considered a niche market. Consumer packaged goods, automotive, and telecommunications companies are years ahead and have brought Hispanic and multicultural marketing expertise in-house. Media and entertainment companies should consider doing the same. The demand for Hispanic and multicultural marketing talent will increase dramatically in the coming years, and companies that are not building their talent pipelines now will be at a disadvantage.

TRENDS

In 2007, the most significant multicultural trend was the focus on the booming Hispanic market. At 40 million people, the Hispanic market is the fastest-growing U.S. minority market. Spanish-language ad-

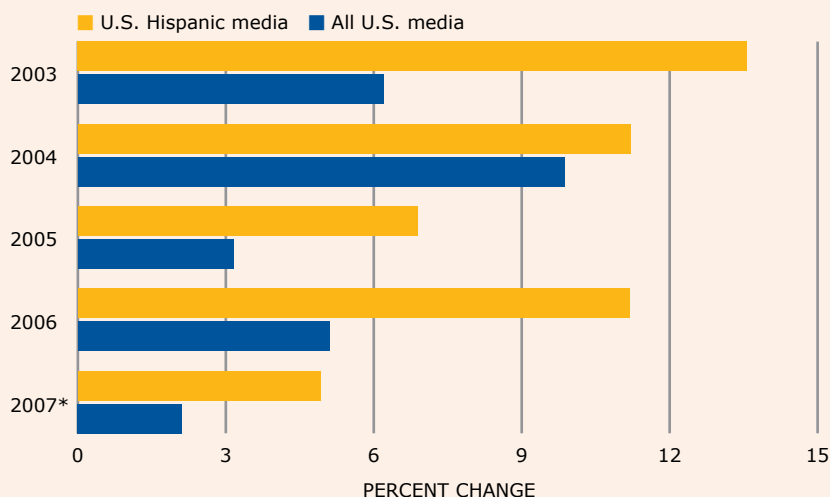
vertising continues to outperform the general market, according to data released in Advertising Age's "Hispanic Fact Pack." And while TNS Media Intelligence cut its 2007 Spanish-language media spending growth projection to 3.7%, that's still double the 1.7% growth outlook for overall U.S. measured media spending.

UNIVISION ACQUISITION

In the biggest-ever Hispanic media industry sale, private-equity investors completed the \$13 billion acquisition of Univision Communications in March 2007, the premier Spanish-language media company in the U.S. (NBC paid \$2.7 billion for the No. 2 Spanish network, Telemundo, in 2002). In April 2007, Joe Uva joined Univision as CEO from OMD Worldwide, the world's second-largest media agency, where he was President-CEO, in a move expected to help Univision win more ad dollars from major marketers.

Hispanic Media Ad Spending Growth Rates

Versus all U.S. media ad spending growth, 2003 to 2007



Source: Hispanic media data from HispanTelligence, research arm of Hispanic Business, based on input from TNS Media Intelligence, media industry experts, advertising agencies and public records. *The 2007 Hispanic media growth rate is a forecast from TNS. All U.S. media totals from TNS.

Roosen Named SVP of Global Customer Service for Elsevier

Previously, Adriaan Roosen was Senior Vice President of Customer Service for Quark, Inc. and managing director of Vertis Europe.

Boye Joins *Harvard Business Review* as Publisher

Henry "Hank" Boye, formerly General Manager of the National Journal Group, will lead the magazine's commercial activities.

Atherton Moves to Director of Licensing, Mattel, U.K.

Claire Atherton will be responsible for the U.K. Mattel Brands Consumer Products business. Atherton was previously the Managing Director of Copyright Promotions Limited.

Lalonde to MTV as Senior Vice President, Operations, Ad Sales

Philip Lalonde will work closely with the EVP Operations and Strategy, Carolyn Everson, and President of US Ad Sales, Hank Close. Lalonde has spent most of his career at ESPN.

Quigley Named N. American GM, CFO Publishing at *The Economist*

Most recently, Frank Quigley was President of the Securities Group at SourceMedia.

CHEYENNE NEWS

Discepolo Joins Cheyenne

The Cheyenne Group has named Mike (Michaelanne) Discepolo, Partner. Discepolo joins from Primedia where she was EVP of Human Resources. Her expertise ranges from print and digital publishing, to film and broadcasting.

Angeles promoted to Partner

After three years as Principal at the Cheyenne Group, Regina Angeles becomes a Partner. Previously, Regina was a Director at Sunny Bates Associates.