

Opening Address

By Frank J. Haney

Good morning, ladies and gentlemen, members and guests. Welcome to the first SMPTE conference of the 90s decade — the 24th Annual Television Conference.

The theme of this conference, "Television — Merging Multiple Technologies," is certainly apropos as we exit the 80s with what seems to many anarchy in television formats. In keeping with your Society's commitment to education we have added a pre-event — an all-day tutorial seminar covering the subject of post-production. I hope that many of you were able to attend this seminar, presented yesterday, and further, that you came away enriched.

The papers program for this conference was organized under the direction of Program Chairman Clyde Smith and his supporting Papers Committee. The local arrangements were organized by General Arrangements Chairman David Walters. For the Spouses Program we thank Program Chairwomen Nancy Walters and Kay Smith.

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Editorial Vice-President Frank Haney welcoming attendees to the conference.

Before we begin with the papers program, I would like to share some thoughts with you regarding the new decade we have just entered. I just mentioned the theme of this conference, "Television — Merging Multiple Technologies." Certainly these multiple technologies will be challenges as we enter the 90s. I would like to take a few moments to lay out challenges which exist on a more macro

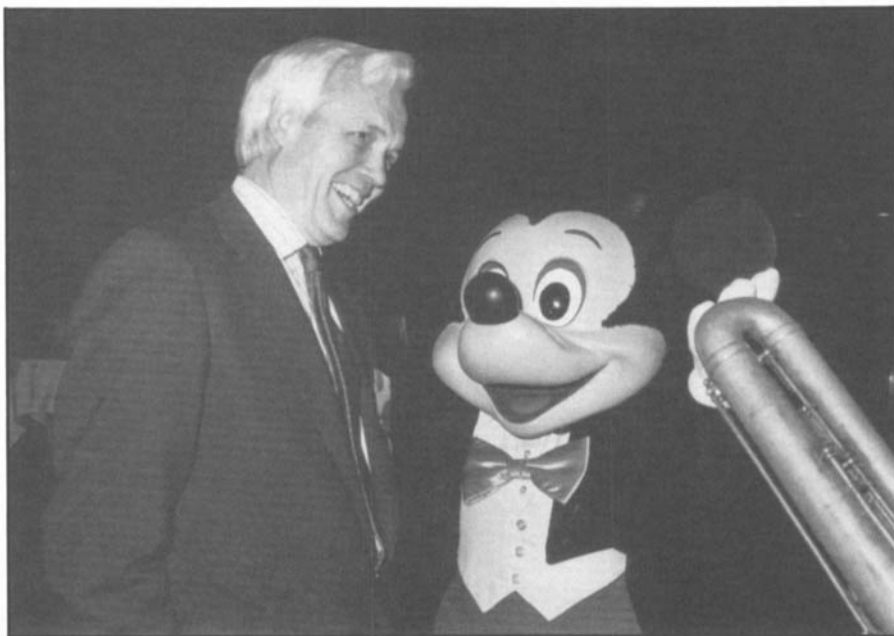
level. There is a monthly publication entitled *California Business*. This month's issue features discussions by 13 leaders from business, academia, and government exploring what they feel are the primary themes and challenges of the 90s decade. Although most focused solely on California, a few took the macro view, applying it where pertinent to California. Fortunately, those who took this view are the ones I believe would be of interest to this group.

Starting with high tech, Andrew Grove, president and CEO of Intel, states: "In the 1990's there will be vicious, vicious competition in the computer industry. There's going to be a considerable shakeout." He points out that in the 1990s Intel's Micro 2000 chip will have four parallel processors on it — a large amount of memory, and a good portion of the chip reserved for human interface. This would be 2 billion instructions per second, versus 15 to 20 million today.

He goes on to explain human interface, and I quote: "When I say devoting half the space on a chip for interface, this is the kind of thing I mean: If HDTV is only high-definition television, then I'm not interested. What is that for? To bring you football players in more vivid reds? However, when you say HDTV is really digital processing of screen images, it's a different story. It's not high definition that is the question. It's the manipulation of those images — changing them, combining them with the computer-like database processing capability. It's an area of immense importance because this is how you make computers interface with human beings. All these transistors are capable of making computers come closer to humans."

Donald R. Beall, chairman and CEO of Rockwell International, says that in the 90s successful companies will refine a global style of doing business. Further, he does not see the helter-skelter conglomeration of unrelated businesses which occurred in the past. Rather the focus will be on "sticking to your knitting."

On leadership, Professor Warren Bennis of USC sees the major class conflict in American society today be-



SMPTE Executive Vice-President Blaine Baker and friend.

tween the entrepreneurial spirit and the bureaucratic spirit. And he feels that the entrepreneurial spirit is winning, at least in California. He feels this way in part because of the restlessness of people and in part by a climate of "can do." He raises the question as to whether we have the political leadership in place to lead us into the 1990s. Building coalitions is not leadership, he says; rather it's simply the pooling of ignorance.

Michael Borrus, co-director of the U.C. Berkeley's Roundtable on International Economics, sees the prospect that real control over the destiny of business will shift to foreign investors. He cites the consumer electronics industry as the first occurrence. The GEs and the RCAs, he says, were confronted with a make-or-buy decision. Over time, the network of smaller suppliers to the GEs and RCAs moved offshore to Asia, and consequently the GEs and RCAs lost control of the product they were producing. In the end you can't control what isn't produced locally.

Professor Chalmers Johnson of U.C. San Diego's Graduate School, states that we must recognize that our government is in competition with the Japanese government, and the latter has given a virtuoso performance. We must match them. He feels that the Pacific Rim problem is the difference in government/business relationships existing within the two countries — that in Japan the government performs a developmental role, while in the U.S. the government performs a regulatory role.

Ann Morrison, director of the San Diego office of the Center for Creative Leadership, feels the challenge for the 90s is the issue of managing partnerships not only for human resources executives, but also for business executives, and possibly even for education professionals. She talks about the two levels of managing partnerships: organizational and individual.

At the organizational level companies are getting lean and they're going global, which means crossing cultural bounds. At the individual level we also see the effects of the leanness. It used to be that an employee worked for a company and stayed for many years, moving up the line. Well, that's just not happening anymore. The pyramid is getting smaller and smaller; there just aren't that many opportunities to move up. There are certainly few

guarantees of stability of employment. So what a lot of individuals are saying is, "I'll work with you, not for you anymore, and I'll work with you so long as it suits my needs." And their needs are changing. They're much more educated, more leisure-conscious. Work is now more a piece of a full life rather than life itself.

Ms. Morrison sees another part of managing partnerships at the individual level in the changing work force. More women are in the work force, to an unprecedented extent. Blacks, Hispanics, Asians, and native Americans are now in the work force. One of the challenges of our human resources and top executive teams, she says, is to be able to use the talent in those groups, and that is a partnership which is going to become the rule, rather than the exception. People are working side by side who never used to.

For education I went to Mr. Toshi T. Doi, senior general manager of Super Micro Systems, Sony Japan, who, in his speech given at Educom '89, held at the University of Michigan, compared the education system in Japan at the university level with that of the U.S. Mr. Doi faults the Japanese system for placing too much emphasis on knowledge itself while ignoring creativity. He states that students, exhausted by the grueling competition of entrance exams, use the four years of college to relax and refresh themselves, and that many of Japan's real creative geniuses are rejected at the narrow gate of the entrance exam.

In the U.S., he says, the system is much better because the entrance gate is much wider, and there is less chance of a genius's being rejected. Creativity is appreciated to a much greater extent. He points out that most of the famous central processing units (CPUs) are developed in the U.S., which, he says, is a clear result of the success of U.S. university education, since the designing of a CPU is, in Mr. Doi's words, a work of real genius.

Let's take a moment and focus these macro-level views onto the business we are all concerned with — television.

Mr. Borrus tells us that the downfall of the U.S. consumer manufacturing industry was due to loss of control of product because of the smaller suppliers' moving offshore. I would hasten to add that such loss of control has now spread throughout the U.S. broadcast manufacturing industry.

What remains is slowly being bought up by foreign investors.

Professor Johnson tells us that the U.S. government is in competition with the Japanese government vis-a-vis the difference in government/business relationships; that the Japanese Government performs a developmental role, while the U.S. government performs a regulatory role. Unfortunately, ladies and gentlemen, I see none of this changing. Witness the recent back-away by the administration on the HDTV developmental issue. Sure, Congress has allocated some \$50 million to the Defense Advanced Research Projects Agency (DARPA) to fund private-industry projects. Remember, DARPA is a defense organization. As such, its projects are defense-related, not consumer or broadbase industry-related. Further, recent developments have initiated a reduction in the Defense Department's activities, with a long-term downtrend indicated. So we are pinning our hopes on an agency which is in a decline, and whose output product may be only obliquely related to our needs. Is this any match for the Japanese government?

Mr. Doi tells us that creativity is more appreciated and more prevalent in the U.S. education system. But ladies and gentlemen, where is that creativity ending up? It's going into the service industries: legal, financial, etc. Our college administrators tell us there has been a steady decline in engineering enrollments throughout the decade of the 80s, and their projections are for a continuing decline through the 90s. They cite two related reasons. First, the cost of a college education through the 80s has risen at twice the rate of inflation, and there is no sign of a slowdown. Second, the career path of a graduate engineer is not nearly as attractive as that of their fellow lawyer or business school graduate, from the starting salary (to help pay college loans) to that of rising into top management. We truly have a serious, serious long-term problem which is not going to be solved by "let's throw some money at it for a quick fix."

So, ladies and gentlemen the challenges of merging multiple technologies, about which you will hear in the next two days, are but a small portion of the many challenges facing us all as we embark into the 1990s. Please enjoy the conference, its papers, and its many social functions. Thank you.