

PEACOCK POWER

Talk about smoking the competition: With the 1996 Atlanta games already in hand, Dick Ebersol of NBC sports has grabbed five more Olympics -- in the years 2000 to 2008

by Sally Jenkins

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Bob Costas calls Dick Ebersol "the czar of my universe." In his role as president of NBC Sports--and sportscaster Costas's boss--Ebersol makes deals of exquisite timing worth hundreds of millions of dollars and then celebrates them over Dewar's on the rocks in a back booth at Nanni Il Valletto, a restaurant in midtown Manhattan, from which he nods cordially at other czars of other universes. One recent evening Ebersol entered Nanni's, an unobtrusive little gem with sumptuous banquettes, to find ABC News president Boone Arledge in one corner and media magnate John Kluge in another. Arledge gestured Ebersol over. "You've been cleaning some clocks lately," Arledge said.

Dick Ebersol

photograph by Christopher Little/Outline



Ebersol accepted the compliment with as much modesty as he could summon, which wasn't a lot. Ebersol was still exulting in the unprecedented double-fisted grab he had made on NBC's behalf in August, when he secured the U.S. television rights to the 2000 Summer Olympics in Sydney and the 2002 Winter Olympics in Salt Lake City with a stunning preemptive bid of \$1.25 billion. Ebersol had pulled off his masterstroke with both secrecy and flair. What Arledge didn't know as they chatted, and what Ebersol with his usual sangfroid gave not a hint of before sitting down to his sole meuniere, was that he was about to dwarf that deal with an even bigger one. In fact, Ebersol had taken a call from the president of the International Olympic Committee (IOC), Juan Antonio Samaranch, right before dinner. Now he didn't just have two Olympics. He had three more.

A week later, on Dec. 12, the announcement came: Ebersol and NBC had consummated the richest, boldest, riskiest rights acquisition in television history by

securing the rights to the 2004, 2006 and 2008 Olympics for the grand sum of \$2.3 billion. The other big over-the-air networks, ABC, CBS and Fox, never got in the game. Ebersol and his team had made some of the most opportunistic businessmen in the world, from Disney's Michael Eisner and Michael Ovitz, whose acquisition of Capital Cities/ABC is pending, to Rupert Murdoch at Fox, look as though their pants had just dropped around their ankles.

The two NBC deals continued the escalation of fees for U.S. Olympic TV rights. In addition to \$705 million for Sydney and \$545 million for Salt Lake, Ebersol's network has agreed to pay \$793 million for the 2004 Summer Games, \$613 million for the 2006 Winter Games and \$894 million for the 2008 Summer Games. With its combined \$3.55 billion commitment, NBC has locked up the Olympics for the next generation. With the '96 Summer Games also on NBC, the network will carry six of the next seven Olympics; only the '98 Winter Games in Nagano, Japan, which will be on CBS, break NBC's streak.

The implications for the other networks are potentially devastating from a programming standpoint because Ebersol has now all but cornered the market on the premier sports events. In 1996 the Super Bowl, the baseball All-Star Game, the NBA Finals as well as the Atlanta Olympics will all be on NBC, as will be the U.S. Open golf tournament, Wimbledon, the French Open and the Breeders' Cup. Never before will so many of sports' top events have been gathered in one place. NBC's murderers' row of events will leave the competition little more than an NCAA basketball tournament here (CBS) or a British Open there (ABC). In '96 Fox will have to be content with the World Series and splitting the Stanley Cup playoffs and finals with ESPN. Even Arledge, the man who virtually invented sports television, who made the Olympics a blue-chip event in the '60s and who hired Ebersol when Ebersol was a 19-year-old Yale, is floored. "He's lapped the field," Arledge says.

How has Ebersol done it? In part by being utterly suave. In the last several months it has become apparent that Ebersol, 48, makes deals not just of substance but of unmistakable style. He sports a semi-permanent Telluride ski tan as he walks and talks with a rhythm of easy success, as befits the product of a well-to-do Connecticut family and Yale. "I like to win, I like to have fun, and I don't like to wear a coat and tie," Ebersol says.

Ebersol's colleagues and competitors have learned that beneath the casual attire and attitude is a thoroughly rapacious businessman. And a visionary one. In 1991 Ebersol went to Bob Wright, the CEO of NBC, with a strategy to collect the crown jewels in sports and spelled out what doing so could mean for the network's parent company, General Electric. As television, cable-system and computer technology change kaleidoscopically, one constant is the need for software, or programming. What better way, Ebersol figured, to compel every member of the family to watch your network than to secure the Olympics well into the next millennium? Wright bought into Ebersol's thinking, then the two sold the idea to General Electric chairman Jack Welch.

Sealing the Olympic deals was a team effort, with crucial input from Welch, as well as from Wright and a pair of NBC executives, Randy Falco and Alex Gilady, an Israeli who is also an IOC member. But the quarterback was Ebersol. "He's the lead dog here," Wright says. "His focus all along has been to gather all the major sports properties. And he has the ability to deliver."

He also has an almost unbroken record of success: In 1975 he launched NBC's Saturday Night Live with Lorne Michaels. As an independent producer, he created Saturday Night's Main Event wrestling extravaganzas and Friday Night Videos in the mid-'80s. One of his few failures was his decision to replace Jane Pauley with Deborah Norville on the Today show. His professional elan is matched by a personal one. He wed actress Susan Saint James after just a six-week courtship. They have three sons and recently celebrated their 14th anniversary.

The latest Olympics' deal may be even more of a blind leap than Ebersol's whirlwind courtship and marriage. In addition to risking economic slumps over the next 13 years that could wreak havoc with the advertising market, from which the network must garner the money to cover its investments in the Games, NBC has purchased Olympics at sites that have yet to be determined. In the Games as in real estate, the most important factors are location, location, location. The network's multibillion-dollar commitment doesn't entitle it to any formal input in the site-selection process, though it's hard to believe its opinions will go unheard. But coming on the heels of the Atlanta and Salt Lake City Olympics, none of the three Games is likely to be held in the U.S..

Despite this, Ebersol could wind up a big winner. For one thing, if inflation exceeds the 3% rate built into its deal with the IOC, NBC would be paying off its investment in cheap dollars. The Atlanta Games may be a good omen; NBC paid \$456 million for those rights, and Ebersol says ad sales have passed the \$600 million mark. There is art to an Ebersol deal. It's a seduction. He determines what the object of his affection wants to hear, whether that object is basketball commissioner David Stern, acting baseball commissioner Bud Selig, or Samaranch and IOC television negotiator Dick Pound, and then he murmurs it into their ears. Ebersol has a habit of likening negotiations to love affairs, and his blockbuster Olympic deals owe much to the strength of his personal charm. "He has this quality of remembering things," Costas says. "Things about your personal life that are important to you, like what grade your kids are in or where your wife went to college."

Ebersol knows what people want to hear, because he is consistently better prepared and informed than his rivals. He rises at 6:15 every morning in his Manhattan apartment with a wraparound terrace and reads four daily newspapers. He also reads the Star and the National Enquirer, although he doesn't have them delivered to his house. "I also read the New York Post," he says. "In the car." He does not go anywhere without a fax machine. "He comes home and sits in his boxer shorts, reading a stack up to his knees," says Saint James.

Ebersol is so on top of his game that he drives his friends and associates crazy. Recently he called Stern to inform him what time he thought the NBA All-Star Game should be telecast ... in 2002. "It's totally obsessive-compulsive behavior," Stern says. "To the point where you say, 'For crissake, go out on a boat or something.'"

But Ebersol's facility to absorb and process huge amounts of information was one of the keys to staging his Olympic coup. So was his ability to act fast. Two days before NBC announced that it had acquired the Sydney and Salt Lake City Olympic Games, the idea for a precedent-setting package deal did not even exist.

Ebersol's excellent Olympic adventure began on Aug. 1, when he was in Atlanta on business and received a call from Wright, who was ready to crunch numbers on the Olympic-rights bidding for Sydney, which was expected to occur in a few weeks. Wright wanted to take an aggressive stance. The Australian-born Murdoch badly wanted the U.S. rights for Fox and had indicated he was willing to spend \$701 million to get them. Also, just that day, Westinghouse had agreed to purchase CBS, and only a day earlier Disney and Cap Cities/ABC had agreed to merge. The competition suddenly had much deeper pockets. Wright asked Ebersol to fly back to New York to talk.

At 9 a.m. on Aug. 2, Ebersol handed Wright a nine-page financial analysis. Murdoch loomed as such a threat that Ebersol was considering making a joint bid with ABC. The NBC and ABC staffs had spent weeks talking, but Wright didn't like the numbers. At noon he asked the fateful question: "Can't we do this ourselves?"

It was clear to Ebersol that it would take a daring move to beat Murdoch, so he told Wright: "The only way we'll get this is with a novel idea--and a lot of money." Wright said he would have a hard time shelling out such a sum for an Olympics that, because of the 15-hour time difference between Sydney and the U.S. East Coast, would be primarily a taped event. Wright was far more enamored of the 2002 Winter Games, which would be a live event. But the Salt Lake City Games weren't on the table yet. It was at that moment that Wright and Falco had an idea: Why don't we go for two?

Ebersol, Falco and Ed Swindler, from NBC's finance department, got out pencils and calculators and rapidly drew up a proposal. Using the speaker phone, Wright then called Welch on Nantucket, where he was vacationing. Ebersol explained that a double-barreled approach was a long shot and that speed and secrecy would be of the essence. "Why not take my plane?" Welch suggested.

Ebersol sent a message to his wife and kids, who were off sailing: "Gone to Europe." Then Ebersol, Falco and Gilady, whose IOC membership gives him an entree to Samaranch that makes executives of rival networks see red, boarded the GE Gulfstream IV at a suburban New York airport and flew to Goteborg, Sweden, where the World Track and Field Championships were about to begin. There they hoped to meet with Pound, the Montreal tax attorney who is an IOC member as well as the

committee's chief TV negotiator for North America.

Ebersol had serious doubts about the chances of success. "I thought it was one in 10 at best," he says. He brainstormed furiously, determined to make the scheme as attractive as possible to the IOC. Using his self-described talent for "saying what people need to hear without it costing us too much," Ebersol came up with an inspired sweetener: an offer to broadcast a weekly Olympic magazine show from 1996 to 2002. Ebersol knew coverage in non-Olympic years held appeal for Samaranch. "I knew they had always wanted a regular vehicle," Ebersol says.

The NBC trio landed in Goteborg at 10 a.m. on Aug. 3 and stole into the local Sheraton, where numerous IOC officials and the ABC contingent broadcasting the meet were billeted. But there was a mix-up: Pound wasn't in Goteborg, and Samaranch wasn't expected until that night. The NBC team piled into a back room of the hotel. "A room without windows," Ebersol says. They stayed there all day, fearing they might be spotted. "We camped out and ordered up cigars," Ebersol said. "The room stank."

At about 5 p.m. Gilady, who had a good cover in his IOC membership, went to the lobby to find Samaranch, who arrived minutes later. Gilady whispered to Samaranch that Ebersol was upstairs with a proposal. Ebersol and his aides took a service elevator to the top floor of the hotel and crept down the hall to Samaranch's room, past the doors of ABC staffers.

When Ebersol made his presentation, he was adamant on one point: He had to have an answer by Friday afternoon, with confidentiality in the interim, or the offer would be redrawn. After just 20 minutes Samaranch had heard enough. "He said, 'Deek, this is a very, very impressive idea,'" Ebersol recalls. Samaranch then asked Ebersol to travel to Montreal the next day and make the same presentation to Pound.

That night Ebersol and his team dined in private with Samaranch. Instead of discussing the deal, Ebersol talked about Atlanta and about the subject of the senior thesis he wrote as a history major at Yale in 1969: then-IOC president Avery Brundage.

Ebersol and Falco were up at dawn to jet to Montreal. He was horrified to see his driver in the lobby holding a sign that read DICK EBERSOL, NBC. "After all that secrecy...." he says. Fortunately no one else was in the lobby.

"On the plane, Falco slept. I worried," he says, and he came up with yet another sweetener: He would offer the IOC \$20 million worth of promotional airtime. As the Gulfstream IV neared the Canadian coast, Ebersol spotted a huge iceberg, which he considered to be a good omen. Later he found out that the sighting was just 25 miles from where the Titanic sank.

At 10 a.m. on Aug. 4, the NBC contingent arrived at Pound's office. Ebersol outlined the deal. Pound immediately called Samaranch. "We should do it," he said. The group

lit cigars, and Pound began writing draft agreements on his laptop computer. After three drafts they had a deal. NBC had not one but two Olympics, Sydney and Salt Lake City.

It was 4 p.m. Friday, 55 hours after the process had begun.

Three days later, after a press conference to announce the agreement, Ebersol phoned Samaranch as a courtesy. Samaranch congratulated Ebersol on the "stability" they had achieved and on the "partnership" they had forged. After Ebersol hung up, he was struck by Samaranch's repeated references to the long-term nature of their relationship. "I sensed something in his voice," he says. He called Wright and said, "I think we can do another deal."

Wright burst out laughing. "You're kidding," he said. "Is this realistic?" Once Ebersol persuaded him that it was, Wright told Ebersol to go ahead.

Ebersol spent the next six weeks pulling together his plan. "This one didn't have the intrigue of the first one," he says. He flew from the Ryder Cup in Rochester, N.Y., to Switzerland on Sept. 25 to see Samaranch again. In the Lausanne Palace suite where Samaranch lives, Ebersol outlined his plan to acquire the 2004 and 2006 Olympics. Pound, who was also in Lausanne, says, "I was one-and-a-half times as impressed with this idea," and he asked for time to write a "term paper" on how the deal could work. The principals nicknamed their endeavor the Sunset Project--"because we knew it would be the end of Olympic negotiating for all of us," Ebersol says. "It would take us to the sunset of our careers."

The negotiating teams met again on Nov. 7, at which point Pound had a surprise: The IOC wanted to deal in a full quadrennium, so 2008 was on the table. This was important because the IOC sells sponsorships in four-year packages. The sides met next on Nov. 20, and when they broke that day, they had an agreement. Several more days were spent ironing out the details.

Ebersol's critics have suggested that he gets the jump on his foes by saying what suits his purpose without precisely lying. The New York Times sports media columnist Richard Sandomir dubbed NBC's reversal on baseball the "Ebersol dance." Last summer Ebersol angrily walked away from negotiations for a joint ABC-NBC baseball network, vowing he wouldn't be involved in the sport "for the rest of the century." Five months later, there he was announcing a deal to return baseball to NBC in the 1996 post season.

There is one thing Ebersol is consistent about: his love for the Olympics. "It is my passion," he says. His ardor dates back to the early 1960s when he was a teenager watching ABC's fledgling attempts to span the globe. In '66 he left Yale temporarily when Arledge hired him as ABC's first Olympic researcher. Ebersol took five years to graduate because he kept running off on jobs. He would schedule classes for Mondays

and Tuesdays and fly to Europe on Wednesdays, returning to campus on Sundays.

Ebersol was Arledge's executive assistant in 1972 when he went to the Munich Olympics, where he and Arledge worked through the night of Sept. 4. They were leaving the ABC compound near dawn when Arledge paused to gaze at the fading full moon. Nearby, a dark incline led to a chain-link fence, beyond which was the Olympic Village and the athletes' dormitories. For several minutes they enjoyed the moonlight while Arledge waxed poetic. Just before sunrise they got in their car and drove away. Munich police later told them that hiding in the well of the incline 50 feet from them was the gang of Arab terrorists about to launch the attack that would result in the deaths of 11 Israeli team members and a West German policeman. About the time Arledge and Ebersol pulled away, the terrorists rose out of the dark and scaled the fence. It was the opinion of local officials that had Arledge and Ebersol not left before sunrise, they would have been killed.

Ebersol's knowledge of and love for the Olympics may have been the ultimate deal-maker. "We have a very high degree of confidence in our relationship with NBC," Pound says. "If I have a question, I won't look at the contract. I'll pick up the phone."

Some of Ebersol's rivals at the other networks argue that by deciding not to open up the TV-rights process to competitive bidding, as has been the practice in the past, the IOC may have left some big bucks on the table. Even Pound concedes, "We traded the dynamics of the marketplace for a certainty." But Pound also notes that the deal provides for a 50-50 split of advertising revenues between NBC and the IOC after the network's rights payments and production costs are met. This means that if NBC reaps a bonanza, the IOC will share in it.

Whether the agreement is a favorable one for prospective host cities remains to be seen, but at least their revenue projections will be stabilized. Beginning in 2004, the local organizing committee of each Olympics will receive 49% of the funds paid by NBC for those Games; formerly host organizations received 60%. But all too often they've been bedeviled by financial uncertainty. For instance, organizers of the '88 Seoul Olympics based their bid on the assumption that U.S. television rights would fetch \$500 million; NBC paid only \$300 million. Says Anita DeFrantz of the IOC's executive board, "We were concerned because in the past we have seen bids that had unrealistic numbers in regard to U.S. television; the host cities become disappointed."

For its part, NBC is betting that the Olympics will hold their current market value--but what if they don't? After the '84 Los Angeles Games, the sports-marketing industry went into a virtual depression that all but devastated CBS Sports, which had committed heavily to premier events. In four, six or eight years, Ebersol's plan could look like a blueprint for sinking a network. "We could be in a loss proposition on any one of these Olympics," Wright says. "Can you hedge against utter disaster? No."

It will take years to assess the full effect of NBC's acquisition. But one immediate

effect is that Ebersol has established himself as the most influential executive in the industry since Arledge. Unlike Arledge, however, it appears Ebersol will remain in the sports division. He has already had his adventures in entertainment and news, and he says, "I've finally figured out what I want to do in life." In 2008 Ebersol will be 61. He doesn't know where the Games will be that summer, but he knows he'll be there. "It's a neat bow of closure," he says. "As long as I'm a grown-up in this business, we'll have the Olympics."

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