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Viacom Inc.

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Introduction

Viacom Inc.: The Story of An American Company is a chronicle of transformation, ambition, and influence within the ever-evolving realm of American media. From humble beginnings as a syndication arm of CBS to its emergence as one of the world's most influential mass media conglomerates, Viacom's journey mirrors the radical shifts in content creation, distribution, and consumption that have defined the industry across decades. This book seeks to capture both the historic milestones and the broader cultural shifts that Viacom helped to shape, as well as its adaptation to the pressures and opportunities of the digital era.

At its core, Viacom's history is one of reinvention—of a business nimble enough to redefine itself through spin-offs, acquisitions, mergers, and technological pivots. The company's earliest years, rooted in the mechanics of syndicating classic television, laid the foundation for ambitions that would soon transcend national borders and traditional business models. Over time, Viacom's acquisitions of iconic brands like MTV, Nickelodeon, and Paramount Pictures extended not only its reach but also its cultural imprint, helping to shape what people watched, listened to, and talked about around the world.

These milestones, however, were not achieved without challenge. As regulatory landscapes evolved, technology advanced, and audiences fragmented, Viacom faced both existential threats and unparalleled opportunities. The story of Viacom is thus inseparable from the broader story of American television, film, and cable—the triumphs of original programming, the reckonings of new media, and the relentless competitive pressures from both established rivals and digital upstarts. Through each era, from analog airwaves to hyper-connected streaming platforms, Viacom consistently demonstrated both resourcefulness and creative ambition.

Yet the company's significance reaches far beyond the boardroom or the television screen. Viacom's vast portfolio—the channels that defined youth culture, the studios that powered Hollywood blockbusters, the networks that touched millions—collectively fostered a new kind of media landscape. The power of MTV to set trends, of Nickelodeon to delight children, and of BET to champion Black entertainment, underscores Viacom's role as both tastemaker and storyteller on a global scale. In doing so, Viacom contributed to cultural dialogues across generations, bridging divides and sometimes sparking controversy.

As this book traces Viacom's creation, expansion, challenges, and ultimate transformation into Paramount Global, it will examine not only business decisions but the very question of what it means to be a media company in a rapidly changing

world. The reader will discover how Viacom's leaders navigated shifting tides, how landmark deals fundamentally altered the company's trajectory, and how its programming and platforms impacted legions of fans and viewers.

This is a story about more than corporate maneuvers and media deals; it is an exploration of creativity, influence, and adaptation on a scale matched by few American companies. By charting the history of Viacom Inc., reviewing its present realities, and considering its future possibilities, this book aims to illuminate not only a company but an industry—and, indeed, the society shaped by both.

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CHAPTER ONE: The Seeds of Syndication: Viacom's Early Years

Every sprawling empire has a genesis, often rooted in a single, seemingly unassuming decision. For Viacom Inc., that decision can be traced back to 1952, when the Columbia Broadcasting System, better known as CBS, established a new division: CBS Television Film Sales. This wasn't a venture into grand cinematic productions or groundbreaking original series, but rather a more practical, albeit vital, endeavor: the distribution of its existing television programs for rebroadcast. In essence, it was the business of selling reruns, a concept that would prove far more lucrative and impactful than initially imagined.

Initially, CBS Television Film Sales was exactly what its name implied—a sales unit, responsible for taking popular CBS shows, such as the timeless "I Love Lucy," and licensing them to other television stations for syndication. This allowed CBS to maximize the revenue from its content long after its initial network run. The division would undergo a couple of name changes in the intervening years, becoming CBS Films in 1958 and then CBS Enterprises in 1968. These name changes reflected an evolving scope, though the core business of distributing television content remained.

The real turning point, the moment the seeds of Viacom truly began to sprout, arrived in 1970. It was then that CBS Enterprises was officially incorporated as Viacom, a portmanteau cleverly derived from "Video & Audio Communications." This rebranding wasn't merely a cosmetic change; it signaled an impending independence. The catalyst for this separation was a set of new Federal Communications Commission (FCC) rules. These regulations, often referred to as the "Fin-Syn Rules" (financial interest and syndication rules), aimed to curb the power of the major television networks. Specifically, they prohibited television networks from owning cable television systems and, crucially, from syndicating their own programs within the United States.

Facing these new regulatory mandates, CBS was compelled to spin off its syndication division. On January 1, 1971, Viacom officially became an independent, publicly traded company. This forced divestiture, born out of regulatory pressure, inadvertently set Viacom on a path of remarkable growth and diversification. It was a classic case of a regulatory hurdle inadvertently creating a new opportunity. Viacom began its independent life with approximately 70,000 stockholders and initial yearly sales of \$19.8 million.

From its very inception as a separate entity, Viacom was more than just a syndication

house. It also inherited a significant presence in the burgeoning cable television industry. At the time of its spin-off, Viacom operated cable systems serving approximately 90,000 subscribers, making it one of the largest cable operators in the United States. This dual foundation – content distribution and cable system operation – provided Viacom with a unique vantage point and considerable leverage in the evolving media landscape. The company was perfectly positioned to capitalize on two of the most dynamic areas of the entertainment world.

Throughout the 1970s and 1980s, Viacom continued to lean heavily on its roots in syndication. The company was responsible for distributing a rich library of CBS television series, including beloved classics like "I Love Lucy" and "The Andy Griffith Show." This steady stream of popular, previously aired content provided a reliable and substantial source of income for the young company. Beyond CBS productions, Viacom also expanded its syndication efforts to include programs from other production companies.

However, the company's vision extended beyond simply re-airing old favorites. Viacom understood that the future of television lay not just in reruns, but in new, innovative content and delivery methods. A significant early step in this direction was the establishment of the Showtime movie network in 1976. Launched initially as a joint venture with Warner-Amex, Showtime was designed to compete with the burgeoning Home Box Office (HBO), offering subscribers a premium selection of recently released feature films without commercials.

Showtime launched on July 1, 1976, first appearing on Times-Mirror Cable systems in California before quickly expanding to Viacom Cablevision's system in Dublin, California, a week later. The first program aired on Showtime was a concert special titled "Celebration," featuring a diverse lineup of musical acts including Rod Stewart, Pink Floyd, and ABBA. By the end of its first year, Showtime had garnered 55,000 subscribers, a modest but promising start. In March 1978, Showtime became a nationally distributed service, leveraging satellite technology to reach a broader audience and solidify its position as a direct competitor to HBO.

The partnership with Warner-Amex for Showtime evolved over time. In 1979, Viacom sold a 50% stake in Showtime to TelePrompTer Corporation. Later, in 1983, Viacom reacquired full ownership of Showtime, buying out Group W Cable's (the successor to TelePrompTer Corporation) 50% interest. This move signaled Viacom's increasing commitment to the premium cable market.

A pivotal moment for Showtime, and by extension Viacom, occurred shortly after this reacquisition. In 1983, Showtime merged with The Movie Channel, a competing pay-cable service that had about half as many subscribers as Showtime. This merger, forming Showtime/The Movie Channel, Inc., was initially a joint venture involving Viacom, Warner Communications, and American Express. The Justice Department,

initially wary of the consolidation, ultimately approved the merger after the companies amended their plans to address antitrust concerns. The combined entity aimed to strengthen its position in the competitive premium television landscape, allowing for broader distribution and a more robust offering of films.

While Viacom's syndication arm continued to be a significant income generator, accounting for 45% of its profits in 1982, the company was also keenly aware of the shifting tides in media. The growth rate of syndication was beginning to decline, while cable television was on the rise. By 1982, Viacom had significantly expanded its cable subscriber base, adding 450,000 new subscribers to the initial 90,000 it had inherited from CBS, making it the ninth-largest cable operator in the U.S. This growing presence in cable, coupled with the strategic moves in premium television with Showtime, laid the groundwork for the transformative acquisitions that would redefine Viacom in the years to come.

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