

MUTUAL Makes NO Money

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How the Mutual Network came into existence is told by the author in describing this most unusual of all radio systems.

YOU have to start at the beginning to understand this network business. If you want to learn what makes a network tick, you must know how there happened to be a network in the first place. And since radio is almost totally a business of ideas, you must begin with the idea in Marconi's mind that started the whole thing.

Then you progress to the following ideas—the thoughts that fired the imagination of the young fellows who fooled around with cat's whiskers and crystals in those early days. They wanted to understand the dots and dashes, to send their own words across space—and so the ham was born, full of ambition and ideas. Came the phone—and another idea: broadcasting to the public. The brain wheels turned again to produce the first sponsor. Then, magnificent idea, came the networks: to put the same program on the air over many stations simultaneously; to sell the combined time as a unit; to finance bigger and better sustaining features. Networks had so much to offer a station that they were progressively able to sign inclusive contracts—with time priority and comparatively low payments for commercial time to each station. Then the networks bought new stations, improved their old ones, until finally the Federal Communications Commission whispered "Monopoly!" and decided, on March 18 of this year, to investigate networks, network contracts, network profits, network competition. And what will come of the investigation, nobody knows.

But that's running ahead, because here is the story of another idea, as revolutionary as any in radio. It started about 1934—by which time the networks had become so well entrenched that unless a sponsor was willing to buy at least 15 stations, he couldn't go national. The NBC red and blue, and the younger Columbia, all worked on the same principle.

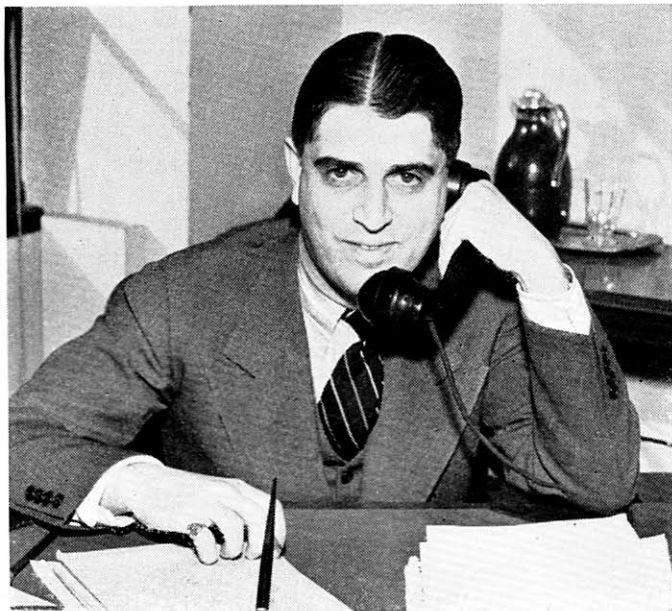
A sponsor—whose name has been forgotten—wanted to buy time in New York and Chicago. When the big fellows turned him down, he vowed he'd make his own network. So he bought his half-hour on WOR and he paid for his half-hour on WGN and he leased the necessary landline. Presto! An idea! Nothing impossible or difficult about it, only it hadn't been done before. Pretty nifty, thought a couple of salesmen for these stations—and proceeded to line up two or three other sponsors who wanted to cover these same territories but didn't want the cities between. Then another advertiser ordered powerful WLW in Cincinnati, and finally the Gordon Baking Company added Detroit to these three cities. With this literal "bread-and-butter"

account the Mutual Broadcasting System was born—and this sponsor's *Lone Ranger* is still bread-and-butter for Mutual.

The landlines, in the summer of 1934, were up. Station executives got together, agreed to swap a few programs. And on October 2nd Mutual was officially created as America's fourth major network. The name was selected because it set the keynote for network operations. In the words of W. E. Macfarlane, president since organization, "The Mutual Broadcasting System was built for advertising and sales coverage at the lowest coast-to-coast rates and minimum of waste. It has appealed to members and affiliates by giving them the majority of the gross from time sales." Yes, this was going to be a different kind of network. Instead of being run to show a profit for the network and to create the majesty of Mutual, this was to be a purely cooperative venture for the benefit of the stations themselves. Actually, in its original form, it was a joint sales organization supplemented by such network facilities as might be possible.

Mutual started out with its four major markets—New York, Chicago, Detroit, Cincinnati—claiming, as is the way of radio, to blanket the spending power from the Atlantic to the Mississippi at the lowest advertising cost. The claim was true, to the extent that at least one of the stations could be heard easily in any part of this vast area. But the general public prefers locals to DX. Mutual knew it; advertisers knew it, too, and demanded intermediate outlets. Soon Mutual programs were being aired from Baltimore, Pittsburgh, Cleveland and other additional cities, and Detroit power was increased five times by switching over to CKLW. That's how Mutual grew at first, and no one was more pleasantly surprised than the system's own executive council: President Macfarlane, Chairman of the Board Alfred J. McCosker, Vice President Theodore C. Streibert and Secretary-treasurer E. M. Antrim—the "four horsemen."

The march to Mutual began: New England's Colonial network, KWK of St. Louis, Nashville's WSM, Kansas City's WHB, the Iowa network, the Central



Mr. Fred Weber, General Mgr. of the only mutual radio network.

States Broadcasting System of Nebraska, Denver's KFEL—and, crowning triumph, California's Don Lee system, celebrated with a four-and-a-half-hour jubilee program on December 29, 1936. Some of the stations came in because they were originally included in sponsor's plans. Others applied for membership or affiliation. Still others were invited to join, to fill blank spaces in the coverage map. By the end of 1935, Mutual was selling 15 commercial hours weekly. The figure nearly doubled in 1936. Almost two million dollars was billed in 1937. And in the first three months of this year, time sales are up 10 per cent more. But this is just a drop in the bucket, and there's a long way to go before the volume approaches NBC's or Columbia's. But Mutual is on the way up.

Mutual stations operate the network. On other nets, a contract clause provides for the clearance of any time on 28-day notice. But not with Mutual. No local sponsor ever must be shifted because national time has been sold. It is purely within the station's own discretion. Nor is there any agreed or implied compulsion to take any sustaining feature. Instead of getting from 25 to 37 per cent of its card rates for commercial time as is the practice on other nets, Mutual stations earn their full card rates, less only the usual advertising agency commission. Affiliated stations are charged a small sales commission. Mutual's member stations—that includes WOR, WGN, CKLW, WHK-WCLE, Don Lee and Colonial—share the operating expenses of the network. Each station pays its own line charges. That is the completely simple financial structure.

Actual ownership of Mutual is divided between WOR and WGN. Mutual makes no money, doesn't want to make any money, actually isn't in business to make money

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for itself! Mutual's function is to sell time for member and affiliated stations and to arrange such sustaining features as will be most interesting to the audience. Should there be any year-end surplus, it is turned back to the member stations.

When a Mutual salesman calls on his prospect, he has no "must" list, no "basic network" to sell. He offers, today, 77 stations throughout the United States—from Bangor, Me., to Richmond, Va.; from San Diego, Calif., to Aberdeen, Wash.; from Dallas to Honolulu. The sponsor writes his own ticket. He can buy two stations, three, four—*exactly* the ones he wants, *only* in the towns and cities he wishes. He doesn't have to buy Hartford if he wants only Bridgeport; he can choose between Baltimore and Washington and take either, adding the other at his own convenience.

The result is healthy indeed. New sponsors are attracted. They get first class stations with proved audiences. They can start in as small a way as they wish—testing a program in selected markets before expanding—following distribution of a new product. And always, the whole network is there, ready to serve with coast-to-coast coverage.

Mutual operates on a limited income. It has no unnecessary overhead. The total payroll includes only 30 people—and nearly half of these are concerned with selling and its related detail and secretarial work. Where other networks have scores of top executives, Mutual's "four horsemen"—Macfarlane, McCosker, Strehbert and Antrim—are most concerned with their own WGN and WOR, and Mutual's effect on their stations. While others diversify responsibility, at Mutual everything is piled on human dynamo Fred Weber—officially general manager, actually concerned with keeping the salesmen pepped up, maintaining station relations, constantly watching the entire broadcast picture with an eye on Mutual's position and growth. Vast, too, is the responsibility of Lester Gottlieb, publicity coordinator, who with one assistant handles the job of public relations and publicity for which other nets need dozens of people. Program coordinator Adolf Opfinger has a comparatively big staff—three assistants to help in the daily charting and interlocking of landline facilities, arranging the flow of commercials and sustaining programs for all the 77 stations. Robert A. Schmid, sales promotion manager, does a big job alone; and John Steele in London handles by himself the duties of an extensive foreign staff. Everybody in Mutual does at least the work of two ordinary people—because they have an idea, an ideal. Like the ham who goes for days without sleep or food in time of flood or other emergency, these Mutual folks find their greatest reward in the satisfaction of being part of a great constructive movement.

In less than four years, Mutual has grown to be a stalwart youngster. It enjoys equal recognition and program exchange privileges with the Canadian network and the British Broadcasting Cor-

poration. When the President speaks, when important news happens, there's a Mutual mike on the spot. Over Mutual stations come what is probably the greatest array of important dance bands—in four-and-a-half hours last New Year's Eve, 18 of the world's most famous orchestras played for Mutual listeners: Dorsey, Fields, Goodman, Heidt, Kyser, Lombardo, Lopez, Martin, to mention just a few. In sports coverage, Mutual goes to all the games, meets, fights, races—captures its share of exclusives as well as many "stunt" broadcasts. Nor does this network forget cultural and educational features. Talks, classes, operas, symphonies occupy over 22 per cent of its 18-hour-daily service to members.

How can all this be done, without terrific expense? The answer again is in the name—Mutual. While other nets need to send special crews, Mutual's local station picks up the feature or event, puts it on the wires for all the other members. KHJ feeds Santa Anita races to the net, WOL covers Congress, KGMB brings native Hawaiian music; every station is urged to contribute something. Not tied down to New York and Chicago studios, more than half of Mutual's programs originate in other cities. And the stations love it! Big networks don't bother to ask locals for sustaining features, but over Mutual every member can have national recognition, national publicity, a national following. Here are a handful, selected at random:

Saturdays, Iowa hillbillies turn loose *Tall Corn Time* from KSO; Fridays, the University of Pennsylvania debates while WFIL feeds the net; Thursdays, Cleveland's young *Harmonaires* come from WHK-WCLE; Wednesdays, WOL brings in the United States Marine Band; Tuesdays, *Black and White*, twin pianos, originate from CKLW; Mondays, *The Sophisticated Ladies* may be heard from WCAE; Sundays, *Thirty Minutes in Hollywood* from KHJ features George Jessel. On such programs new stars are born, finds are made; talent that might never have been heard outside a local area is brought before the entire nation. What spirit and zest the actors acquire when they know they're talking, singing or playing to the whole United States! If the stations are at all bashful about offering features, Mutual headquarters makes it a point to inquire what show might go over the net.

Mutual's major problem is clearing time, but that difficulty will always exist as long as the net is operated for the benefit of its stations; and as long as some of the members are, of necessity, likewise affiliated with other nets.

So, Mutual goes forward: the network that is no bigger than any sponsor wants; the network that doesn't control its stations but is controlled by them; the network that makes no money because its members are the ones who must profit from mutual cooperation.

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