

## ARGUS HOLDINGS

# RINGING THE CHANGES

*Doug Band took over the helm of Argus Holdings on February 2, 1990, the same day President De Klerk unlocked the door to a negotiated settlement for South Africa. He too was promising change. GUS SILBER spoke to him in Johannesburg*

**T**HERE'S a big red rooster on the window-sill of Doug Band's executive office on the sixth floor of 47 Sauer Street, Johannesburg. Chest puffed out, feathers splashed with blue and orange, it basks in glorious sunshine as plump, pollution-blackened pigeons patrol the ledge outside.

Of course, it's not a real rooster. Just a ceramic memento of Doug Band's tenure as cock-of-the-hoop at the Gallo Record Company, whose heraldic symbol is a fowl in full cry.

Band, a chartered accountant by training, served as chief executive of Gallo from 1983 to 1987, when he was promoted to group chief executive of the newly-formed CNA Gallo conglomerate.

**Then**, on February 2, 1990, things began to get a little more complicated. For it was on this epoch-making day that Doug Band strode into his office at 47 Sauer Street to take up his new appointment as chief executive officer of Argus Holdings, an investment company with a 100 percent stake in the Argus Newspaper Group, a 37 percent stake in Times Media Limited, a 48 percent stake in the CTP newspaper and magazine group, a 33.3 percent stake in CNA Gallo, and an 18 percent stake in M-Net.

Through a steely chain of interlinking interests, this puts Band in a position of power and influence over everything from newspapers to books to television to movies to pop music to greetings cards to warehouse property, and it raises an interesting question for anyone concerned with the dynamics of information and entertainment in South Africa today.

Is this really the right kind of job for a chartered accountant?

Band laughs. He's heard all the grey-accountant jokes before; he's probably even told a few. But he's not one of them.

"Accountants generally get a bad press," says Band, who is wearing a bright red tie to offset the bold blue pinstripes on his shirt. "Part of it is deserved — there are a hell of a lot of grey accountants out there. But there are also a number of very imaginative individuals who happen to have been trained in accounting. In my case, I've always seen it as a means to an end. Whether it's books or music or quality newspapers, I've always been very concerned with what's in the groove."

At 49, Band has been in the groove since 1972, when he completed his articles and joined Teal Records as financial director. Five years later, he left the company, convinced that it was "time to become an entrepreneur and make some money". Together with the late David Lewis, of Mike's Kitchen and Holiday Inns fame, Band took up the challenge of restoring suction and solvency to a cash-strapped vacuum-cleaner company called Columbus. Then came the first foray into publishing.

"We were told by Hamish Fraser, deputy financial editor of the *Rand Daily Mail*, that *Pace* magazine was about to fall victim to the Info Scandal," recalls Band.

"None of the big publishing groups wanted to touch it because it had been besmirched as a government project, but we managed to get it onto a very good financial footing and restore its credibility at the same time. Although it certainly wasn't planned, the government did us quite a favour by banning our first issue."

**After selling** *Pace* to CTP Holdings, Band returned to the corporate arena, having satisfied his aim of becoming an entrepreneur and making some money.

"I had a lot of fun. I made myself a capital grub-stake, and I learned a hell of

a lot," says Band, leaning back in his chair with his hands clasped behind his head. He unclasps them and leans forward, as if about to share the secret of entrepreneurial success.

"The most singular thing I learned is just how fat-cat big business can become if you don't keep a watch over it. How over-bureaucratic and corporate it can become. As a result, I've always tried to keep things very tight and lean, to operate the business in a more informal style. There's me, a financial director, and two secretaries. That's how we run Argus Holdings."

Even so, talk of the fatness of cats brings to mind the frequent accusation that Argus itself has become too hefty for the good of the nation, and that the time has come for that special weight-reduction process known as 'unbundling'. Already, the newspaper group has begun transferring its interests in the country's biggest metropolitan daily, the *Sowetan*, to a more representative cross-section of the community.

**Part of** the motivation, Band concedes, may have been to pre-empt an injunction to this effect by a future South African government. But the real reason was the spirit of change that began sweeping the nation on the same day Doug Band took office.

"As soon as I came in, I could see we were going to have to make some radical changes. I didn't see it as a tenable situation that we were running the largest daily newspaper in South Africa, that was there to service the black community, and that there was no equity-holding by that community in the newspaper. The important thing was to bring in the black shareholders, and build a shared vision of editorial independence."

But for many who share that vision, the really big bundle is the Argus Group's

*“As soon as I came in, I could see we were going to have to make some radical changes. I didn’t see it as a tenable situation that we were running the largest daily newspaper in South Africa, that was there to service the black community, and that there was no equity-holding by that community in the newspaper.”*

37 percent stake in Times Media Limited, and Band is quick to acknowledge that unbundling is high on the agenda.

“Unquestionably, it has to happen, and it will happen, but personally I don’t think it makes any sense to unbundle further than that. After all, when all is said and done, if you get to that position, you’re then down to four major media groupings in South Africa, plus the range of alternative papers. I believe it’s quite important to have that critical mass, in order to ensure the survivability of certain of these companies, and particularly of Argus.

“The newspaper business will continue to be a capital-intensive business, and there are a lot of areas where one can and must share resources. I would not be a supporter of fragmenting it down to the point where you end up with a bunch of single titles.”

**While** Band sees some merit in the view that an over-abundance of interests are concentrated in the grip of Argus Holdings, he prefers to use a more upbeat word to characterise the business. “Synergy”.

It is a word with muscle and vigour, and Band uses it to draw a line between common interests and controlling interests, as in: “We certainly don’t see ourselves as a conglomerate. We’re a group with a lot of synergies and cross-linkages, because everything we do comes together under the broad banner of communication and entertainment. One way or another, we’re out there to entertain people and keep them absorbed.”

Occasionally, however, these synergies bump into each other, and the result is fission rather than fusion.

Case in point: the recent court battle between Argus and CTP over the *Star*’s decision to publish zoned tabloid supplements in the PWV region. This has traditionally been an area of publishing



RICHARD SMITH

dominated by Caxton’s suburban weeklies, and the court action is an attempt to counter what the group sees as an infringement of its territorial rights by Argus.

“We’ve tried over more than two years to resolve these differences,” says Band, “but it’s proved impossible. Argus Newspapers sees it as very important to be able to produce limited zoned editions for different communities, not only black and white, but north and south, east and west. It’s a worldwide phenomenon, and although Argus has tried it in the past and it didn’t work, we believe it must be restarted and that it can succeed.”

**To the** outsider, this kind of inter-cine strife may seem to offer a convincing argument against the unnatural cosiness of commercial cross-linking. But the way Band sees it, it’s just another sign of the vigorous spirit of competition that thrives within the holding company’s spread of interests.

“The interesting thing about this case,” says Band, “is that it proves that there isn’t a big broad group conspiracy out there. When the crunch comes, individual companies look to their own interests, and are fiercely determined to protect them.”

What the case also proves is that newspapers, like everything else, are changing. Community-oriented news. Computer-generated graphics. Colour-coding and fact-files. Jackpot scoop-cards. In the age of CNN and the sound byte, newspapers are being forced to adapt to the changing lifestyles and shrinking attention-spans of their readers. Nowhere has this been more apparent than in the radical re-design of the *Sunday Star* which changed last year from serious broadsheet to breezy, colour-splashed tabloid. Whether it has become a better newspaper in the process is open to debate, but

PLEASE TURN OVER 137

*"We were part of a consortium that helped the Weekly Mail survive the debacle of the Daily Mail, and we've been very much involved in getting the Independent Media Diversity Trust up and running... We live in a very different environment to anywhere else in the world, and it's only by building a diverse spread of publications that we'll be able to entrench the notion of press freedom."*

for Band, the proof of the pudding is in the accounting.

"What we had before the re-design was the ultimate in moribund products," says Band. "We were at the 85 000 level of circulation, and it was clear that if we left the paper, it was simply going to fold up and die. What we have now is a radically different newspaper, with a circulation that has reached up to the mid-130s."

While the consumer-friendly re-design certainly played its part, Band makes the point that newspaper circulations invariably soar when the society they serve is in turmoil. One of the highest-selling issues of the *Sunday Star* to date was the one marked Sunday, April 11, 1993: the day after Chris Hani's assassination.

"Since I joined Argus," says Band, "we have enjoyed some very wide circulations on the back of some massive news values. But we've also spent an awful lot of money on design upgrades, and one can't underestimate the fact that we've been very aggressive in promoting our papers through competitions."

**Either way**, in spite or because of the tempo of the times, Band remains convinced that newspapers are not an endangered species. He should know, he reads them.

"I think one of my qualifications for this job is the fact that I have always been an exceptional reading buff," says Band. "I read anything I can lay my hands on, from toilet literature to political biographies. I've just finished reading one on Richard Nixon. The thing is, I'm a little bit of an insomniac, so I tend to have a couple of hours in the middle of the night, where I jump out of bed and go and read a book. Much to my wife's irritation."

But if any facet of Argus Holdings gives Band sleepless nights, it's more likely to be the stuff you listen to rather than the stuff you read.

As chairman of the board of CNA Gallo, Band is particularly perturbed by



the lingering downturn in the South African music industry. Last year, overall sales at Gallo fell by four percent, with sales of cassettes, the dominant format, falling by 16 percent, and vinyl falling off the map altogether.

"The positive side is that the compact disc business is really taking off. But what's really disappointing to me, is that the black side of the business has taken an enormous downturn. That's unfortunately a function of the mass unemployment we have in this country.

"Ironically, when I came into the business 10 years ago, it was the international side that had just fallen out of bed. The way we got out of that was by really stimulating the local music industry, and we did it with huge success. Now things are moving in the other direction."

Band is much more bullish on newspapers, which he sees as having a remarkable ability to adapt to circumstances. At the same time, he believes the major groups must go out of their way to help smaller independent publications weather the storm.

"We were part of a consortium that helped the *Weekly Mail* survive the debacle of the *Daily Mail*," says Band, "and we've been very much involved in getting the Independent Media Diversity Trust up and running (see page seven.) Some of my colleagues say to me, what are you actually doing here, supporting your opposition and creating opportunities for them to survive?"

"My answer is that we live in a very different environment to anywhere else in the world, and it's only by building a diverse spread of publications that we'll be able to entrench the notion of press freedom."

**For now**, Band is busy enough with his own diverse spread of interests, and whatever social, political, and economic challenges the new South Africa may bring, one thing's for sure — this rooster's staying put.

"I wouldn't be sitting here," says Band, "if I wasn't convinced that there is a bright future for the press in this country. It's not as if my background doesn't give me the opportunity to go elsewhere. It's very much a question at the moment of engaging in dialogue with all the political parties that have an interest in true democracy, and carefully explaining and propagating what a critical element the free press is in that equation.

"We've got to be continuously wary and watchful, but I think I can safely say we've got an enormous number of very credible allies out there." ●

*GUS SILBER is a freelance writer and author based in Johannesburg.*