

OPPOSITES COME TOGETHER TO LEAD AT FOX

▶ DEAN HALLET, USC '77
KEITH FELDMAN, STETSON '81



Dean Hallett (left) and Keith Feldman (right) work together to make Fox one of the top entertainment companies in the world.

One is from southern California. The other is from south Florida.

One attended a large public university. The other attended a small private university.

One was more involved on campus. The other was heavily involved as an undergraduate in the Fraternity.

One has an accounting background. The other has a sales and advertising background.

One has two grown children ages 18 and 20. The other has two young children ages one and four.

One racks up his miles commuting in a Toyota Prius from Orange County to Beverly Hills each day (which probably seems as long as an international flight). The other has millions of airline miles due to his many annual international trips.

On the surface, these two Delta Sigs couldn't be more different. However, they have a lot of things in common as well, including their interest in getting the movies and television shows produced by Fox Filmed Entertainment into the hands of as many consumers as possible.

Dean Hallett, *USC '77*, the first in our examples above, serves as the Executive Vice President of Operations and Strategy, as well as the Chief Financial Officer of Fox Filmed Entertainment, and Keith Feldman, *Stetson '81*, our second above, serves as the Executive Vice President, International, of the Home Entertainment Division of 20th Century Fox.

ABOUT THE BROTHERS

Even with varying backgrounds, one thing they have in common is that neither planned to go into entertainment when they were thinking about their career trajectories.

For Hallett, a native of southern California whose father also attended the University of Southern California, he began his career in public accounting for Ernst & Whinney, a Big 8 firm at the time. After a nearly eight years, he moved on to serve in corporate finance and accounting for a division of one of his public accounting clients. A few years later, he had an opportunity to interview at The Walt Disney Company, where he worked for eleven years eventually becoming the CFO for the Walt Disney Studios. In his current role with Fox Filmed Entertainment, he oversees all of the financial and accounting areas, the IT department, and all of the studio and post-production facilities. He also works closely with the business units to help drive their strategy and results.

Hallett arrived at Fox as the CFO only, but in his first couple of years took on an operational focus. In his interactions, he noticed that the Fox infrastructure needed to evolve more rapidly to keep up with changes in technology used to deliver films and TV programming. His role as Executive Vice President of Operations and Strategy was established to fill that gap and manage the infrastructure that would support the company's growth.

"An example of this is the digital cinema initiative, which completely changes the way we distribute theatrical products," he said. "You have the engineers, the IT department, the distribution sales organization, and the finance team, and everybody has a perspective and point of view based on their differing agendas. "I watched for six months as the conflicting agendas prevented the group from developing an effective strategy to move the technology into the marketplace, and realized someone had to bring the group together."

Hallett serves mostly as a facilitator, ensuring that the smartest, best people are in the room to develop the strategy with his guidance, and bringing the group together to support and execute the strategy. One of the smart people he gets in the room is Keith Feldman.

Feldman has a different role, and a different background leading up to his time at Fox. Originally born in upstate New York, Feldman's family relocated to south Florida before he attended Stetson University. He graduated and went on to begin a career in sales and marketing in the wine business, which took him overseas early in his career.

He lived and worked all over the world, including in London and Frankfurt during his time with E&J Gallo. Then, he was approached by an executive recruiter for an opportunity to move to Fox, an opportunity that allowed him to leverage the experience he had already gotten working in consumer products for the wine company. He came on board in a European-based position, and decided to make the move, which 14 years later seems like a good one. He said, "I'm so glad I decided to come to the entertainment business, because most of the time it doesn't seem like work."

In his current position, Feldman's objective is to get films and television programs the company produces into the homes of as many consumers as he can. He leads the company's 15 operating companies outside of North America in Europe, Asia and Latin America, who serve as partners in bringing the content to their marketplaces. He travels approximately 12-16 times per year internationally, many times to places he once lived in previous positions within the company – London, Amsterdam, Brussels, and Paris.

"I spend a lot of time on planes out in the marketplace trying to understand the challenges the operating companies are facing," he said. "I also spend that time trying to understand how changes in technology, the regulation around the world, consumer behavior, and the retail landscape are affecting the company."

THE COMPANY AND THE MOVIE BUSINESS

Fox is a huge company, which is evidenced by the large number of different production arms within it. You've likely heard about 20th Century Fox and Fox Searchlight, but what about Fox 2000 and Blue Sky Studios? These are all under the overarching Fox Filmed Entertainment umbrella. In addition to all

of these production studios, there are also different distribution channels, including home entertainment, theatrical, and online. Feldman's position is based in the home entertainment area, currently generating the greatest revenue for the studio.

As you likely know, the movie business and entertainment as a whole are undergoing a lot of changes. The rise in technological advances is spurring a great deal of change in how movies are developed, and how content is delivered across the country and the world.

At Fox, Hallett and his team have been developing an infrastructure in which the content that is being developed by the company can easily be distributed across a number of platforms soon after it is developed.

This distribution infrastructure is the industry-leading solution for the Hollywood studios, allowing the company to move marketing materials virtually cost free around the world, and to distribute the company's shows and movies digitally to television and digital platforms without costing the company money to duplicate and ship tapes. These changes will save the company millions, and will make your experience as an end user more enjoyable by giving you the ability to watch your favorite Fox television shows and movies where you want to watch them.

Hallett and Feldman both enjoy the company's family-like atmosphere, which allows them to feel comfortable working together to accomplish the company's overarching goal – to have sustainable bottom line growth for the company. This goal allows everyone to be successful, and encourages everyone to work together, as their incentives are tied to it.

According to Hallett, "If you look at incentives, many of our programs provide for discretionary awards, but we know that as the company's performance improves, the incentives will improve as well. If we're all playing the game together, we're all going to participate in the rewards and benefits, even if one division must sacrifice for the benefit of another. We all feel like we're working toward the same goal."

For Feldman, looking at the company's efforts with an international lens, Fox continues to grow internationally in terms of its distribution reach. He has been able to champion the significant expansion of the company's operations internationally, including the establishment of operations in Brazil, Russia, and Switzerland.

He has been able to gain the support of the top level executives of the company, like Hallett and the two chairmen, to expand the company's distribution infrastructure around the world. With the way the world is become flatter and more interconnected these days, these expansions will significantly help the company's bottom line, that is, once the current recession turns around.

As for the company's performance during the downturn, Hallett is upbeat. "So far, as it has historically been, it's been recession-resistant. The box office admissions are up both

domestically and internationally," he said. The place where the company is struggling a bit is in the home entertainment area, Feldman's area, as people are becoming more and more selective about purchasing DVDs.

THE FUTURE OF ENTERTAINMENT

While Fox is seeing a bit of a drop off in home entertainment sales during the downturn, it is quick to mention that this isn't necessarily a reason to draw conclusions that the whole model of entertainment is shifting. According to Hallett, it's much too early to make that determination, as the home entertainment area's slowdown is not any more significant than any other segments of business, such as clothing, during this economic crisis.

At the same time, one has to wonder whether the emergence of easily accessible movies online will make a dent in the DVD sales moving forward. Hallett sees DVDs sticking around for a long time, at least until there is a much more efficient way to move movies, and until broadband speeds are higher for consumers. In addition, there is the visceral feel of a DVD itself that today's generations may not move away from quickly.

However, that doesn't mean that Fox isn't looking at alternative ways to sell and move its content. The company is dipping its toes into all of the different business models to ensure that it's ready once one of them sticks. "We're trying video on demand, subscription, and ad supported streaming, and we try to steer solutions in directions that are more meaningful to us while also satisfying the consumer," Hallett said.

Technology may make consuming the movie easier for consumers, but it's making it more difficult for the company to market the movies. Feldman said that the marketing challenge was much simpler when there were fewer ways to consume the movie back when he and Hallett entered the entertainment business. You would let people know it's available, and they would see it in the theater or get the VHS tape.

Now with the additional ways to consume movies, the marketing challenge has increased for the company, forcing them to tickle everyone's buying bone so to speak. One person may want the movie to be portable, while another may want it to be picture perfect on a large home-theater screen. "We used to just market a movie. Now, we're trying to market the movie and the benefit of a certain delivery mechanism," Feldman said.

As you can see, Fox seems to be pushing the right buttons when it comes to preparing for the future of the entertainment business.

The company also seems to have made the right choice in terms of who it hired to lead it – two Delta Sigs who while seemingly opposites on paper, are amazingly down to Earth corporate executives helping to take the company to new heights. At least they have that in common!