eing handed the CEO job at the world's largest media company during an unprecedented advertising downturn might appear to be a poisoned chalice. But for Richard Parsons, the new head of AOL Time Warner and one of only three African-Americans to run a Fortune 500 company, it seems more like a made-to-measure scenario.

Parsons exudes a calmness and determination to get a difficult job done and, though physically a big man at six feet four inches tall, the former lawyer is described by colleagues as a "teddy bear" and a "diplomat". These are not terms typically used to describe highly placed executives in the cut-throat media business. In fact, *Business Week* called him the "anti-mogul".

Unlike his predecessor in the job, Jerry Levin, who was known first and foremost as a deal-maker, the characteristic most often quoted about Dick Parsons is his ability to forge consensus and build teams. Indeed, before assuming the CEO job officially in May, the 53-year-old Brooklyn native was co-chief operating officer overseeing a myriad of the company's content businesses – Warner Brothers, New Line Cinema, Warner Music Group and the book group – as well as overseeing two corporate functions, legal and people development.

Reality check

He may be a "people person" but Parsons' determination should not be underestimated. "Don't let that teddy bear demeanour deceive you," Levin told shareholders in May at his official hand-over of the CEO job to Parsons. "Dick is a person of stern principles and strongly held values. He is one of the most intellectually incisive executives in corporate America. And like all good leaders he believes that all good management is a human authority. He is a fine, fine judge of people and when the situation demands he is utterly unintimidated from making tough decisions."

Parsons' team-building traits may be just the right medicine for AOL Time Warner at the moment. He takes on the role of CEO after a turbulent two years when many have questioned the price as well as the bottom-line logic of putting Time Warner and AOL together. In 2001 AOL Time



Back to **basics**

The creation of AOL Time Warner was hailed as the deal of the decade and a triumph of the 'new economy'. Two years and an advertising slump later, investors are relying on 'old media' and the consensual, team-building style of new CEO **Richard Parsons** to hit revised growth targets

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over-deliver" strategy'

-Richard Parsons

an "**under**-promise,

al th Warner had revenues of \$38bn, but in the past 12 months, the company's stock price has fallen some 65% as the promised convergence of 'legacy' media with the world's biggest online operator has fallen short, compounded by a hostile advertising market.

Restoring credibility

Parsons has also taken the top job a year earlier than Levin had originally planned to retire, paving the way for a re-setting of the company's targets. Side by side, Parsons and Levin told analysts in January that the company would take a massive accounting charge (some \$53bn) to reflect the fall in value of what AOL originally paid for Time Warner in 2000 against what it is worth now. They also abandoned heady growth targets that the company had clung to since 2000.

"Going forward, we will adopt more of an 'under-promise, over-deliver' strategy," says Parsons. AOL Time Warner certainly has the right assets to regain investor confidence. From *Bugs Bunny* and Warner Brothers film studio to *The Sopranos* on its own HBO channel; from cable systems to TV networks, magazines and books; from the giant music label to the nearly 35 million AOL subscribers.

Talking to shareholders at the AGM, Parsons was clear about where he would put the emphasis: "We have to maintain our positions in our tradition-

al media, TV, books, movies and magazines and re-establish that AOL will be the growth engine going forward."

The AGM took place in Harlem at the Apollo Theatre, where Parsons is chairman and has been overseeing the renovation of this historic building and landmark. It's the kind of civic work that Parsons has used throughout his business career to provide balance to his corporate life. Parsons is co-chair of President Bush's bipartisan Social Security Commission and chairs a development group that spurs businesses and job creation in the traditionally black area of Harlem.

area of Harlem.

Although one of America's top African-American businessmen, Parsons has said that he doesn't consider his race either a handicap or a focus for him. "For a lot of people race is a defining issue. It isn't for me. It's like air. It's like height. I have other things that I am focused on," Parsons told the New York Times. Nevertheless, his successes have given him a leadership role among African-Americans in the business world (the only two other African-American CEOs of Fortune 500 companies are Kenneth Chenault at American Express and Franklin Raines at Fannie Mae).

Parsons was born in Brooklyn and raised in Queens. After earning an undergraduate degree at the University of Hawaii, Parsons returned to New York and entered Albany

Law School, graduating first in his class in 1971. Winning the top score on the New York state bar exam caught the eye of then New York state governor Nelson Rockefeller, who hired him as assistant counsel. When Rockefeller became vice-president under Gerald Ford, Parsons followed him to Washington, serving as a senior White House aide.

In an interview with African American Business, Parsons described his father (a technician at Sperry Rand) as his "hero" but he said his first mentor was Nelson Rockefeller. Parsons told the reporter that although he didn't always agree with everything that Rockefeller said, "no one who ever worked for Rockefeller ever questioned his motives. He would not think to take a position other than the one he thought was in the public interest."

Rockefeller Republican

After Washington, Parsons moved into the private sector, becoming the managing partner at New York law firm Patterson, Belknap, Webb & Tyler, where he met Rudolph Giuliani, whom he would later help to win his race for mayor of New York. In 1988 Parsons become chairman and chief executive of Dime Bancorp, one of the largest thrift institutions in the US. After turning down Giuliani's offer to join his first administration as deputy mayor, Parsons became president of Time Warner, where he had got to know Jerry Levin while serving on the company's board of directors since 1991.

Parsons describes his politics as Rockefeller Republicanism: fiscally conservative and socially liberal. Certainly the theme of public service reverberates in Parsons' corporate style. At the AGM when asked about AOL Time Warner's corporate citizenship, Parsons

AOL Time Warner

described several programmes to promote literacy and community outreach, particularly in education. "This company floats on an island called a community," said Parsons. "We have a responsibility beyond simply selling products to people, to [also] help keep the community alive."

New roles for old-timers

Parsons' strengths as a people person and a strategic thinker are both qualities that he will need in his new job. His major challenge is to make the AOL Time Warner convergence work despite the prospect of rough times ahead. But already he has found a way to incorporate re-invigorated roles for the major AOL personalities, Bob Pittman and Steve Case (who were leading figures in AOL and in the merged company), in his

> own plans. These men will be a significant part of his team-based future planning. That's the way Parsons operates.

He wants to be a man who delivers and he has stated clearly that although new electronic delivery platforms are going to be increasingly crucial to AOL Time Warner's future, "there is more in this house than an online service." n

Kate Bulkley is a freelance media writer. Richard Parsons will be speaking at the RTS International Conference, Europe: The New

Battleground, to be held on 10 September in London.

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