

RUPERT MURDOCH

Australia's Richest Man

JEROME TUCCILLE

1931

Born near Melbourne, Australia

1952 (21 years)

Assumes editorial control of the Adelaide *News* and *Sunday Mail* on the death of his father.

1956 (25 years)

Buys the Perth *Sunday Times* for \$400,000.

1960 (29 years)

Purchases the Sydney *Mirror* for \$4 million.

1965 (34 years)

Starts publication of Australia's first national daily newspaper, the *Australian*, which is unprofitable for first 15-years.

1967 (36 years)

Marries Anna Torv, his second marriage.

1968 (37 years)

Australian publishing company now valued at \$50 million. Murdoch decides to break into the U.K. publishing industry.

1969 (38 years)

Murdoch has bought the *News of the World* and the *Sun*, establishing himself in the United Kingdom.

1971 (40 years)

Murdoch acquires a controlling interest in London Weekend Television.

1972 (41 years)

Australian publishing interests expanded with purchase of Sydney *Daily Telegraph* and *Sunday Telegraph*. Murdoch controls 28-percent of newspaper readership of Australia.

1973 (42 years)

First move into United States with purchase of three newspapers in San Antonio, Texas.

1974 (43 years)

National Star started to compete against *National Enquirer*. Murdoch buys the New York *Post*, his 84th newspaper acquisition. Also buys a U.S. based magazine publishing company.

1978 (47 years)

Teams with Robert Stigwood to produce *Gallipoli*.

1979 (48 years)

Purchases television stations in Australia and 50-percent of Ansett Transport Industries. News Corp. annual sales turnover has now reached A\$1 billion.

1983 (52 years)

News Corp. buys Chicago *Sun-Times*, loses \$20 million on satellite project and makes \$40 million on unsuccessful takeover bid for Warner.

1984 (53 years)

Murdoch's personal wealth estimated as US\$240 million - making him Australia's wealthiest person. News Corp. assets now exceed US\$1.5 billion. News Corp. buys 20th Century-Fox and spends US\$2 billion acquiring Metromedia.

1985 (54 years)

Murdoch becomes an American citizen to comply with strict U.S. securities laws on ownership of television stations. Moves British printing presses to Wapping setting of a year long strike.

1987 (56 years)

With purchase of *Today*, Murdoch now controls 35-percent of newspaper circulation in the U.K, making him the most successful press baron of all time.

1988 (57 years)

Sells New York *Post* but buys Triangle Publications for US\$3 billion. News Corp. now US\$8.2 billion in debt.

1990 (59 years)

News Corp. begins selling some media interests to reduce debt. Extensive restructuring carried out within company.

1993 (62 years)

News Corp. takes on US\$3.7 billion in long-term debt and US\$3.3 billion in short-term credit to restructure finances within the company. News Corp. now has sales of A\$8.7 billion a year and assets of more than A\$26 billion with extensive commercial interests throughout Australasia, Great Britain and the United States of America. The Murdoch family maintain a 33-percent share holding in News Corp.

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1. The Early Years

Keith Rupert Murdoch was born on 11 March 1931 on a farm 30 miles south of Melbourne. He was the second child and the only boy in a family of four.

Keith Murdoch Senior was an established newspaper journalist in Australia with ownership interests in the *Herald* in Melbourne, the *Courier-Mail* in Brisbane and the *News* and *Sunday Mail* in Adelaide.

Rupert Murdoch graduated from Geelong Grammar in 1949 and then went to study at Oxford University in Great Britain. While at university, Murdoch established a definite reputation for gambling and the normal student activities - chasing girls, drinking binges, sports and dabbling in socialism.

When Murdoch's father died from a heart attack in 1952, Rupert returned to Australia. To pay estate taxes, the Murdoch family share holding in the *Herald* and the *Courier-Mail* were sold. At age 22, Rupert Murdoch was appointed publisher of the Adelaide *News* and *Sunday Mail*.

"I had enormous respect for my father. He was a great journalist who started as a reporter and finally became the chief executive of a company that he built, but was not a large shareholder of. He was able to buy a little paper in Adelaide which he left to my sisters and me. But I was brought up in a publishing home, a newspaper man's home, and was excited by that, I suppose. I saw that life at close range, and after the age of ten or twelve never considered any other. Because if you're in the media, particularly newspapers, you are in the thick of all the interesting things that are going on in a community. I can't imagine any other life one would want to dedicate oneself to."

— Rupert Murdoch

"Rupert was determined not to repeat his father's mistake. No one would ever gain control over his business, and he's followed that practice right along."

— A friend of Rupert Murdoch

"I sensed the excitement and the power. Not raw power, but the ability to influence at least the agenda of what was going on. I think it led me to grow up being very idealistic, and I've always been much more interested in the content of our newspapers, political positions day to day, the thrill of communicating with people through words than I am in the pure business aspects."

— Rupert Murdoch

Murdoch threw himself whole-heartedly into the newspaper business. He became involved in everything from writing headlines to setting the type and helping run the printing machines. Within a few years, Murdoch had turned the Adelaide *News* into a very successful paper.

The success of the Adelaide paper made Murdoch anxious to expand. He negotiated for the purchase of the Sunday Times of Perth for \$400,000. Even though the board members of News Limited (the parent corporation which owned the Adelaide newspapers) were against the move, Murdoch borrowed heavily against the assets of the company to raise the money to buy the Perth *Sunday Times*.

Rupert Murdoch flew to Perth every Friday to oversee production. He began his ownership by firing most of the staff, and replacing them with journalists who could produce a bolder, more colorful paper. Within a short period, circulation increased and losses turned into profits. Rupert Murdoch was now 25-years old, and had a successful track record in building circulation for two separate newspapers in Adelaide and Perth.

When television licenses first became available in Australia, Murdoch was keen to be involved. News Ltd. managed to acquire TV-9 in Adelaide. However, the real power base in Australia lay in the largest cities - Sydney and Melbourne. Murdoch was anxious to move into these more competitive markets to see how well he could do.

Newspaper publishing in Sydney at that time was dominated by three powerful family groups - the Fairfax, Packer and Norton families - who between them owned all the major newspapers in Sydney. The only paper which was struggling was the *Mirror* - a tabloid newspaper, owned by the Fairfax family. In 1960, the 29-year old Rupert Murdoch agreed to buy the *Mirror* for \$4 million.

Murdoch remodeled the *Mirror* along the lines of London's *Daily Mirror*, the biggest selling newspaper in the world. Gradually, the circulation of the *Mirror* started to turn around and eventually the newspaper started to make money after a number of years running at a loss.

With successful newspapers in Sydney, Adelaide and Perth, Murdoch now had one advantage that no other newspaper publisher shared - he had printing capability through the length and breadth of the country. Murdoch decided to use that capacity to his advantage by establishing a national newspaper which would be a cross between the *New York Times* and the *Wall Street Journal*. He decided to call his new daily, the *Australian*.

From 1965 to 1968, Rupert Murdoch concentrated on launching the *Australian*. It turned out to be a harder job than he had initially estimated. The *Australian* actually ran at a loss for its first 15-years of operation, but Murdoch's other operations were generating enough money to cover the loss as well as enough to make Murdoch quite wealthy. It always amused close friends of Murdoch that the huge profits generated on his earthy tabloids were subsidizing the notably conservative views put forward each day by the *Australian*.

Murdoch's personal life took a battering from the vast amount of time spent dedicated to his publishing career. Rupert's first marriage ended in divorce in 1965, and two years later he married Anna Torv - a reporter who worked for him.

Rupert also spent a fair bit of time in the United States buying programs for his television station in Adelaide and another he had acquired an interest in which was situated in Woolongong on the outskirts of Sydney. He became good friends with Leonard Goldenson, the head of the American Broadcasting Company (ABC). Goldenson treated Murdoch like a son, and taught him how to get things done in the United States.

2. Great Britain

By 1968, Murdoch's publishing and broadcasting interests in Australia were valued at around \$50 million. Rupert was now 37-years old, and he decided it was time to make a move on the British publishing community.

His first U.K. opportunity arose with the possibility of purchasing a 25-percent share holding in the *News of the World*, a Sunday tabloid with a circulation of around 6 million. Murdoch soon found that there was a competing bidder in the market - Robert Maxwell, who was trying to add a newspaper to his existing scientific publishing company.

Murdoch was eventually able to succeed in purchasing a controlling interest in the *News of the World* for only a few million pounds. The funds were provided by Australian banks against the assets of News Limited. Murdoch is a firm believer in using leverage to provide other people's money which is then used to fund acquisitions.

"In effect, Murdoch does what all the big international operators do, and he does it better. The Saatchi brothers have built their entire advertising empire on the same principle. They're able to take advantage of different tax and accounting laws in the U.S., the U.K. and Australia to increase their borrowing power. I can show you the balance sheets of the same company - one for Great Britain and the other for the U.S. - and you'd think you were looking at the finances of two different companies. That's why people like Murdoch are able to borrow more than their competitors."

— Alan Jones, Chief Financial Officer, Olympia & York

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