

The rights stuff

Peter Orton, founder and chairman, HIT Entertainment

Jane Martinson, media business editor Saturday May 7, 2005 *The Guardian*

Peter Orton, who founded HIT Entertainment, likes to tell a joke about a priest who refuses all offers of help in a raging flood, citing his faith in God. He drowns and arrives, furious, in heaven. A bemused God says: "But I'm sure I sent you a lifeboat and a helicopter."

Orton, who founded HIT Entertainment and in doing so gave the world Bob the Builder, told this joke as he received a lifetime achievement award in Cannes last month. The joke, he said, was "a story about recognising opportunities".

In many ways, Orton's entire career has been about recognising opportunities. And after 30 years in television, he is about to recognise his last corporate opportunity with the sale of HIT.

Last week, the company's shareholders voted overwhelmingly in favour of a £489m offer from the private equity group Apax Partners. The US film company, Lions Gate, withdrew from the bidding fray this week, meaning that HIT will leave the stock market to become an Apax-owned business after May 23.

Orton, 61, has no regrets leaving the company he created with £300,000 of his own money. "It's been the most fantastic, wonderful period of my life, building this company, and I'm proud of it," he says.

For a start, the Apax offer values his 6% stake at £30m. Not bad for a poor boy from Portsmouth who left school with just three O-levels.

"I was thick as two short planks," he says, before adding that the lifetime award from MipTV, the first given to a Brit, would have "amazed every teacher who knew me, as well as my parents".

The former shoe salesman, who entered the nascent television industry because he saw an opportunity to sell programmes, says he has two main talents: recognising other people's talents and doing deals. He is "not creative and hopeless at drawing". Friends and former colleagues describe him as the ultimate dealmaker. One regular golf partner says it took him years to realise that only those about to close a deal with Peter would win Orton-hosted tournaments.

Sitting in the splendour of the Majestic Hotel in Cannes - a fixture in an industry known for its luvvies and darlings - Orton is not ashamed of these commercial talents. "I have always been a salesman and I'm very proud of it," he says.

"Almost every other salesman I have ever met at some stage in their career starts to deny that's what they are. They want to be a COO or a CEO or something. The reality is that the salesman is the person who creates the business."

The son of a ship's steward, Orton left school at 16 and started selling naval uniforms in his hometown of Portsmouth. His only motivation in doing so was to give his mum "20 quid a week to keep me".

Orton's softly spoken monotone voice is sometimes mocked by friends for its lack of excitement. He is also devoid of nostalgia when describing his "deprived background in inner-city Portsmouth".

"When you're really poor, it's horrible. Everyone steals from each other. No one had any money by Wednesday. I never want to go back there," says the man who has already made millions from selling television programmes to the young.

He is equally hard-nosed about his home town. "When you live in Portsmouth, you look at those hills at the back of town and think there must be something out there much better than what there is inside."

Within weeks of his 17th birthday he had passed his driving test and joined Dr Scholl, the specialist footwear group, as a trainee salesman. Selling corn plasters and sleeping on a lilo in the back of an estate car to save the per-diem expenses, Orton describes as "the time of my life".

His introduction to the nascent world of British television was just as unlikely. He simply thought he could sell some of the programmes he liked watching and rang up major corporations asking for work. He was appointed by Television International Enterprises to buy programmes to show in the Middle East, Africa and the Caribbean.

After a rocky start - "they were playing Coronation Street backwards and stuff like that" - he got his first big break when an unsolicited letter won him the rights to show the 1970 World Cup. He made £350,000 profit in nine days and was hooked.

The deal also led to perhaps the most important break of his life. His success got Orton noticed by the makers of the children's classic Sesame Street. Its American producers, keen to focus on ethnic minorities and inner-city children, wanted to expand eastwards and Orton had become "Mr Caribbean".

The way he describes his suddenly jet-set lifestyle makes him sound more Mr Bean. He arrived in Asia a day early, for example, "because I didn't know about time differences".

Soon Orton was running the international division of the Childrens' Television Workshop at a time when arranging co-production deals between international broadcasters was ground-breaking. When Jim Henson, who made the puppets for Sesame Street, left to set up his own company, he asked Orton to join him.

Orton was devastated when Henson sold out to Disney in 1989. "I was 46, making half a million a year and suddenly everything fell out of bed," he says. But he bought the name Henson International Television from a man he calls a "true genius".

Several deals later and HIT is now the fourth-biggest children's video distributor in Britain and the US. The company owns Thomas the Tank Engine, Barney, and Pingu and sells to some 180 countries.

In September HIT plans to launch the only 24-hour pre-school channel in the US in a joint venture with PBS, the cable giant Comcast and Sesame Workshop.

Simon Davies, an ABN Amro analyst, says Orton has been "very smart and very lucky". Smart as he was quick to recognise an opportunity in a market that was already changing. Lucky because Bob the Builder took off in the late 1990s when ownership of rights was becoming so lucrative because of merchandising spin-offs.

Bob the Builder was created after an employee, Keith Chapman, showed Orton three sketches. Orton immediately thought of his son's penchant for saying "vroom vroom" a lot, and agreed a deal.

"I will be eternally grateful for the fact that ITV and some of the other commercial channels didn't really seriously concentrate on kids."

Several former colleagues queued up in Cannes to pay tribute to Orton last month. They made working at HIT's slightly grotty Tottenham Court Road headquarters sound like fun, with its regular Friday night drinks, if hard work.

Sophie Turner-Laing, now deputy managing director of Sky Networks, worked with Orton for 13 years, initially as his secretary. She tells a story of finding the boss sitting on her hospital bed "talking through some deal structure" four hours after she had

given birth.

"Peter is the consummate businessman, always thinking of where that next deal would come from," she says.

Few doubt that Orton is keen to slow down a bit. "When you have your own business, you know every crack in the ceiling because you're awake at 3am every morning terrified of failing. When I walk out of here I will be able to relax for the first time in many years," he says.

Orton continued to work through much of his struggle with neck cancer. He has been given the all-clear but makes no secret of the fact that he now wants to spend more time tending his farm in Wiltshire and racing his many horses.

The illness gave him a "greater perspective on life," he says. But it also affected the business. "If I hadn't had the illness, I think the company would have been where we are today three years ago."

He only returned as a full-time chairman last October after the chief executive, Rob Lawes, was ousted. The former protege had fallen out with Orton and the board after two surprise profits warnings and because commissioning had slowed to a crawl.

A deal man through and through, Orton recognised that HIT could lose its way without a creative talent at the helm. Lawes was "always more at ease in the City", he said. Back then, Orton said the company wanted to stay independent. "My intention was to come in and get a new CEO to do that programming."

The company tried and failed to get a trade buyer such as Walt Disney or Time Warner to come in with a bid. Sources close to the US groups say they balked at paying such a price for assets they feared might have run their course.

Orton and the company's backers deny this and say there is further scope for expansion internationally and through new media such as telephony.

When Apax approached Orton at the end of December, Orton had no qualms about accepting the 300p-a-share cash offer. He is reticent speaking about the Apax bid or the involvement of Mr Lawes, who stands to earn £2.5m for advising the group.

If HIT leaves the stock market, it will pass smaller independent producers going the other way. The company's stock market experience, a hit when Bob the Builder was top of the music charts and subsequently less so, has not been entirely smooth.

But timing is everything. One of the four basic rules that Orton likes to teach colleagues is: "Never give up. Fall over seven times and get up eight." In other words, always say yes to a passing rescuer.

The CV

Born Portsmouth, June 17, 1943

Education Portsmouth Technical College, then grammar school in Brighton. Left with three O-levels

Career Sells uniforms in Portsmouth before joining Scholl as trainee salesman; 1967 First job in TV with TIE, buying programmes for Africa, Caribbean and Middle East; 1970 Wins World Cup rights; 1974 Head of international sales for Children's Television Workshop, makers of Sesame Street; Joins Jim Henson, selling Fraggle Rock; 1989 Sets up HIT after buying name from Henson; 1997 HIT lists on stock exchange; 1999 Bob the Builder begins on CBBC; 2002 HIT buys Gullane, bringing Thomas the Tank Engine, for £139m; 2005 HIT accepts Apax offer

Family Married to Sue for 32 years. One son, Jamie, 24, who is studying for an MBA and wants to work in property

Interests Horse racing, golf, fishing, shooting. Chairman of the Head and Neck Cancer Research Trust