

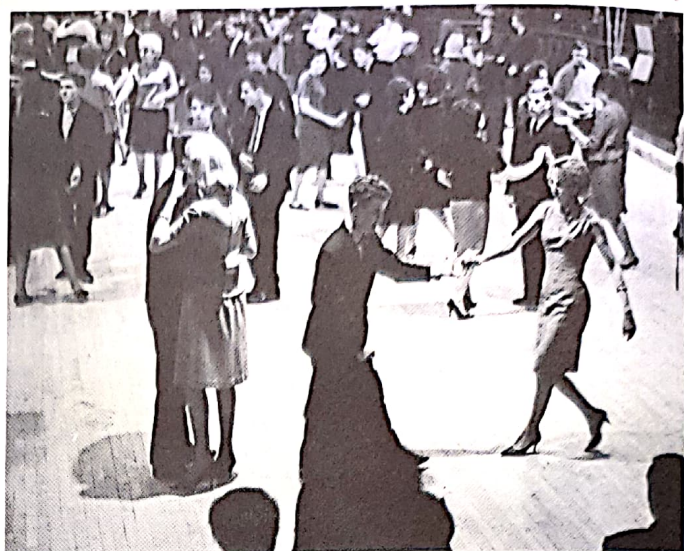
A Reprint of the Business Week Article:

## Movie giant shoots for future





**Movie making** at Pinewood Studios is still one of group's big money-getters. Rank makes about six films a year.



**Ballrooms**—Rank has 25—have dancing only part of week. Other nights they are crammed with Bingo players.



**Color TV** equipment is built at Rank Cintel, Ltd., which also makes electronic parts for aircraft.

## BUSINESS ABROAD

# Movie giant shoots for future

The gong-beater, symbol of Britain's Rank Organization, is showing up on other recreation facilities—and on a host of industrial and consumer products, too

A trade mark well known to moviegoers and viewers of TV late shows—the gong-slugging Atlas of the Rank Organization, Ltd.—is showing up in some unfamiliar places these days. For instance, it is currently flying from three gas stations in Britain, will be hoisted over four more within the next three weeks.

In a time of shrinking movie prof-

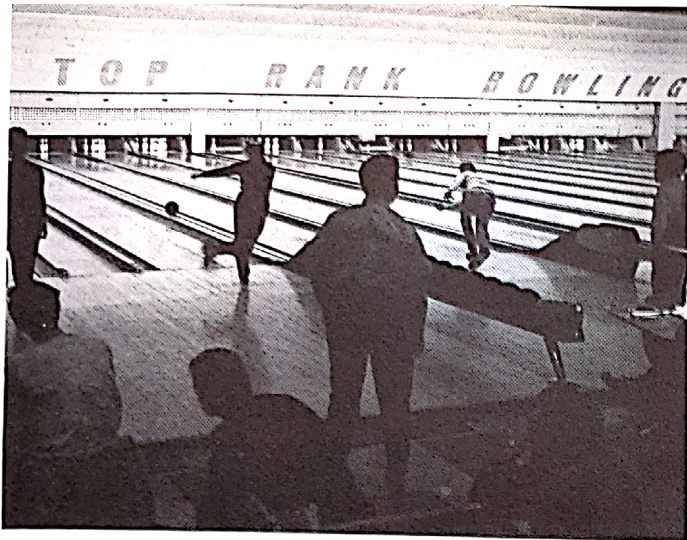
its, service stations are only one example of the diversification that has kept the profits of this cinematic giant on an upward curve (pictures).

Another, with by far the biggest immediate prospects, was the announcement earlier this month of a new Rank board member: Joseph C. Wilson, head of Xerox Corp., of Rochester, N. Y. Rank-Xerox, Ltd., a

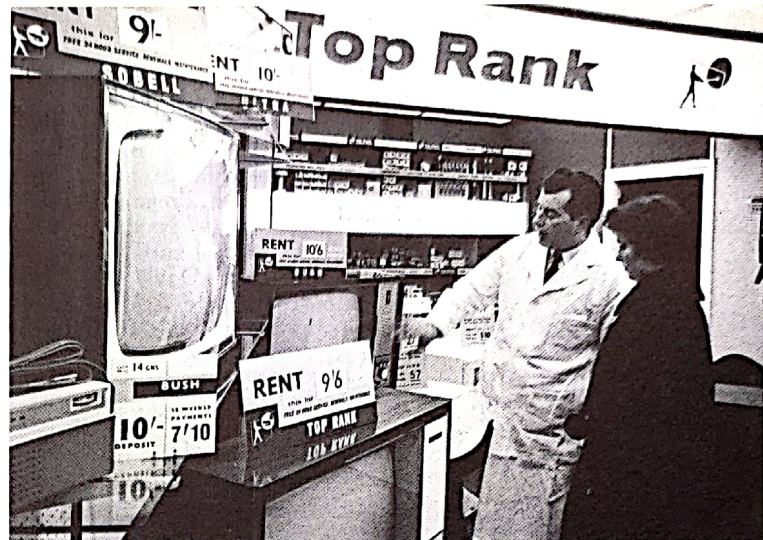
50-50 subsidiary of the two companies, has worldwide manufacturing and marketing rights for Xerographic high-speed copying equipment outside the U. S. and Canada.

Movie production, processing, distribution, and exhibition still are big factors in Rank's \$200-million annual sales picture—they contributed close to 75% of the group's 1961-62 pre-





40-lane bowling alley, located in an unprofitable cinema, is one of 50 Rank plans to build in next five years.



Television sets, both Rank subsidiary's and other makes, are sold and rented at group's own retail outlets.



Zoom lenses for TV cameras cost \$9,000, are made by Rank's Taylor, Taylor & Hobson. 44% of output is exported.



Xerox copiers, bound for Milan, unload at London Airport. Rank-Xerox is a 50-50 subsidiary of the two companies.

tax profits of \$18.5-million. But their portion will become relatively smaller as a host of other interests—ranging from TV to industrial electronics and coin-operated laundries—reach profit-earning maturity.

**Industry seer.** The robust health of the Rank Organization is due largely to the foresight of John Davis, who became its new chairman last October, when Lord Rank retired. Managing director since 1941, and new chief executive as well as chairman, Davis saw troubles ahead for the movie industry in the late 1940s, when attendances were still setting records. His brains were behind the maneuvering that reduced the number of the group's theaters from 507 to 356. And he sparked the move into new fields.

A direct, bright-eyed man of 56 who resembles a younger Churchill, Davis this year completed a reorganization that changed Rank from

a complicated amalgam of holding companies and subsidiaries into an integrated group with 23 divisions. With the aid of a headquarters staff remarkably small for so large and diversified a concern, Davis holds the reins firmly.

### I. History

J. Arthur Rank—later Lord Rank—used his family's flour-business millions to get into pictures in the early 1930s; his original idea was to make and exhibit religious films. By 1941, he had acquired controlling interest in two of Britain's three largest cinema chains, Odeon and Gaumont-British, as well as the biggest chunk of the country's production facilities.

Shortly after World War II, the group almost went bankrupt. In 1947, the British government imposed a new duty on imported films,

and in retaliation U.S. film makers who supply some 60% of the films shown in Britain, slapped on a boycott. Faced with the possibility of empty cinemas, Rank and other producers rushed into production.

But the following year, under U.S. pressure, the government lifted the duty—and left the British industry with expanded facilities and closets full of clinkers. Over a three-year period, Rank showed a film production loss of \$22.4-million, ended up with a bank overdraft of \$45-million.

**TV bogey.** With the help of a sympathetic bank—the National Provincial—and Lord Rank's personal fortune, the group pulled through. However, even as the organization was sighing in relief, movie attendance began to fall off drastically. Most of the industry blamed television.

Davis, however, attributed the



problems of the movie industry not just to television, but to changes in the leisure habits of the British public. With a higher standard of living, people were able to afford more than the few shillings for cinema admission, were spending their recreation time—and funds—on other things. So Davis decided to consider the entire field of leisure activity as the group's fundamental interest.

## II. The field of leisure

As a first step, the two cinema chains, Odeon and Gaumont, were combined into one unit. Beginning in the late 1950s, theaters were closed down wholesale. Those remaining were modernized at a cost that averaged some \$3-million a year.

**Bowling and balling.** Some of the closed-down theaters, often in choice sites, were sold or redeveloped by one of the two property companies Rank set up in partnership with construction firms. Others were converted to handle two of the new leisure fields Rank staked out: ten-pin bowling and ballroom dancing.

Rank was one of the pioneers of the bowling craze that is sweeping Europe. It has 12 bowling centers now, will have 50 at the end of a five-year program announced last month. Ballrooms are a more elaborate version of the palais de danse that has been a feature of the British landscape for years. They have been coming on strong recently, and Rank—with 25 of them—is gaining on the pioneer in the field: Mecca, Ltd.

Rank also acquired a 37½% interest in Southern Television, Ltd., a commercial TV program contractor. And in the past few years it has been buying up relay systems—piped TV for areas with poor reception. Though lucrative in themselves, relay systems also use the basic equipment for what Rank hopes will be far more lucrative—pay TV.

## III. Push into industry

While these ventures into recreation were getting up steam, Rank was branching out farther into industrial areas. Since before the war, companies within the group had been manufacturing a wide range of film production and exhibition equipment, radios, and other electronic gear. Those interests were expanded, and others added.

Most promising of all the new crop is Rank-Xerox. Following the same extraordinary growth pattern as its American parent, Rank-Xerox's total income, less than \$2-million in 1959-60, is expected to reach \$15-million

in 1962-63. Also, Rank-Xerox formed a joint company last year with Fuji Photo Film Co., to manufacture and market Xerographic equipment in Japan.

Among Rank's other major interests:

- Rank-Bush Murphy—has about 15% of the British TV and sound reproduction market, is also heavily in industrial electronics, and a leader in development of color TV in Britain.

- Rank Cintel, Ltd.—makes TV studio equipment, including color, is developing an avionics side.

- Taylor, Taylor & Hobson Div.—high-precision optical measuring equipment, specialized lenses with a worldwide reputation.

- Xeronic computer output printer—a \$224,000 machine that, Rank claims, is the fastest output printer in the world. It was developed in Rank laboratories, combining Rank electronic knowhow with Xerographic reproduction techniques.

Other divisions produce Bell & Howell equipment under license, audio-visual systems for teaching aids, measuring instruments, cameras and projection equipment, automatic vending machines.

**Intelligence failure.** Not every venture of the group has been a success. The major flop was Rank's foray into the phonograph record business. Records seemed a natural, but Rank found competition in the English market, from such well-established outfits as EMI and Decca, too tough to fight with the money the group was prepared to spend.

Davis admits there may have been some failure in advance intelligence, at least on the records venture. But he makes no apologies for Rank's willingness to try something new.

**More diversification.** Undoubtedly, more diversification is in the cards. A good deal of it will come in overseas interests. Rank has worldwide marketing links, largely for its cinema products but also for other divisions (almost 50% of Taylor, Taylor & Hobson's production is sold abroad, for instance). The group has three manufacturing plants in India, plus licensing agreements for other products. And there are Rank teams scouting foreign potentials, hoping to come up with another deal as promising as Xerox.

If Britain joins the Common Market, Davis hopes to increase Rank's already significant exports to the Continent. And it is at least a possibility that there will be Rank theaters in Paris, Rank bowling alleys in Belgium, and Rank service stations on Italian highways.