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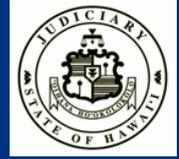
Negotiating the Late Night TV Line Up



Rapport is an important consideration for successful negotiations. Parties who trust and respect each other, and who understand each other's interests, are more willing to cooperate and reach a mutually successful resolution. A week after *Late Show* host David Letterman announced his retirement, CBS named Stephen Colbert as his successor starting in 2015. The Program on Negotiation (PON) at Harvard Law School described negotiations about Letterman's retirement and replacement as "remarkably calm and businesslike for the tumultuous world of late-night television."¹ The trusting relationship and mutual respect between Letterman and CBS chairman and CEO Leslie Moonves resulted in a decision based on an understanding of the market.²

Changes at the *Late Show* contrast sharply with those at the *Tonight Show*. In 2004, NBC told host Jay Leno that he would have to retire in 2009 even if his ratings were strong.³ Conan O'Brien, who hosted NBC's *Late Night*, was named as Leno's successor. Negotiations were described as "amicable" even though O'Brien was reportedly disappointed by the condition of a five year wait.⁴ However, NBC's decision to impose rather than negotiate Leno's retirement, had damaging consequences. On June 1, 2009, O'Brien took over as host but Leno had changed his mind about retiring so NBC created *The Jay Leno Show* in prime time on weekdays. By January 2010, ratings for both Leno and O'Brien in their new shows were disappointing and affiliates complained to the network. NBC sought to return Leno to late night and proposed a new Leno show airing at 11:35 p.m., moving O'Brien's *Tonight Show* back to 12:05 a.m., and following him with *Late Night with Jimmy Fallon* at 12:35 a.m. O'Brien rejected the proposal as damaging to the history and reputation of the *Tonight Show* and began negotiations with NBC for an exit. A \$45 million settlement was reached with \$33 million for O'Brien and \$12 million for his 200 member staff. O'Brien was released from his contract and permitted to accept another television job after September 1, 2010.

O'Brien bitterly ended his 22 year long relationship with NBC after hosting his last show on January 22, 2010.⁵ The event provided fuel for comedians who attacked NBC and Leno for snatching the *Tonight Show* away from O'Brien. Jeff Zucker, NBC Universal's president and CEO, characterized his decision about Leno's retirement and return as "leadership" while the media criticized his lack of leadership for embarrassing NBC.⁶ Leno returned to the *Tonight Show* on March 1, 2010, and the following month O'Brien signed with TBS to begin a new show at 11:00 p.m. In addition to a salary estimated between \$10 to 15 million, and support for the show across various platforms, O'Brien negotiated for complete ownership of the new program to avoid what had happened with NBC.⁷ In April 2013, TBS announced O'Brien's contract had been extended to November 2015. That same month, NBC (again) announced Leno's retirement naming Jimmy Fallon as the new host. Fallon returned *The Tonight Show* to New York hosting his first show February 17, 2014.⁸ In May 2014, TBS again extended O'Brien's contract through 2018. O'Brien leads late night show ratings in the key 18 to 49 year old demographic.⁹ Zucker decided when Leno would retire, a decision that led to dissatisfaction for both Leno and O'Brien. Moonves worked with Letterman and Colbert, avoided controversy, and achieved a smooth transition from one host to the other.



Notes:

1. Katie Shonk, "[Low-Drama Negotiation Skills at the 'Late Show'](#)," *Negotiation Skills*, Program on Negotiation at Harvard Law School
2. [Shonk](#)
3. Nancy Franklin, "[Nightmare: NBC's Late Night Debacle](#)," *The New Yorker*, February 1, 2010
4. Bill Carter, "[Conan O'Brien to Succeed Jay Leno in 2009, NBC Announces](#)," *The New York Times*, September 27, 2004
5. Associated Press, "[O'Brien Seals \\$45 Million Deal to Quit 'Tonight'](#)," *Today Television*, NBC News.com
6. [Franklin](#)
7. Peter Lauria, "[Conan's Smart Deal](#)," *The Daily Beast*, April 12, 2010
8. Bill Carter, "[TBS Extends Conan O'Brien's Contract Until November 2015](#)," *The New York Times*, April 1, 2013
9. L. A. Ross, "[Conan O'Brien Re-Ups With TBS Through 2018](#)," *The Wrap*, May 14, 2014