

Handwritten signature

PRIVATE

21 September, 1981

Mr. Rupert Murdoch,
Chairman

Dear Rupert,

I was a little shaken by your memo of 16 September which came to me and to others on the papers. You know I am not a moaner and I will work to any working budget you set and strictly control it. I will also hold myself accountable to you for that control.

But I do find it difficult to accept the principle of day-to-day approval for detailed items. I can't, honestly, edit the paper properly without having discretion within an agreed budget. I am sure that on reflection you will agree. We have a very urgent task indeed in getting budgets agreed - and monthly operating statements - so that you can see how we are performing and we, for our part, can know if anything is going wrong.

Hit me as hard as you like on budgets and their control, but do leave me responsibility for controlling the people who report to me and controlling their departmental budgets. It makes life difficult and erodes authority if I am not to be the sole channel for your instructions.

Believe me, everybody here is desperately anxious to make a go of things and we have a good nucleus of leadership now. Perhaps we could have a talk as soon as you come back about it? I have sent Garry a note for when he returns about how vital it is for us to get our budgets and operating statements going at the very earliest moment.

Regards,

THE TIMES

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From the Editor

21 September, 1981

To: Chairman
Mr. G. Long

File
Review verbally
Letter to Mr.
has sent Budget promised
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EDITORIAL SPENDING

We will certainly institute a vigorous review of all the spending procedures at The Times. They are already tightly monitored but we have in addition started discussions with The Sunday Times where we may avoid overlap when it is unnecessary and we are controlling travel very tightly indeed.

But I must say that it is exceedingly difficult operating at the moment because we are operating blind. This is no fault of management, still less of editorial, but the fact is that we have no budgets and we have no monthly operating statements.

I have always found it challenging and desirable to have a budget and operating statements by which it can be controlled. In the turmoil of the year of suspension and all that immediately preceded it and followed it, this essential method of cost control has been lost and I know that the Managing Director is in the process of re-instituting it against very considerable difficulties with the NATSOPA union and others. But this is now, I suggest, one of the most important tasks facing us in controlling the very large operations within the company. These procedures are much more effective than random checks or general squeezes.

Once we have a budget, and regular operating statements of expenditure, we will strive to operate within it. It is not really practicable or even desirable to be referring individual items of expenditure - while it is essential that the Editor and the Editor alone be held accountable to the Chairman, and the Managing Director and Board, for the efficient control of the budget.

The budget, of course, properly provides a proposed schedule of expenditure which the Chairman and Managing Director and Board can approve, amend, or disapprove, as they wish after representation. That is the point at which proposals for expenditure should be submitted for approval. At that point there can be a proper consideration. It is not practicable to do it week by week nor advisable.

Please may we discuss?

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MEMORANDUM

DATE: September 16, 1981.

FROM: Mr. Rupert Murdoch

TO: The Editors, Deputy Editors and
Managing Editors of
The Times and The Sunday Times.

SUBJECT:

Editorial spending is reaching intolerable levels and it is now necessary to exercise extreme restraint in all areas. The purpose of the following measures is not only to achieve worthwhile reductions, but also to allow management to have a better understanding of where the money is going.

With this in mind the following measures are to take effect immediately.

1. Authorisation of any fee in excess of £100 must be obtained from the Editor or Managing Editor before the commitment is undertaken. Anything in excess of £1,000 is to be submitted to the Managing Director.

Schedules of all items of expenditure must be prepared weekly for review by both myself and the Managing Director.

2. All expenses for staff and contributors must be countersigned by the relevant Managing Editor after first being approved by the Head of Department. This will also be reviewed on a weekly basis by myself or the Managing Director.
3. All private phones are to be withdrawn, except from the personal offices of Directors of TNL. Further arrangements will be made as soon as possible to preclude the use of the existing telephone system for direct calling on either an STD or ISD basis.
4. Identical measures are being taken in all other departments.

(Rupert Murdoch).