Robert Sarnoff Quits Post At RCA in a Surprise Move

By Gene Smith

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In a surprise move, Robert W. Sarnoff resigned yesterday as chairman and a director of the RCA Corporation. The company said Mr. Sarnoff had “indicated that he intends to pursue other interests of a personal nature.”

Although the resignation does not take effect until Dec. 31, the board promptly named Anthony L. Conrad, 54 years old, as chief executive officer, effective immediately. Mr. Conrad, who is president of the company, had been its chief operating officer.

The resignation of Mr. Sarnoff, who is 57, took most people close to RCA by complete surprise. Lazard Freres & Company, the investment banking firm that has been close to RCA over the years, was “completely surprised by the announcement,” a spokesman said.

Efforts to reach RCA board members and Mr. Sarnoff himself were not successful. The company issued only a foursentence statement that did not. indicate if the post of chairman would be filled after Mr. Sarnoff's departure.

The suddenness of the resignation, coupled with the! brief official statement and the reluctance of RCA officials to comment on the move created speculation that there might have been an internal battle.

Following the company's decision to get out of the computer manufacturing business in September 1971, there was much conjecture that Mr. Sarnoff would be forced out of office by critics of this move, but he weathered the storm.

In February 1973 Martin B. Seretean, who became RCA's largest individual stockholder when the company took over his Coronet Industries through an exchange of stock, resigned unexpectedly from the RCA board. He had been known as a strong critic of the company's top management and was quoted by Fortune magazine as having said:

“I find it highly unusual that a management can write off $490 million, and no one seems to question whether the same people ought to be running the company today.”

Battle Avoided

It was thought at that time that Mr. Seretean might attempt a proxy battle to try to unseat the RCA management, but he did not. Now he is chairman of Coronet Industries and is in[volved in professional basketball. Mr. Seretean was unavailable for comment yesterday.
Since then, there have been no major attacks on Mr. Sarnoff's management, despite rumors from time to time. In 1971, after the write-off in connection with the computer divestiture, RCA showed a net loss of $115.9 million. That was the only loss the company ever reported for a 12-month period.

In 1972 RCA had a profit of $158.1 million. In 1973 earnings rose to a new high of $183.1 million. In 1974, the first year of the recession, net income fell to $113.3 million.

Last month the company reported a gain in three-month earnings for the first time in seven quarters. The report for the quarter ended Sept. 30 showed earnings of $32.8 million, or 42 cents a share, off from the year-earlier $30.2 million, or 39 cents a share. Sales and other revenues rose 3.4 percent to $1.22 billion.

James Magid, vice president research at Drexel Burnham & Company, an investment and brokerage concern, said he felt that Mr. Sarnoff had been preparing for this action for a long time. Mr. Magid, who follows RCA for his firm, said it had become clear to him that for some time Mr. Sarnoff had been leaving long-range decisions to Mr. Conrad and the board. Mr. Magid added:

“Mr. Sarnoff has chosen as his time to resign a point when RCA has passed beyond the bottoming out of the effects of the recession and slow TV sales. He is leaving a lot of good news for his successors to operate with.

“He has shown that the diversified company that he guided can weather even as serious a recession as we've had. Now it will be up to them to prove that RCA can get back into the ranks of glamour growth stocks once again.”

Several persons who have seen Mr. Sarnoff recently reported that he looked “awfully tired.” In general, his health has been good, but several years ago he underwent surgery for implantation of a heart pacemaker.

Family Tradition

Mr. Sarnoff's departure from the management of RCA will mark the first time since the company was founded that it will not have a member of the Sarnoff family in its top echelon. His younger brother, Thomas, however, is a vice president of the National Broadcasting Company in its West Coast operations. NBC is a subsidiary of RCA.

The company was founded in 1919 under Government direction as the Radio Corporation of America, an American-owned international communications company. At that time Robert's father, David, was with the Marconi Company, which was soon taken over by the new Radio
Corporation of America. The elder Sarnoff became commercial manager of R.C.A. and in 1930 was elected president. Seventeen years later he was chosen chairman, a post he held until he resigned in 1970.

I Robert Sarnoff was named president and chief operating officer on Jan. 1, 1966. Two years later he became chief executive officer as well as president. On Jan. 1, 1970, he was named chairman and chief executive officer.

I On Nov. 14, 1974, Mr. Sarnoff married Anna Moffo, the Metropolitan opera soprano. It is his third marriage, following two divorces.

Corporate Changes

Mr. Conrad became president of RCA on Aug. 1, 1971.

The new chief executive officer is the eighth president in RCA's history. Mr. Conrad was born on May 3, 1921, at Walpole, Mass. Andy, as he is generally known, was graduated from Lafayette College in 1943 and soon became a second lieutenant in the Army Signal Corps. Later he was named commanding officer of the 220th Signal Radar Maintenance Unit.

He joined the RCA. Service Company in 1946 after being discharged from the Army and held various managerild and engineering posts. Later he served for eight years as president of that subsidiary before being appointed vice president for education systems on the parent company's staff in August, 1968. In April, 1969, he was elected executive vice president, services, and two years later was elected to the RCA board.

Operations Changed

Mr. Conrad is married to the former Nancy Morrison. The Conrads maintain homes in Manhattan and at Gibson Island, Md. They have three children — Catherine, Anthony Lee 3d and William L.

In late September of this year, RCA reorganized several of its top management opera tions, consolidating several operations under a top-level group. Electronic News, a trade publication, commenting on thosel changes, said that “concern among the directors at RCA with declining profitability’ levels is believed behind the decision to bundle electronics operations into a new business group and bring in an executive from its non-electronics subsidiaries to run it.”

The trade paper indicated that the selection of Edgar H. Griffiths, who was then executive vice president of the company's real estate, car rental and frozen foods business, to head the solid-state, receivingtube, consumer and Government electronics operations was aimed at “eliminating the major profit drops of the past 18 months.”
The proxy form for the 1975 annual meeting on May 6 showed Mr. Sarnoff’s salary to be $5326;000. Under a 1974 incentive program he was entitled to an award of $52,500 in 1974 with an additional $105,000 possible over two other annual installments.

His estimated annual retirement pay was placed at $141,294.

Mr. Conrad’s salary for 1974 was $235,200, plus a $40,833 incentive award for 1974 and $81,667 available for the next two years. His retirement pay was listed at $123,221.