



DIGITAL NEWS PROJECT

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Going Digital

A Roadmap for Organisational
Transformation

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Embrace. Embrace the future, embrace developments. You're not going to stop them so ... embrace and be open ... These trends and these changes will come ... There's no way of protecting and running away. You have to embrace the change and transformation.

I say, 'You're a journalist, you are supposed to deal with reality. Let's not deal with reality in journalism and not deal with reality in our business. Here is the reality in our business' ... 'They are taking your readers. We are better than they are, so why should they be viewed as the authority? ... Why should they succeed and we shouldn't?' It is our fault because we are handing it to them on a silver platter ... We don't have to abandon our values, we don't have to be trivial at all ... We just have to tell stories in different ways and pay attention to how we disseminate ... in a world that is dominated by social media ... We are the best at this, so let's make sure we are the ones that succeed.

About the Author

Lucy Kueng is Google Digital News Senior Visiting Research Fellow at the Reuters Institute. She is a professor and expert on strategy, innovation, and leadership with particular emphasis on digitalisation and technology transitions. She is Visiting Professor of Media Innovation at the University of Oslo, non-executive Board Member of the NZZ Media Group, and strategic advisor to media organisations. She holds a PhD and Habilitation from the University of St Gallen, Switzerland, and an MBA from City University London/Ashridge, and before moving into academia was publishing director at Random House UK. She is the author of numerous books and cases including *Innovators in Digital News*, *Strategic Management in the Media* (winner of the AEMJM Media Management Book Award), *Inside the BBC and CNN – Managing Media Organizations*, and *When Innovation Fails to Disrupt, the Case of BBC News Online*. Lucy Kueng is based in Zürich and Oxford. (Note: The alternative spelling of Kueng is Küng.)

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Executive Summary

Two decades after the emergence of the internet, the structure of a new media ecosystem is becoming clear, as are the substantial challenges this presents to legacy media organisations. The research for this report started with the premise that legacy organisations need to put as much emphasis on transforming their organisations as they do on transforming their content. Drawing on extensive research involving over 60 interviews in a wide range of media organisations, it analyses the components of this organisational transformation, and what best practice in core dimensions looks like.

The pressures in the external environment are the subject of Chapter 2. This explores how the tech platforms represent the biggest shift and the biggest challenge in the strategic environment: while they bring access to potentially huge audiences, they also compromise revenues, control over the context in which content is consumed, contact with audiences, and quality of data. Silicon Valley and the venture capital industry's approach to innovation are also strong external influences. Many legacy media are seeking to match the agility of these organisations, but can overlook the huge disparity in scope for risk, and in resources available to invest in innovation and scale.

Strategy is the focus of Chapter 3. The ongoing and fast-paced evolution in technology platforms, products, and services has meant that, for many, long-term strategy has been hijacked by short-term innovation projects. This is dangerous – innovation does not equal strategy, and speed does not automatically confer strategic advantage. The report finds that strategy needs to become more strategic. Four elements are necessary: an unwavering long-term goal (usually analogous to the journalistic mission), a clear business model, a rigorous process for 'shiny new things', and a 'central nervous system' combining technology and data. The ability to exit low-potential business areas is important: failure to do so reduces focus, spreads resources thinly, and limits scope for experimentation.

Chapter 4 explores the challenge of business model. The working assumption for many is that print ad revenues will eventually disappear and digital ad revenues will not compensate fully for this. Subscription models are gaining favour, whereby the reach supplied by platforms is seen as the first stage in the journey to acquire customers. Distributed models focused on advertising, often native advertising at scale, are favoured by a small group of digital pure plays. These require expertise in digital storytelling, high levels of ongoing exchange with the platforms, and scale significant enough to attract top-league advertisers.

'Shiny new things' have been a key factor in the disruption of long-term strategies and these are discussed in Chapter 5. Strong players acknowledge this problem and have processes to combat it: developments are screened against core strategic goals and business model. If they show potential, contained experiments follow, and, if possible, investments are underwritten by external partners.

Chapter 6 explores the gradual merging of journalism, tech, and data inside organisations, and finds that this is happening in four areas: product, data, social media, and digital storytelling. The area of product is becoming increasingly central and those responsible hold increasingly senior positions. Data is where the synthesis of journalism, technology, and commerce is most evident. Its introduction into newsrooms can be contentious. This can be avoided by putting journalists in charge of data projects, and finding collective wins. Social media teams' role is growing from simply ensuring content is optimised for specific platforms to originating content tailored for those destinations.

Digital storytelling formats are central to mobile consumption, and digital business models are the focus of Chapter 7. It finds three underlying shifts: an increasing dialogue between writer and reader, that this dialogue is becoming an 'exchange of equals', and an overriding focus on keeping readers engaged with content.

Chapter 8 looks at agility, a high priority for legacy organisations. Legacy factors make strategic shifts and pivots difficult, but agility can be increased. The building blocks include establishing a cultural expectation of ongoing change, using multidisciplinary teams, and designing tech systems and processes to maximise agility.

People processes are the subject of Chapter 9. HR is where legacy media leave the largest transformation potential on the table. In disrupted environments, the relationship between the calibre of the HR function and strategic performance is strong. The report finds it is critical to prioritise hiring and permanent learning: recruitment, because it is critical the organisation has the expertise it needs to realise its strategy, and learning, because ensuring all layers of the organisation are exposed to new ideas and best practice will shorten innovation cycles and build momentum for transition.

Chapter 10 deals with the issue of culture. There are two key cultural challenges: implanting the realisation that leadership in one tech era does not automatically confer leadership in the next, and merging the cultures of content and engineering. The first is best achieved through a combination of strong leadership messaging combined with exposure to the speed of change outside the 'organisation bubble' (thus the emphasis on permanent learning). A range of measures can address the second, including embedding tech experts in the newsroom and ensuring large tech projects have an implicit culture change component.

Leadership is the subject of Chapter 11. As the process of digital transformation has evolved, the leadership requirements have shifted. The era of the digital visionary has passed – what is needed now is tremendous prowess in implementation. The task of signalling, messaging, and explaining is relentless. Leaders also need to lead themselves – many stressed the need for 'higher order' competencies, including self-reflexivity, a tolerance for ambiguity, and a readiness to admit what they don't know. Delegating strategic responsibility and problem solving to others is an extension of this mindset.

The final chapter of the report sifts through the detail of the research to identify five internal transformation levers: ensuring strategy really is strategic, implanting 'agility building blocks' in advance, a clearly articulated process for 'shiny new things', high-calibre people processes – particularly recruitment and learning, and active culture management. In conclusion, it notes that transforming organisations is hard and often thankless, but the sustainability of a critical set of organisations depends on their ability to match the transformation of their product with a similar rebirth of their organisations.

1. Introduction – ‘The core challenge now is organisational’

Absolutely the lesson of the last ten years is that after doing one big huge revolution you shouldn't think that once you've done it, you can sit back and say 'phew', because we're still in danger of being left behind.

We are now at the end of the digital beginning. Two decades after the emergence of the internet the structure of a new media ecosystem is becoming clear, as are the challenges this poses for organisations with substantial activities in legacy products.

Legacy media should put as much emphasis on transforming the organisation as they do transforming their product: that is the premise underlying this research. There is little doubt that they have the motivation and commitment to master the content transformation. Excelling at journalistic content is their *raison d'être*, and if new forms of storytelling need to be taken on board to keep doing that, then they will learn them.

The organisational challenge is far subtler. Running their organisations excellently has never been a priority for the media in the way it has been in some other sectors. However, for the fruits of their content transformation to reach their audiences, and for viable businesses to be built around that, then an equivalent transformation needs to happen inside their organisations. This is an equivalent priority, but is not viewed as such. Organisations *are* being transformed, but in a piecemeal rather than systematic way. In contrast, their disruptive peers place enormous emphasis on how they run themselves as organisations. This research and this report address this issue.

Established media run the risk of undermining their content transformation because they are putting too little effort into transforming their organisations. As a result, they are being outperformed by new players, although their content, brands, and commitment to their readers are often far superior. This threatens sustainability and viability – and is unnecessary. They are leaving opportunities for growth and leadership on the table.

Goal of This Report

The goal of this work is simple: to identify and explore the components of best practice in organisational transformation. This means shifting from simply reviewing what changes are taking place, or identifying collective weaknesses, to digging deeper and exploring how changes are happening, and critically which organisational moves, tools, and concepts are particularly helpful. By working through aspects of the organisation sequentially, this report seeks to create a 'roadmap' for organisational change.

The structure is straightforward. The report starts by briefly outlining the key shifts in the strategic environment that are driving the need for transformation. It then moves on to the topic of strategy, which should function as the 'grand plan' driving organisational transformation. Two key aspects of this strategy are then reviewed: the means by which revenues are generated (business model), and how to deal with 'shiny new things', that is the ceaseless flow of technology innovations that can, if not handled well, disrupt long-term strategy. The report then considers aspects of the internal organisation. It first looks at the key areas where tech and commerce are merging with journalism, that is product, data, and social media, and from there explores changes in digital storytelling. A discussion of the growing, and perhaps surprising, centrality of people processes and HR follows, and the report closes by looking at transformation in the social architecture, namely in organisational culture and the role of the leader in driving transformation.

This is very far from an academic publication (there are no academic references and very few footnotes). The structure is modular – the various concepts are discussed sequentially, so readers can access quickly the elements of most relevance to them. Concepts are explained as simply as possible, and where possible in interviewees' own words (which have been lightly edited in some cases for syntax or grammar). Each chapter ends with a bullet point summary of its key points.

About the Research

Over 60 interviews were conducted for this research, and I am grateful – extremely grateful – to the many very busy individuals who made time to talk. Their names are listed at the end of this report, but because all interviewees were extremely open about their challenges, and some issues are sensitive, all quotes have been anonymised (although interviewees' companies are noted).

A brief overview of the research process: the first stage entailed desk research to refine the core themes. International interviews were held to confirm their relevance. This having been done, the core research took place, with theme-based exploratory discussions in companies including Axel Springer, Condé Nast, CNN, *Dagens Nyheter*, *El Pas*, *Financial Times*, *The Guardian*, Google, *Le Monde*, Mic, Schibsted, the *Daily Telegraph*, *The Economist*, the *New York Times*, *The Times*, the *Washington Post*, Vice, and Vox. Preliminary findings were presented at three international conferences, deepened, and refined, after which this report was written.

Why These Companies?

In this research I sought to understand how specific elements functioned inside media firms. It was therefore theme rather than case study focused (as is this report). The list of elements I investigated arose directly from the research I conducted for *Innovators in Digital News*.¹ This identified elements common to organisations performing strongly in digital news. With the current research I sought to dig deeper to understand how elements such as strategic focus, agility, innovation, the integration of tech, journalism and culture, a pro-digital culture, and leadership functioned in practice, and develop a sense of what 'best practice' looks like.

A sense of which companies are performing strongly against these dimensions evolved during research for *Innovators in Digital News*, from feedback after it was published, and in exploratory research for this project. The companies included here are heterogeneous. They differ in terms of nationality, business model, funding basis, and the tone of their products. I have therefore not sought to find a representative sample or ideal cases (difficult anyway because every organisation is context dependent and 'traditional' categories of media organisations are blurring fast), but rather examples of strong performance in specific aspects of the organisation. The list is also not definitive – there are other companies in Europe as well as in Asia and Africa I would have very much liked to have included, but research resources are finite and the process of gaining research access is time consuming.

What these companies have in common is that they are performing strongly on one or some of the dimensions under investigation. The focus is therefore on similarities that transcend organisational differences. I acknowledge that 'performing strongly' is a somewhat woolly criterion, but elements such as 'prowess at culture management' or the integration of technology are impossible to measure definitively. There was, however, a strong consensus on the part of practitioners during the exploratory stages of this work that the companies included here are ones that the industry wanted to understand better.

¹ Lucy Kueng, *Innovators in Digital News* (2015), IB Taurus.

From 'talk the talk' to 'walk the walk'

Before delving into findings, I would like to emphasise that the ideas and concepts in this report are not complicated but *are* difficult to implement. Most organisations are doing most of them already, but what is critical is how well they are done: the quality of thinking behind the measures, the calibre of execution, and the extent to which these elements combine to form a coherent system. Underlying this is a need for focus, skilled communication, and harnessing the power of the entire organisation in the transformation process.

This report is not intended as a recipe. Transformation is a process. One interviewee described to me how easy it is to 'talk the talk' but how difficult to 'walk the walk'. This report explores what 'walking the walk' means, and identifies measures that are common to a group of organisations which are engaging in strategic and organisational transformation in a considered, proactive, and systematic way.

2. The Strategic Environment – ‘Turn away from Silicon Valley’

The disruption is massive and it's accelerating. In five years, there's never been a point where you said, 'Everything's calm'. You always feel like, 'Blimey, there's too much going on'. That's the new normal. It's not going to get any easier.

The media grew up in a ‘steady state’ environment. Change was gradual and well signposted. Strategic assumptions could be based on extrapolations from past performance. This is no longer the case. Organisations need to be transformed because their environments are changing. This chapter looks at those changes, and in particular at two big shifts: the technology platforms and the structural weakness they have created for legacy media, and Silicon Valley and the investment-backed digital pure plays, because they are setting the standard for organisational transformation. These represent the starting point for the changes explored in this report, but will be well known to many readers. If that is the case, please do skip this short chapter.

‘Stuff will move on to platforms – it's just more efficient’

Social media is a bridge to the next generation of audiences, and social means platforms. As the platforms grow, legacy media weaken. The strategies of legacy organisations must now be inflected through the prism of platforms, and those strategies are increasingly bifurcated: while the revenue focus is increasingly on building subscription revenues, overall growth in audiences, and ultimately in revenues, is dependent on the platforms. In Axel Springer's view:

They have a scale, they have the direct customer relations, they have the data, they have all the insights, and they can connect the dots, and they are doing this a lot better than we will ever be able to ... I see a huge, huge, huge threat coming up through Google and Facebook ... it's frightening.

Legacy media's strategic sovereignty is reduced. The power of the platforms means lower ad revenues, less control over the context in which content is consumed, less contact with readers, and poorer data. The dilemma facing publishers is that to be in the game, you need to be on the platforms. Yet being on the platforms means less money, less control, and less scale.

‘There is no scale’

Some view platforms as a ‘gravity problem’: like gravity, they exist, nothing substantial can be done to fight them, and a means of coexistence must be found. Others are seeking to counter their impact through measures to increase scale.

Some are acquiring legacy publishers in their home markets. Others are taking stakes in digital pure plays (e.g. NBC Universal has invested in Snap, BuzzFeed, and Vox, and is a majority owner of Awesomeness TV). Inter-firm collaboration is increasing too, an explicit response to the dominance of Google and Facebook in digital advertising, thus Condé Nast has joined NBC Universal and to sell ads across their combined digital properties, and a News Media Alliance of US and Canadian newspaper publishers is seeking permission from the FCC to negotiate collectively with Google and Facebook.

Silicon Valley and the Investment-Backed Pure Plays

They can do it better, everything.

Managers of legacy media have been making pilgrimages to Silicon Valley since the start of the internet era, seeking to experience at first hand the ecosystem that is disrupting their business. Many concepts have been imported – it's hard to find a company that is not trying to fail fast, be agile, develop products in sprints, and apply 'design thinking'.

This raises interesting questions concerning the extent to which the VC (venture capital) philosophy applies to legacy contexts. Ownership always influences strategy, and in the case of VC investment, this effect is extreme. Attitude to risk is a central difference. A VC fund manages a portfolio of investments for its limited partners and will aim to exit each investment in five to seven years, via acquisition or IPO (initial public offering). The portfolio is viewed as a basket of bets: some investments will succeed but many (around 70%) will fail. Successes need to be substantial to cover the losses elsewhere, and some degree of failure is inevitable. Thus, failure for a VC-funded start-up is not the same as failure in older organisations.

The strategy and organising principles are therefore clear. Growth is the absolute priority – they need to scale fast, and if scale is not happening, they will pivot in search of it. By extension, strategy can change fast, and organisations are created to be agile to accommodate that. Customers hold the key to scale, so their needs are watched closely, and UX (user experience) is a priority. Technology investments are high, not just to improve product and UX, but also to create barriers to entry.

Thus, while legacy media focus on the adaptive qualities of these organisations, and on their ability to pivot and be agile, they perhaps miss the fact that these new-economy companies are following classic strategies to build long-term advantage: limit new entrants, maximise power over buyers, weaken supplier power, limit substitutes, and crowd out rivals. And ironically, while the pace of innovation has forced many legacy players to shift from a long-term to a tactical strategic footing, these new players are pursuing resolutely old-school long-term competitive strategies. They are looking far forward, piecing together a picture of the emerging media ecosystem, and seeking to build a strong position in it. Legacy media need to focus on this too, and that is the subject of the next chapter.

Underlying this is an even more significant difference. Legacy media are, in the main, judged on their ability to generate profit, on EBITDA (earnings before interest, taxes, depreciation, and amortisation). This is not the case for the digital pure plays, even publicly listed ones like Amazon, which are to some extent freed from the need to deliver a profitable bottom line. By extension, they not only have the luxury of focus but can plough revenues into their product. This also feeds huge disparities in attitude to risk, and in resources available to invest in innovation and scale.

Key Points from This Chapter

- The media grew up in a 'steady state' environment where change was gradual and signposted in advance. Extrapolations based on historical data could deliver viable predictions for the future. This is no longer the case.
- Platforms represent the biggest shift and the biggest challenge in the strategic environment. While they bring access to a much larger audience than was previously feasible, in many cases revenues, control over the context in which content is consumed, contact with audiences, and quality of data have all been compromised.

- Legacy media now lack scale, meaning that many are seeking collaboration or 'coopetition' (collaboration between competitors) arrangements to gain critical mass.
- Silicon Valley and the VC industry's approach to innovation and organisational change are influential. But legacy media are focusing narrowly on what can be learned in terms of their agility, and missing the fact that these competitors are following very long-term strategies that seek to build classic bases of strategic advantage.

3. Making Strategy Strategic – ‘As an industry we’ve been far too short-termist’

That’s the single biggest source of the problem: you need a long-term perspective ... You’re coming from a position where almost all of your traditional business is not relevant. You can’t build a future based on past strength and future weakness. You’ll just end up being beaten by everyone else, and that’s generally what’s happened to most of the industry.

Two decades of extreme turbulence have undermined the ability to follow strategic plans that extend over many years – which strategies, by definition, are expected to do. For many companies, long-term strategies have been hijacked repeatedly by shorter-term innovation projects. This creates a competitive weakness: innovation does not equal strategy, and speed does not automatically confer strategic advantage, as the *New York Times* has realised:

We’ve been through periods where we thought ... the more change the better, and the only thing we should be looking at is the speedometer of change. Well, it turns out the speedometer matters, but also coordination of the change really matters.

Disentangling Layers of Strategy

You need a fully joined up strategy ... Everything needs to change, but everything needs to change in a coordinated way against the goals that you set yourself ... Audiences, journalism, products, monetisation ... you need to hold them all together in your head.

Now that the digital media ecosystem is stabilising, strategy needs to become strategic again. Four elements are necessary in a strategy to master digital transition, and these need to be viewed systematically and approached coherently. All organisations are attacking each, but one factor separating the successful from the less so is the degree to which these elements are coordinated and communicated, as *Dagens Nyheter* has found:

You will not convince anyone to move if they don’t understand the strategy.

The first element in the strategy is a long-term goal, and answers the fundamental question ‘Why does this organisation exist?’ This goal will enshrine the core journalistic mission, and while strategies to achieve it may shift, the goal itself remains constant. Pressures in the strategic environment, in the shape of what seems like a permanent evolution of technology products, platforms, and processes, have diluted the focus of legacy media on long-term goals, while their new competitors maintain a strong emphasis. Facebook is clearly not a direct competitor, but its three strategic planning horizons – a three-year plan for current business and current metrics, a five-year plan for new services and how to grow them to a billion users and monetise them, and a ten-year plan for core technology investments – show how it seeks to reconcile long-term positioning with immediate-term responsiveness.

The second element is the business model. This layer of strategy answers the question ‘How will we sustainably finance our goal?’ or ‘How will we extract value from our product?’ Currently the toughest area of strategy, this is the subject of the next chapter.

The third dimension of strategy concerns the ‘shiny new things’ that have been disrupting classic strategy work. These need to be assessed within the context of the first and second elements and need rigorous review. This is discussed in Chapter 5.

Tech and data are the fourth element of strategy and together they make up the central nervous system supporting, informing, and feeding the other three elements. Neither long-term goals nor revenue ambitions can be achieved sustainably if they aren't embedded in an intelligent and powerful tech stack, data engine, social media distribution system, and digital storytelling tools. This is the subject of Chapter 6.

'Leaning into risk' – Strategic Decisions in Conditions of Uncertainty

Jeff Bezos distinguishes between Type 1 decisions (irreversible, and need to be taken slowly with great deliberation) and Type 2 decisions (two-way doors, if companies get them wrong they can be reversed). His classification has found traction in legacy media, for example at the *New York Times*:

The biggest problem is not realising which ones are which and then applying the wrong decision-making processes to them ... You can over-churn ... you get all sorts of committees around decisions that should be made fast and iterated on ... You'll learn either from the customer or from the market. They'll tell you, and you'll course correct ... Ultimately, they should just be made quickly.

The *Washington Post* also employs this thinking – a shift from the pre-Bezos era:

Before Jeff we were very cautious ... We would do the absolute safest play because we would maybe develop one big new product a year and it had to succeed. Now we'll do a ton of products and the majority of them won't succeed but we'll figure out many ways of how not to do things ... so it's leaning into risk.

'We have lost the ability to say no'

For legacy media, digital disruption has in the main involved addition: new products, new systems, new processes, new platforms. The partner activity – removing activities – has been less evident. Many view this as a mistake, such as the *Financial Times*:

I don't think we pay enough attention to that. Nobody does. It's the Achilles heel. Because they're the really tough decisions ... we tend to keep things going forever ... because we think there's something there.

Schibsted notes that lack of discipline on this can add to resource pressure:

If you don't take something out ... when you put something new in, then ... you need more and more resources ... We have not taken too much out ... We really have to ... do an honest evaluation of ... our prime strength and how you deliver on it. And if we put something new in maybe we should take something out.

For Axel Springer, the opportunity cost lies in reduced scope for innovation:

Nobody wants to admit that things haven't worked out. But you should do, because otherwise you have millions of little projects going on forever and limiting your ability to try new things out ... You need those people, money, to spend on other projects.

'How riveting is our content?' – Finding the Right Strategy Metrics

If strategic goals are to be met, then progress towards them needs to be measured. Metrics can bring substantial performance improvements, but if clumsily drafted can supply a false sense

of forward motion, or misdirect energy. Jeff Bezos famously distinguishes between lead and lag metrics. This is an exceedingly smart concept that is also exceedingly difficult to apply. Here is a *Washington Post* variant:

Lag measures are profitability, revenue, unique visitors, number of subscribers, all the things that we humans tend to climb towards ... One, they're easy to measure, and two ... most of us are results oriented. But, unfortunately, none of those things, whether it's profit or unique visitors or subscribers, is directly in our control ... So, what lead measures can you focus on, which if you do things right then the lag measures will follow? For example, how long does it take to answer a customer care call? How fast is your site? How often do your apps crash? What is the quality of your content?

Picking up on that last point, the *Washington Post* measures 'How riveting is our content?':

Our system crawls other news sites ... We pull in their content, strip out all the branding, just show the image, headline, and the first paragraph. We ask 500 users every month, 'Would you read this?' And then, on the back-end, we splice and dice it and can say, 'Okay, women seem to prefer business content from X rather than from Y' ... It's much more ... than just saying, 'Well, my UVs were up 10% or down' ... It's more directly controllable; that's a lead measure.

An associated benefit is the culture change that metrics can cause, as Axel Springer discovered:

We installed a huge tracking system that shows how well articles were converting ... and we tied remuneration to the results ... That was the biggest change we made ... and ... also one of the success drivers ... because everybody knows that if an article is well written, then it converts, and it's very cool to see how many people convert due to your article ... That was the first time journalists ever got in touch with the numbers, and it took some time but now they are 100% behind it ... A huge game changer.

Key Points from This Chapter

- In recent years, long-term strategy has been hijacked by a stream of short-term innovation projects. This is dangerous: innovation does not equal strategy, and speed does not automatically confer strategic advantage.
- Strategy needs to become strategic again. Four elements are necessary, and these need to be viewed systematically: an unwavering long-term goal, a clear business model/revenue strategy, a rigorous process for responding to 'shiny new things', and a coherent 'central nervous system' combining technology and data.
- When the environment is uncertain and the threat level high, strategic decision making gets hard. It is critical to distinguish between reversible and non-reversible decisions, and not to sink too much energy into the former.
- A neglected but critical aspect of strategy is exiting low-potential business areas. Failure to do so reduces focus, spreads resources thinly, and limits scope for experimentation.
- Metrics are essential to track strategic performance, but need skilful design. Bezos' distinction between lead and lag measures is influential.

4. The Challenge of Revenue – ‘That model has gone’

One, what is your business model? Two, what is your revenue base? If you need to downsize you’ve got to do it early ... Three, what’s the brand? What is the value proposition? Why would anybody want to spend time with you?

The issue of business model has been problematic since the emergence of the internet. This is an issue of universal concern – even those who see subscription revenues growing, or have plentiful capital from private investors, worry long term about the financial viability of quality journalism. The one difference between then and now being, perhaps, that now everyone sees the problem, as the *Daily Telegraph* explains:

Ten years ago, you had a lot of people in complete denial. That’s all gone. They realise we have to change – but they don’t like it.

No ‘best practice’ emerged from the research, but a consensus on key developments and strategies in response did, and this is discussed in this chapter.

‘Advertising – we’ll take it while we can get it’

We’ve had a transition from print to digital, from digital to mobile, from mobile to social media, and we’ve always lost chunks of the cake, big, big pieces of our advertising cake. And the markets are smaller, smaller, smaller each time. It’s really about scale ... Long term there will not be enough money in the markets to finance a big journalism team.

The working assumption now seems to be that print advertising revenues will continue to decline, and will probably disappear in the foreseeable future. Digital advertising is unlikely to compensate because classic media products can never compete against the targeting potential of social media platforms, as Condé Nast explains:

That ad model has gone. You can milk it for a few more years depending on the company, but this whole general interest brand game has come to an end. It’s over.

With this comes the realisation that reach does not equate with revenue in the way it once did. Many initially transferred the logic of ‘old’ media to digital, and used reach or unique users as an online ‘God metric’. As the *New York Times* explains, this led to false conclusions about the potential of platform distribution: while platforms bring eyeballs, they also lead to disintermediation:

You go through this period where it’s, ‘Oh, I can reach so many people’. If you think that reach and uniques are good measures of success, then the platforms were these incredible tools, but now they’re realising that, ‘What good is a unique user when the platform changes its algorithm and I lose 40% of them, and I have no real relationship and no monetisation from that?’

Subscription – ‘The business model has completely flipped’

The biggest thought slip-up by far was this idea that what you were doing was transitioning from print to digital, when what we were really doing was transitioning a business model from advertising to consumer supported, which is very, very different.

As disillusionment with advertising has grown, paywalls, derided in the era of ‘content wants to

be free', are popular. The reach supplied by platforms is now seen as the start of the journey to creating a paid customer. The platforms' utility is that they allow users to sample content and get to know the brand, so quality is more critical than ever, as the *New York Times* explains:

'We are a subscription service first.' ... That's a very clarifying thought ... We understand every single bit of journalism we do has gotta be worth paying for ... The psychology is HBO; it's all gotta be exceptional.

For the *Washington Post* the relationship with readers accessed via social networks is different – more transactional, promiscuous even:

They're readers, but they just don't have any particular loyalty to any one brand ... Presumably, their loyalties will develop over time, but now ... they're trying everything ... Maybe they have a certain fondness for certain brands ... Vox explainers on YouTube ... BuzzFeed's 'Worth It' ... But, that doesn't make them readers of BuzzFeed News ... It's not typical for them to say, 'I'm going to read the New York Times every day, or the Washington Post' ... They may read more than whatever our paywall calls for [and say,] 'I'd like to read more, so I will pay'. But, it doesn't mean that they go to your home page and then navigate from there as, like, 'This is my source of news for the day'.

Putting Platforms at the Core of the Revenue Model

Vice, BuzzFeed, Refinery 29, Vox, and other investment-backed digital pure plays favour a 'distributed' model. This builds on the recognition that the majority of media consumption does not happen on websites, but 'off platform' on social media. Content is created primarily for consumption on third-party platforms by large audiences, and companies' expertise in developing this type of content, informed by sophisticated data analysis, is then used to produce native advertising messages addressed at users of those platforms. Advertising revenues, ideally scaled native advertising revenues, are at the core of their business model. This rests on a new set of core capabilities, as Vox explains:

Every advertiser now understands that you can't buy attention on the internet just with sheer force of dollars in the way that you could on television. You have to earn it. Earning attention on the internet means having certain kinds of creative capabilities, it means understanding the formats, it means understanding distribution. Different storytelling formats will work on YouTube versus Facebook Video. Different storytelling formats will work on Instagram versus Twitter. What we can offer in a distributed world is we can say, 'We have creative services that are taking all of the things that are being tested and built out by our editorial brands as they publish across the internet at this huge scale across this company, and we can do that for you. We're able to take the insights from making non-commercial pure editorial media and help make things for you'.

Ongoing exchange with the platforms is central:

We have an entire department dedicated to constant conversations with Facebook and Google and Twitter and all these different platforms in which they're telling us about things they're working on, and we're talking to them about what we're building. They see us as a good partner for understanding how to build things in the right way. ... We're not going to do whatever, whenever for these folks. We are always trying to pursue things that make sense for our brands and our editorial capabilities. This is the way that the world works now.

Scale, significant enough to win multimillion-dollar advertising deals, is essential:

There's only so many brands that can pull it off... can really demonstrate that they understand this world to be able to compete for those dollars with ad agencies. I don't think it's a model that 20 national or international players can pull off... Brands like us and Vice and BuzzFeed can pull it off because we're all publishing up at a huge scale across a lot of different vectors.

Events – 'A way to be in touch with hard-core fans'

There is a growing consensus that paid content models may well become the default business model for quality journalism. However, growing subscriber numbers is a challenge (especially if everyone is following the same strategy, and international competition is growing), and unlikely alone to compensate for the drop in ad income. Legacy companies are therefore exploring additional revenue streams, particularly events. This is an emerging field, and motivations are mixed. For some, the goal is to generate income from ticket sales and sponsorship. For others, the goal is to build the brand and build a relationship with users, as with Vox:

Events ... are not primarily about driving our business. We want them to be profitable or break even, but we don't think of them as the scaling way that will drive our overall business ... 'Vox Conversations' ... is a big DC event we do twice a year ... policy makers and academics and think tank people all coming together ... It gives us an opportunity to convene a really powerful group of people around our brand in a way that is good for building our community, for building our relationships to people who we want to be in conversation with, for us understanding our audience. The other types of events we do are lower touch. We started to do live podcasting events ... We had 800 people show up at a theatre to just watch our podcast get recorded.

Key Points in This Chapter

- Business model remains a central challenge. Many assume now that print ad revenues will disappear and digital advertising revenues will not compensate fully, due to the superior targeting potential offered by the social networks. By implication, reach does not equate with revenue as it once did.
- Subscription models are gaining favour. In this context, the reach supplied by platforms is the first stage in the journey to acquire customers and the calibre of content is central.
- Distributed models focused on advertising revenues, often native advertising at scale, are favoured primarily by the pure plays. They require expertise in which storytelling format works on what platform, ongoing exchange with the platforms, and scale significant enough to attract top-league advertisers.
- Recognising that subscriptions are unlikely to fully sustain businesses, publishers are also engaging with a range of other products including events.

5. Shiny New Things – ‘Lots of stuff isn’t strategy’

Strategies are being thrown off course by what feels like a ceaseless stream of new technologies and products. These can be stepping stones to the future, or expensive distractions from the core mission, and are highly disruptive, as Mic explains:

It makes the entire operation nervous and shaky because it's always reprioritising ... Facebook creates a new ad product ... Everyone starts spinning ... 'Should we change our workflow?', 'Should we create some new format?' ... You can just imagine all the frenetic energy around figuring that out, and then, six months later, there is something else. It makes the entire operation unstable.

This issue is pressing and unsurprisingly organisations are developing clear strategies on how to handle it. This represents an evolution from the ‘more shots, more goals’ attitude in earlier internet eras. Innovation is still a priority, but the evaluation process needs rigour. As the *Washington Post* notes:

Some organisations have the mentality ‘always be shipping’ ... We always want to be shipping fixes, enhancements, features, and all that, but not random products just because some other company did it, because then you end up with a sea of stuff that maybe isn’t working for you.

Attitudes have changed at the *New York Times* too:

I shouldn't be trying to stop people from experimenting ... It wasn't like that when I had to begin by begging everyone to try something. But now, I'm trying to be the person who says, 'No, we can't afford that.'

What Blocks Rigour?

The need for a clearly articulated process that tracks results and has a robust feedback loop would seem to be self-evident. The question, then, is why is this sometimes missing? Some felt publishers had been scarred in the past by experimenting too little, too late. Here is Vox's view:

Legacy media go one of two ways. Either they don't want to try anything new because they've been burned by new things too many times – they'll just do what they know how to do. Some go the other way and try everything new ... They maybe need to be a bit more critical on what success means ... what is the value to the audience in this?

A ‘herd mentality’ around digital hype can also contribute, as the *Financial Times* notes:

When you see organisations ... racing into every new thing, it says to me one of two things: either they're desperately hoping the new thing is the saviour, or they haven't managed to acquire the discipline to say, 'You know what? We're just not interested.'

First Question, ‘Is the game worth the candle?’

This is *The Economist's* central question:

The candle is only subscriptions ... If this can put us in front of more people who we can potentially then get to pay us for a subscription, we're interested.

It led to the following conclusion on engagement with Snapchat:

Snapchat is a long game to change perception of our brand ... Snapchat is one of the places where people want to advertise. We can get access to new advertisers, and for our advertisers it's an exciting new place to be.

The *Financial Times* has a longer set of questions, and these resulted in a different Snapchat decision:

Number one, is it immediately apparent that this is a place we need to be? Number two ... how does this help subscriptions? Number three, is this platform ... going to be so important that we're going to have to be there? An iPad? Yes. We'd better do something. Snapchat? Snapchat is, of course, serious but it's not immediately obvious where we go with it ... At some point we'll want to have a dabble, but in the order of priorities and resources that you need to do it properly it doesn't rack up the numbers. Can we get useful data out of this? If we're not going to get the data on usage we're probably not interested. Is it going to generate advertising revenue? And if it's not going to do that is it brand marketing? Are we happy with this degree of brand marketing? How much money are we prepared to put behind it?

Axel Springer's board pushes such decisions down to a personal level:

If you go to a board meeting they always ask, 'Okay, would you invest your bonus in this?'

'You all go ahead. If it's working, we'll jump in'

The *Economist* has a policy of contained experimentation:

Every summer we do a big project where we go, 'Okay, we're going to identify a new technology that we think we ought to know about and try and work out how it works and what our business model for it might be' ... Last summer it was deep learning, and we built a machine learning system and we put lots of articles into it. We concluded that there was nothing useful we could do with that. So, it didn't cost us very much ... In a lot of these cases you say, 'You know what, you all go ahead. If it's working, we'll jump in and we'll see what you've learned and what you've got right and what you've got wrong'. There are only a few areas where you feel, 'Okay, we're going to need to be here' ... It's quite a disciplined approach to say 'nice to have' rather than 'have to have'.

The 'shiny new things' problem is at heart one of resource allocation. Despite its substantial engineering capacity, the *Washington Post* sees a need for structured prioritisation:

It's a hard thing to do ... People like roadmaps, a list of projects ... The better model ... is you take about 70% of your workforce ... and you say, 'Using these resources ... here are the big rocks I can deliver on this year' ... and there is a plan for the rest ... but it's below the line, so if something new comes up, say Alexa with a screen, I don't move those immovable things that I have committed to, but I'm going to move these people around and say, 'You know that thing we were working on that's below the line? ... Stop that, move to this' ... There has to be some sort of clearing house ... but if you make it a formal one it becomes too confusing because there are too many parties. So we try to keep it at a VP level, where with the CFO we say, 'With your projects, these are above the line, would you agree?'

The *Washington Post* also looks for explicit learning outcomes:

When we experiment we really want to test some theory ... You don't want to experiment for the sake of experimentation, as that's a little bit silly ... For a company that should be turning a profit, like ours, we need to have at least a possibility that we will be successful. So that could mean ... learn something about the technology that either tells us we need to invest more heavily or not; about how to potentially reach an audience that we engage very deeply ... how to introduce or reintroduce our brand to that audience... and then there is the possibility that in experimenting we discover that we can tell stories differently.

Get Others to Pay

Finding third parties to underwrite the experiment is also an element in some companies' processes. For the *New York Times*, VR (virtual reality) has been cash positive because of sponsorship. *The Economist* also views this as the most intelligent way to engage in speculative experimentation:

Ideally, the cost is not negative ... We will not make VR unless a sponsor is paying us to make it ... We're not just gonna speculatively make VR because it's just gonna cost us a fortune, and it just doesn't make sense.

Key Points in This Chapter

- 'Shiny new things' are disrupting strategies, diverting attention, and adding to resource overstretch.
- This issue is pressing and many companies have developed processes to address it. Innovation is still a priority, but they also recognise that rigour is required in how innovation projects are assessed.
- Scars from innovating too little, too late in the past, industry hype, and pressure from advertisers can all prevent rigour in how shiny new things are handled.
- At the heart of assessment processes is a hard-nosed evaluation of how this new entity will contribute to core goals. Afterwards, best practice can involve starting small, finding commercial partners to underwrite investments, a system for allocating resources between long-term projects and those that pop up, and explicit learning goals.

6. Product, Data, and Social Media – ‘We have to become a tech business too’

The power is shifting to the engineers.

A central finding from my book *Innovators in Digital News*, published in 2015, was the gradual merging of the fields of journalism, technology, and commerce. This work explored how this is happening, and it emerged that there are four ‘incursion points’ where technology is entering the newsroom. Three of these, product, data, and social media, are discussed in this chapter. The fourth, digital storytelling, is the subject of the next.

Enter the ‘Product Centaur’

Jeff bought the Post and the first words out of his mouth were, ‘Product. Who develops products?’

Product is a new priority inside legacy media organisations (chief product officers are common now), and as Schibsted notes, an area where legacy players need to catch up with new players.² Yet the concept remains confused. This is partly because the field of product is evolving fast and shifting inside organisations, moving from tech to marketing, and now increasingly linked to editorial. This means that product can legitimately be different things in different organisations; but, in essence, product concerns the means by which content reaches audiences. It can encompass the website, apps, digital storytelling formats, the content management system, and many more elements; common to all of them is a bridge between the media organisation and its users. Product is complex because it requires an understanding of how to tell digital stories, how technology supports that, and how to ensure that products do what they are meant to. Here is the *Washington Post* definition:

When you really boil it all down my job is to make sure that our journalism gets to our readers, everywhere as fast as possible, doesn’t break, is on brand, and has a clear strategy behind it.

Product’s importance can cause resentment, as *The Times* notes:

There’s a lot of tension between editorial and product over who controls the product ... Product managers say the product itself is key because that’s how it gets to readers, and editorial are like, ‘Well, no, the product is a wrapper for the journalism, which is what people are paying for’.

The Guardian notes:

‘Product’ gets misconstrued as people who want to control ... The fact is, the company needs those skills ... so get comfortable with that. Their job is to spend their full time thinking, working with various bits of the business, but an editorial stakeholder’s job isn’t to be thinking about what are the capabilities of the technology. Clearly everyone should be thinking about the audience, but the product one is almost unique in that it needs to have in some areas a thick, but sometimes quite a thin, understanding of all the different parts of the business, and it is the focal point to bring that stuff together.

With the rise of product comes an attendant recognition of the significance of designing for UX (user experience). Here, the media must catch up with standards set by the tech giants, as the *Washington Post* explains:

² Espen Sundve, ‘The Need for Product Management in Media’, Medium, 12 January 2015. <https://medium.com/@sundve/the-need-for-product-management-in-media-fe02cddf5ec3#.omu9gwwri>. Accessed 21 April 2015.

Google's never down; it's extremely fast. Apple has produced beautiful products that you just expect to work ... Our consumers are used to dealing with these products in their daily lives, and to then have to deal with a clunky website or a crashing app ... to wait for some human to tell me what happened to my subscription; I don't think it's acceptable any more because the users have gotten spoiled by the technology companies delivering fantastic products ... Users don't think, 'Okay ... since they're a non-tech company ... they can screw me a little bit', they just click off and go somewhere else.

'Data is the glue that holds everything together'

Data is where the synthesis of journalism, technology, and commerce is most evident. For the *Washington Post*, a basic data feedback loop kicks off many others:

The more data you have, the better your product; the better your product, the more data you can collect; the more data you can collect, the more talent you attract; the more talent you attract, the better the product.

Axel Springer involves journalists in data interpretation and the resultant content decisions:

The key mechanism to get new subscribers is our articles. That's very positive news because ... that's not marketing ... it's putting the right articles at the right time in front of the right people. That is doing the converting ... The main responsibility is with the journalists and they do this every day. There is a running conversation, 'Look here, this converted 20 new customers. Why?' Or, 'We thought it would, but it didn't.' ... Instead of a little team thinking about this, we have 200 working on it, every day.

Avoiding Fallout from the Introduction of Data

To mitigate concerns, the *Financial Times* stresses that data informed does not mean data driven:

We regard data ... much like a sailor regards a star ... it's something you steer by ... a strong directional indicator, but you don't edit by numbers.

Yet data can yield uncomfortable findings. *The Guardian's* technique is to treat these as a collective rather than individual failure:

What you can say is, 'Okay, if you believe in these stories, then we have failed to connect them with readers, because these page view numbers ... don't just tell you what readers weren't interested in, they tell us what we, as an organisation, were not interested in promoting. If you, as the editor, think this story is great, did you tell the front page about it? Did you tell the front page why it's great? Because if it didn't go on the front page, then you can do something about that.'

'Total lack of promotion means no traffic' – Social Media in the Newsroom

Social media is increasingly viewed as (1) the first stage in the customer acquisition funnel and (2) a means of creating a culture that puts audience impact and digital optimisation first. Social media teams' role has grown, from simply optimising content for specific platforms to originating content tailored for those destinations.

At Vox, the social media team is involved from the start for significant stories:

The idea of our team is to elevate and push forward our storytelling in different ways ... For social, the platforms could be Twitter, Instagram, Facebook. A long-form narrative story that's maybe 5,000 words isn't going to work on these platforms, so what is the Instagram expression that's native to that platform? What is the Twitter expression if we're going to try to tell parts of this story on Twitter, beyond just promoting it? What is the Facebook Video expression? What is the 5,000-long narrative with images and moving graphics on-platform version? Then what is the AMP version, the Instant Article version, and the Apple News version of this story? AMP is not going to support that interactivity; it just can't do it. Okay, if that's the case, do we make two versions? Or do we re-imagine the version that we're making on platform?

Key Points in This Chapter

- Journalism, tech, and data are merging, one of the big transformations in the industry and inside organisations. Product, data, social media, and digital storytelling are the incursion points.
- Product plays a central role in ensuring digital content works on social platforms and can be monetised. Those responsible for this hold increasingly senior positions. However, despite the field's importance, it remains poorly understood.
- With the rise of product comes a growing recognition of the significance of UX. The media must catch up with standards set by the tech giants.
- Data is where the synthesis of journalism, technology, and commerce is most evident. Its introduction into newsrooms can be contentious, but this can be avoided by putting journalists in charge of data projects and finding collective wins.
- Social media teams are increasingly viewed as (1) the first stage in the customer acquisition funnel and (2) a means of creating a culture that puts audience impact and digital optimisation first. Their role has grown from simply ensuring content is optimised for specific platforms to originating content tailored for those destinations.

7. Digital Journalism Evolves – ‘First of all, don’t be boring’

Digital storytelling is developing fast (and yielded the most and the richest interview data). At the start of the transformation is a single mental shift – abandoning the newspaper story as a default template, as the *New York Times* explains:

We’ve been through a psychological barrier ... On desktop and on tablet you can stay in a facsimile comfort zone where the fundamental experience is surprisingly like reading the paper. But desktop is falling like a stone. It’s smartphones. Everything must work on the smartphone.

Three dimensions of storytelling are different in digital. The first is the relationship between writer and reader, which moves towards a dialogue, as the *Washington Post* notes:

It’s serious ... but it’s much more conversational in tone ... [As if] you said, ‘Tell me what’s going on,’ and I tell you what’s going on as part of a conversation, as opposed to ... ‘Here is a story on what’s happening’.

Second, this is a dialogue between equals, as the *New York Times* describes:

We never used to say, ‘What we know, and what we don’t’... It was, like, ‘We just tell you everything we know’ ... Now you have to provide more transparency ... But there was a lot of resistance about saying what we didn’t know ... That is definitely a different way of interacting with our audience.

Third is the primacy of engagement, as Jeff Bezos stressed to the *Washington Post*:

When Jeff arrived, he said, ‘First of all, don’t be boring’ ... Your first reaction is defensive: ‘We are not boring.’ But there are things that we do that are boring. I think we all have to acknowledge that.

Digital storytelling is also driven by commercial goals: increased engagement means increased loyalty, which ultimately leads to increased revenue, as the *Financial Times* notes:

I’d love to be able to do more of this stuff. It’s great journalism and ... people will stay and play with those stories ... We don’t want traffic; we want engagement ... We want people to stay on our site and ... if you do things like that they’ll stay.

Best Practice in Digital Story Development

Digital storytelling formats are evolving, which is a source of frustration, even at pure plays like Vox:

Reporters want a formula ... Unfortunately, that’s not possible. There’s no formula. Every time I say that, people get scared because it’s, like, ‘Oh shit, then how do we scale?’

The *New York Times* has created a role to identify and promote best practice in this field:

Standardising is hugely important ... We have new story forms that are being created, but we don’t have the guidance that goes with them ... If you are not overseeing how it’s being implemented, then you get it implemented in different kinds of ways, and it’s creating a very confusing experience for our audience.

Standardisation can, however, only go so far. Complex socially integrated stories need a large team comprising a range of experts (or 'take a village'), as Vox explains:

First we'll have a brainstorming session ... creating a shared understanding of what the story is. Then we'll have a kick-off where we all get together: project manager, design director, developer, reporter, and editor. Six minimum ... either post-reporting or pre-reporting ... We ask three questions: 'Who's our audience?', 'What are their needs?', and 'What are we going to make?' ... We identify who's responsible and accountable for certain things ... And then we create a timeline with deadlines ... Anywhere from two to three to eight weeks ... Then we'll go into the building phase. And then we'll have design reviews and we'll present the project to the team ... We'll also do user testing ... We'll test the product with people that don't have any idea of what the story is. And they'll give us feedback on editorial and UX feedback. And then we'll consolidate that feedback and present it to the team.

Data journalism was a priority for many. This can involve a huge upgrade of existing graphics capabilities, as at the *Financial Times*:

We looked at the tools used for print production and completely replaced them ... All the technology that drives the interactive graphics is now being used to produce all of the static online graphics and the print graphics, too ... That's allowed us to bring the entire workflow for graphics into a single consistent workflow. Everybody's using the same tools regardless of whether they're going to print or to online or to interactive; they all have the same DNA.

The staffing implications of this single shift were significant:

We now rotate all of the graphics team into what we call fast or deep roles. When you're on fast you're effectively covering the news cycle that day. When you're on deep ... you're doing longer-term project work, series work ... Everybody has to do a bit of something. Even the people who do the deepest analytical statistical kind of graphical analysis, they still need to know how to release their graphic for print, for example ... On the fast cycle, the news cycle, you learn ... to deliver high-quality work at pace ... The deep cycle allows you to take much deeper ownership of a story and explore ... This whole concept of fast and deep ... is to say no one is going to be permanently on a wheel where they're running so fast that they can't get off and learn new skills or do something else.

Key Points in This Chapter

- Digital storytelling formats are central to mobile consumption and digital business models.
- Enormous innovation is taking place in this field. Three underlying shifts can be observed. The first is that the relationship between writer and reader is changing and becoming a dialogue. The second is that this dialogue is an 'exchange of equals'. The third is the priority placed on engaging readers.
- Templates have yet to emerge for digital storytelling.

8. Agility – ‘Have everyone constantly ready to embrace new stuff’

When we saw the speed Google and Facebook have ... you have to revisit decisions permanently ... We cannot become fat and lazy. We have to run even faster to uphold our position. We have to continuously develop. We have to improve.

Agility and the pivot are canonical concepts in the start-up world, central to growth, and an insurance policy against environmental shifts. A full-blown pivot may be a stretch for organisations burdened with legacy phenomena (such as assets, processes, products, and cultural beliefs) but strategic shifts are feasible. Indeed, agility was a goal for all interviewees, so how is it achieved?

Setting Expectations Upfront – ‘Things are going to continue to change’

Normalising change is the cultural bedrock of agility for digital pure plays like Vox:

Is there an expectation of pivoting? Yes, there is. It feels like every three months it's, ‘Okay, what can we do different? What's not working?’ That's a little exhausting, I'll admit.

Also for legacy firms like the *New York Times*:

An explicit goal of agility is really important – an understanding that things are going to continue to change, that we need to constantly question how we're doing things, who we're reaching, how we're reaching them, and what is the best experience we can create for our audience.

Mic enshrines its journalistic goals inside a message of ‘expect permanent change’:

Things are going to continue to change so get good at two things: focus on the story, focus on the user. No matter what happens, if you're focused on the story and you're focused on the user you're doing the right thing. It's not about us; it's about our journalism.

Multidisciplinary Teams – ‘Everyone has to sit together’

Things happen so easily. Otherwise, ideas are happening in separate boxes and we're trying to string them together.

Agility building block number two is the team. Teams have long been the default structural module in tech firms (although they also have old-fashioned departmental silos too), because of the agility-related benefits they bring: they are highly ‘targetable’ and can be focused on a specific goal (which increases the chances that it will be met); they make small experimental starts easier; they are flexible – and can grow and shrink, add, and drop expertise as required. The multidisciplinary team is a newer concept to the media, but its benefits are becoming evident, as the *Financial Times* explains:

The diversity of minds and people and backgrounds and functions, having this dynamic team of interactive people ... the visual people, the video people, the interactive people, the core journalists ... I wouldn't swap the newsroom we have now for the newsroom when I started here.

Vox further boosts agility by changing team tasks:

What we are most worried about is flexibility ... Our people are very good at thriving on change ... One week we will say, 'For three months you are going to look at Facebook', and the next week we will say, 'Actually, we need you to look at Snapchat'.

And for teams to meet their potential, they need autonomy, as *The Guardian* has found:

Teamwork works only if you let people ... think and develop and give them a lot of freedom ... Try to just collect what they are doing and ... bring it in the right direction ... No matter how smart your change programme, you need to leave enough white space for your local team to do the painting in.

'A permanent need for reorgs'

Regularly changing staff around seems to speed things up.

Silicon Valley takes structure seriously. The expectation is that, with growth, structures will mutate. Legacy players are also finding that once agility is prioritised, reorgs often follow, as at the *Financial Times*:

It's difficult to do things without breaking up structures ... You can win hearts and minds ... and if you can do it that way, super, but at some point that stops being the case or it bumps up against ... how people like to work, and then you actually have to break structures or to insert new structures.

The design of the physical working space is critical, as *El País* points out:

We created a wide space with big tables, each with ten to fifteen people sitting together. We gave them laptops so they wouldn't get attached to their spot. I had to explain ... 'It doesn't make sense to have cubicles ... We have to share information, so we have to share the workspaces' ... I cannot emphasise enough how important it is for me not to sit in my office. I used to work in my office and I wouldn't actually know what was going on.

'The tech itself brings agility'

Building block three concerns technology: tech systems can provide structural prompts to encourage agility. One element is building a system that allows the same content to be distributed on multiple digital platforms fast. *The Economist's* website redesign had this as a goal:

We rebuilt our website last year so that we've got a services layer in the middle, and we can connect to new services like Instant Articles or ... add a service like Apple News in a month.

Into this category come agile methodologies, which have spread from software development and are used by many media companies. The *Washington Post* has introduced a simplified Minimum Viable Product concept (and turned it into a verb, 'to MVP'):

The definition is ... the minimum amount of effort to try out a hunch or an idea ... Sometimes we'll sketch stuff on a piece of paper and show it to somebody, like an app and if you tap here it'll turn the page. That's super MVP – before you even design something, just walk it up to someone in the newsroom ... and we just saved hours and hours ... We MVP all the time.

Agility is also a key benefit from cloud computing, as the *Washington Post* explains:

It drives agility, which is priceless ... In most organisations ... the developer writes the code on their machines ... and then typically has to rely on an infrastructure team to take that application or software and put it into the production environment. [With cloud] I can build things in half an hour, put it in front of users with 1% of the traffic, see what goes on, and change it, change it ... and maybe give up ... It's cutting out of this massive slowness in the handoff. Why? Because now the developer has direct ability to rent this box in the cloud and use it.

Key Points in This Chapter

- Agility is a high priority for legacy and new media organisations. Here they are echoing a priority from the tech industry, which seeks to build organisations from the outset that are agile and able to pivot fast.
- Pivots are a challenge for organisations laden with legacy phenomena, but agility is feasible. The building blocks are establishing a cultural expectation of ongoing change, using multidisciplinary teams, frequent reorgs, and designing tech systems and processes to maximise agility.

9. People and People Processes – ‘The real change is in the weeds’

Often HR is seen as very transactional or sorting out the shit, but paying attention to the people side of this is your biggest key to unlocking value in your organisation.

Ambitious institutions – in Silicon Valley, in investment banking, in consulting – place huge emphasis on ‘people processes’. Companies researched for this report stressed a new priority placed on the calibre of their HR. For digital transformation three issues were central: hiring, firing (or ‘changing out talent’), and continuous learning.

‘You need a concerted effort to attract the best talent’

It was painful, the acknowledgment that we didn’t have the right skillsets in place and that we really needed to restructure and bring in key talents on the reportorial front, on the analytics front, and then across the board build entirely new teams ... Legacy newsrooms were made up of generalists – you have to be frank about what you don’t have.

Much energy is expended on finding new people, and new types of people. As one interviewee put it, ‘We are less worried about education than we are about agility’. Embedded in this is a decoupling of expertise and ability, as the *Financial Times* explains:

We’ve moved on from the world where the people who are 25 have nothing to offer – they just need to listen and learn ... There are moments where you recognise that there are people coming in who are just better at this than you. They’re faster on to new technologies, they’re faster into new platforms, they think about things differently.

As journalism and engineering grow closer, the media compete with the tech sector for talent, even the *Washington Post*:

Most people worry about the business model of journalism, but my biggest worry is talent. If I can continue to attract and retain people who could go to Google or Facebook or Uber ... we’ll be fine. The day I can’t do that we start the long slide again.

Retaining engineering talent is also problematic, as the *Daily Telegraph* explains:

We’ve had some amazing people ... But to get them to stay, when people are dangling massive engineering projects in front of them ... they want to do stuff, and if they don’t feel like they’re doing massive, big projects that are really challenging them, then they’ll find them elsewhere.

The *Washington Post* has found that a strong social media presence helps:

It is much easier to recruit new journalists if they know [that] in addition to getting to write for ... a great news organisation ... we will help you build up your social following and it is your social following ... you can take it with you.

The knock-on challenge, then, is lack of career path, as the *Financial Times* observes:

We have more and more roles that are not pure journalism ... The engagement team are SEO

specialists, data specialists. They're not journalists really and their career path is less clear, but we need these people and we value them, so we have to create career paths.

Learning – 'The only way that change actually happens is one-on-one'

Many news organisations start out seeing training as a solution to digital changes. It's like, 'Well, we just need to put the tools in people's hands, and help them understand what Facebook is or what Twitter is'. It's actually much deeper than that ... First off, it's not about understanding the tool, it's about having the mindset, getting people to ask the right questions instead of just telling them how to push a button.

Organisational learning is a priority, widely seen as central to building a common understanding of external threats and accelerating strategic buy-in and implementation. Two aspects of learning initiatives stand out. First, many have a strong 'DIY' flavour. Second, they seek to make learning continuous.

Many digital roles have a built-in training component (Schibsted has 'Accumulate deep domain expertise and share it freely' as one of its leadership principles). Taking this a step further is embedding these digital experts in traditional areas. For example, the *Washington Post* found:

Training was helpful, but when the people who were doing that training embedded, they were looking at all the stories that were being shared, and they would work with individuals who might have picked the wrong image ... or really after the training were unsure of how to even get access to an image in our system.

The *New York Times* has an embedded training team of 13, because:

That's how adults learn. They don't learn by being taken out of their daily work environment, brought into a classroom, talked at, and then told to go back. They learn as they're working, so we have people there as they are filing stories, as they're writing headlines.

Bild (part of Axel Springer) has created a sophisticated internal 'skill-swap' training programme:

Our editorial team set up its own school ... 'The core business of journalism translated into a digital world' ... The digital guys know how to do everything with Facebook and Twitter ... cut video and stuff, but they don't know how to write ... Our old journalists have a huge reputation ... [but they] don't know how to cut video. So they set up three-day courses ... where they tell you how to do a story ... And we got our best video journalist to give a three-day course for video cutting ... The number of people that want to attend is tremendous ... It's not at all expensive, plus you don't need any external speakers because you use your own. It totally scales.

Axel Springer, an early mover with a paywall, established its own industry conference:

Seven or eight companies were really active in paid content, so ... we invited them all here: the New York Times, Wall Street Journal, Schibsted, some other players ... and ... we founded the Paid Content Summit ... behind closed doors, no media ... just openly exchanging experience about paid content, what works, what doesn't ... the biggest constraints ... the biggest chances ... no competition among them because all of them are in different markets ... Obviously, you talk about paid content but you also talk about other things ... a huge range of interesting companies that are openly exchanging experiences.

Porous Boundaries

Reaching out informally to peers is also extremely common. Indeed, the stronger the player, the more contact key individuals seemed to be having with peers in their competitive set. Thus while ‘trips to the Valley’ are still happening, levels of ongoing interaction between pure plays, platforms, and legacy are high, as for example at Schibsted:

We get in contact with good people around the globe. It's about speed, it's about saving time by not making a mistake someone else has made ... The digital business ... is about ... testing. You have a hypothesis and ... you try it ... By getting in contact with people that have already done it you get a better hypothesis to test out, and you can skip a lot of mistakes ... We are good at reaching out to other organisations. And because we are far ahead now ... we get to talk to interesting people ... and ... we're helping a lot of other people out and trying to share a lot. This mechanism ... to be very, very transparent was developed very early on ... We find that the more you tell, the better the chances to meet others that can help us out a little faster.

At the other end of the spectrum is Schibsted's sophisticated leadership programme that seeks to build a common culture and vision across its internationally-diffused organisation. This combines lectures, cases, company visits, and self-study:

We put together this huge leadership training programme for the top 250 managers ... in collaboration with a professor based in San Francisco ... We're really starting to see the impact. It's two four-day sessions and in between [participants] have a personal development app to work on their own challenges ... It's a big investment but the right thing to do. We are creating a mini version to take it further out in the organisation because it's being asked for ... We had long discussions in top management whether it was actually worth it taking 250 people to San Francisco ... but we concluded that it's such a strong symbol.

'Changing Out' Talent³

A lot of newspapers are assuming they'll travel print people into being digital ones, but ... actually, it's a different group.

As the digital transition accelerates, experienced journalists are feeling the pressure:

The generation coming in now are adept at interactive charts, video ... It's the middle-aged guys like me who came in as newspaper reporters who now have to be something else ... There's the market pressure of, 'If I want to have viability in the market, I better figure out how to be agile'. Five years ago I'd bitch and moan about it but now I know, 'Oh crap, if I'm not able to do this quickly ... I no longer am marketable as a journalist'.

The issue of ‘swapping out’ legacy for digital skills cropped up relatively frequently:

I don't think you can really change the organisation until the leadership and most of the talent are different ... You can train your way through that little bit, but ... it's mostly on the margin ... You're in a new medium with a new business model ... It's just a fundamentally different job. It's very, very difficult to wholesale retrain an organisation to do totally new jobs.

³ Firm attributions have been omitted in this section.

This is an uncomfortable reality, but transparency helps:

The best thing that you can do for the employees and for the organisation is to be completely clear about what you want to do, and to offer fair opportunity for everybody to be part of this journey ... but very clear to those who either don't want to be part of this journey or who are not able to be part of this journey ... that they have to leave the company. This is very important ... for those who want to go forward as well.

Key Points in This Chapter

- The media are starting to learn from the Silicon Valley playbook and increase the sophistication of their people processes.
- Hiring was neglected in the past, but now recognised as central to achieving strategies. However, new skills are being sought, and in the case of engineering skills, the media are finding competition with leading tech firms a challenge.
- Learning initiatives are widespread and varied. Digital roles often have an inbuilt training dimension, and companies are organising, sometimes quite complex, internal training courses using staff as teachers. Informal exchange between companies is also helping build expertise.

10. Changing Culture – ‘We just have to get over it’

You can't rest on your newspaper laurels, because, quite simply, that's not where our audiences are any more.

How culture is viewed is one of the most profound differences between digital native and legacy organisations: while legacy media tend to view it as a gravitational force, anchoring organisations to their pasts, digital pure plays see it as the foundation of competitive advantage. Clean-sheet players have an easier task in this respect, as they can design their cultures systematically from the start, and the start is hiring. Google, for example, screens for an explicit cultural orientation:

We filter on Googleliness, which is hard to define ... One of the [things] that is looked at very critically is, 'Will this person fit in our culture?'

So how are pure plays ‘curating’ their cultures, and legacy players transforming theirs? What are the levers for culture change?

Journalism vs Engineering – The Big Divide

Engineering has grown in stature and importance inside media firms, and cultural differences between it and journalism can impede change, as *The Times* explains:

One of the biggest culture mismatches is when you get product people talking in a Silicon Valley product manner, and journalists just want you to cut the crap and get to the point.

The cultures of journalism and engineering differ fundamentally along some key dimensions. The first is root discipline: digital technologies are based in the sciences, while journalists have usually studied liberal arts – oversimplified, technology is about numbers, journalism about words. Second is motivation: journalists seek to serve their readers, to inform, educate, and entertain them, to provide content they think will enrich their lives. Technologists’ goal is to provide an excellent product, to perfect the UX. Overcoming the cultural gulf means rethinking processes. For the *Financial Times* a shift in leadership attitude was critical:

One of the things I had about the gulf between these two teams was impatience and frustration, and an assumption that we needed to bang heads together just to make it work ... But we now recognise it's a many-year process. I focused on picking apart the process, thinking systematically ... What you need to do is bring everyone with you ... and recognise that every talent has a contribution to make, rather than seeing people as a problem.

Change Ambassadors

Leaders can't shift culture alone – many stressed the need for a cadre of people who can drive through change, explaining why it is necessary, and preventing reversion to old habits. Their role is to secure buy-in, as Schibsted explains:

You need to have a few people that ... live the culture that you're looking for, managers that can really be strong symbols for the organisation ... People really look up to stars ... That's a really strong way of changing the culture.

To increase cultural buy-in the *Financial Times* co-opts senior journalists as change agents:

When I came into this job and [was asked to] do the broadcast schedule, I'm like, 'Jesus Christ ... I'm a reporter. I break news'. Then I went and researched and spent some time with the other newspapers and I'm like, 'Gosh, you know what, if we don't get this right, we're dead' ... I don't find it fun, it's not journalism, but it is motivating because ... the FT has been very good to me ... Here's my penance ... I've got to make sure this place survives. I'm in a position of leadership and I've got to make sure everyone realises the urgency.

These individuals know how to frame a culture change message so that it resonates. Here is the *Financial Times*' strategy for the shift to a 'broadcast schedule' (planning in advance to post stories for maximum resonance online):

There is not a lot of, 'If you do not publish at 11.30, the wrath of God's going to come down on you, because ... we're just a humane place to work ... So I use a lot of positive reinforcement, which is I say, 'Great fucking story you had yesterday, big scoop' ... 'We got it up at 5.30, and look what the traffic did. It went up through the roof, we got 100,000 hits' ... It's just the culture of this place, and it's why everyone likes working here ... It's very 'let's incentivise good behaviour' as opposed to 'let's punish bad behaviour' ... and creatives are egomaniacs, and so the stroking the ego ... that works.

Tech Projects as a Culture Change Tool

A shift in culture can be an important collateral benefit from tech projects. *The Guardian* designs explicit culture change objectives not simply into the process, but into the product itself:

I'm a complete believer that the tool is an instrument of cultural change ... [Our analytics tool] was built to change behaviours. You can absolutely build that into things like CMS⁴ too. Even if it's just something that says when you're about to hit launch, 'Are you aware that there's no video in this?' ... The tool, if you build it right ... is consistently pointing you at something ... By looking at that every single day and being persistent, like a river cutting through rock ... you'll eventually get to a kind of ambient change in behaviours.

The *New York Times* has found deals with tech companies can bring a similar cultural shift:

Shock tactics ... A deal ... for the launch of Facebook Live ... where we guaranteed to produce dozens and dozens of Facebook Live real-time broadcasts and did very little training. We just said, 'Do it when you want to do it'. So far, 300 journalists have done Facebook Live.

'Putting wins on the board'

The *Washington Post*'s strategy to win over the sceptical and uncertain involves quick wins:

Typically ... people split into three camps ... There are those who say, 'Oh my God ... I always thought that's how we should do it. Thank God' ... The other extreme is, 'This cowboy type of attitude is going to tank the ship ... 30 days, we'll get a security breach ... whatever profits we're making are going to go down the tube, people are going to quit' ... Then there's the vast majority who are, 'Let's see, I wonder what's going to happen?' So ... you take those believers and then put one or two wins on the board ... and you'll start pulling this vast majority into that camp. 'Oh, we didn't have a security breach, the site didn't go down' ... maybe it's not so bad ... When you've got enough momentum

⁴ Content management system.

going, you take those people who still have the extreme viewpoint, and say, 'Look, we've waited long enough. Either get on the bus or get off the bus because this is now the momentum.'

Key Points in This Chapter

- Culture still poses an impediment to digital transition, and even those far along the transformation process still see a need to underline that success in print markets does not automatically confer success in digital ones.
- Levers for culture change include change ambassadors, building a culture change dimension into tech projects, inter-industry collaborations, and putting wins on the board.

11. How Leaders Drive Transformation – ‘You just try an awful lot of things’

My job is to be a leader ... I love doing interviews and getting a chance to write but in this particular period I have had a responsibility to drive the transformation ... The core threads are, one, communicate the vision constantly, and the priorities, and the road map for how you get there. Second, measure yourself honestly about progress and whether you're getting there. It's not about reporting to anybody else; it's about yourself. Third is not to flinch when there's trouble. You've got to do difficult stuff. You've got to do structural change to get things off the ground and done. You've got to do it.

Leadership comes last in this report but is central to all themes in it. Without it, as one leader put it, the best you can hope for is that you ‘fumble your way to success’.

‘It's not just about having very digital ideas’

The era of ‘leader as digital visionary’ is waning. Most legacy firms now understand the dangers they face and the need to transform. The leadership tasks are now finding a sustainable business model and maintaining the momentum for change, as the *New York Times* observes:

It's become a very tough-nosed operational job. It's not just about having very digital ideas ... It's ... about driving revenue: digital is having to replace actual revenue, which is being lost massively on the print side, and the most important metrics in the end are the revenue metrics.

As this realisation has crystallised, so too has the opportunity cost of leaders who are on a learning curve:

We don't want everyone learning on the job. We want people who've already shown ... they can run a digital subscription business in another context.

This applies equally to tech leaders, as the *Washington Post* explains:

[You need] technology people in the board who actually have done it ... have produced something that uses, say, AI in a practical way. So rather than saying, ‘Alexa is coming. We have to do something but don't know what’, saying, ‘Here are three experiments I tried in the last two years and here is what I think the impact might be’ ... You need people on these boards who have actually done something in these areas.

‘It's almost impossible to over-communicate’

Leadership is about transparency and messaging: here's my goal, here's how I'm doing it, and I'm going to repeat it constantly, bang it in ... I mean it's really frickin' hard.

Leaders stressed the need to relentlessly reiterate digital goals, as at the *Washington Post*:

The editor has to talk about digital all the time. All the time. People have to know I really care about it ... and I will hold them accountable ... They have to know that if there is a digital person then that person is my proxy. I care, I am going to get a report, and demand performance.

The *Washington Post* also frames messages in the context of journalism:

I say, 'You're a journalist, you are supposed to deal with reality. Let's not deal with reality in journalism and not deal with reality in our business. Here is the reality in our business' ... 'They are taking your readers. We are better than they are, so why should they be viewed as the authority? ... Why should they succeed and we shouldn't?' It is our fault because we are handing it to them on a silver platter ... We don't have to abandon our values, we don't have to be trivial at all ... We just have to tell stories in different ways and pay attention to how we disseminate ... in a world that is dominated by social media ... We are the best at this, so let's make sure we are the ones that succeed.

'No one can mention the newspaper in the 9.30 meeting'

As one leader put it, the core job is 'to signal where you are headed as an organisation and what that's going to require of you to get there'. Two tools are used heavily to drill this home: meetings and newsletters.

Many start the morning editorial meeting with a review of digital performance and lessons to be learned. Some have eliminated mention of print editions from these sessions entirely (holding a separate, smaller meeting for this subject). However, all-staff meetings are also popular. Schibsted holds a brief stand-up morning meeting:

The 15-minute evaluation meeting on the main floor every day at 11.45 is a really simple tool. We invite everyone, not only the full newsroom but all departments. We evaluate yesterday's production, but also to talk about other issues ... The beauty of it is that people can absorb your thinking about culture, about leadership, about why the sales department is also important, and tech people can find out what editorial discussions are happening.

In addition, nearly all leaders interviewed used townhalls (all-staff meetings) to explain strategy, give updates on performance, and take the cultural temperature. All involved Q and A, and some an opportunity to pose anonymous questions in advance. Here is how they operate at Vox:

We have quarterly all-staff meetings in which our CEO will stand up and share, 'Here's what's going on, here's the latest numbers, here's where revenue is at' ... We have quarterly satisfaction surveys and he'll share back, 'Here are the departments where we're seeing some stress' or 'These are the things people are frustrated about right now'.

Internal newsletters are a supplementary tool, widely used to highlight successes, reiterate priorities, and flag up organisational changes, as at *El País*:

I started daily newsletters on what worked best the day before ... Journalists are very competitive ... Being in the top ten, or maybe number one in the newsletter, people get really proud.

'Measure yourself [as a leader] honestly'

The traditional notion of leadership is mastery, and the fear is that, 'If I can't look like I've mastered this topic, then I look incompetent as a leader' ... This needs to be disrupted. Leadership is about being okay saying, 'I don't know the answer to this'.

A subtler shift in leadership concerns the need for self-reflexivity that is alluded to in this chapter's opening quote. Many leaders noted their realisation that they alone do not have all the answers,

and equally that many of the answers they seek could be in the heads of those lower down or on the peripheries of their firms. Delegating strategic responsibility is the next move, as the *New York Times* explains:

The trick is, get them to do it ... It's a great development tool as well. The thing is, you've got to mean it. You've got to go with it and you will if you get the right people ... people in the newsroom who are up and coming ... people who are impatiently waiting for something to happen, ready to move up. And they've got to be a bit dismissive of senior management, they've got to think ... 'You're too old to understand the way we use media.' You need all of those dynamics of the young teaching the old. You want all of that.

Schibsted uses a similar approach:

I realised that a lot of people ... were waiting for me to come up with solutions ... so I said, 'I have no plan. The plan is you. We have to learn this and we are in a hurry' ... I really emphasised that 'The responsibility is on you, not on me'. I made a small team, 12 journalists, half ... digital minded, younger, a couple with a high level of digital understanding. The other half ... good journalists but with no special competence in digital ... We called them digital spearheads ... I gave them the mandate to change ... That turned out to be a real game changer. It's just amazing what happened.

'Pushing power down' is also central to Vox's leadership philosophy:

You empower, you give people responsibility, you celebrate success ... because they become empowered and feel responsible when they set their own goals and targets. Remove the shame. Having teams that are given the tools to be able to do that is really important ... You push the power down.

Key Points in This Chapter

- Transformation requires tremendously strong leadership. As the process of digital transformation has evolved, the leadership requirements have shifted.
- The era of the digital visionary has passed – what is needed now is prowess in implementation, a relentless focus on achieving core strategic goals, particularly revenue goals.
- The task of signalling, messaging, and explaining is relentless. A range of communication tools are used to implant important information, keep pressure up on transition goals, and take the cultural temperature of the organisation. Newsletters, short morning all-staff meetings, and townhalls are popular.
- Leaders also need to lead themselves – many stressed the need for 'higher order' competencies including self-reflexivity, a tolerance for ambiguity, and a readiness to admit what they don't know. Delegating strategic responsibility and problem solving to others is an extension of this mindset.

12. Conclusions – Six Internal Transformation Levers

Big companies are not stupid. But what got them here will not get them there in the future.

The analogy that has haunted me since I began researching digital disruption is the world of opera. Once a mass-market cultural phenomenon, it is still influential and highly regarded, but now an elite activity survives thanks to subsidies. It would be a tragedy if long-established quality news organisations experience a similar fate.

It is exceedingly rare for an organisation that has been a leader before industry transformation to have an equivalent position after it. The risk is not extinction but gradual erosion: of market share, of revenues, of share of voice, of relevance. Legacy leaders do not die; they slip down the food chain. Understandably, media players default to the content transformation, which, after all, is their core business and core fascination. Yet, to return to the basic premise underlying this work, they need to put as much effort into transforming their organisations as they do into transforming their product. This is the only route to sustainability. Failure to do this is undermining their significant investments in digital reinvention and compounds the risk of reduced relevance in digital media markets.

I have conducted extensive discussions with legacy, pure play, and disrupter organisations. Through these I have sought to understand how organisations need to change to master these challenges, and what best-practice transformation looks like.

This report has discussed sequentially the core elements of this transformation. This last section of the report summarises all the foregoing analysis to pinpoint the six major internal transformation levers for best-practice legacy transformation.

1. LONG-TERM STRATEGY

The sheer breadth of and intensity of short-term challenges caused by digital disruption should not be allowed to crowd out long-term thinking (which often happens). Long-term strategy has been hijacked by shorter-term innovation projects, and this puts legacy players at a strategic disadvantage vis à vis their pure play and disrupter competitors. Innovation does not equal strategy, and strategy needs to actually be strategic, that is to have a clear goal of the organisation's journalistic identity in a digital world, of where the company plans to be at a given future point, and clarity on the competitive advantages it needs to make this happen and how these will be either built or made secure. Many legacy players lack an endgame, a long-term plan for a sustainable future. A theme in this report is to look away from Silicon Valley, but this is one aspect of thinking there it pays to import: legacy companies need to think like a VC and ask themselves "how can we ensure we have an attractive, sustainable business that is still fulfilling its core mission in five to seven years?"

Organisational complexity and resource overstretch are inevitable consequences of legacy status. Discipline is needed in terms of exiting areas that have been eclipsed by disruption or newer projects that are not performing as planned. Both dilute strategic focus, and the resources they employ are needed elsewhere.

2. AGILITY

Legacy organisations can't pivot but they can shift, and tactical shifts will be inevitable either to take advantage of changes in the strategic environment or when elements of strategy do not work out as planned. Shifts have three building blocks: clear signalling from a credible leader, cultural acceptance, and a degree of flexibility in organisational structure. All need to be in place before a shift begins.

3. 'SHINY NEW THINGS'

'Shiny new things' have been a key factor in the disruption of long-term strategies. This phenomenon will not disappear; rather it is likely to accelerate. Strong players acknowledge this problem and have processes to combat it: developments are screened against core strategic goals and business model. If they show potential, contained experiments follow, and, if possible, investments are underwritten by external partners.

4. LEADERSHIP

The era of the leader as digital visionary is waning. Organisations now 'get' the need for change, and the leadership challenges centre on finding the right long-term strategy, solving the business model challenge, and keeping the pressure up on digital transformation. The leadership imperative has progressed past the need to issue 'calls for digital action' to hard-nosed implementation. Underlying this is a subtler new dimension to the leadership task: an awareness of personal limitations, a recognition that growth and sustainability depend on delegating responsibility for strategy and growth, and decentralising innovation.

5. PEOPLE

HR is where legacy firms leave the largest transformation potential on the table. In disrupted environments the relationship between the calibre of the HR function and strategic performance is strong. This is also an area where legacy firms can learn from Silicon Valley. Prioritise all people processes, especially hiring, retention of key skills, and permanent learning: recruitment, because it is critical the organisation has the expertise it needs to realise its strategy, and learning, because ensuring all layers of the organisation are exposed to new ideas and best practice will shorten innovation cycles and build momentum for transition.

6. CULTURE

The scale of industry disruption means legacy organisations are unfrozen – people will never be more open to change. This is an opportunity leaders can seize. There are two key cultural challenges: implanting the realisation that leadership in one tech era does not automatically confer leadership in the next, and merging the cultures of content and engineering. The first is best achieved through a combination of strong leadership messaging combined with exposure to the speed of change outside the 'organisation bubble' (thus the emphasis on permanent learning). For the second, ensure both large journalistic and tech projects have an implicit culture change component.

Finally, organisational transformation is a process. Disruption will not stop; rather it will gather pace. Digital storytelling and digital journalism are fun. Transforming organisations is a grind, and often in the immediate term unrewarding. All the organisations I studied for this research are taking the challenge of organisational transformation exceedingly seriously. All also acknowledged the scale of the challenge and that, despite the success they may have achieved, there is still much left to do. The majority felt they are not changing enough, nor fast enough. But by identifying change levers and sharing best practice, this report seeks to make that task easier, and I hope, profoundly, that it makes a contribution.

Interviewees

I am extremely grateful to the following individuals for their willingness to discuss the themes in this book.

Axel Springer: Donata Hopfen, Romanus Otte, Jan-Eric Peters

BBC: Nathalie Malinarich, Dmitry Shishkin

Chartbeat: John Saroff, Terri Walter

CNN: Andrew Morse, Inga Thodar

Condé Nast: Wolfgang Blau

Dagens Nyheter: Peter Wolodarski

El País: David Alandete

Gloo Networks: Rebecca Miskin

Google: James Longwell

Financial Times: Mark Alderson, Lionel Barber, Hugh Carnegie, Lyndsey Jones, Renée Kaplan, James Lamont, Sue Matthias, Bede McCarthy, Lisa Pollack, Robert Shrimmsley, Alan Smith, Peter Spiegel, Martin Stabe, Tom Stokes

Le Monde: Nabil Wakim

Mic: Cory Haik

Schibsted: Azeem Azhar, Espen Egil Hansen, Torry Pedersen, Rolv Erik Ryssdal, Tina Stiegler, Espen Sundve

The Economist: Tom Standage, James Waddell

Daily Telegraph: Robert Bridge, Richard Ellis

The Guardian: Chris Moran, Hamish Nicklin, Aron Pilhofer, Anthony Sullivan

New York Times: Will Bardeen, Kim Perry, Mark Thompson

The Times: Nick Petrie

Washington Post: Marty Baron, Jeremy Gilbert, Joey Marburger, Chris Meighan, Shailesh Prakash, Frances Stead Sellars

Vice: Kevin Sutcliffe

Vox: Kainaz Amaria, Melissa Bell, Andrew Golis, Irene Newman, Allison Rockey

RISJ LIST OF PUBLICATIONS

Digital News Report 2017

Nic Newman, Richard Fletcher, David A. L. Levy, and Rasmus Kleis Nielsen

Asia-Pacific Supplementary Digital News Report 2017

Francis Lee, Michael Chan, Hsuan-Ting Chen, Denis K. K. Leung, Antonis Kalogeropoulos

DIGITAL NEWS PROJECT REPORTS

Mapping Online News Discovery for Computer Users in the UK

Nic Newman and Antonis Kalogeropoulos

'I Saw the News on Facebook': Brand Attribution when Accessing News from Distributed Environments

Antonis Kalogeropoulos and Nic Newman

Virtual Reality and 360 Video for News

Zillah Watson

Developing Digital News in Public Service Media

Annika Sehl, Alessio Cornia, and Rasmus Kleis Nielsen

Beyond the Article: Frontiers of Editorial and Commercial Innovation

Kevin Anderson

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Nic Newman

Digital-Born News Media in Europe

Tom Nicholls, Nabeelah Shabbir, and Rasmus Kleis Nielsen

News Alerts and the Battle for the Lockscreen

Nic Newman

The Rise of Fact-Checking Sites in Europe

Lucas Graves and Federica Cherubini

Asia-Pacific Supplementary Digital News Report 2016

Kruakae Pothong and Rasmus Kleis Nielsen

Private Sector Media and Digital News

Alessio Cornia, Annika Sehl, and Rasmus Kleis Nielsen

Digital News Report 2016

Nic Newman, Richard Fletcher, David A. L. Levy, and Rasmus Kleis Nielsen

Online Video News

Antonis Kalogeropoulos, Federica Cherubini, and Nic Newman

What's Happening to TV News?

Rasmus Kleis Nielsen and Richard Sambrook

Public Service News and Digital Media

Annika Sehl, Alessio Cornia, and Rasmus Kleis Nielsen

Editorial Analytics: How News Media are Developing and Using Audience Data and Metrics

Federica Cherubini and Rasmus Kleis Nielsen

Journalism, Media and Technology Predictions 2016

Nic Newman

DIGITAL NEWS PROJECT REPORTS – FORTHCOMING

The International Expansion of Digital-Born News Media

Tom Nicholls, Nabeelah Shabbir, and Rasmus Kleis Nielsen

Journalism, Media and Technology Predictions 2018

Nic Newman

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SELECTED RISJ BOOKS

(published jointly with I.B.Tauris)

Journalism and the NSA Revelations
Risto Kunelius, Heikki Heikkilä, Adrienne Russell,
and Dmitry Yagodin (eds)

Journalism in an Age of Terror
John Lloyd

*Media, Revolution, and Politics in Egypt:
The Story of an Uprising*
Abdalla Hassan

*The Euro Crisis in the Media: Journalistic Coverage of
Economic Crisis and European Institutions*
Robert G. Picard (ed)

*Local Journalism: The Decline of Newspapers and the
Rise of Digital Media*
Rasmus Kleis Nielsen (ed)

*The Ethics of Journalism: Individual, Institutional and
Cultural Influences*
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