



TRANSFORMATION MANIFESTO



PRIORITIES
FOR NOW

LUCY KUENG

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TRANSFORMATION MANIFESTO

9 PRIORITIES FOR NOW

We spent the last 20 years talking about disruption. Now the word is ‘acceleration’.

The coronavirus crisis has accelerated structural shifts that have been underway for decades. We have seen eight years of changes in eight months. These include a steep decline in print display ads, a drop in sales of print newspapers, and a shift to streamed content.

Changes that were part of companies’ mid-term planning are now showing up in forecasts for the next 12 months. This rapid acceleration has dramatically shortened the runway for digital transformation.

This is a reset moment. Organisations are unfrozen. People are expecting change. You have a cover. There will never be a better time to tackle deeper changes that need to happen.

This is an unmissable opportunity to propel forward digital transformation initiatives. The challenge now is to define priorities for the next stage.

“Shame on us, if we don’t seize this opportunity¹”

This short e-book pulls together three industry keynotes I gave during lockdown. My purpose in publishing it is to ensure that we seize the opportunities presented by the undeniable crisis we face, because those opportunities are truly huge.

We have the chance to reboot, to accelerate digital transformation and rethink organisations to fit a future that will now be with us much faster than we had expected. This chance will not come again and the window is already starting to close. It is time to be bold.

HOW TO SEIZE THE MOMENT

Have a plan for how you want to go forward.

What do you need to have in place?

What are you going to change?

¹ Quotes are from C-level executives (including CEOs, EVPs, Editors-in-chief, and Chief Data Officers) from discussions held in the period from May to September 2020)

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Now is the time.

1

BUSINESS PROGNOSIS - NOT CLEAR, BUT NOT GOOD



What is the new business context?

The good news is that audiences are embracing high-quality media. There has been a flight to quality. Audiences are growing and digital subscriptions are up.

This is great news for news publishers. The public have shown they value their work. The commitment to the public interest, so central to the psyche of those who work in the media, has been reinforced by the audience's response during the coronavirus crisis.

But we have hit a high point for media usage combined with a collapse in revenue streams.

While audiences have mushroomed, revenues have contracted. There are two big pain points. The first is legacy advertising formats - display advertising has cratered, as has television advertising revenue. The second is events. Many have been cancelled, while others have moved online with lower price points and few real opportunities for networking.

And while digital subscriptions have grown, these are substantially cheaper than their print counterparts and much more subject to cancellations (churn). Growth in digital subscriptions is often not enough to compensate for the loss of other revenue streams.

So, the 'corona-bump' raises fundamental questions:

- ➔ Why did news suddenly matter so much?
- ➔ Who are our new audiences?
- ➔ Were they already in our eco-system or are they entirely new?
- ➔ What do we have to do to get them to stay?

It also raises fundamental questions about revenue. If we assume that both the flight from legacy advertising and the flight to subscriptions are structural, there are several consequences: one, more competition for subscribers; two, that growth in the coming months will be harder to find; and three, that for many, average revenue per user (ARPU) is now the central metric and growing ARPU the central challenge.

WE NEED TO KNOW

How big is our addressable market?

How much of this potential market can we realistically reach?

What are the best options now to grow ARPU?

2

GROWTH WILL BE ALL ABOUT DIGITAL

Consumers have gone digital, big time. Even older demographic groups are now happy to consume content digitally, communicate virtually, and shop online.

This means the shelf life of those legacy products (print newspapers, peak-time programming) that were keeping the lights on, has shortened dramatically.

The gap between the strongest and the weakest players has widened. The strong have got stronger because they started responding to this crisis a decade ago. They are now reaping the benefits of many years' dogged transformation work. They painstakingly laid the rails for a digital future over the past decade and are now speeding ahead. They have a solid apparatus for scaling digital revenues, substantial digital revenue streams on the back of that, and understand how data and product need to sync with journalism.

“We laid the foundation for change over the past few years. Corona has been harvest time”

Some organisations have achieved stunning growth during the coronavirus crisis. The critical point here is that their success now is due to a complex and relentless change journey that they have been on for decades. It is the fruit of sustained investment in going digital, in finding their digital voice, in understanding customers and building relationship with them, and in painstaking work to develop the right people, culture and leadership style.

Title	Net additions in Q2	Total digital subscribers at the end of Q2 2020
New York Times, US	669,000	5,700,000
Wall Street Journal, US	420,000	2,200,000
Athletic, US	400,000	1,000,000
Le Monde, France	102,000	300,000
Telegraph, UK	46,000	297,000
Dagens Nyheter, Sweden	52,000	222,000
Gazets Wyborcza, Poland	22,000	240,000

Source: Grzegorz Piechota, researcher-in-residence, International News Media Association

Organisations that have procrastinated on digital are in a tough place. Their transformation runway is suddenly much shorter. They need to pull off a fast pivot – to traverse what disruption specialists call the ‘valley of death’ where companies that fail to reinvent themselves for a digital world get consigned to a slow death – without the substantial legacy revenues that early movers have used to finance this transition. These ‘digital laggards’ are the ones in survival mode, facing difficult decisions.

3

MOVE FROM 'NICE-TO-HAVE' TO 'MUST-HAVE': TRIPLE DOWN ON DATA

Competition will be fierce post-pandemic. Budgets will shrink as recessions hit. The top goal has to be the shift from 'nice-to-have' to 'must-have'.

You can't move from 'want' to 'need' on guesswork. You can only shift from 'want' to 'need' by diving deeply into understanding customers and how you can become more important to them. Successful companies place this task at the centre of everything and this is common to all of them, from multi-nationals to small local players.

Triple down on data, not just on the volume flowing into the organisation but on the calibre of discussions around that data, on the insights derived from it, the hypotheses you develop and test.

“Not consumer-centric, but content-centric that is our DNA. We need tight feedback loops to understand unmet needs”

In an era when everyone seems to be moving on to a subscription footing, data will help you create a product that offers the highest value to your most important audiences, in a way that will keep their trust and loyalty. And regarding relationships with advertisers, the less you can track your footprint and results, the less attractive you will be.

Quite simply, organisations who have invested in building relationships with their audiences have more options and a better basis for difficult decisions.

Your ultimate goal is to infuse the organisation with a visceral sense of who users are and what they need, and however smart your people, they won't have this without data. But the data challenge is first and foremost a culture challenge - design data tools with their users, and make them theirs.

“Growth comes from being essential to your community you have to know who they are”

4

SEIZE THE MOMENT TO DO CLEAN-UP WORK THAT'S OVERDUE. YOU HAVE COVER

This is the time to clear the junk from the attic. You won't get this opportunity again and will kick yourself if you let it slip by. This may seem cynical but the goal here is to create an organisation with a viable future; for the majority, transformation is happening but has been slow. Many are stuck on their transformation journey, often because legacy has held out surprisingly well and surprisingly long. That is no longer the case. Organisations that want to create a position in digital markets as strong as they had in legacy ones, now need to make difficult decisions. The impact of covid-19 has created an unarguable rationale to move ahead boldly and with speed.

Stop doing some things

There will never be a better opportunity to exit stuff you need to stop.

It is very easy to start new things and very hard to stop them. In 'normal times', stopping a product or project can worry an organisation and look like a dangerous precedent. Concerns about cultural kickback then stop things being stopped.

But ask any organisation that has had to retrench and they will say that some of the changes they had to make were long overdue. Everyone could point to elements that needed to go.

“We have been very good at starting things but terrible at stopping them”

Now, after two decades of rapid change, where layer after layer has been added to businesses, there are many candidates for pruning:

- ➔ Legacy products that are hangovers from a previous era but still resourced at glory day levels.
- ➔ Innovation projects that are 'a bit successful', but not scaling.
- ➔ Meetings, reporting documents, processes – things that made sense when they were first created but make less sense now.

Habits have been broken. This is the perfect time to set a new precedent that the organisation stops things as well as starts them and to move resources from contracting areas to growth ones (and to ensure that clear thresholds are set for new projects.)

“Businesses that can adapt will take huge advantage out of this. Those that can’t are going to get badly screwed”

Address your cost structure

Operating costs: In any crisis, a small group of companies will outperform their peers. They suffer, but they rebound faster, and the key is that they change operating costs to increase efficiency long-term – reducing the cost of finding new business, finding ways to reduce spend on anything that has the potential for streamlining or automating (think of how Netflix uses data mining to simplify and optimise decisions around content licensing). Expect a rise in automation in commodity areas and basic functions.

“We stopped all new projects and cut down on variable costs - freelancers and marketing. Definitely short-term, and maybe too much – but we will be moving forward in different times”

Fixed costs: Remote working clearly offers opportunities to rebalance fixed costs – particularly in office space, travel and entertainment. Many companies have already reduced office space, many more plan to.

“We chose not to have property anymore”

Cut for the future, not the past (surgical, not salami). Ring-fence the areas and competencies that are critical to the future and accelerate the rebalancing of resources from legacy to digital. If you have to cut, make sure you go deep enough so you don’t have to do subsequent rounds which destroy morale and increase stress.

Acquisitions: find the missing pieces of your puzzle

For those who can, this is the time for acquiring not just businesses but also talent.

This is a pivot point and people are on the market or open to change who may not have been a year ago. Look for digital natives and particularly social media natives, those who understand the interaction between digital journalism and social media (including pitfalls), and for hybrid talent who combine tech, journalism and business expertise.

For talent, remote working means geographic proximity is no longer a constraint. Companies can look for the best, regardless of location. This is huge – in terms of finding unique voices, in terms of differentiation and in terms of greater inclusion.

Collaborate more (and buy more off the shelf?)

A wicked problem is one that is difficult or impossible to solve. The wicked problem for the mass media is that they lack scale - they are not mass anymore but a mass mindset persists.

While they have been schooled to look at peer companies in the home market as competitors, in fact, they are competing for attention with Facebook and Google, and in terms of their digital products with Netflix, Spotify and TikTok. These giants are some of the most technologically advanced media players the planet has ever seen and they can invest in their tech at levels that most media firms will never be able to match.

So, any investment you make in technology will never be enough and an industry schooled in acting alone and building its own solutions needs to think differently. Differentiate via the creative and intellectual elements of your product. The tech needs to be idiot-proof but trying to make it world-beating is unrealistic.

The industry has become used to building its own tech. This is a hangover of the mass mindset but building internally is less necessary than it once was. This is the time to explore joint ventures in similar or complementary fields and collaborate with peer organisations where you can.

“Technology is getting commoditised really fast. What you build today will often be a service offering in a year or two. Off-the-shelf is cheaper, increases agility, and can be replaced faster”

5

YOUR CULTURE IS UNFROZEN. THERE WILL NEVER BE A BETTER TIME TO CHANGE IT

Arguably, the biggest opportunity offered by the covid-19 crisis is the chance to resculpt corporate culture. Cultures are unfrozen, people are expecting change – it is impossible to over-stress how substantial and rare this opportunity is. We have a pivot moment but the window will not be open forever.

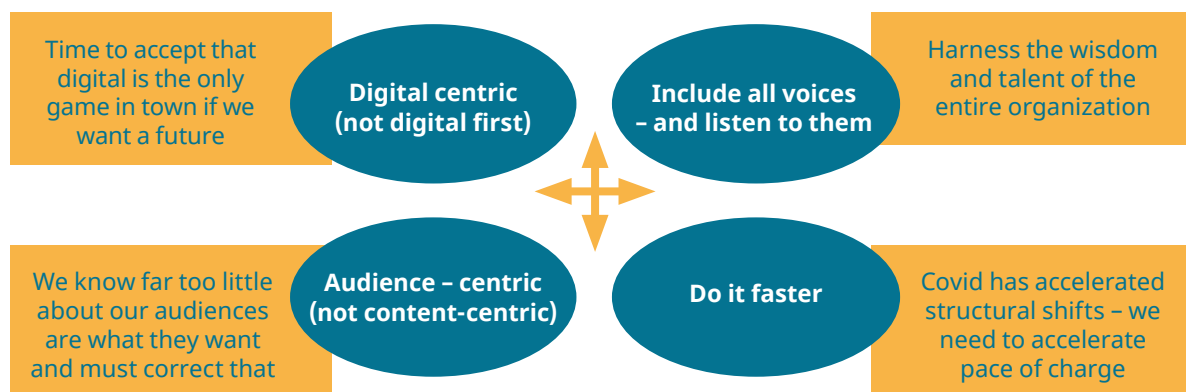
Culture is one of the biggest brakes on change and one of the biggest shared concerns for leaders. Rightly so, because culture is notoriously difficult to change – strategy can change, business models and processes can change but culture is stubbornly resistant.

**‘We’ve digitised more in 10 weeks
than we have in the past two years’**

The covid-19 pandemic has broken cultural inertia. Cultures are unfrozen. Habits have been unbroken. People are expecting things to be different. This is really rare.

Now is the time to make your culture into what you want it to be. The problem is that culture resides in shared beliefs that can be so deep we don’t even know we have them – so working on culture requires digging into what common assumptions are at work that need to be shifted.

Once you have clarity on this, you then also need clarity on what new values are needed to move forward. Culture is incredibly efficient – it works as an internal protocol that silently influences actions and decisions. Now you need different actions and decisions, so you need some different assumptions too. This is the culture template many companies I work with are now striving for:



Once there's clarity on what needs to change, then the heavy lifting in culture change comes simply from ensuring that all other changes you are putting through are consistent with these values (and equally critically don't contradict them). Effectively the trick is to layer culture change objectives into everything else you are doing. Assuming you are working with target values like the ones above, this could look like:

- ➔ Efficiency programmes – ring-fence digital talent. 'Symbolically' close at least one product, process etc. that has passed its time. You are setting a cultural precedent that this is an organisation that stops things as well as starts them and that this is an intrinsic part of growth.
- ➔ Triple down on data – establish a joint tech-journalism task force to explore whether current data tools deliver what they should, and how they can be super-charged to have more impact. Find ways to bring creators into meaningful contact with consumers and ensure big insights are shared and acted on.
- ➔ Remote meetings – ensure digital voices (often younger and more diverse) have equivalent 'voice time' and that they are heard first. (Provide 1-2-1 coaching in advance to build confidence if needed).
- ➔ Town halls – showcase successful digital projects, successful fast projects, and any bold moves that reinforce the direction you want to move in.

The key to changing cultural values is to do it indirectly. A myriad of changes are happening in your organisation – each of them is an opportunity to shift the culture in the direction you need it to go.

“Be more thoughtful and intentional and strategic and take absolutely nothing for granted”

6

LOCAL BRANDS: BECOME ESSENTIAL IN YOUR COMMUNITY

The advantage local and regional players have is that they can get close to readers in a way that national players can't. The challenge they face is that they may be too small to survive unless they find new services.

A complete focus on the community is imperative: get as close as you can to the community you serve, understand what they need, what unites them, then deliver on that, and feature them, celebrate them. This is where local journalism started.

**“Focus on what unites the group,
be super-practical – what are the lockdown
rules, where can you travel?”**

Events can work better for this group of organisations than just about any other. Set up events that build community and demonstrate how you add value to it. Make these communities digital and physical.

In terms of growth, find out where your audiences are in the social media eco-system and get your content out to them there.

Experiment like crazy with new concepts and - if you can - don't charge. Do things free to experiment and gain learning for later on.

For growth, look for sponsors or benefactors to finance multiple subscriptions for groups you might not otherwise reach. And reach out to your diaspora. Your market may be far wider geographically than you think. Emotion drives action and there may be audiences who are emotionally close to you, even if physically remote.

7

TAKE EXTRAVAGANT CARE OF YOUR TEAMS

Remote leadership is exhausting. Within teams, experiences are mixed – some are flourishing, some are battling through. All are stressed, some are worried, and bandwidth is limited.

Leaders need to be sensitive to where individual team members are. Remote working is often a boon for productivity when tasks are known. It is bad for innovation and setting up new things (and finding a workaround for this is the challenge right now).

But many do not want to go back 100% to things as they were – some element of this will be the new normal. We need to work with this but recognise also that this is not an optimal starting point for the change that is going to happen.

“Ramp up communication as much as possible. Over-communicate. Gather everyone together more often. Remind them that they are part of a cohesive organisation”

Communication is central. A video call can be an individual’s only point of contact with the organisation, so those chats can be super-charged. And communication can be a source of stress in itself. Virtual meetings expose the ‘whole person’ in a way it never was before. Not everyone’s tech works and there can be too many communication channels, or too many communications. Loud voices can dominate and other people can become invisible.

Leaders need an overview, to check in on progress and how people are doing. They also need to find ways of keeping things on track – hitting targets has never been more critical – but they need to remain empathetic and flexible too.

“It’s not magic. It’s active listening”

Employee wellbeing has moved from important to critical. Leaders’ first job is to take care of their teams. This means:

- ➔ Build up trust so people can say when they are nearing their limit.
- ➔ Model behaviour ‘be off and show that you are off’.
- ➔ Make sure mental health is not a taboo topic.
- ➔ Internal communication is now as important as external. Ramp up communication as far as you can manage.
- ➔ Be as transparent as you can but plan all messages really carefully. Avoid abrupt announcements on big issues.
- ➔ Be super careful with 1-2-1s. Clarify the objectives at the outset (pastoral, performance, salary discussion) and ensure this is clear to both sides.

8

TAKE CARE OF YOUR CAREER

This is a pivot point for individuals as well as organisations. The world is chaotic but also fluid. There is more scope than there has ever been to design the life you want and to monetise your skills. Like organisations, individuals have to be strategic and find the opportunity in this crisis. Many of the game rules for companies apply at a personal level too.

Here are five approaches to think about:

- 1 Differentiate.** Find your niche and 'own' it. You need to position yourself, just as a product needs to position itself in the market. Generic 'stuck in the middle' media brands that offer something to everyone suffer in an era of content oversupply and this translates to a personal level. What do you know more about, what do you do better than anyone else, what do you care about more than anyone else? Is this really clear to the outside world?
- 2 Network.** Focus on weak ties, those in your field or adjacent to it – social network theory shows these individuals are the best source of creative impulses, insights on where your skills would be relevant, and business opportunities.
- 3 Be strategic with social media.** Use this as a means to drive home the niche you have decided to own. Use it to showcase what you can do, how you add value (and broaden your bubble to include weak ties in other networks).
- 4 Get an outside perspective.** Find a mentor, or a coach if you can afford it.
- 5 Finally, have a plan.** This will mitigate stress and create options. It may not look like it but this is an opportunity to relaunch, rebrand, and redesign your life.

9

TIMING IS THE RAREST OF STRATEGIC SKILLS. NOW IS THE TIME

'Agility, innovation, optimism' – these were the most critical traits for now, according to 22 CEOs surveyed in September 2020.

This is a rare reset moment. Covid-19 has been a crisis on so many levels but it is also a huge opportunity: to rethink, to innovate, to shed things that need to be let go of, and to build for the future.

Seizing the moment – getting the timing right – is a non-replicable strategic advantage. Other elements of success formulas can be copied, this cannot. Now is the time – seize the opportunity in this crisis to renew and find growth.



LUCY KUENG

Contact

www.lucykueng.com

lucy@lucykueng.com

@KuengLucy

www.linkedin.com/in/lucykueng

Dr. Lucy Kueng is an international expert on mastering digital transformation.

A strategic advisor, board member, speaker and author, she has over twenty years' experience providing senior-level strategic, leadership and business advice on how to emerge stronger from technological and market disruption.

She consults and speaks with leading companies worldwide including the BBC, CNN, Google, NPR and NRK, and keynotes frequently at conferences including the INMA World Congress, SXSW, FIPP World Congress and the European Broadcasting Union.

She is Board Member of the NZZ Media Group, and served on the board of SRG SSR, and of VIZRT the media tech provider. She is also Senior Research Associate at the Reuters Institute, Oxford University.

She has held professorships at the University of Oslo, the Institute of Media and Entertainment New York (IESE), and the University of Jönköping.

Lucy Kueng is the author of several books including *Going Digital: A Roadmap for Digital Transformation*, *Innovators in Digital News*, *Strategic Management in the Media* (winner of the AEMJM Media Management Book Award), *Inside the BBC and CNN*, and *When Innovation Fails to Disrupt, the Case of BBC News Online*.

She holds a PhD and Habilitation from the University of St Gallen and an MBA from City Business School/Ashridge.

Her latest book '*Hearts and Minds: Harnessing Leadership, Culture and Talent to Really Go Digital*' will be published in November 2020 by the Reuters Institute, University of Oxford.

