

# **Running While the Earth Shakes**

Creating an Innovation Strategy to Win in the Digital Age

A Study on Innovation in the News Media

By Annette Moser-Wellman

With Elena Fields and Sinapa Amornvivat

Media Management Center

Northwestern University

September 2007



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## **Executive Summary**

The news industry faces seismic changes as the Internet transforms the market and the competitive climate for news and information.

Traditional news media organizations must aggressively adapt their business models to stay relevant in this evolving marketplace. And they **must** become effective and nimble innovators – able to rapidly and continually develop new products, services, distribution mechanisms, business models, strategies and revenue streams in response to or in anticipation of changes in the competitive landscape, consumer preference and technologies.

And non-traditional or “emerging” news companies -- those that have entered the world of gathering, producing and distributing news and information since the dawn of the World Wide Web -- need to be on guard so they don’t lose their natural innovative abilities as they grow.

So this report is designed to help both new and old media companies identify and aggressively redefine business models, create dynamic processes, develop flexible organizations and inspire vital leadership to navigate industry changes ahead.

## **Introduction**

It may not have seemed so at the time, but from today's perspective, traditional news media businesses operated on fairly firm terrain for a very long time in the 20<sup>th</sup> century. Yes, things changed during that time and new competitors cropped up, as newspapers made room for radio and then both made room for broadcast television and all three made room for cable television. But compared to what news companies are dealing with in the early 21<sup>st</sup> century, those seem like manageable challenges, atmospheric changes; the ground on which media businesses stood was relatively stable. By and large, the people who ran news media businesses knew what business they were in, who their competitors were, and where their money came from. They could understand and adjust to changes that occurred in the competitive landscape. So over time, they honed and perfected the way they did business – so much so that when we at Media Management Center studied newspapers in the 1990s, we found an incredible sameness in the operations and cultures of newspapers all across the country. There was a newspaper way and a newspaper culture, and it didn't vary much from market to market or from company to company; neither did the products they produced. The same was true for television; increasingly, all local television news programs seemed alike, as did all network new programs. They had the operating part down pat. And profits flowed.

Then came the digital age. The Internet. The World Wide Web. The digitization of information. Search engines. Algorithms. Social networks. Portals. Blogs. Wikis. One after the other, technological innovations and innovations made possible by technology sent shock waves through media land. In a few short years, the very ground underneath news companies has been transformed. The stable foundations on which traditional news companies rested were rent asunder; even large, established, respected companies slid into the gaping holes that emerged; some disappeared, others emerged weaker, shaken to their cores. No longer are news media executives totally clear about what business they are, or should be in. No longer do news companies have a defined number of competitors; everything that takes time is a competitor now. And the companies wreaking the greatest havoc on traditional companies aren't even in what seems like the same business; their core is technology, not news. No longer can legacy media companies count on the size and type of revenue streams and profit margins they were used to. And no longer does it seem that mere mortals can truly grasp the totality and import of the changes going on around them. Everything continues to change so substantially, so rapidly. Emerging media companies -- those that got into the business of gathering, producing and distributing the news after the dawn of the World Wide Web -- aren't immune. Just as they appeared and grew exponentially to change the game for existing players, so too can new actors do the same to them. It's an era when all those with a stake in the game have to stay on their toes.

In this new environment, what becomes prized is the ability to do two difficult things at once -- to stay upright (i.e. continue existing businesses) AND to move forward, even as the ground continues to shift. The leader must get and keep her/his bearings, despite the confusion and uncertainty and must maximize what remains of the old world while quickly inventing whatever is needed in the new. Walking and chewing gum at the same time is simple compared to this challenge.

*Running While The Earth Shakes*

To succeed, we at Media Management Center believe, today's media company leader must aggressively build into the very DNA of the company certain qualities that will help it survive and move forward, no matter how many unexpected turns the road takes. When the future is so unclear even to the most visionary in the business and the playing field isn't in the control of media companies, these characteristics -- flexibility, adaptability, innovativeness, resourcefulness, hustle, customer focus and commitment to both new partnerships and to workforce development -- may matter more than a good strategy.

To hone in on one of these characteristics -- innovativeness -- the Media Management Center commissioned this study. We asked innovation consultant Annette Moser-Wellman, President of FireMark, Inc., to identify, from a sampling of the best leaders of old and new media businesses, just what it takes to be truly innovative in today's news media world. We are happy to share her findings with you.

Vivian Vahlberg  
Director of Digital Media  
Media Management Center

## **Running While the Earth Shakes**

### **Creating an Innovation Strategy**

### **To Win in the Digital Age**

The news media industry is undergoing seismic changes. The pace of technological advancement is shaking the foundation of both traditional and emerging news media organizations. To thrive and even survive, leaders of these companies must create an explicit, on-going approach to innovation.

Developing a winning innovation strategy allows a company to run while the earth shakes; to be robust and relevant, yet malleable and adaptive to the ever-changing market. To succeed companies need to travel down four “roads” that, when pursued together, can provide the flexibility, speed and competitiveness needed. These “roads” to innovation are 1) portfolio entrepreneurship, 2) dynamic processes, 3) flexible organizations and 4) inspired leadership. Taken as a whole, focus on these four areas can provide a unique competitive advantage and the momentum necessary to run the race.

This report offers examples of the four roads of innovation that some leading news media companies are following and provides recommendations for those interested in winning in the digital age. It gives practical suggestions for news media leaders to use to tackle the continued changes predicted in the marketplace and preserve the value of the news-gathering function.

#### **Road One: News media organizations must become portfolio entrepreneurs.**

Portfolio entrepreneurs are those who have the ability to create and manage many different businesses at the same time. Portfolio entrepreneurs identify emerging needs and fill them, over and over. They are able to create businesses quickly and are prepared win and yet, they recognize the possibility of failure. To think and behave like portfolio entrepreneurs, news companies must put risk and speed at the center of the corporate altar. This means simultaneously developing multiple new business concepts, focusing on exploiting nascent opportunities and being willing to lose and right away try something else again.

Importantly, behaving like a portfolio entrepreneur means knowing how to effectively manage two or more business models at the same time. This is particularly true for legacy news media companies – those that have been in the news media for many years, who have had success and thus have something to protect. Executives must grasp that success requires managing the operation and adaptation of a time-honored

business AND at the same time developing new models that value rapid change and market response. News media companies need to be intentional about both becoming more efficient AND growing by rapidly innovating in new market spaces that leverage their expertise as news gatherers and, most importantly, as partners for other businesses to make money.

Part of the need for becoming portfolio entrepreneurs is that, as Peter Horan, Chief Executive Officer of IAC Media and Advertising, put it, “The Internet is the death of time and distance.” This “death of time and distance” is characterized by increasingly rapid cycles of technological change. Leaders need to plan that change will continue – and that *rates* of change will quicken. Thus, it is not enough to look back and expect change at the same pace of the past – or to look ahead, as the future is an increasingly cloudy crystal ball. Leaders must quickly and regularly identify emerging ideas -- small and novel ways to respond to the marketplace. These innovative ideas must then quickly come front and center when developing business strategy.

Those designing strategy need to consider what has made the company great, but more importantly to look to emerging innovation, within and outside the organization. Today’s leader needs to be part “protector of the heritage:” As Jay Smith, President of Cox Newspapers Inc., told us, “The challenge is, ‘What can we do with this proud, old medium?’” But it is also, more importantly, to become a “nimble entrepreneur,” moving quickly to adapt to the changing marketplace.

Thus following Road One – becoming a portfolio entrepreneur - means news media organizations need to follow these imperatives:

- **Make experimentation and iteration a way of life.**

A chorus of emerging news media company executives extolled the virtues of “iteration” in our interviews – of trying something, getting feedback, changing it, getting more feedback, and continuing to tweak and adjust your way to success. They spoke of not needing to get it right the first time but instead of evolving products and services in response to consumers. The attitude is exemplified well by the comment of a Google executive, who told a Media Management class at the Kellogg School of Management, “At Google, everything we do is a beta.”

Indeed, Jim Gerber, Content Partnerships Director of Google, confirmed that Google’s product development process is iterative. Google’s product and engineering teams are continuously developing new products and are always in communication with partners to find out what they want. The product evolves through regular meetings and feedback revisions.

## **How Ideas Can Happen**

*Biz Stone - Co-Founder, Twitter, Inc.*

“... The idea for Twitter actually came from my colleague Jack Dorsey. ... He’d been thinking of ... [instant messaging applications] and ...of just the whole sort of online journaling phenomenon. On one end, you had this very simple status update; on the other end, you had these more elaborate, longer, more thought-out posts, blog posts, journal posts, where you’re still sort of communicating with your friends but you’re doing it in a very formal way. And he thought, “Wouldn’t it be great if you could still communicate with your friends but in this very informal status-update kind of way?” ... Around the same time, I had been thinking of different ways of putting together SMS, mobile texting and Web, to tie them together in interesting ways...

“So that was the very beginning of the idea. That’s where we ran off for two weeks and built the prototype. We showed the rest of the folks we were working with that prototype and everyone just loved it as much as we did so we decided to continue, and we decided to branch out beyond mobile texting into anything we could think of where you would want to make a short update from...

“We only had big visions of it in that we thought it’s just so simple that you know there’s so much ground that it could cover, and so there’s so much potential for it to go in any direction.”

Allen Blue, Co-Founder and Vice President of Product Strategy of LinkedIn, described LinkedIn's process: "We make it up as we go along. If you ask consumers about your ideas, they will say, 'I have no idea what you are talking about.' It's better to build something light-weight, see if we can innovate effectively and then iterate." Jim Lanzone, Chief Executive Officer of Ask.com, also said that greatness requires iteration. He said Ask.com conducts traditional consumer research including ethnography and usability labs, but at the same time he proudly claims they are more about "winging it."

"Winging it" is often essential in this process – but so is testing. Every emerging news organization we spoke with puts a priority on micro-tracking what consumers are responding to online. They learn from it, adjust and learn some more -- perfecting their way to success. This ability to test, track and tweak provides them with a competitive advantage, especially in their capability as advertisers.

Fortunately, technology now enables small-scale, inexpensive but sophisticated real-time product research. With little effort, programs can be dynamically launched and tested. For example, Yahoo!News uses monitoring usage data showing exactly what viewers are doing online. This allows them to test new concepts such as ad placement or product development with a subset of their customers and to experiment with endless combinations – and discover what flies and what doesn't.

Ted Shelton, Founder and Chief Executive Officer of Personal Bee, says a good product launch in the digital age is more like a snowball than a supernova explosion: "If companies thought more about product releases as being snowballs than being supernovas, they could be much more innovative. You don't have to get everything perfect and right if you're a snowball. You can get it out to a few people [to]... start using it, get [them to give you feedback], go back to them ... and [thank them for telling you] because [you] will fix it. And then you fix the product, and it gets better and better."

Thus, news media organizations need to learn to "iterate" – to develop bold initiatives (both on and offline), micro-test them, develop feedback systems and tweak their way to success. They must embrace the primary value of experimentation and iteration, on and off the Web.

- **Design failure into the process.**

A corollary is that in a world of experimentation, expecting and planning for failure is critical for success. There is a story that floats around one news media company about a senior executive who says, "I worry we aren't failing enough." This leader knows that great evolution and learning comes from experimentation and failure.

Jack Abernethy, Chief Executive Officer at Fox Television Stations Inc., believes that Fox benefits from a culture of risk-taking because they are “quicker to admit failure” than other companies. Abernethy attributes this culture to Rupert Murdoch (head of News Corporation), who is quick to cut his losses and makes his staff believe that mistakes are ok. “Rupert is very good about just allowing for honest value, quickly realizing it and moving on.” With that, people are allowed to take chances.

Peter Horan (IAC) says that while nobody wants to make a mistake, “out of any 1000 ideas, 950 will die, 40 will be marginally successful and 10 will be great. It’s important to try any plausible idea and, in the case of failing, just say, ‘Oops, sorry’ and move on to try something else next week.”

Of course, it should be easier to justify experimenting and failing in the growth stage and mature stages of a company: margins are high and there is money for taking chances. Companies starting to decline often find it hard to free up capital to take risks at exactly the time they need most to innovate. Concomitantly, change and experimentation are difficult for companies with legacy cultures, where failures are rarely valued. But risk and failure are necessarily tied to innovation.

Whatever life stage an organization is in, management needs to free up resources to try new ideas and fail. So, when mapping your plans, be sure to factor failure into your algorithm.

- **Focus relentlessly on growth.**

As Kinsey Wilson, Executive Editor of USA Today, put it, media companies need to move from being bottom-line to top-line companies. They need to concentrate on growth.

Below is a table reflecting the classic product lifecycle. After a period of introduction and growth, most every product will reach a period of maturity and eventually decline. The second table illustrates that to continue to grow, companies must create new products, preferably in the growth and maturity stage when margins are highest, to reinvigorate revenue.

## **Harnessing The Incredible Drawing Power of News**

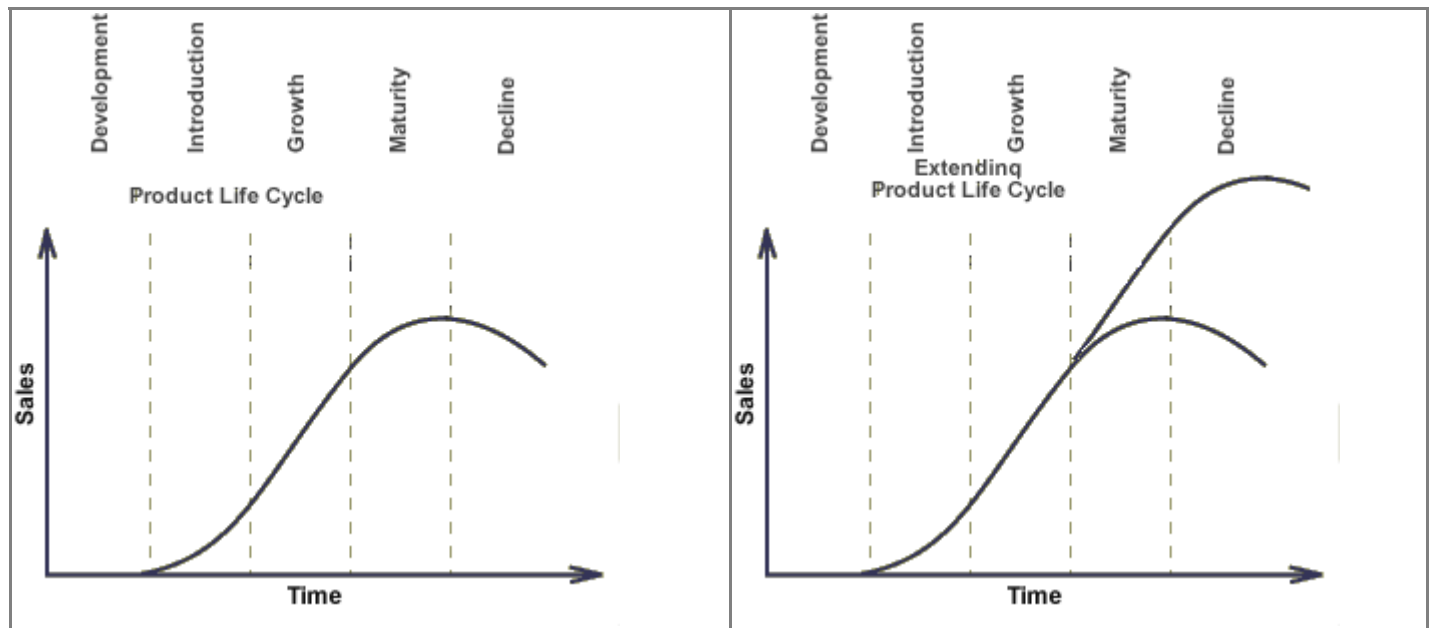
*Neil Budde – Vice President and Editor in Chief, Yahoo! News, Sports and Finance*

“The overall Yahoo mission is to connect people to their passion, their community and the world’s knowledge. That fits pretty well with news because a lot of what people want to find out about is things that they’re either passionate about or that are related to their communities, which communities can be geographic but they can also be subject areas that they’re interested in, and helping them understand what’s going on in the world.

“To be honest, a lot of what people look at on Yahoo! News is not the most pressing news of the day, but on the other hand, world news is one of our bigger categories. So it shows that there is an appetite out there for international news that’s largely unmet by other media these days...

“So the vision for news at Yahoo! is broader than Yahoo! News which is a site. We are putting news across so much of Yahoo!, you can find news on the front page; you can find news in mail; you can find news in messenger.

“The notion of making news almost ubiquitous across Yahoo! is partly because it’s one of the things that compel people to come back and check what’s going on and check their mail and do their searches at a place where they’re finding out what’s going on in the world at the same time.”



To do this, news media companies need to create a portfolio of new products and services that can capture new revenue and revitalize the curve. This ‘growth agenda’ should focus on developing new products, niche products, micro-niche products, line extensions, service offerings, partnership products, acquisitions and more: anything that will bring marginal incremental revenue to the table. A growth agenda requires tracking the net revenues produced by these new products across time and continually adjusting their priority in the basket of services the company provides.

NBC News Vice President Lyne Pitts realizes the importance of creating a specific plan for future revenue growth. She said “forecasting models helped everyone at the company decide that new revenue streams needed to be created even while we provide the high-quality news we have always been known for.” So NBC News created Peacock Productions, a new white label production house inside NBC News that uses the editorial expertise, technical resources and producers of Dateline NBC, NBC News Productions, NBC Media Productions and digital unit NBC Next Media to create new, more client-based content such as reality programming. The programs will be broadcast through multiple outlets, such as NBC Universal Television, NBC cables and MSNBC.

Our study shows many news media companies hard at work on growth agendas; new products are at the center of the agenda for many. For example, The Washington Post has created niche newspaper products that meet the needs of segments of their audience, from acquiring “El Tiempo Latino,” the leading Spanish-language paper in the greater Washington area, to starting the free commuter tabloid, “Express.”

About half of the newcomers to the Washington area are non-U.S. born, and the Post is searching for different ways to appeal to these ethnic groups.

A growth agenda also includes generating smaller, more incremental ideas that can have revenue implications and need to be watched carefully for the first signs of success or failure. Earl Maucker, Editor of the South Florida Sun-Sentinel, notes the importance of fast-moving entrepreneurial ideas, like being open to new ad positions and configurations on the front page and sections fronts, as well as trying new ideas – such as sticky post-its on the front. His company experiments with different zoned ad rate structures to give advertisers the opportunity to more specifically target geographical communities.

Importantly, any media company growth agenda must address the specific role of digital media in revenue development. Washington Post is moving quickly to innovate on the digital side; they have invested in their digital business and are pushing new ways to both create relevant editorial and make money. They recently launched Loudounextra.com (<http://loudounextra.washingtonpost.com/>), a hyperlocal site targeting the population of the fast-growing and highly broadband-penetrated area of Virginia's Loudoun County northwest of Washington, DC. They expect to replicate this model in other communities ringing Washington, D.C. They have also used Pluck, a social networking company, to enable people to link up with friends on the Post site, creating personalized pages to continue discussion of a story. And, when Facebook opened its platform to customized applications, Washingtonpost.com created a high-visibility widget allowing users to rate themselves on the compass of conservative or liberal. Caroline Little, Chief Executive Officer and Publisher of Washingtonpost.Newsweek Interactive (WPNI), says that while the newspaper's circulation is one million, its online readership is 12-13 million. WPNI operates washingtonpost.com, newsweek.com, Slate and Budget Travel Online.

The Web is a large part of the plan for growth at CBS as well. Betsy Morgan, Senior Vice President and General Manager of CBS.com, runs a team of 100 for the digital side of CBS News, including the company's websites, CBSNews.com, CBS News wireless products and Video on Demand products. CBS injected more resources into interactive when the company formed a new division to manage its interactive content in 2005. For the last two years, it has been building up its editorial staff, marketing unit and sales staff. Morgan brings an MBA and business expertise to the enterprise. "The challenge is to grow and innovate within a robust mainstream news organization." CBSNews.com works closely with CBS News and produces original content as well.

Acquisitions and partnerships are important for growth, particularly at larger companies. Christopher Ma, Vice President of The Washington Post Company, is in charge of scanning the horizon for new acquisitions. He looks to add complementary products alongside the dominant part of Washington Post's portfolio. The Post developed a radio programming partnership (which did not succeed) and a partnership with "The Onion."

Likewise, in May 2007, CBSnews.com acquired Wallstrip (<http://www.wallstrip.com>) – a financial video-blogger community. From the success of Wallstrip, CBS discovered the value of original video content specially designed for the Web. Morgan said CBS is letting Wallstrip work alone to provide them greater autonomy. In effect, preserving the acquisition's independence preserves pockets of entrepreneurship within the organization and gives them a better chance of developing new products.

- **Aggressively pursue new money.**

Often when news companies think of innovation, they think of new content innovations -- new things to cover, new ways to approach the news, new ways to display it. But what's critically needed now is intense focus on developing new and different revenue streams, singly and in partnership with other organizations. News media companies tend to think of advertising revenue as the primary game in town, supplemented by circulation revenue for print products. To have a true growth agenda, they must expand their horizons and find multiple ways to extract revenue.

In the magazine world, John H. "Jack" Griffin Jr., President of Meredith Corporation's Publishing Group, and his team are pioneering innovative ways to blend creative editorial content with opportunities to sell products from their sites. Better Homes and Gardens magazine has developed a taxonomy and protocol to facilitate this: Get Inspired (see the products advertised on the site in use), Browse & Search (look for what you want to buy), Compare (choose exactly what you want), Learn more (for products details) & Take Action (buy). Each of Meredith's publications has moved to the digital marketplace with new and interesting ways to monetize their content.

IAC is a good example of a company modeling new ways to generate revenue on the Web. Currently, it is pursuing opportunities including lead generation, direct product sales and sponsored links. One of IAC's sites, Citysearch (Ask City), created a local advertising lead generation program for a merchant that includes producing a low-cost video of an advertiser's place of business. Once the video is uploaded to the net, Citysearch gets paid every time someone clicks on the video – and of course the client gets a customer in the door. IAC is also investing in

### **Searching For New Revenue Streams** *Peter Horvitz - President, Horvitz Newspapers*

"What I aspire to have happen is that my newspaper company is the local news and information source for the communities we serve, and that we are a platform, that we have a versatility ... about how we distribute that... so that ... three years from now our printed newspaper will still be the core product and the major revenue source, but that we are distributing news and information in other ways and generating revenue in other ways that take advantage of the technology that people are comfortable with..."

"I think cell phones will become more relevant, ... that we will have relationships with national brands, and we will be the supplier of local information to those national brands. ... For example, all of the partnerships are being done with Yahoo. ... What they're interested in is our content; they can't get it any other way."

"The one thing we know is our franchise is based on the fact that we have reporters covering city councils... and nobody else has that... You know if somebody gets lost in the Olympic Mountains, we're writing about that. The rest of the world finds out about it as a result of our reporting. So ultimately that's why we exist."

"We won't find new ways to make money. We can't just continue to give it away and that's the tricky part."

widgets, viral marketing, user-generated content, video and social networking concepts, in an attempt to “blend down” the cost of acquisition, content and audience by getting the audience involved.

PC World’s Editor-in-Chief Harry McCracken says that the future for his company involves not just service journalism, but also service. PC World has launched a new section on its site that is devoted to small business. He says that “rather than telling people how to troubleshoot a computer, (I can envision the day when the consumer) can click a button and we troubleshoot for them.”

LinkedIn has an interesting revenue model. Joining the network is free, but LinkedIn makes money through advertising and selling subscriptions for premium services such as individual job listings or individual InMail communications. LinkedIn may start offering news as a service as well. They are growing at about 200,000 members per week with a goal of 80 per cent of white collar professionals as members.

The Washington Post has created [www.sprig.com](http://www.sprig.com), a site with both original and user-generated content for style-conscious environmentally-friendly women. The site makes money by offering advertisers niche markets.

And revenue-generating partnership ideas abound as well. Slate is experimenting with an on-line video magazine with an exclusive sponsor, Infinity, for the first 10 months. When The Fray overhauled its social network site, it was sponsored by Cisco which advertises as “The Human Network.” And Cliff Sloan, Publisher at Slate.com, says Slate has a relationship with an NPR show called “Day to Day” that is on more than 100 NPR stations.

It’s imperative that news media organizations cast a wide net when considering new forms of revenue and cultivate revenue streams which may seem small today but may grow. There is no greater cost than standing still.

- **Define the competition broadly.**

No longer are newspapers just competing against other newspapers, or is television competing against other media, such as magazines or newspapers. In today’s world, Julia Wallace, editor of the Atlanta Journal-Constitution, believes that newspapers are competing against everyone for the time and attention of consumers. Defining the competition this broadly opens up tremendous possibilities for innovation.

**Just Who Is The Competition?**  
*Christopher Ma – Vice President,  
The Washington Post Company*

“Everybody’s the competition and the main competition is the shortness of time people have.

“When I say, ‘Everybody’s the competition,’ I mean you’re trying to justify having very busy people spend time with you rather than doing something else.”

Traditional news organizations for which digital is an important part of the growth agenda need to keep a watchful eye on the technology sector, in particular, closely tracking their innovations and actively imagining ways to apply innovations in other areas to news. Earl Maucker (South Florida Sun-Sentinel) said the Sun-Sentinel's goal is to be a "fast follower" – not to make its core competency to develop technologies, but rather to move on them quickly once they've been determined. Similarly, emerging news organizations need to remain focused on the innovations of others. Emerging organizations tend to rely on word-of-mouth or informal networks for technology news. As they grow, these organizations may need to institute more systematic reviews of new technologies, new start-ups being funded, partnerships with universities, etc.

Interestingly, while traditional media companies feel that they are increasingly competing for consumer dollars and time with companies that specialize in technology, those technology companies don't think they're competing with traditional firms. Jim Gerber (Google) said he doesn't think of Google News as a news organization but as a technology company, citing different business models. Similarly, Peter Horan (IAC), said, "The role of a search engine is to bypass the structure of a news media organization. We see news as primarily an advertising business." He said he "feels like he's running a software company masquerading as a media company." Yahoo!News is also a technology company in that it sits in a Petrie dish of new and experimental technologies.

**Road Two: News media organizations must create dynamic internal processes.**

It isn't enough to decide to be entrepreneurial or to hire innovative people. News media companies need to create and hone processes that enable both speed and widespread participation, as the digital age demands. Dynamic process is a cornerstone of companies that continually innovate. Companies that will win in the digital age have processes in place that enable them to morph and change in response not just to consumers, but also to the marketplace. Developing dynamic internal processes is easier for smaller companies, but large companies can also achieve it.

Following Dynamic Process means that news media organizations need to follow these imperatives:

- **Create a business development function.**

One way that both traditional and emerging news media organizations innovate is by the *creation of a business development team*. The beauty

of a business development team is that it skims off the hard work of looking externally to the market, but then dynamically injects ideas into the organization – usually at senior management levels that can take action. Such a team is a group of individuals charged with scanning the marketplace for new businesses, ideas and technologies. A business development team actively looks for what other news media companies are doing nationally and internationally. Importantly, this team searches the digital space for concepts that would be important to include in the core competencies of news organization – either in the news gathering function or in the revenue generation side of the business. These teams are frequently charged with identifying and generating profitable partnerships as well.

Business development teams are usually comprised of 3-5 individuals. The Washington Post Company has centralized the function with Christopher Ma. CBS News has a business development team which helps them secure partnerships and pursue innovative ideas. In smaller companies, horizon-scanning responsibilities fall on the shoulders of senior leadership. However, leaders need to be sure that they have – or take -- the time to be outward-focused enough to be successful in these responsibilities.

While these teams are common at traditional companies, emerging news media companies also need to perform these same functions. Founders of smaller companies need to be careful that they don't assume this role without the support of others in the organization.

- **Fixate on the consumer.**

A company that keeps the customer at the center -- that concentrates intensely on identifying and meeting consumer needs -- stays flexible, because it automatically changes as the consumer changes. Developing dynamic processes to determine and act on shifting needs is critical in the digital space; that means systematically and regularly listening, tracking, measuring and adjusting.

Susan Grant, Executive Vice President of CNN News Services for CNN/Worldwide, said she measures CNN's "customer relationship, customer-centric[ity], ease of use, responsive[ness] to what the customer wants ... [and] needs" in order to ensure a customer focus. She realizes that giving the consumer what they ask for is good, but not nearly as powerful as anticipating what they may want in the future.

John Skipper, Senior Vice President and General Manager of ESPN.com, believes one of his company's strengths is a natural closeness to and passion for their mission of serving sports fans. "We have a fair amount of formal...research. I would also say that the formal is much less

**Focusing On The Customer**  
*Susan Grant – Executive Vice President of News Services, CNN/Worldwide*

"We would use...(Apple) as a company that excels on almost every level of innovation...in the categories we want to start measuring ourselves and probably more – customer, our customer relationship, customer centric, ease of use, responsive to what the customer wants, anticipating and responding to the customer needs, of getting that right. ...

"Process – everything they did with this iPhone, from how they launched it to how you could buy it online at a specific time to partnering with AT&T, to making it, for the most part, easier for the customer to activate...

"They've taken something that's essentially utilitarian, a phone...and they've made it into something that is useful and serves a lot of needs, but is also cool.

"It's good to have companies that are best of breed and...**aspirational** industry practices, things you want to aspire to. Because if you're just looking at measuring yourself against yourself, all that's an interesting metric and a useful one, (but) it keeps you going at a certain speed.

"Talking about being nimble, ... for CNN.com, in particular, I think we do put ourselves in a pretty rarified class of leading news organizations online, and being innovative and responsive.

"So in the same way that the iPhone is an experience, it's not just a phone, CNN.com is an experience; it's not just a website. ... When you do it right, in terms of creating a product, you have created a customer experience."

important than the informal research which is contact with fans because they're our friends, they're our colleagues. We have a unique company where our workforce is largely relatively in tune with our customers. We're all sports fans you know."

Julia Wallace (Atlanta Journal-Constitution) has placed particular, systematic emphasis on getting closer to what consumers want. They've launched massive online and print readership quantitative studies. AJC recently started doing consumer research on CommuniSpace – a service that searches for the target audience online and allows the paper to query members in a chat format. They can show consumers prototypes, talk to them about new ideas, and create an interactive focus group with segmentation overlays. These types of intimate, dynamic feedback systems allow companies to tailor ideas and respond quickly to consumers.

Companies need to continually be intuiting what may be of interest to consumers and then testing these assumptions in the marketplace. It often falls on editorial teams at traditional companies and product managers at emerging companies to be the voice of the consumer. But that voice needs to be more than a personal gut feel. It needs to be tested with external inputs from the marketplace and it needs to be vetted with a small segment of consumers.

It's not only traditional companies that need to maintain focus on the consumer in order to remain flexible. Emerging news media organizations need to be sure they are sufficiently outward-focused with the changing needs of their consumer and customer markets and not just creating technology, with little, actionable purpose.

Involving consumers as a part of a dynamic internal process not only enhances a media company's chances of staying on top of consumer wants and needs but it builds the consumers loyalty and engagement with a publication or site. The advent of social networking creates many ways to both involve and serve consumers. Jack Griffin (Meredith) believes the market is a conversation. Griffin talks about creating "architectures of participation" with the company. A good example is MORE, a magazine targeted to women in their 40's and 50's, with a circulation of 1.1 million, which is published 10 times a year. (Source: <http://www.dmnews.com/cms/dm-sectors/media-publishing/39630.html>). MORE's marketing through Meredith has many contact points for consumers to participate and engage with the brand. They have MORE Film Contests, partnering with Women in Film, the leading nonprofit organization for women in entertainment industry, which received more than thousand of entries from women between 40-90 in 49 states; MORE Reinvention Conventions – inspirational one-day events covering

**Listening To The Audience,  
Systematically**  
*Jonathan Klein – President, CNN/US*

"I like to foster the conversation among groups of people. ... We've got a daily editorial meeting and we try to introduce these notions every day. ... One of the things we've introduced into our daily editorial meeting is the discussion of what are the most popular stories on CNN.com at that moment, ... to talk at our editorial meeting about what the audience is telling us this morning about what they're interested in..."

"We'll always do what we think is best when it comes to coverage decisions but a lot of what we cover is optional, based on what we think is interesting, and it's awfully helpful to understand what the audience thinks is interesting too. So it's not decisive but it's another data point for us.

"It certainly helps us decide how long to stay on a story because we do have a habit of staying a little too long most of the time, beating a story to death...when the audience has moved on, and the audience these days moves on quickly."

fashion and fitness tips from special speakers; MORE Time – an hour-long weekly talk show on satellite radio (XM); and MORE on-line (<http://www.more.com>) – where women can talk to other women and many others. Griffin said these dynamic processes allow the magazine to intimately engage the consumer.

Some claim that content is king in the world of media. But our research indicates that content may only be queen. It is the creation of an experience for the consumer that promotes true engagement. As Susan Grant (CNN/Worldwide) says, “CNN.com is an experience; it’s not just a Website.” And the experience is a combination of both content and innovative technology that allows tangible benefit for the consumer.

All of these companies illustrate the importance of dynamic process; responding to the market and allowing for adaptations in corporate systems. News media organizations can win the battle for time and attention only if they change – repeatedly -- to accommodate the market.

- **Revisit and adapt the business strategy – often.**

Being a portfolio entrepreneur requires being willing to continually adapt and rethink business models. This is what emerging media companies do so well. Because their first platform is the Web, they tend to call into question more quickly their existing ways of making money and are willing to look at new ones. Emerging companies are often more sensitive to competition as the price of entry can be low. On-line businesses can collapse overnight with the development of a new, even small technological advance. Who remembered Friendster once MySpace took over? Continual adaptation is essential.

Laurel Touby is the founder, Chief Executive Officer and “cyberhostess” of mediabistro.com. When she began her online business in 1997, her plan called for making money through job listings and offering health insurance to freelance media folks. The insurance idea didn’t work, but an unexpected demand for educational programs cropped up to fill the void. Now training for media professionals is a large part of the revenue stream at mediabistro. Ever restless, Touby is always searching for the next way to bust up the business model. She feels that “the bigger you get, the more entrenched you become in your product lines,” which makes innovation more difficult.

Personal Bee is an online service that lets users organize news in their areas of interest to enable sharing with others. This custom-news Web site was purchased by blog search giant Technorati in April 2007. Personal Bee’s founder, Ted Shelton, tells a story about a colleague having trouble adapting to change. His colleague in the cable TV business tracks audience viewership. Shelton asked him how he tracks

### **Doing the Product First and Letting the Business Model Follow**

*John Skipper – Senior Vice President and General Manager, ESPN.com*

“We’re doing everything we can to continue to feed our existing business models, but we spend no time trying to ensure that it doesn’t morph into something else. We try to suggest that there is no cannibalism; people are going to get whatever they want to get somewhere, so your worrying about cannibalism only means that if you’re trying to protect your existing business, somebody else is going to get the new business.

“Our basic point is we have a successful television program and we say, ‘Hey, why don’t we put it on the Internet? Or make it better?’”

“If the consumer is going to get news and information in quicker, better ways, then our job is to provide them that. We always do the product first and the business model follows.

“We often go into businesses where we don’t quite know what the business model will be. Or we know fans will be interested and will use it, and then we figure out where the revenue is going to come from.”

Internet viewership of programming. The colleague responded that it would be 10 years before their content would be watched on the Internet and that measuring Internet viewership would compromise the way they communicated with advertisers. Shelton challenged him: “Why don’t you just say, ‘Okay, look, the Internet’s going to be like a new cable distribution network. We need to monitor the Internet in the way we monitor on the cable networks. We need to add that into the metrics that we give our advertisers about what’s happening with our programming and let them know...that it’s tracking a whole audience you didn’t know about before.’” Amazingly, he said, the colleague declined to accept reality: “No, no Internet! No Internet leaking into my little clean world.” Adaptation of business models is critical to success in the digital world.

- **Invest in technology – yes, again.**

Some companies have been investing in the Web effectively for many years. NBC was prescient in the development of msnbc.com in 1996. Now this organization is run by President and Publisher Charles Tillinghast and is a well-oiled machine. Tillinghast knows the value of making the technology investments needed for innovation. Msnbc.com’s flexible publishing system allows them to “get news content up faster than anyone else,” he said, giving them a great ability to ingest content from many different sources and get it onto the site without making it look like it was “just tossed out there.”

NPR’s Senior Vice President of Strategy and Partnership, Dana Davis Rehm, is very aware of the on-going investments needed. “The idea that when something is ready, it goes to the Web first and that you are capable of publishing and/or broadcasting in more than one place simultaneously is pretty huge. It involves a huge capital investment, not to mention the way people work together every day.”

In fact, technology investments are difficult to manage because they change so rapidly over time. It’s increasingly important to acquire technology platforms that are light and fast and allow for rapid development and testing. The good news is that many of the Web 2.0 components have come down in cost and it’s easy to experiment. To innovate, companies need the right tools.

- **Make dynamic relationships with the public a part of how you do business.**

When news media organizations open up their platforms and provide others the ability to upload and share their content, they create partnerships that increase consumer engagement and enhance innovation.

## **Using the Medium To Generate Information**

*Cliff Sloan - Publisher, Slate.com*

“We have used the medium to generate information that you couldn’t do any other way...”

“There was a picture from 9/11 of people who had been riding their bikes and across the river you could see 9/11, the buildings smoldering in the background. Frank Rich wrote a column in The New York Times where he said that that picture, which he didn’t print, shows a very disturbing thing about Americans. ...It looks like...they don’t care or they’re not even looking at what’s going on with 9/11.

“So Slate editor David Fox... went and got the picture and...he printed the piece in Slate and said, “But look, I don’t know. If you were there, can you tell me what was going on?”

“Within a few hours, three of the four in the picture and the photographer had gotten in touch to talk about it. The people in the picture were actually quite angry about Frank Rich’s interpretation because it was a very traumatic moment for them and they just looked away.

“Now maybe you could have printed that in the paper and asked for people (to respond), but the ubiquity of the Web and the immediacy of it got an immediate reaction.”

Betsy Morgan said CBS is working to locate and use the power of micro-journalistic communities. “There is a middle community that is emerging of micro-journalists or micro-experts and no mainstream media news organization has been about to harness that talent,” she said. CBS intends to. For example, at CBS.sportsline.com, there is a hierarchy of experts around sports content in which experts’ comments are collected and assessed algorithmically. As a result, a publisher can select personalities that best suit a specific subject. She envisions an online community infrastructure such that CBS Digital Media (including both CBS.com and CBSNews.com) can quickly identify the experts in a local space in which breaking news is happening. The network would then be able to blend the power of the blogosphere with the journalistic expertise of the network. Embracing such new sources of news is a promising way to innovate.

Allen Blue (LinkedIn) defines the charge as “locating a cloud of trusted blogs.” These bloggers have become mini-journalism corporations, as in the case with Michael Arrington from TechCrunch and his large research staff. TechCrunch is a blog that in their own words “obsessively profiles and reviews new Internet products and companies.” News media companies must find their own way to interact creatively and dynamically with the power of the blogosphere as well.

When possible, creating open-source platforms for developers to interact with your software and build custom applications can be a source of great innovation. Consider Biz Stone, the co-founder of Twitter, Inc. Twitter built an API, which means they exposed the code for the Twitter product. Now there are more than 200 applications built for Twitter by others and Twitter has 10 times more traffic going through its API. This serves to exponentially increase the amount of users of Twitter.

**Road Three: News media companies must create flexible organizational structures.**

Just as companies need to be responsive and adapt to the emerging marketplace, organizations need internal structures that are adaptive as well. Innovative organizations have functional “backbone” to maintain their strength, but build in flexibility by providing people with the tools they need to make the structure work for them and not against them. In effect, the organization itself can be recursive and self-transformative.

There are a number of factors that determine how to help organizations become more flexible including the size of the organization, the depth of the market change and the existing ethos. This section will highlight some of the ways news media organizations are creating that flexibility

and providing people tools they are using to transition into the digital media landscape.

- **Embrace flat.**

Technology companies are famous for popularizing flat organizational structures that are highly networked around functional expertise. These are commonly called matrixed organizations. Microsoft was one of the first to pioneer widespread “project teams” and to push responsibility down to mid-level management via a matrixed organization. These less hierarchical structures provide for rapid implementation of ideas. The accepted theory is if you hire the right talent and give them full responsibility, performance will increase.

Peter Horan (IAC) believes in companies that are “middle-centric.” He said when you fully empower middle-level managers, you’ve unlocked the door to innovation.

Charles Tillinghast (msnbc.com) likes to appoint people to teams to represent departments. “People are on teams because they have the expertise that will benefit the product.” The innovation responsibility is then shifted from executive teams to natural leaders who have the most vision and can drive the product strategy.

Yahoo! is a matrixed organization, as well.

Innovation increases in these environments, but it requires a certain level of self-advocacy and internal selling. Decisions are made by teams and influences are organic. Because companies like this are decentralized, there can be redundancy, but the creativity needed in the marketplace trumps it. News media organizations should strive to matrix internal functions that require creativity such as marketing, sales, and newsgathering.

Jonathan Klein, President of CNN/US, talks about trying to ‘tear down silos’ by creating cross-functional teams. Interestingly, he is accomplishing the goal of flexible organization through defined tasks. “Rather than give a generalized order that the different sides of the company ought to cooperate with one another, we’re coming up with specific projects,” he said. Klein cites the I-Report as an example of a recent project that forced collaboration across divisions. I-Report is an on-line function that allows anyone to upload content to CNN and share stories, videos or photos. It was created by a cross-functional team with resources from IT, the Web division and the main news desk. “Having a concrete project to work on enables diverse teams from different platforms to cooperate much more effectively than if we simply had held a little get-together with sandwiches to talk about ways in which we

**Keeping The Bars Low**  
*Peter Horan – Chief Executive Officer, IAC Media and Advertising*

“To some extent, we get stuff done by avoiding structure. ... What you have to have is good motivated people that are passionate about ideas, and let them push it through...

“Keep the bars low. Don’t make them fly to New York ten times to beg for approval to do something.

“Often the engineers tend to come up with improvements. They tend to figure out how to do stuff. The product folks in our organization are sort of supposed to be the voice of the customer and so to some extent they’re the ones that have to build the need case and say, ‘Hey, here’s what either our competition is doing, or here’s what the readers need,’ and come in and pound the table to say, ‘Hey, here’s what we should be doing.’”

might work together better. It's sort of like the Israelis and the Palestinians actually sit down to discuss how to supply water to the West Bank villages and that gives them a concrete goal to work toward. They can set aside any inherent differences that they may have and work toward a common goal," he explained. I-Report has become a significant source of newsgathering for CNN. At the beginning of covering the recent Minneapolis bridge collapse, when the CNN affiliate was blocked from broadcasting, I-Report became the main source of CNN's early content – with more than 50 still photos, several videos and almost 20 eye witness accounts.

Cases like this suggest that even large companies can find pockets where they can create the cross-functional interaction needed for innovation. Smaller emerging news media organizations have less structure simply because of their size. Yet, it's still important for them to affirmatively seek cross-functional input and honor it from other colleagues from different areas. In technology companies especially, developers and product managers tend to hold sway over operations, human resources and even finance.

- **Create skunk works.**

In addition to working across functions, news media organizations need to create teams that can develop ideas completely free of constraints of the existing structure. One popular method is to create a 'skunk works,' or small team of individuals charged with creating and implementing new ideas. These are particularly popular within digital enterprises affiliated with legacy media. This approach allows for quick ideation and, when partnered with light technology platforms, can deploy and test new ideas rapidly. These skunk works provide great flexibility to an organization.

Caroline Little (Washingtonpost.Newsweek Interactive) said their skunk works group is comprised of 5 or 6 journalists, developers and designers who work closely together. This team has been very successful at pumping out great ideas. Examples include: Loudounextra.com, their hyperlocal site for Loudoun County; the onBeing project which features video diaries about all sorts of people in order to make the world more personal, and a teen shopping expose. Importantly, this team works directly with Little and finds ideas through informal partnerships within the larger organization.

CBS.com has a product development team in Florida with a senior vice president for innovation. The team develops a product/business roadmap -- planning the layout and the implementation of the new product, putting the information in easy-to-understand template for presentation.

### **Assembling A Team For Innovation** *Ted Shelton - Co-Founder and Chief Executive Officer, Personal Bee*

"At Personal Bee, I deliberately went out and got a group of different kinds of people.

"We had somebody who was from the publishing industry. He had been a newsroom editor ... (and) a technology writer, and...a blogger.

"We had somebody who had spent his entire career building library automation software systems. How do you find a book once it's in the library? ... Some large libraries in the world are running the software that he wrote.

"I brought into it somebody who is very young, who's right out of college, who is very plugged into the youth culture and using Twitter and using Second Life, and in a band.

"I brought people into it from (the) journalism school at UC Berkeley...

"So a lot of different people that had no preconceived notion about what the business model was, no attachment to a particular way of building this business, who were still at the stage of their lives where they were discovering and exploring and thinking that things were new and cool, and were coming from different disciplines.

"It created an environment where we created this very innovative new idea. In every environment that I've worked in, it's some combination of those characteristics that creates amazing break-through in innovation."

At msnbc.com, these teams are the product of collaboration between technical and editorial. Cross-functional teams include members from all relevant departments.

Many innovators find that the partnering of technology and creative functions is critical. For example, Jim Lanzone (Ask.com) said that “there are a lot of engineers who are imaginative people, but they can also be too rational and sometimes people want something that’s not so rational.” So they make a point of not just “worshiping the engineer but also making sure that they have a dance partner who has a different talent and making them all play together.” He said this synthesizing of the talents of right-brain and left-brain thinkers is very valuable.

Many skunk works teams are modeled after product development teams in high-tech organizations. These skunk works projects include engineers and product developers who are out looking for new concepts in the Web marketplace. They often use open-source technologies that are inexpensive and allow them to test and implement ideas very quickly.

- **Change culture, habit and mindset with structure.**

Newspapers have done some very creative thinking around this challenge. Julia Wallace (Atlanta Journal-Constitution) reorganized her newsroom to concentrate on the two big jobs they are charged with – digital growth and reinvention of the newspaper. This experimental model will shift the newsroom focus from topics (sports, metro, etc) to a news and information department that will think digital first and still serve print and an enterprise department that will serve print while also looking for unique local content. They hired a Director of Culture and Change to handle this effort.

“When we went through the reorganization, everybody applied for jobs and we used behavior-based interviewing,” Wallace said. “Really it was much more about skills, performance, abilities, all those different things, than how we tended to make decisions before. What we’ve been talking about as we started hiring...is how do we make sure that we’re hiring for cultural fit? ... When we begin our [new] newsroom, it will be a different newsroom than any newsroom in the country and so you want to make sure that you’re hiring not only people who can write and report, but people who are going to thrive in this culture.”

USA Today has pulled together a real-time news desk which consists of three different types of people: those who have been writing in real time for the Web; successful bloggers on real-time news blogs; and people who write columns in print. These writers are selectively responsible for both print and online function. Thus, print elements may appear in blogs and vice versa. In fact, the Gannett organization is redefining the entire

**Using Structure Strategically**  
**Richard Beene - President and Chief Executive Officer, The Bakersfield Californian**

“Once we conceive a product, we field test it, we get a business plan for it, (and then) we decide should it live within The Californian or should it live somewhere else.

“Mercado Nuevo is a new smaller company; (it) has about 30 employees...for new products. It has our Northwest Voice and Southwest Voice community weeklies, it has Más magazine which is the Hispanic (publication)... (It has) Bakotopia which is our youth alternative and it has the Bakotopia website...”

“We wanted these products to feel like startups, like (being in) a startup company where we wanted a different enthusiasm.

“We wanted kind of a fresh start, and we didn’t want to throw these products on an already overworked sales force which is already being asked to sell two dozen different brands.

“So we deliberately set these things out, created a whole new company. They have their own 401k, their own medical plans, their own policies and procedures. It’s a totally separate legal entity.”

newspaper division around seven basic tasks: digital, public service, community conversation, local, custom content, data and multimedia.

Dana Davis Rehm (NPR) said NPR's Newsroom 2.0 is a new way of organizing staff that is meant to transform the entire NPR news process and news culture from an entirely radio-oriented one to a multi-media oriented newsroom and service. They are replacing their content management and production services as well as training staff in desktop production, Web writing, video and photography. Rehm says, "We're agreeing to share our plans and our strategy and our tools in an open source kind of way."

- **Create formal systems to evaluate and track new ideas – especially technology initiatives.**

One of the scarcest commodities in emerging news organizations is developer time. Deploying the asset of developer time requires great thought and foresight. To be able to move quickly enough, senior leadership needs to be deeply involved in technology ideas as they progress through the pipeline. Some companies establish a structure for closely monitoring initiatives that includes a team of senior IT leaders and product managers.

For example, Kinsey Wilson (USA Today) said, "It's taken us time to learn how to prioritize all the different things that everybody wants done. Usually they involve IT and sometimes design time, which are at a premium. So we built a prioritization process that involves all the top executives. We literally review every couple of weeks where we are with that, what's in the pipeline that doesn't fit the overall, what we describe as portfolio projects that are moving through the pipeline." They make sure they have some initiatives that 1) help them run the business better, 2) help grow the business and 3) have the potential to transform the business.

Even non-technical initiatives need to be evaluated, monetized and given a go/no-go decision. Some companies are hiring staff to shepherd these new initiatives through the organization.

- **Support the "content strategist" with tools and training.**

The model of the next-generation editor may well be the content strategist. A content strategist decides what story needs to be told and which platform is best to share it. Jack Griffin (Meredith) calls the content strategist someone who thinks about the consumer and is determined to provide content where she wants it, when she wants, and how she wants it. Some of the vehicles Meredith considers in the mix might be podcasts, online video, RSS Feeds, mobile video, blogs, wikis, desktop alerts, personalization, photo sharing, user-generated content,

### **What The Content Strategist Needs To Know**

**Caroline H. Little – Chief Executive Officer and Publisher, Washingtonpost.Newsweek Interactive**

"Understanding how the Internet works is important, not only...how traffic works, and obviously to have the journalistic sensibility is incredibly important, (but) to understand multimedia storytelling, what's the best way to tell a story, and having that flexibility, (to) understand...how users navigate the Internet, how to write headlines, how search engines work and how that's a critical part of growing traffic.

"There's just a much greater connection between audience in a way and growing the audience and the journalism in terms of how you would have to write headlines; how search engines pick up key words, etcetera; how if...a big story is coming out, how do you promote that on the home page, how do you promote that in a search engine?

"Obviously it's not all the journalists' responsibility. Marketing helps and whatever else. But getting the word out is really important and understanding how that works is important."

even television. Likewise, John Skipper (ESPN.com) stresses the need for every editor to write for every medium.

Clearly, the unmistakable trend across all media is multi-platform publishing; rather than create editorial for traditional media alone, more and more organizations are requiring their staffs to work across multi-media disciplines. As Caroline Little says, the mandate now at the Post is determining the best way to tell the story.

Many news media companies have let go of many traditional staff in favor of young people with new skills. While this may be necessary sometimes, it often sacrifices what is good about the existing company, creates untenable learning curves and bogs down process.

To avoid this, training of existing and new staff is part of what the organization needs to provide to remain flexible and enable content strategists to function well. Lyne Pitts said NBC News has deployed training for editorial staff so they can distribute everything they produce on multiple platforms. These folks are given the tools to create the unique parameters of each media and are able to equally send content to the Web, mobile or television. This “desktop editing training” interests so many of the staff that the classes are packed.

Pitts feels good about the cultural excitement the training generated. “People are realistic about what’s going on and thus are ready for the new direction.” Individuals want to pursue their creativity and contribute. Those within the organization understand the market pressure better than leaders realize. They simply need the tools and the direction of leadership to get there, she said.

The sensibility of using technology to tell a story is something that can be taught but to manage it all, the editor and writers need a personal understanding of the tools and a good – and constantly updated – idea of how consumers use the technology and the benefits of each. For example, Cliff Sloan (Slate) says that smart linking is now fundamental to good journalism. Linking and similar online communication values can’t be overlooked or misunderstood. It’s important that editors know and use these tools regularly and develop a “Web mentality.”

To press for innovation, editors and reporters need tools and the permission from leadership to work creatively across platforms. Jeanne Carstensen, Managing Editor of Salon.com, says they are experimenting with reporters carrying cameras and blogging. Harry McCracken (PC World) said that in addition to an editorial team that works across Web and print, they have created a position of multi-media specialist who edits video and works on podcasts. They purposely give less defined

roles of who does what. People have to be flexible in order to jump around and work more organically. Multi-platform publishing inherently produces innovation because it requires increased collaboration, flexibility and team work.

The decision about how to train and invest in employees is largely a function of where a company stands on the product lifecycle curve. Companies in decline may need to make hard choices about investing, but those in the growing and mature phases can't afford not to invest in the new skills of the digital marketplace. Many companies in our study provided technical training for publishing skills, and perhaps leadership training, but few had begun innovation training to support the next generation skills needed in the industry.

Thus, training is an important component in transitioning any organization to a new future. Broad-scale training does two things well: it provides existing staff the skills they need and the optimism and hope that can be sustaining in a change management effort.

- **Utilize technology tools to encourage fast and flexible communication.**

It is generally accepted in innovative organizations that ideas can come from anywhere or anybody. A management challenge is to provide tools for folks to communicate regularly about ideas.

To remedy the torrent of e-mail in her company culture, Jeanne Carstensen (Salon.com) said the editorial team at Salon.com is experimenting with wikis or internal chat capabilities that allow teams of people to comment on new ideas. They are creating story-idea wikis that help to clear clutter on e-mail and centralize all discussion about a particular story. Yahoo!News has an internal Website where people can submit ideas and can even vote on them. This trend toward internal Websites is growing. The Atlanta Journal-Constitution has also experimented with this approach and allows employees to vote on new ideas.

- **Allow internal innovators time and license to experiment.**

At Google, engineers are allowed to spend 20 percent of their time working on their own projects. In fact, Google News was the result of one engineer's personal time. Immediately after the 9/11 terrorist attacks, the engineer was interested in international perspectives of the event and found that getting those perspectives required a lot of navigating and using specific names of news sites. To receive a good cross-section of information and links, he developed Google News. Organized programs like this that protect employees' time to work on creative projects are part of enabling portfolio entrepreneurship.

- **Elevate marketing but avoid relying too heavily on brand.**

Increasingly, news media companies are realizing the importance of becoming marketing experts. Not only is more attention being paid to publicizing the brand and promoting it in the competitive marketplace, but news companies are realizing they must tap and use marketing's deep knowledge of consumers to help design and build their products, in ways that enhance journalistic value without threatening journalistic independence.

Jeanne Carstensen (Salon.com) spoke about making sure journalists are out in the media world, sharing their ideas, speaking at conferences and gaining visibility for the online magazine. In addition, optimizing search engine crawling as a form of marketing is becoming more and more important. CBS.com invested in a marketing unit a couple of years ago.

Meredith has created a marketing function called Meredith360 (M360) which provides its advertisers a suite of media extensions through multiple channels such as books, magazines, events, research and creative service, retail marketing, as well as broadcast and interactive media. It's the service to the advertiser that continues to help news organizations expand their revenue sources and still continue to deliver exceptional content.

In the online world, linking is a large part of the marketing enterprise. In fact, blogs work on the power of linking – I refer you, you refer me and these informal referrals create networks that build traffic. Linking is the new “word of mouth.”

In many news organizations marketing has been viewed as the poor step-child of the real function of company. But rapidly changing markets require an external focus on consumers AND customers. To innovate, marketing needs to be viewed as the customer advocate, and flexible organizations need to seek out marketing's perspective. That means including marketing at the decision-making table and being sure marketing's efforts are well-publicized throughout the organization.

However, in developing novel business strategies, it's important for media companies to realize that the power of a brand may not be enough to protect them from competition. Certainly, some have built a business by the power of brands and the ability to leverage brand names across many different platforms. Consider Meredith whose brands include Better Homes and Gardens, Traditional Home, American Baby, Family Circle, Parents, Fitness and Siempre Mujer. Lyne Pitts (NBC) believes the network's brand is a powerful asset: “The audience is looking for the brands and names they can trust.” Pitts points to Tim Russert's and Andrea Mitchell's analysis as valuable assets for the NBC brand.

Further, Slate believes its brand is unique in the marketplace with a distinct voice on news, politics and culture. And in the newspaper industry, Earl Maucker (South Florida Sun-Sentinel) talks about how many emerging news media businesses don't have the power of a brand.

But in markets of constant innovation, brands can be raised or dethroned overnight. Jeanne Carstensen (Salon.com) points out that competition can appear quickly out of nowhere, referring to The Huffington Post - a Website that features news and commentary from Arianna Huffington and journalists, celebrities and public officials. Interestingly, Huffington used to write for Salon prior to launching The Huffington Post.

Additionally, Jim Lanzone (Ask.com) notes, "Writers are becoming brands." Michael Arrington's TechCrunch - a blog about Web 2.0 products and companies - was often noted in our interviews as a new overnight entrant that now makes \$200,000 a month from advertising, job listings and sponsorship (source: [http://www.wired.com/techbiz/people/magazine/15-07/ff\\_arrington](http://www.wired.com/techbiz/people/magazine/15-07/ff_arrington)). In fact, many of the top 50 sites on the Web are social-networking sites, some of which have been created in a digital heart-beat.

Allen Blue (LinkedIn) sees the ability to trade on the power of brands weakening: "The mechanisms by which content is distributed now rely less and less on ... brand awareness." When building an innovation strategy, news organizations need to avoid relying too heavily on the power of their brand name to buoy them through turbulent waters.

**Road Four: News media organizations must have inspired leadership.**

In rapidly changing environments, a new kind of leadership is required. Rather than a visionary who is sure of the future direction, this leader needs to champion the emerging and the new. The new leader must be an innovation evangelist. Managing the present is not as important as experimenting with the future. News media leaders need to adapt their management styles to the significant changes that are required in the marketplace. Gone are the strategic briefs and five-year plans. The best this new leader can hope for is to identify a mission and see if it can stick. ESPN has "Serve Sports Fans." The Atlanta Journal-Constitution has "Know Atlanta Best." Mike Davidson, Co-Founder and Chief Executive officer of Newsvine, said Newsvine's vision is "hosting the most productive, civilized, intelligent news community on the Web."

In the midst of the transitions, it's important to relentlessly communicate what you believe to be true at any one point in time. These vision statements are flashing lights on the horizon and they provide a sight-line for the organization. For example, Dana Davis Rehm (NPR) believes the

radio network's social role will stay the same and will continue to be something the organization can count on: its commitment to high quality, fact-based journalism and an authentic human narrative.

Following Road Four – providing inspired leadership - means following these imperatives:

- **Embrace chaos.**

The news media industry faces many unknowns ahead. When asked about the future of news media, many leaders in our interviews answered, "I have no idea." The only leaders willing to bet on the future were those from emerging media companies who predicted its decline. Allen Blue (LinkedIn) says, "None of my theories...[say] large media organizations can remain as large and as capable of collecting and producing media as they used to be."

Lyne Pitts (NBC News) says conditions call for a "strategy of chaos." "There's nothing to be ashamed of feeling like you are on the edge in a strategy of chaos." In fact, markets in highly changing times are just that – environments of chaotic activity. Changing markets put high premiums on looking toward what is emerging. Rather than lock-step plans toward a strategy, leaders need to pay attention to the nub of the business: the new customer needs, the changes in the marketplace and a clear external focus toward trends. No one can afford to focus internally. Success will be a function of relationship to the emerging external market data.

Emerging news media organizations need to be sure that they don't shrink from chaos by clinging to the genius of the founder alone. As new companies grow and become more stable, threats can come from anywhere, and it's important to be continually looking for new, nascent ideas.

Most interview participants believe newspapers will survive in some way, shape or form, but given that readership is declining, particularly among those under 35, news media organizations dependent on newspaper revenues need to expect imminent change. Network television and to a lesser extent cable enterprises are sure to be sensing the need for innovation as well. What will come ahead will be a surprising and exciting blending of all new platforms and integrated commerce.

Jim Lanzone (Ask.com) envisions a future in which a consumer can simultaneously chat with people on a social network, watch American Idol and, with a simple click, buy "the headband Sanjaya's wearing" – all on the same plasma screen. Lanzone feels that search will become the

## **Overcoming the Biggest Barrier**

**Jay R. Smith -- President, Cox Newspapers Inc.**

"Fear is the biggest barrier. It's pretty hard to do anything when you're pumping a bunch of adrenalin, your muscles are tight.

"I think there is a genuine fear of failure and you have to get over that. You have to be brave enough to say, 'I want to try something.'

"Then once you've tried something... if it works, you say, 'Now how do we really blow it out?' But if it fails, do you have the courage to say, 'Whoops, we blew that one, let's stop doing it and try something else.'"

“remote control in [the consumer’s daily] life for managing the converged world.”

- **Reframe the notion of fear.**

When leadership is transparent about the financial situation of the company, employees begin to realize they are partners in that financial future. Rapidly changing markets require that all employees realize their role in the business side of the company. In some sense, everyone is a free agent and no one is insulated from the company’s success in the marketplace. This puts new pressures on employees to think externally and realize change. Surprisingly, it also brings new freedoms.

One of those new freedoms is a comfort with fear. One of the myths traditional news media organizations talk about is that a culture of fear is to be avoided – when in fact, fear is a natural part of chaos. Leaders need to promote comfort with fear rather than seek to eliminate it. Fear is a natural outgrowth of risk-taking.

Laurel Touby (mediabistro.com) says, “You cannot *not* be scared.” She said she feels a need to continually look at the competition and adapt the organization to the threats that exist.

- **Systematically become a next-generation company.**

Traditional news organizations, especially newspapers, must face and aggressively pursue the significant cultural changes required to compete in the new marketplace. Major organizational changes will certainly be necessary to maintain excellence on the production and distribution of the traditional product while ramping up capability in the digital space. These changes will require executives to act on all four roads to innovation, *at the same time*. Executives do well to initiate an explicit change management program.

A strong change management initiative always begins with leadership stating the business case for the future. Employees often fear they have to sacrifice the integrity of the news enterprise to the demands of making a dollar. Leadership must communicate in clear terms the financial need for change, how they understand the role of the newsgathering function and the emerging business direction they are choosing. All change management initiatives come back to this central point: employees need to understand the burning business platform. They need to understand that the ground on which they have operated for so many years will soon be gone and that they have to move with great urgency to more solid footing. This requires leaders to explain exactly what the business problems are and divulge as much financial information as possible. Kinsey Wilson (USA Today) said that if leaders want to encourage innovation, they must communicate the vision - particularly the nature of

### **Preparing For the Day** *Jonathan Klein – President, CNN/US*

“We are under intense pressure to innovate because we see how quickly the media landscape can change and no one is invulnerable to it.

“Those companies that were not prepared for the change that was coming have been among the hardest hit. ... Print magazines, slow to embrace a lot of the realities of online, have struggled mightily.

“And therefore our conclusion is we’ve got to be working now under the umbrella of the solid revenue streams that our traditional businesses give us to formulate the plan for when the acid rain of digitization starts tearing holes in that umbrella...

“If we can create a mindset among our employees today that welcomes cross-platform partnerships, we’ll be well prepared for the day that that becomes the main revenue stream for us, because none of us can predict when that day will come.”

the current situation and the direction the company is going. At the same time leaders need to give a sense of confidence that promotes participation and allows the team to be part of the solution.

Next, leaders need to design formal systems of dialogue and measurement. Leaders need to create forums to let employees express their feelings about the changes and their ideas for the future. These are two separate but important tasks. Feelings not addressed hold organizations back with resentment and anger. Fielding ideas for the future from others is critical in deciding what ideas can and can't be implemented and gaining traction in getting it done. Next, plan meetings to share the new direction based on the organization's input. Of course, the new direction must be based on very clear market analysis, consumer research and creative vision.

Leadership needs to identify – and then explain -- transforming strategies and measures on how to get there. These will be business-focused in nature but again must have some higher-order mission expressed about the mission of news. It will involve migrating capabilities throughout the organization. It's important to put action plans and concrete timing against each of these goals. And then follow up to ensure execution and measurement.

These change management initiatives may require a different kind of leadership than currently exists within the organization. As Peter Horan (IAC) notes, "There are three kinds of people – those who start businesses, those who grow businesses, and those who manage businesses." Current leadership needs to carefully assess their own capabilities to transition from a managing an organization to transforming an organization.

- **Cross-fertilize leadership.**

USA Today has had an online presence for almost ten years. In 2005, key executives in the digital operation were also given responsibility for the print news organization. Kinsey Wilson credits much of the organization's success to leadership's prescient notion that digital would become more and more important to USA Today. Because USA Today understood the challenge ahead, they groomed leadership in the digital organization and then transferred them to the legacy side of the business. That team was then able to transform the organization quickly to a multi-platform publishing system and more importantly transfer the values of the Web into the larger organization.

Moreover, this intense collaboration between the digital and legacy business is vital to any forward-thinking news organization. When CBS News re-launched CBSNews.com in 2005, it pulled in the efforts of all

**Transformative Change at Tribune**  
**Robert Gremillion – Executive Vice**  
**President, Tribune Publishing**

"We've decided for a variety of reasons our company can't go on the way it has and be successful in the future...What we're trying to do is identify what what we need to transform in the company, what's wrong with what we're doing, what's right, and what do we need to do that's new and different. ...We call it transformative change."

"A subset of the Tribune newspapers decided to transform ourselves starting at the end of last year – the six smaller of the nine newspapers, including the one that I was the publisher of, the Sun-Sentinel. We read his book (Leading Change by Harvard professor John Kotter) and adopted his process...(then Tribune CEO Dennis FitzSimons) decided he wanted the whole publishing and interactive company to go through it. That's when I volunteered to move up to Chicago and run the process..."

"We started engaging leaders in the company. We started with 11 and then we opened the loop to 36 and now it's about 72 and everyone's got a task to do. ... We think it's important for it to be as organic as possible."

"It is really something to take something that's broken and try to fix it and get people behind it. I always love to surprise people with what they can do themselves."

professionals at CBS News. It's the collaboration between editorial excellence and technological innovation that needs to be fought for in any news media organization. An organization needs to find ways to merge these two capabilities at the most senior levels. Flexible organizations strive for "flat" work teams with as little hierarchy as possible.

- **Reward bold risk-taking.**

Practically speaking, hyper-change markets reward bold risk-taking. Leaders clearly need to follow this charge themselves, but they also need to reward risk-taking within their cultures. Jay Smith (Cox Newspapers) talks about the value of risk-taking. In order to stimulate innovation, it's important not only to reward the successful risk-takers but also to not punish the ones who fail. Learning from mistakes is just as important as learning from success.

Jack Abernethy (Fox Television Stations Inc.) says he looks for leaders who are familiar with the Web and are able to evolve, risk and grow. "It's easier to start that process now than to wait and make massive changes later on."

Remember that both individuals and teams need to be rewarded for risk and for innovation. One way to promote risk-taking is to make innovation a high-visibility exercise. Msnbc.com frequently holds Innovation Days when people share new ideas and projects they are working on. Yahoo!News has a quarterly "Hack Day" during which developers share their new ideas with the larger organization. CNN holds "Freethinking Fridays." As mentioned earlier, Google staff is encouraged to spend 20% of their time on new initiatives.

Other companies have created different ways to promote innovation such as a contest to design widgets. While these techniques are easier to sustain in growing companies, it is still imperative that news media organizations reward the behaviors they want to promote.

- **Rethink reward.**

Employees need to realize that organizations cannot provide security or comfort. They can only provide a place to play. Thinking this way switches the notion of work from a place of security to a place of playing a fun and exciting game. Incentives can then be big or small depending on your level of risk and responsibility.

Some of the rewards given to employees in emerging news media organizations may surprise traditional industry managers. Once someone has a recognized idea and gets the green light, they are then rewarded by the opportunity to work on that project. The chance to make an influence

is the reward itself. Often, emerging companies field performance evaluations which include some measure of innovation.

At IAC, there is a range in compensation depending on the direct contributions someone makes to the company's bottom line. IAC's Peter Horan said it's essential to let people in the middle of organizations know "they're going to be rewarded based on growth, innovation and entrepreneurship... You can't tell people, 'Hey, I want you to be really, really innovative but you're only going to get a 2.5 % raise, because that's what everybody in the company is getting.' It's basically, 'Why bother?'" Don't try, don't take a shot, don't take a risk because you're going to get 2.5 % if you're bad and 3 % if you're good. To some extent you've got to be willing to come up with innovative compensation systems where the guy in cube A may make twice as much as the guy in cube B because he had a better year and that's just the way life is sometimes."

Giving key employees a stake in growth is essential, he noted. When IAC acquires a small company, he said, "We'll buy 70 % with the idea that we're going to keep 30 % in the hands of management and that five years down the road we're going to buy out the rest of that equity. With luck, we write them a really, really big check in a couple more years. But then, at that point, this wasn't their big exit; this isn't when they go buy the mansion and the powerboat. This is where they basically get a chance to play again on a bigger stage... We don't like to do deals where management doesn't have a lot of incentive to come in and make the company successful."

Additionally, he said they've been trying to develop ways to give people who are "long-term keepers" a chance for a "seven-digit win." One example is creation of growth shares, a kind of shadow equity based on growing the business.

News media organizations need to change incentives from monetary gain alone to the ability to work on what you are passionate about.

Emerging news media organizations can struggle with retaining talent. Top talent has many options and the costs of turnover are high. Some make the mistake of thinking financial incentives are enough. But finding a way to help employees make a big impact is sometimes more rewarding than money alone. Jim Gerber (Google) says people are interested in working there "because the impact of the products... is very significant in the global arena."

And where risk is rewarded fun is enjoyed. Google's campus simply feels like fun. Colorful bikes and scooters are available to help

employees move around between buildings. Information that employees need to know is written in computer code and posted in the bathroom stalls. When leaders create an entrepreneurial culture, there will be pockets of fun around the organization.

When employees understand chaos as the road to new opportunities, they begin to understand they are renting their creative genius to the organization and the fun begins. Create an entrepreneurial value system for your organization.

- **Resist abstraction.**

Leadership needs to remain involved in the details of the enterprise – especially technology. In times of change, it's easy to get caught up in financial concerns – either making the quarterly numbers or scrambling for the next round of funding. But because the Web values speed and flexibility, it's important to work closely with staff members on innovation initiatives and especially with technology issues. Manage developers closely and help identify when something is sufficient enough to deploy and then begin the iteration process.

Jim Lanzone (Ask.com) likes to stay close to the product development process. With 400 employees, many of them developers, he likes to get to know individuals personally and be involved in the product process. Since the product is the face to the customer, Lanzone believes it's critical to stay involved in the development process in a deeply yet not controlling way.

And this day-to-day hands-on experience means leaders need to stay close to consumers as well. Laurel Touby (mediabistro.com) talks about her passion for talking to consumers. She values being in a close and direct relationship with them, asking questions like "What do you want and what will you pay for?" In fact, her investors initially wanted mediabistro classes to be all virtual, yet she decided to offer them classroom-style because that was what her consumers told her they wanted.

- **Learn to manage today AND tomorrow.**

Of primary concern to many in our study were the overwhelming needs of the day-to-day that preclude the time and energy needed to consider the future. Often, this concern is a sign of a business in transition from one stage of the product lifecycle to the next. Prolonged periods of not being able to attend to the future signal danger, however. Leaders need to be especially concerned about creating new, smaller pods of innovation and pulling aside resources to make flexible organizations happen at any cost. When there is sufficient conversation about the future, leaders are often surprised how it even benefits present operations.

## **A Leader and an Innovator Keep in Touch**

***Rob Curley -- Vice President of  
Product Development,  
Washingtonpost.Newsweek Interactive***

"Though I report to the CEO of Washingtonpost.Newsweek Interactive, I have this very cool relationship with Don Graham, our company's chairman. He calls me a lot, he e-mails me a lot and we have lots of great conversations. He's always very interested in what our team is working on and he's even helped us cut through the bureaucracy on problems that seem a little beneath him, like getting information from a local school district.

What's been really fun is to see how many cool things we've worked on that actually begin with Don. The Washington Post was the first major media company to build a Facebook app this summer, and it was his idea. ...

But the coolest thing I ever saw...was to have lunch with our team's summer interns and write down three pages of notes from his discussions with them. The guy always wants to learn and isn't above learning from the interns. You might have the leader of another company have lunch with interns, but how many are going to take notes?"

Allen Blue (LinkedIn) said, “We can have a conversation about the next thing, while we’re working with the current things.” This statement is the gold standard of how to survive in rapidly changing markets. The secret lies in managing the business well enough so that when there is time, you can have informal and vital conversations about the future. Admittedly, this “conversation” about innovation is usually easier for smaller companies. But even emerging companies need to be aware that when they grow, they can struggle to replicate the informal idea process that made them great. Even with technological efficiencies, growth will make conversation with leadership more difficult.

Another way to assist in managing the demands of the present and future at the same time is to keep focusing externally. Those in our interviews that handled these demands best had their noses dug deep in the external marketplace. Priority number one is living and breathing with consumers. Jim Lanzone (Ask.com) gets clarity by focusing on solving the user’s needs: “See a need – fill a need.” Second priority is looking at competition in as broad a scale as possible. Jeanne Carstensen (Salon.com) says: “We are ... human media-sucking machines.”

- **Marshall the power of relationships.**

Significant market transitions require leaders with a radical integration of personal and professional life. They need a deep personal commitment to the business as well as stake in the relational life of the company. In fact, relationships are an important key to understanding in changing environments; relationships between networks and especially relationships between individuals.

Peter Horan (IAC) said his leadership philosophy is the inverse of The Godfather in which “It’s not personal, it’s just business.” Horan says, “But it’s always personal. It’s always about relationships. And people need to be appreciated by the company. We’re not going to steal the glory, we’re not going to steal the money, we’re going to make them successful. Management’s job is to enable them to be great.”

- **Remember that leaders in chaos are deeply optimistic.**

In the midst of all the changes, leaders need to maintain a positive outlook and belief in the future. Neil Budde, Vice President and Editor in Chief at Yahoo!News, Sports and Finance, talks about the need for leaders to be natural optimists, able to inspire people. Even though there are setbacks and “things that don’t happen on schedule the way you want them to,” he said you have to pursue “the huge victories [and] the great successes.”

Earl Maucker (South Florida Sun-Sentinel), too, feels that being confident is one of the most important points. You have to “believe in

### **An Attitude of Optimism**

**Jack Griffin – President, Publishing Group, Meredith Corporation**

“... It’s a video future. It’s a video present and a video future, and I don’t think that’s ever going to change. I think it’s going to become more important, not less.

“People think and relate with emotion - they don’t think and relate with fact for the most part -- and sight, sound, and motion, and they think visually.

“So notwithstanding all the hand wringing about the end of television, in fact, the business is stronger than ever. They have lower ratings and more money...

“I love all the hand wringing about media because it’s a lot of nonsense in a lot of cases and very real in other cases.

“But you get down to what’s the product, who’s the management, what’s the market, do they know what they’re doing, can they execute, and how much hand wringing do you want to put up with?”

[your] company, have a lot of faith in the leadership and ... in [the direction] where you're headed," he said.

Jay Smith (Cox Newspapers Inc.) said the kind of leader needed in times of change is one who conveys optimism and hope rather than fear, who comes in each day with an idea of what can and needs to be done. The optimism helps inspire people to deal with difficult times ahead.

## **Making Change in Television**

### **An Interview with Jack Abernethy**

*(Editor's Note: Jack Abernethy played a key role in the launch of numerous new ventures in broadcasting and cable at NBC and Fox -- among them Fox News and Fox News Radio. Since 2004, he has headed the Fox Television Stations group, overseeing 35 Fox owned-and-operated large-market television stations and duopolies. He talks here about the roles of failure, necessity and corporate culture in innovation; how different it is to create new things from scratch rather than making them happen within established, successful businesses; the necessity and challenge of getting the right talent, and where future innovation will come from.)*

#### **On failure and necessity:**

"The Fox News Channel was really based, from a production standpoint, on the "failure" of America's Talking, a TV network we launched at NBC, and then it was shut down. ... We were charged with putting on a network with, I think, a budget of \$30 million a year. That's probably about a tenth of what CNN was doing at the time. So we were forced to do things that nobody with a lot of experience would have done... We didn't have the people... and didn't have the pictures... You couldn't have a huge studio operation. So we had two studios, two control rooms. One was live and the other one... had to be done in such a way that they could quickly change things. It literally needed 14 hours of original programming that really was... very dependent on people in the town to shift between live interviews, satellite interviews, phone conversations, almost like talk radio with pictures... We went into it without a lot of money, so we were forced to do that.

(Some traditionalists at Fox) "were just horrified that we were going to try to take on CNN with one-third the resources. But there was a confidence level; it wasn't like a top-down, okay we have the game plan (thing); it was a management confidence level that led to that... (About) sixty people came from there (NBC) to here (Fox), but (it was) probably ten or fifteen crucial people, who just hit the ground running, and just knew that we could figure this out."

#### **On corporate culture:**

"The other thing about innovation is -- I can't say you have to be comfortable with failure because if you're comfortable with failure, you'll fail -- but failure can't be punished. ... In an organization where there's fear, it's very hard. Rupert's (Rupert Murdoch, head of News Corporation) very good about just allowing for honest failure: quickly realize it, and move on. So is Roger (Ailes) ... I was talking to somebody about MyNetwork TV and I was lamenting that it hadn't worked, and

*"It's much easier to innovate in a garage than it is in an organization of powerful, high-margin, successful television stations. You've got marketing capability, technical expertise, all things that people would kill for... but all of that is to their detriment."*

they said, “Well, you’re Fox. You guys just keep trying stuff.” I think part of it is the culture... There’s always been a culture here of the upstart taking on the big guy. ... The guts of this company is the startup of the Fox Network, Fox News Channel, The Little Engine That Could, the New York Post, you know, trying to nip at the heels of the big white bread company. That’s the overriding culture, but sometimes we succeed and sometimes we fail.”

**On innovating in successful businesses:**

(When he became head of the television station group, an expert’s comment about how hard it is to innovate in an existing successful business resonated with him.)

“I realized that if we were going to innovate, I had to make it an incredible focus. So I have one o’clock meetings every single day, hour-long meetings ... with these local television stations to get them to focus on the Net. It is the most frustrating, yet occasionally exhilarating, experience. I’m trying to get people who run a high-margin extremely modular and seen-everywhere-business to focus on a completely different medium with a different set of rules. It’s unbelievable. It’s really kind of fascinating. What I’m trying to do -- I’m not succeeding by the way -- is to get some innovation... The problem is, it’s much easier to innovate in a garage than it is in an organization of powerful, high-margin, successful Fox television stations. Because you can think you’ve got marketing capability, technical expertise, everything, all things that people would kill for... but all of that is to their detriment...

“I wish I had the answer, other than the fact that at least in me focusing on it, I am developing a group of people that “get it,” who are doing their best to develop these businesses.

“It’s hard to develop a little low-margin, long-lead time, different business in an old, unchanging high-margin business. ... When a car dealer comes to do a lot of advertising and there’s an innovative Web component that would allow them to really spend less money and achieve the same goal, the television station is not going to do that. But the marketplace eventually will, so why shouldn’t we?

“It’s very hard. I thought it would be easy, because at Fox News with nine or ten people, we could just go climb up hills. But, here, it’s very difficult -- and what (the expert) said was true, which is, ‘It’s harder in the better-run television stations.’ One of the better guys on the Net is the guy who’s not the best general manager. And part of the reason is he’s easily distracted. He’ll call me up and say, ‘You know, I have an idea.’

“I try to focus on executing some of these bigger ideas because even

though we have tremendous disadvantages in that we sort of do things one way, if we can actually get people to row together, we have tremendous power as a big organization. ... In these meetings, it's almost like I'm an investment banker where I don't really give them anything, other than they shouldn't even ask for permission, but they get permission to do stuff...

"It's my job to make it a big deal to make it happen; otherwise, it will not."

**On the need for the right talent:**

"The truth of the matter, I'm trying to find somebody who's passionate about anything. Honest to God... Classic example: A woman I know emails me: 'What do you think of the Bill Clinton video?' Bill Clinton and Hillary in the Sopranos thing, a video of Bill and Hillary that mimics the end of the Sopranos. ... I go on my local channel 5: nothing. Then I ask some of the stations... nothing. I go crazy. When I asked people, they said, and this was a classic, 'Well, we had the big business story, the big political story today was Bloomberg announced he wasn't a Republican.' I said, 'Yeah, but that's not on video... Everyone was talking about the Bill and Hillary thing.' The answer our managers had was, 'Well, channel 2 didn't have it either.' So you have a culture that's all about being alike ... being 2% better than the other guy. That is a bad thought process in the digital world. And I haven't changed it..."

"I said, 'Every once in awhile, when you're trying to build something, a story comes along and you say, 'Okay, this is what I need. This is going to be the one that demonstrates that this organization has moved to the next level,' and here was an example where the \*\*\*\* New York Post, which by the way is not in the video business, has now put themselves in the new media business (by running a link to the video in the paper). ... Like you want to see the video immediately. ... Here you had the New York Post that did it, and we didn't..."

"Every day, in one of my cities, someone dies: someone who watches television, who uses the Net infrequently if at all. That person's being replaced by someone who doesn't watch television news, who chooses the search engine for news probably -- who, when they get older and are more interested in the stuff I offer, is not going to consume it the same way."

"So I need leaders who are conversant with that and can evolve these entities to be what they should be. It's easier to just start that process now than to wait and make massive changes later on. ... People are frightened by any new technology in the businesses, like as a leader. What I'm trying to do with the general managers... is getting them

*"I need leaders who can evolve these entities to be what they should be. It's easier to start that process now than to wait and make massive changes later on."*

comfortable with their ignorance because, it's funny. You have these meetings, people our age talking about stuff. You have this woman who is 24 running the machine. The meeting ends and she says, 'These guys are all full of it. You don't know what you're talking about. Nobody does that. Nobody looks at things that way.'

"So you have these people extremely, extremely knowledgeable about what Nielsen says about their television station and who's watching and why, and the flow and the demos, and they don't know how someone uses YouTube."

**On maintaining the ability to innovate:**

"I wonder. All the innovation in the digital world has been outside of the big companies, at least in my media world: Facebook, MySpace, Google, YouTube, eBay. ... There's been no example of anybody that's been absorbed by a big company who thrived. ... Now we have MySpace; it's thrived, but one could argue it's the momentum they had prior to us purchasing. So the question I have is... where's the innovation going to come from? Or is there no more innovation? ...

"Where is Fox going to be, and how will we maintain that ability to innovate in these big companies? I think we'll be better than most, but will we be good enough? I don't know. I haven't given up on the fact that the next big idea can come out of a company. The guy that invented plastics in Bell Labs, right? There wasn't any resource issue there. He had all that material and he did it within a big company. I don't know why the next YouTube can't come out from right out of our organization. Will it? Who knows?"

## **How A Social Network Got Interested In News** **An Interview with Biz Stone**

*(Editor's Note: Twitter, a free social networking and micro-blogging site, didn't start out thinking it was in the news business. But now, it's interested in news, and news is interested in it. Here Twitter founder Biz Stone talks about the intersection between the two.)*

“Originally this was just about friends and family and what a great way this would be to keep in touch very simply. ... But the more we see people Twittering about earthquakes and bridge collapses and explosions in Manhattan and immediately turning it into this direct eyewitness stream of news, we realized there's definitely a lot of potential for gathering information very quickly -- especially (given) the fact that it's mobile and so accessible in places like developing nations...(where) people don't have Internet connection, they don't have PC's, but...there's a lot of penetration of mobile. We built it to work with SMS, which is the simplest possible mobile technology. So there's a lot of potential...”

“Earthquakes are definitely a big Twitter thing. ... Whenever there's an earthquake, I immediately grab my phone and start Twittering. So do a lot of other people because it's the one thing you can do right then and there. You have to tell people you're feeling an earthquake. It's been really great for me. ... The first thing I'm thinking, being from the East Coast and not being used to this, is, 'Oh my gosh, the city must be in shambles.' So to have my phone immediately buzzing in my pocket with people all over checking in and saying they felt it too, it means to me that these people are all okay and I'm not alone in worrying about the earthquake. Then seconds after, somebody's on, some official earthquake seismic reporter, and they're immediately reporting into the Twitter community there was a 4.5 on the Hayward Fault. So within a minute of actually being scared and having my house rattle, my phone has already delivered to me four messages from friends saying they're fine and then the U.S. earthquake seismic report. You would have to wait much longer than that before you're able to read about it, even on the online news source.

(A Twitter skeptic in Manhattan) “decided Twitter was a huge waste of time...Suddenly there was a huge explosion in Manhattan, so...he immediately Twitters, 'There's been a huge explosion in Manhattan, people are running, this is serious.' People started Twittering him back like, 'I heard it was a steam explosion...' He started Twittering from the scene saying, 'There's no injuries here, I think everyone's okay.' So...it became like a lifeline to him to his friends. It was kind of proof positive that it actually can, even to the most doubting folks, be useful...”

*“Within a minute of actually being scared and having my house rattle, my phone has already delivered to me four messages from friends saying they're fine and the U.S. earthquake seismic report. You would have to wait much longer than that before you're able to read about it, even online.”*

“Then there are people that found out about this recent bridge collapse in Minneapolis via Twitter first. There were people who were saying, ‘I’m looking out my window and just saw a bridge collapse,’ so there’s definitely something to this idea that there’s always folks out there with phones in their pockets and they’re just a text message away from sending in what they’re seeing.

“What that means potentially to news: ...what’s happening can get that much faster onto the desks of reporters and then once they see a verified two or three people Twittering about something and these people aren’t really related in any way, then they know something’s definitely going on...

“This idea of us being the pulse is very interesting to us -- being the first place people go to report some kind of news event...There’s not enough reporters to be everywhere all the time. If you can turn all these intelligent people canvassing the entire earth into stringers, then you can really have your choice of news and you can really just monitor the entire globe every second and find out what’s important. I think as we move forward there’ll be ways of algorithmically detecting when something’s going on as opposed to just sort of manually crutching through millions of Twitter updates.”

“We’re actually getting a lot of calls...from television networks...interested in creating a more interactive experience. ... It’s possible to just flash a quick short code up on a screen during a show and say follow NBC, or follow Heroes or whatever to 40404 and people are immediately interacting with the program.

“There’s a lot of potential for just the general health of the entire nation and world if we bring a little bit more interactivity to television in general. It could be really great for people and for news, just to get less and less people sitting there like blobs just watching it and (to get them) interacting with it in some interesting way...

“We’re still very young: we’ve only been in public on the Web and available for less than a year and we just recently took funding so we could grow. We have a very small team...only three engineers. So we’re very much at the beginning.”

*“There’s a lot of potential for just the general health of the entire nation and world if we bring a little bit more interactivity to television in general...just to get less and less people sitting there like blobs just watching.”*

## MLB.COM: Scoring At News

### An Interview with Robert A. Bowman

*(Editor's Note: Robert A. Bowman may not head a traditional media company, but he heads a media powerhouse that has become a leader-of-the-pack innovator competing successfully for "eyeballs" and dollars with legacy media. Today's media executive would do well to listen to him and learn. Bowman, Chief Executive Officer of MLB Advanced Media, heads the Internet and interactive arm of Major League Baseball, and runs MLB.com, team sites, MLB Radio and BaseballChannel.TV. Newsweek columnist Brad Stone quipped that thanks to Bowman, baseball fans can now follow the game 12 ways – via streaming video, text messages, a graphical representation of each game's action on the Internet, fan chat rooms, mobile phone, Internet and satellite radio, cable and satellite, plus old fashioned television and radio or attending the game. Bowman shares his thoughts – about innovation and the competition, or lack of it.)*

#### **About traditional media:**

"Compared to our competitors, we do fine. Compared to what we need to do, we need to do more. The issue...is ...how do we create something every year that just blows the competition away and gets millions and millions of fans going to it every month? ... Fortunately when we compare ourselves to the major news outlets, they do nothing. The major media, the NBCs, ABCs, whatever, they're standing still..."

"We have some business partners, generally media companies. The question is what role, if any, should they play? Should it be growing, shrinking, staying the same? Is the world changing? Do we need different distribution models or can we continue to rely on people coming to our unique URL, MLB.com? I don't have the answers but those are the questions we face."

#### **On the vision:**

"Our vision is the marketplace. ... We have no other mission than to try to get fans excited about baseball whenever they want, on whatever device they want, in whatever form they want, whether it's on demand, live, audio, video, text, or alerts. ... We constantly want to say there's not a device out there that somebody may go to but we've got to give them the baseball content. ... I don't need to preach it. ... It is in the DNA of everyone who works here. ... That means in the case of wireless, we have 168 different ways of delivering wireless content because that's how many handsets can get wireless content in the U.S. So we had to format the Barry Bonds alert...168 different ways..."

*"The major media, the NBCs, ABCs, whatever, they're standing still..."*

“The most important content is that which they want to see now. When fans have five minutes...and they want to connect to baseball, we have to give them what they want. ... The only thing that’s changing now is the ambiguity of digital media, the ambiguity of devices that now have multiple elements to them, and the expectations of customers. All those are moving in the right direction for a company such as ours. ... When somebody raises their hand and says, ‘I’ve got five minutes,’ you want to make sure you give them five of the best minutes they’ve ever had.”

**On generating new ideas**

“We meet once a week on product development and page development...and usually (ideas) work their way up there, but not always. It could be that somebody catches you in a corner and says, ‘Let’s do this.’ We want enough structure, because we run a site with eight to ten million visitors a day so we don’t want anything happening, but...we still have to have water cooler ideas...”

“What fosters it is people see ideas appear up on the site. They know if they have an idea that it actually is not a long queue. ... They don’t have to sit there and wait three years. ... Nothing better than being able to point to something and say, ‘Well that’s my idea, it’s up there.’”

“We have somebody at our company whose...job is to scope things out, be looking at cool ideas, and make sure that we’re at the cutting edge or at least as close...as we can be. ...He looks at 50 sites a day, reads everything and he’s a brilliant technical person and is constantly trying to see what’s next...and talking to a lot of the usual suspects about what’s out there, whether it’s Cisco or Intel or Microsoft.

“We have a constant pipeline of new ideas, many of which we aren’t executing on, so we feel good about that. The pipeline isn’t empty, nor does it have 60 products or 60 ideas that are lying fallow. There’s eight or nine ideas that we were working on during the year that we launched at some point. ... We have a process and a pipeline that is, in my mind, the right length. Not too long as to be sort of a cemetery, nor is it zero.

“Anybody can come up with an idea. ... We just ask people on their day job to get their stuff done and make sure they’re pulling their oar, but if they have ideas, you let them know, ‘Don’t sit on them. Send an email or bring it up.’ We give them the ability to go do anything they want at their laptop or on their desktop and go research and build and tinker with things as they see fit, but we don’t sit there and say, ‘Here’s \$100,000; go study this for two weeks.’

“I’ll give you an example. In baseball now, the final man of the all-star team is voted on by the fans. ... We have probably 150 million votes that

*“When somebody raises their hand and says, ‘I’ve got five minutes,’ you want to make sure you give them five of the best minutes they’ve ever had.”*

get thrown in in three days time for those fans to vote. Some guy had this idea five years ago and now...it's one of the most popular things on the site we do. It grows in popularity every year. “

**On tweaking and testing and tweaking and testing...**

“The digital media platform allows you to constantly innovate and try things and see if people show up. If they don't show up, try something else...

“Everything we do is R&D...because we're constantly tweaking that process of how to sell tickets better. When someone looks for tickets for an Orioles Red Sox game and they don't find what they want, what we want to do is not let them leave the site but give them two or three other alternatives. Maybe they want a different game with good seats, or a later game in the season against the Orioles with good seats, or to go to the secondary market and buy a far more expensive ticket. ... Our job is to ultimately get that fan in the ballpark, and we have to work our way backwards and say how do we get them in the ballpark, not how do we sell a primary ticket or a first round ticket to this game. ...So even though we build ticketing pages which seems pretty cut and dried, those ticketing pages are part of R&D, trying to figure out how do we increase our success rate...so they're actually ending up buying tickets.”

**On the importance of hiring right**

“The only way you can really (innovate) is by hiring the right people. ...We're a commercially oriented business. We don't have the resource to have a 300 person stunt group, so the way we solve it...is by hiring the right people -- people who are thoughtful, clever, and innovative, who want to come up with better ideas, and who are conversant with the Internet and go to a lot of sites and see things that make sense and try to recommend different things...

“I can't think of any external barriers (to innovation). It's not capital, the risk profile, or that the customers don't want it. There's only one barrier and it's internal; that's the scope of one's mind and what one is willing -- or what a group is willing-- to try and do. ... The only limitation is, I hate to say this, it sounds trite, but really the imagination that's between our two ears...

**On giving consumers what they want**

“We're constantly trying to figure out the best way to get products to market quickly but not too quickly, and trying to have (enough) products but not too many. A site as deep as ours, we don't want to have 500 products; people never find them. Consumers want choice but not too much. ... Our site is over a million pages deep. So how do we...make sure fans are seeing all the content we have without making it so

*“The digital media platform allows you to constantly innovate and try things and see if people show up. If they don't show up, try something else...”*

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*“It's a funny business where you don't want to think three years ahead because it doesn't do you any good...because if a device can't handle it, they can't see it.”*

cumbersome...that they spend an extra five minutes just to get to where they want?

“We do focus groups twice a year...and that’s useful. But really, we look at click-through data. That’s the best empirical data we have. Focus groups have the look and feel...but the click-through data really sends it. To the extent we know who people are, we drop a cookie and see if they come back and go to the same four pages...then we haven’t done a very good job in giving them new content.”

### **On targeted advertising**

“The world’s changing too...Increasingly...we’re producing different ads for different people at different times. ...We don’t really target our ads; we target what activities we want them to do next. It isn’t like they get a Brill Cream ad if we know they love hair ... If we know they are a Mets fan, the ticketing ad may involve Mets games. If we know they’re a Cardinals fan, the shop ad may have Cardinals’ jerseys in it; it wouldn’t have a Cubs jersey which would turn off a Cardinals fan. And if they’re Cardinals fans, the news stories might be skewed a little bit more Cardinals...”

### **On the talent that matters**

“Aptitude and attitude are all that matters. ... We want people who can think around the corner or see around the corner or understand that it ain’t just about what we’re doing today. It’s chess not checkers.”

“But evenly important, we want people with a good attitude, who understand that every now and then, we’ve got to do something we don’t enjoy. There’s a little bit of ditch digging in every job. ... People who get along, people who love baseball, love what we’re doing if not just baseball. ... We have great artists, we have great technical people...but if they bring a crummy attitude, we have no use for them.”

(He wants) “people who have enough confidence in their knowledge to admit what they don’t know, and...enough confidence in their own skills set to understand that they have a skills set and they’re not all general managers. ...And people who have enough confidence to make sure that someone else can share in the glory...and people who have enough confidence to ask as many questions as answers that they give.”

### **On why good people gravitate to MLB.com**

“Because we make it happen. We don’t talk about it, we actually do it. ... People who are execution oriented, detail oriented, innovative, want to try new ideas, hopefully love baseball fans if not baseball, and appreciate the art with which the fans approach the game, those are the people who apply here. It’s a self-fulfilling group...”

*“We want people who can think around the corner or see around the corner or understand that it ain't just about what we're doing today. It's chess not checkers.”*

“No one had streamed live games video before we did in 2002 and now everyone is streaming live. No one did the six screen mosaic before we did it. ... We put six live games on at the same time and let you pick and choose what game you want. Very cool! But it’s those types of people who want to be on the cutting edge and doing things that are fun and innovative rather than just being a close number two all the time.”

(And if people take a risk and fail?) “It’s applauded, and paraded, and accepted. It doesn’t really bother us if they don’t succeed. What bothers us is...if they didn’t try. ... I’d rather have 15 ideas and throw them all away than have no ideas. But you can’t throw them all away because...no one will do it anymore.”

**On the future:**

I have no idea. It’s a funny business where you don’t want to think three years ahead because it doesn’t do you any good...because if a device can’t handle it, they can’t see it. The long-term strategy here is three to six months; we can build most anything in three to six months. So we want to have a pipeline to devices and customer choices, customer sentiment, and what the customer take-up rate is.

“But if we had come up with video on the cell phone four years ago, who cares? No one could watch it. ... It just doesn’t matter. ... It’s one thing to be the first ones to offer it, it’s another thing to be the first ones to offer it three years in advance of when there’s enough devices out there.”

**On what hinders innovation:**

The only thing that hinders it is that we are so commercially oriented, it’s not clear to me that we have enough time to think about tomorrow. We’re constantly trying to make our budgets.”

*“It’s those types of people who want to be on the cutting edge and doing things that are fun and innovative rather than just being a close number two all the time.”*

## **An Innovator Extraordinaire And His Team**

### **An Interview with Rob Curley**

*(Editor's Note: Ask anyone who are the leading innovators at newspaper Web sites and the name Rob Curley is sure to be on the list -- probably at the top, after ground-breaking and much-emulated work in Lawrence, Kansas, and Naples, Florida. Now he is at The Washington Post Company as Vice President of Product Development for Washingtonpost.Newsweek Interactive. He talks here about his job at the Post, how it's structured to facilitate innovation, his skunk works team of five people and how they develop ideas.)*

"Our team works outside the typical boundaries of washingtonpost.com, and that has its good points and its bad points. In fact, unlike most of those who work at our offices, we're not really washingtonpost.com employees. Technically, we are a new products team for all of Washingtonpost.Newsweek Interactive, which means we can be asked to build content, applications and sites for anything that our company owns, including Newsweek, Slate magazine, Budget Travel (and) even our company's television stations around the country.

"Most of us (his team) have been together forever. Everyone else thinks of us as online journalists, but we think of ourselves as new media journalists, and to us that means we need to be thinking about a whole lot more than just how do we get our newspaper on the Internet – it means building things for mobile phones, mp3 players, widgets, Facebook, everything.

"What's the next big thing? What's around the corner? How does an information company present its content any place that people want it? I often joke that we would beam our content to people's butts if we could figure out how to do it. ...

"Our team has its own dedicated programmer; he's been working with us for a long time so he knows how programming relates to journalism. This is a guy who practices his journalism with code instead of with sentences. We have a full-time dedicated senior designer who's also a motion graphics animator and a Flash developer. Then we have two multimedia journalists -- one in an editor's role and one in a producer's role, but both can do just about everything. They can write very well-written news stories, they can produce daily audio podcasts, they can shoot and edit video. You throw something at them and they can probably do it, or they're going to figure out how to do it. They're kind of jack-of-all-trades when it comes to storytelling.

*“We're small and nimble. Our team doesn't have to coordinate like that in order to get a project off the ground. We're pretty much a self-contained unit; we have all of those skillsets right there and all together. As soon as we get the go-ahead to do something, we can start working on it immediately. We don't do a lot of meetings.”*

"Then the fifth member of our team is this really smart guy who has the strangest role on our team. In fact, we had to make up a whole new title for him and that's 'Journalism Technology Specialist.' He's a weird guy because he's a dang fine journalist; he can really write well and understands new media journalism really well, but he can also code a little bit, he can write CSS. Basically, this guy sits between the journalism and the technology. So once all the code has been written, all the sites have been designed, all the Flash animations have been built, all the stories have been written, all the virtual reality photos have been taken, he's the guy who assembles all of that. And that makes him a pretty useful guy to have around.

(By contrast), "Washingtonpost.com is massive -- almost 300 people if you add up all of the different editorial, technical, advertising and marketing departments. I've never seen an online operation so dang big for a newspaper.

"They're all working their backsides off, but with a site this dang big, sometimes you need that many people just to keep the trains running on time. But, man, is it big to a kid from Kansas. ... All the different divisions of washingtonpost.com are on different floors or in different areas of our building so if they want to build something new or different, they have to ask for programming and engineering to come up from the 9th floor, they've got to ask for the design team to come over here; they may have to ask for the multimedia team to come over, and they've got to have the journalists and editors come over. So every time they do anything, they have to coordinate with several departments. Meetings are a huge part of life at washingtonpost.com.

"That's what makes our team so unique at Washingtonpost.Newsweek Interactive. We're small and nimble. Our team doesn't have to coordinate like that in order to get a project off the ground. We're pretty much a self-contained unit; we have all of those skillsets right there and all together. As soon as we get the go-ahead to do something, we can start working on it immediately. We don't do a lot of meetings.

"I would say 80 to 90% of our ideas are internal...well, kind of. It's all very informal -- no spec sheets, no white papers, no research or user-group testing. In a lot of ways, we just like to build things that we'd like to have ourselves. I guess it kind of drives some people in our organization a little nuts, but it works great for us and I wouldn't want to change a thing.

"Besides, if you ask a group of readers what they want, they'll tell you based upon what they know. They won't tell you about what they've always wished they could have but had no idea they would love having

*“These people are of the Internet. It is in their DNA. That's what makes a lot of these newspaper sites completely suck is because so many of them are run by people who don't have the Internet in their DNA.”*

until you finally give it to them. That's what we try to build -- things people never knew they wanted.

"I get asked all of the time how our team comes up with the ideas behind the things we build. I'd love to tell you we have found the secret sauce, but it's not like that at all. We might go out to lunch as a whole group, once or twice a month. . We just talk about things we've seen, things we like. A lot of ideas come from those lunches, but that's not how it works on a daily basis. A lot of our things happen more like this: I'll get an email from someone on our team at three in the morning saying, 'Have you seen this on this site? Wouldn't it be cool if we borrowed this idea and made it work like this for what we're trying to build?'

"Nearly all of those ideas are from non-newspaper sites. They're from other websites that had a kernel of an idea that they had used on their website that this person on our team recognized as being something that, if modified and used in the news industry, might work really well.

"So these people (the members of his team) are of the Internet. It is in their DNA. That's what makes a lot of these newspaper sites completely suck is because so many of them are run by people who don't have the Internet in their DNA."

## **Methodology**

This study was commissioned by the Media Management Center at Northwestern University as part of its ongoing efforts to help news media companies respond effectively to technological, demographic and financial change. The study was conducted by FireMark, Inc., an innovation consultancy based in Seattle, Washington, with the assistance of graduate interns in the Integrated Marketing Communications Program at Northwestern's Medill School.

A sampling of thirty-six respected news media leaders and thinkers from 26 companies were interviewed for this study. Interviewees included executives from "traditional" news media companies (companies that were in the news business before the advent of the World Wide Web in 1989) and emerging news media companies (those that became involved after that time). Researchers purposely adopted a broad definition of news companies as being companies engaged in the collection, production and/or distribution of news and information.

One assumption was that "emerging" news organizations, as a group, might well be more naturally innovative and attuned to the new media world than traditional companies, since a larger proportion of their corporate lifetimes has been spent in the post-Internet world. Thus, MMC believed they might provide fresh and relevant perspective for traditional companies that have been focused more on successful operation.

Likewise, MMC assumed that the traditional company leaders chosen would have much to offer their peers in both the new and old media worlds, because the executives selected are both successful and among the most forward-looking of their peers.

The objectives of this study were:

- To identify management approaches, organizational dynamics and business models which promote innovation in both traditional and emerging news media companies;
- To identify what, if anything, traditional and emerging news media companies might learn from each other about how to best stimulate on-going innovation; and
- To help companies learn how to innovate fast enough to succeed - from making money to influencing culture.

An interview protocol (found in the appendix) was developed and fielded with leaders from a broad cross-section of different sectors of the news media -- from traditional newspaper, television, radio, cable and magazine companies to new players in the field from Major League Baseball to Google to Personal Bee. The interviewees are listed below. On average, the one-on-one, in-depth interviews lasted 45 minutes to one hour and were recorded for further analysis. The interviews were conducted both in person and over the phone. The analysis of the findings was supplemented by secondary industry research.

**Interviewees for A Study on Innovation in the News Media**

<b>Name</b>	<b>Position</b>	<b>Company</b>
Jack Abernethy	Chief Executive Officer	Fox Television Stations Inc.
Richard Beene	President & Chief Executive Officer	The Bakersfield Californian
Allen Blue	Co-Founder & Vice President, Product Strategy	LinkedIn
Robert A. Bowman	President & Chief Executive Officer	MLB Advanced Media
Neil Budde	Vice President & Editor in Chief	Yahoo! News, Sports, and Finance
Jeanne Carstensen	Managing Editor	Salon.com
Rob Curley	Vice President, Product Development	Washingtonpost.Newsweek Interactive
Mike Davidson	Co-Founder & Chief Executive Officer	Newsvine.com
Jim Gerber	Content Partnerships Director	Google
Susan Grant	Executive Vice President, News Services	CNN/ Worldwide
Robert (Bob) Gremillion	Executive Vice President, Tribune Publishing	The Tribune Company
Jack Griffin	President, Publishing Group	Meredith Corporation
Peter Horan	Chief Executive Officer	IAC Media and Advertising
Peter Horvitz	President	Horvitz Newspapers
Boisfeuillet Jones Jr.	Publisher & Chief Executive Officer	The Washington Post
Jonathan Klein	President	CNN/U.S.
Jim Lanzone	Chief Executive Officer, Ask.com	IAC Media and Advertising
Jeff Levine	Vice President & Marketing Director	South Florida Sun-Sentinel

*Running While The Earth Shakes*

Caroline H. Little	CEO and Publisher	Washingtonpost.Newsweek Interactive
Christopher Ma	Vice President	The Washington Post Company
Earl Maucker	Editor	South Florida Sun-Sentinel
Harry McCracken	Editor in Chief	PC World
Betsy Morgan	SVP and GM	CBSNews.com
Lyne Pitts	Vice President	NBC News
Dana Davis Rehm	SVP, Strategy and Partnership	NPR
Ted Shelton	Founder and CEO	Personal Bee
John Skipper	SVP and GM	ESPN.com
Cliff Sloan	Publisher President of Business Affairs and General Counsel	Slate.com Washingtonpost.Newsweek Interactive
Jay R. Smith	President	Cox Newspapers, Inc.
Biz Stone	Co-Founder	Twitter, Inc.
Charles Tillinghast	President and Publisher	msnbc.com
Laurel Touby	Founder, CEO, and Cyberhostess	mediabistro.com
Anthony J. Vinciguerra	President and CEO	Fox Networks Group
Julia Wallace	Editor	Atlanta Journal-Constitution
Kinsey Wilson	Executive Editor	USA Today
Frederick Young	SVP, News	Hearst-Argyle Television

**Media Management Center, Northwestern University  
Research Questionnaire**

**Premise**

In the digital age, news media businesses are undergoing seismic changes that require them to be aggressive, effective and nimble innovators – to rapidly and continually develop new products, services, distribution mechanisms, business models, strategies and revenue streams in response to or in anticipation of changes in the competitive landscape, consumer preference and technologies.

**Objective of Study**

To identify management approaches, organizational dynamics and business models which promote innovation in both traditional and emerging news media companies. In short: What can traditional and emerging news media companies learn from each other to stimulate on-going innovation?

**Questions for discussion**

- Do you agree or disagree with the stated premise of this study – that news media companies must be aggressive, effective and nimble innovators to compete in today's world?
- How well do you believe your company innovates compared to your competitors?
- How is your company approaching the need for innovation? Please comment specifically on the following areas:

**Strategy**

- Do you think your business model will need to change in the near term? If so, how will you have to innovate to move toward the new model?
- How do you encourage the development of new products and services?
- What are the biggest external barriers to innovation for companies like yours?

**Process**

- How do you change your methods of operation to respond to market needs/changes and become more nimble?
- Do you have a formal innovation process or mechanisms for ideas to emerge and be executed?
- What percent of revenues do you spend on R&D?

**Organization Structure**

- What about your organization structure fosters or inhibits innovation? How have you changed the

structure to encourage innovation?

- What are the biggest internal barriers to innovation for companies like yours?

### **Leadership/Management Practices**

- What has your company done to ensure that its current mission and vision align with the changes you need to make in the marketplace?
- How do you as leadership communicate that mission/vision?
- Describe someone in your organization you admire as a thought-leader? What type of manager succeeds here?

### **Culture**

- Why do you feel your company can (or cannot) attract and motivate the talent to produce the ideas you need?
- Are people rewarded for new ideas? How?
- How does training fit, if at all, into your thoughts about innovation?
- What range of personal freedom employees have within their work?
- How is innovation funded? Are there resources available for new ideas?
- Most companies have narratives that define their company. What story do you think defines your company and its future?
- If you were to blink ahead 3 years, what will your companies' products be and what will be your unique competitive advantage?

## **Company Profiles**

### **Atlanta Journal-Constitution**

<http://www.ajc.com>

Atlanta Journal-Constitution (AJC) is the only major daily newspaper in Atlanta, GA and its suburbs. It is the flagship publication of Cox Enterprises. It is also the largest daily newspaper in the Southeast, with an average daily circulation of 640,000. AJC publishes "Georgia 100," a list of Georgia's Top 100 publicly held companies. It is privately held. Cox Enterprises includes Cox Communications, the cable TV distributor, 17 daily newspapers, 15 television stations, and majority ownership of 80 radio stations. The AJC reaches a total print and online audience of more than 2.3 million people weekly. Every month, more than 3.5 million unique visitors access the newspaper's Websites, including [www.ajc.com](http://www.ajc.com) and [www.accessAtlanta.com](http://www.accessAtlanta.com).

### **The Bakersfield Californian**

<http://www.bakersfield.com>

The Bakersfield Californian is the daily newspaper serving Bakersfield, California and surrounding Kern County in the state's San Joaquin Valley. A direct descendant of the first paper published in the region in 1866, it was first published under the current name in 1907. It remains an independent, family-owned newspaper. It has been a leading innovator in developing online content and new products.

### **CBS**

<http://www.cbs.com>

<http://www.cbsnews.com>

CBS Broadcasting, Inc. (CBS) is one of the largest radio and television networks in the United States.

**CBS News** is the news division of American television and radio network CBS. The company is publicly traded (NYSE-CBS).

### **CNN**

<http://www.cnn.com>

CNN (Cable News Network) is a major cable television network, founded in 1980 by Ted Turner and now owned by Time Warner. CNN introduced the idea of 24-hour television news coverage. In terms of cumulative Nielsen ratings or "unique viewers", CNN rates as America's number one cable news source. As of December 2004, the network is available in 88.2 million U.S. households and more than 890,000 American hotel rooms. The U.S version of the broadcast is also shown in Canada. Globally, CNN airs through CNN International and has combined branded networks and services that are available to more than 1.5 billion people in over 212 countries and territories.

### **Fox Television Stations Inc.**

<http://www.fox.com>

<http://www.foxnews.com>

The Fox Television Station group, one of the nation's largest owned-and-operated network broadcast groups, comprises 35 stations in 26 markets, covering nearly 45% of U.S. television homes. This includes six duopolies in the top 10 markets: New York, Los Angeles, Chicago, Dallas, Washington, D.C. and Houston; as well as duopolies in Minneapolis, Phoenix and Orlando. It is owned by News Corporation.

### **Fox News Channel**

Fox News Channel is a U.S. based cable and satellite news channel that broadcasts primarily from a New York studio. The network was launched on October, 1996 to 17 million cable subscribers. In the U.S., Fox news is rated as the network with the largest number of viewers.

### **Fox Networks Group**

Fox Networks Group is a primary operating unit of News Corporation that includes the Fox Television Network, Fox Cable Networks, FOX Sports and Fox Networks Engineering & Operations.

### **Google**

<http://www.google.com>

<http://news.google.com>

Google Inc. is a publicly traded company, specializing in Internet search and online advertising. First incorporated as a privately held company in 1998, Google's initial public offering took place in 2004, raising \$1.67 billion, making it worth \$23 billion. Most of Google's revenue is derived from advertising programs. For the 2006 fiscal year, the company reported \$10.492 billion in total advertising revenues and only \$112 million in licensing and other revenues.<sup>[38]</sup> Google AdWords allows Web advertisers to display advertisements in Google's search results and the Google Content Network, through either a cost-per-click or cost-per-view scheme. Google AdSense Website owners can also display advertisements on their own sites, and earn money every time ads are clicked. As of December 2006, Google was the most used search engine on the Web with a 50.8% market share, ahead of Yahoo! (23.6%) and Live Search (8.4%)

**Google News** is an automated news aggregator provided by Google Inc. The Google News Website was introduced as a beta release in 2002. There are different versions of the aggregator for more than 20 regions in 12 languages, with more added all the time.

### **Hearst-Argyle Television**

<http://www.hearstargyle.com>

Hearst-Argyle is owned by the New York City-based Hearst Corporation and holds joint ventures in television production with NBC Universal Television Distribution, has an Internet partnership with Internet Broadcasting Systems, Inc., and trades on the New York Stock Exchange under the symbol "HTV". (In August, it announced plans to buy out shares and go private.) It is the second-largest NBC affiliate owner and the largest ABC affiliate group in audience reach. Hearst-Argyle runs 26 stations, including ten NBC affiliates, twelve ABC stations, two CBS affiliates, one CW affiliate and one MyNetworkTV affiliate. The company also manages one ABC station, one CW affiliate and one independent station.

### **Horvitz Newspapers**

The family-owned company is a chain of small community newspapers in the Pacific Northwest serving mainly the suburbs of Seattle, WA. The chain focuses on defined communities and demographics. The company is based in Kent, WA.

## **IAC Media and Advertising**

<http://www.iac.com>

IAC/InterActiveCorp is an interactive Internet and media conglomerate, headquartered in New York City, which operates more than 60 diversified brands in sectors being transformed by the Internet, online and offline. The company's mission is to harness the power of interactivity to make daily life easier and more productive for people all over the world. IAC has interests in electronic retailing, Internet and interactive media, local media services, online personals, real estate and financial services. Among its brands are Ticketmaster, Evite, Match.com, Ask.com and Citysearch. Since its inception in 1995, IAC has transformed from a hybrid media / electronic retailing company into an interactive commerce company.

## **LinkedIn**

<http://www.linkedin.com>

LinkedIn, headquartered in Mountain View, CA, is an online network of more than 11 million professionals from around the world, representing 150 industries and more than 400 economic regions. It boasts having among its members more than half a million senior executives from 498 Fortune 500 companies. LinkedIn's membership is diverse: 1.8 million members are in Europe and more than half a million in Asia; the rest are in the U.S. Privately held, it's funded by investors including Sequoia Capital, Greylock, the European Founders Fund, and Bessemer Venture Partners. LinkedIn receives revenue from advertising, paid accounts and a number of premium services.

One of the newest LinkedIn feature is LinkedIn Answers, which allows LinkedIn users to ask questions for the community to answer. The service is free. The main differences from the similar services offered by Google and Yahoo! are that the questions are more business-oriented, and the identity of the people asking and answering the questions is known.

## **mediabistro.com**

<http://mediabistro.com>

mediabistro.com is dedicated to anyone who creates or works with content, or who is a non-creative professional working in a content/creative industry. That includes editors, writers, producers, graphic designers, book publishers, and others in industries including magazines, television, film, radio, newspapers, book publishing, online media, advertising, PR, and design. The company's mission is to provide opportunities to meet, share resources, become informed of job opportunities and interesting projects and news, improve career skills, and showcase work. The idea for mediabistro.com was born in 1993 in the form of social mixers for media folks, hosted by Laurel Touby and a friend. After creating a Website in 1997, getting a dose of outside capital and adding features such as job listings, bulletin boards, classes, and a freelance marketplace, Touby's business began to take off. Today, the site also includes news, events and "learn" e-mails, as well as media industry blogs. More than 600,000 media professionals have registered for various mediabistro.com services. In mid-2007, Touby sold mediabistro to Jupitermedia Corp. for \$23 million.

## **Meredith**

<http://www.meredith.com>

Meredith is one of the nation's leading media and marketing companies with businesses centering on magazine and book publishing, television broadcasting, integrated marketing and interactive media. The Meredith Publishing Group features 26 subscription magazines - including *Better Homes and Gardens*, *Family Circle*, *Ladies' Home Journal*, *MORE*, *Parents*, *Fitness*, and *American Baby* - and approximately

200 special interest publications. Meredith has approximately 400 books in print and has established marketing relationships with some of America's leading companies including The Home Depot, DIRECTV, DaimlerChrysler, Wal-Mart and Carnival Cruise Lines. Meredith also owns 14 television stations, including properties in top-25 markets such as Atlanta, Phoenix and Portland. Meredith's consumer database, which contains more than 85 million names, is one of the largest domestic databases among media companies and enables magazine and television advertisers to target marketing campaigns precisely. Meredith has an extensive Internet presence that includes 32 Web sites and strategic alliances with leading Internet destinations. Meredith Hispanic Ventures publishes five Spanish-language titles, making Meredith the largest Hispanic publisher in the United States reaching women at every life stage.

### **Major League Baseball Advanced Media**

<http://www.MLB.com>

MLB.com is the official site of Major League Baseball. MLB.com is a source of baseball-related information, including baseball news, statistics, and sports columns. MLB.com is also a commercial site, providing online streaming video and streaming audio broadcasts of all Major League Baseball games to paying subscribers, as well as "gameday," a near-live streaming box score of baseball games for free. In addition, MLB.com sells official baseball merchandise, allows users to buy tickets to baseball games, runs fantasy baseball leagues (both free and paid), and runs auctions of baseball memorabilia. MLB.com also contains the full, unabridged, official rules of the game, which can be useful for researching the rarely-invoked rules for unusual occurrences.

### **Msnbc.com**

<http://www.msnbc.msn.com>

MSNBC is a cable news television network, available in United States, Canada and parts of Latin America. Msnbc.com is a leader in breaking news and original journalism. The company's slogan is: "A Fuller Spectrum of News." It is the exclusive online channel for the NBC Universal News family, which includes the Today show, NBC Nightly News, Dateline NBC, Meet the Press and MSNBC TV. Msnbc.com's presents a diverse range of original content in a rich multi-media environment that includes interactive features and free streaming video, allowing users to access the news and information they want 24 hours a day. The company is based in Redmond, WA. Msnbc.com is a joint venture of Microsoft (18%) and NBC Universal News (82%). Both companies are publicly traded. It is the news provider for MSN, the portal site and online service operated by Microsoft, but is editorially and financially separate. MSNBC Cable is currently the third most watched cable news channel nationwide, behind Fox News and CNN.

### **NBC News**

<http://www.nbc.com>

<http://www.nbcnews.com>

NBC News is the news division of the American television network NBC. It has been the top-rated broadcast news division for a decade. In 2006, the network changed its slogan from "America's News Leader" to "Wherever You Go, There We Are." This slogan promotes its television, cable, radio, Internet and mobile device outreaches. NBC News also provides content for the Internet, as well as cable-only news networks CNBC and MSNBC. NBC Universal is one of the world's leading media and entertainment companies in the development, production, and marketing of entertainment, news, and information to a global audience. Formed in May 2004 by combining NBC and Vivendi Universal Entertainment, NBC Universal owns and operates a valuable portfolio of news and entertainment

networks, a premier motion picture company, significant television production operations, a leading television stations group, and world-renowned theme parks. NBC Universal is 80% owned by General Electric and 20% owned by Vivendi.

### **Newsvine**

<http://www.newsvine.com>

Newsvine is a Website of community-driven news stories and opinions. Users write articles and save links to external content, vote, comment and chat on article pages created by both users and by journalists from the Associated Press, ESPN and New Scientist. Newsvine is similar to sites such as Slashdot, reddit and Digg. It launched as a private beta in December of 2005 and was opened to the public in 2006. It combines user submission of information with items from the Associated Press and provides each user with a blog-style "column" for writing their own 'posts'

### **NPR**

<http://www.npr.org>

NPR is an independent, private, non-profit membership organization of public radio stations in the US, created in 1970 with 90 public radio stations as charter members. NPR produces and distributes news and cultural programming. Its member stations are not required to broadcast all of these programs and most stations also broadcast programs from American Public Media and Public Radio International. NPR's production facilities are in Washington DC. and Culver City. Members stations are required to be noncommercial or educational radio stations, have at least 5 full-time professional employees, operate for at least 18 hours per day, and not be designed solely to further a religious philosophy or be used for classroom programming. NPR does not produce local or regional content; its member stations do.

### **PC World**

<http://www.pcworld.com>

PC World is a global computer magazine published monthly by PC World Communications, Inc., a subsidiary of International Data Group (IDG), a leading technology media, research, and event company. It offers advice on various aspects of PCs and related items, the Internet, and other personal-technology products and services. IDG's online network includes more than 300 Web sites in more than 70 countries supported by more than 2,000 journalists. IDG's online network is also supported by the world's only 24-hour global technology news organization, the IDG News Service, reporting the latest technology news and analysis in multiple languages around the world.

The magazine's slogan is "Technology Advice You Can Trust." It is known for criticizing poor computer products or companies, even at the risk of losing advertising revenue. *PC World's* audited rate base of 850,000 makes it the largest-circulation computing magazine in the world. It is also the most widely-read computer or business magazine among all purchase influencers. Its recently-redesigned Website offers quick access to authoritative reviews of technology products, the most current product pricing information, continuously updated news, an extensive library of downloads including carefully evaluated freeware and shareware, interactive tools, and free e-newsletters.

### **Personal Bee**

<http://www.personalbee.com>

Personal Bee is a new privately-owned new-media company dedicated to helping information producers and consumers capture the essential from the load of information. In its own words, the Berkeley start-up

believes “that smart analysis of the information torrent coursing through blogs and mainstream news sites, coupled with the abilities of smart, aggressive and ambitious human editors, will help accelerate the evolution of our news media.” The Personal Bee serves as a “discovery engine” that helps a consumer discover information from a collection of RSS feeds. The Personal Bee captures the latest “buzz words” in a topic area without requiring a customer to pre-specify search terms. Personal Bee doesn’t run ads but makes its revenue through a cookie-tracking system, operated by a third-party company called Revenue Science. Revenue Science then serves the ads on the other sites surfed by a particular customer, but not on the Personal Bee’s site. It does offer its clients to opt-out of the cookie-tracking system.

### **Salon.com**

<http://www.salon.com/index.html>

Salon.com is an online magazine that provides “intelligent, independent journalism covering politics, culture and society in innovative ways.” It was founded in 1995 by David Talbot and a group of journalists from the San Francisco Examiner. It’s operated by publicly owned Salon Media Group, Inc. The company produces seven original content sections as well as two online communities – Table Talk and The Well. The content sites, updated at least daily, include News and Politics, Opinion, Technology & Business, Arts & Entertainment, Books, Life and Comics. Salon.com is available online, via RSS feeds, or, as Salon Mobile, to a PDA or mobile phone. Salon has offices in San Francisco, New York and Washington, DC. Salon.com has 4.4 million unique visitors per month and 58 million page views. Salon believes its original content allows it to attract and retain users who are younger, more affluent, better educated and more likely to make online purchases than typical Internet users. Among advertisers are Visa, American Express, Sony and IBM.

### **Slate.com**

<http://www.slate.com>

Slate is a daily magazine on the Web. It is a general-interest publication offering analysis and commentary about politics, news, and contemporary culture. Slate's strong editorial voice and witty take on current events have been recognized with many awards, including the National Magazine Award for General Excellence Online. The site, owned by The Washington Post Company, does not charge for access. Slate’s focus is politically liberal, and many of its articles tend to be soft and relatively light-hearted. It features many meta-columns: analyses of major newspapers, blogs and magazines. It also has a number of associated blogs. Slate also features podcasts of some of its columns available for daily download. Content is supplied by the magazine’s own editorial staff and by independent contributors. It was founded by Microsoft Corporation in 1996 and purchased by Washington Post Newsweek Interactive in 2005. It is now an operating division of The Washington Post Company.

### **The Tribune Company**

<http://www.tribune.com>

Located in Chicago, IL, Tribune is one of the country’s top media companies, operating businesses in publishing, interactive and broadcasting. It reaches more than 80 percent of U.S. households and is the only media organization with newspapers, television stations and Websites in the nation’s top three markets. Tribune’s daily newspapers include the Los Angeles Times, Chicago Tribune, Newsday, Baltimore Sun, South Florida Sun-Sentinel, Orlando Sentinel and Hartford Courant. The company’s broadcasting group operates 23 television stations, superstation WGN on national cable, Chicago’s WGN-AM and the Chicago Cubs baseball team. Popular news and information Websites complement

Tribune's print and broadcast properties and extend the company's nationwide audience. Tribune is the second-largest newspaper publisher in the U.S. In 2007, Chicago-based investor Sam Zell announced plans to buy out the media company for \$34.00 a share, totaling \$8.2 billion, turning the company private. The deal is expected to be completed by the end of 2007. Upon completion of the transaction, Tribune plans to divest itself of the Chicago Cubs and its 25 percent interest in Comcast Sportsnet Chicago.

### **Twitter**

<http://www.twitter.com>

Twitter is a free social networking and micro-blogging service that allows users to send "updates" (text-based posts, up to 140 characters long) via SMS, instant messaging, email, the Twitter Website, or an application such as Twitterrific. Twitter was founded in 2006 by San Francisco start-up company Obvious Corp. Updates are displayed on the user's profile page and also instantly delivered to other users who have signed up to receive them. The sender can restrict delivery to those in his or her circle of friends, but delivery to everyone is the default. Several third parties offer posting and receiving updates via email.

### **USA Today**

<http://www.usatoday.com>

USA Today is a national American daily newspaper published by Gannett Company, known for synthesizing news down to easy-to-read-and –comprehend stories. Each edition consists of 4 sections: news, money, sports and life. USA Today does not print on Saturdays and Sundays. USA Today has the widest circulation of any newspaper in the US (approximately 2.25 million copies every weekday) and comes in second worldwide for English-language newspapers. Gannett Company, Inc. is a publicly traded media holding company based in the United States and is the largest U.S. newspaper publisher as measured by total daily circulation. Its headquarters are in McLean, Virginia, a suburb of Washington, D.C.

### **Washington Post**

<http://www.washingtonpost.com/>

<http://www.washpost.com/index.shtml>

The Washington Post is the largest newspaper in Washington, DC., and is generally regarded among the leading daily American newspapers, known particularly for its reporting on the workings of the U.S. government. Most of the newspaper's readership is in the DC area. The newspaper is an operating division of The Washington Post Company, whose principal operations include newspaper and magazine publishing, television broadcasting, cable television systems, electronic information services, test preparation and educational and career services. The paper's average weekday circulation was 699,130 and its Sunday circulation was 929,921, making it the seventh largest newspaper in the country. It has one of the highest market-penetration rates of any metropolitan news daily.

**Washingtonpost.Newsweek Interactive Company, LLC** ("WPNI") develops news and information products for electronic distribution. Since 1996 this subsidiary of the Washington Post Company has produced [washingtonpost.com](http://washingtonpost.com), which features the full editorial text of The Washington Post and most of *The Post's* classified advertising, as well as original content created by WPNI's staff, blogs written by *Post* reporters and others, interactive discussions hosted by *Post* reporters and outside subject experts, user-posted comments and content obtained from other sources. This site averaged more than

220 million page views per month during 2006. The site has developed a substantial audience outside the D.C. area; WPNI believes 85% of unique users are in that category. Washingtonpost.com requires user registration: the resulting information helps WPNI provide online advertisers with opportunities to target specific geographic areas and demographic groups; and the option of receiving various e-mail newsletters that cover specific topics, including political news and analysis, personal technology and entertainment.

**Yahoo!Inc.**

<http://www.yahoo.com/>

Yahoo! Inc. is a publicly traded American corporation and global Internet services company providing a range of products and services including a Web portal, a search engine, the Yahoo!Directory, Yahoo!Mail, news, posting, Yahoo!Finance, Yahoo!Maps, Yahoo!Groups and Yahoo!Messenger. Most are available globally in more than 20 languages. Yahoo!Search is the second largest search engine on the Internet. Founded in 1995 and incorporated in 1995, the company is headquartered in Sunnyvale, CA. According to Web traffic analysis companies, Yahoo! reaches more than 412 million unique visitors. Yahoo! partners with hundreds of premier content providers in products such as Yahoo!Sports, Yahoo!Finance, Yahoo!Music, Yahoo!Movies, Yahoo!News and Yahoo!Games. On My Yahoo!, users can collect their favorite Yahoo! features, content feeds, and information into a single page. Yahoo! has also developed partnerships with broadband providers offering a range of free and premium Yahoo! content and services to subscribers. About 88% of total revenues for fiscal 2006 came from marketing services. The largest segment is search advertising, where advertisers bid for search terms to display their ads on the search results. On average, Yahoo! makes 2.5 cents to 3 cents from each search. With the new search advertising system "Panama" Yahoo! aims to increase revenue generated from search. Other forms of advertising which bring in revenue for Yahoo! include display and contextual advertising.

## **About the Author**

**Annette Moser-Wellman** is a leading expert on innovation. Her company, FireMark Inc., works with Fortune 500 firms to create market breakthroughs. She has taught thousands of business managers how to use her model for creative thinking and apply it to develop new products and services. Ms. Moser-Wellman's clients include The Coca-Cola Company, The Starbucks Coffee Company, Kraft Foods, Georgia-Pacific, The Ford Motor Company and many more.

Based on her research of creative genius in the arts and sciences, Ms. Moser-Wellman's book, *The Five Faces of Genius; Creative Thinking Styles to Succeed at Work* (Viking/Penguin), demonstrates how business people can learn how to invent from the greats of history. She developed a profiling tool to assist managers in understanding their personal creative style and become inventors.

In addition to speaking engagements for corporate and public audiences, Ms. Moser-Wellman consults with firms on bringing innovation to organizations. She works with management to optimize creativity and develop new ideas for today's rapidly changing marketplace. She specializes in finding the intersection between future trends and new business invention. Her proprietary process, *The Legacy Project*, coaches senior leadership on how to utilize their personal genius to reinvent the firm and the market.

Ms. Moser-Wellman is an entrepreneur and has created many businesses, including [www.brainslam.com](http://www.brainslam.com) – an on-line library of inspirational messages from thought-leaders around the world. These messages are designed to be downloaded to iPod or mp3 players and are used to charge the brain and reinvent thought patterns.

Ms. Moser-Wellman holds an MBA from the University of Chicago and a Masters of Divinity from Princeton Theological Seminary. Her undergraduate degree was in Art and she has had an abiding interest in the lives of creative individuals. Ms. Moser-Wellman's passion is to help others find their genius and use it to transform the world.

**Two graduate students in the** Integrated Marketing Communications program at Northwestern University worked on this report during summer residencies:

- **Elena S. Fields:** Since starting her graduate studies in September 2006, Fields has worked on two media research projects for the Media Management Center: this project and a study on teen online news consumption. Prior to graduate school, Fields was account manager and IT recruiter at Comtek International, Inc. for two years. Before that she enjoyed a five-year career in sales at Jennings Volkswagen, Inc. of Glenview, Illinois. Fields earned a Bachelor of Arts degree in Spanish Language and Literature from Roosevelt University Chicago in 1998.
- **Sinapa Amornvivat:** Amornvivat received a Bachelor of Business Administration with a major in finance and banking from the international program of Thammasat University in Thailand. She worked for Deloitte & Touche in consulting services before joining her family business.

## **About the Publisher**

**Media Management Center** at Northwestern University addresses the most complex issues and needs of media organizations worldwide through executive and graduate education, research and industry partnerships. It is affiliated with two Northwestern University Schools that are both world-class in their fields: the Kellogg School of Management and the Medill School, which teaches journalism and integrated marketing. The Center helps develop and spread solutions and best practices in areas such as innovation, customer insight, workforce practices, organizational change, marketing, branding, sales force productivity, finance, strategic planning, negotiations, ethics, leadership and editorial excellence.

The Center's executive education programs bring insight and knowledge to media executives in newspaper, magazine, broadcast and new media platforms. MMC faculty also conducts the Media Management Major for graduate students in the Kellogg School of Management, examining the platforms of the media industry from business model and content basics to marketing and strategy formulation and implementation.

The Center conducts original and applied research and works in partnership with media companies and organizations. Among its recent partners are Hearst Media, Inc., the Berlingske Institute and the National Association of Broadcasters.

Vivian Vahlberg, Director of Digital Media for the Media Management Center, commissioned and edited the report.

