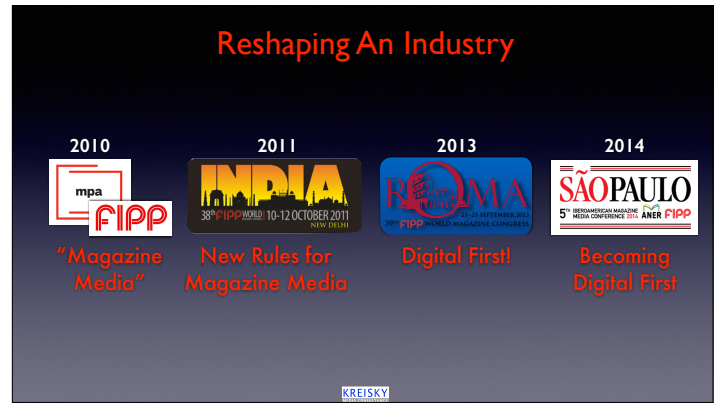




1



2



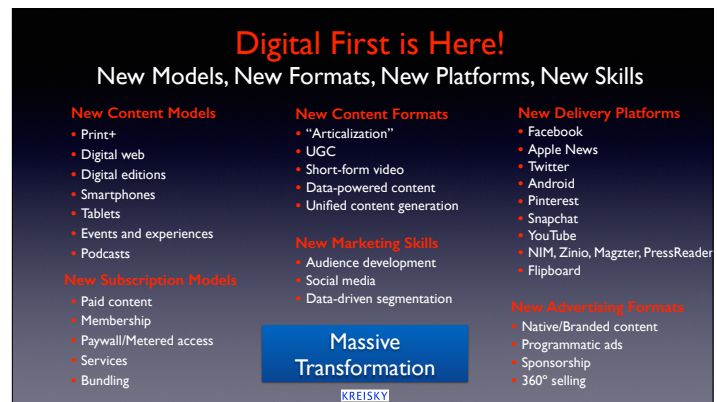
3



4



5



6

The Next Challenge: Culture Change

HEARST magazines "Culture change is the real challenge... It's tough, but it can be done" — Duncan Edwards

Hubert Burda Media "Culture Change is a necessity for survival." — Fabrizio D'Angelo

CONDÉ NAST "Our culture will change because it has to! It's one of the biggest initiatives in the company that I have in place this year." — Bob Sauerberg

KREISKY

7

Research Focus: How are you changing the culture of your organization to compete effectively in the Digital-First era?"

16 Interviews • 14 Companies • 7 Countries

KREISKY

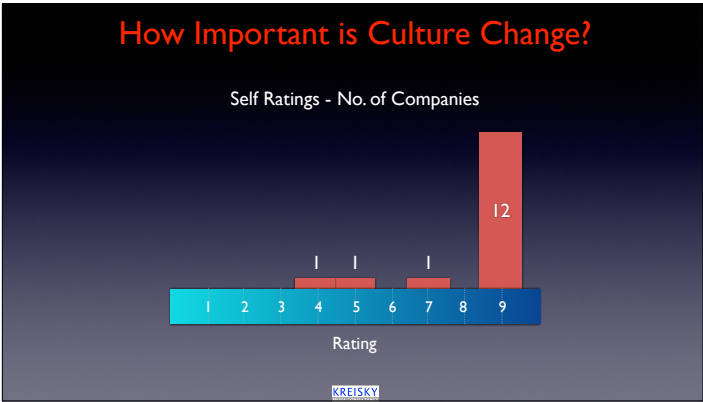
8

Thank You! Interviews Completed

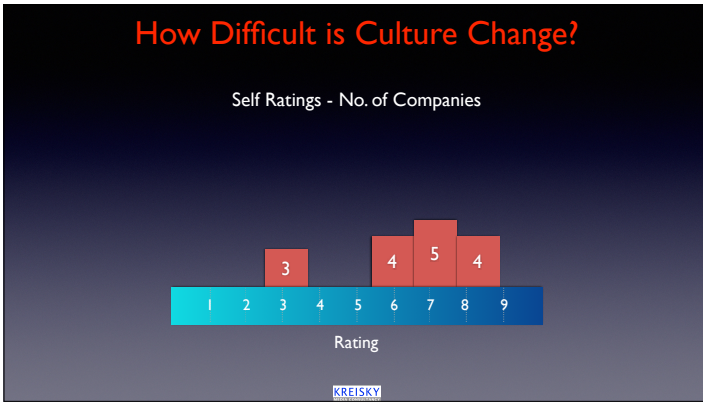
• Duncan Edwards, President International	Hearst Magazines	USA
• Michael Friedenberg, CEO	IDG	USA
• Steve Lacy, CEO	Meredith	USA
• Gary Knell, CEO	National Geographic	USA
• Norm Pearlstine, Chief Content Officer	Time Inc.	USA
• Callie Schweitzer, Audience Development.	Time Inc.	USA
• Natasha Christie-Miller, CEO	EMAP	UK
• Tom Bureau, CEO	Immediate Media	UK
• Andreas Wiele, President Marketing/Classified	Axel Springer	Germany
• Alexander Schmid-Loesberg, Head of HR	Axel Springer	Germany
• Stan Sugarman, Chief Digital Officer	G+J	Germany
• Fabrizio D'Angelo, CEO	Hubert Burda International	Germany
• Aroon Purie, CEO	India Today	India
• Juha Blomster, CEO	a-lehdet	Finland
• Enrique Inglesias-Montejo, CEO	RBA Revistas	Spain
• Ernesto Mauri, CEO	Mondadori	Italy

KREISKY

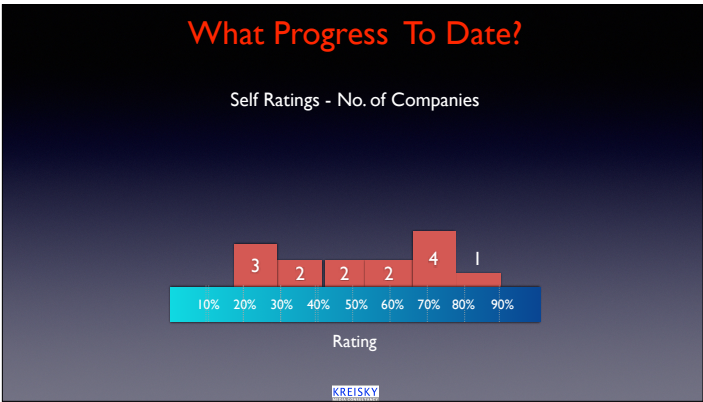
9



10

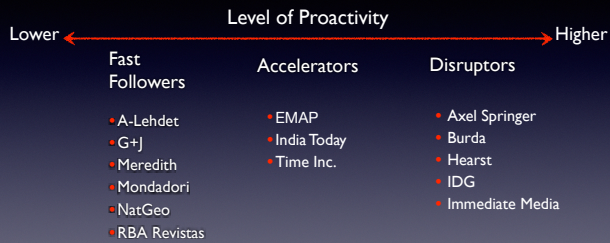


11



12

Q: What Differentiates Culture Change Leaders?



13

What We Learned: Two Key Imperatives

1. Bring the Audience Inside

2. Build a Culture of Co-Creation

14

Imperative #1

Bring the Audience Inside



15

The Audience Inside

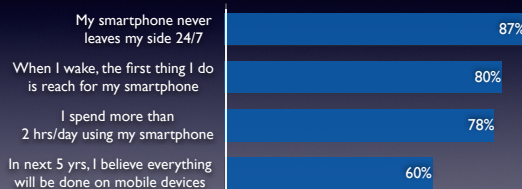
Share of Media Time on Mobile Devices



16

The Audience Inside

Millennials' Smartphone Behavior 2014



17

The Audience Inside

HEARST
digital media

"We must leverage the brand through the eyes of digital natives – a new generation of media creators who were raised with digital"

– Troy Young

RBA REVISTAS

"Young, adaptable people hungry for digital, who force us to adapt to digital world"
"We must trust them to open doors to future"

– Enrique Inglesias-Montejo

IDG

"If you're not a digital native by now, it's pretty scary"

– Michael Friedenberg

18

Empowering the Audience Inside

Time Inc.
MEDIA Upstarts
@TimeInc.

KREISKY

19

Imperative # 2 Build a Culture of Co-Creation

1. Bring the Audience Inside 2. Build a Culture of Co-Creation

Strategy Mission Structure People Values Technology Timing

KREISKY

20

Imperative # 2 Build a Culture of Co-Creation

1. Bring the Audience Inside 2. Build a Culture of Co-Creation

Strategic Disruption Strategy Mission Structure People Values Technology Timing

KREISKY

21

Strategic Disruption

“The revolution is not an apple that falls when it is ripe.
You have to make it fall.”

– Che Guevara

KREISKY

22

Two Types of Disruption

Market Disruption

AdPages (MM)
Top Five U.S. Magazine Publishers

2005 2006 2007 2008 2009 2010 2011

Strategic Disruption
Examples

- Axel Springer
- Burda
- Hearst
- IDG
- Immediate Media

KREISKY

23

Strategic Disruption: Game Change

axel springer

“Leaders must move fast to assure others’ future”


– Andreas Wiele,
Axel Springer

KREISKY

24

Game Change

axel springer



- Divested Non-Core Assets
 - TV Program Guides + Women's Magazines
 - Regional Newspapers
 - Hamburger Abendblatt
 - Berliner Morgenpost
- Acquired Digital Classifieds Advtg Leaders
 - jobite
 - immonet.de
 - immowelt.de
 - centrale.de
- Focus on Digital Paid Content Models
 - 311,000 Paid Digital Subs
 - BILD+
 - DIE WELT
- Invest in Quality Journalism
 - BUSINESS INSIDER
 - POLITICO
 - LIVINGLY media
 - N24

Radical Shift in Digital Mix

Metric	2009	2014
Digital Share	18%	53%
Revs.	30%	74%
AdSales	13%	72%
EBITDA		


Source: Axel Springer Roadshow Presentation, 9/9/2013

KREISKY

25




Reinforcing Game Change

axel springer



- 2 days in Silicon Valley for 70 top management executives
- Exchange ideas with major Internet players, innovators, incubators, investors
- Send clear signal of change

Move Outside the Comfort Zone



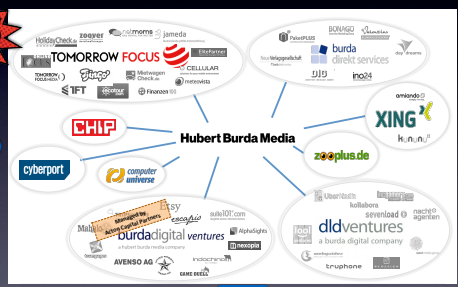
Economy Flights 3-Star Hotel in SF Tenderloin District Shared rooms and beds

KREISKY

26

Strategic Disruption: Digital Diversification

Hubert Burda Media

Before After

Source: Burda Presentation at FPP Rome, Sep 2013

KREISKY

27

Digital Diversification

Hubert Burda Media

REVENUE MIX SHIFT (€ MM)

Category	1995	2012
Publishing Germany	58%	26%
Printing	24%	9%
Publishing International	8%	17%
Digital	7%	47%
Direct Marketing	3%	3%
Other	7%	7%

1995 2012

Source: Burda Presentation at FPP Rome, Sep 2013

KREISKY

28

Transformational Game Change

HEARST magazines



- Declared "The brands belong to Hearst"
- Proclaimed "We're in the entertainment business"
- Separated all digital editorial and business functions.
- Appointed "Disrupter-in-Chief", Troy Young, to run all Digital Media



Troy Young
President, Hearst Magazines Digital Media

KREISKY

29

Transformational Game Change

HEARST magazines

A Powerful New Mantra



"The calling card for our transformation"

"A fundamental mental shift"

– Duncan Edwards
HEARST

KREISKY

30

Disruptive Strategic Change

New Brand



Merged 3 firms into 1



New Mantra



New, Digitally Savvy CEO



Tom Bureau

New Leadership Team

Positive Results
3 years post-Merger

- Revenues: Up £120mm to 175mm
- EBITDA: Up £20mm to £37mm
- Dependence on advertising: Reduced 18% to 13%

KREISKY

31

Beyond the Legacy Zone

IMMEDIATE MEDIA

“We’re between epochs... the end of print dominance, the end of the power of the newsstand...and before the clear beginning of a new model.”

We want to be one of those businesses that defines that model ”

—Tom Bureau
CEO


KREISKY

32

Disruption to Seize Market Opportunity

IDG

Forced Centralization to meet global market demand for Demand Generation capability



Revenue Mix

Channel	2010	2015 (Fcast)
Online	39%	61%
Events	13%	14%
Print	48%	25%

KREISKY

33

Purposed Communication

1. Bring the Audience Inside

2. Build a Culture of Co-Creation

Strategic Disruption

Purposed Communication

KREISKY

34

Forthright Communication

“Communication, trust, transparency at top. Imperative: to be forthright and honest”

Michael Friedenberg
IDG

KREISKY

35

Forthright Communication

Most important thing is to be completely honest and give everyone the opportunity to be grownups.
Expose all members of the team to financial reality.
Act on anyone who doesn't get on bus

Steve Lacy
meredith

KREISKY

36

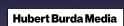
Communicate Clear Purpose “What We Are”



• Edwards: An Entertainment Company, focused on what we're good at: content creation and audience engagement



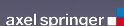
• Bureau: The Special Interest and Platform Company



• D'Angelo: A Consumer Media and Technology Company



• Friedenberg: A Media, Data and Services Company



• Wiele: The leading digital publishing company

KREISKY

37

Constant Reinforcement of Purpose



“As a leader, I chose **one thing to talk about for four years:** the importance of subscriptions”

Natasha Christie-Miller

KREISKY

38

Constant Reinforcement of Purpose



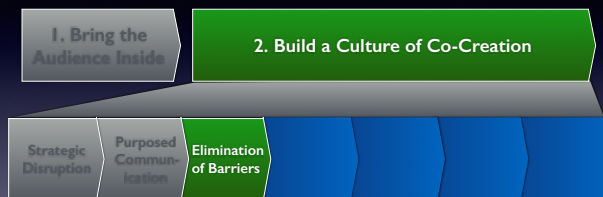
“Fundamental mental shift, **repeated over and over**, that we've moved from a magazine company with websites to digital content company that also produces magazines”

– Duncan Edwards

KREISKY

39

Elimination of Barriers



KREISKY

40

Silo-Busting

“Silo busting is not optional, it's about survival
Need 360° approach connecting all the platforms

– Gary Knell



KREISKY

41

Eliminating Barriers to Collaboration

axel springer

	Cooperation 1.0	Cooperation 2.0
Communication/ Networks	<ul style="list-style-type: none"> • ‘Silo mentality’ • Communication/exchange of ideas constrained by departments/hierarchy • Staff as eye of the needle in communications 	<ul style="list-style-type: none"> • Networking between departments, • Networks deal with specific themes/topics, • Transparency about people and interests, • Making contact's is easier
Information	<ul style="list-style-type: none"> • Departmental egoism • Knowledge used for power • Knowledge protected 	<ul style="list-style-type: none"> • Transparency and openness • Knowledge is shared • Easier access to experts
Collaboration	<ul style="list-style-type: none"> • Working in hierarchical structures • Top-down processes • Culture of control • Fear of making mistakes 	<ul style="list-style-type: none"> • Room to maneuver • Self-organization and entrepreneurship • Culture of trust • Mistakes acceptable

KREISKY

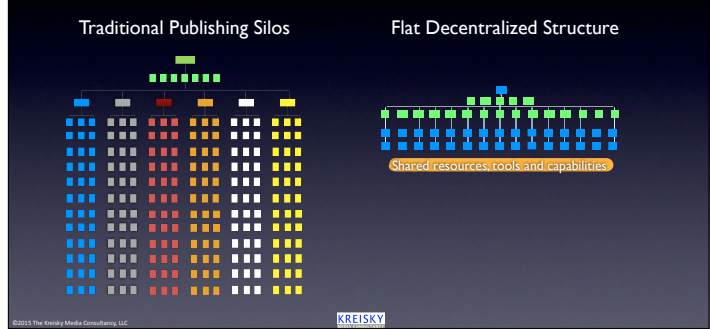
42

Eliminate Barriers to Collaboration



43

Breaking Down Silos



44

Flatten & Decentralize



- 3 to 4 management layers:
 - The boss, the sub-bosses, everyone else
 - No walls
 - Minimal hierarchy
- Empowered culture
- Structurally and culturally adaptive to constant change
- Integrated digital staff

45

Flatten & Decentralize

Hubert Burda Media

“Fluidity is the new organizational reality”

“Organization is absolutely flat....lean and entrepreneurial...
Speed for even large decisions is 48 hours

Networking is vital: exchanging information across traditional silo boundaries”

— Fabrizio D’Angelo
Hubert Burda Media

46

Integrate Siloes to Advance Strategy

Print



TV



Digital



“As our consumer became a viewer, reader, surfer, and tweeter and moved between devices and platforms seamlessly, it was important strategically to present one brand across all mediums.

The brand is customized to the platform, but the single thread of compelling credible stories runs through it all.

This is the transformation of India Today into one mega-brand for the future.

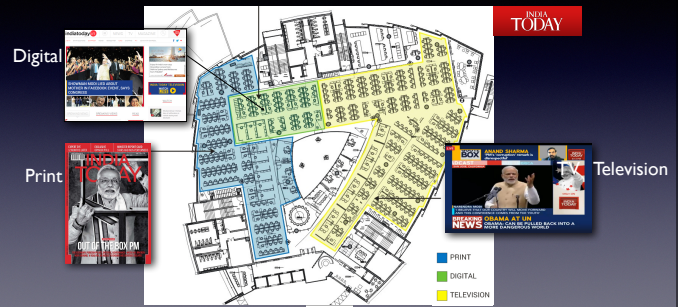
One seamless brand in print, online and television”

— Aron Purie,
CEO, India Today

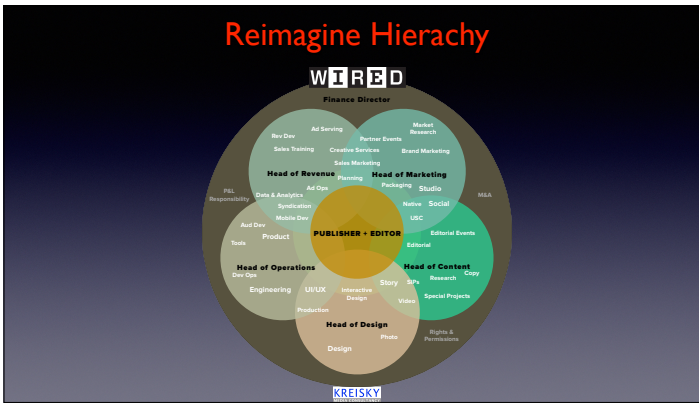
47

Integrated Siloes

From 3 brands in 3 locations to unified “megabrand” co-located in single workspace



48



49

Take Down the Walls of Legacy

Eliminating Separation of Church and State

Time Inc.

POW!

CHURCH ST SE 100

STATE ST SE 500

Norm Pearlstine, Chief Content Officer:

“Commitment to editorial integrity and editorial independence, editorial standards I take as a given...

But to transform into a multimedia, multiplatform company, you have to have collaboration, have to be fluid, have to be able to move quickly...

The type of “Church and State” practiced at Time Inc. was anathema to all you need to do for transformation.

That was one of the most important things we did.”

KREISKY

50

Taking Down Walls

Time Inc.

KREISKY

51

Move into High Energy Co-Creation Space

IMMEDIATE MEDIA CO

— Tom Bureau

KREISKY

52

Move into High Energy Co-Creation Space

IMMEDIATE MEDIA CO

KREISKY

53

Moving into High Energy Co-Creation Space

INDIA TODAY

KREISKY

54

Move into High Energy Co-Creation Space



KREISKY

55

Moving into High Energy Co-Creation Space

axel springer

Rem Koolhaas New HQ



KREISKY

56

Investment in Talent



KREISKY

57

Investment in Talent

“I’ll take talent over strategy 100% of time”

– Michael Friedenberg
IDG

KREISKY

58

Investment in Talent

“[Managers are] getting much better at hiring people who don’t look like themselves 5 years younger”

Natasha Christie-Miller



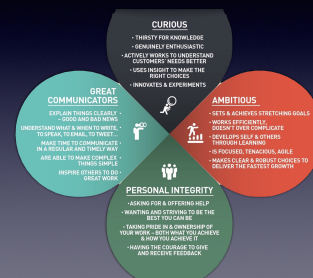
KREISKY

59

Investment in Talent

“We recreated our organizational values 3 years ago around Curiosity, Ambition, Personal Integrity and Great Communication”

Natasha Christie-Miller



60

Investment in Talent

axel springer

On the way to becoming leading digital publisher -
a change process with many components!

Employ new talents +

Develop and implement new structures and processes

Develop employees keep, empower and qualify

Push cultural change, make it livable and embed the new approaches in our corporate culture

bringing the newly developed corporate mission statement into the company

KREISKY

61

Importance of Employer Branding

axel springer

Employer branding + qualification +
change mgmt. = transformation

Corporate culture

Employee qualification

Employer branding

Viral recruiting campaign / Relaunch of employer brand

Research Project "Silicon Sabbatical"

Learnings @ Silicon Valley

Management Summit 2013

move

Digitalization offensive

axel springer

KREISKY

62

Importance of Employer Branding

"Our Employer Brand is getting better known...
Becoming easy to recruit...
Different than older magazine media...
People centric...
Work/life balance...
...Exciting place to work"

Tom Bureau
IMMEDIATE MEDIA

KREISKY

63

New Values of a Co-Creation Culture

I. Bring the Audience Inside

2. Build a Culture of Co-Creation

Strategic Disruption

Purposed Communication

Elimination of Barriers

Investment in Talent

New Values of a Co-Creation Culture

KREISKY

64

Open the Culture to Co-Creation

IMMEDIATE MEDIA

Responsibility, Autonomy, and Trust

"A kind of 'Convection Model'"

By pushing responsibility down into the organisation and developing your people, the energy and momentum starts pushing up from below.

- Tom Bureau

KREISKY

65

Open the Culture to Co-Creation

Managers as Coaches

Inputs → → → → → Outputs

"Management's role is supporting their teams, not to direct it in an old-fashioned way
They work for their teams, not vice versa!"

- Tom Bureau
IMMEDIATE MEDIA

KREISKY

66

Open the Culture to Co-Creation



Share the power!

Autonomy + Responsibility + Trust

Trust teams to implement common brand voice across media.
Use best resources available across organization”

Duncan Edwards
Hearst



67

Open the Culture to Co-Creation

Customer Joy

“We talk a lot about ‘Customer Joy’...
Customer happiness expressed
through loyalty, growth, referrals
...and co-creation of new products”

– Natasha Christie-Miller



68

Open the Culture to Co-Creation

Hubert Burda Media

“Remove the handbrake of tradition and financial safety”
“Establish a culture of trial and error”

– Fabrizio D’Angelo,



69

Embrace the Values of Co-Creation

axel springer

Summary

TRADITIONAL SKILLS	Self Rating	NEW SKILLS
Perfection	<input type="range"/>	Speed
Leading the team	<input type="range"/>	Thinking in networks
Continuing successes	<input type="range"/>	Thinking disruptively
Specifying targets	<input type="range"/>	Inspiring others
Stability	<input type="range"/>	Willingness to change
Expert/leadership skills	<input type="range"/>	Digital skills



70

Reward Autonomy and Collaboration!



- “Go in search of new opportunities with a new approach, mentality, and habits, open to change and innovation.
- Imagine all possibilities today and in foreseeable future.
- Communicate more and better within the company, vertically and horizontally.”

Ernesto Mauri
Mondadori



71

Common Platform for Innovation



72

Technology Facilitates Innovation

HEARST
magazines



“With a common platform across all titles, we’re using technology to change the process to change the culture”

– Duncan Edwards

KREISKY

73

Continuous Innovation

INDIA
TODAY

“Constantly innovate, collaborate, and have no doubt the future is digital”

– Aroon Purie



“Be able to imagine all the possible declinations of a brand in the various media available today and those in the foreseeable future”

– Ernesto Mauri

Hubert Burda Media

“Innovation is a key part of my role today”

– Fabrizio D’Angelo

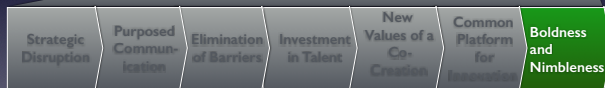
KREISKY

74

Boldness and Nimbleness

1. Bring the Audience Inside

2. Build a Culture of Co-Creation



KREISKY

75

Move Swiftly and Boldly

“Be bold, not afraid of making mistakes. Keep people close to you who see the opportunities”

Juha Blomster



KREISKY

76

Move Swiftly and Boldly

“We’re healthily impatient, but give ourselves enough runway to get it done”

Michael Friedenber



KREISKY

77

Move Swiftly and Boldly

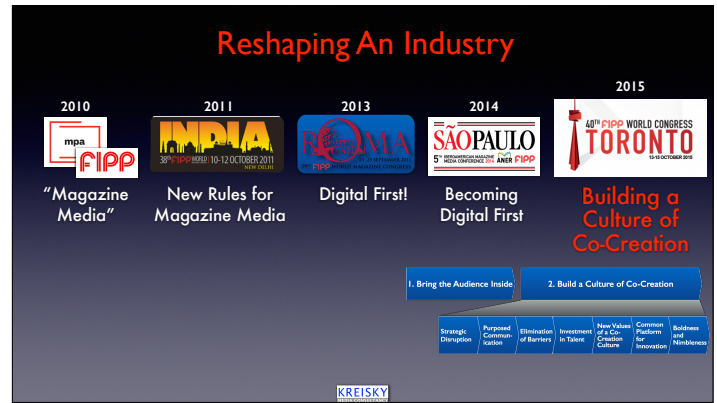
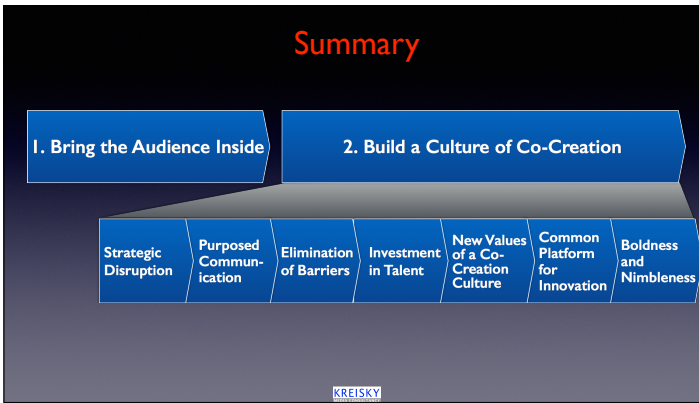
“We are already on the Titanic’s lifeboats and if we don’t move at digital speed, we won’t reach the shore”

Fabrizio D’Angelo

Hubert Burda Media

KREISKY

78



www.kreisky.com

KREISKY

MEDIA CONSULTANCY

email: peter@kreisky.com
twitter: @mediaguroo

©2015 The Kreisky Media Consultancy, LLC
All Rights Reserved

81