

MEDIA 2009: THE CONVERGING MEDIA SKILL-SET

A proliferation of distribution channels, sagging ad revenues, layoffs and high-profile bankruptcies and closings within the newspaper and other media businesses all point to an extremely difficult period for many media companies. Some of these challenges are cyclical and related to the global economic slow-down that has spared few industries; others are secular, reflecting the radical transformation occurring in the delivery and consumption of media content and companies' efforts to respond.

Increasingly, media is moving toward two-way communication and interaction, as evidenced both by the rapid growth of social networking, customization and personalization of the media experience, and by consumers' desire to access video, music and information "on-demand" and on the device of their choosing. Services addressing these trends are growing dramatically. Facebook recently exceeded 200 million users, Hulu is growing exponentially and YouTube reports that its visitors are watching hundreds of millions of videos a day. Meanwhile, demand and adoption of new mobile applications is growing, and advertisers are shifting more of their marketing spending to measurable online media.

The competitive landscape also is changing, as lower barriers to entry encourage new entrants, observed Kerstin Mogull, chief operating officer of the BBC's Future Media and Technology division. In the future, competition will be more global and media companies will increasingly compete across platforms and throughout the value chain. "New business models will emerge as traditional spot

advertising declines, across TV in particular," she said. "However, rights ownership of premium content will remain a powerful asset."

The challenge for media companies operating in this environment will be to define new business models and sustainable revenue streams that leverage technology advancements and address new customer preferences. Companies must then align their talent, organizations and cost structures to support these new business models.

"The underlying metrics and growth trends for media remain strong. Every year, customers spend more time with video and other entertainment and information products and services and, every year, they spend more money on this sector on average," said George Kliavkoff, executive vice president and deputy group head of Hearst Entertainment & Syndication for Hearst Corporation. "However, the product mix continues to diversify and fragment. It is getting more difficult to assemble massive scale and reach. The result will be that programmers will need to

'right size' cost structures and advertisers will need to be more creative in how they reach potential customers. Our strong belief is that technology can help solve both of these problems and will be the key to establishing long-term sustainable business models in the new media economy."

Blake Chandlee, commercial director EMEA for Facebook, agreed. "Television will always be around. The question is how will video content be distributed or discovered? That will change. People will discover new programs and artists in different ways than they're used to. The Internet will play a big role in that. Media companies will have to adjust to that, and so will clients and agencies."

Even digital media companies that do not have to transition traditional businesses to this new world have to tackle issues related to monetizing content. "In the social media business you have to walk that fine line between giving users the experience they want and taxing it sufficiently to make money," said Courtney Holt, president of MySpace Music. "It's easy to have an amazing user experience if you're giving everything away for free and the interface is clear of everything but the content they want. However, those days are gone in our world and we have to find the balance that keeps our users excited about the experience but that provides the ROI we and our partners need."

The converging media skill-set

Increasingly, there is a recognition that addressing the opportunities and challenges before media companies requires a broad set of skills and competencies spanning both traditional and digital media. During the late 1990s and the early part of this decade, the executive migration was from "old" to "new" media. At the same time, a new crop of managers grew up only knowing the

new digital world. Today's media companies are looking for executives who have a blend of experience across traditional and digital channels. The traditional media perspective helps executives empathize with the issues facing traditional media models as their organizations are forced into rapid change. Meanwhile, many companies with a digital media heritage have grown to "big company" size — with all the attendant bureaucracy — and need sophisticated leaders able to navigate larger, more matrixed organizations. So, while strong operational experience in digital is in high demand, organizations are placing more value on traditional leadership training, including experience at "academy" organizations such as Disney, Procter & Gamble, General Electric, IBM and Apple, especially early in an executive's career.

"More and more, we need executives able to 'walk the walk' on the digital side, but who also have also lived in the world of traditional media," said Greg Clayman, executive vice president of digital distribution and business development for MTV Networks. "As the media landscape transforms, it is critical that the talent we have onboard to help navigate the changes are steeped in both worlds. The good news is that we're seeing more and more agile executives who have the experience of jumping back and forth between traditional and digital media."

Based on our work with clients and discussions with media executives, we have identified the capabilities and leadership skills most needed in senior media executives. They include:

- > Being conversant in multiple areas of the business (i.e., advertising/search, content, product) to capitalize fully on growth opportunities. Increasingly, media executives should be able to work across all media platforms

- > An ability to network effectively across the organization, including the ability to bring people from diverse parts of the business together to tackle large, complex projects
- > Personal flexibility and the willingness to roll up one's sleeves to get things done
- > Entrepreneurial and innovative to conceive and build new business models
- > Analytical and performance/ROI-driven
- > Comfortable with ambiguity and decisive in its presence
- > Service-oriented, attuned not only to the user's experience but also those of partners and/or advertisers

Finding broad-based leaders with these skills is challenging because of the limited pool of senior executives who have the necessary mindset, content knowledge and extensive operational experience in digital media. "There are very few executives who have been working in the space for more than a handful of years. As a result, recruiting these leaders requires either competing for those limited number of executives or taking a chance on executives who have proven themselves in related fields but have not yet grown a digital media business," said Kliavkoff.

Recruiting these leaders can be a long and time-consuming process. "Great leaders are difficult to find in good times and bad," said Arthur Bastings, managing director of Discovery Networks EMEA. "We continue to be selective in line with our leadership model, and that means we have to take the time to get it right. One high-level search took months to complete, and our preferred candidate had a nine-month notice period! But he is brilliant and it will have been worth the wait."

As a fast-growing, pre-IPO company, the Facebook name is able to "get a conversation with candidates," said Chandlee. Still, the current economic

environment can make it even more difficult to lure experienced leaders from more "safe" roles. Facebook is looking for executives who not only have the right skills, but also a sense of mission. "The biggest challenge we have is finding people who are willing to step out and take risks. Especially in this economy, the thought of giving up the security of a big job, with a big title and lots of employees under you is a big hurdle for many people. How do you convince someone to leave all that and come to a company where there is no guarantee? He's got to believe. It takes a certain mindset, a certain kind of individual, but those are the kinds of individuals we want. We end up with a dynamic and self-selecting group of people," he said.

Given the still-limited pool of executives with extensive backgrounds in both traditional and digital media, acquiring talent requires some flexibility on the part of media companies, said Holt. "There aren't generations of senior digital executives, so you have to stop looking for the perfect resume. Some of the most innovative people I've worked with have gone 'off the grid' for awhile and had some really interesting experiences that allowed them to bring a whole new perspective to the table."

Over the longer term, media companies will have to focus on developing executives with the necessary breadth of skills internally. "Ultimately, success is about leadership. Revenue growth, audience growth and organizational change cannot happen without a personal commitment to change and development within each of our staff," said Bastings. A top priority of Bastings in his role as managing director has been to encourage a culture of coaching leadership and instill a growth mindset built on entrepreneurship and innovation. "This commitment, more than any other factor, has driven our business growth. As part

of this commitment, we have also formalized a talent pipeline initiative that helps groom talent from within.”

Conclusion

Given the layoffs occurring across the media spectrum, it may not be obvious that many media companies are selectively augmenting their senior staff in key areas. Demand for talent in certain corners of the industry is holding steady and is even accelerating in some areas. Among the executives most in demand today are the following:

- > Content specialists at mobile companies
- > Strong digital general managers at social networking companies and at traditional media companies
- > Digital marketers at music and film entertainment companies
- > Senior integrated sales leaders at diversified media companies
- > Social networking specialists at digital and traditional media companies
- > Senior general management talent at venture-backed companies to replace or work with founders

The overall challenge for media companies will be to continue to build a cadre of senior leaders who combine the experience and expertise of both the digital and traditional media businesses. The good news is that a growing number of executives are building their skills in these areas, combining the technological and operational knowledge of digital with the management and leadership skills of traditional media.

For the time being, however, the demand for these executives will outpace the available supply. As the media talent pool continues to develop, companies will need to be flexible when filling key

roles. They will be more successful in recruiting for key roles when they focus on the core competencies and priorities for the specific position, rather than looking for candidates with the “perfect resume.”

Large media companies can develop future leaders by ensuring that high-potential executives are “cross-pollinated” through meaningful assignments in consumer Internet and traditional media. Fortunately, this movement is becoming commonplace as the distinction between “old” and “new” media breaks down, and talented executives are more willing to travel between the established and entrepreneurial worlds.

Media companies also should be open to the possibility of finding talent from other geographic regions. We are starting to see cross-border movement of high-level digital and mobile talent, as companies seek to leverage the expertise from other regions. The U.S. leads the way in online media, whereas Europe and Asia lead the way in mobile. It’s important to remember that “A+” leaders, wherever they are, have plenty of options, but are willing to listen to new opportunities.

The global economic recession and the structural changes occurring in the media industry have made it a challenging time for media companies. The most successful companies over the long term will maintain their investments in talent during this period, upgrading talent now to prepare for future growth and strategic needs.

Grant Duncan, Dionne Hosten and Greg Sedlock are core members of the firm’s Technology, Communications & Media Practice and work with media organizations around the world.

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