



**Harvard
Business
Review**

HOW I DID IT

KEY LEARNING SUMMARY

Powerful Stories of Strategic Business Leadership from the World's Top CEOs

featuring

Steve Hills, President and General Manager, The Washington Post
Adi Ignatius, Editor in Chief, *Harvard Business Review*

JUNE 23, 2015

TERADATA

Powerful Stories of Strategic Business Leadership from the World's Top CEOs

OVERVIEW

Since the Graham family sold The Washington Post a year and a half ago, the company has set sail in new directions. Technology has joined journalism as a key capability for executing an innovative digital growth strategy. Working backwards from the customer experience, company leaders have focused on capturing wide readership and shepherding readers through an engagement funnel using predictive analytics. In the company's business model, the key metrics are numbers of users and engagement of users, both equally important.

CONTEXT

In another of *Harvard Business Review's* "How I Did It Live" webinars, Adi Ignatius interviewed Steve Hills about the technologists and journalists transforming The Washington Post and the opportunities that lie ahead for the media company in an increasingly digital world.

KEY LEARNINGS

A new owner, Jeff Bezos of Amazon, has reenergized The Post with his technology expertise.

The Washington Post has played an important role in American public life, breaking some of the biggest political stories, like Watergate. The organization under the Graham family, and now under Bezos, has an ongoing commitment to journalistic quality. "Few things in life are as good as they used to be," said David Carr of *The New York Times* once said, "but The Washington Post comes close."

But journalistic excellence alone doesn't always equate to business success in today's crowded media landscape, where free news and information are ubiquitous. "Customers only have two eyeballs and 24 hours," said Hills. Filters allow customers to "create their own realities" and the reality as curated by high-quality journalism is "an acquired taste."

A few years ago, the Graham family realized that another owner could best position the company to excel in our fast-changing technology-powered world. Amazon founder Jeff Bezos was their first choice, Hills said, because he combined business and technology savvy with a commitment to the journalistic mission of the organization.

Bezos bought The Washington Post in late 2013 for \$250 million of his own money, not Amazon's. Private ownership permits latitude to pursue the long-term strategies Bezos has in mind. Since he took over, The Post has enjoyed resurgent morale and readership, Hills said. Growth

SPEAKERS

Steve Hills

President and General Manager,
The Washington Post

Adi Ignatius

Editor in Chief,
Harvard Business Review

in the online audience this year has surpassed that of every other media company. The company is branching out in innovative new directions, such as licensing to other publishers its proprietary technology system ARC—with a whole suite of functionalities. Indeed, greatness in technology, not just journalism, is now on the company's strategic agenda.

Regarded as key to the organization's long-term success: marrying journalism and technology.

The key to the organization's long-term success, in the leaders' view, is to make the company into the best technologists in the media industry, complementing its longstanding journalistic excellence. Imagine a two-by-two matrix, Hills said, with journalistic excellence rising along one axis and technological excellence rising on the other. Now The Washington Post has the potential to stand in the top right corner, surpassing peers in these two important and complementary arenas.

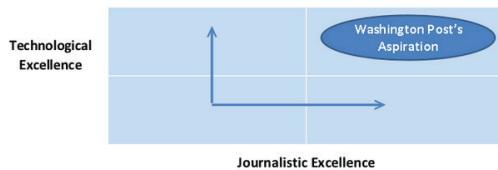


Figure 1
The Washington Post's aspiration.

Journalism is the company's key differentiator. The Washington Post reporters and editors care about getting the story right, and readers count on that happening, Hills said. Editing is a skill needed more than ever in a world of information ubiquity. Washington Post readers depend on journalists delivering news in the right hierarchy, explaining context and prioritizing what is most important and interesting.

But technology must be paired with journalism excellence to create the online customer experience, Hills said; online is where the readers are going, and the customer experience is a north star in Bezos' business philosophy. Since technology delivers the reader experience—the media used, the graphics, and the experience of viewing on various-sized devices—it plays a large role in the customer's engagement with the journalism that The Post produces.

For instance, editors and technologists now are focusing on how to make the consumer product easier to digest on every mobile device. That means “starting with the consumer and working backwards.” It also means figuring out where the growth is happening in video, in mobile, and devices. And it means using predictive analytics to optimize reader experiences and promote engagement.

Today at The Washington Post, a great news story is the product of a partnership between editors and engineers. They sit together in pods in the newsroom, brainstorming about how to

“That's been the big ‘aha’ moment, that in order to win we really have to think as a great journalism company and a great technology company.”

STEVE HILLS

“Down to the pixel and millisecond, we're figuring out how to make the consumer product a lot easier, figuring out how to start with the consumer and work backwards.”

STEVE HILLS

cover stories digitally in the most compelling way, using graphics to convey facts and delivering a technologically rich experience. What they're doing, said Hills, "is really trying to figure out the new methods of storytelling."

For a truly collaborative partnership, the technologists and journalists work as partners who are mutually respected, Hills said. The old model in which business people or newsroom people would conceive of an idea and "throw it over the wall" to tech people to figure it out no longer applies. Engineers in the Bezos era are "first-class citizens," and the partnership between editors and engineers is like "Lennon and McCartney."

While there was some culture clash as the organization got used to this shift, Hills said, it wasn't a very difficult change, because everyone understands the business rationale behind it.

The model: two distinct businesses, both focused on driving readership and engagement.

"If you start with the consumer and work backwards," said Hills, "you basically have two different consumers who want different things." There are the local readers of the print newspaper. They want a regional publication, a niche that The Washington Post historically has filled very well and continues to do so. There is also the online audience, comprising both national and international readers. They want to know what is going on in the world at large. The two groups have different needs, but both need to be served well, since both are very engaged customers. Engagement is key to both business models.

The way that The Washington Post gets paid (besides via ad revenue) is dependent on driving up the number of engaged readers. Increasingly engaged readers lead to revenue because at some point as they move through the engagement funnel, readers pay to have their interest satiated, by subscribing to either print or online offerings. Predictive analytics are used to drive people further down the engagement funnel. In other words, based on what people have read, the technology figures out what they might like to read and brings it to their attention, engaging them more and more deeply in Washington Post content.

The two important performance metrics are number of users and engagement of users; the company works toward those objectives, as do the journalists creating content. Both metrics are equally important as neither is sufficient on its own. Growing just the audience but not engagement won't lead to new revenue from readers because semi-engaged readers will stop short of paying for content. A deeply engaged readership that's not growing in numbers won't grow revenue. The good news, Hills said, is that the two metrics indeed have been growing.

While advertisers historically have contributed the lion's share of media companies' revenue, the big revenue opportunity is seen in achieving huge numbers of readers each paying small amounts. "We don't have to get a lot of money from individuals if we get a lot of individuals, which we're doing," said Hills.

Expanding the visibility of Washington Post content is a critical aim, as that is how to get large volumes of people to enter the engagement funnel. To that end, The Washington Post partners

"It's no longer like the people in the newsroom are Mozart. . . . The editors and engineers are much more like Lennon and McCartney . . . because the consumer experience is driven as much by the engineering as by the journalism."

STEVE HILLS

"We're still a paid subscription model. We do have lots of content out there for free, but if you're really engaged enough, you have to pay."

STEVE HILLS

with 280 other newspapers (and Amazon's Kindle Fire), which all offer free access to the digital Washington Post. "The more people see [the content], the more they'll become engaged with it."

Of the two businesses, the digital business represents the most future growth opportunity, while the print business is viewed as "the bridge" to this opportunity. That's because the successful print business is currently providing revenue to fund promising digital opportunities.

"If you just grow audience and you don't grow engagement, that's a problem; you just have a bunch of people glancing at your stuff. If you have a deeply engaged audience that's not growing, that's a problem, because you have to have growth in a digital world."

STEVE HILLS

"The way we describe print is that print is a long, strong bridge to the future."

STEVE HILLS

Perspectives

Hills' insights on business and the media industry included:

- *"Long term, digital is the future, because at some point . . . there will be only digital [media]. The form factor might be like something out of Harry Potter."*
- *"It's not healthy to be a business that's totally divorced from the profit motive, because profits tell you about your customers, whether they're satisfied with what you're giving them. You really need to do both: achieve a mission [for the common good] but also have economic viability."*
- *"Which would you rather do: say, 'I beat my competition today,' or 'I really satisfied my customer today?' I think longer term it's better to say, 'I really satisfied my customer.'"*
- *"If you really want to learn from your competition, you have to respect your competition in a different way, really paying attention to what they're doing right for their customers."*
- *"A culture of innovation starts at the top but is led by every department head and manager. Innovation is about hiring the right people and leading in the right way. It's also about encouraging, not punishing, experimentation. Speed, experimentation, invention—those things are really important."*
- *Great editorial judgment is key. Metrics have to inform your decision making, but not be a substitute for your decision making. We will not be edited by computers, which I know comes as a big relief to everyone in our Post newsroom."*

BIOGRAPHIES

**Steve Hills**

President and General Manager, The Washington Post

Steve Hills has nearly 30 years of experience in media, holding wide-ranging roles including reporter, sales representative, and executive. He was named president and general manager of The Washington Post in September 2002, and in February 2008 became president and general manager of Washington Post Media, a world-class, multiplatform news brand that has the highest combined market penetration in print and online of any Top 10 metropolitan newspaper.

Since joining The Post, Steve has led innovations that include the development of a highly successful new business unit, the creation of an industry-leading niche publishing division, the PostPoints loyalty program, Washington Post Radio, FW Magazine, and many other print and digital products.

**Adi Ignatius**

Editor in Chief, Harvard Business Review

Adi Ignatius joined HBR as Editor in Chief in January 2009. Previously, he was Deputy Managing Editor for TIME. He was the editor of two *New York Times* bestselling books: *President Obama: The Path to the White House* and *Prisoner of the State: The Secret Diaries of Premier Zhao Ziyang*. Prior to his 2007 appointment as Deputy Managing Editor, Ignatius served as Executive Editor of TIME starting in 2002, and from 2004 to 2007, he also held the additional title of Editor of TIME Canada. Ignatius joined TIME as Deputy Editor of TIME Asia in 1996 and was named Editor of that edition in 2000. He also wrote frequently for TIME, including cover stories on Google Inc. and the 2007 Person of the Year profile of Vladimir Putin. Prior to joining TIME, Ignatius worked for many years at the *Wall Street Journal*, where his work was nominated for a Pulitzer Prize.

Ignatius was awarded a Zuckerman Fellowship at Columbia University's School of International and Public Affairs in 1990. He received his BA in History in 1981 from Haverford College. He is a member of the Council on Foreign Relations and the Asia Society.

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Teradata's Perspective

Remember the old saying, “*What you don't know won't hurt you*”? That sentiment has never been more wrong for your business than it is today. Every company wants to make the right decisions—for their customers, their employees and shareholders, and the environment—but what does “right” look like, and where do you find it? The answer is found in the transactional, operational, behavioral, and customer data that stream into departmental and corporate databases every day. Yet the Data-Driven Business recognizes that, while data hold the answers, analytics unlocks them.

As the world leader in analytic data platforms, marketing and analytic applications, and services, Teradata helps leading companies transform data into insights, which lead to actions that make a difference. By matching customized analytics with real-time business needs, Teradata helps organizations become more Data-Driven, enabling them to do amazing things:

- An automobile manufacturer builds safer, more energy efficient cars.
- An Asian Internet brand develops a new system that accelerates response times by 200 to 250 percent.
- A beverage company analyzes the social media buzz from its Super Bowl ads minutes after halftime.
- A European telecommunications provider increases close rates on their offers by more than 200 percent.

Data can help you identify trends, tell you what your customers really think, and even predict outcomes. When you listen, you stop looking at business as usual and start seeing your business as exceptional.

At Teradata, we believe every business has the potential in its data and its people to be exceptional. Our goal is to help you unlock that potential sooner with unique and powerful analytics, and then apply your newfound knowledge in meaningful ways that strengthen your business and improve the lives of those touched by it. Teradata helps take the fear out of big data, so you see opportunities instead of obstacles.

The Teradata logo is displayed in a bold, orange, sans-serif font. The word "TERADATA" is written in all caps, with a registered trademark symbol (®) at the end.

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