This article is based on a speech Howard Finberg gave at the opening of the Newsplex, a prototype newsroom of the future, at the University of South Carolina. Newsplex is a cooperative project between private and public media organizations and academia at the USC's College of Mass Communications and Information Studies. His topic was "Convergence and the changing media corporate culture. *Before convergence can succeed in the newsroom, it has to be adopted in the boardroom, where major cultural and business changes are also needed."*

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The idea of exploring the themes of convergence and corporate is an interesting assignment. To begin with, the title of my presentation – "Convergence and changing media corporate culture" – is a challenge. There are a couple of interesting ways to look at the title of this presentation. It all depends on where you put the emphasis. For example, we could look at the issue this way:

"Convergence and ***changing the*** media corporate culture."

Or, perhaps:

"Convergence and ***the changing*** media corporate culture."

The question is whether you believe corporate culture **needs to be changed** or **has already changed**.

Is the glass is half full or half empty? Or, if you worked at a dot com business, has the glass shattered and are you looking for venture funding for a new glass?

Getting back to the original question: Has the corporate culture changed or does it need changing?

The answer, so typical of presenters who are dealing with far-reaching topics, is: ***It all depends.***

- It depends on the corporation you are talking about.
- It depends on the culture you are talking about changing.
- It depends on where you reside within the organization.

I have been in the journalism business for more than 30 years. I started work at the Hearst newspaper in San Francisco as a copy editor. I have worked in editorial or management roles at the Chicago Tribune, The New York Times, the San Francisco Chronicle and The Arizona Republic in Phoenix.

I have also worked as company vice president for information technology, created two online services, one on AOL and one on the Web. And, finally, I was a corporate vice president for technology and interactive media strategy at the late, recently sold Central Newspapers.

Today, I am a managing director of Finberg-Gentry, the Digital Futurist Consultancy, a senior fellow at the Media Center at the American Press Institute and the Presidential Scholar at The Poynter Institute for Media Studies.

In other words, I have been part of many different cultures:

- The **newsroom culture** with its editors and reporters
- The **visual culture** with its designers, artists, photographers
- The **technology culture** with its business goals and techno promises and limitations
- The **corporate culture**; with its short term revenue needs and long term development desires
- The **online / Internet culture**; with its...well, it's still an evolving culture

I listed these cultures as a way of illustrating that there is **no single culture** that resides in our media organizations. There are multiple cultures throughout a news organization. And when it comes to convergence, you can add several more groups, such as broadcasting with its on-air talent, production staff, and producers.

All of these groups are very different and sometimes they don't play well together.

Even within newsrooms there are competing cultures: for example, the clash of visuals versus the written word is a cultural quarrel.

Convergence actually increases the complexity of cultural relationships within a newsroom, within a company, and within the corporate boardroom.

Let me go back to the subtext question outlined in the Newsplex conference program:

"Before convergence can succeed in the newsroom, it has to be adopted in the boardroom, where major cultural and business changes are also needed."

That's a pretty important role to assign "convergence." And it probably will take a cultural revolution for such an adoption to take place. So how do we get there?

First, let's stop talking about convergence as an end to itself. It isn't. Convergence is a reflection of the times we live in – The Information Age.

Convergence is a process:

- It is a journalistic process
- It is a business process

And it can not be confused with the issue of consolidation. That's a different topic.

However complex the issues are in the newsroom, it is worse on business side – in the boardroom.

On the business side, convergence means many different things and is hard to define. And if you can't define a thing properly, how can you adopt it?

So, if we can't define convergence, let me at least put forth a baseline definition of "culture" for the purposes of this discussion.

People **learn** culture. Much of human life is transmitted genetically – a baby's desire for food, for example, is triggered by physiological characteristics determined within our genetic code.

My desire for eggs and bacon, however, is not a genetic characteristic. Rather it is a **learned** [or ***cultural***] response to morning hunger. When I traveled to Japan and stayed in a typical Japanese inn, I ate a typical Japanese breakfast, which included fish, soup and pickled vegetables.

Culture is a body of **learned** behaviors; it acts rather like a template. It shapes behavior and consciousness within a "society" from generation to generation. And a corporation – with its history and traditions, rules and regulations – is its own society.

The bigger issue isn't whether we can change the corporate culture of the boardroom to embrace convergence. Rather, it's the need to focus on learning and adjusting the characteristics of the entire organization.

With education we can affect the learned behaviors of the media industry's leaders, its journalists and other workers.

And when I talk about the media industry leaders, I am not talking about just the people who sit in the boardrooms. Leadership includes managers and staff members, who actually can be more influential than their bosses.

We need to change the behavior traits that make this media "society" avoid risks and constantly opt for the **short view**. We need to change this cultural template so that the media industry adopts a vision that includes the **long view**.

We need to ***change the cultural template.***

Let me give you an example. I recently was reading an Advertising Age story about TiVo and ReplayTV. These devices are Personal Video Recorders, or PVRs.

PVRs are converged devices – part computer [which learns your viewing patters and makes suggestions] AND part video recorder [which does the same function as a VCR, only without tape and with a better ability to skip commercials]. It is this ability to skip commercials that is worrying the television-advertising industry.

The commercial skip rate among PVR owners is very high. In one study, these PVR owners are skipping commercials 72% of the time.

But the story I read was aimed at soothing the nerves of advertising execs. It pointed out the current lack of success in the marketplace for PVR manufacturers and questioned whether either company would survive. So far, this technology hasn't been widely adopted. Only 1 in 200 homes has a PVR. However, those who have them love them.

Right in the middle of the story, the AdAge author drops in this reference: *"more homes in the U.S. have outhouses than TiVos."*

It was a "clever" bit of writing for those advertising executives that read AdAge. It should make them feel less threatened about PVRs. No doubt that this outhouse reference will be quoted – for a long time – in many boardrooms when the threat of PVRs is discussed.

It is an example of taking the "***short view.***"

It is also what is sometimes called the "social suppression of the radical potential" of new technology. You could also just call it denial.

This suppression can take many forms, sometimes legal barriers; sometimes economic or technical barriers. Mostly, I suggest, it is the "suppression of thought." We tell ourselves that PVRs won't be successful; we suppress the "radical potential" of a new product or idea.

Put another way: We are comfortable with what we do. So why change?

This suppression is also based on avoiding disruption to our current business model. Don't mess with economic success.

If the AdAge author had written a story about Internet services in 1985, he would have been correct in writing *"more homes in the U.S. have outhouses than access the Internet."* This would have been accurate. In fact, that would have been true for the first five years of many new technology. The only exceptions: television and DVD players.

For those who like to keep score, here are the numbers: according to the 2000 census, there are 671,000 outhouses in the U.S. In 1985 there were probably 2,000 computers that could access the Internet.

The history of media is littered with examples of this "**short view**" or suppression.

In 1932, one third of all CBS radio stations were owned by newspapers or newspaper companies. Yet the American Newspaper Publishers Association was urging its members to stop printing radio programming guides in the paper.

Why? With the Charles Lindbergh baby kidnapping and the Presidential election of 1932, radio had become much more than a 'rip and read' medium. The newspaper industry felt threatened.

How many newspaper companies own radio stations today? Very few. Yet radio is still a very effective communication **companion** to a newspaper.

When the NAA asked news consumers in 2000 about which medium they used in the past week, 68% said they used a daily newspaper and 62% said they used radio news.

That was almost twice as high as Internet news usage at 34%.

Yes, they could be listening as they drive into work, which is much easier than surfing the Web in your car. When I'm stuck in traffic I will turn on the radio. News coverage may be NPR or just a few minutes between rock and roll songs or talk radio, but it is still news delivered by radio.

The newspaper industry's failure to recognize the potential of receiving news and information via the "ear" is an example of the industry's "cultural" template. Dealing with an emerging form of competition by withholding program listings was taking the "short view." But let's not pass this off as a mere historical fluke.

Only a few years ago, there were a number of newspapers that didn't publish the addresses, the URLs, of competing Web sites. Or even the URLs of advertisers.

The argument was very similar to the one made about publishing radio listings. Or even later, argument about whether to publish television listings. “Let’s not help the competition.”

These are illustrations of the need to “change the boardroom culture”

A more somber example of our cultural template is the aborted attempt of the newspaper industry to work together – the New Century Network. This is an example of our learned behaviors towards competition – not always working well with others in the industry – and the “short view” of success.

New Century Network was created by eight of the nation's largest newspaper companies in 1995. Doesn’t that seem like such a long time ago?

Put into context it looks like this:

In 1995, there were 9.4 million online households in the U.S.

Today there are 66.9 million

In 1995, AOL – the perceived biggest threat by media companies – had 3 million subscribers, almost triple their subscriber based from the previous year.

Today, AOL has 23 million subscribers.

The goal of NCN in 1995 was to create a “national network of local online newspaper services.” It was to create a national site that would be owned by newspaper companies.

NCN would pull together links of the best coverage by its affiliates. It would be a news portal.

This from the initial announcement press release:

"The NCN network of online communities will be unique in giving customers unprecedented access to the interactive news and information services of newspapers across the U.S."

Unfortunately NCN closed three years later in 1998.

Today, the most frequently visited news site isn’t owned by a newspaper company. It’s CNN, with more than 4,400,000 visitors weekly, according to the NetRatings measurements in September.

Second largest? MSNBC. Close behind is Yahoo News.

What makes Yahoo News so interesting is where it gets its local news. Yahoo aggregates news summaries and links back to the full story on the newspaper’s Web site. Very much like the NCN model.

There were many reasons for the collapse of NCN. Some had to do with the nature of the technology; other reasons involved different approaches to advertising and whether content should be free. Part of the problem was branding. Oh, what a different world we might have if the NCN partners had owned a site called news.com.

Ultimately, however, it was the media industry's "cultural template" of suppression of new forms of communication. New Century Network didn't feel right – didn't fit – because of cultural template of the people who were assigned the task of making it work.

In some respects, the CEOs should get credit for trying to create NCN in the first place.

Rather, the suppression took place at the next corporate level down. I know; I was at the meetings; I had a ringside seat. At that time and for those executives NCN – and online as a whole – did not fit into the cultural template what role we would play in delivery news and information. We also could not overcome our cultural template of competition – even though we really didn't compete.

Not everyone at among the NCN partners failed to grasp the fundamental changes of how information was going to be delivered. But there was too much of that suppression of the *radical potential of online news.*

Six years later, we have Google, one of the Internet's best search engines, creating an online resource called GoogleNews. Much like NCN's NewsWorks, this site highlights major stories and points to multiple sources for the full text. Google uses software algorithms; NCN used editors. Personally, I like editors.

The NCN story is a lesson that I am not sure we have learned as we deal with the question of media convergence within our newsrooms and our companies.

This is an illustration of the boardroom changing, but not the rest of the organization's leaders.

Our lessons are not solely in the print environment. Broadcast offers another recent example of how the boardroom culture initially seems to suppress new forms of communication.

For the longest time the leaders of the broadcast television networks were almost disdainful of cable television. "Not a place for original program…nothing but *Gilligan's Island* reruns."

The companies who built the new content networks on cable were not the national broadcasters. They were other media companies – such as Landmark with its Weather Channel or Turner Broadcasting's CNN. Or companies like Hearst. Or even the cable system operators, who wanted more programming to sell to subscribers.

In an ironic twist, one of those channels – Bravo – was just sold by Cablevision and Metro-Goldwyn-Mayer to NBC for $1 billion. With this purchase, all four of the broadcast networks now have at least one entertainment network on cable.

What changed the boardroom culture? We don't really know for sure, but there are some interesting clues:

Throughout last summer, basic cable – those are the channels with commercials – had a slightly larger share of the national television audience than the broadcast networks.

I don't mean to suggest that television networks have been laggards. Quite the contrary. The NBC / Microsoft partnership on cable and online is a successful example of a convergence strategy.

Understanding our culture is the first step in trying to change it. Learning new behaviors and sharing those new experiences across the media industry's society, will be fundamentally important.

Getting the industry and the boardroom to embrace convergence is about getting the industry to understand what's at stake and acknowledge our own history of failed attempts at suppressing new communication technology. By learning from our past, we can prepare ourselves for the future.

This brings me to the final part of my presentation: What should we do to move forward. How can we affect the changes needed to make certain that convergence – if it is of true value to our customers – succeeds?

I offer three prescriptions – the new "Three Rs" for the media industry:

1. Research
2. Retraining
3. Risk-taking

Research

When looking at research, there are two approaches: Our current approach is very market driven. We mostly look at what are our current customers doing with our current product. It also means looking at the readership or customer pie; who has what share?

Much of this research resides in the marketing departments. It is focused around ratings points and unique visitors and something called the "Q" rating.

Occasionally, we look at what would make customers happier – what mix of stories – on the air, on the Web, in print -- would make for a more satisfied customer. Again, driven by marketing

What I suggest is more sweeping: We need to better understand how our customers use our products. That's products, pural. And we need to better understand how the various devices customers use impact how they think about getting news and information.

A component of Research needs to be development. In the late 1990s, there was an increased willingness for media companies to develop online services; but when economic times get tough, we cut back on R&D. But we shouldn't toss out research and development.

I don't want to paint too bleak a picture: Some media companies do spend considerably on R&D. Members of the Newsplex Directorate – Edipresse, CCI Europe, Denmark's Morgenavisen Jyllands-Posten, Guardian Media Group, IMPRESA, Malaysia's Star Publications and Morris Communications.

The industry has been supportive of the efforts of the Readership Institute. But, again, that is an effort focused on how to reach customers with our current print products. Other companies are spending on the development of new services in the advertising area – such as the funding of Classified Ventures and CareerBuilder. These count, but they do not address the fundamental lack of research and development around the issue of how consumers in the future – young and old readers and viewers – will get and process news and information.

Most of the other R&D efforts are being supported by groups such as the Knight Foundation or the McCormick Foundation.

How much should the industry spend on research and development?

One way to look at this area is to learn from other industries:

The software industry spent 14.7 percent of its sales on R&D in the year 2000.

The automotive industry spent 4%.

Reuters spent 9%; Amazon spent 10.3%

The average spent by 300 international companies on R&D *as a percentage of sales* was 4.7%

The newspaper publishing industry took in $56 billion in revenue in 2000; using that 4.7% average, the newspaper industry should be spending $2.6 billion on R&D this year. I think most of us would agree that funding isn't taking place.

To increase the media industry's R&D spending, we need to change the cultural template of the boardroom – and the expectations of investors as to R&D's importance to the industry's future. . This also goes to topic of business and journalism values being explored by The Poynter Institute.

While investors might not care about "quality journalism," they do care about the viability of the companies they invest in. We might not need to spend as much as the drug companies on R&D – 12.8% -- but we can spend more.

Along with the funding for research and development – which is the fundamental nature of the Newsplex project – comes the second R: **Retraining**.

Retraining

Or perhaps, put more simply, **training**. If you look for the single largest disconnect between staff and management, it is the issue of training. Who gets it? How often? Who pays for it?

Cutting training from newsroom budgets has always been an easy exercise. It is taking the "**short view**" when it comes to developing the skills and critical thinking needed for tomorrow's converged newsroom.

One of the areas I hope to explore next year is how technology – the very essence of convergence – is causing stress within the newsroom. I believe this technology-induced stress contributes to lower job satisfaction and a greater sense of frustration among front-line workers.

A technology stressed newsroom is less productive; it makes more mistakes; it is less willing or able to try something new. All of these factors have a direct impact upon today's news and information products. They also have an impact upon the cultural of the organization.

One way to deal with this stress is to give journalists the training they need for the future – the retraining of the newsroom.

This retraining needs to go beyond understanding a new computer system or a new software program. It needs to include better understanding of how consumers interact with media sources; how information is consumed, the changing nature of the news consumer.

Andrew Nachison of API calls this "staff development." He urges the media industry to train journalists to be more adaptable. I agree. He also thinks that the media industry may need to find and hire new kinds of workers if it's going to make convergence work.

Finally, there is the third R: **Risk-taking.**

Risk-taking

Ask yourself: Does your "corporate society" take enough risks? Does your organization support efforts that might fail? Even if the project might have a high risk of failure, will you try it anyway?

Risk-taking is about learning. It is also about setting reasonable goals as to what makes a successful project. Better understanding of the potential of NCN might have made the partners willing to continue their investment.

Rather than worrying about personal video recorders and the number of outhouses, the advertising industry should be doing more research about why consumers are skipping a commercial message. We already heard about the 72% of PVR users are skipping commercials. That's much higher than 15.6% of VCR users to fast-forward a tape to avoid commercials. Why such a big difference?

A more important question: Could advertisers develop a new form of communication for the PVR consumer? Is there a way to deliver a better, more focused message and avoid the skipping.

Here's an example of risk taking: Lexus adapted a TV ad campaign for users of TiVo and turned expectations on their head. It offered TiVo subscribers a chance to win in new car. The ad campaign lasted one month. Lexus says its one-month campaign drew a response from nearly one-quarter of all 280,000 TiVo subscribers.

By comparison, regular TV advertising is usually considered successful with response rates of less than 1%.

Here's what the vice president of marketing for Lexus said:

"A lot of companies see TiVo being a negative thing. We see it as an opportunity."

This all about risk-taking

Convergence can be defined as the fusion of many different elements. From a hardware perspective, it is about the blurring of television, computer, telephone and other devices. Whether we get to the single, Star Trek pad is unknown. Personally, I hope so.

For the media industry, it is about uncoupling the value of our content from the form in which it is delivered. Journalism has always been about telling stories. The digitalization of our content and processes has had a major impact upon how we do business. That revolution started in the 1940s. And that revolution is over.

The digitization of how our customers receive and interact with us as organizations – and even individuals – is just beginning.

Next time you are in the boardroom, remember the three "Rs" – research, retraining and risk-taking. Remember that it takes a long time to change our cultural templates. But it can be done.