

# C-SUITE

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## The Test of Time

Adapting to a new era of  
executive compensation



Addressing misconduct in light of #MeToo  
Designing effective long-term incentive plans  
Adam Bryant on successful leadership teams

Interviews with Simiso Nzima, Investment  
Director – Global Equity at CalPERS, and  
Mark Thompson, President and CEO of  
*The New York Times Company*



# Remaining Relevant in the Digital Era

**An interview with Mark Thompson,  
President and CEO of *The New York  
Times Company***



Mark Thompson became President and Chief Executive Officer of *The New York Times Company* on November 12, 2012. He is responsible for leading the company's strategy, operations and business units.

Mr. Thompson has been instrumental in accelerating the pace of *The Times's* digital transformation. Under his leadership, *The Times* became the first news organization in the world to pass the one million digital-only subscription mark. The company has also introduced a new era of international growth, launched an industry-leading branded content studio and invested in virtual reality, producing some of the most celebrated work in this emerging medium.

Before joining *The Times Company*, Mr. Thompson served as Director-General of the BBC from 2004, where he reshaped the organization to meet the challenge of the digital age, ensuring that it remained a leading innovator with the launch of services such as the BBC iPlayer. He also oversaw a transformation of the BBC itself, driving productivity and efficiency through the introduction of new technologies and bold organizational redesign.

**T**he digital era has indeed shifted the landscape that corporate America has operated under over the last few decades. More than ever, companies across all industries must keep pace in this environment, particularly as the challenges of the digital age require fundamental change and adaptation. At a recent Equilar and Nasdaq Board Leadership Forum, Steve Borden, Founder and President of Borden Media Consulting, had the opportunity to sit down with President and CEO of *The New York Times Company* Mark Thompson to discuss this very topic. Thompson shared his experience from the perspective of *The New York Times* CEO and how, in concert with the board and his team, he drove and implemented change at a once traditional print company that faced an existential threat from digital publishing and rapidly shifting consumer behaviors. Thompson also touched on the current state of board diversity, as well as the various other nuances of the digital age.

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**Steve Borden: You began as CEO of *The New York Times* in 2012 at a time when we were in a recession, newspapers were in great decline, digital revenue had been thought about but not realized in print. Can you please explain your decision to join *The New York Times*?**

**Mark Thompson:** I got a phone call from a headhunter about *The New York Times*, and I said, "You've got to be joking," and put the phone down. I'm a journalist by training and I'd been reading *The Times* regularly. I have an American wife, I lived in New York in the 1980s, and I've spent a lot of time here since. I was one of the very first digital subscribers to *The Times*, but I never had any intention of ever going to work there.

The brand was fabulous. But my question was why me? If they ask you to be CEO, you better make sure you can make a difference and do something of value, otherwise it's not going to be a happy story. The other obvious question was: Are you serious about change? I'd say my experience now over a decade is that almost everyone who says they're serious about change in fact isn't. In fact, many of them are serious about stopping change.



I began to get drawn in as you would to a thriller. You read the first few chapters, and you begin to get drawn into the story. I spoke to some knowledgeable friends, including one in *The New York Times* newsroom. Most of these friends advised me not to do the job. They are incredibly smart, talented people, they said, but they'll never change. There was some merit to this advice—after all in some ways it's a very conservative organization in its traditions and culture.

But I ended up believing that both the board and the Sulzberger family really meant it when they said we know we won't exist unless we dig deep and really change. I have to say that—with any number of bumps, scrapes and challenges along the way—that commitment has been consistently honored.

There has never been a moment when I felt that I didn't have both the board and the family behind me willing me on.

**Borden: What did you do from a leadership perspective? You're a new CEO, they're on their third bite of the apple for digital, subscriptions are going down and you've got two or three constituents to deal with. You've got the board that's controlled by the family. You've got the entire staff and then you've got some of the most experienced journalists in the world. What was that experience like?**

**Thompson:** The biggest risk during this digital transformation—and maybe in other industries as well as in media—is that you declare victory prematurely. You think you've done it, and just as you're boasting, like George W. Bush, "Mission accomplished," a tsunami wave is building behind you.

They produced a brilliant early website, which was a facsimile of the physical *New York Times*. It looked beautiful and they imported, as we still do, the classical look of the print *New York Times*. It was a great early success and advertisers loved it the first 10 or 15 years. *The Times* was such a high quality place to be, unlike much of the early internet. They thought they cracked it.

But beneath the surface, there were real weaknesses. For example, they were still operating on the rhythm of a daily physical newspaper. If you'd went down to our newsroom at seven o'clock in the morning, you would've found a number of operatives with vacuums, but no journalists. And yet seven in the morning was the peak time for smartphone consumption of news—which we already knew was going to be a critical battleground for us in the future.

**Borden: Talk about the experience of driving fundamental cultural change and also how shifting out to different core competencies and expertise empowered that and allowed that.**

**Thompson:** I think the most important thing, and this is true for boards as well as chief executives, is first do no harm. Most chief executives talk about how much they love innovation, want to inspire it and promote it. I think most senior executives actually spend their time killing innovation, getting in the way of it, and trying to apply controls, tests and ways of judging it. Which actually means it gets snuffed out. I think role modeling and being very deliberate about role modeling the behaviors you want from the rest of the leadership and not being a hypocrite are really important.

The job of the CEO is to remind the board that a new activity starting up inside an existing company should not be judged in exactly the same way

that a mature business line is. We're probably going to make some mistakes and sometimes it's going to be a little crazy. I think allowing all that to play out and making sure that the audit committee, the comp committee and the finance committee understand our risk appetite is critical. This business of varying risk appetite and varying levels of freedom has to be almost deliberately managed, otherwise everything will be judged by the pre-existing rules. Almost by definition, a pre-existing culture in a legacy organization is going to get in the way and it's going to stop innovation from happening.



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**Borden: What's the role of the board when it comes to innovation, driving change in the face of massive disruption and the strategic thinking that comes out of it? Particularly, driving innovation, strategic thinking, the board's role and the dynamic with senior management.**

**Thompson:** The way it worked for us is the board has been very demanding of the management team and, in particular, of me about the rate of change. Why? Because they look at the fundamental numbers and they understand the scale of the challenge. In a way, there are some very straightforward points. Is your digital revenue growing faster than your print revenue is declining? Print revenue is declining inevitably and structurally, are you building digital business hard enough and how is margin playing out in that transformation?

They've been relentless in insisting that good performance for me as CEO depends on an ability to execute rapidly. I would say I felt constant pressure to go faster.

The board has also been consistent in its support of our mission and values as a company. The character of *The New York Times* is not mass market. I think we are always going to be for a certain kind of thoughtful user who wants to go further, will sit down and read longer. In other words, we're like a Rolex rather than a Casio, or a Mercedes rather than a Toyota, and everything, our pricing, the way we think about our audiences, the way we think about our global expansion should recognize that.

The barriers to entry and, therefore, the competitive attractiveness of that position are very good. The numbers are going to be smaller but that doesn't mean you can't build a very good business. My own view is that most Silicon Valley people think of news as being a commodity whereas I think it's as sophisticated a cultural object as a feature film.

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**Borden: As the strategy shifted and you were looking at shifting the workforce for different core competencies, was there recognition on the board that you needed different skills and experiences the way you did in the newsroom?**

**Thompson:** Yes, that's right. I would say about half the independent directors now bring sectoral specific skills related to digital media and digital technology. We have no independent directors with any background in print publications. We have nothing from our legacy industry. About half the board brings a range of specific skills. We've got entrepreneurs, we've got practitioners, we've got digital marketers.

**Borden: On the topic of board composition, you've got 14 board members on *The New York Times* board. Three are women, that's about 22%. It's about on par with the Equilar 500 which is about 23%. What's the biggest challenge as a board member to accelerate that?**

**Thompson:** Firstly, let me say we have achieved too little progress to date on gender parity on the board. I hope we continue to focus on that as an organization. We've probably done rather better on racial representation in the range of ethnic backgrounds on the board than we have with women. Just as with senior management, we have rather more women on our executive committee and we have many more women in our newsroom, with a particular surge over the past couple of years. But we have plenty more to do. It's shocking coming from a European context and British context where I've been used to a 50-50 split.

**Borden: Do you think it's different in Europe because of the regulatory requirements?**

**Thompson:** Possibly. I think it's a mix of the two. But 15 years ago when I was running the BBC, our head of news was a woman, our head of television was a woman, our head of radio was a woman, all at the same time, the three critical roles. The "traditional male roles" were all occupied by women. The CFO was a woman. America, for whatever reason, has further to travel on this. You might say it's because of lack of quotas, but for whatever reason this country has got further to go.

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**Borden: Shifting topics to the President of the United States. Is it unusual for a President to repeatedly call out one company? What's that dynamic? What's the impact and how do you manage that?**



**Thompson:** The first time it happened was about 10 days after the election. It was a Sunday morning where President-elect Trump tweeted at half past six in the morning, “*The New York Times* is failing, their subscribers are abandoning them, their revenue is collapsing, they’ll be bust in a few days.” The President-elect says things about your company which you know not to be true and you look at the accounts, it’s just not true. You must make it clear publicly that it’s not true.

After the first couple of hundred tweets, though, it’s the number three person in the communications department who’s deciding whether to reply or not. Of course everyone, including the President, is entitled to their opinion about our journalism. In a free society we should be held to account like everyone else. He was very nice when he came to lunch, by the way. But that’s another story.

**Borden: How has the Twitter presidency changed the presidential political dynamic with the populace but also with the press, where you don’t have to go through a middleman? Can you speak about that generally and any reflections of impact on the First Amendment?**

**Thompson:** Ten to 20 years ago there was a strong feeling that perhaps in the future you wouldn’t need professional journalists. Citizens would be able to do their own journalism, and receive everyone else’s view of what’s happening in the world, and draw their own conclusions about it. But the world has turned out to be a very noisy place, a very confusing place and a place where the citizen doing the citizen journalism may be Vladimir Putin or the North Koreans. A powerful and perhaps malign interest may falsely present themselves as American voices or Georgian or Ukrainian voices, to sow dissent, to sow communal hatred, in some cases, such as in Sri Lanka, to try to start a civil war.

The need for dispassionate calm serious journalism has not been diminished by the arrival of Twitter and YouTube, and the rest of it. If anything, it’s intensified and one result has been that the demand for accurate and authoritative news has actually increased. You can see how the news organizations doing better in America at the moment are the most serious, most upmarket ones.

**Borden: Finally, what’s your proudest accomplishment at *The New York Times* and do you envision a day when people won’t get ink on their fingers in the morning reading the paper?**

**Thompson:** I’m most proud of the fact that we’ve been hiring journalists since I’ve been at *The Times*.

We now have 1,600 journalists in the newsroom. That’s more than at any point in the history of *The New York Times*. We’re hiring more investigative journalists, we’re hiring journalists in many other fields. Our distinctive business model allows us to invest in great journalism at a moment when almost everywhere in the developed world people are firing journalists. I’m proud of that.

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of our platforms. Podcasting is a platform, the smartphone is a platform, our new TV show *The Weekly* is a platform, and so on. Print is one platform. It’s the biggest one now, it’s going to be the biggest for some years to come, but one we shouldn’t and no longer need to rely on. We will run print for as long as its contribution margin positive, which I expect to be well over a decade and probably more than 15 years. **CS**

#### INTERVIEW BY STEVE BORDEN



Steve Borden is Founder and President of Borden Media Consulting, which specializes in high-level management consulting and executive placement for a wide range of media, entertainment and information companies. BMC’s areas of expertise include executive placement (SVP to C-level and Boards), strategic planning, organizational design, process evaluation, values and culture determination, internal/external communications, and executive coaching.

Mr. Borden has worked in media, entertainment, sports and news for 35 years including 20 years providing senior level consulting and executive placement services for all types and stages of media companies, as well as working for more than 15 years at organizations including CBS News, ABC Sports, ABC Network Television, local TV stations WCCO, WLFD and WTTG, and Steven Borden Productions.