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# The ABC of Innovation

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The interlocking themes of creativity and innovation are as important for me as they are for anyone engaged in the creative industries. Without great acts of innovation and the wonderful, creative sparks that ignite them, the world we inhabit would be a quite different, infinitely less exciting and productive place.

Just imagine: in my own sphere of arts and the media there would be no Sydney Opera House, no Heidelberg School, no *Summer of the Seventeenth Doll*, no *Cloudstreet* or *The Secret River*. No songs from Gurrumul or films like *Picnic at Hanging Rock*. And, quite possibly, no national broadcaster.

There is a tendency, in financially challenging times, to turn away from creative ideas and from change; to think that our best strategy is to hide under the doona and hope that the chill winds of change will blow around us, that life will return to normal.

I am by nature an optimist. I would like to think that for those of us working in creative industries, and within the broader Australian community, we retain the ability to imagine what can be, rather than to accept what is. To seize the opportunities of today's disruption to unleash the power of our creativity and deliver the innovation of tomorrow.

I sense that many of you would like me, as managing director of the ABC, to lay out a masterplan for change. However, I will resist the temptation.

In my three months at the helm, I have received a lot of advice, both internally and externally, about what can and should be done.

One of the first things I learnt in this job is that most people have a very strong opinion on the ABC and that they are invariably very passionate in expressing it. Some members of the media sector are renowned for opining at great length on the national broadcaster.

This is great. Mostly.

In an example of bold innovative decision making, the ABC was created out of a handful of small radio stations in the 1930s and given a national mission. It was funded by the public on behalf of all citizens and its future depends on that sense of public ownership.

In my many conversations with staff, audiences and other stakeholders, I have been struck by the awareness and acceptance of the important role played by the ABC in society. I have also been struck by the skills and dedication ABC staff have demonstrated in delivering on that public remit.

That is not to say there is any sense of complacency or hubris within the Corporation.

The ABC Board, the ABC Executive and staff are fully aware of the challenges that confront the organisation and of the need to adapt and to focus firmly on our audience-facing activities and charter roles. This is not new. Throughout its history, the national broadcaster has shown an innovative and nimble streak: adapting to the introduction of television in the 1950s and the online revolution of the 1990s.

There is a perception in some circles that the ABC is lucky, that its funding model, built on public funds, provides it with a safe haven within a very disruptive media landscape. I acknowledge that the ABC has not suffered the savage downsizing of some media companies, although that is no consolation to the staff who have been forced to leave the Corporation over the past few years — almost 10% overall.

Indeed, the ABC has had a decade-long focus on efficiency and operational reform, and this will obviously continue into the future.

My strong belief is that a vibrant ABC is beneficial to both the media sector and the wider society.

I also dispute the notion that the ABC is in any way 'safe'. My experience across a range of organisations here and overseas is that no one is protected in this volatile environment. Neither competitors nor customers will give any company a pass to longevity. (The same can be said for voters and their treatment of 'established' political parties.)

While the taxi drivers of the world will dispute it, the media sector has been one of the sectors most disrupted by technological change.

This is borne out by a recent international executive survey on digital disruption published in the *Harvard Business Review*.<sup>1</sup> It is no surprise that the biggest proportion of executives who anticipated moderate or massive digital disruption in the next 12 months came from the media sector. Seventy-two per cent were bracing for change — more than in the telecommunications field, consumer financial services, retail, education and other sectors.

Why? As the HBR article points out, the media sector suffers from the 'perfect storm'. Low barriers to entry lead to newer, more agile competitors, some of whom now dominate the markets they destabilised. Media is text, photos, video, audio — all perfect for digital global distribution. Legacy media business models still provide the majority of revenues for many companies, making change extremely difficult. There is another dynamic at play. Never before have consumers been so empowered. The power shift has been abrupt and absolute.

The questions asked by the Creative Country Forum about managing digital transition go to the very heart of the cultural and organisational challenges that arise from this perfect storm. And these questions are as relevant for the ABC and other publicly funded national broadcasters as they are for our commercial counterparts.

Australians value the ABC. We know this because every year the ABC undertakes an independent poll of public sentiment and —consistently — it shows that more than 80 per cent of the population believe that the national broadcaster provides a valuable service to society.

The 2016 results show that the ABC is maintaining this standard. The latest independent polling conducted by OmniPoll shows that 86 per cent of the community believes that the ABC provides a valuable service to the community. Half those polled — 49 per cent to be precise — rate the ABC overall as ‘very valuable’, the highest figure since 2009.

Importantly, the community believes the ABC far outstrips commercial media in the provision of news and information outside the major population centres. And that the ABC is doing a good job delivering on its charter commitments. That strong community support demonstrates a belief that the national broadcaster has a sense of purpose and delivery within a vastly disrupted media landscape.

My predecessor, Mark Scott, was fond of pointing out that when he was appointed in 2006, *Facebook* had yet to make the leap from university campuses, iPhones were only a gleam in Steve Jobs’ eye, *MySpace* ruled the social network and *Twitter* was just about to be launched.

I would add that ten years ago Evan Spiegel, the founder of *Snapchat* (a platform my daughters are addicted to) was still in high school. He was actually born a year after I started work.

Who knows what platforms will dominate in 2026?

This is a world where social media players live in perpetual fear of becoming like Mambo tee-shirts, shunned because their parents use them. My daughters were horrified I had posted something to *Snapchat* on election night. I’m apparently banned from further participation.

While it is too early in my tenure to have a blueprint, I am very clear that I want to use all the levers I have available to me to

ensure that the ABC is well-positioned to meet the challenges that lie ahead. The first and most important lever is culture. To flourish, the ABC must focus on what it does best; harness Australian culture, conversations and stories; empower an energised and diverse workplace with people who are open to change and willing to develop new strategies to achieve its charter objectives; foster and reward curiosity, experimentation and adaptability.

Innovation is enshrined in the ABC's Charter and is part of the DNA of the organisation. I have travelled to many of our offices over the last few months and know that our staff are incredibly passionate about their connection with our audience, the Australian people. This passion is vital in the current climate.

It was Carl Jung who once said: 'The creation of something new is not accomplished by the intellect ... The creative mind plays with the object it loves.'

That is why the ABC succeeds — why 86 per cent of Australians believe it delivers a great service. It is many creative minds, working daily with an object it loves, for the betterment of the community it serves.

The creativity that drives innovation has given the ABC iview, unquestionably Australia's best catch-up TV service; and enabled us to pioneer *ABC Online* as a new platform, providing new avenues for audiences to consume audio, visual and written content. Innovation has also given the nation the triple j network, a rich mix of digital television and radio channels and an amazing array of content that would never find a home on a commercial outlet.

I am not and will never claim to be the repository of all great ideas. My job is to unleash and channel our creativity, ensuring that it delivers the distinctive conversations and stories necessary for the ABC to not just survive but to flourish in a crowded, fragmented landscape.

Google, my former workplace, is famous for its use of data to drive decision making. The digital era means better data on

audience metrics although, I hasten to add, there are still many gaps we need to fill. Data is also important in helping to shape internal culture. One of my first priorities at the ABC has been to undertake deep data dives into the organisation, to develop a better understanding of what we currently do and what drives our decisions.

Do we have the workforce equipped for the task ahead? Are we making the right recruitment decisions and doing our best to keep young, talented staff? Do unconscious biases lurk in our corridors?

Our Charter requires us to reflect the nation in its content. While much has been made of my early remarks on diversity, it should come as no surprise. Based on an awareness of the pace of change and a recognition that we, and by that I include all media companies, need to be better at connecting with our audiences.

Look at the data. PwC Australia's modelling in its latest Entertainment Outlook identifies the average media industry worker as 27, male, Caucasian, living in Bondi, Newtown, St Kilda or Richmond.

Contrast that with these demographics:

- 28 per cent of Australians were born overseas and an additional 20% are like me, second-generation Australians;
- one in five Australians speak a language other than English at home;
- 2.69 million people are projected to migrate to Australia by 2025;
- migration from China grew 37 per cent from 2008 to 2013.

It is incumbent on the national broadcaster to reflect this change — in its staffing and in its content. Naturally, this does not mean (contrary to a *Sydney Morning Herald* front page the week I started) that I am removing many well-loved existing faces and voices from our screens and airwaves. But, over time, you will see

or hear from many more like Costa, Jeremy Fernandez, Charlie King, Patricia Karvelas, Kumi Taguchi, Del Irani, and Christine Anu. Talented people doing great, creative work and bringing fresh perspectives to your ABC.

I have heard it said in the past that the ABC has captured the hearts and minds of every preschool and aged care facility. It is a joke about the Corporation's strong popularity within these demographics. And while we can all laugh, it belies a lack of imagination and commitment — because an ABC that is paid for by all Australians should strive harder to serve each and every Australian. The ABC can and must offer distinctive and relevant content, not just to the under-12s and to the over-45s, but to all Australians. There is no reason why its reach should be less than 100%.

Yes, this represents a stretch. It means the ABC will have to be more innovative in its approach: seeking creative partnerships; maintaining and building its repertoire of distinctive and quality programming; and ensuring our content is available to audiences wherever and whenever they want it. Broader reach does not imply a dumbing down or a relentless drive for ratings success. The ABC will continue to work within its Charter and its community remit as it has for more than 80 years, offering programming of mass appeal and servicing niche audiences.

Not, I hasten to add, as a market failure operator. That has never been the mission and nor should it be. Broadening reach will mean a more innovative approach to the creation and distribution of content.

The idea that the customer has to come and find you and must play solely within your boundaries is now obsolete. Consumers want a seamless, networked universe. If they go to Netflix, why shouldn't they find ABC content? Or if they go to a Fairfax or News Corp site for example, why can't they log in with *Facebook*? My daughters refuse to visit ten separate destinations for all the entertainment and information they want. They want to be enter-

tained, but do not want to be told that they must queue up at a particular location, or at a particular time, to enjoy the experience being advertised.

The data demonstrate the new dynamics. According to a 2015 Sensis survey:

- 40 per cent of Australians rely on social media for news and information;
- 76 per cent of online Australians say they watch TV and use the internet simultaneously;
- During election week, at some stages more than 60% of the ABC News traffic came via mobile.

In this space, distribution matters a lot less than content. As I have stressed to our ABC content makers, this is where the ABC must press home its comparative advantage — providing compelling programming that connects with audiences.

Partnering is key because it will help solve the distribution end of the equation, creating new pathways for our content to reach audiences and also, over time, yielding additional efficiencies that can be poured back into content investment. I have made no secret of the fact that I think the ABC should be leveraging its clout in this space. We know that many of the new platforms are anxious to access ABC creativity — we have a trusted brand, provide compelling services and programs across a range of genres and have an agility to match output with platforms.

As the media universe atomises, the ABC needs to acquire more information about how its content is being used. Partnering also offers potential new revenue streams to fund new content investment — welcome after recent years of declining retail returns and government funding.

I am aware that public statements from new ABC managing directors can be dissected with the same fervour that religious scholars apply to biblical texts. Let me be clear — the ABC's strategies in relation to revenue and partnering will be done fully



in accordance with the ABC's legislative obligations and in line with community expectations. Our policy in relation to third-party platforms ensures that our content will always be available on traditional ABC platforms free of charge.

My experience in the hotly competitive media markets of Asia have taught me that you must continually re-examine your strategies and your assumptions. Content producers who hit the mark with one product or service cannot assume that this will buy them long-term success. Consumers are forever searching for the better experience and will happily switch platforms or programs. I have urged ABC staff to constantly ask: What are the points of light that will guide audiences trying to navigate their way through a morass of choice?

I do see my role at the ABC as being a catalyst for fresh thinking, encouraging a degree of risk-taking and a questioning of the status quo. I am a firm believer in grasping the opportunities of the digital age. It has given us immediate and cheaper access to outside skills and expertise across a broad range of activities and expenditure.

Tapping such expertise can free up capital and recurrent funds inside the ABC — funds that are better utilised on audience-facing activities. I have discussed with my colleague at SBS, Mike Ebeid, that the national broadcasters must renew their efforts to collaborate on efficiency exercises. The public expect no less. As sibling public broadcasters, we must actively help each other. We need to be aware that change is occurring at hyper-speed. Many of the start-ups that we now compete with have the advantage of small and nimble structures and a capacity to build their business model as they build their business.

Foxtel, for example, took 20 years to grow its business and reach two million subscribers. Netflix, however, attracted close to this same audience reach in just 18 months.

The theory of disruption predicts that when an entrant to a market tackles incumbent competitors head on, offering better products or services, incumbents must accelerate their innovations

to defend their business. This can be done by strengthening relationships with core customers and focusing on growth opportunities. This is part of my strategy for the ABC.

One last point on the matter of creative policy.

Regulatory and other policy settings in the media space seem to occur at an inverse ratio to the pace of change. Policy makers seem almost unwilling to put down markers for fear that they will disappear even before the parliamentary draftsman has put pen to paper.

I have some sympathy with their plight, but it does lead to inconsistent approaches and distorted outcomes. And piecemeal attempts at reform. Having worked internationally over a long period, I have seen many different approaches and know how important it is to create the right environment for innovative outcomes. Innovation is a global competition, and investment funds will seek the most hospitable destination. My own frustration is that while there has been an increased focus in Australia on innovation in recent years and the need for a coordinated approach to it, the creative side of the equation is often overlooked.

The ABC has and will continue to play a pivotal role in this regard.

As is well known, the ABC acts as the R&D lab in the creative sector; pushing boundaries and exploring audience and distribution opportunities without the need to immediately monetise those initiatives. The ABC already partners well, both directly and indirectly, with many companies. Its collaborations with independent producers and the various state and federal screen bodies are important to the creation of many television drama series and documentaries. The ABC's early adoption of digital television and radio channels helped cement the value proposition for audiences and encourage legislative change.

As the Prime Minister said in the not too distant past: 'The ABC is more important than ever.' He will get no argument from me on that point.

The challenge is to remain nimble and innovative, acknowledging the constraints but driven by a desire to meet the expectations of our audiences and the broader community.

Under my watch, we are doing this by:

- enabling Australians, at home and overseas, to understand the community in which they live;
- empowering Australians to participate in the life of the nation through the provision of accurate and impartial news and information;
- educating, inspiring and entertaining Australians with innovative and distinctive content.

It's no small task but it's an exciting one. And it is one that all of us at the ABC feel so very privileged to undertake. We look forward to delivering on it for generations to come.

## Endnotes

- 1 See *Harvard Biz Review* at <https://hbr.org/2016/03/the-industries-that-are-being-disrupted-the-most-by-digital>
- 2 See *PwC* at <https://outlook2016.ezimerchant.com/>