DEVELOPING THE ENTREPRENEURIAL MINDSET

Mike Green

The twenty-first century ushered in an exciting era of rapidly evolving new technologies and disruptions of consumer behavior across all industries. New entrepreneurial opportunities were born amid the chaos of industry responses. Barriers to entry were lowered or obliterated altogether. New, fast, and nimble competitors entered the markets. And a new economic paradigm was introduced to media companies that would leave many print news organizations struggling for life support.

View data and charts[1] from Pew Research Center's Newspapers Fact Sheet, part of its State of the News Media report.

On the employee level, industry disruptions have permanently changed the thinking in defining what a career means. If you've been a working journalist over the past ten years in the U.S. and haven't been laid off or fired, you're likely a rookie or a unicorn. Since 2004, the industry has contracted 37 percent, from more than 65,000 reporters and editors employed in 2004 to just 41,400 in 2015 (the last year of available data collected by Pew Research and published June 1, 2017).[2] Behind those data is deeper insight; Pew Research will need to work harder to gather information for the next publishing cycle since the News Media Alliance (NMA), formerly Newspaper Association of America (NAA), can no longer supply it[3]. Accurate industry research is yet another victim of the industry-wide financial upheaval.

No one can expect to get hired anywhere in the country and work for the same company for most of their careers until retirement. That's a twentieth-century concept rendered obsolete in the first decade of the twenty-first. For media, this is especially true.

Dog Eat Dog

Buying and selling of media companies is consolidating much of the landscape. The plummeting value of longstanding major media properties, like the revered eighty-year-old Washington Post owned for years by the Graham family that sold for $250 million[4] in 2013, can result in a sale for less than digital newcomers like Huffington Post. Huffington Post was born in 2005 and sold for $315 million[5] to AOL in 2011.

While the Graham family nurtured a multigenerational national media treasure, built on a foundation of award-winning watchdog journalism, Arianna Huffington single-handedly started a blog and generated more market value from it in a mere six years than the Graham family could manage from the Washington Post in nearly a century. In case you're inclined to think AOL overpaid for Huffington Post, last year the telecom company Verizon bought AOL and all of its media properties for $4.4 billion. By contrast, the venerable New York Times Company was worth $1.8 billion[6] on the market at the time AOL was purchased. Meanwhile, startup media company Vox, a mere teenager at fourteen years old, was valued at $1 billion in late 2016.[7] Today, AT&T hovers over Time Warner (which owns CNN) waiting for the government to approve its $85 billion offer.[8]

The media industry has fundamentally changed, and journalism is changing too. Gone are the nomadic days of college grads cutting teeth at the local level and honing their reporting chops before embarking on a series of tours, from low-wage local jobs to regional, and up the career ladder to higher pay with national news chains. Gone too, is the wall of demarcation that clearly divided the production of editorial news content from the business of operating a media company.

Local media used to be the trusted ground where consumers learned about their local schools, city council, sports teams, and happenings in their community. But the consolidation of media across the nation has reached the local level. And corporate ownership of local media has broad ramifications for journalists. Sinclair Broadcast Group is on the verge of purchasing[9] the Tribune Media Company this year. This single purchase is sending tremors across the media landscape due to its sheer size and scope.

Before the Sinclair deal can be confirmed, serious allegations[10] of political bias by the company have been raised. These include requiring stations to carry "must run" segments produced by the corporation and mandatory insertions of slanted political commentary into local news broadcasts. The ability of corporations to purchase media in local markets in bundles is having an impact on the integrity of the journalism profession. The evolution of the industry, as it is being disrupted by new media and new players, introduces massive uncertainty in the media market and changes the dynamic of the career trajectory for journalists entering the profession.

Death of Past; Birth of Future

The ominous-sounding Newspaper Death Watch[11] keeps tabs on the decline of the news industry, noting that 15 major city dailies have shuttered since NDW started keeping track in 2007. The loss of 15 major daily newspapers in the past 10 years doesn't inspire confidence in the trajectory of the media industry. Lying in the grave alongside those ancient relics are also naïve notions that journalists are dispassionate objective observers, set apart from the communities they serve. Gone too is the old profession of objective robotic reporting. The way journalism will be conducted in the future will look very different than it did during the past century.

It's important to note: journalism is not dead.

The craft and industry are evolving. And technology is playing a key role in that evolution. Both the media industry and its truth-seeking, storytelling, content-producing members will continue to play a vital role in society for the foreseeable future. However, the double-digit profits that made the former newspaper landscape a powerfully influential and prosperous "Fourth Estate" have evaporated along with the attention span of audiences. The sudden disappearance of financial scaffolding provided by the advertising industry, which enabled the profession of journalism to grow, has caused the collapse of many media companies and the loss of many thousands of journalism jobs.

Today, even under the recent renaissance national newspapers are enjoying, mostly due to political strife led by President Donald Trump that has captivated public attention, the media industry is racing to keep up with fast-changing technologies and new consumer behavior that have irrevocably transformed a century-old industry in the span of a decade. And the most unnerving revelation of all is that this new era of tech-innovation driving the evolution of media is just in its infancy.

Economic Evolution

Journalists who wish to survive in this new era must begin to think beyond the boundaries of an employee performing tasks for an employer. The industry is filled with underpaid and overworked passionate professionals who do their best work because of their love for journalism and service to the public. Ironically, it is this passion and love for the work that fits comfortably in the next phase of journalism in the twenty-first century.

Today, journalists must begin to think of themselves as more than professional artisans of their craft, whether they are writers and editors, photographers and videographers, television producers or newsroom managers. Every journalist who intends to make media a career must consider their role as either an *intrapreneur* or *entrepreneur*.

It is important to understand how and why the era of entrepreneurship arrived and will remain into the foreseeable future. The national economy, writ large, has transformed itself three times over the past 100 years. America was once a very profitable agrarian economy; and land ownership was the key to prosperity in the nineteenth century. With overseas wars in the twentieth century came the need for mass production and an evolution of America into a manufacturing economy. Ownership of a factory and the means to production was a pathway to wealth. Manufacturing of all sorts of goods included the production and dissemination of information as news. And journalists were needed to gather, edit, and produce the content.

With the introduction of venture capital investing as an industry in the late 1960s, the buying and selling of businesses became a profession by the late '90s. Another evolution of the U.S. economy occurred. America had given birth to a new creative, knowledge-based, tech-driven innovation economy.

By the turn of the twenty-first century, this "new economy" (as it was initially called; today it is known as the "innovation economy") began to reward disruptive ideas in the marketplace, and the marketplace is global. With the advent of the Internet and collaborative technologies that continue to emerge from global connectivity, the age of information exploded.

Investors began to view the explosive growth of teams of talented entrepreneurs starting their own companies as high-risk, high-reward opportunities for investing equity risk capital. This kind of direct investment into a young company is rewarded in an exchange for a portion of ownership. When the company grows and attracts buyers, the equity investors will receive their share of the purchase depending on the percentage of shares they own in the company. This direct investing into young startup companies, typically by angel investors[12] (individuals and/or groups who invest their personal funds), accounted for more than $21 billion in 2016, according to the Center for Venture Research.[13]

One of the major impacts upon the media industry since the turn of the century was the incredible number of digital media startups, fueled by risk capital from angel investors and venture capitalists. Niche markets were targeted by new digital media platforms like Techcrunch, Venturebeat, GigaOm, Mashable, ReadWriteWeb, and many others leveraging the power of journalism to cover new areas of the economy. Many quickly succeeded. With the advent of new screens and new technologies in the hands of billions of consumers, the need for content has exploded over the past few years. Adding to that explosion are new technologies accelerating the pace of media consumerism, such as virtual reality (immersive) and augmented reality (blended real and imagined). Learn the difference.[14] These new platforms require the skill of storytellers to produce content that engages consumers. They also offer a new horizon for entrepreneurial journalists to reap rewards by surrounding their content-producing capability with business acumen.

The carrot of equity investment capital dangling over the heads of innovative entrepreneurs is the key driver that's motivating creative market-driven solutions, which investment capital helped to accelerate. Entrepreneurship isn't about chasing those dollars, but rather pursuing the journey of bringing to market a solution based upon an innovative idea. However, without startup seed capital, many ideas would die in the minds of talented entrepreneurs. The age of startup companies was fueled by ever-evolving technologies, such as laptops, tablets, smartphones, and software apps that made it easier and easier for anyone with a connection to the Internet to get an idea into the marketplace in less than 24 hours.

Media was the first major industry to significantly feel the disruptive nature of fast-paced, tech-driven production, and dissemination power of information in the hands of millions of people. The power of the ordinary person to produce the written and spoken word, photos and video, and upload it to the world to instantly consume became a major challenge to the media industry. Industry executives immediately recoiled at the notion that anyone with a blog or making a comment on the Internet (or worse, a tweet) could compete with the journalism profession for influence on the masses. Yet, that was the reality. A Youtube star[15] could be born in the bedroom of any home on any given day. And media would have yet another player in the market competing for attention of eyes and ears in a limited 24-hour daily cycle.

That initial recoiling by media was a major mistake. It opened the door to early adopters of new publishing platforms, and the race was on to grab market share in the digital space. While media companies challenged the veracity and quality of content being produced in America's basements, bedrooms and garages nationwide, entrepreneurial ventures were being developed as digital media platforms. Since the turn of the century, hundreds of nimble media platforms have entered the market to successfully compete with the "legacy" media. Ironically, social media platforms like Google and Facebook understood the power of online engagement with audiences long before legacy media began to switch their business model from print and distribution of news products to invest in development of dynamic digital platforms that encourage active audience participation versus passive consumerism.

Entrepreneur or Intrapreneur?

Journalists eventually began to understand the power they had to establish a brand, develop a platform and connect with an audience. And, as the media industry contracted, many journalists turned to entrepreneurship, as self-employed freelancers and CEOs of new media ventures.

Former CBS news anchor Dan Rather now produces content for his News & Guts[16] platform. Former CNN news anchor Soledad O'Brien produced the series Black in America, which aired on CNN. When she was fired in 2013, she astutely took the series with her. O'Brien had established a solid brand of matter-of-fact journalism during her career at MSNBC, CNN, Al Jazeera America, and HBO. After CNN, she successfully navigated the tumultuous waters from journalist to founder and CEO of Starfish Media[17], where she retains ownership of her brand and continues to produce content for broadcast media, like HBO. She also produces content for her own platform, MatterofFact.tv.[18]

Of course, not everyone is cut out to be the CEO of their own company. But in this era of innovation, there are no guarantees of a twenty- or thirty-year career with one employer or even in one industry. Even those who fear entrepreneurship must learn to think like an entrepreneur while serving as an employee. An employee with an entrepreneurial mindset is known as an intrapreneur. And these are the most valued and coveted kinds of employees. Let's take a look at the definition of an entrepreneur and examine why employees prefer intrapreneurs.

> "Entrepreneurship is the pursuit of opportunity beyond resources currently controlled," said Johnathan Holifield, former NFL player, attorney and author of the critically acclaimed book, The Future Economy and Inclusive Competitiveness.[19] "That's how Harvard professor Howard Stevenson describes it, which underscores my own passion for it. Entrepreneurship is

about the relentless pursuit of opportunity that results in business formation, educational attainment and everything else worth having."[20]

Simply put, entrepreneurs are innovators. They are creative problem-solvers, critical thinkers, collaborators, and calculated risk-takers. They are sacrificial, tenacious, motivated, and driven toward measurable outcomes. They are team players and team leaders. Entrepreneurs pursue their goals with passion and determination to succeed, despite obstacles.

An entrepreneur is someone with a market-driven pursuit of a conceptual idea, who seeks a viable business model that succeeds in a target market.

Social entrepreneurs are a unique type in that they seek to introduce solutions into the marketplace that produce both profit and measurable social impact.

The key difference between an entrepreneur (of any type) and a small business owner (which are often confused) is one is searching to find a business model that works (entrepreneur) while the other is managing a business on a proven model (small business owner). Serial entrepreneurs are those who successfully start a company, find a business model that works, grows or scales the company and then sells it, only to start up another based on yet another conceptual idea.

The entrepreneur is engaged in a process of creating, innovating, monitoring, measuring, tweaking, pivoting[21] (shifting strategy when necessary) ... and all the while searching for the formula that delivers market adoption with a desired return on investment.

Contrary to the experimental world of the entrepreneur, a business owner is managing the operations of a proven business model. One example is becoming a business owner through purchase of a franchise operation and receiving the training to run it based on an established model for that business. While this approach still contains a certain amount of risk, the experience of the franchise corporation helps reduce the risk of the investment made by the franchisee owner to offer a more solid foundation from which to launch. Learn more[22] about the difference between an entrepreneur and business owner.

Of course, entrepreneurs don't necessarily make good business owners and managers. Given their penchant and passion for creativity and constant search for a business model that works, too often startup CEOs who remain stuck in the mindset of the entrepreneur find themselves tweaking a business that doesn't need it. This is an inherent problem venture capital investors find in many startups that have successfully penetrated a market and competed for a share of it.

Investors who write multimillion dollar checks to pour into the company enough cash for it to scale exponentially will often ask the startup CEO to step aside and assume a different role in their own company. This is due to the need for the CEO to manage the process of scaling up the company based on the successful business model. The former CEO, who still yearns to innovate, can do so within the company without detracting from the core business model. Thus, he or she is now in the position of being an employee with an entrepreneurial mindset. This kind of employee, the intrapreneur, is deeply valuable to any company that seeks to remain innovative and keep pace with innovations occurring in the industry at large.

The value of intrapreneurs is noted in the recent investment made by CNN in a startup company that began inside of CNN. Bloomberg's June 20, 2017 article,[23] "CNN to Invest $40M in its Video Startup Great Big Story," illuminates the point.

Great Big Story, which has 40 employees, has raised $70 million to date and is valued at $200 million to $250 million, according to a person familiar with the matter. It expects to break even at the end of this year, not including its latest investment, according to the article.

CNN's investment in Great Big Story is the latest example of a fast-moving convergence in television, where traditional channels are pouring money into online startups to make shows for a younger, cord-cutting generation. NBCUniversal, for instance, has invested $400 million in BuzzFeed and $200 million in Vox Media. On Monday, Time Warner became the latest big media company to invest millions in making shows and buying ads on Snapchat.

In the near future, all journalists will decide whether they are intrapreneurs or entrepreneurs. And yes, you can be both. At different times in a journalist's career, both will be valued traits that generate opportunities in-house and in the marketplace.

Given the nature of a constantly changing landscape, journalists who leverage their entrepreneurial mindset to identify problems and offer creative solutions will make themselves invaluable to the media company. At the same time, every media company will be impacted by the market and need to make difficult decisions that can result in layoffs. Journalists who prepare for such an inevitability will have generated multiple opportunities outside of their employer's shop and more readily land on their feet.

Innovation: Sustainable & Disruptive

Inside media companies, the quest to keep up with the changing nature of the industry is a constant challenge. New technologies and innovations (new tweaks on existing products and services) are changing consumer behavior, which affects how media reach their audiences. Journalists are asked to do more to ensure their content is produced in multiple formats for multiple platforms and screens. Virtual Reality (VR) is a new technology, complete with hardware for immersive engagement of media content. Alternately, Augmented Reality (AR) is less invasive by incorporating something new into existing technology used by consumers. An example would be the game, Pokemon Go.[24] Using a smartphone, anyone who knows how to use the camera and the phone's GPS can instantly play the game, which inserts an imaginary character into real-world scenes, as viewed through the camera. Thus, Pokemon Go's augmented reality is an innovation of existing technology, rather than a new technology altogether.

Today's media consumers are primarily digital and consume media across a variety of screens, ranging from television to laptops and tablets, to smartphones (the preferred screen of younger audiences). The Internet is a visual medium, which means audiences prefer video and photos to long-form prose on their screens. Consider what it's like to read a lot of text on the television. That's a recipe for losing an audience quickly. The same is mostly true for the smaller screens. That said, there are ways of presenting articles to audiences in readable format via any screen. But each year, media must consider how the behavior of their audiences changes and adapt accordingly. This is known as sustainable innovation.

A prime example of sustainable innovation is CNN's The Big Story startup. It may seem odd that CNN would invest in a media venture separate from itself. But consider the benefits. CNN's investment is growing its younger audiences and opening a new market, like NBCUniversal's investments in BuzzFeed and Vox Media. The risk taken is by the startup entity. The capacity for the startup to respond to market demands and experiment with new ideas far exceeds a large corporation's capacity. Remember that corporations operate on proven business models while entrepreneurial ventures are in search of a business model that delivers the desired return on investment. The Big Story has already found the right approach in the market and is delivering a return on investment to CNN in a very short period of time. As the startup grows, it will become yet another valuable asset of CNN, its investor. When "The Big Story" is sold via a liquidity event[25] (i.e. merger and acquisition or initial public offering), CNN will benefit.

Throughout the lifecycle of the startup, from development to market impact to sale, CNN will benefit. As the challenge to generate profits in the media industry grows increasingly difficult, and with more non-journalism players jumping into the media industry (technology companies, telecom and cable operators, app developers) and competing for market share, more pressure is placed upon media companies to keep a careful watch on the industry and continue to be creative in how they gather, produce and deliver content to their audiences, as well as how they engage their audiences in participatory journalism. The ability to sustain a competitive level in the media marketplace depends directly upon the priority placed in-house on creativity that can lead to marketable products, services, and increased audience engagement.

Journalists should always be on the lookout for disruptive innovation in the market. Not just the journalism/media market, but the advertising/marketing industry as well. When these markets are hit by a new disruption that impacts existing business models, a wave of changes across the industry will inevitably occur as companies adjust to the disruption. That adjustment can take many forms, but one very personal one is layoffs. The advertising industry is a highly volatile landscape that is evolving today. As technologies enable major advertisers to dispense with third-party ad agencies and go direct to the consumer of their products and services, media companies suffer the loss of revenue. And since most media operate on an advertising business model, the loss of that revenue inevitably means cuts in expenses. That domino effect hits the newsroom hard.

But disruptions in the media and marketing industries are also doors of opportunity waiting to be discovered. Consider the fact that with more screens (and here comes the growth of virtual reality and augmented reality) there is a need for more content. With more cable channels, there is more need for broadcast material. With more corporate brands seeking to tell their story to consumers in a way that holds some level of integrity, they need the skills of professional journalists. Storytelling is the most valued commodity across all platforms of distribution. Stories inform. Stories influence. Stories have impact. Stories move people to feel and act on their feelings. The media and marketing industries, regardless of how they evolve, and how quickly they evolve, will continually have need of storytellers.

Journalism is changing. But that's not a bad thing. The familiar corporatized and professionalized version of journalism that fits within an IBM-like corporate culture has been disrupted. Remnants of the familiar remain. But the landscape is quickly evolving. And while no one has a clear vision on where this industry is headed, the doors of creative opportunity are expanding. And that empowers both entrepreneurs and intrapreneurs to contribute their innovative ideas to help steer the industry into the future.

Mike Green *is a New York Times Leadership Academy Fellow and award-winning journalist with 20 years' experience. He is co-founder of ScaleUp Partners, a national consultancy specializing in economic inclusion and competitiveness strategies, plans, and policy. Reach Mike Green on Twitter at @amikegreen2*

Version 0.1, August 16, 2017

Notes

1. "Newspapers Fact Sheet," *Pew Research Center,* http://www.journalism.org/fact-sheet/newspapers/.

2. "Newspapers Fact Sheet," *Pew Research Center,* http://www.journalism.org/fact-sheet/newspapers/.

3. "Newspapers Fact Sheet," *Pew Research Center,* http://www.journalism.org/fact-sheet/newspapers/.

4. Eugene Kim, "Amazon CEO Jeff Bezos signed the $250 million Washington Post deal with no due diligence," *Business Insider,* March 24, 2016, http://www.businessinsider.com/amazon-ceo-jeff-bezos-bought-washington-post-with-no-due-diligence-2016-3.

5. "AOL Agrees To Acquire The Huffington Post," *Huffington Post,* http://www.huffingtonpost.com/2011/02/07/aol-huffington-post_n_819375.html.

6. Benjamin Mullin, "With new investment, BuzzFeed would be worth almost as much as The New York Times," *Poynter*, October 21, 2016, http://www.poynter.org/2016/with-new-investment-buzzfeed-would-be-worth-almost-as-much-as-the-new-york-times/435647/.

7. Benjamin Mullin, "With new investment, BuzzFeed would be worth almost as much as The New York Times," *Poynter,* October 21, 2016, http://www.poynter.org/2016/with-new-investment-buzzfeed-would-be-worth-almost-as-much-as-the-new-york-times/435647/.

8. Cecilia Kang, "AT&T's Words on Time Warner Deal Say 'Underdog.' Its Actions Speak Otherwise," *The New York Times*, April 23, 2017, https://www.nytimes.com/2017/04/23/technology/att-time-warner-merger-cable-regulation.html.

9. Jeff GUo, "The imminent conservative takeover of local TV news, explained," *Vox*, May 15, 2017, https://www.vox.com/2017/5/15/15598270/sinclair-broadcast-imminent-conservative-takeover-of-local-tv-news-explained.

10. Jeff GUo, "The imminent conservative takeover of local TV news, explained," *Vox,* May 15, 2017, https://www.vox.com/2017/5/15/15598270/sinclair-broadcast-imminent-conservative-takeover-of-local-tv-news-explained.

11. *Newspaper Death Watch,* http://newspaperdeathwatch.com/.

12. "The Notable Angel Investors in Media Technology," *MediaTech*, https://mediatech.ventures/mediatech-angel-investors.

13. *Center for Venture Research*, http://paulcollege.unh.edu/research/center-venture-research.

14. "What Is the Difference Between AR and VR? A Lesson in Altered Realities," *Cramer*, http://cramer.com/story/the-difference-between-ar-and-vr/.

15. Nathan McAlone, "These are the 18 most popular YouTube stars in the world — and some are making millions," *Business Insider*, March 7, 2017, http://www.businessinsider.com/most-popular-youtuber-stars-salaries-2017.

16. *News and Guts*, https://www.newsandgutsmedia.com/.

17. *Starfish Media Group*, http://www.starfishmediagroup.com/

18. *Matter of Fact with Soledad O'Brien*, http://matteroffact.tv/.

19. Johnathan M. Holifield, http://johnathanholifield.tech/.

20. Source: personal interview with Johnathan M. Holifield

21. Avishai Abrahami, "3 Rules for Making a Successful Pivot," *Entrepreneur*, July 3, 2014, https://www.entrepreneur.com/article/235168.

22. Shobhit Seth, "Entrepreneur Vs. Small Business Owner, Defined," Investopedia, http://www.investopedia.com/articles/investing/092514/entrepreneur-vs-small-business-owner-defined.asp.

23. Gerry Smith, "CNN to Invest $40 Million in Its Video Startup Great Big Story," *Bloomberg*, June 20, 2017, https://www.bloomberg.com/news/articles/2017-06-20/cnn-to-invest-40-million-in-its-video-startup-great-big-story.

24. "How Does Pokémon Go Actually Work?" *DigitalFoundry YouTube Channel*. July 13, 2016, https://www.youtube.com/watch?v=tV9Jc3KFmPA.

25. "Liquidity Event," Investopedia, http://www.investopedia.com/terms/l/liquidity_event.asp?lgl=rira-baseline-vertical.