

## **David Pemsel** CEO, Guardian Media Group

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**Welcome to Media Masters, a series of one to one interviews with people at the top of the media game. Today I'm joined by David Pemsel, CEO of the Guardian Media Group. David began his career at Ogilvy and Mather, launching Shine Entertainment in 2000 before moving to ITV. He joined the Guardian in 2011 as chief marketing officer, where his work was recognised with a Cannes Lions award. In his current role, David oversees all commercial operations and business strategy in the UK, US and Australia. He is a member of BAFTA, and a non-executive director at the British Fashion Council.**

**David, thank you for joining me.**

Good.

**So David, you're chief executive of the Guardian Media Group. That's one of my dream jobs really, along with being sort of speaker of the House of Commons, prime minister etc. What is your journey, how did you get the job, and we'll then go into your to do list. Talk through your journey.**

Quite. And at the end of this, you might realise that's not the best job in the world but I'll give you some insights into that. If you look back over anything I've ever done in my career, it tends to be the fusion of wonderful, creative businesses, combined with a sort of business imperative, and though sometimes the interface of both business and creativity is one of the most kind of hectic, chaotic relationships. Whether it be working in advertising, or whether it be setting up a production company, whether working at ITV, I suppose the consistent thread that's been through any of the opportunities that I've worked in has been the interface between creativity, innovation, ideas, which is a very nebulous, ill defined, mad, frustrating process combined with metrics and yield and profit, and I suppose when you then kind of add all of that up together and you think about the job at the Guardian, it is the definition of that. It's about how do you have the most strongest, most independent, most autonomous sort of newsroom to do what the Guardian can do best, combined with trying to find a financial framework that one makes that sustainable and to fund it to ensure that we can keep doing the things that we've been doing for 195 years. And I know these things are really clichéd, but when one has been working at this for as many years as I have, I suppose every single lesson that I've learnt, from whether it be a junior account manager at Ogilvy and Mather to account director, to ITV

production company start ups, all of that resilience and muscle and mistakes, and all the things that you accumulate through that career, has probably been put to use in the job that I currently have now. There's no way you could do the job that I'm doing at the moment, in partnership with Kath Viner, our editor, if you hadn't accumulated a huge amount of experience of dealing with the structure of business, but also the respect and appreciation of creativity.

**There doesn't seem to be a playbook for a job like this really. In any event, the Guardian is never short of people online that want to advise it to turn left or to turn right. You have to go with your gut. What's the attitude to risk in terms of how you do your job, and that lack of a playbook?**

I think that's the key question of leadership generally, is that I think the idea that just because you get given this lofty title of CEO, that gives you the right to say, "I specifically now know precisely what to do by any given day or week." I think actually, when you begin to become more confident in this job, it is actually the acceptance you don't know what's around the corner and feeling comfortable with that. I think there are now books written about dealing with ambiguity and the resilience of change and iterations of risk and all those sorts of things, but in the end that is leadership in the world that we live in. It doesn't matter whether that's an FMCG company or whether it's a tech platform or whether it be a news organisation, the world is a very dynamic and very difficult thing to predict right now. And you as a leader need to be able to step into that, and actually really enjoy that ambiguity, because if you want to sit at your desk and predict everything, it's a very lonely job and you would most certainly be wrong. And so, therefore, I think that you have to be balanced with making sure you do enough... I mean, Bezos says – you have to be careful about quoting Bezos, he's the Chief Exec of Amazon – but I think some of the things that Bezos says about being able to innovate faster than your competition, I think I'm a massive believer in that and I sort of believe in you do by doing. As long as you are moving quickly, you're being agile enough, you are recognising the problems, and you attempt to solve them as fast as possible, you're going to get more things right than wrong.

**How do you foster a culture of innovation in any company, especially one under the spotlight like the Guardian is? Because, with no disrespect to someone who might be running a local cookie shop on a high street, the Guardian Media Group has an important role in society. It has friends and enemies, and has lots of people, like me, who want to see it succeed and do well, but there are also people criticising and watching your every move. You have the right to feel a little bit paranoid sometimes.**

I think paranoia, again, is a good business trait to have. I think if you're not paranoid you're going to be complacent, so constructive paranoia is definitely a business trait one should have right now. I think if I look back at what the Guardian was like in 15/16 when I became chief executive and Kath Viner became editor in chief, we were a very siloed organisation, arguably we had some of the best commercial people, the best digital people, and most certainly the best editorial teams. But was there an operating model that encouraged collaboration and encouraged agility, encouraged people to look and trial and test things at pace? So the answer to that is

sort of categorically no. And so I suppose when you look out over 12 months, you have really no idea what's going to happen in the 12 months ahead of you. Think what's happened in the last two and a half years while Kath and I have been running this organisation; the things that have happened from a news agenda, from digital disruption, a whole raft of things that no one could ever forecast, and I've seen leaders be paralysed in that position where the enormity of the task is so great, the default position is let's just commission some more research or get a consultant.

### **Kick the can down the road.**

Yes. We'll do some work, we won't actually do anything. Whereas I think our answer was to introduce a way of working that was agile and nimble, and encouraged collaboration across different departments, to test and learn our way through some of the challenges we faced. So we took a methodology of OKR's, which is objectives and key results. We coined the phrase called a huddle which everyone laughed at, and a huddle is a definition of taking people from products, editorial and commercial, give them a very specific task which they have to work through in a relatively autonomous way, and they're given a lot of autonomy to just get on with it and see what the answer might be, but not a definite specific task, and you get to the end of each quarter and you define where you are. Now, if you start to scale that, and you start operationalize that, and you end up having 50 huddles, 60 huddles, 25, it doesn't really matter. What you've got is autonomous groups of people from different departments, set a certain task and are asked to solve problems on a quarterly cadence. It means that you are at any one time, through a probably a lens of paranoia, confident that people are doing great work. And from that, we can look back over our last two and a half years of success and very tangible results; ideas that we would never have thought of have come out from just leaving those groups to crack stuff. And I read something the other day that 90% of successful businesses are successful as a result of things they didn't start out doing. And what an amazing and frightening statistic that is! So as a leader, what does that really say? Do you sit and lead a company and tell people what to do, or do you try and create an environment where lots of people have the ability to work through problems quickly?

**It resonates with me on two levels. Because one, my business looks after global leaders, so I can see their flaws and their strengths and am very privileged to work with those kind of people. But I also am growing my own business. I have 20 staff, but I can already see now... that's going to be my next question. Is the challenge of the leader what you focus on that day? Because you can literally involve yourself in any area of the business – financial, mechanics, creative. Everything is at your disposal, so you have to choose what to focus on. How do you do that?**

Again, some of these might sound sort of management waffle, but I am a massive fan of adaptive leadership, you know, the idea... it's very dangerous when you interview someone and they say, "I am this type of leader." Well, you're that type of leader depending on the context of which you've been asked to lead, and if you're dealing with huge amounts of ambiguity or massive amounts of change, there is a role of leadership that could be leading from the front: I'm going to tell people what to do. The danger of leading from the front all the time as you can look behind you and

no one's following. You could lead from the middle, where you can look around and make sure you understand what's going on. You can lead from the back and just don't say anything. And the answer to the question is you do all three depending on what you've been asked to do. And once you get comfortable with that adaptive way of working, it does give you a huge amount of flexibility. And I've seen leaders, as I said, be paralysed by saying, "I am this type of leader and I am going to solve this type of problem. I'm going to tell these people what to do," and nine times out of 10 you've set yourself up for complete failure. So I think you have to oscillate between leading from front, middle and back. You have to deal with a huge amount of ambiguity, and what the leaders job is really is to just to create an environment for other people to succeed. And when you don't know all the answers – of which, by the way, I'm completely comfortable with saying, "I have no idea what all of those answers are," and it would be a shocking statement to say that I do – it means you've got to create an environment for other people to be able to come up with those ideas.

**But there is a certain type of bravery in leadership, which, without overly flattering you, I think you've demonstrated. Like, for example, we had Lionel Barber on the podcast a few weeks ago and the Financial Times is doing very well. They have this sort of three articles a month that you get for free and then the paywall kicks in, and then you guys have decided to keep the Guardian completely open and available. But then these pop-ups say, "Could you also give us £10 a month?" And my first thought when I saw that is, that was quite a brave thing to do because whether it succeeds or fails, the results will be very public. And it ought to have the courage to actually do it in the first place, because a lot of people, a lot of businesses that are run by committees, would, as you would say, just commission some kind of consultants and kick it into the long grass, but you actually did something, I'm not trying to kind of trivialise it, which could have failed. Do you feel a sense of existential angst that that would have both been commercially failing but also embarrassing if it would have gone wrong? And that's the other thing, also succeeded, so you get the articles that say, "Well, they've tried it, and by Jove, it worked!"**

Look... and I think I give that... the contributions, I can be candid to say, there's nothing in the document that we'd started out with at the beginning of the three-year plan that said contributions. There's nothing. So I can be really candid about that. What we did say there were essentially four things to the plan; there was one about that we need to be able to wean ourselves off the big reach number, you know, 160 million browsers is great, but it's devices. You don't know anything about the readers. So therefore there was a focus on regularity. The second one was around how do we get readers to make a greater contribution to our finances. The third one was around agility within advertising and understanding the challenges of programmatic etc. And the fourth one was around cost and speed and pace of delivery. And so when we look at the pillar around asking our readers to make a contribution, the only thing that anyone ever tells me, whether that be a business meeting, whether that be a lunch, or whether it will be a well-meaning friend, was just cut the cost and put the paywall up and everything will be fine. And you have to have confidence in your conviction to say, "No, we have a very unique organisation..."

**It's the easier thing to do, actually.**

No, absolutely. And the very easiest thing to do is clearly not the answer. And the Guardian is sometimes a very confused... from the outside, people are confused by... what is it. is a financial organisation. is it a business. is a trust etc. In the end, the business is here to serve our journalism. My job is to ensure that that journalism is funded in the most sustainable way. But when you have the trust, whose main objective is to ensure that we can make the biggest impact to the largest audience, a paywall is a contradiction to that. Taxing for consumption is completely contrary to what we are here to do. But if you don't have a proprietor, and you don't have shareholders, the idea of readers making a contribution to make it available to all is such an incredible idea and probably unique to us as an organisation. If you're owned by shareholders, you the reader, why would you want to make your shareholders richer? Or if you're owned by a single proprietor, why would you contribute to allow the proprietor to buy a bigger boat or another car? Whereas every contribution that we take just funds our journalism and makes it available to more people. But the contribution idea came from one of the huddles that I described earlier. They were asked to think about what would be a way to create a rhythm that would allow people to read an article and feel compelled to make a contribution, and the idea of putting a barrier between us and our content seems contradictory, as I said, but to feel compelled by an article and make a contribution is something uniquely probably we could do. And as a result of that we've got some of our huge numbers that we've achieved.

**And congratulations on that, it is very impressive indeed and great to see.**

Yes.

**Has it changed even in a small or slight way your relationship with those readers? Because sometimes when you involve money, even in an indirect way, it can change the way... I am thinking of when degrees used to be free to students at the point of use. A lot of lecturers have said now that the students are paying their nine or 10 or whatever it is grand a year, that they feel that they're a customer of that university, and they're saying that that's a bad thing. Has it changed? I take the Guardian every day, I think it's great, but I used to read the Times two or three days a week. And when the paywall went up I thought, "I'm not going to pay that paywall, why would I? Then of course after a few months I decided to pay it, try it again, because there was some special offer. And then because I was paying for it, I read the Times every day. So in fact, not only my own received wisdom is wrong, not only do I pay for the Times now but I also read it more than I did before.**

Well, I think internally, there is a much stronger understanding and appreciation, and, I would arguably say, respect for our readers. Suddenly, if you've got hundreds of thousands of people who are giving you money for something that is free, isn't that the highest definition of loyalty?

**It's a huge compliment.**

It's a huge compliment. But with that comes a huge amount of responsibility from our end about the fact that people are making a contribution, they do feel vested in our success. There is a mutual relationship between us and our readers, so culturally I think that's having a profound impact on the way that we think about everything. We will never cross the divide between 'what do our readers think therefore let's write this' because then that starts to get quite blurred. But the idea that there are now hundreds of thousands of people and climbing who want to feel part of the Guardian community, to be vested in its success, puts responsibility on them, in a good way, and puts a huge amount of responsibility on us about decisions that we make. So we do think about this. We're about to make this decision, we're about to make this investment. What would our contributors, members, community think about that? And though I would say that you've always conscious of your consumer/reader, I think now it feels much more profound because they're making such a big contribution to the success of our strategy.

**What interests me about the new model is that back in the old days you would go to a newsstand, a newsagent, and buy a paper, you'd hand the 50p over, you'd get the paper, you'd read it, in you'd put it in the bin. And like you say, things have changed because of the Internet, and there's all the technicalities of delivering that in terms of how it works and what's the best way to monetise. This for me is almost like the third stage of thinking, which is forget the money and all of that, it's more about how what is the emotional/intellectual relationship you're going to have with this person. Because almost the mechanics and the economics of it have already been settled, so that's quite cutting edge thinking, is it not?**

I think it is. And we've all seen the cartoon, I can't remember the cartoon was, but it was a picture of the Guardian begging its way through its success, and that was in the end that we've run out of ideas and let's just beg for some cash. It's far more nuanced than that, and I think what's interesting is it's not that we get obsessed by what the commentator said, the Guardian has never been a place where you get too much positivity because of our position. But I think people now see it as a very unique thing that probably the Guardian could only do; because of our independence, because that were owned by a trust, because, as I've said, the money only goes back to support what it is that we're here to do. Does, if you are another organisation that is either public or part of a huge media conglomerate, how would you ever begin to create this rather nuanced and deep relationship with your readers? And I don't want to get ahead of ourselves, I mean, we're still only two and a bit years into our three-year plan. Our main financial goal within three years is to break even, which we will do at the end of next year, but we would not do that had it not been for the contribution of our readers. And if you think over the last seven months the Guardian has created over a billion page impressions a month globally, two thirds of its traffic is outside the UK, we have 10 million regular readers, and we've announced that we've got 800,000 people supporting us in various ways. The opportunity, if you've got 10 million regulars and we're under 800,000, suggest there's a long way to go. And I think whatever business model over the next 10-year horizon, whatever it might be, it is going to be dependent on this incredibly deep relationship between us and our readers.

**If you don't mind me asking a bit more information about that, because that's quite fascinating, that you've got the three-year plan, and it when you started out and you've got the view, "Well, it might succeed or it might fail." But what's interesting is it succeeded. Then the question is, what's next?**

And isn't that a wonderful thing to discuss? Again, in 2015, around June, July time when we had a momentarily separate celebration of getting our respective roles, Katharine Viner and I, you then look at the finances and that relationship between reach and digital advertising snapped, and snapped is a very deliberate term. I mean, it genuinely broke. And so therefore, in that first year we were looking at losses, which are now public, of up to £80-90 million, was £700 million in the bank, and suddenly this thing that you care so deeply about, that has been around for nearly 200 years, in my mind was in a perilous state. You've then taken those losses to £56 million, the second year was £38 million, this year will be £25 million, and it will break even next year. It is an extraordinary journey, and a journey of innovation in terms of how our contribution strategy works, around how we've had to just work out what the new advertising model is, obviously some big tough decisions around cost base etc.. And now, for the first time, when we're doing all hands and staff updates, people are asking the question, "What happens after break even?" and what a great debate to have. And I do think that – I am going to sound sort of momentarily defensive here – it's amazing how much scrutiny people put on the Guardian. Will it survive? Is it a business model that...

### **I think only the BBC has more vitriol levelled at it.**

Yes. And if you just look at some of the facts- and I would encourage anyone who's listening to this to sort of then start to evaluate some of our peer set – we have no debt. We have no pension deficit. We still have over a billion pounds in the bank. We've got a business model that looks to the point where we don't have to make a profit, we just have to break even. And I look at that, and there's a comparative to other news organisations, whether it be in this market or others...

### **Fantastic opportunity.**

... I would take a position every day of the week. And then you also have, as an example of our contribution strategy, something that is just so unique about that depth of relationship, as I've said. So again, one still is paranoid every day, there is no complacency. You can't predict the future. But the progress that we've made to some of the numbers we are achieving now is testament to everyone internally and obviously our amazing readers.

**Clearly, and it started with Alan Rusbridger, the relentless focus on digital is incredibly important. Print is clearly in long term decline. Do you think that taking deliberately proactive strategic moves like moving the Guardian, the paper version of it, to tabloid is going to help mitigate some of that decline? Talk us through the methodology for doing that. Did that come out of a huddle?**

So I think when you look back, and I'm glad you mentioned it... from a digital strategy and Alan Rusbridger's tenure, taking us from, what, tenth largest newspaper

to the third largest in the world digitally, an incredible journey, and we would have no real relationship strategy, or indeed a vast audience to convert, if we had not been so progressive digitally. And there's been criticism of how much money we spent and all that all the other things that came with it, but at the same time we have now got ourselves a global platform, and as two thirds of our audience come outside the UK, that gives you such a huge base of which to then test and trial contributions. I suppose then within the financial framework of break even, as much as you've got ambiguity about strategy and you don't quite know what's around the corner and the agility of huddles etc., we have the one fixed thing that we have absolutely said that we do is break even, and that has created a guard rail, some hard lines, and I suppose a reference point to be able to make some big decisions. And candidly, the tabloid decision primarily started off as a financial one. Outsourcing just made a huge amount of sense, and the savings which, I won't give you a number, are millions that will go down to the bottom line.

**Is a certain romantic feeling of ennui, as it were, at the loss of the Berliner format? Because it was great.**

Look, as all decisions are, they're great at the time. And it was 12 years, and so therefore that would say to you that it was enjoyed by millions of people, and that's great. But one just has to recognise that that was then and this is now, and what started off as a financial decision around a format change has now become, as always in the Guardian, a moment of fantastic design, huge enthusiasm for what this format might feel and look like, and some of the stuff that Kath has shown me about what it might look like, we're really excited by it. So it started off as a very big decision financially which has made a great contribution to our sustainable outcome. It will ultimately be a moment of fantastic design and enthusiasm from everyone, and our readers I'm sure will love it.

**It's a strange thing though, whenever the Guardian does anything, because there is a very visible amount of people that want you to fail. I remember when the Guardian went into the Berliner format, there were quite a lot of people that were disappointed when it was a huge success! You are right to feel constructively paranoid, but I think there's a line in a film called The Paper, and someone asks the editor, "When did you start to become so paranoid?" and the answer is very straightly, "When they started plotting against me."**

Quite!

**There is a group of people who want to see you guys fail.**

Absolutely. I think wherever you go, and it's almost what you love about the role, there is an antagonism in everything that we do.

**About proving them wrong.**

Exactly. Everything you do is a provocation. I'm a naturally incredibly driven and competitive person, and you need that in here, and you need some bloody thick skin, because most people will want to have a pop at you. And we go through things

where everything that you almost say becomes public, things get leaked, everyone comments – but if you're not comfortable with that then just don't do this job. But if you're going to take a hard line around Paradise papers, if you are going to hold governments to account, individuals to account, you're going to get some flack, aren't you? And Kath experiences a lot of that, being the editorial voice, but the amount of criticism I've had over is this begging strategy really going to work, when we get to break even we'll be able to say, "Yes, it does."

**It's almost the form of words that's used as well. I mean, 'begging strategy', just the very name is loaded with negative emotion. I wouldn't quite call it that.**

No.

**You mentioned drive just then, so that segues very nicely to my next question, which is about your plans, the global plans, for the Guardian Media Group. I know you doing very well in the US and Australia. Tell us about that global expansion, and also what about the other geographies and the other sectors. Where do you want to go globally?**

In America, again, a year ago, was costing the business too much money. We had fantastic traffic, you know, we're a third of the size of the New York Times and in six, seven years of being in the US, they have been there for somewhat longer, no massive spend on marketing. So it was all driven by a huge desire of the type of journalism that we brought to the States. That was coming in at a huge cost. We did make, we described it as a cause for correction, we had to right size that office, a number of people had to leave, but we've gone from a rather big loss in the US to now this year they will make a positive contribution. In Australia we're now ranked number five within that market, and we will be sustainable this year and profitable next. And so there are proof points, that when we go into these markets, there is a real desire for the type of journalism that we are bringing to those countries. I suppose I have some tempered enthusiasm about how far one wants to go with that strategy. I think the days of just putting millions into a market and hope that it might at some point deliver your return are probably gone. But we will have to, as we begin to become more confident of our contribution strategy, can we take relatively small, agile teams, put them into different markets beyond the ones we're already in, and see whether we could be funded by our readers, is something I would like to explore. The idea of going into different markets and saying, "And we're going to be funded somehow by advertising," is long, is absolutely, long gone. But I think you also asked a good question. Within the group we do have our money in the bank. We have announced GMG Ventures, which is a fund which has been set up to be able to invest in Series A and seed funding businesses that we believe will either enable our strategy or potentially disrupt it. And the trouble is, that when you've got a business plan which is incredibly tight, the idea of just break even is quite finite. It's got zero at it. What you do worry about is is there are enough innovation in the business to think about what's around the corner, and our ventures fund allows us both to invest for financial return, but also give us access to the next technologies that are inevitably going to be something we've got to get our heads around. Machine learning, AI, frictionless payments, data science. There are huge industries that will grow up over

the next few years that the Guardian's got to both understand, financially get a return from, but also learn that whatever the next wave of the Guardian might be.

**You mentioned the New York Times there in your answer. We had Mark Thompson on the podcast a few months ago the CEO of The New York Times, and he was talking about the changing nature of their relationship with their readers. They've got many hundreds of thousands of new people paying for their journalism because of Donald Trump and the threat of fake news, and the whole agenda which is that even in a commercial model they want to see the New York Times expand and succeed so that it can hold the government to account better. Is that something that the Guardian might be able to benefit from in America? Do offer the subscription model there and people rushing to help there? Because you clearly can play a role in holding the American president and his – I was going to say 'regime', that's a Freudian slip – to account?**

Well, I think first of all there's two things I think Mark and his team have done an extraordinary job over the last four years about demonstrating actually the benefits and the upside of a paywall. They have got a relatively porous paywall, so they've managed to achieve reach as well as get to their huge numbers in terms of paying subscribers. We have learnt that you do not benchmark yourself against a huge news organisation sat at the heart of Manhattan. That should not give you the basis to say, "Let's go and replicate that," because you can spend a lot of money and fail doing that. Same with the Washington Post. They have done great progress as well around their subscriptions. They are backed by someone who has more money than we have.

**I think he has more money than all of us.**

Quite.

**I think he has all the money.**

He has all the money and he has all the e-commerce, and so the idea that we should say, "Let's replicate the Washington Post and The New York Times," is something we have to be really careful of. But I suppose to answer the specific question, is that our traffic continues to grow in the US. People do recognise that we are additive to that news agenda. And I think when we go out and speak to advertisers, for example, we should say both advertise in The New York Times, but also advertise with us because we provide a different point of view and we have a different profile of audience. Our contributions in the US continue to grow, and what's interesting because of the legacy of things like NPR, where there is an almost a cultural phenomenon of people giving money, or providing money, to news organisations to ensure they thrive, we are benefiting from that. So the difference between the makeup of contributors in the US vs. the UK, they're more reacquiring contributors in the UK and they're more one-off contributions in the US, which just represent the different makeup of the readers there.

**My question is it's also more about the emotional connection and the desire for people that are seeing an era of fake news and governments need to be held to account more than ever, that they want to see journalism invested in and prosper. Because I think when the Internet first took off it was all, "Oh, everything's free and papers are going to be knackered and there will be no one in newsrooms," and I think for me... Mark Thompson would say, as someone living in America, he doesn't like what a lot of... when the New York Times is attacked, it's terrible; he doesn't want to see his journalists attacked, but from a commercial point of view... I mean, I subscribe to New York Times because every time Donald Trump says they're failing and they're getting things wrong, that motivates me to invest in their journalism. Whether it might be a commercial way or a quasi-commercial way, in this sense it's still ultimately the same thing; I want to see you guys prosper.**

And, look, I think that is what is driving our contributions model. That is why 800,000 people are doing something, because there's this unique moment in time where the news agenda and the need for quality, independent news is more needed than ever before, post-Brexit, Trump and all that.

### **And it isn't cheap.**

And at the same time, as you say, it needs to be funded, while the ad model that was there to fund all of this has simply collapsed. So we will look back on this from a historical point of view as never has the journalism be more needed, at a time when the business model was so broken. Until, for example, I think as you rightly point out, now there is a deep understanding from millions and millions of people around the world that this needs to be funded, and there are certain organisations – of which the New York Times is most certainly one, and the Guardian – where there is inherent trust, and they understand our responsibility to hold those news organisations or individuals to account to deliver that, and they want to contribute in the financing of it. Which is why people say, has Trump enabled the New York Times to get to X number, or is it contributing to some of our numbers, I suppose the unfortunate answer to that is, "Yes." It doesn't make it right, but it's certainly yes.

**Do you think the whole fake news thing will fizzle out ultimately? It reminds me of a lot of things that people are scared of for a year or two, like if you're looking for a job never put pictures of you out on a night out having a drink on Facebook, because then employers won't want you. Obviously no one cares about that kind of thing any more, and I wonder whether fake news is a transitory thing in so far as people will now know to say, "Well, if I've never heard of this website before and am going to be much more sceptical than I might otherwise have been," but also investing in quality journalism and trusting the right sources, and then people will become tired of, say, Donald Trump saying things are fake news, if they're not already, because they know it isn't.**

While Facebook exists and is as prominent as it is today, fake news is here to stay. It is the perfect platform of which to peddle virality over quality. And we talk about this a lot. I think that Facebook is responsible, needs to take far more responsibility, in understanding how they are negatively adding to the ecosystem of fake news. It is

not acceptable, and it's not good enough to say that we are literally a platform and we're here just to host whatever works. I've sat and listened to some of the most senior people, face to face, talk about an algorithm, which is built to drive virality over quality. Let's just think about that for a minute. There's an algorithm that supports the virality of whatever works within that environment over authenticity, factual, correct, truthful – and I just don't know how anyone can rationalise that to be a good thing.

**It seems to me to be borderline unethical.**

If you're an employee of an organisation like Facebook and say we don't have responsibility for what actually has been played out across the platform, I find that very confusing. Of course you have a responsibility. Of course you're curating. Of course you have an absolute proper responsibility to ensure what's right and is safe and truthful.

**Do you think it goes even further? I wouldn't want to turn this into a kind of anti-Facebook bit of the podcast, but in terms of lots of content providers that have very well... interact with pages, popular pages, all of the advertising revenue seems to largely go to Facebook. So these guys are just unpaid content generators.**

Well, no... I've been in meetings with... and you're right, we shouldn't just have a Facebook rant, it will get quite dull. But I think that if you're in a meeting and you meet someone from Facebook and they turn around and say, "It's great to be a business partner with you," I would say, "Look, just for the avoidance of doubt, what tends to be a business partnership is reciprocal value. We give you some of the best journalism in the world that that plays out across all of the platform and in return we get nothing." It doesn't describe a...

**It doesn't seem equitable.**

No. It is not a reciprocal business relationship. They know that, we remind them of that most days, we obviously get a huge amount of referral traffic, it's very much part of our audience ecosystem, of which we appreciate and we're thankful for – that's our quality that's doing that, nothing else – but at the same time I think over time we're going to have to work out a reciprocal business model that works for everybody.

**So last question on that, how do you think it might work then? Because that's very interesting, isn't it? Facebook has obviously got a huge amount, many millions of people. So if you can have a Guardian Facebook page that drives traffic to your site and they are effectively signposting people and driving traffic to your site, then that's great. It might be that you share the money of that somehow. But ultimately, presumably, you'd rather people dwell on your own website and apps rather than third party ones.**

I think what you've described there is probably the biggest single tension that exists today in terms of decision making when you're running a business like this, and that's the tension between distribution and destination, and how much energy and

focus do you put into virality off platform, or returning visits and regularity on your own destination. Now, I would argue that we are much more focused now, because we've got the big reach number, we're never complacent about it but it's a big number and we benefit from those platforms and their distribution. But the success criteria for us is regularity, is data, and is the number of people are contributing to the site. And as much as we love the big browser number, that's not the definition of success for us right now. You can look at other businesses at the moment, for example BuzzFeed, which's whole business model is predicated on virality, which is not hitting its numbers, today it has announced obviously some job cuts. Now, you don't wish that upon any organisation, but at the same time what it's calling into question is where does quality really preside? Is it within people's own platforms like our mobile app, our tablet, our newspaper, desktop etc., or can you control quality off your own platforms? And no one should predict trends, but I think destination will become more important.

### **So you own that attention and that dwell time.**

Yes. And I think you have to be careful of owning anything now, because no one can ever control what ultimately readers want to do. But at the same time, I think that investing in our own platforms, making sure that user experience is right, making sure we were very conscious of the new ways of telling stories, virtual reality, video, voice and whatever else is around the corner, podcasts, all of that is essentially to create loyalty and regularity to our own platforms and you've just got to be mindful that your business model is not predicated on off-platform reach because then you've simply lost control.

**Does it ever worry you a little bit that websites are allowing people to self-select now to very strong degrees, insofar as even on the Guardian, the BBC website, I am not in the slightest bit interested in sport. So to me it's quite helpful for me to click the minus sign on sport and the Guardian website won't tell me anything about football. But on the other hand I have also clicked that minus sign on lots of other areas of society as well, because I presume that I am not interested. Of course the minute I click it, nothing can ever be brought to my attention to try and engender that interest, and it's often quite refreshing when I pick up a physical paper where the actual process of browsing has been curated for me as well without my input, and I'm pleasantly surprised by lots of things that I wouldn't have read on, say, the BBC News website because I've already clicked that minus sign.**

I think it's a really interesting point. You could get quite philosophical about this, is to say that there does need to be serendipity in the way in which you consume your news. And I've got a 14-year-old son, and he probably does want to personalise himself within fashion and some cool trainers and what Chelsea Football Club are doing next week. I'm not sure what a rounded individual he's going to end up being if that's just his boxes that he ticks. So I think that if you ask anyone in editorial, we have a responsibility, without sounding as if you're preaching, to keep thoughts and opinions as wide as possible to ensure that people have a deep-rooted understanding of what's going on in the world, which is why Kath and others are so committed to things like long reads and 3,000 words, and to just not allow the frenzy

of a news feed or the atomisation of a notification to end up being your news. And I think that people have gone through various stages of saying it's all personalised, and you can design your own home page. I actually think people now have become a bit smarter of saying, "I'll get the stuff I like, I'll dial out things that I'm really just not into, but at the same time I need some balance to ensure that I've got a fuller picture about what's going on."

**Yes, because without being overly pompous about it, BBC 3 for example, said, "Well, no one's watching any news any more, so between the programmes we'll do the world news in 60 seconds," and they used to have a countdown. And in one sense you could say that's great, they're fulfilling the BBC's remit, because at least people are watching some news. But on the other hand it's also conditioning people that they can somehow get everything that's going on in the world in under 60 seconds, and we're almost normalising that 'I like to look through the world news in bite-sized chunks'. But actually, is that healthy? We're getting philosophical again.**

No, it is. But it's not healthy. It is evidently not healthy. And the reason why news organisations like ours needs to thrive is because we, along with everybody else – the BBC, the New York Times, Washington Post and others – are trying to ensure that we remain informed about what's going on in the world. And it is clear, given the disruption across all markets and Brexit and Trump, that there is a very acute moment where news hasn't been allowed to be able to paint the full picture about what's happening in the world. And you're right. Someone I know got someone to download the Guardian app to one of the teenage kids, and they were therefore getting notifications coming up on their phone and they believed that to be the Guardian, and that was it. Just the notification. No, there are actually stories behind that.

**We recently had Matt Frankel in from the BBC News, he's the editor of the BBC News social media unit, and he was saying that they have eight million people that follow the BBC Breaking Twitter account, and from their metrics that's often the only BBC Twitter account they follow, but they only have 280 characters to somehow encapsulate a story, so they have to leave things out. And it's just incredible in terms of the editorial challenge of distilling what that is into that bite-sized chunk, because that's the only touch point they're going to have.**

Yes, and... you know, I won't speak for Kath here, our editor, but I think in the end that is the danger, is that technology, if you're not careful, will steer you down to bite-sized numbers of characters, speed, and you then start to lose your role in forming, advising, giving you totally different opposing views, 3,000 words, because that ultimately is what news is about, is to inform you to be able to make opinions – and 100 characters is not going to do that.

**Let me ask you about Brexit. I'll preface the question by saying I've already clicked the minus sign on Brexit on the Guardian website because I know it's important, but I'll be honest, I know I should care about it but it's dragging on that long and I'm bored by it, so I deliberately don't read it. Very briefly, what's**

**your interpretation editorially, and as a business in terms of the commercial opportunity?**

Well, there's one thing. I went to a dinner around the Brexit time with a series of bankers, and there was a Goldman Sachs banker sat next to me saying, "Look, I really do hate the Guardian but I love your Brexit coverage," which I think says it all, actually.

**That's quite rude, actually. Nice to meet you as well, sir!**

But I think the point is that I think through all of this, and I think this is probably as much as I really want to say about Brexit, but I think it's very important to have a rational calm head on what may or may not occur. And I think the reason why I mentioned the Goldman Sachs comment is because we weren't shrill, we weren't adding to the sort of frenzy of, you know, it's all going to end. I think what we tried to do is actually bring to bring to life the key points, and actually what you'll notice – I can't remember whether it's monthly or weekly, but I think it's monthly – we do have the sort of Brexit fact-checker which says, "These are the things that we believe genuinely are happening, and if they contradict some of our more philosophical views, we'll still report the facts." And that is the role of a news organisation, and it's very easy to jump onto the bandwagon, fan the flames, quote massive great numbers, but at the same time this is not going anywhere. It's actually going to happen, and we can see all the big numbers and how much divorce bill we may or may not have to pay, and therefore it's beholden on news organisations to navigate our readers through that.

**What's a typical week for you in terms of how your week manifests itself or what you choose to focus on? What's your relationship with Kath like, and how much do you get involved with the editorial side? Like, for example, these huddles. That must take quite a lot of creative leadership risk in a sense to let them get on with it. Do you ever kind of just quickly peer at what they're doing on me on the chatterer or anything just to check? Because there's a risk that they might completely waste their time.**

That is a great question. I mean, from editorially, I think as much as I'd love to, I've got absolutely no role whatsoever in anything that gets produced, written, and every time...

**No it's non-overlapping magisterial.**

Oh, no... I mean, in our Constitution, in fact, in our Constitution I walk one step behind the editor. I mean, that's written in our Constitution. I've always tried to work out how big is a step; it could be an inch, or it could be... depending on how tall you are. But we are here for our journalism, and therefore, and the church and state, as you can imagine, is as rigid as it's ever been. I mean, she reports to the trust, I report to the GMG board; we've got very much church and state. But actually the success of the last two and a half years...

**Has to be on that dynamic of making it work.**

You know, we are a partnership, and again, I want to overstate our role in this, our success is primarily driven by the success of the people in our business, not just the two of us. But I do think leadership starts at the top, and we have created an environment and legitimised collaboration, and we would not have made any of the progress that we'd have made to date had it not been for the tone that we've set. In terms of your specific question about me, I am a control freak, I do want to know what's going on. I have a healthy dollop of paranoia. I'm obsessed about our break-even aspiration, and so therefore I'm always having to check in myself about not just piling into all of these autonomous groups and saying, "Would you look, stop talking and just do?" But as I said earlier, I think in the end you do by doing; the way you get round not knowing is actually doing stuff. As I always say when I ran sales teams, that you don't sell anything unless you're in the room. You don't solve problems unless you try solving them. And so therefore I think any good week is when you've got lots of brilliant people, reassured by the financial framework that we've set, understanding their specific role, empowered to do great things, and then you could sleep a little bit better at night. But what we do is really important, and we are on a journey towards something that will make financial sense within the next year, and I think that's critically important.

**Last question, then. What would be next for you personally? I appreciate and I already know you're going to say, "I'm happy here and I'm not thinking about that," but in the medium to long term, when might you go next and what advice would you give to someone who would look to succeed you? What would be in the presidential envelope on the resolute desk saying, "Do this, don't do that. This is the bit I learnt."**

I'm very happy in my current job...

**Haha. We've got that over.**

I am asked this, which is rather depressing, really. I feel so vested in what we've achieved to date, and feel such a huge sense of responsibility to ensure that it continues that I'm not looking outside this organisation at all. Anyone who has the privilege of taking on this job can only really do it if they care and are obsessed by ultimately the editorial output. That's what this organisation is about.

**So you are a Guardian reader.**

I have always been a Guardian reader, my father worked at the BBC and my mother was an artist. The Guardian has been part of my informed life. When I got this job, my dad – I won't use the expletive, unless I can swear on this – but he really said, "Do not bugger this up." And suddenly you've got this profound sense of responsibility. And so I think anyone who does this job, you've just got to realise it's more than a job, and therefore the level of commitment required probably goes beyond reason to be able to make it work. But then, if you can see something... this business will be 200 years old in 2021, so however long you're running it for or contributing to its success is only a small blip in time.

**It's like the cricket club, isn't it? You'll be one name of past presidents on the board.**

And you just want to make sure that's a good name. Yes, there needs to be, you know, look at it and go, "That was a positive contribution." And that's what I care about, that however long one does this, that you've made a positive contribution and it's valued by people here and by readers.

**What's your biggest personal learning then, in terms of you as a leader of this organisation that you've learnt from leading the Guardian?**

Again, clichés. It is ambiguity. I feel totally comfortable...

**Thriving in that sandbox environment rather than the constructed...**

Yes. When you sort of look at management books, it says you will become a CEO and then just suddenly by getting that business card, you know everything. In fact, you know probably less because you're not actually doing the job. Any success is going to be through other people, so it's got absolutely nothing to do with you. The level of resilience I think is really important. I think that you've got to find a balance of being able to step out, and if you care, and if there was jeopardy – of which there was and there still remains jeopardy around news business models – you've just got to find a way of being able to get the right balance of stepping out and being part of this, because these are tough gigs, they're tough jobs. But resilience and trying to, at some point, momentarily, to enjoy it, is really important.

**David, it's been hugely enjoyable. Thanks for your time.**

Thank you.