Bi-weekly Random Bits from the Internet

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(STILL LOOKING FOR A GOOD SPA SPOT IN L.A.)

When Culture Doesn't Translate

Erin Meyer, Harvard Business Review, October 2015 Issue

Until recently most of us worked in organizations that were largely local. We interacted with colleagues and clients who were with us and culturally like us. Fellow staff members were often in the same building and at the very least were in the same country, which meant that they had similar ways of communicating and making decisions.

But as companies internationalize, their employees become geographically dispersed and lose their shared assumptions and norms. People in different countries react to inputs differently, communicate differently, and make decisions differently. Organically grown corporate cultures that were long taken for granted begin to break down. Miscommunication becomes more frequent, and trust erodes, especially between the head office and the regional units. In their efforts to fix these problems, companies risk compromising attributes that underlie their commercial success.

In the following pages I'll describe the process of cultural disintegration and illustrate how traditional solutions can backfire. I'll conclude with five principles that can help executives prevent disintegration from setting in. Consciously and wisely applying them will lead to a more nuanced understanding of the forces at play, which in itself will increase the chances of success.

Implicit Communication Breaks Down

In companies where everyone is located in the same country, passing messages implicitly is frequently the norm. The closer the space we share and the more similar our cultural backgrounds, the stronger our reliance on unspoken cues. In these settings we communicate in shorthand, often without realizing it—reading our counterparts' tone of voice, picking up on subtext. A manager at Louis Vuitton told me, "At our company, managers didn't finish their sentences. Instead, they would begin to make a point and then say something like 'OK, you get it?' And for us, that said it all."

A lot of work is done in this implicit way without anyone's taking note. If I walk by your office and see you studying October's budget with a worried look, I might send you a comprehensive breakdown of my costs for the month. If I see you shrink in your seat when the boss asks if you can meet a deadline, I know that your "yes" really means "I wish I could," and I might follow you to your office after the meeting to hear the real deal. In such ways we continually adjust to one another's unspoken cues.

But when companies begin to expand internationally, implicit communication stops working. If you don't tell me you need a budget breakdown, I won't send one. If you say yes even though you mean no, I'll think that you agreed. Because we aren't in the same place, we can't read one another's body language—and because we're from different cultures, we probably couldn't read it accurately even if we were within arm's length. The more we work with people from other cultures in far-flung locations, the less we pick up on subtle meaning and the more we fall victim to misunderstanding and inefficiency.

The obvious solution is to put in place multiple processes that encourage employees to recap key messages and map out in words and pictograms who works for whom, with what responsibilities, and who will take which steps and when. For many organizations, that kind of change is largely positive. One banking executive told me, "The more we internationalized, the more we were forced to recap both orally and in writing what was meant and what was understood. And that was good for everybody. We realized that even among those of us sitting at headquarters, the added repetition meant better understanding and fewer false starts."

One downside, of course, is that companies become more bureaucratic and communication slows down. But that isn't the only cost. At Louis Vuitton, for example, mystery is part of the value proposition and infuses the way people work. Employees are not just comfortable with ambiguity; they embrace it, because they believe it is central to the company's success. One manager told me, "The more we wipe out ambiguity between what was meant and what was heard, the further we wander from that essential mysterious ingredient in our corporate culture that has led to our success."

For companies in beauty, fashion, and other creative industries, the advantages of implicit communication may be particularly strong. But many other types of internationalizing companies have activities that may benefit from letting people leave messages open to interpretation, and they, too, need to think carefully about processes that might erode valuable ambiguity in an effort to improve communication.

Fault Lines Appear

Breakdowns in implicit communication exacerbate the second problem an internationalizing company faces: Employees frequently split into separate camps that have an "us versus them" dynamic.

It’s natural to feel trust and empathy for those we see daily and those who think like us. We eat lunch together. We laugh together at the coffee machine. It’s hard to feel the same bond with people we don’t see regularly, especially when they speak an unfamiliar language and have experienced the world differently. When one New York–based financial institution opened offices in Asia, it struggled to export its highly collaborative culture, in which key decisions involve a great deal of consultation. Despite management’s best efforts, the local offices created what one executive described as “overseas cocoons,” in which employees shared work and consulted with one another but remained isolated from their colleagues in the United States.

Often headquarters wants to be inclusive but finds that employees’ exchanges are hampered by differences in social customs. One Thai manager in the financial firm explained, “In Thai culture, there is a strong emphasis on avoiding mistakes, and we are very group oriented in our decision making. If the Americans want to hear from us on a conference call, they need to send the agenda at least 24 hours in advance so that we can prepare what we’d like to say and get feedback from our peers.”

Unfortunately, the Thai manager told me, his U.S. colleagues usually didn’t send the agenda until an hour before the call, so his team was unable to prepare. And it struggled to understand what was said during the call, because the U.S. participants spoke too quickly. He also said that the Americans rarely invited comments from the Thais, expecting them to jump into the conversation as they themselves would. But that kind of intervention is not the norm in Thailand, where it is much less common to speak if not invited or questioned. The Thai manager summed up his perspective this way: “They invite us to the meeting, but they don’t suggest with their actions that they care what we have to say.” The Thai team members ended up just sitting on the phone listening—giving the Americans the impression that they had nothing to contribute or weren’t interested in participating.

Corporate Culture Clashes with Local Culture

As companies institute rules about communication and inclusiveness, they often run into a third problem. Consider the Dutch shipping company TNT, which has long put a premium on task-oriented efficiency and egalitarian management. When it moved into China, it found that neither of those values fit with local norms. Its corporate culture gradually became more relationship oriented and more hierarchical, as leaders in Asia adapted their styles to attract local clients and motivate the local workforce.

The problem with that kind of adaptation is that a company’s culture is often a key driver of its success. Let's look at L'Oréal. Confrontation and open disagreement are a strong part of its corporate culture. As one manager put it, "At L'Oréal we believe the more we debate openly and the more strongly we disagree in meetings, the closer we get to excellence, the more we generate creativity, and the more we reduce risk."

Yet in many important growth areas for L'Oréal, including Southeast Asia and Latin America, that attitude is in direct opposition to a cultural preference for group harmony. A Mexican employee explained, "In Mexican culture, open disagreement is considered rude, disrespectful, and too aggressive." An Indonesian employee said, "To an Indonesian person, confrontation in a group setting is extremely negative, because it makes the other person lose face. So it's something that we try strongly to avoid in any open manner."

If you believe that your corporate culture is what makes your company great, you might focus on maintaining it in all your offices, even when it conflicts with local practice. This can work for companies with a highly innovative product offering and few or no local competitors. In other words, if your corporate culture has led to extreme innovation and you don't need to understand local consumers, it may be best to ignore local culture in order to preserve the organizational core.

For example, Google believes that its success is largely the result of a strong organizational culture. Part of that culture involves giving employees lots of positive feedback. The company's performance review form begins by instructing managers, "List the things this employee did really well." Only then does it say, "List one thing this person could do to have a bigger impact." When Google moved into France, it learned that in that country, positive words are used sparingly and criticism is provided more strongly. One French manager told me, "The first time I used the Google form to give a performance review, I was confused. Where was the section to talk about problem areas? 'What did this employee do really well?' The positive wording sounded over the top." But Google's corporate culture is so strong that it often supersedes local preferences; the French manager added, "After five years at Google France, I can tell you we are now a group of French people who give negative feedback in a very un-French way."

Creating a strong corporate culture that is pretty much the same from Beijing to Brasília makes things easier and more efficient internally. But it carries risks. A company with a strong culture typically hires employees who can fit into that culture and trains them to work and behave in a globally accepted fashion. But if you hire the rare Saudi who will challenge authority figures and encourage him to do so, you may find that his egalitarian directness keeps him from closing deals with local clients and suppliers.

Planning for Your International Culture

As companies internationalize to exploit new opportunities, how can they prevent communication breakdowns, fault lines, and other risks? As with most cultural and organizational dysfunctions, the cures are often less obvious than the symptoms, and the specifics will vary from case to case. Nonetheless, my experience suggests that if companies apply some ground rules carefully, they are more likely to adapt their culture to new countries without losing key strengths.

Identify the dimensions of difference.

The first imperative when managing a clash between a corporate culture and a national one is understanding the relevant dimensions along which those cultures vary. Are decisions made by consensus, or does the boss decide? Are timeliness and structure foremost in everyone's mind, or is flexibility at the heart of the company's success? Only after you've figured out where the pressure points are can you make plans for dealing with them.

It's important to perform this analysis along multiple dimensions, because managers tend to boil cultural differences down to one or two features, often causing unexpected problems. (See my May 2014 HBR article, "Navigating the Cultural Minefield.") For instance, French executives expecting straight talk from U.S. colleagues are routinely tripped up by Americans' reluctance to give harsh feedback, while expatriate Americans are often blindsided by their outwardly polite and socially aware French bosses' savage critiques. That said, you can typically reduce the differences you actually have to manage to just three or four dimensions.

Give everyone a voice.

Although you can vary many rules according to culture and corporate function, the one you absolutely must adopt is ensuring that every cultural group is heard. In practical terms, this involves applying three tenets during meetings and other interactions, especially when people are participating remotely:

- When you invite local offices to phone or video conferences, send the agenda well in advance (not the same day!) and designate a time for those in each location to speak. This allows participants to adequately prepare their comments and double-check them with colleagues.
- Insist that everyone use global English, speaking slowly and clearly, and assign

someone to recap the discussion, especially when conversations speed up.
- Check in with international participants every five or 10 minutes and invite them to speak: “Any input from Thailand?” or “Budsaree, did you have any feedback?”

If you follow these basics, you’ll go a long way toward preventing people from thinking that their colleagues in other cultures “never speak up because they are hiding information,” “have nothing to contribute,” or “say they want our input, but act like they don’t care what we think.”

Protect your most creative units.

As your company expands geographically, map out the areas of the organization (usually functional units) that rely heavily on creativity and mutual adjustment to achieve their business objectives. Draw a ring around those areas and let communication within them remain more ambiguous, with flexible job descriptions and meetings that are less predefined.

Elsewhere in the company, where there is no clear benefit to leaving things open to interpretation, go ahead and formalize all systems, processes, and communications. The areas that lend themselves to more-explicit procedures include finance, IT, and production.

You might want to put everything in writing to avoid misperceptions later on. If you don’t have an employee handbook, or if your handbook is sometimes vague, you’ll need to create a detailed one. But before you start crafting precise job descriptions, make sure you have protected the parts of your company that rely on implicit communication and fluid processes for business success.

Train everyone in key norms.

When entering a new market, you’ll inevitably have to adapt to some of the local norms. But you should also train local employees to adapt to some of your corporate norms. For example, L’Oréal offers a program called Managing Confrontation, which teaches a methodical approach to expressing disagreement in meetings. Employees around the world hear about the importance of debate for success in the company. A Chinese employee told me, “We don’t do this type of debate traditionally in China, but these trainings have taught us a method of expressing diverging opinions which we have all come to practice and appreciate, even in meetings made up of only Chinese.”

Exxon Mobil, which prides itself on task-oriented efficiency but has large operations in strongly relationship-oriented societies such as Qatar and Nigeria, reaps tangible benefits from getting employees to adapt to its culture, rather than the other way around. One Qatari employee told me, “The task-oriented mentality gives us a common work platform within the company, so when Texas-based employees are collaborating with Arabs or Brazilians or Nigerians, we all have a similar approach. Cultural differences don’t hit us as hard as some companies.”

Be heterogeneous everywhere.

If 99% of your engineers in Shanghai are Chinese and 99% of your HR experts in London are British, you run a high risk of having fault lines appear. If all the Shanghai employees are in their thirties and all those in London are in their fifties, the rifts may widen. And if almost all the Shanghai employees are men while most of the London employees are women, things may get even worse. Take steps at the start to ensure diversity in each location. Mix the tasks and functions among locations. Instruct staff members to build bridges of cultural understanding.

When BusinessObjects, a company based in France and the United States, expanded into India, cultural differences quickly arose regarding communication up and down the hierarchy. One U.S. manager, Sarah, told me, “I often need information from individuals on Sanjay’s staff. I e-mail them asking for input but get no response. The lack of communication is astounding.” When I spoke with Sanjay, he said, “Sarah sends e-mails directly to my staff without getting my OK or even copying me. Those e-mails should go to me directly, but she seems to purposefully leave me out of the process. Of course, when my staff receives those e-mails, they are paralyzed.”

This relatively minor cultural misunderstanding created tensions aggravated by the fact that all the local employees in Bangalore had spent their entire lives in India; none were in a position to see things from the other perspective. The majority were software engineers in their twenties. And the California office was made up entirely of American mid-career marketing experts, none of whom had ever been to India. A small issue threatened to sink the enterprise.

After holding face-to-face meetings with Sarah’s team and Sanjay’s, during which the misunderstanding was explained and worked through, BusinessObjects took further steps to get the collaboration back on track. Five engineers from the Indian office were sent to California for six months, and three Americans moved to Bangalore. Some Americans already based in Bangalore were hired for Sanjay’s team, and Sarah hired several Indians living in California. Bit by bit the divisiveness decreased and a sense of unity emerged.

Getting culture right should never be an afterthought. Companies that don't plan for how individual employees and the organization as a whole will adapt to the realities of a global marketplace will sooner or later find themselves stumbling because of unnoticed cultural potholes. And by the time they regain their balance, their economic opportunity may have passed.

Urge

Oliver Sacks, The New York Review of Books, September 24 2015 Issue

Walter B., an affable, outgoing man of forty-nine, came to see me in 2006. As a teenager, following a head injury, he had developed epileptic seizures—these first took the form of attacks of déjà vu that might occur dozens of times a day. Sometimes he would hear music that no one else could hear. He had no idea what was happening to him and, fearing ridicule or worse, kept his strange experiences to himself.

Finally he consulted a physician who made a diagnosis of temporal lobe epilepsy and started him on a succession of antiepileptic drugs. But his seizures—both grand mal and temporal lobe seizures—became more frequent. After a decade of trying different antiepileptic drugs, Walter consulted another neurologist, an expert in the treatment of "intractable" epilepsy, who suggested a more radical approach—surgery to remove the seizure focus in his right temporal lobe. This helped a little, but a few years later, a second, more extensive operation was needed. The second surgery, along with medication, controlled his seizures more effectively but almost immediately led to some singular problems.

Walter, previously a moderate eater, developed a ravenous appetite. "He started to gain weight," his wife later told me, "and his pants changed three sizes in six months. His appetite was out of control. He would get up in the middle of the night and eat an entire bag of cookies, or a block of cheese with a large box of crackers."

"I ate everything in sight," Walter said. "If you put a car on the table, I would have eaten it." He became very irritable, too, he told me:

> I raged for hours at inappropriate things at home (no socks, no rye bread, perceived criticisms). Driving home from work a driver squeezed me on a merge. I accelerated and cut him off. I rolled my window down, gave him the finger, and began screaming at him, and threw a metal coffee mug and hit his car. He called the police from his cell. I was pulled over and ticketed.

Walter's attention assumed an all-or-none quality. "I became distracted so easily," he said, "that I couldn't get anything started or done." Yet he was also prone to getting "stuck" in various activities—playing the piano, for example, for eight or nine hours at a time.

Even more disquieting was the development of an insatiable sexual appetite. "He wanted to have sex all the time," his wife said.

> He went from being a very compassionate and warm partner to just going through the motions. He didn't remember having just been intimate.... He wanted sex constantly after his surgery...at least five or six times a day. He also gave up on foreplay. He would always want to get right to it.

There were only fleeting moments of satiety, and within seconds of orgasm, he wanted intercourse again and again. When his wife became exhausted, he turned to other outlets. Walter had always been a devoted and thoughtful husband, but now his sexual desires, his urges, spread beyond the monogamous heterosexual relationship he had enjoyed with his wife.

It was morally inconceivable for him to force his sexual attentions on a man, woman, or child—Internet pornography, he felt, was the least harmful answer; it could provide some sort of release and satisfaction, even if only in fantasy. He spent hours masturbating in front of his computer screen while his wife slept.

After he started viewing adult pornography, various websites solicited him to purchase and download child pornography, and he did. He became curious, too, about other forms of sexual stimulation—with men, with animals, with fetishes.[1] Alarmed and ashamed of these new compulsions, so alien to his previous sexual nature, Walter found himself engaged in a grim struggle for control. He continued to go to work, to go out socially, to meet his friends for meals or movies. During these times he was able to keep his compulsions in check, but at night, alone, he gave in to his urges. Deeply ashamed, he told no one of his predicament, living a double life for more than nine years.

Then the inevitable happened, and federal agents came to Walter's house to arrest him for possession of child pornography. This was terrifying, but it was also a relief, because he no longer had to hide or dissimulate—he called it "coming out of the shadows." His secret was exposed now to his wife and his children, and to his physicians, who immediately put him on a combination of drugs that diminished—indeed, virtually abolished—his sexual drive, so that he went from insatiable libido to almost no libido at all. His wife told me that his behavior instantly "reverted back to loving and compassionate." It was, she said, as if "a faulty switch was turned off"—a switch that had no middle position between on and off.

I saw Walter on several occasions in the time between his arrest and his prosecution, and he expressed fear—mostly of the reactions of his friends, colleagues, and neighbors. ("I thought they would point fingers or throw eggs at me.") But he thought it unlikely that a court would view his conduct as criminal, in view of his neurological condition.

On this point, Walter was wrong. Fifteen months after his arrest, his case finally came to court, and he was prosecuted for downloading child pornography. The prosecutor insisted that his so-called neurological condition was of no relevance, a red herring. Walter, he argued, was a lifelong pervert, a menace to the public, and should be put away for the maximum term of twenty years.

The neurologist who had originally suggested temporal lobe surgery and had treated Walter for almost twenty years appeared in court as an expert witness, and I submitted a letter to be read in court, explaining the effects of his brain surgery. We both pointed out that Walter's condition was a rare but well-recognized one called

Klüver-Bucy syndrome, which manifests itself as insatiable eating and sexual drive, sometimes combined with irritability and distractibility, all on a purely physiological basis. (The syndrome had first been recognized in the 1880s, in lobectomized monkeys, and subsequently described in human beings.)

The all-or-none reactions that Walter had shown were characteristic of impaired central control systems; they may occur, for example, in parkinsonian patients on L-dopa.2 Normal control systems have a middle ground and respond in a modulated fashion, but Walter's appetitive systems were continually on "go"—there was scarcely any sense of consummation, only the drive for more and more. Once his physicians became aware of the problem, medication readily brought it under control—albeit at the cost of a sort of chemical castration.

In court, his neurologist emphasized that Walter was no longer subject to his sexual urges, and that he had never actually laid hands on anyone other than his wife. (He also noted that, among more than thirty-five cases on record of pedophilia associated with neurological disorders, only two had been arrested and charged with criminal behavior.) In my own letter to the court, I wrote:

> Mr. B. is a man of superior intelligence and a real moral delicacy and sensibility, who at one point was driven to act out of character under the spur of an irresistible physiological compulsion.... He is strictly monogamous.... There is nothing in his history or his current ideation to suggest that [he] is a pedophile. He poses no risk to children or to anyone else.

At the end of the trial, the judge agreed that Walter could not be held accountable for having Klüver-Bucy syndrome. But he was culpable, she said, for not speaking sooner about the problem to his doctors, who could have helped, and for persisting for many years in behavior that, by supporting a criminal industry, was injurious to others; "yours is not a victimless crime," she emphasized.

She sentenced him to twenty-six months in prison, followed by twenty-five months of home confinement and then a further five-year period of supervision. Walter accepted his sentence with a remarkable degree of equanimity. He managed to survive prison life with relatively little trauma and made good use of his time in jail, establishing a musical band with some fellow inmates, reading voraciously, and writing long letters (he often wrote to me about the neuroscience books he was reading).

His seizures and his Klüver-Bucy syndrome remained well controlled by medication, and his wife stood by him throughout his years of prison and home confinement. Now that he is a free man, they have largely resumed their previous lives.

They still go to the church where they were married many years ago, and he is active in his community.

When I saw him recently, he was clearly enjoying life, relieved that he had no more secrets to hide. He radiated an ease I had never seen in him before.

“I’m in a real good place,” he said.

TV vs. the Internet: Who Will Win?

Jacob Weisberg, The New York Review of Books, October 8 2015 Issue

Television Is the New Television: The Unexpected Triumph of Old Media in the Digital Age
by Michael Wolff
Portfolio/Penguin, 212 pp., $26.95

Over the Top: How the Internet Is (Slowly but Surely) Changing the Television Industry
by Alan Wolk
Self-published, 166 pp., $12.95 (paper)

1.

Between 1999 and 2009, annual revenues in the music industry declined from $14.6 billion to $6.3 billion, according to the market analysis firm Forrester Research. The music business was first attacked from below by illegal file sharing on Napster and subsequently from above by Apple's iTunes, which unbundled fourteen-dollar CDs into ninety-nine-cent songs. Even as user habits have shifted again, away from owning digital audio files such as MP3s and toward renting music from streaming services like Spotify and Pandora, recording industry revenues have remained flat, below the level where they were in the 1970s.

Newspapers followed a similar pattern, sustaining a much greater destruction of value in a shorter period of time. From 2006 to 2012, revenues fell from $49.3 billion to $22.3 billion, according to trade association figures. The challengers from below included Craigslist, which turned the multibillion-dollar print classified business into a multimillion-dollar online business. Google diverted other advertising dollars while online news sapped print circulation.

These disruptions left the question of when the television business would face its turn on the dissecting table. But despite sharing the vulnerabilities of other long-standing media—shrinking audiences, changing consumption patterns, new competition for ad dollars—the television dinosaur has only grown fatter. According to the research firm SNL Kagan, cable TV revenues rose from $36 billion in 2000 to $93 billion in 2010. Profits of the giant conglomerates—ABC/Disney, NBC Universal, Fox, Viacom, and CBS—have continued to climb in the years since. Cable operators thrive despite antiquated technology, extreme customer dissatisfaction, and the challenge of Internet streaming services like Netflix and Amazon, which now create their own original content as well. Even local broadcast stations remain highly profitable despite the declining audiences for their core news product, thanks in part to a surge of political spending following the Citizens United decision in 2010.

How the television business has eluded the bitter fate of other media is the subject of Michael Wolff's new book, Television Is the New Television. "For sixty years, television, given massive generational, behavioral, and technological shifts, has managed to change…not so much," he writes. To Wolff, the industry's imperviousness to digital disruption counts as nothing short of heroic. In an assemblage of digressive riffs, he praises television's stodginess in defense of profits. This stands in contrast to newspapers and magazines, which he derides for embracing digital transformation in ways that have only accelerated their decline. For example, he criticizes The New York Times for relinquishing its attachment to a print edition that still provides nearly 80 percent of its revenue in favor of the much smaller, "profitless space" online.

Wolff contends that television learned a useful lesson from the gutting of the music industry. The record companies were at first lackadaisical in protecting their intellectual property, then went after their own customers, filing lawsuits against dorm-room downloaders. Under the Digital Millennium Copyright Act, passed in 1998, sites hosting videos such as YouTube appeared to be within their rights to wait for takedown notices before removing pirated material. But Viacom, led by the octogenarian Sumner Redstone, sued YouTube anyway. Its 2007 lawsuit forced Google, which had bought YouTube the previous year, to abandon copyright infringement as a business model. Thanks to the challenge from Viacom, YouTube became a venue for low-value content generated by users ("Charlie Bit My Finger") and acceded to paying media owners, such as Comedy Central, a share of its advertising revenue in exchange for its use of material. "Instead of a common carrier they had become, in a major transformation, licensors," Wolff writes. Where it might have been subsumed by a new distribution model, the television business instead subsumed its disruptor.

Wolff is dismissive of newer threats to the business. He regards cord cutting—customers dropping premium cable bundles in favor of Internet services such as Netflix—as an insignificant phenomenon. But even if it gathers steam, as recent evidence suggests may be happening, cord cutting leaves Comcast and Time Warner Cable, the largest cable companies, in a win-win position, since they provide the fiber optic cables that deliver broadband Internet to the home as well as those that bring TV. Even if you decide not to pay for hundreds of channels you don't watch, you'll pay the same monopoly to stream House of Cards. (This won't provide much comfort, however, to companies that own the shows, which stand to lose revenue from both cable subscribers and commercials priced according to ratings.)

For Wolff, the resilience of the TV business finds its embodiment in Les Moonves, whom he describes as the "self-satisfied, overpaid" CEO of CBS, "with his singular passion and talent for old-fashioned American television." In 2005, Viacom spun off its less desirable assets, including CBS and its storied news division, and handed them to Moonves to deal with. A decade later, CBS is worth more than the rest of Viacom combined, including MTV, VH1, and Nickelodeon. Moonves accomplished this through skillful negotiations with the cable operators, whom he realized couldn't very well offer their customers channel packages that didn't include CBS local stations. In 2013, Moonves demanded dramatically larger retransmission fees from Time Warner Cable and made his stations unavailable to Time Warner when he didn't get them. After a month without CBS, TWC capitulated.

Thanks to these "retrans" fees, you pay eight dollars a month for ESPN whether you watch sports or not. It's not the cable operators who are denying consumers the à la carte option many would prefer. It's the big five television companies who refuse to parcel out their offerings—(1) ABC/Disney, which owns ESPN, A&E, and Lifetime; (2) NBC Universal, which owns USA, Bravo, and the Weather Channel; (3) Fox, which owns Fox Sports, F/X, and National Geographic; (4) Viacom, which owns Comedy Central, BET, and MTV; and (5) CBS, which owns Showtime, the Movie Channel, and the CW. For these companies, the indirect charges they receive for their content have become the pot of gold at the end of the advertising rainbow.

The positive aspect to this consumer-unfriendly economic model may be better television. Most commercials are directed at young people, based on the advertising industry's belief in establishing brand loyalty early. That's why so much ad-supported programming caters to the tastes of teenagers. Adults, however, pay cable bills, and this fosters the kind of long-arc narratives and complicated antiheroes that appeal to more mature audiences. Wolff argues that the economics of pay TV have driven the emergence of "storytelling on a riveting, epic, how-we-live-now scale: the baby boom trying to understand itself and the world it had wrought."

There is indeed some wonderful stuff on TV these days, but prestige programs like Mad Men and Breaking Bad may owe more to obscure cable channels trying to distinguish themselves in a vast marketplace than to the third-party payer system embedded in the mumbo-jumbo of cable bills. The independent cable channel AMC continues to depend on advertising, and its competitors like Bravo, A&E, History, and Lifetime make their money from the advertising revenue of prime-time lineups of tawdry reality shows. Wolff idealizes the new television in a way that suggests he hasn't spent much time watching Duck Dynasty. He doesn't appear to be all that interested in what's actually on TV. His broad embrace of it serves a different purpose: as a cudgel to attack the digital media that have been getting much attention. Wolff devotes a lot of his book to smacking the latest generation of digital media companies: BuzzFeed (a "staff of engineers able to game the social media world"); the Forbes website ("a shell game, in which, through a series of ever-developing stratagems, random eyeballs…were tricked or promoted into coming to the site"); and Vice ("so bizarre is the notion that Vice's young male audience will watch international news that puzzled media minds can only seem to conclude it must be true").

To Wolff, good old-fashioned television delivers something that these social optimizers, clickbaiters, and video clip-jobbers can't, which is to keep audiences immersed in stories with a beginning, middle, and end. The economic reason for this, he asserts, is digital overabundance. On the Web, any given page can be seen many times so there are countless opportunities to advertise. This inexorably drives CPMs—cost per thousand page views, the unit by which advertising prices are typically measured—below the level that can support the creation of high-quality content in any form.

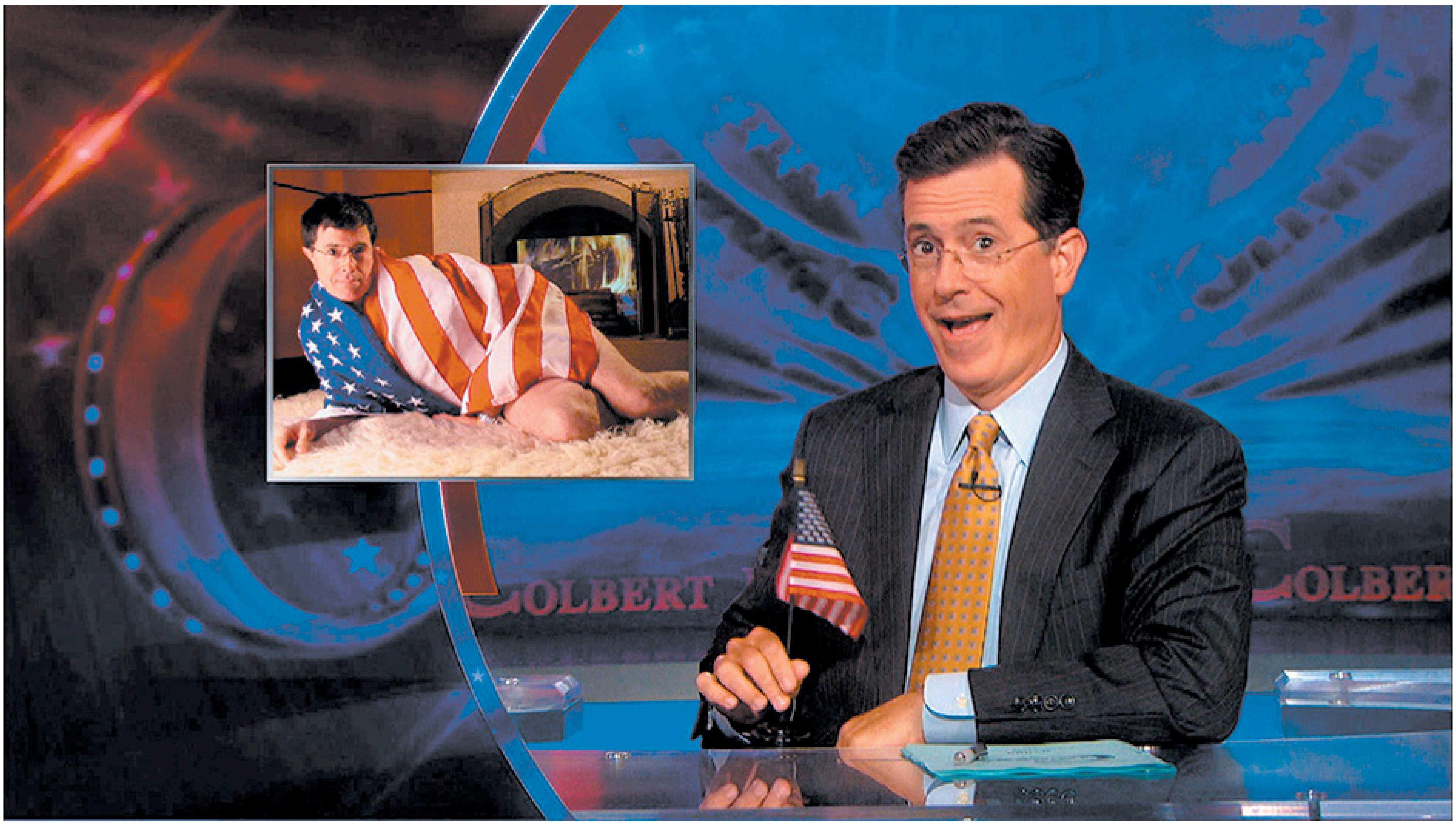
Some of Wolff's judgments about digital trends hit their mark. But his analysis is too categorical and in places simply wrong. As younger audiences shift from television to digital consumption of media, advertising dollars are following them. Prices for desirable ad placements on the Web remain high, even as the value of generic traffic on most websites goes down. In the end, Wolff's hostility toward digital media leads him to overstate both TV's immunity to disruption and his case that, because of the law of supply and demand, nothing of value can ever become a real business online.

2.

You can't understand Wolff's scorn for new media without reading Burn Rate (1998), the entertaining, self-lacerating account of his first foray as a digital entrepreneur. In the earliest days of the Internet, Wolff had the insight that people would need to know what sites were worth visiting, and he began publishing books and online reviews to guide them. Your Personal Network, as his site was called, was soon swept away by web portals like AOL and Yahoo that provided e-mail, news, and search engines all on a single site.

But before that happened, Wolff nearly became rich, nearly went bankrupt, and finally walked away disillusioned both with the Internet and with many of those trying to build a business around it. In that book, Wolff depicts himself as both a visionary and a charlatan, ready to cheat and deceive in the attempt to cash out of his ticking time bomb of a start-up before it blows. "How many fairly grievous lies had I told?" he asks himself. "How many moral lapses had I committed? How many ethical breaches had I fallen into?" The justification for his bad behavior is implicitly that, hey, other people were even worse. If Wolff remains hyper-vigilant about new media con artists, his own confessions should be kept in mind.

At the conclusion of Burn Rate, Wolff declares himself sick of the Internet racket and ready to go back to the honest business of journalism. He turned his hand to writing a column for New York magazine, then for Vanity Fair and a variety of other publications before arriving at his unlikely present home, USA Today. By the time of Autumn of the Moguls (2003), a book derived from his New York columns, Wolff has turned as cynical about the old media world as he was about the Internet. Now it is the "titans, poseurs, and money guys" of his subtitle, surveyed with a gimlet eye from his table at Michael's, who can't possibly get away with it much longer. The media business, Wolff declares, is collapsing because of inflated salaries, bloated egos, and dumb ideas. In view of his liberal politics, it is curious that the one mogul who wins his admiration is Rupert Murdoch, whom he praises for the purity of his ruthlessness. This relatively flattering portrayal might have helped to provide the entrée Wolff required for his next book, The Man Who Owns the News (2008), a biography with which Murdoch, his lieutenants, and all of his family inexplicably cooperated.



As a media writer, Wolff specializes in sizing people up and cutting them down. An hour spent with Alan Rusbridger, the former editor of The Guardian, he writes in British GQ, is “unpleasant in the exertions required to penetrate his lack of transparency.” The secret of Tina Brown’s career is “failing upward.” Even among “semi-retarded” newspaper business reporters, the late David Carr was “quite a nitwit.” Contempt expressed so promiscuously has a tendency to lose potency. But if Wolff the columnist is consistently mean, he is seldom dull, often writing what others inside the New York media bubble think about each other but would only say in private.

In recent years, Wolff has continued to ricochet back and forth between old media curmudgeon and new media visionary. In 2007, he founded a site called Newser, whose goal, he declared in an interview at the time, was to replace the network news. This was a grandiose notion for an undercapitalized would-be competitor to the The Huffington Post, which did little more than rework stories found elsewhere and crown them with punchier headlines. Go to Newser, whose motto is “Read less. Know More,” and you’ll find a collection of editorial content in a form adapted to generate Facebook traffic: “Set Foot On This Island And You May Not Leave Alive” and “Super 5-Year-Olds: 5 Great Things This Week.”

According to the site, “Michael Wolff is the founder of Newser and guides its overall direction.” The experience of launching and running a second digital content startup goes unmentioned, however, in his new book, perhaps because Newser embodies the kind of bottom-feeding clickbait that the author of Television Is the New Television dismisses as “lower-end junk.” While he ignores the awfulness of most television programming, Wolff offers no respect to even the better digital-first destinations—Vox, Vulture, 538, The Atavist, The Awl, Quartz, Slate, Salon, Tablet, Politico Magazine, The Onion, Funny or Die, and—on their better days—BuzzFeed, The Huffington Post, Business Insider, Gawker, and Vice. As businesses, these free sites are challenged by heavy dependence on advertising, but they produce a great deal of original, high-quality content.1 May the real sin of some of these outlets be that they've found traction that eluded Your Personal Network and Newser?

Like the venture capitalists currently pumping investments into the new startups, Wolff can be counted on to reverse his biases every few years or so: content is king; content is a dismal commodity; content is king again. The chief difference is that he is on a countercycle, endorsing old models when others embrace disruption and vice versa. Wolff has the right to change his mind, of course, and it is hard to think of any media sage who has been either consistent or correct over the past two decades. But at some point his blanket assertions, unsupported by evidence and animated by the conviction that anyone who thinks what he thought not very long ago must be weak-minded, begin to lose their charm.

3.

Whatever he believed ten years ago, is Wolff right that it's now springtime for the old television machers? To answer that question, it's necessary to step back from his latest embrace of the pre-digital in favor of more evidence-based analysis. An excellent place to start is Alan Wolk's self-published book Over the Top: How the Internet Is (Slowly but Surely) Changing the Television Industry. Wolk, a well-connected industry analyst, points to a very different future for the television business than the one Wolff depicts. Wolk thinks that the sector is poised for major disruption, even if it's unclear from which side or how quickly the transformation is likely to come.

In an industry where all the big players are still making loads of money, Wolk explains, no one has an interest in upsetting the apple cart. But that hardly makes the current disposition secure. If "the world still sits in front of a television," as Wolff asserts, that becomes less true with the passing of every measured month. Time-shifted viewing (recording programs so you can see them when you want) and streaming video (watching video on the Internet) mean that conventional television audiences are shrinking fast, except for live sports and news events like the Fox News Republican debate.

For the June–July period, the top thirty cable networks were down more than 10 percent in prime-time viewers compared to a year earlier, according to Nielsen. Viewership in the eighteen-to-forty-nine category, which advertisers care about most, fell 20 percent.2 The audience for live TV appears to be contracting to a smaller base of passive, older viewers. Most worrisome from a financial perspective is that television is reaching fewer fifteen-to-thirty-five-year-olds, who spend more time engaging with social media on smartphones than staring at freestanding screens. The promise of access to this generation of consumers explains recent investments in the new outlets Wolff regards as valueless, including ABC's stake in Fusion, NBC Universal's interest in BuzzFeed and Vox, and nearly everyone's investments in Vice.

When it comes to advertising revenues, declining audiences have so far had an ambiguous impact, sometimes driving up advertising prices for demographic segments that are becoming harder to reach, like children. But this is a melting iceberg model: shrinking real estate may drive prices higher, but at some point, there's not much ground left to stand on. The total volume of "upfront" sales, in which networks command their highest prices for advertising sponsorships on prime-time programs, has been declining along with the reach of live television. What's more, as audiences migrate away from live television, Netflix and Amazon are training viewers to expect entertainment without the interruption of ads.

What used to be television advertising dollars continue to migrate toward several different kinds of ads, whether online video, mobile, search, or digital display advertising. According to a forecast by the Forrester research firm, spending on digital advertising will surpass spending on television advertising in 2016. For television companies, retransmission fees may pick up more of the slack, but recent media company earnings reports indicate that those fees, and the ability of cable companies to pass them along to consumers, may have hit a ceiling. Smaller cable systems have recently been holding out against price increases demanded by Viacom and others as cable subscription numbers fall.

Today, digital content hubs like YouTube, AOL, and Yahoo that deliver the largest audiences, as well as premium sites like The New York Times, can demand high prices for ads. They do so especially for "native" ads, i.e., ads similar in form to the surrounding editorial content, and for those that run just before short-form video. Conversely, the future of television may come to look more like digital, with more and more advertising sold "programmatically," meaning that it targets specific audiences across multiple networks rather than buying on the basis of guaranteed ratings of individual shows. This shift brings the risk for the big five not only of lower prices per thousands of viewers. It also heightens the risk that more of the value of the advertising will be raked off by "ad-tech" intermediaries that target, track, and verify that commercials have been viewed by their intended audiences.

Never underestimate the durability of a monopoly, but the cable companies, with their anachronistic two-thousand- channel grids and 1990s-era set-top boxes, face real vulnerabilities as well. Here the disruption might come through an alternative way of receiving high-speed Internet, such as national or municipal Wi-Fi networks that would transmit the same materials now delivered by cable. Alternatively, the government could force the cable companies to open, for use by competitors, the "last mile" of wiring that brings high-speed Internet into the home. The 1982 breakup of AT&T's "natural monopoly" on phone service provides a precedent here. A legislative fight on this issue would pit unlovable Comcast and Time Warner Cable against GAFA—Google, Apple, Facebook, and Amazon. The gafa companies would like to be able to sell pay TV through cables of their own. Or, before any of that happens, the balance of power in the industry may simply shift more dramatically to the GAFA companies, whose long-rumored entry into the TV market is already taking place in the form of original shows available only online, such as the Amazon series Transparent. These tech companies also have the financial resources to compete for exclusive rights to stream live sports events, another shift that could sound the death knell of live TV.

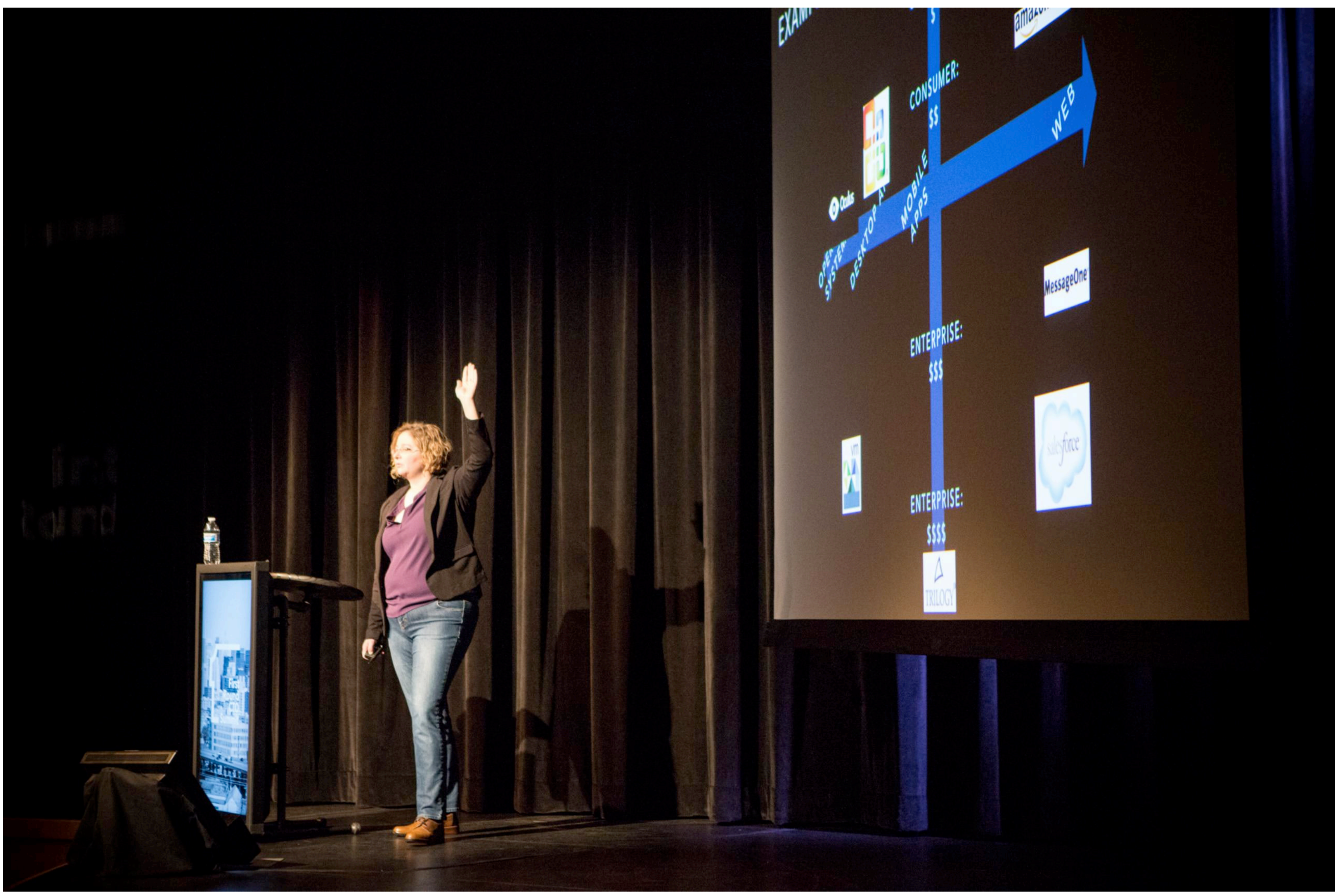
Wolk's book is also more interesting than Wolff's about the way media economics is changing the shape of filmed content. The all-at-once release model, which Netflix pioneered with the Norwegian-American crime comedy Lilyhammer in 2012, was the experiment that immediately expanded the market for television auteurs. When a twenty-two-episode season was shown over six months, writers could introduce or kill off characters and plot lines in response to audience reactions. Now writers must rely mainly on their own instincts to deliver a finished season designed for binge viewing. This is another factor making scripted TV more novelistic.

Do these evolving patterns of content distribution and consumption represent disruption or persistence? Wolff's bias against new media leads him into tautology: that which succeeds demonstrates the durability of television. That which fails to earn immediate profits exposes the shell game of digital media. It's true that someone binge-watching a bulk-released season of Orange Is the New Black on a Wi-Fi-connected laptop is in some recognizable sense watching TV, just as a person reading The Washington Post via Facebook on his or her iPhone is reading the newspaper. But it's hard to accept Michael Wolff's view that the former represents the triumph of the old and the latter foolish acquiescence to the new.

The Right Way to Ship Software

Jocelyn Goldfein, First Round Review, September 1 2015

I've been around the block and shipped a lot of software. I've worked at tech companies ranging from three to 10,000+ employees. I've built software that's been given away for free and sold for $50M license fees — and just about every price point in between. Every one of these products was developed and delivered differently, and after having the chance to compare and contrast them all, I'd love to reveal the one true way to ship software.



I'm abashed to confess that I cannot.

I've discovered and rediscovered the "right" way to build and ship software many times. I've found near-religious zeal for certain practices (say, precise coding estimates, thoroughly detailed specs or UI design via A/B test) only to find the magic gone when I tried to apply it to some other product.

In a profession where we carry out decade-spanning holy wars over tab widths and capitalization, it's no surprise that people get attached to their development and release habits. But if shipping so much software has taught me one thing, it's to be an agnostic. Different methodologies optimize for different goals, and all of them have downsides. If you maximize for schedule predictability, you'll lose on engineer productivity (as this turns out to be a classic time/space tradeoff). Even when you aren't dealing with textbook tradeoffs, all investments of effort trade against something else you could be spending the time on, whether it's building an automated test suite or triaging bugs.

My fellow engineers, please stop asking "Is this process good or bad?" and start asking "Is it well-suited to my situation?"

Consider two of my past lives:

- When it was a startup, VMware needed to offer predictable dates and high reliability because they had to convince conservative enterprises to buy operating systems from an upstart new vendor. (At the time, virtualization sounded like science fiction!)
- In Facebook's startup days, they needed to move quickly because first-mover advantage meant everything for a product based on network effects.

One of them put a ton of engineering emphasis on predictability and reliability; the other put its effort toward driving user engagement. Not hard to guess which was which. As you might imagine, the development practices at these two companies could not have been more different. Neither one was right or wrong — they both made appropriate tradeoffs for what they wanted to accomplish, and each company's practices would have been ineffective or disastrous if applied to the other company's products.

First, Take a Look at Who the Customer Is

To determine "the right way to develop software," you've got to understand what matters for your product and how to optimize for that. This isn't based on personal preference. Ultimately it stems from your company's mission, and the way you make money is a reasonable proxy for that.

Chances are, if you sell software at a high price tag, you are selling to businesses that are buying your software based on their need. The more expensive your software is, the more mission critical it is for your customers, the more likely you have to optimize for reliability, functionality and a predictable schedule. You might think business customers would like your software as soon as possible, but because they have a lot of dependencies — deployment, training, integration — it is generally much more important to them that you be predictable than you be fast. Larger deal sizes also go hand in hand with fewer customers, meaning that each customer has comparatively more power over you and satisfying their needs is more crucial to your startup's survival.

Many of the most traditional, old school software process methods are aimed at ensuring schedule predictability: careful specification of features and estimation of tasks, dependency analysis and long soak times. More modern techniques like continuous integration, comprehensive unit testing and beta testing can also help surface technical risks earlier. In my seven years at VMware, all our effort rested on a three-legged stool, whose legs were: schedule, features and quality. All of them had to be served, which came at a high price in engineering effort and developer productivity at times seemed mysteriously low. We dabbled with new techniques that boasted faster cycle times, but they came with a tradeoff: a lack of foresight. That just wasn't acceptable to our customers.

As a rule of thumb, expensive software means predictability is key while shipping. Customers need your product. If you have a lower (or no) price tag, focus on UX. Users who don't need your product have to want it.

Well, what if your customers aren't demanding enterprises? As you charge less and less (from millions to thousands, to hundreds, to freemium and free), your market goes higher volume and involves smaller businesses or consumers. For these products, schedules can be less important since people will generally accept your latest enhancements whenever they materialize. The influence of a single customer is small, so you might deprioritize a niche platform or bugs that affect only a few people.

However, you can't just decide quality is no longer a priority because you charge less. If your product is inexpensive or free, people probably use it because they want to, not because they have to. Historically user experience (UX) has been much more important in consumer than enterprise products. Enterprise vendors are catching on to the value of great UX, but there's a reason they describe excellence as "consumer grade UI." You will find different practices that work to ensure UX quality, including empowerment of the design team, prototyping and iteration before committing to dates, close collaboration between design and engineering and user testing.

Stage matters here, too. If you are growing quickly, trading off quality might be acceptable if 80% of your users one year from now will be new and won't remember your mistakes. On the other hand, if repeat business (aka recurring revenue) is your game, you'd better make sure current customers are delighted.

Next, Assess How You Deploy and How Much You're Willing to Risk

There is another, equally fundamental difference between tech companies that affect your release tradeoffs, and that is your deployment model. Deploying in the cloud means you have total control over the runtime environment of your software. It means you don't have to have the words "test matrix" in your vocabulary, which exponentially reduces testing time and volume of bugs to fix. You can update whenever you like; distribution is instantaneous and universal (and doesn't require effort from users.) Code that you delete actually goes away. You don't have to worry about fixing bugs in code that you abandoned two releases ago because a user has not moved on. Deploying onto a customer's device (which includes everything from native mobile apps to operating systems) means the once and future cost of doing a release is radically higher.

You want reliability? Instead of weeks of lab-based stress testing, just ship to production and gradually turn up the load. Turn it down and fix the problem when you run into bottlenecks.

You want efficient testing? Well, you can probably catch 80% of the bugs with 20% of the testing, then quickly spot and fix the few that escape.

You want design quality? Expose yourself to quick feedback loops by putting prototypes in production for a small number of users and see how it works.

Of course, you don't have the freedom to choose to deploy in the cloud just because it makes life easier for you. Some products (operating systems or video game consoles) simply can't exist entirely in the cloud. If you build for consumers on mobile, you'll probably choose a native app so you can deliver the best UX, because at least in consumer, rich UX trumps engineering productivity. I know it sounds preposterous, but be prepared for shipping mobile apps to have more in common with shipping operating systems than with shipping for the web. That's why even if you are mobile first, you want all of the brains of your mobile apps to live on the server where you can easily change them.

Facebook's struggle pivoting to mobile illustrates the potential for trouble. Facebook's speedy, individualistic and iterative way of designing and shipping software was deeply embedded in product team culture. If you worked in the web tier, the cost of releasing was pretty close to zero and literally everything else about the way you worked was optimized to take advantage of that assumption. As the company's focus shifted to native mobile apps, the engineers hired for their mobile expertise insisted on a heretofore unknown process like feature and UI freeze, functional specs and QA.

Learning new programming languages and frameworks wasn't what made it hard for Facebook engineers to pivot to mobile. It was hard because they had to undo all their assumptions about how to make software. I'd like to tell you there was a cool-headed analysis of the merits of various practices given the constraints of native app development and what would be best for Facebook's user community. What actually happened more closely resembled a discussion of religion or politics over the Thanksgiving dinner table. We were all family but violently disagreed in fundamental ways.

At the heart of that debate were different assumptions about tolerance for risk. Appetite for risk was baked into Facebook's culture — after all, this company brought you the slogan "Move Fast and Break Things!" Longtime Facebook engineers viewed embracing risk as an essential cultural trait — and at the time, did not realize that mode of operating relied on assumptions about the universe that were true for the web but not for mobile.

Figuring out your own software development style means you have to contemplate your own appetite for risk.

As a rule, startups should be aggressive risk takers, for entirely rational reasons. When you have no customers, revenue or brand, the impact of a mistake is immaterial. You had nothing before, you have nothing afterwards. So who cares? But once you have customers, you have to define the cost of a mistake in terms of the pain you cause. Similar kinds of operational mistakes might cause a 5% decline in growth rate for one startup and a 75% decline for another, based on different business and deployment models. If that's the case, those founders had better be running those companies differently.

In Twitter's early years, service outages were so common, users coined the term "fail whale" (inspired by the graphic on Twitter's outage page) as a shorthand for "yet another outage." The fail whale was ultimately not fatal in Twitter's business because users patiently gave them a long time to fix it. Yes, we cracked a lot of jokes, but we didn't leave the service. Imagine if instead a company like Salesforce had a "fail whale" problem. If their customers suffered frequent outages in which they couldn't book revenue or make sales calls, it could've been game over. Customers would have reverted back to on-premise CRM. When enterprises rely on your software for mission-critical operations, your mistakes can cause them very great pain. So a consumer business can afford a lot more risk than an enterprise software business.

Deployment model affects risk, too. When customers experience problems, the speed with which you fix your mistakes can be as important as how bad the mistake was in the first place. When you can push a hotfix to your server and instantaneously solve the problem for every user, you have an order of magnitude faster remediation than if your release process involves a two-week QA window and an App Store review process for the smallest code change, after which customers install the patch at their own convenience. Twitter as a web-based product was lucky enough to be able to fix their outage problems server-side. Imagine bugs that caused intermittent outages in a client-based consumer product, such as your Apple iPhone, with no solution in sight other than the next phone edition. That buggy phone gets consigned to the junk heap of history.

To crystalize how deployment and risk compound: if you happen to sell on-premise system software to enterprises for lots of money, you have magnitude-of-pain and lengthy time-to-update both working against you. You can count on the same kind of mistake costing you two orders of magnitude more than if you provide a free web-based service to consumers.

It's probably obvious to the world that VMware is substantially more risk averse than Facebook. Realize that it is not because Diane Greene and Mark Zuckerberg have different personalities, nor because one of them is right and one of them is wrong. They are different businesses with different technology stacks and they appropriately ship software in completely different ways based on how much risk their customers can absorb.

How You Ship is One Strand of Your Cultural DNA

Now that you've inventoried your business model, deployment model and appetite for risk, you've got a good framework for analyzing the release processes you're using. If you've survived long enough to achieve product-market fit and some customer traction, chances are you've naturally adapted towards practices that make sense. In startups, as in nature, form follows function. You might surprise yourself and find out that you've been wasting energy on goals that don't matter (like schedule predictability for a consumer business)!

Apart from analyzing your current methodology based on this framework, you can also use it as a filter on whose advice to take, which company's practices to imitate or even which leaders to hire.

You may find this framework particularly helpful if you struggle with multiple technologies or business models. A startup may very well need to support both web AND native mobile apps, or more than one set of customers (say, a two-sided marketplace with different apps for consumers and businesses). In an ideal world, your release process would just vary to match the product under development. But how you ship is not just process, it's culture and identity. Swapping out a process is easy. Changing culture is hard. And it's even harder for a small company to embrace different cultures for different teams.

If you find multiple "shipping cultures" in tension in your company, you're dealing with one of the fundamentally hard execution challenges of building and shipping software. There are no easy answers when people stake out positions grounded on emotions rather than reason. On the plus side: your team's emotions are engaged! It can be hard to remember that silver lining when the conflict is raging, but it is good news that your engineers care passionately about your company.

Take a deep breath and remind them that release processes come and go, but your company's mission and values are immutable. Your team hopefully can agree that what ultimately matters is to ship the best product for your users, and that what remains is negotiable. With any luck, this framework will help you negotiate it.