

An Insider's View of The New York Times

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Arthur Sulzberger, publisher of The New York Times and chairman of The New York Times Company, talks with Wharton management professors Michael Useem and Adam Grant about journalism, leadership and the challenges that lie ahead in the newly-configured world of publishing.

An edited transcript of the conversation follows.



Michael Useem: Arthur, welcome to Wharton. I'm going to begin by asking you about your years as publisher of *The New York Times* and chairman of The New York Times Company. As you look back, what decision, what action, what purchase, what divestiture are you most proud of?

Arthur Sulzberger: Thank you, Mike. It's a pleasure to be here. Let me start by saying that the decision I'm most proud of I haven't made yet. So that's my hope.... But I think as I look back, what I am proud of is the speed with which we began to address the digital revolution and [how] we have worked very hard to build our digital muscles journalistically and [as] a business.... That was something that we took on very early in this evolution. It wasn't something we shied away from. We have made mistakes. We've had successes. We continue to evolve as we must. But I think what I'm most proud of is that my colleagues and I stood up to that right away and acknowledged it and embraced it.

Useem: Arthur, a quick follow up on that. We're still in the middle of that revolution.

Sulzberger: We are hopefully in the middle, but my guess is we're still beginning.

Useem: It may be closer to the start than the end. As you look ahead, what do you anticipate that revolution's going to look like for *The New York Times* five years out?

Sulzberger: I've learned to not do those kinds of projections because I've been caught being wrong in the past. In fact, one of the greatest challenges that this has meant for the management structure and decision making is not to say, "That's where we're heading." Because what we've discovered over and over is this is a very twisty road. If you think you're going that direction and the road curves left, you're going to be in trouble. So it's flexibility and being comfortable with the ambiguity of that.

Having now said all of that, what I see as most exciting is the chance for international growth digitally. We recently launched a web site in Chinese. It's our first foreign language web site. It's one of a number that you'll be seeing over the next few years. And what we're discovering is that people are engaging with us in very exciting ways. I'll give you just one example. If you look at usage of our web site outside the U.S., the biggest countries are – and this will shock you – England, Canada and Australia. Obvious, right? English. If you look at our usage on the iPhone – and this is before we moved to a Chinese language site – China was the largest user of *The New York Times* outside the U.S. If that doesn't tell you that our information, the quality of our news, the quality of what we offer are incredibly valuable world wide, I don't know what can.

Adam Grant: When you think about your leadership experience, can you tell us a little bit about the toughest decision that you've ever made? And how you walked through it and then maybe anything you would have done differently with hindsight.

Sulzberger: There are two tough decisions. Part of my job is news and part of my job is business, so I sometimes have to look at it from both ways. From a news perspective, it was our decision to publish the story saying that the Bush administration was illegally wiretapping United States citizens. The Bush administration was vehement in the fact that this was going to have a very hard effect on the country and on the security of our nation to the point that we met at their request with the President and some of his staff at the White House [where] they made their pitch. At the end, we concluded that it was, in fact, right to publish that story. But that was not an easy decision. I think, in fact, it played out that it was the right decision.

On the business side, I think the hardest challenge I faced was when we discovered that one of our journalists had been writing lies and making up stories. Really, that goes to the core of what we are — the core that is the brand promise of *The New York Times*. Whether you get it in print or whether you get it digitally or whether you get the mind meld edition of *The New York Times*, at the end of the day it's got to be about the quality of our content and the trustworthiness. So when the Jayson Blair event happened in 2002, that really threw so much into question. That was probably the hardest leadership challenge I faced.

Grant: Those are great examples, and they're both big values questions. How did you think through what to do in either one of those situations?

Sulzberger: For the one involving the story, I had some colleagues who were very plugged into it who had their own sources within the security administration, as did I. Having heard out the President and his team and just the follow up we did over the next few days – at the end of the day, we just were not convinced. We had held the story for a year, by the way, before we made the decision to publish it. So it was not as though we just got the story and said "go." We held it for a year and then learned more and more and more and decided, "No, they're not telling us

the full story.” That’s when we finally made the decision to go. It was constant investigative journalism over and over and over.

For Jayson Blair, honestly, I wish I had moved faster. That was our mistake. There were some earlier warnings we could have listened to about what he was doing that we didn’t hear quite as well as we should have. I think it was in a way just being willing to move faster and more aggressively.

Useem: We’re going to take you back even further in your early career. You graduated from Tufts University. You worked for another newspaper, came into *The New York Times*. You were a front line reporter, assistant editor, editor, now you’re the publisher. As you look back on your experiences and maybe a mentor or two, which experience and which mentor really stands out in shaping the kind of person you are now and the kind of leadership that you exercise?

Sulzberger: Let’s start with the fact that my best mentor was my father. My father, like me, grew up in the family that has controlling interest of The New York Times Company. His father had been publisher, and he knew a lot about the road that I was going to be traveling. He was always gentle; he was always kind. He pushed me when I needed to be pushed, but he did it in a kind and loving way. I’m grateful for him and all that he gave me.

Outside of that one, I would point to an organization, not to a person – Outward Bound. Outward Bound has taught me more lessons about myself, about how to think about who I am — and about how to work with teams of people under conditions of pressure and stress in a fruitful way that allows you to really build a team, set a goal and work on achieving that goal — more than anything in my life. That has been perhaps the single best mentoring experience I’ve ever had.

Useem: You’ve written about being with an Outward Bound group on what’s called the Via Ferrata in the Italian Alps.

Sulzberger: It’s been a while since I thought about that. But, yes, you’re right. We had a group of guests that we had invited on a four-day Outward Bound trek in the Italian Alps, the Via Ferrata. The first day, we were moving way too slowly. A lot of these were people new to these kinds of experiences – being at altitude, being clipped into a wire and knowing that if, for any reason, you slipped and the wire came out, you were going to fall to your death. Just small things like that. And when the dark fell and we started to run out of water and other things, we broke ourselves into small teams and said, “Look, now this is the time where we break down to groups of five.” I led one of those teams because I’d been involved with Outward Bound many years. We said, “Our goal is to take care of ourselves.”

One of the great lessons of Outward Bound, and I actually had to use it on this particular trip, is that when the slowest person is keeping you from getting to where you need to go, the worst thing you do is yell at them because that only slows that person down further. What you really do – you reach into their pack and you take something heavy out of their pack and you put it in yours. That’s the way to get that person to move with the group.

Grant: That’s a really nice metaphor for leadership. And it connects very nicely to one of our other questions: If you look back on what you thought leadership was about early in your career and what your current view of leadership entails now, how has it changed over time?

Sulzberger: It has changed in a number of ways. I grew up in a work environment where we had daily deadlines, and you filed for that deadline. When that was done, you went home, and

you were done for the day. There was a nice systematic way to it. The paper would land on the door, and you'd be off. Now I'm in a world where you must file the story when the story is ready. If it's ready at 2:47 p.m., you've got to get it up on the web. We hold stories back now, and we put them up at different times in the day because we want someone waking up in Paris to have a different experience than the person who woke up in New York, to have some new news. And the same around the world.

We own the *International Herald Tribune*, and so we've got a world wide view, which means that you've lost some of the certainty of life, and you've got to embrace that uncertainty. With that comes experimenting and recognizing that if you don't experiment, you're just going to fall further and further behind. And experiment means you're going to fail. One of my colleagues famously said, "If everything we do succeeds, we're not trying hard enough."

Grant: How do you differentiate between productive failures that allow you to learn and failures you can't tolerate?

Sulzberger: Failures you can't tolerate really have to go back to the core promise of *The New York Times* – quality journalism. We cannot tolerate failures of quality journalism, which doesn't mean we don't make mistakes, of course. We're a human enterprise. That's why we have a correction box. That's why we have a public editor. That's why we have a standards editor. We're human. But there are certain levels of mistakes you cannot allow, or else it's going to deflate the brand in a way that's unacceptable.

More on the business side. A number of years ago, we made a first attempt to charge on the web. *Times Select*, it was called. It focused on our editorial content and particularly our Op Ed Page columnists – Tom Friedman and Maureen Dowd, etc. It didn't work. After a year and a half we said, "Done. Pull the plug on them." Four years later, when we were coming back and saying, "Should we start charging for *The New York Times* on the web?" – boy, did the people who didn't think we should start charging throw that in our face. "Don't you remember *Times Select*? Don't you remember *Times Select*?"

Now, we finally made the decision after a lot of study, to charge, and it has been a far greater success than anyone had predicted, including our own internal numbers. You've got to keep trying, but sometimes you're going to fail.

Useem: I've got a question on the flip side of thinking about leadership. You run a multi-billion dollar enterprise. You have a world wide brand. You're an extremely rapidly changing industry. You have a very strong board of directors. You're publicly traded. You have to work with those in the equity market. You've got a couple thousand people coming to work for you every day. Taking that all into account and looking back on how you thought about leadership some years back, what in your own experience turns out to be not true about how to lead?

Sulzberger: ... Leaders bring groups of people together. There's got to be a collective buy in. Now, that doesn't mean everyone has to agree. That's nonsense. But I really do believe strongly in the power of debate and discussion and team work. And that's the big lesson for me.

Useem: You've made tough decisions on running WikiLeaks materials. You've already referred to a couple of other difficult decisions. Talk about one of those decisions and who you put in the room to make that decision with you.

Sulzberger: I think the biggest one is the decision to move to a pay model on the web. There was massive internal debate and discussion on this one. There were people who absolutely were committed to the thought that if we did this, we would be just destroying ourselves digitally. We'd be carving ourselves away from the digital ecosystem. There were other people who said firmly that we've got to create a model because the move is shifting from advertising to circulation. We're seeing it in print. We've got to see it in digital. And it took us a long time to get to where we had to get to. But without that discussion and without that debate, we would not have come up with the structure we came up with – the porous wall. In other words, it started as 20 free stories a month. If you came in through “search,” you came in. If you came in because you shared a story with somebody, you were able to come in. That model, which I think really did protect us from being thrown out of the Google driven digital ecosystem – or the Facebook driven [one] – still allowed us to begin to build a very powerful pay model. We would not have come to that if we had not engaged in a real dialogue.

Grant: This is also on a similar theme, but we're interested in advice for current and future leaders. So – whether it's leading an effective debate and dialogue or whether it's other key skills you need to learn as leaders – what are the most important pieces of advice you would share?

Sulzberger: Listen is one of the big ones. Find colleagues whom you value, and embrace them. One of the things I tell people is if you're new an area, there's nothing like grabbing people and taking them out to lunch. You're going to establish a relationship with people outside the office that is going to pay off very much inside the office. So build a group of people whom you value, you trust, you listen to — which doesn't mean you don't have to occasionally say, “Yeah, we're going to do it this way.” You do. But more often than not, you'll be getting the kind of value – the quality information — you need to make the right call.

Useem: Arthur, by way of closing, is there a question we should have asked you about leadership that we didn't touch on? Anything else that comes to mind?

Sulzberger: No, I think we've covered this very well. Thank you.

Useem: Thank you for joining Knowledge@Wharton today.

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