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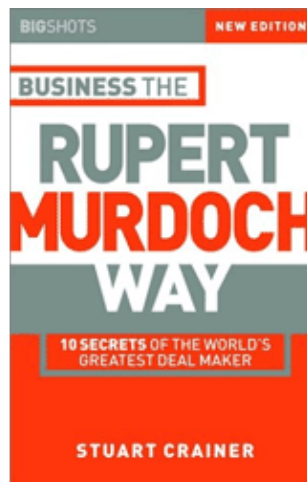
WISDOM IN A NUTSHELL

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PRESENTS
INSIDE THE GURU MIND SERIES

Rupert Murdoch Way

10 Secrets of the World's Greatest Deal Maker



By
Stuart Crainer

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Rupert Murdoch has been reviled in the press and regarded with equal parts fear and loathing, says author Stuart Crainer. The *Washington Post* has described Murdoch as “the global village’s de facto communications minister”, one of the kinder epithets bestowed on Murdoch. A Chicago columnist has gone as far as to describe him as “a greedy, money-grubbing, power-seeking, status-climbing cad.” Murdoch’s media empire, News Corporation, spans two continents and, at the time of the writing of this second edition, was in another aggressive bid to establish a foothold on the American continent. News Corp’s total assets are worth over \$ 300 billion and includes 780 businesses in 52 companies including BSkyB, News International, the Los Angeles Dodgers, 20th Century Fox and Star TV.

Rupert Murdoch molded his career after that of his journalist-father, Sir Keith Murdoch, who went to London in 1915 and worked for Lord Northcliffe, publisher of the *Daily Mail*, which Northcliffe packaged as the “busy man’s paper”. Northcliffe was, in fact, the role model whom both Sir Keith and Rupert emulated. Keith admired Northcliffe’s direct, aggressive approach to his goals.

Rupert worked as sub-editor at Lord Beaverbrook’s *Daily Express* after studying economics and graduating in 1952. He inherited the *Adelaide News* and *Sunday Mail* from his father. However, neither were large newspapers. Young Rupert threw himself into the management of both newspapers, succeeding in 1960 in buying another newspaper, the *Sydney Daily Mirror*. Murdoch went on a buying spree of newspapers that, as he described them, were “the ones that weren’t worth much, that people thought were about to fold up.” Murdoch borrowed from the banks to buy the papers and established a record for being reliable with his payments.

In 1964, Murdoch founded *The Australian*, the country’s first national newspaper. Although, as a broadsheet it remained unprofitable for years, it imbued political power to its publisher and encouraged Murdoch to think of himself as a player in the political arena. In 1969, Murdoch bought the British Sunday newspaper, *The News of the World*. The owners of the paper, the Carr Family, however, sold its 27 per cent shares of the paper to Robert Maxwell.

Maxwell, a long-time British resident, had been decorated with the Military Cross and had served as a Member of Parliament. But he was regarded as foreigner by the Carr family and the British Establishment. The Carrs preferred to sell to Murdoch although he could not match Maxwell’s offer. But through a relentless campaign in which he courted the Carrs with promises of their continued involvement in the newspaper and an assurance that he would not seek total ownership of the shares. The Carrs chose Murdoch to buy their paper but lost £ 2 million in the deal. Six months after the purchase, Murdoch bought out the last of the Carr family. In 1969 Murdoch bought another paper, *The Sun*, for less than £ 500,000. *The Sun* and the *News of the World* became flagships of Murdoch’s publishing empire, still raking in the greatest profits under the News Corp banner. In 1997, News Corp claimed that *News of the World* had an average circulation of 4.5 million while the *Sun* had 19 million readers everyday. The two publications were only the first of other acquisitions in the publishing business.

Murdoch stunned the publishing world when he managed to buy the conservative *The Times* in 1981, considered the paragon of British journalism. In 1986 Murdoch opened a printing plant in Wapping, London that utilized computers and therefore did not depend on union labor. The unions stormed the Wapping plant, staging pickets in attempts to bring the printing process to a halt. But Murdoch paid off the printers with a £ 60 million and retained the plant, which substantially reduced printing costs and pushed up News Corp's value from \$ 300 million to \$ 1 billion.

Murdoch set out to expand and strengthen his empire, acquiring Fox Studios in 1985, seven Metromedia TV stations in 1986 and TV Guide in 1988. Murdoch's pace in the nineties was no less relentless. He bought majority shares of Star TV, seized the rights to the NFL from under the noses of CBS and rescued the New York Post from the jaws of bankruptcy. He also broke into the Japanese TV market by forming a partnership with Sony and Fuji television to create Sky Broadcasting. He bought the LA Dodgers baseball team for \$ 300 million, topping the previous record ever paid for a team of \$ 173 million for the Baltimore Orioles. He acquired the distribution rights to the new series of Star Wars films in 1998.

Murdoch's media empire is now truly global and staggering in its scope. News Corp's total assets as of June 2001 reached \$ 43 billion with total annual revenues of US \$ 14 billion. The News Corp possessions includes BSkyB, News International, the Los Angeles Dodgers, HarperCollins, 20th Century Fox, Fox TV, Star TV and many more companies. Murdoch's boast is not an empty one: "No company in the world can match News Corporation in its ability to maximize its own product across multiple distribution platforms around the world." Standing at the pinnacle of this empire is Murdoch himself, considered the fourth most powerful person in Asia, according to Crainer.

Murdoch's Management Technique

Author Stuart Crainer points out that Murdoch's management style is rarely studied because of the snobbery that heaps scorn on his belligerent bulldozing style of gobbling up companies. Murdoch is considered an outsider. He is also seen as morally reprehensible, as evidenced by the salacious, scandal-obsessed tabloids in his empire. There is also a great deal of concern over the amount of media power in his hands.

Crainer submits that unlike Bill Gates who succeeded because of his timing and innovations in the industry, Murdoch is known for his managerial performance. He points out that Murdoch fulfills Mintzberg's criteria for a manager at work, in all its various aspects.

The key management lessons to be drawn from Murdoch's career are:

1. **Go with the flow.** Murdoch has a remarkable capacity to adapt to the corporate war zone.
2. **Goodbye, Mr. Nice Guy.** Murdoch is legendary for his ruthlessness.
3. **Place Your Bets.** Murdoch thrives on big risks and big stakes.

4. **Lead from the Front.** Murdoch is undoubtedly the decision-maker at News Corp.
5. **King of the Nitty Gritty.** Murdoch knows his business inside out.
6. **DNA Marketing.** Murdoch is a master of marketing and has a keen instinct for it.
7. **Speed Freaks.** Murdoch makes lightning speed decisions despite News Corp's size.
8. **Think Tomorrow Today.** Murdoch always thinks of the future.
9. **Ambition Never Dies.** Despite his age, Murdoch's energy remains unflagging.
10. **Drive the Company.** Murdoch's companies are never stagnant, but are characterized by dynamism.

Can't Believe in Anything

Crainer says like other successful businessmen and women, Murdoch's creed is business. Despite coming from a religious family, he demonstrates no moral imperative in his business life nor does he espouse any particular belief or philosophy. Despite early affiliations with the Right in the late seventies and eighties when Margaret Thatcher received his support, Murdoch does not show any steadfast loyalty to any political party. One newspaper said, "His political alliances have nothing to do with ideology."

He supported the Australian Labor Party in 1972 and then made a u-turn and supported the Conservative Party in 1975. He was an avid supporter of Margaret Thatcher and 20 years later was seen to be close to Tony Blair. Party affiliation is not the factor that draws Murdoch's support; it is whether or not he can smell a winner. He is not interested in backing losers. His *New York Post* endorsed Ed Koch rather than Mario Cuomo in the 1997 mayoral campaign for New York. Murdoch reputedly said, "It's very simple. There are two and a half million Jews in New York and one million Italians."

Despite having no avowed permanent political loyalties, Murdoch clearly shows that he is a skilled networker, able to make connections with an astonishing diversity of personalities across political barriers.

Go with the Flow
Move with the times. Murdoch sniffs out where the power is moving.
Ideas develop and evolve. Murdoch has moved on to evolve his beliefs.
Do not over-commit to one cause.
Constantly update and develop your network of contacts.
Get close to the corridors of power
But don't become a politician.
Put your faith in the next deal rather than some big idea or philosophy.

Goodbye, Mr. Nice Guy

Crainer says there is a current trend to emphasize empowerment and spiritual awareness in the business world. However, a study by the Henley Management College of the careers of 72 successful managers shows that the old-fashioned qualities of decisiveness,

willingness to take risks, energy and initiative remained important factors that contribute to the success of these managers.

In Murdoch's case, all these qualities are coupled with ruthlessness and a penchant for moralizing, even though the two may seem contradictory in the same person.

Managing People

Murdoch's ruthlessness is an essential trait of any successful CEO. He demands that his staff perform or they go. Possibly because of his Scottish Presbyterian background, Murdoch maintains an austere reserve about his personal wealth and lives a relatively simple lifestyle. He is close only to his immediate family and has no close friends. He has been known to fire even his own friends although Crainer notes that this apparently has no demoralizing effect on his employees who seem largely convinced that the people he fired were simply not right for the job at hand.

Beating the Competition

Murdoch once described life as "a series of interlocking wars". When he plays, he plays to win and when he wins he demolishes the competition. As demonstrated when he locked horns with the unions at Wapping, Murdoch makes it known that he is willing to confront the competition head-on. He has been known to use phrases such as "battering ram".

Crainer observes though that in his blustery manner, Murdoch sometimes overlooks the consequences of his ruthlessness. Murdoch raised a media furor when he decided to cancel the publication of former Hong Kong Governor Chris Patten's book on the handover of Hong Kong to China. Murdoch then had ambitions for the Chinese market. Murdoch's editor, Stuart Profitt, resigned and the hostile newspapers gleefully published photos of Murdoch with Chinese president, Jiang Zemin. When the contract with HarperCollins, Murdoch's company was cancelled, Patten simply found himself another publisher and gained some useful media mileage from the media brouhaha over the contract cancellation.

Goodbye Mr. Nice Guy
Manage people as rigorously as other corporate assets.
Recruit strong people.
Backtracking is weakness.
Compete to win.
Accept short-term criticism for long-term gain.

Balancing Intuition and Analysis

Murdoch is a gambler in both his professional and personal life. In 1990, Murdoch's UK satellite TV company, Sky, owned \$ 2.7 billion. Murdoch merged Sky with its competitor, forming BSkyB. Four years later, BSkyB announced profits of \$ 280 million.

Murdoch manages to combine up to date financial information - even hiring Mervyn Rich to provide weekly financial reporting systems - as well as a canny instinct for what he feels will eventually bring in the money. When he poured money into his television satellite business, it was against the advice of his financial analysts and advisers. This intuition is apparently a trait that cannot be taught at any business school. Phil Hodgson, in his book *What do High Performance Managers Really Do?* says, "They recognize intuition as a skill, part of their managerial armory."

In this instance, Crainer compares Murdoch with British maverick, Richard Branson, whose decision to go into the airline industry in 1984 was, like Murdoch's decision about satellite TV, against the advice of his friends. Herbert Simon says, "Intuition and judgment, at least good judgment, are simply analyses frozen into habit and into the capacity for rapid response through recognition."

While techniques have been introduced that encourage the intuition such as brainstorming, mindmapping or the Delphi technique, creative intuition cannot be generated on demand. It cannot be turned into a management theory. Crainer also says decisions based on intuition tend to be met with a good deal of skepticism especially if such decisions have to be defended in the boardroom. Intuition also tends to be undemocratic. If the CEO insists on following his intuition, his underlings cannot in all likelihood disagree. Intuition also promotes action; it can undermine the need for analysis and reflection.

When to leave it to Intuition
Sam Hill lists the following five problems best solved by intuition:
Very personal decisions such as who to marry.
Problems where a wrong decision need not lead to costly consequences.
Questions where there is no available data.
Problems where available data is very suspect.
Questions far out into the future.

Place Your Bets
Risk-taking is the essence of managerial decision-making.
Respect intuition but feed in the figures. Decisions made solely on intuition are the riskiest possible.
Keep your nerve when the race is on. Losing is part of the game. Real winners lose and resolve never to make the same mistake again.

Lead from the Front

Warren Bennis, adviser to four US presidents, carried out a leadership research involving 90 of America's leaders. He noted four common abilities among these leaders: management of attention, of meaning, of trust and of self.

Management of Attention/Vision

Bennis says management of attention is vision. He defines leadership as “the capacity to create a compelling vision and translate it into action and sustain it.” Crainer says Murdoch demonstrated this quality when he persevered in his vision of what the future would bring for his Sky Television Company in the UK.

Communication

Crainer thinks that despite a public image as a dour figure, Murdoch keeps in constant communication with his employees and is constantly reminding them that he is aware of their work and is watching what they do.

Trust

Crainer points out that the remarkable loyalty that Murdoch’s employees show indicate that Murdoch seems to enjoy a high degree of their trust.

Deployment of Self

Leaders emphasize persistence and self-knowledge. They also show a willingness to learn, even from their own mistakes. Leaders also display a positive self-regard as well as an ability to accept people as they are. They are capable of trusting people even when it seems to be risky and are also capable of doing without constant approval or recognition.

Leaders also demonstrate an outstanding confidence in themselves. Murdoch possesses this trait. Bennis however explains that successful institutions are never just the achievement of a great man or woman. The image of the strong, tireless leader may not be totally accurate. Bennis notes that in contemporary times, the new model for the leader is a pragmatic dreamer. He explains, “The leader is the one who recruits the others, by making the vision so palpable and seductive that they see it too and eagerly sign up. The standard models, especially command and control, simply don’t work... Devising and maintaining an atmosphere in which others can put a dent in the universe is the leader’s creative act.”

Of all the qualities that Bennis describes Crainer lists four in as part of Murdoch’s leadership style:

- Strength of vision
- Pragmatism
- Ability to persuade people to sign up to his vision.
- Putting a dent in the universe. Murdoch wants to change things and shake things up.

Murdoch the Internationalist

Keith Gay and Vic Dulewicz carried out research giving rankings of competencies for chief executives of international companies. They concluded that international directors need to “show significantly greater perspective and strategic awareness than those who work in national companies.” Crainer holds up Murdoch as a paragon of the global executive whose commercial concerns crisscross a borderless realm. In his book *Riding the Waves of Culture*, Fons Trompenaars, says the international manager needs to be

aware of the cultural differences in society and respect them. But he is also required to transcend them and in fact to reconcile cultural dilemmas. Murdoch fulfills this requirement. He has assumed American citizenship. The operations of his companies span continents and industries. His companies do not carry any national identity. Murdoch has become a citizen of the entire world. The Washington Post dubbed him “a model for the 21st century entrepreneur – a captain of industry who operates under so many flags at once that it’s hard to know either where his allegiance lies or how his businesses function.”

Lead from the Front
Murdoch leads from the front. He puts his head on the block and accepts the risk.
Murdoch’s vision is there and is known by the people who deliver it.
Leaders must build trust through encouraging others to take responsibility.
Murdoch possesses huge reservoirs of self-confidence.
Murdoch is a global manager for whom a deal in Dusseldorf is the same as one in Delhi.
True leaders never become satisfied with the status quo. Consistent growth comes from high quality leadership.

King of the Nitty Gritty

Rupert Murdoch believes that management is detail. He has firmly stated that trying to keep in touch with the details enables him to understand what is happening to the companies he manages. He attained a thorough understanding of the newspaper business, a preparation made possible by his early involvement in his father’s newspapers as copy editor. He does not claim to have ever been a great journalist but this early exposure gave him a working knowledge of the newspaper business, knowledge he utilized to gain the financial clout he now possesses.

Over and above his newspaper background, Murdoch made it a point to develop a schedule of spending ten days every three months at each division to familiarize himself with its operations. Andrew Neil also points to Murdoch’s propensity for using the telephone to “strike fear at anytime even in his most peripheral domain.” Murdoch is heedless of schedules and time zones when he rings up his executives to get the information he needs.

King of the Nitty Gritty
Know the business, the processes behind it and the end product.
Involve yourself but don’t interfere.
Use disciplined attention to confront the really tough questions.

DNA Marketing

“Zip me up before you go go,” screamed one headline of Murdoch’s *The Sun* newspaper after singer George Michael was arrested in a Los Angeles public toilet. *The Sun* has set the benchmarks for all other yellow journalism tabloids in the world. It continues to pander to the most scandal-hungry segment of the population. *The Sun*’s success shows Murdoch’s keen marketing sense. He was the first to create a bingo millionaire through the bingo in his newspapers. He also slashed the price of *The Times* from 45 pence to 35

pence, boosting the circulation by 40 per cent. Murdoch has utilized every traditional marketing tool to sell his products. In the film *Independence Day* produced by 20th Century Fox, owned by Murdoch, the characters are seen watching Sky News, also owned by Murdoch. His newspapers promoted another Murdoch-produced film, *Titanic*.

Journalists balk however at how such marketing policies threaten journalistic independence but apparently this is not Murdoch's concern. Murdoch's companies are market-driven.

Wharton's George S. Day explains that a successful market-driven company like News Corp should offer superior solutions and experiences, focus on superior customer value, convert satisfaction loyalty, energize and retain its employees, anticipate competitors' moves, view marketing as an investment and nurture and leverage brands as assets.

Another marketing expert, Philip Kotler, teaches three key guidelines for companies for surviving into the future:

- Invest in the future.
- Move fast.
- Excel at everything you do.

The important thing is that the entire company must be involved in marketing.

DNA Marketing
The marketing ethos must dominate the organization with the CEO leading by example.
Be in tune with the needs of your real and potential customers.
Use the full force of your organization to promote your products and services.
Focus on the four Ps of marketing: price, promotion, place and product.

Speed Freaks

Murdoch has been known to make swift decisions. In the business world, speed has become a tool of survival. Products are copied almost overnight by competitors and placed on the market within days. Globalization and the information revolution have made it necessary for companies to adapt quickly or die. Murdoch himself stated in his 1997 Annual Report "The winners will be those who capitalize quickly on changing opportunities. The challenge is to move early and innovate often. This is not always a comfortable path but it is the only one which led News Corporation to success in the global market of the 21st century."

Organized to Move Fast

Speedy decisions can only be made by large corporations if they are structured to do so. The mammoth companies of the sixties and seventies were able to function because they did not need to make quick decisions. Today's companies need to cut their way through their hierarchy to communicate with the people they need to. Crainer believes that News Corp's organization enables it to do this but it is mainly through the energy of Rupert Murdoch that it is able to survive. He is able to move quickly without consulting an entire array of committees or teams. In this, ex-Fox chief Barry Diller calls him, "one of the

world's greatest entrepreneurs. He follows and exploits opportunity better than anyone alive and with no support system to depend upon other than himself." Crainer explains that it is important to understand connectivity in order to take advantage of the complex adaptive system. The stock market crash of October 1987 was a glaring instance not of how disconnected markets were but of how closely connected they truly were and how they could be short-circuited by independent investors. The challenge for News Corp and Rupert Murdoch is how they can continue to use their connectivity to survive any future short-circuits in their path.

Speed Freaks
It is important to make decisions and act upon them faster than your competitors.
Your organization should be structured to act fast.
Eliminate the hierarchy that slows down action and decision.
Utilize your connectivity in order to compete.

Think Tomorrow Today

Murdoch seems to be perennially flying after tomorrow. William Shawcross cites his "brilliant flair for spotting trends in popular culture." Murdoch continues to dream of a future global satellite network, a vision that has so far failed to come to fruition. Henry Mintzberg's research reveals that managers become so absorbed in current everyday tasks that they fail to envision the future. This is Murdoch's great gift, says Crainer. He can grasp details and the total picture offered by the present while casting an exploratory eye on the future. He has developed a sensitivity to the importance of future trends that lie curled up under present-day disguises.

This talent for sniffing out future possibilities has given Murdoch the patience and doggedness to think long-term. He has cast a covetous eye on the 1.3 billion strong Chinese consumer market. He chucked the BBC from his Asian satellite system and sold his interests in the *South China Morning Post* because both entities were critical of Chinese government policy. He has shamelessly ingratiated himself with the Chinese authorities in his desire to break into the Chinese market through his Star media empire, which needs government backing to take off in the country. Murdoch has gone so far as to invest in Phoenix Satellite Television, which broadcasts material that is favorable to the Chinese government.

Murdoch is one manager who knows and accepts that the future will be different. Leadership researchers Randall White and Philip Hodgson discovered that in the face of future uncertainty, organizations have three options: ignore, contain or adapt.

Companies have a tendency to protect their present status rather than prepare for the future. They fall into the mindset that the future is merely a linear projection of the present and all they need to do is to continue present policies, rather than to lay themselves open to learning about the future. Managers who assume that tomorrow will be the same as today are content to let the status quo remain as long as it is controlled and contained.

Adapt

Organizations that are prepared for the future first seek patterns in the data. They take past patterns and use them as testing grounds to help them prepare for all the possibilities that the future can offer. Only then can they make the necessary decisions to help the company be ready for the future.

Think Tomorrow Today
Invest time in considering the future.
Embrace technology

Ambition never Dies

One of Rupert Murdoch's colleagues once said, "He has the super-human energy of a 35-year old." Murdoch is in his seventies and sleeps only three hours per night. Margaret Thatcher slept only four hours per night. A capacity to maintain a high level of energy is a prerequisite of a leader. But then the world is full of managers working 16-hour workdays. The difference between them and the Murdochs of the world is that Murdoch digs deeper into the problems he solves, he is not merely warming his desk poring over the day's agenda. Murdoch, like Disney's Michael Eisner and GE's Jack Welch, regards his work as important. That is why these executives are still keeping a furious pace of work despite heart bypasses, health problems and age.

Their motivation lies beyond the paycheck. They are also strongly motivated by the importance of the work they do and how it affects the world around them. Murdoch once said, "Satellite broadcasting makes it possible for information-hungry residents of many closed societies to bypass state-controlled television."

Observers have speculated on the motivation behind Murdoch's punishing pace. The fact remains that Murdoch's ability to generate energy and enthusiasm and extract ideas somehow also inspires the same energy in others. Great leaders are characterized also by tremendous enthusiasm, which they in turn communicate effectively to those around them. Murdoch admitted, "In motivating people you've got to engage their minds and their hearts. I motivate people, I hope, by example and perhaps by excitement, by having productive ideas to make others feel involved."

Ambition Never Dies
Keep learning. You must be prepared to change and to learn.
Keep questioning. When you ask questions you become more receptive to reading the times, which help you to answer questions.
Keep working. Murdoch shows no signs of slowing down despite his age.
Keep making mistakes. Out of your mistakes will come your greatest learning experiences.

Creating Excitement

Murdoch's demonic reputation often conceals the curious phenomenon that very few people actually leave his companies. News Corp's environment is alive with change and Murdoch himself hardly keeps still, acquiring new companies one after another. This

constant exposure to change and challenge has managed to make News Corp elude the threat of complacency that afflicts many successful companies. The atmosphere of change means Murdoch's executives rarely have the time to sit still.

This mania for motion is another secret of survival. Murdoch's willingness to continually move forward reveals a willingness to make mistakes and take risks. Gary Hamel, author of *Competing for the Future*, says companies like News Corp are wealth creators. It is at the center of its industry, influencing new markets. Hamel argues that there are four preconditions for wealth-creating strategies. First, the organization must care for the future. Second it needs "new voices", the perspective of the different people within the organization. Third, strategy should be created by getting more people involved. Finally, there should be new perspectives, new ways of thinking. Crainer believes that News Corp fulfills this criteria.

Drive the Company
Change pushed the company forward.
Even large organizations should maintain their youthful entrepreneurial enthusiasm.
Cultivate revolution. Inventing markets is more lucrative than entering markets.

How to succeed like Rupert Murdoch

1. Start early.
2. Move with the times.
3. Have faith in yourself and your business; nothing else.
4. Network.
5. Be ruthless and fair.
6. Play hard.
7. Compete to win.
8. Play the long game.
9. Move fast.
10. Ask questions.
11. Lead from the front.
12. Envisage the future.
13. Forego management by bullshit.
14. Believe in yourself.
15. Embrace the world.
16. Embrace technology.
17. Keep learning.
18. Make mistakes.
19. Create fear.
20. Take risks.

News of Rupert Murdoch's separation from his wife, Anna, after 32 years caused News Corp shares to fall as outsiders speculated on how this breakup would affect family succession and continuity. Rupert's son, Lachlan, is senior vice president of News Corp, while his other son, James, is CEO of Star. Anna Murdoch herself conjectures that the succession will be accompanied by heartbreak. Crainer concedes that News Corp's

longevity appears to offer reassuring prospects of its continued survival; it is still Rupert Murdoch's drive, ambition, energy and vision that continued to propel it forward. A successor to such a man will be difficult to find.