

The Future of Entertainment: Rise of the Connected Leader

By Andrea Kilpatrick

The coronavirus pandemic has changed the way we consume creative content – from Netflix binges to virtual museum tours to concerts streamed from musicians' homes. But more transformational than the amount of content absorbed or the medium used has been the reaffirmation that connecting with something creative is important to maintaining our sanity. This has happened even as the virus' impacts have forced the entertainment sector to shut down productions and furlough workers. As a result, those in the very hands-on business of making creative content have had to reconfigure how they lead and work during these isolated times.

What lessons can the entertainment sector, and industry in general, learn from these experiences? What type of leaders will be required in these disrupted times and in the future? At Egon Zehnder, we have assessed over 250 entertainment leaders in the past 18 months, and our experience has convinced us that leaders must have four priorities right now and in the future in order to succeed: Double down on digital, get closer to the consumer, think globally and prioritize people leadership.

Double Down on Digital

The digital revolution in the entertainment business has been widely documented over the past few decades, with over 300 over-the-top providers currently in

the market. But the pandemic, in addition to confirming the power of digital distribution, has revealed new ways entertainment companies could capture value. One clear example is Netflix's surge in new subscribers - up almost 16 million in the first quarter and another 10 million in the second quarter (versus just 2.7 million for the same period last year, although the numbers flattened as the year went on). With broadcast and cable TV providing hundreds of channels available 24/7, audiences still signed up for the streaming service in droves, confirming that consumers want the control that only digital offers and the ability to use their mobile devices to turn every space - indoors and out - into a TV room. Even traditional genres like opera, ballet and Broadway pushed into streaming, opening up free access to online concerts and performance. Several performing arts companies are now looking at how to make this an ongoing method of reaching new audiences.

New digital technologies have also allowed some shows to complete their seasons even after the shutdown of traditional television production. Animated episodes, digitally produced, completed the seasons of *The Blindspot* and *One Day at a Time*. We will have to see whether this genre mixing lasts once traditional live action productions return, but one network president told us he is seeking to hire executive development talent with experience across scripted, unscripted and animation as a way to generate fresh ideas and flexibility. Other companies should look for leaders who understand the value of digital as a means to give audiences what they want from the broadest perspective – from content creation to distribution.

Get Closer to the Consumer

Ironically, a pandemic that has prevented people from physically interacting has actually broken down barriers between creators and audiences. Being able to see the real person in an unproduced setting has democratized the TV watching experience. Concerts and interviews are broadcast from people's homes. Actors are talking to us with cats and kids roaming in the background. One of the most popular elements of the virtual NFL draft was the view inside the homes of coaches and agents. Entertainment stars were revealed as regular people, just like the viewing public. Before the current crisis, getting close to the customer meant "Direct to Consumer," giving media companies direct access to customer data in a real-time way that Nielsen ratings never could. In this one-way communication, entertainment conglomerates captured information about the lives of their audiences – their tastes, habits and identities – to be analyzed and monetized.

The pandemic has shifted this dynamic, requiring shows and the people behind them to share more about *their* lives with audiences, revealing a very human side to their brands and levelling the playing field. Several talk shows like *The Tonight Show Starring Jimmy Fallon* and *The Daily Show with Trevor Noah* transitioned to “at home” versions, gaining some of their highest ratings and breathing new life into a staid format. Shows created during the pandemic such as *Some Good News* were popular because of the uplifting local heroes content, but also because of the format’s folksy low tech sensibility. Created by John Krasinski, the show featured an at home set, a sign made by his kids and viewer-generated art in the background. Incorporating viewer comments into the design and content along with the webcam feel of the show made viewers feel like part of a collaborative experience. Yet the news that Krasinski had sold the show to CBS spurred a swift backlash from viewers fearing that the show created by and for the good of the community had morphed into yet another corporate relationship.

Going forward, entertainment leaders should look for ways to maintain a peer-to-peer relationship with audiences through setting, format or content. Leaders who have experience creating or identifying quality content made with do-it-yourself production in more democratized ways will have a natural advantage going forward.

Think Globally

The global nature of entertainment was on full display during the pandemic. Almost 80% of Netflix’s new subscribers in the first half of 2020 were outside the US and Canada given the saturation of the North American market. Continuing a trend that started before the virus, global concepts were also produced for multiple markets, with several becoming reality show phenomena, including *Love is Blind* (US original), and *The Circle* (UK original). In order to keep voice actors safe, some streaming services also elected not to dub many foreign language shows, choosing to release them in native languages and pushing English-speaking audiences hungry for new content to accept subtitles.

The crisis has also highlighted the global nature of production. CBS All Access’s *The Good Wife* shared with their audience the journey each episode’s music takes to produce – Andorra, Texas, LA, NYC, Santa Barbara – to explain the increased post-production time required for each episode. Going forward, higher production costs due to pandemic protections may accelerate the move to lower cost locations

outside of the US. Studio executives indicate they will be adding an additional 10-20% to budgets to cover the costs of required health protections on new shows. Adding extra days to shoot will cost an incremental \$450-770K for an hour-long show. Situating production or post-production in global locations could help offset these costs.

Going forward, culturally sensitive leaders with experience connecting with audiences and teams across geographies will be needed to capture new opportunities from development to production and beyond.

Prioritize Leadership

The pandemic forced content creators to take on new skills and operate in new, isolated environments. One network CEO discovered that sending a style guide to producers' homes allowed them to create a finished product indistinguishable from pre-Covid quality productions, a realization that will probably result in permanent changes going forward. Actors set up makeshift Automated Dialog Replacement booths in their closets to re-record dialogue. From news programs to SNL at Home, teams had to do things in different, independent ways, and leaders had to learn to manage and inspire remotely.

One Executive Producer of a major news magazine started sending out a daily email sharing the goings on around the virtual water cooler in addition to team production notes, but the most anticipated part of her email has been the motivational stories at the end. In order to bring a broader set of voices into senior leadership meetings, a NY-based production company added slots for junior members of the team to participate in the Zoom operating team meetings. The practice will continue after the team is back in the office.

One thing that is clear is that the post-COVID world will demand people leadership skills more than ever. Remote work is here to stay. Leaders will need to develop a new set of skills for how to motivate and collaborate remotely. In a rapidly disrupting industry, these shifts will continue. They also will have to learn to support and motivate individuals and teams through these changes. Companies will save time and money and preserve morale by hiring leaders who can develop current staff as opposed to trying to hire from a limited pool of people with newly-in-demand skills.

The new leadership paradigm requires “connected” leaders, leaders who understand how to create meaningful relationships with audiences and their teams in new and creative ways. Entertainment leaders who can embrace that concept will help their companies succeed in an industry continuing to go through very disruptive times.

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Covid-19 Micro-Website

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