

FINAL

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New York University's Leonard N. Stern School of Business Graduate Convocation
May 19, 2011

Dean Henry, members of the Board, administration, faculty,
guests, friends and families, and most of all, graduates . . .

I am honored to be here. It is a tremendous privilege to be
addressing your Graduate Convocation.

I know this is a day of great celebration and accomplishment.

As it should be.

So I will start by making today's newly minted MBAs and PhDs a promise.

I stand before you representing the newspaper that offers "all the news that's fit to print." But I promise to offer "all the speech that will fit in 15 minutes."

The old saying is true: the only thing standing between a student and the well-earned diploma is the graduation speaker.

More importantly, I make that promise because we need you and we need you right NOW.

Our businesses. Our government. Our society. We need you.

That has always been the case with NYU. I researched The New York Times archive to find out what we reported when this fine graduate school first opened.

Two ideas – stood out in that 1920 article titled: Wall Street's Graduate School.

First was a quote from Archibald Wellington Taylor, the first Dean of the Graduate School of Business Administration.

Speaking of the location, he said, “ that the financial district of New York City has brought a large number of men and women of college training.”

Men *and* women.

For me and for others, that is a personal source of pride. And it is another reminder that this institution has not only long been a champion, but often led the way, when it comes to diversity, openness and inclusiveness.

The article was written shortly after women won the right to vote. But that did not mean women had the right to compete in business. Thankfully, NYU saw past that barrier.

(pause)

The other important idea was in the article's description of the program itself.

“The course will be conducted,” it said, “with special reference to college graduates who are anxious to get commercial training.”

Anxious!

Even as our economy continues to recover, we still usually hear a different form of that word. Anxiety.

But the anxiousness within you is different. Yes, it is still a tough market.

But whether you are going from Washington Square to The Street...

Whether you have your diploma in one hand and your business plan in the other...

Whether you are going to forge your career in the private or the public sector...

You are eager to get going. Itching to make a mark. To apply what you have learned. To turn the lessons into leadership.

Inclusiveness and a healthy sense of anxiousness – are values.

They are the values of the future.

Inclusiveness might be more obvious. When this school was first getting started, immigrants from across the globe were coming here. Today, we are releasing you into a global economy. We do so knowing that you are open to new people and new places. And that you are also open to new ideas, new challenges and new realities.

But the second value -- that healthy sense of anxiousness -- and what it means for an individual or a business -- is more complicated.

And it is what I would like to address today. I will lead off with what I know best. The lessons we've learned at The New York Times Company. How we have embraced the change, the challenge and the choice.

I am blessed to lead a company with a rich history. The Times is a strong brand. We have loyal customers who have an indelible and emotional attachment to our news organization and the quality journalism that defines us.

But what do you do when that loyalty may no longer be enough?

Past success does not guarantee future success. As the last few years have made very clear, history, strong brands and loyal customers do not shield you from the challenges of a dramatically changing economy. Or a changing world.

The saying used to be that the best time to fix the roof is when the sun is shining. That is true.

But equally true is another phrase you may have heard before: a crisis is a terrible thing to waste.

Nothing makes you take stock and reevaluate more urgently than when things seem to be at their most challenging -- regardless of the forces of change responsible.

The question, of course, is rather than be paralyzed by change or anxiety, can you use it to your advantage?

Can you see uncertainty not as an obstacle but an opportunity?

Can resiliency allow you to emerge stronger from a period of rapid industry change?

We certainly do not have all the answers. Nor are all of our answers perfect. If anything, resilience means learning as you go.

But what I can offer you, from my own experience, is a general proposition – what I believe gives life to a healthy sense of anxiousness . . .

What I believe allowed The New York Times Company to reinvent itself . . .

What I believe is critical to success. Particularly in turbulent times.

The proposition is this: while you have no choice but to deal with dramatic change and challenge, how you deal with them is a choice. Your choice.

I challenge you to face any change head-on. With courage.

Shimon Peres once said, “History is like a horse that gallops past your window, and the true test of leadership is to jump from that window onto the horse.”

At the Times Company, we jumped onto that proverbial horse of change. And we tried to do that by focusing on five decisions . . . five decisions that applied to the constant change in media but can apply to any industry.

- 1) Remember your Mission
- 2) Embrace Technology
- 3) Meet the Consumer
- 4) Streamline the System
- 5) Expand the Revenue Streams

Take that first decision. Be true to your mission. **Our mission** is to enhance society by creating, collecting and distributing high-quality news, information and entertainment.

We used to wonder: if a tree falls in the woods and nobody is around to hear it, did it make a sound? Now, we ask: if a tree falls in the woods, and your smartphone doesn't buzz, did it happen?

Think about this: there is probably not a single one of you who had heard of Twitter when you were freshmen in college.

Today, it is not only how people get news. It is how some people get a breaking summary of their news.

Long before American news outlets knew, an IT contractor was live-tweeting that there unusual activity in his town. The town

was in Pakistan. And the activity was Navy SEALs raiding the mysterious compound down the block.

How do you deal with that kind of rapid change?

The challenge The Times Company faced was not simply Web sites popping up, offering news content free of charge. The entire ecosystem around how we gather and share information changed. When people consume information. Where they consume it. How they consume it. And it continually changes.

But through it all, our commitment to the creation of quality journalism, regardless of the distribution model, remained at the very core of the company. Our anxiousness was around

ensuring that commitment remained unwavering and steadfast. Amidst a sea of reinvention, this is where we *did not* change course.

Why?

Because the quality of our journalism is what sets us apart. It differentiates us. It defines us. It is the public trust we hold, and we will protect it.

If we forget who we are, it is a safe bet our customers will forget, as well.

That is an important lesson. Not just for a product brand, but for your personal brand reputation, as well. Your integrity.

Know what you want and what you stand for and know where you want to be years from now. And make sure getting there never means changing who you are or compromising your mission or your principles.

(pause)

While our mission never changed, our methods did. A lesson we learned early on at The Times Company, and a hard lesson for many in our industry, is that you must have the courage to change.

Some people thought we could never be a national newspaper. That we should not add color. That we could not embrace and thrive with new media.

But we whole-heartedly disagreed and moved forward.

And that is why we are so committed to the second decision: **investing in our digital future.**

We did that much earlier than most – We started embracing our digital future in the early 90's when we launched nytimes.com and boston.com.

We integrated the print and digital newsroom staffs and sales staffs and we “built new muscles.”

We invested early and often in digital product development and acquisitions. And, in fact, we established the media industry’s first Research and Development lab in 2006. Today, our R&D technology group is able to look around corners and see how media consumption is changing, and how it will affect our business.

More recently, we invented and launched a string of acclaimed applications for the Web, smartphones and new digital platforms for The New York Times, the International Herald Tribune and The Boston Globe.

And we were ready with an application at the launch presentation for both the Apple iPad and Google Chrome.

And we continue to innovate. That does not mean we are retreating from printing newspapers. We will print newspapers for a very long time. Simply put, print contributes substantially to the profitability of our company. It supports us. We will support it.

(PAUSE)

But still, we must be a digital leader, and we are.

Was it just because we embraced technology and invested in the digital media marketplace that The New York Times

Company has an impressive digital footprint with 129 million users worldwide? That NYTimes.com is the world's most popular newspaper Web site with nearly 62 million unique visitors worldwide?

No.

Quality – in digital offerings and content – is part of the answer.

The other part is that consumer behavior is changing. And you need to have the courage to **go to where the consumer is, even if it is on new and shifting ground.**

Just a few weeks ago, there was a survey on American newspapers and their followers on Twitter. The New York

Times has more than 3 million Twitter followers on its main account. That is over two million more than any other newspaper.

We are proud of that – it shows our influence, the quality of our content, the popularity of our writers and reporters.

But I share it more because of what it recognizes. For some people, “all the news that’s fit to print,” means all the news in 140 characters or less. In real time.

It means not a feature story but a blog post. It means something that a friend “liked” on a Facebook page and that they read on an iPad.

It means the intellectual benefit they get from following a national or international policy issue, in depth, on a daily basis.

It means accessing a stock price on their smartphone while riding on the subway or sitting through a lecture.

OK – let's be honest... *during* a lecture.

Remember how we used to say the customer is always right? Well, they still are. But today, they are even more in charge. It is true whether they are looking for news, a computer, a new car or a cell phone.

The lesson we learned is that the complacent wait for people to come to them. The courageous go to the consumer.

(pause)

The next decision, and frankly the most difficult, focuses on restructuring the cost base of the company with a keen focus on efficiency. In recent years, we have dramatically streamlined our cost structure.

I hope you never have to find out how difficult and painful it is to close a business. Shut down a plant. Or say good bye to employees who never gave you and your company anything other than their fierce loyalty, dedication and hard work.

But my guess is you might.

It is the reality we all face in business.

When I began my tenure as CEO, with the media landscape in a state of rapid change, it was clear that we had no choice but to rebalance our portfolio of holdings and restructure and reduce our cost base. So what exactly did we do?

We decided to focus on what was core to the company, which included our print and digital holdings. And, of course, the quality of our journalism . That point of great differentiation.

We divested of some holdings, but that was not enough. We also had to reduce our workforce. We had to rearrange our benefits. Restructure our debt. Consolidate outsourcing, manufacturing and distribution.

None of this was easy. Especially losing people who you trusted and respected.

But, as I am sure you have learned and will learn going forward, you must measure decisions by outcomes. And the pain we experienced led to improved results.

But improved results also demanded broader revenue streams. And that is why even with embracing rapid technological

advances, even with meeting the changing needs of our consumers, and even with making difficult cost reductions, we still had to find the courage to do more.

A robust and vigorous news and information provider like The New York Times allows our society to be free. But it should not come for free.

Make no mistake: that is not a distinction everyone believes. In fact, there is fierce debate.

But we know doing what we do... doing what we believe we do differently than everyone else... providing value and importance... requires **revenue**.

And that is what led to our decision to charge for our digital offerings.

You may have seen the headline in The Onion, that satirical news source that read:

“NYTimes.com’s Plan to Charge People Money for Consuming Goods, Services Called Bold Business Move.”

Comical headline yes, but to some this decision WAS bold.

We certainly prepared well for the launch of our paid digital subscription model because in today’s digital world you must carefully analyze customer behavior.

People are paying for Apps, and we believe with more quality paid content available, they will use their purchasing power to pay for news they need and trust on the various devices they own.

(pause)

How do you survive rapid industry change and the most challenging of circumstances?

By making the choice to be BRAVE.

With a healthy sense of openness and anxiousness and most importantly, with courage- you can lead, not follow.

Today I have outlined these critical leadership decisions for you because they underscore that leadership does demand courage. In order to change, to reinvent, to transform, to succeed, one must recognize that fearlessness is not just “nice to have,” it is a “must have.”

I share one last point about leadership. I have deliberately chosen not to look at the CEO role as the role of ONE. When taking over in 2005, I made it clear to the organization, and particularly to the executive team, that I did not intend to lead in a “pyramid” formation.

It has never been my leadership style to make every decision, to demand that others conform to my thinking, to stifle debate. It was clear that we would select the best people to lead our business unit efforts and that I, along with the executive leaders, would lead and support our company's success as a team.

I encourage YOU as future CEOs to adopt this inclusive leadership style. I assure you that THIS CHOICE will be the best choice you will ever make.

I congratulate each and every one of you and wish you God speed.

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