

# SHOEBRIDGE



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## Media bosses keep a lid on their joy

The solid recovery in advertising markets this year has put most industry executives in a good mood. That is a "good" mood, not "great" mood.

After watching their advertising revenue slide during the first half of 2009 and tank in the September quarter, most media executives started to see a recovery in October. That has continued into 2010. Internet executives are reporting revenue growth of close to 20 per cent while free-to-air and pay television ad markets are up about 15 per cent for this year. Even the beleaguered magazine ad market, which sank 10 per cent last year, is showing some signs of life.

When I talk to media executives and most are not convinced that advertising conditions are great. Good, yes, but most say it is too early to say if the recovery in companies' ad spending over the past six months is sustained for the rest of 2010.

One phrase dominated the media sector's reporting season in February: "cautiously optimistic". One media company chief executive after another said they were optimistic that the advertising slump of 2009 was over but cautious about whether or not the improved conditions would continue. That sentiment still holds today. Many marketing executives, particularly those in Australian divisions of United States and European companies, are cautious about the local economic outlook and reluctant to commit to higher ad budgets. The marketers who are spending more are being highly selective about where to invest and turning to media they view as (free-to-air TV) or media they believe are highly accountable (the internet). History shows that when marketers are not sure about how consumers are going to behave, many rein in their ad spending. Advertising forecasters have become more bullish but none are predicting the ad market will return to its 2008 level this year. The latest forecaster to revise its prediction for ad spending in 2010 is media agency Zenith Optimedia. Four months ago it was predicting the Australian ad market would grow 2.4 per cent this year. Now it is tipping a 3 per cent increase. Although that is a significant upgrade, it does not add to boom times in the media sector this year. Other forecasters are also tipping ad spending growth of about 6 per cent in 2010. They are optimistic that the ad market will do better than in 2009, but – yes – cautious about how the rest of the year will play out.

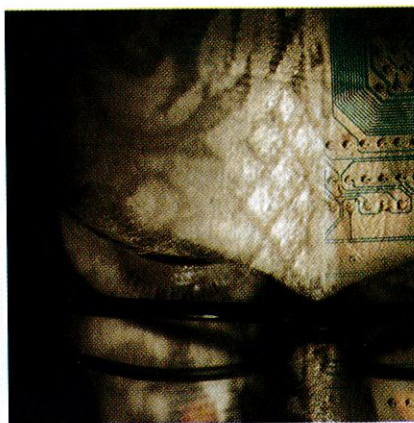


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## EDUCATION

# WHY INTUITION MATTERS NOW

Management requires more than simply gathering information and analysing the data. **Report: Dan Hall**

● "Prove it" is the main idea behind most management education – get the right numbers and analysis, and the rest will follow – but some leading business schools think this is dangerous over-reliance on one part of the intellect.

"Our profession – business education – is too tied up in analysis and quantities, not judgement and qualities, and it's very dangerous," the dean of the Rotman School of Management at the University of Toronto, Roger Martin, says.

Most business schools still pursue the more scientific forms of management relentlessly, but others are taking Martin's approach. MBA students at the University of Virginia are studying the eccentric architecture of Antoni Gaudi in Barcelona to learn about creativity and strategy. The prestigious INSEAD business school in Paris has a joint venture with the Art Centre College of Design in Pasadena, California to foster creativity.

The global financial crisis was a sign that conventional business thinking is flawed and risky, Martin says. "We thought we could solve the problems of the world using deductive or inductive logic to analyse the past, but science can only provide an aid to judgement, not a replacement," he says.

In Australia, investment manager AMP and property developer Lend Lease

**Think about it: Collaboration and communication bring better results**

Corporation have also been employing unconventional methods in the search for competitive advantage over rivals.

Strategy and innovation teams were established in Lend Lease's global offices two-and-a-half years ago to create customer-focused solutions, Lend Lease group director of strategy and innovation Matthew Ayres says.

The strategy has helped the company move further away from product-based solutions to projects that cater for the end-user.

Developers can no longer just take a client brief, produce a solution and deliver a property, Ayres says. "Things have changed. Client's needs are a lot more complicated and [developers] need to engage a client at a deep level to understand their needs and help them articulate the details of the environment that they're in."

The company's focus has turned to more collaborative and communicative decision-making processes to bring together rich, alternate views.

"Views that clients haven't thought of come out in workshops and we can then give them examples of other work that we've done, which gives a much better brief and solution," Ayres says. "You can't use maths and logic. You need to sit down and work through engaging people and getting opinions."

AMP is also looking at intuition and has employed a team of three strategists to discover what customers are experiencing, feeling and doing. The professionals, called "design strategists", are helping AMP meet the needs of its customers and develop new products.

"We aim to not only understand the customer but to also gain a sense of empathy with them," AMP design strategy manager Michael Sribney says.

"Seeing things from the customer's point of view helps us to define insights that make a real difference when making choices around what changes we might make to improve our offering or create something entirely new."

So what can the new breed of executives do to exercise their creativity?

Business leaders must learn to nurture their artistic capability, Martin says.

"This seems odd for somebody in business, but that's it," he says.

"And ban 'prove it' from your vocabulary." **BRW**