



TAKING
THE

Right

RISKS

As CEO of UKTV, Da
company's bold new



arren Childs engineered the broadcasting strategy—and it's paying off.

By Joseph Guinto
Portraits by Jon Enoch





arren Childs doesn't have an open-door policy. That's because the CEO of UKTV doesn't have a door. Or an office. Childs, who led the multi-channel broadcaster to its best-ever financial performance last year, doesn't even have a dedicat-

ed desk at the company's London headquarters. Shortly after arriving as CEO in 2010 and launching an initiative to transform the company for the on-demand entertainment age, Childs eliminated his own office.

It wasn't a symbolic gesture.

"If I'm sitting in a corner office, it's very hard for me to tap into the kinds of serendipitous conversations where people bring creative ideas together," Childs says. "I'm a huge believer that the best breakthrough ideas come from those kinds of unplanned interactions between people. As chief executive, one thing I can do is help speed those kinds of ideas to market when I encounter them."

He's certainly been moving quickly during his tenure as CEO, reimagining the company's strategy and the corporate culture that supports it. He's invested heavily in original programming and marketing, expanded online content distribution, increased the company's market share and boosted employee engagement. He didn't look to increase engagement just to boost productivity—he also wanted employees to help him craft the new strategy.

To that end, Childs opened office spaces both literally—by creating common spaces and eliminating walls—and figuratively—by giving the rank and file new communication channels with executives no longer separated by walls and doors. Or, even, in Childs' case, a desk.

Before and after

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Quick Hits

The Challenge: Overhaul a repeats-based U.K. commercial broadcaster to compete at scale in a world of on-demand and original content.

The Plan: Democratize company culture by inviting employees to contribute to a new strategy based on must-watch original programming and expanded online content distribution.

The Execution: Hire new digital talent and produce dozens of new original shows.

The Result: Revenues and profits have nearly tripled since 2010. Share of the advertising market has risen by 30 percent in the last five years to nearly 10 percent.

"Great companies try new things all the time. Not having a desk is one of those small things I thought I'd try," Childs says. "But all my direct reports have desks. So we're not some kind of kibbutz. We're a proper, serious company."

Indeed, UKTV is a serious company, one that has achieved remarkable results since Childs took over. When he arrived, UKTV had a modest market share of 4 percent of total U.K. viewers. Most of its content, delivered across a variety of channels available in Ireland and the United Kingdom through cable or satellite subscriptions, consisted of reruns of BBC programs. (BBC Worldwide has owned 50 percent of UKTV since its launch in 1992; U.S.-based Scripps Networks Interactive owns the other half.) But under Childs, who spent five years as a managing director at BBC Worldwide, UKTV's ambition, audience—and profits—have all boomed.

The company is now churning out popular original programming and growing viewership. Four in every five adults in the United Kingdom tune in to UKTV's offerings each month. But digital viewership is the company's fastest-growing category, up 458 percent from 2013. All the new eyeballs are driving growth in revenues and profits.

Coming during a time in the television industry that truly deserves the word "disruptive," the results are particularly impressive.

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of adults in the United Kingdom tune in to UKTV each month

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New digital competitors are aggressively challenging broadcasters in many countries, with online content providers like YouTube and Netflix and a slew of other digital distractions shrinking traditional broadcast audiences.

But those audiences remain large. So to successfully compete in today's television environment, UKTV had to transform itself with two goals simultaneously in mind: Compete with the original offerings of commercial broadcasters like ITV and Channel 4, while also connecting to viewers who want content anywhere, anytime.

"There's a business imperative driving the ways in which we've changed," Childs says. "We want to become bigger and more profitable. And we're succeeding."

Strategy From the Bottom Up

When Childs arrived in 2010, UKTV was making money. People were watching its broadcast channels. He could have, in theory, just created a digital platform for people to access its content—which the company did not have at the time—and left it at that.

Instead, he decided a major strategic transformation was in order.

"There's no right or wrong answer to the question: 'Do you want to manage for incremental growth, or do you want to be transformative?'" Childs says. "But every chief executive

does need to answer that question. When I got here, I could really see our category starting to get disrupted. We needed to build scale quickly. We needed to set for ourselves a level of ambition that the company had not seen before."

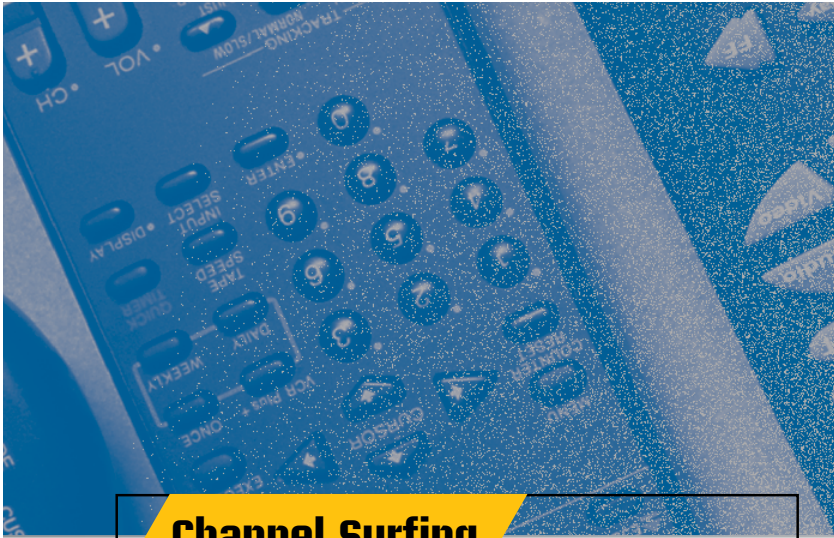
Childs and his team decided two steps were required to build the scale necessary to compete in today's television market. First: UKTV needed to stop creating so much of what Childs calls "derivative content," and instead produce more original content. That content, he says, "had to capture the audience's attention." The strategy was not unlike online media streaming company Netflix's push to become a destination for some of the TV world's most talked-about shows.

The second step was to create more digital outlets for content. Consumers have said goodbye to TV as mobile devices and faster Internet connections allow them to watch the shows they like whenever they want. In other words, Childs and his team decided UKTV had to go where consumers were leading them.

"As a company, you can either focus on your competitor or you can focus on your customer," Childs says. "We decided very early on that we'd focus on our customer and not worry much about what competitors were doing. All

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Channel Surfing

Darren Childs' Path to the C-suite

2010-present: UKTV CEO

2005-2010: BBC Worldwide, managing director

1998-2005: Sony Pictures Entertainment, senior vice president of international networks

1993-1998: Channel V/Star TV (a subsidiary of News Corporation), director of business development

1991-1993: MTV Asia, director of programming



our strategic planning is consumer-driven. It's not, "This is what we do, so how do we take it to market better?" It's, "This is what we think consumers want. So the question becomes, how do we build a company that will best serve those consumer needs in a way that allows us to grow share and grow our financial success?"

Building that ambitious future, Childs decided, would require a big shift in the company's culture. It needed to become bolder and less risk-averse. To that end, all employees were encouraged to come up with breakthrough ideas and view failure as a necessary byproduct of taking risks. But boiled down to its essence, the goal was simple: Childs and his team hoped to build a workplace where each UKTV employee would be as engaged in his or her work as Childs was in his.

"I was absolutely convinced that if I could achieve just that one thing," he says, "then innovation, a digital transformation and a culture change would all fall into line."

To build a more engaged workforce, Childs placed employees at the center of the strategy development process very early on. Senior managers regularly asked employees to envision UKTV's future and what success would look like.

"When you allow people to start thinking about success and where the company fits against the competition," Childs says, "some of

their ideas will be way better and more ambitious than anything coming out of an executive boardroom. So we asked our people, 'If you were going to stick around here for five years to do phenomenal work, what would you want and need UKTV to be?' We developed the strategic plan from what they told us."

What employees said, roughly, was that UKTV's objective should be to produce great content and a top-tier viewing experience. It needed to rapidly expand its market share, create and maintain a highly engaged workforce, and add digital and video-on-demand offerings—none of which existed when Childs arrived in 2010.

"We have to compete with a lot of businesses where talented, creative people can go," he says. "So involving our people in the strategic process is an advantage to us. That is the key element to our success. It's what sets us apart from our competitors. It's an act of total corporate insanity to produce a strategic plan, share it with a handful of executives and then put it in a drawer somewhere and expect the rest of the



Darren Childs in UKTV's office, next to a sculpture created as an homage to the British comedy group Monty Python's classic "Dead Parrot" sketch

company to execute it. We have a workforce of highly engaged people who know we trust them with the corporate strategy and that they have permission to do the best work of their lives. And that has driven our results."

Among those results: In 2013, UKTV became the first broadcaster to be recognized as one of the best U.K. companies to work for by *The Sunday Times*.

Creating Creativity

The plan for transforming UKTV into a network focused on capturing market share through original content was dependent on something the company hadn't really needed before: creative, original ideas for new programs.

Remaking the company's office space into an open-plan environment has helped increase creativity at UKTV, Childs says, but the biggest boost has stemmed from the cultural shift that helped drive the strategic development process. It's the simple, democratic notion that anyone can come up with a creative idea.

"As a company, you can either focus on your competitor or you can focus on your customer."

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"We don't make things; we don't have factories," Childs says. "Instead, we make ideas. Then we execute those ideas. If we get the ideas and the execution right, we will get more people's attention to our channels and our brand. So we have to always be looking for ways to increase creativity here so we can have breakthrough ideas."

The search for the next hit show idea is aided by UKTV's "Innovation Pot." It's a fund that can pay for ideas proposed by anyone in the company, from senior executives down to new interns. The idea for it originated with employees suggesting the company create some kind of innovation challenge.

Think of it as UKTV's own in-house *Shark Tank* show: When Innovation Pot ideas are proposed, a panel of UKTV employees reviews them. If the panel approves funding an idea, a senior executive is assigned to mentor the employee who proposed it and shepherd the idea through to market. One successful idea funded through the Innovation Pot was

57%

of UKTV's senior managers are women,

and the company leads the U.K.'s television market in terms of minority diversity. Some **16 percent** of UKTV employees are members of a racial minority. The industry average? Just 6 percent.

a stunt for *Most Haunted Live*, a ghost-hunting show that airs on the UKTV channel called Really. The stunt was cross-broadcast live on YouTube and became the most-watched episode in the history of the Really channel.

"The next breakthrough idea in this company really can come from anyone in the organization," Childs says. "The result of that is you get super-engaged, passionate people who work with you."

You also get a lot of television. UKTV now has no fewer than 75 titles in development at any given time. That's backed by significant funding: In 2014 alone, the company spent \$174 million on programming and program launches.

The investments are paying off. For the male-centric channel called Dave, UKTV has created a lineup of new shows that have fueled rapid audience growth. Dave has become the most-viewed all-commercial channel in the United Kingdom on Childs' watch (BBC One, the overall leading channel in the U.K. market, is not considered a commercial channel).

Building a Digital-First Workforce

While Childs doesn't set strategy in reaction to what UKTV's commercial rivals offer viewers, the competition does factor into how UKTV recruits new workers. The company does everything it can to find and hold onto digital-savvy risk-takers.

Recruitment has been a major focus during his tenure for two reasons. The first is sheer

growth: The company's workforce has grown by 24 percent during his tenure (to 278 people). But the second has to do with some employees leaving during the transformation pushed by Childs. One big reason for that: UKTV insisted that its workforce become "100 percent digital," meaning that everyone must have some functional knowledge of the digital platforms through which television content is now delivered.

The way Childs and his team saw it, if digital expertise was siloed in the IT department, UKTV would never have the kind of creative ideas needed to reach consumers. There was a price to pay for making that technological transition, though. "We knew going all digital meant that some people wouldn't make this journey with us," Childs says. "But it was important that digital not be a little division off in the corner, but part of the entire company's makeup."

To bring in new employees with the right digital skills who would also fit culturally, the company retooled its recruitment process. "The old way of recruiting is to base decisions primarily on skills," Childs says. "But skills are barely half the picture. We're looking for people who want to take risks, are willing to deal with failure and who share our values."

The revamped recruitment process, though, is lengthy. Each potential hire is vetted by a hiring manager, senior executives and a peer. Each party has veto power. "Because we're moving so fast, managers are some-



times desperate to hire and get help,” Childs says. “So they’ll sometimes push someone through the process that gets kicked back in the peer review. And we have to respect that.”

Childs believes the company is getting more creative and competitive because of this careful hiring process. It is certainly getting more diverse: Fifty-seven percent of UKTV’s senior managers are women, and the company leads the United Kingdom’s television market in terms of minority diversity. Some 16 percent of UKTV employees are members of a racial minority. The industry average? Just 6 percent.

Unafraid of Failure

Television executives are often labeled “king-makers.” With the power to greenlight a new show, they can make or break careers. Where would Jerry Seinfeld be today, for instance, had NBC passed on his show about nothing?

Yet Darren Childs, the boss without an office, doesn’t seem to fit the typical TV executive mold.

“He’s not in any way an arrogant guy,” says Nathan Owen Rosenberg Sr., a founding partner at Insigniam who consults with UKTV. “But he’s got enough confidence in himself and his abilities that he’s really willing to experiment. He’s willing to try new approaches and new ways of thinking just on the hunch that something is going to pay off. And he’s willing to accept it when the hunches don’t pay off. Those are some of his great strengths.”

Accepting failures, Childs says, is paramount to how UKTV has been able to remake its culture and strategy as well as innovate and grow its business.

“In business school, you’re taught to build a business plan by extrapolating from historical trends,” he says. “If you’re truly innovating,

that doesn’t work because there is no historical trend to base your plans on. You will fail sometimes. The key is to embrace failures and find the lessons to be learned from them.”

Every Tuesday morning during a companywide town hall meeting at UKTV’s London headquarters, these kinds of lessons reach the company’s entire workforce. Different senior managers take turns serving as meeting hosts, celebrating successes, showing off new content and answering questions posed to their department. The company has an actual question box where employees can anonymously leave questions.

UKTV’s successful transformation in recent years, Childs contends, isn’t just about big investments in original content, pushing into the digital space and bringing the right new people in the door. Cultural initiatives like weekly town hall meetings have also helped boost the bottom line. Revenue in 2014 was a record £286 million (\$411 million), while profits for that year were a record £75 million (\$108 million).

“We’re one of the fastest-growing TV businesses in the United Kingdom, outperforming the market by quite a stretch,” Childs says. “All the key performance indicators important to our shareholders have been achieved.

That’s the reason we’re doing things differently: to produce a more competitive and future-proof business. It seems to be working for us.” **IQ**

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