

MASS + MOMENTUM = POWER

There's a bullish new mood in the executive corridors of 47 Sauer Street, former headquarters of Old Aunty Argus. But as Independent Newspapers gets set to shake up the industry, the big question is whether the mood is permeating through to the lower floors. Group Editorial Director Ivan Fallon thinks the answer is yes – but he admits Aunty Argus's "aggressive young nephew" still has a long way to go to meet its entrepreneurial ambitions.

BY GUS SILBER

We are in the office of the Group Editorial Director, Independent Newspapers, Sauer Street, Johannesburg. Ivan Fallon, his soft Irish brogue hardened by thirty years on Fleet Street, is sitting on the couch, reading aloud from a rough draft of the future.

It's a hand-written Mission Statement, the result of three "gruelling but exhilarating" days of brainstorming in the company boardroom. Vision. Drive. Empowerment. Prosperity.

It's familiar corporate goal-speak, given new impetus by the onrush of the 21st Century, but the core of it all is a simple scientific principle that has been gaining currency in these executive corridors since Argus became Independent in May this year. Mass, plus Momentum, equals Power.

Fallon slams his fist against his palm. A year ago, the way he recalls it, Argus Newspapers Limited was all mass: a well-entrenched stronghold of daily newspaper publishing with vast resources, solid assets, and a comfortable base for growth. "But absolutely zero momentum."

Last year, just before the April elections, the missing element arrived in the form of Tony O'Reilly, the Irish industrialist and entrepreneur, seeking new territory for his Irish Independent Newspapers publishing empire.

Also in the country when O'Reilly tied up the deal that gave him Anglo-American's 31 percent controlling share of Argus, was Ivan Fallon, award-winning financial journalist, deputy editor of the London Sunday Times, and authorised biographer of "Ireland's richest man in history".

Since his vision coincided with that of his subject, Fallon leaped at the opportunity to move to Johannesburg, charged with the mammoth task of reinventing and repositioning Argus's newspapers for the New Millennium.

A top-of-the-market Sunday broadsheet. A glossy lifestyle supplement. A British-style tabloid for the mass market. A national Sowetan. A world-class, nationwide business section. A network of regional knock-and-drops. An on-line electronic journal.

Fallon talks of the future with a quiet, steely confidence, making it plain that Independent Newspapers should in no way be confused with Argus.

But the big question, amidst the gung-ho spirit on the Sixth Floor, is whether Independent has the will – and the people – to match Goal One of its mission statement "To be the leading creator, manager, and developer of newspaper audiences in South Africa". Fallon is convinced. Well, up to a point.

"When I arrived to take up this job, I was quite frankly astounded by the quality of some of the people in this building. There are at least half a dozen people who you could take and put into a world-class newspaper company anywhere in the world, and they'd fit right in."

Fallon singles out John Featherstone, the group's managing director, and newly appointed *Sunday Independent* editor Shaun Johnson. "A terrifically exciting journalist." But he admits it's a thin layer,

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leaving the company no option but to import skills from outside journalism and outside the country.

When Independent launched the much-hyped *Business Report* earlier this year, for instance, editor Jim Smith was recruited not from the company's own ranks of specialist business writers, but from the executive pool at PG Bison.

"I walked straight into creating *Business Report*," says Fallon. "There was nothing, not even a concept. I had to find staff and I very quickly became aware that that staff did not exist within the company. So I hired from outside, and absorbed everything else we'd got. I think we're still too thin on the ground. We need more people, and we need good people."

As a winner of two major financial journalism awards in the UK, Fallon has a particular attachment to the business section, now resident in *The Star*, *Cape Times*, *Argus*, *Pretoria News*, and the *Daily News* in Durban. Asked if he is satisfied with the product, Fallon answers with immediate and characteristic bluntness. "No. I'm not."

He fetches a fresh *Star* from his desk and peels off the front section before spreading the day's *Business Report* on the table. "I can certainly go through this and get very unhappy," he says. "I look at it, and I see big holes in it, to the point where I've actually had to pull myself back. The first few days, I was shouting myself hoarse, endangering the morale of the people down there. I was too close to it to see any of the good points. But it is getting better. And it's a hell of a lot better than what was there before."

Story by story, Fallon checks the front page of *Business Report* against its major morning rival, concluding with a nod to his own title. "It's a damn good attempt." But the real issue with *Business Report* has not been one of quality – few will dispute

Fallon's view that it is vastly superior to previous Argus business reporting – as confusion in the marketplace.

Launched as part of a separate premium-priced edition of *The Star* in Gauteng, *Business Report* was incorporated into all morning editions after only 19 days. Fallon flatly rejects any notion that this was an admission of the section's failure to find its niche market. But he does concede that things got a little confusing.

"With so many different *Stars* around, readers and advertisers were having difficulty working out which one contained *Business Report*. There wasn't resistance, funnily enough, but we did find that most of our target market was used to reading *Business Day* in the morning so they wanted to get *Business Report* with their *Star* in the afternoon. And that wasn't what we wanted to give them."

Since Independent spent millions researching and launching the product, shouldn't this potential for confusion have been foreseen?

"I always distrust research," says Fallon. "If people haven't had something, they won't know if they want it or not. It's a question of changing minds – and minds are being changed. I think the real fact of the matter is that this company has mentally been an afternoon newspaper company, and we just didn't understand morning newspaper production. That's been a big culture change."

Fallon is quick to point out that *Business Report* has been a huge circulation, advertising, and credibility-booster in Independent's other territories, particularly Cape Town and Pretoria. At the same time Fallon can see why many people, himself included, choose to start their business day with *Business Day*. In his case, it's the driving instinct to keep tabs on the competition. In others, it's the modern-day phenomenon of the diminishing attention span.

"If you read *Business Day* over breakfast, it doesn't last you over breakfast. It's five to ten minutes, maximum. And people seem to like that. It's not like England and America, where you might spend up to half-an-hour reading your business paper. Here, we get told that our leaders are too long. It's a question of what you're used to."

As a result, Fallon believes the business market will take both papers. "I don't think we'll ever replace *Business Day*. We're not head-to-head with them." In the same spirit of a symbiosis – so much for putting an end to bad *Business Days* – Fallon sees the upper bracket of Sunday readers choosing the new *Sunday Independent* in addition to the TML option.

"The *Sunday Times* doesn't cater for the top-end of the market. It doesn't cater for the bottom-end and there are lots of areas in the middle that it doesn't cater for either. That leaves plenty of room for us. We can survive on thirty thousand."

It's a modest ambition, even for a top-end paper, and it raises the spectre of Argus's previous venture into the thinking person's Sunday market. Fallon wasn't there at the time, but he draws a simple lesson from hindsight.

"The *Sunday Star* should not have closed. It closed on a circulation of 95 000 – there's no reason why you shouldn't be able to make money on that. Lesson two is that it was a local product staffed with local people, who tried to do everything on their own."

With isolated exceptions, Fallon has a jaundiced view of South African journalistic standards. His first impression, he remembers, was one of acute disappointment. "What struck me when I picked up the papers was the dramatic contrast between a country that is in many ways First World, with world-class companies, world-class services, and world-class sport, and a media which simply doesn't measure up."

"I found there was an audience that was thirsting for international quality news rather than the

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parochialism they were used to. I think the problem is that there aren't any national newspapers in South Africa, so even *The Star* tends to be fairly regional in outlook."

But if there has been a broadening of vision at Independent, Fallon credits it largely to one "wonderful, superb" man. Melbourne-based business consultant Chris Tippler. Sent by O'Reilly to find ways of streamlining Independent's operation for maximum efficiency and profit, Tippler made a series of recommendations that finally swept the cobwebs from Auntie Argus's domain.

The result has been a series of staff cuts, management reshuffles, regional shake-ups and product revamps, ushering in an era of what Fallon calls "aggressive entrepreneurialism". The mood here may be buoyant and bullish, but just how well is it permeating through to the lower floors?

"Well, I hope morale is improving," says Fallon. "It's certainly improving at the top. I find no resistance to change here at all. There's an enormous enthusiasm, you almost have to hold it back. And it's happening right through the company. There's a feeling that we're moving full-steam into the future – unlike other companies, who still seem to be based in the 1970s and 80s."

It's just an aside, a throwaway acknowledgement of the fierce rivalry between Independent and Times Media Limited. Pressed on the state of the battle, Fallon shrugs. "I'm really not too concerned what the opposition does. They fortunately seem to be remarkably complacent, and long may they remain so."

He is neither perturbed nor goaded by TML's own slant on *Business Report*. "A 19-day wonder", noted the front page of the *Sunday Times*, in a gleeful broadside from veteran anti-Argus campaigner Ken Owen.

"They're incredibly defensive, aren't they? In Britain or America, if a company is actually launching new products and doing new things, the other companies may react to it, but they don't usually resent it. The fact is, they are very well entrenched, and they do have some very strong products, which are not going to be easy to dislodge. But they're vulnerable. They're just sitting there, while we have acquired all the momentum."

The question now, if mass plus momentum equals power, is what Independent Newspapers plan to do with that power. The answer: focus. Not just on bigger profits, but on better newspapers. Which means better journalists. And better pay?

"From what I've seen," says Fallon, "salaries in this place are not bad. But what does disturb me is the way newspaper groups in South Africa are run along Civil Service lines. You have these ridiculous pay-scales, which means that instead of high-quality journalists being left to do what they do best, they have to stop writing and become administrators in order to move up the pay-scale. That's a huge shame. There are far too many assistant editors, and not enough good specialist writers."

Fallon is also concerned at the state of investigative journalism in South Africa, mainly because he believes there isn't any. While Independent has created its own nationwide investigative unit, led by former *Weekend Star* editor David Allen, Fallon does not exclude the paper's lengthy Helderberg Crash and Red Mercury investigations from his judgment.

"I think they were absolutely right to do those investigations, but I'm not sure they got to the bottom of anything. The crash of the Helderberg is still an unexplained, very serious mystery. As for Red Mercury, that investigation actually started at the *Sunday Times* in London. It must have cost them about 150 000 pounds, and there's still no proof that the substance even exists. But it's the type of story you have to follow through. Any decent journalist, I think, is at heart an investigative journalist. It just takes enormous resources, and enormous commitment."

The way Fallon sees it, Independent Newspapers has plenty of both. He looks back at Argus, and he sees a company managing itself to extinction, cutting costs and closing publications in a desperate bid to stop circulation and revenue from falling. He sees a "terrible clampdown" on people and talent, and a vicious cycle of declining standards and plummeting morale. Then he looks at Independent.

"We're not going to close anything," he says. "We're not in a closing mood. If we have strong products, let's grow them. If there's something wrong, let's fix it. Let's find gaps, let's expand, let's invest. This isn't the old Auntie Argus you're looking at anymore. This is the aggressive young nephew."

Ivan Fallon is employed by Tony O'Reilly's Irish Independent Newspaper group, and was seconded to Johannesburg as Group Editorial Director of the newly-formed Independent Newspapers in 1994.

