

CFTPA 2010

Closing Speech

Tom Perlmutter

Thank you, Norm. I think. The thing is I'm really nervous. Norm said that my job here was to pull it all together, make sense of all the contradictions and deliver a comprehensive digital strategy.... oh and he said, make sure to include clear simple instructions for making money. So, thank you, Norm. I had always been looking for that recipe for total paralysis.

On the other hand I have to congratulate Norm and Sandra and the CFTPA team. This has been an impressive Primetime honing in on the critical issues that we will be grappling with for some time to come. It's interesting to see how much over the past year, one of the most difficult for the industry, we have evolved. Bravo to you for your endurance and resilience.

Before I get into the substance of my talk, I'd like to mention a couple of things. A year ago here at Primetime I and others issued a call for the necessity of a national digital strategy. The events of the past year have only reinforced the urgency and necessity of such a strategy. Various others reiterated that call including Konrad von Finkenstein, Norm and as you heard here many more. What I learned is that if you say something you have to follow up. I also learned that we don't need to wait for government or official bodies to act. We can take our destiny into our own hands. We can make things happen. So Robert Montgomery and I started a ball rolling. We invited people from a range of sectors: investment, technology, education, broadcast and cable, telcos and evidently and importantly content producers to get together and set aside corporate interests and talk about a bigger picture. As of this week Edward Greenspon, former editor in chief of the Globe has agreed to come on board as a facilitator. We set up a number of working groups and we hope to report significant progress at Banff in June. We will be calling on many of you to participate and make your voices heard. But remember we're not a royal

commission; we don't have any resources to undertake a comprehensive process that includes everybody and takes a year or two to report. We want to kick start something; and at the very least failing any public policy initiatives create conditions that are conducive to partnerships and innovation. So stay tuned.

The other thing I'd like to say is that I like television and I watch a lot of Canadian television. I like the programming that is produced here. I'm very eclectic and I tune into a lot of different things ... Being Erica, Ancestors in the Attic, Project Runway (what can I say I have a daughter who is a fashion designer), Flashpoint, The Agenda. To name a few. What I'm struck by...whether it is reality or lifestyle or high end drama or esoteric shorts, is the creative range of the work. The sheer smarts of what is being done. I think that any industry can do that can adapt and respond to a rapidly altering media universe. Because the transferability here is the creative spring that allows us year in and year out to imagine things that do not exist and then give life to them.

I thought in this context it might be useful to look at the NFB and ask how you make a revolution happen. How do you transform the old and venerable to the young and radical? How do you move from the tried and true to the new and experimental? How do you become pertinent? And, particularly, are there lessons to be learned for others?

Let me paint a portrait of what it was like when I arrived at the NFB in 2002 as head of English Program. Sandra Macdonald had just guided the institution through one of its most traumatic eras. Its budget had been slashed a few years before by fully one-third; it lost almost half its staff and chopped many of the activities which maintained its connections with communities across the country. Thanks to Sandra's sagacity and leadership the institution survived. But a price was paid. I remember going across the country, speaking to NFB staff. One thing stood out and shocked me: my people were telling me that when they mentioned the Film Board, outside of any industry context, the response more often than not would be: oh, does it still exist?

The NFB had disappeared. A rich heritage of more than 60 years of astounding creative work was invisible. Frankly, it tore me apart. But we didn't have many options for responding to that absence on the national stage.

By the time I took up my current position five years later the world had changed dramatically. Although one of the first interviews I did at the time was with Jian Gomeshi who introduced me with sounds of a woodchuck. So much for our image. Previously, as head of programming I had already been experimenting in the digital realm working with people like Mark and Matt at Marblemedia and Anna Serrano at the New Media Centre at the CFC to push the envelope on creating new kinds of work.

When I came to write our current strategic plan digital transformation was at the heart of it. But I had no idea how we were going to do it. Here's what I was told:

We needed new capital investment and if we didn't get it we couldn't do anything.

We shouldn't do it because that is not what the NFB was about; we were the Film Board and we should stick to what we had always done.

Nobody would be interested if we went that route.

Digital was a fad and I was just chasing after empty fantasies.

That's what my friends were telling me. Others intimated that I was singlehandedly destroying the place.

Then two months into the job I got some news that had everybody nodding at me with that "I told you so" look.

For the previous three years our financial people had been working with Heritage and Treasury Board for a \$6million ask for capital investments to be able to push forward with digitization of the NFB collection. Three years. Our minister had signed off; Treasury Board officials were completely supportive. I was told it was a slam dunk. Except that the rules of the game had changed somewhere along the line and Treasury Board said they would no longer be funding these kinds of

capital investments. Nothing to do with the NFB; it was an across the board decision.

So then a lot of people said I guess that's it; let's get back to business as usual. Except that business as usual meant slow decay and death. I wasn't ready to accept that. So I said we were going to be resourceful and we were going to fund our digital transformation internally. Not only that... we were going to find economies equivalent to 5% of our total budget and reinvest it in our digital transformation, accessibility and production. 5%. That's about \$3 million. And I added we're not just going to do it once; we were going to do it each and every year that I remain as commissioner. 5% a year for five years. No new money. We had to go it on our own. And we knew from the outset that we were going to have to make some very, very tough decisions.

That in and of itself demanded a whole new self discipline; it meant putting in place radically different budgeting and organizational processes. I'll give you one key example. We had a strategic plan. What the NFB never had was an operational plan that took apart the strategic plan and laid out in detail, task by task how to accomplish our strategic objectives in terms of timing, budget, human resources and opportunity costs.

Deborah Drisdell, whom many of you may have heard yesterday, was running that show. She found software, Mindmap, that allowed us to map everything we were doing. And I mean every single activity going on at the NFB. It allowed us to map everything against our strategic objectives. That gave us an immensely valuable tool for setting priorities. Priorities meant make hard decisions about where limited money and resources would go. We made choices. All along the way we said we won't do this now; but we will do this.

The best ops plan, budgeting process, organizational planning would have meant nothing if the creative talent and momentum wasn't there to execute the vision. I remember early on I was presented with a proposal for a total revamp of our then site. It was all very professional. A tender had gone out and we had three proposals from big companies. They were going to come in and do the makeover—something like a home makeover. And I had to turn my back on that.

I said, This is certainly the best and brightest of today but what I want is tomorrow. I don't want to create a new web site. I am not interested in web sites. I am interested in creating an experience.

I had thought a lot about all this over the previous few years. I was fully engaged in the evolving digital universe both professionally but also privately as an avid consumer of a whole range of content. I had to go back to some very simple, basic notions. Who are we, what is it we are offering and how do we deliver on that offer? The trouble with the proposal I had seen was that it homogenized us; it did not speak to the specificity of what we could offer Canadians and the world. It was a corporate offering. What we had to offer was, in the end, very simple. A cinema. Come and watch films. Films about who you are. It had to be clear and it had to be immersive. It had to be easy to navigate; navigation is content. It had to have a level of quality to make it an enjoyable experience.

Then we had another volatile debate. I insisted that we were going to make the works available for free. I had a distribution division convinced that this was their death knell. 40% of our revenues come from the educational and institutional market. They were terrified that that would evaporate. As would our home video sales and so on. There were a lot of mournful faces. Distribution revenues accounted for about 10% of our overall budget and for a small organization like the NFB the loss of any of that would have a significant impact. Nevertheless I insisted on free for a number of reasons. First of all it was and is free by streaming; it is not available to download to own. I truly believed that Canadians had to have access to this incredibly rich and diverse collection; that it belonged to them. I also believed that the more we were seen and available the more people would want to see and that our primary objective in the short run had to be building the value of one of the great media brands in the world. Finally, I was and am convinced that the brand would leverage new business opportunities down the road. Some of this is being borne out much more quickly than I thought it would. In the educational market we have seen no decline. On the contrary we now have deals with a number of provinces licensing nfb.ca, which is free to individuals, for use in schools across those provinces. The revenue is not negligible.

When we were ready to launch we had to make another difficult choice. At any given time we have something like over one hundred projects that need some form of marketing. We had a habit of nickel and diming our tiny marketing budget across all those projects. I said we can't do this anymore. 80% of our impact will come from 20% of what we do. So we have to rethink marketing; we have to be smarter about it overall and ensure that we are being just to everything while ensuring that we can maximize the big things. So we scoured our budgets and put aside a sizeable chunk (for us) to market the on line screening room. And in a departure for us I decided that we would work with an agency. We put out a call, had some 20 + responses from leading agencies across the country and shortlisted 4. We told them what we wanted but we also asked them to do a marketing case study on an interactive project that we had had running for about a year—the St Michael's Filmmaker in Residence, which had been breaking new ground, winning accolades around the world, picking up awards including a Banff Rockie, Canada New Media Award and a Webby. But we hadn't done a great deal of marketing justice to it.

The firm that won our hearts was Montreal based Marketel. They did a fabulous job of coming to grips with what we were and what we had to offer. I do profoundly disagree with what Adam Singer said yesterday on the Digital Strategy panel that in the digital world there is no unique. Being global does not mean not being distinctive. With Marketel we came up with a smart and relatively inexpensive plan. We couldn't afford any mainstream media. We said we would have a year-long on line campaign building core audiences. The man behind the strategy is a guy called Jean Sebastien Defoy. A month ago he came and joined us as head of marketing.. The plan worked. Not simply the numbers but in audience appreciation and across all demographics.

There were a lot of other things that went into the making of this success including a complete internal reorganization, implementing new work flows, bringing in new competencies, putting a major emphasis on training. Equally important on the programming side was pushing forward with explorations of interactivity—making things happen. That's a whole other story.

All along the way we had to make choices, hard ones including the abolition of jobs. I would be remiss if I didn't say how important it has been to get the right people on the bus and that the management team I have is a remarkable group of talented people, each rising to and being transformed by the enormously demanding challenges I put to them. Secondly, very early on in the process I was able to get the adherence of the staff who even if they didn't fully see or agree with where we were heading trusted me enough to put their damndest effort into it. Without that, without them none of this could have happened.

Here we are a year later and the world changed for us. Our plans for the future are still more ambitious even as we bump up against the limits of our internal economies and belt-tightening and the continued overall erosion of our financial base. In fact, the real danger for us is to settle into a comfort zone and assume our job has been done. We've in fact barely begun. But that too is another story.

What kind of meaning can this have for you? I think it can in a number of ways.

- First of all change has to be a conscious choice.
- Secondly, recognize that change is not going to be easy. John Maynard Keynes noted that "the biggest problem is not to let people accept new ideas but to let them forget old ones."
- Thirdly, ignore the naysayers. Come April 1 the name of the game is changing. The funding formula is going to give you a remarkable opportunity. Seize it.
- Fourthly, understand that what you do best, what you do superbly is create, the technical skills can be acquired or brought on board; the imaginative vision you bring to bear every day is priceless and transferrable.
- Fifth, your direct connection with your audience is going to give you immeasurable advantages into the future.
- Finally, you have a great advantage—you can be more nimble than an institution, respond more quickly.

There is one final thing I'd like to add which has to do with the importance of all this, of the work we collectively do. It has to do with the nature of the country we

live in. We are entering into a post nation-state world where the traditional idea of the nation based on a particular identity is being displaced. We're at the forefront of that because of demographics and the remarkable diversity of the country even if we don't fully see it in this room here. It is the rolling thunder that is going to transform who we are as profoundly as the digital revolution and in fact aided by it. One of the principal and essential ways in which we will reconstruct the idea of a nation based not on ethnicity but on common democratic civic values is through culture. It is the means of reimagining ourselves. It is the way in which we can learn to talk to, understand and enter into the very disparate worlds that are increasingly making up this country. The work we are doing, all of it from lifestyle to docs to drama to interactive, is creating who we are and more importantly creating the possibility of what we can become. In the life of a nation there can be nothing more important. Thank you.