

HOW WE WORK

PROTECT THE BOTTOM LINE

The RTL Group business model is based on partnership within a decentralised organisation. Each profit centre is self-governing, led by its own CEO, an entrepreneurial approach which ensures each can act quickly and flexibly in its local market. However, each profit centre has much to gain by sharing its own knowledge and experience, and absorbing that of colleagues in other units within the Group. In any normal year this brings many benefits in terms of understanding market behaviour, assessing programming ideas, and using new technology. But in a severe economic downturn, any business model is put to its real test.



“The economic crisis unveiled the true strength of our decentralised approach,” suggests Elmar Heggen, Chief Financial Officer of RTL Group and Head of the Corporate Centre. “When we first realised that there would be a long-lasting downturn we immediately brought all the profit centre CEOs together to discuss how we were going to protect the bottom line.”

WE SHARE THE SAME VOCABULARY

“The decisions we took we were able to implement rapidly, as each CEO has local power. So our time to react to a changing market was extremely swift,” he explains. But how did the Group arrive at those decisions? “Well, all the CEOs were facing the same challenges, but in slightly different markets. And all commercial broadcasters were faced with the same circumstances, and were having to identify savings. So that’s a lot of information from a lot of markets and competitors that we could share, and so benefit from the experience of others. Of course our model helps in that we share the same vocabulary.”

And the decisions themselves? Quite simply, RTL Group had to cut costs. Deep enough to protect the bottom line but not to jeopardise the business itself. The Group looked at efficiencies in all overheads, and made some structural adjustments, but principally the cuts came from programming – the biggest single block of company costs. But they wanted to do this without affecting audience ratings. “In hindsight we were very happy with the decisions we took,” says Elmar Heggen, “as our ratings position improved even.”



Short-term cost measures involved more than simply choosing less expensive programmes, as the importance of maintaining audience ratings had to be a part of the decision. One example of the strategy was to work with local production suppliers to agree reduced programme costs that wouldn't be visible to viewers. "The model helps here. Local CEOs know where to cut and where not to cut – they are the local experts. And once measures have been applied in country A, the results are there for country B to consider," explains Elmar Heggen, "and the ideas pipeline is filled with far more experience than an isolated broadcaster would have reference to. Not to mention joint attempts to bundle purchases with programme suppliers, or attempts to negotiate contracts jointly."

LOCAL CEOs ARE THE LOCAL EXPERTS

However, not everything is transferable across markets, and so a centralised approach can present the risk of losing competitive position. This doesn't just relate to cost reductions in the economic crisis. All year, every year, the Operations Management Committee (OMC) discusses all issues pertinent to the business. Many of these are then researched and discussed further by the Synergy Committees (Sycos). A major example of this approach from 2009 is the Group's ongoing efforts to strengthen their presence online and in all things digital. "We can take structures built successfully in one market and reproduce them in others," says Elmar Heggen. "It takes intense co-operation to ensure we are well organised and well represented whenever an opportunity arises in a market – and that is our business model at work."

OMC

OPERATIONS MANAGEMENT COMMITTEE

GERHARD ZEILER	Chief Executive Officer, RTL Group; Member of the Bertelsmann AG Executive Board
DAWN AIREY	Chair and Chief Executive Officer, Five
CHRISTOPHER BALDELLI	Chief Executive Officer, RTL Radio (France)
ALAIN BERWICK	Chief Executive Officer, RTL Lëtzebuerg
TONY COHEN	Chief Executive Officer, FremantleMedia
PHILIPPE DELUSINNE	Chief Executive Officer, RTL Belgium
VINCENT de DORLODOT	General Counsel, RTL Group
DIRK GERKENS	Chief Executive Officer, RTL Klub
ALEXANDER GLATZ	Executive Vice President, Strategy & Controlling, RTL Group
BERT HABETS	Chief Executive Officer, RTL Nederland
ELMAR HEGGEN	Chief Financial Officer, Head of the Corporate Centre, RTL Group
OLIVER HERRGESELL	Executive Vice President, Corporate Communications and Marketing, RTL Group
HANS MAHR	Member of the Supervisory Board of Ren TV; Synergies, RTL Group
CHRISTOPH MAINUSCH	Chief Executive Officer, Alpha Media Group
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ANDREAS RUDAS	Executive Vice President, Regional Operations & Business Development Central and Eastern Europe, RTL Group
ANKE SCHÄFERKORDT	Chief Executive Officer, Mediengruppe RTL Deutschland and RTL Television
NICOLAS de TAVERNOST	Président du Directoire, Groupe M6
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