

Public Policy Leadership and Modern Media

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Tackling tough problems requires courage. Gutsy leaders face up to the fact that once they select a path to follow, someone or some group will be disappointed. That's the nature of a tough decision. This kind of leadership challenge occurs in industry as well as in the world of public policy.

Let's take a look at industry. Consider Fiat. The Italian auto maker jettisoned four Chief Executive Officers between 2000 and 2003, as it struggled to remain relevant, but by 2004 it faced bankruptcy. Tough decisions were simply not being made. In 2004, it hired an outsider, Sergio Marchionne, as CEO. He moved quickly, explaining the problems to the organization and the need for action. He then replaced virtually all of his direct reports, cut staffing by 10 percent, addressed the bloated cost structure and tackled the core problem – Fiat cars were ugly and of poor quality. His vision for a new Fiat and the ruthless restructuring and redesigning over three years lifted the share price from \$7 to \$30. For the first time in 5 years, Fiat paid dividends. It's a great story of courageous leadership in the corporate world.

In industry, the CEO has the authority and responsibility to make bold and courageous changes, and is held accountable for the results. Every move is documented, typically reported to stock exchanges and shareholders, industry association and sometimes ministries. Results are quantifiable. If the results do not meet expectations, the CEO takes the fall as the head of the organization.

This is not the case in the arena of public policy. Consider Greece. Like Fiat in 2003, it teetered on the brink of bankruptcy. When the Prime Minister announced spending cuts and reduced benefit programs, street riots broke out and the modern media (TV, radio, print, blogs, Internet news blasts, Internet newsletters, etc.) covered it extensively on a global basis. Unfortunately, the media gave scant attention to the overspending and excessive benefits that needed

to be reined in. Instead most of the attention focused on the rioting and on angry individuals who would be disadvantaged in some way from such cuts. This caused politicians to focus on lining up loans as temporary band-aids for the problems; making the fewest cuts they could get away with to put the issue behind them.

The fact is that neither the Prime Minister nor any single politician in Greece had the authority, or would actually be held accountable, to provide an effective long term solution. While they collectively represent a governing body that needed to deal with the problems, a serious complicating factor is that politicians often put themselves and their electability first. To insure their future electability they have to be very careful about how the media portrays them. The Greek economy was thus weakened by a poor policy response that most experts classify as a temporary fix.

The Media and the Politicians

A core problem is that today, the modern media that operate in the West are typically not objective when covering major issues and problems. Most of them are struggling to stay financially viable and need to publish news that helps sell newspapers, magazine, increase airtime, win readership, 'eyeballs' and the advertising dollar. While U.S. President Teddy Roosevelt used to quote the African proverb "speak softly and carry a big stick," it appears the theme of the modern media is "speak loudly and carry a small victim." Specifically, rather than help the public understand the causes of problems and the various alternatives, they personalize stories and focus on individuals, the "small victims" who may be disadvantaged in some way when problems are confronted. Showing how some particular individual is hurt by a new policy or belt-tightening measure has high news/sensationalism value and thus can generate more viewers/readers. In trying to illustrate the individual impact of a policy and the limitations of any solution, the media stymies the process of finding a lasting solution.

'Small Victims' are Big Obstacles

Let me give you an example. If Greece decides to reduce funding to schools, the media will pick out some sad-looking 6-year-old and claim she is going to a school that will be impacted by the cut and that her future is in jeopardy (she is the small victim). Hence, any politician who votes for the cut will be characterized as hurting small victims. If politicians consider cutting the size of social security benefits, then some older person will be characterized as the small victim by the media, and any politician who considers voting for efficiencies in social security will be described in the media as hurting these older small victims. The small victim approach is all about political correctness and using it to attract an audience, causing all politicians to be punished for things like balancing the budget and cutting programs.

It is no wonder then that under today's intense media scrutiny, political leaders typically shy away from tackling the tough problems they are facing. They want to avoid being portrayed by the media as cruel and mean (and thus, no re-electable). To temporarily get the problem out of the way, they make very modest improvements. They don't want any media coverage that could hurt them politically. After all, individually they are not accountable so why would they stick their neck out advocating aggressive long-term solutions or voting for a policy that may generate so many "small victims" as to be politically unpalatable.

The result of all of this is that modern media is making courageous leadership in the public policy area a very difficult thing to achieve in the democracies in the west.

In this respect, it will be interesting to watch the evolution of governments in the East as the media become more of a factor and politicians become increasingly sensitive to how the "small victim"-oriented media portrays them and impacts their constituents.

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