

Talks at GS

Tim Davie,

Director-General, BBC

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Tim Davie: This is about what kind of society are you building? What kind of media ecosystem do you have?

[MUSIC INTRO]

Anthony Gutman: Welcome to another series of Talks at GS. Most of you know me. My name is Anthony Gutman. I co-head our investment banking division in EMEA. But the key is actually my friend Tim Davie, who's sitting here to my left. It's a real pleasure to have Tim here. He's been a great friend of the firm, a great friend of mine. But more importantly, he is the Director General at the BBC as you all know, the national broadcaster for the UK. Prior to that, Tim was the Chief Executive of BBC Studios, which is the principle commercial subsidiary of the BBC and was responsible for creating and distributing leading British content around the world, which has become more and more important as we all know.

Huge thank you for joining us. Really appreciate it.

Tim Davie: Real pleasure. Great to be here.

Anthony Gutman: Maybe we can start with you and the BBC. Because you've got this unbelievable role now. Super exciting. But just talk to us a bit about your history with the BBC and what it meant to you growing up.

Tim Davie: Yeah. I think like a lot of people in the UK-- I mean, I was brought up in suburban Croydon. And we're 100 years old, I should say, this week.

Anthony Gutman: We're going to come onto that.

Tim Davie: But it has allowed us a little bit to reflect about what builds you as a person? I know it's a bit heavy. But you know, you've got your upbringing. The literature you read. But also, there is something around the media you consume. Who are the voices you trust? And it's all the old clichés. Some of those classic BBC News reports. Think about Michael Burke from Ethiopia where we're celebrating some of our news reporting that led to Live Aid. This is me.

Think about those children's programs. And I dream of those days when there were three TV channels and we had two of them. There was nothing like a bit of limited distribution to get your numbers up. But sitting there and watching and listening.

For those of you that live in the UK, and apologies for those outside because this will all be kind of a bit myopic, but I remember sitting, listening to the chart show of an evening. And you used to have that--

Anthony Gutman: Sunday evening.

Tim Davie: Someday. And you had the recorders where you had to press two buttons to try and record them. Yes, I am sure I'm aging myself.

Anthony Gutman: Tape cassettes.

Tim Davie: Tape cassettes. And all of this. But this all sounds a bit light and it's about me. But this is about what comes with it. What kind of society are you building? What kind of media ecosystem do you have?

And for me, the BBC, it absolutely set a standard. It showed a world, and this comes to where we are in the work. I'm sure we're going to come to this in terms of where the media is at the moment. And polarization and government control and everything. It absolutely stretched my mind. It got debate going. It was important to the very fabric of who we are.

And the media is interesting. I mean, I worked for PepsiCo for many years. I've worked for a lot of different businesses. But the BBC's purpose absolutely is infused in me from sitting in that house in South Croydon.

Anthony Gutman: Really ever since you've started you've spoken a lot about the need to deliver value to every person in the UK.

Tim Davie: Exactly right.

Anthony Gutman: We all know that the BBC is required to be independent and impartial and that's constantly challenged. How do you avoid the whole group think and ensure that the whole country is represented?

And how do you think you're doing on that?

Tim Davie: We're doing pretty well on the numbers. I'm very focused on the numbers. Yeah? I want to talk about service organizations. But there are echoes which is in corporate life, but certainly in public service organization, there's a sense, particularly in public service, the key argument often is we do good work. I'm a good person. I do good work. And what I do is good for democracy. Good for the social fabric of Britain. Etcetera.

Coming to BBC as the leader of it, I said, look, that's great. But it's not enough. Intent is not enough. Because our revenue model, although it's kind of weird, it's actually in fact quite accountable in its way because the politicians have an influence. But the license fee-- I mean, this is a weird thing in the UK. It's beautiful. But if you want to watch live television, then you are forced to pay for a TV license. Yeah? And we get 3.8 billion in.

By the way, the sales revenue of the whole BBC is 5.3 billion because you've got 1.6 billion of commercial revenue. And growing extremely fast. That's up about 60 percent in three or four years. And that can go much

higher.

The 3.78 billion though is really about usage. You support the BBC. Not as a notion. You support it basically by using it. I know that's like a statement of the absolute obvious. But it's not actually that obvious. And I think actually to any subscription, it's actually usage that underpins value. So, that was the first thing.

And then I looked at, okay, so, where is that value? I try to keep things simple. The value in the BBC, we're not trying to beat Netflix. We're not trying to beat TikTok. We won't. I love them. They're good services. Forget it. But I don't need 100 percent of your media consumption. I just need to be distinctive and differentiated.

And where we're differentiated is we are very well trusted in areas like news. Natural history. If you haven't watched *Frozen Planet 2* in the UK, it's kind of around the world. It's just a must watch.

Sorry. I plug television programs.

Anthony Gutman: Unbelievable, by the way.

Tim Davie: It's unbelievable. But it's trusted. It's absolutely the process of delivery. We should talk about [UNINTEL], impartiality, and trust. Then I said you've got to make the cuts. You've got to make high impact content. You've got to have a floor that's online. That's iPlayer in the UK. And we've got a lot of work to do in that area. And then get the commercial return to increase the value. That's my strategy.

Anthony Gutman: One of the things I wanted to take you onto, because you talked about impartiality in independence of thought, you and I talked before we came on about what's going on in the world globally. BBC World Service, whether or not you're a Brit, you know the BBC World Service. And it's an incredible institution.

We're going through this period of disinformation and attack on democracy everywhere in the world. Give us your perspectives on that and the role of--

Tim Davie: It is a huge fight. And a massive challenge. And we have to decide together, as societies and individuals, how we're going to sort this out. Because the

trend lines are terrible.

Sorry. I'm generally a half full guy. And there are signs that we can do something. But you're important. Everyone's important. So, I am on a mission on this.

Let me give you some statistics. 73 countries no longer, and actually, weirdly, it's about 70 percent plus of the world's population, no longer have a free, truly free press. Yeah.

Anthony Gutman: Three quarters of the world's population do not have a free press.

Tim Davie: A fully free press, yeah. The statistics on countries with a free democracy are falling fast. And I think it's about 22 percent looking at the latest reports of the world's population are living in what you might term a free democracy. Just what are we doing on our watch?

Now within that-- I mean, I'll give you some real-life examples I've had in my tenure. Sarah Rainsford went to Belarus. Had a pretty brave, tough, challenging Lukashenko and she came back to Moscow. She'd been

living there for years. Thrown out. Okay? We just had the Iranian government yesterday taking action against the Persian service. Incredibly brave people reporting on the protests in Iran. This is today. This is 2022, for goodness' sake. So, we are in a fight for this.

Just to be clear, we-- independence, impartiality, reporting without fear or favor is absolutely the heart of what we do. And by the way, you know, the thing I would say is it requires some incredibly brave individuals. And sometimes I think with are a bit myopic. We'll be in the midst of UK political crisis and stuff like that. I have to say the bit that's humbling to me, I was in Warsaw last week, and I sat with our Ukrainian service. The Ukrainian service is currently in London, Warsaw, Lviv, and Kiev. And the people in Warsaw, the meeting was all women. One man. And they all had husbands, fathers who were out fighting. They had relocated the family. And they are reporting without fear or favor on the Ukrainian service.

We've got Russians. Can you imagine the pressure? Russian service. We've got Steve Rosenberg. I really recommend this. Go and watch his interview with Lavrov and Lukashenko. He did a half hour into Lukashenko in

last November. Stunning. He is in Moscow. Can you imagine the pressure he's under? I've talked to him. It's unbelievable.

Look, I care, as you can hear. I care desperately about it. And I said we don't go for political campaigning. But we are campaigning for the ability. Because I just think it's so important to [UNINTEL]. You can disagree probably and talk about these things. And I think it's really, really important we fight for this.

Anthony Gutman: 100 years of the BBC. That's a moment for reflection, obviously.

Tim Davie: Big time. Yeah.

Anthony Gutman: And you're sitting, running this enormous organization as you go through this landmark moment. I have a few questions. The first one is when you think about just in our lifetime what the competitive environment for the BBC looks like versus 15 years ago, on demand entertainment, we all know how radically it's disrupted consumption habits, how do you make the organization competitive in that type of an environment?

Tim Davie: It's a huge challenge and a huge shift. And for any legacy broadcast organization, the scale of change is underestimated normally by the management. You'll be dealing with traditional media companies.

Isn't the story as ever that the speed to market and the market change is unforgiving. And people in my job tend to say we're moving fast enough. But we underestimate the pace of change in some ways. And also, sometimes we dispense with things too quickly that we thought [UNINTEL] to the market. Like, our values and our quality programming and all those things, there's a hell of a lot on the BBC that I believe is based on human truth that will transcend any technology shift. And it's understanding what those things are.

And then understanding on the market. The market is not going to cut you a break. It's funny in corporations. Traditional corporations, time and again, tend to go bust or beyond imaginings, they just don't exist because people just went, "Yeah, but we're kind of Kodak or whatever." Yeah?

I liked Woolworths. But I didn't shop there. Yeah? And if you don't use a service-- my kids don't go, "Look, my dad's Director General of the BBC. So, I won't watch YouTube tonight." They just go to the content they want. Yeah?

So, the first thing is a really brutal assessment of where the market's going and the downside scenario in terms of how much time. Then I think you then say, okay, there is a scenario here. And it's fine. Where we get-- I'm after value. I'm not necessarily after all of your media time.

So, you've got to understand I'm not trying to chase every opportunity. I've got to focus. The instinct is, and the BBC has done a bit of it in the past, let's just go wide and wide to cover off every base, every community. No. Focus on where we're utterly different. I'm an old-fashioned brand guy. I started at Procter & Gamble. Where are we differentiated?

Anthony Gutman: In a world where you are being constantly disrupted and you're facing the private sector and you're going up against Netflix and Amazon and Sky and Apple, how do you actually keep attracting new talent?

Tim Davie: We're really battling with it. I just hired a chief product officer from Just Eat. He's absolutely fantastic. And every one of my top executives could earn a multiple of their salary. A multiple. And the simple answer is purpose and culture.

And this idea of one life. You've got one life. So, they're not deciding to sign up till they're 85. Yeah? I'm saying to them, if you get one life-- I have an amazing job. The tickets are good as well. But I get to see things. And I genuinely think I'm doing something important and changing society in a way for the good. I think we have to pay a reasonable salary. And you have to have a good package. And I think some of the other benefits.

Actually, in terms of are you at the forefront of whether it be added benefits, [UNINTEL]-- how do you treat people? Yeah? That has to be world class. First. That's almost a hygiene factor now to get good people. But we play hard on purpose. You know? And we really, really work on culture.

I'm being very blunt with you. Where we've moved on more quickly where there is competition. And the other thing we've done, by the way, it's a bit boring this, but in natural

history, they used to be public service employees, the people making *Frozen Planet*. We took 2,000 people. I did this out of public service. Because they could only work for public service. And they were being paid a public service salary, which is quite limited. We took them out and put them in commercial.

And instead of only being able to make for BBC, they can now make for everyone. And they're sitting in Bristol and they've grown. They've doubled in size. They're making products for Apple. And they can earn more money without costing the UK license fee [UNINTEL]. So, there are also structural solutions.

And people say to me, "Why did you do that?" And I go, "Simple. To keep the best people." One answer. To keep the best people. And we've successfully done that.

What's interesting is news and other areas haven't really had that pressure. But now with a hyper competitive market, as you've seen, some of our talent go. I don't want to be constrained by [UNINTEL] guidelines or whatever. They go and join LBC. And that's fine. But it is more competitive now. And you're constantly thinking about the

right model for that.

Anthony Gutman: What's interesting about what you're saying is when you ally the brand of the BBC with a purpose and a mission and a view that, as you say, you don't have to do it for life, that's a pretty powerful combination.

Tim Davie: Exactly. And I think every organization, I think, this idea of what are you here to do-- and by the way, I think I have been at places where that purpose seems a bit just kind of the attempt of a corporate comms team to put something on top of something. You know what I mean? It doesn't feel-- we've seen companies go, "No, we are. We're here to change the world."

Anthony Gutman: Authentic. Yeah.

Tim Davie: Authentic. People smell it straight away. It's got to be authentic. You've got to have this is what we really believe. And you've got to live that.

And I absolutely, by the way, think that could be the heart of a very commercial, aggressive company. But it has to be

authentic.

Anthony Gutman: What's been the most interesting/enjoyable, though maybe two moments, since you started in this job?

Tim Davie: Well, enjoyable, I mean, there's a lot of enjoyable moments. I do think it's probably those moments when I've seen live broadcast-- just there's nothing like live broadcasting [UNINTEL]. So, actually just sitting and watching the Today program where when you've got an absolute moment of history coming through and you see the team doing it, that is really rewarding.

I mean, I do mention it, in the UK we really backed women's football.

Anthony Gutman: What an incredible job you've done with that.

Tim Davie: Yeah. I was in Wembley with all those people watching. And we had 17 million people on the night watching the women in England do something that the men hadn't done in my lifetime. That's a long and tortuous

problem. And it was joyous.

And I do think there's a sense. And this might resonate with companies or whatever. Is in these polarized times, what I would say as we're finding massive engagement with big events. So, already, we're bringing in the UK this lovely singing contest Eurovision. If you're outside Europe, speak to someone in Europe, they can convey the enormity of Eurovision. That's going to Liverpool.

It's going to be huge. It's going to be massive. Do you know why? Because people can come down to the city center. They can party. And you know, when you run a race or when you go to a sports event, you can, at the end, shake hands. You can give a hug to someone. You don't know whether they're a millionaire, an ex con, or both. Yeah? You don't know. But you feel humanity through that.

And I actually think the UK's got a really good chance of continuing to keep a strong social cross cultural, cross class fabric that holds us together across all things. And I think that's going to be more and more important. And how companies work in that, how they create diverse workforces that come together, where you find those commonalities

through different, as it were. That's a bit of a cliché, but you get the idea. I think it's going to be really important.

Anthony Gutman: Well, on that note, that feels like a good place to end, Tim. As a kind of proud UK passport holder and someone who's watched the BBC ever since I was a young child, I just salute you and commend you and thank you from all of us.

Tim Davie: Real pleasure to be here.

Anthony Gutman: Thank you for taking the time. It's been a real pleasure to have you here.

Tim Davie: Thank you.

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