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Transforming NSTP: A journey with PwC Consulting

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Gloomy days loomed ahead

“We extrapolated that if we did not do anything radical by the year 2012- 2013, we would not have a sustainable business anymore”

– Dato’ Anthony Bujang, CEO of NSTP

Turbulent times...

NSTP went on an expansion of its printing plants in 1997 right before the Asian financial crisis hit. Straddled with debts of around RM1.5 billion, the management then focused its efforts on reducing the debt levels through prudent financial management.

When Dato’ Anthony came on board in November 2008, the previous management had successfully settled most of the debts. Although left with a clean slate to move forward, there were still inherent problems in the company – the people were tired, unmotivated, inefficient and had no direction. “We clearly needed to transform, and transform fast, if we were going to stay relevant and in business in the coming years” quipped Dato’ Anthony.

In 2009, management defined NSTP’s main challenges:

- **Planning today for tomorrow**
Just like their newspapers, they knew what to report tomorrow, but not the next week nor month. The business was surviving on routine, and no one had any long-term view of where they were headed.
- **Newspapers... what’s that?**
Their readers were mainly above 40. The younger generation was not picking up their products. “With no new readers picking up our papers, what will happen to our papers once our current readers move on?” asked Dato’ Anthony.
- **The elusive Gen-Ys**
The average employee age across the company was 38 (and 49 for leadership positions) with the oldest being over 70!. Gen-Ys only made up 19% of total headcount. There was a pressing need to attract younger talent into NSTP if it was going to stay relevant. Yet, Gen-Ys just weren’t interested in joining an “archaic, dinosaur” company.

- **“We’ve ALWAYS been doing it this way” mentality**
Inefficiencies were everywhere. Everyone was doing things because it was just the way it’s been done all this time. “Bad habits” such as working in silos and missing offstone deadlines were the norm and none drew any serious repercussions. There weren’t any incentives for innovation and high performance.
- **The death of distance**
The internet made news real-time and borderless. Whatever that was printed in the papers was yesterday’s news. NSTP struggled to align their traditional products to these opportunities and were uncertain about how to monetise new media. They lacked the experience and capabilities required and were concerned that they would be missing the boat.

“We were basically still operating within the parameters of the same business model since our inception!”

– Mohamad Ariff Ibrahim,
Group Chief Financial Officer

Realising that innovation and transformation were what they needed, Dato’ Anthony turned to PwC for assistance, “PwC demonstrated strong strategy experience, passion for working together with us, and committed a strong team to help us on our journey”. Thus, NSTP and PwC embarked on this exciting and rewarding journey towards a better future. We called it Project Optimus.

Destination defined

Clear skies ahead...

At PwC, we strongly believe in a collaborative approach with our clients to support longer-term sustained change. And we took this approach with NSTP.

With over 150 years of collective experience in the print and media industry amongst NSTP's senior management, they shared good insights into the industry and business – NSTP's strengths, weaknesses and aspirations. PwC shared our insights into industry trends, case studies and future outlook – their opportunities and threats. Findings from PwC's Entertainment and Media outlook further supported the project.

"I remember very clearly we worked throughout Ramadhan to brainstorm and chart our future direction. We were all geared up and excited to chart our direction" said Zafrul Hashim, Director of Corporate Affairs, who was the main liaison working with PwC on the project.

PwC facilitated an idea generation and strategy definition workshop to develop NSTP's five-year mission, strategic themes and action plans. There were no bad ideas – everything went into the Idea Bank for deliberation. "PwC mixed us all up into different groups and the results were amazing – this was when we started to break down our silos and began to value collaboration and teamwork!" added the CEO.



"We worked with PwC to define a Big Hairy Audacious Goal for NSTP – something that was grand but achievable if we all worked together towards it"

– Dato' Anthony Bujang, CEO of NSTP

Getting buy-in right from the start

At PwC, we bring our transformation experience to strategy and focus on developing an implementable strategy – not something that will sit on a shelf upon completion. After the strategy definition workshop, we formed working teams to start building the business cases and implementation plans for the identified strategic initiatives. These teams were led by members of the senior management, but comprised of NSTP's talent and high performers – this was crucial for the group to start getting the buy-in from the "implementers".

The teams, facilitated by PwC, developed business cases that projected the ideas, potential costs and benefits, and key activities required for each strategic initiative. These business cases were then presented at a Strategy Prioritisation Workshop, where PwC facilitated constructive debate and agreement on the business case for each strategic initiative. The initiatives were then prioritised based on projected benefits vs. the implementation effort required.

Following the second workshop, we continued to work together with the strategic initiative owners to update the business cases into an actionable implementation plan with clear targets, activities, timelines, benefits and resource-needs defined.

At the end of the strategy definition exercise, everyone from the middle management level and above were excited and geared-up to achieve the strategy. They knew exactly what they needed to do to kick-start their Project Optimus journey.



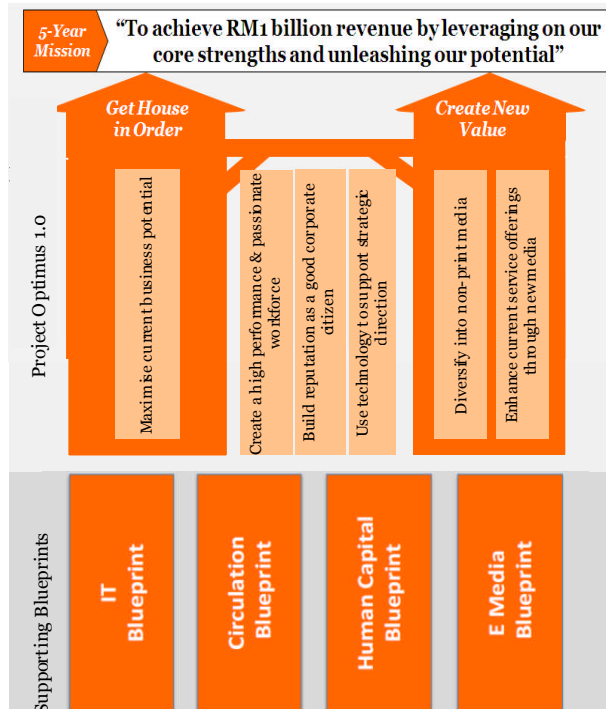
Strategy Development in Action

Destination defined (cont'd)

Building our foundations

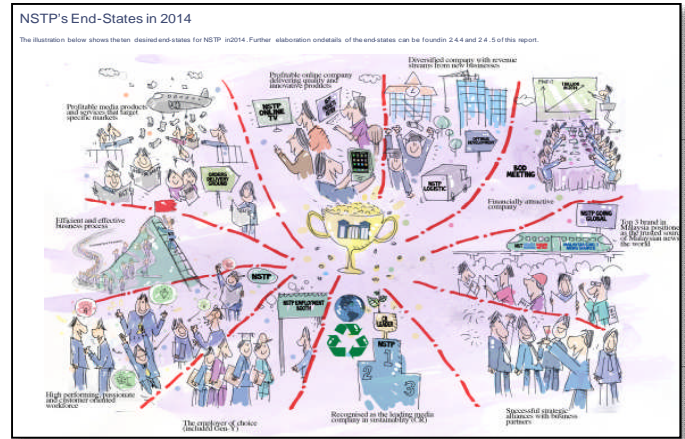
PwC also worked with NSTP to develop four key blueprints to support Project Optimus' goals, including :

- **ICT blueprint:** Defining the overall structure and components to support NSTP's new ICT environment
- **HR blueprint:** Guiding the human capital function in achieving people end-states
- **Circulation blueprint:** Positioning and setting the direction of the Circulation department to enhance efficiencies and drive revenue through the sale of its 3 print products
- **eMedia blueprint:** Redefining the eMedia department's role and direction to monetise and create presence in new media and the social media scene

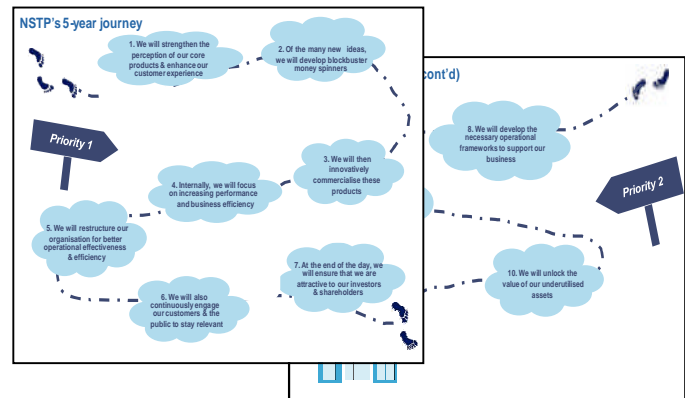


NSTP's strategy— "to get house in order" and "create new value". The four supporting blueprints served as the fundamental enablers to the strategy

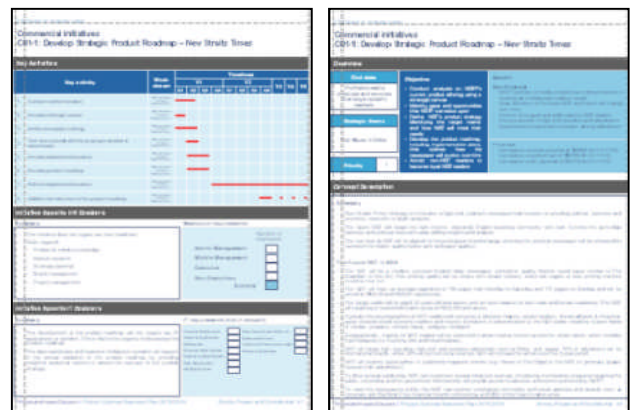
Snapshots of some of PwC's deliverables



NSTP's desired end-states presented in comic



NSTP's 5-year journey to communicate and inspire others



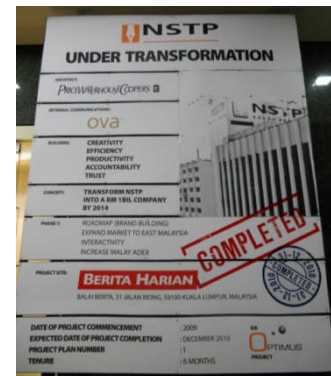
High-level strategic plans elaborating initiative description, timelines and key enablers

Prime Outcomes of Project Optimus

Seeing is believing...

Decades of unfulfilled promises and underperformance had created an air of cynicism amongst staff and affected morale very badly. Change management was key to the success of the transformation. “People needed to see and feel the changes to believe it, not just hear about it,” quipped Dato’ Anthony. Some examples of the visible changes include:

- “NSTP Under Transformation” was visible in every corner of the workplace throughout 2010 in getting the staff galvanised towards putting its house in order. This was followed by “Winning in Progress” in 2011
- Within six months, all 16 regional branches were fully renovated with NSTP’s new branding. Renovation was implemented at regional branches before the headquarters to send a strong message that everyone plays a part in the transformation, not just management
- In NSTP’s main office, walls that previously created silos were broken down. Now, seven departments sit together on one floor in an open office concept to encourage transparency and sharing



Sharing transparently...

The level of transparency was unprecedented – quarterly town hall meetings were held in all regions to communicate key targets, achievements and incentives to employees if the targets were met. At the start of 2010, Dato’ Anthony promised a stretch bonus of 7 months to high-performing staff if the stretch targets were met – this instantly created a sense of excitement and commitment from everyone. This was more than 3 times higher than the highest bonus paid out in 2009.

Moving into the last quarter of 2010, the management shared with the staff that they were RM6million short of their stretch target (and bonus!) and they needed everyone to push them over the finish line. They got RM16million instead and bonuses paid out were between 4 to 8 months, something the 166-year old company had never seen before.

Inspiration from the top

Dato’ Anthony played a key leading role in steering the transformation. He chaired the monthly Optimus Steering Committee meetings to drive implementation of the projects. He also did walkabouts throughout the office, constantly engaging with his management team and the people on the ground, spurring people incessantly to work together.

Senior management played a crucial role in leading and guiding the transformation. They committed themselves to the implementation activities, the stretch targets and had department meetings to help their teams understand their roles in contributing to the vision. Optimus led to significantly more inter-department collaboration, with teams working together to exchange ideas and implement transformation.

The regional branches were not left out – management visited them to keep them updated on the transformation as well as to address their issues. The efforts of senior management significantly boosted the morale of the workforce. NSTP’s employee engagement survey shot up from 39% in 2008 to 76% in 2010!

Prime Outcomes of Project Optimus (cont'd)

Savings savings savings...

Through NSTP's Business Process Improvement (BPI) initiative, more than 39 projects were identified between January 2010 and June 2011. This has resulted in RM20.7million of savings through initiatives such as improving newsprint yield, reducing waste and recalibration of ink. With the improvement mindset and processes embedded into its operations, these savings continue year on year as other new BPI measures are introduced.

To encourage more BPI ideas and implementation, a total of RM170k of spot bonuses was paid out to reward employees who achieved their BPI targets.



Seeking new value and fresh talent

The NSTP strategy incorporated a strong focus on online and social media as potential new revenue streams – this was to tap into a whole new market that NSTP had no real presence in.

In early 2011, NSTP launched its iPad apps for Harian Metro and the New Straits Times. Three weeks after its launch, The New Straits Times app was Malaysia's number one news portal app with 12,783 downloads. The e-media team also offers social media services for companies, which has been generating good revenues.

“One of the ideas we identified from our discussions with PwC's Gen-Y team was the value a Gen-Y lab can bring to us – to spur innovation and encourage engagement with the generation,” said Dato' Anthony. NSTP launched WakaLab in 2011 and all the “rejuvenation” efforts have paid off – more than a quarter of its staff now consists of Gen-Ys.

Winning attitude

A key driving force behind NSTP's transformation success was the change in mindset of their employees. Project Optimus' theme “Winning” became a company-wide passion and it created a high-performance culture. They constantly celebrated their achievements and were not afraid to continuously challenge themselves to hit the next milestone, going beyond what was asked. This winning mentality made NSTP a winner of numerous awards, amongst which are:

- Grand Prix Award, Gold Medal and Silver Medal, *AdFest 2011*
- Bronze Lion, *Cannes Lions International Festival of Creativity 2011*
- The Best Brand (Media/ Newspaper category), *The Brand Laurette Awards 2011*
- Best Print Media and Winner of Minister's Trophy, *Domestic Trade, Cooperatives and Consumerism Ministry Award 2010*



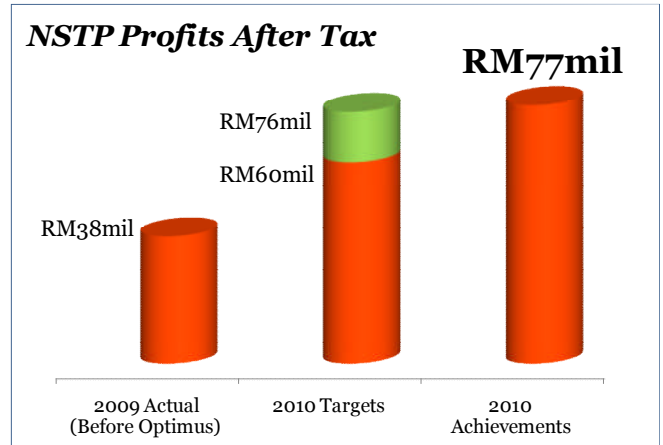
Prime Outcomes of Project Optimus (cont'd)

The bottom line

In 2010, NSTP achieved RM77million of Profit After Tax (PAT) – 28% higher than 2010's budgeted PAT, and an amazing 100% higher than 2009's actual PAT!

This success was also driven by the strong performance of its advertising sales – revenue grew by 22% in 2010 alone. Growth in the past was an average of 2.5%. Even the market's ad revenue grew by only 15%.

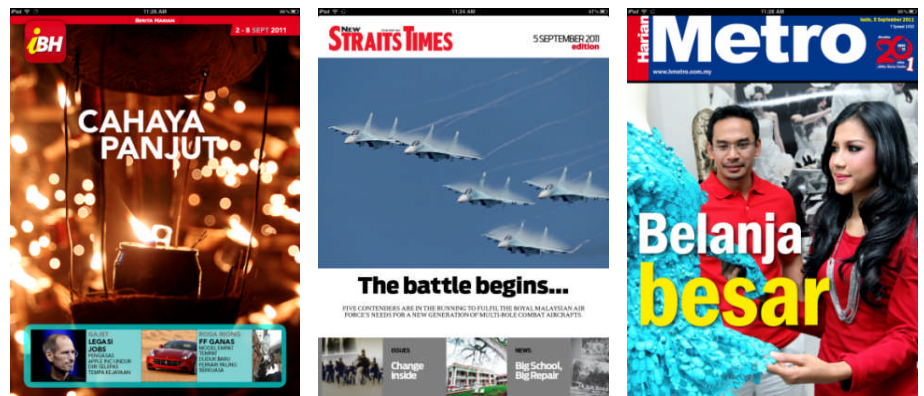
For 2011, the industry outlook has not been as rosy – with the Euro debt crisis, economic downturn in the US and lack of major sporting events globally. Despite that, NSTP is still progressing and are on track to hit their targets for the year as well. However, given that the transformation is in its second year of implementation, NSTP's senior management is aware that is still has a lot to do to focus on achieving NSTP's end objectives.



“We are not in the print business, we are a content company”



The New Straits Times makeover – new branding and image



New Straits Times, Berita Harian and Harian Metro iPad Editions

The NSTP-PwC partnership

From the first day that PwC stepped foot into NSTP to work together on this journey, both parties have never looked back. The working relationship established between both parties contributed to the success that we've seen NSTP achieve.

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“Our working relationship with PwC redefined the best way of working with consultants to benefit both parties”

– Dato’ Anthony Bujang,
CEO of NSTP

“NSTP’s success was driven from the top. NSTP’s CEO and senior management showed passion and commitment in leading the transformation”

– Dato’ Seri Johan,
PwC Malaysia Executive Chairman

“PwC was open to sharing their views and latest industry trends – during and even after the engagement”

– Zafrul Hashim,
Director of Corporate Affairs, NSTP

“We can see and feel the transformation within NSTP, compared to when we were first engaged over a year ago. NSTP’s senior management took full ownership and were not afraid to refresh those strategies where and when required”

– Sundara Raj,
PwC Malaysia Senior Executive Director

“PwC’s Gen-Y team created an awareness within NSTP that e-Media and Gen-Ys have a strategic role to play in our transformation”

– Cheryl Goh,
Head of e-Media, NSTP

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PwC's Strategy Practice



We deliver our services locally and through our integrated network of more than 1,300 specialists in 30 countries across the globe

Strategy into action

Our aim is to support corporations in designing, managing and executing lasting beneficial change. We help our clients develop or appraise strategic business plans through the rigorous analysis of the business market environment, competitive landscape and internal capabilities.

By always evolving to respond to industry trends and management focus, and combining our deep technical skills in response to our clients' changing needs, we are able to sustain a closed-link relationship with them to continuously support them in improving the way they operate, innovate, reduce costs, manage risks, leverage talent, and change the way they do business.

We can help you determine the right strategic priorities for sustainable profitable growth and offer support and practical solutions to achieve your growth objectives. The support we can offer includes:

Transformation segment

- Strategic planning and development
- Strategy validation/ alignment
- Implementation planning

Organisation Realignment segment

- Functional/ Business Unit strategy
- Sustainability strategy
- Innovation strategy

Drop us a note or give us a call



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