URL: https://ecorner.stanford.edu/in-brief/how-to-recover-from-missteps/

In a startup, says Luminary Media co-founder and CEO Matthew Sacks, you're going to make mistakes on a regular basis. He describes how Luminary navitaged some early missteps, and explains why it's important to slow down at times, even amid a frenzied product launch. The ideal approach, Sacks has found, is to proactively develop lines of communication with all stakeholders, and own your mistakes right away when they happen.

Transcript

- We had a clear vision for what we wanted to do with Luminary.. We have a great network of content creators we put together, Lauren had built out a great team of 70 people in a short amount of time.. We even got a great New York Times story announcing that our company was launching, and talking about our content network.. On April 23rd we launched, and these are some of the headlines that we got coming out of that.. So not exactly what you dream of when you think about launching your company and getting covered by the press.. The one saying Apple, Luminary, and Spotify and the podcasts, that one's not bad.. Good company.. The others not so good.. So what happened? And we've spent a lot of time reflecting and thinking about what happened and what can we learn and what do we do different going forward.. There's a couple of things here that we'll talk about in some detail that are tactical and actual specific instances, but I think at a higher level, two things that we zoned in on..

One, you need to proactively and clearly and succinctly communicate what you're doing to all stakeholders, not to some, not to the people you've had the time to get in touch with, but to everyone.. And so that concept of clear communication keeps coming up into something that is really important.. And two, when you're moving really fast sometimes you actually have to slow down so you can go faster.. Sometimes you have to take a breath, look around, understand where you're at, and then accelerate from there.. Because just constantly moving to the next item and the next issue to solve and the next thing on your agenda, you don't get always the proper time to think, to understand the full context of the conversations you're having, and then to make the most informed decisions.. So let's go through this.. The tweet.. So, not sure if anyone in here has seen or read, my guess would be you have.. The first tweet that came from our company social media account was a tweet that was essentially negative on the ad market.. It was negative on advertising in podcasts..

As we discussed earlier as we wrote in our blog post, that is in no way, shape, or form our belief, we actually built a model that tries to embrace both subscription and ad-supported content, and it was a mistake, and it was just a miss.. It was going too fast, it was not having the right processes in place to approve something before it came out from an official company account, and it was a mistake.. We took the tweet down, we issued two sort of explanations, but we didn't really own it and issue an apology and raise our hand and say my bad for a couple weeks after.. And I think once we did that, and once we just said, you know what, we messed that up, that was a mistake, we actually were able to move the conversation away from it and people understood.. So an interesting lesson there and one, sometimes you gotta go slow to go fast, and sorta understand what you're doing, have the right processes in place, very similar to a lot of what Lauren talked through on the people-up side.. And two, when you do make a mistake, which in a startup you are going to do every day, sometimes you just have to own it, and raise your hand and say that was a mistake, and we'll do better the next time.. The second piece that came up through our launch, is the conversation around licensing and podcast content and where does podcast content live.. Historically the space has been unlicensed, content's been widely distributed, and because there was an economic model where distribution equals impressions equals ad revenue, everyone wanted their content on pretty much every service.. But the space is growing up, our entire business is about part of the space growing up, and our entire business is similarly about the value of podcast content, and so if you're a content owner or a content distributor who values what you are creating, you may not want your content on all platforms and you may wanna pick and choose where it is similar to how things work in the video world today.. You have some shows that are only on HBO, some that are only on Showtime, some that are only on Netflix, some that are on multiple of those services..

And so there's a licensing conversation that is essentially, in our view, podcasting entering adolescence or adulthood, I don't know exactly where you draw the line on that, but the space is maturing and so there was a pretty interesting conversation in the space about where and why content will live where it does.. The third piece is on technology and really for us, actually, how our technology appeared to the outside world, not what we were doing internally.. This again comes back to communication.. So we chose a technology architecture that looked a certain way, what was actually happening underneath and inside the company was something different, but we didn't do a good enough job proactively going out to the world and saying here's what we're doing, here's why we're using this methodology to access your podcast content, here's how the data flows, and because we didn't go out and clearly communicate, we woke up one morning at four a.m., there was a tweet that said, "I think Luminary is doing this" but by the time we got in the office at seven, it was sorta widely understood that that was what we were doing, it was about the concept of cashing and re-hosting content.. We were not doing that, but we hadn't proactively explained that and we had made some technology architecture choices that made it possible for people to imply that.. And so we spent the next couple days one, explaining that publicly through the press and through social media, two, getting on the phone with content publishers and owners in the space, large technology players in the space, the hosting providers, and explaining what we were doing, and we had gotten a sort of clean bill of health sign-off and made progress to write any of the issues that we had very quickly.. But because we weren't proactive enough about our communication strategy, the narrative had sort of picked up on itself, and it took us a little bit longer to win that back.. We actually feel like now we've done a really good job of going out, explaining what we were doing, what we are now doing, and doing that proactively, but it did take some time and some pain to get the message out there and get it out there clearly.. So going forward, what does it mean and what do you do? I think one, you communicate proactively.. Two, every time we make a decision, we need to really think about all of the stakeholders it impacts, not just consumers, not just the creators making shows for Luminary Premium, but every constituent in the market and make sure that they fully understand what we're doing, and that might mean sometimes you have to go a little slower, you have to reach out and do your calls and your emails and speak at a conference and really articulate what you are doing to the market, but going slow and taking that step back gives you the opportunity to actually go faster, and go faster in the long run...