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The podcast market was growing rapidly when Luminary Media was founded at the beginning of 2018, and it was even bigger by the time the company launched its podcasting service on April 23, 2019. Just a month after that launch, CEO Matthew Sacks and co-founder/head of talent Lauren Perkins step back to assess how they identified an opportunity in the podcasting space, built a team and launched a product with a library of exclusive content in a little over a year. They also address the negative headlines and Twitter backlash they received during launch week, and share strategies for responding to the kinds of mistakes that fast-moving startups often make.



Transcript

- [Announcer] Who you are defines how you build.. (ethereal music) - A number of you may not have heard of Luminary before we were booked to come here today.. We wanted to actually spend some time giving a high level overview of the business, what is Luminary, talk a little bit about our mission and sort of why we're doing what we're doing, and then go through some of the key learnings that we've had over the past, since we've started the business.. When we think about, you know, sort of what we've learned and the experience we've had so far, there's a couple key notes that we want to hit and talk through with you all.. One is, you know, the idea of looking for opportunity wherever you are, and wherever you have the chance to see it.. For Lauren and for me, I think the path to starting a business was not a linear one, and really was made possible by being in different places in our career, and seeing opportunity that was maybe five degrees to the right or five degrees to the left of where we were supposed to be looking, and then running through those doors when we saw them open, the door open.. Two, and this is something that Lauren will spend a lot of time on, is the importance of building a great team.. And I'm sure, every week in this class, when people come in, they talk about that, but you know they, because it's true.. And so, when Lauren and I partnered and decided to make people option the talent function part of the co-founding team at Luminary, that was really in pursuit of knowing how important of a function that could be for growing and scaling a business quickly.. I think the third thing we want to touch on is how to manage and how to communicate through complex situations..

You know, complexity, I actually think often presents really great opportunity, and that's something we'll talk about today is, sometimes when things are misunderstood, when things are challenging to explain, that's actually where the opportunity lays, but in order to capture that opportunity, you have to be able to communicate very succinctly, very clearly, and that's an area where I think we as a business at times have done well, and at other times have had some missteps, and so we want to talk about those with all of you, and sort of what we have learned, and how we're thinking about it going forward.. So, really excited to be here.. Thank you again.. And with that, I'm gonna turn it over to Lauren to give an overview of what Luminary is, and go from there.. - Hi, everyone.. I am Lauren Perkins.. As Matt said, I'm one of the co-founders of Luminary, and I'm also the head of talent.. To echo Matt, we truly are really thankful for the invitation to be here, and we hope that you can pick up something from what we've learned the last year and a half, and more specifically in the last month, that you can bring with you as you evaluate your next job, or potentially starting a business yourself.. So, what is head of talent? That means I run a function internally that we call people ops.. That is, you can think of it like a marketing team..

The CMO's job is to find consumers and keep them on our platform.. Our job is to identify great talent and to retain them.. So, that starts with planning, figuring out what roles we need, sourcing, recruiting, find people from all different backgrounds that can fit the role, budgeting, salaries, all the way to promotions, performance, cultural, and overall employee and workforce health.. We're curious.. How many people in this group listen to podcasts regularly? How many of you had heard of Luminary before it was announced that Matt and I would be here today? How many of you have downloaded the app and started interacting with some of the content? Pretty good.. We have a good sales opportunity.. We have to do a good job today.. Hopefully you'll all be subscribers soon.. So, what Luminary the product is, is two main pieces.. The first is an absolutely free podcast app..

It is a way to find and listen to hundreds of thousands of podcasts basically like a search engine.. There's a directory online, the public directory called the RSS feed.. That's where we get the content from.. The creators of those podcasts can

choose to monetize their content with ads.. That has nothing to do with our business.. That is their choice.. We pipe it in.. Hopefully we can find more listenership for them, and we can provide great content to anyone for free.. The way we monetize the business is the second part of the app.. It is an exclusive content network with over 40 shows..

These are some of our creator partners.. It's the quality of these shows that really differentiates us in the market.. We have over 1,000 hours of exclusive content.. You can find it on Luminary ad-free.. We're really proud of our partners.. There's a lot of different content, different types of voices, different formats, different genres.. We think there's something there for everyone, but the content is really the core to our business.. So if you think about the people, the product, the content, and then lastly the fourth component of our overall business is the brand.. So what the marketing team is doing to make all of you aware of Luminary, what the service is, what the offering is, what the value proposition is, is how we think of our company.. - So, you know Lauren mentioned a couple core parts of the business..

For us it really starts and stops with the content that is on the Luminary premium service and our content partners and our content network.. Podcasting offers incredible content.. You know, you saw from the number of hands that went up in this room when we asked how many listeners there are.. It's really an incredible medium and it offers so many different things.. I think the word that you hear most frequently when people talk about why they love either being a podcaster or listening to podcast, is intimacy, right? A connection between the host and the creator, something about EarPods or headphones being in your ears, almost sounds like a voice, you know, in your head, having a interpersonal dialogue with you.. There's a real connection between the host and the creator which has defined the space for the past you know 15 years since podcasting has been around.. That's why we got into this, that's why we decided we wanted to start Luminary.. So for me, started as a podcast listener, you know shows like Bill Simmons, shows like "Recode Media" with Peter Kafka.. I remember you know where I was when I listened to the first episode of "Slow Burn", which is a creator named Leon Neyfakh, who's actually doing a new show with us.. And he went he told a eight hour deep dive investigative report on Watergate telling stories that, you know, you hadn't been told or surfaced before, whether it was Martha Mitchell, you know or the standoff between the FBI and building security when they were trying to find, get through the files on what actually happened then..

And to me it was just an incredible example of how and why podcasting is so special, because it gives creators an opportunity to tell stories in their their way.. You know the low-cost form nature of production creates a lot of flexibility and opportunity for creators to really pursue unbridled creativity and go down a path that, you know, isn't in their mind and that they see.. And so that's why we wanted to build a business in the space, and that's what we want to build a business around just great premium podcast content.. Lots of content businesses out there.. lots of different models, and so before we started the business, we spent a lot of time thinking about how we wanted to build it, what model we wanted to pursue, and what the right business model was for us to support and invest in this amazing content.. You know, you think about a business like Disney.. That's an intellectual property business at its core, right? They make amazing content and they figure out how to monetize it across categories, whether it's in TV shows or movies or amusement parks or merchandise or now streaming services.. You know businesses like HBO and Netflix, subscription services and sort of very pure play, clear, you know, clear and in single minded business models.. Others like maybe the New York Times or Spotify, both ad-supported and subscription supported, and then others still purely ad-supported, like a BuzzFeed or a Vox Media.. And so we spent a lot of time at the beginning of starting the company debating what was the right path..

And where we landed was to try and embrace both of those models, but in a somewhat unique way.. So as Lauren mentioned, Luminary offers a free app.. Anyone can use that app to listen to publicly available content.. That content is often ad-supported although not always, and we actually have no economic participation in that side of the business.. So we are purely a pass-through that people are listening to content that is monetized elsewhere, on our service.. And then we have our subscription service for premium content.. If you think about a business like HBO, you have to be a subscriber in order to engage with HBO at all, Netflix as well, right? And so it was, it has been written or publicly talked about Luminary as the Netflix of podcast, Luminary's attempt to be the Netflix of podcasts.. We actually, you know, don't say that internally, and I think that when we talked about communication through, for complex situations, that's one of the areas where there's been some confusion and there's been some, and you know, we probably could have done a better job proactively communicating the differences.. What we've always said is, we wanna be synonymous with podcasting the same way Netflix is synonymous with TV and film.. And, but didn't call enough attention to the differences in nuances in the model..

So what is the model and what is Luminary's business? You know one, subscription is a great way to fund content across categories.. so whether it's print, music, TV, and film, subscription has been a really productive funding model for content for, you know, decades, and has driven a lot of the growth in internet-based content models over the last 10 to 15 years.. Two, podcasting specifically, in our view at least, had a real need for a subscription model.. There are some businesses in the space that attempted to pursue a subscription model, some that do donation supported content, but I think in our opinion, a primarily ad supported ecosystem when we started had a real opportunity for a subscription model to emerge, and that was something we were committed to and believed in and wanted to pursue.. Three, and this is a really important point, we don't believe it needs to be one or the other.. It doesn't need to be only ads or only subscription.. We think both of those things can actually work harmoniously together, and that's why we've landed on the model we did.. And then four, subscription really allows for the investment in technology and the investment in marketing to try to build a holistic ecosystem.. You know, ad-supported content sometimes struggles to invest in technology or marketing, and we thought with the subscription service and a consumer oriented business, you could really invest in those two things, which would help drive the space forward.. So

if anyone is bored at night and wants a good bedtime read, we wrote a blog post to try and explain it..

Medium says it's six minutes long, so not that bad.. And it really does articulate sort of our vision for the category and what we're trying to do.. But as mentioned at the beginning, really the core of our business is trying to elevate podcasting for listeners and creators, for listeners to be a great place to find amazing content, and do that both because of the quality of the content on the network, and the technology that we offer, helping them discover new shows, and for podcasters, to be a place where they can do their best work.. And they can come and have, you know, sort of unbridled creative freedom.. We'll sort of invest in them, offer resources, production budgets, and try to really help them, you know, make their best show.. So that's the why, the sort of the what, the how, and the why.. Given that Lauren and I are early in the journey, we thought now it made sense to take a step back, sort of explain how we actually got here, and some of the things we saw in terms of opportunities that led us for starting this business.. And so Lauren, maybe I'll let you jump in and run through your background.. - Okay.. So the theme here is look for opportunity wherever you are..

Matt mentioned this earlier but when we started thinking about how Matt was thinking early on about building the business and how everything about where we got, or how we got to where we are.. It's not a linear path at all.. I graduated from the University of Virginia with a degree in civil and environmental engineering.. After school I got a job at one of the biggest general contractors in the world.. I was working at Turner Construction.. I was an assistant superintendent on a very rewarding project.. I was work, building an ambulatory care center for the Children's Hospital of Philadelphia.. I was 24.. Me and a very small team were managing the work and the schedules of anywhere from 200 to 800 people on site every day.. And I can't overstate how much more these people knew about building than I did..

The way I was able to be successful in that job was truly by building good relationships, communicating, working on project management skills, and prioritization.. So, I loved that job, but after a couple of years I realized that a big company isn't the right environment for me.. I wanted the big company role 'cause I wanted to build those foundational skills, and I got that and I'm really happy with that decision, but I realized after a couple of years that, while my daily job was challenging, it was one trade for one project, which was probably one of 20 projects in Philly, which was, Turner is in probably 50 cities, and it's all over the world.. I wasn't, I had very little cross-functional insight.. I was a junior employee at a massive company.. I wasn't at the decision-making table.. I wasn't even close to it, I don't know where the table was.. So I wanted to be in the position that I knew what was going on, and I could offer my skills, my insights, to other parts of the company.. So I started applying new jobs.. Through a family member in my network, I ended up in an interview for a role in an executive search firm..

I don't know if you all know what that means.. I certainly did not know what that meant at the first interview.. I treated like a meet and greet.. I would not recommend that as you go into interviews this spring, but what I found out is that executive search is, when you hire a firm to come in, work with the founders, the CEO, sometimes investors to identify one individual that would be a leader for your company.. It's truly a partnership.. It's a long process but typically that person is someone that brings our company to the next level.. So what I got out of this job was I learned the skills of recruiting.. That was amazing, I loved that, but on top of that I got insight into tons of VC-backed companies, what their problems were, their pain points, how we could solve them.. And then me as a consultant, I got to go out into the ecosystem and try to find people that could solve that problem and talk to brilliant individuals every day about what they did get to where they were and how they could be effective in that role.. And somehow I got to be the decision-maker whether or not they got to take that call..

So it was an awesome job.. It got me exactly where I wanted to be.. I wasn't at the decision table but I now knew where it was.. I was on the phone once a week with them, and, that with True, I moved to New York.. Started working on searches for a number of VC-backed companies.. Many of them were in the New Enterprise Associates portfolio.. That's where Matt was an investor at the time.. The two of us knew each other personally.. We started get together pretty often professionally to discuss what companies were growing, what talent was out there, the challenges that high-growth companies see, and it was at one of these meetings that Matt, you know, started telling about Luminary.. He pulled out a deck..

He'd clearly thought through this.. Created, literally created a deck, had done user research, and we started talking about, you know, how we could build out that team what it would look like and that's when you changed the conversation.. He said, you know, that's great, we'll find a CTO, but I'm here to talk about you and I want you to come found this company with me.. I want to start a company together.. So, that's how we got started.. I don't know from your perspective.. There's probably lot more going on before that.. I got pulled into a happy hour one day, - [Matthew] One or two things.. - Go ahead.. - So, so maybe to step back even before Lauren and I started talking through Luminary..

I went to the University of Pennsylvania.. I was a history major.. I had absolutely no idea what I wanted to do.. Once I graduated, I just knew I loved history and I was really interested in a number of my favorite podcasts are history podcasts and loved, you know, reading.. Philadelphia is a great city to study history, and you know, that was kind of all I knew when I got to school was that's why I wanted to look into.. History major, figured politics kind of close.. You read about a lot of political history, and we'd go try that out.. After my freshman summer I got an internship in the White House intern program.. Worked in the Eisenhower Executive Office Building every day.. Got to go on two trips with the vice president's advance team and was just an incredibly, this was, you know, the first Obama White House was incredibly cool experience, and incredibly not right for me..

And after that decided I was gonna look elsewhere.. So, went and got a job in the sexiest field you could think of, distressed credit investing.. Went and worked an investment firm for the summer and this was, they asked me to look at the newspaper industry.. Shortly after the financial crisis newspaper companies were having hard fin-, hard economic times, and there was in their opinion a lot of opportunity to invest there.. I went to them at the end of the summer, and I said, and I should caveat this by saying over the past five or six years, I think that some of the newspaper companies in the US have done incredible jobs adapting their business, evolving to the Internet, you know, doing really great journalism and reporting and upholding, you know, true values of democracy and have, you know incredible, delivered incredible value.. By the time in 2011 I basically said, you guys should not be investing in the newspaper industry.. You should be investing in Google, because there is a direct inverse correlation between Google size and the value of this information that's being distributed.. They didn't love that.. It was not the right answer to the project, but it did very clearly inform me what I wanted to do with my career and where I wanted to go next, which was to work in technology and to work in, you know, with high-growth companies.. So, from there I was I was kind of hooked..

I started a music streaming service with two friends.. You know, this was right as Spotify was getting to the US.. This was before SongCloud had a mobile app, sort of the right place the right time, and the wholly wrong execution.. We had no idea what we were doing, but we we learned a lot.. From there I went to intern at a venture capital firm called First Round Capital.. Loved that job.. Thought I wanted to do that job later in my life, but thought that I wanted to go build a skill set.. And so, after I graduated went to work at Goldman Sachs as an investment banking analyst and really just learn a financial analyst skill set and dive really deep into that, which I thought would prepare me for, you know, wherever I was gonna go next.. Got back to venture capital about a year after that and was working at NEA, which was an incredible job, investing in early-stage and growth businesses.. A lot of my time was consumer internet focused..

We worked with incredible companies and founders.. We worked with jet.com.. We worked with Casper Mattress.. We worked with, you know, Goop.. We worked with just, BuzzFeed, a long list of internet-based businesses.. I couldn't, you know, be, have learned more and had a better experience there.. As a podcast fan I got very excited about trying to find an investment in the podcast space.. And ultimately we concluded, you know, the company that we wanted to invest in didn't exist, but there was a great opportunity to go build it.. And so, again I think, you know, the second time in my experience, once when I was supposed to be looking in the newspaper industry and got excited about technology.. This time supposed to be looking for investments and got excited about building something that, you know, looking for opportunity wherever you are really rang true and these were opportunities that were, you know, five degrees to the right or five degrees to the left of what I was tasked with and had the luck to, you know, really be able to pick my head up and see where I wanted to go and what I wanted to drive..

So, why podcasting? Why build a business in the category? This is today.. Today were, you know, Spotify has invested about \$500 million into podcasting.. I Heart Radio talks about beating one of the leading podcast companies as far as how they're describing themselves.. The podcast market is big and growing and very exciting today.. Two to three years ago people didn't necessarily have that perspective.. I think they thought of it as kind of niche.. It's kind of off to the side.. It's not the same type of content as TV.. It's not the same type of content as publishing.. But knowing sort of what I knew as a fan and having the interactions I did with my friends who all loved the space, and knew the content was special..

And as the last couple years have gone on, it's become very clear that podcast is a big deal.. 62 million people a day listen every week.. On average they listen for about an hour a day and 144 million people in America have listened to a podcast.. It's growing really rapidly.. The challenge of podcasting from an investor perspective was that the economic mode was lagging the consumer adoption and the consumer engagement.. So, what this chart shows here, the average hour of listening from a podcast listener generates two cents of revenue.. You look at radio, Spotify, and sat-, radio, streaming, and satellite radio, and it's significantly more revenue than the podcast space for a very similar type of content.. When we were looking at investing in the space we tried to figure out why that is.. And in our business, which we mentioned before is really about great podcast content and how to build a business and monetize around it.. And so, we landed on the subscription model, because due to this..

Podcast ad rates are actually pretty good, you know, \$35 dollar CPM, which is a cost per thousand impressions of an ad compared to \$13 dollars on radio.. But the ad load and podcast is very low, three minutes of ads per hour on average.. Radio is about 18.. So, in order for podcasting to catch up to these other businesses, either you had to introduce a new model and you had to introduce a new revenue stream, or ad load had to go from three minutes per hour up significantly, which would have been a negative for the user and ultimately would have led to the cost per ads coming down somewhere to radio.. We got very excited about the opportunity to build a subscription business in the space, and as Lauren mentioned did some extensive research about the viability of a subscription business.. And ultimately came to the conclusion after talking to thousands of users, thousands of listeners that, you know, podcast content was no different than TV or film or music or publishing, and that if you had great premium content, there was an audience that would pay for it.. There was an appetite to pay.. And so, we set out to build a business.. We founded Luminary in January of '18, and in the fall of 2017 is when I went to Lauren.. I said, you know, this feels like a really big opportunity..

We've been able to raise some capital from a few different investment firms including my old firm to go after it, and it's very clear to me that, you know, the most important thing that we're going to need to do is hire a great team and move really

fast.. And as a result, you know, having a head of talent, a partner who's running the people operations function on the co-founding team was really important to me.. We were really clearly aligned on that vision.. And so, we started going.. And so, now I think Lauren gonna talk through a little bit, the impact that that's had on our business to date.. - Yeah, I think when Matt lays it out like that, it is very obvious why having a recruiter and someone responsible for the overall health of the workforce early on can add value.. And when you read blogs or posts or interviews with founders and CEOs.. So, many of them say that, they spend 90 percent of their time or more on recruiting and hiring.. That is still puzzling to us, because it's very uncommon to have a talent professional as a co-founder today in the VC-backed world.. We think that will change..

Our investors feel like it's been a good value add, but internally it's been extremely successful.. We in about a year, built a company that has about 70 people.. Almost every single one of our employees is outperforming our expectations for their role and we have an incredibly high retention rate.. So, we think it was a good move.. For this class and personally for me though, I think what could be a challenge for you one day is figuring out if you wanna quit your job or if you wanna take this risk to start a company with someone.. And to me this was one of a couple of things that stood out as a true differentiator between the the group we were co-founding with and other companies I had seen in the past.. I knew that by hiring this person, they were very forward thinking about people and truly investing in that asset.. I knew that as an employee of this company that I would have the support that I need, but also as the person leading this function I would have the investment from the executive team that the function deserves.. So, something to think about when you're potentially evaluating potential co-founders or bosses.. A second part of that, another thing that was really influential in making the decision to come on board and leave like I said, a lovely job in Executive Search was the fact that every one of our co-founders wanted to work through a value stock from the beginning..

We wanted to make sure that the values were important to every single person, that we were actually aligned in what we were building.. These are our five values.. We value diversity, accountability, excellence, doing what is right, and progress.. We decided early on that these values would govern every decision that we would make that potentially could affect our consumers, our co-workers, or creators, and that has been a huge asset to attracting and retaining talent, but it's not just on the employee side.. It's really been a differentiator when going out to the content market and asking partners to trust us in what we're building and why it's gonna be different and to come on our platform.. You know, this content that is your livelihood and a lot of times it's your baby to work with us exclusively, you know, six months before the product is even launched.. So, that was a big part of that.. If you are considering co-founding company, I urge you to go through this exercise.. Very early on before you have problems it might not be that important, but when you start to scale and you're starting to make quick judgment calls, having these to fall back on is really has been a huge for us.. So, culture, values, two major components of the people that function at Luminary..

The other, the third major focus is recruiting.. We thought today it would be more interesting instead of talking about our recruitment process, how we find it identified candidates that are right for our company, to spin it actually and maybe provide some insight into some straightforward but subtle differences between interview processes that might allow you to figure out what company is right for you or potentially dodge a company that isn't correct or isn't the right fit.. The first one is, clearly defined role and qualifications.. Hopefully, there's a job spec for any role you're applying to.. When a company's moving as quickly as we are and a lot of companies are, that is not always the case.. You can verify this by making sure that every person you meet through your interview panel can clearly articulate the what and the why of this role.. That should be pretty much consistent across that slate of individuals.. If they can't, that could be a sign that the company isn't organized, or they aren't defining roles internally.. It could be they're not being transparent on performance, and you could be potentially taking responsibility from someone that doesn't know.. There's a lot of problems that can arise if you come into a company for a specific role and no one knows what it is..

So, make sure you're clear on that.. Second, an organized and defined interview process, this is something that our team takes a lot of pride in.. We launched just a month ago, but we've been interviewing people for 13 months.. It was our first interaction with any individual in a lot of cases.. It was, as you know, first impressions really matter, right? So, are the people that you're interacting with treating you, literally, just being courteous and professional? Are they following back with you, following up with you in a reasonable amount of time? Did they invest the time and the resources in creating a seamless interview process? It doesn't have to be perfect, but the processes that their team builds that you interact with are indication of the processes throughout the company.. It's one small thing that a lot of companies might put to the side, but overall if you're a company that takes people seriously, this is something you're investing in early.. And then lastly incorporating values and work samples into the interview process.. So, this is something we do on every on-site.. It might not be clear if an interviewer is asking you a question that they're trying to determine the alignment between your values and the company values.. It could be a behavioral question or, you know, something more vague, but if you walk out of an interview, or you get an offer and you don't feel like your skill set was truly vetted, and that your values were at least through conversations aligned with the company's values, then you should take that as a flag in my opinion..

You can think of it this way.. Getting the job is great.. Right, you feel happy, it's, you did a great job all through school.. You get this job, that's great.. Come into the company, that team that hired you, they're making decisions across the board.. If they, you know, had high-level conversations with you, when they're going in vetting out agencies or investors or BD partnerships, if they are not capable or not willing to do the proper level of due diligence, there's gonna be massive business implications from that.. So, take their decision-making process into account as a model for how they make decisions across

the organization.. All of this being said, these are nuances.. There's not a single thing that we haven't done in our interview process that breaks one of these rules.. Companies move fast, but it is these little differences that may cause you to ask more questions or try to get more information..

- So, I think for the rest of the time before we take some questions, we wanna go through a couple of things.. You know, one this idea that complex stories, complex opportunities, require really clear communication, We have a very good example of, to go through on that.. And then two, to talk about the opportunity that you sometimes or often find in these complex situations.. So, you know, as Lauren and I have gone through, 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, you know, 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 podcast, that one's not bad..

Good company, the others not so good.. So, what happened? And we've spent a lot of time, you know, reflecting and thinking about what happened and then, and what could we learn, and what do we do different going forward.. There's a couple things here that we'll talk about in some detail that are tactical in actual specific instances, but I think at a higher level, there's two things that we've really zoned in on.. One, you know, 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 and is something that, you know, 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, you know, 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.. You know, as we discussed earlier, as we wrote in our blog post, that is no, 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, it was a mistake, right? 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 say, you know, 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 and people understood.. So, an interesting lesson there in one, sometimes you got to go slow to go fast, and sort of understand what you're doing, have the right processes in place, very similar a lot of what Lauren talked through on the people ops side..

And two, when you do make a mistake, which in a start-up 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, you know, do better the next time.. The second piece that was, that came up through our launch is a conversation around licensing of podcast content, and where does podcast content live.. Historically the space has been unlicensed.. Content has 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, you know, our entire business is similarly about the value of podcast content.. And so, if you're a content owner, a content distributor, who values what you are creating, you know, you may not want your content on all platforms and you may wanna pick and choose where it is, similar to how, you know, things work in the video world today.. You have some shows that are only on HBO and 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 and entering adolescence or adulthood..

I don't know, you 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.. Alright, 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 "sort of this methodology "to access your 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 4:00 a.m.. There's a tweet that said, "I think Luminary is doing this." But by the time we got on the office at 7:00, it was sort of widely understood that that was what we were doing.. It was about the concept of caching and rehosting 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 you know, we had gotten a sort of clean bill health sign off and made progress to right 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 now doing, and doing that proactively, but it did take, you know, 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 that 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 though that might mean sometimes you have to go a little slower.. You have to, you know, reach out and do your calls and your emails or speak at a conference and really articulate what you are doing to the market.. But going slower and taking that step back gives you the opportunity to actually go faster, and go faster in the long run.. So, to wrap it up and then we'll take questions.. I think, you know, this feels, this concept of complicated stories possessing great opportunity, really feel like that articulates kind of where we are today in our journey.. You know, I think the goal, and when you really know you're in the right place is when you can take a complicated story, break it down and communicate it very simply..

Think about, you know, ride-sharing businesses and how complicated and crazy the idea that you were gonna get in the back of someone's car who was a total stranger to go to the airport, and sometimes another stranger was gonna get in the back of that car with you, and you were gonna have a conversation and never see that person again.. Before that became, you know, sort of commonplace and widely understood, that was confusing and complicated, but once it's understood is often when, you know, is often when you lose the chance to actually create opportunity and to build something new.. When it is kind of messy, when people don't fully understand what's going on, and when there's, you know, inconsistencies and things that sort of don't make sense, that's when we feel like you have the best opportunity, which is the space we saw podcasting at a couple years ago.. We think it's still very much there today, and we think that as the space becomes more defined and understood over the next few years, that's when we'll try to build our business and sort of put order to the chaos, creating that opportunity that we've seen.. So, I think now questions, if anyone has them.. - [Student] A quick one for Lauren, and by the way, thanks for both being here.. So, I understand that you're like growing very quickly and in multiple cities, right? - Yes.. - [Student] What's the most challenging part about trying to stand up and grow the team multiple places at once? Where do you decide which teams go where? - So-- - Can you repeat the question? - So, to repeat the question, Luminary has two offices, one in New York and one in Chicago, and the question is what the challenge is in standing up two different offices at one time.. We almost set up three.. We are fortunate to have a co-founder in Chicago that really has been a leader in that business in that office, as well as, we've hired pretty much across the board, pretty experienced professionals..

We have very few entry-level individuals.. So, the people that, to be clear, we have nine people in Chicago, and the rest of the company is either in New York.. We have two remote employees, but New York truly feels like the headquarters.. Chicago has a pretty mature group of people that have been in other work environments.. They know what it means to work at a startup.. I think that's one of the biggest challenges.. When you don't have your manager necessarily in the same office, or it's kind of a low-key environment, a casual environment, making sure people know like what's expected of them without seeing it, is probably the biggest challenge.. But fortunately we've had really incredible role models there.. And the Chicago office is actually, really a well-oiled machine.. - I'll sound like a broken record, but communication, right? So, we are on the phone with them, you know, we have video conferences going in our office at all hours of the day, and it, you know, people in New York will work as closely with someone who's based in Chicago as they will with the person who sits right next to them..

And so, just constantly having the lines of communication open.. You know, it doesn't feel like two separate offices.. It's not Chicago is working on this project, New York on this project, It really does feel like one collective group.. - [Student] Another question for Lauren, and thank you both for coming.. In terms of working with like with talent and with the content producers, has there been like a major share of the common deciding factors that they express when choosing to work with you guys and going through the exclusivity? - Actually, I think Matt is the person to answer this one, on the front lines with the creators.. - Sure.. So they're, the question was, "Has there been one single "or one common thread for creators "as to why they want to work with us "and how we end up working together." I think that all of them believe in the mission, and all of them believe in the concept that this model and introducing this type of business to podcasting can help elevate the space.. That said, every conversation is different, and it's wide-ranging.. For some, you know, for some it's an primarily economic conversation.. For some it's a format conversation..

We were working on one show called "Anthem".. It's a podcast musical, six and a half hours long, 30 original songs, four Tony Award winners, Glenn Close, Cynthia Revo, Patti LuPone, written by John Cameron Mitchell.. Would have been hard for that show to exist for a number of different reasons in the ad model.. And so, for them it was sort of very direct.. Others, different conversations and, but at its core everyone has believed in, you know, what we are doing and why it is impactful and why it can actually elevate the experience for both the creators, and they can do their best work, and listeners.. - [Student] So, considering how the podcast world is extremely large as you mentioned, and Spotify dropping in so much money into podcasts, is there like a specific niche that you guys are targeting? To first come, grow into that metrics.. - Yeah.. So, the question was given how large podcasting is and with people like Spotify putting capital into the space, is there a specific niche that we're gonna focus on.. We've actually tried to architect the business, and architect the content slate in a way that's pretty representative of the podcasting spectrum as a whole.. So, that means, you know, true-crime, that means fiction, that means interview show, that means sports..

What we've found in our market research, some people are our vertical listeners.. I listen to three podcasts a week and they're all sports, but for the most part, you actually have people who listen horizontally.. So, you're not just a true-crime fan.. You listen to this true-crime show on Tuesday, this sports show on Wednesday, and this political show on Friday.. And so, as we thought about how to architect the network that was gonna have appeal to a wide set of listeners and have enough appeal for them to convert into a subscription model.. We wanted to build something that was really premium, and really high quality, but diversified across genres.. - [Student] Thanks for being here and your talk.. I was wondering about, if I understand correctly you had the five co-founders.. And I was wondering if there was ever a struggle about aligning all of your objectives, getting everybody to work on one goal, and also defining clear roles and who's responsible for which area.. And if, so what did you do about it? - Sure..

So, the question was with five co-founders is there ever a struggle to define roles and responsibilities and align on vision, and the answer is yes.. And when those things happen, how do you align and how do you resolve it? So, maybe let me do a couple and then you can jump in.. 100% yes, every day we are in the office.. We are debating things and we are trying to figure out, you know, what's the right answer to a question.. And it's very rarely black-and-white, and it's often gray and you have to, you know, take opinions into, multiple opinions into consideration.. We have had I think, in part because we worked on our value statement so early in part, because we defined our mission so clearly, we have not had much if any debate about the big picture, about where we wanna go, about what our long-term goal is, or the vision.. How, you get there, and the tactics day to day are, you know, different.. And we engage and discussed those all the time.. And I think, you know, so, of our co-founders, one is our CFO, one is our CTO, Lauren runs talent.. Different people have different subject matter expertise, and while we will have good constructive, you know, usually constructive debate, often defer to the person who who owns that category and who is the subject matter expert, and then at times when things are, you know, really in the middle and it's something that we don't have someone who, you know, that would be your decision we just we get in a room and we work through it..

And there's been two or three times our executive team has come in, and we've done all weekend off sites trying to figure out an answer on something and, you know, we've been, people have bought in and their approach to trying to find the right answer.. We've been able to, you know, find better answers as a group than any one person brought individually.. So, you know, not like, not always a clean and clear process, but typically we've been able to make each other better.. And, you know, take some of the best ideas from everyone and actually make a better decision than we would have we not had that breadth of the group.. - [Man] Would you be able to take one last question? - One last question.. - [Student] So, what's your exit? Are you in this for the long term? Are you trying to get acquired by Spotify, something like that? - Sure.. So, the questions what's the plan for an exit, and are you in it for the long term? We don't know the answer, and I think we're not the type of group who comes in and would say like, "Here's exactly what it is, "and here's how it plays out." You know, we do have a real belief in the mission.. We do have a real belief in the category and we think that we're in the second, you know, second or third inning of podcast, the podcast based developing and that there's a long way to go.. So, you know, we, we basically show up to work every day and try to make progress on today's objectives and keep aligned on the mission, and that's been our focus.. It's an exciting category..

There's a lot of action in the space.. And so, you know, it has been a challenge for us, especially as an executive team to keep the team focused on day to day execution and the long term vision, and not really pay attention to some of the noise, you know, outside it in the category, but for the most part we've done that.. And we figure if we do a good job and we build our business, the rest of everything will take care of itself.. (audience applauding) (ethereal music)..