

Media



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# Economist thrives on female intuition

Helen Alexander, chief executive of the magazine, talks to **Stefan Stern** about its stellar growth

IN THE reception area of The Economist Group's headquarters among London's gentlemen's clubs, serious-looking young people come and go. Candidates for work experience, perhaps... or is it the team of leader writers? Outsiders look in on the clever people from St James's with a mixture of curiosity and envy.

The group's image – smart, insightful, global – is carefully maintained, not least by the distinctive advertising campaigns that have promoted the 'newspaper' (what the groups calls its weekly magazine) for years: 'It's lonely at the top, but at least there's something to read', 'Great minds like a think', and so on.

And up in the 14th floor office of group chief executive, Helen Alexander, you find more of the calm authority that characterises the *Economist's* editorial pages. Only don't mention the stereotype of identikit *Economist* hacks – youngish, Oxbridge, clever, confident – which rival media types may sneeringly hold.

'It's easy to pretend that there might be a stereotype [here] but there really isn't – the range of age, the range of background, the range of experience, the range of academic subject – is certainly enormous,' she says. At the *Economist* you find 'a range of opinions and of personalities that makes a very strong culture right through the company', Alexander says.

Certainly, the performance of the group is impressive. In 2004 the *Economist's* worldwide circulation passed the one million mark. Sales are up 74 per cent since Alexander took over in 1997.

The group, including its research business the Economist Intelligence Unit, other financial titles, conferences, annuals and online presence, has annual sales of around £200 million.

It made pre-tax profits of £27m last year. So not only does the *Economist* look and feel like no other magazine – it carries no bylines. It performs financially like few other media groups either. How have they pulled it off?

'There's no single silver bullet at all,' Alexander says. 'Editorial quality and investment in editorial quality, is probably number one. That is connected to the notion of independence. It's part of a culture.'

The group remains independent on account of its unusual ownership structure, which dates back to the Twenties. It is a private business, 50 per cent owned by the *Financial Times*. The *FT* holds B shares. The remaining 50 per cent of stock, the A shares, are owned by individuals.

'It's a very clever way of making sure that neither class gets dominance,' Alexander explains. 'It's fifty-fifty. We are not a subsidiary of Pearson [owners of the *Financial Times*] or the *FT*, we are an associate, because in the end the majority of the directors are appointed by the A shareholders.'

The group is valued twice a year, and has an indicative share price (last calculated at the end of March) of £14, but because of its restricted float it is not effectively in play.

How else is the *Economist* different? Clearly the international spread of the group's activities helps protect it from the vagaries of business cycles. 'Roughly half the *Economist's* circulation, and roughly half the group's business, is in America,' Alexander says. (The circulation figures for the other major markets are: 150,000 in the UK, 200,000 in continental Europe, and 100,000 in Asia-Pacific.)

The other strategic advantage the group enjoys, and exploits, is its targeting of a very specific worldwide audience. The *Economist* market is 'a high-end audience of about 35 million people around the world, which we are very clear about', Alexander says.

Not a big number to other businesses perhaps, but it's a universe of customers the *Economist* knows very well. 'Thirty-five million is a number you can get your head around,' Alexander adds.

'You might not know them all by name, but you know who they are. They are people who travel a lot, have intellectual curiosity, have a certain disposable income, have

a certain decision-making power – and those are the people we know how to reach... and the people that our clients value.'

The Economist Group is managed like no other media business, with the possible exception of the BBC. Management development, 'succession planning', the central strategic role of HR director Paul McHale, the recent use of the business psychology consultancy Kaisen to assess senior staff – all these things set the group apart, but at the same time are in keeping with the ethos of the business.

Alexander is proud of that rigorous approach. 'People say to us when we do some of this development work – "oh you are doing this more thoroughly than others might". And we regard that as a strength. I think it flows from an editorial culture of getting things right. Doing it properly. And trying to do it decently.' Since it was first published in 1843, the *Economist* has tried to retain its distinctive voice.

Some of its readers may find the overwhelming editorial confidence and apparent lack of self-doubt a little tiring. Certainly, its writers rarely see a political or economic problem that cannot be solved by the trusted three-card trick of privatisation, deregulation and liberalisation.

But in a market where so many other media businesses worry about where their next meal is coming from, the *Economist's* confidence seems to be, for the time being, pretty well-founded.

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