



### Interview with Thad McIlroy

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KENNEALLY: These days, everyone wants to be in the technology business. And while book publishing may have invention and innovation in its DNA tracing straight back to Gutenberg and the first printing press, publishers – and authors and editors – have long struggled to keep technology at arm’s length.

Welcome to Copyright Clearance Center’s podcast series. I’m Christopher Kenneally for Beyond the Book. The fundamental quarrel for publishing and technology is the struggle between culture and commerce. This left-brain, right-brain dichotomy, says analyst Thad McIlroy, explains why the book business continues to fight an uphill battle in the digital revolutionary war.

In June, the U.S. federal government’s Bureau of Labor Statistics counted up the slaughter on that battlefield, reporting grim job losses for the book business specifically and the media business generally. If publishing has any hope to survive, McIlroy says, then executives and editors must better manage to their commerce side while rethinking what place their culture side has in the future of the business.

Thad McIlroy joins me now from his office in San Francisco. And welcome back to Beyond the Book, Thad.

MCILROY: Oh, Chris, thanks very much. It’s good to be chatting with you again.

KENNEALLY: Well, we’re looking forward to it. We’ll tell people about your background. That McIlroy began his career in publishing as a bookseller and, over time, migrated to work as an electronic publishing analyst, consultant, and author. He blogs at [thefutureofpublishing.com](http://thefutureofpublishing.com) and is widely respected as an analyst of the Internet’s impact on the full spectrum of publishing sectors.

And Thad, the headline that caught our eye was this Bureau of Labor Statistics report looking at the decline, the fall, the crash, if you will, in the media industry jobs figures and in particular for the book business. And we’ll talk a bit about the newspaper business as well. And so just in summary, the book industry jobs fell over a quarter in the last 10 years and by almost a third since the peak years in the 1990s. It’s really remarkable to look at the graph on that.

MCILROY: Isn’t it? When the stats come through, you think, oh my gosh – you know, we suspected that some of this was true. But you get a report – and from a very

credible source – Bureau of Labor Statistics, a government agency that tracks for an awful long time now so is a consistent source data – and when they came out with that report, there it was staring us in the face in a way that was unequivocal. There it is. Now we have to bring this into our conversation about what’s going on to the book publishing industry.

KENNEALLY: Right. Well, and the point is, first of all, we have to say that those are people we knew – both of us, Thad –

MCILROY: Oh, yes.

KENNEALLY: – I mean we knew a lot of those people but, as we’ll talk more as we get into this, it’s really about the fact that the industry is still around. And what’s it going to do to try to change all of that? But as bad as things are in the book business, as we said, down by almost a third since the peak years in the 1990s, I suppose we can just be happy we’re not in the newspaper business.

MCILROY: Absolutely. And how I was first twigged to this data was in some coverage that I saw in some newspaper blogs, and the newspapers lost 60% of its staff since the peaks in 1990s. So just imagine that, six out of 10 jobs are gone, one in four remain. So we could, as I say in my blog entry, get some kind of comfort from that, but it’s pretty cold comfort indeed.

KENNEALLY: Indeed it is. And it certainly isn’t, as you say, surprising. The circulation for all the major dailies, of course, and weeklies and everything else, has fallen probably even further than that. There is one small bright spot. It’s not making up for it, but employment in Internet publishing and broadcasting, obviously, that’s on the rise.

MCILROY: Yes, of course. A lot of the jobs have shifted in that general direction. That’s one where you put out a little proviso on the BLS data, because that category, Internet publishing is a bit loosey-goosey, as they would say. So what do you classify? And is a Webmaster an Internet publisher, that kind of thing. But clearly, as we know anecdotally, all of us, that any number of jobs within publishing companies have shifted in that direction. But I think I would – well, the data shows, and I think also we know anecdotally, it’s not a one-for-one shift. It’s not like we lost one editor and gained one Internet specialized person. We lost five editors, and one person came in, and they were probably on contract.

KENNEALLY: Right. And that speaks to the points that you want to make about all of this, looking at the numbers and discerning the why behind it all. Obviously, we might jump up and say, well, that’s because revenues are down, those advertising dollars that the newspapers had, they’ve fallen off a cliff. And in the book business, perhaps it’s a combination of piracy and the very low prices that are set



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for e-books and so forth. But you see other forces at work. And it's important to talk about them and think about them.

MCILROY: Yeah. Let me first pick up on the ratio of revenue to employment. As you say, again we all know, as we've read the stories many times about the newspaper industry, that yes, there's been a collapse in circulation, a collapse in revenue from display ads as well as from, even worse in some ways, the classified advertising. So when you say to someone, the newspaper industry, employment is off by over half, they go, oh, OK, yes, of course, because the industry itself is collapsing in so many ways.

Book publishing, you look at the data around sales. And again it has to be adjusted for inflation, etc., but the way I think of it is more or less, dollar-for-dollar, the industry has been holding its own over the last let's call it 20 years. It certainly hasn't been anything like the collapse that we saw in periodical publishing.

So what does that then say? So we've knocked between 25% and 33% of the staff out of these companies, and yet the overall sales are roughly the same. Profitability – it's again kind of hanging in there. So what's happened? I think our sympathy has to go out to our colleagues, because fewer people being asked to do an awful lot more work than they were before. And this then trends in to the point, you've got existing staff being asked not only to do more of the traditional work, but these are companies in transformation – transformation from print to digital, and so again we're not seeing a lot of hiring. We're seeing people being told, OK, now you're in charge of our e-book effort, OK, you ready? And here now the problem in staffing that we want to chat about.

KENNEALLY: Right, because again this transition from print to digital isn't something, first of all, that happens overnight. And it isn't just, oh, one day we're playing for the Red Sox and the next day we're playing for the Yankees. This is a change of the rules. It's still three strikes you're out in baseball. But in the book business and in the media business generally, the shift to digital is changing the rules. And I guess really what that means, and this is tough for some people and an opportunity for others, it means a change in the kinds of people who should be, and who will be, working at these companies. Talk about that.

MCILROY: Yeah. On the one hand, we think about a simple, obvious position, someone in charge of the e-book department, let's say the e-book production department at a publisher. So where does that person's skill set come from? Well, if they were in charge of physical print production, they can probably make that transfer without a major retooling.

But now we talk about the person who is in charge of promotion and advertising, and what were they doing 15 years ago? They were worried most as to whether

they could get a review in *The New York Times* and whether or not they could get a booking for Charlie Rose or in something on NPR. Those things are still part of the job description today, but that's such a decreasing part of the activity that we would call advertising and promotion. What is it now? It's social media first and foremost. Again, we hear a lot about that.

I think publishers vastly underestimate the complexity of doing that really well. And as much as they've been underestimating it for the last several years, it's only getting much worse. Looking at what Facebook and Google have done in terms of the domination of how people are accessing the Internet via their mobile devices, book publishers are not there. They're no longer in front of where the readers are most of the time. And knowing how to do that, it isn't easy. There's nothing easy about it. It's extremely complex, and there's a huge amount of competition for people with the skill sets who know how to do some of these essential things. So publishing is having some real challenges trying to get the right skill set into those positions.

**KENNEALLY:** Right. And so you've given some interesting thought to all of this. And you've looked at it as an opportunity for publishers to think about who they already have on staff and who they should be looking for to fill these gaps, to turn to for the kinds of skills that are necessary just in social media alone. So if I were a manager at a publishing house, where should I be looking for those kinds of people?

**MCILROY:** I think the first thing any manager should do is stand in front of the mirror themselves. One of the things you and I were corresponding on before this chat was, it's something from *The Godfather*, of all places, where Michael Corleone turns to his stepbrother and says, you are not a wartime manager at this time of mob warfare. And I think of that as so pertinent to publishing, that too many managers are thinking that, because of the relative slowdown of e-book adoption from its initial big flurry, a lot of people are being lulled into a kind of calm and are not treating this as wartime.

And you could disagree with me. Maybe you do believe that we're going to have lots of time to continue making those kind of gradual changes, in which case carry on. But I think managers first have to look within themselves and say do I have the skills to hire and manage for these kind of positions? And then they have to say, OK, assuming that they feel that they can do that because of their core appreciation, let's say, for the digital transformation, then they have to look mostly, of course, to the youngest people, in many cases looking to the people who are coming in out of the master's of publishing and equivalent courses, because those are the folks who are, as they say, digital native.



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And while they may not have as much depth in the publishing industry as the people we have on staff, what they have is a wide open view and very positive and hungry attitude towards moving the industry forward in exciting kinds of ways.

**KENNEALLY:** Well, we're speaking right now on Beyond the Book with Thad McIlroy, an industry analyst for publishing and media. And he's got some interesting thoughts on what it's going to take to really continue the shift from print to digital. And as we're looking for people to help a company get there, Thad, there's a degree, there's an ideal job candidate. Tell us who that person is, in your view. And then talk about the relationship of their background in the classroom with what they're actually going to be doing in the workplace.

**MCILROY:** Sure. I think, for all that this can be complex to try and identify the right kind of staff, there are some really simple things that are clear indicators. I've been managing around technology for several decades and certainly was part of it in the first dotcom time around.

And what you saw again and again was people self-identify. They are mostly younger, but not always, and how do they self-identify? You find out that they're taking courses on their own. You're walking by their cubicle, and you see they've got a book on their desk on introduction to programming or new trends in social media, what's going on with Facebook. So you see them saying, signaling to you that they're taking the initiative, that they're using their time to try and understand things that they see as the future of publishing. And from there you can start to move them forward.

Now, what exactly are the positions? How exactly do you divide it up? That's a fluid thing as well, because of course some of the listeners to your show, Chris, they're not with the big five. A lot of clients I work with say, well, come on, we can't have a full time social media manager. And I say I agree with you, no, you obviously can't afford to staff that position full time. So there's lots of jiggling that has to be done as to where the responsibilities lie. And it becomes a very fluid organization that does indeed bring on more contractors than ever before.

**KENNEALLY:** Right. And, but those contractors or the fulltime employees, they ought to know something about this word that you've written a lot about, and that's metadata. So there's an ideal degree, if you will, the master of science in library and information science, because, in a way, as much as there's an art and a skill to all this, there's a science behind it.

**MCILROY:** Well put. Well put. Yeah, I'm sometimes a voice in the wilderness for metadata. And all I think is you folks are going to be coming around on this one pretty soon. What's happened with metadata that's again thrown publishers off the trail, off a real appreciation of what's going on there, is that they think of it as a

clerical skill, you know, the title, the author, the ISBN, the pub date, the retail price, there's my metadata. OK, did that, all done.

What they don't think through is that next step, which is in fact books are now virtual objects. For all you know, when you go on to Amazon and you see a book there, it might not even exist. All that truly exists at that moment is a listing of that book online for sale, so it is virtual. And how is it expressed virtually through metadata? And so the way that books come into being, get out to the public, but most importantly, how the public learns about books and learns to choose one over another, is more than anything because of the quality, the verbosity, the skill with which the metadata is created and expressed.

**KENNEALLY:** Yeah. Now, for managers, particularly managers of a certain age, I'll include myself there, who came into the business of writing and publishing long before anybody gave a thought to the digital piece of it, it was there but it was really just way in the background, it's tough to sort of put yourself in the other individual's shoes, to see things from the digital side. Do you have any tips of helping those managers, those editors, those publishers bridge their own personal gap between the culture side that's so important to them and this new digital side, which of course is driving the commerce?

**MCILROY:** Again it's standing in front of the mirror. If, when you think about the changes that are taking place in publishing, it instills fear, versus when you think about the changes in publishing and it instills excitement, now you know whether or not you'd be looking to retire early or whether you should be looking to go way past 65. For me, this is the most exciting time by far in an industry that's been pretty exciting through much of my career.

So fundamentally, you can lead the horse to water, as they say, and I say no blame to those managers who may be brilliant in terms of editorial, who may understand the physical book retail chain like no one other. And those skills are still important. If they can keep focus and still contribute to the organization with that skill set, more power to them. I'm not looking to put anyone out of work. But I think you have to say, wow, you have to pick up blogs that you're checking, turning to blogs every day, turning to sites like Boing Boing or Recode, and when you turn to those, it's with a sense of anticipation that you're going to learn something new, that's the way to move forward, because you have to be learning constantly all the time.

Last thing I'll say there is a Stanford study years ago said, looking just at high-tech, it says that every year a manager loses approximately 20% of their usable knowledge in this digital era. So if you're not replacing a fifth of everything that you know on a year-to-year basis, you're falling behind.



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KENNEALLY: Well, for keeping up, I know we can turn to you, Thad McIlroy. We appreciate your joining us and your thoughtful insights here. We were speaking today on Beyond the Book with Thad McIlroy, a publishing analyst who blogs at [thefutureofpublishing.com](http://thefutureofpublishing.com). Thad McIlroy, thanks for joining us on Beyond the Book.

MCILROY: Thanks, Chris. I always appreciate it.

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