



Tim Armstrong

EDITORS' NOTE Prior to joining AOL, Tim Armstrong spent almost a decade at Google, where he served as President of Google's Americas Operations and Senior Vice President of Google Inc., as well as serving on the company's global operating committee. He started in his career by co-founding a newspaper in Boston, Massachusetts before moving into the Internet industry, where he has worked as a team member, investor, or co-founder at numerous companies, including Starwave (sold to Disney/ESPN/ABC Internet Ventures), Snowball (IPO), Associated Content (sold to Yahoo), and Patch (sold to AOL). Armstrong serves on the board of The Priceline Group, Inc., The Paley Center for Media, the New York regional board of Teach for America, the Waterside Charter School in Stamford, Connecticut, as Chairman Emeritus for the Ad Council, and as a trustee for the United States Olympic & Paralympic Foundation. He also acts as an advisor to the McChrystal Group, a leadership consulting firm driven by former Commander of the Joint Special Operations Command, General Stan McChrystal. Additionally, he is the Chairman of the IAB Education Foundation. Armstrong was honored by the Ad Council with their 60th Annual Public Service Award in 2013. He is a graduate of Connecticut College.

COMPANY BRIEF AOL Inc. (corp.aol.com) is a leading global media technology company headquartered in New York City and operating in over 20 countries worldwide. Today, AOL serves over 500 million consumers every month across the globe, and maintains partnerships with thousands of the world's leading companies. AOL owns, builds, and operates global media brands and provides technology and services to over 10,000 other brands and media companies. AOL was acquired by Verizon for \$4.4 billion dollars on May 12, 2015.

What excited you about the opportunity at AOL?

AOL's Armstrong

An Interview with
Tim Armstrong, Chief Executive Officer, AOL Inc.

One of the things I've learned over the course of my career so far is that opportunities are only opportunities when other people don't see them.

AOL seemed like an incredible opportunity – it was a global brand, hundreds of millions of people use different AOL properties, and the Internet is the most important trend in our lifetime. What everybody else saw as a really damaged and declining company, I saw as the start of a long race that could be very successful over time. That is what got me out of my chair at Google and over to AOL.

What message did you deliver to your people early on and did you find that there was a thirst for change?

The first message I gave the company, which was probably unusual, was that everything that was going to happen at the company was going to be talked about among ourselves before it was read or seen elsewhere.

I told them they might not like the message and I might not like it, and we might not like what we have to do, but that I could guarantee that we were going to build an organization of trust because we're going to make things transparent and direct overall. I said they could tell me anything and I would do the same with them, but they would never be in a situation where I wasn't upfront with them and that I expected the same in return.

Where are you today on this journey and has it been what you expected?

We're still early in the journey because, at an industry level, the Internet is 20 years old but much has changed, and with mobile coming on now, we skipped back a few innings – mobile is still at the pre-game level, and that is exciting.

The journey so far has been what I expected. The night before I started at AOL, I talked to a few other business leaders and the consensus was that this is a burn-the-bridge moment, meaning that once I go into AOL, I can't go back out. I had to burn the bridge behind me mentally and just move forward. That ended up being the most meaningful advice I was given for the journey. AOL is a big company with a big brand, and we have to be able to compete in the world moving forward – we can't look backwards. As a leader, I can't leave and this is something the company and I locked into. We have been doing very difficult things over the past five or six years, and it has been very challenging but very rewarding.

What is driving growth?

AOL is a classic turnaround story. We had a declining historic business and a fairly short list of very focused activities we thought would grow the company in the future.

From the turnaround standpoint, one of the most helpful things we did was to set a timeline right when we took over – we said we were going to give ourselves three years or less to get back to revenue and profit growth.

We put that date out there without knowing exactly how we would get there but it gave us a timeframe to focus on, and we ended up getting there in a little over two and a half years.

The historic businesses weren't going to catapult us to that turnaround so we had to develop new strategies.

How is the development of mobile impacting the business?

Mobile is important for two reasons: there are an additional three billion people getting attached to the Internet via mobile, so we're going to have double the number of consumers in the world attached to the Internet.

The second opportunity is that mobile is essentially about the machines in peoples' hands – we'll have six or seven billion people using powerful machines. The universe will double in size and individuals will continue to utilize increasingly powerful machines. The industrial revolution put machines into every business; the information age put computers in every business; and this true machine revolution is putting a machine into everyone's pockets.

The result is an increase in productivity and creativity, and that will lead to economic changes that are going to dwarf the Internet.

Will what we think of today as a computer still be relevant?

In the same way that people today have a desktop operating system, my guess is that they will have a human operating system that will be customized for them that will essentially manage every single piece of their lives. The ability to have a software platform that every individual consumer can stand on 24 hours a day is much more pervasive and different than having a software platform on a desktop.

I think mobile will end up overtaking all the other formats, though they will be around. Mobile will just end up being the largest driver because the operating system is built for a party of one.

How hard is it to be innovative and maintain an entrepreneurial feel when you've grown to this size?

There are two ways to look at it at AOL: one way is to realize that we have to compete overall against Facebook, Google, and other really large companies – that means we have to innovate really quickly.

The second way to look at it is to look behind us, where there are millions of companies in the world that don't have digital, don't have the Internet, and don't have mobile. We're a fairly good sized company that touches 700 million consumers a month right now that has mobile, Internet, and video.

How do we compete against companies like Amazon? We're smaller so we can innovate quickly – we have had to use our speed and size as a competitive advantage. There is a tremendous amount of economic opportunity for all the companies that haven't made the transition to mobile and other areas of the Internet yet, and that is still the majority of the world.

Is advertising still relevant today?

The advertising industry has gotten lazy with consumers and proactive with technology.

The laziness with consumers comes from not completely respecting the nuclear interaction between one ad and one consumer.

The industry has gotten very focused on why software can come in and how programmatic advertising and targeting can be enhanced with software.

The same amount of energy that keeps going into software needs to go into the creative process for advertising that is personalized, meant for mobile, and ready to go to six billion people – that requires a totally different scale of creative process than what the ad industry has historically undertaken.

Is growth with the properties today mostly organic or will there be a focus on acquisitions?

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Our growth strategy is part organic and part acquisitions and partnerships. First and foremost, our entire company starts and ends with talent – internal talent, external talent, and talent from partnerships. We've done a really good job attracting that talent so far. The majority of the turnaround of the company has been strategy-led but has been executed by the talent we have at the company.

We're massively reliant on growing our talent overall to grow the company. The properties are important, the brands are important, the partners we have are important, and the M&A aspect is important, but the underlying premise of all of that starts and ends with our focus on talent.

How important is the investment in training and your focus on culture?

We have a few sayings inside the company: one is that we're building a company without walls. One of the things we talk about concerning our culture is that the 6,000 people at AOL will never be able to overtake the creative minds of the six billion people in the world. This means we need to think about how we can let as many people work with us as possible and bring the walls down.

Four people sitting in a conference room today have a very hard time taking on the world, whereas if we can get our four people together with the 1,400 or 14 million people who are interested in a category and really work with them to really understand that category, they can make a real difference. Our culture has to start and finish with the fact that we're going to be a company without walls.

The second piece is that talent today is attracted to doing something meaningful and solving big problems. It is attracted to open and transparent cultures, and it's attracted to an every-position-matters mentality. We treat every single seat here like it matters. Training is critically important but it has to be directly tied to what is happening outside of our company. We spend a lot of time thinking about how we train without walls at the company. Sometimes, we should train ourselves; sometimes, we should have an open flow of people come in from the outside who might have totally different viewpoints.

One of the most impactful things we have done was to work with General Stan McChrystal of the McChrystal Group, when we had a team of Navy Seals in here for a year. They bring a totally different mentality to the table than our Internet teams do overall.

As we work with other talent-based organizations, we invite other groups to our offices or take our teams to see people in other organizations, such as the NFL. We also work very closely with some of Hollywood's most creative people. In the technology space, we work with a group of technology thought leaders. We're also working with the new Cornell campus in New York City.

How important is it to have purpose-driven brands?

We have brands here that are the most important brands in their category.

We designed a program called Monster Help Day, which we started when our company was in its worst state and needed help. Every

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year on Monster Help Day, all 6,000 of our employees are invited to go out to their communities and get paid by our company to volunteer for other organizations.

The best thing we can do to enhance our culture is to have an impact by helping other people. Doing that has taught us a lot of lessons about how we can help ourselves, and why we should have other people help us.

We are very proud of one of AOL's most important initiatives, which involves us beginning to take the global lead in women's leadership with our Makers brand, which is the largest collection of women's leadership stories.

We have also done an amazing job as a company in terms of getting in front of diversity issues.

Do innovation and disruption go together in some way?

Disruption and innovation are tied together, but disrupting or innovating just for the sake of saying you're doing it isn't smart. The disruption we hope to cause has to be for a purpose.

A strategy is more than just not being okay with failure. It's choosing a point we want to get to and recognizing we will have both successes and failures along the way there. If we can't point to the exact place we're going, then that's a dangerous road. It's okay to fail as long as we're failing en route to something specific.

If I was talking to some of those who have worked with you, and asked about your style, what would they say?

They would say I'm really passionate overall. I'm hyper-creative, and left to my own devices, I get involved deeply in things in ways that are sometimes positive and that, at times, I need to be extricated out of.

As a leader, I've learned that it's more important for me to focus on the input rather than the output. ●