

# How we work

## Close co-operation brings its rewards

The philosophy of RTL Group is one of decentralisation. Each profit centre is autonomous, led by its own CEO, an entrepreneurial approach which ensures each can act quickly and flexibly in its local market. However, in today's lively media and entertainment sector, technology changes daily and new ideas emerge just as quickly – so each profit centre has much to gain by sharing its own knowledge and experience and absorbing that of colleagues at other profit centres within the RTL Group. Here we talk to two people at the heart of hitting the right balance – that between autonomy and the role of the Corporate Centre.

### Financial management in a decentralised environment

Elmar Heggen was appointed Chief Financial Officer and Head of the Corporate Centre of RTL Group in September 2006. As he points out: "The RTL Group companies cover a wide geography and a lot of different cultures and customs. It's our duty in the Corporate Centre to overcome these differences, so that although people work in autonomous companies, they see themselves as part of the Group and therefore feel comfortable picking up the phone or emailing to colleagues outside of their profit centre."

The ultimate purpose of this networking and teamwork, of course, is to improve business performance. In Elmar Heggen's view, profitable growth will be sustained by a common understanding of value creation: "For the success of the Group, we have to be in a position to initiate best in class practice, and be able to transfer it around the Group. From a financial point of view, this means developing standard benchmarks, performance indicators and reporting systems." How does this work in practice? "Well, for instance, if we are comparing the revenue efficiency of certain programming across profit centres, we have to be comparing like with like, apples with apples. Only with common tools can we identify areas of improvement, or challenge profit centres."

Though when Elmar refers to challenge, he doesn't mean it in any confrontational way: "Our role in the Corporate Centre is to set the framework, and make sure we keep people up to date with policies and procedures, and also make sure that, through regular finance meetings, people know each other well enough across the Group to make proper use of the synergies available to them. As they see the benefits, they will act voluntarily towards common financial benchmarks."

### Information exchange through Sycos

Claire Davenport is Executive Vice President for Corporate Strategy and Business Synergies at RTL Group. Claire manages the process of Synergy Committees, or Sycos, as they are known. "Our Sycos have been running properly for three years now," Claire explains, "the idea is for profit centres to draw on the understanding and expertise of other RTL Group family members – it's particularly useful to talk to someone who's done it before if you are setting up a new strand to your business."

The senior level decision makers of the profit centres meet regularly – whoever is most relevant to the Syco in question. There are three major Sycos – one for Programming, one for Radio, and one to look at new Business Models. Above those is the Operations Management Committee (OMC), where all the profit centre CEOs and senior executives from the Corporate Centre meet every six to eight weeks. Then beneath the major Sycos there are appropriate sub-groups looking at specific areas of interest.

"It really allows TV and radio companies who aren't competitors to learn from each other's experiences, especially where markets are similar," continues Claire, "and as people get more used to the idea, they get to know each other better, and there's much more networking going on across the Group, more information is passed on, and so it's much more productive. Actually the sub-groups become a bit more focused on their specialist areas, such as news or entertainment."

As examples of productivity, the News Syco has already resulted in premium news material being exchanged across the Group, and new magazine formats launching in different

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*Elmar Heggen, CFO of RTL Group*



countries. And 2007's entertainment meetings have led to what will be the first major pitch from production companies to a number of different profit centres at the same time. According to Claire, other exciting initiatives this year include the Online Task Force, of which the Group CEO is a member. This discusses areas where the profit centres could work together, and produced a major piece of research work on online advertising, which involved three profit centres.

Other major areas of Syco activity for 2007 were working successfully on joint acquisitions and exchange of licenses among profit centres, as well as exchanging views on programming for a family of channels.

The Operations Management Committee (OMC) with all the profit centre CEOs and senior executives from the Corporate Centre meet every six to eight weeks



Each profit centre has much to gain by sharing its own knowledge and experience.

# Operations Management Committee

## Members

<b>Gerhard Zeiler</b>	1	Chief Executive Officer, RTL Group; Member of the Bertelsmann AG Executive Board
<b>Alain Berwick</b>	2	Chief Executive Officer, RTL Radio and Télé Lëtzebuerg
<b>Tony Cohen</b>	3	Chief Executive Officer, FremantleMedia
<b>Claire Davenport</b>	4	Executive Vice President Corporate Strategy and Business Synergies, RTL Group
<b>Vincent de Dorlodot</b>	5	General Counsel, RTL Group
<b>Philippe Delusinne</b>	6	Chief Executive Officer, TVI SA
<b>Axel Duroux</b>	7	Chief Executive Officer, RTL Radio France
<b>Dirk Gerkens</b>	8	Chief Executive Officer, RTL Klub
<b>Elmar Heggen</b>	9	Chief Financial Officer and Head of the Corporate Centre, RTL Group
<b>Oliver Herrgesell</b>	10	Executive Vice President Communications and Marketing, RTL Group
<b>Jane Lighting</b>	11	Chief Executive Officer, Five
<b>Christoph Mainusch</b>	12	Chief Executive Officer, RTL Televizija
<b>Romain Mannelli</b>	13	Executive Vice President Corporate HR, RTL Group
<b>Anke Schäferkordt</b>	14	Chief Executive Officer, RTL Television
<b>Nicolas de Tavernost</b>	15	Président du Directoire, Groupe M6
<b>Andreas Walker</b>	16	Executive Vice President Regional Operations, RTL Group
<b>Fons van Westerloo</b>	17	Chief Executive Officer, RTL Nederland (until 31 January 2008)
<b>Gert Zimmer</b>	18	Chief Executive Officer, RTL Radio Deutschland
<b>Eduardo Zulueta</b>	19	Managing Director, MABUAT (Spain)
<b>Bert Habets</b>		Chief Executive Officer, RTL Nederland (since 1 February 2008; not on the picture)

