

Change Management in Times of Covid-19: A case of Sky Italia

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Executive Summary

The outbreak of the Covid-19 led to a sudden transition in everyday practices including studying and working. The social distancing measures that were undertaken to curb the spread of the virus led to the digital transformation of these practices. Thus, it was critical to understand how businesses are dealing with this

situation and adopt change management to overcome its impact. The Media & Entertainment (M&E) faced substantial challenges due to the social distancing measures undertaken in lieu of preventing the spread of the Covid-19 pandemic. These disruptions were mainly due to the shutdown of all outdoor forms of entertainment shoots, specifically cinemas and events which further resulted in supply chain challenges. In accordance with this, the study has adopted the case of Sky Italia, a media and broadcasting firm. Sky Italia like other firms in its industry was forced to adapt to remote working. Hence, the current paper views different change management models and evaluates the process in which Covid-19 has impacted the operations of Sky Italia. Subsequently, the paper views how Sky Italia has adapted and transitioned its operations along with its effectiveness.

Introduction

The Covid-19 pandemic is severely impacted several sectors of the economy. Nonetheless, the media and entertainment industries are found to be two of the industries that have been moderately impacted. The greatest impact of the pandemic on the media and entertainment industries is outlined by scholars on operations which is further followed by personnel and revenue generation due to supply chain challenges. The figure below is an in-depth analysis conducted by KPMG to outline the positive and negative implications of Covid-19 on media and entertainment industry.

Segment Impact	Near Term	Long Term
Digital and OTT video 	- Reallocation of advertising spends away from outdoor M&E and traditional media (print, radio) towards digital - Increasing propensity to consume OTT video content, especially from Tier 3 and below cities likely to emerge.	- Low-touch economy will necessitate digital fulfillment for almost every business, with a greater propensity to transact online - Rural India and smaller towns show an increasing propensity and affinity for the internet.
Television 	- Significant spike in viewership - Significant decline in ad revenues and a lower decline in subscription revenues seen in FY21 - Content cost renegotiations between broadcasters and producers.	- TV Viewership likely to come back to pre-COVID levels - Long term fundamentals of TV remain robust, with ad and subscription revenues expected to recover in FY22 - Content cost rationalisation could be undone partially in the long run.
Print 	- Lockdown resulted in an extreme slowdown in ad spends and curtailed circulation in Q1FY20 - Decline in revenue led to cost cutting measures, some of which are likely to be sustainable.	- Reduction in dependency on ad spends and monetising quality content - Long term savings through changes in legacy cost structures and streamlining editorial processes.
Films and OOH 	- No theatrical distribution due to continued closure of cinema halls, however there was a spurt in direct to OTT releases - Filming to see a short-term change, with challenges around higher production costs.	- Cinema 2.0 – Conceptualisation of new projects for the long term - Realignment of theatrical windows with emphasis on mid to large projects - OTT releases to be economics driven – primarily smaller budget projects
Animation and VFX 	- Disruption of animation and VFX operations due to transition to work from home - Shutdown of small animation and VFX studios likely in the short term - Reduced pipeline of VFX work on account of films, due to stalled shoots and projects.	- Leaner cost structures in animation and VFX studios to emerge - Animation studios likely to focus on own IP for segments like Gaming, Edtech etc. - Increased volume of VFX on account of completion of pending projects and shift in outsourcing from China.
Gaming 	- A major silver lining, with a spurt in consumption (except fantasy sports), and partly subscription led monetisation - Gaming value chain relatively less disrupted, with companies transitioning to work from home	- Increase in monetisation through in-app purchases could play out over the long run - Evolution of gaming as a means of virtual social interaction.

 Negative
  Positive

Figure 1: M&E in the COVID-19 era

Source: KPMG

As discussed earlier, the Covid-19 pandemic led to a significant change in the manner organisations operated which further impacted their performance levels. In accordance with this, there is no particular industry or country that has not been disrupted. To evaluate how broadcasting and media companies have been impacted due to the pandemic and further adopted various change management practices to overcome the negative implications, the current research has adopted the specific case of Sky Italia.

Sky Italia is an Italian digital satellite television platform which was launched on 31st July 2003. It is owned by News Corporation and in many ways similar to BSkyB's Sky Digital in the United Kingdom and Ireland, and like that network, it is a major sports broadcaster. It is known for paid-television broadcasting services at both national and international levels covering a diverse variety of domains like sports, entertainment, news, documentaries, travel, music, adult, and children's channels. Sky Italia provides services to clients worldwide. Owing to the pandemic, Sky Italia was forced to transition from a conventional physical working environment to remote working and its live shows were impacted. In this regard, it

is critical to understand how they transitioned their previous business strategies to suit the needs of the changing business environment.

The use of Sky Italia for conducting a case study about the change management practices in a media and broadcasting is highly relevant as media is found to play a key role in developing as well as changing behavioural patterns of the society, particularly during vulnerable times like that of a pandemic. Additionally, Capgemini's report highlighted that Covid-19 brought disruptions in the M&E industry on three critical grounds. Primarily, there was a shift in media consumption as individuals were spending more time at home and hence, they choose to prefer "at-home-entertainment" providers. Secondly, there is a significant decline in revenue. This is because the overall advertising expenditure has been reduced, although the consumption has risen which further created challenges for the industry. Finally, it delineated that there are content shortages. This is due to the fact that outdoor production is at a complete halt and consumption has increased. Hence, the secondary data was collected to evaluate steps undertaken by Sky Italia to overcome these disruptions.

Galli highlighted that to deal with various changes in the market environment or industry, different types of change management models or attributes are adopted

by the organisations. The majority of the models are found to help organisations by bringing relevant alterations in the organisation's culture and personnel management. In this concern, the three popular models of change management are discussed below as follows:

Kurt Lewin's Change Management Model

Kurt Lewin is considered the father of the concept of change management. According to him, change management occurs in three procedural steps i.e. "unfreeze - change - refreeze". To elaborate on these aspects, Talmaciu outlined that the "unfreezing" stage is where employees restrain from evolving from their existing conditions and hence, represent the behavioural thaw. Further, the second stage i.e. "change" is where the transition actually occurs through the provision of various stimulants. Finally, the last stage "refreeze" concerns the recrystallization of the new set of behaviours owing to the change. As per Hussain et al. both leadership and employee involvement play a critical role in attaining the desired organisational change. Moreover, the study outlined that leadership plays a critical role in motivating employees in unfreezing their existing behaviours and practices

while employee involvement plays a critical role in adapting to the desired change.

The figure below graphically interprets the phases of this model:

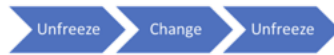


Figure 2: Kurt Lewin's Change Management Model

Source: Author

Although, this model is highly simple to implement. Nonetheless, it is not practical to achieve high end goals. This is mainly because high end goals often demand operational changes in different departments as well as different levels. For this purpose, interacting and providing relevant training, awareness, as well as monitoring employees' individual progress, plays a pivotal role which is not considered a critical part or procedure of the change management process by Kurt Lewin.

Kotter's 8 Step Change Model

Kotter's 8-step change model is an extension of Kurt Lewin's original change management model. According to Kotter, leadership must be able to create as well

as sustain the required changes for ensuring that the organisations are able to compete in the competitive market environment.

The eight steps in the model include :

1. Instil a sense of urgency
2. Form a core coalition
3. Create and implement a strategic vision
4. Share and communicate vision plans
5. Providing personnel with the authority to carry out the vision
6. Create short-term victories
7. Consolidate the gains and bring about the greater change
8. New changes should be initiated and implemented

It is outlined by scholars that the development of a strategic vision is essential for the formulation of a clear and achievable transformation vision. As a result in order to progress as a group, a transformation vision is essential to align the key objectives of the firm. This is because, without any pertinent direction, the organisation's change cannot be helpful in achieving any objective. Additionally, in order for the staff to support the change, they must comprehend why it is necessary.

General Electric's Change Acceleration Process (CAP)

This model was developed by General Electric Company to manage its own change management process. The model is concerned with transforming how different stakeholders within an organisation are accepting, operating and employing new strategies for excelling business. Thus, a CAP model is majorly concerned with facilitating an organisation to manage its business model effectively while implementing change. According to GE, the success or failure of any business model depends on acceptance and quality. In this regard, the following equation was used to represent this notion:

$$Q \times A = E$$

The equation outlines in simple terms that better quality and better acceptance will result in effective change. Thus, the following steps must be undertaken as per CAP for implementing change in an effective manner:

1. Directing change
2. Designing a shared need
3. Outlining a clear vision
4. Ensuring and motivating employees to show commitment

5. Making changes last longer
6. Evaluating the resulting progress
7. Altering the existing systems and structures

The Change Acceleration Process Model



Figure 3: GE's Change Acceleration Process Model

Source: McCairns

The above figure outlines the manner in which the key steps of this process must be planned and implemented.

Main Findings

In order to understand the changes implemented, secondary data from two sources were extracted. The below sections discuss this information gathered by

other practitioners through interviews for outlining the change management practices adopted by them to overcome the impact of Covid-19.

Excerpts from the Senior Director

One of the major changes that Sky Italia like many other organisations in different industries adopted was transitioning from conventional working to remote working. According to Sky Italia senior director of Production Broadcast and Creative Hub Riccardo Botta, the company had adopted remote working operations prior to the lockdown in Italy. Moreover, the company also adopted different professional, prosumer, and consumer technologies to facilitate efficiency in work and remain on air even amid the crisis. This can be affirmed from the below excerpt:

- *“Sky has put almost all of its employees in smart working since 24 February, two weeks ahead of the government-imposed lockdown on 8 March. From that day, the area of Content Tech and Operations that I manage has 90% of its people working from home.”*

Furthermore, it was inquired how the coronavirus social distancing restrictions had affected the production and the supply chain of content at Sky Italia. In accordance with this, it was found that impact varied depending upon the content. The senior director also claimed that since the series and movies had been finalised long

before the pandemic, the advent of the covid-19 pandemic did not have substantial implications on the recorded content. Nonetheless, it was found that the live shows were substantially impacted. This was because Sky Italia did not plan many live shows. One of its live shows i.e. Late Night Show (EPCC) was found to be aired without an audience.

Inquiries were then made to understand whether some programs were completely cancelled. In this regard, the director outlined that Sky TG24 was strengthened with dedicated coronavirus content and programmes to ensure no programs unless live sports were being cancelled. For this purpose, they adopted several technologies to ensure that none of their employees is being disrupted in reporting any news even while working remotely.

Since the senior director outlined the adoption of several technologies for overcoming the challenges encountered due to Covid-19, queries were raised to comprehend the explicit technologies adopted by them. In this context, the senior director highlighted that the crisis had accelerated the pace of adoption of some processes that were already in place. They had deployed a hybrid working model where GFX was adopted for every employee that worked from home. On the other hand, those employees that carried out their operations from the studio were

deployed to the utilisation of heavy cellular bonding newsgathering (mainly based on LiveU kits). Additionally, in the production environment, there was full integration of Skype, FaceTime and TEAMS. The senior director further added:

- *“Parts of the gallery (EVS operations, editorial coordination) are operated remotely and we deployed a cloud-based gallery (as SaaS or IaaS) with Viz Verdi and NewTek. In post-production, we have started to use PCoIP Solutions to enable editors to work 100% from home using the same workflows that they would use on-prem. We also use standalone post-production SW, for editing, sound design and grading of high-end programmes like special features, art movies or documentaries and started to use full cloud-based solutions in SaaS mode”*

Subsequently, they also outlined that Sky Italia strengthened the use of mobile editing and the creation of new workflows for allowing to carry out smooth critical operations like dubbing and EVS contribution remotely. They were also found to activate the remote control of most of the equipment for the MCR and the International Commentary Area. Thus, a hybrid model was adopted for operators while an activated “meshed MCR” was adopted for people within Sky Group and its external partners. Moreover, they used a hybrid model for the playout, with more

than 70% of the effort being controlled from home. Operators could log in to their workstations and obtain a multiviewer channel preview using low-latency encoders streaming over srt. They are functioning in a totally dispersed method in general, and technology is assisting them greatly. They are utilising all of the technologies in the Office 365 package to implement a truly 'digital native' method of working. Their adaptation to technology is so well that they transformed the majority of their tasks into digital tasks for allowing remote working. For example, in current times of crisis, a journalist, an editor, and a GFX designer may all work on the same news story at the same time, each from their own home yet cooperating in real-time. They just held their first virtual press conference for Diavoli, using their studio to link 60 journalists with the six principal actors and directors, due to the adoption of these technologies.

Sky Italia CEO Position

To decipher the impact of Covid-19 on Sky Italia, varied inquiries were made with the CEO of Sky Italia. In this regard, he suggested that businesses are being compelled to be more inventive and focused on the digital simplification process as a result of the Covid-19 pandemic's repercussions. In this context, the entire customer experience (for example, one-stop shopping) is reimagined with the goal

of ensuring quality, which is always "the must." Sky Italia S.r.l premium's reputation, for example, has to be maintained and justified adequately, according to the CEO.

In connection to the proposed strategic solutions, the informant said that when disruptive events such as the Covid-19 occur, the rising presence of digital capabilities inside the company offers a potential development driver. Furthermore, for the reconfiguration of customer journeys and touchpoints, precise monitoring of consumer behaviours, as well as proper selection of institutional information – without being conditioned by speculative aspects – are critical factors. Furthermore, content quality, as well as format innovation, are becoming increasingly vital. The amount of hours spent on digital content has skyrocketed in recent years. Furthermore, given the increased competition, the function of entertainment (e.g., shows, TV series) is becoming increasingly significant. As a result, the creation of quality and diverse content offered through a unique digital platform such as Sky Italia S.r.l. making a difference and, ultimately, simplifying the lives of customers.

Conclusion

To overcome the challenges encountered by Sky Italia owing to the Covid-19, Kotter's 8-step change model. In this regard, the first step is to ensure that all employees were informed about the challenge they are facing due to the shutdown of outdoor shooting and hence, the lack of content supply that needs to be appropriately addressed. Thus, coalitions were formed to segregate employees that would be working from home and those that will continue from the studio. Further, to overcome supply chain disruption, technological amendments were made to ensure that the employees working from are well connected with other departments as well as teams. Moreover, discussions were made to replace live and planned shows with Covid-19 related programs. In order to put these plans in place, supervising heads were appointed to lead each team so that they can understand the individual levels of challenges encountered by their team members as well as coordinate with other teams. Subsequently, short-term reasonable goals were developed to ensure that achievable goals are envisioned and thereby, the organisation's operations are smoothly transitioned without hampering its long-term objectives. Thus, the Kotter's 8-step change model was instrumental in supporting the change within Sky Italia owing to the Covid-19-induced disruptions.

However, it is essential to understand that employees that lacked appropriate skill or knowledge to operate technology were more restrained to adapt to hybrid or remote working conditions. In this concern, providing appropriate technology becomes highly important for the firm to advance. Sky Italia, too, provided appropriate training to employees for ensuring that the quality of work they deliver is not being compromised due to technical issues. Additionally, employees that were being asked to work from the studio were not willing to come. As a result, appropriate time slots were developed to ensure that not all employees are gathered at one time. Furthermore, the company took appropriate precautions and were providing pick and drop service to ensure that no one is being infected.

Finally, it can be highlighted that for bringing any small-scale or large-scale change within Sky Italia, it is essential to inform all the employees about their roles, responsibilities and the clear objective that the changes in operations will achieve. Small-scale changes can be effectively implemented by conversing with the team leaders themselves. However, large-scale changes strategically require the involvement of top management support as well. Subsequently, it requires gradual meetings with the relevant team leaders and members to understand the phase-wise challenges and progress. Lastly, timely monitoring and interactions with each

member are crucial to understanding the factors that affect the effective change management process.

Recommendations

Based on the findings of the current research, it can be outlined that leaders play a critical role in directing the desired change in the behaviour of the employees and operations of a firm. Without pertinent guidance from the leader, the employees and other stakeholders critical to the organisation will resist change. Additionally, informing the concerned stakeholders about the strategic issue that change management will address is essential. Lack of vision and need for change is often considered as an attempt to gain more than the required efforts of the employees and hence, they resist adapting to avoid their burnout. In the case of Sky Italia, along with the above factors, the adoption of technology and assurance that the employees' well-being is taken into consideration was instrumental in bringing out the desired change. Moreover, the leaders understood the situation and altered their programs which would require employees to come to the workplace even during vulnerable times endangering their lives. Thus, both leadership and employee commitment played a vital role here. Additionally, there are other measures that should be undertaken for effective change management adoption.

For instance, it is critical to have a significant plan and justifiable reason to attain the desired goals before implementing change. Lack of appropriate reason as well as plan often restrains the employees from actively participating. Further, employers or leaders must remain transparent with the employees. Outlining the challenges faced by them in attaining goals makes employees aware of the shortcomings in their own operations also. Finally, it is essential to gain feedback from the employees to evaluate their point of view on a timely basis. Often leaders interact and convey their concerns but fail to understand the issues faced by the employees and thereby, the change management process drastically fails because the challenges faced by the employees are not addressed in a timely manner.

The CEO had one clear and straight opinion regarding the changes that were undertaken due to the Covid-19 pandemic will also be difficult to be reversed and that nothing will remain even after the pandemic is over. As a result, organisations must focus on being more conscious of the changes, more adaptable, and more collaborative in order to construct the television of the future together.

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