Entrepreneurship

Turning an Industry Inside Out: A Conversation with Robert Redford

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Sometimes we are drawn to a type of work or to an industry that has aspects that repel us. A doctor wants to do everything possible to help her patients heal but must grapple with the efficiencies forced by managed care. A car designer loves the speed and beauty of the machines he creates but also struggles with concerns about how

auto emissions are affecting the environment. A vice president of marketing at a multinational corporation loves his job but is concerned about his company's insensitivity to cultural differences.

Yet no matter how we rail against the status quo, most of us are reluctant to take action in the workplace. After all, sticking one's neck out only invites the ax. Faced with a choice between our values and our jobs, most of us either resign ourselves to the situation or leave. Yet there is a third way, as Stanford University professor Debra E. Meyerson has argued in Tempered Radicals: How People Use Difference to Inspire Change at Work *(Harvard Business School Press, 2001). Individuals can create large-scale change if they are willing to work incrementally from the inside. These "tempered radicals," as Meyerson calls them, rock the boat without falling out of it. They work behind the scenes, engaging in a subtle form of grassroots leadership.*

Meyerson describes Robert Redford as the "quintessential tempered radical." Over the past 20 years or so, he has led a behind-the-scenes effort to change the movie industry. In 1981, shortly after he won a directorial Oscar for Ordinary People, *Redford founded the Sundance Institute, an artists community in the mountains of Utah. He originally envisioned Sundance as a haven for budding writers and directors with promising ideas in their heads and little more than lint in their pockets. Through the years, Sundance has proved such a successful incubator of independent films that, perhaps ironically, it has become one of the most influential forces in Hollywood. Award-winning and cinematically groundbreaking films such as* Boys Don't Cry, The Blair Witch Project, *and* In the Bedroom *were first screened at Sundance's annual film festival,*

and a host of other films, directors, writers, and actors all caught their big breaks there. In a sense, Sundance has become to Hollywood what Silicon Valley has been to the high-tech industry.

Movie stars aren't usually considered sources of business insight, but Redford's unique ability to bring about successful change and his theory about how Sundance has affected the film industry make his a different voice worth listening to. (Redford's article about negotiating between business and environmental concerns, "Search for the Common Ground," was in the May–June 1987 issue of Harvard Business Review.) *In conversations with Meyerson and HBR senior editor Bronwyn Fryer, Redford talked about his long battle to open up the U.S. film industry to artistic diversity. His multifaceted approach to change includes developing grassroots initiatives; earning credibility and then leveraging his successes; practicing the arts of compromise and persuasion in order to get projects accomplished; gathering support along the way; and, most important, demonstrating persistence. In this edited version of those conversations, Redford discusses the insider tactics he uses to instigate change—tactics that a patient manager in any industry can apply.*

How should people who want to change their industries go about it?

There are two ways to change a system: You can work from the inside from the bottom up, or you can come in from the outside and change things from the top down. When you take the latter

approach, you'd better know damn well what you're doing, because it's like running through a minefield. Look at [Hewlett-Packard's] Carly Fiorina: I admire her because she's an outsider trying to do something different at this old, family-run company. But she's been hammered by internal politics.

A better way to change a system is to work through it as a bottom-up insider, quietly chipping away at standard operating procedures, creating small opportunities to do what you really want to do, until you achieve real success. Then you can break out your agenda in a larger way. But this method takes a long time, and an industry is an even tougher nut to crack than a single organization.

The best example of a change agent that I can think of is the entrepreneur. Entrepreneurs hold inside knowledge about the way industries work, yet they're not beholden to large corporate interests. In a way, when you're building an entrepreneurial organization, you're talking to yourself. You want to find and build a category of enterprise that you can live in. You have a higher purpose in mind. A good example is Yvon Chouinard, the founder of Patagonia. He said, "I'm going to take recycled goods and fashion something for my kind of outdoors guy." And he developed a very specific product for a specific market within the retail clothing industry—and damned if he didn't surge ahead of the competition and create his own commercial space. Similarly,

other successful entrepreneurs may find that the larger industry one day comes around to their way of thinking. Large corporations don't tend to finance a ton of risky ventures, but they're not stupid. They want to be on the right side of things when a good idea comes along. Sooner or later, they do look to entrepreneurs for new ideas. But before the industry comes around, those entrepreneurs may have to learn some very harsh lessons.

What kinds of harsh lessons did you have to learn?

I learned that the corporate powers that be aren't going to be interested in the fruits of your labor and passion unless you are adept at understanding their agenda and speaking their language. You must always present yourself more conservatively than you privately feel you are. You can't be forceful, loud, confrontational, or declarative. You have to sell what you have on *their* terms.

In 1969, I made my first independent film, *Downhill Racer*—a small, character-focused movie about a Pyrrhic victory. That was when I learned about how the film industry really works. I didn't take an actor's salary or a producer's fee to make the film. I sacrificed a lot; it was real guerrilla filmmaking. Merely getting the idea on screen was far more meaningful to me than the money. I simply presumed that once the film was made, it would be distributed. I had no inkling that before we were even finished shooting, the studio had already written off my movie because they thought it wasn't commercial. The film distribution system back then was a closed one—the studios and theater chains had relationships that went back 40 or 50 years. The studio simply

tossed *Downhill Racer* away without a second thought. I broke my heart trying to get that film promoted and distributed. Of course, Hollywood isn't about art; I knew that. But I wasn't aware that if you really want a studio to make and distribute your film, you have to answer the only question that matters to the executives in the industry: How will your project make money?

Another hard lesson came during the 1970s, when I was a very vocal environmental activist. Because of my beliefs, I was burned in effigy, and there were threats to my life. It wasn't fair to my family. I learned that direct confrontation can backfire. So over time and as a result of these experiences, I concluded that if you want to crack the system, you can't hit it directly; you have to work behind the scenes. There were politicians like Pat Schroeder and Tom Harkin, activists from the 1960s who decided it was smarter to try to change government from within. I decided to try to apply a similar formula to the film distribution system, which had so poorly served filmmakers like myself.

It sounds like you also learned a harsh lesson about earning credibility.

Well, let's face it—if you're a movie star, you're not likely to be taken seriously. I remember a moment in 1969, when I was asked to speak to a group of 300 bankers in Utah just after I'd purchased the Sundance property. I was nervous and gave a blistering, preaching speech to these bankers about corporate greed and whatnot. At the end, I was greeted with dead silence. As they filed out, the head of the group said, "I appreciate your comments. I just have one question." I was expecting him to say something

like, “What the hell do you know about banking?” But all he asked was, “Did you really jump off that cliff in *Butch Cassidy?”*

I learned a great deal about earning credibility from Joan Claybrook of [the public interest group] Public Citizen. She became head of the National Highway Traffic Safety Administration, and she taught me a lot about how to lobby in Washington. Joan taught me to start conversations with congress-people by talking about their interests first. For example, you say, “I know your part of the country,” and start on common ground that isn’t political. Once you establish that connection, you can say, “I understand there are other views, but here’s mine.” And then you very carefully, intelligently, and rationally lay out your argument, based on a lot of research and absolute control of your information.

Once you have earned credibility and are in a position to get what you want, you need to strike a series of devil’s bargains. To horse-trade with the devil, you have to look him squarely in the eye and make the right demands from him. The deal I struck was to trade on my success as an actor in order to make films that otherwise wouldn’t have been made because the studios thought they were not commercially viable. So before it was considered standard practice, I learned to request a two-picture deal. I would tell the studio, “Look, I’ll act in *The Way We Were* or *The Great Gatsby* if you’ll let me make *The Candidate* or *Ordinary People.”* I had to trade a sure thing for the right to experiment.

Sundance was a quietly radical experiment in change. Why do you think it worked?

Sundance is the latest in a string of naïve, grassroots experiments I began building on almost 30 years ago. Any experiment, of course, requires a certain element of risk because you're dealing with the unknown. The secret is to learn from the experience and run the experiment again and again, in different environments, until you find the formula that works.

I discovered one base ingredient of Sundance's formula a decade before the institute ever existed. It was an experiment in film distribution in the early 1970s, a nonprofit organization called Education, Youth, and Recreation, or EYR. We would buy up never-seen films—things like documentaries and short features—that were just lying around in cans in warehouses and release them independently on college campuses. The proceeds would help seed then-unknown filmmakers like Martin Scorsese and writers like Sam Shepard. But while we had a great vision, we miscalculated the finer points of marketing to students. The film buffs liked our package, sure, but most college kids just wanted to see *Doctor Zhivago*.

Looking back on it today, I realize that we should have gone at it more incrementally. Instead of charging at several campuses at once, we should have focused on being successful at just one, spread it to two, and so on. Had we approached the project on a smaller and slower basis, EYR probably would have succeeded. My problem was (and still is) that I am impatient. The initiative collapsed, but it has been partially reincarnated in Sundance's educational work. We seed filmmakers from all over the world.

A later experiment that contributed to Sundance's formula sprang

from my conviction that environmental preservation is never a matter of choosing between protecting resources and promoting economic development; there's good economics in environmental preservation. So in 1980, I formed the Institute for Resource Management (IRM), which brought industry and environmental groups together for three days of conflict resolution. Our first conference was on the future of the electric utility industry. We got the CEOs of Southern California Edison, Con Edison, and other energy companies to sit in a room with the heads of the Sierra Club and other environmental groups, and at the end of three days they began to understand one another's viewpoints. The IRM model—put two very different groups of people together and see what they come up with—proved successful as a workshop. So we used a similar process to start the Sundance Institute in 1981.

The idea was to get experienced film-makers who had been through the mill and had had some success in the mainstream—people like Oliver Stone, Sydney Pollack, and George Roy Hill—to mentor rough-edged, inexperienced artists. They would work on projects together, everything from writing the stories to acting to staging to filming to editing. The young filmmakers would challenge the established guys, and the established filmmakers' work became all the more provocative for it. As a result of this cross-fertilization, Sundance started to become a regenerating force for Hollywood, and commercial film-making came to be affected by what we were doing here.

How much does timing have to do with making change happen?

Timing is incredibly important. As it happened, the birth of Sundance coincided with several important cultural and business developments. There was the explosion of video in 1979 and the cable networks' surge that same year. As a result, demand for content was high, but there was not enough of it to go around. It looked as if the only films we'd be left with on the rental racks and on cable would be reruns and quickies made for TV, which would result in a slow dumbing down of the audience. If you run low-quality content for too long, younger generations don't really understand what good storytelling is all about—what art is.

Another change came, ironically, from Hollywood itself. By 1980, there were several trends going on. First, following the success of *Star Wars,* commercial films began relying very heavily on special effects, rather than on character and content, to drive plot. Second, the rise of MTV and music videos led to increased marketing toward, and control by, the youth market. Hollywood was shifting away from content-rich, character-based films. Young and daring filmmakers were stopped at the gate; there was really no place for anyone to see their films. These trends opened up the opportunity for Sundance to become a content leader. The cable TV and video distribution systems gave Sundance a clear advantage, because we could supply new, original films to those pipelines—films that told great stories with memorable characters. It was an excellent niche for us to slip into. By 1996, we had inserted ourselves into that pipeline—we had established the Sundance Channel, which offered one way to distribute films from inexperienced or unconventional writers, directors, and actors. And, of course, we invite the world to our door every January with the Sundance Festival.

So another tactic of change from the inside is to bring outsiders in?

Certainly. Once you make your proposition appealing to outsiders, they become your advocates. The marketing idea behind the festival was to appeal to "cool" on two fronts. First, the festival would show original films that couldn't be seen anywhere else. It would also be cool, literally, to hold the festival in the mountains of Park City in the middle of winter. We thought making it hard to get to would make the festival more hip; people would feel like they'd survived the elements to get here, and that would make them feel special.

When the first studio people showed up, I dragged them off the street and into the screening rooms. David Putnam, who was the head of Columbia at that time, bought *The Big Easy,* which was the first of our films to achieve any commercial success. Eventually—and this caught me by surprise—people began flocking here because they were interested in the wonderful, diverse menu of films we were screening that started with *El Norte* and gained steam with *Sex, Lies, and Videotape.* Sundance was suddenly so cool that Hollywood simply couldn't ignore it. In fact, Hollywood wanted to be "in" with it. When Hollywood came, the merchants came. And when the merchants came, fashion came. And when fashion came, the media came—and voilà, Sundance was a part of the mainstream.

What happens once the changes for which you've lobbied become part of the mainstream?

That's when the really serious risk occurs. Once you're successful, people want things from you. They flatter you. It's easy to get ripped off. For beginning filmmakers at Sundance, the devil's bargain is very tempting, and it's easy for them to strike it the wrong way. If they go straight for the stardom, glamour, and money, they run the risk of sacrificing their artistic integrity. So at the beginning of the festival, I spend a few minutes talking to all the filmmakers. I remind them that Sundance is for them—and "them" means the films. I outline the bargain very clearly for them: "What will you do when a studio offers you a tidy sum in return for control over your next project?" I remind them that they have to decide how to negotiate this question, and I ask them if they are strong enough to stand up for their art.

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I try to convey to the artists that success has to be handled gingerly. You want to shadowbox with it; you don't want to really engage with success until you find a way to engineer it so that you don't wind up being its slave. That's very hard to do, because your ego gets in the way. But if you don't take on that challenge, it's difficult to survive. Despite everything I try to share about all this, of course, a lot of them just surrender their souls to Hollywood.

And that is weirdly fascinating to watch.

Can you ever stop pushing for change and just declare victory?

No, never. If you do, then the industry or the company or the project starts to backslide. You can't let success lull you into complacency. In fact, lately I've been far more worried about Sundance's successes than its failures. If you're failing, you're flying below the radar. You can continue to hack away at your project and try bold things. You figure, "I'm failing anyway, so what the hell? Why not try this?" Failing gives you the room to experiment and the ability to innovate. But success forces that encounter with the devil.

I began to get really nervous two years ago about the Sundance Festival's tremendous success. At its core, nothing about the festival has changed. Our commitment to supporting a diversity of voices and talents in the arts remains the same, and we are programming the same way we do every year. But new tools of the trade—DVD and other digital technologies, pay-per-view features, and so on—present us with different challenges and opportunities. For example, digital technology lets artists make films more cheaply. So how does Sundance assist and protect them as they move down that road?

Media consolidation is another issue that, I think, is a terrible thing. When a few major corporations control the media, it cuts into diversity—and by that I mean the voices and viewpoints of a large variety of people from many cultures and walks of life.

Ultimately, both the artists and the consumers get short shrift.

We have a good opportunity to respond to these things. It's time for us to back out, release some of our locked-in relationships, and reinvent ourselves. Companies need to beware of bureaucratic buildup. It can be like sludge on the hull of a ship; it can weigh you down.

If we simply continue building on our current success, we'll end up in a safe, conservative place that is anathema to art. But in confronting Sundance's success, I am encountering the same difficulty that anyone who wants to change a business from the inside does: People who've worked very hard to achieve success want to hang on to everything they've got. So while everyone acknowledges the need for change, no one moves a muscle. Now is the time to push the envelope for Sundance. If we don't do that, I don't see any point in continuing.

You've been pushing for change on many different levels for a long time. What keeps you going?

Call it masochistic, but I don't accept failure easily. And I'm very competitive. The good thing about Sundance is that I'm competing for what I consider to be a higher purpose: making the world safe for artistic diversity. If you want to bring about real, sustained change, you have to be constantly aware that you are not just taking care of yourself. You end up using whatever power you've gained to take care of yourself and others by creating a category that others like you can work in.

I have this theory that I call “returning to zero.” You return to zero when you think you’ve achieved something, when you’ve reached a plateau. When that happens, you have to go all the way back to square one and treat the experience of success as if it never happened. You start over from a new angle. You commit yourself to some new sacrifice and some new risk.

To be honest, I think careers are long for a reason. Knowing what I know now about the way things work, I’ve found it’s a little easier to drive change. And that’s good, because there’s a lot of work yet to be done.

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