



Concluding Observations

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15.1 The Matrix of Media Management

We have come a long way since the opening chapter of this book, and we have covered a wide ground. As we observed at the beginning, the subject matter of media management can be thought of as a two-dimensional matrix. The *vertical* dimension is that of the various industries. Most of the books in this field follow this approach.¹ Of these industries we examined:

- Distribution Platforms: the Internet, tele-coms, TV and radio broadcasters, cable, satellites, and media clouds;
- Content creating industries: music, film, TV, books, newspapers, magazines, video games, and more;
- Device making industries: media-tech, IT, consumer electronics, and components.

In contrast, the *horizontal* dimension of the media management matrix is that of business functions—finance, marketing, distribution, market research, human resource management, accounting, strategy planning, pricing, legal and public affairs, and so on.² Each of the chapters covered a major management function, and their challenges were described and analyzed. Each of these functions is run by a high-level executive with extensive staff (for large companies) or by a multi-tasking entrepreneurial team (for start-ups).

To make a media and information company effective, each of these functions and their managers must be made to work well, and well together. Or, these functions must be outsourced to external specialist firms and professionals.

It has been the goal of this book to overcome the limitations of approaching the matrix from one dimension only, and to apply the major dimensions of a management curriculum to the entire media and information sector. In the process, communications students and media professionals will have acquired a summary of an MBA curriculum covering numerous business issues and management tools. At the same time, more

generally oriented business students and managers will have received an introduction into the media and information sector, and a “capstone” that integrates the various strands of a management curriculum as applied to one sector.

15.2 Is Management in the Media and Information Sector Different?

15.2.1 Fundamental Factors

At the outset, we asked the question whether management in the media and information sector is distinct from the one deployed more generally. The answer is yes and no. It is an industry sector, with many of the same incentives and constraints as exist in other parts of the economy. But it is also a special sector with its special fundamental economics, policy sensitivities, technology dynamics, and market organization. Media and media-tech industries are also on the leading edge of innovation and thus lead rather than follow when it comes to new organizational practices and market relations.

We anticipated and subsequently developed in detail the factors that make media management special. There are eight major and fundamental factors at work. They include extremely high economies of scale and network effects; extraordinarily rapid technological change; excess supply and price deflation; convergence of technologies; high distance insensitivity; a pervasiveness of intangible assets; the presence of economic non-maximizers; and public good characteristics with a wide range of governmental interventions.

These characteristics impact just about every media activity and media manager. In the twelve major chapters of this book we analyzed how they affect the particular functions of a media company. Many of these characteristics exist in other industries, too. But not in the same combination or intensity. Together, they create unique incentives, demands, and constraints as compared to those of industrial productions or of other services. Such particularities and peculiarities create a need for media-specific management considerations and analytical tools. In that sense, media management is indeed different.

1 For details, see the literature cited in ► Chap. 1 Introduction.

2 Footnotes 1 and 2 of Footnote 3 ► Chap. 1 Introduction.

15.2.2 Personal Motivation

There are also personal dimensions that make media management special. As we observed in the introductory chapter, management of media and information ventures has appealing cross-overs: creativity meets management; imagination meets technology; arts meet investment; business meets public policy; left brain meets right brain. Why are so many talented people interested in working in the media and media tech sector? It is a risky business, with its share of complex personalities. Yet all of us have a creative spark, which has often been submerged. We have become consumers and spectators. But managing in the media brings it back, in a way. Media integrates parts of our personalities and biographies. It's an endlessly interesting, fascinating, enthusiasm-building field. Its horizons of creativity and technology are unlimited. It creates the entertainment that forms our fantasies, shapes our styles, and sets our role models. It provides our analysis of the world around us. It is the trend-setter that affects our tastes. It represents sweet imagination, seductive opportunity, rich possibilities, glamorous pioneering style, opportunity, fortune, and fame.

15.3 Challenges for Media Managers

Information has moved from a supplementary factor to being the central business input and major output of an advanced economy. Where information was once a scarce resource, it is becoming an abundant resource. Such a new environment requires:

- *Individuals* capable of managing the production and use of information resources;
- *Organizations* capable of deploying such individuals;
- *Tools* to analyze and operate with.

The last few years have created a set of enormously powerful technology tools. These tools have only just begun to transform media and the economy. Digital technology reshapes core processes, costs, products, content, distribution, customer relations, and consumption patterns. The elements

are known and they are now making their way through the economy and society. The famed economist John Maynard Keynes observed that analyses of the future lack a scientific basis, and one therefore cannot work out long range strategies; instead, what can be done is to prepare companies for opportunities and immediate challenges.³ But the future can be gleaned in several ways. Much of it is already present to a sharp-eyed observer. “The future is already here, it is just unevenly distributed”, as William Gibson, Chief Technologist of Sun Microsystems, observed.⁴ Secondly, certain trends, such as Moore’s Law rate of progress in electronic components, will continue for some years, and one can engage—carefully—in extrapolation and projections.

The impact of the newly emerging tools has not yet been fully absorbed into economy and business behavior. New practices meet the old ones. In the process, both are being reconfigured. This environment creates incentives to rapid investment, over-supply, price deflation, and boom-bust cycles. It affects the velocity of knowledge creation, the structure of markets and of companies, and all institutions of society. It has been one of the aims of this book to identify some of these big-picture trends and their managerial implications.

15.3.1 The Search for a New Media Business Model

Traditionally there have been two basic business models for media—pay and advertising. Both are severely challenged. Impediments to the pay model are that “information wants to be free,” and thus without charges, and that piracy is hard to control. But even if access could be controlled, market forces are at work. With so much content being offered there is a relentless price deflation. It becomes difficult to charge for information directly.

3 Sánchez-Tabernero, Alfonso. “The Future of Media Companies: Strategies for an Unpredictable World.” In *Strategic Responses to Media Market Changes. Media Management and Transformation*. Ed. Robert G. Picard. Jönköping, Sweden: Jönköping International Business School LTD., 2004.

4 Chakravorti, Bhaskar. “The Future of the Future: Where Are the Breakthrough Innovations?” *Huffington Post*. April 22, 2014. Last accessed July 14, 2017. ► http://www.huffingtonpost.com/bhaskar-chakravorti/the-future-of-the-future_b_5194767.html.

The advertising model, too, is under pressure. The supply of ad space greatly exceeds demand. Competition drives down prices. There is a greater possibility of customization, but it is complex and costly. Readers and viewers can bypass advertisements. They increasingly refuse to pay for content by providing their attention. This has led to a third model of compensation—for users to “pay” by giving up information about themselves, thus making the remaining advertising more effective. Yet this direction raises issues of privacy and informational sovereignty.

Finding a revenue model is not the only challenge to digital companies. There is also a transformation of the traditional value chain.

15.3.2 The Search for a Media Industry Structure

The reduced transactions costs facilitate “virtual companies” that are based on an outsourcing or networking of their functions. Another dimension of change is the organizational structure of media and digital companies. In the past, media, information, and communications companies forged stable and profitable niches through a high market share in sub-markets, conglomeration across markets, and vertical integration. In the new environment, along the value chain, specialization, horizontal consolidation, and global expansion seem to perform better than conglomeration. Vertical integration may work at times, but it also creates internal inflexibilities and culture clashes.⁵ The new environment requires a structural change in the way that the firms are organized.

This is likely to lead, over time, to a system that combines two major types of companies:

1. Specialist firms which concentrate on particular technology elements and on focused content.
2. Integrator firms whose major contributions are to coordinate, finance, bridge, market, and collect. These could be major media companies, CE firms, major telecom network companies, or new-style information-sector firms like Google or Amazon.

Producers, distributors, and consumers of information can interact directly or in different ways, cutting out old intermediaries.

15.3.3 The Search for a New Content Model

The traditional content model was based on mass market content (blockbusters) as well as more specialized audience products. Audiences are now much more fragmented and “long tail” than in the past. The new broadband pipes will lead to new types of content, becoming participatory, individualized, and immersive. An experience, not just a show. To produce such content is complex and expensive. The economies of scale are enormous, and transmission is distance-insensitive. Together, these factors will lead to very large media firms playing an increasing role around the world as the central nodes.

15.3.4 The Search for New Government Policy and Regulation

The media and information industries are also part of the foundation of society; they set social and cultural standards and values. Information is the resource that can lead to major decisions. They create the news that is our early warning system, the culture that affects how we think of ourselves, of others, of the past, and of the future. They are part of creating the technology that changes how we live, work, shop and interact with each other. In that process, the information revolution is engaged in the transformation of media and information also disrupts many established ways. Rich and poor countries alike have problems in coping.

Media managers often underestimate their public role. Media by nature have high visibility, cultural significance, commercial impact, and political clout. As a result, they are usually in the cross-hairs of governments that want to assure various goals of public policy. Media suffuses society, and therefore society suffuses media. Hence, a media firm’s activity more than for most organizations, is subject to numerous constraints by government. Given these important and multiple

5 Picard, Robert G. *Media Product Portfolios. Issues in Management of Multiple Products and Services*. Abingdon, U.K.: Routledge, 2005.

roles it would be naive to imagine that media and related digital firms will be able to function purely with a bottom-line orientation like most other businesses, without a serious backlash.⁶

Governments are uncertain how to proceed. Should there be converged regulation? Separation of platforms and content? Barriers to free flow of content to protect national cultures? Support policies for upgrade investments in infrastructure? Access rules? Subsidies for the connectivity of weaker segments of society? Restrictions on ownership and mergers? Law to protect privacy and security? Censorship of hateful content and of false news? Many of the old tools of control are becoming ineffective, while new tools are not easy to conceive or implement. More fundamentally, the boom-bust cycles in the sector shows problems of instability in the media, as well as in the information, communications and technology industries. Media managers are in the middle of this transformation. They need to understand the forces in society and how they affect the regulations. They must anticipate and help shape these rules. And they must comply with them, both domestically and globally. This is a process that must be organized and managed.

An important related task deals with the rules about assets that are based on governmental processes—copyrights, patents, trade secrets, and trademarks. In an information-based sector, the protection and commercialization of such assets becomes a key managerial responsibility.

15.3.5 Understanding the Future and Understanding the Past

The media and information field is progressing at a prodigious rate. To assess it properly requires knowledge of the details, but also an understanding of the big picture. Where things have been coming from, and why. A sense of history is important for recognizing how people, companies, and governments have been acting and reacting in the face of media transformations and to learn from their successes and failures. It helps

us to understand the cultures and hence actions of companies, entire industries, and other countries. Similarly, it essential to understand the future. This requires knowledge of technology, its drivers, its leading edges, and its trends. It also means an understanding of societal dynamics and their impact on people and politics.

15.3.6 Dealing with People

Media managers need to deal with several categories of people. Most obviously, there are customers or users. They are often unpredictable in their preferences and needs. They also affect each other. As societies become more heterogeneous, and as the supply of media content and services rise, these preferences become more specialized, more demanding, and harder to ascertain. A second major category of people are those working for the media company, both inside and outside the organization. These include industrial workers, freelancers, middle-level managers, techno-geeks, and creatives. Each of these require different types of attention by managers.

15.3.7 Being Good with Numbers

As important as the nurturing of creativity and innovation is, ultimately they must be based on an economic foundation of investments, expenses, revenues, and income. Being able to plan and control activities and money is essential. This requires an understanding of statistics, finance, accounting, and information systems.

15.3.8 Globalization of Media and Information

There is a collapse of physical space where a “death of distance” creates new markets for information goods and services, enables the entry of new competitors from abroad, and expands the footprint of companies.

There was a time when media activities were organized locally and nationally, in terms of companies, content, audiences, and governmental controls. That kind of segmentation is giving way to much wider cross-national footprints of activities.

⁶ Butler, Kelley M. “Examining the benefits of corporate social responsibility.” *Employee Benefit News*. May 1, 2006. Last accessed July 11, 2017.
 ▶ <http://connection.ebscohost.com/c/articles/20826550/examining-benefits-corporate-social-responsibility>.

The challenges for managers in that environment is that they must broaden their understanding of markets, rules, competitors, audiences, and work forces far beyond their comfort level of familiarity.

15.4 Managing in the Media and Information Sector

15.4.1 How Organizations Succeed

Is there a “silver bullet,” a lever for success in this field? As we discussed in the preceding chapter, the classic B-School approach is to “Chart the Best Course.” That approach is to find the optimal strategy and try to get there. The alternative approach is to “Build the Best Ship.” This has been the prescription of this book: *get the parts right and the whole will work out*. Optimal strategy will keep changing. An organization based on a set of effective parts can handle rapidly changing strategy needs. Mutation and “strategic morphing”⁷ are needed to succeed in a volatile environment. As Charles Darwin concluded, “it is not the strongest of the species that survives, nor the most intelligent, but rather the one most responsive to change.”⁸

15.4.2 Organizational and Personal Responsibility

Beyond organizational recognition of a media organization’s role as an important factor in society, there is also a personal responsibility for a

media manager. Ultimately, companies are run by people and people have aspirations, needs, ambitions and ideals. Media managers should not forget some of the reasons they chose their occupation:

- To support creativity;
- To support an informed society;
- To keep growing personally;
- To appeal to our better self rather than our worst instincts in gathering audiences;
- To be part of change;
- To be at a leading edge of innovation in technology and creativity;
- To be responsible to others and to oneself.

As we observed in the opening of the book, the good news is that for those interested in the information resource—how to produce it, how to distribute it, how to use it—the present is the most exciting period, ever. The bad news is that it is also a period with the greatest uncertainty and risk ever. What does it take for success in the media business? Creativity, innovation, and performance, of course. But that is not enough. It requires an understanding of technology, money, markets, audiences, pricing, global business, economics, managerial accounting, government relations, and the ability to nurture and lead talent. This book aims to help those in the media, information, and media tech sector to become creative managers and managerial creatives. The aim is to make media management less daunting and less filled with blinding hype, to make the reader a more effective, more productive, and more responsible participant.

7 Kauffman, Robert J., Tim Miller, and Biin Wang. “When Internet Companies Morph; Understanding Organizational Strategy Changes in the ‘New’ Economy.” *First Monday* (July 2006).

8 Brul, Caroline van den. *Creativity by Design*. Last accessed July 12, 2010.
 ► <http://www.creativitybydesign.co.uk>