

# **Some thoughts on creativity, business goals and moral leadership in the media and entertainment industries**

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## Sharing some thoughts

- Share some academic concerns with a world class audience...
- And, hopefully, jump-start a conversation about issues that puzzle me...More questions than straight answers...
- So here you have some thoughts

## Some temptations...

- It could be tempting to think that media and entertainment companies have products that are basically similar to products in other industries...
- Subjected to similar rules and regularities
- However, it doesn't seem to be the case

## Summary

- Industry definition with some ambiguities
- A unique interplay
- Hit-producing creativity matters most
- Social responsibility: a mirror but also an agent for change
- Four challenges for a business with cultural impact

## Industry definition (I)

- Industry expanding in terms of consumption time. Time is a critical measure
- “Many people spend more time watching than they do working-yet TV is hardly our only media obsession. Almost two-thirds of our waking life-around 10 and a half hours a day- we’re engaged with media”
- Verklin & Kanner (2007)

## Industry definition (II)

- Heavily influenced by regulation and uncertainty
- Unique social responsibility
- Creative element as a driver
- Publishing, broadcasting (including radio), film, music, advertising, sports, online and videogames. Borders not really clear cut...

## Industry definition (III)

- Attracts idealistic and mission-oriented people, very committed with their products
- Thus, people management becomes crucial
- Advertising, a key revenue source
- “Hit business”. Communication intensive, need to get noticed and generate “word-of-mouth”

## Industry definition (IV)

- High failure rates
- Most TV shows, movies and ads fail
- Technology has disrupted print and broadcasting
- Advertising is also a disrupted industry
- Change is a constant but should not be overestimated

# Change, one of the industry's favorite words

“People are obsessed with change these days. We are told, relentlessly, that we live in times of great upheaval, that everything is changing, so we had better be in a constant state of alert. Change or else (...) Our point is not that nothing is changing. No, something is always changing. Right now it is information technology. But many other things are not changing at all (...) We tend to focus on what is changing and conclude that everything is”

Gosling & Mintzberg, (2003)

## Industry definition (V)

- Heavily regulated industry
- Some markets are not real markets
- Governments give rise to oligopolies. It is specially so in broadcasting
- Problem for Europe, where media and entertainment companies are maybe too small to compete in global markets

## Industry definition (VI)

- Individual stars shape the product
- A business of personalities and celebrities
- Even some managers are celebrities, media tycoons
- Need for some handholding...
- Vulnerability of the creative: they think they might lose it
- Outsized egos have a role

## Understanding creativity

“Adding effective entertainment content is not something that is accomplished merely because a CEO wants it. It is not an industrial additive. Rather, it is a chimerical, hard-to-find quality, and those who can contribute to its creation must be sought on, nurtured and rewarded”

Wolf (1999)

## So...

- Some unpredictability
- Talent-friendly environments
- Creative visionaries at top or near the top

## Media are influential...

- Vast literature on media effects
- Media and entertainment are key agents for change
- Media products are guests in our homes, meet our families and friends, sit in our living rooms
- Media are powerful weapons and managers understand that

# Responsibility is good business

- Long-term thinking.
- Ethics is an opportunity, not a constraint.  
Handling media products with care...
- “Shocking” products are isolated hits
- They generate buzz and get people and companies noticed in this time of “tipping points”
- However...

## Repeating “hits”

- Media and entertainment companies need to repeat hits to build valuable brands
- Special need for branding in an era of extreme fragmentation: brands need protection
- In “long tail” times, hits are more difficult than ever
- TV ratings, radio audiences, box-office income, music sales, advertising recall all tend to diminish...

## **Challenge no. 1: Managers need to “get” creativity**

- Media managers have to appreciate creativity and great content
- Passionate about companies that craft popular culture
- Understand creative people
- Be conversant with storytelling
- Live with uncertainties and inconsistencies

## Challenge no. 1 (continues)

- A hard MBA mindset does not help them along those lines
- People do not act by reason alone
- Media are ever-changing
- Often there is a need for reinvention
- The past is still important but barriers of entry are getting lower: very young players make an impact

## **Challenge no. 2: Creative people improving their business literacy**

- A surprising amount of creative work is done with poor audience knowledge...
- And weak business understanding
- Key and costly business decisions are done just out of “instinct” or “gut feeling”
- Greater appreciation for cost considerations...

## **Challenge no. 2: Creative people improving their business literacy**

“In Hollywood nobody knows anything”  
Goldman (1983)

## **Challenge no. 3: Both talking to each other competently**

- Tear down the old walls
- “Church” and “state” in newsrooms
- Business and creativity can’t be separate worlds that distrust or ignore each other

## **Challenge no. 4: Both understanding the business' high cultural impact**

- Responsibility

“The medium is too powerful and too important an influence on the way we live, the way we see ourselves, to be left solely to the tyranny of the box-office or reduced to the sum of the lowest common denominator of public test”

Putnam (1986)

## **Challenge no. 4: Both understanding the business' high cultural impact**

- Always a business, but a unique business
- The market is necessary but it might not be enough
- Learning from arts management?
- Market driven, but also “market driving”. Uplifting content
- Drive the market, not just be driven by it

**Many thanks...**

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