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**Innovation and Leadership
in the Media Industry**

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First edition: 2012
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Ediciones Universidad de Navarra, S.A. (EUNSA)
Servicio de Publicaciones de la Universidad de Navarra
Pamplona - España

ISBN: 978-84-8081-411-9
ISSN: 1695-310X
Depósito Legal: NA-213-2014

Printed by: Gráficas Egúzkiza

Printed in Spain

Issue **13** 2012

Innovation and Leadership in the Media Industry

Cristóbal Benavides



*To my wife Camila
and my three daughters Emilia, Agustina and Milagros*



CONTENTS

1. LEADERSHIP IN MEDIA	11
1.1. The task of leaders.....	15
1.2. Uniqueness of media companies.....	33
1.3. Special features of leaders in media companies	43
2. CREATIVITY AND INNOVATION.....	53
2.1. Creativity	53
2.2. Creativity and Managers.....	58
2.3. Why media needs Innovation	63
2.3.1. Types of Innovation	70
2.3.1.1. Incremental Innovation.....	70
2.3.1.2. Semi radical Innovation	72
2.3.1.3. Radical Innovation.....	74
2.3.2. Sources of Innovation	80
2.3.3. Process to implement Innovation.....	85
2.3.4. Leader and Innovation.....	91
3. CASE STUDY: PAULA MAGAZINE.....	105
3.1. Paula, 45 years of history	105
3.2. Paula: diversification beyond paper	113
REFERENCES.....	125
MEDIA MARKETS MONOGRAPHS SERIES	135



Preface

People are the most important resource for a leader to manage. And the leader must have it very clear to achieve success within the media industry. The reduction of technology costs and the so-called “democratization of communication” have generated a new scenario where many of the barriers that used to exist between big and small companies have been eliminated. Changes have generated enough space for all to find a place, but it is necessary to fight hard in order to captivate an aloof and disrupted audience. It is no longer important if the content is created by 50 or just 2 people, or if there are state-of-the-art equipment. What is important, probably more than ever in the media history, is if the content is appreciated and consumed by the audience, because in that way, it would be possible to generate income in some phase of the value chain, become profitable, remain through time and not being just a passing fad.

It would be useless to have the best resources, facilities or support if the leader, as the organization’s senior manager, cannot make journalists, photographers, TV producers, directors, scriptwriters, and managers to generate attractive products.

The distinguishing feature of a leader’s job is the ability to motivate others, her creativity to encourage others, the innovation she develops, her talent to keep people in the organization and the future vision she has and conveys to the people she has in charge. She should have to be able to develop a series of actions to fulfill her goal driving successfully the media and entertainment company.

Thus creativity and innovation must become a key issue. Without them it is pretty hard that an organization improves its content continuously

and develops its business model to generate sustainable competitive advantages.

Journalistic and entertaining products are, most of the time, less stable and lasting, therefore it forces, almost day-to-day, to change in style and content what is done, what is wanted and to whom is elaborated.

Being creative and innovative is not enough. Leaders who lead media and entertainment enterprises must understand that rigorous work process is required. Having good ideas is not enough, they do not secure success, it is necessary to transform ideas into real and concrete opportunities in order to increase and improve what we have.

1. Leadership in the Media

Leadership has increasingly become a concept more relevant to organizations because leading means managing change. Nowadays, we live in an ever-changing world and the media and entertainment industry is not unaffected. The technological changes, the citizen journalism, the lowering of entry barriers and the rising competition have forced companies to look for talented and trained people who are capable of leading through these stormy waters and where the only consequences are abrade companies and shorten the life cycle of their products (Teece and Pisano, 1994 in McKelvie and Wiklund, 2008). The thing is to take these advantages (Chandler and Hanks, 1994) and focus on the results in the long-term.

But, why is leadership so relevant? A business that has capital shortage can obtain a loan, the one that is not located correctly can move somewhere else, and the one in need to increase its production will enlarge its factory. However, the business lacking leadership has few possibilities of surviving and even less chances to achieve success, no matter the industry in which it operates. Also, leadership is necessary because organizations must be guided in such a way they can overcome its weaknesses while improving what they do daily in order to be able to adapt to changes and disturbances originated by new market conditions.

These new scenarios generate fears and doubts in people and organizations, which have always needed someone who can guide their behavior. Senior managers are the ones that must provide clarity in periods of uncertainty, showing the path to follow, and generating identity and integrity in the organizations.

In those terms, leaders are a good option and this is why they are in great demand inside organizations. According to Bolman and Deal (1991) people who are different are the ones that help finding more attractive

and innovative versions. By means of their actions they cooperate so the group can find new possibilities and thus discovers resources and abilities unknown until then.

The need of having a leader is a necessity almost inherent to the human being, who changes and evolves through the years. Children identify themselves with football players, ballerinas, action heroes and even their parents. Youngsters turn to look for identity in social leaders. An adult will try to identify themselves with persons related to their field of work.

The study of leadership, undoubtedly, is not the same as studying math or physics, because leadership will never be an exact science. "Leadership is similar to beauty, you know when you are in front of something beautiful, but to describe it, accurately, that beauty is not an easy work" (Bennis, 1989 p.73). The same is true regarding leadership. People realize when they are in front of a leader, but there is no agreement when it has to be defined, when they have to establish how to reach it, if it can be brought up, or if it can be learned or if you are born with certain characteristics that makes you a leader. Thousands of investigations have tried to give concrete answers to these questions without getting a definitive acceptance.

Bennis and Nanus (1998) state leadership seems to be conjunctions of skills most people have, but only a few of them use. It is something that everybody can learn; it can be taught to everybody and it cannot be denied to anyone.

Following with this definition, we could say that not only those elected, not even the senior managers of the organizations can be considered leaders. Indeed, many of them probably will never become one. Those who manage an area of the company, a section, whether be a supervisor of a group, leader of a syndicate, coach, leader of a football team or dean at an university's school will be leaders, in different areas, but at the end will performance some kind of leadership.

Following this line of thought, many others could become leaders with more or less easiness thanks to the education provided by their

predecessors, from work and personal experience or somehow from a model that they might have followed along their lives.

Becoming a leader is not easy, but learning how to lead is easier than it is believed since we all have the ability to lead. Leaders must know themselves; they must know which are their strengths and weaknesses. They have to know what they want, how to communicate it, how to convince others and how to get the necessary support to reach their goals. They must know their weakness and strength in order to overcome the former and to boost and heighten the latter.

They need to have the capacity to focus on relationships and problems according to the present and not to the past, trusting in others, risking accordingly and working without expecting any approval, clapping or recognition, because what it is relevant are neither the praises nor the amount of followers that they have, but the quality of work that results from working with them. They are responsible for the efficiency of the organizations; therefore, the final responsibility will fall upon them.

The leader must be an excellent listener and must listen to those who develop new and different images from the reality. Bennis (1989) describes five characteristics of the leader: (1) she has a clear idea of what she wants to do. She has a leading point of view that will try to implement with diligence and strength, despite setbacks; (2) she reflects passion for the things she does and thus reflecting hope and inspiration to others; (3) she has integrity, which consists of: knowledge of herself (if she doesn't know herself she hardly could know others and will not be able neither to know how to ask for something nor what to demand), sincerity (a leader who mislead, hardly will become a leader) and maturity (leadership is not only about leading or setting a route, but also is about experience, to have worked with others and to have learned from those jobs, only in that way could enhance those qualities or knowledge to others).

This latter characteristic leads to (4) confidence, virtue that cannot be bought and is not associated to a particular position. On the contrary,

it must be won with effort, since it is her own coworkers who give it. Finally, a leader must have (5) curiosity and audacity. The leader must always be learning new things and has the courage to undertake them. She should not be afraid of failing, otherwise she will just limit herself to imitate, which is one of the most relevant tasks.

Leaders must be able to gather people around, engaging them, pushing them. Being capable of motivating by means of the attraction they cause and not by practices such as power, rewards or punishments. There is nothing more comforting for a company than a leader who knows what she wants, someone who communicate how she wants the things to be done and provides strength to all her team in order to do their work.

Peters (1987) summarizes the characteristics a leader must have and the first issue he highlights is that every leader must define a mission so her assignment can be executed; then, she must create a flexible environment where people can stimulate their development; thirdly, she has to offer a new aspect to the corporate culture in the creativity, autonomy and a continuous learning in order to set the trend. She has to establish as a goal, a long-term growing and not at a short term profitability; she must change the organization into a flexible one where innovation is stimulated; he has to be able of anticipating to the future; he must study the organization permanently; he has to think on a worldwide scale and; and he has to anticipate to act and not only to satisfy by reacting.

All in all, a leader must be someone able of guiding, of being a support, going forward in comparison to others, thinking of the future and being competent when he has to adapt and convince others that they also have to do it, but without causing any trauma. A leader must stimulate the willingness to take the risk, seeing mistakes as part of the process and providing autonomy to every member of the organization, so employees can contribute to the continuous development.

It is harmful for an organization gathering people who think the same way, people who don't contribute with different points of view, knowledge and abilities. The effectiveness of leadership and an excellent outcome

of an organization should not depend on the personality of the leader. The first requirement for a good working is to achieve an adequate relation between the assignment and the organization chart, between what they want to do and how they want to do it. The goal must have a clear sense, be feasible and in accordance to the available resources. A leader who has specific characteristics, what he must do is to set a goal, a route, gathering the adequate people who enable him to fulfill her own shortcomings and altogether to launch the adventure. She must use the resources that she has at her disposal in the best possible way in order to face the competitive scene around her.

It is a common complaint that many of the managers who reach a senior management position do not have much of a long-term vision. Their only vision is to increase yearly earnings no matter what could happen afterwards.

It is not difficult to find this panorama in the media industry. Usually, you can see companies destroying its products because of the crazy goal of getting a short-term outcome no matter the quality or credibility of their consumers. Years of work are ruined, where not only money is lost, but also increases the distance with the audience, the brand is eroded and people begin to mistrust on the quality of what is given, it does not matter if it is paid or for free.

Studies show that wrong decisions or decisions focused exclusively on getting immediate results without thinking of the quality unleash more damage than benefits in long term. Quickly, years of work could be destroyed (Sánchez-Tabernero, 2000).

1.1. The task of the leaders

In all organizations it is argued that better results will be achieved if the senior management or the board of directors execute a strong and good leadership (Gardner, 1989). Good results do not arise by themselves, they are obtained after stimulating organizations are constructed, able

to develop talents and be productive and coherent between what they say and do.

That is why, the main assignment of a leader is to stamp a vision to the organization, give it a personal style and a distinctive feature of how to do things today and in the future (Bennis and Nanus, 1998), where one wants to be, what one wants to do and how one is going to achieve it.

Bennis (1989) highlights that a leader must first make things better between her and the team. If people feel supported and feel part of the new objectives, they will be more accomplished with the new vision and administration, on the contrary of what could have been before. However, this will depend on how close and convergent are the personal objectives with the organizational ones.

Argyris (1964) states that people tend toward self-fulfillment, while combining levels of dependency and independency according to the short and long terms perspective they have. That means, if a job assigned is not very attractive, they will be more dependent on what his boss imposes them. On the contrary, if the assignment seems to be attractive to them, they will develop their task in a more independent way, with a higher level of self-fulfillment and as a result, they will be more productive.

It is recommended not to conflict with an organization, neither to monetize the contents nor to automate work, since the more mechanized is the labor, more rigid could become the structure, and therefore will be more ruggedness and could more critical turn over the sense of leadership.

It is important to understand that people assigned for a particular task are not passive persons and according to the job they execute they will go modifying their interests and motivations. For an organization to take advantage of this situation it is necessary to know and adjust wishes with duties in order to resolve both inspirations and being more efficient in the achievement of the objectives.

The good purpose that a leader may have would be useless if those who trust her and follow her ideas do not believe in her. The changes that a leader proposes have to represent a real and concrete improvement; otherwise, people hardly will work proactively on it. She has to know what the real options to start transforming them are and the process she has to do in order to be adopted.

Her assignment, besides knowing in detail the old culture and deciding what it is important to keep, will be to look for the key points where the organizations are permeable and thus to convince and stimulate workers to start adapting to the changes. Thereby, the new vision will go overlapping the previous one until it permeates everywhere.

Leaders must be aware that people who join a company have the hope to receive a reward – which can be of different types. But when they feel that the task they work on makes a difference, that it is a contribution to the society and that thanks to this contribution others will be benefited, it is probably then when they commit to each other with more enthusiasm to the new tasks assigned. And that is regardless whether the old vision is a deeply-rooted custom.

To set this vision it is possible to refer to three information resources: (a) the past of the organization (data, styles and procedures), which allows knowing what was the mistake and what was done correctly. The objective is to hold the good things and modify what is weak. (b) The present, which shows where the organization is located, which are the strengths and weaknesses. By studying the present, it is possible to plan where they want to be tomorrow and how much resources are necessary to get it. (c) Finally, the future is the place where the vision is anchored. That is the place where the differences will be established and despite it is not possible to predict what will happen, it exists a series of mechanisms such as trends, long- term planning and surveys that will allow getting a series of data to interpret the course to follow.

According to Bennis and Nanus (1998) the mechanism of rationalizing all the knowledge and experiences is where the real art of leadership

resides. Being able to interpret data, going forward, adapting to changes and spread an appropriate perspective to understand how the competition works. Thereby, the leader will be able to generate sustainable competitive advantages and distinguishable, which are the ones that allow succeeding in this continuous fight media companies are caught on.

The leader does not offer a vision of the future only once. She must do it continuously, incorporating it to the organizational culture and strengthen it by the strategy and the decision-making process. Also, she must evaluate it permanently with the objective of knowing how to respond properly in case of changes in the environment. It is not as if visions a strategies have to be great deals. In fact, the most efficient ones seem to be the ordinary, since they are based on well-known ideas, on how they affect positively to the interest group and how easily can be turn into a real competitive strategy (Kotter, 1999).

When this strategy is known, concretized and shared by everyone in the company, it is more feasible to achieve the changes. Likewise, it will be easier for the leader if people are aligned to a vision that is explained, understood and executed without fear. The result of this magnetism is that they do not have to force people to pay attention, because attraction is practically automatic. Moreover, successful leaders know how to use that magnetism on her favor, they are the ones with the ability to listen and watch the trends that there are internally and externally to create a global view of what an organization need.

Schein (1992) concludes that to empower those feelings it is necessary to put into practice the following six steps: (1) to perceive what happens around her; (2) to collect information in order to demonstrate to people that a change must be implemented, but it has to be executed without generating much anxiety that then could be uncontrollable; (3) to provide psychological security and let them know where will the change take place. Psychological security allows organizations to move forward and not to freeze up; (4) to acknowledge the uncertainty, but with the security of what is done will be beneficial for everyone, not hiding that

is about a studied risk, and positive results will bring dividends; (5) to accept failures during the learning process as something that cannot be avoided and is part of the route; and (6) to manage all process phases, very carefully and with attention, especially those related with managing anxiety , but also with others that work at the company.

The reiteration of these practices, without any doubt, will help to improve the performance. Leadership models will be applied and different actors will take the initiative, generating modifications, which will be less traumatic, faster and better. Probably the only problem that it might arise is that leaders in middle positions may conflict between them and want to assert their authority over others. The assignment of the senior leader will be then to align them looking for the global objective, and recover what is useful of those particular objectives to reincorporate them to the company goal.

Without a previous period of disagreement, it is not clear enough for the leader to implement a vision that is really considered, accepted and executed by the people (Schein, 1992). New visions will be relevant when people request them formally or suggested them by acting. At that moment is when leaders must pay attention to them, because the necessity of taking a new route becomes necessary and probably urgent for the survival the organization. This is what Lewin (1947) calls the unfreeze phase, when a motivation is created to develop the change.

In an economic environment that is constantly moving, companies must respond with the same agility. Today, to do something similar to what was done previously or just a little better is not a formula that ensures success. Furthermore, if changes that affect the environment were not temporary, it would not mind that the march was slow and uncertain. Implementing a change, according to Lewis and Seibold (1993) is the conversion of a technological process, of a new product or a new idea. On many occasions is the step from the conceptual issue to the concrete and that is the route where troubles arise.

Most of the authors who have studied the changing process within an organizations, agree on the basic idea that an organizational change is

complex, because the human trend is to preserve the actual system and maintain it through inertia. Most of us try to keep the current balance and maximize our autonomy around us.

To copy, to grow and survive, all these aspects are related to keep the integrity of the system, which is part of an ever-changing environment, and it is causing constantly different unbalances (Schein 1992). Owing to this, the objective of the structures of maintaining belief, knowledge and principles is to organize them in order to make sense and provide people the prediction feelings – to know what is going to happen – and meaning- understand why things happens.

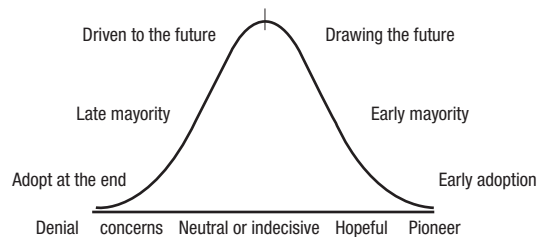
Sharing those hypotheses and developing them within a group through the years allows to balance the system and in that way to acquire its own identity. That identity will imply that members of an organization share more homogenous objectives, therefore, to reach goals can be easier.

As long as this increases, the relationships become more fluid. On the contrary, when change is produced, more limitations start to show up. The natural thought would be not to change anything. However, to manage an excellent leadership it is almost impossible; therefore, the best solution is to handle that difficulty and face it (Bennis, 1989; Sims, 2000). To ignore it might be as useless as to be against real and concrete situations. Organizations must facilitate that change, manage it, plan it and persevere on it with solid and convincing tools so it is the best for everyone.

Armenakis and Bedeian (1999) concluded, in a literature revision work regarding organizational changes, that three main factors have to be considered: content, what is going to change; context, it refers to the time where the company is situated, if it is in decline, could be seen as a solution and everybody will take it quickly so as to keep their jobs. However, if the company decides to take a turn due to the *status quo* is over, the scenario to implement it will be more difficult. And the process, which is related to the mechanisms used to implement change. If nobody knows them, they will cause disagreement and if no training plans are considered they will cause even more rejection.

D'Aprix and Gay (2006) developed a map (figure 1) where it is shown how people usually respond to the process of changes. This schema reflects that most of the staff is located in the middle of the curve. This means they are neutral or undecided about change. They do not know how it will affect them, what the consequences of it are and which will be their role on this new organizational chart.

Figure 1.
Workers reaction to change



Source: D'Aprix and Gay, 2006

Just a few of them will opt early for the new scene due to the uncertain panorama it causes. Those who do it can take the new positions within the organization because leaders and those who promote change will see on them allies to instill and pass on to others the benefits that modifications produce. Therefore, it is very important for the leader of the organization, together with those who motivate change, to achieve as soon as possible that subordinates understand it, adopt it and apply it and start to operate under the new scenario rules.

To achieve this scenario it is necessary that certain elements arise, such as meetings where the new plans can be showed, training programs and besides, several and different stimulus to reduce the curve.

Those who adopt the change by the end of the process (which in most of the cases is where people accumulate together) are usually those who are afraid of the process or those who are about to retire.

At that point of their careers they are not willing to modify drastically their habits and routines. Likewise, it is hard for this kind of workers to get a senior position in the new organizational chart.

In order for the change to be useful for the company, it has to be associated to a series of processes that altogether produce motivation, strength enough to carry out and break down inertia. Leaders will have to watch out workers motivations, but also will have to attend to the complexities of the formal and informal system that the company supports. Ulrico, Zenger and Smalwood (1999) state that the work of a leader is to classify the needs of workers, with the objective of knowing what are the aspect that concerns them, what issues make them unhappy and what they want to modify to do their work better. Thereby, the leader will be able to start working on the issues that are immediately accepted and then, follow with those he considers more relevant.

Kotter (1996), suggest eight phases that a leader must use to incorporate to the new organizational culture:

- 1) Setting the sense of urgency on workers, so they place great importance to change and do not postpone it.
- 2) Being able to convince the rest of the team that acting now is the best and creates a team with the power enough to lead the modifications. Drucker (1961) stated that work must be supported on team group, since there will be no successful company in history that had been managed by only one person.
- 3) Developing a strategy, otherwise vision will never have a real guideline to which workers could turn to so as to accomplish with what is requested.
- 4) Communicating those changes to the entire staff, so all workers of the organization are aware of the new objectives. This process also means that the meaning of the message must be understood. If that is not the case they will not assume that is known by everyone.

- 5) Empowering a wide group to be the ambassadors of change. If more people accept this change and make it their own new goals, procedures, culture etc., they will be more committed and it will be easier to transmit to those who still refuse to assume it.
- 6) Enhancing success no matter how small it is. Feeling that it moves forward positively and objectives are partially achieved generates satisfaction on the work team, and they feel motivated to do the work that is still unfinished with more energy.
- 7) Consolidating the profits obtained and avoid that they fade away in a whirl of changes. Starting to apply them in another area of the company, where it is believed that new benefits can be obtained.
- 8) Anchoring the new culture and vision so the organization can obtain the benefits established earlier.

All these phases that are related, when interacting and becoming reiterative through time, will allow transforming the strategy, improving the process and increasing the quality of the product or service.

Changes within an organization are produced depending on the environment and level of competition that exists on their market (Bennis and Nanus 1985). When the level of competition is not so high and it is easy to react to innovations done by others, companies tend to react. This way of bringing out the change is cheaper, however it can only bring profits in areas where changes are slow.

In those industries where there's a marked season, where prediction procedures are implemented and where changes can be expected to react to them. It has to be considered that in the long-term, adaptation requires modifying structures, training, setting new programs and a series of deep procedures.

A third option is produced when a company, by analyzing the external environment concludes that it is necessary to react on it to harmonize change with its needs. Modifications made on legislation are an example

of how the environment produces variations that force to review the assumptions it works on.

It is lethal the combination of cultures which resist to changes and managers who haven't learned how to create them. Beside, the pleasure of being in a place already known is one of the main enemies of the process of an organization. All leaders must work so as to beat resistance, because even though innovation is very beneficial, to believe that there will be no resistance it is a utopia. Unfortunately, changes do cause conflicts and thus producing winners and losers.

The sense of losing is an inherent result of change and that sense must be treated in order to break down the negative environment produced as a consequence of the denial. If it is not possible to heal the wounds, both productivity and motivation will be upset. Therefore, to get a positive and a successful change it is necessary loyalty and standardization, but also the commitment for the values that are shared (Lewis and Seibold, 1993).

Beer and Nohria (2000) after studying for over 40 years the nature of the corporative change concluded that an average of 70% of changes that were tried to be implemented within an organization failed. One of the reasons is due to the sense of anxiety, uncertainty and ambiguity during the process of implementation. Therefore, it is very important to know how to manage the negative aspects that the change causes.

Communication is one of the important tools to success, no matter the life cycle. Some authors even consider it is vital to get good results. Beer et al. (2000) say that communication is a mainstay of change and Buchanan and Boddy (1992) include it within the five skills that have to be implemented. If advances, changes and new goals to achieve are not shared the company will hardly be able to motivate workers.

The more effective communication is workers will adapt faster to the objective. Beside, since changes are traumatic and generate uncertainty, informing the levels of advances, fulfillment and successes of the phases, the new organizational chart will allow reducing the levels of anxiety, stress and there will be feedback (Aaltonen and Ikavalko, 2002). On the

contrary, the process will look unlikely easy, since there will be lack of knowledge, understanding or commitment, because of the ignorance of the new technologies required to implement or just because workers are not aligned to the organization.

Communication can reduce and even eliminate traumas that a change process causes. It is possible to go through resistance walls by striking up a conversation, making speeches, reports, statements, meetings or any other combination of effective formulas (Senge, 1990). Thereby, it is important to integrate communication with the strategy of the company; it must be considered as part of the change and must be planned as rigorously as other strategies that are planned.

Table 1.
Changing mechanisms according to the organizational phase

Organizational phase	Mechanism of change
Foundation and birth	<ul style="list-style-type: none"> • If the organization does not have external pressure, culture will evolve by implementing small changes, which are done by knowing what assignments are better. This evolution involves two processes: (a) when development involves diversification, a complex growing and high levels of integration and differentiation. • To do the change through <i>therapies</i> within the organization to redefine some hypothesis or values which allow surviving and keeping the functioning. • To promote change by generating hybrids of the current culture, this means, to promote internal workers to contribute to adapt to new environment. Contributions will be widely welcome because they come from inside of the organization.

Organizational phase	Mechanism of change
Medium	<ul style="list-style-type: none"> • To change by systematic promotion of selected subcultures. This is the sequel to the previously mentioned, but its result is bigger, because the preservation of the “great culture” as a whole is no longer an issue as it used to be when the organization started. On the other hand, usually during that period of time management fall on general managers who are no longer emotionally committed with the <i>primary culture</i>. • The fact that there are subcultures is considered a strength, the only disadvantage is that it is too slow. • Planning change along the organization, developing projects while creating learning parallels structures that allow knowing, testing and using the modifications created. If the culture wants to be changed, without destroying o reconstructing the organization, it is necessary from five to fifteen years of work as an average. • Defrost organization and do the changes by seducing new technologies and its benefits. These changes may have several objectives: standardizes a culture which has a wide range of trends to do it more neutral and open or when a total quality system wants to be implemented.

Organizational phase	Mechanism of change
Mature and in decline	<ul style="list-style-type: none"> • Introducing change by external factors. This could be by incorporating a new CEO, new managers who integrate to the new administration in a merger. Members of the organization may disagree with changes, but they do accept if they consider that the organization will become successful again. • Defrost the organization by a slight earthquake. When values agreed in the culture seem to be incoherent with those already that exist, all kind of troubles will help to the organization to implement a new group of procedures and values that will help to the reconstruction. • To do the changes using coercive persuasion, so those valuable workers will not leave the organization, but also to increment levels of acceptance as long as it is provided that change will bring benefits. • Changes by turnarounds (when a company does changes and revert negative situations). Bad results force to involve the entire organization so, as a whole, redefine the new bases and then they can achieve the positive results once again. This is usually implemented with coaching, training, changes in the structures and process, rewarding, new slogans and new ways of doing things.

Organizational phase	Mechanism of change
	<ul style="list-style-type: none"> • Changes by means of destruction and reconstruction. This process is the most traumatic one and it is not very used as a strategy, but it could be considered when the economic survival is on the line. These kinds of changes are used in mergers, purchases or leverage buyouts (purchase of a company by their own managers) and when new proprietors decide to restructure all the organization and also want to get rid of the managers who represent the former culture.

Source: Schein (1992).

There will be misunderstandings, rumors or leakages if there is no transparency in communication and that is against of what is expected. The importance of communication by a leader lies more on the quality than the quantity perceived by subordinates. A message quite well structured and that accomplishes the objective will bear more fruits than any other mechanism (Bordia et al., 2004).

The way the leader proceeds is an important part of that communication, no matter the position she has. If her decision does not demonstrate persuasion it will be difficult to demand commitment (Pérez López, 2002).

An efficient communication may facilitate the opening toward positive attitudes to change because it will mean something for people, it will make them feel part of the company. That is why leaders that want to generate changes must propose liberty over control, because forcing a change is the best way to thwart them (Magretta, 2002). To impose a change without being convinced of it, it will be a route that on rare occasions will have a happy ending. A negative attitude can reduce

satisfaction and, at the same time, it can affect the relationship among people and organizations (Ferguson and Cheyne, 1995). What an organization go for is that employees follow the process driven by who leads it, they must trust her because a manager claiming something and then acting in a different way will hardly generate a positive feeling (Armenakis *et al.*, 1993).

Kouzes and Posner (1995) summarize the importance of confidence in the leading process as a key issue, since people must be able to believe in leaders and that is true what the leader says. Aligning requires credibility and to reach it is necessary that people believe the message. Therefore, to make this happens is necessary to communicate what wants to be achieved, but at the same time, listening what people desires; behave the way it is asked to behave; and that the content of what it is said is relevant.

Confidence can be understood as the will of one part to be vulnerable to the actions of others (Mayer *et al.*, 1995). But it also implies a risk because when someone decides to trust on someone, what she is doing is eventually “taking risks” to get positive profits of that action or being “betrayed” and assume the losses that it might produce (Luhmann, 1979).

Usually, those who trust on someone have good reasons to do it and consider that the risk they are taking is low. If there is not valid basis, people will abstain from participating in a project that they do not believe in. Coleman (1990) explains that one person estimates how much he will gain and loose by trusting before taking the final resolution.

Hence the job of those who lead companies will be influencing on that equation so it turns into a multiplying factor and not into a divisor one. It is necessary to define tasks, assign them in accordance to interests and abilities, setting goals, resolving conflicts, motivating each member of the organization, providing appropriate rewards and being able to apply changes and innovations that the strategy demands.

Reliance involves responsibility, predictability and reliability. That is what makes products been sold and what makes organizations keep up

and about. You trust on someone who is predictable and whose ideas are known and kept along the time (Bennis and Nanus, 1985).

This may be relevant for media companies. Those who buy Disney products know that they are products oriented to the family and they rely on that content will meet with a series of requirements they know. The same is true for Playboy magazine, which sells to the market product for adults. It would be strange if editorials start to get close and offer similar contents. That would impact immediately on the confidence of each consumer and at the same time; it would bring down consumption immediately.

Pérez López (2002) claims that believing repeatedly in the other will cause what he calls *mutual confidence*. It is a sense that is reached when each member (employer and employee) acts because there are important reasons and it produces links that could be hard to break, contributing to the company to reach the best results. But benefits will not only be for the organization. Resorting to *transcendental* reasons, those who received the action (clients, audience, readers, etc.) will share those earnings as well.

Leaders, by means of their authority, receive attention, but also they have to pay attention, listen, and dialogue, make deals and reach to agreements. This transaction between leaders and followers creates a unity that is irradiated to those groups that are not convinced at all (Neves and Caetano, 2006). The greater the confidence levels, the more you expect positive attitudes and cooperation.

It is Bennis' opinion (1989) that there are four aspects that contribute to keep confidence in a leader: (1) perseverance and coherence that allow to keep the compass and avoid conflicts that might disappoint the group; (2) coherence of what he does and says, there's no empty words between the theories proposed and the life she has; (3) reliability, to have the will of supporting colleagues in hard times; (4) integrity, because they fulfill their commitments and the promises they made. When these four conditions are fulfilled employees will be on her side and willing to execute the assignments that are entrusted onto them.

Convincing without value is building up a leadership without commitments and ideas. The only relationship that there will be is by means of power related to the position that exists, and that is just the opposite of what leadership is, because in the current organizations nobody obeys passively and follow rules just because the boss requests them. The period of accepting the rules just because they are imposed fall behind and even in the media and entertainment industry is a utopia, given the character of who works on that industry.

It is possible to find in literature several aspects that condition the power that one person exerts over other person and that finally will end up determining her. French and Raven (1959) group them in five categories: rewarding, which is related with the capacity of a person to negotiate in favor of others. The coercive power based on the capacity of punishment and depends on the punishment magnitude. If he has a high level of threat, he will have more power to garner it.

A third category is the legitimate power which states that a person has the rightful power to prescribe someone else behavior. This is probably the more complex one because is the right of a person to influence over another one and who is forced to accept that influence due to a rule or value that she has internally assumed. The bases of this kind of power are cultural values that a person has above others.

The fourth power is the model, which is based on the identification with the group or leader. A unity feeling and desires of being part of that unity is generated. It is wanted to be and to act like the other. The model power is pretty related to the charismatic leadership, where the charisma of the leader causes feelings on this subordinate, and moves them to execute assignments. Her personality produces attraction.

The last kind of power is the expert one, when people realize that someone has knowledge and special abilities from which they can be benefit. This kind of power is mainly found in specifics areas and above all in the managerial positions.

Depending on the behavior that wants to be reached, these kinds of power have advantages and disadvantages. If it is intended to orientate the behavior of someone or determine attitudes toward the expert power, identification or model power can have a lasting impact. Nevertheless, if this power is not used in a specialized area it can be worthless. In general, managers resort to more than one kind of power in order to minimizing risks and being more efficient in the implemented assignments. They could use the rewarding system to launch a new product so as to motivate commitment, but at the same time they could use the expert one to involve themselves in certain assignment that the team must do.

Gathering confidence and authority is a measure of legitimacy of leadership, because it's not possible to force someone to trust on her, neither can be bought. On the contrary, it has to be earned. Even to many people is the basic ingredient of all organizations, since somehow it represents the context of sharing belief for a unified organizational purpose (Kotter 1999).

The level of confidence between employees and managers is the best indicator to predict if subordinates have accepted the new system. Because once they have recognized that the change is positive and that they will get benefits from it they will be more open and will have more adaptability and the will to modify their behavior (Reinke, 2003). The relation between confidence and change must be seen as something reciprocal more than in one direction. This means it is not about convincing others to then make changes o vice versa. It is about moving together and hand to hand so confidence increases between workers and the senior managers can achieve the objectives. Even when employees notice that the institution supports the behavior and satisfies the necessities, it is created a confidence environment to fulfill duties (Rhoades *et al.*, 2001).

Another important predictor of confidence level is how fairly organizational agents are treated. Subordinates develop a general vision regarding the level of value that their bosses provide to their contributions. Accordingly they perceive in that relationship an indicator of how supported they are within the company (Colquitt *et al.*, 2001; Eisenberger

et al., 2002). If the assignment is distributed among the different areas, departments or groups, and each of them is a real contribution to the process that is being done, the leaders will have more support.

Honesty will also play an important and crossing role in the organization, since it will generate a good will among people, providing an impression of control on the events that arise (Armenakis *et al.*, 1993). Trying to keep the confidence is an essential work that has to be developed at all levels. Otherwise, and in a very short time, a relationship that means years of work can be destroyed.

In the case of media industry, confidence, unity, honesty and control should mean better contents, services or even better relation with the community, advertisers and companies involved in the process.

1.2. Uniqueness of media companies

Convergence and the developing of new technologies in telecommunications have given rise to a great integration of the content that is created, distributed and consumed. Also, deregulation of media and telecommunication industries has opened new opportunities that several countries have taken advantage.

From an economic point of view, international commerce has also been an important element for the development of the creative industries. According to the United Nations Conference for Trade and Development (UNCTAD), the international trade of exclusive products of this industry increased 8.7% annually during the period of 2000-2005.

It is a series of benefits that companies can only access if those who lead and manage the media and entertainment companies do it properly. Thereby it will be necessary to know in detail the singularities of this industry. Bolman and Deal (1991) state that abilities, ideas, energy and commitment of people are the most critical and important resources of an organization. Drucker (in Hass, 2007) under these same terms

ensures that one of the keys to success in an organization is people; they have to be in first place, because it is there when you can make the difference.

To achieve the objectives stated in a company it is essential to be able to manage, lead and guide the knowledge, talent and abilities. Nevertheless, these do not arise by themselves, it is about a long-term work, a detailed program and committed by those who lead the company. Leaders are who must assume these commitments; otherwise, they will hardly achieve it.

In the media and entertainment industry the empowerment of the employees should be applied continuously, because the main difference between one media company and another one will be the performance that people get by doing the job assigned no matter the support (television, paper, radio or web) (Giles, 1995). Each member of the organization, by means of doing their jobs correctly, will show the difference regarding the product (content) or services they produce. It is about a specific element of this industry, because it is quite different the influence that exerts an editor of a magazine compared to the job of an accountant who manage and control the budget of an automobile factory.

Aris y Bughin (2005) state that the challenge of keeping the organization on top, lays on understanding that this industry is a business of people. And more than a business of people it has to be understood that the main asset is people who work in it, because those professionals are who will be in charge of creating essential elements that brings life every day.

Workers provide an essential contribution that should look for the best possible quality and as a result of it, achieve the success. If the leadership allows developing abilities of each member at the maximum, the company will have greater results. Sánchez-Tabernero (2008) claims that leaders should lead to motivate subordinates to develop useful and attractive tasks, with the objective of attracting attention of audience increasingly segmented.

This industry is seen as something that is not committed, but from Caves (2000) point of view, they are very wrong. It is about a dynamic and profitable field, where millionaire resources and creativity cross each other. According to the analysis by Florida (2002), creative industries (e.g. books, art, film, radio, television) will be every day more essential for the economic well being. He believes that human creativity is the last economic resource that neither can be exhausted nor extinguished. Besides, industries of the XXI century will depend more and more on the knowledge generation through creativity and innovation (Landry and Bianchini, 1995). But probably it is their particularities that draw attention.

Miller and Shamsie (1999) emphasize the importance of a systematic identification of the uncertain sources about the variability of products offerings, being the products demand one of the more incisive risks that they face. Even it is affirmed that the market demand has a lucky element, making it almost impossible to predict, since creative products are experience goods and its consumption is highly subjective. Therefore it is more complicated to classify them in categories and in foreseeable groups.

One way of classifying them is proposed by Dempster (2006). He suggests splitting them up in three decisive factors. The first factor is the composition of the audience, which is the direct element more decisive in the consumers demand. For some products this can be stable during all the commercialization process.

When a movie is classified this always will be a one for children, youngsters or adults, no matter if it is shown at the cinema, DVD, cable or open television. The audience that it might reach will be similar. Very different is a play, where the audience is volatile and it may change through time, because it can occur in a specific place and it would be consumed by a small group or in a massive theater, for free or outdoors. The key issue is the adjustments that a manager has to do in order to optimize the product, environment and consumers.

The second element that he proposes is the specialized critics in charge of judging the value and quality of the contents, where awards and recognitions are important assets because they produce a good image and it may affect the decision of the association. Several alliances and works are the results of recent successes, and it is going to be easier for them to find new partners for their new creation. And based on those experiences they could predict the level of consumption and to fit it to the level of expenses they plan to have.

The third one refers to the media coverage regarding the content that it is presented. The author suggests if the product presents more quantity and quality in the information, the level of risk could be reduced. If there's a wide and a positive coverage the demand of consumers could increase. On the contrary, if it is minor and negative, it could decrease the attention and therefore, cause bad opinion.

An analysis done by consulting firm McKinsey (in Aris and Bughin, 2005) worked on demonstrating that the uncertainty and volatility of a sector in comparison to others is bigger. This means that the ups and downs of the price of an asset for a certain period are higher than in other sectors. We also have to add that incomes are inclined to be cyclical, since the investment for advertising, which is the most important and usually the only source of financing of the company, is strongly associated to the economy behavior.

For instance, the high level of uncertainty combined with the high costs of production shows the double of the risk faced by the pharmaceutical industry. This systematic risk causes that the capital costs to be considerably higher than the one it registers as an average.

This situation can be captured in the programs showed in the American television at *prime time*: an 80% of them are not renewed and as a result the huge amount of money invested in creation, promotion, marketing and any other expenses associated to branding, do not make any profit and many times they are not even recovered.

We also have to consider that the media industry traditionally has been an oligopoly market where the structure is quite stable and where just a small group of dominant companies, with similar percentage of market participation, where they know each other, observe their behavior and usually with great entry barriers, but not as strict as the monopoly one (Samuelson, 2006).

Companies that work under this system tend to cooperate in terms of price, which is stated by the leader, concerning the volume of production and which is stated together with other companies in order to find a stable price (Sunkel and Geoffroy, 2001; Albarran, 1996). Therefore, it will be more complex to disassociate and present something new to the market and that others companies follow the same trend.

However, this situation has changed during the last years due to the new media named 2.0 or *new media*. The emerging use of blogs, digital magazines, and all those instruments that are homemade broke down with the economic exclusivity of that small powerful group to democratize the market (Jenkins, 2006).

Nowadays, with less than 100 dollars a person can be the owner of a newspaper, a radio or a virtual television channel. The competition and the entry barriers were eliminated, together with the invasion and mass use of Internet and broadband, and in some cases does no longer exist. What has not changed is that the traditional media, except in some specific situations, still have the power with the audience, the admission of advertising companies and the credibility of the product, which is the back up of many decades.

Media companies are social organizations, usually with complex structures, and regulate a series of activities that must be organized and implemented to develop it. They are also important because they exist, because the role they play is to inform, entertain, while others (Ramirez, 2009) are focused to the social role in order to contribute to development and the correct working of democracy, owing to its controller role. And also, some of them work with a mixture of them.

But not only there are differences regarding the role they have decided to adopt in the society. Albarran (1996) defines the economic aspect of the media as the capacity of using limited resources to produce content, which must satisfy a wide variety of needs and tastes. Picard (1989) explains it as the information and entertainment meeting place with needs and desires of people, advertising companies and society.

It is not really about whether they are commercial or non-commercial companies. It is about being managed as a business that responds in an effective way to the economic and financial forces that are behind it. It must be leaded in the same manner as the others and as all commercial companies do, it must go for the main goal which is to maximize the incomes and make them more valuable in monetary terms.

Several characteristics differentiate one company from other. Lavine and Walkman (1998) identify five characteristics that distinguish the media industry from other kind of businesses: (a) perishable *commodities*, (b) highly creative employees, (c) structural organizations, (d) social role and (e) fading away the lines that split up from the traditional media. Picard (2002) goes beyond these differences and makes a distinction between every sector. In the case of the written media of communication, Picard states that the useful time of the product is limited. It is very important to sell subscriptions and single copies at the newspaper stands; a low elasticity of demand; advertisers prefer a general circulation newspaper, rather more than a particular and specific one; a low participation of the public sector in developing countries; and high levels of threat by the new technologies.

Concerning radio stations he indicates that there are barriers of control to access to the market; high direct levels of competition, for example if you turn the radio on you can find several radios; unstable audience, due to that huge competition, is very easy *to hop around channels*, and the same happens in case of newspapers where there is a strong connection between the format and geographical market where it is located.

In case of television, the low useful life of products stands out (except on the private recording in VCR); high barriers of control to access to the market; unstable audience as well as the radio, also because of channel surfing; a strong presence of public sector, since it is very attractive to be able to influence on them, just like television does, in the public opinion; and strong demands on updating technological equipment. In contrast to newspapers where printing facilities can be useful for several decades, the television equipment needs to be changed in a very short of time given technological advances.

The characteristics of online companies is the low entry barriers; high levels of competition; a growing market; unstable audience; direct sales to consumers, even most of them for free; a public sector that does not get involved that much.

Media and entertainment companies must deal mainly with five challenges which are repeated once and again: managing products whose useful life is short; comply with three point of view (consumers, authors and advertisers); volatility; negotiation with local and international markets; and balances the economics results with the social objectives (Caves, 2000). Others authors propose more concepts and add at least other three challenges: workers, owners and regulators (Sánchez-Tabernero, 2006).

Each of them will demand different requirements. On the one hand, workers will want better working conditions, benefits and pay raises. On the other hand, owners will pursue better profitability on their investments and a business projection. At the same time, regulators will control that the established rules be fulfilled and organizations accomplish with the imperatives that market demands.

The management of this kind of organizations is based basically on four key processes: creation of content, delivery of content, content sale (user and advertiser), and the interaction with the user (Aris and Bughin, 2005)

Figure 2.
Key process in the product chain



Source: Aris and Bughin, 2005.

The first one refers to the phase where content is elaborated. During this process the company throws resources into the creation of the product, which can be of different types: informing or entertaining. The former has a life cycle of one day, while the latter has a longer life cycle as in the case of series, movies or magazines, which are usually weekly or annual. It will depend on fashion, trend and creator's inspiration the kind of content that is created through the time. In the case of newspapers, magazines and books, the information is printed, radio and television is edited and packaged, as it happens for the cinema or music.

Once the content is ready, the sales process continues and it has two aspects: advertisers who are prepared to invest so their products be promoted in different ways (advertising, inserts, catalogues, spots, mentions, product placements, etc.) and consumers who are willing to spend part of their incomes to satisfy their needs of entertainment and information.

That is why the media sale is usually made up of two elements: intangible (journalistic "content", fiction, etc.) and material (support through which that content is published). Even though both interact together in the market, the needs of satisfactions will depend mainly of the content elements, and secondly of the publishing elements or transmission, even these last elements are vital when it is considered its accessibility (Arrese, 2004).

Therefore, the important aspect in media products is the capacity to satisfy the needs and wishes of the potential clients by means of providing informative, persuasive or entertaining content and not during the material process which tend to be similar. Furthermore, one of the main characteristics that the assets share, such as content, is the multiplication of utilities that can produce. In that sense, they are considered as dual assets, as I previously mentioned, because they are aimed to audience and advertisers who hope to get the attention of that audience.

So most of the society perceives the communication media as a bridge between both; customers see a supermarket where supply and demand are together, and a place where these two customers can satisfy their needs. It's about a coin where in one side is satisfaction, entertainment and leisure and in the other side of the coin is diffusion, marketing and advertising.

The last part of the process refers to marketing the product or service. How is more efficient the distribution method to reach the potential client, how are promoted the products that, in many cases, compete with thousands of similar products, which is the advertising method used to stand out differences and kindness of what is offered and so being elected by the final consumers.

This process should be repeated according to the duration or the useful life of the content. For example, in the case of a magazine the life cycle of the content is weekly, fortnightly or monthly. Journalists must investigate the news, and then write it up. The commercial agents must sell the advertising space (those that are not annually, biannually or weekly negotiated) to finally be offered at the newspapers stands, at the corner, promoted and sell the product. Each of these phases will vary or will become more or less important according to the support that the content was created.

In the case of a magazine, the content is sold by means of a newspaper stand and subscriptions, plus the advertising income. For a TV station it will be only advertising incomes. Nevertheless, the management of the essence will be the same: trying to reach the maximum of incomes and

profits by the sale of the product. In both cases, the content will be vital in the whole chain, since it is in that point where a competitive advantage is possible to create and will allow to the company to differentiate from other and create its own identity. On the other hand, it is where the leaders can stamp their style and look for innovative perspectives that respond to the changes that occur in the market.

The management of media companies requires making-decisions that incorporate efficiently the content and the audience (Napoli, 2003), where it is understood as all people participating in a communication channel. The audience market is one of the main pillars for a company, since thanks to them most of the companies achieve financial results and gets profits in its business. That is why, many of them have understood that they must diversify the incomes resources and have developed other business areas in order to no depend completely on advertising.

Originally, the measurement of audience was internally promoted, but third parties started to control the process very quickly since there was high probability that transactions were skewed if based on information provided by the same media companies. Anyone could use it on her own benefit, the information in an unscrupulous way to reflect higher consumption and therefore to gain more negotiation power with the companies interested on promoting its products (Beville, 1988)

Another main differentiation among media products and others consumption products is the influence that these exert on society. The media must not only be useful to users and advertisers, but also to the whole community (Schultz, 1993). It is spoken about the social role they play because the media are the main information and entertaining source, but also the role is to transmit the culture of a society (Laswell, 1949). Movies or music, as an example, became a patrimony of a society, influencing directly in the identity of the structure. On the other hand, the information media are the one who influence the socio-politic structure of the community where they are involved in (Picard, 2002).

The task is not easy and leaders must look for the correct balance to satisfy in the best way each demand. And, at the same time, understand

the importance of providing every time what corresponds to them, i.e. to proprietors, shareholders, controllers, advertisers and community. Likewise, they must find for a coherent strategy that motivates employees to work thinking on everyone with the aim of fulfilling the strategic objectives in long-term (Holtz-Bacha and Norris, 2001).

One of the most relevant aspects in the management of media and that makes them different from others is the production of content. Without having a good content it is hard to achieve an excellent management and, thus, good corporate performance. The bad results will be justified by external reasons, by financing, power, lack of resources and probably at the end of the list, by a bad management.

To avoid these ills, companies need an active leadership, since through the positive influence the good results are going to be reached which will be related to the attractive product generation and the quality (Sánchez-Tabernero, 2008).

1.3. Special features of leaders in media companies

If the media industry has special features in terms of management, it also has it in terms of leadership, which must be understood quickly by those who desires to succeed in a market niche characterized by creativity and the existence of intangible assets. According to Katzenbach (1998), this knowledge allows to guide employees to an attractive and affordable goal.

But leadership in companies not only is based on courage and good will, but also it requires an intrinsic knowledge of the professionals of the area (journalists, scriptwriters, presenters, actors, creative people and distributors). Employees or subordinates, that usually do not accept an order from managers (Lavine and Walkman, 1998) and that by definition do not work in groups; they defend stubbornly their decisions; and tend to consider the intervention of the boss as an unjustified interruption (Pérez Latre and Sánchez-Tabernero, 2003) neither will be easy to handle nor adjust to the objectives that the company wants to be implemented.

In all organization changes are controversial because they generate anxiety, denial, and traumas. Within a media company this can be even more complex due to the personality of the employees. Aris and Bughin (2005) state that those who are in charge of leading the team in the media should follow the same principles as if it were to do it in another industry, but should adapt them to the specific scene.

Considering that we live in a globalized world and the media industry has tended to consolidate and internationalize, it will be more necessary to adapt to it because it will have to reach as possible markets as it can while focusing on the locals demands.

Eisenmann and Bower (2000) affirm that those who lead the media global companies face an unusual demanding management, especially when it refers to reach new markets, to grow strategically or to execute strategic integrations among its companies in order to get advantages that by themselves could hardly get. First of all, they will have to coordinate the skills of the several divisions with the objective of avoiding conflicts among them so none could feel hurt.

Secondly, classify the process where the company is more efficient and avoid turmoil caused by the typical imperfections of each area or department. They will have to be capable of making agreements, modify the aspects that make difficult to manage and control the levels of frustration.

Thirdly, expansion through strategic integration. If there are more opportunities and diversification it will be possible to go one step ahead to capture the advantages and become the first one in the market.

Aris and Bughin (2005) indicate some principles that managers must use to accomplish the stated objectives: a) developing a constant search for talent, especially in the creative area, because people with high level of skills who are detected from the beginning do not expect a route within the organization, because those people are the ones who will make the difference. On the other hand, the company does not pay attention to other factors such as the mentors, someone really important in a scene full of emotive nature; b) creating evaluation

systems, designate tasks and clear responsibilities, something very scarce in the industry, institutionalizing the meetings so people know the feedback; and c) establishing formal managerial mechanisms and systems of bonus that allow attracting people, developing, motivating them. And the transition for those who finish the cycle and can be in charge of new tendencies or demanding works, is probably this last part of the phase the more complex one, since there are many leaders that do not think about it.

Besides all these leading assignments, they have to add some specific ones, such as the necessity to identify people who are prepared to resolve a hard problem that is currently in focus and every day arise stronger: combine the economic efficiency with a high level of motivation of the group which allow to reach results in short-term. But it is even more important to protect and guarantee the financial future of the company (Sánchez-Tabernero, 2008).

One of the main special features of leaders in media companies is the skills management. The way to manage skills has changed in the last years. If some decades ago the staff turnover was minimum, nowadays, a person who join to a work, hardly imagine remaining in the same place during their professional career. In all working places, all around the world, face more and more complex and changeable scene that demand new efforts to get, hold, motivate and develop the necessary talent in order for organizations to operate efficiently and competitively (Frederick, Franck and Craig, 2004).

In a moment where the necessity of a great talent is increasingly marked by the differentiation of content and by captivating to that evasive audience, there are many companies that are having troubles to get a great talent. Managers are constantly complaining about the deterioration and lack of people required to lead the most difficult divisions of the organizations and far from leading it.

In the near future, talent will be the fundamental source to success and will be those “different” workers who provide the competitive advantage to the organization. Therefore, all companies must take advantage of the

talent management, in the same way they do with other areas, with the objective of instill in a pro developing mentality from the inside and so look the answers to the new demands.

This situation is even more latent in media companies where it is more important to bet formally over people than other resources. Leaders must settle proper situation to its development and from the top the organizational structure their practices must be promoted.

It is not about just buying the talent; it is essential to develop it from inside. Mainly because it is easier to instill the organizational values to those who are starting to develop. A record company that bet over a singer from the beginning or a journalist who has developed his career from the bottom will be closer and will have more commitment with the company unlike someone who join to the company after several years of work.

A third work that a leader must do is to judge the performance of the individual in relation to the talent of the team, so he can be sure of the existence of complementing and balancing. It is useful to have a section full of starts or talented people, because probably most of them would like to stand out and none will want to do the ordinary work. Neither he can do the opposite, there must be equilibrium so each member of the team will contribute with their knowledge and among all will develop it.

In the case of media companies it is very usual to tend to fall into this game and it is common to find examples of failure since companies hired the most brilliant writers, who lately are not willing to work on ordinary and routinely assignments.

Ulrich, Zenger and Smalwood (1999) affirm that the leader assignment is to make that increase the knowledge and productivity of employees, which translate in value for customers. Parcells (2000) concluded that if the company establishes small and visible goals that people can achieve, they will start to feeling they can reach success. The routine is broken down and the sense of losing is gone thus arising the sense of winning.

Those companies where leaders have understood the importance of talent, creativity and workers, have been able to get interesting dividends,

because it is about organization where the human resources become strategic areas orientated to process and focus on clients and not only to be decorative issues (Boudreau and Ramstad, 2004).

The routine and bureaucratic habits remain in the past, to become areas that coordinate, make internal consultancy and support all the tasks oriented to get the final results. It is important to emphasize that it is essential the integration of the human resources area to the different areas of the strategy and planning so as to create a rich integration of people with the same vision that the leader has implemented.

A globalized economy demands more creativity and risk, not only to compete and be successful, but also to survive (Kotter, 1996). If we consider this situation, the organization will demand a closer leadership and where the leader knows the employees, discovers what motivate them and understands what excite a few might be indifferent for others.

Giles (1995) describes two essential elements that an editor needs to become a good leader. First of all, understand how people behave to combine the theory with the specific knowledge of the sector. Then, predict behavior patterns to understand and anticipate why workers act or will act in a certain way.

Journalists, creators, designers, photographers, and the rest of the people who are involved in the production chain are professionals that have invested most of their time in developing their careers, using their abilities acquiring knowledge of the commercial or managing area (Tadie, 1984)

Just a few professionals decide developing a continuous learning plan, thus, it will be very important to execute programs focused that line (Sánchez-Tabernero, 2008). Even though there are no specific studies that quantify the importance of leadership in the media, a survey made by the Human Resources Institute to 312 people associated to leadership subject, showed that leadership is the most important work in order to manage properly the people within an organization. Csoka (1997), after interviewing thousands of manager concluded that 91% of the interviewer perceived leadership as a critical aspect for a company to

continue growing, but what it is even more important is that only a 81% of them considered that leadership within their companies is excellent.

Many times, the bad opinion that individuals have regarding their leaders derives from the lack of ability from those who lead the company to connect attributes with results. Although it can be something abstract, in the case of media this could be measured by several parameters: economic results during management, program development, innovative products or services, contribution to society and democracy or being the cradle of talents.

To resolve the complains about the lack of effective leadership, Ulrico, Zenger and Samlwood (1999) suggested the necessity of defining ideas based on practical actions and clear goals, which can be applied easily in all industries without having too much economic knowledge and it can be very useful for the media companies. Authors suggest that a leadership will be effective as a consequence of an efficient combination of attributes and results:

The essence of this formula is the capacity of balancing both elements to obtain a better result. If they achieve more attribute and results, the leadership will be more effective and as a consequence the company will have more positive returns.

The attributes can be of three types: personals, if the objectives is to improve relationships; to delegate, when it is a must to reduce the percentage of the absences or sickness (i.e. to work in a specific plan to determine possible injuries in the physical work of a cameraman); or the total management of quality, when the goal is to increase the quality of the products or reduce the amount of failures (i.e. in a printing press as a saving due to the considerable increasing in the cost of paper).

On the other hand, results must fulfill four criteria: (a) balanced, how much can employees, organization, investors influence the balance sheet; (b) strategic, how far is the strategy lined up with the business core on technology or the production and distribution ability, and the proposal to the client (low costs, quality and innovation). (c) Lasting, so as to know how much will the results last; (d) finally, to know how disinterested the

results and the group are is bigger than its parts, assuring the benefits for the organization.

It is going to be the leader's work to decide which of these criteria's will require more attention for the company planning. This does not mean that it should remain in time, quite the opposite; it will be a mistake if the company has in the same position, because the idea is to progress in accordance with requirements already settled, as well as the new demands that arise due to the changes of scene.

If the attributes are associated to the results, leaders will create a competitive and capable organization. That is why they have to change the way of thinking and forget the structures, models and rules, to move forward their capacities. What never must happen is that attributes do not be aligned to the organizational strategy; otherwise, efforts will be focused on the wrong direction. Besides, by joining the results and attributes it will be creating a virtuous circle by trying to understand the value of both indicators.

Another tool that can be used to measure leadership in the media companies, which are continuously investing and updating its technology and process is ROI (Return On Investment). This mechanism allows leaders, many times, to justify the management training that might have that employees from the journalism area and who begins to have responsibilities in the company management.

Delera and Doty (1996) state that profits and cash flow are 20% higher in organizations where strategies are developed involving the human resources. Additionally, when there is a program focused specifically on developing leadership it is possible to associate an increase in the productivity, sales and even if there are coaching programs, returns can be multiplied several times in comparison to the training value. Despite this is not a rule for all the training process, it shows the importance that it might have, since in those courses it is possible to find unknown abilities.

Studies have shown (Hunter, Schimdt and Judiesch, 1990) that by locating a worker in the right position can increase the productivity in

a 19% when it concerns low level of work. If we analyzed high level of works the result can increase up to 4%. Even if it is seen from the sale perspective, this can generate up to 120% of benefits. Denison (2002) concluded that organizations that have leaders who have created and kept a culture based on high performance, as a average, have a 21% of incomes above the social capital; on the contrary to those who have a poor performance average out just a 6% of incomes.

A very important issue that leaders of media and entertainment companies must work as well is the work with the middle managers. Since usually are wide and disperse structures with several business units, the middle managers play an important role. It is about positions, where the responsibilities are not very relevant, but it might cause serious problems in the organization or it could be a key issue in the innovative process, because it is about the patterns to follow by subordinates (Labianca, Gray and Brass, 2000).

Burgelman (1984) considers these elements as vital within an organization, because it is their tasks to communicate the benefits, to be a support, generate confidence and to be a driving force between the higher line of an organization and the bottom one.

It is important that if the editor thinks that modification will have positive results for him, the team and all the company, shows it in the editorial line. On the contrary, if she thinks that changes will not be a contribution she can became the bitterest enemy of the process.

Middle managers can make us believe or break down the growing and developing of an organization, because senior management can have great ideas, but if people who design products or those who are in contact with consumers don't assume the innovations suggested, none of those changes will cause a differentiation. Furthermore, since they do have a relation with the senior management they generate assets that can be useful for both the leader and the subordinates.

In many aspects they act as a hinge, because whereas leaders will take advantage of that channel to transmit their messages and reduce the

negative aspects of the change (aversion to risk or fear to lose the job), employees will see the leader as friend and will share their worries, doubts and clear up rumors. Timmerman (2003) argues that middle managers are relevant at the moment of motivating the rest of the people and thus changes can be accepted, because when employees perceive that tasks are imposed and feel they are losing ground starting to act in a dysfunctional way with the company.

To avoid this situation it is necessary to establish at least two basic conditions. First of all, middle managers and supervisors must feel part of the group, because this connection with the working team helps to inspire the communication, a positive interaction and influence. Secondly, the middle managers and supervisors goals must be coherent with those stipulated in the change. Conflicts between team goals and the organization objectives not only will block the change, but also will create resistance to it. Nevertheless, the most important thing is that they cannot forget that there is no more human sense than serving others (Sánchez-Tabernero, 2000).



2. Creativity and Innovation

Innovation distinguishes between a leader and a follower.
Steve Jobs, founder of Apple

2.1. Creativity

Film director and winner of three Oscars, Frank Capra, stated that “a hunch is creativity trying to tell you something”¹. A hunch is important in the media and entertaining industry, but it must be worked as professionally as any other area of the organization.

At the beginning, creativity was associated to something original, diverse and different. It could be an invention or discovery of some issue (Haan and Havighurst, 1961), but it also was analyzed as the human capacity of producing new and unknown mental contents (Drevdahl, 1956) which had an intention and a specific purpose (Amabile, 1983). Those who developed it had a group of abilities that allowed them stand out from others, not only because of their behavior or way of managing, but also because they had the ability to produce different things (Guilford, 1950).

During the 50s, creators were those people capable of visualizing, predicting and generating ideas (Osborn, 1953) and advertisement was a clear image of this tendency. Efforts were focused on showing the characteristics of the products, the benefits, satisfaction and newness to a public more and more prepared to consume. The media were an excellent tool for this trend and even most of the new contents were associates to brands wanting to find a place in the consumer’s mind.

This trend was in its entire splendor until the 80s when new elements are added to the definition. These concepts help to explain it in a better way. The new things must now be linked with a coherent message, an intention and a specific purpose. Doing something new or different is not longer enough; it is necessary to carry this dimension to something concrete, tangible and with a specific purpose (Amabile, 1983). On the other hand, De los Ángeles (1996) adds that it is not only about contribution, but also it must produce some change in the culture by conceiving it as the human capacity of producing new results to hard problems.

Nowadays it is very important that creativity generates a tangible value in society, but it is even more important to be aware that the creator not only wants her own success, but also the culmination of a work, the best solution of a problem and provide a new product, better and more useful to those who receive it.

Csikszentmihalyi (1998) proposes a model where creativity and interaction be understood as a system composed of three elements: the knowledge area, the development field and the individual as such. The search is not only focusing on why someone is creative, but also on which are the conditions to achieve real advances. Amabile (1998) goes further and presents her componential model (Figure 2), where she states that creativity is the first huge step to innovation. From her point of view, creativity comes from interaction among a series of elements (environment, experience, creative thoughts and motivation), which influence the behavior that a person has throughout his or her life.

The first impact is generated by the environment where a person comes across. In more competitive and demanding environments, such as the case of media companies, creativity could increase, since the dynamic of the industry demands moving forward constantly. On the contrary, in more stable environments where modifications are not necessarily regular, creativity can be reduced because there is not much a necessity for change.

The second element that influences the creativity is the experience that people have. It involves all the aspects that someone knows and can do in her field and also it is what allows that someone be creative since

she knows what she does and what are the goals. The contribution of experiences is a rich element, because through it you learn abilities, skills, and ways of getting creative solutions and different points of views, which are the elements that a creator uses to do her work (De los Ángeles, 1996).

It will be quite difficult to innovate while carrying out changes in a specific field if there's not enough experience and knowledge. This occurs by not having the knowledge to recognize opportunities that might originate interesting improvements, thus it becomes very complex to know what you must and can do to achieve real and profitable modifications for the organization.

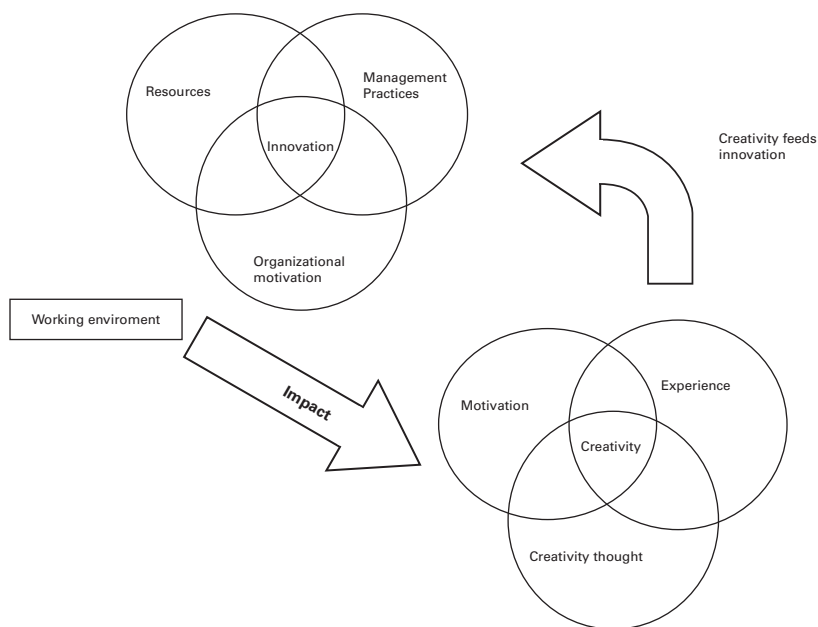
The third element refers to creative thoughts. It is the capacity of linking ideas that already exist, but combining them so as to turn them into a better performance and production. These skills depend on the personality, the way the people think or how they work and it will also depend on the level of knowledge that they have of the market. Without that discernment, the decision-making can be wrong or counter-productive. This does not mean that an individual has to be an expert, but they will have to manage information at higher level than the basic one to differentiate from others. The main virtue is the attribute to cross-check the information while getting a second element, those that are difficult to perceive, but that exists and once is recognized shows as evident.

The motivation is a very important factor, which is defined as the attitude to the assignment and perception to launch a work, being intrinsic and significant those that are important to develop creativity. Under these scenarios, people are more interested on developing and improving their abilities that represent a real contribution to the organization. It is in that area where those who lead the company can exert influence, establishing a work environment where each employee enjoys doing her work and all skills start to surface.

Florida and Goodnight (2005) claim that if we stimulate the way of thinking in a creative way, the conflicts will minimize, barriers between employees and managers will be broken, and it will considerably increase

the creative capital within the organization. Nonetheless, that capital can change in time due to the level of creativity that people have and the organizations (a group of people) are neither stable nor flat. It is probably that it will oscillate, causing a period where people are more or less creative. Therefore what a leader must look for is that when there is no much creativity, the period should be as short as possible and if the creative phase is intensive, it should be as long as possible. The objective is to generate sustainable competitive advantages and mark the difference with the competitors.

Figure 3.
Organizational creativity and innovation theory



Source: Amabile (1998)

Amabile (1998) emphasizes that the organizational motivation must be orientated transversely to innovation. Although it must be orientated from the upper levels to the bottom of an organization, the latter can be important to communicate and interpret that vision. If there are no resources or the will to innovate within the company, it will be hard for employees to achieve those improvements. If employees are not motivated, it is going to be almost impossible to achieve it, even if senior managers have a strong determination of innovating, because the basic organization is the one that stand innovation and, in a certain way, makes feasible the development of new ideas.

Organization must appeal to all its available resources to move forward and without any pause. It must allow employees to have enough time and resources to create new things, above all in those areas, which by nature, are quite far away, in order to avoid isolation and lack of integration to the objectives that the company have.

As creativity and innovation are encouraged by granting important levels of freedom and autonomy in the development of the work, the importance of determining those processes lies in establishing an action framework where it will be executed (Andrews and Farris, 1967). It is very important that under this working schedule, managers coordinate continuously and, from time to time, inform the level of progress, not with the intention of controlling, but with the objective of correcting some change it might arise (Ekvall, 1983).

Another relevant aspect to encourage creativity and thus, allowing innovation to be developed within an organization is to establish an exact connection between the person and the assignment. This means, the job does not have to be only in accordance with the professional's abilities and the techniques but there must also be enthusiasm to carry it out. It is more difficult to make the difference and face the commitments if that energy is not shared (Amabile and Gyskiewicz, 1987). We must add the ability to constitute a team that represents and gather several abilities, the members should be able to trust and communicate themselves with their coworkers, they work on other's challenges in a constructive way,

supporting each other and they feel commitment with the job they are working in (Albrecht and Hall, 1991).

Leaders must know that though the human motivation in organizations is a complex system, it is possible to obtain important synergy that will allow getting the results.

2.2. Creativity and Managers

As we have seen, creativity is important in any activity where is necessary to think, and even more important in the media industry, where every day managers and workers try to create new products. Elaborating a new product requires a continuous effort of creativity, development and execution of journalistic or entertainment elements so as to draw the attention of an audience demanding and disrupted.

There has been a slow evolution regarding journalistic and entertaining formats. The business models, mainly the sells one, are no longer interesting for advertisers and, therefore, it has caused damage to the industry in general. The responsible of this problem are managers, because sometimes they are afraid of creating attractive, different and good quality contents, those that mark the rupture in the tendency of the market.

As we have seen, the job of a leader is to set an objective, mark the path and make the change that drives the organization to the correct path. So as to reach it, managers must involve their employees generating attractive elements (Pérez López, 2002) in the work they are in charge of. One of the most powerful tools they have and that many times forget to use is motivation.

That is why it is very important that those who are at the top of a media and entertainment company have soft skills: team work, effective communication management, initiative, abilities to manage, *coaching* capacity and a good sense of planning (Crosbie, 2005). These kinds of attributes are the ones that determine, every day, the election of a

president of a big company. It is usual to see that nowadays, there are less companies that hire people with learning abilities, statements or financial degrees. What unbalance the equilibrium is the creative vision they have of how restructuring the organization, how to break the rules of the game, without causing trauma. Even in some cases it is about a person who not only generates admiration among his employees, but also among the consumers, generating links which can be even stronger than the ones they have with the product or service they consume.

When this kind of leader is in an organization, she must have the freedom to form a working team, employ staff and choose with whom he will work. To make a good selection means better results and thus, it will allow a better working environment so as to develop the creativity (Sánchez-Tabernero, 2008).

However, there are many companies that spend huge amounts of money and time trying to increase the originality and creativity on employees, hoping to get a competitive advantage in the market; those programs do not cause any change at all, unless managers learn to recognize valuable ideas among others that just are new (Csikszentmihalyi, 1998).

That work is not easy because it requires the sense of touch, smell and experience to recognize, evaluate and in some cases, to bet for some of them. But once that phase is overcome, it is probably more difficult to find the way of carrying out without falling.

In business the originality is not enough. If the idea is suitable, useful and feasible it will be creative and also it must influence the execution of the process. Amabile (1998) points out that all ideas must be considered, since it might contribute to improve the organization. She also adds that the manager's assignment must be focused, mainly, in two areas: (a) allowing people to progress (b) to accomplish the goals stated from the beginning, without changing them for unjustified reasons. Otherwise people will feel that the game rules are continuously changing and lately will be used to evaluate them.

Working under that virtuous circle will allow increasing satisfaction in employees, because every time that an objective is reached or a problem is solved, a great sense of pleasure is generated and by having a positive perspective, people will have more chances to have another creative idea, improving efficiency, productivity and profitability of the business.

The ability of making up good working teams should also aim to get a diversity of abilities within the several areas of an organization. Each area must have workers who provide different point of views to specific works, because this diversity of opinions make possible an increase in the number of solutions for a problem, and the number of products or services that are offered. These areas must be integrated and there cannot be small islands or sub organizations developing independently.

If there is communication, if employees trust in the work developed, and if they work together, provide ideas, commit with other's work and self-evaluate, then creativity and productivity will be improved. Besides, manager should reward work done correctly, because good performance recognition is one of the main positive impetuses in the working life.

Those events are, precisely, the ones where people know they have done an excellent work and directors recognize it properly due to they reached more levels of creativity and more sense of belonging. If a manager does not give space to those variables, employees could feel unmotivated and thus could cause less creative ideas and would decrease their performance.

One of the enemies of creativity is improvisation, which usually arises as a response of periods of crisis or unexpected opportunities. It is likely that in those moments people or groups with less knowledge or experience improvise solutions with less creative level. That is why it is important to have talented people within a team group, because they will have the right answer that will mean a benefit for the organization (Fisher and Amabile, 2009).

Pfeffter (1998) states that for an employee it is necessary at least six months of work so as to have the same level of knowledge of her

colleagues. This means how she applies the formal and informal system of the organization to respond to different situations. It can take years for an employee to absorb the company's culture completely and strengthen ties between them. It is probably that he would never reach it, owing the high mobility that the employment market has.

Therefore, it is very important for an organization to develop formal – informal programs to keep the talented people. It is necessary to create an internal career within the company, with incentives, but not only a monetary one, but also those that can be beneficial (Master or MBA), or holidays, flexibility of schedule, balance between work and family or free time. Most of the cases when an employee quits her job there is a bad relationship with her boss, or a bad perception of the environment and working development (Nowack, 2009).

When creativity is destroyed inside of a company it loses a great tool to compete: new ideas. It has to be in a constant creativity dynamic process, of renovation and changes, that is to say, to develop the background to innovate will be the only way companies could become more competitive and could take advantage, in the best possible way, of the available resources.

Amabile (1998) claims there are four management factors that have an impact on creativity. In the first place it is the challenge of the managers or directors to hire the suitable person for a specific job. She proposes that the selection must be done in accordance to the abilities and tastes of the person. If these conditions are fulfilled, it is most likely that the person is motivated with her job and reaches innovative results.

Then, she states that there must be work freedom. The most creative individuals are those that have time to think, create and execute freely. When it is imposed the way of reaching her goals, she does not have the capacity to develop creativity. On the contrary, if the company establishes an objective and it is agreed with the employee, she will have more changes to create and develop her potential.

Thirdly, she points out that they must be careful with resources, especially with time and money. This is because times of inactivity

and money kill creativity, due to work is no longer a goal as such, and become a tool to get retribution. If managers offer just money to develop a project in a due date, the individual will feel extrinsically motivated, without his own motivation and non-existence of motivation to deploy his creative potential. The work will mean to fulfill only because it is a duty, because it is a formally agreed commitment and there is a reward previously agreed.

Finally, it is important the encouragement that the supervisor and organization provide, since by valuing the work done by creators, they motivate, developing a better performance in her working area. When someone knows and feels supported by the boss to do what she is doing, motivation, security, commitment and participation increase considerably.

Most of the technological companies have designed its organizational structures and offices in order to foster creativity. Google, for example, besides providing a free laundry service and resting rooms, engineers have a 10% of the time that they spend at the office for themselves, and a 20% to work in their own projects. This is because those projects can be complemented to company's projects or can be a starting point of a new undertaking.

If managers do not encourage creativity in their employees, it is hard that people develop their task in an original and different way. That is why it is very important the manager's role. If managers neither generate the environment nor the necessary motivations, employees, beyond of losing creativity, will be discouraged. This finally will bring about organizations decrease its human capital, the most important asset for a media company, and this is reflected in less quality, since neither nothing new or useful is contributed in comparison to the competence.

2.3. Why media need innovation

Why a media company must innovate continuously? The answer is in its own nature. The characteristics of the elaborated products make it moves continuously, unlike other industries where products are more stable and lasting (Picard, 2002). Yesterday's news is not the same of today and although journalists have a working routine to prepare them, wrapping and present the content every day, it is hard because they have to think on how to delight the consumer (reader, spectator, radio- audience).

The tastes and preferences change continuously, in the same way that technologies does so as to get better quality informative and entertaining products (Van der Wurff and Leenders, 2008). Since it is the shortest cycle in comparison to other industries, innovation tends to be more complex and what is useful in other areas does not mean it will be as successful as in this area (Handke, 2008).

Without changes, companies stay behind, not only in technology that allows them to be more efficient in its process and improve its quality, but also in the new necessities that people demand. The customers preferences change, technology and knowledge move forward and the market's regulations progress.

It is difficult that a company have the hope to survive in the medium-term without innovating. Those companies that have systematically implemented innovation to its products and process have been able to differentiate from others and get results above the average of its most direct competitor.

Albert Einstein said once to get different results you have to do something different. In fact, that is innovation, to look for different answers to problems and issues that we must face every day.

For a company to launch an innovation onto the market is not enough, because the effort of creating something new must go together with practicing that change. It is fundamental that the company be ready to

receive those changes (new roles, new business units, new way of doing work, etc.) and fit to the company's machinery.

Innovation has to be a commitment agreed for a great percentage of employees, no matter if some of them commit before others. All of them have to be part of it when is about depth modifications.

The change must be perceived by most of the workers or a business unit that has influence within the organization, otherwise it will not be relevant nor will impact the organization. It will be just an ephemeral experiment and a collection of stories for the company. Deward and Dutton (1986) consider that it is necessary to differentiate innovation according to the level of novelty that had been adopted and how new are the contents (technological and content) that are incorporated.

The same happens with creativity, in order to get a real and tangible effect, it is necessary to bring down barriers and convince people that it is worth to adopt it. That period of acceptance will depend on the different profiles and interests that people have.

The Diffusion of Innovations Theory (DIT) (Rogers, 1995) helps to understand how is the process of innovation adopted by individuals, structuring the human behavior in five phases: (1) Knowledge: the individual is receptive to innovation; (2) Persuasion: the individual, already informed, determines the useful of innovation; (3) Decision: he is convinced about the benefits of its use; (4) Implementation: put into practices the innovation; (5) Confirmation: the individual decides whether will continue using the innovation or not.

The DIT considers four main elements: Innovation, Time, Communication Channels and Social System. The time is the most essential element of this theory because it evaluates the speed that an innovation is adopted by an individual completely.

This model considers three phases in time: the decision-making process, that includes the mental process through an individual or organization, take the decision-making process; the group of categories of users that

specify the speed that an individual adopt innovation; the rate of adoption within a social system, referring to a period of time (Pérez, 2003).

By this means, individuals can be classified in five categories depending on the period they adopt an innovation (Figure 4).

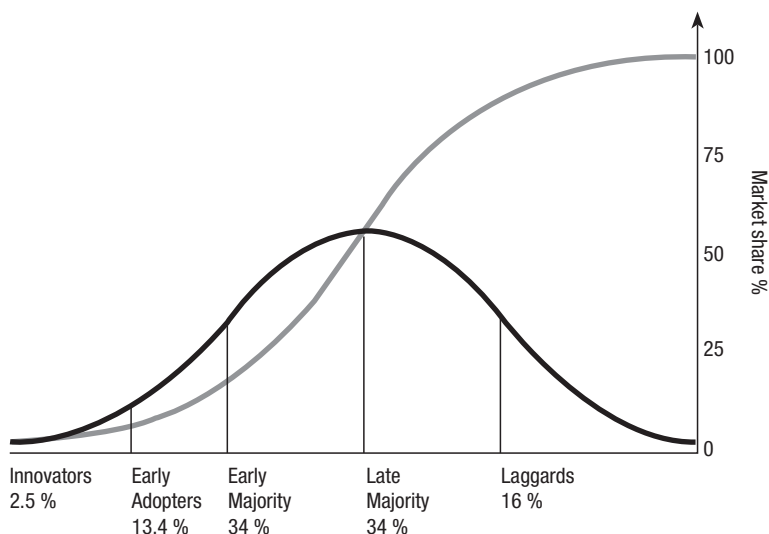
(i) Innovators: those who see innovation as something stimulating. They imagine the chances of improvements and benefits and they are willing to try and test changes.

(ii) Early adopters: they are behind of the Innovator in the curve because they are based on the conclusion that innovators took previously. If the opinion of the leaders (innovators) point out that the innovation is effective, they are willing to admit it.

(iii) Early Majority: It is the phase where there are more people willing to incorporate innovation. It is about people who imitate what leaders do and that gives them confidence to accept innovation. It is in that phase when the rate of adoption increases quickly and modifications introduced become a necessity to stay in the system. Besides, it is generates the inflexion point in the rate of adoption.

(iv) Late Majority: This is the group of people that, because of their personality, have an aversion to new ideas. For them, it is necessary that all advantages and disadvantages of innovation be clarify and detected in order to join the group. This kind of people only will adapt innovation if they discover a real value.

Figure 4.
Diffusion Innovation Model



Source: Rogers (1995).

(v) Laggards: In this category are those who are very traditional, or isolate in their own system. Laggards have an aversion to change, suspect about innovation and are usually related to others that have the same values. In this group, social interaction decrease considerably and if they are under innovation scenes is because everyone has it, this means, they join to a process that started long time ago.

It is not something whim tries to make part of it to employee; on the contrary, it is a key aspect in order to get a good performance of an organization in time. Innovation is the effort to create a change focused on the economic and social potential of a company.

By that means, it becomes an agent of change and a crucial tool for the board directors (Drucker, 1998). It is so important that it allows to generate value in order to be competitive and remain in time.

For IBM Vice-President of Innovation, Nick Donofrio, innovation is the ability of creating business just where business and technology join together. “Most of the great ideas come up in periods of crisis; we were innovative during ours. We worked hard and that is exactly what has taken us to innovate in valuable things”.

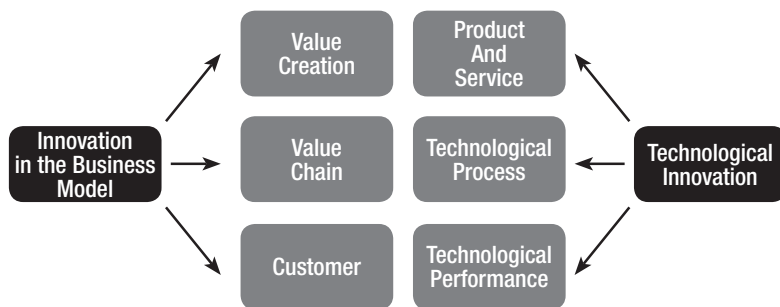
A huge percentage of companies remain in the phase of innovation, without linking that new thing with a formal process. Indeed, there are fewer companies that achieve generating learning process from that change and allow them to progress. Without that instruction, it is hard to get into a society that value the knowledge strongly. If an organization does not innovate, it is sending a message to its competitors to take control of the market (Davila, Epstein and Shelton, 2006), but even more serious will be the internal damage that it will lead due to the lack of competitiveness to face new challenges.

It is not necessary only a good idea to create value through innovation, but it is also necessary to do a series of actions within the organization to ensure a sustainable growth. What does a superior innovation imply? Growing faster, better and in a more intelligent way in comparison to competition, even to influence the rest of the industries, forcing them to move in the same direction, but with the advantage of having more knowledge.

For an innovation to succeed, the knowledge must be an integral part of the mentality of the organization and not just a posture or something fictitious. It has to be a key element to succeed in time and it can be attacked with two strategies: the technology that responds to research, development, launching or improvement of a product; and a strategy that defines the business model to follow. The way of achieving good results is by combining both in a continuous changing process and without interruptions (Figure 4). Innovation from the business model perspective is the one that is produced in the social system, this means, in the relationship that organizations members have to reach an objective or a common task (Cummings and Srivastava, 1977). This includes rules, roles, procedures, structures, but also the talent that there are within an

enterprise. By changing this aspect, the organization offers something completely new or some extension of the product or service.

Figure 5.
Six basic concepts of innovation



Source: Davila, Epstein and Shelton, 2006

One of the most common ways to create value is the Corporate Venture Capital (CVC), even if it has not been a mechanism used by media and entertainment companies, except the movie industry (Hang and van Weezel, 2007), is a good exercise to promote the development of those innovations that are economically viable and eliminate those that do not .

This mechanism seeks to invest and collaborate to identify and access to new technologies, production systems or business models. Even it is provided a financial grant, it can also include an industrial knowledge support, commercial nets and productive resources that allow affording entrepreneurial projects or gain external innovative sources by strategic alliance and associations.

The value chain is another aspect that innovation can focus on through the business model. That is to say, how it is organized the product or services structure and in what phase is created and provide a higher value

that will be differentiate and estimate by the market. Usually, consumers don't perceive these modifications, because it is an internal process, thus it is quite far away of their participation. What they do feel are the effects, since by improving significantly the process, a phase or some way of doing things, what finally they are doing is to provide a better quality of the product or the service as such.

A third starting point is customers, because the company can replace or expand the product. This happens when the organization identifies a new segment and with small effort of sales, delivery or packing creates a potential client portfolio. As a result, new markets with additional profits are created, but it is about segments that must be treated in a different way because it usually have different characteristics and needs forcing to distinguish them from others (Markides, 2006).

It is exactly in this sphere of the innovation where a good leadership is fundamental. It will depend of the innovative vision that the company implements and the management that the organization exerts to distance from the competence. The same one that force them to keep active and seeks solutions based on costs reduction, to improve the quality, to be more productive and hence more innovative.

According to Nonaka and Tekeuchi (1995) companies are more successful as long as they create knowledge and distribute it along the organization, and thanks to those exercises they can adopt changes quickly and make it part of their routine. This virtuous cycle will allow them to create intellectual capital. On the contrary, it is going to be more complex to reach that progress if companies are regulated by mechanized motivations, that is to say, with just monetary incentives.

Due to the speed of today's market movement, consumers hope that companies, in little period of time, offer better products and expand its offers. This strategy is very used by Apple in the different lines of products it has launched into the market. An example of it is the iPod classic (Portable media player). The first-generation of iPod Classic was introduced in 2001, the second one in July, 2002; the third one in April, 2003; the fourth one in July 2004; the fifth one in October, 2005; the

sixth one in September, 2007; the seventh one in September, 2008 and the eight one in October 2009.

In many cases, in less than a year they introduced the new version and if we add the different models: Shuffle, Nano and touch, until 2010 they have sold more than 2,500 millions of devices, showing an efficient rate of innovation. This kind of innovations is the most visible one, because consumers see and feel the modifications.

2.3.1. Types of innovation

Not all innovations are similar; neither have the same risks and rewards for the organization. Kanter (2006) is convinced that the way of organizing innovation within a company must be similar to a pyramid. At the top, there should be just a few innovations elements and the big bets, then, a large number of promissory ideas and at the bottom a wide variety of initiatives that support the company evolution. This classification does not mean associating innovations with a box-office success, because huge profits can be obtained by means of small, efficient innovations.

The literature has defined three great kinds of innovation: incremental, semi-radical and radical innovation.

2.3.1.1. Incremental Innovation

Incremental innovation is small improvements to the products, services or process that are already created. It can be considered as an exercise to solve a problem where the goal is clear, but nobody knows what is necessary to solve it. Varadarajan (2009) defines it as adoptions, refinements, highlights or extensions of a line that incorporate new characteristics and additional benefits. It is the most common way of innovating and usually companies set aside 80% of the estimated budget to this kind of exercises (Deward and Dutton, 1986; Ettlie, Bridges and O'Keefe, 1984; Green, Gavin and Aiman-Smith, 1995).

It is used to squeeze the greatest possible value out of the existing products or services without having to make great changes or investments (Banbury and Mitchell, 1995). But it is also used as a method of extension to maximize the most possible the income flow; to get into new markets (types, segments and geographical); to create new products to get into new markets: to anticipate to the possible movements of its competitors, to set a higher price; and to adapt to the industry structural limitations.

Incremental innovation is important for the business model because most of the management tools are designed to facilitate it. For example, the quality control techniques make possible that an organization improves the quality of its products, the financial analysis helps to identify the mistakes and solve them, the market search provides information to segment in a better way to the customers and satisfy their more specifics needs and the management of the value chain allows to eliminate or modify the activities that don't fulfill the objectives required.

A study done by Banbury and Mitchell (1995) of 86 enterprises in United States showed that those organizations that anticipated to do important incremental innovations obtained more stock market quotes, allowing them to push forward the product life cycle again and protect from the entrance of new competitors.

The conclusions of this study also helped to explain why they want to be the first one in introducing innovation, which goes according to the market's movements. Improvements done by the organization allow them to keep or increase the market quote and so they can make the rules. Even not always you can be the first one, doesn't mean that those products or companies are not viable; they will be viable as long as its technical and commercial aspects keep at the forefront of its sector.

It could be a risk for an organization not to develop incremental innovations or work on them minimally, because it can open space up to competition which can capture the customers that are not satisfied or even generate a new consumer segment and discover a new market

niche, which turns out to be more profitable to exploit (Davila, Epstein and Shelton, 2006)

What cannot happen either is that organization uses it as an excuse to keep products or services that no longer fulfill the minimum requisition and must be retired from the market. Not to withdraw products or services that are no longer profitable or attractive means to divert monetary, human and technological resources to something that does not provide value to the company. Indeed, it diminishes competitiveness, because reduces the opportunities for products or services of the same company increases its performance and results.

But incremental innovations are not panacea either. Lefier et al. (2006) showed that this kind of change just allow to keep competitiveness at a short- term, since they can't change the game rules and ensure a sustainable growing in time. Furthermore, they can cause problems within an organization, because it limits and decrease the levels of creativity by identifying just small modifications, putting aside changes that can be more valuable, despite the risk that implies to implement it.

A great percentage of the companies develop them frequently, even when the company needs to go further, because it is about conservative changes which are associated to a less adventurous leadership and management styles, but also with low profits.

2.3.1.2. Semi-radical Innovation

Unlike the incremental innovation, the semi-radical innovation can provide important changes to the environment, altering the way that different actors compete. This kind of innovation generates changes in the business model (creation of value, value chain and customers) or in the technology (products or services, technological process or technological output), but not in both spheres, even change in one dimension produces modifications in others.

An example of this kind of innovation is the launching of iTunes, Apple's online music store. By launching this product the company introduced a new business model to buy and listen to music where it bet for the selling music at a very low price. Until February 2010, 10 billion songs were sold which represent 9.9 billion dollars of income from sales, and thus, it became the first music store in the world.

In order to achieve a successful semi-radical innovation it is necessary that it focuses on just one element of the two possible sources, but this does not release that both areas be related and new opportunities be generated. By impacting indirectly to both spheres it becomes an important source of creation of value, hence, force leaders and directors to manage the organization, supervising this kind of change all the time as an interesting alternative. It is very common that those managers, who are focused on just one business area, do not consider it and lose important opportunities which make the difference.

The semi-radical innovation demands a good coordination and collaboration by the different working teams, otherwise, every business area or division will guide its work according to its own perspective and convenience, no matter how that action affect the rest of the company. Acting in that way might drive to make a false movement and generate incompetence to get quickly and efficient the changes that produce innovation. If they work together and under the same parameters, the result will be more fruitful, thanks to employees, who came from different areas, had done their contribution, increasing the possibilities of success.

One of the biggest challenges that leaders have within a company is to manage innovation in the most appropriate way and in accordance to the characteristics that the company has. One of them is to manage simultaneously this double dimension, something that barely happens, because, usually, they tend to prioritize one of them, situating to the competition in a disadvantage position.

2.3.1.3. *Radical Innovation*

The radical innovation is a significant change that has strong impact on the two dimensions (business model and technology) of the organization. Those modifications are not only internal, but also generate alteration in the industry where it operates. As it has the power to re-write the game rules, also named game changers (a company that alters its business strategy and conceives an entirely new business plan). The arrival of the offset printout to newspapers and magazines instead of the linotype is a clear example of change that break down outlines and processes, by modifying key aspects of the business model of the journalistic companies, allowing saving costs, reducing production time, consequently the distribution time and increasing considerable the quality of the product delivered (Nieto and Iglesias, 2000). The birth of web can also be considered as a radical innovation. It generated new business model and in less than 10 years, communication media, enterprises, institutions and people change the way of informing, working and communicating, leaving behind years of habits that used to domain the society (Villalobos *et al.*, 2005).

According to Davila, Epstein and Shelton (2006) there are three elements that encourage this kind of innovations: (i) the alliance with other companies, which can emerge in new companies; (ii) open and participative management and leadership, that allows to study and analyze ideas that are out of the already established strategies; (iii) relevant and assigned resources that are formally considered in the budget in order to investigate and develop that initiatives.

The investments done in radical innovation must be approved very carefully, because it is about risky investments, and many times, the chances to have high incomes returns is very low. If they put aside too many resources, based on unreal expectations, they can lose, once again, valuable opportunities in other areas or in incremental or semi-radical innovations, to improve the position of the company in the market (Day and Schoemaker, 2000).

The key is to find a precise balance so radical innovations go hand in hand with the needs and possibilities of people and organizations, respectively.

A company will be more likely to do radical innovations as long as its employees have a wide variety of specialties that contribute different knowledge and alternatives to develop ideas, process and solutions. The structure will be also relevant as long as certain decisions and operations be centralized, because in that way they avoid that certain subgroups try to impose their ideas (Deward and Dutton, 1986).

The same happens with the size, since the bigger the company be, the more economic resources and fund it will have to sustain itself; there will be more people thinking and doing innovation; it will have better equipment, machineries and experiments; and it will have more support to test and fail without the risk of the disappearing (March, 1981).

Another important aspect that makes companies to develop a radical innovation is the level of knowledge and how it is distributed through the organization.

The barriers that stop the radical innovation development is focus on that incentive that avoid risks: to eliminate the business venture that is hard to implement, especially in manufacturing and distribution: and perceive that there is competition with the already existing business.

Table 2.
Summary of types of innovations and the impact that cause its changes

Type of Innovation \ Level	Business Model			Technology		
	Value Creation	Value Charin	Customer	Product or Service	Technological Process	Technological output
Incremental	Small changes to one of more than one of the six levels					
Semi-radical orientated to Business Model	Significant changes in one or more than one of the three levels			Small changes in one or more than one of the three levels		
Semi-radical orientated to technology	Small changes in one or more than one of the three levels			Significant changes in one or more than one of the three levels		
Radical	Significant changes in one or more than one of the three levels			Significant changes in one or more than one of the three levels		

Source: author compilation

The picture summarizes the different combinations of innovations and how these affect the different dimensions. This model can be a useful guide to leaders and managers to innovate, according to the reality that the organizations live. An important part of this decision will be based on the period that is the organization, as well as the strategy it had defined. It will also mark the path to innovation the way of how is structured how face the market.

But, beyond the three classic types of innovation that can be found in literature, there are other authors that include other aspects to this classification. Stenberg, Pretz and Kaufman (2003) state that there are eight types of innovations, giving even more detail about the reaction that manager must have to encourage company to the desire direction.

- a) Copy products or services making some modification in the price or quality, with the objective of keeping the current position without having to move to other segment.

- b) Redefine. The aim is modify some rules of the game, products or services. It is set others parameters and began to be adopted quickly by consumers, causing that competitors have to adopt these changes if they want to remain in the market. That was what happened to the videogames: in the 70s they modified the way of entertainment in thousands of US homes.
- c) The increasing innovation. This kind of innovation makes reference to the incremental innovation, i.e., to make improvements to existing products or services and which consumers are willing to accept.
- d) The advanced increasing: is similar to the previous one, but unlike to move a higher level, the organization moves one step ahead generating a barrier to access that the competition is not able to knock down.
- e) The Re-direct increasing: consist of moving in a different direction from the market. This can be done by stop producing a product or changing the management and production model. The objective is to make the difference with the other companies in the sector.
- f) Reconstruction: is an innovation based on the success obtained in the past and by implementing a new idea, with a new perspective and satisfying the currents necessities of people, seeks to have the good results again.
- g) Restart: is about an innovation completely new, audacious and adventurous that is the result of a worldwide improvement.
- h) Integration: This type of innovation incorporates new ideas and actions of two or more fields that it used to be seen as something different and even like something inverse.

According to the authors, each of them represents a different way of contribution for the company and it will depend on the context and the environment that it will be more appropriate to implement.

Miles, Snow, Meyer and Coleman (1978) concluded that there are three types of organizations associated to the cycle that a company is going through: defenders, prospectors and analyzers. Each archetype responds to the needs that the company has and how it has decided to face the future regarding strategy, technology and structure.

Defenders are those organizations that emphasize a narrow domain and keep a stable environment. It is precisely the stability the desired state and to get that, they limit to do a group of limited products oriented to a small segment of the potential market. Inside that market niche they make an effort to avoid getting competitors into its territory. To reach that, they set certain standardization such as competitive prices or products of quality. They tend to ignore the newness and tendency that are originated out of their domain, they choose to grow by introducing the product and due to this they generate such specialization (technological efficiency), which is hard for competitors to get into that market niche. In some cases companies even choose to produce vertical integrations.

The big challenge of these companies is to reach a strict control of the organization to ensure efficiency. Those tasks usually fall on highly specialized superior groups with formal and hierarchical communications, centralized structures and a planning oriented to costs. The main risk of acting like that is the efficiency and the capacity to respond to important changes that are produced in their most indirect market, which finally can damage them.

The second archetypes are the prospectors. They are characterized for being organizations that are involved in dynamic environments, unlike defenders, and which explore continuously opportunities to develop new products and markets, providing a signal of fluency to their competitors and customers. They seek to have an innovative notoriety and to reach it they innovate in their sales, more than to get profitability. They assign groups and people to do a continuous monitoring of the environment, tendencies and issues that define tendencies in the society, beyond its action field.

To execute all the modifications, companies have to be flexible in the business model and technology, because they will have to combine their possibilities to go hand-in-hand with what they want to do. Managing, then, will be focused on being able to implement and facilitate the resources among the different units and areas, usually decentralized, with low level of routines and divided among projects, so that they can visualize and planning the operations of the central organization.

At the top of this type of organization are directors, who focus on marketing, research and development. They generate decentralized structures, less formal, multi-directional communication, which allow the interaction and encourage the participation of most of the employees with the objective of finding new ideas and turn them into opportunities. The main risk of this strategy is the main advantage of the organization because the continuous exhibition to change with the objective of keeping dynamism can cause a lower profitability than the average and an unusual extension of resources. Moreover, this tendency of moving forward very quickly can cause that physical, financing and human resources be sub-used temporally.

The third type of organization are the analyzers that are positioned in the middle of the two extremes. It is about a unique combination of defenders and prospectors, being a viable alternative to those strategies. What it does is to minimize the risk, but at the same time try to get the best profitability of that opportunity. It adjusts the strength of the other strategies to generate a balanced system, which would seem to be ideal. The mission of the director is to find the balance between creation of the new product and the introduction of it to a new market, but at the same time, to keep what is the strength of the company. Every step it takes in terms of innovation, are steps that seem to be viable and whose results have been verified, that is why, many times it fall on the product or services limitation which have been created by prospectors.

The balance that a company looks for also result on that the incomes obtained from a group of products and stable customers which allow managing the cycle in a slow and organized way. They react and change

when perceive that a new product is successful or when a new business model works. It requires flexibility, but not at the extreme as prospectors do, this means to grow and penetrate into the market with caution.

The organization has a matrix management, with the objective of combining the functional divisions in the groups of products. There's a moderate control with a system of horizontal and vertical feedback, but at the expenses of expensive and complex coordination mechanisms. The main characteristic of the administrative system is to achieve the right differentiation among the structure of the organization and the process, since in that way balance can be achieve among the stable (current products which provides high profitability) and the dynamic (new options of the product or markets that can turn into good results), otherwise, the organization will fall into inefficiency, because they will be stopped from moving towards the segment where the product or services are providing returns.

The leaders must opt for the different strategies and types of innovations as long as they adapt to the necessities and characteristics of the organization, regarding its structure, vision and the objectives that the director wants to achieve, but also must opt in accordance to the phase that the company is living and the environment around it.

Choosing and combining all these options does not mean it is going to be permanent. The idea is to adapt it through time, and the same happens with the management styles, because it is not possible to encourage changes and people in the same way through all their working life. Those who have been success for a long period of time are those who could go hand-in-hand with changes and could align with what their workers, customers and environment demanded.

2.3.2. Sources of Innovation

Innovation is a tool to harness the change and turn it into an advantage. To do it, leaders and directors must seek these options inside and outside

of the company. According to Drucker (1985), organizations have seven sources to find new opportunities and innovate, four of them are internal and three external.

The first one makes reference to the unexpected. There is no other element that provides better opportunities to develop successful innovations than unexpected events. However, these types of situations are not considered by most of the directors and tend to reject them because it causes an additional workload by adopting, studying and analyzing these new conditions.

Due to most of them are trained in just one area (financing, marketing, strategy, sales, distribution, etc.) they feel uncomfortable when changes came from where they do not have the necessary and specific knowledge.

To take advantage of the opportunities that the unexpected events offer it is necessary to analyze the limitations that it has, the gained knowledge and the position that it has in the market. The answer must be as sincere as possible, leaving behind fears, the comfort of modifying what is already set and desire to discover the unknown, even if it could be risky according to the position it has, a new a profitable way of facing the business.

Every time that a manager faces something unexpected, the recommendation is to ask herself the following: what does exploiting that opportunity mean? Where it can take us? What do we have to change to turn it into an opportunity? And how do we do it? It is about key questions that are focused to managers so they devote time to analyze and discuss with the rest of the team. When they come up with the maximum number of possibilities and assign people whose main work is to analyze how to make the best of it.

Innovation is far away from being just an intuition, something fortuitous. It is an organized, systematic process and it demands a lot of rational work.

The second source of innovation is incongruities. It is about discrepancy between what it is and what must be, regarding changes in an industry, market or process. Usually, it arises when a product have a continuous growth and those who participate on it do not look for alternatives to

improve the performance or returns, until a player modify the product or service and starts getting better margin than the others. It also happens when a new product is generated, leaving the competition out, until they can't react and respond to the new demands of the consumers.

Necessities are another starting point. They begin with the necessity of improving a process, replacing something that is weak, re-designing something old and obsolete by a new knowledge. Many times, to do possible assignments classified as impossible.

It is about the easier source of innovation, because inside of every organization, its entire staff knows that there are new necessities, but it is necessary that only one person, a leader, activates the machine to start looking how to give a solution.

Nowadays, the structures of market and industry are pretty fragile; therefore, in case of a small change it can fall. When this occurs, every participant must act quickly, and there is where the four source of innovation can reside. A change requires that someone makes an undertaking and through this, modifications be generated. Changes offer outstanding opportunities, visible and predictable by people who are outside, unlike by those who are inside and see them as a threat which destroys the balances. This feeling can be a huge obstacle for the organization to be successful, and a way of avoiding it is reducing the stress, by communicating to its team the benefits it may achieve by developing this new state.

Options like these occur when there is a quick growth in the industry or market; when this growth generates new segments of consumers that are ignored; when technology converge; or when an industry is mature enough to have a structural change.

According to Drucker (1985) these industries are effective when they are dominated by a huge company or many small ones. A good example in the media and entertainment industry is the cable television in Chile. In 2006, just one actor of the industry came to have an 80% percent of

the total subscriptions, as a result of an aggressive strategy named *triple pack* (telephony, internet and cable television at a single price).

The objective was to add new customers, especially those who did not value the free-to-air television, but due to the costs could not get into the market. After years, the competition reacted and new actors entered the market. Nowadays, though the company number one lost an important part of the *share*, it keeps more than twice of market share compared to the competitor that follows.

Another source of innovation are demographic changes in the population, which can affect the size, age, composition, education, incomes, etc. Alterations in one or more than one of these variables are opportunities for an organization that execute changes to its products, services or just develop new services to attend the characteristics of the environment.

It can also happen that with the new scene is generated a volume of customers inexistent before, and under this conditions it is profitable to go after them. Moreover, if we consider that during the next decades, there will be significant changes in the demographic structure in almost every country, then leading companies must be alert for the new tendencies and those situations that are generated inside of the society (Miles, 1999).

The sixth resource of innovation is perception. “There’s no difference between glasses half full or half empty from the math perspective, but it does have an important meaning in business”, stated Drucker (2005: 243). Therefore, it will depend on the point of view that is observed if new opportunities arise, so they can become innovations for the organization. While some people see it as a dark panorama, which will take them to the end, others perceive it as an option to create again and produce something new, many times with higher returns.

Managers must be clear that when a change takes place, the facts remain, what does change is the meaning of those changes. Then the key is the right time to execute it. It cannot be neither before nor after. Moving forward means that consumers do not be ready and to delay innovation

can lead to be the second or third in the market ranking, which does not allow more than one player.

As a last source is the new knowledge, which for Drucker (1985) is the star innovation, the one that receive the big round of applauses, the marketing, the money and it is what usually people understand as innovation. This source differs from others, because it needs more time to be implemented, due to the difference between the time to develop the knowledge and to expander and mass that technology, but also regarding the challenge it represents to generate a new knowledge.

In his opinion, it needs detailed analysis of all the factors that are not available to execute the undertaking, and then decide if it is developed or postponed. Besides, to pay special attention to the strategic position of the organization, because innovation can be introduce provisionally and in order to be successful they must hit at the first try. Once it happens, it is necessary to learn it so then put it into practice and implement it properly. Usually, it is this source of ideas where radical innovations are produced, those that change the rules of the game and give huge awards (Luecke, 2003).

In order to have continuous and efficient changes in companies, it is necessary to have an innovative talent, so the changes executed do not respond to circumstantial aspects, but it does to the desire of improvement, to discover new possibilities of informing, entertaining, to get a better way of satisfying the demands of the customer (Sánchez-Tabernero, 2000).

One of the techniques to develop new ideas that then can become in successful innovations is to focus on those areas where there are competitive innovations and where there's more knowledge. To distinguish and to know strength of the organization and innovate on them, allows having more possibilities of success, rather than executing it on areas where there's lack of knowledge.

According to Davila, Epstein and Shelton (2006) experience demonstrate that is a waste of time and money to develop a business if a company does

have neither the experience nor the relevant capacity. This doesn't mean that opportunities that differ from the knowledge field can be analyzed; on the contrary, it can be read between lines with the objective of defining the real competitions and what innovations match with them.

2.3.3. Process to implement an innovation

Most of the innovations are defined as the adoption of new ideas or a process inside of an organization. Under this classification, adoption is understood as a process that includes generation, development and implementation of that new thing that usually needs to change the rules, create new ways of working and re-designing process and products (Hammer and Champy, in Leal and Miraidy, 2007).

To approve or reject an initiative there must be, inside the organization, a formal and established process, which determines which one continues and which one does not. Those assignments involve organizational efforts, but also require personal efforts of those who present the idea, because they are who, from the beginning, must convince the rest of the company why it is convenient to adopt it and how it is integrated inside the strategy already established.

When a proposal for an innovation is accepted, is not necessarily to execute it automatically and many initiatives that even though were accepted are not implemented, since it is impossible to put into practice or because there is objection from those who seems to be affected (Evan and Black, 1967).

Commonly in most of the organizations there are three phases within the process to execute an innovation: beginning (diagnosis), development (problem solving design), implementation and diffusion (Tushman, 1977; Pelz, Munson and Jenstrom, 1978). Usher (in Robertson, 1967) proposed four phases, reviewing the innovation with the aim of determining how useful it has to be.

During the first phase, diagnosis, the idea is generated or they look the solution of the problem (in terms of improvement). The task aims to recognize the difficulty, express that it is perceived a problem, analyze it and deciding the course of action to follow.

Ideally, this phase must include the development of a formal mechanism to establish who will be in charge of that diagnosis; to set aside attention and time to that difficulty; to measure the distance between the current performance and the desire one; to know the sources of the problem; to seek the possible solutions and the costs and benefits: how easy can be developed; what criteria is going to be used to solve the issue. Van de Ven (1986), more focused on the searching for ideas (internal and external), points out that during this phase, the objective is to achieve that people who work in the organization, pay attention to develop new ideas of products and services.

This can come up from two angles and opposite to each other. The development and investigation department create a new product, they ask to the production area to elaborate it and, lately, to the marketing department promote it for sale. On the contrary, marketing detects a new necessity due to the personal contact it has with consumers, and ask, production and both investigation and development to work on a prototype that can be marketable.

The ideal scenario is that all departments be involved in the development and generation of new ideas. To reach it, Hansen and Birkinshaw (2007), point out that the organization should not be extremely rigid (to stop the participation in the decision-making process), or scattered over the organization. Otherwise, everyone will go for its own benefit. An example of it is what happened to the German holding Bertelsmann (owner of RTL Group, the leading European entertainment network; Random House, the largest book publisher in the world; Gruner + Jahr, largest European printing and publishing firm; and Arvato, a subsidiary of Bertelsmann AG which offers communication services) when it wanted to develop an online bookstore with Amazon.

The publishing houses of the group, which are managed as independent units, the distribution departments and multimedia could not and did not want to collaborate with the project. The result was losing an interesting business opportunity, which it is explained, in part, because the bigger the company is, the harder it is to change the way of doing things and coordinate those wide divisions that are more profitable and successful by themselves.

The second phase corresponds to the design of the activities that the company will follow. Here is when it is established the actions that affect the technology, the business model and have the objective to provide a solution to a problem or opportunities detected in the previous phase.

The action plan must be so detailed that all employees should be able to implement it (Pelz, Munson and Jenstrom, 1978). Ideally, it must have the mechanism to design the innovation; to search documents; manual and procedures that describes it; check with an expert or those who have more experience; implement new technology if it is necessary to set evaluation process of the improvements to concrete; and if it is possible to set aside a place for testing in a small scale the innovation.

The purpose in this phase is to try turning those good ideas into economic returns. Although the idea can come up from one person, the innovation is the reflection of a collective effort which seeks to modify positively what is done today, and knocking down the barriers.

The third step corresponds to the implementation phase. Here, the theory becomes an operative issue and it is created the mechanism to execute the chosen innovation. The action points are done in the test place and in case a problem arises the necessities adaptations are executed to achieve a better result. It is very important to check evaluation periodically during this process, in order to obtain data and lately to take a decision to continue, finish or expand the innovation. In case it is decided to expand, the next step is to stop working in the innovation in the test place and take it to other area that is relevant for the organization.

From Van de Ven's (1986) point of view, people cannot let the innovation out of their sight, though they are concentrated in process and specifics task of the change. Even there are those specialized works which allow implement it, directors must be able to complement each other, so contributions that are received must be higher than if every department works independently. It is about incorporating from the beginning, those areas, roles and resources necessities to implement the innovation the best way possible.

Finally, it is diffusion that emphasizes the implementation of innovation on a broad scale and to introduce it to the desired markets. Communication must be both internal and external. Internally, once the tests are overcome (process or new way of working) the rest of the organization start to expand. Externally, it means that when the organization works out of the limits of the organization (product, services or business model). In both cases it is necessary to pay attention to the variations that might be recommended in order to improve them (Pelz, Munson and Jenstrom, 1978).

The innovation process occurs in organizations continuously and in parallel, especially when it is about incremental innovations, about products become established. Therefore, checking the implemented innovation must be continued and meticulous, in order to avoid spending resources and efforts in tasks which lately won't provide the expected results. It will be a leader role to set the limits in every phase, considering, always, to draw up the objectives and the route they want to follow.

However, not only these four phases are the one that allow that innovation occurs inside of an organization. The design of the management system is the one that allows that structure and the strategy work together and reach its maximum output.

Under the premise that innovation just happens and does not exist, directors must implement a system to put it into practice. They will be in charge of establishing policies, procedures and mechanism of

information that facilitate the process within the organization (Polley and Van de Ven, 1996).

These mechanisms will set up the way of how the interactions and the decisions of the team are developed daily; the agenda and priority of the work, how it is evaluated; and they communicate. That is how the research and development, marketing, editorial and sales departments must coordinate when they decide to launch a product. Each of them will have to inform its achievements and problems, so the decisions and performance of the rest of the company be in accordance to the new routes of actions that they established to reach the desired results. Setting up these procedures does not mean that it will restrict the creativity of the workers; on the contrary, it can increase the creativity if they know where and how have to move inside the organization (Miller, 1990).

Davila, Epstein and Shelton (2006) stated five roles that all system must fulfill to execute innovation. The first one is to implement efficiency with the objective of moving great ideas into the concrete filed. Transforming an idea into a product than can be sold, at the right time and with all possible resources. To achieve this, it is necessary to eliminate from the director's mind that all innovation involve long and expensive process. Innovations do not have size, neither time nor a stipulated cost. These are improvements for the organization and its users and it can be something regular or complex.

The second role makes reference to the relation in both inside and outside of the organization and with all the actors that are involved. Without a proper communication, none of the individuals could execute a good work, since each department will need the necessary information to continue and modify its actions. If the investigation department detects a change in the consumers, it will have to inform it to the publisher area, this will modify certain elements or contents and at the same time it will inform to the marketing and promotion area so they take the corresponding actions to outcome the goodness and new functionalities of the product.

If there is no communication in the previous phases, the product could deteriorate and thus, the quality, causing, in the medium- term damage in the results. If the organization does not react at the right time, it runs the risk of damaging the organization output and that goes against what a leader must do. Probably, the lack of communication is not noticed today, but surely, in the future they will see the consequences.

The communication process has to be done during all the implementation process of the innovation and the entire staff of the company must be involved, in order to understand and consider the requirements of other departments. If there is a formal system of communication, they will be known how to act and in what phases of the process participate. Otherwise, each department will work according to its interests and priorities.

The third role is much related to communication, because without it, it is impossible to coordinate among teams and projects. Coordination will be very relevant, because it facilitates that the different areas, that even can be located geographically in different places, join forces to work in the same assignment, but with different times, priorities and resources.

The fourth element is learning, because the system must state a mechanism that allows to gather the knowledge that innovation generates, in order to use it in other areas or as a starting point for futures actions. Probably a more important value is that every time that the organization learns, it generates a competitive advantage in comparison to others. Thus, the more internalized and expanded it is, the stronger will be the respect of its competitors.

By sharing the knowledge, the company will not depend on small groups of people and it will avoid having its success in isolate areas that could be “bought” by the competition, losing the value of the company and giving it to the competition.

The last role consists on aligning the objectives of the people with the ones that the organization has. To reach this, it is necessary to know where is the company today, where they want to go to and what strategies

they want to use. The bigger the organization, the less is the time, space and opportunities that directors have to align by their own both worlds. It is necessary to incorporate within the system a process that provides and ensure the diffusion of the message consistently and in an accurate way, where the personal and organizational objectives are together. This union facilitates that each member sees this process as an opportunity to participate and collaborate, generating a positive impact that is dual, because it affects both the employee's motivation and the company's results.

2.3.4. Leaders and innovation

In today's world, innovation and creativity have become essential requirements for the company. And the consequences for people who work in it is that they no longer can prosper and develop their professional careers just by comparing and imitating. They can prosper if they adopt the innovation and creativity (Martin and Austen, 2007).

For a company to innovate it is necessary to have a strong leader, able to seduce the organization to accept the revolution, without forcing anyone, on the contrary, convincing them that is the path and the strategy to follow. Leadership is an attempt of interpersonal influence, driven through the communication process, to the achievement of one or several goals (Gibson, Ivancevich y Donnelley, 1990).

Due to the turbulent scene that the industry lives, it is imperative that directors use their most creative and innovative sense to provide audacious solutions that allow facing the changes that are continuously moving the market.

A study done by McKinsey in September 2007 to 722 managers showed that innovation is one of the main motors that they have to make the company growth. Even a 70% of them situated it as their main priority. When they were asked where it is generated an improvement in the performance and differentiation regarding the competition, managers admitted that the

innovative ideas were above the improvement of the products or services, because through these, they admitted to have higher results.

To get it, they used, mostly, informal and external channels (partners, providers). They admitted the lack of consistency when was the time to follow closely the work of their different business areas and confirmed that they didn't included specifics funds to transform them into relevant innovations for their company

In order for innovation to be originated is vital the leader's commitment. Without that commitment it is hard for changes to take place, because she is precisely who must tear down the internal barriers and provide space to flow creativity, participation, commitment and attraction and the retention of talents. It is demonstrated that this equation generates positives returns when inside of an organization there is a low rate of rotation, there's a training plan, it is set long-term contracts and there is space for individual contributions. The combination of good practices that make possible to have higher results and margins than the industry (Pérez Latre and Sánchez-Tabernero, 2012).

Good results are not spontaneous and are explained because behind them there is work, dedication, someone who guides, orients and drives those efforts during the transition (Van de Ven, 1986). The process of change and the implementation of innovation are neither spontaneous nor automatics, it is about a process that must be monitored continuously in each phase and with the objective of solving problems, re-assign resources and analyze the group of decision that are taken.

The purpose of this control is not about losing the final objective out of your sight (Hansen and Birkinshaw, 2007) and goes ahead with the modifications according to the strategy and the route they draw up from the beginning.

Since competition is stronger every day, it is more urgent for a leader to do his work rather than mark the difference and survive. In the current scenario, consumers want to be surprised and it is an imperative demand the newness of the products offered, which requires a great effort of

creativity and talent. To generate that knowledge inside of the company will allow turning the organization into an intelligent group of people; with employees that are motivated to do a good work for their customers (Soria, 2009).

The innovation path is achieved by generating a vision inside of the company, where each member understands the process, where they know to what those changes correspond to and share those challenges. It will be necessary to establish mechanisms that support this new innovative strategy and enough resources be committed in order for changes to be carried out.

The leader must act to tear down those barriers that block the organization's employees to overstep the routine and pay attention to the innovative activities. They must lead by example, because there is no clearer message for workers to see that they act in accordance with what they say. By means of this, it will be possible to establish an internal culture receptive to new ideas, to changes and the continuous improvement no matter whom or from where it comes (Davila, Epstein and Shelton, 2006).

The creation of a culture that encourages the innovation is essential to success in the continuous process of change. Having a coherent strategy, with a proper strategy that allows supporting it and facilitating, it will be easier to move forward. The lack of supporting in the system may reduce the positive aspects of the organization, that's why it is important to have a leader who provides the support to the changes that she has proposed (Hackman, 1983).

It is usual to think that an organization becomes rigid, inflexible and without the capacity to innovate when there are established process. That statement is correct only if the organization is seen from a mechanistic point of view that is motivated only by the efficiency and money. If that vision is overstep, rules and values will be the elements that will allow creating an identity, perspective, commitment and habits through

time. Moreover, they will locate above the manager structure and the instrumentals functions of the organization (Van de Ven, 1986).

Dávila (2008) stands out that it is necessary to have three skills to take the advantage of the innovative potential: resources -people, processes -companies create value as they see employees turn the resources into products of a higher value, and values -which are the criteria that employees use to develop their activities. The three skills require people, and, as I have mentioned previously, are the key assets of every organization, because they are who precisely mark the difference.

Every worker is vital in the search of innovation, because people are who turn the company into innovative organizations. Everyone must assume the role of “innovative agent” and the sum of them must be important so as to take advantage of them. By this means, it is possible to use the best of them, to overcome fears, to face the challenges and to innovate with and for the rest of the people (Larrea, 2010).

Innovation could also be a powerful magnet to attract and encourage every member of the organization. Generally, the most innovative companies are the best to work in and probably, the cost for the company to find someone with a talent is cheaper. For others, the search of that talent is synonymous of working pro-innovation, since the better be the team, the higher will be the options of doing different things and with quality.

Employees with strong skills and high level of motivation are more willing to collaborate and thus, being more productive. The talent is worthless if it is not linked with determination, planning, discipline and perseverance (Cubillos, 2009). Workers with talents can improvise adaptation, helping to develop innovative products and services and with high level for the consumers (Yukl, 2008)

If that behavior pattern is reiterative, the rest of the people who work in the organization will start to imitate it, spreading the phenomenon to areas that, traditionally, did not participate in these processes. To adopt an innovative way of thinking can increase the participation, and if we

add a program to facilitate it, a secure environment to take risks and the proper awards for every creative idea in the improvisation of products and process, the result will be even higher than it is expected.

What leaders must do is to empower their subordinates so everyone will become a source of new ideas and improvements. They should be the one who develop or carry from external sources new proposals that allow them to improve the performance.

Scriptwriters with new ideas taken from streets, reporters with new ideas of how to present information or new products, the product's bosses should bring improvements suggested by customers. Innovation not only can depend on top managers of an organization and organizations that achieve that all employees are involved according to their responsibilities and roles are the one that sooner or later will mark the difference and outstand from the others.

For a company to reach the maxim excellence in a sustainable way, it has to recognize the necessity of managing the talent in a proactive way and have a systematic way to carry it out. By this means, Berger (2004a) recommends three ways: identify, select, develop and hold those people who have showed achievements and that have been able of inspiring others to reach them. Besides, they have incorporated values and transcendental competences to the organization.

Secondly, identify and prepare the high quality replacements for a small group of positions, as a way of ensure the current and future success of the company. The cost of replacing a worker is, generally, slow, expensive and distracts employees from their duties. If that person come from outside, the time he can adapt to the cultural value of the company, will be higher and will increase the costs that means not been really prepare to complete that space.

Finally, to work on the classification of every employee based on the current and future potential that might have in order to add value to the organization. The complexity of this situation is to get the fair indicator

that measures the relevant aspects in that industry, but which are hard to quantify.

Berger (2004b) points out that there are four types of workers inside of a company. The *superkeepers* are those who have overcome in an overwhelming manner the expectation. Then, we have the *keepers*, who have exceeded the expectations. Thirdly, the “solid citizens”, who fulfill with the settle expectations and in the last position are those “who never adapt”, and are under the expectations line. The suggestion is to work on everybody’s career, however, once all of them have had the chance and those who did not showed any improvement, it is necessary to focus on the activities, resources and time in the first three levels, as a response to the active competition and where the organization cannot allow losing that talent.

According to a research done by Tower Watson (2010), to have a challenging work is the second reason why people choose a specific company to work in. The innovation that a company might have make it more attractive, therefore, it is generated a circle where talent attracts more talent. Those who benefit are not only employees and the organization, but also the customers that can get products and services with better quality, that satisfy in a better way their necessities and expectations.

Table 3.
Reasons to work in a company

Ranking	Employer	Employee
1	Salary	Salary
2	Company image as a great place to work	Challenging work
3	Challenging work	Location
4	Industrial area	Professional Career
5	Opportunities to learn	Holidays, extra time bonus

Ranking	Employer	Employee
6	Professional Career	Company image as a great place to work
7	Financial health of the enterprise	Flexible schedule

Source: Tower Watson

Those companies that cannot attract or hold the talent turn into very vulnerable organizations. Because in hard times they will need trained people in the right positions to overcome a problem (Cohn, Khumana and Reeves, 2005). The same will happen when an organization desires to implement innovation. Without talent, it will be complex to get a variety of options and interesting ideas, creative solutions or even solutions for an original and efficient problem.

The idea is to transform the organization in a talent factory. By means of this, it is necessary to develop a program to scan abilities of employees thus hard skills- strategy, financing, marketing, project management, be recognized in accordance with the soft skills that are reflected in the daily work (Ready and Conger, 2007). Based on that identification of current and future skills the system allows replacing roles quickly, in accordance with the necessities that the company has or will have.

In the media and entertaining industry, where the rotation of people is usually high, the use of this mechanism would allow that the products offered do not suffer any modification on its quality. Even more, it is possible to take advantage of the renewal of staff in management position to improve and encourage new innovations, no matter how small they are, but it will allow the company to move forward.

According to Collins (2001), companies that took one step forward are those who have had rigorous leaders, and not being cruel with the decision that involved people. They do not use neither the personnel downsizing nor the reorganization as a mechanism to reach their goals or

increase the company's profits. Besides, they are composed of teams that vigorously look for the best responses, no matter the personal interests.

Those who decide to innovate do what they want and practically do not make any difference between work and free time, because it seems they are always thinking on doing something creative. Innovation, then, requires commitment, demand and passion; demands a specific direction and not always agree with the opinion of others: sometimes, it can be dictatorial. Only in this way, management builds up the necessary credibility to create a team (Dávila, 2008).

The social-cultural context is also a relevant aspect that a leader must consider. Elenkov and Manev (2005) concluded that the environment could influence positively by means of intellectual stimulation to people and, therefore, the innovation process. By means of this, it is necessary to create the space so employees can present, discuss or test the new ideas, becoming the organization in a collaborative agent. It is difficult to empower employees when they have to follow orders, rules and rigid process and not very flexible ones.

Organizations shall lead with questions, not with answers, to establish a dialogue, debates and share the relevant information that cannot be ignored. Because, nowadays, the one who manages the relevant information have the advantage. If that information is known by most of the people, there will be more possibilities of having better ideas, process, development, implementation and diffusion of the innovation. The key issue is to consider that information (data, figures, analysis, variables) and turn them into useful elements, which, for example, allow making decisions, whether to launch or withdraw a product from the market, adjusting the effects that it might have in the company and in the industry as such (Collins, 2001).

In order to keep motivated the talented employees and committed with the organization it is necessary that the senior management do a great effort. This commitment of leadership is reflected in a series of elements, which could be the full description of the job, significant and constructive

goals, and information, and an honest and open dialogue with employees. The honest dialogue is essential to establish real connection between supervisors of all levels and their direct subordinates. The lack of sense in the relation between boss and employees is one of the main reasons to fail (Romero, 2010).

As the wealth and knowledge started to arise from the people's mind and from their creativity skills, the origin of the position was no longer the same. To that, managers must be able to see where employees visualize the mission of the organization as a deserving objective, which is over of any financial objective at a short-term (Christensen and Raynor, 2003).

The lack of leadership and integrity foment confusion, shamelessness and bad performance. Martin and Austen (2008) state four personal skills that leaders must encourage in employees, so an organization can achieve developing the innovation it requires:

- a) Employees should be in charge of generation of innovation, both adaptation and fundamentals. That means, they will be responsible for the creation of assignments, solutions, approaches, and innovative products that improve the existing practices.
- b) It will be asked to employees to choose those ideas that have more chances of helping the organization to compete and that, lately, get the support so that ideas of the organization as a group. To achieve it successfully, they must become visionary leaders, able to identify, defend efficiently, the innovations that have chances of success.
- c) The people and group that follow the sponsor of innovations will have to start it up with a unprecedented speed. To do it successfully, they must become an apprentice of quick cycle, able to develop new abilities and skills and work on their work guideline easily.
- d) For an organization to establish an efficient strategy of innovation, employees will have to execute the three previous stages, quickly and continuously.

It is the leader who makes the difference when it is necessary to create and keep the success in the innovation, because it is her responsibility to develop new business models, products or services and implement new technology in the process, to make stronger and more profitable the organization. He must link strategy with innovation, check the implemented business plans and identify the strength and weakness of all areas, so as to define who will be benefit from that innovation and if that benefit is expected by the company.

According to Van de Ven (1986) leaders must ask himself a series of questions related to innovation: how the company can keep the innovative and enterprising culture; how a senior management can get a balance in order to obtain cooperation, coordination, resolution of conflicts that arises due to the stress of the specialization, the proliferation of assignments and costs.

One of the most used mechanisms in all organization is the reward system, which is closely related to the different motivations: extrinsic (monetary), intrinsic (learning) or transcendental (own benefit, but also the one who receive it) that someone can have or a leader that can enhance inside of the company.

The first step is to create an innovative strategy, based on the culture and in accordance with the reward politics. Once is established the measurements parameters and set the goals, they come to an agreement in order to establish a formal relation between performance and reward. There is not an exact recipe, neither worst nor better for every company, senior managers must be sure that there's an optimums combination and it is in accordance whit the reality of the people and the organization.

The evaluation and reward system cannot ignore the individual performance, because is proved that the level of innovation decreases when there is no differentiation in the work that everyone does. On the contrary, if the different levels of work, contribution, responsibilities and risk are recognized, the assignment is more efficient and there is more sense of satisfaction among those who form the team (Sarin and Mahjan, 2001).

In order to face innovation, from a rewarding point of view, the company must have a system where considers innovation as an important dimension, for both the person and the group, since that cohesion allow the cooperation between the areas and the modifications can be really superior (Christensen and Raynor, 2003).

Thereby, bonus politics, stocks sales, salary increases, promotions, extra holidays, etc., become part of the benefits packages which aims to enhance the active participation of people. But the subjective dimensions can also be considered, because by that means, senior managers can evaluate information that is not there in the surface, such as decision criteria, and actions that a person can take or the interaction that might be between employees. The limitation of that kind of performance fall on the availability of information, ability, knowledge and the justice apply by the person who makes the evaluation.

When an employee works motivated and sees rewards that are also valued by the others, will be the best mechanism to transmit others to participate in the innovative process. Who must start this transmission is the leader as such, because he is who has to reflect energy, values and clear directions to move the staff.

Leaders must execute three basics assignments: work actively on organizing an innovative vision, clear and stimulant about the future: work with energy to transmit her optimism and enthusiasm; and make the best possible to achieve the desired behavior by mean of stimulus, structures and proper support, so as to form efficient teams and do their work correctly.

When a senior manager and a leader neither adopt nor take the necessary innovations because they are afraid of breaking the equilibrium, the comfort and routines, what they are doing is decreasing the capacities of the organization, putting the talented people away and destroying the future of the company, risking their own professional career, without noticing it.

An investigation done by Spanish magazines, showed that one of the main reasons to fire CEOs were they did not adopt, on time, new

technologies and innovations. The early adoption of an innovation allows that company become more stable and has more opportunities with excellent results in the future. On the contrary, the lately adoption of innovation, will be understood as signal of bad result in the future (Gutiérrez and Núñez Mickel, 2007).

The best bosses multiply the results and their leadership inside the organization. A great percentage of those results are originated as a consequence of turning opportunities and ideas into big projects.

In the case of media companies, by continuously creating new ideas, formats, programs, among other functions, it raises the questions whether to put into practice innovation or not, and it is evident that there are just a few owners in the media industry who are really involved in the issue. Those consequences show that in the different supports we see formats and contents remains in time, without being questioned by readers and the audience. The same happens with the business model that is afraid of incorporating new digital tools in order to keep captive its followers.

How many times, as readers, we have been forced to search news in YouTube instead of searching in the website of the TV channel where we work, because the media is afraid that the web site cannibalizes its “star” product, without realizing that it is sharing the audience with the competition.

It is essential that leaders see innovation as a route to carry out the company. They must stop seeing the day-to-day results and must decide to create the necessary mechanisms to innovate and give opportunities to its employees to exploit the new options. Sylvie and Huang (2008) also emphasize this issue, since it is very important the decision that senior directors make regarding media in order to avoid losing audience.

What is wrong with the industry? Probably, the answer is inside the organizations. They have not been able to adapt to the new times, tastes, consumer’s habits, and at the same time, they have suffered a lack of leadership by senior managers, who are worried about the last line and

how to increase the audience quickly. They don't have the will of betting on new formats at all and persist on doing the same thing that others do.

It is not about changing all that has been done so far, but it has to be considered that changes the industry is and will go through do open new opportunities to generate leadership that will attract and hold talented people, to be creative and encourage innovative templates, bet on quality and adapt to new times. Media companies will become stronger if they understand that they must comply with the demands of new way of consuming and that a failure or a project which fail does not mean that it will take them one step back. On the contrary, it has to be an incentive to move forward trying new options.

Organizations that will be successful will be those that accept the new reality, reorient its objectives to the necessities of readers, think of them more than about profitability, and understand that future means collaboration and not exclusion.



3. Case Study: The Paula Magazine

*Whenever you see a successful business, someone once made a
courageous decision.*

Peter Drucker, father of the modern Management

3.1. Paula, 45 years of history

It was September 1967 when Paula magazine circulated for the first time in the Chilean newspapers stands. A young man, Roberto Edwards, son and grandson of the founder of El Mercurio newspaper, decided to embrace the adventure with this new undertaking. Paula was searching, according to its first editorial, to provide the Chilean women with a “modern magazine to satisfy pleasure for the pretty things, her curiosity about the current news and that sets out, seriously and with encourage her problems and questions. The Latin-American women’s world has changed. They are no longer doomed to sewing, recipes and nappies. Now her world is the whole world. When she’s outside of the home, she designs houses, fights for a trial on court, signs a check, influences on politics, teaches in the university, is surgeon, journalist, make news... she performs the new roles that are in accordance to the modern society, having always her femininity, which has progressed in accordance with the women’s situation. Femininity that today has provided her new personality: free, lively, clever and always being women. Modern femininity which demands more and more and Paula wants to provide it”.

Its director and former owner in 2009 stated in a magazine that he began the magazine because he was in the publishing business. In those years all magazines were written in black and white and he “wanted a color

one. Since no one had done it before, I studied which magazines sold more advertising, and it used to be the feminine ones... ”.

The Paula magazine became Paula Ediciones S.A. in 2005 and belongs to Consorcio Periodístico S.A. It is the leading women’s magazine in the Chilean market. Its editorial line is focused on the interest and women’s world. It wants to be a current and tendency magazine, which includes reports, interviews, fashion, tips and services.

Since it was created, it has had seven directors, all women, with an average in the position of eight years (Table 4).

Table 4.
Directors of Paula Ediciones

Director	Period
Delia Vergara	1967 - 1975
Constanza Vergara	1976 - 1986
Andrea Eluchans	1986 - 1993
Celia Eluchans	1994 - 1995
Alexandra Edwards	1996 - 1998
Paula Recart	1999 - 2007
Milena Vodanovic	2007 - today

Source: Paula Ediciones

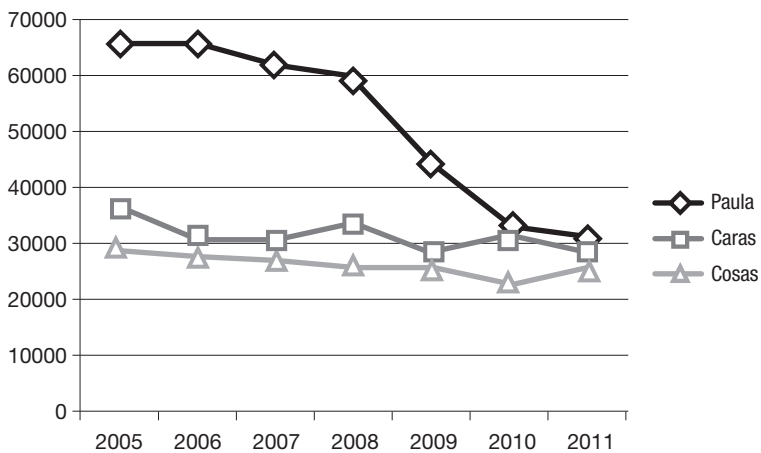
Paula Ediciones also publishes *Teje la moda*, a leader magazine in cross stitch and weaving, and *Cocina a la moda*, publication focused on recipes and bakery. Paula Productions offers the possibility that companies that want to launch editorial products can do it under the Paula stamp.

The main activity of Paula Ediciones is the edition of Paula Magazine. A publication targeted to the Chilean women, especially to the socioeconomic level ABC1-C2. Its audience is mainly women between

15 and 50 years old, being the 24-36 the stronger segment. Its circulation is fortnightly in all the country and prints about 37,000 units (see Graphic 1).

Its mains competitors are, both commercially (sale of advertising) and editorially (readers), other magazines targeted to the female sector. Some of them are Cosas (Tiempo Presente Editorial), y Caras (Televisa S.A), but also the female supplement edited by the main Chilean newspapers: Revista Ya of El Mercurio and Mujer of La Tercera.

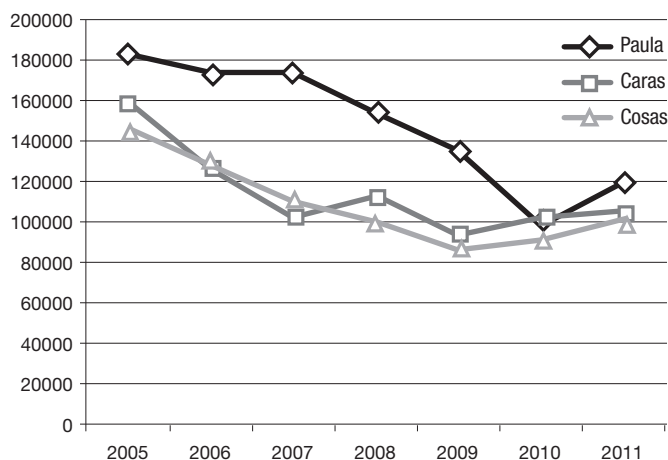
Graphic 1.
Circulation of Paula, Caras y Cosas magazines



Source: Valida

In the last six years, Paula has showed a continuous descent of readers, as the graphic 2 shows, loosing almost the half of readers in comparison to the 2005, when it was bought by Copesa. Some years ago, the magazine had already suffered a process of change.

Graphic 2.
Readership of Paula, Caras and Cosas magazines



Source: Valida

From 2005 until 2007 Paula has kept its levels of circulation as part of a strategy encouraged by Copesa, to attract more subscribers to its main newspaper (La Tercera). Then in 2008 it started to decrease deeply. According to the director, it started to live years of “decline” where there was not innovation on the product, since it was seen as an additional product allowing to improve the position of the other.

The worldwide economic depression, which began in the United States with the end of the real estate boom, and later the payment problems that banks had, all contributed to make worse the economic panorama. In 2008 and 2009 the advertising investment in Chile was reduced about 15 and 21% respectively.

After two years, where almost a quarter of readers was lost, senior managers of the organization decided that it was time re-structure the

organization and make a decision on what strategies should be carried out with the magazine in the future.

Milena Vodanovic, director of PAULA Ediciones from 2007 and in charge of the magazine more than 15 years (before becoming director she used to be general editor) decided to take the challenge. At first, it comes out as an imposition, and there was a lot of resistance to the change and part of the team felt it as an intervention to the project.

“If we didn’t make any change the group would have break up, and under this premise occurred an interesting process. We needed to start from the beginning, to restructure the magazine; we had to risk everything on the project. Nonetheless, it was not easy. People used to ask us why we were doing it if we were good. They told us to do the same that we were doing so far, and you are wasting your time, they used to tell us. In that moment had to assume the role of a boss, which I hadn’t had to play before. To take over the responsibility and make the decisions that I considered necessities”.

All process of transformation generates resistance and to overcome it is necessary to enhance people and break down inertia. Employees, usually, have difficulties to start with a process and the transformations imposed are difficult to set, therefore it is necessary the commitment of the entire organization to implement it successfully (Kotter, 1996). Thus, the first thing it was done was to convince a great part of the team to start working on the new concept of the magazine, considering which were the concerns and in that way, to reduce the anxiety level.

Just like Mason and Mitroff (1981) described, it is necessary to frame the problems and give it a specific area so it does not contaminate other areas, to know the conflicts, neither hide it or avoid it and resolve it directly. This way, both leader and employees will benefit or less damaged. “To reduce the resistance I relied on some people that, I see now, were key in the process. They took the risk of the new project. I learned that sometimes I had to say: this is not the way because I’m saying it. I learned it and I told them more than once”.

As a key aspect, communication played a very important role. Not only because it makes easier the opening to attitudes, but also it reduced the levels of stress. Moreover, the importance of the information that the leader provides lies in the quantity more than in the quality perceived and a message, which is properly delivered and fulfills the objectives, produces more results than any other mechanism.

“I could have transmitted to my team just part of the Project, because between the owner of the magazine and I were designing the new path of the magazine. I had to manage both pressures, from the top and the bottom. Bosses used to criticize me about what we did and what we didn’t and also they used to tell me their concerns. Besides, I was a quite new director in the magazine, so the comments done by the team were: but we always did it, the former director would have told that...., this means I also felt judged by my own team. Some of them supported me, meanwhile others used to tell me not to give up to the fight with the bosses.”

Slowly, the dialogue started to be more fluid and every part understood what the other area wanted. Details were adjusted in every magazine and mistakes were improved on the fly. We move forward with determination, which caused that more employees added to the project. “It was a hard time because we used to fall over and over in the same concepts, styles and designs. Therefore, we had to stop and look from outside to get what we wanted to change. We were aware that we had to innovate to create value to the product.”

We started to work in the innovation’s perspective through the business model (according to the Epstein, Davila and Shelton diagram, 2004). More than changes in the technological aspect, what we wanted to do was to know who the reader-customer was and how to provide more value. Besides, we decided to incorporate new segments of the population which were lost during the transition of the property, subsequently with the business strategy

We started to do a diagnostic of the strength and weakness of the magazine and we concluded the brand was really strong, a very well-

known brand and had high prestige. Even the readers and circulation of the magazine had decreased, it was still the most widely read magazine in Chile and its “target” one of the most attractive one for the advertising market (ABC1 women).

We decided it was necessary to talk to other women or, as its director says “to talk to the other part of the women’s brain, because if Paula is at the forefront of magazines, trendsetter and open minded, we have to talk to the professional woman that is part of the world and not to the housewife”. It was defined that the new Paula would differentiate from others by aiming to women that take risks and not to the conventional ones, to those determined women, to the inhibited, to those who have control of their life and not the ones that are stressed.

The readers’ profile that Paula wanted to recover was: Chilean women with style, that travel a lot, forward looking, this means that assume the emerging tendencies, willing to accept and discuss opinions, life styles, other values. The woman who is an entrepreneur, informed, positive and enthusiastic. This means a series of modifications regarding to what the magazine was doing before. It was suggested a change of: a) perspective, b) contents, c) sections, d) design.

- a) Perspective: to turn the magazine into a new publication focused on the defined profiles in order to know, understand and eventually, assume the tendencies in Chile and in the world. To generate a positive reading experience, inspired and participative, where it is possible to collect the vanguard that readers need to know, but also making them dream.
- b) Change in the content: it was no longer considered the *freak* issues and it was given one step to incorporate cultural tendencies, socials and esthetic, working life, self-care, sexuality, experiences, histories and situations to change the world and their own life.
- c) New sections: it was introduced a huge segment of trends with data and information in conjunction with advices/tips of what to

do and how to do it. Brief interviews, which allow covering a great amount of issues and keeping the reports (a strength highlighted by readers). Finally, a segment where it is shown life's styles that Paula's women might feel reflected with.

- d) The cover also changed a little bit. The model is the same but it is necessary to transmit a more powerful attitude and thus it is made a modification to the logo (it was enlarged the source of fond and flower, besides it was inverted the order of both). The reason to make this change was to reaffirm the process of change that is worked inside of the organization.

Covers' evolution of Paula magazine

Number Thirteen

Issue 2012



- e) The design also changed. A new graphic design is established, with new fonts which allowed playing freely among all the styles and formats. Moreover, a new palette of colors is used, based on five pastel colors, which are combined into two groups of color- scheme. The first one: blue, green and red and a second one of blues and reds.

This new conceptualization- innovation in the design and the content of the magazine, was made in order to create more value for the product and at the same time, to get new niches of customers that had been lost, or that thanks to the modifications it could be added new segments that

did not provide value to the product before. Besides, it was an answer to the constant changes, where it is necessary to delight the audience again. There are even small incremental innovations (according to definition in chapter 2) allowing to give a newness signal, improvement and major advances, which finally are valuable by both readers and advertisers.

Table 5.
Relation circulation-readers of Paula and its competition

Year	Relation Circulation - Readers		
	Paula	Caras	Cosas
2005	2,8	4,4	5,0
2006	2,6	4,1	4,6
2007	2,8	3,3	4,1
2008	2,6	3,3	3,9
2009	3,0	3,3	3,4
2010	3,0	3,2	3,9
2011	3,8	3,7	4,0

Source: Author analysis based in Valida

One of the consequences of this study was the improvement between circulation and readers. Today, although there is less quantity of magazine circulating in the market, more people read it since it goes from hand-to-hand. It means, the way of reading the advertising in its pages is not reduced (see table 5).

3.2. Paula: diversification beyond paper

Once the product was redesigned and repositioned, they started to work in the internal aspect: people, process and work's routines. They had to

adapt the way of working of the team, in order to put into operation the new business model of the organization.

The first thing they did was to strengthen the horizontal structure of the magazine, so decisions were shared, where were possible to have multidisciplinary participation across several areas regarding the decision- making and execution of new assignments.

Although the structural modifications were minor, what it did happen was a change in the leadership. The process that the company was having meant a starting-up point for the director. Even though she had years of experience in the same field and more than 15 in the magazine, the new scenario opened her new route to reinvent herself as a leader and to attract people with innovative proposals.

If Disney had the *Gong Show* (mechanism with the result that great script were created by employees of several areas and levels), Paula enhanced what they called “*The Little Blackboard*”.

Every Monday, all employees had to have at least three subjects for reports or interviews. Among the journalistic team (editors and journalists) presented the subject, it is discussed and in a certain way it is put to a vote the material. Those topics that pass the filter are incorporated to a digital system, which allows creating, editing, uploading files and sharing changes in real time between who access the account. By this means, all the team (journalists, designers, photographers, producers) have access to the material and can incorporated comments that enrich the work form different areas.

For example, a report or interview that from the design point of view is not elaborated once is already written, it is created in parallel, which tends to create a part of the magazine of better quality.

This innovation in the way of working can be considered as a change in the business model, specifically in the value chain, by improving a process, in this case, an editorial change, which allows that better

subjects come up and be published, thus providing better quality to the magazine product.

“This system has allowed us to improve the participation of the entire team and where we all feel part of the work that we are doing for every edition, from the creation to the printing. 60% of its hard content is thought by the head of the magazines, and a 40% by journalist, which means to find an equilibrium regarding topics, variety and styles”.

We also started to operating a multi-assignment and multi-role system, which allow that one person fulfill beyond his/her specific role, work that is pleasure for him/her and contribute to improve every edition of the magazine. For example, if an editor or journalist presents a topic for a report and she has the skills to do it well, the bosses give her the opportunity to do it. On occasions, there are editors that are in the same level in the organization chart, and just for some editions, due to the assignment, they are in ward of other editor and must accomplish the request that the work demands.

Under this mechanism, it has been possible to increase a considerable number of new ideas, but so far, it hasn't been possible to provide us a dimension and an analysis of the business. To solve this weakness, it was decided to encourage the marketing department, therefore, all what used to be analyzed from an emotional perspective; today is also analyzed from a commercial point of view.

Moreover, we started to experiment with the work of “Cel”, groups of interdisciplinary Works that from the beginning to the end were in charge of one part of the magazine. Even it has worked better for some editions, the lack of perseverance, the lack of knowledge of working in that way and controlling and encourage that way of working has generated a disparity in the results.

Just like most of the Chilean and world magazines, most of Paula's incomes are generated from advertising (Husni, 1998) and subscriptions. That is why, and following the worldwide tendency, it was decided to use the strength of the brand to diversify the business.

The company started to tackle women from different dimension, actions and opportunities of purchase. Since the brand is very powerful in the Chilean market, they used the strategy of brand extension (Keller and Lehmann, 2003) with the objective of growing from other aspects and not only by the paper. That is how fairs arose and the business aimed to the already identified segments where Paula stamp could be a well-known strength.

That is how two magazines were born aimed to the female public but targeted to specific niches: Cocina Paula and Tejer la Moda. Both of them have a different business model from Paula magazine. The main income comes from the direct sale. Advertising in this case is marginal. They are distributed in newspapers stands and points of sales in all the country and they do not have subscribers.

It is about massive products, elaborated with paper of medium quality, with fewer pages and a sale price accessible to most of the socioeconomic segments.

During some years Paula Ediciones edited other magazines targeted to female public but they were no longer edited because it was not a good business or distracted the attention of the main business. Currently, that line of business has not been closed completely, but it was decided to grant a privilege to those efforts that reinforce the brand. From this perspective, the company is turning from a strategy oriented to the product (“we are expert in doing magazines”) to a strategy oriented to client (“we are expert in ABC1-C2 women”).

Under this premise, they started to generate line extensions in order to have a wider field and diversify the incomes capture. One of the fields chosen and the most natural one was the website. Since 2007, Paula has a website focused on becoming a meeting place for women with two central elements: a blog, where they discuss and comment articles and a column; and a searching feature that allows finding data and cooking recipes.

These two elements are mainly fed from the contents of “Revista Paula”, and also from Cocina Paula and Tejer la Moda. It almost does not generate its own content, basically only audiovisual content. Furthermore, it incorporates contents and interviews from “Radio Paula” (radio-station that belongs to Copesa group, too) and uses the photographic wealth of the magazines, creating important photo galleries.

Other extension of the brand is the radio station Paula, which is not managed by Paula and it is not part of Paula Ediciones, but it has synergy with the rest of the products. There is a brand, content and coordination agreement with the magazines, which mainly means to share the information, cross promotions and provide it the stamp that allows defining the audience and customers.

The project started in March 2008 with the objective of generating a product for women. The programs are mainly based on current and classic songs, which are combined with the information provided by means of interviews programs and talking.

Following the same strategy (brand extension), Paula Ediciones created a business unit which exploit the “franchising” of the brand, so as to develop a magazine in other markets with the same name and stamp. Paula Uruguay was the first one in applying it, and the agreement with the newspaper El País of Uruguay, edited Paula Magazine since 1992. Even though the magazine has its own content, characteristic of tastes, habits and agenda of its own subjects, it recycles Chilean material, which is mainly tendency and goes beyond borders. The design is done by professionals of Paula Ediciones as a way of protecting its own style and which allows it to differentiate from others.

From October 2011, Paula Perú franchising was added, edited by the Grupo Editorial Comunica2, which has 12 publications in that country. This undertaking operates under the same formula that Uruguay does.

With the franchising business that Paula is working in, the strategy that follows is to innovate by means of business model, particularly to captivate new customers. Chile is a small niche and due to this, the company wants

to become internationalized to exploit economically its knowledge at a low risk. This situation leads that innovation be classified within the incremental one, because it modifies only one level and tangentially to the scheme presented by Davila, Epstein and Shelton (2006).

Extending the brands usually allows exploiting new strengths of the products, which originally are completely used up. The huge amount of material accumulated during the 45 years of circulation, resulted in a new publication which allowed to make profitable an asset that was not used, but it had not lost its value at all.

Paula Magazine has a Kitchen Center, where all the recipes that Paula has published are checked, tested and corrected. The collected material has allowed creating a valuable and numerous files, which gave rise to the creation of new editorial products.

By this means, a series of books have been published, being one of the most important Paula Cocina, which was launched when Paula celebrated 40 years and presented its best recipes.

Even though it is a small business regarding the volume of incomes that contribute to the group, since they are marginal, it has been a contribution to strengthen the image it has. What they did was to give more value to a product and increment it, by making profitable the material that they did not use.

As a complement of the strength of the brand that capitalizes the credibility and prestige in the gastronomy area, the managers of the company, in 2008, decided to create a fair, targeted to the final customer and no to the industry, with products and newness related to the kitchen's world and gourmet.

The concept is basically based on gathering, in the middle of the spring and during four days in Santiago de Chile, the most selected, newness of culinary products to display the national and international gastronomy trends. It is an idea oriented not only to the experts, but also to all who are interested in food.

By that means, they offer to readers and not readers, the opportunity to increase the Paula community, the possibility to experience live the valuable gastronomic suggestions that Paula provides, and give a full insight into the gourmet products of the country.

“Paula Gourmet Market constitutes an entertaining and relaxing space, where people who attend to the fair feel attracted to the idea of discovering new products, to walk or just please themselves. The offer of contents is wide and it is thought to satisfy several customers: children, families, young adults, very informed visitants and enthusiastic inexperienced people”.

Every year, 150 selected expositors sell their products and offer tasting. The selection is done according to the high quality standards established by the magazine and in accordance to the criteria of privilege, above all, that the group of content be diverse and interesting for the final consumer. Indeed, Paula has imposed itself, as a way of keeping the attractive and newness, the challenge of renewing in every new version, at least, a 30% of the expositors, it means, every year 45 new participants present their products.

But it is not only a fair where public can taste and buy new products. The magazine gathers very prestigious national chefs and some international guests, in order to give a free course in the Kitchen Center. Furthermore, there are courses of kitchen for kids, wine tasting, live music at the sunset, competitions and food stands of national restaurants, where people can have dinner, launch, a drink or just a cup of coffee.

The ticket costs about 10 dollars, but for those who are subscribers have a 20% of discount, which allow them to visit the stands, to buy products and participate freely in all the activities that are hold during the visit. Additionally, at the end of the event, advertisers hold a drawing among the audience, where they complete the form with their personal information and thus, allow the magazine to update the database of the customers.

All these activities have incremented the interest of assisting to this fair through the years. In the fourth edition, the public attendance has duplicated, starting with 10,000 people in first version up to 22,000 in the 2011.

This innovation (fair) has facilitated to the organization to expand the business field, this event allowed them to go beyond that dimension. To strength the brand and give more value, for either the company because it generates additional incomes, and the readers because the area is expanded and possibly to other who do not read the magazine.

Under this premise and following the Paula Market model, the company organized in May 2011 a fashion exhibition. Defined as a fashion meeting place to see, buy, know and learn from the fashion industry. During four days, more than 100 small, medium and big national and international designers meet to present their unique collections. The project was seen as an opportunity to gather different actors of the fashion world. Talking and free courses were given for all those who had paid the ticket (8 dollars) and subscribers had a 25% of discount.

The creation and development of these fairs are probably the most different innovation of what Paula traditionally does. It is more related to event production than the editorial issue, and which Paula does not have much experience. It could be considered as a semi-radical innovation, since it affects more than one level. These fairs create value to the brand, because have been recognized and valuable for specialists (award) and public (more than 2 thousand people visited Paula Cocina Gourment in 2011).

What Paula does is adding more followers and clients to the organization and diversifying the incomes, taking advantages of the kindness and strength of its products.

This strategy also responds to what Keller and Lehmann (2003) described as a process for generating more loyalty to a brand. This is because when a customer gives a meaning to the brand, based on its output and develop cognitive and emotional aspects regarding the quality of the brand, and the perception of the personality, become a votive, committed and loyal

client to the brand and who consume different services or products, beyond what they did at the beginning.

Something similar happens with the Paula Story Competition. After years of cancellation, in 1996 this competition is re-edited and it is more oriented to the intellectual, literary and journalistic aspects. The initiative bring together, every year, about 600 participants, becoming in one the most known literary competition in the country.

The jury is made up of very well-known national and international writers, which give an international image to the competition and ensure the transparency in the final decision. The winner receives cash and the publication of the story, together with the other finalists, in a book for sale.

Table 6.
*Summary of innovations done by Paula
According to dimension and type*

Innovation	Dimension	Type
Paula Cocina Gourmet and Ropero Paula fairs	Business Model: Value creation and Customer	Semi radical
Specialized magazines and according to requested	Business Model: Customer	Incremental
“Little blackboard”	Business Model: Value Chain	Incremental
Franchise	Business Model: Customer	Incremental
Cooking books	Business Model: Customer	Incremental
Tale competition.	Business Model: Customer	Incremental

Source: Personal compilation based on Varadarajan (2009) and Davila, Epstein and Shelton (2006).

“It was a harsh start, but things are smoothing now and we are satisfied with the results. We look back and see the magazine we used to do before the re-conceptualization of the project (2009) and it was not good at all and we defended it without any questioning. All this process helps me to grow as a professional, as a director and as a leader of the project, to know that we have to change, innovate and do new things continuously. Improving the project, otherwise, we will become weak and we would go back to the same point where we were 2008, where we believed that the magazine was the best and we didn’t need anything else, and that is precisely what we don’t have to do”.

This process helped to confirm that people and, specially, the team is key for the success of a project. I think that the team is a living organism, where each one fulfills an assignment and if it is done appropriately or it is eliminated, the rest is unbalance. It is about creating positives interrelationships, support, but not only skills and roles, but also emotional support that affect the creative process and daily routine. I think that our team is now more diverse than the one we used to have before the change, in terms of diversity, social and politics. Now it is more compacted, it has wealth, this doesn’t mean that the previous one did have it or that it wasn’t, but I think that it has grew as a group”

The importance of leadership is reflected in the quote of the Director of Paula Ediciones, Milena Vodanovic. It is necessary to determine a path to follow, to convince the rest of the team that that is the route, to work the resistance, to grow individually and as an organization, besides of having results. It is a must to do it once and again and not to think that we won the war at the first fight.

Understand that the process must be continuous, without pause and it always has to be in alert mode, which allow to progress positively every day, no matter if is not fulfilled at a short-term.

Executives, and leaders, in a certain way, are measured by the results they generate during the period they are at the top of the organization, and in this case the sum is positive. But not only because of an economic result

a leader is valuable inside of an organization, but also for what she causes inside of it, by the capacity to generate changes, to empower the team to achieve the best possible result, to empower the participation and promote the talent, the creativity and innovation inside of the organization, that goes in accordance with what it is said and done.

The main assignment of a leader is the vision that gives to the company where works, because that vision is the stamp that will distinguish the company from others, and it will mark its own style on how doing the things, where it wants to move and how it has thought to be in one more decade (Ashton and Morton, 2005)

Furthermore, these variables in the media and entertaining industry, as I stated in the first chapter of this book, are key to remain in time and to be successful.



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