

Introduction

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INNOVATION AND INNOVATION MANAGEMENT

What is an Innovation?

According to Boris Groys (1992), product, service or process innovations can be defined as such because they are different but especially more valuable compared to existing products, services or processes. Every improvement of what exists represents therefore an innovation. It is a task for creators, designers and innovators to identify what can be improved and developed into an innovation (Groys, 1992; Thompson, 1981). However, what people understand by the term 'innovation' varies and is often confused with 'invention' (Tidd et al., 2005). Managing innovations can therefore become problematic. This is why we wish to open this book with a clarification of what we understand as innovation. In its broadest sense the term comes from the Latin 'innovare', meaning 'to make something new'. In this book we assume that innovation is a process of turning an opportunity into new ideas and of putting these into widely used practice (Freeman, 1982; Rothwell and Gardiner, 1985). According to Schumpeter (1997), who is the godfather of innovation studies within the field of economic theory, innovations emerge from a process of 'creative destruction', constituted by a constant search to create something new which simultaneously destroys the old rules and establishes new ones, all driven by the search for new sources of profits. Innovation processes can therefore be distinguished in three phases: invention, innovation and imitation (for example, diffusion). An invention is the original discovery of technological or social improvements such as X-rays or the curative effect of penicillin. Within the innovation phase an invention develops into an economically valuable product (Warnecke, 2003). If the innovation turns out to be successful during the diffusion phase, other firms will try to create and market different and/or improved versions of that innovation, which can then be referred to as imitations.

Following this perspective, according to their degree of novelty, innovations can be classified into: (1) new – or radical – innovations, which represent the implementation of not yet existing ideas or technologies; (2) adaptive – or

incremental – innovations, when an existing product or service is improved with regard to its functionality or it is marketed in a different form or as novelty in another context; (3) imitations, when products or services that already exist on the market are imitated in their function, look or production process by other firms (Tidd et al., 2005). More or less 80 per cent of innovations developed by firms are within the categories of imitations or adaptive innovations.

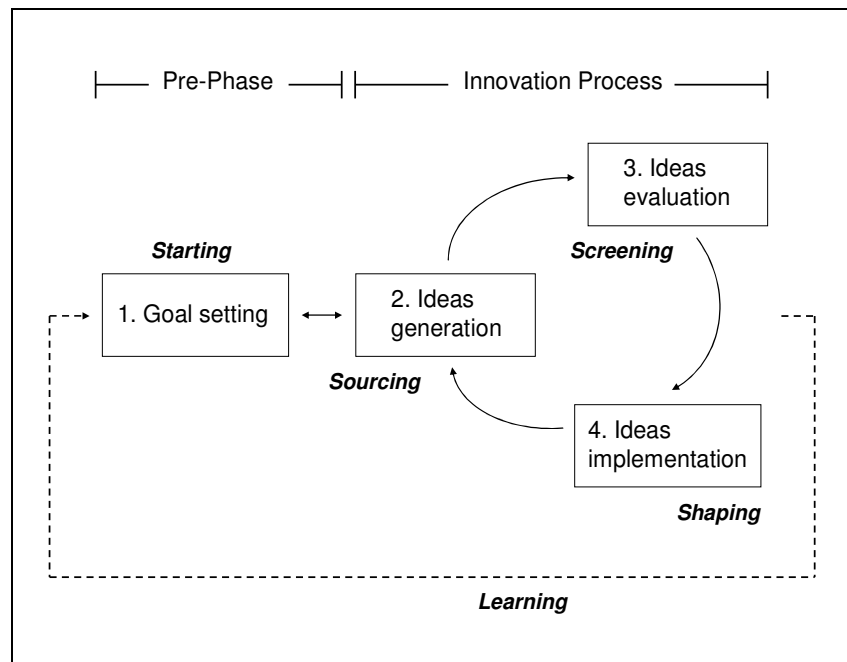
Further, innovations can assume different forms. In line with a first classification by Schumpeter (1997), we can identify five main forms: (a) product innovations; (b) market innovations; (c) process innovations; (d) structural innovations; and (e) social innovations (Wahren, 2004). The first two forms are externally oriented, while the other three primarily refer to the internal organization of a firm. Of course, these forms are all related to each other: product and market innovations cannot be realized without process innovations; process innovations on the other hand require the development of structural innovations, while social innovations – by improving working conditions – might have external effects such as an improved customer orientation or a higher flexibility. As innovations are generated within a social process driven by economic interests (Schumpeter, 1997), this interdependence between different innovation forms is evident as it is the complexity of innovation as a phenomenon. For a deeper understanding of the term innovation, see Chapter 2 of this book where McKelvie and Wiklund distinguish between types of innovations – that is radical versus incremental product innovation and product versus market innovation – in order to assess whether different or similar factors contribute to different classes of innovations.

The Innovation Process

It is a basic assumption of management and entrepreneurship research that knowledge is vital for innovation. Opportunities can be turned into ideas and then into widely used practices only by combining different sets of knowledge. These sets appear in the form of knowledge about what is technically possible, or what particular configuration of this would meet a latent need. Such knowledge could already exist based on our experience, or it could result from a search process within our technological, market or competition environment (Tidd et al., 2005). Further, knowledge sets can be explicit, and therefore codified so that others can access, discuss and transfer them, or they can be implicit, linked to a person but not codifiable (Nonaka et al., 2003). For a more detailed discussion about firm-based knowledge acquisition capabilities, see McKelvie and Wiklund in Chapter 2 of this volume.

Combining different knowledge sets into a successful innovation is a process characterized by high uncertainty, as nobody knows what the final innovation configuration will look like. Managing innovations means reducing that uncertainty and turning it into knowledge, and this can be done only by committing resources. Incremental innovations, whilst by no means risk-free, are at least potentially manageable, as the innovation process starts from a well

known product, service or practice, and aims at developing improvements. In the case of radical innovations, uncertainty is higher as there is no prior idea about what is going to be developed, thus managing them is much more difficult and requires a greater commitment of resources. Because of its very nature an innovation process can be divided into three phases: generation, evaluation and implementation of ideas (Behrends, 2001).



Source: Wahren, 2004; Tidd et al., 2005

Figure I.1 Phases of the innovation process

The generation of ideas foresees an internal and external environmental scanning for threats and opportunities for change, and can be sustained by creativity enhancing tools. As more ideas are usually generated that later on can be implemented, the goal of the evaluation phase is to recognize valuable ideas, distinguish them from not valuable ones, and decide upon which ideas to develop. In order for meaningful ideas to become valuable for a firm they need to be implemented. In this last phase, ideas are designed and adapted, transformed into a product or service, tested, refined, advertised and finally marketed. Before generating ideas a pre-phase usually defines objectives and strategies. This phase fixes which types of innovations with which effects within which timeframe and with which instruments should be generated (see Figure I.1). Going through this cycle of phases constitutes a learning process for firms;

it gives them the opportunity to build up their knowledge base and therefore improve the way in which the process is managed.

To sum up our previous thoughts, the phases included in an innovation process are all linked to each other and take place more in a spiral than in a linear way. They can be hardly planned. However, if on one hand innovation activities need free space and an atmosphere of creative chaos, on the other hand their development also requires clear objectives, planning, order, discipline and, last but not least, resource commitment (Wahren, 2004).

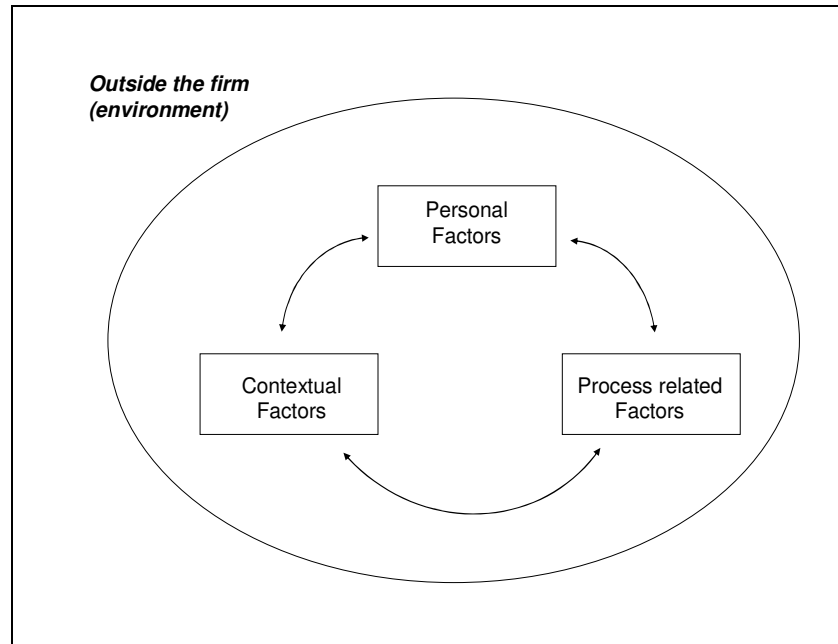
Sources of Innovation

According to Schumpeter (1997) the fundamental drive of economies is represented by entrepreneurs. They can move the capitalist machine by creating innovations in the form of new consumer products, new means of production or transportation, or new services. As mentioned above, Schumpeter called this phenomenon 'creative destruction'. He saw the success of capitalism as the cause of its destruction, which is explained by the loss of innovative entrepreneurial characters and their substitution by modern types of organizations with more diffuse ownership structures – not tailored anymore around single individuals. The image that the entrepreneur alone with her or his ideas, opportunity recognition and discovery capabilities can lead to innovations still finds some followers. However, if we take a post-heroic position, we can see that many members within an organization are able to be creative and develop innovations.

Innovations are created by recognizing and exploiting opportunities (Luhmann, 1987). Opportunities are recognized by discovering discontinuities, discrepancies or differences among a lot of information. The strong increase in the innovation rate in the past decades is probably due to the introduction of new media, which have fostered the exchange and circulation of information (Wahren, 2004). Meaningful differences for firms are for instance changes in customers' needs, declining revenues from an until now successful product, the emergence of new products on the market, increasing complaints from the customers, or missed deadlines within the development of new products. In all cases a discrepancy between previous and actual conditions is identified, and acts as a catalyst for the introduction of innovative activities. Innovation-oriented individuals intensively observe their internal and external business environment, and know how to distinguish and focus on meaningful innovation triggers such as unexpected events, deviations from planned procedures, shifts in social or technical processes, economic or market related mutations or demographic changes (Drucker, 2000). Capabilities such as curiosity, learning aptitude, knowledge and skills, imagination, assertiveness as well as a portion of entrepreneurial instinct enable these individuals to innovate (Wahren, 2004). Such capabilities are not enough though. An innovation oriented business environment as well as the capability to shape, manage and optimize social processes are also necessary.

Innovation Capability

The capability of a firm to uncover discrepancies, recognize opportunities and turn them into marketable innovations depends on a complex bundle of interrelated and complementary factors (see Figure I.2), which can be divided into three categories: personal, contextual and process related factors (Behrends, 2001; Heidelhoff and Radel, 1998).



Source: Wahren, 2004

Figure I.2 Factors influencing the innovation capability of a firm

Personal factors, and therefore the specific behavior of individuals within a firm, can be stimulated by clearly communicating firm strategies and goals, giving employees autonomy, and hence trusting them as well as appreciating their ideas and actions (Luhmann, 2000; Weick, 1995). Motivation to engage in innovative activities – that is innovative capabilities – can thus be developed by orchestrating *contextual factors* such as organizational, leadership, and learning structures, as well as organizational culture (Wahren, 2004). This does not imply the destruction of existing contextual factors (Schumpeter, 1993, 1997), but clearly their derangement (Wahren, 2004). Innovation oriented organizational structures foresee the delegation of decision-making authority, an increasing use of hierarchy independent teamwork and the arrangement of free

time and space for innovative individuals and teams to autonomously operate (Thompson, 1967; Miles and Snow, 1978; Weick, 1995; Champy and Nohria, 1996). The implementation of these organizational measures needs to be supported by transformational leadership and organizational learning concepts (Senge, 1990; Cacioppe, 1997; Neuberger, 2002; Cardon and Stevens, 2004), as well as by an open and communication oriented organizational culture (Mumford et al., 2002; Bäcker, 2003; Martin and Terblanche, 2003). The BBC and Freeview cases, reported in Chapter 1 of this volume by Küng, depict well the effects of collaborative leadership on creativity and innovation at process-organizational level. Brink Lund argues in Chapter 10 that innovations can be most successfully diffused by creating ad hoc project teams, thus confirming the importance of contextual factors for the development of innovative capability. van der Wurff and Leenders in Chapter 8 further show the influence of organizational culture on innovation performance.

As generating innovative ideas and transforming them into successful innovations represents a process, the innovative capability of a firm further depends on its ability to manage that process. Critical *process factors* hereby are the development of a clear vision about future goal-oriented activities, that is, an innovation strategy, as well as the enactment of the necessary resources and tools for the strategy implementation (Wahren, 2004; Tidd et al., 2005). It is important that the actors involved in the innovation process know in which areas what kind of ideas for which purpose are to be generated, and by which means within which timeframe what kind of innovations with which effects are to be developed (HBR, 2002). This transparency not only provides the employees with a clear direction – thereby enhancing their engagement in innovative activities – but also endows the firm a frame for a goal-oriented resource deployment. A way to improve transparency is suggested by Sylvie and Huang in Chapter 11 of this book, by analyzing decision-making processes within a firm, and uncovering the values that influence them.

Innovation Management

Innovation management goes beyond the management of ideas generation and implementation processes. The main objective of innovation management is to effectively and efficiently organize innovative activities, so that their implementation supports the strategic and operative goals of a firm (Kirsch, 1997). As innovative ideas and activities are mostly unstructured, related objectives and their link to the general firm goals are unclear and uncertain. Thus innovation management means mastering complexity (Hauschildt, 2004; Hauschildt and Salomo, 2005). This function includes the management not only of internal activities and resources, but also of external information sources and relationships with customers, suppliers, education and scientific institutions. Establishing and maintaining the contact with the external environment is of extreme importance in order to keep track of environmental changes, new technologic developments, as well as to source and exchange ideas (Hauschildt,

1997). An example in this direction is given by van Kranenburg et al. in Chapter 9 of this book.

At organizational level, innovation management represents a cross-divisional function, which needs to be entitled with authority, or to have direct access to people with authority. Its integration with the Research and Development function is not suitable, as innovation management refers to all types of innovation, that is not only product or service innovations but also market, structure, process and social innovations. Incumbents might afford to have a dedicated organizational staff unit, while small and medium firms typically assign this function to one person in addition to her or his normal duties (Wahren, 2004).

As the aim of this book is to shed light on innovation management within the media industry, the next section is dedicated to the discussion of media characteristics and the peculiarities of managing media innovations.

MANAGING MEDIA INNOVATIONS

Characteristics of Media

Media products and services differ significantly among themselves and operate in economic environments with business dynamics which most other products or services do not encounter. This does not mean that media are not subject to standard economic, financial, and managerial influences or that standard economic theories and analysis cannot be applied to their study (Picard, 2005a). One basic distinction between media products refers to their nature of single creation or continuous creation products. Single creation products are idea-driven products based on unique individual media content. Examples of this type of product are books, motion pictures and games. Being a single and unique creation, these products are managed as a project and require high marketing expenditures to catch customers' attention. Firms dealing with this type of products tend to develop portfolios of projects in order to spread the risk of failure. In order to increase their probability of success, firms involve previously successful artists (Picard, 2005a, 2005b).

Continuous creation media products are concept driven products that foresee the on-going creation of changing content provided within a package that exhibits continuity. Examples are magazines, newspapers and television networks. Firms manage these products like processes and their core competence relies on the selection, processing and packaging of content. Marketing and sales costs linked to this type of media product are lower compared to those related to single creation products. They are, in fact, able to develop habitual use patterns and offer subscriptions (Picard, 2005b). Once established continuous creation products rarely fail. However, issues of branding become crucial for managers, who focus on improving the content by research on audience preferences, improving relationships with consumers, as

well as promoting additional consumption (Aris and Bughin, 2005; Tungate, 2004). For a deeper discussion on branding as innovation enhancing strategy, see Andjelic in Chapter 6 of this book.

In many aspects media products further differs from all the other products. First of all they receive special benefits from copyrights and related rights that are not extended to other types of products (Caves, 2004; Clayton, 2003). Second, as media products accompany our every day life and media people often enjoy a celebrity status, they are typically more visible to consumers compared to other products. Moreover, media are highly influenced by public policy and regulations as social, political and cultural goals are pursued through media.

On a more specific level, the major characteristics that distinguish media from all other products and services can be divided into supply side and demand side differences (Picard, 2005b). From a supply side perspective media companies tend to face less competition, as there are typically less media products than other types of products. Furthermore, media products can be protected by copyrights. See Lobigs and Siegert in Chapter 3 of this volume, for a deeper discussion on the link between intellectual property rights and innovation competition. As within media firms decisions are based on public service and cultural factors, established relationships, and intuitions (Bogart, 1995; Gans, 2003), the economic rationality behind those decisions is even lower in media than in other industries. For public service or artistic reasons people are ready to create content even without compensation. Unauthorized use of media products can easily happen and affect media firms' costs and revenues. Furthermore, because of their knowledge and artistic abilities, media employees enjoy professional autonomy which they wish to translate also in organizational autonomy. This causes constant organizational conflicts between content creators and managers, who argue on goals much more often compared to other industries (Küng-Shankelman, 2000; Picard, 2005). On the demand side the high unpredictability of success, due to the non feasibility of producing test units for most products, and the possibility of multiple reuses, distinguish media products from all other products. Further, time for consumption is limited and there is a large oversupply of content, consumers have significant power to determine demand in media markets. Demand is finally influenced by the dual product nature of commercial media. The existence of subscriptions and advertising financial support induce customers to consume unnecessary low-quality content and to acquire a lot of content that, in the end, will not be consumed (Picard, 2005).

Media Innovations and Innovation Management

Over the past 50 years, and in particular during the past decade, media firms have been influenced by and have been struggling with technological innovations. Such innovations changed and continue to change markets by introducing new types of media, altering audience and advertisers behaviors as

well as their own internal organizational processes. Media rarely dispose of research and development (R&D) functions or budget lines. On the contrary, they have traditionally relied upon suppliers of technology – such as press and studio equipment manufacturers, editing system suppliers and telecommunications firms – to conduct R&D, and come up with new ideas to stimulate the creation of adequate new media content. This behavior partly results from the nature of media products. Both types of firms dealing with single and continuous creation products employ technical innovations – produced by others – to improve their production and distribution processes. In this volume both Napoli (Chapter 13) and Wildman (Chapter 7) present an interesting example of how to use new technology to improve audience measurement and target advertising respectively. However, this happens in the long term. In the short term, firms producing single creation products concentrate on content innovation, while those manufacturing continuous creation products focus on improving their selection and packaging of content. Both activities emerge from daily operations and do not need a dedicated R&D department. An interesting discussion about how to adapt indicators in order to better define innovation within the media industry, and therefore more specifically study innovation in that field, is raised by Handke in Chapter 5 of this volume. Further, in Chapter 4 Habann points out how research designs could be improved to fit media innovation studies.

Depending on the type of media product, tasks change for innovation managers. When dealing with single creation products, managers should grant professionals with organizational autonomy and their support as the core competence of firms in this case relies on content creation. Innovation concentrates on improving existing products and/or developing new products. On the contrary, the core competence of firms producing continuous creation products is linked to their managerial capabilities, that is their capability to select, process and package content so that additional consumption can be increased. Thus the importance of the evaluation and implementation of ideas within innovation processes increases compared to the generation of ideas, and with it increases also the authority of managers over creative professionals. Innovation focuses on reducing production costs to allow firms to compete on price through efficiency or to streamline processes to increase production and distribution speed. Further, with regard to continuous creation products, innovation includes the improvement of packaging ideas in order to make products more attractive for consumers.

Looking at the features that distinguish media from the other products, considering that this industry faces less competition compared to other industries (Picard, 2005b) might induce media firms to think that innovations are not essential. Indeed media firms are less responsive to innovation and change compared to other firms. There is in the industry an increasing appearance of innovation fatigue, that is, a weariness and desire to stop innovating, caused by the speed of continuous innovation. This factor is to be seen also in consumers' behavior, whose ability to absorb continual change is

limited. However, complacency or inactivity is not the best answer to this situation. On the contrary it is the greatest threat to media firms' sustainability. If media firms do not pursue innovation and align to the fast changing environment they are operating in, their existence will be at risk. Alignment to the changing environment means for instance involving consumers in the innovation process (Benkenstein and Holtz, 2003). This allows media firms to develop media products according to consumers' preferences and therefore to increase the demand for their products. The 'social piloting' case described by Tasch and Fredberg in Chapter 12 of this volume represents a good example of innovative cooperation between media firms and consumers. Furthermore, new ideas about how to reuse media products could help firms producing single creation products to increase revenues and thus improve their risk management. Managing innovations means also finding a balance between creative professionals and managers, that is between their often diverging goals. Social innovations aimed at improving working conditions might improve the willingness of both content creators and administrators to compromise, and therefore join forces to increase the customer orientation of a firm.

THE OUTLINE OF THE BOOK

Considering the importance of innovations, in general and for the media industry in particular, the main objective of this book was to promote discussions on how media companies are currently embracing innovation, the levels at which they are doing so, and how innovation can help media companies to meet their development needs in the future. According to its objective the book evaluates the importance and the role of innovation within the media industry and helps identify and evaluate the drivers of innovation. The chapters demonstrate and build upon an understanding of the issues and strategies that bind media firms to new processes and technologies, and they offer clear guidelines on how media companies can accelerate growth through effective internal and external collaboration. The management of innovations has implications for the organisational development, human resource management, marketing and financing of media companies. Therefore, this book covers relevant issues that influence strategies, organizational structures, media content management and public interest within media firms.

After an introduction, thirteen chapters are included in the book and divided into the following parts: (1) Innovation Perspectives, (2) Innovation Research, (3) Strategy and Innovation Performance, (4) Innovation Management. The book has been divided in this way because the editors meant to stress specific issues. The first part points out the importance for media firms to have an innovation oriented way of thinking. The second part uncovers the need to clarify the definition of innovation in the media industry in order to improve the specificity of research methods. With part three, the editors recall that innovation strategy represents a premise for innovation management; it is

needed to set innovation goals and to control performance. Part four on innovation management, provides readers with some examples of how innovations have been managed in media firms.

Part 1: Innovation Perspectives

The first chapter explores and reflects on creativity and innovation in the media industry, looking particularly at the dichotomy between theoretical understanding and empirical practice. The author suggests that current scientific constructs do not capture the complexity and diffuse nature of these entities. Drawing on the cases of CNN and Freeview, Küng proposes that creativity and innovation are particularly critical in two areas of organisational activity – content generation, and strategy and systems – and that in successful organisations creativity in these two areas creates a self-reinforcing system that boosts overall performance. It concludes that the systemic nature of creativity and innovation within media organisations, as well as its impact on performance, needs to be further researched.

Innovation is analyzed from a competition perspective both in Chapter 2 and Chapter 3. In Chapter 2, theory suggests that the continuous acquisition of technological and market knowledge is essential for innovating within a turbulent environment such as the media industry. Consequently, McKelvie and Wiklund examine how the acquisition of technological and market knowledge affects innovative output of new ventures in new media firms. Under study here are firms 10 years or younger in the TIME (telecom, IT, media, and entertainment) sector in Sweden. Results suggest that the acquisition of technological knowledge is particularly important to enhance both product as well as market innovations, and therefore to increase firm competitiveness.

Chapter 3 develops a more specific perspective on competition by looking at the area of media formats. Here a general framework for the application of Intellectual Property Right (IPR) theory to innovation competition is developed and presented. The framework shows that protection and appropriation problems emerge at three different levels of innovative content creation within the mass media industry: copyright protected works, topical journalistic information, and media formats. Since legal IPR protection is weak or non-existent at all three levels, appropriation of innovation rents must largely build on economic or technical mechanisms. Applying this framework to competition among media format innovations, Lobigs and Siegert argue that an extensive IPR protection of media formats appears not to be legitimate.

Part 2: Innovation Research

Over thirty years of research on product innovation have not led to a consistent innovation theory, Habann argues in Chapter 4. Research is still fragmented, due to the existence of differing contexts and potential innovation success factors. This chapter aims at contributing to a methodological foundation of

theory building in media product innovation research. Starting from the status quo of product innovation research, a set of potential success factors for innovation in the media sector is identified, and a contextual framework is developed that may serve as a starting point to integrate diverse research projects. Such a framework may improve the integration and comparability of case-study-based and survey-based media innovation research.

Even if there is no consistent theory on innovation yet, it seems appropriate to apply economic theories of innovation and technological change to study an industry embedded in a highly volatile business environment such as the media. Chapter 5 reports on the methods and first results of an innovation survey conducted in 2005 among more than 1,000 small German record companies. It discusses general challenges in surveying innovation within media industries. Results from the innovation survey suggest that small and innovative record companies perform relatively well despite the severe recession in the market at large and the specific threat of unauthorised copying. Handke concludes that investigating innovation in media should aim at improving our understanding of best practices in such a challenging environment.

Part 3: Innovative Strategy and Innovation Performance

Due to the ongoing transformations taking place within the media industry, boundaries between media, advertising, and product brands are increasingly blurred. Goals, missions and strategies are becoming more and more uncertain for media firms, advertising agencies, and marketers, who are struggling to reinvent themselves and find a meaning to their existence, while consumers are creating their own entertainment experiences. The value of media content and advertising formats in the new mobile, interactive and customized entertainment settings is defined by their relevance for users' needs and media consumption habits. As a consequence, media firms urgently need to explore and develop adequate business models as well as strategies to deliver value to their customers. Chapter 6 discusses the innovative impact of new media consumption trends, enabled by digital technologies, on the media industry structure, the organization of media markets, and the economic logic of media firms. Anjelic finally proposes customization and branding as two possible strategic innovations for shaping the future developments of the media business.

In Chapter 7 Wildman shows that new strategies to maximize profits from the sale of advertising time and advertising space have emerged by applying new and developing information technologies. These technologies allow the acquisition of more accurate information on audience members' consumption patterns, and its use to deliver targeted advertisements to specific individuals within an audience. Implications for content selection are also examined.

Van der Wurff and Leenders studied the impact of media- and job-related values and practices on media organizational performance. Authors collected data by conducting a survey among similar informants working for a wide range of media and communication organizations. Results show that respondents

distinguish different performance dimensions and that these performance dimensions relate to different dimensions of organizational culture. *Innovative* performance – flexibility of responding to trends – depends primarily on work practices such as detecting audience preferences or risk taking. *Content* performance – providing quality content – is related to practices, in particular professional commitment, as well as employees' judgements on audiences and programmes. *Business* performance is not clearly related to organizational culture. Content performance and innovative performance turn out to be different conceptualizations of media innovativeness that fit respectively information and entertainment providers. By showing the different ways in which these dimensions are rooted in organizational culture, chapter 8 suggests that innovative performance in the entertainment industry is easier to manage than content performance in the information industry.

If in Chapter 8 van der Wurff and Leenders take an organizational culture perspective, the authors of Chapter 9 look at innovation performance from a strategic perspective. Deregulation, technological innovation and the convergence of media, entertainment, information, and consumer electronics industries have changed the telecommunications landscape from a steady into a turbulent environment. In order to sustain their competitive advantage telecommunications service providers have tried to improve their innovativeness by substantially increasing their external sourcing activities in new markets and new businesses. The study presented in this chapter gives insight into the most important external sourcing activity trends and patterns of telecommunication service providers since the 1980s. The general growth pattern of inter-firm partnerships and mergers and acquisitions (M&A) in the period 1986-2000 is analyzed. Data show an overall increasing growth pattern in both the number of M&A deals and of inter-firm partnerships with targets outside the telecommunications service provider sector.

Part 4: Innovation Management

In Chapter 10 Brink Lund addresses a number of salient questions related to the diffusion of innovations in the media industry. He argues that with regard to the effectiveness of communicating innovations, media managers appear to be relatively inept and hampered by change resistance from staff and customers. Based on diffusion theories and on the results of an action research project conducted among 59 executive media managers (editorial and commercial, working for Danish press, radio and television organizations), a framework for strategic change and diffusion of innovations is developed in this chapter. The author concludes that innovations, and therefore changes, can be most successfully diffused and managed by creating ad hoc project teams and not by relying on formal authority or individual enthusiasts.

Chapter 11 points out that before introducing innovations and changes a media firms should take a closed look at the process by which mid-level managers make decisions. Studying and understanding how managers frame

decisions and investigating the rationale of their decisions might help to manage innovation processes. By raising questions about values' roles in newsroom decision-making, the authors challenge scholars and newspaper managers to take a new view toward innovation. They suggest that values and culture can influence the way innovations emerge and are managed. USA mid-level editors – those charged with the practical aspects of choosing, justifying, editing, and publishing the news – were surveyed about the personal values underlying their decision-making. In general, the editors say they follow journalistic and audience values to make decisions and somewhat downplay the social and organizational influences. However, group differences emerge from the study.

Innovations in the media industry have important social functions that are generally not taken into account in established methods for testing new products and concepts, a view put forward by Tasch and Fredberg in Chapter 12. Although there are many methods that an organization can use when testing new product concepts, organizations in general seem to be very conservative in their choices. Chapter 12 focuses on methods for evaluating media innovations and analyzes in particular a form of social piloting test where technology, content services and their effects on social relations are evaluated. This method represents a way for the media industry to develop an understanding of market functions, interactions between media as well as creation of experiences.

In Chapter 13 Napoli focuses on innovations that present distinctive managerial challenges both to those introducing the innovations and to those potentially adopting the innovation. After presenting a theoretical overview of the literature, Napoli then presents the results of two case studies with regard to the recent introduction of two new audience measurement systems in the United States – the Nielsen BookScan system of measuring book sales and the Nielsen Local People Meter system of measuring local television audiences. The goal of these case studies is to explore how media organizations respond to innovation in audience measurement and to develop strategic recommendations for both media organizations and measurement firms on how to manage the introduction of new measurement systems.

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