

# VICTORIA ADVOCATE

## Authors urge 'drastic action' to save media giants

By LAURA IMPELLIZZERI/None  
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"The Curse of the Mogul: What's Wrong With the World's Leading Media Companies" (Portfolio, 272 pages, \$26.95), by Jonathan A. Knee, Bruce C. Greenwald and Ava Seave: For each of the world's many now-faltering media conglomerates, there are thousands of former writers, artists, actors, managers, sales people and other employees, plus countless investors, consultants and fans.

So there's no shortage of backseat drivers nattering like disillusioned lovers as media companies crash. The dispassionate critique from Columbia University economist and business professor Greenwald, business instructor and former investment banker Knee and media consultant Seave, which grew out of a class at Columbia's business school, contrasts with most recent commentary.

Reviewing the financial and stock market performance by top media companies — GE/NBC, Disney, Viacom, Time Warner, Vivendi, News Corp. and other conglomerates that produce and distribute information and entertainment — the authors conclude the companies have fallen short of the stock market, "significantly and relentlessly," for more than a decade.

They see a simple cause: decision-making in which efficiency is almost taboo and the fundamentals of economics and accounting are frequently suspended in favor of historic status as first mover or a belief unrelated businesses will suddenly experience "convergence."

"Without drastic action," the authors warn, "There is little reason to think that performance during the next 10 years will be any better."

Despite the book's title and scattered references to the personal failings of several well-known leaders, it's clear many layers of management shared a habit of magical thinking. The authors find equal problems at news organizations and more entertainment-oriented companies, for modernized businesses and old-guard, for conservative and liberal.

They offer a four-part prescription: efficiency, focus (concentrating on relevant challenges, instead of constantly trying new ventures), collaboration (not ensuring mutual destruction by overspending to disadvantage a rival) and self-awareness (being alert for unanticipated events and consequences).

Media conglomerates must determine their true sources of competitive advantage and forget about ephemera like brands, talent, an owner's deep pockets or how important a product may be, the authors argue. No matter how misty-eyed media people may be about their work, customers aren't so much.

But in a marketplace constantly being reshaped by new technology and its repercussions – where commerce in physical recordings of music has all but evaporated, for example – survival is not guaranteed, even for the unsentimental, the authors argue. And grace ultimately may be assured only by a willingness to admit defeat.

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