

Corporate Strategy

**Media Industry - the Honey-pot for
Entrepreneurs**

Source: [Aurel Voiculescu MBA http://www.aurelvoiculescu.com/mba](http://www.aurelvoiculescu.com/mba)

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Introduction

There appears to be an apparent phenomenon within the media industry whereby the key dominant players are classified as entrepreneurs. The key media players have become household names. How many of us could name or identify the heads of the world's most powerful banks? But Rupert Murdoch, Ted Turner, et al., are eternally interviewed, profiled and gossiped about.

Our research will attempt to determine why the media industry is dominated by entrepreneurs and what it is about this industry that attracts them. We will also consider the chief characteristics of an entrepreneur, and ascertain whether they are born or made? We have undertaken specific profiles on two of the largest media tycoons, Ted Turner and Rupert Murdoch.

We will then identify whether there are aspects of the industry that are unique and make it a particularly attractive business environment to operate in when vast wealth can be achieved in many other industries.

We conclude our research with consideration of the characteristics which will become the pre-requisite for success in this fast moving industry of the future.

Strategic Importance of Entrepreneurialism

There appears to be a correlation between organisations that are successful and the style of management adopted by them..

Successful media organisations need to be enterprising in their approach. Enterprise is fundamentally about individuals and their attitude to innovation and risk; both are key characteristics of entrepreneurialism.

The most obvious factors which differentiate entrepreneurs and professional managers is the ability to embrace high risk ventures and embark on projects, which others would view with a high level of uncertainty. This was characterised by Knight's theory of risk/uncertainty (1921). This is more recently reinforced by The Economist (1997), which stated 'academics argue that their tests show that entrepreneurs are more prone to both delusion and opportunism than normal managers'. However, David Robinson in his book "The Naked Entrepreneur" argues that the concept of the entrepreneur as a person who always takes high risks is a myth.

Entrepreneurialism is the ability to recognise and take advantage of business opportunities no matter how distanced they appear from current corporate strategy. This approach will assist in maintaining competitive advantage and will give the organisation the edge over its competitors. This is substantiated by Herbert and Link (1988).

Binks and Vale 1990 in addressing the economic impact of entrepreneurs said that from a selection of historical contributions that at least three types of entrepreneurs exist but suggests it is more helpful to focus upon entrepreneurial events rather than the individuals who carry them out. Three types are as follows:-

1. Entrepreneurs have been identified as reactive. They respond to market signals and in doing so convey and facilitate the market process. They are agents of adjustment.
2. The second is almost the exact reverse of the first category. They cause economic development by introducing and innovating ideas, which fundamentally rearrange the allocation of factors of production.
3. Through their management cause improvements of a gradual nature to existing products and processes. They do more than merely purvey the market process, they change it but in a gradualist rather than a fundamental manner.

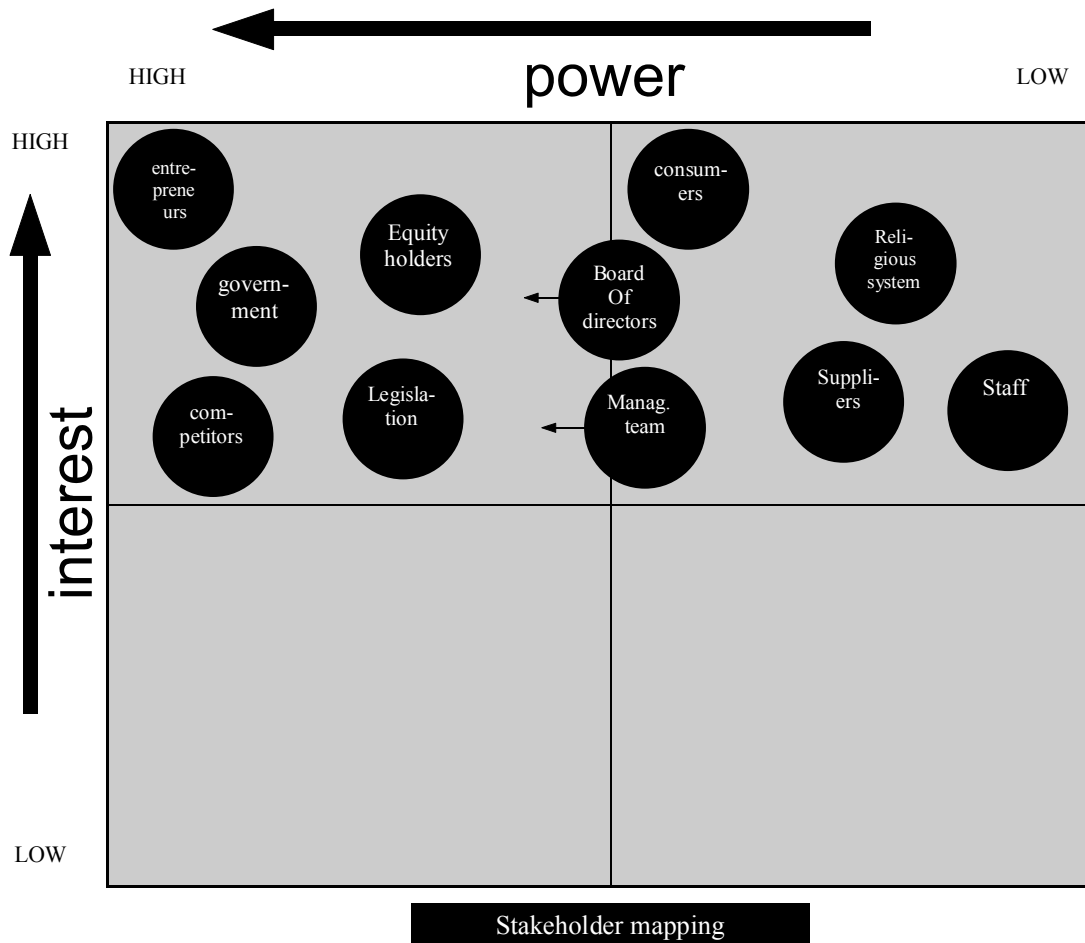
The process of successful innovation is a fundamental instrument of entrepreneurialism (Drucker). Entrepreneurs anticipate future trends and opportunities in the market and translate them into viable business propositions in advance of and with greater clarity than their peers (Robinson 1990)

The entrepreneur's commitment to the vision is stimulated at least in part by self-interest whether this is measured in terms of financial reward or personal recognition (Robinson 1990)

However, it should be recognised that there is an academic paradox, as entrepreneurs drive not all successful organisations. In turn not all entrepreneurs are successful; Clive Sinclair illustrated this in the 1980s.

Entrepreneurs add value at all stages of the value chain. At the most simplistic level this involves building relationships with producers and suppliers, streamlining and enhancing distribution channels and ultimately shrouding the consumer in the corporate clothe.

Entrepreneurs have a dominant influence on all stakeholders. Having recognised a stakeholder interest, e.g. powerful political involvement within their industry they will go to almost any lengths to manipulate this influence to their advantage.



Adapted from Johnson and Scholes, Exploring Corporate Strategy, Prentice Hall Europe, 1999

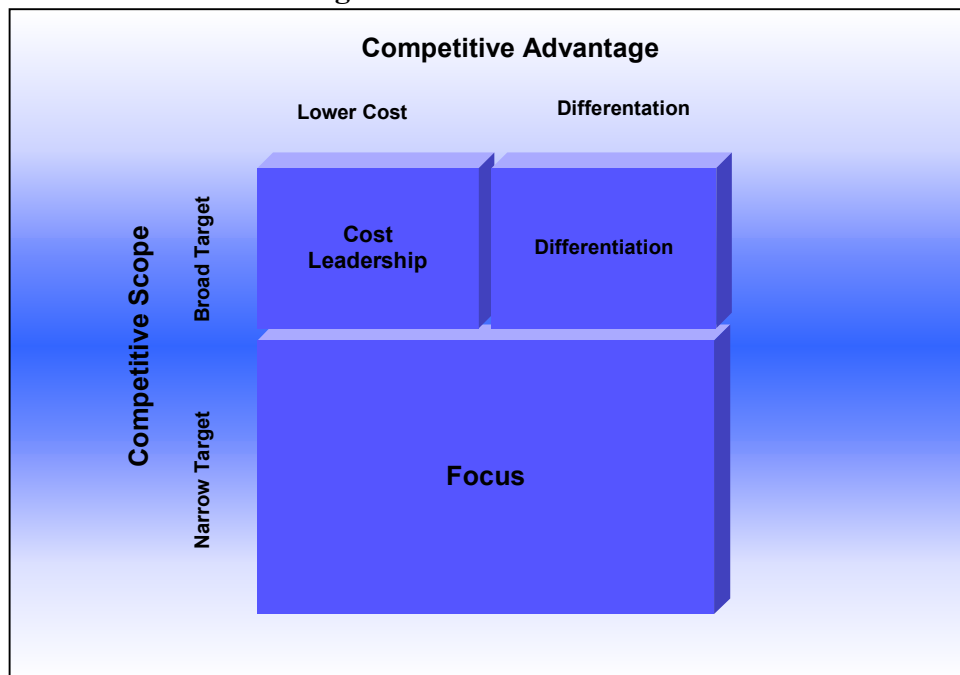
‘The entrepreneur will aggressively pursue any method of obtaining competitive advantage and is a natural rule-breaker. They are prepared to sail close to the wind and to use unconventional techniques’. Robinson 1990

There are significant implications for corporate governance as a result of the dominant role entrepreneurs play within their organisations. Typically they are both the public face of the organisation and the founding force behind its success. Examples include Steven Case of America online, Henry Ford of Ford Motor Company and Larry Ellison of Oracle. Maintaining control is of absolutely critical importance to the entrepreneur. Aswell as being large shareholders in their organisations they ensure that they retain their position as the ultimate decision maker by establishing structures that protect self-interest or in some instances e.g. Rupert Murdoch by nepotistic appointments to key positions within the organisation.

Strategic Options and The Media Industry

Of the numerous corporate strategy “tools” available to the entrepreneur Generic Strategies have proved to be a valuable aid – especially in the media industry. There are numerous examples of generic strategies (as defined by Porter – see diagram below) cost leadership, differentiation and focus, being utilised by entrepreneurs within the various markets that form the media industry. While it is unclear if the use of these generic strategies (by media entrepreneurs) are undertaken on purpose from a knowledgeable position, or the unknowing reaction of the entrepreneurs to changing market conditions.

Porter’s Generic Strategies



In the following paragraphs we will evaluate how the generic strategies identified above have been utilised by entrepreneurs in the media industry. The examples given will provide information regarding the generic strategy utilised and the success (or otherwise) of the media company utilising the strategy.

- **Cost Leadership** – This generic strategy requires aggressive pursuit of cost reduction measures, tight cost and overhead control, and cost minimization in all business areas. The most famous example of the use of this generic strategy in the media industry was by the Murdoch owned papers The Sun and The Times which have both engaged in “price wars” with competitors in the 1980’s and early 1990’s. The “price war” allied to the cost minimalisation at both the papers offices and print facilities, enabled the Murdoch owned papers to gain competitive advantage. However, as in the longer term this generic strategy may restrain the company to only competing on the basis of price – and hence have market forces minimizing profits, both The Sun and The Times have now supplemented or replaced cost leadership as the sole strategy utilised.

- **Differentiation** – This generic strategy of is one is identified by differentiating the product or service of a firm. If it is successful it will create something that is perceived within the relevant industry or market wide as being unique. This generic strategy is widely utilised in the media industry. The most obvious form of differentiation is the use of a valued brand name to distinguish the product or service from competitors. Lynch identifies News Corporation, Time Warner, Disney and Viacom (MTV) as entrepreneur controlled media companies that utilise Differentiation as their Generic Strategy for competitive advantage. Differentiation can be (and is) a very successful approach for the companies identified above and is sustainable in both the medium and longer term.

- **Innovation (Focus)** – Porter uses the word Focus for the final generic strategy. He describes it as focusing on a logical or physical group within the market. However a study by Edward Kaitz at the University of Virginia proposes that this generic strategy is in reality a type of innovation, an argument I feel is becoming more valid in the rapidly evolving technology of the media industry. Technological developments have made this strategy is potentially the most profitable but often the hardest generic strategy for a media entrepreneur to adopt. The most successful proponent of this generic strategy has been Ted Turner and CNN. By creating it's own market sector (24hr News) CNN has utilised this generic strategy with breathtaking effect.

We have seen from the above sections that all generic strategies have been utilised at one time or another by entrepreneurs within the media industry. There have been varying degrees of success, some are more suitable for media companies than others, in this industry (as in others), the success of a generic strategy it is dependant upon the strategy selected and maturity, nature and focus of the market concerned.

Even if a strategic direction is not adopted by an entrepreneur or media company – the very process of considering the various “generic strategies” available, and their suitability for the business will in itself be beneficial. The entrepreneur contemplating the current state of the media company and reasoning why a generic strategy is not suitable will still understand the market, objectives and hence the business better.

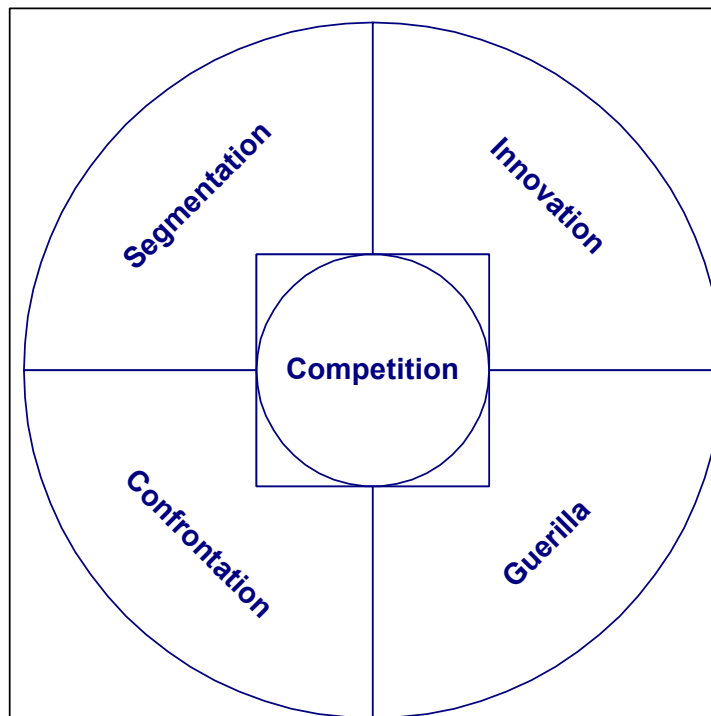
Generic Strategies as defined by Porter, Lynch etc. are not a panacea to all the problems encountered by entrepreneurs running a media company. However, technological innovation, the recent explosion of media start-up companies and associated unprecedented rise in the value of the stock of such companies can be attributed to the adoption (conscious or otherwise) of generic strategies.

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Aggressive Strategies And Entrepreneurs

Having utilised a cost leadership, differentiation or focus (innovation) as the basis of a their companies corporate strategy, a trait of the most successful entrepreneurs in the media industry is that they continue to refine and develop the corporate strategy, often along aggressive lines. The competitive nature of the media industry ensures that entrepreneurs and the companies they control are amongst the most aggressive when developing competitive strategies.

Lynch's Four Main Attack Strategies



The diagram above identifies the four main attack strategies described by Lynch. There are obvious parallels to military strategy in each of the above areas and many entrepreneurs seem to enjoy the comparison to generals and other military leaders.

Confrontation – This aggressive strategy is utilised where an entrepreneur seeks to engage a competitor company “head-on”. This is both a risky and resource intensive strategy, however the nature of entrepreneurs makes this an option.

Segmentation – This attack strategy is where a segment of a market is identified as vulnerable, and an attack is launched on the limited area. This strategy is often compared to a flanking manoeuvre in military terms.

Innovation – This strategy seeks to “take the fight” with competitors to new markets or niches where existing benefits and advantages may not be applicable.

Guerrilla – As the name suggests a “guerrilla” strategy is where a company seeks to realise short-term opportunities relying on speed and agility to keep it ahead of larger and more powerful competitors.

What Makes an Entrepreneur?

Rupert Steiner in his book 'My First Break' attempted to define the secret of becoming an entrepreneur and following interviews with over one hundred entrepreneurs, Steiner concluded that there was not one defined path. He has, however, drawn out observations of an entrepreneur's personality traits. They have a tendency to be rebels, outsiders, original thinkers, risk takers and break new ground. Entrepreneurs are always on the lookout for new business opportunities and have the guts it needs to start up a business. They have total commitment to what they are doing, which verges on obsession behaviour.

Although some of the traits that they exhibit are similar to those of 'ordinary' businessmen, entrepreneurs have a tendency to come up with good ideas, which they execute better than anyone else. They have the flair to identify niche opportunities and are able to secure finances and to build an infrastructure and to keep the organisation afloat until it starts to make a profit.

Sue Birley, Imperial College Management School Professor of Entrepreneurship has tried to identify when the spark of an entrepreneur comes from. She concluded that to get a business established you need someone with persuasion, persistence with no inhibitions about identifying resources to transform the vision into reality.

People do not typically switch on being an entrepreneur. Some comes from nature, some from nurture. It is hard for people to be taught to be entrepreneurial: they either have it in their genes or in their upbringing or not at all. People cannot be taught to relish risk taking. Imagination is not taught in the classroom.

However, academics believe that education can help to provide those with a spark with at least some of the skills they will need to turn that spark into something more substantive. Michael Hay, Director for the Foundation for Entrepreneurial Management at the London Business School says it is possible to give aspiring entrepreneurs some insight and help to build their confidence. He says that you cannot teach people to have a good idea but you can develop inter-personal skills, sales and marketing and general management skills. You can make them better prepared and increase the odds for success. He says that it is crude to say that people are born entrepreneurs but thinks they are shaped by early experiences and role models.

Other theories regarding the psychological traits of an entrepreneur suggest that they are driven by specific psychological traits or even flaws. Some have a passion to be able to prove to themselves and to others that they can achieve although deep down they are suffering from low self-esteem. It has been found that some entrepreneurs are profoundly insecure and they strive to prove to themselves that they are better than they perceive themselves to be. However, they do tend to have an insight into other people's strengths and weaknesses and have a great ability to lead and motivate their staff. They generally have a gut feel for what customers want.

Extensive research has been carried out on the psychology of entrepreneurs by Cary Cooper who is Bupa Professor of Organisational Psychology at Manchester

University's Institute of Science and Technology and he states that many entrepreneurs are 'bounce-back' people with a powerful desire to achieve. He says that '...they do not get distracted by either success or failure; they just plough on, never satisfied and constantly in fear of 'being found out'. Often after one success they think 'I fooled them' and need to do it again to prove it was not just a freak event.'

Cooper also says that entrepreneurs see failure as confirming their inner fears but following failure they do not give up; they just get started again to try and prove that they can get it right a second time. Cooper also observes that being an entrepreneur has negative aspects to it. They tend to be unable to have and miss out on close relationships and the family life that others have. Their focus is only on the business to an obsessional degree, which can be likened to a drug. Only a few entrepreneurs actually set out to build big businesses and to attain wealth and, interestingly, money is not a prime motivator.

Cooper has classified entrepreneurs into two categories; those who are functional and those who are real. He suggests that functional types are not genuine entrepreneurs. They tend to have one success and subsequently live off that success and need to show to people that they have been successful. They like to be seen with their money as they have little drive to establish another success. This varies significantly from the real entrepreneur. They keep coming up with new ideas to prove to themselves and to their peers that they are capable of doing so. Their main driver is a fear of failure and not for tangible wealth benefits. A real entrepreneur never stops.

It has been demonstrated that many entrepreneurs grow tired of their business after a while and sell them or recruit fresh managers to free them up from day to day involvement. Once the buzz has gone from the original risk, many are on the look for their next entrepreneurial 'fix'.

By definition they are risk takers, modern merchant adventurers avoiding the stifling bureaucracy and politics of big companies.

Cooper notes that many entrepreneurs are actually incapable of running a business. They do not like the tedium of building a company. They employ a strong team of managers to do this

Cooper says entrepreneurs are driven by a need to control the world in a way that they were unable to control in their childhood's. In a survey he discovered many were inspired by a caring parent or a mentor. More than 70% of entrepreneurs could identify some significant shaping event in their childhood. A factor common to many entrepreneurs Cooper has researched are the number who suffered bereavement at an early age.

Richard Branson of the Virgin Group says that he would not have been able to start Virgin if he had not done so whilst he was a teenager, with no mortgage, dependants or ties. He states that half of his success is getting the right people around him and encouraging them to be committed to what he is doing. He states the importance of having a passion for what you are doing.

Timings et al., 1977, identified the perceptions of characteristics and role demands of entrepreneurial types and managers as follows:

	Successful Entrepreneur	Unsuccessful Entrepreneur	Professional Manager
Personal Attributes and characteristics	Personal drive (highly dedicated to business) Persistent Strong character Competitive Independent Takes educated risks Builder Has realistic goals Ethics	Self-centered Unwilling to listen to others Takes big or small risks Unclear goals Money more important than building a business	Proven skills and expertise Can establish goals Can direct and motivate Self confident Decisive Competitive Thinking about the next job Cautious risk taker
Role and job demands	Own values and standards Hard work Sacrifice Business comes first Knows the business Team builder Long hours in early years Five to ten years to build business Innovation and creativity	Same as successful entrepreneur but doesn't meet many of the demands	Orientated to organizations values, status and rewards More routine work pattern Security builds up Less risky Management skills crucial Maintenance and efficiency orientated

Krueger and Thueson using the Myers-Briggs Type Personality Indicator would describe an entrepreneur as having an ENTP type of personality – extrovert, intuitive, thinker, and perceiver. An ENTP looks for one exciting challenge after another. They are highly inventive types whose enthusiasm leads to a variety of activities. Their inventiveness is attributable to their rich intuition which gives them a world of endless possibilities, which, when combined with their objective decision making facility and directed outwardly converts everything to ideas and schemes.

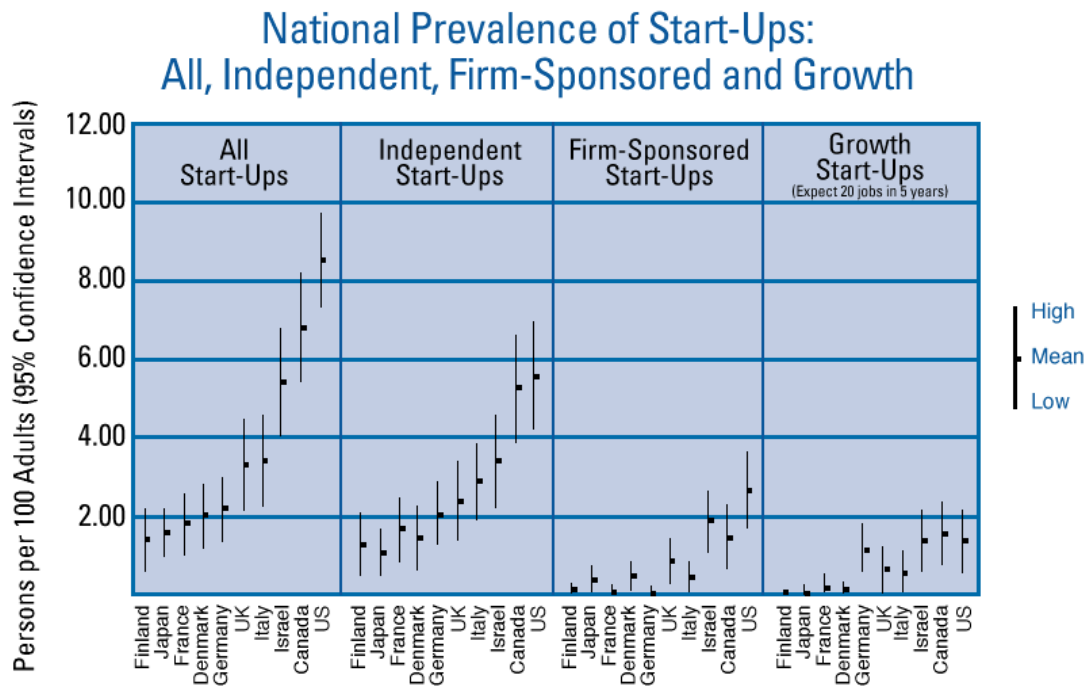
During an interview with a Consultant Clinical Psychologist, he described entrepreneurs as extroverts. Serebriakoff describes entrepreneurs as an outward looking, socially friendly and uninhibited type of person. Enjoys company, feels at ease in a large circle and tends to form a large number of relatively shallow

relationships. They are confident, assertive and friendly, we can represent this extreme type as a boisterous, talkative and friendly commercial traveler who is very much at home in a bar or at the club.

The constant variable in being an entrepreneur is getting a break.

Any country that ignores its entrepreneurs quickly runs into trouble!

Levels of entrepreneurial activity – country specific



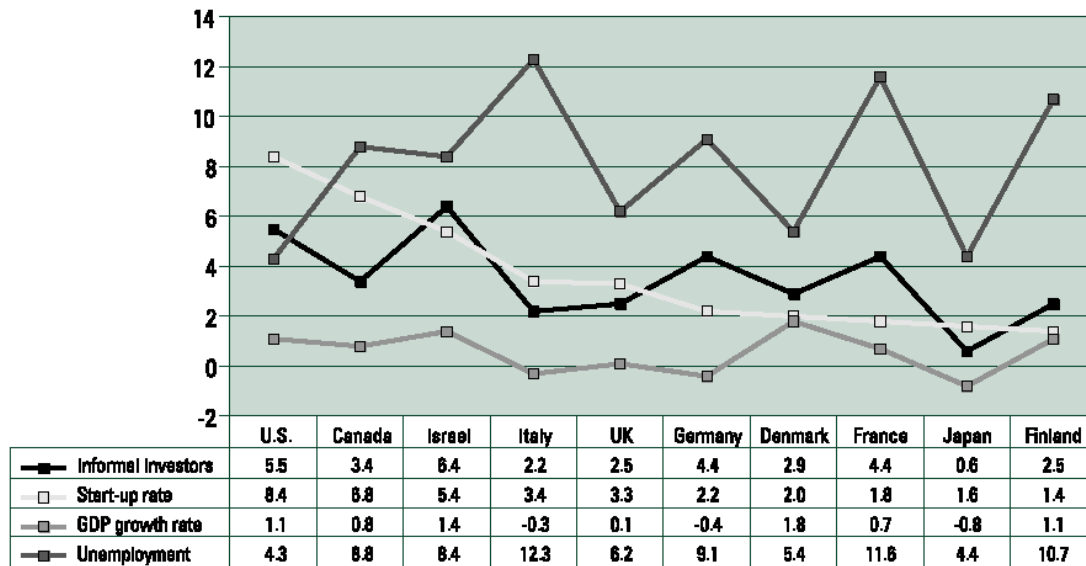
Reynolds, Hay and Camp (1999) state that the level of entrepreneurial activity varies between countries with significant differences. As a measure of the level of national entrepreneurial activity they have used the estimates of active participation in new business creation.

The differences in participation in new firms start-ups are enormous, from more than 8% of the adult population – one in every 12 persons in the U.S. to less than one in every 67 persons in Finland.

Approximately one in four start-up efforts for the 10 countries is a business-sponsored effort, while the other three are independent efforts.

Entrepreneurial activity and economic growth

Start-up Rate, Informal Investor Participation Rate, GDP Growth Rate and Unemployment Rate: Cross-National Comparisons



Zacharakis, Reynolds, Bygrave (1999) argue that there is a strong positive correlation between firms start-up rates and growth in national GDP and the employment rate.

Profile of Ted Turner

Described as one of the most influential and colourful media executives of the late 20th century Robert Edward Turner III has amassed a personal fortune estimated at some \$3.2 billion. “Unlike most contemporary titans of industry, Turner has actually led a dramatic, disorderly life, one worthy of several biographies.” Born into a wealthy family in Cincinnati, Ohio in 1938, Turner’s childhood and early adulthood were dominated by his tyrannical, alcoholic father. After graduating in classics from Brown University Turner started work as an account executive for the family billboard-advertising business. Following the suicide of his father in 1963, he became president and Chief Operating Officer of the company, Turner Broadcasting Systems (TBS), a position he held until 1996.

Turner has been the recipient of numerous industry and civic awards including; Entrepreneur of the Year, Communicator of the Year, World Telecomms Pioneer and Time Magazines Man of the Year.

Married to the film star Jane Fonda, Turner has 2 sons and 3 daughters from his previous 2 marriages. Despite his phenomenal business success Turner has been quoted as saying “There are other things in life much more important than just making money, and having made a lot, I’m qualified to speak about it.” In 1996 he asked fellow billionaires to focus on sharing their wealth not amassing it and he appealed directly to the media to create a list of the largest givers in an attempt to stimulate philanthropic competition. Turner himself is a philanthropist on a grand scale. In 1997 he pledged \$1 billion to the United Nations, this constituted one of the largest single charitable donations in history. Cynics have questioned Turners motives. The Economist asked “How long before UN treaties are signed on CNN headed paper, or UN peacekeepers wear sponsored by CNN T-shirts? “ It is certainly unlikely that Turner’s motives are entirely altruistic. From a business perspective there are tangible benefits to be gained. It is rumoured for example, that the announcement has already made it easier for CNN to gain access to countries such as Iraq, Cuba and North Korea than other television companies.

Turner is an active environmentalist. He established the Turner Foundation, a grant making organization, which supports environmental and population related initiatives.

An ardent sports fan Turner is president and owner of the Atlanta Braves and the Atlanta Hawks. Although he no longer sails competitively, he is a very accomplished yachtsman, having won the prestigious Americas Cup in 1977 and the Fastnet Trophy in 1979. He has been voted Yachtsman of the Year four times.

Turner embarked upon his broadcasting career in 1970 when he bought Channel 17, a failing UHF (ultra high frequency) television station in Atlanta, Georgia. By 1975 Turner had transformed it into the first ‘superstation’ WTBS, by transmitting low-cost sports and entertainment programs via satellite to cable systems throughout the United States. This innovation proved highly profitable and accelerated the growth of cable television nationwide.

In 1980 Turner launched Cable News Network (CNN), the world’s first 24-hour television news station. Its live in-depth coverage of news around the world enabled it to become a highly successful and respected news organization. Initially, the broadcast establishment was extremely skeptical of the concept however, by the time the Gulf War ended CNN had proved

a point to the whole world. CNN International the company's global news service is now distributed in more than 200 countries and territories worldwide.

In 1985 Turner purchased the MGM/UA Entertainment Company which owned the Metro-Goldwyn-Mayer and United Artists film studios. Many analysts considered that Turner had paid too much to acquire the company. He did experience significant financial difficulties following the acquisition and was forced to sell off most of the company's assets within a few months, for a fraction of their purchase value. However, Turner did retain the most important asset of the company; MGM's massive library of films which included classics such as *Gone with The wind* and *The Wizard of Oz*. In 1988 he launched Turner Network Television (TNT) on which many of the films were shown. This proved to be an extremely successful strategy, and in 1998 just 10 years after its launch TNT reached a distribution milestone of 75% of U.S. television homes.

In 1996, TBS merged with TimeWarner to form TimeWarner Inc. The deal worth \$7.6 billion made Time Warner Inc. the world's largest media and entertainment company with combined revenues of some \$19.8 billion. As a result of the merger Turner became vice-chairman of Time Warner's board of directors, more importantly, he became the biggest single shareholder and retained full control of TBS as an independently operated division.

There was speculation that following the merger Turner would mount a boardroom coup to oust the time Warner Chairman, Gerald Levin. This didn't happen "...Paradoxically, the maverick and self-confessed contraries has been a model team player and has almost single-handedly reinvigorated the company". Although still heavily in debt, Time Warner's revenues increased by 25%, reaching \$6.1 billion in the third quarter of 1997. It is acknowledged that Turner's proven business acumen and entrepreneurial vision have given the company a greater strategic focus than at any time in its history.

What Next For Turner?

"Success has strengthened his confidence and his destiny as a man who will help change the world. What he'll do next is anybody's guess ... This I am certain of. It won't be anything small."

One of Turners as yet unfulfilled and burning ambitions is to own one of the major U.S. Television Stations; ABC, CBS, NBC or Fox. Some commentators believe that Turner is obsessed with the idea and is prepared to take outrageous risks to obtain a major network. In the past he has mounted an unsuccessful attempt to purchase CBS. The fact that Rupert Murdoch owns Fox continues to be a major source of irritation to Turner. The vitriolic feud between the two media tycoons is a matter of public record. It is no coincidence that the TimeWarner Cable network in New York refused to carry Murdoch's Fox News when it was initially launched. Murdoch took TimeWarner to court and won the right to show Fox News on New York Cable.

Profile of Rupert Murdoch

Rupert Murdoch is by any description one of the world's most prominent business giants of the modern commercial world. As head of News Corporation he can be rightly classified as a true entrepreneur but some commentators of gone further from such 'pleasantries' and referred to him as a corporate tyrant. It is important to understand what he has achieved and how he has developed his media empire.

The 20th century saw many 'media moguls' and Murdoch with a personal fortune in excess of £5 billion, is up there with the rest. They have been elevated to pinnacles of power and celebrity.

The News Corporation is divided into five key operating divisions; Filmed Entertainment, Television, Magazines and Inserts, Newspapers and Book Publishing and includes many well-known corporate such as ABC Television, Asian-based Star Television, 20th Century Fox, The Times in London and New York Post. The combined group reported sales revenues in excess of \$21 billion during 1999.

From his early days at Oxford University back in the 1950's Murdoch's character is one that has opted for a role of dominance in his chosen commercial field of media and broadcasting. In terms of his influence, it is all encompassing and transcends from both a high level strategic overview to a flag-waving public face of his New Corporation empire. Murdoch takes the role of Chairman and Chief Executive, backed Peter Chernin as President and Chief Operating Officer; one must question the distinct difference in these roles from a corporate governance situation.

Murdoch lives and breathes for the success of the organisation. He once commented, "for better or for worse, our company is a reflection of my thinking, my character, my values." (FT, 2000). They describe themselves in the Annual Report as "the only vertically integrated Media Company on a global scale" and as they now reach 2/3rds of the World's population through all mediums this is not a corporate oversell. The first illustration of his entrepreneurial spirit is in the structure and ownership of the News Corporation organisation. The company is managed by a 21-strong *Executive Committee*, which includes his two sons, James and Lachlan and his Daughter, Elisabeth. The Executive Committee lists strategic direction as one of its primary focuses. The Executive Committee "...reviews and sets the strategic focus and direction of all major businesses of the company" (News Corporation, 1999). The Murdoch family directly controls some 30% of the company's stocks.

Does he interfere?

Andrew Neil, former editor of The Sunday Times, is well known for commenting that Murdoch had a seemingly unhealthy influence on the direction and editorial content of his newspapers. Murdoch himself says "I try to keep in touch with the details...I look at the product daily. That doesn't mean you interfere, but it's important occasionally to show the ability to be involved. It shows you understand what's happening".

Image

In the main foyer of New's offices in London there is a 20ft high painting of Murdoch, towering over the entranceway. His office within the Daily Mirror is reported to be "very large and timber lined" by Keith Bashford, former New International journalist. Bashford had 'crossed' Murdoch over an editorial piece to which Murdoch responded to with a "hurricane that filled my ears and my brain. His attack had an operatic quality that I almost admired. Perhaps most bizarrely as I withstood this violent assault, I also detected a note of impartiality in his voice." Michael Leapman entitled his 1984 biography of Murdoch the "Arrogant Aussie" and this style appears as a theme throughout his approach to life and commercialism.

This 'larger than life' personality is prominent in many ways, although it is acknowledged that he is actually a fairly introverted character on the public stage and doesn't like celebrity for celebrity's sake. His focus is on development of his business interests rather than personal kudos and the report by Bashford goes some way to illustrate that he will do almost anything to further his business, but it's 'not personal' to those that he confronts along the way. This perhaps goes some way to highlight why Murdoch was attracted to the media world in the first place. He can express his thoughts and feelings without them being directly attributed to him, a type of back seat dominance of the arena but with everyone knowing who he is.

There is no love lost between the top industry moguls. There is a well-documented verbal, as well as commercial battle between Murdoch as Ted Turner, founder of CNN. Turner recently referred to Murdoch's latest wife, Wendy Deng as being "young enough to be his granddaughter". Wired.com, the on-line news service described Murdoch as "the Darth Vader of modern media, a brilliant and idiosyncratic loner and pirate who operates outside the glamorous mogul circuit. He has figured out where modern media is really going...he is betting on all [media] of them." Ted Turner likened Murdoch to Hitler in a public statement and Murdoch, on his part, has often used his publications as a perceived 'voice' for his own feelings especially when his New York Post referred to Turner as "veering dangerously towards insanity or are his comments...evidence that he has come off the medication that he takes to fight his manic depression?"

Murdoch could be viewed as having a philanthropic nature. In addition to various charitable commitments, this was demonstrated by his recent donation of \$10 for a new catholic cathedral in Los Angeles. He was subsequently, and some say, conveniently, then appointed as a member of the "Pontifical Order of St Gregory the great", which is essentially a papal knighthood. This in an environment where the church has viewed some of his TV and Satellite stations as being 'sleazy'. At the ceremony for his 'knighthood' it was stated that he had an 'unblemished character'. He divorced his wife of 31 years in during the same year.

Murdoch is a director of tobacco giant, Philip Morris, and also a director of CATO, the US rightwing think tank that portrays itself as a humanitarian organization. CATO is a body referred to by authors Stefania and Delgado as "playing a key role in forming the ideas and policies of the new Republican majority in Congress". In an internal Philip Morris document they refer to Murdoch as being "sympathetic to our position" and comments that "Murdoch's papers rarely publish anti-smoking articles these days". He was made a director of PM in 1989. Former director of PM, Geoffrey Bible was voted onto the board of Murdoch's News Corporation in June 1998. This interaction with semi-political issues is common in the Murdoch rise not least through favorable US taxation rulings. A 1997 New York Times

article noted of his Fox TV network “could never have succeeded if it had not received generous treatment at the Federal Communication Commission.” In 1996 Murdoch personally donated \$1 million to US Republican electioneers.

Murdoch, originally an Australian citizen, became British and then an American citizen in order to ensure business interests were controlled and this theme of complete ‘commitment’ to his business direction is prominent throughout his growth and development of the News Corporation. Andrew Neil notes that Murdoch “will curb his ideology for commercial reasons” realizing that “a Sunday Times which entirely reflected his far-right politics, especially on social issues, would lose readers.” Taking Neil’s assessment one-step further this right-wing approach is often favored by corporate advertisers, News Corporations bread and butter. Fellow Cato contributors ⁸ include; American Express, Salomon Brothers, Shell Oil, Chevron, Pfizer and Citicorp most of which are large corporate advertisers in Murdoch’s print and TV media.

News, as it is often referred to, alongside Bertelsmann remains in the Top 3 of global media companies behind Time Warner and Disney a situation that Murdoch is acknowledged to despise. His organisation experienced growth in excess of 10% during 1999 and is actively investing in new media opportunities left right and centre. Despite now being over 70, his active involvement is expected to continue until News Corporation is in the Number One position globally and his position of media’s king established in history.

Is there something about the media business that makes it particularly attractive to entrepreneurs?

The past 15 years or so have been one of the few times when owning media businesses has seemed glamorous. There have always been rich, sometimes arrogant and greedy people involved in the press, but they were hardly chic. William Randolph Hearst, for example, horrified his friends when he descended into the gutter of newspaper publishing. Recently however, we have witnessed the age of the media mogul or entrepreneur. A handful of rich males - Barry Diller, Rupert Murdoch, the late Steve Ross, Ted Turner, Mort Zuckerman, John C Malone, Laurence Tisch, Robert Wright, Gerald M. Levin and most recently Bill Gates have been elevated to what journalism considers pinnacles of power and celebrity. Sometimes they have even been described as visionaries.

Why are many of these entrepreneurs drawn to the high-risk media game? They could make much more money elsewhere, but the glamour possibilities in other industries are fewer – nobody would know who they were?

The greedy and ill-tempered insurance tycoon Laurence Tisch was hardly a household name until he bought CBS in the late 1980's. As a media mogul, he went to the hottest parties. But after he sold CBS (though he is still one of America's wealthiest men), he vanished into obscurity.

A 'media mogul' can be defined as a person who owns and operates major media companies, who takes entrepreneurial risks, and who conducts these media businesses in a personal or eccentric style. Given this last characteristic – personal or eccentric style – any two media moguls differ from each other. Think of such people as Murdoch, Hearst and Burlesconi; even these individuals do not possess all the media moguls' characteristics in full.

The pure or classic example of the media mogul confines his business activities largely to the media. Most media moguls however own some non-media businesses. There are also some examples of entrepreneurs who are primarily captains in some other industrial field, but in addition own and operate major media interests. The captain of industry who also had major media interests became a common pattern in 1980s Italy.

As the owner and operator of media enterprises, the media entrepreneur can command personal publicity on a massive scale; he is also of special interest to his fellow and rival media entrepreneurs and managers. The entrepreneur exercises a special fascination for all journalists and publicists – for who he may be a past, or potentially future, employer. Moreover the mogul's distinctive personal style often involves a highly distinctive personal publicity stance.

Some media moguls are self-publicists on a grand scale, but others seek to minimize publicity, seldom give interviews and avoid photographers. Most pursue some combination of high and low publicity profile – for example carefully limiting their public appearances while talking profusely and 'not for attribution' to selected journalists.

Great public concern and major controversy focus on media moguls in general and in certain individuals in particular. Relatively few people both read and understand the media mogul's annual report – indeed some moguls operate private companies or control public companies

through private trusts. Few people attempt to inspect and assess the full range of media output from a single entrepreneur's media enterprises. Public debate and controversy inevitably relies quite heavily on the media coverage of relevant moguls. Thus the entrepreneur's media image – contrived both by himself and his employees as well as by rival moguls and their employees is a formidable barrier to objective understanding.

But it is the media entrepreneur's political connections and electoral support, which lead to the greatest public controversy. In addition to delivering partisan support, at national elections media entrepreneurs may actively influence the evolving national political agenda through their ownership of prestige newspapers. Axel Springer (Die Welt), Robert Hersant (Le Figaro) and Rupert Murdoch (The Times – London)) all controlled prestige dailies by the 1980s; and all of the leading Italian dailies came to be controlled either by industrialist media moguls or by Burlesconi. The same patterns are now emerging in relation to the new media technologies.

Media entrepreneurs also tend to be politically involved in yet another way. The entrepreneurs seek favours from their political friends – in return for electoral and agenda setting support. There is also the implied threat that if a business favor is not granted, and then a less friendly editorial stance could result. In their business activities, and especially in their attempts to buy new properties and to enter new media fields, media entrepreneurs come into political conflict with media law and regulation on several fronts. Most obviously in entering new fields, media entrepreneurs tread on uncertain legal ground. Entrepreneurs come into conflict with independent or quasi-autonomous, regulatory agencies; but sometimes they may also face regulatory decisions, which lie within the direct power of politicians in office. Media entrepreneurs may face the threat or promise of friendly or damaging new legislation. Murdoch's purchase of the Times, The Sunday Times and Today in Britain all depended on favorable Thatcher interpretations of ambiguously worded monopoly law. Successive Australian Governments were even more indulgent of him in a series of decisions, which ultimately allowed him; despite acquiring US citizenship; to control some two thirds of all Australian daily newspaper circulation.

If we ask ourselves are media entrepreneurs party political loyalists, the answer seems to be no. Any political allegiances tend to be opportunistic. Evidence shows that these media moguls are not always loyal and certainly not to a party. Political allegiances tend to be with individual leading politicians and not with parties. This personal approach to politics is in line with their highly personal style, typical within entrepreneurs. As an own-and-operate entrepreneur they are risk takers who, to a greater or lesser extent, follow their personal inclinations. If you look at successful media entrepreneurs we are dealing with people who have not only indulged their own personal hunches and played to their individual strengths, but have done so with commercial success. Their working lives tend to spill into their private lives and vice versa. Business strategy and personal characteristics tend to merge into a single business-personal image. This merging seems to appeal to both show business and financial journalists. It makes for volatility, not least in terms of image and reputation, but also in terms of business reality and financial performance.

The media entrepreneur, keenly aware of his larger than life image and his previous record of successful risk taking, may be inclined to plunge into larger risks; business associates and bankers also dazzled by image and track record; may encourage yet further leaps into the financial unknown.

Media moguls with track records of successful profit making are of considerable interest to the financial services and banking industry. The New York and London stock markets each have a lengthy list of media companies. In the past this has led not only to an active market in media company shares but also to an active market making loans to media companies. Media moguls such as Murdoch, moreover, had a strong interest in bank borrowing, which enabled them to avoid issuing new shares and thus reducing their own control. Hence media entrepreneurs became significant figures also in the financial world, beyond the scale warranted by the size and strength of their companies. The large bank loans fuelled additional celebrity and notoriety. Under radically changed financial conditions in 1989 – 91, heavy bank debt found Rupert Murdoch and several other media entrepreneurs in severe business difficulty.

Jon Kayz, writing for *Wired News* in 1999 proposed that in our time the media mogul would fade into obscurity. He states that *'these men may remain glamorous for a while, but that only tends to obscure the reality that the new media mitigate against barons who control information. Compared with their predecessors such as Henry Luce and Bill Paley, your modern media mogul controls relatively small chunks of media in its various forms. Today's media is so vast and varied, even the richest media moguls can't buy all of it. No one or two can break through to earn the kind of money and gain the kind of power that might justify the degree to which they are beautified by modern journalism..... For all the hype surrounding the digital culture, and for all its own arrogance and chaos, one of the enduring legacies of the Internet may well be that it has returned the individual the center of media. With the sale of each modem, it is less likely that a tiny handful of people will ever again control most of the media..... Only Rupert Murdoch, the Darth Vader of modern media, a brilliant and idiosyncratic loner and pirate who operates largely outside the glamorous media mogul circuit, has figured out where modern media is going. Instead of betting on one medium – cable, the Net, a broadcast network – he is betting on all of them, assembling a staggering network of newspapers, TV networks, cable channels and satellite TV services that now bring popular culture too much of the world. However the news consumer of the future is shaping up as a sophisticated, restless independent-minded and interactive information gatherer. He'll pick and choose what he needs and wants: a web site here, a cable program there, videos for this purpose, radio for that, email and network television when it fits his needs. She will read books, buy magazines, shop on the web, trawl through Amazon.com and L L Bean online and download movies. She'll follow and discuss news and information through an individualized, constantly changing, techno-centered mix of media..... media is too big, diverse and fluid for any handful of people to dominate for long'* or does Rupert Murdoch negate this argument?

Will the opposite become true as portrayed in *FUTURECAST – The King of Chaos* (Sunday 23/4/00 Channel 4)? Will we in fact see one or two people controlling the convergence of all media so that all TV is available over the Internet for free? The programme featured video-on-demand over the Net, the introduction of sophisticated 'systems agents, to help you find what you want amid the morass of unwanted material, and the introduction of brand-led broadcasting. The reality is that all three will soon be with us. The most controversial is likely to be the gradual loss of popular programmes by the broadcasters to webchannels owned and financed by the large brand names like Virgin, Nike and Sony.

The programme was based on extensive research and features interviews with leading futurologists including BT's Director of Research PETER COCHRANE.

Future entrepreneurs and the new media

As the century winds down and the media business thrives through unprecedented revolution, a clutch of high profile entrepreneurs has seized centre stage. New communication technologies are redrawing the very boundaries of organisations.

Ericksen (1999) argues that the 21st Century may very well be remembered as the “Entrepreneurial Age”, in the same way that the Industrial Age is associated with the 19th Century and the Corporate Age with the 20th Century.

Useem (1999) argues that what both eras have in common is the kind of people who shaped them. The entrepreneurs of today may be building something very different from what was left to them by the last century’s lords of creation, but their underlying genius is the same. That underlines the understanding of what great entrepreneurship really is:

- ✓ An ability to recognize fundamental changes in the world that present new opportunities
- ✓ To form business strategies that take advantages of those changes
- ✓ To devise the new kinds of organizations needed to execute those strategies

Richman (1997) stereotypically describes traditional entrepreneur as a male, usually lacking significant educational credentials, who operate from the gut. He followed no plan and did things his way. He took risk and what he built, he owned. In his company, he made the rules. Employees could choose: they could do what the boss said, or they could leave. The entrepreneur didn’t expect bankers to understand what he did because entrepreneurs were, after all, born, not made. Entrepreneurship was an art, and entrepreneurs were artists.

Richman (1997) hypothesizes that what was really occurred is that entrepreneurship has changed dramatically from amateurism to what he terms the professional entrepreneur. He distinguishes the following differences between the two:

Self-reliant	Inquisitive
Pro-phobe (dislikes professionals)	Pro-phile
Start-up	Start-up or Whatever
Organizationally Orthodox	Organizationally Innovative
Trade Association Member	Web Surfer
Self-sufficient	Virtual
Think Small	Think Big
Small-business Founder	Entrepreneur
Seat-of-the-pants	Business Plan
Boss	Leader
Male	Mixed
Supportive Spouse at Home	Spouse Runs Own Business
Automation	Innovation
Intuition	Education
Research Backwater	Research Mainstream
Price Takers	Value Makers
Personal Financial Plan is the Business	Business is Part of Personal Finance Plan
Art	Science
Equity= Control	Performance=Control
Company	Career

Professional entrepreneurs today don't just have great ideas; they have great ideas and know how to plan their execution and know which capital sources to approach. The Economist (1997) states that the firms are surviving because entrepreneurs with sound ideas and limitless energy run them. But they are thriving growing at incredible rates more – in-part because they were financed and helped along by venture capitalists, who took a chance on their potential long before any financial market or bank would touch them.

The media business itself has been moving from broadcasting to narrow casting. All media companies used to produce one identical product – a film, a newspaper or a broadcast television network –, which they offer out to as many consumers as they could. Cable television changed that by starting to fragment the audience. Cable networks had to approach their audiences in a different way to the broadcasters: they had to develop niche programming, which meant thinking about what make people different, not what they had in common.

In future, new media companies will be seen as the prehistoric ancestors of fully evolved narrow casters. For they began a process that the Internet takes much further: bringing company and customer closer together. Consumers can answer back, and so they tell companies what they want. Companies can find out far more about their customers: where they live, where they shop, what music they like, what books they read. The individual relationship between producer and customers is in its infancy; but already, all sort of companies are beginning to sell things differently on the Internet. AOL Time Warner plans to make early use of these possibilities. AOL will, for instance, offer its subscribers free clips from Warner Music: because AOL knows its subscribers, they will be clips of the kind of music those individuals might want to listen to.

The merger will combine Time Warner's vast array of world-class media, entertainment and news brands and its technologically advanced broadband delivery systems with America Online's extensive Internet franchises, technology and infrastructure, including the world's premier consumer on-line brands, the largest community in cyberspace and unmatched e-commerce capabilities.

Steve Case (Chairman and Chief Executive Officer of America Online, who will become Chairman of the Board of the new company) said: "This is an historic moment in which new media has truly come of age. We've always said that America Online's mission is to make the Internet as central to people's lives as the telephone and television, and even more valuable, and this is an once-in-a-lifetime opportunity to turn this promise into reality. We're kicking off the new century with a unique new company that has unparalleled assets and the ability to have a profoundly positive impact on society. By joining forces with Time Warner, we will fundamentally change the way people get information, communicate with others, buy products and are entertained – providing far-reaching benefits to our customers and shareholders"

The merger between America on-line and Time Warner will create the **world's first Internet-age media and Communication Company:**

- ✓ Will be premier global company delivering branded information across rapidly converging media platform and changing technology
- ✓ Will provide far-reaching benefits to customers by speeding growth of interactive medium
- ✓ Will accelerate availability of broadband interactive services offering vast array of world-class content
- ✓ Will drive growth of advertising and e-commerce across unmatched combination of leading brands

Are there any negative consequences?

This merger brings forward the shift to narrow casting. Some people fear the social consequences. In an age when the bonds of family and community are loosening, broadcast television brings people together, listening to the same news, talking about the same issues, addicted to the same soaps. If the common ground disappears, so will be some of the glue that holds society together.

Media entrepreneurship is a dynamic, developing part of the new economy at this time in history. Entrepreneurism itself is emerging and maturing. What it will be as a mature contributor to the new economy is yet to be determined, but certainly innovation, knowledge, convergence and globalization of the new media are important factors.

Conclusions

We have concluded that the media industry does offer the entrepreneur something not found in any other line of business. It offers a unique lifestyle of glamour and publicity more importantly opening avenues of influence into politics and finance.

Many entrepreneurs have utilised generic strategies to develop their media company and gain competitive advantage. The entrepreneur will then develop and/or evolve the company's (emergent) strategy in response to external events and identified opportunities.

Our research has also confirmed that entrepreneurs are born and not made, because the personality traits that define an entrepreneur cannot be taught. Although it should be recognised that this is a highly debated topic of management science.

Summarizing what is it in the mind of entrepreneur: “ it is the creative element in the strategy plans and the drive and the will of mind that conceived them that give these strategies their extraordinary competitive impact” – Kenichi Ohmae.

The media industry is very fast moving where competitive success is dependent upon innovation.

Source: [Aurel Voiculescu MBA http://www.aurelvoiculescu.com/mba](http://www.aurelvoiculescu.com/mba)

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