Shining a light on orchestral manoeuvres in the dark

What are the competencies required of the music industry over the next 5 to 10 years?

A Creative Dynamics Event

Henley Business School - 29 February 2016

Guest Speaker: Stan Dwight

Report and Summary

Henley Business School in conjunction with Helen Gammons, programme director – MBA for Music & Creative Industries, invited music industry executives to a presentation of recently completed research undertaken by Stan Dwight into the competencies required of a rapidly changing music industry over the next 5 to 10 years. The research formed the subject of Stan's management challenge submitted as the final part of the requirements of the MBA for the music and creative industries. The event provided a platform with which to feed back the findings to the industry and its associated communities, encourage constructive discussion and debate, and hopefully sow the seeds of strategic development and change to the mutual benefit of all industry stakeholders.

The Music Blueprint – an analysis of the skills needs of the music sector in the UK, published in 2011 by the national skills academy declared (remarkably) that, across a survey of over 2,000 employers, '45% of businesses think there are no areas where they might experience skills problems in the future' (Creative & Cultural Skills, 2011: 21). In contrast, the findings of this evidenced-based piece of research point to an industry in need of developing some key skills and competencies if it is to embrace the opportunities that lie ahead, now and over the next 5 to 10 years.

Overview of the context

The context of the research was of an industry in transition, desperately trying to grappling with new models of operating without being quite sure of their eventual shape and potential. "We are in the room with the new model but with the lights out. We know it's got a soft nose and hairy legs, but we don't know whether its an aardvark or a pig – we can't see it properly". The findings evoked the image of an orchestra trying to play together, but in the dark and with no discernible vision and leadership.

The opportunity-response framework (Tovstiga, 2013:30) was used to illustrate an industry slow to adapt to technological change, hampered by a lack of internal capability and struggling with incumbent industry structure. By identifying future skills competencies, it is argues that if opportunity-response times can be reduced, the industry can increase its returns from future opportunities and shareholder/stakeholder value can be maximised.

The research was sponsored by UK Music under the auspice of the Music Academic Partnership (MAP). Interviews were conducted with 19 senior executives from all sectors: recording, publishing, management, live and also included musicians and opinion from industry representative bodies. The investigation was strategic in approach, taking into account the possible future shape of the industry and the trends of its customer base and had the following objectives:

1. To identify future trends in music consumption;
2. To identify future major growth areas in the music industry;
3. To identify any blockages hindering the development of emerging business models;
4. To identify future trends in workforce practices;
5. To identify competencies that are considered as essential for future music professionals in order to deal with the changing landscape as identified above, and
6. To identify how existing and new competencies should be developed

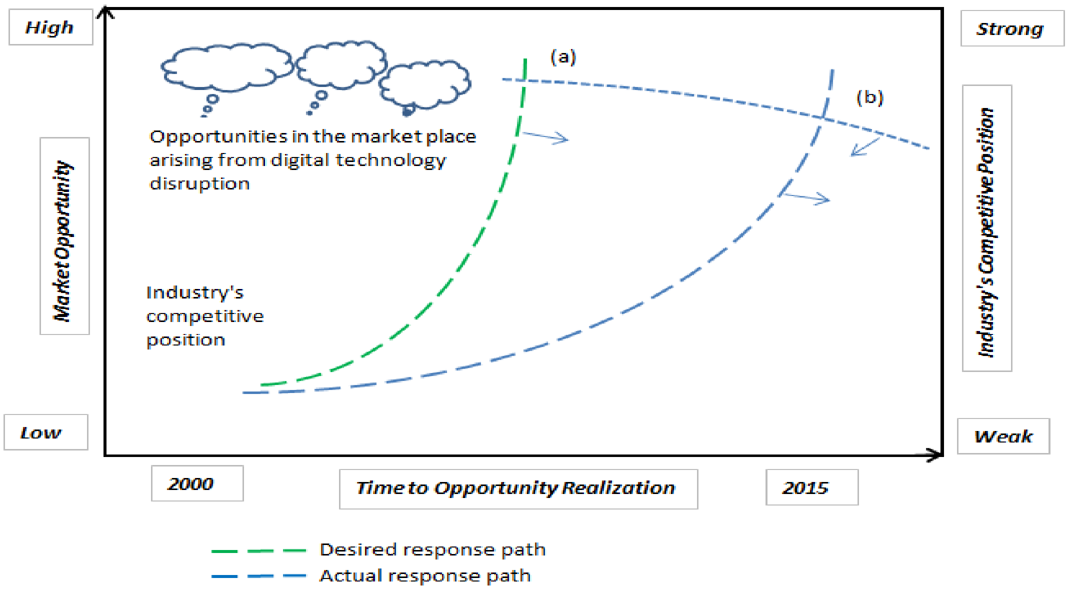


FIGURE 1: Opportunity-response framework modelled for the music industry (adapted from Tovstiga, 2013: 130)

The Findings – Four High Level Themes

Analysis of the research findings revealed four "meta-themes" influencing industry development and future competency requirements as demonstrated in Figure 2. Central to all four is the common thread of vision.

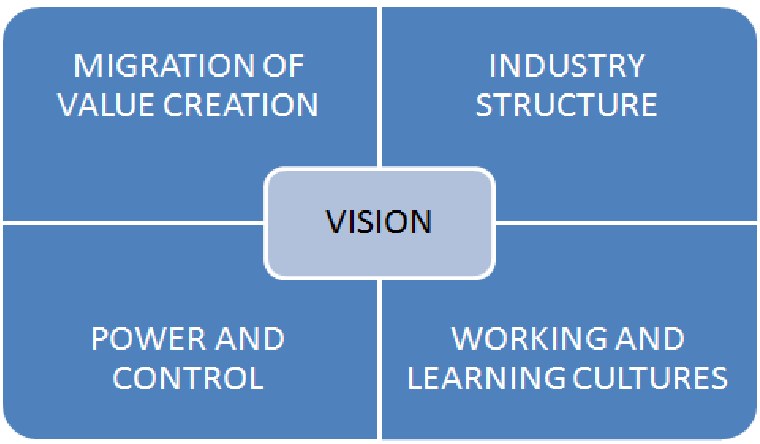


FIGURE 2: Emergent meta themes

Migration of value creation

Here the research revealed areas where value was seen to be migrating away from the traditional recorded music piece to more collaborative routes to market. Areas presented included:

- Patterns of consumption and the value of music;
- The way the internet has unbundled the record company;
- Managers as the new "labels";
- Artists as brands;
- Co-creation between artist and consumer;
- Convergence of sectors and industries

An insightful comment was that it is apparent that key players are now "tech" companies, fashion companies etc... *How do you define being in music?*

Industry structure

By investigating potential blockages to the development of emerging business models, it was clear that issues around industry structure were hindering progress. Areas presented here included:

- Perceptions of the industry: institutionalised, delineated, vested interests;
- New income stream development eg brand partnerships: hindered by too many touch points!
- Management of rights structure: fit for purpose?
- New business models required;
- Concern for the widening "major-inde" divide

The conclusion was that a reformed structure was needed to support shared interests and congruent decision-making, promote new "hot spots" of value creation supported by low overhead models.

Five key competencies emerged from this strand of the findings:

1. *Vision*: industry has no real "vision" and cannot conceptualise "success"
2. *Strategic analysis*: "the industry has been very bad at taking notice of customers"
3. *Leadership*: more open, less insular, not being threatened by external influence
4. *Presentation* (of industry): better advocacy, lobbying skills, better use of "stars"
5. *Execution* of strategy: currently poor; too many "echo-chambers"!

Working and learning structures

This third theme revealed an industry that was short on effective competency development, that this was hindering progress and that it needed to relate more to the new external context. The author presented findings around:

- Current and future workforce practices;
- Convergence of "data" and "music";
- Competency trends: hard skills wrapped up in "softer" skills – the new differentiator;
- Development of competencies (or lack of);
- Recommendations for education providers: "are they still selling a dream?"

It concludes that a learning culture should be fostered, be less insular and more open. There should be greater emphasis on "soft skills", problem-solving and educating for the real world. The future would comprise flexible, collaborative and networked working practices and the rise of the *portfolio* job and career, particularly within flatter organisational structures which would start to become the new "norm".

Power and control

The final theme synthesised findings around the shifts in power of various stakeholders and the implication for development of the industry going forwards and its future required competencies. Areas discussed included:

- Loss of control – distribution;
- Loss of control – pricing;
- Power shift to artists and consumers;
- Evidence for the shifting power-base of music companies?

It was noted that "the audience is becoming a much more important part of the conversation; they are increasingly becoming the new innovator and not the music company".

The findings conclude that value creation will be driven increasingly between the interaction of artists and consumers; influence is slowing moving away from labels and future culture will be more service orientated.

Conclusions and Recommendations

With the four high level themes in mind, it is proposed that there are three strategic steps to developing a competency portfolio:

1. Industry members need to consider how the industry of the future will look, where the power will reside and how it aligns itself with this new paradigm.
2. This new paradigm requires a fundamental shift in thinking and culture. A new model is proposed to help transition the industry into a new way of operating and overcome some of the blockages identified.
3. This new operating model requires key competencies of the future "music-industry" work-force.

Reconceptualising the music industry

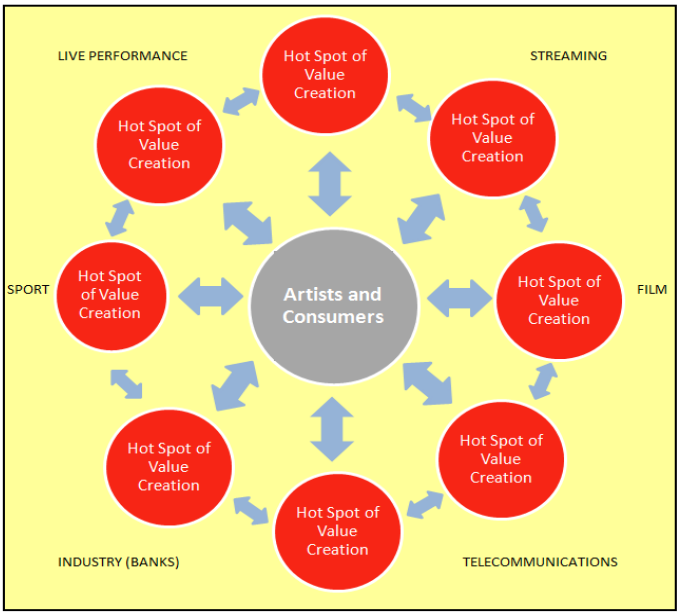
The paper concludes that the modus operandi of the "music" industry will continue to evolve rapidly over the coming years and postulates that, given the current evidence, it might look very different in 5 to 10 years time.

Instead of a "closed" model which is insular, transactional and controlled, a more "open" model of a wider networked "entertainment industry" will develop and will be innovative and relational in its paradigm (Figure 3).

A new operating model and mindset

It concludes that, in this more fluid and networked environment, the operating model of the industry needs to be reviewed and re-set with vision and shared values driving more congruent industry structures, processes and systems, requiring new sets of relevant competencies.

One such model, the McKinsey 7S framework, is a proposed as a possible starting point for implementing a more strategic alignment of the various components of the industry. It promotes shared values (arising from an overall vision) instead of vested interests as the key driving force (Figure 4).



"Open" model of a wider, networked "entertainment industry"
Open, innovative and relational

FIGURE 3: A new "open" model of a wider "entertainment industry" (drawing on the ideas of Hope & Fraser, 1999 and Gratton, 2007: 157)

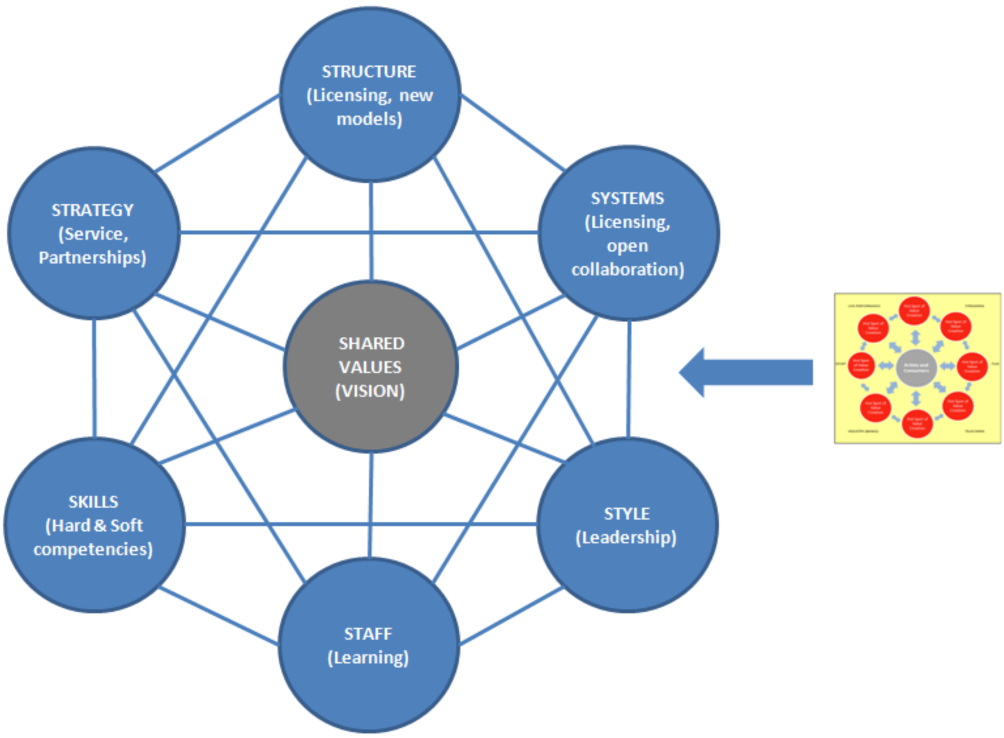


FIGURE 4: McKinsey 7S framework adapted for the music industry (Peters, 2014; Henley Business School, 2012c)

This framework enables us to expand upon the Skills component and formulate the competency portfolio:

A competency portfolio for music professionals

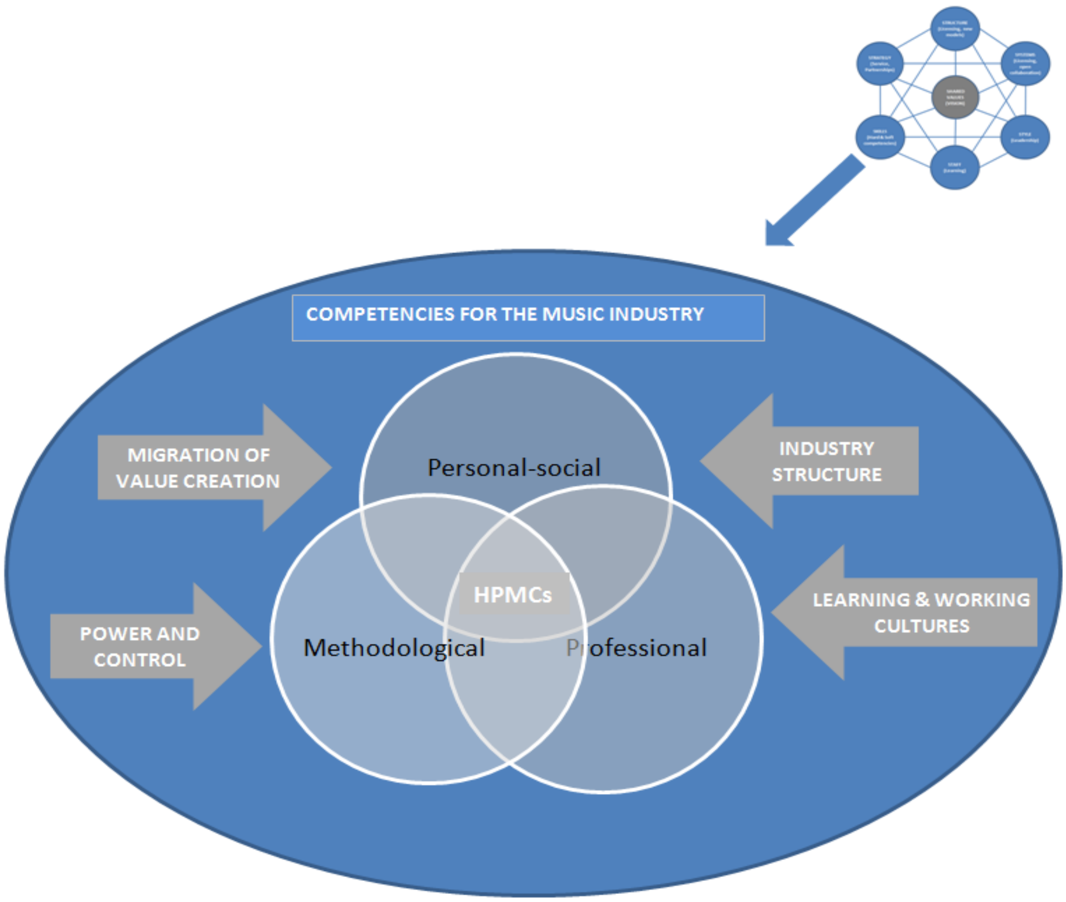
This paper recommends a portfolio of competencies to enable the music industry to operate this new model so that it can thrive in the new artist-consumer centric "music-verse".

The portfolio is influenced by the four emergent "forces" or "themes". Core competencies identified in the analysis are categorised under personal-social (or soft), methodological (soft/hard) or professional (hard) and within these, some 'high performance managerial competencies (HPMCs) are highlighted (Figure 5). The final portfolio as revealed by the research is outlined in Figure 6.

Critical success factors

The analysis indicates that there are three competencies that emerge as *critical success factors*:

1. Learning to learn
2. Critical & analytical thinking
3. Vision



HPMC - High Performing Managerial Competency

FIGURE 5: Requirements for future competencies for music professionals (adapted from Mietzner & Kamprath, 2013: 286)

COMPETENCIES FOR MUSIC INDUSTRY PROFESSIONALS		
Personal-social *SOFT*	**Methodological** *SOFT - HARD*	**Professional** *HARD*
HPMCs	HPMCs	HPMCs
LEARNING TO LEARN	**CRITICAL & ANALYTICAL THINKING**	**VISION**
OPEN TO NEW IDEAS	LEADERSHIP	STRATEGIC ANALYSIS
ABILITY TO SEE THE BIGGER PICTURE	TEAMWORK	EXECUTION SKILLS
TOLERANCE FOR AMBIGUITY	COMMUNICATION	ENTREPRENEURSHIP
SELF AWARENESS	PRESENTATION	BUSINESS ADMINISTRATION
	PROBLEM-SOLVING	
Theshold	Theshold	Theshold
Ability to ask the right questions	Intepretation	Data management & analysis
Flexibility	Negotiation	Social media competencies
Agility	Stakeholder management	Digital marketing competencies
Relationship building	Time management	Numeracy
Collaboration	Conflict management	Competent with technology
Resilience	Workplace etiquette	IP and Copyright
Empathy	Specialised Generalism	Writing and articulacy
Sensitivity	Cross functional working	Experience
Ability to be accomodating	Change management	
Humility	Professionalism	
Responsive		

FIGURE 6: A competency portfolio for music professionals (adapted from Mietzner & Kamprath, 2013: 290)

Summary

'Continuous evolution with no context is just entropy, chaos'

Findings from the research suggest that there are four key forces or themes influencing industry development and competency requirement: (1) Migration of value creation, (2) Industry structure, (3) Working and learning cultures and (4) Power and control. Central to all four is the common thread of "vision".

As a precursor to developing the competency profile, the research concludes that (1) a re-conceptualisation of the industry is required to take account of these four identified forces and (2) in order to address them, the industry might need to consider a new operating model; one that is driven by vision and shared values, and supports more congruent industry structures, processes and systems.

A key component of this new paradigm is a requirement for more relevant industry skills and competencies which are summarised as a competency portfolio. This is intended to give guidance to educational providers and the music industry itself as to the existence of performance gaps and provide direction of competency development. It proposes that there are 3 critical success factors to effective and prosperous evolution: (1) Vision, (2) Learning to learn and (3) Critical and analytical thinking.

For educational providers, it recommends courses that are broader in their scope, focus more on problem solving, have a higher emphasis on soft skills and are less theoretical in content. Music companies are recommended to implement continuous learning programs with greater input from other sectors and industries.

The three strategic steps required to develop the competency portfolio, by themselves, require competencies of vision, leadership and execution and immediately provide context and meaning to the portfolio of competencies identified. Equally, an important realisation is that the portfolio is merely a "snapshot" of future required competencies and that such an analysis is dynamic in nature and must be reviewed periodically.

The presentation was well received by the audience of industry executives. The overwhelming feedback was that the findings be presented to a wider audience and that initiatives are put in place to help navigate the industry through some of the changes and blockages to development identified. If change and innovation can be managed more strategically, then the music industry will be in a better position to reduce future opportunity-response times, increase its returns from new future opportunities and ensure that stakeholder (including shareholder) value is maximised by having relevant competencies in place or in the pipeline.

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