Management in the Media and Information Industries: Integrating the MBA Curriculum

Syllabus

1) Overview
The course takes an innovative approach to media and high tech -- bringing together many of the strands of the entire MBA/EMBA program and applying them to one of the most dynamic of industry sectors: media, information and communications. In doing so, it is also a "capstone course" for the business curriculum and thus useful for managers, entrepreneurs, investors, creators, marketers, and advertisers, and thus to students even if they do not aim for a career in this sector.

The course covers a media company's major functions (and by extension, of most companies): 1. The Producing function, including financing, HRM, technology management, and production management. 2. The Harvesting function, including demand analysis, marketing, distribution, pricing, and intellectual asset management. 3. The Control Function, including accounting and strategy. For each of these functions we will assemble:

I. A set of MBA tools and analyses for managers, investors, and users
II. A set of societal perspectives on drivers, impacts, and issues.
III. Examples:
   - Online strategies
   - Portfolio diversification for content
   - Optimal capital structure analysis
   - Technology project selection and budgeting
   - Valuation of intangibles and of real options
   - Demand estimation and analysis
   - Tournament theory of compensation gradient
   - Productivity measurement
   - Standards strategies
   - Strategies for competing with free
   - Advertising budgeting

We will cover several media industries throughout the course, from film & music, to print & TV, to telecom & internet.

In terms of format, the course provides lectures, cases, and invited experts from industry. Lectures are also fully available online in video, audio, and text formats, enabling off-site review. The Final Paper is a business plan for a project by startups or established firms utilizing next-generation (Gigabit)
broadband. Other paper formats and topics are possible subject to professor's consent. For more information, see www.citi.columbia.edu/about8217. For questions, contact the professor or the course TA.

2) Course Schedule
Session 1 A. The Information Environment
   B. Media Demand Measurement
Session 2 Production of Media Content
Session 3 Media Technology Management
Session 4 Human Resource Management in Creative Industries
Session 5 Financing Media
Session 6 Intellectual Asset and their Commercialization
Session 7 Entertainment Law and Media Regulation
Session 8 Marketing of Media Products
Session 9 Pricing of Information Products & MIDTERM
Session 10 Distribution
Session 11 Accounting and Valuation for Media and Information Activities
Session 12 Strategies for media and Information Firms

3) Course Requirements:
   I. Lectures
      Course lectures are available on the class website a week following their presentation. They exist in text (slides in PDF) and often in audio and video format. For several of the classes the material is available as a textbook chapter by Professor Noam and available in the "Required Readings."
   II. Course Readings
      ▪ Readings are located on the course website.
      ▪ They are also provided as a bound paper volume ("required readings" only, not "suggested readings"), distributed during the first class.
      ▪ They are also provided as an ebook for tablets, etc. This is available on CITI Course Website, described above.
      ▪ For feedback, each article can be evaluated by the reader online.
   Additional Resources
      ▪ The course website also provides several RSS feeds to continuously update news on the media industries:
        ▪ TV, Film, Internet, Telecom, Book Publishing, Newspapers, Theater
      ▪ The course website also includes many links to outside sites and resources, including industry newsletters for the latest information.
   III. Electronic Quizzes
For each course unit there is a brief online quiz, derived mainly from the readings. Quizzes can be accessed on each unit’s webpage section. They are self-grading, as feedback to you, and results do not count for the final grade.

IV. Class Discussion & Case Studies
The quality of your class participation is important. Brief case studies are provided in the "Readings" section of each individual course unit (online and in the readings volumes) and will often be discussed.

V. Midterm Examination
A 1-hour, multiple-choice and short answer midterm exam will be given in the 9th class.

VI. Final Paper Project
- The paper’s theme: A business plan for a new service or product based on Ultrabroadband
- (Ultrabroadband operates at speeds above 1 Gigabit per second, about 10 times current speeds. It is based on fiber networks, and is beginning to reach the consumer and small business market.)
- Any media, e-commerce, or tech project operating on that platform is acceptable as a paper topic.
- Explain how you would operationalize your strategy in the company in 20 pages plus. 2-person teams scale up to 30 pages.
- Other paper format and topics are possible subject to professor's consent
- Some topic ideas are listed on the course website
- The Paper should be organized with sections covering the 12 functions discussed in the chapters of this course (finance, HR, etc) where appropriate. An outline will be provided
- Paper due one week after last class
- Paper topic proposal must be e-mailed to TA by 4th class
- Ultrabroadband could be used, for example for:
  - Entertainment and sports
  - Immersive meetings and their applications
  - Live events
  - 3-D and super-HD (4K)
  - Marketing tools
  - Telemedicine and online shopping
  - Telecommuting
  - Virtual reality and simulated environments
  - Mobile location-based applications
  - Interactive Games
  - UBB-related issues include:
• Privacy and security protection
• Financing
• UBB and its impact on traditional media companies

The paper is due one week after the last lecture. For very extensive examples of business plan outlines, click here. For potential final paper topics, click here. All papers should be submitted electronically to the course TA. Examples of previous students’ papers are available here. They do not, however, follow the format which will be provided during the semester and posted. For an example of this see this page.

VII. Grading Composition
Grades will be determined as follows:

• Midterm 30%
• Final Paper 35%
• Class Participation 30%
• Completion of quizzes and submission of reading feedback (scores do not matter) 5%

4) People
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Eli Noam is Professor of Economics and Finance at the Columbia Business School since 1976 and its Garrett Professor of Public Policy and Business Responsibility. He served for three years as a Commissioner for Public Services of New York State, and was appointed by the White House to the President’s IT Advisory Committee. He is the Director of the Columbia Institute for Tele-Information, a research center focusing on management and policy issues in communications, internet, and media. He has also taught at Columbia Law School, Princeton University’s Economics Department and Woodrow Wilson School, the Universities of St. Gallen and Fribourg in Switzerland, and he is active in the development of electronic distance education. Noam has published 30 books and over 300 articles in economics journals, law reviews, and interdisciplinary journals, and served as a regular columnist for the Financial Times online edition. His recent books and projects include: Media Ownership and Concentration in America (Oxford); Peer-to-Peer Video (Springer); Who Owns the World’s Media (Oxford, forthcoming); Media Management (3-volumes, forthcoming); and the projects: A National Initiative for Next Generation Video. Noam has been a member of advisory boards for the Federal government’s telecommunications network, and of the IRS computer system, of the
National Computer Systems Laboratory, the National Commission on the Status of Women in Computing, the Governor's Task Force on New Media, and of the Intek Corporation. His academic, advisory, and non-profit board and trustee memberships include the Nexus Mundi Foundation (Chairman), Oxford Internet Institute, Jones International University (the first accredited online university), the Electronic Privacy Information Center, the Minority Media Council, and several committees of the National Research Council. He served on advisory boards for the governments of Ireland and Sweden, and is a member of the Council on Foreign Relations. He is a commercially rated pilot, served in the Israel Air Force in the 1967 and 1973 wars, and is currently a search and rescue pilot with the Civil Air Patrol (1st Lt.). He is married to Nadine Strossen, a law professor and national president of the American Civil Liberties Union for 18 years. He received the degrees of BA, MA, Ph.D (Economics) and JD from Harvard University, and honorary doctorates from the University of Munich (2006) and the University of Marseilles (2008).

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5) Course Website
I. The primary administrative access point to the course is Canvas (canvas.gsb.columbia.edu). For additional course content, such as supplementary readings and other links, go to the course website, either by linking from Canvas or directly. The direct URL is: www.citicolumbia.org/B7217S/ The website includes a variety of features such as quizzes, feedback, RSS newsfeeds, readings, lecture notes, etc. You can access the course readings, including the "Suggested Readings" which are not reproduced on paper, in contrast to the "Required Readings."

6) Cases
The cases are short business situations, as discussion topics tracking the lectures
Case Discussions:
Demand: Viacom's Golden Years Media
Production: Canal Plus and The Hollywood Advantage
Finance: Time Warner and Start Up Enter Internet TV
Technology: Sony as a Convergence Firm
HR: Disney and its Workforce
Intellectual Assets: GE Manages its Intellectual Assets
Entertainment Law and Media Regulation: Comcast vs. AT&T
Marketing: Condé Nast & "Fly & Sky" Magazine
Distribution: Bertelsmann's Physical and Electronic Distribution
7) Outline of Course Units

I. THE INFORMATION ENVIRONMENT
   ▪ INTRODUCTION
     ▪ History
     ▪ Is Media Management Different?
   ▪ MACROECONOMICS OF THE INFORMATION ECONOMY
     ▪ The Information Society
     ▪ Drivers of Change
   ▪ MICROECONOMICS OF THE NEW MEDIA ECONOMY
     ▪ New Business Models
     ▪ Economic Properties of Media
   ▪ 8 ECONOMIC MANAGEMENT TOOLS FOR MEDIA
   ▪ CONCLUSIONS

II. MEDIA DEMAND AND MARKET RESEARCH
   ▪ WHY DEMAND ANALYSIS
   ▪ DATA COLLECTION
     ▪ EMPIRICAL SAMPLING OF AUDIENCE/ CONSUMERS
     ▪ DEMAND EXPERIMENTS
     ▪ MEASURING SALES
     ▪ MEASURING TRAFFIC
     ▪ SELF-REPORTING
     ▪ ANALYTICAL/STATISTICAL MODELS
     ▪ INTERNET MEASUREMENTS
   ▪ ANALYZING THE DATA
     ▪ ANALYTICAL/ETC.
     ▪ ECONOMETRIC ESTIMATION
     ▪ CONJOINT ANALYSIS
     ▪ DIFFUSION MODELS
   ▪ CONCLUSIONS

III. PRODUCTION OF MEDIA CONTENT
   ▪ THE PRODUCTION PROCESS
     ▪ Special Aspects of Content Production
     ▪ Content Production Worldwide
     ▪ Case Discussion: CANAL PLUS AND The Hollywood Advantage
   ▪ CONVENTIONAL EXPLANATIONS OF SUCCESS FACTORS IN CONTENT PRODUCTION
   ▪ SUCCESS FACTORS IN CONTENT PRODUCTION
     ▪ Organizational Structure
     ▪ Risk Reduction
- Funding
- **PRODUCT DEVELOPMENT AS A KEY FACTOR**
- **CONCLUSIONS**
  - Elements of Success for Content Production
  - Future of Organizational Structure

**IV. MEDIA TECHNOLOGY MANAGEMENT**
- WHAT IS DIFFERENT IN MEDIA TECHNOLOGY DEVELOPMENT?
  - Case Discussion: Sony as a Convergence Company
- HOW IS R&D MANAGED?
  - The Chief Technology Officer
    - Selection of technology and R&D
    - Budgeting R&D
    - Management of innovation
    - Role of CIO
    - The standards process
- THE 1st CONVERGENCE: COMPUTERS (1C)
- THE 2nd CONVERGENCE: COMMUNICATIONS HARDWARE AND COMPUTERS (2C)
- CONVERGENCE WITH CONTENT, COMMUNITY, AND COGNITION
- THE FUTURE OF THE CONSUMER ELECTRONICS AND IT INDUSTRIES

**V. MEDIA HUMAN RESOURCE MANAGEMENT**
- THE HRM FUNCTION AND ITS ORGANIZATION
  - Case discussion: Disney
  - What is special about Media HRM
- "HARD HRM"
  - Human Capital Theory
  - Internal Labor Markets
  - Contract Theory
  - Productivity in the media
- "TOUGH LABOR"
  - Industrial workforce
  - Media workforce
  - Unions in the 'New Economy'
- THE CREATIVE WORKFORCE
- "SOFT CONTROL"
- **CONCLUSIONS**
  - The Info workforce of the Future

**VI. FINANCING MEDIA**
- CORPORATE FINANCE & THEORY
- SPECIAL ASPECTS OF MEDIA FINANCE
CASE DISCUSSION
  • TIME WARNER INTERNET TV
• INTERNAL FUNDING
• DEBT FINANCING
• OTHER TYPES OF DEBT
  • Securitization
  • Vendor and buyer finance
  • Government
  • Lease Finance
  • Risk Reduction Strategies
• EQUITY FINANCING
  • Partnerships
  • Private Equity
  • Venture Capital
  • Public Equity
• MODELS FOR OWNERSHIP
• CAPITAL STRUCTURE
  • Optimal Capital Structure
  • Financial Life Cycle
• CONCLUSIONS

VII. INTELLECTUAL ASSET MANAGEMENT
• INTELLECTUAL PROPERTY
  • History
  • Case Discussion: GE and its Intellectual Assets
• INTELLECTUAL ASSETS
  • Trade Secrets
  • Patents
  • Infringements
  • Frontiers
  • Trademarks
  • Rights of Publicity
  • Copyrights
  • Copyright vs. Patent
• COMMERCIALIZATION OF IPRs
  • Valuation Techniques
  • Securitization
  • IP Strategies
  • Licensing
• CHALLENGES TO IPRs
• PROTECTION STRATEGIES
• CONCLUSIONS

VIII. ENTERTAINMENT LAW & MEDIA REGULATION
• MANAGING NON-MARKET COMPETITION
• LEGAL & PUBLIC AFFAIRS FUNCTIONS IN MEDIA FIRMS
• Inside & Outside Case Discussion: Time Warner Cable vs. AT&T
  • Litigation Management
• INFLUENCING GOVERNMENT AND THE PUBLIC
  • Lobbying
  • Public Relations
• THE REGULATORY PROCESS
  • Self Regulation
  • Direct Government Regulation
• SUBSTANTIVE MEDIA LAW
  • Content Restrictions
  • Anti-Competitive Behavior
  • Profit Regulation
• GOVERNMENT INDUSTRIAL AND CULTURAL POLICY
• CONCLUSION

IX. MARKETING OF MEDIA
• Structure and Organization
  • The Attention Budget
• MARKETING ANALYSIS
  • Forecasting
  • Product Design
  • Positioning
• BRAND CREATION
• PROMOTION
  • Viral Marketing
• ADVERTISING
  • Marketing to advertisers
  • Budget
  • Media effectiveness and mix
  • ROI
• ONLINE TOOLS
• REGULATION OF MARKETING
• ANALYZING MARKETING PERFORMANCE

X. DISTRIBUTION NETWORKS
• INTRODUCTION
• DISTRIBUTION
  • Physical Networks
  • Informational Networks
  • Case Discussion: Bertelsmann
• THE NETWORK MODEL
  • Architectures
• ECONOMIC CHARACTERISTICS OF DISTRIBUTION NETWORKS
• ANALYTICAL TOOLS FOR DISTRIBUTION
  • Social Network Theory
XI. PRICING OF INFORMATION PRODUCTS

- SETTING A PRICE
  - Special Problems in the Pricing of Information Products
  - Case Discussion: Encyclopedia Britannica

- PRICING STRATEGIES
  - Pricing of Cost
  - Market-Based Pricing
  - Dynamic Pricing
  - Value Pricing

- MEASURING PRICE SENSITIVITY
  - Hedonic Prices
  - Conjoint (Trade-Off) Analysis
  - Optimal Price Discrimination

- LEADER PRICING

- STRATEGIC PRICING
  - Network Effect and Penetration Pricing

- STRATEGIES TO KEEP P>MC

- OTHER TYPES OF PRICING
  - Protection from Price Variations: Hedging

- LEGAL ASPECTS OF PRICING

- THE FUTURE OF PRICING: MICRO PRICING

- CONCLUSION

XII. ACCOUNTING AND VALUATION FOR MEDIA AND INFORMATION ACTIVITIES

- ACCOUNTING & MEDIA ACCOUNTING
  - Function of Accounting in Business
  - Is Media Accounting Special?
  - Special Problem: Post 2000 Scandals In Media Accounting
  - Case Discussion: Disney

- PROFIT ACCOUNTING

- FINANCIAL ACCOUNTING
  - What Financial Documents Investors Look For
  - Auditing
  - Balance sheets, P & L, cashflow curves
  - Analyzing Financial Statements
XIII. MEDIA STRATEGIES

- THE STRATEGY FUNCTION IN BUSINESS- GENERAL
- WHAT IS DIFFERENT ABOUT THE STRATEGY FUNCTION OF MEDIA INDUSTRIES?
- CASE DISCUSSION: COMCAST
- THEORIES AND TOOLS OF BUSINESS STRATEGY
  - Oligopoly analysis and game theory
  - Competitive analysis approach
  - Core competencies and RBV
  - Adaptability approaches
- THE EMERGENCE OF THE GURU INDUSTRY
- THE STRATEGY PROCESS
- EXTERNAL ASSESSMENT
- INTERNAL ASSESSMENT
- DEVELOPING STRATEGIES
- HOW TO SELECT AMONG STRATEGIES
- IMPLEMENTATION OF STRATEGY
  - Communication
  - Budgeting
  - Monitoring and assessment
- CONSTRAINTS TO STRATEGY
- CONCLUSION