

ABSTRACT

The Next Big Thing: a Creative and Innovative Management Case Study
of an Internet Video Startup Company

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This research is a case study of an Internet Video startup company in which data are generated primarily through participant observation and qualitative interviews. The research employs Creative and Innovative Management Theory (CIM) as a lens to analyze the startup company as it operates in its second round of venture capital funding. Key factors considered in this CIM approach are drivers (trends, needs/problems, opportunities/whitespaces, crises), talent (internal and external), issue generation (technological, economic, legal/regulatory, socio-cultural), acts of management (organizational structure, organizational structure, strategic planning, culture/environment, strategic alliances), and feedback. CIM proves useful in explaining the company's successes, as well as the areas in which it was less than successful. The research reiterates the importance of aligning management decision-making to market drivers and issues; it also underscores the importance of feedback loops to inform management acts, especially when markets experience disruptive change due to rapid advances in technology.

The Next Big Thing: a Creative and Innovative Management Case Study
of an Internet Video Startup Company

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TABLE OF CONTENTS

LIST OF FIGURES	vii
LIST OF TABLES	viii
ACKNOWLEDGMENTS	ix
CHAPTER ONE Internet Video	1
Introduction	1
Background	2
Reaction	3
The Problem	4
Internet Video Drivers	4
The Value of the Network (Receiving, Transacting, and Associating)	4
High Definition: The HD Effect	7
Analytics	8
Broadband Internet Access	8
Mobile Devices	8
The Industry Players	9
Internet Video Entrepreneurship	10
Research Outline	11
CHAPTER TWO Theory and Methodology	12
Introduction	12
Theoretical Foundation	12

Creative and Innovative Management Theory	12
Change and Innovation	13
Creative and Innovative Management Framework	14
Research Methodology	18
Naturalistic and Qualitative	18
Case Study Method	19
Participant Observation	19
Qualitative Interview	20
The CIM Questionnaire	22
Methodology Summary	23
CHAPTER THREE Data	25
Introduction	25
Company History	25
Qualitative Interview and Participant Observation Data	28
Drivers/Trends	29
Needs/Problems	33
Opportunities/Whitespaces	35
Crises	38
Talent: Internal	39
Talent: External	41
Issue Generation	42
Technological	42
Economic	45

Legal/Regulatory	47
Socio-cultural	49
Acts of Management	52
Organizational Structure	53
Strategic Planning	55
Culture/Environment	58
Strategic Alliances	62
Feedback	64
CHAPTER FOUR Analysis, Discussion, and Conclusions	68
Introduction	68
Drivers	69
Internal and External Drivers	71
Needs and Problems	72
Opportunities and Whitespaces	73
Crises	75
Talent	77
Internal Talent	78
External Talent	80
Issue Generation	80
Technologies	81
Economic Issues	82
Legal Issues	84
Socio-cultural Issues	85

Acts of Management	87
Organizational Structure	88
Strategic Planning	89
Culture and Environment	93
Strategic Alliances	94
Feedback	96
Conclusion	99
BIBLIOGRAPHY	101

LIST OF FIGURES

<i>Figure 1</i> Comparison of Sarnoff, Metcalfe, and Reed Network Values	6
<i>Figure 2</i> Creative and Innovative Management Process	15
<i>Figure 3</i> The CIM Feedback Loop	17
<i>Figure 4</i> iVid Organizational Chart Q1 2008	54
<i>Figure 5</i> iVid Organizational Chart Q4 2008	54
<i>Figure 6</i> Creative and Innovative Management Process	70
<i>Figure 7</i> The CIM Feedback Loop	97

LIST OF TABLES

Table 1: Network Values for $N = 10$ and $N = 20$	6
Table 2: Types of Participant Observation	20
Table 3: Highlights of iVid History by Quarter	26

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CHAPTER ONE

Internet Video

Introduction

Seven years after the crash of the first Internet boom, the second Internet boom was well underway (Stone & Richtel, 2007; Technology start-ups: Virtual repeat, 2007). This time, the boom was largely a result of Internet Video (Schifferes, 2006). YouTube started a revolution that shook the very foundations of the media industry (Delaney, 2006; Internet Video: Clip culture, 2006; Rainie, 2008; Sorkin, 2006). Internet Video, in its simplest terms, is video content distributed over the Internet (Palmer, 2006). This sounds simple, but both in its technical implementations and its impact on the media industry, Internet Video is a complex phenomenon. Internet Video presents a great opportunity, but it is also causing a major disruption in the overall media industry. This “new” media is stealing eyeballs from old media. Also, it appears that the largest financial disruption since the Depression has not stopped the Internet Video, but just slowed it down somewhat (Bauder, 2007; Goetz, 2005; Old media: King content, 2006; Palmer, 2008).

This thesis is a case study examining an Internet Video startup from the inside out. It employs participant observation and qualitative interviewing methodologies informed by the theoretical framework of Creative and Innovative Management to analyze an Internet Video startup that we will refer to by using the pseudonym “iVid.”

Background

In October, 2006, Google announced that it would acquire Internet startup YouTube for \$1.6 billion dollars, after YouTube had existed for only 18 months (Delaney, 2006; Sorkin, 2006). This in combination with other factors, such as declining TV viewer ship and increased online video consumption has helped many in the major media companies realize that their traditional (and until now, protected) content and distribution model is vulnerable (Bauder, 2007; Old media: King content, 2006; Wingfield, 2007).

The traditional power held by the media industry is two-fold: content and distribution (Palmer, 2006). Media conglomerates typically own their own content and control all/most of the distribution channels used to deliver content to consumers. With the advent of Internet distribution, that absolute control over content and distribution is disrupted (Bauder, 2007; The future of television, 2007). Now, with the advent of Internet-driven content creation and distribution, almost anyone can create and distribute content, whether it's their own content or remixing someone else's content (Internet Video: Clip culture, 2006). This is important because of the sheer size and even greater potential size of Internet distribution. For example, the most watched video on YouTube (since its inception to January 2009) has over 115 million views (YouTube most viewed, 2009). That's right, 115 million. That is not a secondary or tertiary audience; that is a primary audience through distribution that is controlled by Google, not the traditional media conglomerates. As Google and other innovative companies continue to disrupt the media industry, there will be great opportunity – the opportunity that invites innovation, rewards risk-taking, and can result in significant shifts in power, control, and money.

Reaction

The new medium of Internet Video has disturbed the traditional media companies, for several reasons: (1) they do not control it, (2) it has a large audience (potentially larger than traditional media distribution channels), and (3) it has the potential of generating significant revenue (and reducing revenue for traditional media companies) (Arango, 2009; Gigaom, 2009; Palmer, 2008; Rainie, 2008).

While the traditional media companies try to figure out what to do, some are responding in a defensive fashion; they try to protect their existing revenue streams and content; anything that infringes on these is seen as the enemy. Viacom has demonstrated this by suing Google/YouTube in the amount of \$1 billion for copyright infringement. The claim is that Google/YouTube should be responsible for users who post copyrighted material on YouTube, and should compensate Viacom for the content that has already been illegally distributed (Mossberg, 2007).

Other traditional media companies are going at it from slightly different angles. Ventures such as NBC's Hulu are examples of the media industry trying to make Internet Video fit the traditional model. Hulu has had some success so far, both in terms of viewership and in generating some advertising dollars, but most of the other traditional media company forays into Internet Video have met with either limited success or utter failure; and even with "successes" like Hulu, the advertising revenue generated falls short of the revenue lost in NBC's traditional channels and has not yet been enough to generate a profit (Stelter, 2008; Hulu who?, 2009).

The Problem

Right now, traditional video channels are losing viewers as Internet Video is gaining them, but the challenge is trying to figure out how to monetize Internet Video. Why did Google pay \$1.6 billion for YouTube when YouTube wasn't (and still isn't) making any money? The answer is simple: viewers. Viewers are potential customers and therefore attract the interest of advertisers. Companies scramble to get a piece of Internet Video, even though it is currently not generating much if any revenue, because they know viewers are potentially valuable – and not just as receivers of advertising messages – but as participants and contributors in viral and/or social networks of content creation, distribution, and consumption. Internet Video is seen as a potential golden goose; someone just has to figure out how to get the eggs. The bottom line question is: How does one make money in this new arena of Internet Video?

Internet Video Drivers

The Value of the Network (Receiving, Transacting, and Associating)

One of the biggest enablers or drivers in the new Internet Video model is how we understand what a network is and how it generates value. In a traditional broadcast model, we use Sarnoff's Law, which says that the value of the network is proportional to N , where N is the number of consumers or endpoints of distribution (Reed, 1999). In other words, every additional audience member adds to the value. However, in comparison to traditional broadcast networks, networks such as the Internet seem to be able to generate much more value from the same number of users. Two additional network value “laws” help to explain this: Metcalfe's Law and Reed's Law. Robert

Metcalf explained the value of networks, such as telephone and computer networks, as being proportional to N^2 , because N^2 describes the number of potential (or one could say “optional”) transactions (Shapiro & Varian, 1998). In addition, David Reed of MIT says that the value of networks that facilitate group-forming scales up even faster than N^2 – he says the value of group-forming networks is proportional to 2^N (Reed, 1999; Reed, 2001). For example, one of the popular features of Facebook is the ability to form interest groups. When you browse users on Facebook, you can browse by groups (connections that have been made between users), in addition to demographic information, and other associations like school, religion, music interest, etc. The power of this type of grouping and the information it provides is phenomenal. Applications such as targeted advertising, collaborative productions, medical and educational research, etc. aim to benefit tremendously from Reed’s Law.

Figure 1 illustrates how the Sarnoff, Metcalfe, and Reed values increase as the number of receivers or connections (N) increases. As an example of the differences among the three in terms of the rate of increase, Table 1 shows the value of each type of network with first 10 users and then 20 users.

In addition, consider that while broadcast networks are not able to support transactions or group-forming (thus their potential value is limited to NR), transaction networks are able to act also as broadcast networks (their potential value is $NR + N^2T$), and group-forming networks can enable transactions as well as act as broadcast networks (thus their potential value is $NR + N^2T + 2^NA$). The average value of receiving a message on a broadcast network (R) may be higher or even much higher than the average transaction value (T) and the average group association value (A), but since the average

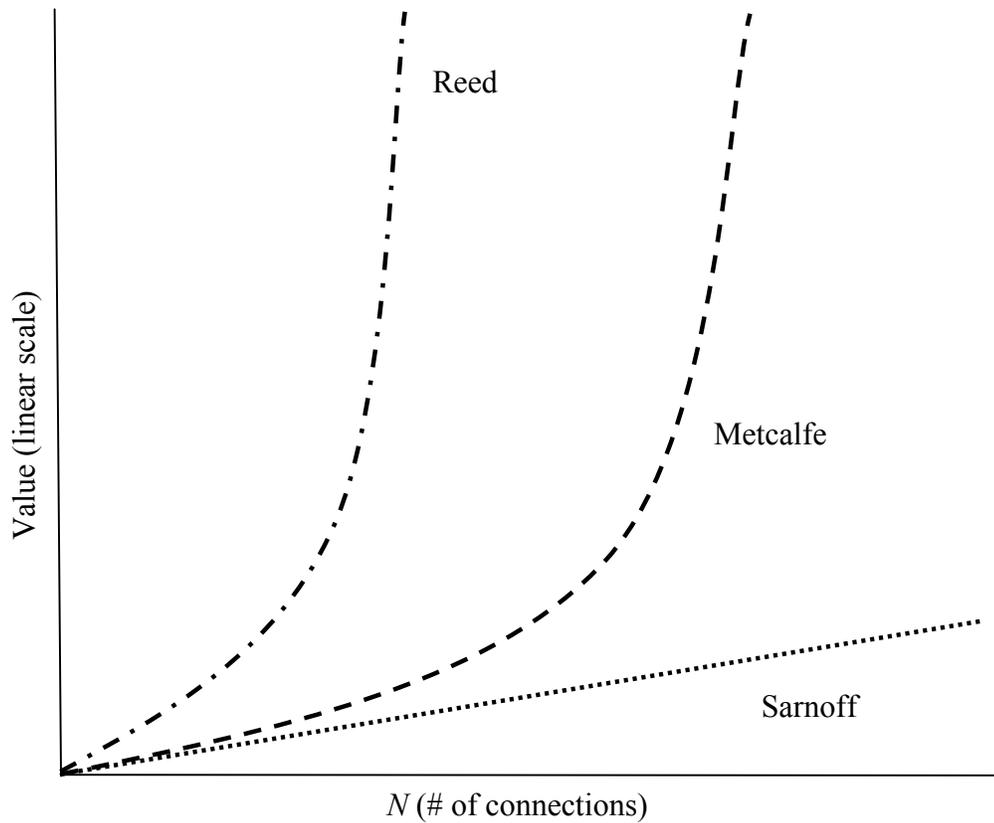


Figure 1 Comparison of Sarnoff, Metcalfe and Reed Network Values

Table 1
Network Values for $N = 10$ and $N = 20$

$N = \#$ in network	Sarnoff's Law (N)	Metcalfe's Law (N^2)	Reed's Law (2^N)
10	10R	100T	1,024A
20	20R	400T	1,048,576A

Note. R = average value of receiving a message. T = average value of a transaction. A = average value of associating with a group.

value is never zero (because there are always some transactions and groups that have value), the total value of transactions and group-forming on a network will quickly outpace the value of simply receiving messages as network size increases simply because N^2 and 2^N are so large.

So why is this important to Internet Video? Very simply, it is generally acknowledged that the Internet and particularly the web, involve all three kinds of option value: (1) the option of receiving a “broadcast” message, (2) the option of participating in a transaction, and (3) the option of associating with a group. The publishing and broadcasting industries are built on option one; the successful companies of the first Internet boom were built primarily on option two; and, the big winners so far in Web 2.0, like Facebook and YouTube, are thought to be tapping in to the value of option three. That is to say, Google, YouTube, Facebook, and many others, are creating value by tapping into transactions and group-forming that was simply not possible in prior networks, certainly not in traditional media of print, audio recordings, motion pictures, radio, and television). The idea is that Internet Video can do more than just take eyeballs and thus value away from the traditional media; it can do that and in addition create value that was not possible to generate before.

High Definition: The HD Effect

The fact that High Definition Television and Internet Video are happening at the same time could be very opportune. The rise of HD-capable devices and the increase in their diffusion has driven up demand for HD content (HD becomes mainstream, 2007). In addition, faster Internet connections and HD-ready media appliances have paved the way for new avenues of electronic distribution of content (All channels point to IP, 2007; Palmer, 2008). This leaves an interesting gap in Internet Video, because much of Internet Video is very low resolution and is not acceptable quality when played back on an HD display. Therefore, having Internet Video that is HD-quality (and able to be downsized for smaller screens) could be a good strategy for new content creators.

Analytics

One of the advantages of Internet Video is that amount of data a provider can collect about who, what, when, how long, *etc.* a user is consuming content – this is often referred to as analytics (Whitney, 2007). This type of data gathering provides an invaluable resource to media companies, especially in relation to advertising. Analytics can not only provide information to content producers about which shows are succeeding and which shows are failing, but it can possibly give insight as to what makes the show a success or failure. For example, since analytics allows content producers to see when a user stops watching a show, a producer can gain insight as to exactly what point in the episode a user lost interest.

Broadband Internet Access

Some link the rise of Internet Video to the diffusion of high-speed Internet access (Wingfield, 2007; Palmer, 2008). Without it, the quality level of video that could be delivered would be very poor. As the bandwidth to the home and to mobile devices increases, the demand for high-resolution video will also increase. This plays a huge role in the rise of Internet Video. Countries like Japan and Sweden have more than 10 times the bandwidth to the home than we do in the US. In places such as this, there are already service providers serving high-quality, HD content over Internet connections. As this trend moves to the US, the demand for content is likely to rise.

Mobile Devices

With the diffusion of mobile communication devices (cellphones, PDAs, laptops, portable game consoles, *etc.*), the possible number of screens to which media producers can deliver their content has drastically increased (Horrigan, 2008; Reardon, 2008).

Now, not only can content producers show content in traditional venues and personal computers, but on users' mobile devices as well (Wharton, 2008). Referred to as the "third screen," mobile devices are, by far, the most prolific media players in the world, and therefore have created a huge push for video streamed over wireless Internet infrastructures (Keshav, 2005).

The Industry Players

Right now, the biggest player in Internet Video is Google, not simply because of their ownership and control of YouTube, but because their huge market capitalization, which makes Google one of the largest companies in the US and the largest media company in the world (OLI Large Caps, 2009).

Other big players are traditional media companies, such as Viacom, NBC Universal, Disney, Fox, AOL Time Warner, etc. These companies are important because they still control a great deal of content, even though their grasp over distribution is slipping. Their influence in the consumer media space is also dwindling. For example, Time Warner, the second largest media company, is only worth ~\$80 billion, which is greatly overshadowed by Google.

In the entrepreneurial arena, there are many new startup companies that are focusing on Internet Video. Brightcove, Joost, Hulu, TV.com, Metacafe, MySpace, Facebook, Revision3, Next New Networks, Revver, and Veoh are just a few of the companies that have attracted attention and viewers. For example, Revver pays content makers for their content in relation to how many "hits" the video gets. (This is enabled by revenue from advertising on the site.) The Revver model is a success, at least in the eyes of small video producers, and now many sites, including YouTube, offer video

producers this option. Another interesting strategy is that of Brightcove, which simply serves as a middle-man, providing connectivity and bandwidth and helping other content owners get their content online and control access to that content. This has proven to be an attractive and cost-effective approach because the Internet Video learning curve can be steep and the necessary infrastructure expensive.

Internet Video Entrepreneurship

With the diffusion of any new innovation, there is opportunity (Delaney & Angwin, 2007). Like the first Internet boom, the second Internet boom is driven by entrepreneurship, innovation, and the slew of small startup companies springing up as a result (Schiffers, 2006; Stone & Richtel, 2007). More often than not, it is companies like these that drive innovation in a changing marketplace, not the big, established companies; this is because the corporate behemoths have little maneuverability when it comes to innovative ideas (Hempel, 2006; Stone & Richtel, 2007). While the media conglomerates are scrambling to figure out what to do with the new medium of the Internet and this phenomenon called Internet Video, innovative technology companies, such as Google, continue to push the envelope of what defines "media," especially in relation to Internet Video (A Guide to the Online Video Explosion, 2006; Barnes, 2006; Bauder, 2007; Internet Video: The trouble with YouTube, 2006; Palmer, 2008).

Disruptions in technology typically create opportunity for innovators to make money (Hempel, 2006; Tam, 2006). This situation is no different. Where there is disruption, there is opportunity. As the big players scramble to make a move and capitalize on new market opportunities created by Internet Video, there is the potential for innovative startup companies to beat them to the punch (A Guide to the Online Video

Explosion, 2006; Tam, 2006). It appears that some may have already done just that (Hempel, 2006; Internet Video: The trouble with YouTube, 2006).

Since innovation and startup companies are driving forces in the Internet Video boom, one way to examine the Internet Video phenomenon is from the point-of-view of one of these startup companies. The case study methodology provides a means of entering the environment of an Internet Video startup, providing an inside look at entrepreneurship in action.

Creative and Innovative Management Theory (CIM) provides a framework for understanding creativity, innovation, and the acts of management relevant to these. CIM is largely credited to Dr. George Kozmetsky, but a wide array of prominent scholars have contributed in its development (Charnes & Cooper, 1984; Ijiri & Kuhn, 1988). CIM focuses on “new things” and the “acts of management” necessary for “implementing them successfully” and thus is useful in examining and understanding the kind of startup companies involved in the first and second Internet booms (Kozmetsky, 1988:18).

Research Outline

The subject of this research is an Internet Video company based in Austin, Texas that will be referred to as “iVid.” The researcher functioned as a participant-observer at iVid, working in the media distribution department. In addition to this introductory chapter, the research is organized and presented as follows: Chapter Two, Methodology and Theory; Chapter Three, Data; and Chapter Four, Discussion and Conclusions.

CHAPTER TWO

Theory and Methodology

Introduction

This research is a case study of an Internet Video startup company. As such, it falls in the realm of naturalistic inquiry employing qualitative methods (Frey, Botan & Kreps, 1999). Specifically, this research employs qualitative interviews structured and guided by Creative and Innovative Management Theory (CIM). The purpose of this chapter is to present the theoretical foundation and methodological approach for the study.

Theoretical Foundation

A theoretical foundation is needed to provide a means for understanding the impact of disruption while improving the usefulness of this inquiry and providing a fruitful means to guide the analysis and interpretation. This chapter will outline the Creative and Innovative Management Theory (CIM) and apply it to the thesis topic in order to build the necessary foundation.

Creative and Innovative Management Theory

The Creative and Innovative Management Theory is unique in its approach to looking at creativity, innovation and how they apply to management practices. Historically, management theory has been focused on efficiency or effectiveness. CIM is unique in that it adds two new important elements: flexibility and adaptability. In the book, *Transformational Management*, Kozmetsky adds flexibility and adaptability as key

methodologies for expanding management theory because, given the nature of disruption in a marketplace, Kozmetsky suggests these two attributes are perhaps more important. Kozmetsky developed this new approach into an actual framework for Creative and Innovative Management, based on seeing disruption in a marketplace as an unstructured problem or problems that need novel solutions.

CIM uses a simple and strategic method to look at creativity and innovation in management. According to Kozmetsky (1986), creativity is defined as a novel approach toward problems and innovation is defined as the successful implementation of creative ideas. Therefore, Creative and Innovative Management represents the creation of successful acts of management applied as solutions to specific problems. These acts of management cover the areas of organizational structure, strategy, motivations, incentives, culture and environment, alliances, mergers and acquisitions. Also according to Kozmetsky (1986), the emphasis in creative and innovative management is "on evaluating novel ideas in management and make them more responsive to the needs of society."

Change and Innovation

Creative and Innovative Management is about managing change. Kozmetsky describes this management task as "the creation and application of knowledge in the development of policy." In his view, policy is the key tool that management employs to direct innovation in a specific manner.

In order to understand the foundation of CIM, it is helpful to take another look at innovation. Sony Chairman Akio Morita (1986) defines innovation as the method of implementing the generation of original solutions for complex problems. Innovation is

key, especially in a startup, because it can be the opportunity generator that propels ideas forward (Kuhn, 1984). Likewise, if innovation is not carefully nurtured, then there is risk of increasing vulnerability to competition and losing the advantages of disruptive change in markets.

Once again, CIM is a very useful tool for guiding the study of entrepreneurial and innovative entities, especially those that try to create new enterprises from new technologies. The framework is also useful for guiding the methods of research and interviewing used in this research to investigate the Internet Video startup “iVid.”

Creative and Innovative Management Framework

As illustrated in Figure 2, the CIM process affects management while also

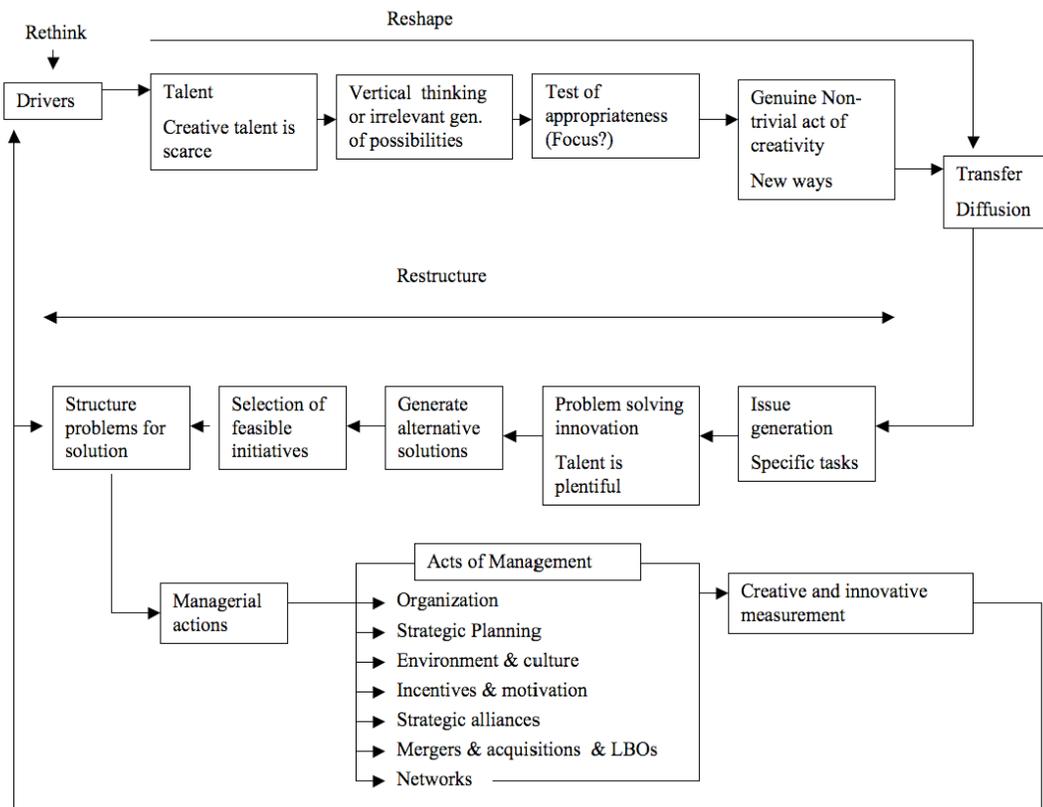


Figure 2 Creative and Innovative Management Process (Carbonara, 2008)

focusing on management acts that serve as solutions. For the purposes of this study, certain elements of CIM have been highlighted as the underlying theoretical foundation for the qualitative instrument based on the dynamic nature of the disruptive change resulting from the introduction of new technologies and upheavals in markets.

The CIM Framework is composed of many elements that cover aspects of creativity, innovation, and the management cycle. For the purposes of this study, selected key elements most relevant to the activities of technology startups will be utilized. The elements used in this research are Drivers, Talent, Issue Generation, Problem Solving, Acts of Management as Solutions, and Feedback (Carbonara, 2008).

The first theoretical element, drivers, focuses on the needs and problems in markets and how those are related to existing or future trends and opportunities. This element also takes a look at crises in markets. This section becomes the navigational compass for the CIM process. It makes a distinction between internal needs and problems within the company from the external needs of industry. Both of these lenses are essential for evaluating future trends and creating innovative opportunities for the firm within the marketplace.

A key element is the assessment of whether the right talent has been put on the problem of finding innovative solutions. This talent can be identified as people within the organization (*i.e.*, key players) or external partners (*i.e.*, consultants, partners, etc.) that can play a vital role in contributing to corporate goals, and identifying novel solutions to specific business problems. Both of these two sections, drivers and talent, are vital to both the creative rethinking about the direction of an organization and allowing this creative thinking to begin to reshape the company's strategies and policies.

These two sections also can help identify the gaps in performance of the firm or the marketplace itself that can be either seen as a problem, if it is a deficiency of the company in addressing it, or an opportunity as a *white space* (a new opportunity: "New Ways" from Figure 2) if no other company has already addressed it.

Another key element in the CIM process is the understanding of how to identify key issues that management faces. Linking issues to appropriate challenges and opportunities for the firm is the first step in becoming an innovative organization. The issues are contextual by nature and represent the following classifications:

- Economic
- Technological
- Legal/Regulatory
- Socio-cultural

Another crucial element in the CIM process is the creation of a series of Acts of Management (AOM). Herein lie the actions a firm takes to respond to the change in markets and technology. In successful companies, these actions are the manifestations of being both creative and innovative. According to Kozmetsky (1988), the AOM can be identified as:

- Organizational structure
- Strategy
- Motivation and incentives
- Culture and environment
- Key strategic relationships
- Mergers and acquisitions

Inherent to the CIM process is the role of a feedback loop that allows a company to revisit the key drivers, the key issues, and the changing nature of problems affecting management. It is this feedback that enables the cyclical nature of the process and thus generates the utility and value of a Creative and Innovative Management schema. It also allows a firm to become, what Carbonara (2008) call a "learning organization", a company that uses feedback to continuously improve. The focus is on two elements – tactical and strategic acts – that allow the company to continuously monitor whether its strategic goals, objectives, requirements and procedures match its current practices and processes. In addition, it focuses on tactical feedback – monitoring any outputs resulting from management action, including any waste, surprises and invisible consequences.

Figure 3 illustrates this dynamic CIM feedback loop.

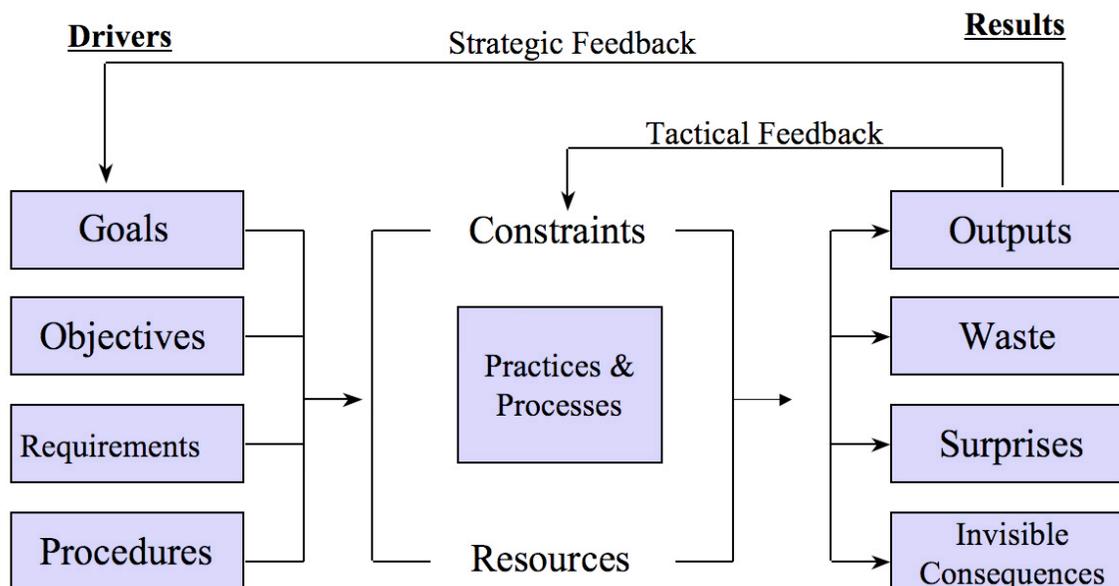


Figure 3 The CIM Feedback Loop (Kozmetsky, 1997; Carbonara, 1999; Carbonara, 2008)

By grounding this study in CIM theory, this inquiry goes beyond looking at serendipitous impacts of decision making in an organization and looks at the dynamic

interplay among the disruptions that occur in technology and markets. It is the relationship between management, technology, and markets that necessitate the need for a theoretical framework that takes into account the dynamic nature of these three areas.

Research Methodology

Naturalistic and Qualitative

The dynamic nature of the Internet Video disruption and its lack of structure, which is the impetus for applying CIM theory in the first place, means a research methodology must be selected that best captures the interplay of a set of interrelationships that are clearly a result of this dynamic change. Therefore, a naturalistic and qualitative approach is useful to ground the data within the context and setting of the actual business milieu affected by this disruption.

Naturalistic inquiry is "research that focuses on how people behave when they are absorbed in genuine life experience in natural settings" (Frey, *et. al.*, p. 514). The researcher studies the subject in its context, which means the researcher enters that context. Thus it is an "embodied practice." "(R)esearchers serve as the instruments through which data are collected, they rely on tacit (intuitive, felt) knowledge in addition to propositional knowledge (expressible in language form)" (Frey, *et. al.*, p. 514). The researcher can observe, participate, or observe and participate in the situations that are being studied. In this case, the researcher both observed and participated in the company being studied.

Qualitative methodology is a set of interpretive techniques that are interested in the meaning (not the frequency) of social phenomena that naturally occur (Van Maanen, 1983). The primary data gathering techniques are observation and interviews.

Through observations, the researcher gains a partially independent view of the experience on which the respondent's language has constructed those realities. The interview provides leads for the researcher's observations. Observation suggests probes for interviews. The interaction of the two sources of data not only enriches them both, but also provides a basis for analysis that would be impossible with only one source (Erlandson, Harris, Skipper, & Allen, 1993, p. 99).

Case Study Method

Results from gathering qualitative data in a naturalistic environment are reported as a "case study" (Frey, *et. al.*, Yin, 1994). Case studies are valuable because they yield insight into people and situations. According to Yin, the case study is the preferred method when "how" and "why" questions are being posed, when the investigator doesn't have control over the events (non-controlled environment), and when the subject of study is a phenomenon with contextual relevance (Yin, 1994).

"(T)he case study method allows investigators to retain the holistic and meaningful characteristics of real-life events" (Yin, 1994, p. 2). Because of the observational characteristics of the case study (that is, the researcher is embedded in the situation), the researcher can retain the situational and contextual integrity of the data when reporting the case. According to Scholz & Tietje (2001, p. 4), the case study is regarded as more valuable the greater the complexity and the greater the contextualization of the objects defined in the research method.

Participant Observation

The specific kind of case study being performed in this research is called participant-observation. Participant-observation is when the researcher is embedded in the situation and, in order to gather the data for the case study, he/she observes and conducts interviews. There are four kinds of observation possible for the researcher:

complete participant, participant-observer, observer-participant, and complete observer (Frey, *et. al.*, 1999).

Table 2
Types of Participant Observation

Type	Definition
Complete Participant	The researcher is fully involved in a particular social setting and conceals from people the fact that they are the subject of research
Participant-Observer	The researcher becomes fully involved in a social setting where the subjects know they are being studied
Observer-Participant	The researcher primarily observes and participates in a limited capacity; the researcher attempts to fit into the social setting but does not actively participate in the activities
Complete Observer	The researcher does not interact the the people be observed at all. The researcher's primary goal is to gather observational data about people's behavior without influencing them in any way.

Note. Definitions from (Frey, *et. al.*, p. 514).

Through naturalistic inquiry, the researcher uses participant observation to acquire information and conduct interviews (using a qualitative interview questionnaire).

Participant-observation is a fruitful method for this particular study, because there are critical decisions, practices and methodologies that could be missed if just interviews and questionnaires are utilized. In this case, the company being observed is a startup company, so most of the relevant activities to that purpose are the things that affect the operation of the company – in other words, the acts of management. Therefore, this case study will focus on the acts of management and how they affect innovation.

Qualitative Interview

One of the most valuable ways to look at the process of innovation and management is through the qualitative interviewing technique (Kaplan). The purpose of the qualitative interview is to provide a tool to analyze the material supplied by

knowledgeable participants, thus providing a view of how the organization's structure operates and affects the innovation process. In a qualitative interview, emphasis is placed on "cause, characteristics and consequences" of a variety of actions (Carbonara, 1987). "By interviewing a variety of people after the system had been installed, we learned about [the] innovation and implementation process and how the new system has affected decision-making in the organization." (Kaplan, p. 104).

By gathering interviews and combining the results with case studies and historical analysis, the researcher can analyze possible links between data points and specific theories of management. This analysis can provide valuable insight into how specific management practices and decisions affected creativity and innovation within a management framework.

At its best, the qualitative interview is an event in which one person (the interviewer) encourages others to freely articulate their interests and experiences. Its ability to travel deeply and broadly into subjective realities has made the interview a preeminent method in communication and the other social sciences (Lindlof & Taylor, 2002, p. 170).

Qualitative interviews allow us to access knowledge that the researcher himself/herself could not otherwise obtain independently (Lindlof & Taylor, 2002). This technique allows one to study the observations that interviewees have made in the course of their participation at the company. The qualitative interview questionnaire allows the researcher to structure and organize this information into useful groupings.

Interviews that sacrifice uniformity of questioning to achieve fuller development of information are properly called qualitative interviews, and a study based on such interviews, a qualitative interview study. Because each respondent is expected to provide a great deal of information, the qualitative interview study is likely to rely on a sample very much smaller than the samples interviewed by a reasonably ambitious survey study. And because the fuller responses obtained by the qualitative study cannot be easily categorized, their analysis will rely less on counting and correlating and more on interpretation, summary, and integration.

The findings of the qualitative study will be supported more by quotations and case descriptions than by tables or statistical measures" (Weiss, pg 3).

The CIM Questionnaire

The following series of questions serves as the interviewer guide and framework for generating and organizing the qualitative interview data.

Drivers

- What are the main ideas/drivers that motivated you to start iVid? (co-founders only)
- Define the *needs* in the industry/marketplace that your company is trying to capitalize on?
 - What are the *problems* that need to be solved?
- What are the *gaps/whitespaces* that your company will try to fill?
- What are the *drivers* that motivate you to try to fill this whitespace?
- What are the *crises* in the industry right now?
 - What are the *disruptions* in the industry?
- What are the key *technologies* that are at play?
- What are the main *differences* between how your company is positioned in the marketplace versus your main *competitors*?
- Are there any key advantages that iVid has against its' competitors?

Issue Generation

- What are the economic issues?
- What are the technological issues?
- What are the legal/regulatory issues?
- What are the socio-cultural issues?

Talent

- Internal
 - How do you go about selecting/choosing the people who are best suited to help fulfill your corporate goals?
 - Who are the star players?
- External
 - Who are the key external partners that play a vital role in contributing to your corporate goals?

Acts of Management

- Explain the organization form.
 - What is your role?
 - Who reports to you?
 - Who do you report to?
 - Who are your colleagues?
- What motivational and incentive-based tools do you use?
- What kind of culture and environment do you try to create?

- How important is it to develop relationships with key players in the industry?
 - What networks, strategic alliances, standards organizations and other partnerships are important to you and why?
- How important is feedback within your organization?
- What is the cycle of feedback and restructuring that goes on?

This array of questions is intended to elicit responses relevant to the drivers, issue generation, talent, and acts of management, which are the main elements of the CIM theory utilized in this study. The questions themselves overlap and therefore may seem somewhat redundant, but it can often be productive to ask the same question in a different way. The researcher uses this technique intentionally to make sure that respondents give enough data for each section of the CIM questionnaire.

The interviews were conducted over the course of nine months from May, 2008 to January, 2009. All of the interviews were conducted individually and were audio recorded with the permission of the respondents. Transcriptions were made of each interview. The benefit of audio recording is that it assures an accurate representation of the respondents' responses. Both the recordings and transcriptions were used as data input to the coding scheme corresponding to the key elements of CIM theory.

Methodology Summary

The combination of the three methods – case study, qualitative interviewing technique and participant-observation – provides a more robust means of evaluating observed phenomena, due to the ability to combine responses with actual observation and interpretation from within the milieu. Given the startup nature of this firm, the three methods allow for an in-depth look at the issues and impacts surrounding the management acts that are implemented, and situates the researcher in the vernacular of being a member of the organization itself, instead of just being an outside observer.

Another strength of the participant observation technique is that it allowed this researcher to apply the key elements of Kozmetsky's Creative and Management Framework in the data gathering itself. The qualitative interviews were used to supplement these observations and expand the depth of the analysis. The researcher functioned as a participant-observer at iVid for 14 months, working in the media services department, and continues to work at iVid at the time of this writing. The participant-observation portion of the study covers the time period of December 2007 through January 2009. Data regarding iVid prior to December 2007 was obtained from the interviews. The next chapter presents the data generated from these two methods set within the case study of iVid.

CHAPTER THREE

Data

Introduction

This chapter provides an overview and summary of the data collected during the research. The report contains observations from the case study, participant-observation and data from the qualitative interviews, including a summary of company history. The format of the report follows the structure of the elements from the CIM framework.

Company History

The company history is necessary to understand the current strategy and tactics of the business decisions made by iVid. It is based on a series of interviews with key personnel to provide a more robust a detailed history of the firm. (CCO, Personal Interview, 2/17/09; Programmer, Personal Interview, 2/17/09; Legal, Personal Interview, 2/17/09). This provides an appropriate context for considering the data that is reported in this chapter. Table 3 contains the most significant occurrences from prior to the founding of iVid through the end of research (January, 2009). This researcher was hired as a consultant in December 2007, was converted to a full-time employee in May 2008, and continues as an employee at the time of this writing.

iVid was born out of an enterprise (called StartAssist for the purposes of this research) founded by an entrepreneur whose original idea was to create a company to provide consulting services to other startups. But as time progressed, the founders noticed opportunities developing in the media and Internet Video world and decided to

turn StartAssist into iVid. The following provides a basic timeline for the main events that happened from the founding of StartAssist, to the creation of iVid, to the end of research.

Table 3
Highlights of iVid History by Quarter

2006 Q2	<ul style="list-style-type: none"> • StartAssist Inc. Founded <ul style="list-style-type: none"> ○ Started by successful entrepreneur who was looking for "the next big thing" ○ Initially founded to be consultants to other startups ○ Attracted to disruption in media industries • Self-funded an initial team of former co-workers to develop ideas, approaches, strategies
2006 Q3	<ul style="list-style-type: none"> • StartAssist sees opportunity in Internet Video space • StartAssist spun into iVid • iVid at first wanted to build "a better (higher quality) Youtube"- short form videos but with higher production value <ul style="list-style-type: none"> ○ They asked “can we teach the public how to shoot better videos?” • Founders visualized iVid as a magazine rack of HD program series produced by independent content producers (and ideally prod funded by those people), supported by advertising w/ revenue share to producer
2006 Q4	<ul style="list-style-type: none"> • Decided on initial company goal: to become an end-to-end content company <ul style="list-style-type: none"> ○ Content creation ○ Distribution ○ Advertising/Sponsorship Sales • Started creating content • Developed custom video player w/extensive analytical features for web distribution • Began developing web platform for their content
2007 Q1	
2007 Q2	<ul style="list-style-type: none"> • Received first round of external funding • Began trying to sell sponsored-content (ad sales) • Developed a content syndication model

(table continues)

- 2007 Q3
 - Began trying to license content
 - First big content licensing deal with major player
 - Began seriously looking at content distribution
 - Began trying to figure out potential of social networking and content creation

- 2007 Q4
 - Solved content creation model by networking with independent content producers and post production houses
 - Realized content licensing didn't work
 - Got first few sponsored content deals
 - Received 2nd round of funding (bringing total to ~\$20 million)
 - Had little success with Advertising Sales at this point
 - Miscalculated high-touch nature of media ad sales

- 2008 Q1
 - Continued building distribution network
 - Realized certain distribution partners were too expensive to maintain
 - Began investing in off-the-shelf content delivery system
 - Started hiring more people to bulk up bandwidth
 - Hired more sales staff
 - Began investing in content development social network
 - Began developing idea of "Three Screen" distribution
 - Tried holding a content creation contest, which resulted in no new content (failure)
 - Began realizing how difficult it is to convince advertisers to play in digital media space

- 2008 Q2
 - This researcher hired as full-time employee
 - Began building custom ad-insertion software
 - Continued experimenting with notion of social-network-driven content development
 - Began realizing that the business that they were building was a services organization, not a product company
 - Led to restructuring organization (layoffs)

- 2008 Q3
 - Rebrand
 - Dropped off-the-shelf content delivery system
 - Abandoned social-networking application (notion of producing content in the Long Tail)
 - Began trying to sell media distribution services

(table continues)

- 2008 Q4
 - Layoffs
 - Began developing custom content delivery system
 - First content syndication deal with major ad agency
 - Halted producing new content w/o sponsorship deal prior to production
 - Second content syndication deal

- 2009 Q1
 - Starting to see advertisers become more responsive to digital media plays
 - Looking to increase sales force
 - CEO leaves/goes AWOL
 - Rumors of merger/acquisition
 - End of research and data acquisition (January 30, 2009)

Note. CCO, Personal Interview, 2/17/09; Programmer, Personal Interview, 2/17/09; Legal, Personal Interview, 2/17/09.

Qualitative Interview and Participant Observation Data

The participant observation and qualitative interviews took place after the second round of funding in Q4 of 2007. This data is processed using the variables of Creative and Innovative Management as its lens. The following section presents selections from the interviews that were conducted as part of this research, as well as observations made by the researcher from each of the topic areas based upon the role as a participant-observer. Topics for each data point directly correspond with an element from the CIM questionnaire and reflect the respondents' comments for that particular CIM element. The commentary and narrative in this chapter is a report of this researcher's personal participant observation unless identified by a quote or other attribution.

Throughout this chapter, interviewees are usually referred to and cited by the acronym for their title. The interviewees are as follows:

- Chief Executive Officer (CEO)
- Chief Content Officer (CCO)
- Chief Technical Officer (CTO)
- VP Distribution Operations (VPD)
- Product Manager (PMgr)

- VP of Finance (CFO)
- Contracts Manager (CMgr)
- Marketing Director (MktDir)
- Content Development (ConDev)
- Director of Business Development (BusDev)
- Creative Director (CreDir)
- Former Content Director (ConDir1)
- Content Director (ConDir2)

Drivers/Trends

As mentioned in Chapter Two, *Drivers* are the first stage of the Creative and Innovative Framework and are classified as being either internal or external. It is at this point that a company can begin to rethink the driving mechanisms of a marketplace. Associated with the concept of drivers is the notion of marketplace trends, which are defined as changing elements that affect the mode of business decision-making. Oftentimes, trends are also associated with business issues. Kozmetsky makes a distinction between trends and issues and classifies issues as being technological, economic, legal/political/regulatory and socio-cultural. According to Kozmetsky, trends are the elements that serve as drivers causing markets to react to changes. In this chapter the drivers, issues and management actions, as defined by iVid, will be identified.

It appears that when the founders of iVid looked at the opportunities in media and Internet Video they saw the potential to create something of value and take advantage of the massive disruption present in the media industry. Although the founders came from the IT/software world, they realized how large the media market truly is and how technology was changing the way almost every part of how media works.

In the marketplace, a series of significant events that happened over the last couple of years confirmed that the Internet Video space was the right place to be. Evidence of this confirmation could be seen from Google's acquisition of YouTube, to

the creation of Hulu, to the increased VC funding of Internet Video startups, all poised in the direction of Internet Video.

According to the CEO, two external drivers particularly led to the formation of iVid:

The thing that got me excited about iVid was two core things. One is the size of the traditional media and traditional advertising industry is, depending on how you count, about a trillion bucks a year. That, compared to other industries that I've built companies in, and sold companies in, is orders of magnitude larger...an unbelievably large market....The second thing is an unbelievably disrupted market. Typically, there are small types of disruption that go on in little corners of industries. In this case, I think every corner of that [media] industry is being disrupted simultaneously. How content was being created, how it was being distributed, how it was being monetized, which certainly includes the advertising industry, and how it was being consumed by consumer viewers, all simultaneously changing...consumers are more in control, they have more choices, and those choices lead to less attention being paid to any one thing [that is, traditional network TV].

The CCO reiterated the importance of new networks being an external driver:

I think the biggest driver in the media industry is the proliferation of digital networks and the ability for content, video content specifically, to ride across those networks, and be published across those networks, very inexpensively. The economics of that type of media in the past were built on mass-market consumptions, and it was built according to an economy that was limited in its supply...now with wide-open distribution the economic model is being forced to change.

The Creative Director observed a problem in the industry and looked at the increase in the number of media devices and the inability for advertisers to target those mediums as being a significant driver:

In terms of the proliferation of options and gadgets and sort of fragmented audience, there is an opportunity there because no one has really solved how to make money by way of content/advertising sponsorship online.

The CCO also described this change as a function of the relationship between consumer attention and distribution. "What you used to have is unlimited attention of

consumers and limited distribution, you now have limited attention and unlimited distribution.”

According to another executive, technology itself is a key driver, one that can be seen as both a problem for traditional media and an opportunity for new media. Here the emphasis is on how new technology disrupts the status quo and initiates change:

Technology has just enabled people to consume media in so many different formats. So, you have fragmentation both in terms of the advertising market as well as the technology and media markets." (CFO)

The CFO goes on to say that fragmentation leads to target advertising and is a huge driver for the company. In other words, fragmentation has led the shift in media markets from a broadcast model to a magazine model that can have a narrower target audience, and therefore a more highly motivated potential consumer.

According to the CTO, in order to take advantage of these opportunities, iVid must take advantage of the technological implications:

One of the drivers that attracted both of us into this industry was what I consider to be an inflection point of technology distribution and the creative capabilities that just existed in the wild, all coming to congruence or a single inflection point.

The CTO described the shift in the focus of control of the media marketplace resulting from of technology disruption as a major driver and trend in the following way:

The loss of control from the traditional studio system has been offset by gain of control by anyone that can go out and buy a \$5000 HD video camera and a \$1000 MacBook, and edit nearly cinematic level or quality level content right in their house. By the same token, the sort of democracy of the Internet or the accessibility of the Internet has allowed anyone to put up a site that plays videos. Now there's beginning to be a little bit of a reality check perhaps in that, that, you know, anyone can put up a site, but being affective with that brand new site is proving to be more and more difficult. And the very drivers that made traditional media successful were beginning to come into play again.

In addition, this researcher observed three internal drivers that iVid personnel did not mention in the interviews. First is the glamour and prestige of the entertainment

industry. Who would reject the role/title of director, producer, studio executive, or network executive? (At least in their daydreams?) The appeal of simply being in media appeared to be an influence on iVid. Movie poster style graphics were prepared for each production and prominently displayed in the hallways, and it was not uncommon to hear people refer to iVid (with some pride) as a studio, a network, or both. The second internal driver that was observed in practice but not mentioned in interviews was the novelty factor of media as compared to the IT industry. In contrast to the glamour/prestige factor, this seemed to be more about the novelty and challenge of working in a space (media) that was different from IT, but where IT skills were useful and valuable. Since the CEO and many other iVid personnel came from the IT world, media seemed to be perceived as a new challenge that is both fun and exciting (and probably more “sexy” than IT). Finally, the third internal driver seemed to be the entrepreneurial track record of the CEO. As a “serial entrepreneur,” the CEO generated enthusiasm and optimism in iVid personnel. Many had worked with the CEO before in other successful startups, so it is not unreasonable for people to let this track record influence their estimate of the likelihood of iVid success.

According to the interviews and the researcher’s observations, what iVid saw as a host of drivers, were based on a series of disruptions fragmenting traditional media studios and distributors, empowering consumers as content creators. This researcher observed that this empowerment was linked to the importance of the role of digital social networks. What attracted iVid to the Internet Video market was the potential revenue opportunities based on this disruption. Capitalizing on this revenue creates its own source of needs and problems for the firm, but when aligned with the needs and problems

of an industry, these same needs have the potential for enormous opportunities. The next section highlights these needs and problems.

Needs/Problems

iVid was founded based upon the observed problem of quality content and sponsorship around that content. Unlike other Internet Video startups, iVid made this quality problem its focus rather than upon building a large viewer base. iVid feels that the amount of quality content available over the Internet is relatively small. iVid also feels that from the consumer's point-of-view, there is a desire for short-form, made-for-Internet content that is compelling. Using the advertisers point-of-view, iVid feels there is a need to be able to get their message across to their key demographic, under 30-years old, and since advertisers are not willing to associate with low quality content their choices are limited at this point, which creates opportunity.

Beyond demographics, the VP of Distribution emphasized that the scattering of viewers across devices was the single biggest disruption.

Yes, the biggest single disruption in this marketplace...is the fact that you've got a change in how people are viewing content....Five years ago most content was consumed by people watching linear TV...[today] they consume it using something like TiVo or they consume that program on a PC, or they consume it on some other device.

When discussing the scattering of viewers as a disruption, the CCO stated that one of the biggest issues is convincing advertisers to move away from traditional advertising to new media:

The biggest barrier is we're asking people, advertisers and brands to move from a network based advertising model to a content based advertising model. And how you price, how you value, that is new. And there aren't any benchmarks really to speak of.

The CFO pointed out that another huge issue is the discoverability of content. There is so much white noise on the Internet that most people experience information overload and have difficulty finding pertinent content:

There is a big issue, I think, for them and that is the discoverability of that relevant content especially when there is new entrance into the markets and old established companies like NBC that are actively getting into this industry.

The problem that remains is how do you create quality content that is compelling, has sustained viewership, and is marketable on a low budget? It is this researcher's observation that iVid has tried very hard to solve this problem and has had a limited success. iVid was able to produce quality shows at a low cost, but that has not necessarily translated into shows that are marketable or compelling to consumers. Ironically, the shows that have been the most marketable have not always been the ones that are the most compelling to advertisers, and vice versa.

As a result, the content team felt their role was to get people's attention and keep it. As put eloquently by one respondent from the content group, iVid took these opportunities to form their creative purpose

Filling the void in the digital space. Ultimately it comes down to how to monetize the content online. But that is driven largely by consumer behavior and the way people's viewing habits have shifted (CrDir)

The CTO went on to point out that the problem was the ability to create large quantities of high quality content:

We believe that, again, the democratization of the production side of things would tend to dumb down a lot of the quality levels and our networks were created to fill in that gap: to provide very high volume, to take advantage of all the new assets that were coming online that enabled scale and hot volume and rapid turn, but maintaining extremely high levels of quality with the notion of targeting those high value distribution channels and brands just like they're used to spending into. So, that's the gap that we're going after; taking advantage of the technology accelerators, but while maintaining a traditional media stance at the end of the day.

Additionally, one of the major obstacles that serve as a problem for companies like iVid is the legal rights to content. The CEO stated: "The residual rights chain that encumbers content from being free to be portable is a huge obstacle."

Kozmetsky states that once a company has been able to identify the needs and problems, then they are able to more accurately identify the opportunities and whitespaces that exist in the marketplace. The following section focuses on the set of observations and interview responses that deal with this area.

Opportunities/Whitespaces

One key opportunistic area for iVid, according to the CEO, was understanding one of the main areas of disruption—namely, the induced fragmentation of the existing market:

If you...get down to the economic underpinnings of an industry, in the case of media and advertising, the democratization of content production, the proliferation of devices and networks, basically, increasing consumer control, was at the heart of the notion of audiences fragmenting. When consumers have the ability to watch "Saturday Night Live" Saturday night, or Sunday morning...on their iPod, or on a DVR, or wait for the DVD, or 16 other places, the notion of that audience's overall size isn't necessarily diminishing. But the notion of it being in one place at one time...driving the economics of advertising against that audience, that's fragmentation [and] fragmentation was eating away at the heart of the economic engine of how content was funding the people that were putting that content out.

The CFO reiterated this fragmentation and the whitespace created by the gap through this example:

So the gaps that it creates in advertising, for example, is the ability to better target those consumers that certain brands want as opposed to putting something in the Super Bowl.... You can now get better targeting and build a richer relationship between a brand and a consumer.

Legal described this opportunity further:

I think, our networks allow for greater creative fulfillment for artist and I think the short form content and the fact that we can reach out to greater niche audiences than someone in a broadcast situation needs to.

The CEO went on to clarify this impact stating that control shifted from the source of content to the receiver (consumer) resulting in disrupting the traditional media markets:

If, suddenly, consumer control means that there's no one dominant network, there's no one dominant geography, and, all of a sudden, global networks and distribution is commoditizing, you can start to understand that, in that particular way, some of those historic and archaic models for rights, for licensing, for monetization through advertising, are the wrong model, as some of that disruption unfolds.

The CEO also went on to state that opportunity is a function of understanding a new ecosystem that balances relevancy and a "climate of 'free'."

Adjacency is out. Relevancy is in. The notion of a magazine ad next to your article, or a 30 second spot in between what you showed up to watch, that notion of adjacency I think is waning and what is waxing is the ability for a sponsor to bring consumers what they're willing to invest their time and energy in watching, what attracts them. A climate of "free" [is] the consumer perspective [paying] what they're willing to pay, which if it rounds off to free then so be it.

The CCO had another notion of opportunity and described it as a "...function of science and creativity." The CCO went on to illustrate the importance finding a good story for content and also how compelling content is changing:

The storytelling piece hasn't changed, what makes a good story, what makes good, compelling, watchable video. What has changed is how people find it, and how they engage with it because people are coming to expect portability--that it's on every device that they own. They're coming to expect discoverability and searchability.

The Creative Director sums up the opportunities for the company in this manner: "Sponsors follow consumers, that is where the money is. So, where the consumers go the brands have to follow." He goes on to state that this is ultimately a consumer driven

dynamic: "Brands and advertisers? [They] don't chase technology; they chase the people that use [technology]."

Not surprisingly, the CTO saw the opportunities from the technology side of the spectrum. He pointed out that now that video production is cheap and content is easily produced by anyone with a cheap camera, the opportunities for content have therefore increased greatly. Also, the number of people skilled in using this equipment has increased as a result, but it also increases the "white noise" and bad content.

We believe that, again, the democratization of the production side of things would tend to dumb down a lot of the quality levels and our networks were created to fill in that gap: to provide very high volume, to take advantage of all the new assets that were coming online that enabled scale and hot volume and rapid turn, but maintaining extremely high levels of quality with the notion of targeting those high value distribution channels and brands just like they're used to spending into. So, that's the gap that we're going after; taking advantage of the technology accelerators, but while maintaining a traditional media stance at the end of the day.

The CTO also illustrated the importance of technology development, particularly the inroads made by the introduction of lower cost, high quality video cameras, lowering the barrier to entry for a creative producer to enter the market, and even new graduates from radio-TV-film schools:

HD camera technology [is]making amazing advances and dropping price points. YouTube was the phenomenon of last year or so, and so, online video has finally matured. And RTF programs in the universities are as popular or perhaps more popular now than they have ever been, and they are graduating more and more creative talent every year. And all of those are harmonious or there is a harmony between those influences. It's a wave that is built out of those harmonies. And I think there's a significant opportunity to change the way media is created, distributed and monetized.

It is this researcher's observation (when combined with the respondent's comments) that iVid views their best opportunities lying within the understanding of the disruption in the media market landscape in the following ways: (1) as a series of

fragmentations, (2) democratization of content development due to technology, (3) the proliferation of new networks and devices for distribution, (4) understanding the mix of relevancy and the notion of “free” media, (5) new ways of searching, and (6) helping traditional sponsors shift to the new notion of socially-networked consumers.

Crises

From this researcher’s participant observation, for iVid the crises that exist in the marketplace are the following: (1) the diversification of consumer's attention across multiple platforms/devices (making it harder to reach the desired audience in a traditional way); (2) the "Internet Video" unknown (what is it? how do you monetize it?); (3) the hesitation of advertisers to spend money in new media; and (4) the technological barriers that exist to make solutions difficult to design, build, implement, and support. The respondents had similar observations about the crises in the marketplace. The VP of Distribution talked specifically about the difficulty advertisers have in trying to target viewers when their attention is scattered across media:

There's a fragmentation in the user base, so they can't say, “If I want to hit these people, I advertise on this channel at this time.” People might not be watching linear television, they might be consuming their content on a different type of device.

However, the CFO pointed out that the new media model offers increased engagement and therefore the viewer is more valuable than in traditional media, which means that a higher premium can be charged:

If you get the right advertising that is very targeted for that consumer, you can charge a higher CPM. It really produces a very nice business model where obviously your costs are low and the revenue of the new model here can be quite high to engage those consumers.

The CEO saw these crises (especially the technological ones) as huge opportunities: "I think there are nothing but technological issues and I think, frankly, that is the thing that makes me most excited and happiest about it."

The CTO reiterated that enthusiasm by giving a specific example:

It used to be that a relative small group of highly dense and highly talented people own significantly portion of media creation in the Hollywood studio... There was a very mature, very set industry for that entire ecosystem of media creation and media distribution. And the Internet and all of those technology disruptions and inflection points have upended that entire model.

Talent: Internal

The strategy for hiring, as set forth by the CEO, was to draw on previous personal experience and bring in people that were trusted coworkers, or persons recommended by these coworkers – at most one or two associations removed. As a result, most of the executives came from companies that the CEO worked with previously, or they were referrals from those people. It seemed as though this strategy was intended as a method to increase the efficiency of the hiring process and decrease the error rate of choosing the incorrect candidate.

With a few exceptions, most candidates came from non-media oriented backgrounds. There were a few key people who came from media and were very valuable assets, but it was the direct observation of this researcher that the company seemed to lack the media “know-how” that was needed to interact successfully with media people. In general, the iVid executives attitude was that media-orientation was a "nice-to-have" but not necessary. The CCO represents this sentiment: “If you find people who have experience in media you run the risk of those folks bringing their biases to this business.” The executives saw their experience in IT and other non-media backgrounds

as an advantage, citing the fact that the media industry was big, bloated and unwilling to change.

iVid executives explained that they tried very hard to find people who were diversely talented, flexible, experts, self-motivated and able to take on "impossible" tasks, while taking ownership of these tasks. The CCO went on to explain that another way to look for this type of person is to find someone who is excited by change and looks for opportunities to improve on their own. One participant from the legal department echoed that sentiment, "You have to look for people who are willing to take risk, and pave the way, and who are willing to take knowledge from old industries and kind of combine it, and form something new."

The CTO, in addition to the things above, looks for, "Folks that are very autonomous, very inquisitive, and have just ranged widely in their industry."

One key observation made was that the IT-oriented way of doing things at iVid was intentional by the executive team and was a direct result of hiring people that the executives worked with in the past (in almost entirely IT-oriented companies). It seemed that the executives assumed that if they applied the same techniques that worked in the past in this new venture, they would be successful. To quote one of the VPs, "It's as simple as that. If you build a good team, you'll be successful. If you don't, you won't." There were situations that were directly observed where this seemed less true and others where it worked just fine. The situations where it didn't work were those situations that required knowledge of how people in media are used to being treated, perhaps even coddled. It seemed that many iVid personnel were not used to that kind of relationship-oriented approach and therefore had some difficulty in handling these types of situations.

From this researcher's observation combined with the responses from the interviews, it appears that iVid had a definite strategy for recruiting internal talent: (1) hiring based upon previous experiences and acquaintances (which was believed to improve the efficiency of hiring); (2) recruiting IT/software people; (3) finding people who were excited by change, and (4) flexibility/adaptability.

Talent: External

iVid utilized consultants and external contractors in many instances. This researcher was only personally involved in a few of those arrangements and was not able to observe the other interactions; therefore only partial information was obtained on this topic. From what was observed, it seemed that consultants were utilized in every department in the company and were brought in specifically to consult particularly during the beginning stages of the company's evolution. They were then brought back in at "critical" times when additional help was needed. The CEO summarized this sentiment in this thought:

Consultants are pretty straight forward, I think. Consultants done right are like a rifle shot. You aim them at the thing that you want them to kill, and you pull the trigger...Very purposefully brought in, very purposefully focused; get in, get out, get the job done.

iVid also prefers to not hire people full-time right away, but rather have a "trial run" where the employee works as a consultant and then after a few months gets converted to full-time if things work out. The Legal department summarized this thought:

Consultants are great, because it's sort of a try before you buy situation. So it's a good way to see if someone's going to be a good fit for the company, and to be able to work with them for a certain period of time, and to get their expertise on a certain area.

This researcher's participant-observation was indicative of this approach, beginning as a part-time consultant and transitioning to full-time employee within three months.

To summarize, the respondents viewed external talent in very distinct ways: (1) Consultants (external talent) are brought in like assassins and given very precise targets. They are brought in to execute on a single task and may be brought back if they do well on their first assignment; and (2) Consultancy can be used to try a potential employee out before hiring them full-time; this approach was used as an efficient way to screen potential employees and save any possible headaches as a result of making a poor hiring decision.

Issue Generation

Once again, according to Kozmetsky, issues are the means of restructuring the strategy and tactics of an organization by linking management actions to specific contextual issues in order to generate alternate solutions and select feasible initiatives that are structured as specific solutions to specific problems. As mentioned earlier, the CIM issues were also used in the qualitative interview instrument and were classified as follows:

- Technological
- Economic
- Legal/Regulatory
- Socio-cultural

Technological

It is this researcher's observation that technological disruptions and advancements create opportunities for startups like iVid. During my interviews, the CEO echoed that

sentiment by saying that the disruptions in technology that are happening today excite him and indicate to him that this area (Internet Video) is the right place to be as a high-tech startup:

I think there is nothing but technological issues and I think, frankly, that is the thing that makes me most excited and happiest about it. If it was easy to do, everybody can do it and I think that it is difficult and that the complexity is exponential or at least multiplicative versus linear...[the fact that] we can apply technology to scale and automate something that other folks find difficult is exactly where we want to be in terms of developing value that can be realized for the company. So, yes, there is nothing but technology problems there. There is nothing but process tweaking. ... If it was any easier than that, I think the opportunity would be incrementally less. As hard and as challenging as it is across ever and ever increasing number of screens and platforms is beautiful.

Even though there was agreement among most respondents that technological issues were present and opportunistic, there was some disagreement about how much of the total opportunity was technology-related. The CCO/co-founder saw technology as only 50% of the equation, while attributing the other 50% to creative/content. According to the CCO, without the content, the technology that enables the delivery of that content is useless. Other respondents viewed technology as the major issue in the Internet Video space.

The CTO emphasized the amount of disconnect and opportunity in the technology area by talking specifically about the video and networking areas. This researcher's experience at iVid resulted in first-hand knowledge of the incongruence between technology and video. The tools that had to be invented at iVid to create and process content are a direct result of the inability most products had to deliver what they promised. It was confirmed during the entirety of this research that there isn't a true enterprise-level end-to-end media workflow solution. The CTO emphasized this precise

point in his interview, using the example of fragmentation in the video production world as an example:

I do believe, though, that in all of those things that there's a significant gap right now in the overarching production workflow software. There's really good cameras, there's really good editing software, really good transcoders. There's nothing that oversees that in a production pipeline.

During the researcher's time at iVid, it was noted that the technological differences between the video/broadcasting world and the information technology world are quite drastic and can cause many problems. From the data that was collected, it was evident that technology wasn't viewed as an issue, but it was not viewed as a big issue or an insurmountable issue. Specifically when dealing with technology, broadcast video introduces so many variables into an IT workflow that the number of conditions increases exponentially. For example, for any particular format that exists in the video world, there are tools that will and tools that won't accept that format as input/output. Typically, there are several tools that are required to complete a task, and in order for it to work you have to make sure that every tool along the workflow accepts that particular format. What makes things even more difficult, as stated earlier, is that the tools very rarely perform as expected or described by the vendor.

After two years of trying existing, off-the-shelf, solutions it became clear that iVid would have to innovate and create their own media workflow solution. Because of this discovery, most employees at iVid understood the significance of the technological disruption, especially in media workflow solutions. After they experienced firsthand how difficult it is to make video and digital computers work together, iVid was smart about putting resources into building solutions and services to bridge the gaps that they experienced. iVid realizes that because of the incongruence there is an opportunity to

create products and services that help other companies deal with the same issues that they are facing. As a result, iVid started several new projects and initiatives to help launch the company into the media services-oriented businesses.

Another consideration of technology that seemed to be not completely understood was the creative aspect of dealing with various size screens and viewing conditions across the different devices on which media is consumed. For example, the aesthetics for creating content for a three-inch screen are incredibly different from creating content for cinema or even TV. The only consideration that iVid gave in this regard was to make "short-form" content. Even so, there was little effort to try to understand how to capture the best user experience for the different screens and consumption scenarios.

Overall, the main things that were observed during this research regarding technological issues include: (1) technological disruptions exist and are rampant; (2) disruption equals opportunity; (3) these technological issues are not trivial to solve, which makes the solution potentially more lucrative; (4) there was disagreement about how big of an opportunity the technological issues were and; and (5) iVid eventually noticed the scope of opportunities and began pursuing products and services that addressed the needs learned while attempting to work in the Internet Video space.

Economic

The economic issues are obviously important, because any startup's goal is to become profitable and successful. iVid is no different. Unfortunately iVid is having difficulty finding a business model that is sustainable. iVid has a very hard time convincing ad agencies/brands/sponsors to buy the "new media" model that iVid has to offer. Even though proportionally, advertising dollars are increasingly spent in new

media, the increase isn't happening fast enough, and in some cases proportions are increasing but overall ad budgets are decreasing.

The CTO sees this as just being ahead of the curve and thinks that over time things will hopefully get better.

There's a hesitancy for brands and agencies to fully integrate digital media, certainly the way we are providing digital media, that is, short form, episodic, non brand or unit, but interest oriented content that has ad inventory, ready to be sponsored, to be distributed over a variety of networks. There's a hesitancy right now to endorse that model. I think that's just a pure timing issue.

He went on to admit that part of the disconnect is due to a lack of knowledge about the advertising and media world.

No one really knows the dynamics of print media and television media. They know that there's a lot of folks out there and a lot of folks must be doing their stuff because businesses are rising from that but they don't know how and they don't know what the drivers are from that.

The VP of Media Distribution echoed the CTO's sentiment by stating that it is very difficult to get ad agencies' attention:

What we haven't seen to date is a strong interest. There is some interest, but a strong interest from advertisers. Which is interesting personally. And this something we are learning about that initially the sales force said we don't have the numbers to get the strong interest.

The economic recession is also impacting the company drastically, causing the company to have to "trim fat" (*i.e.*, layoffs) and explore possibilities of mergers, partnerships and/or acquisitions in more of a frantic, desperate way. At the time of writing, the potential of a merger or acquisition is still being investigated.

In this researcher's opinion, one of the main disconnects between iVid and potential advertisers could be the misunderstanding around CPMs (cost per thousand viewers) and "views." In traditional web advertising (such as AdWords by Google), you can get CPMs at a few cents apiece, but with Internet Video, iVid thinks it can charge

much more than that. This way of thinking has to do with the fact that iVid sees a "view" as being far superior to a "hit" (like Google), because it provides consumer engagement and detailed analytics. The problem is that across distribution points, the amount of engagement and the value of the view varies. As such, iVid has had a hard time convincing potential clients that advertising with them would provide superior cost for their dollar.

In summary, the main economic issues that were described by respondents or observed by the researcher were as follows: (1) having a product/service that is dependent on clients understanding a relatively new model, (2) potential clients not understanding the value that iVid can provide, (3) potential merger or acquisition, and (4) general hesitancy of advertisers to spend large amounts of money in the digital/Internet Video space.

Legal/Regulatory

iVid has a unique approach to the way they craft content ownership and rights. Their model gives them complete control (ownership rights) and gives them the leverage they need to repurpose content and distribute it to any geographical region. iVid structures all of their content deals to give them complete ownership, allowing them to modify, distribute and most importantly, monetize the content. They did this by paying up-front for production of the content and/or by agreeing to split the revenue ("rev-share") that is made on the content with the content creator. Also, they require that the content creator have the rights to anything used in the production so that there aren't any further rights issues.

We have sort of a loose relationship with the folks who make the content but none the less every bit of content that is associated with iVid at this point in time is

100% owned by iVid and that's very significant, and very rare, in the industry right now. (CTO)

iVid has had a difficult time living up to the rev-share goals that were used to coax content producers to create content for very low amounts of money, because iVid has been unable to build a business model that generates enough revenue to make the rev-share system profitable for both parties. In fact, some of iVid's most talented producers have left as a result of iVid not being able to live up to their revenue goals. This is potentially devastating for iVid because eventually it will handicap iVid's network of content producers and create a bad reputation for the company, which will make it more difficult to hire new good creative talent in the future.

The Legal department admitted that it wasn't always easy to convince producers to give content rights up to iVid. "It's a rocky road because people just want to keep all their [content] rights." As the CTO explains, iVid makes it monetarily appealing to give up those content rights:

What we do is we structure our business relationship with an exit monetarily and financially advantageous for them to give those rights up and we may have a term limit on our rights that revert back to them over time or whatever but it's a business relationship.

Also, one other observation made was in terms of intellectual property (IP) and value added to the company. Owning content is much more advantageous than just licensing content, because when you own the content you can count it in the valuation of the company.

The CCO saw some additional potential benefit from legal/regulatory issues that were put forward by the FCC:

I think there are some regulatory advantages that we have. That if [the] regulatory [environment] changes, particularly, the FCC on television, it could cause issues for our strategy, somewhat. What I mean by that is, for Nike to

create its own show, its own tennis show, "Nike's Tennis Show " and place it on VOD television networks, they would be required [as] the network to slap a big "this is an advertisement" message on the top of the screen.

In summary, the legal/regulatory issues that were directly observed and reported by the respondents in the interviews include the following: (1) iVid's unique and very valuable content rights ownership and distribution/repurposing rights, (2) experienced difficulty in making the rev-share system work (3) potential advantages created in the regulatory space.

Socio-cultural

iVid is basing its business on some key socio-cultural issues that were mentioned earlier as key drivers and trends such as the Long Tail and the "culture of free." The socio-cultural issues (and resulting impacts) surround the disruptions in the way consumers treat content, media outlets, and consumption of media. As mentioned in Chapter One, Anderson's notion of the Long Tail refers to the fact that on the Internet people expect a large variety and expect to be able to access any content no matter how rare or obscure (Anderson, 2004). Also, as stated earlier, because of the Napster generation, consumers once again expect content to be free. In addition, consumers today also expect content to be on demand, any time, any place. The CFO summed this notion up by characterizing this new consumer as follows: "the coming generation, which was not raised on appointment-based television."

In addition, Legal added that media consumption also helps find our identity and states that this was a main motivator for iVid to enter the business: "I think, what we consume creates our identity now, so I think that's something else that's really given strength to the market that we're trying to enter."

The new generation of consumers drastically changes the approach that large corporations use to attract, engage and keep the attention of desired demographics. However, it was also observed that iVid recognized that this change in approach also changes the kind of targeting that advertisers can do, because all of a sudden media providers have more information about who is consuming what, when, how, where, and what consumers thought about it. A further observation of the marketplace, with the advent of RFID (radio frequency identification), for example, companies will soon be able to know what articles someone has on their possession (in their home, in their car, etc.) and be able to target ads based upon what consumers need. Such a drastic increase in pertinent information has created huge changes in the socio-cultural impact of new technology and offers, as mentioned earlier, large whitespace opportunities.

Another observation from being at iVid is that in addition to the notions of the “culture of the free” and the Long Tail is the distinction between the new media savvy generation and the older generation whose media consumption is primarily broadcasting, cable and satellite. The CTO saw this new, tech-savvy, Napster generation as the user-base for which iVid's content is created and stated this as follows: "our demographic is absolutely skewed to the media savvy, the connected, the wired, the wireless, the you know the technology enabled media consumer."

As a whole, iVid has recognized the importance of these three elements (culture of the free, Long Tail and media savvy generation) and characterizes these as some of the most disruptive trends affecting media and entertainment in all of history. These three socio-cultural issues are not only pervasive but already have affected a positive change in

media distribution, as evidenced by the growth of online media subscription sites such as iTunes and streaming Internet Video media sites such as Netflix.

However, the CCO stated that not all of the socio-culture issues were necessarily positive and goes on to say that the impact of this social change is, in fact, potentially harmful to society, emphasizing the importance of creating content that is not just entertaining but has some inherent value or contribution to society:

We've advanced technology, advanced efficiency, advanced in the pacing of our lives and our access to communication so much so that I think we've all realized that it hasn't necessarily made us a happier people. In some ways, the rich have got richer, the poor have gotten poorer, and the great divide continues.

Once again, the CTO saw this new, tech-savvy, Napster generation as the user-base for which iVid's content is created and characterized this notion as follows, "our demographic is absolutely skewed to the media savvy, the connected, the wired, the wireless, the you know the technology enabled media consumer." But, the CCO seems to differ slightly in opinion, because most of the content created at iVid was targeted to a much broader set of demographics.

Once again, it is important to point out that one area of social impact that was not emphasized was social networking. It is interesting to note the omission of this fact from the interview threads, considering social networking's rapid diffusion and impact on the rate of media consumption.

In summary, there were many socio-cultural issues that were observed or reported by respondents, including: (1) the advent of the Long Tail, (2) the culture of free, (3) the resulting disruption that was caused in the advertising world in their key focus on targeting media users, (4) while acknowledging the important of the media-savvy consumer, there was disagreement among executives about what the target demographic

that iVid was targeting should be, and (5) the lack of emphasis on the impact of social networking.

Acts of Management

As related in Chapter Two, the heart of Kozmetsky's Creative and Innovative Management theory is in the creation of specific acts of management. According to Kozmetsky, management actions need to be directly tied to the contextual issues outlined earlier in this section. The CIM theoretical framework also highlights importance of the detailed description of those same issues. Understanding the issues is directly linked to the accuracy of management strategies used to solve specific market problems. The direct result of this management process is that the acts of management allow the firm to be flexible and adaptable to change as well as being efficient and effective. In this chapter, iVid's management actions are viewed through the CIM lens and are classified as follows:

- Organizational Structure
- Strategy (Strategic Planning)
- Culture and Environment
- Newer Institutional Alignments (Strategic Alliances)

iVid's overall strategy has gone through a few key iterations since the beginning of this research. These iterations were subtle at times and quite drastic at others. In the beginning of the company's history, the strategy seemed to be to procure "quality" content and build a distribution network for that content. This strategy shifted from a product-orientation to a service-orientation as it progressed forward in time. Throughout these evolutions, iVid tried to figure out how build a sustainable business. At first, iVid tried licensing their content. Next, iVid tried selling sponsored content pitches to ad agencies and brands. The next strategy was to try selling distribution syndication

services. It turned out, the original licensing model definitely did not produce the bounty iVid had hoped for. In addition, iVid was minimally successful at selling sponsored content ideas and selling syndication; however, neither of these generated much revenue.

Organizational Structure

The first observation is that iVid's structure is very flat and efficient. There is a CEO, a CFO, a CCO (Chief Content Officer), a VP of Distribution Operations (now responsible for CTO tasks as well), a Director of Marketing and a Creative Director. The second observation is that iVid for the most part operates very efficiently, mostly due to the incredible work ethic and flexibility/adaptability of its employees. This researcher has been amazed at how self-motivated and adaptable each employee at iVid is. There are a few employees who are less enthusiastic, but still work hard, and there are others who are enthusiastic but don't appear to work quite so hard. Luckily, a majority of the employees are very productive.

The organizational structure of iVid was drastically altered at the beginning of Q4 2008 when 10-12 employees of the company were laid off. (Figure 4 presents the organizational structure as of Q1 2008, and Figure 5 shows it as of Q4 2008.) This researcher was the sole remaining full-time employee in the Media Services department, while the Content department was also cut to a single person. The IT department lost one person, Marketing lost two, Sales lost one two or three (the uncertainty about the exact number is because several worked off-site) and as a result the total workforce was reduced by approximately 30%.

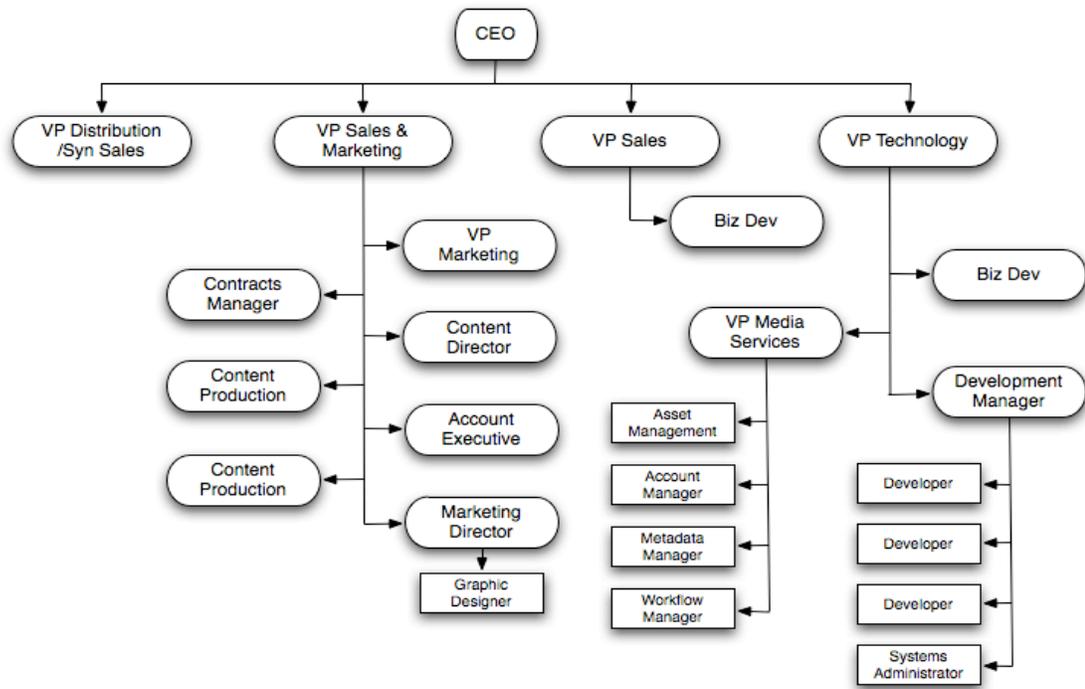


Figure 4 iVid Organizational Chart Q1 2008

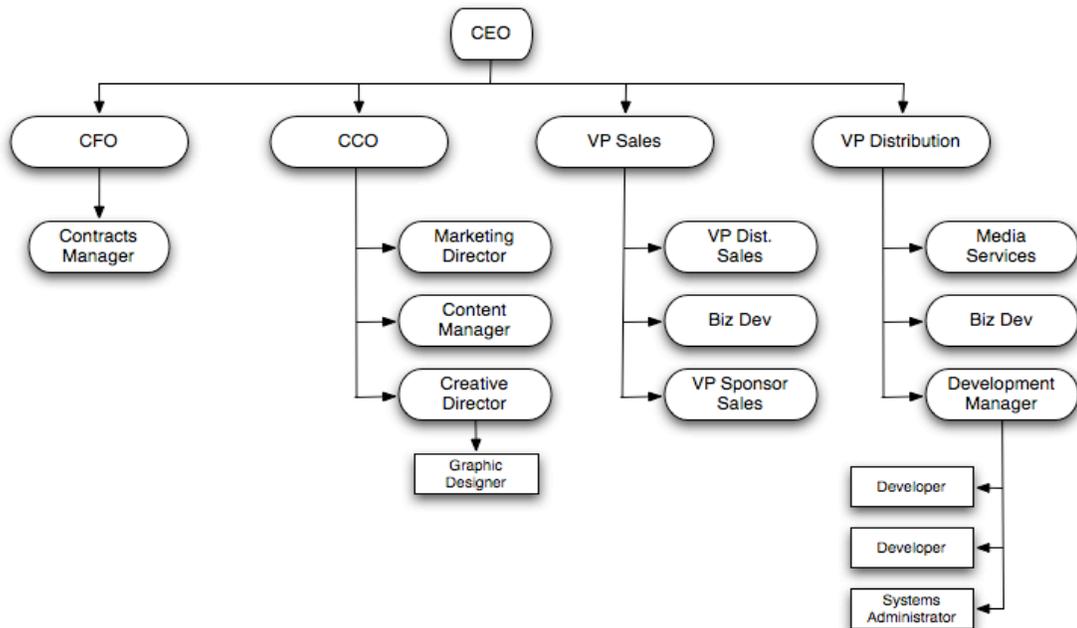


Figure 5 iVid Organizational Chart Q4 2008

Obviously the layoffs were a very drastic shift in the size and function of the organization. The content department was all but wiped out; the Media Services team was put completely on this researcher's shoulders, while sales and marketing were put in survival mode.

When prompted about the layoffs, the CEO stated that the layoffs were not directly related to the economic recession, but he did indicate that iVid needed to become more efficient and that he had built a much larger machine than was needed, therefore it was time to optimize and "slim down." This transition was directly related to the realization that iVid was now becoming a services organization, which was different than originally foreseen.

The observed result was a bare bones structure that barely kept the organization running. In limp mode, the company progressed forward by eliminating or just plain ignoring many of the clients and responsibilities it had carried before the layoffs. That seemed to work for the short run, but as time progressed it became apparent to this researcher that it would likely be difficult to sustain the business for more than one or two quarters without drastic changes in the business model.

In summary, based upon this researcher's observation and the compilation of interview data, it was learned that (1) iVid had a very flat and efficient organizational structure, (2) this structure was drastically altered when 30% of the company was laid off, (3) the new structure of the company drastically altered the capabilities and focus of the company.

Strategic Planning

The first observation is that iVid has been very purposeful in their strategy and tactics. With that said, iVid is a startup and therefore they did experiment with caution.

In general, iVid believes that is unlike other competitors because it came into the Internet Video purposefully, rather than “falling forward.” The CEO reiterated this viewpoint:

We thoughtfully went into this market, versus falling forward into the space. If you look at...anybody else you can paint a picture around every one of those companies [that] fell forward. When I say fell forward into the space, what I mean very specifically, is that an opportunity happened...there was some central thing that got created organically by somebody else.

He went on to give specific examples of companies stumbling on a successful piece of content or idea that caused them to “fall” into Internet Video. iVid, according to the CEO, did not follow that trend but rather consciously developed a strategy and philosophy to enter the Internet Video market place.

The CEO went on to define the set of beliefs and philosophies that helped lead them into the highly disrupted Internet Video space:

Before we did a single lick of content, we developed a philosophy and belief around what was important:

- High definition--originated so that we could future proof the content.
- Rights control--so we could get to every geography, every screen, every platform.
- Professional--so that brands weren't afraid to go attach their name and their essence to a piece of content like user generated content could scare them out of it.
- Episodic--so some loyalty could be developed over time and space around that brand, and that content. All these characteristics that we decided on and then that's just the content.

The CEO continued and indicated quite clearly that he was very confident in their strategy and their ability to execute on that strategy:

We get technology better than anyone else has. We've been solving problems with technology longer than anyone else has. Does that deal us into guaranteed success? No, but it certainly gives us an unfair advantage.

The CTO had an interesting comment to make about iVid’s strategy that had to do with the timing of the execution of the strategy:

So, to me, that is probably the most significant issue we face, is to be able to continue to thrive in a nascent marketplace until the marketplace matures enough to where the traditional spends start coming in.

The CTO was also concerned that iVid is “ahead of their time and possibly showing up to play the game when there’s no one to play against.”

When asked about strategy, several respondents chose to compare iVid against its competitors in order to paint a picture of how iVid’s strategy has played out. When asked about strategy, the CFO compared iVid to other players in the marketplace:

Some of our competitors are probably a little bit ahead of us in terms of finding those niches that may be profitable. I think where we are is we'll test some of these groups or some of these verticals, and we may find that some of them are good and some of them are not good, and we'll continue to test and find those areas that will allow us to make the maximum amount of revenue.

Although he saw iVid as being a bit behind (at the time of interview), he pointed out that some of the IP and technology that iVid was building would enable them to stay ahead of the content curve and deliver any type of content to any type of device on demand:

As people look for ways to consume media, or to use their disposable time, we should be in front of them. And whether it's a mobile mechanism, or a gaming mechanism, or online, or video on demand.

According to Carbonara, disagreement on status regarding a firm’s competition can be a direct result of not refreshing competitive analysis on a regular basis. He goes on to state the need for market intelligence as follows: “making sure your market intelligence is accurate and up-to-date in one of the most vital ways of assessing whether a company’s strategies are still on target and helps the fluidity of tactical actions supporting the strategy. It is all about doing the right things, not just doing things right...” (Carbonara, 2009).

Once again, strategic planning and strategy tied to specific problems and needs of a marketplace is paramount to the successful innovation of any company. Using CIM to assess the effectiveness of strategy from the vernacular of the employees from within the firm offers a unique lens and a rich feedback link for management. (Carbonara, 2009).

According to direct observations and interviews with employees at iVid, this researcher concludes the following about the strategy and tactics: (1) iVid feels as though they have a unique strategy in the Internet Video marketplace because they purposefully entered it, unlike many competitors; (2) iVid believes it has a unique set of beliefs and philosophies including HD, high-quality, professional, episodic content; (3) There is disagreement about whether or not iVid is ahead or behind its competitors.

Culture/Environment

The first observation is that the culture and environment at iVid has changed drastically since this research began. At the start of this participant observer's participation, the environment and people were euphoric because of their recent acquisition of second-round funding. The securing of these funds lead to the bulking up of the staff and the increasing of the running cost of the company. During this period, the culture was very optimistic and everyone had a great work ethic, feeling motivated to work hard. This was captured in one interview where a respondent was asked how they felt about the culture at iVid:

I find the work environment to be really fun. I mean I enjoy the people that I work with here. I think from the different areas that they work in, they are very top notch. (CFO)

This respondent went on to emphasize the importance of a good culture:

I think the culture fit is the critical thing for a start up. Actually, for any organization. But, a start up it's even more critical. You have to have open lines of communication, and be able to trust one another.

The CCO emphasized the importance of the role of the CEO in defining the culture of a company, but also noted that they've seen others contribute significant amounts to affect culture:

I think the CEO has a huge role to play there whether he likes it or not. And, I think the management team has a huge role to play there. But, I also have seen individuals in, you know, two or three levels down really affect the culture.

In general, the culture at iVid is very laid back. The feel at iVid is very modern and hip with a definite "startup" feel. With ample supplies of beer and soda in the fridge, the management did a good job of creating a fashionable, fun and practical culture.

The CTO chimed in on culture and stated that the culture is what the employees make of it:

You can't implant culture, you can walk the walk though and you do the right things the right way that help breed a culture...you know you have a good culture when people invest themselves into their work and when they're done they say "this is the best job I've ever had." That's really when you know you have a good culture.

Unfortunately, that changed drastically when the company grew in size. At this point, several employees (this researcher included) had to move across the hall to a separate office that was in the middle of the building and had no windows. It was a dark and miserable space; it was like a big closet. It also created a feeling of separation between people and departments in the company. It felt as though we had become two separate companies.

The culture and environment was affected even more drastically after the layoffs at the beginning of Q4 2008. As mentioned earlier this researcher was the only full-time employee that was not laid off in the Media Services Department. As a result to this

researcher, workload increased 3-4 times while pay did not. This event obviously was a very demoralizing event and resulted in doubt, confusion, fear, and an apparent lack of direction. The problem was exacerbated by the fact that after the layoffs, the management across the board did little to fill the gaps that were created, creating a very frustrating environment to work in.

There were attempts to bring the company together and reorganize by having weekly staff meetings that everyone attended. This helped but didn't really add clarification to direction or purpose for the company. For whatever reason, the weekly meetings were cancelled at the beginning of Q1 2009. It seemed to this researcher (as a participant observer) that the management was either not concerned with the culture or environment after the layoffs or was naïve to the demoralized state of their direct reports.

After the layoffs, it was obvious that strategy had shifted, but even so the executives, in general, did not adequately convey the new direction of the company to the rest of the employees. The company executives may have been communicating among themselves, but the communication between the executive level and the rest of the company definitely declined after the layoffs.

The CTO (whose interview took place before the layoffs) stated that he believed the culture at that point was quite healthy:

At the end of the day, I do believe we've built a good culture here at iVid. It's one of maybe a little too lax in or more regards. Frankly, I'd like to see it tightened up a little bit. But I do believe folks are happy to be here, believe they're either already making a difference or capable of making a significant difference in the industry. So it's a rewarding culture for them. It's a culture of really good communication."

The CFO disagreed and said that the culture is one of a "Series A" startup and needs to evolve:

But right now it [iVid] operates more like a series A type company. Where decisions a lot of the times are made from the top down. And it needs to kind of evolve to that next stage where line managers are empowered to make those decisions and entrusted to make those decisions.

The CCO closed by admitting that there was a need to improve the culture: "I'd like for us to have a more problem solving culture."

A number of respondents were very forthright about discussing key strategies.

One employee stated their thoughts on strategy as follows:

I think that iVid essentially started this company with a tech mindset, but it's generally an engineering mindset, which as a side note, I have a great deal of respect for...But, I think one bit of painful learning...has been to realize that we're in the media space and therefore, it takes a very delicate combination of high tech and high touch. It takes a very delicate combination of hard edge linear thinking and softer qualitative, creative thinking."

Another employee stated the following commentary on strategic planning of iVid:

I think one of the missteps was to assume that all aspects of the company could be effectively put in boxes and run dynamically, if you will, or from an automation standpoint. It's not to say that a great portion of this business couldn't be run that way, but I think it requires an evolutionary process where you sort of start with a combination of softer edges and harder edges and then you sort out what can be automated, what can be quantified, and what can't. And I think the mistake, if you want to put it that strongly, was to come into it assuming that it can all be conformed into hard edge approaches.

A different employee stated their thoughts on strategies as follows:

Well, the one that pops to mind immediately is content creation....I think it may have been a little off the point to suggest that iVid could determine a need from a programming standpoint and hand that off to a third party with very little input or control and at very low cost....And, to assume that what would come back would have the entertainment and informational value that would make it engaging.

Still another respondent offered their thoughts on iVid strategies and strategic planning are as follows:

This business, in order to survive, is largely a service business. We're cutting deals with people who want relationships with us. We've learned through experience that it's not a matter of signing a deal, plugging in ads, shooting it out

there, and letting it run. There are client relations, there's maintaining relationships involved, so there's a big service aspect.

The culture and environment at iVid went through quite a rollercoaster ride, from high in the clouds to down in the ditch. In general, the culture and environment can be summarized as (1) very laid back but professional, (2) demoralized after layoffs and never really recovered, and (3) management/executives didn't seem to care much about culture or environment after layoffs.

Strategic Alliances

In this researcher's observation, iVid takes strategic alliances very seriously and has for the most part sought out partners and alliances in relevant and beneficial areas. iVid has a one very important strategic alliance that takes the form of funding by a major telecommunications company. This particular partnership has been kept under the mat, but was used to get the company off the ground in the beginning. The CEO emphasized that these partnerships were chosen with care:

In terms of partnerships; partnerships only work when both partners benefit. It's just, by definition, very difficult to have any two parties benefit in a healthy sustainable way with a company that is very small.

Even though it's difficult, the CEO elaborated to say that in such a disrupted marketplace, alliances, partnerships and participation in industry are very important because they help keep the company focused. At the same time, they brought up concern that spending too much time in industry dealing with counterparts would only inform the competition:

I have very little interest in other digital media companies having any particular knowledge of us. I think that all you're doing is informing the competition. I'm positive that our thinking and our processes and our thought leadership will be nothing other than followed by folks that we go inform.

But in general, with the exception of the above concern raised by the CEO, the executives agreed that industry participation was very important, especially in the technology and advertising standards space. They discussed the importance of staying ahead of the technology curve and mentioned how participation in such entities such as standards organizations and industry conferences help make sure that iVid focuses on the right areas. The VP of Distribution went so far as to say participation in such events "is huge."

The CCO related how important alliances are in the content area:

Aside from everybody, I think the creative world is an important partnership alliance. And when I say creative world I think that spans ad agencies that have lived their life trying to compel consumers to pay attention and to influence them.

The CEO went on to state the following about alliances and leadership: "We have to be thought leaders in the most disrupted part of this industry. To be a thought leader you have to have alliances and have knowledge of what else is happening in that realm."

The scope of what iVid brings to alliances was commented on by the CTO:

If we widen the scope of partner and alliance a little bit, I think one of our fundamental advantages is that we, from day one, didn't and still don't consider ourselves strictly a web play. The web is important to us, no doubt, but our emphasis on traditional wired and traditional wired cable or IP network distribution, I think, is very significant and it still is. It puts us out in front of most everyone else in this industry.

From what was observed by this researcher, iVid focused, in the beginning, on partnerships and alliances in the content distribution and network world, while that focus shifted later on to be more on advertising agencies. This shift in focus seemed natural because without building the network there wasn't much to sell; however, the observation was made that it did seem maintaining the relationships with some of the distribution partners became less important as time went on.

In summary, (1) iVid recognizes the importance of strategic alliances and has executed a few key partnerships, (2) iVid recognizes the importance of having a presence in the industry and participating in industry forums, (3) iVid was hesitant, according to the CEO, to get too involved with competitors because of the potential of giving away too much information.

Feedback

As stated in Chapter Two, one of the most important attributes of the Creative and Innovative Management Theory is the importance of understanding proper metrics and feedback. Continuous assessment is the goal for firms seeking to be truly creative and innovative. In fact, Carbonara says that, “reusing the process [CIM] on a regular basis is the only method for a firm to continuously be creative and innovative” (Carbonara, 2009).

Since iVid is a small company, feedback should be easy, but in fact it seemed to be a major shortcoming of iVid. During this research, numerous problems were observed that were a direct result of a lack of feedback from either top down or bottom up. The executives indicated that they thought feedback was important, but they also indicated that since everyone was so busy they would skip feedback in most scenarios. Some indicated that they just didn't have time for formal feedback, while others said that if someone needed feedback then they should come ask for it. The CEO talked about his philosophy of feedback, which includes an open-door policy and a “town hall” meeting weekly:

I'm open to all feedback...the easiest way to do that...is to stop a little earlier on Friday, have a beer, talk about what has been going on that week and try to create a forum that people feel comfortable enough in, giving feedback, asking questions, participating however they want. Does it always work? No. Does it

always solve the feedback problem? No but in terms of at least creating a come one, come all forum where the intent is to make it very town hall.

The CCO brought up concerns that feedback was being put aside because of time constraints:

I think it's really important, but it's also really hard. There's such a huge volume of work being produced every single day in every corner of the business. The people who are quote/unquote "required" to give feedback, or should be giving feedback ... are inundated.

This researcher liked the CEOs "open door" policy and the town hall weekly meetings, but the lack of formal feedback of the non-executive personnel wondering what was going on and how performance was being evaluated. This researcher often wondered what the boss thought of the job being done and was even more in the dark about what the CEO or any other executive felt about our work. In such a small company, feedback is vital, but at iVid it was sparse at best.

Even so, two executives disagreed and stated that, "I don't know that it (feedback) is our biggest thing to solve" (VPD), and "...it's a culture of really good communication, I think we're doing fine there" (CTO).

Other respondents echoed my observations and added that feedback can increase productivity:

I think feedback's critical. One of the things that we are trying to do is implement performance reviews and things like that from an HR standpoint. Because that is critical in terms of going from one stage to a second stage so that you can empower people. But, people have to understand that you are behind them and that you support their decision-making abilities. Usually, that's communicated in feedback and positive reinforcement type behavior from managers. (CFO)

After the company was split into two offices, feedback went to almost nothing, especially between departments. In fact, as stated before, there was little interaction between the two offices, which made us feel like two separate companies, without any

connection. The CEO attempted to remedy this by sharing time between the two offices, but this did not seem to be very effective. Even after the offices were reunited (after the layoffs), the disconnected feeling continued. After the New Year (2009), the weekly meetings (the last form of feedback of any kind) were abandoned. This left everyone feeling very uneasy and uncertain. The CEO indicated that the meetings were not being continued because so many things were uncertain and that they didn't want to meet until they had answers.

Another thing I observed was that communication and feedback between the various department heads (managers) was not always very good. For example, the "content" group might decide to not distribute a new show because they are trying to sell sponsorship on it, but that did not necessarily get communicated to the appropriate people in order for the correct measures to be taken.

Many respondents disagreed with the sentiment of the executives and argued that feedback was not effective. One interviewee summed up feedback as follows:

I don't know that it [feedback] currently does work. ...There's nothing at this stage that you could point to and say: "This is how feedback currently works or should work."

Some respondents were more specific, asking for performance reviews: "I wish there was a more formal feedback process here," and "I'm saying I want a performance review...with a form!"

The CCO summed it up by admitting that feedback could be improved, but suggested that it had to be solved by increased effort from the top down and bottom up:

So it typically means that I don't feel like we need to [give feedback]. Or I need to give feedback there because it's on rails. We need to do a better job of that. It's probably a combination of managing down and managing up. You know, individuals taking ownership and responsibility of getting the feedback they need, and that's required.

In summary, based upon observations and data collected from qualitative interviews, this researcher concludes that (1) feedback and communication in general were not effective, (2) attempts were made to communicate and give feedback but they were inadequate and eventually dropped altogether, (3) most higher-level respondents admitted that feedback needed improvement, and (4) most lower-level respondents wanted more feedback from their managers.

CHAPTER FOUR

Analysis, Discussion, and Conclusions

Introduction

Creative and Innovative Management Theory (CIM) can be useful in evaluating an organization's performance relative to internal and external expectations.

Highlighting the drivers and issues affecting an organization can help situate its responses to the various disruptions and changes in technology and markets. The way iVid as a company defines contextual issues also affects the way it comes up with novel solutions to the various problems associated with change over the period of this research. iVid's execution of a variety of acts of management was examined using the lens of the CIM framework.

Since the interviews for this study were performed over a period of time that spanned many significant events both internally and externally (all of which may have influenced respondent feedback), the structure of this analysis is framed accordingly. There was a definite evolution in the general attitude of the respondents that seemed to directly parallel the evolution of the company. Although evolution is natural for any company, a startup is different in that this usually happens more quickly and drastically. Therefore, the structure of the analysis keeps this evolution in mind, contrasting and comparing accordingly.

The evolution of this company was not unlike other startups; it was dynamic, fast, and quite drastic at times, including growth, alliances, decline, layoffs, resurgence,

mergers and acquisitions, etc. As Carbonara states, rapid growth due to infusion of a series of capital investments often leads to a reorganization of structure – moving rapidly from an entrepreneurial start-up mode (with the CEO and principals all involved in most decision meetings), to a functional design, with all of its compartmentalization (Carbonara, personal interview, February 16, 2009). Direct observation by this researcher supports this; the lifecycle of iVid as a company was a rapid one. The following sections represent the analysis of both the participant observations as well as an assessment of all of the interviews and this analysis follows the structure of the CIM questionnaire (as outlined in Chapter Two).

Drivers

The first important element is Drivers. Although in general iVid appeared to have a good foundation of understanding when it came to the drivers in the industry, it was also apparent that there were a few key individuals (some in management) who varied just enough in their understanding of these drivers to cause slight, but critical, inaccuracies or gaps in strategic and tactical execution. Specifically, this lack of synchronization contributed to the continuation of critical blind spots in understanding the media industry (and thus, gaps in the acts of management), as well as the departure of the CTO from the organization.

When it came to describing the drivers in the media industry, most respondents had similar responses at first, although the specificity and focus of their responses varied. The respondents generally agreed on the drivers for Internet Video and iVid, but there seemed to be a great disparity in the level of comprehension of this idea. In general, most respondents said that the drivers for Internet Video were the democratization of content

and the disruption of media advertising dollars. The further away from the top (CEO) this question got, the less this idea seemed to be fully understood. In a couple of cases some of the VPs didn't quite agree with this concept – one respondent answered by saying that the major driver was quality content, while another responded by saying that the proliferation of connected devices/networks and the ability to flow information freely were the drivers. Also, a few respondents were stumped by this question and responded with mantra that seemed like an idea that they heard from someone else, without fully grasping the concept. This indicates a lack of context, which could be a result of unfamiliarity with traditional media industry, history of media, technologies, etc., or simply a lack of communication within the company. This type of response primarily came from lower-level employees.

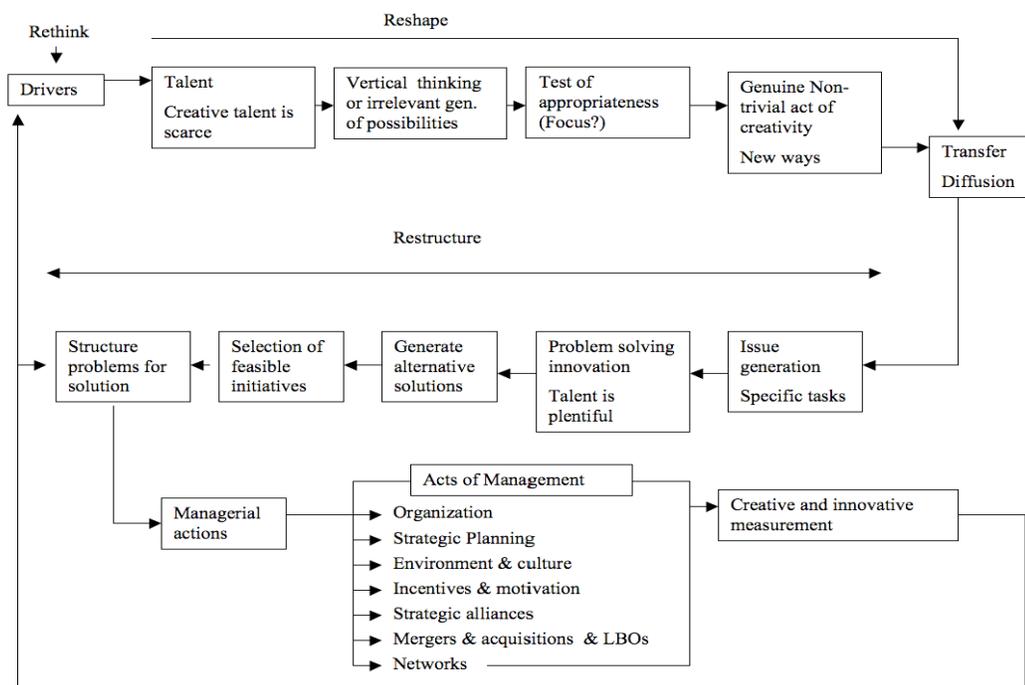


Figure 6 Creative and Innovative Management Process (Carbonara, 2008)

It was also interesting to note that this particular leading question tended to set the tone for the rest of the interview. If the interviewee felt confident about their response on this question, they tended to maintain momentum throughout the rest of the interview. Likewise, if they had trouble elaborating on this question, they tended to have trouble the rest of the time. There were only a couple of instances where that latter was the case.

Internal and External Drivers

Kozmetsky (1988) makes a distinction between internal and external drivers. At iVid, the most noticeable internal driver is a perceived “coolness” factor of being in the media space. Early notions of having an iVid “studio” and/or “network,” illustrate this fact, and iVid management was clearly fascinated with the motion picture and television industries and the personalities involved.

In general the external drivers that most respondents identified have to do with how the Internet and Internet Video have disrupted traditional media models (radio, television, print, etc.) as they relate to content production, advertising, and distribution. For those in the content/marketing roles there was emphasis on the advertising disruption, others tended to emphasize the fact that the disruption was industry wide and not isolated to a part of it, while yet others focused on the distribution problem as a result of technological hurdles.

iVid saw these disruptions as stimulants fragmenting traditional media conglomerates and distributors, which in turn, frees the audience from the “by appointment only” media consumption model. This assessment has significant merit. What attracted iVid to the Internet Video market was the potential revenue opportunity created by this disruption of traditional media companies. In addition, iVid saw the

democratization of content, the diffusion of networked media devices, and the shift of power to the consumer as key drivers in the area of Internet Video. One related area that has provided huge opportunity is social networking, which iVid perceived as adding incredible potential value and also as facilitating the creation of media in new ways, more efficiently and more quickly than traditional media. iVid attempted to explore the possibilities of content creation and social networking by looking at developing a social networking application for content producers, but it appeared that the company became distracted from this path at several junctures, committing fewer resources to this project as time went on, and ultimately abandoning it altogether.

Needs and Problems

For Kozmetsky (1988), clearly translating problems into opportunities that can fit into the whitespaces, or opportunities that exist when a void in the marketplace is discovered, is a vital component of the flexibility and adaptability functions of CIM. From the varied responses, iVid's key market driver and understanding of the problems had a wide range. For iVid, the challenge is to identify opportunities the disruption and problems bring with them and structure creative and innovative solutions.

iVid's primary understanding of the need in the industry focuses on building quality content and placing sponsorship around that content, rather than upon building a large viewer base like YouTube. The notion is that since advertisers are hesitant to place ads on user-generated content (because of concerns of people identifying their brand with unprofessional content), higher-quality content would forego those issues and be able to entice advertisers and viewers simultaneously. Anderson's (2004) notion of the Long Tail supports this notion. Palmer (2008) also supports iVid's notion of quality by

pointing out the amount of low quality “noise “ programming you can get on YouTube makes it difficult for users to find attractive content and makes it even more difficult for advertisers to find content to attach advertising to.

It is also interesting to note that some interviewees saw the scattering of viewers across devices as the single biggest disruption and problem. As consumers begin to use different devices to consume content, such as cell phones, game consoles, laptops, personal media players, etc., there is a huge need for advertisers to be able to reach these consumers as they travel from device to device. As a result, iVid has created the “three screen” approach, which enables advertisers to reach consumers across any of the three types of screens (traditional broadcast, Internet, or mobile) where they consume content.

iVid appears to have done a good job identifying some of the key needs in the industry, but it also appears that they have had limited success fulfilling those needs. Advertisers seem to be hesitant to spend money in the new media space (including Internet Video) regardless of “quality” or the improved “reach” provided by iVid’s “three screens.” To date, these have proved only marginally useful for iVid in attracting advertising clients.

Opportunities and Whitespaces

Kozmetsky (2000) and Carbonara (personal interview, February 21, 2009) see the ability of a firm to react to opportunities as a function of two notions: (1) the elevation of marketplace problems to a crisis proportion, and (2) the ability of an institution to accurately name and understand the underlying contextual drivers (technological, economic, legal/regulatory, socio-cultural, etc.) of the marketplace. For Kozmetsky, opportunities are often defined by gaps in either the market or the technology.

iVid views their best opportunities as lying within the understanding of the disruption in the media market landscape in the following ways: (1) democratization of content development due to technology, (2) the proliferation of new networks and devices for distribution, (3) understanding the mix of relevancy and the notion of “free” media, (4) new ways of searching/discovering content, and (5) helping traditional sponsors shift to the new notion of socially-networked consumers.

Because of decrease in cost of High Definition video equipment and software, there has been a large increase in the number of consumers and professionals who create programming in HD. At first, iVid chose to focus on these “professional amateurs” and a social network built around them as the base for production. Early results of this approach were promising in terms of content, but disappointing in regard to revenue. iVid used the promise of sharing advertising revenue with producers as justification for paying them little for production. At least to date, the revenue arrangement has not worked out for the benefit of the content producers or iVid. Even though the model works on paper (if and when it is scaled up to large numbers of producers and programs), without a successful implementation the value becomes zero. iVid did not pursue this approach long enough to achieve the necessary scale, first limiting by resources devoted to it and then abandoning it altogether in October 2008.

Content discovery was noted as being a large part of the opportunity that exists in the Internet Video space. From Chapter 3 one can see several responses that mentioned the problem of not being able to quickly and easily locate quality content that meets the interests of the consumer (referred to as content discovery). Even though this was understood to be a major opportunity, not much was done to create new technology to

enable a better user experience; instead iVid focused on creating the content and distributing it. They worried very little about how people discovered their content. In this researcher's opinion, there could have been more done to improve the experience of iVid's viewers; but without inventing new technology or devoting large resources to enhancing existing technology, you cannot cover significant enough ground to make a difference.

As stated before, there is a significant hesitation by major advertisers to play in the new media space, therefore iVid put much effort forth to try to educate advertisers, brands and agencies about using the products and services that iVid had to offer. This is one of the key areas of opportunity that was identified by iVid. As they tried to capitalize on this opportunity, they realized how difficult it was to get advertisers to change their habits. The main area of needed education came around the difference between the idea of placing ads versus iVid's approach of sponsored content.

Crises

Kozmetsky (1985) states that the way to heighten swift and bold management acts serving as solutions to problems is to distinguish problems that are at a level of crisis proportion. In other words, once opportunities are identified, one can then identify which of those opportunities are in the "crisis" state, which is a state of great opportunity and risk. Recapping from Chapter Three, iVid demonstrated a broad understanding of the major crises in the industry, such as: (1) the diversification of consumer attention; (2) the monetization issues with new media and new levels of consumer engagement; and (3) the technology disrupting the traditional media creation ecosystem.

iVid attacked this crisis by making sure that they could distribute to any place or device. They created partnerships and alliances with appropriate parties in order to build a network of distribution channels. This model worked well, except that it soon became evident that the amount of manpower needed to manage such a large network was beyond iVid's capacity and therefore the size of the network was reduced to accommodate this reality.

Monetization of content is a big problem in Internet Video and nowhere is that felt more than at an Internet Video startup, such as iVid. To date, there is little evidence of a tangible method for monetizing online content and building a sustainable business model. There are limited cases where there has been some success (although that, too, is up for debate), but in general no one has figured out how to monetize online content yet. This, in part, is part of the reason iVid was founded in the first place. iVid tried several different methods for monetizing online content, including licensing content, selling advertising spaces around content, and selling branded/sponsored content deals. One of the main areas of distinction that has yet to be clearly defined is sponsored versus branded content. Branded content is where a company just places their identifying marks on a piece of content, whereas sponsored content is where the sponsor has input in the creation of the show from the beginning and can incorporate more subtle (but arguably more effective) methods of getting their message out. iVid concluded that the sponsorship model is the more tangible because it appears to be the more attractive to advertisers.

Another substantial crisis in the media and technology industries is the set of technological issues between the converging video and IT worlds. Video was not

designed with modern digital computers in mind and vice versa. As a result, it is often challenging to get the two to cooperate. This has to do with the complete separation and development that these two technologies have experienced over the course of history. Until recently, there hasn't been a need to incorporate video and digital computers, but with the Internet boom and the increase in processing power, memory and storage in digital systems, it is now possible and desirable to integrate video with digital computers. But, that doesn't mean that this integration is by any means easy or seamless; it is, in fact, non-trivial. One could say it is even a crisis. Fortunately, this crisis has created vast opportunity. It took iVid about two and a half years to realize this, but once they did, they acted quickly to start creating technology that not only solved problems internally but could also potentially be used to create new products and services.

Talent

The second important element from the CIM framework that is utilized in this research is Talent (see Figure 6). The CIM framework states that a creative and innovative organization must have very creative and very innovative people if it is to succeed. What is implied in this CIM framework, but is never explicitly stated, is that the internal talent must not only be creative and innovative but it must be creative and innovative in the specific industry where the organization has its main business. For example, iVid is a content creation, distribution and advertising sales company – *i.e.*, a media company. Therefore, in order to succeed, according to Kozmetsky and the CIM framework, they must acquire talent that is creative and innovative specifically in the area of media.

The area of talent is an area where iVid had problems. Although they were able to find creative and innovative talent, they did not necessarily find people who could apply this effectively in media.

Internal Talent

As stated in Chapter 3, iVid focused on the following elements regarding internal talent: (1) hiring based upon previous experiences and acquaintances (which was believed to improve the efficiency of hiring); (2) recruiting IT/software people; (3) finding people who were excited by change, flexible, and able to adapt.

The executives have great connections that allow them to bring in very talented people when the need arises, but since none of the executives come from the media industry, most of the people that are brought in internally to iVid come from other industries. This has advantages and disadvantages. In general, people that come from the IT/software/high-tech world are very solution-oriented, while people from the media world are relationship-oriented. The team that was chosen by the executives reflected the IT-oriented background of most of the executives and, as a result, there was some frustration as a result of IT people trying to solve problems in a relationship-oriented media world.

A specific example can be seen in the advertising sales department where almost all of this talent came from other industries. The closest they have to a media expert is one individual who came from magazine ad sales. This lack of media talent caused the advertising sales department to struggle in selling ads. From a management perspective, it also may have influenced and hindered some of the executive management tactics and strategies.

In the opinion of the researcher, it would have been much more advantageous if the executives spent some time finding people who understand media and how the media world works. It appeared that part of the problem could have been plain ignorance, that is, simply not realizing the drastic difference between the media industry and their own experience.

Eventually, as the company evolved, iVid began to realize how important it is to be “media-oriented” while maintaining the strategic and operational advantages of their IT-oriented background. This researcher believes that many of the mistakes that were caused from not understanding how the media world operates could have been avoided if iVid spent more time trying to get media-oriented people to begin with. For example, figuring out how to sell sponsorship or advertising for Internet Video content is something that may have been accelerated if more media industry people were involved from the beginning.

The irony is that although iVid lacks media-oriented people, the executives built a team of highly skilled people that have adapted extraordinarily well to the media world. In fact, this researcher was quite impressed with the quality of the employees that the executives at iVid put together. Most employees were self-motivated, innovative, creative, and flexible, which is exactly the kind of people that are suited for a startup. Unfortunately, the experience in the media world was lacking, and this proved to be a major limitation on the capability of the firm to enact innovative solutions in the marketplace.

External Talent

iVid utilizes external talent in many different scenarios. In general their philosophy on external talent consists of: (1) consultants (external talent) are “like assassins and given very precise targets,” brought in to execute on a single task, and who may be brought back if they do well on their first assignment; (2) consultancy can be used to try a potential employee out before hiring them full-time – in other words, an efficient way to screen potential employees and save any possible headaches as a result of making a poor hiring decision. When this philosophy is utilized, it can be transferred to internal talent because the value to the company is already understood. From Kozmetsky’s perspective, this translates into the advantage a firm gains by understanding the importance of both internal and external talent as a means of becoming more creative and innovative. (1985)

The technique of using consultancy as a “trial run” for potential employment seemed to work quite well. This is the method that iVid utilized in this researcher’s case before being hired full-time. This researcher began as a consultant in December 2007 working one day a week; then in May of 2008 the conversion to full-time employee took place. Several more instances where this technique was utilized were observed, and most of the time this technique was quite effective.

Issue Generation

The third important element from the CIM framework is the Issue Generation element. This element focuses on technological, socio-cultural, legal/regulatory and economic issues. According to Kozmetsky (1985), without proper understanding of these issues, an organization will lack key information that should shape and influence tactical

and strategic decisions. iVid proved to be *very strong* in this CIM area demonstrating a diverse and skilled assessment of a number of particular issues – particularly in the area of technological issues. As time went on, iVid adapted specific strategies and tactics addressing technological issues, and refocused their management decisions to reemphasize any newly acquired knowledge.

Technologies

According to Kozmetsky, matching core technologies with new market needs is fundamental for companies seeking to be both creative and innovative. Clearly, marketplace disruption resulting from the changes brought about by the introduction of new technologies shows the important link between the two. This relationship is most pronounced when discussing new media technologies. The CIM framework highlights the opportunities associated with understanding the issues surrounding disruption as well as the discovery of potential white spaces, and CIM advocates the creation of novel solutions to the problems directly occurring as a function of the disruption.

It was quite clear at the beginning of this research that not very many people at iVid comprehended the enormous incongruence that existed between the video technology and information technology spaces. Nor did anyone expect a large focus of iVid's product and services offering to be a result of this incongruence. But, as iVid spent time trying to solve problem after problem arising from the video/IT disconnect, some iVid executives soon realized how large the problem in the industry is and therefore how much opportunity exists. There was disagreement among the executive staff regarding the magnitude and importance of this opportunity. The qualitative interviews reveal that some respondents felt that there were other areas in media with greater

opportunity than in technology, while others thought that technology was the most prolific issue in the Internet Video space.

As iVid continued to evolve, the emphasis shifted more towards being a technology solution provider; and now, a significant portion of the company's core competencies lie in this area, plus much of the management attention and resources have been focused on where computing and video meet. This is not only very smart and forward-looking, but has already resulted in significant productivity and value for the company. This is further evidence that iVid is capable of becoming a "learning organization" (Carbonara, 2008).

Economic Issues

According to Kozmetsky, understanding economic issues is essential to the creation of creative and innovative management acts that take advantage of new business opportunities and provide innovative solutions to the problems of disruption. Another key element of the CIM framework is the importance of clear metrics that are placed in the vernacular of the business milieu. As stated earlier, the disconnection due to the inability to place the evidence of quality views into the parlance of the existing advertising market is a problem. The CIM Theory implies it is the successful translation of value propositions into specific user revenues that is needed for a firm to move into executing creative and innovative management acts. One area that iVid should be able to do this is audience analytics; however, although very impressive analytics exist at iVid, they have not yet been translated into a clear distinct advantage for both advertisers and their clients.

The main economic issue facing iVid, besides the obvious macroeconomic recession, is the unwillingness of advertisers and brands to spend money in the digital media/Internet Video space. Over time, iVid realized that it was difficult to play in the Internet Video space simply because widely accepted pricing models or metrics have not yet been established, which made it difficult for iVid to support the claimed value of their audience. One example of this is CPM (cost per thousand), which establishes how valuable each hit, click, or in this instance, play/engagement is to the advertisers. The pricing points and metrics for traditional advertising and even more importantly, Internet advertising (such as Google AdWords), are well established and understood. It became apparent very quickly to iVid that appropriate models do not exist for sponsored video content, and since iVid's position is that video plays are far more valuable than a traditional click, they had difficulty convincing advertisers to pay a higher CPM than for other advertising, such as Google AdWords. Through the end of this research, iVid had not yet developed an effective approach advertisers and continued to have difficulty convincing advertisers and ad agencies to pay a premium for engagement, but they did see an increase in the willingness of advertisers and agencies at least to experiment in this digital media space. iVid hopes that this trend will continue to the point where they can spend less time educating and more time selling.

Of course the entire microeconomic picture has been drastically affected by the macroeconomic recession. As a result of this recession, hundreds of billions of dollars have vanished in the media industry alone, and a large-scale reduction in spending in every industry has made it difficult for everyone, especially startups, to make a profit. iVid has not had it any easier. The advantages that iVid has are that it preempted the

recession by “trimming the fat” with layoffs, and since iVid operates in an area where advertisers are beginning to spend money; there is the opportunity to capitalize on refocused ad budgets across the board. Companies are looking for more efficient ways to advertise to their customers and iVid is well positioned to take advantage of new media. In fact, since the recession exacerbates the economic problems caused by media industry disruption, it could add significantly to the motivation traditional media firms have to seek creative and innovative solutions, and thus accelerate efforts to “solve” the monetization issue of Internet Video and create new ways to capture audiences through new media. In other words, the recession could have a silver lining for iVid.

Legal Issues

The legal/regulatory issues that were directly observed and reported by the respondents in the interviews include the following: (1) iVid’s unique and very valuable content rights ownership and distribution/repurposing rights, and (2) potential advantages created in the regulatory space.

From this researcher’s observation, the rights issue was perhaps the most important legal issue for the company. In the beginning of this research, iVid’s policy of owning the rights to the programs did give it a unique advantage when dealing with traditional distribution platforms such as IPTV or cable. Later, as the company sought out relationships with more big name talent, the ownership of rights became the stumbling block and exemptions to the original ownership policy occurred. In addition, as the company began to discover the core technologies it was creating to solve its own technical problems, the awareness of the value of joining industry standards-based organizations in order to track new technology trends increased; however iVid did not

seem to fully realize the competitive advantages it could gain by active involvement in the standards-setting process. Content rights continued to be the most important issue. The interviews support this assessment.

According to Kozmetsky (1988), understanding the legal and regulatory issues that occur as a result of disruptive technologies is tantamount to creating management acts that take into account the role of standards in accelerating diffusion. According to Carbonara, a company can help influence the standards-setting process, and thus key technology processes can be leveraged to give advantages to participating firms through their involvement, because the recommendation and adoption of worldwide standards helps to build economy of scale and to accelerate diffusion (Carbonara, personal interview, February 21, 2009).

Socio-cultural Issues

According to Kozmetsky and Carbonara, one of the major social impacts of CIM is the diffusion of innovation, which includes the pervasiveness of both media distribution across different screens and appliances as well as the rise of the Internet and social networking. Carbonara also says that our current Internet media distribution environment allows for an unprecedented opportunity to observe the power of interpersonal communications:

The Internet with its popular social networking function focused on interpersonal communication when linked with the additional mass channel capacity of the Internet fosters a truly mediated environment, allowing for a more rapid diffusion of ideas, products and consumption. The impact of the Internet also highlights the most radical shift in the shape of the traditional bell-shaped curve of innovation adoption and reflects the importance of digital social networks in spreading diffusion (Carbonara, personal interview, February 21, 2009).

In Chapter 3 a number of responses acknowledged the importance of targeting the *Napster generation*—an audience that is very comfortable using the Internet as its main source of media. As Carbonara states, this youthful demographic is already well versed in using digital social environments and participating in the spread of viral networks. In the book *Zero Time*, Kozmetsky calls this same phenomenon the “power of networks” (Yeh, et al., 2000).

However, Chapter 3 also illustrates that there was disagreement among executives about what the true target demographic for iVid should be. In fact, iVid shifted its initial focus on this youthful demographic (one that was of great concern to advertisers because of their migration to the Web) to a more mainstream approach taken by traditional media, one skewing to an older demographic rather than teens and twenty-somethings. iVid’s shift in focus actually runs counter to Anderson’s notion of the Long Tail (which, once again, was frequently mentioned in a number of interviews) by its decision to narrow the types of programming rather than expanding it exponentially.

Another socio-cultural issue discussed in Chapter 3 was social networking. Social networking has enormous potential to influence the spread and popularity of media, particularly with media distributed on the Web. iVid initially explored developing a social network for creating content; however, as reported, it never made it to the production phase; here is another area that iVid could have developed more so it could gain an understanding of how to use social networks to reach a media-savvy audience and potentially educate advertisers on how to do the same. The other social trend that affects how iVid conducts business is the “culture of free,” which says that consumers expect to pay nothing for content they consume online (or digitally for that matter). This is a

principle iVid felt very strongly about, and it was a founding principal and seen as a major driver. Anderson (2004), however, does point out in his explanation of The Long Tail that consumers will pay for content that they desire online, especially when the content is obscure or difficult to obtain through more traditional methods. However, iVid did learn that in general, it appears that the free, ad-supported model is the one more accepted by consumers.

The democratization of content creation is another socio-cultural issue that was acknowledged by iVid; it correctly observed the proliferation of smaller low cost digital HD cameras and sought out relationships with more professional video producers. The strategy increased the stable of programs iVid owned; however, all this changed when the focus of the company shifted to being service organization. Decisions (like the service shift) are discussed in more detail in the next section, which focuses on iVid's management actions.

Acts of Management

In CIM, management acts need to be tied to the contextual issues outlined earlier in this study. The CIM theoretical framework highlights the fact that the capability of the firm to identify and describe issues is directly linked to two elements: (1) the accuracy of management strategies used to solve market problems, and (2) the ability to forge new opportunities for profits. As stated in Chapter Two, management acts must be created to allow the firm to be flexible and adaptable to change as well as being efficient and effective (Kozmetsky, 1984). The CIM acts of management highlighted in this study are as follows:

- Organizational Structure
- Strategy (Strategic Planning)
- Culture and Environment
- Newer Intuitional Alignments (Strategic Alliances)

Organizational Structure

Kozmetsky states that communication is vital to the changing nature of organizational structure, especially as it moves from an entrepreneurial start-up mode to a more functional design, indicative of various rounds of additional funding. According to Carbonara, as firms move from a loose entrepreneurial organizational structure to a more functional design with titles clearly illustrating the focus and domain of individuals, top management can become more removed from day-to-day operations (and without a purposeful routine communication link with middle management on a regular basis) can lose touch with the tactical operations of the organization. Carbonara states this effect in the following way: “If strategy does not match tactical deployment actions, inefficiencies and lack of agility result” (Carbonara, personal interview, February 20, 2009).

iVid’s organizational structure changed drastically over the course of this research. As the organizational structure changed, so did the effectiveness of the organization. For example, as the company grew and positions added, the company was formed into more distinct departments, the executives were more likely to leave these groups alone, and they became more isolated. This was more evident in certain divisions of the company, but in general the number of divisions and employees is proportional to the degree of isolation. The growth in the company that created this isolation was soon removed as the CEO instituted organizational restructuring (layoffs).

The layoffs were designed, according to one executive, to optimize the company as it transitioned into a services-oriented organization. In this particular case, the organizational structure was determined by a shift in strategic planning. After the layoffs, the structure was so thin that it forced each department to abandon certain projects and greatly reduce the resources given to others. One reason for that may have been the lack of choosing to transform into a fluid, networked organization; or one, according to Carbonara, that allows for informal linkages to form as the company seeks to become more adaptable to changes in the marketplace (Carbonara, Personal Interview, 2009). In a networked organization, personnel are organized more by specific drivers and issues setting the agenda, rather than by function alone (i.e., marketing, engineering, sales, etc.) In a networked organizational structure, specialists emerge by skill sets used to solve specific problems and are organized by cross-functional teams that can be self-forming.

These layoffs happened in October 2008, just before it became apparent that a full blown economic recession was underway. Therefore in retrospect, it seems as though the layoffs were a very smart move, not only because they preempted potential pressure from the board because of macroeconomic issues, but also because they more precisely defined the roles and encouraged the cross-functional teams needed for a media services-style organization.

Strategic Planning

According to Kozmetsky and Carbonara, strategic planning is perhaps the most important of the management acts a firm creates (Carbonara, personal interview, February 26, 2009). As mentioned earlier, closely coupled to strategy are the specific

tactics used to carry them out. Strategic planning and strategy tied to solving specific problems and needs of a marketplace are paramount to the successful innovation of any company. Using CIM to assess the effectiveness of strategy in the vernacular of the employees from within the firm offers a unique lens and a rich feedback link for management. (Carbonara, personal interview, February 21, 2009).

As would be expected of most startups, iVid was characterized by shifts in strategy. Some of the shifts in strategy were purposeful, and some were by mistake; some were beneficial, and some were harmful. At times, the executives acted with precision, while at other times it seemed as though they couldn't make up their minds.

The high-level strategic shifts that happened had to do with what type of business iVid was. Was it a content company? Was it a media services organization? Was it a content distributor? Was it a digital advertising agency? Was it a software company? Over the course of time, the executives realized that licensing content was not a viable strategy to sustain the business. Instead, they realized that the most profitable way to position the business was to become a media services organization, providing all the services required to create, distribute, and (hopefully) monetize content.

Another specific example of a shifting strategy was the content acquisition strategy. One of iVid's initial projects was to explore the possibility of crowd sourcing content production (via social network). At first this involved selecting the mid-range of content producers, the "professional amateurs" who could create quality content at a fraction of the price. This could be considered a very smart move, considering the ever-increasing number of low-cost, high-quality cameras and talent that know how to use that equipment. The strategy then shifted into expanding the network and its capabilities by

developing a social networking application for content producers. This project was dropped after the layoffs. What is so ironic about this is that although this approach to content creation was the basic founding idea of the company, over the course of three years, the implementation and development of this evolved very slowly and eventually was abandoned. It is the opinion of this researcher that this project could have been one of the most valuable pieces of intellectual property created at iVid, yet it was dropped entirely.

Probably the most critical shifts in strategy that happened at iVid were the “rebrands.” In two specific instances during this research, iVid went through a rebrand (launching a new graphical look and identity). The first attempt was halted halfway through implementation because of disagreement about the graphical elements. Then when a new Creative Director was brought in, a new rebrand was attempted and executed. The combination of these two rebrands took a lot of time and energy from everyone at the company for several months and, in retrospect, may not have been necessary or crucial to the success of iVid. In fact, just the opposite may be true. Focusing on a rebrand instead of building the business probably hurt the company because it occurred immediately after second round funding was obtained and diverted critical resources from building core competencies. The second rebrand was in process during the layoffs, which made completion of the rebrand almost impossible. As a result, the rebrand was never completed across all of the intended media and assets.

In terms of advertising models, iVid experimented with many different approaches. iVid attempted inserting ads into content such as lower-third overlays, prerolls, midrolls and postrolls. They also experimented with branded versus sponsored

content. They tried this for existing shows and shows that were custom created for the client. From what was learned, it appears that just throwing ads into content only works if you have enough clients and enough content to have high-volume. In iVid's case, they had neither. About 12 or 18 months after the creation of iVid, they realized that the potentially more profitable avenue of revenue was through sponsored or branded content. The idea was to get a brand excited about a particular show and have the brand sponsor the entire season. iVid was able to get a few deals like this, but they are still unable to get the number of clients necessary to maintain the business model.

There also appeared to be a significant strategic planning gap at iVid in that there seemed to be a general disregard of the competitive environment. iVid executives felt they had a unique and superior approach in the Internet Video marketplace, because they purposefully entered this market, unlike most competitors, and because they were not mired in the ways of a traditional media company. They were aware that competitors existed in the market, but there was disagreement about whether or not iVid was ahead or behind its competitors. This lack of agreement about something that can quite easily be objectively tracked and verified is evidence of the disregard of the competition.

According to Carbonara, such a disagreement can be a direct result of not refreshing competitive analysis on a regular basis. Up-to-date market intelligence is an absolute necessity: "Making sure your market intelligence is accurate and up-to-date is one of the most vital ways of assessing whether a company's strategies are still on target and helps the fluidity of tactical actions supporting the strategy. It is all about doing the right things, not just doing things right" (Carbonara, personal interview, February 20, 2009).

Culture and Environment

Once again, communication is the key element to galvanize personnel. According to Kozmetsky, aligning the needs of the individual with the needs of the firm is essential in creating a positive culture and environment that can contribute to fostering creativity and innovation. According to Kozmetsky and Carbonara, strategy can either be seen as a product, initiated from the top down and swiftly carried through by employees or as a process that is motivated from the bottom with suggestions and input from employees brought up to management (Carbonara, *Creativity and Innovation: The Creative and Innovative Management Process*, 2008).

The culture and environment at iVid went through quite a rollercoaster ride, from high in the sky to down in the ditch, so to speak. At the beginning of this study, the culture and environment was pleasant and fun. iVid felt like a very energetic and exciting place to be, which was probably mostly due to the fact that they had just received their second round of funding and began expanding their arsenal of products and services. Even so, it felt as though everyone truly enjoyed their job and was generally satisfied at their work. Everyone was quite laid back, which at first seemed like it was just the nature of the people, but as time progressed it became obvious that it was because most people at iVid had been involved in several startup companies before and had a high level of confidence in iVid's CEO.

Understandably, the culture and environment suffered after the layoffs. There was insufficient information being passed from the executives to the employees and as a result everyone was very depressed. The general feelings picked back up slightly after weekly staff meetings were reinstated, but it felt as though none of the questions that had arisen as a result of the layoffs were ever answered. After a few weeks, everything

settled down, but there were still questions of direction, goals, and objectives that were never addressed. Some departments handled this transition better than others, but in general there was definitely a lack of communication and a high level of anxiety.

Overall, the executives at iVid did a good job creating a fun, energetic workplace in the beginning. The main source for the environment and culture at iVid is the CEO. He projects an aura of confidence that infuses itself into the rest of the company. Towards the end of the research he stopped showing up at the office and at the staff meetings. When that happened there was an obvious cloud that began to hover over the company.

Each of these examples illustrates, once again, the importance of honest communication. An absent CEO did not convey confidence to the remaining staff in the ability the company had to weather the storm, or put another way – to instill confidence that things would work out all right as everyone pulled together as a team.

As morale declines, productivity also declines, and confusion replaces confidence leading to even more lost productivity. According to Carbonara, culture and environment together act as the glue that holds the company together in both good and challenging times (Carbonara, personal interview, February 26, 2009).

Strategic Alliances

Kozmetsky stresses the importance of newer institutional developments for a firm seeking to be more creative and innovative. One of the key institutional developments has been the strategic alliance. According to Carbonara, these can take on numerous forms: parent-child relationships, joint ventures, strategic ventures, mergers and

acquisitions, cooperatives – to name a few (Carbonara, personal interview, February 21, 2009).

By its nature, the CIM theory fosters “coopetition” – that is, setting your competition as an ally when it is mutually beneficial and as a competitor when the marketplace is more balanced. When technology disruption occurs, often times the marketplace is so shaken that it takes a cooperative effort for small companies who complement each other to create initial solutions that also serve to educate the market itself and help move it to try more creative strategies. Once the solutions are in place, these same small firms can once again compete on a level playing field for market share within the new markets that have been created (Carbonara, personal interview, February 20, 2009).

Although iVid stated that they understood the value of alliances there were only a few examples that were observed. iVid was hesitant, according to the CEO, to get too involved with competitors because of the potential of giving away too much information. iVid made calculated strategic alliances, almost exclusively in areas that were seen as directly tied to a particular business need. As stated by the CEO, iVid was very careful to not enter into alliances or partnerships that could be harmful to iVid.

This researcher observed this strategy in several situations and has concluded that although it works in general, there are instances where maybe greater cooperation or more alliances would have been beneficial. For example, one of the main problems iVid faced was the education of ad agencies and brands about what the benefits were of the services that iVid provides. If iVid would have cooperated with other digital media

companies and perhaps a few ad agencies early on, they could have sped up the learning curve for ad agencies and brands and possibly covered more ground by this point.

Toward the end of this research there were rumors of a merger or acquisition that could take place between iVid and another company in a related line of business. This could create an interesting situation for iVid as it tries to survive an increasingly difficult economic scenario. If iVid can strengthen its position with a key alliance like this, it could drastically increase its own chances of survival and success.

Feedback

The final element of the CIM framework that is utilized by this research is the Feedback element (see Figure 6). According to Kozmetsky, an organization must have fluid communication and feedback in order to stay effective and efficient. Without proper feedback, an organization can suffer from variation in execution of the tactics and strategy set forth by the executive team. iVid suffered from chronic communication problems that were caused by the lack of a proper feedback loop. This is one topic area where the questionnaire demonstrated agreement among the executives. They all agreed that the existing feedback loop was poor, but they also stated that they didn't feel that it was important enough to redesign at that particular point. They stated that since it was lower priority, they never really expected to give it attention unless a direct report specifically asked for feedback. As a result, there were times where there was extreme confusion and even depression among employees as a result of the lack of information flow. According to Carbonara (2008), without a proper feedback loop an innovative and creative organization cannot succeed. According to Carbonara (personal interview, February 21, 2009), the feedback loop in the CIM process allows for a firm to become a

learning organization. To be a successful learning organization, two types of feedback are needed: tactical and strategic.

In tactical feedback the emphasis is on answering the following questions:

1. How are we doing?
2. Are we doing things right?

In strategic feedback the emphasis is on answers to three different questions:

1. What do you need from us that we are not giving you now?
2. Are we doing the right thing?
3. What do you think you will need 5,10, or 20 years from now?

As illustrated in Figure 7, strategic feedback uses the drivers to assess the goals, objectives, requirements and procedures of the firm. Once implemented, the acts of management foster results that can be a strategic measure based on the outputs, waste, surprises, and invisible consequences of the management actions. This loops around to be measured against the drivers and therefore, the goals, objectives, requirements and procedures must be mapped once again and the feedback of this process continues.

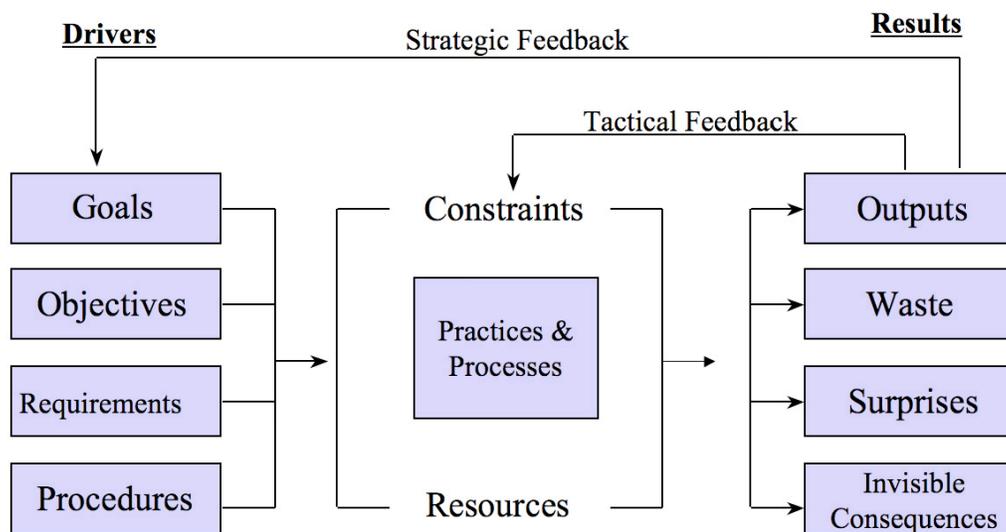


Figure 7 The CIM Feedback Loop (Kozmetsky, 1997; Carbonara, 1999; Carbonara, 2008)

Also essential in the Real Feedback model is the notion of tactical feedback. Tactical feedback takes the same results of the impact from the acts of management (outputs, waste, surprises and invisible consequences) and maps these as constraints and resources emanating from the organization itself – this time wrapped around the practices and processes the firm has adopted to carry out its various functions. Both tactical and strategic feedback is essential for the firm to be a learning organization and therefore allow it to be empowered so it cannot only be efficient and effective, but also flexible and adaptable.

The communication and feedback at iVid evolved with the company over time. During the beginning of the research period, the communication and feedback seemed adequate, and interviews conducted during this time confirmed this. With weekly staff meetings and more frequent department meetings, everyone seemed satisfied. But as time went on and the company grew, communication broke down. At a certain point, just before the layoffs, it had degraded to the point where the communication and feedback between departments at iVid was abysmal. Communication within the department where this researcher worked was good, even though there was little formal feedback. For the rest of the departments, there were no formal modes of communication or feedback and most of the time employees were left wondering what the current state of the company was. In this researcher's personal experience, there were several times when different departments had completely different assumptions about methods of implementation on particular projects, and these varying assumptions eventually led to problems. However, once a problem was recognized, the small size of iVid tended to mitigate the damage caused by the lack of communication, because a correction was easier to implement.

Conclusion

Creative and Innovative Management Theory is an effective method to obtain relevant information and understanding of the key drivers affecting a particular market. Working through the CIM process takes the information about the drivers and translates these into concrete knowledge about specific market problems and creative institutional opportunities to solve them. In addition, as the drivers are more clearly understood via the CIM process, the contextual issues surrounding them foster creative solutions grounded in the needs of both the market and the company. CIM goes beyond this, however, to focus on managerial strategies that are based on a relationship between its organizational structure, strategic planning process, culture and environment (including various motivations and incentives) and strategic alliances that allow a company to establish creative and innovative management focused on flexibility and adaptability to a changing and sometimes disruptive marketplace.

The CIM framework turned out to be quite valuable in examining iVid from a creative and innovative management perspective. The CIM questionnaire combined with the case study method (via a participant-observation by this researcher) resulted in very useful data to analyze the strategic behaviors and functions of iVid. This research identified several key areas of strengths and weakness in the strategic planning and implementation enacted by the management. CIM also gives key insight into the effectiveness of the key strategies and tactics employed by an organization. CIM proved useful in explaining iVid's successes as well as the areas in which it was less than successful. The fact that iVid missteps can be easily linked to elements in the CIM

process that were ignored validates the theory and provides a method to avoid such missteps in the future.

The iVid case study reiterates the importance of aligning management decision-making to market drivers and issues; it also underscores the importance of feedback loops to continually assess the effectiveness of these same management acts as a result of disruptive change in media markets due to technology. Perhaps one of the greatest strengths of the CIM process as applied to this case study is the importance of communication.

As a tool, it is this researcher's opinion that CIM offers a comprehensive approach to studying the impact of new technologies as well as bringing an empirical approach to the study of organizational communication. It is also the conclusion of this researcher that further research is necessary to test the hypothesis that application of the Creative and Innovative Management Theory to an organization in a prescriptive mode (in contrast to the descriptive and analytical mode of this research) would result in a positive impact on the innovativeness of companies. At the very least, this case study on iVid provides some evidence that this could be the case.

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