

**“Music Cos. Must Act Global, Think Local,” by Peter M. Thall.**

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As we approach the 21<sup>st</sup> Century, nothing will separate the six leading music companies more than how they manage the challenges of global competition. During the past decade the landscape has shifted dramatically, and by now the major companies—merged and reshaped—are ready to reassess their positions in the global marketplace.

We are at an evolutionary plateau—one that necessitates a major change in the way we do business. In the new global marketplace, being reactive won’t work. The major record companies must take the steps necessary to operate efficiently without sacrificing their primary objective—creating and distributing music and music-related products.

Most of the big players already think of themselves as global. But look closely: **Intra-corporate** strategies are often absent and there is a scarcity of personnel equipped to manage in the global business environment. Where are their directors of global strategies? What company shares its global marketing plans with all levels of management? Who among the managing executives of the American, French, or Mexican subsidiaries are being educated and integrated to be part of a global *mélange*? How many times have we seen international record companies’ affiliates at odds with one another over the development of the same act? Motion picture companies’ affiliates expend fortunes conceiving and producing soundtracks with music controlled by every major music publishing company in the world with the exception of their own.

It is only through a well thought-out, *human* strategic development plan that goals established in the *business* strategic development plan can be achieved. Linking both, through management development, is the key.

Now that the music industry has reached such a high level of sophistication—in manufacturing, distribution and promotion, and in new technologies and new markets—it is more important than ever to insure that management vision and structure are fine-tuned.

Globalization requires a unified sense of purpose that enables each employee and manager to understand his or her place in the corporate vision and plan. The cult of personality is outdated in these global corporate structures; management needs can no longer be filled by the senior executives who have been moving from company to company for the whole of recent memory. This practice has barred lower-level staff from advancing because no one has bothered to train them to take charge. Middle management positions in record companies only rarely provide an opportunity to hone the skills of leadership required in a global marketplace. This pattern must be reversed.

BMG has been a leader in the area of global management development, with a program that encourages top management to position middle management employees for growth and a role in the greater corporate scheme.

In the existing corporate structures, new employees also face difficulties. In the music industry, uniquely, employees are often hired by major record companies from independents whose operations are, by definition, highly unstructured. Rather than being carefully trained to assume their new roles, these new hires are thrown willy-nilly into the fray, to learn by experience in a rough-and-tumble environment; in this environment bosses often make final decisions without giving “developing” juniors an opportunity to participate, grow, and be groomed.

In the pyramid-shaped organizational structure of these huge corporations, women and minorities often are not included at all. If they are, it is atypical for them to have been trained for

advancement and succession in the ranks of management. The result is that these men and women often find themselves stuck at the same level no matter what job they get. This problem is pervasive.

Human resources, like the music products these companies sell, have a short shelf life when they are allowed to “develop” in this way. Employees who comprise the most innovative and energetic element of our workforce find themselves dispirited; their jobs can seem as expendable as the products they sell.

The dearth of seasoned second-level managers and the perpetual senior management shuffles, along with outdated or ineffective rules of succession, ever-changing political landscapes, language barriers, and a constant need to retool strategic processes and train new managers are the challenges—and obstacles—for companies seeking worldwide success in the future. The companies that respond to these challenges will be positioned to face the issues of the next century.

Globalization and human resource development are inseparable. The task for music companies is to build a workforce that views the industry with a whole-world perspective. If the music industry is sensitive to the challenges of globalization, it will liberate itself from the errors of the past and seize the great opportunities of the next millennium.