
New Media as Catalysts for Change in the Transformation of the Book Publishing Industry

by Nina D. Ziv, Polytechnic University, New York, U.S.A.

Introduction

The book publishing industry in the United States, which can trace its origins back at least 200 years (Tebbel, 1997), has entered a period in its history characterized by great uncertainty and change. A cursory glance at the latest industry statistics reveals that growth in the industry is flat. In 2001, US book sales totaled \$25.3 billion which was only a 0.1 percent increase over 2000. Sales of trade books, which includes adult and juvenile hardbound and paperback books, declined by 2.6 percent from 2000 to 2001 (Association of American Publishers, 2002), and projections for the next few years in this category and others show little or no growth (Book Industry Study Group, 2001). While one could point to these numbers as evidence that the industry is dying, it is important to look beyond the statistics to get a true understanding of what is actually occurring.

Like many large established industries, the book publishing industry is undergoing tremendous changes. Indeed, the issues facing the industry are profound and the resolution of these issues will ultimately affect how the industry is defined in the future. This article will focus on one of the most important issues, namely, the emergence of a whole range of new media which have created important managerial tensions within the industry (Figure 1). For purposes of this discussion, new media will be defined as those media which either enable the development of digital-based

content or deliver such content. While some may view these managerial tensions as creating turmoil and undermining the very nature of the industry, from a number of perspectives such tensions have been catalysts for change and are creating opportunities that will enable the publishing industry to regenerate its businesses, reach a new generation of readers, and create an environment that is conducive to innovation and creativity. As companies evolve in this environment, the challenge is how to capitalize on these new opportunities.

The First Wave of New Media Creates Managerial Tensions

In the mid-1980s, the first wave of new media, CD-ROMs (Compact Disk-Read Only Memory), began to appear in the marketplace. Since CD-ROMs could be used to store and distribute large amounts of data, it was no surprise that the first successful commercial applications of CD-ROMs were text-based databases and reference works such as dictionaries, encyclopedias, textbooks, and government documents (Nicholls, 1989). However, CD-ROMs also redefined some of the notions of publishing because for the first time, content could be presented in a non-linear format which could be enhanced by graphics, sound, video, and animation, and the delivery mechanism for such content no longer was limited to bound codex books (Vista Computing Services, 1995, p. 18).

This multi-dimensional content or 'multimedia' became increasingly popular as sales of multimedia-capable computers increased and more CD-

Abstract

The issues currently facing the book publishing industry are profound and the resolution of these issues will ultimately affect how the industry is defined in the future. One of the most important issues that the industry faces is the emergence of a whole range of new media which have created important managerial tensions within the book publishing firms. These tensions include defining what a book is in light of the multi-dimensional content available as well as the development of new modes of delivery; whether to remain focused on producing great content or become a more technologically oriented company; and the best organizational approach. While these tensions may be viewed as creating turmoil, they have been catalysts of change and are creating opportunities that will ultimately enable the industry to regenerate its businesses, reach a new generation of readers, and create an environment that is more conducive to innovation.

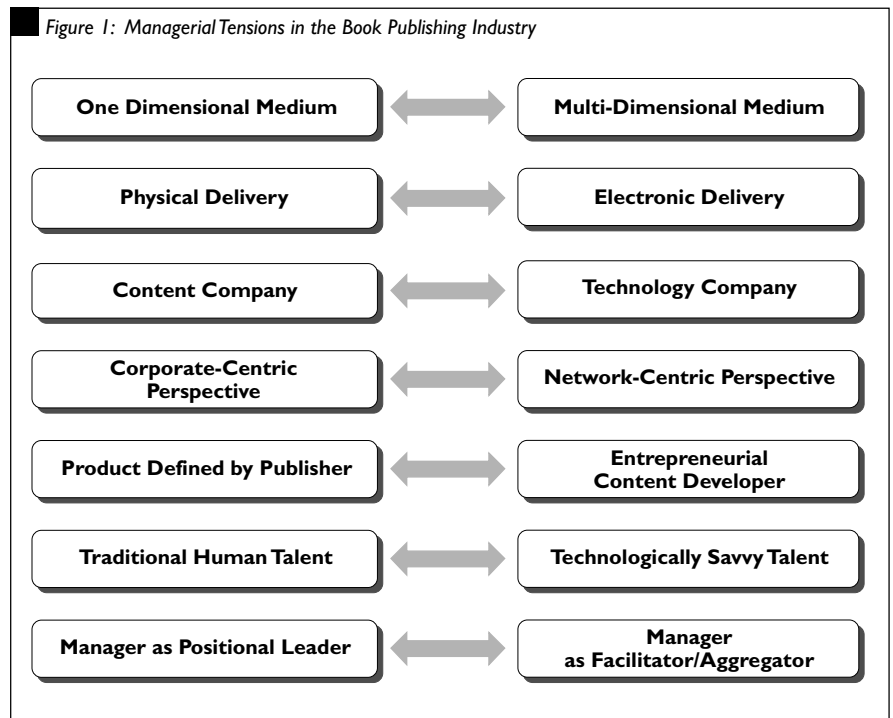
Nina D. Ziv

(nziv@poly.edu)

is Industry Associate Professor of Management at the Institute for Technology and Enterprise of Polytechnic University in New York City. Her research focuses on the transformation of the print media industry and on global entrepreneurship.

ROM titles became available. Thus in 1994, sales of CD-ROM software rose 229 percent to \$640 million in comparison to 1993, while sales of personal computers with CD-ROM drives rose to 23.6 million in 1994 from 8.8 million in 1993 (Swisher, 1995). Along with reference materials, CD-ROM titles were developed in categories such as education, multimedia games, and entertainment. Some of the most popular titles included a multimedia guide to Beethoven's Ninth Symphony which enabled the user to listen to the music as well as call up the score and read a description of Beethoven's life in Vienna; Library of the Future which contained 971 titles in all literary genres by 111 authors; and The Oxford English Dictionary on Compact Disc which provided extensive search capabilities (Nicholson, 1993). Publishers also started to package books with CDs thus creating titles that combined the physical and digital modes. For example, Random House published a book and CD package about Marlene Dietrich. The book had a series of photographs of the actress while the CD contained some of Dietrich's most popular songs. Chronicle Books, a New Media publisher, developed a line of story books which consisted of artfully designed fictitious letters which could actually be taken out of the book and read. Rather than just reading the linear text, readers had '... a participatory experience' according to the publisher (Christian Scientist Monitor, 1 Dec. 1992).

For book publishers, the introduction of multi-dimensional content created a key defining managerial tension: Should publishers cling to the one-dimensional medium which had defined their industry for over 500 years or should they redirect their energies toward creating products which take advantage of the multi-dimensional format? Closely linked to the dilemma of how to present the content was the issue of delivery. In addition to CD-ROMs, early versions of so-called e-books were



developed on floppy disks by a New Media company called Voyager Company. Voyager's Expanded Books, which were designed for Apple's Powerbook laptops, consisted of the entire text of a book compressed onto a floppy disk along with Hypercard-based software which gave users the ability to index, annotate, and bookmark the 'books'. Titles included classics such as *The Sound and the Fury* by William Faulkner as well as best sellers such as John Grisham's *The Pelican Brief* and Michael Crichton's *Jurassic Park* (Potts, 1993).

Could these new media offerings be called books in the traditional sense of the word? The idea that technology could play an integral role in the development and delivery of content prompted some in the industry to denounce this new technological development as contributing to the 'end of the book' (Max, 1994). Others saw this as the future of the publishing industry and recognized that technology was going to be an integral part of book publishing. Said Harold Evans, President of Random House's arm of Advance Publications Inc., 'We all sense that technology's capable of doing almost anything we want it to do. If you

go on a holiday, you just stick three disks in your pocket and an Apple Powerbook, and it's just like taking a suitcase full of books' (Potts, 1992).

What became increasingly clear was that new technologies were forcing publishers to rethink their businesses from a number of angles. First and foremost, they had to ask themselves what business they were in. Martin points out that when a publisher puts something on paper it is an end product in distributable, human-readable form. However, when data is put on a CD-ROM or a floppy disk, only part of the product exists and a delivery mechanism is needed such as a personal computer (Martin, 1986). Traditional book publishers concentrated on producing great content. But with the addition of a technological component, were they in the content business or in the technology business? Moreover, as these publishers sought to define their businesses, the competitive landscape was also changing to include technology companies which were beginning to act like publishers. Along with such New Media companies as Voyager Company, Microsoft had a significant stake in the multimedia publishing arena. In 1994,

it employed more than 500 people in the United States who were dedicated to producing multimedia products and outspent most publishers, with \$100 million going toward the production of consumer multimedia titles (Hulse, 1994). Even IBM, a traditional hardware company, 'published' an electronic encyclopedia (Lottman, 1997).

Because of the introduction of technology into the publishing businesses, another key managerial tension focused on the type of organization that would be most effective for incorporating the functions needed for producing CD-ROMs and other types of digital content. Could traditional organizations that gradually incorporate the elements of this new type of publishing be effective or should new organizational models be explored? Two publishing houses, Putnam/Berkeley Publishing and Penguin USA illustrate the different approaches that were taken in designing organizations. Putnam established Putnam New Media, a stand-alone division which was '... an entrepreneurial skunk works with plans to create a complete framework for the development, distribution, and marketing of New Media titles' (Newmark, 1994). The company aimed its efforts at educated families, and its first title was based on the work of a well known children's author. Because it was an independent business, the management of the unit was responsible for all financial decisions as well as for the profit and loss of the operation. At the same time, a high priority for the division was creating titles which could potentially be cross-promoted and developed with other parts of its corporate parent, MCA, which included Universal Pictures and the USA Network (Newmark, 1994). Penguin USA, on the other hand, established a new media group that was part of the subsidiary rights division of the company. It had a small staff and worked within the company to educate publishers and editors of other divisions about the nature of multimedia products.

Other publishers took a more network-centric approach and formed strategic alliances and partnerships with various New Media companies in order to co-author new titles. Random House's efforts included partnering with Voyager Company to develop Expanded Book versions on floppy disks of several titles in its Modern Library classic series (Potts, 1992) and setting up a joint venture with Broderbund Software Inc., a pioneer in interactive electronic children's books. The venture, called Living Books, was an excellent way for Random House to access its vast backlist of children's literature and have these titles developed into CD-ROM and other digital media (Newmark, 1994).

With these new organizations and ventures, companies needed to have the right talent in place to develop these new products. 'Producing a CD-ROM is an entirely different equation from producing a book,' suggested Anthony Askew, who was UK New Media director of Random House. 'It needs programmers and designers as well as an author' (Bell, 1995). Thus, another managerial tension was created which forced managers to decide whether to use traditional human talent which already existed in publishing houses and training them to develop new media or hiring a new cadre of people for this purpose. Some publishers such as Dorling Kindersley, a British-based company, chose to form the nucleus of its multimedia group from people who came from the editorial and production departments. In selecting such people, it was important to get those who had a technological bent but it was equally important for them to understand the book business. Indeed, the criterion of understanding book publishing was also important when hiring outside the firm. For most publishers, the ideal person was someone who understood how books have been traditionally assembled and marketed but was also well versed in the multimedia or software arena (Protsik, 1995). At Random House and Penguin New Media, the is-

sue of talent was resolved by outsourcing production. As a result of its partnership with Broderbund, Random House could use the expertise of the software house for multimedia production while using its own staff for marketing and business development (Protsik, 1995). Putnam New Media outsourced its product development to an electronic publishing and printing division of Bertelsmann (Newmark, 1994).

While there was a flurry of activity at publishing houses with regard to CD-ROMs and other digital media in the early 1990s, there were major problems with the New Media businesses that these companies had developed which sometimes led them to curtail their efforts or abandon such efforts altogether. For one thing, CD-ROMs were extremely expensive to produce. The cost of transferring text to discs was estimated to be upwards of \$50,000, with a small production run of discs costing around \$2000 (Rosenberg, 1988). In addition, there were few technology standards so some titles ran on some machines and not on others. While sales of computers continued to rise, by 1997 only seven percent of the US population had machines which were capable of running CD-ROMs and of those who did have multimedia capable machines, only 24 percent used them for reference and 22 percent for education, two markets which publishers had targeted for CD-ROM sales (Whitworth, 1997). Finally, publishers had distribution problems because most record and computer stores which sold CD-ROMs only provided shelf space for a few hundred titles.

The result was that with few exceptions, most units within publishing houses which were dedicated to CD-ROM production were not profitable and shut down. A case in point was Putnam New Media whose quality titles won industry awards. However, sales were weak and after investing millions, the division closed, its staff was let go, and titles being developed

were sold or scrapped (Swisher, 1995). Thus the Schumpeterian 'gale of destruction' (Schumpeter, 1942, p. 84) that had been forecast by many in the industry did not occur. Nevertheless, these new media had changed the basic notions of what content was and how it was delivered, and thus laid the foundation for further managerial tensions in the publishing industry.

The World Wide Web Creates New Managerial Tensions

While new media such as CD-ROMs and floppy disks had initially expanded the ideas of content, it was the World Wide Web which truly provided a platform for the development of innovative, digital-based content and modes of delivery. The Web became popular in the mid-1990s as a result of the invention of the browser which enabled users to easily access websites that contained various types of content (Cusumano & Yoffie, 1998). Content on the Web was presented as hypertext, that is a non-sequential form of text in which content is linked and interconnected, a concept which was first developed by Ted Nelson (The Electronic Labyrinth: Ted Nelson and Xanadu, 1995). For example, a website such as Yahoo! offered its readers short stories on newsworthy events and surrounded these stories with hypertext links to other multi-dimensional content.

Because of the dynamic nature of the Web, content could be updated continually. This was clearly in contrast to CD-ROMs where content was static, unchanging and thus became rapidly outdated. Some publishers viewed this new online medium an opportunity to develop hybrid offerings which combined the strengths of the CD-ROM medium, especially its ability to be a cheap way to store massive amounts of material with an online medium which offered information that was continually updated (Reisman, 1995). These hybrid 'living books' were especially popular when developed as computer books

or college textbooks. For example, Simon and Schuster created companion websites for its textbooks so that students could query human experts on a topic who then responded via e-mail (Walker, 1996).

The ability to develop multi-dimensional offerings which combined the physical and the digital, and in which content was dynamically updated, created even more substantive managerial tensions than had the CD-ROM phenomenon. Indeed, the issue of what constituted a book became even more of concern to publishers. In a landmark book on the evolution of the digital world, Nicholas Negroponte, the Director of the MIT Media Lab, distinguishes between physical books where the order of the content as well as the physical and sequential construct of the book itself is determined by the author, and digital books, in which the structure of a text is not limited to these three dimensions but is more like a complex molecular model (Negroponte, 1995, p.70). Given Negroponte's definitions, books could be infinitely restructured according to the reader's own desires. Would this new kind of dynamic non-linear text become what everyone considered to be a 'book' in the future or would the linear one-dimensional medium survive?

Moreover, on the World Wide Web, there was less emphasis on the intrinsic value of the text and more on the experience that the text and its surrounding non-textual additions provided to the user. If as Negroponte claimed, digital books could be restructured and enhanced in multiple ways, these books could provide so-called 'digital entertainment experiences'. Could such 'experiences' compete with the process of reading a linear text which demands that readers be actively engaged? Birkerts suggests that aside from the accumulation of knowledge and the fostering of a richer imagination that come as byproducts of this process, we as readers become engaged in a pro-

cess which involves becoming immersed in the world created by the author and in doing so, undergo a transformation of sorts which allows us not only to absorb the text as a sequence of words but also to have our consciousness affected by them. As readers, we buy into the vision that an individual author has presented in the linear medium. In the digital world however, the process does not involve immersion in which text is presented as a pure artistic medium; rather it is an experience that has more to do with the transient absorption of text in the form of links and messages (Birkerts, 1999, p. 83). While entertainment had always been an important component of books, the notion that books could be thought of as 'digital entertainment' in the same vein as listening to music for example on a CD-ROM, added another dimension to the managerial tension of whether to continue publishing in one medium or embrace the multi-dimensional content that was becoming increasingly popular.

The expansion of content into some form of 'digital entertainment' was given additional emphasis because of a series of mergers and acquisitions that had taken place in the US publishing industry. Along with the larger publishing houses such as Random House acquiring smaller houses such as Schocken Books and Alfred Knopf (Random House History, 2002), many of the publishing houses were acquired by large media conglomerates. Thus, Random itself was acquired by Bertelsmann Inc. and merged with Bantam Doubleday Dell in 1998 (Milliot, 1998). In 1994, Viacom purchased Paramount which included Simon and Schuster (Greco, 1997, p. 51). The large media conglomerates which acquired publishing houses did so under the guise of exploiting synergies between them and their various other media businesses. Bertelsmann for example, spent millions of dollars developing an e-commerce infrastructure to promote the sale of books through its book clubs and online stores (Kirkpatrick, 2000a).

In another move toward synergy, Viacom integrated Simon and Schuster into its Entertainment Group. Said Mel Karmazin, President and Chief Operating Officer of Viacom, 'By closely aligning our publishing and our entertainment operations, we expect to generate more revenue-enhancing opportunities for both...' (Viacom to Integrate Simon & Schuster with Viacom Entertainment Group, 2002). Clearly, as part of these media conglomerates, book publishers had to find ways to maintain the integrity of their own content offerings while participating in the cross-media ventures of their corporate parents.

The World Wide Web not only was instrumental in providing a platform on which new types of content could be developed; it also became a delivery mechanism for e-books which unlike the early 'e-book' floppy disks developed by Voyager Company, did not require users to purchase physical media containing the text. Rather, they could now be downloaded directly from the Web and 'read' using devices such as Personal Digital Assistants (PDAs), dedicated e-book readers, as well as conventional personal computers. Indeed, PDAs, which originally had been used to hold addresses and calendaring information, were now being used to read e-books. In addition, devices exclusively used for downloading and reading e-books were becoming available although with clunky designs and hard-to-read screens, they lacked the look and feel that would make users give up their paperbound books (Mayfield, 2000).

Much like the CD-ROMs in the early 1980s, the new delivery format stirred a debate in the industry about whether books in their present paperbound format would survive. For managers in traditional book publishing firms, part of the debate again centered on defining their businesses. Should they focus on their core competency as publishers, that is, producing great content, or should they become end-to-end technol-

ogy companies, as Laurence Kirshbaum, the Chairman of Time Warner Trade Publishing suggested, where dealing with software developers, device manufacturers, and new delivery mechanisms would become a key aspect of the business (Reid, 2001a)? Exacerbating this managerial tension was the fact that the once well delineated roles which publishers, booksellers, and even authors had traditionally played were now blurring. For example, publishers found themselves in competition with companies which were now able to 'publish' books as well as sell as them over the Web directly to consumers. Thus Barnes and Noble, whose main business was the retail book trade, launched Barnes and Noble Digital, an electronic business unit which created electronic versions of out-of-print books as well as new titles in electronic format and sold these titles from the Barnes and Noble website (Rose, 2001). Some publishers, who saw an opportunity to bypass book retailers and also feared that retailers such as Barnes and Noble would cut into their revenue streams, became 'booksellers' over the Internet. Simon and Schuster, Random House, and Harper Collins all signed deals with Yahoo which would enable them to sell their books directly to readers through the Yahoo website (Regan, 2001).

Perhaps the most important role change confronting publishers was the ability of authors to become 'self-publishers'. Indeed for authors, the Internet provided a way to interact directly with the community of readers thereby enabling them to bypass the organizational constraints of the 'brick and mortar' publishing houses. In March 2000, the idea of the author as entrepreneurial content developer briefly became a reality when Stephen King, the best selling horror novelist, 'published' his book *Riding the Bullet on the Web* and invited readers to download the novel free-of-charge (Matthews, 2000). Later that year, King also published another novella, *The Plant on the Web* in which he issued installments and asked read-

ers to voluntarily pay \$1 for each chapter they downloaded. He also pledged to keep writing only if at least 75 percent of the readers complied. As result of falling sales of the installments of *The Plant* and because only 46 percent of the downloads were actually paid for, King halted the 'self-publishing' experiment (Kirkpatrick, 2000c).

'Pulp' books did not disappear from the marketplace as a result of the publication of King's books and publishers did not go out of business. In fact, King conceded that one of the difficulties he had with publishing his own work was making people aware of its presence on the Internet and suggested that publishers provide a great service by actually selling an author's work (Kirkpatrick 2000c). However, the author's foray into the online book world focused attention on the value that functions which had traditionally been performed by publishers such as editing manuscripts and marketing finished products might have in an environment where an author, a publisher's most important asset, was assuming the role of an entrepreneurial content developer. There was no doubt that technology was changing the relationship between authors and publishers, and publishers were now facing unprecedented challenges to their businesses. For example, agents representing authors began to argue with publishers about how much of the proceeds from electronic book sales should belong to authors. Publishing houses responded in many ways. At Random House, a publishing house that had already done some revenue sharing with its authors, maintaining good relationships with its authors was a major goal. Therefore, it decided to split its electronic book sales revenues evenly with its authors rather than risk losing the relationships which the publisher had already established (Kirkpatrick, 2000b).

In grappling with an environment in which new media were having an impact on the roles that traditional

publishers had played, designing an effective organization, which had first become an issue when CD-ROMs were introduced, continued to be a key managerial challenge. Some publishing houses such as Simon and Schuster decided not to create a separate division for their electronic efforts (Simon & Schuster to Publish First Full Season of E-Books, 2002). Others such as Time Warner Trade Publishing and Harper Collins created imprints, another name for divisions in a book publishing house, which focused exclusively on the electronic book market (Milliot, 2001; Reid, 2001). In mid-2001, Time Warner launched ipublish. The division published selected titles as e-books and also made many titles available through print-on-demand technology. Harper Collins' new imprint was PerfectBound, which focused on offering electronic books that already had print titles in the marketplace. Harper's idea was to offer digital content which could help print sales (Milliot, 2001).

Random House took a two-pronged approach and not only created a new imprint, AtRandom, (Kirkpatrick, 2001) but like its approach to CD-ROMs, developed strategic alliances with companies that were on the cutting edge of publishing technology. For example, the publishing house made a significant minority investment in Xlibris, a publishing services provider for authors who want to self-publish. Xlibris accepts manuscripts from any author, and uses Print On Demand (POD) to publish books in electronic form or in traditional paper formats [http://www.xlibris.com]. It then fulfills orders for the book in single copy quantities. The audience for these books is often limited because of the subject matter or because the writer is unknown, and so Xlibris serves as an alternative to a company such as Random House which is more focused on the mass market where large numbers of books are sold, and provides more extensive services for authors (Feldcamp, 2002).

As in the early days of developing organizations for meeting the challenge of CD-ROM publishing, e-book publishing forced managers to consider whether to train in-house people to staff digital publishing organizations or to look outside for more technologically oriented people. Because of the growth of Internet content companies, publishers often found themselves competing with these companies for people who were technologically savvy but who also possessed the skills needed in the publishing industry. While publishers needed these technicians, many of them still preferred to look within their own organizations for appropriate talent (About Xlibris, 2002), not only because they believed that having an understanding of the book business was necessary in order to create new products, but as with CD-ROM publishing, the staff still needed to possess one of the most important attributes of successful people in the industry, that is, an enduring love of books (Milliot, 2000, p. 5).

Looking Beyond the Tensions

As digital publishing develops, there are problems which the book publishing industry still needs to address. For one thing, there is no common e-book format for the technology displaying and reading e-books which has caused confusion among the reading public. In addition, the high cost of handheld devices has put them beyond the reach of many potential e-book users (Hilts, 2000). Because of the limited market in e-books, many of the traditional publishers cut back on their e-book imprints. Barely a year after they launched their e-book efforts, Random House dissolved AtRandom and Time Warner Trade Publishing shut down ipublish (Milliot & Reid, 2002). Nevertheless, most publishers agree that e-books will become a part of the industry and there are some signs that this is beginning to happen. Publishing houses such as Simon and Schuster, St. Martin's Press, and Harper Collins reported double

digit growth in the e-book arena in 2001 (Italie, 2002). Palm Digital Media reported that nearly 180,000 e-books were sold in 2001 which was more than a 40% increase in sales from 2000 (Reid, 2002). IDC predicts that US consumer spending on e-books will grow from \$9 million in 2000 to a projected \$414 million in 2004 (Regan, 2001).

Given this somewhat volatile but optimistic environment, managers at book publishing houses must look beyond the immediate tensions that these new media have created and view them in terms of the opportunities that now exist as a result of these tensions. Rather than lament the loss of engaged readers, these managers should recognize that they have to deal with a different kind of readership. One publisher described the new readership in this way:

Our next generation of readers is currently sitting in front of computers. They're not in bookstores, they're not in book departments in malls. So it seems to me that the e-book gives this industry an opportunity to put the book in front of the potential reader rather than trying to get the reader to leave the screen and go find a book (Publishing 2002: Where the Buck Stops, 2002).

Landow (1997) suggests that in many ways, these readers have already 'moved beyond the book', as much of the reading this next generation encounters in schools consists of assembled collections of texts which may have different typefaces, designs, and other book-like conventions. For these young adults, the printed book has '...lost both most of its aesthetic stature and its sense of solidarity and permanence' (Landow, 1997, p. 211). In order for publishers to reach this new market of readers, they must go beyond reusing and reformatting printed texts, a practice known as 'shoveling' in the industry (Ziv, 2002); instead, publishers must exploit new hybrid forms of literature which might appeal to these readers.

A recent 'book' which has as its subject, life in New York before and after September 11, is an example of this new type of hybrid medium. Developed originally as a series of online vignettes, the stories have now been collected and published as a traditional paperback book by W. W. Norton. While the selections in the book format are compelling, the online version offers something more to its readers. Each story is linked to a location on a map of Manhattan where the story takes place providing a more interactive and dynamic experience for the reader. In addition, more stories can be added to the collection at any time, giving the reader a sense that the city reflected in the stories is alive and constantly changing (Mirapaul, 2002). Not only does this enhanced text offer the reader a richer experience; it also provides authors with new avenues for creating and innovating in both the physical and digital media.

Developing an environment in which such innovation can take place should be what publishers strive for in designing their organizations. One possible approach is a hybrid model which combines a network-centric approach with a more traditional corporate-centric one. For this model, managers need to reassess their traditional managerial styles, cultures, and organizational structures in light of an environment in which networks of users, alliances, partnerships, and other professionals outside the 'walls' of the corporation are just as important as what goes on inside the boundaries of the organizational structures that have until now, defined how a company is operated. The ability to construct such a porous networked organization may in fact be a salient characteristic of modern management (Anderson, 1999; Clippinger, 1999; Herber, 2000; Rosenkopf, 2000) and one of the keys to survival in a continually changing business environment.

For the book publishing industry, such an approach should take into consideration the unique nature of the indus-

try which in many ways is still a 'cottage' industry where bound books are developed and produced one at a time, each with their own editorial and marketing perspectives. At Random House, approximately 4000 such 'products' are published every year (Weissman, 2001). While the Web and other new media have begun to have an impact on the form and content of books, at many publishing houses, technology still plays a minor role in such key aspects of the business as the editing process. Instead, there is more of a reliance on the traditional working relationships between authors and editors. Thus at Random House, one senior executive stated:

'...there's always a human factor. You're never going to have an author who submits a manuscript to a computer. Maybe that would be more efficient for line editing but it's just not going to work this way. It's still a business largely based on relationships. I don't want to change the nature of this business from one of interpersonal relationships to a highly efficient black box' (Weissman, 2002).

At the same time as they are continuing to preserve the traditions and unique 'DNA' of their organizations, in this hybrid model managers should facilitate an open, fluid organizational environment made up of networks of authors, reader/users, and creative professionals, all of whom constantly interact with each other and serve as sources of innovation (Von Hippel, 1988; Horwitch, Parikh & Ziv, 2000). The role of the manager in this environment then, is someone who can assemble the appropriate resources for performing a given task and act as a facilitator of the group that has been formed (Bennis & Biederman, 1997). The Hollywood studio model, in which the creative work is often contracted out, has been suggested as a model which publishing houses might emulate (Lichtenberg, 1998). However, the model being suggested here is more ecological in nature and entails having a manager continually scan the environment and assemble the appropriate talent from a network of professionals

who reside inside the organization as well as outside of it. Indeed, practicing this type of management calls for recognizing and capitalizing on external opportunities and professional relationships (Horwitch, Parikh & Ziv, 2000).

Managing in this kind of environment would also entail forming alliances and partnerships with relevant companies who can enrich the in-house publishing environment and from which publishing houses can continually learn. For example, Simon and Schuster has recently partnered with Overdrive, an e-publishing vendor, to convert and distribute its book titles in four e-book formats (Zeitchik, 2002). Random House's strategic partnership with Xlibris has enabled it not only to reap the benefits of potentially finding a great author who initially publishes at Xlibris; it also has learned from Xlibris about the impact new media will have on the publishing industry (Feldcamp, 2002).

Clippinger (1999) suggests that in a constantly changing business landscape, where new technologies and other forces can have a profound effect on a company's direction, it is important that managers '...question their assumptions about the complexity of their organizations and environments, and critically evaluate, update, and test their internal models of their organizations and business environments' (Clippinger, 1999, p 20). Book publishers who recognize the complex nature of their environment will be able to capitalize on the opportunities which the new media have provided and ultimately develop a rich new industry in which the business of publishing books can flourish.

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