

# How sony pictures can adapt and remain relevant in the entertainment industry



**ASSIGN  
BUSTER**

## **Introduction**

My module project addresses the challenge of how Sony Pictures can adapt and remain relevant in the entertainment industry, and how best to execute and manage a change strategy to overcome this.

Much has been written about the changing nature of the industry and I have used the internet and Liverpool University's online library to conduct a review of the literature published in this area, in support of my challenge diagnosis, as well as change management in general.

## **Background – Sony Pictures**

The film and entertainment industry has changed drastically in the last decade and there is an urgent need at Sony to play catch up. It fell to number five among the movie studios in 2017, with less than \$1 billion in domestic box office receipts, having been second in 2012 (with more than \$1.8 billion in receipts).

Sony must now respond with a large-scale transformation in strategic thinking and its leadership will be central to the successful implementation of this plan “ both in setting direction, inspiring change throughout the organisation and ensuring that change is implemented” (Oakland and Tanner, 2007, p. 573).

It is widely acknowledged that change and innovation are essential to organizational survival (Bligh et al., 2018). In particular, the film and entertainment industry is in a state of transition and the studios need to adapt to meet the needs of consumers and compete against new players in

the market, such as Netflix. “Hollywood has been facing stagnating ticket sales and intense competition from streaming services... for years” (Bishop, 2017).

As a business, Sony needs to diversify and develop assets related to successful box office hits. They are lagging way behind the likes of Disney, now the most powerful of the major studios. Brueggemann (2017) suggests that Disney is the innovator in the market, and that their strategies point to “where the industry is headed [more] than anything else”. Zenga (2013) further highlights the “remarkable record of value creating growth” that Walt Disney’s original strategic vision has brought the company.

Sony also needs to build a strategy in response to Netflix. The streaming business now has a huge influence over how media is consumed and Sony (as well as the other major studios) failed to anticipate how much of a competitor they would become. Until recently, the studios have had little thought about the “detrimental effect” continually supplying Netflix with content has on their businesses, and the perceived worth of their intellectual property (Bond, 2011).

### **The Leadership Challenge – Managing Change**

There is widespread agreement that businesses need to change in order to survive and compete in today’s fast-paced world, and that change management should be a “core competence of all organizations” (Campgemeni). However, it is interesting to note that much of the literature suggests that the odds are stacked against any change strategy succeeding.

In fact, it is widely quoted in change management research that up to 75% of initiatives fail.

Experts at McKinsey point to a figure of 70%, while Towers Watson, who surveyed 276 organizations across North America, Europe and Asia, found that only 55% of employers said their change initiatives met initial objectives, and only 25% of businesses were able to sustain change management processes over the long-term (Towers Watson, 2013).

An article in Harvard Review Press in 2017 sheds some doubts on the actual truth of that figure, pointing to a 2011 study into change management, led by Mark Hughes, which found no credible evidence to support the 70% failure statistic that is often cited (Tasler, 2017).

Regardless of the percentage however, change is difficult. According to Drucker, there are eight reasons why change efforts fail, which include “undercommunicating” and failing to achieve employee buy-in (referenced in Swaim, p. 193). In ‘A New Framework for Managing Change’ Oakland and Tanner agree that people and communication are the key to a successful change strategy: “the need [for change] must be translated into an operational context so people in the organisation understand how they will be affected and what must be done to address the challenge”.

Lop and Garcia-Arrizabalaga (2014) also emphasise the importance of communication as one of the key aspects of managing change, stating it should be omnipresent and that it must “be clear, direct, and honest throughout the whole organization”.

As well as communicating the vision of change correctly, the CEO and senior leadership at Sony need to obtain the agreement from major stakeholders to this new plan. There have been many studies looking at the importance of stakeholder support in successfully managing change. In complex change management, overlooking stakeholders may in fact be the main cause of failure (Butt, 2016).

Alqatawenah (2018) defines “ a change project stakeholder as any group or individual who can affect or is affected by the implementation of the change project”. Butt (2016) asserts that communicating effectively with stakeholders will lead to “ participation in change management processes through teamwork and empowerment”. Similarly, Ceaser and Stubbing’s change model argues that change will only be successful if it is inclusive (referenced in Millar, 2012).

Resistance to change and the uncertainty it can bring is inevitable, but this can be overcome by asking employees to share in the development of the strategy of change. The best vision in the world will not be effective if it is not implemented correctly, and that depends on buy-in from front-line employees (McLagan, 2011).

It is also worth pointing out that choosing the right vision and strategy is equally as difficult as the actual processes of implementation. Anand and Barsoux argue that “ poor execution is only part of the problem” and that “ misdiagnosis is equally to blame”. Many transformation initiatives are flawed right from the beginning: “ teams get sidetracked or overreach when they

lose focus on what value is worth pursuing” (Anand and Barsoux, 2017, p. 83).

## **Conclusion**

It is clear that a change strategy is needed at Sony Pictures, but also that it will be a difficult transition and will require “ focused attention and participation at all levels of the company” (Lewis, 2010). Whilst it must be carefully planned and executed, the role of Sony’s leadership will be central to the plan’s success, and in this case a transformational leadership style may be best suited to achieving results. Burns defines transformational leadership as “ the ability to deal with change effectively” (1978) and Northouse further elaborates that it is “ a process that changes and transforms people”, which in turn will help organisations to change, too (2016, p. 161).