

# **Chronicle of an aborted success - What are the tensions behind the unsuccessful implantation of a successful new label in a music major?**

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## **Abstract**

March highlighted a structural opposition in organizations between exploitation and exploration. The creative industries are focused on exploration but give rise to many tensions, which refer to an opposition between creative work and routine or processes.

This research interrogates the concrete dimension of organizational tensions in the creative industries, by considering design activities as exploration activities. What is the reality of the organizational tensions inferred in the literature? To what extent can they be read in terms of exploitation-exploration? The research consists of an in-depth case study of a singular case: a French music label created within a Major with a clear mandate to take an experimental and exploratory approach. This label quickly achieved success beyond expectations. This success was accompanied by various tensions that led to the departure of the founders. We retrace the history of the label, from its conception to its dissolution. We analyse the singularities in the operation of the label to highlight the differences between its “organizational code” and that of the organization. We list and analyze the different tensions through time.

<i>The research and the paper are in progress</i>
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March (1991) highlighted a structural opposition in organizations between exploitation and exploration activities, subsequently known as the exploitation-exploration dilemma. Creative activities in the creative industries are geared towards the production of creative products, which, according to Amabile (1996), means new and valuable. In this sense, they can be said to be on the side of exploration

In these sectors, several researchers have highlighted the importance of tensions, paradoxes and oppositions (Tschang, 2007, Paris & Ben Mahmoud-Jouini, 2019), which relate to different

dimensions. Lampel et al. (2000) mention five polarities that managers in the creative industries have to manage: artistic values versus economic values, novelty versus familiarity, satisfying existing demand versus extending the market, going for vertical integration versus flexible specialization, having creative systems supporting and marketing cultural products but not suppressing individual inspiration. DeFillippi et al (2007) speak of four paradoxes: crafting or standardizing policies, coupling or decoupling routine work, reconciling or separating local and global arenas of activity, creating individual or collective identities, reputations and careers. All these tensions relate to the specificities of the creative industries, as highlighted by Caves (2000).

As far as management is concerned, the issues at stake deal with, on the one hand, the management of creative personnel and, on the other, the management of creative processes (Lampel et al., 2000), and the tensions refer to an opposition between creative work and routine that often remains theoretical. However, few studies have focused specifically on these tensions and their analysis. This is linked to the fact that the reality of management in these sectors is poorly analyzed: work "frequently moves from conception to consumption, leaving a gap where concrete analysis of management, work, and employment relations should be" (Thompson et al. 2007).

So, while tensions seem to be an important element in these industries, they are little brought to the fore in organizational terms. This research endeavors to interrogate the concrete dimension of this idea of organizational tensions in the creative industries, by considering design activities as exploration activities. What is the reality of the organizational tensions inferred in the literature? To what extent can they be read in terms of exploitation-exploration?

This article is based on a case study from the music industry.

## **Literature review**

March's article (1991), which highlighted the conflict over access to resources in exploitation and exploration activities, opened up an abundant field of research into the ability of organizations to deploy exploration activities. Exploration refers to experimentation with new alternatives, for which the returns are uncertain, distant and often negative. March (1991) describe a "tendency to substitute exploitation of known alternatives for the exploration of unknown ones, to increase the reliability of performance rather more than its mean". This trend can be explained by the way the trade-off is managed. This is affected by two main factors. First, distributed costs and benefits: « returns from exploration are systematically less certain,

more remote in time, and organizationally more distant from the locus of action and adaption ». And the second, the article's main line of analysis, is ecological interaction: mutual learning between individual and organization code. “« Organizations store knowledge in their procedures, norms, rules, and forms. They accumulate such knowledge over time, learning from their members. At the same time, individuals in an organization are socialized to organizational beliefs. » March (1991) notes the threat to the effectiveness of such learning: the possibility that individuals will adapt to an organizational code before it can learn from them. March thus points to a limitation to organizational learning in its mutual dynamics as one of the major explanatory factors for organizations' difficulty in exploring.

The creative industries seem to put exploration at the heart of their operations. They are defined as "those activities which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property" (DCMS, 1998). They include advertising, architecture, art & antiques markets, crafts, design, designer fashion, film, video & photography, videogames, music, the performing arts, publishing, software & computer services, and TV & Radio. Since the beginning of the millennium, the creative industries have generated considerable interest on the part of both policy-makers and academics (Lampel, Lant, and Shamsie, 2000, DeFillippi, Grabher, and Jones, 2007, Townley et al., 2009, Lampel and Germain, 2016). This interest is due to the answers they seem to be able to provide to the challenges facing organizations, particularly in terms of their ability to manage exploration (Benghozi, 1995).

In these industries, the observation is not that exploration is difficult, but that it can be carried out despite tensions. Numerous studies have highlighted the tensions at work in creative industry organizations (Lampel *et al.*, 2000, DeFillippi *et al.*, 2007; Tschang, 2007). These tensions have different dimensions. Some works highlight a political opposition between the artistic and organizational worlds, speaking of a capitalist critique (Chiapello, 1998). Others underline the tension in the desire for differentiation, more or less asserted, whether artistic innovations derive from pre-existing types or categories (Lampel et al., 2000). “Competition in cultural industries is driven by a search for novelty. However, while consumers expect novelty in their cultural goods, they also want novelty to be accessible and familiar” (Lampel et al. 2000, p. 266).

Tschang (2007) uses the case of the video game industry to study the tensions between creativity and rationalization. Previous work has identified various factors relating to market apprehension (Epstein 2005, Hirsch 2000, Robins 1993, De Vany 2004, Glynn 2000), tensions

between individuals and wider systems (such as institutions) (Eisenmann and Bower 2000, Lampel et al. 2000, Starkey et al. 2000), or control over resource allocation and the game development process, such as the exercise of quality control and programming (Roch 2004). A creative and rational tension arises between commercial motivations and artistic license (Glynn 2000, Voss et al. 2000). Tschang (2007) lists the factors reinforcing the conservative nature of new product decisions, fostering incremental innovations. He points to financial pressures ("desire to increase sales for each game"), the increasing cost of failure, the lack of knowledge on the part of decision-makers, constraints brought about by processes (e.g. tight deadlines, the need to develop different components simultaneously), organizational problems (e.g. communication problems within the team), hierarchy and division of labor, and the use of software tools to help automate the code and content development process.

Creative processes appear to be processes of interaction - and therefore negotiation - between ideas and their realization (Paris & Ben Mahmoud-Jouini, 2019). This realization involves financial, material and organizational realities. In video games, making a game is a negotiation between the initial idea and the possibilities offered by the technology (Lê, Massé, Paris, 2013). The processes therefore involve constraints managed by different stakeholders. Becker (1974) has shown that the process of constructing artistic works and their value involves multiple micro-decisions by different entities. The multiplication of entities involved multiplies the number of constraints and therefore of possible tensions. Thus, in the example of perfume, (Paris, Lang & Massé, 2020) shows the number of constraints weighing on a creative process that appears to be highly individual: these are not only the economic and deadline constraints imposed by the brands, but also the constraints arising from the general organization of the value chain. The configuration of distribution, the competition system and the presence of consumer tests all translate into constraints that the creative act must take into account.

On the one hand, the work pioneered by March (1991) sought to understand how exploitation and exploration could coexist in organizations. On the other, work on the creative industries described a situation in which tensions were omnipresent, if not structural, and suggested that their organizations were coping with them. This calls for a more precise confrontation of these streams of literature. How do the creative industries respond to these tensions, and to the management of the exploitation-exploitation trade-off? This question invites us to take a closer look at tensions in the creative industries from this particular angle.

## **Methods**

This research focuses on the study of a particularly singular case, that of a music label created within a major label with a clear mandate to take an experimental, and therefore exploratory, approach. This label quickly achieved success beyond expectations, which could lead to its consolidation. However, these successes were accompanied by various tensions that led to the departure of the management. The research project was born out of the discovery of this story, which could not be easily read using existing theoretical frameworks, as we have presented them...

The research therefore consists of an in-depth case study of a singular case. Based on interviews with the various stakeholders, we retrace the history of the label, from its conception to its dissolution. We focus on two areas in particular. 1. using the mutual learning approach (March, 1991), we identify the ways in which the label draws on different knowledge from other labels in general, and within the Major in particular. 2. we analyze all the elements of tension that have arisen in the course of the label's history. In this way, we respond to Wilden et al.'s (2018) call that the work that followed March's seminal text has evolved towards the organizational and inter-organizational levels, moving away from the initial organizational learning focus.

To date, we have met the 2 founders of the label three times, as well as 4 members of the team. Further research will lead us to meet artists or artists' managers and other members of the label.

The analysis method we will follow involves :

- systematic analysis of the singularities in the operation of the label to highlight the differences between its “organizational code” (March, 1991) and that of the major
- detailed comparison of exploitation/exploration and tensions in the creative industries literature: this comparison should lead us to identify the points of overlap and points of divergence of these two analysis grids in order to build a common framework for analysis. In particular, this will lead us to confront the notion of creation with the concepts of exploitation and exploration;
- confront the different tensions identified with this analytical framework.

### **The Romance case**

“I don’t know where Initial will be in five years, but I hope that they will keep this creative energy by maintaining the ability to defend their projects as dedicatedly as today. »

A little less than two and a half years after the launch of Initial Artists Services within Universal Music, the words of Olivier Nusse, CEO of the major, echo an extraordinary trajectory for an entity that he launched in the company a few months after his appointment. Where will Initial be in five years? The future will tell that she will have continued her crazy trajectory, garnering critical and commercial success, that she will have propelled several big names in new French pop, that she will have taken over part of the activity of the historic Barclay label... before being dissolved after the departure of its leaders. How can we explain the slippage of a magical trajectory?

*Initial Artists Services, an incubator to respond to transformations in music*

Olivier Nusse was appointed head of Universal Music in February 2016. An architect of the revival of the Mercury label, he experienced the changes in the industry at the forefront: the crisis brought about by peer-to-peer and piracy, the industry's attempts to find sustainable economic models, the emergence of streaming. This exogenous shock and its consequences led to structural changes in music. The arrival of online music was accompanied by the belief in disintermediation, and the diversion of certain artists from record labels. In parallel with the questioning of the role of record companies, the distribution of music on the Internet, then the advent of streaming, have destroyed the role of gatekeepers of labels. Some artists did emerge outside the established pathways, self-producing or without recourse to a label. This phenomenon has been particularly evident in the “urban” genre, where artists have achieved considerable success.

The arrival of digital distribution has shaken up traditional players. The recorded music market lost two thirds of its value and the majors had to revise their lifestyle downwards. They reduced their workforce at the same time as they were faced with the challenge of demonstrating their added value. At the same time, digital technology has made it possible to put in place much more precise metrics on artists' careers, and to establish more and more signatures on data (followers, views, etc.) which testify to an artists' capacity to build their visibility. By doing this, they limited the risks in signing, while maintaining questions about their role in the development of artists.

Initial Artist Services was created in October 2016 within Universal. This is a cell that must bring out new artists, experience new forms of partnerships with them and restore the image of record companies.

“Olivier Nusse gave us carte blanche to develop our project within Universal, a pre-label of groups, before their signing with Universal. » - founders of Initial

The founders of Initial are music professionals, who operate in segments different from that covered by labels: recording. Pierre has long been an A&R manager (artists and repertoire) within Sony ATV, the publishing structure of Sony Music. Yann led his career in live performance, at Astérios, where for 16 years he produced shows. They met around Fauve, whose launch they each supported in their own field, then Feu Chatterton and Petit biscuit, with which they were able to experiment with some ideas as part of a pop-up label.

### *An artist-centric vision*

Initially, Initial Artists Services was defined as an incubator. It is not a label, but a new kind of entity, aiming to experiment with new forms of support for artists.

The founders' vision is based on several principles, around the central conviction of decompartmentalization. The development of artists is based on various activities – tours, records, merchandising, collaboration with brands – which should not be managed separately, but which require a global approach. This model puts the artist back, rather than the record, at the center of the label. Convinced that the freedom for artists to leave at any time is key to removing the distrust they have developed towards record companies or intermediaries, they consider that the proposed contracts should not be binding in the time. This implies that artists will only stay engaged because they are convinced of the added value of the support.

This decompartmentalization of activities is reflected in the functioning of the structure, where the teams are no longer specialized by sector, but are dedicated to artists, across all of their activities. This flexibility allows to offer them tailor-made support.

The founders also consider that human resources must be put back around the artists, against the trends of the industry. E.g. the network of live equipment in France is made up of a few very large rooms which charge artists for access, and many small rooms, run by programmers, who program according to their sensitivity, and with which is therefore about maintaining fine relationships. Against the trends at work in record companies, they want to impose a model that integrates publishing, recording and touring in an ultra-artisanal approach. Their vision, their affinities, and the observation of the difficulty of telling an artist that “it doesn't work” lead them to look for singer-songwriters who have rough edges, carry a message and convey emotion, and which have live potential.

### *Launch of Initial*

At its launch, the entity had six employees, with profiles marked by expertise and versatility. The first signings will occur quickly: Eddy de Pretto, Clara Luciani, Columbine, Angèle and Hervé, who will be joined later by Lorenzo and Lujipeka. The first signings resulted in three very big successes in the first three years. This has two consequences. While it was initially a question of entrusting the artists to existing labels after their first EP (recording of a few titles), they quickly renounced this principle, noting that neither the artist nor the team wanted to give up their common adventure so early.

Second consequence, their rapid success gives them the means to implement their project as they imagine it. The entity, which became a de facto label when they wanted to continue the collaboration with an artist beyond the first EP, saw its team grow to 18 employees. While a traditional label is made up of a manager, an artistic director (AD) and artistic teams, their vision of an integrated entity leads them to operate differently. They rely on department heads, but employees can move from tour to disc or vice versa. Everyone works on a limited number of projects but with a broader approach, to have an artistic direction that is truly global.

How they perceive talent is important. For them, there are no “geniuses and non-geniuses”. There are people who have potential, which refers to qualities of singing and charisma, to whom development work must be provided, which takes time and cannot be standardized. In their selection, they give importance to the artists' ability to tour in a network of venues. Whoever the artist is, taking them to a concert is one of the first steps to building an audience, an audience, and an economy that allows them to make a living from their work. Beyond these three criteria, they consider, they must not fall into a standardization of work. The approach must be reoriented for each signed artist, it must be constructed according to the pace of development of the artist. This implies agreeing to take the time to develop. Contrary to the traditional visions that are current in labels, and to a statistical approach to success - signing a lot of artists to have the chance to have a success among the lot - their conviction leads them to concentrate on a limited number of artists, in whom they have great faith, and to give them a lot of time. Compared to label practices, they sign very few artists and mobilize a large team.

### *Recognition and coronation*

The results arrived very quickly, even turning out to be exceptional: of the first five artists signed, three achieved very big success. The label is posting results that place it among Universal's top three labels, even though it does not have a historical catalog that generates sales



on a regular basis. This success led Universal management to propose to the label to take over Barclay's activities, the historically most prestigious French label. In January 2021, Barclay consisted of 40 artists and 35 employees. After hesitation, they agreed to take on seven still active Barclay artists and five employees. Juliette Armanet, Bernard Lavilliers, Vanessa Paradis, Etienne Daho, Jane Birkin, Carla Bruni, Gauvin Sers joined the label, renamed Romance Musique, and now relying on a team of 26 people.

**Figure 1 : Initial Artists Services / Romance (2016-2022)**



*The price of success*

The proposal to take over Barclay's activities represents recognition of the work carried out since the launch of Initial. While the label's leaders had enjoyed carte blanche at the start, the initial successes achieved led Universal's management to monitor its activities more closely.

In particular, this proposal is part of the series of invitations to make more volume. Since the team has demonstrated expertise in launching artists, they should be able to turn up the volume. For the managers of Initial and then Romance, this could endanger their ability to properly support artists. This could also call into question a balance between the desire to continue to discover new artists – the salt of the profession – and loyalty to signed artists.

“A project in development takes time, and once its launch is successful and the artist is installed, working on it takes just as much. And we want to be able to be 100% mobilized on all projects. So the industrialization of our model is simply impossible. » -- one founder

“For me, they are the embodiment of marketing know-how combined with true artistic credibility. That the biggest major is doing development, when no one is doing it anymore, is something.” -- B. Caschera, La Souterraine (Vanity, May 29, 2019)

They have also led to a change in market perceptions.

“When we signed Angèle, we were offered lots of “sub-Angèles”. But we want unique projects.” – one founder

Within Universal, in addition to the pressure for volume, other demands are made of them, which they perceive as pressure for standardization.

Other sources of tension appear:

- stricter requirements on project release deadlines
- contesting the budgets requested for the projects
- “absurd meetings”

In addition, the integration of Barclay teams and artists results in several phenomena:

- the label's operating methods are undermined. e.g. people are less involved in collective meetings on each person's projects, due to the number of projects
- the integrated people resist the mode of operation imposed by Romance, particularly on the division of labor: this vagueness on the respective prerogatives makes it difficult to work on new artists.

These tensions will eventually lead to the announcement of the departure of the founders. They will be followed by several members of the original team in a new, more independent project which aims to recapture the spirit of the initial project.

## **Analysis and discussion**

To be completed

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