

Looking outside the confines of the usual business sphere, we find that Madonna is a born entrepreneur. **Jamie Anderson** and **Martin Kupp** reveal the business side of an entertainment legend.

Entrepreneurs on a

dance floor



When most people think of entrepreneurs, they think of energetic young people who have developed an idea into a thriving business. This thriving business has grown from two employees to hundreds or thousands of employees, and the company is now worth millions. The founders have taken an idea that was out of the mainstream and turned it into a lucrative, mainstream business.

What about an entrepreneur who is not in the usual line of business? Consider the following:

In 2005 this entrepreneur reached new heights of success in a competitive industry. Her documentary film debuted, showcasing her behind the scenes during a world tour, and she released her 10th studio album. The first single on the album went straight to the top of the UK singles chart, marking her 11th chart-topping UK single. During its first week the single was the number one download on iTunes stores around the world, and in the same year the entrepreneur opened the MTV European Music Awards with a stage performance of the track. This dynamic entrepreneur is Madonna Louise Veronica Ciccone Ritchie.

Five dimensions

How has Madonna achieved such success? And why should we care? Because the five dimensions of her successful strategy (vision, understanding the customer and industry, leveraging competences and addressing weaknesses, consistent implementation and continuous renewal) are equally important to success in the business world.

Vision

One of the most important drivers of Madonna's success has been her vision of becoming the world's foremost female performer. Between 1983 and 2005, her ten studio albums, multiple world tours,

a performer started in high school, where she was a straight-A student and excelled at sport, dance and drama. She continued her interest in dance during brief periods at colleges in Michigan and North Carolina, and in 1977 went to New York, studying with noted choreographer Alvin Ailey and taking modelling jobs. Two years later, Madonna moved to France to join a show featuring disco singer Patrick Hernandez. There she met musician Dan Gilroy; back in New York, the pair formed club band "The Breakfast Club". Madonna played drums and sang with the band before setting up pop group "Emmy" in 1980 with Detroit-born drummer and former boyfriend, Steve Bray. Together, Madonna and Bray created club tracks, which led to a record deal with Sire Records. With leading New York disc jockey Mark Kamins producing, she recorded "Everybody", a US club hit in 1982.

In the same way that Madonna developed career plans and long-term goals to achieve success, firms must have a vision of where they want to go and how to get there. A major player in the global telecommunications industry has spent much of the past two years debating whether it is a pure-play mobile operator or whether it should move into the world of converging fixed and mobile networks. This debate has absorbed management attention, delayed key decisions and sown uncertainty at the level of national operating companies. Meanwhile, fleet-footed competitors have moved to steal the high ground with analysts and investors by setting out bold plans for a future of convergence and focusing attention on their competitor's strategic inertia.

Similarly, managers who are unsure of their career goals frequently miss opportunities and consequently send a mixed signal to subordinates, colleagues and superiors. The author recently had a

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and a dozen or so movie roles established her with an image and persona beyond any single field of entertainment. In delivering upon her vision she has also made a great deal of money: she is easily the world's top earning female entertainer with a net worth estimated at over €300 million. Her spectrum of personal and professional activities – stage performances, television appearances, albums, music videos, Hollywood films, books, and links to charity – all evidence a remarkable dedication to this single goal.

Madonna has demonstrated focus in pursuit of her goal throughout her career. Her aspiration to be

conversation with a French middle manager who was frustrated by slow progression in his career. When asked what he wanted to achieve, the manager was only able to answer in terms of level of hierarchy within the organisation, expected number of subordinates and projected salary. The assumption he made was that the organisation should deliver opportunities for him, and not the other way around. But in a world of collapsing hierarchies and the end of promotion based on tenure, managers must take a role in actively shaping their careers and delivering value for their organisations. The two are not mutually exclusive.

Understanding customers and industry

It is clear that Madonna's success has been underpinned by a deep and insightful appreciation of her customers and understanding of the music industry. Madonna's performance at the MTV Video Music Awards in 1984 at the age of 26 is considered to be the first stroke of genius in a career that would see many more. She took the stage to sing "Like A Virgin" wearing a combination bustier and wedding gown. During the performance, she rolled around on the floor, revealing lacy stockings and garters, and made a number of sexually suggestive moves. The performance was shocking to a majority of the audience, but it only served to increase her popularity with her main

industry that sees new competitors entering almost daily. Her use of sex as a marketing tool brought her fame and notoriety in the early 1990s, when she became one of the world's first mass-market performers to manipulate the juxtaposition of sexual and religious themes. In 2003 Madonna again stirred controversy when she kissed two female performers on stage during the MTV Video Music Awards. These actions reveal a deep understanding of the politics of the music industry and prove her skill at walking the line between the shocking and sacrificing her career.

Most companies and industries won't tolerate such attention-getting behaviour. However, to get ahead in an increasingly competitive and global

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target group, teenage fans. Her bleached blonde hair with brown roots, sexy lace gloves, lingerie on the outside and "Boy Toy" belt buckle defined teen-pop fashion of the era.

Madonna has also shown an ability to tap into evolving trends. While focus groups have been used to help sell everything from washing powder to political parties, Madonna was one of the world's first artists to bring this approach to the music industry. In order to get a feel for the market, in mid-2005 Madonna partnered with DJ and producer Stuart Price to test songs in clubs from Liverpool to Ibiza. Tunes were played with Madonna's distinctive vocals removed, and the reactions of the crowds were filmed and used to determine the final track listing of the album, "Confessions on a Dance Floor". According to Price, "You can work on a song for 12 hours, but I guarantee you'll know within just 10 seconds of putting it on at a club whether it works or not."

Madonna has also shown expertise in understanding the music industry. Aware that it is heavily influenced by a few big players like MTV and the big record labels, she teamed up with MTV very early in her career. Her first album sold only moderately at first, but thanks to heavy rotation on MTV, Madonna gained nationwide exposure; the album peaked at number eight on the Billboard chart and went platinum five times. It ultimately sold close to 10 million copies worldwide. MTV aggressively marketed Madonna's image as a playful and sexy combination of punk and pop culture, and she soon became closely allied with the network.

She also has been recognised as a skilled self-publicist, a critical ingredient for success in an

world, they must develop as keen an understanding of their customers and industry as Madonna has. Poor attention to industry dynamics and evolving customer needs can result in companies being side-stepped by their rivals. Witness one-time great companies, such as Compaq and DEC, whose internal focus and lack of industry and customer insight propelled them from market leadership to industry has-beens. Or think of managers who have been locked into mental models of past success, unable to interpret the implications of competitor moves or evolving customer needs. High performers with a history of success have seen their careers take a nose-dive.

Leveraging competences, addressing weaknesses

Another important element in Madonna's success has been the ability to acknowledge her own competences and weaknesses. Looking at her career, it becomes obvious that one of her most valuable competencies is the ability to bring people with various talents together with herself as the hub. Through the use of her extensive network of support personnel, including musicians, technologists, producers, dancers and designers, she is able to address her weaknesses and even compensate for them.

Very early in her career Madonna realised that neither her dancing abilities nor her voice were strong enough on their own. She started to team up. One of her first and probably most important and successful alliances began in 1982. She flew to Los Angeles to convince Michael Jackson's manager, Freddie De Mann, to help her launch her music career; De Mann did just that. In 1983 her →

→ eponymous first album was released, and its hit single was Madonna's first top 20 hit single in several countries.

Similarly, Madonna's debut as an actor followed her marriage to Hollywood actor Sean Penn, and her book *Sex* was undertaken with the support of famous friends within the publishing and fashion industries. In December 2000 Madonna married film director Guy Ritchie and subsequently appeared in "Star", a short commercial film directed for BMW by Ritchie.

The same keen awareness of strengths and weaknesses is critical to the success of firms and individuals as well. Companies can be guilty of managing obsessively for the short term rather than developing or acquiring the skills needed for long-term success. One German company with whom the author has worked has spent the past five years engaging in a form of corporate liposuction to cut costs and consolidate operations. Financial performance has improved impressively, but this masks a hollowing out of the organisation's capabilities to drive top-line growth. Similarly, many of us know managers who have been unable to progress in an organisation due to poor networking skills or have had an inability to develop beyond functional specialist to general manager and have seen their careers come to a screeching and frequently traumatic halt.

Consistent implementation

Madonna has also been able to stay on top through an impressive ability to implement her strategy. Perhaps most impressive is the fact that Madonna is not the product of any music company – her success has been very much the outcome of her hard work and ability to get the job done. Despite the increasing dominance of the global media sector by multinational firms such as Warner Brothers, Sony, Bertelsmann, and Vivendi Universal, Madonna has maintained her independence while expanding her influence.

Most of Madonna's entertainment interests have been owned and operated by her own companies. She is the owner of Boy Toy Inc. (publishing), Siren films and Slutco Inc. (video), and in 1992 formed the recording and management company Maverick Inc., a joint venture with Warner Brothers Records. Her Maverick deal guaranteed her a base salary of \$8 million a year plus a share of the profits generated by other Maverick artists. Despite the radio success of "Justify My Love" in 1990, the sexual content of both the song's lyrics and video saw the song embargoed by network executives at MTV. In response, Madonna's record company decided to sell the video as the world's first ever "video single". The video sold over 400,000 copies, and the CD single went on to sell over one million.

In late 2005, her entire catalogue became available for the first time on iTunes after direct and tough negotiations with Apple.

Implementation is also key for organizations and the people within them – strategy is the easy part, but, as any wise manager knows, the devil is in the details of getting the job done. Many companies spend months or years on elaborate strategies while failing to develop the structures, processes and mindset to implement them. The electronics and technology giant Philips has been trying to reinvent its business for close to two decades. A string of CEOs at the Netherlands-based company has not lacked strategic intent, but implementation across the organisation's notoriously political operating companies has proven an arduous task.

At the individual level, many managers are great at setting ambitious targets but lack the ability or motivation to follow through. The author recently facilitated a mid-range planning workshop for a consumer electronics company in which many of the key account managers focused more on reasons why they would not hit their targets than on how to actually achieve them. As the late Sumantra Ghoshal's research with Heike Bruch showed, as few as 10 per cent of managers are truly purposeful in their work. These purposeful few make the seemingly impossible happen by bringing both focus and energy to the tasks before them. The remaining 90 per cent of managers are either distracted, disengaged or procrastinating in their roles.

Continuous renewal

The fifth element of Madonna's success has been her ability to renew her popularity. Within a year of the commercial flop of her "American Life" album, she embarked on her "Reinvention World Tour", during which she played fifty-six dates across the world. The tour became the world's highest-grossing tour of 2004, earning more than €100 million. Compare her abilities in reinvention to many "one-hit-wonders" in the music industry or to performers such as the Rolling Stones who have enjoyed long periods of success, but whose fan base has aged or remained largely unchanged.

The frequent reinvention of Madonna's style and sound has reflected an acute awareness of changing styles, social norms and attitudes in a rapidly changing industry. From her punk-pop look of the early 1980s, her ever-growing fan base has witnessed multiple reincarnations. These have included her glam-rock look of the late 1980s, a Marilyn Monroe retro look, her soft-core porn image of the early 1990s, her high-fashion look of the mid-1990s, a spiritual image that accompanied motherhood in the late 1990s and her disco look associated with the release of "Confessions on a Dance Floor". Perhaps not surprisingly she is known

as the queen of reinvention within industry circles.

Some say that in the corporate world you cannot teach old dogs new tricks. But companies and individuals who are "one-trick ponies" can expect market or career derailment unless they are able to renew and reinvent themselves. Witness the challenges faced by firms across history in industries such as chemical photography, printed encyclopaedias and department store retailing that have struggled to reinvent themselves in the face of industry disruption. Just a handful of firms, such as Finland's Nokia, have shown an uncanny ability to radically redefine their businesses to respond to evolving industry trends and customer tastes. Nokia began as a paper manufacturer in 1865 but has evolved its business through industries including rubber, electric cables, consumer electronics, personal computers, mobile phones and networking technologies. The company's most recent foray is into outsourced services, as it looks to manage the mobile networks of telecommunications companies in developed and developing markets.

In today's world of rapid change it is equally important for managers to be able to reinvent themselves. How many IT professionals in developed markets will still be in their roles a decade from now as the IT industry continues to rush into outsourcing and off-shoring to lower-cost countries such as India? A senior network architect we know at a top five US-based IT services firm has recently returned to part-time study to complete a graduate degree in psychology – she sees the writing on the wall, and is already preparing for a career transition. But in other firms, scores of mid-

level IT managers seem blissfully oblivious of the fate likely to befall them.

In 2006 Madonna is lending her voice to the big budget (approximately \$80 million) animated film "Arthur and the Minimoys" and planning a world tour to promote "Confessions on a Dance Floor". After two and a half decades at the top of her profession, there is little indication that her career is slowing down. Companies and managers please take note. ■

Resources

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