

# Innovation Leadership Network

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## weekend odds & ends

One thing I meant to mention in the [post on newspapers](#) – a key point raised in the [Vanity Fair article on politico.com](#) is that they make about 50% of their revenue from a physical print copy. It only includes content that has already appeared on the website, and has the usual time lags that we've come to accept with print news. This is pretty interesting for a couple of reasons:

1. We always assume that current newspapers are doing poorly because people prefer to read news on the web, or they want it all to be free. Clearly, this is not the case. I would argue that the politico.com experience shows that people *are* willing to pay for news and there is still a market for physical newspapers, provided that they give them what they are looking for.
2. This also demonstrates the value of filtering. I suspect that the reason the print version does well is because it doesn't include everything that is available on the website, which can be pretty overwhelming. The value in the physical version is that someone has edited it, filtering it down to the stories that are the most critical.

Felix Salmon has [an interesting post discussing cannabilisation](#) in the news industry. Here's the key quote:

My general opinion on the subject of self-cannibalization is that you first need to get past the natural hubris of newspaper publishers. Yes, there is a degree to which print and online versions of a newspaper compete with each other. But there's an even greater degree to which a print newspaper competes for its readers' attention with the entire rest of the internet. If you put your website behind a subscription firewall, there's no shortage of other content which your readers will happily consume for free.

This raises a couple of points that are important from an innovation standpoint. One is that firms often resist innovating because they are concerned about cannabilising from their current product lines. The problem with this strategy is that there are plenty of people out there trying to take away your market share. If you don't do it yourself, then they will. Which do you prefer? The second point is that often firms define their competitors much too narrowly. Salmon's point about all the other content available on the internet available for free is dead on – the question for newspapers isn't just where are people getting their news, it's in what other ways can people spend the time that they've traditionally used reading newspapers? The answer to that is a bit terrifying, but you have to be thinking that way...

As usual, Clay Shirky's [recent thoughts on the topic](#) are a must read – partly because a summary doesn't do it justice. It's part of a [wider discussion of the future of newspapers](#) at the Cato Institute's site.



Finally, here's a good example of the [challenges of trying to manage complex systems](#). The idea that closing roads can increase traffic flow is deeply counterintuitive, but it is a pretty robust research finding. Firms are complex systems too, so what does this tell us about managing them?

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