

THE POWER OF THE SMALL PRESS: ENTREPRENEURIAL PUBLISHING AND DISRUPTION OF THE INDUSTRY

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Disruptions mark the history of publishing. They can be technological such as papermaking in Europe, the development of Gutenberg's printing press, and digital printing, but can also be caused by innovative companies or individuals that abruptly change the balance of cultural and economic power. The latter happened globally and particularly in the UK in the twentieth century, when publishing changed from being dominated by small, family-run and locally-focused businesses to large, foreign-owned global conglomerates. However, according to Iain Stevenson, emeritus professor of publishing at University College London, social, economic, political and technological disruptions are often catalysts for entrepreneurial and innovative companies to take risks, frequently successfully, in volatile environments.

The history of publishing is a history of innovation. Entrepreneurial publishing companies have used innovation to turn disruption into profitability by using it as a catalyst for new products, technologies, organisation methods, networks and events. Because the current publishing environment is dominated by large firms, this article examines how small firms are disrupting power distribution in the publishing industry through innovation. This article also discusses the nature of entrepreneurship and its central role in disrupting the power balance. Examples from the Scottish publishing industry are given as illustrations. The argument of this article is that an entrepreneurial orientation which is change-focused, opportunity-driven and innovative is central to the success of the small press in the twenty-first century publishing environment.

Power distribution in publishing

To understand power disruptions in publishing it is necessary to give an overview of the current situation. This will be done using statistics and interview data from the UK, with a focus on Scotland. While each nation's publishing industry varies in size, focus and power distribution, the dominance of conglomerate publishing companies with majority market share over the smaller publishing companies is a global phenomenon.

Company size can be defined and measured in many ways. One quantitative measure of company size, which will be used in this article, follows the European Commission's definition (see Table 1) as it is the basis for identifying Small to Medium Enterprises (SMEs) in the European Union. SMEs are companies that have fewer than 250 employees and a turnover of €50 million or a balance sheet total of €43 million and can be divided into three categories: micro-, small- and medium-sized.

In the United Kingdom, over 99% of publishing companies are SMEs, 86% of which are micro enterprises.³ However, the micro companies make up only a small percentage of revenue and market share, while the few, but powerful, larger publishing houses dominate. Stephen Brown attributes this to the 'polarisation principle', according to which 'developments at one pole of the corporate/cultural spectrum are often counterbalanced by antithetical innovations at the other'.⁴ Brown applies this principle to publishing, arguing that the widespread consolidation of the industry has led to 'the emergence of tiny publishing houses' at the other end of the spectrum.⁵ Stevenson notes that the period post Net Book Agreement⁶ is characterised,

unexpectedly, by the creation of the largest number of small publishing companies since the 1930s. The relatively low-cost entry into the business, combined with digital typesetting, internet selling and print on demand allows micro companies to compete more easily than in other industries.⁷

Large publishing companies are much less dominant in the Scottish publishing industry than in England or the US. There are some companies in Scotland, like Culture and Sport Glasgow, with publishing arms, but these are not primarily publishers or media companies. Hodder Gibson and Leckie and Leckie are imprints of large publishing companies based in London: Hodder Education and HarperCollins respectively. HarperCollins has a warehouse in Bishopbriggs and Elsevier has a branch office in Edinburgh, but the only large publishing company based in Scotland is the D.C. Thomson Group, one of the leading media companies in the UK, which manages many magazines and newspapers and owns the children's publisher Parrogon.

Scottish publishing houses are characterised by a culture of innovation and entrepreneurship, but once they become successful, many are subsumed by larger international companies or move to publishing centres outside of Scotland.⁸ Thus, despite the many publishing companies that have historically shaped the book industry in Scotland, large firms tend to leave Scotland, creating a twenty-first century Scottish publishing industry of SMEs.

Enterprising and innovative individuals built the book industry in Scotland, but as the companies grew, they were pulled by the appeal of publishing centres in England and the US. Some of the

Company category	Employees	Turnover Or	Balance sheet total
Medium-sized	< 250	≤ € 50 m	≤ € 43 m
Small	< 50	≤ € 10 m	≤ € 10 m
Micro	< 10	≤ € 2 m	≤ € 2 m

Table 1. Definition of Small to Medium Enterprises.²

most successful publishing companies, such as Thomas Nelson and Sons (1798), William Collins and Sons (1819), and William Blackie and Son (1819), were family-owned businesses founded at the beginning of the nineteenth century. Early on, many of these companies began to expand internationally with offices in London, South Africa, India, Australia, New York and Paris, to name but a few locations. Thomas Nelson and Sons is now owned by HarperCollins, as is William Collins and Sons. William Blackie and Son eventually became a subsidiary of Wolters Kluwer, the multinational Dutch information services company.⁹

The growing internationalisation of the publishing industry and the creation of multinational conglomerates in the mid twentieth century were a result of three factors: transnational marketing awareness, sale of rights into other mediums, and under-capitalisation of small, independent publishing companies. Conglomerates were of two types: international print-based companies and global media companies that incorporated various mediums.¹⁰ The rise of conglomerates has only continued to develop in size and infrastructure in the twenty-first century, evidenced by the merging of two major publishing conglomerates, Penguin and Random House, in 2013. Conglomerates monopolise the majority of the book industry market share.

In the face of these developments how do SMEs, such as those of the Scottish publishing industry, continue to survive and impact the industry despite their size? The key to the small press's success and power is in the innovative entrepreneurial orientation that is more prevalent in the flexible and agile small press than larger companies.

Entrepreneurial orientation

While SMEs are often more entrepreneurial in focus than larger companies, this does not mean that all small publishers are entrepreneurial. Carson et al describe entrepreneurship as 'an action-oriented way of thinking and behaving, the focus of which is innovation and change'.¹¹ Entrepreneurship focuses on creativity and innovation and involves a constant search for new products and ideas.¹² O'Dwyer, Gilmore and Carson claim that 'much marketing in SMEs is driven by innovation' because less

formal organisational structures are 'conductive of innovation' due to the corporate culture of 'participation, networking, inclusion and experimentation' that they create.¹³

As previously argued, innovation is a characteristic of entrepreneurship and SMEs are more likely than larger companies to have an entrepreneurial orientation. The SME has many advantages over bigger companies because of its size and entrepreneurial focus, including closeness with the customer, speed of response to the customer and focus on opportunities. While larger publishers look for opportunities too, opportunity focus is more important for SMEs, who might not have the stability of large backlists and experience in foreign markets like their larger counterparts.

David Carson, who has written extensively about entrepreneurship and SMEs, asserts how SMEs operate differently than their larger counterparts, particularly in marketing. Entrepreneurial small business marketing is characterised by informal, simple and unstructured approaches that are low-risk, have limited planning, reflect the entrepreneur's skillset and personality and are restricted by monetary, staff and time limitations.¹⁴ Collinson and Shaw characterise entrepreneurship by responsiveness to the market coupled with an 'intuitive ability to anticipate changes in customer demands'.¹⁵

Entrepreneurship takes traditional marketing beyond the boundaries of the market in two ways. Firstly, in a relatively unchanging market environment entrepreneurship helps to identify unperceived needs, such as the adult colouring book craze of 2015 that was spurred by Scottish artist Johanna Basford and her publisher's identification of the unperceived need for therapeutic relaxation techniques for busy adults.¹⁶ Secondly, in a changing environment, entrepreneurship helps to identify existing needs in the new environment.¹⁷ For example, in the twenty-first century's uncertain digital environment, publishers create apps, enhanced e-books and other digital products to meet digital needs in the new market environment. Thus the various disruptions that have changed publishing industries throughout history are catalysts and ideal environments for entrepreneurial and innovative thinking, particularly

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for small publishers.

From this brief overview of the literature of SMEs, it is clear that an entrepreneurial orientation which is change-focused, opportunity-driven and innovative is central to the success of the small press in the twenty-first century. The following section uses the example of Scottish publishing companies to demonstrate how small publishers are utilizing an innovative entrepreneurial approach to become powerful forces in the industry. The examples come from interviews with employees from 27 small- to medium-sized publishing companies in Scotland.

Demonstrating disruption

Innovation involves the 'introduction of a new product, idea or service into the market place',¹⁸ and its successful implementation.¹⁹ It also includes the processes through which entrepreneurs search for new opportunities and bring their ideas to fruition.²⁰ Innovation and creativity are both characteristic of entrepreneurial marketing, but innovation involves idea selection, development and commercialisation while creativity is the necessary first step for that innovation.²¹ Thus creativity is the initial process of coming up with ideas, but they only become innovative if they lead to profitable outcomes.

Many Scottish publishers have displayed both innovation and creativity. However, not all creativity from Scottish publishers can be considered innovative. A good example of an initiative that is creative, but not innovative (because it did not lead to a profitable outcome), is the branded USB sticks with five e-books created by Blasted Heath. Because Blasted Heath is a digital-only publisher, and people prefer to give print books, the gift market was difficult to penetrate. Blasted Heath decided to create a physical product – a branded USB stick packaged in a tin – that could be purchased as a gift. The initiative attracted publicity from the *Sunday Times* and *Daily Record*, but despite its creative approach, the product did not sell well and consequently Blasted Heath stopped offering it.²²

Jon-Arild Johannessen establishes 'newness' as the core of innovation.²³ Johannessen points out that newness itself is a slippery concept because it is subjective: What is new to one person may not be new to another. Johannessen divides innovative business activity into several categories of newness, some of which are more applicable to Scottish book marketing than others. This section analyses newness in Scottish innovation in two of the categories: new products and new events and networks.

One of the most important innovations in the book industry is the creation of digital products. Scottish sport publisher BackPage Press collaborated with Waterstones to create The Waterstones Sports Book Podcast that highlights new releases and classic sport books. Publishing Scotland, Saraband Books and Spot Specific collaborated to create another digital innovation, the Bookspotting app, to aid in the discovery of Scottish books.

Our intention was to use Bookspotting as a discovery tool for books with Scottish content because there is no other obvious place to do it. For example, if you type into Amazon or another retailer 'Scottish' ... there is no such tag. So we identified that as an important need ... Our aim was to get as many international downloaders of the app as possible.²⁴

In addition, several Scottish publishers have established innovative digital products to suit the needs of the markets they serve. Witherby Publishing Group has a unique electronic publications system that can be used on board a ship. Witherby saw a need for constantly updated diagrams, tables and other information on board during a voyage and created a system that does not require an internet connection – a format unique to the industry.²⁵ The publisher Giglets also has an innovative platform for educational children's books: The Learning Cloud. It is a web-based system that gives teachers and pupils access to Giglets texts online on a specifically-designed e-reader. The Giglets e-reader was created to give more control over settings like background colour, which can aid dyslexic readers. Read-along audio and videos are included in The Learning Cloud e-books (SmartReads) to accompany the provided reading strategies and classroom activities. The audio files engage reluctant readers and those with visual impairment.²⁶ Finally, Hodder Gibson has an online platform called Dynamic Learning which is available via subscription and includes interactive resources and planning tools for teachers to create lessons, self-marking tests, assessment options and digital textbooks.²⁷

Format can also be innovative in Scottish publishing. Innovation in form involves providing new contexts for the same content.²⁸ Examples of innovative form are the audiobooks of Sandstone Press, Canongate, Giglets and St Andrew Press. Additionally, St Andrew Press produces what it calls 'mixed media products'. An example is the Iona gift set which includes a copy of the poetry collection *Iona*, an audio CD with readings of the poems by the author, and a green Iona stone from the island. BackPage Press has experimented with format by publishing 'Sport Shorts' of only 10,000 words.

Canongate is a prime example for creative events, including the Letters Live event that was shortlisted as the best marketing strategy for the Bookseller Industry Awards in 2014.²⁹ Campaigns Director, Katie Moffat, identifies the production of the Pied Piper in the Royal Albert Hall in London, for Russell Brand's *Trickster Tales*, as one of the most creative events conceptualised by Canongate. Unlike a traditional author reading, this dramatic storytelling experience involved Russell Brand, in costume and make up, as the Pied Piper, while the illustrator, Chris Riddell, created art that was projected on a screen for the audience to see. The reading was accompanied by sound effects for the kids and music written by Peter Raeburn for the event.³⁰ Other events include David Whitehouse's promotion of his book *Bed* (2011), by lying in a bed in his pyjamas outside a bookshop in London, and Noel Fielding painting the Urban Outfitters' front window in Edinburgh to promote his book *The Scribblings of a Madcap Shambleton*. To engage its audience and create a network of readers Canongate recently established an online book club.³¹ Thus, an analysis based on Johannessen's categories of newness shows that small- to medium-sized Scottish publishing companies are innovating new products (particularly on the digital front) and new events and networks as a way to create relationships and connect with customers.

Embracing new opportunities is one of the characteristics identified by Morris and Lewis as part of an entrepreneurial orientation.³² From the interview data, particular examples of opportunity-seeking emerged: networking opportunities, small company opportunities, digital opportunities, selling and promotion channels opportunities, political and cultural change opportunities, and marketing activities opportunities.

While there are challenges in working with a small team in a publishing company, it also provides opportunities. Stephanie Heald, publisher at Muddy Pearl, says, 'The main opportunity is continuity – rather than a book being flung like a package from one department to another – I remember one Dorling Kindersley manager once describing the process like that – books being thrown from Editorial to Production to Marketing.'³³ Heald points out that in a large publishing company, departments can become so self-contained and insular that the book moves between departments, but the process of bringing the book from a manuscript submitted by the author to the finished and marketed product is choppy and segmented. In a small company, where a few people are doing all of the departmental tasks, those same people can follow the book in the process from

acquisition to publication.

The successful establishment of a publishing company requires the identification and seizing of opportunities. Allan Guthrie, co-founder of Blasted Heath, realised that there was a 'big opportunity' for creating a digital publisher 'because there wasn't actually one' in Scotland.³⁴ James Robertson, co-founder of Scots children's publisher Itchy Co, spoke of the opportunity for selling Itchy Co books in outlets beyond traditional brick-and-mortar bookshops. Heritage sites, like those operated by Historic Scotland, provide a particular selling opportunity for Itchy Co. What Robertson values about selling through these heritage sites is that it is easier to reach an international audience through them than through a traditional bookshop.³⁵ This can be an especially successful strategy for SMEs because heritage site bookshops in Scotland will work directly with small publishers and authors when the subject of the book to be stocked is specific to Scotland or the heritage site. To heritage sites, the local and Scottish-interest element of a book is therefore an important aspect of the unique selling point for the book and a distinct advantage for getting stocked.

Other opportunities for Scottish publishers may arise through political and cultural change as well as the strength of Scottish identity, particularly in comparison to English identity. Searle observes that while English identity seems to be homogenised and minimised, Scottish identity has seen a resurgence in recent years, due in part to the devolution referendum for independence in 2014.³⁶ The surge in Scottish nationalism is advantageous to small Scottish publishers with Scottish-interest titles in marketing and selling those titles to an international audience. The vote for independence in 2014 in particular brought Scotland to the forefront of international discussion and attention. A strong perception of Scottish identity is an opportunity for small Scottish publishers to sell their otherwise local titles to an international audience.

Capitalising on new opportunities requires change. Capitalising on digital opportunities demanded that Publishing Scotland, the trade organization for the publishing industry in Scotland, change its eligibility rules and allow digital publishers, such as Blasted Heath, membership along with print publishers. This required a redefinition of what publishing is. Blasted Heath was not originally eligible to be a Publishing Scotland member because they did not publish print books, a rule Guthrie believes to have been enforced to 'keep out self-publishing.'³⁷ In addition to being a low-cost and low-risk option for the survival and creation of small publishers,

digital opportunities have been seized by SMEs as a way to flourish and disrupt the power of the market. It took an innovative but small publisher like Blasted Heath to finally create the first digital-only publisher in Scotland, forty years after Publishing Scotland (then under a different name) was created.

Change is happening across the industry and many Scottish publishing companies have drastically changed focus. For example, Saraband moved from illustrated non-fiction to Scottish-focused narrative-based fiction. Hunt believes that ‘the change away from illustrated books is just a response to the market for illustrated books which has really changed.’³⁸ Another example is Fledgling Press which was founded as a hobby press and without ambitions for financial success. It was not until a change in ownership in 2010 that the company began to be more financially viable.³⁹

The entrepreneurial orientation of a publishing company influences the products it creates, the events it organises, the opportunities it seeks and how it is structured. Innovation, creativity and opportunity-seeking are the three areas of entrepreneurial orientation and, to varying degrees, Scottish publishers have been active on all three fronts.

Conclusion

Though the twentieth and twenty-first centuries have seen the rise of powerful multinational multimedia conglomerates, this period has also seen an increase in the establishment of small publishing companies. Market share for these small companies remains a fraction of the market share claimed by large conglomerates. Nevertheless, SMEs in the publishing industry survive and thrive by utilizing the entrepreneurial and innovative characteristics of small firms, which notice and seize opportunities in times of disruption. Like other entrepreneurial and innovative companies that have changed the face of publishing in previous centuries, the twenty-first century small press is a powerful source for change in an industry defined by disruption and innovation.

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