Strategic

Newspaper

Management

Conrad C. Fink

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This book is for Sue, my companion on the trek toward distant horizons, and for Gar and Stevie, who joined the march along the way with their special laughter and love.

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Strategic Newspaper Management

Foreword

Never has the U.S. newspaper industry been stronger or offered young people such exciting, rewarding careers in so many areas of news and general management.

Advertising and circulation revenues nationwide are at all-time highs. Much of the journalism being produced today is of outstanding quality. And each day newspapers play a truly crucial role in delivering information the citizens of our democratic society need for informed decision making.

At the same time, there has never been a more pressing need for young people both idealistically motivated and professionally prepared to provide leadership for our industry.

The challenges ahead require managers skilled in pragmatic business techniques who also possess the necessary vision and commitment to protect the important role that newspapers play in the cultural and political life of American society.

Future managers will have to work effectively in dealing with the nuts and bolts of sound, profitable management and in assuming community leadership in defense of the First Amendment and the people's right to know.

New competitors will flood into the marketplace, demanding a share of our readers' time and our advertisers' dollars. Newspapers of the future will need innovative leadership from men and women who are not afraid of competition.

Exciting new technology will become available. Our managers will need to be able to implement these new tools efficiently and profitably.

The needs of our readers and advertisers will continue to change as they always have. Our managers will require a sensitive feel for research and marketing techniques to keep their newspapers in touch with the marketplace.

All of this suggests rewarding management careers in an industry that plays a key role in the American way of life. But the tasks ahead will not be easy and those who want to participate as managers must prepare carefully and methodically.

Where is the best place to start? One proven way is to develop an entry-level specialty in reporting, writing, and editing or in advertising, circulation, or production and simultaneously begin building a strong background in the principles of management.

Three areas can contribute to useful career preparation: First, students can benefit greatly from a broad liberal arts background that can help to formulate a breadth of vision that future managers will clearly need. Second, journalism students should work hard on mastering the basics of getting out a newspaper each day. Those in news-editorial, for example, need to learn how to report the news, write it, and put a headline on it. Those in advertising need to study the basics of selling, layout, and mapping campaigns. Thirdly, students serious about management careers will find it useful to learn the principles of managing people, money, time, and other assets in newspaper production. Conrad Fink's book is designed to give students a start in that direction.

Aspiring managers should know that the concept of integrated management is becoming deeply seated in newspapering. Disruptive internal competition between departments is not only frustrating but counterproductive. Each department—and each employee within those departments—must work in efficient tandem with others, working together toward common goals. Each aspiring manager must have a complete overview of all departmental functions in the newspaper and, whatever his or her own career specialty, be supportive of the mutual effort to succeed. That, too, is a theme of this book.

Some students may not aspire to general management or top leadership. Many will aspire to more narrowly focused as well as fulfilling careers in the newsroom, advertising, or other departments. But even for those not seeking top leadership roles, a total overview—and complete understanding—of all departmental functions can contribute to career success. No editor today, for example, can successfully manage a newsroom and its human and financial resources without understanding the newspaper's other functions and overall strategic corporate goals. That is a major theme of *Strategic Newspaper Management*.

Mr. Fink has made an excellent start in the process of explaining the basics of newspaper management. Not unlike a book on how to play golf or tennis, this book provides a preliminary but comprehensive look at techniques and fundamentals of our business that generally take most of a career to learn and perfect.

Alvah H. Chapman, Jr. Chairman and Chief Executive Officer Knight-Ridder, Inc.

Preface

Many U.S. daily newspapers are flourishing as never before. Record profits are flowing from diversified media groups. In rural and smalltown America, many weekly newspapers are yielding bottom line results undreamed of by country editors just a generation ago.

International standards of journalistic excellence are being established by The New York Times, Wall Street Journal, Philadelphia Inauirer, Washington Post, Los Angeles Times, and others. And nothing-not Dan Rather broadcasting via satellite, not fancy new national magazines-loosens the hold weekly newspapers and their neighborhood news have on millions of readers.

Simultaneously, however, some once-great newspapers have folded, dismal failures littering the publishing landscape with broken mastheads-The Philadelphia Bulletin, Washington Star, Cleveland Press, Minneapolis Star, Buffalo Courier-Express, to name a few big-city examples. And, some small dailies and weeklies are in financial trouble despite their industry's general prosperity. The weekly Georgia Gazette in Savannah, for example, failed financially the same vear it won a Pulitzer Prize.

How to explain this to students, we who teach in schools of journalism and mass communication? Why unprecedented prosperity and influence on one hand, failure on the other?

Those were among questions I faced when, in 1982, after twenty-five years in news and management ranks in the newspaper industry, I stood for the first time before students at the University of Georgia's Henry W. Grady School of Journalism and Mass Communication. This book is the result of my search for answers, and I place it before my students, fellow teachers, and industry colleagues with a central conclusion: It is, I think, in long-range planning and in daily operating methodology—in, simply, the professionalism of management at all levelsthat is to be found much of the reason for success or failure in publishing newspapers, large or small.

In search of that professionalism, Strategic Newspaper Management first examines the theory of business planning and management and how it enters the success or failure of some major newspapers. But this book also examines more than 200 newspapers and media organizations, small as well as large, for practical "howto-do-it" operating techniques used every day, at all levels of management, by beginning as well as experienced managers. A successful publishing strategy is possible only if every member of the management team, junior as well as senior, completes his or her assigned task, no matter how seemingly minor. Thus the reader will find in these pages hints on how to strengthen the news columns of a small daily and lay out an ad, as well as the views of the industry's most influential strategists on the sweep of things to come in communications in the decades ahead.

Clearly, a combination of management theory with pragmatic, nuts-and-bolts techniques is necessary in our examination of why, in an era of unrivaled journalistic and financial success, some managers and their newspapers fail. In search for causes of failure, it is not enough to point an accusing finger, as some do, at television, unions, newsprint costs, or the American public's changing lifestyles.

After all, the Cleveland Plain Dealer survived the same market disruptions and escalating costs blamed for the death of the Cleveland Press. The Philadelphia Inquirer came from a distant No. 2 position to vanguish the Philadelphia Bulletin, the establishment paper for generations, and in doing so overcame the same unions and lifestyle obstacles blamed for the Bulletin's death. And, in smalltown journalism, the pattern repeats: solid journalistic and business success is present alongside shoddy news coverage and financial failure.

So, for both students and aspiring managers already in the industry, *Strategic Newspaper Management* attempts to answer these types of questions:

- Why do some newspapers alertly change news and business strategies to meet marketplace changes, while others do not? When confronted by changing reader lifestyles, why do some editors succeed in moving quickly to meet readers on new lifestyle ground while others continue putting out old-fashioned newspapers for audiences long gone?
- Why, if that Pulitzer Prize-winning weekly failed in Savannah, Georgia, should a weekly in Cobleskill, New York, which never even aspired to a Pulitzer, flourish?
- Why does The New York Times evolve brilliantly, developing high-quality specialinterest reporting for demographically attractive readers so desired by major advertisers, while The New York Daily News, a few blocks away, flounders economically and journalistically?
- Why do suburban weeklies and small dailies prosper around St. Louis while a venerable downtown metro daily dies?
- Why did the family-owned Los Angeles Times diversify so profitably, becoming a publicly-owned, multi-billion dollar conglomerate, while the Washington (D.C.) Star's family owners sat on an eroding revenue base until their paper, once among America's greatest, could not be saved even in a last-minute, multi-million dollar rescue effort by Time, Inc.?

And how? How did the successful managers pull it off? I use numerous case studies and examples, plus many "how-to-do-it" lists, to illustrate the paths successful managers followed to success.

This book is not a pessimistic "survival

manual" for newspaper managers or students. It is optimistic for the future of newspapers and those who seek careers in them. An underlying theme of the book, in fact, is that newspapers may be headed for unprecedented influence and prosperity—and responsibility as major influences on how our society works. Competing media are fractionalizing rapidly, which could leave many large and small newspapers the dominant medium in their cities, the single most important vehicle for news and advertising aimed at the general public.

The book illustrates how the marketplace agrees newspapers have profitable futures. Prices paid for newspapers have escalated rapidly. Gannett Co. paid \$717 million cash in 1985 for the Detroit News, four smaller dailies, four weeklies, five TV stations, and one radio station. In 1986, Gannett paid \$305 million for the Louisville (Ky.) Courier-Journal and Times. Hearst bought the Houston Chronicle for \$415 million in 1987. Smaller papers commanded premium prices, too. Tribune Co. of Chicago paid \$120 million for the Newport News (Va.) Daily Press, 62,000 morning and 108,000 Sunday circulation, and the Times-Herald, 36,500 afternoon circulation.

This book, then, is about a flourishing industry that offers immense opportunities for bright, aggressive men and women skilled in basic operating methods and newspaper strategy. But the book promises no easy successes. Our students—tomorrow's managers— will not enjoy as many "quick kill" opportunities as did their predecessors. More than one publishing hero was made in the 1970s by new technology that offered unprecedented cost reductions while a booming economy poured in new sales revenue. More than one group executive won fame as a brilliant expansionist by acquiring inefficiently run family newspapers and turning them into cash cows-ruthlessly squeezing costs and editorial content and taking years to pay for the acquisition with discounted dollars heavily eroded by the raging inflation of the time.

So, yes, this book is optimistic. But it is

realistic, too. Teachers, for example, will note throughout my warnings that the "rising tide of shareholder expectations" will put severe pressure on future newspaper managers. John Morton, a leading newspaper analyst, calculates pretax profits of fourteen publicly-owned diversified communications companies averaged 18 percent of gross operating revenues in the period 1974-1984; their newspaper divisions averaged 20 percent. In the author's experience, some newspapers do 40 percent or more. Those percentages create envy throughout corporate America and are heady stuff for shareholders, some of whom know nothing about newspapers or care little about their role in our society. Those shareholders simply will demand future managers continue the extraordinary payoff for investing in communications companies.

This book, then, has three basic teaching themes:

- First, newspapers have higher ideals than just making money, responsibilities beyond simply keeping shareholders happy. But newspapers are businesses that must be managed efficiently and profitably. A financially failing newspaper cannot shine light in dark corners; a newspaper out of business is no defender of the people's right to know.
- Second, business as well as journalistic success of a newspaper is a responsibility of all who work for it, not just its publisher or business manager. An integrated management team drawn from all departments must administer the complex news and business affairs of a modern newspaper if it is to discharge properly its business and First Amendment responsibilities.
- A third teaching theme important to this book: We who teach must help students strive for professional balance as editors and managers with a true sense of journalistic and societal as well as business and managerial responsibilities. If we do that,

if we help create managers skilled in business but also sensitive to news and societal responsibilities, we will accomplish much.

ORGANIZATION

This book has three parts and fifteen chapters. For teachers of stand-alone courses in newspaper management and strategy, assigning front-to-back reading will permit smooth progression from basic "foundation" material in early chapters to increasingly sophisticated treatment in later chapters of more complicated management subjects. However, each chapter is written as a self-contained unit so individual chapters can be assigned students in other courses, such as introduction to mass communications, media and society, ethics, reporting, and writing.

Part I—"The Foundations"—helps teachers lay theoretical groundwork for later discussion of management specifics. Central theme of its five chapters: a manager first must study the newspaper's market, competition, and how its own news and advertising relate to them—then plan carefully.

Chapter One presents the status of the U.S. daily and weekly newspaper industry, how it is positioned against competitors, where its opportunities—and serious problems—lie.

Chapter Two outlines the theory of management, leadership, and corporate organization. It emphasizes—as does *Strategic Newspaper Management* throughout—the principles and techniques managers can use whether leading a workforce of two persons or two thousand, whether managing a small weekly in the first job after school or, later, a metropolitan daily.

Chapter Three is one of the book's most important. It points out that no manager should make any substantive decision without first thoroughly studying the market, competition, and the newspaper's own strengths and weaknesses as a product of news and advertising. How to do this is laid out step by step.

Chapter Four introduces short-term and

long-range planning, a major responsibility of any manager. Here, we take a first look at financial statements and the role they have, along with Management by Objectives, in planning.

Chapter Five combines theory and a "how-to-do-it" approach to personnel ("human resources") management. We run the range of critical tasks—from hiring and firing, to working with (or against) unions. There are suggestions how newspapers can overcome their generally dismal failure to hire and promote minorities and women.

Part II—"Marketing the Newspaper "—has seven chapters with this central teaching theme: Fierce external competition and internal cost pressures force newspapers to adopt a focused marketing thrust that integrates all departments, including news, in a team effort to reach planned goals.

Chapter Six introduces the theory of marketing, including use of research into consumer behavior by modern newspaper marketing departments.

Chapter Seven deals with how managers design efficient, high-quality news organizations and make best possible use of newsroom resources—time, people, money, newshole.

Chapter Eight turns to circulation strategy and the crucial effort to get the newspaper delivered, at acceptable cost, to sufficient numbers of those consumers the marketing function identifies as primary targets.

Chapter Nine describes how to design and manage the advertising effort, which brings in about 80 percent of most newspapers' total revenue. Each advertising category—national, local/retail, classified, legal—is treated in depth.

Chapter Ten treats a crucial subject often overlooked in newspaper management—promotion. We study, first, the newspaper industry's image, then how to organize a newspaper's effort to improve its image, increase circulation, and boost advertising sales.

Chapter Eleven deals with production—the "manufacturing" sector in newspaper man-

agement—and new technology, such as computerized editing and pagination. Joint operating agreements are treated in detail.

Chapter Twelve covers libel, invasion of privacy, and other issues of newsroom law, plus legal problems in circulation (particularly antitrust) and advertising.

Part III—"Those Extra Dimensions"—has three chapters dealing with areas of managerial activity often ignored. Central teaching themes: Ownership opportunities exist, particularly in weekly newspapers, if you know how to spot an opening in the market; and, ethical, socially responsible corporate conduct is required in all management functions.

Chapter Thirteen illustrates how—and why—newspapers diversify and expand into media conglomerates. This is a crucial subject for aspiring managers because, with independent newspapers disappearing rapidly, chances are they eventually will work for a group.

Chapter Fourteen is largely a how-to-do-it case study on finding, acquiring, and managing a weekly newspaper. This chapter is written for (1) those students who will start their careers in the weekly field, and (2) those who, at this point in the book, may feel entrepreneurial stirrings.

Chapter Fifteen recognizes that although this book necessarily focuses on the *business* of newspapering, a manager also has unique historic and societal responsibilities beyond keeping shareholders happy. Thus, we conclude with the ethics of sound journalism, social responsibility, and the manager's public trust.

INSTRUCTOR AIDS

Strategic Newspaper Management combines theoretical background and scholarly references with practical, timely methods and advice drawn from hundreds of newspaper executives who manage newspapers ranging in size from small, family-owned weeklies to metropolitan dailies owned by huge communications conglomerates.

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Scores of case studies and real-life examples are used to make the book readable and illustrate concepts and principles students can use in their first job after graduation or years later when they reach significant management levels.

For each chapter, an opening "window" introduces central themes to be discussed. Within each chapter, footnotes are designed to draw students into further reading in both scholarly works and topical journals. Each chapter concludes with a summary, designed to encourage classroom discussion, and a "Recommended Reading" note that lists journals, books, and industry associations (with addresses) where further information may be obtained.

I make a major effort to weave into the text an explanation of each new term or concept as it is encountered. Glossaries follow chapters on circulation, advertising, and production for readers unfamiliar with some terms.

Wherever possible, I use lists and a basic "how-to-do-it" approach that I hope will assist teachers in illustrating immediate application of management techniques in a first job with, say, a weekly newspaper or small daily.

I use "boxed" personality sketches to illustrate for aspiring managers how important figures reached the top in the industry—and the management concepts and methods they used to get there. Many principles of sound management also are "boxed" to highlight their importance. Numerous organizational charts and illustrations are used.

I have written two indexes—one for names, another for subjects—to facilitate efficient search by teachers and students alike for leading personalities and newspapers in the industry and important managerial principles.

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> Conrad C. Fink Alta Vista Farm Cherry Valley, New York

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THE FOUNDATIONS

Part I of this book will introduce aspiring young managers to the sweep of the industry—its problems as well as its triumphs—and then discuss the foundations of management in each major

department of a newspaper.

The author's purpose is to illustrate principles of management through the discussion of well-known newspapers. The reader is urged to remember that entry-level managers at newspapers large and small, daily or weekly, face the same challenges and opportunities faced on the New York Times, the Philadelphia Inquirer, or any other large newspaper. Only the scale is different.

The five chapters of Part I, in order, are The Status of the Newspaper Industry, The Theoretical Framework, Preface to Planning, The Planning Stage, and The Human Element.



CHAPTER ONE

The Status of the Newspaper Industry

Many of Napoleon's foot soldiers, it is said, carried marshal's batons in their knapsacks, such was the French leader's reputation for spotting and promoting talent from the ranks. So too should aspiring young newspaper men and women carry dreams of climbing to positions of authority in news, advertising, circulation, production—or, indeed, of "commanding" their own newspapers.

Anyone entering newspapering should keep open the option of assuming greater responsibility one day. Covering cops for a large metro daily or selling ads for your hometown weekly may now seem to be the ultimate career. But there will likely come a day when the challenge of becoming a manager—a leader—will look inviting. Start preparing now for that day. Keep slogging ahead one step at a time, yet also build a wider, strategic view of the total newspaper, its overall mission, its place in society, and how it must be managed.

For the young newspaper person, we begin the march in Chapter 1 by examining the status of the U.S. newspaper industry, its positioning against competitors, some of its opportunities, and some of its problems.