

'A Call to Leadership, A Quest for Excellence'

A Program Developed for the
Suburban Newspapers of America

Phoenix, March 2004

Warren Watson

Our Game Plan

- An overview -- Warren
- Expanding the business case for quality news and information -- Warren
- A look at the changing media landscape -- Drew
- Marketing convergence -- Scott
- Publisher breakout sessions -- Tom, Warren
- Leadership: Now more than ever -- Tom

Community Newspapering: It's All About Communication

- You communicate with each other.
- You communicate with operations at the newspapers.
- Newspapers communicate with readers and advertisers.
- The workday represents a series of transactions between internal and external customers.

Oh. Lord, Please Don't Let Me Be Misunderstood

What happens when the communication is
not crisp, nor precise!



The Arthur Andersen partner was on his cell phone when he said,

"Ship the Enron documents to the feds,"

but his Secretary heard,

"Rip the Enron documents to shreds."

It turns out that it was all just a case of bad cellular.



Sprint PCS The clear alternative to cellular SM

Noland Road
BAPTIST
CHURCH
SBC

SUNDAY SERVICES

WORSHIP

9:00 AM

10:30 AM

BIBLE STUDY

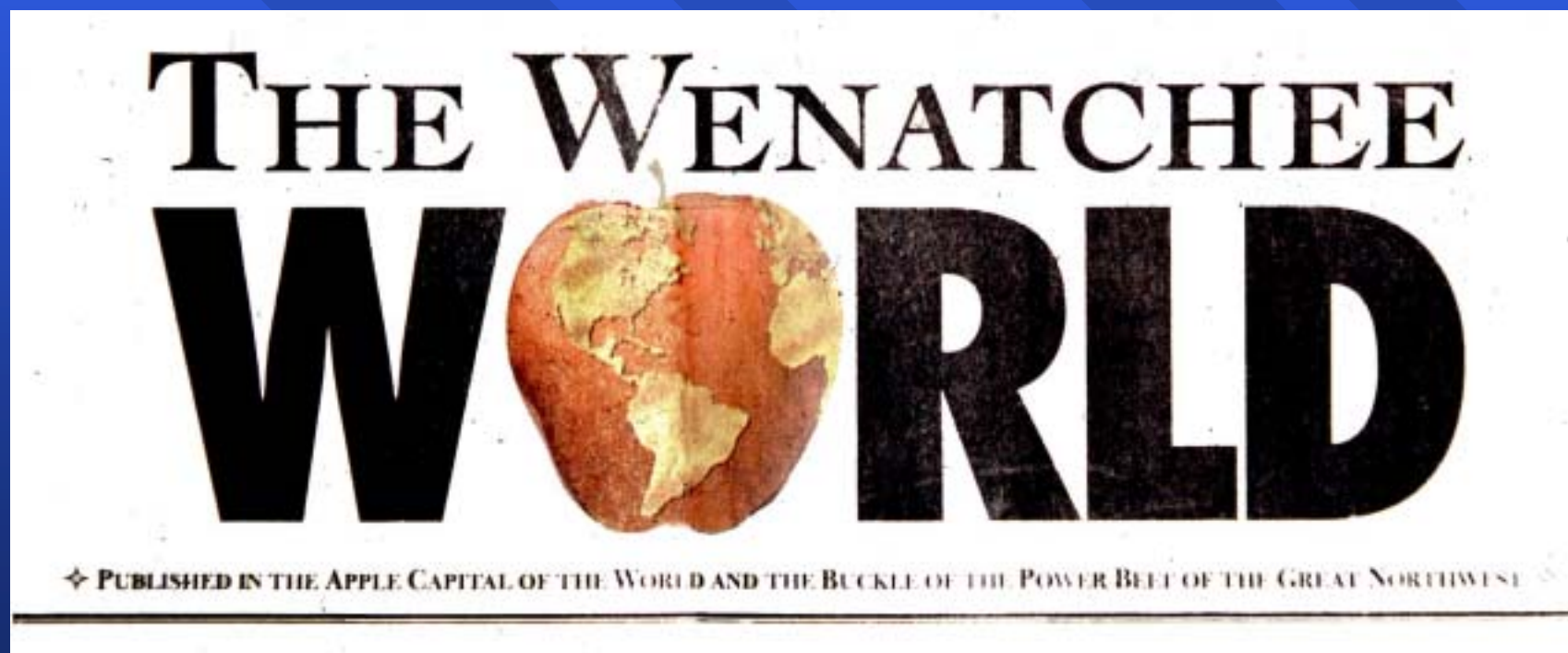
9:00 AM

10:30 AM

Need Prayer call 373-PRAY

**THE MOST POWERFUL
POSITION IS ON
YOUR KNEES**

The Community Newspaper: Slogans Underscore What's Special



My Favorite Slogan: Walla Walla



“The community newspaper with absolutely no desire to look like USA Today.”

Excellence in SNA

- Focusing on two Journalists of the Year award-winners -- Rod Daniel (Ravalli Republic) and Dennis Anderson (Antelope Valley Press)
- Both focused on ultra-local coverage, shining the light on ordinary people doing extraordinary things

Daniel: Real-World View Going Beyond Cloistered World of Today's Newsroom

“A Hamilton woman who left last year for a soul-searching adventure in Guatemala has returned home with love in her heart and a child in her arms ...”

Anderson: Only U.S. Editor Embedded in Iraq

He covered “our local heroes, the people with the guts and the glory to go out and save the world on short notice and with their mortgages at risk ...”

PRICE TAG FOR EXCELLENCE?

The marketization of newspapers
in the last 20 years has created a
new tension between making
money and producing quality
journalism

Business Case for Quality Journalism

- Heightened concern since the last recession that newsroom cuts were going too deep
- Aspen Institute symposium in Queenstown, Md.
- Meetings of American Society of Newspaper Editors, discussions at forums such as API
- 2003 efforts at University of N. Carolina, Poynter Institute, Committee of Concerned Journalists
- New! Tomorrow's Workforce, Learning Newsroom

Other Warning Signs: The Crisis of Readership

- Daily readership is down by about 1 percent every year since the 1960s.
- In 1970, 70 percent of Americans read a paper every day.
- By 2000, that number was down to about 40 percent.

Last Week

Business and Journalism Values Conference
at the Poynter Institute for Media Studies.

Speakers included institutional investors
and Wall Street analyst Lauren Rich Fine of
Merrill Lynch.

The Messages

- We must redefine quality.
- Be relevant (RedEye, Hoy).
- Balance slow-growth vehicles with fast-growing subsidiaries (Scripps cable, e.g.).
- Let editorial quality slip at the peril of the bottom line.
- Diversify content.
- Create targeted, tailored and on-demand content.

Journalism's Traditional Financial Foundations Becoming More Tenuous

- Advertisers fleeing traditional media as audiences fragment, and new technology allows others to bypass commercials (more on TIVO later).
- Department store advertising shrinks.
- Recruitment, real-estate categories under siege.
- Internet struggling to attract ads, paid subscribers.
- New sources of revenue will have to be found to maintain current levels of support.

Aspen Institute summit

Comments from 2002 participants frame the issue.

Are We Making Too Much Money?

“The rate of return (operating profit) for media companies is three times the norm of American business in general. Doesn’t that set the bar too high? ... If companies reward editors for financial performance, why don’t they reward publishers for journalistic accomplishments?”

--- Geneva Overholser, Hurley Chair in Public Affairs, Univ. of Missouri School of Journalism



‘Whatever Attracts Capital’

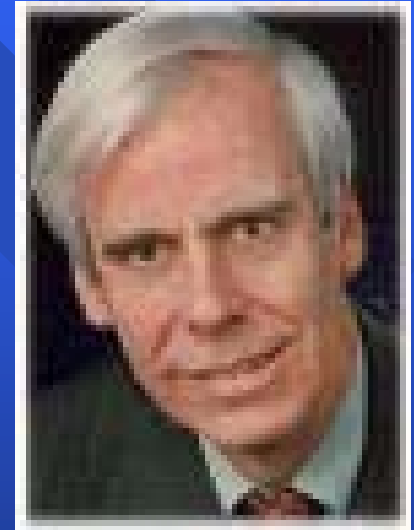
“How much is enough profit? The answer is simple: whatever attracts capital for investments. There’s too much conversation about what margins ought to be. We can’t do what we do if we don’t attract capital.”

--- Frank Bennack Jr., Executive Committee Chair,
Hearst Corp.

‘Good Business Sense to Invest in Your Core Product’

“In a diverging market, it makes good business sense to keep investing in your core product. That makes the audience trust you and regard you as authoritative. That’s what drives your brand.”

--- Boisfeuillet Jones Jr., Publisher,
CEO, The Washington Post



‘Quality Project’ at UNC/ Raliegh

“Good journalism has always been the product of tension between profit-making and social responsibility. There are recent signs that the struggle is out of balance. One problem is that costs of community-serving journalism are easy to see while the benefits are not. We must find ways to measure quality and track its benefits to the bottom line.”

--- Philip Meyer, Professor, Quality Project Director

One Road: Societal Influence Model

- Adapted from 1970s' Hal Jurgensmeyer of Knight Ridder
- Newspaper's main product is not news but influence -- societal and commercial

How It Works

- Journalism quality leads to credibility.
- Credibility leads to both circulation and societal influence.
- Both societal influence and circulation lead to profitability.
- Profitability leads to content investment.
- And so on ...

‘Robustness’

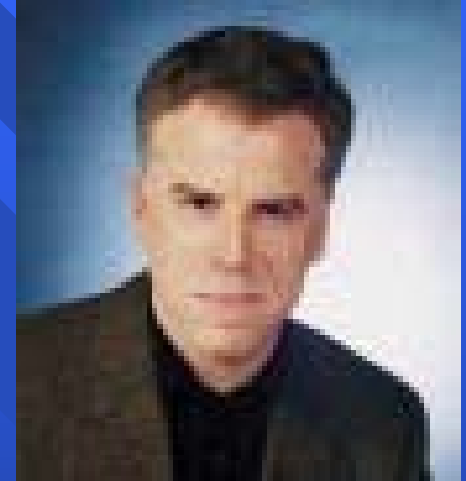
- Also focusing on what he calls “robustness,” a newspaper’s ability to sustain increased household penetration in a home county for five straight years.
- He links that to credibility, which in turn can create an environment for increased ad rates.

Committee for Concerned Journalists

High-Quality News and Information

From Rosenstiel (at right) and Kovach:

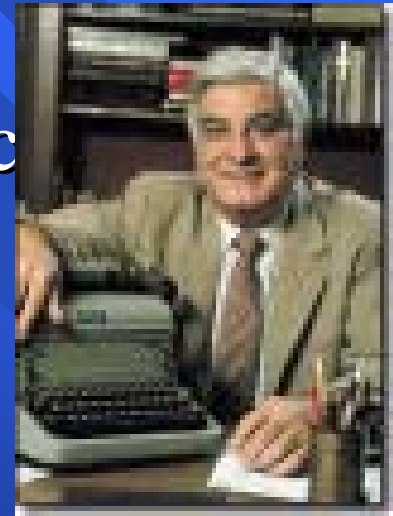
- 1) First obligation: the truth
 - 2) Its first loyalty is to citizens
 - 3) Its essence is a discipline of verification
 - 4) Its reporters must maintain an independence from those they cover
 - 5) It must serve as an independent monitor of power
- MORE



High-Quality News and Information

From Rosenstiel and Kovach (right):

- 6) It must provide a forum for public criticism and compromise
- 7) It must strive to make the significant interesting and relevant
- 8) It must keep the news comprehensive and proportional
- 9) Its practitioners must be allowed to exercise personal conscience



Another Quality Model

From Knight Ridder

Words used to describe quality news and information by an internal team studying the issue:

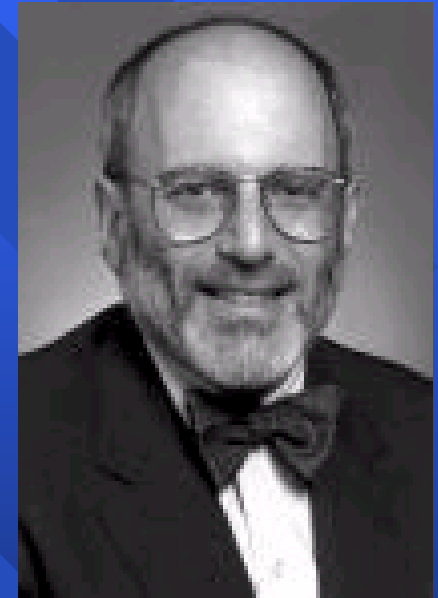
- Watchdog
- Trust
- People like me
- First and only
- Useful, easy to use
- Storytelling

Readership Institute

RI's Four Pillars

“Forget the old excuses about media competition, demographic changes and ‘no time to read.’ It’s content, service, brand and culture that drive newspaper readership.”

--- John Lavine, Director of the Media Management Center, Northwestern University



Early Signs of Success

- Indications are that newspapers that devote more resources -- new sections, new pages, new beats -- to local news are making progress in circulation and readership.
- “Easy-to-read” content also works:
 - Storytelling
 - Relevance
 - Usefulness
 - Good packaging
 - Real people in stories

Investments in Readership Institute's Imperatives Beginning to Pay Off

Farmington (N.M.) Daily Times

--- 10% hike in newstand sales after introduction of expanded letters, more entry points on Page 1

Racine (Wis.) Journal Times

--- Service improvements, more brand awareness leads to increased circulation for first time since '93

MORE LATER IN THE BREAKOUT SESSION

Tomorrow's Workforce

The Learning Newsroom

- A pair of Knight-funded initiatives developed to underscore the importance of staff development and a collaborative, learning environment.
- Focus on the customer, learn and use new skills to find better ways of engaging readers

Final Thoughts: Is Long-Term Brand Value Tied to News Quality

“The foundation of all our franchises is journalistic integrity and credibility. We’re pragmatic about this alignment between journalistic quality and long-term value. Anything we might do to diminish the quality of that journalism would diminish the value of assets.”

--- Dennis FitzSimons, President, CEO, the Tribune Co.

Thanks!