

# ***A Local plan for action***

## **SUMMARY**

**Introduction:** The state of independent weeklies cannot accurately be established by comparisons to large, failing corporate chains. The outlook for community weeklies is far better than that of major dailies that are struggling with wide-reaching Web-based competition and shrinking ad dollars.

Community weeklies are not immune from effects of the economy, but they are in a much greater position to survive and thrive.

### **Findings:**

- Display advertising revenues are better than expected through November, beating budget expectations by \$18,670. The faltering economy has not yet hurt display sales.
- Classifieds revenues are down \$14,638 or 8.8 percent. This is a trend that needs to be addressed.
- Display advertising compensation plans are best tailored to suit individual publications (no two papers are exactly the same). Publishers recommended numerous models and suggested ranges between 12 and 15 percent. Publishers all said incentives should be in place.
- The *Local* should expect 10 percent growth on display sales with online ads. Based on an assumed \$800,000 in display revenue, expectations for Web revenue would be \$80,000

### **Actions**

- Based on research and recommendations from other publishers, restructure commission rate from 17.5 percent to 15 percent effective Feb.1. Annual savings would be \$20,000, based on \$800,000 of sales.
- Institute a revenue-based bonus structure that awards dollar sales over target goals on Feb. 1.
- Targeted classified marketing should begin immediately to promote *Local* classifieds as a trusted, local market place.
- Make Scott Alloway our Web editor immediately to handle increased Web content and handle online advertising mix.
- Launch redesigned Web site on Jan. 1. [Already in progress]
- Begin online ad sales campaign, complete with media kit by Feb. 1.

Conclusion: The *Local* is at a disadvantage without a professional publisher. Additional revenue and savings should be allocated to paying down bank debt and hiring a publisher at \$40,000.

# ***A Local plan for action***

***An overview of the Local's current financial status, future challenges and a plan of action***

*Everywhere we turn, we hear evidence that the U.S. economy is in bad shape. The unemployment rate hasn't been this high (6.7 percent) since December*

1974, when the United States was in a “severe recession.” The current recession appears to be gaining steam, particularly in the newspaper industry.

The *Denver Post* reports that 14,447 newspaper jobs have been cut nationwide this year. The trend has been fueled largely by a 28 percent decrease in print-advertising revenues (\$5 billion) since the third quarter of 2005. Much of that loss has been attributed to diminishing demand for newspaper classifieds.

The trend is likely to worsen, according to a report released on Dec. 3 by Fitch Ratings, an international credit risk analysis firm: “Fitch expects newspaper industry revenue growth will be negative for the foreseeable future as both ad pricing and lineage will be under pressure within each of the four main components of newspaper companies’ revenue streams: circulation and local, classified and national advertising. Newsprint costs could rise, and it could be difficult to offset revenue declines with cost cuts.”

Fitch predicts that newspapers and newspaper chains will continue to default on loans in 2009, leading owners to liquidate assets and shut down newspapers, and by 2010, some cities may no longer have a daily newspaper. (Philadelphia may be left with only one major daily, as Philadelphia Media Holdings, owner of the *Inquirer* and the *Daily News*, is struggling to pay down its debt.)

Major daily newspapers are suffering the worst. (News that the Tribune Company, owner of the *Los Angeles Times* and the *Chicago Tribune*, has filed for bankruptcy has shaken the industry.) But some smaller-circulation community newspapers are feeling the pain, too.

Take *Journal Register Company* for example. The Yardley, Pa.-based publisher announced in November, when its stock was trading for one cent per share, that it was trying to sell off an undisclosed number of its 22 dailies and 300 non-dailies, including papers in Philadelphia.

JRC plans to close two Connecticut dailies and 11 weeklies by Jan. 12, 2009, if those papers are not sold, and it seems likely that some of JRC’s holdings in the Philadelphia region will meet the same fate. (Many of the *Local’s* regional rivals are owned by JRC, namely the *Mt. Airy Times Express*, the *Germantown Courier*, the *Review*, the *Lafayette Hill Journal*, the *Recorder*, the *Springfield Sun*, the *Main Line Times* and the *Ambler Gazette*.)

### ***Not all print is created equal***

*At first glance, this evidence seems to support the Chestnut Hill Community Association Ad Hoc Committee's conclusion that the Chestnut Hill Local is headed toward dire financial straits. But the evidence above is skewed.*

*In fact upon further examination, troubles cited above at both the Tribune Company and JRC have a lot more to do with poor business decisions. Owner Sam Zell borrowed some 90 percent of the \$8.2 million purchase price of the Tribune Company and quickly added another \$13 billion of debt that required half a billion dollars in repayments during the first half of 2008. Daniel Gross, a financial columnist for *Slate*, an online publication of the *Washington Post* said this of Zell:*

*Likewise, JRC borrowed large sums of money to buy a chain of papers in Michigan and defaulted on loan payments, sending its stock price plummeting. Allan Mutter, a new media entrepreneur and a former editor of the *Chicago Sun-Times* and the *San Francisco Chronicle* summed up the JRC's problems in April as such:*

*Caught between high debt and declining sales, the company [JRC] today finds itself in a world of hurt:*

*JRC's share price has fallen by 99% from a high of \$21.84 in 2004 to \$0.265 Friday at the New York Stock Exchange. The Big Board plans to ban the shares from trading this week, because the value of the company is too low to meet the minimum listing standards.*

*The company's debt, which amounts to an untenable seven times its operating earnings for the last 12 months, is now rated at Caa1 by Moody's Investor Services, which means the rating agency believes the company has better than a 1 in 3 chance of default. Moody's is concerned that the company cannot generate enough cash to cover the debt repayments scheduled for 2009.*

*The largest portion of the debt that threatens to force JRC into bankruptcy resulted from the acquisition for \$415 million in 2004 of a group of community papers concentrated around economically distressed Detroit. To date, the company has been forced to write off \$215 million, or nearly 52%, of the value of those assets.*

*The only thing that JRC and Tribune Company have in common with the Local is that they publish newspapers. Comparing them with the Local, a non-profit, single title enterprise makes little sense.*

*Few assessments of the newspaper industry have included independently owned weeklies like the Local. Independents just don't suffer the same pressures. Matthew Caylor, an Internet advertising specialist with the Pennsylvania Newspaper Association, explained why the evidence is misleading: "When you go into those niche publications and weekly publications and community-based ones, no one else is offering that news but them. So the ones we've spoke with, we've seen their circulations growing because they're providing something no one else is providing." Caylor said that all newspapers will have to struggle with the economic downturn, but he noted that independent weeklies are more able to weather the storm*

*because they are used to working on a “shoestring budget,” with a small staff and lower overhead costs.*

*Moreover, unlike big papers that are vulnerable to economic cycles, little papers have a more stable base. Their advertisers have nowhere else to turn, and “even in bad times, people can afford 50 cents for a newspaper,” Kevin Murphy of SunTrust Equitable Securities Corp., a Nashville Investment bank, told the American Journalism Review in 1999. “And they’re very hard to supplant. Someone just can’t throw up a newspaper next door to you. People get in habits. The paper could be terrible but people still get it.”*

*Much has changed since the 1990s. The percentage of people who said they had read a newspaper in the preceding 24 hours decreased from 58 percent in 1993 to 34 percent in 2008, according to the Pew Center for the People and the Press. Meanwhile, the percentage of those who said they got news from the Internet three or more days per week has increased from two percent in 1995 to 37 percent in 2008.*

*Although the Internet is eroding the audience for daily newspapers, it does not seem to be doing that to community weeklies. To wit, the Pew Center reported in its biennial news consumption study this year that “at a time when daily newspapers are losing readers, the audience for local weekly community newspapers has remained relatively stable.”*

*While much of this may seem academic, the Ad Hoc Committee has predicated the need to implement its plans on a sense of impending cataclysm. We recognize the need for reform, but believe that reform should be based on reasonable and accurate assessments of the *Local’s* current revenues and expenses, not on undocumented fear.*

### ***So where are we financially?***

*A primary problem in assessing the *Local’s* financial status is that it does not have current financials. However, Alan Gubernick of St. Clair, the association’s auditor, said in last year’s audit report to the CHCA board, that if not for a one-time write-down of \$17,000 applied to 2007, the *Local* was, in effect, a break-even enterprise. (*Local*, Jan. 3)*

*Still, the *Local’s* problems in meeting payroll in lean months persisted. In an effort to address the concern of the *Local’s* persistent problems with meeting payroll during cyclical downturns, the budget for FY ’08 was drafted with a \$30,000 net revenue goal.*

*In August the *Local* was forced to borrow temporarily from the CHCA to meet payroll. However, according to the last published financial statement for the *Local*, the paper was \$10,000 better than budget for the five month period*

ending on Aug. 31. A budget analysis prepared by the Budget and Finance committee last month predicted an operating deficit of \$14,740. The Local's operating deficit for the period was \$4,921.57.

[NOTE: The CHCA habitually does the same thing to the Local, but few have argued that it find a way to become completely self-sustaining. A report on how much and how often the Local has cash tied up in short-term loans to the CHCA would go a long way to help address cash flow problems.]

Since that last report, one wonders how the Local might be doing. Have sales plunged during the economic crisis that has seen stock values plummet and unemployment balloon?

Display revenues for September, October and November have exceeded budget predictions.

Month	'08	Budget '08	Variance to budget
September	\$67,796	55,712	12,084
October	\$89,080	98,811	(9,731)
November	\$75,001	65,009	9,992

Total variance to budget for three-month period: \$12,345.

According to August's financial statement, Display Advertising was \$6,325 ahead of expectations, bringing Display's total performance above budget to \$18,670.

At the same time, the Local has seen some declines in classified sales.

Month	'08	Budget '08	Variance to budget
September	\$17,599	19,063	(1,464)
October	\$22,595	23,630	(1,034)
November	\$16,470	17,728	(1,258)

Total variance to budget for three-month period: - \$3,756

According to August's financial statement, classified revenues were -\$10,882, bringing classified revenues to -\$14,638.

It is clear to see that the following is true:

1. The Local's display advertising department is working (i.e. meeting its goals and expectations). Its modest improvements have helped offset losses in classified sales
2. Classifieds is suffering under market changes that are both cyclical (depressed ad volume because of the economy we can expect to get back) and long-term (categories like employment, real estate and auto that are being served by pay Web sites like Monster.com and Cars.com

*and free sites like Craigslist.com, though most of those categories were a very small component of the Local's classified ad mix).*

*An action plan for the Local must address more than cash savings from cuts. There is room for saving, but the Local must also work to improve its earning potential - much of it by capitalizing on resources it already has - and finally to implement much better business practices, including the hiring of a publishing professional who can oversee revenue goals, and develop a plan to boost the paper by advancing circulation.*

*Once such a plan is crafted, the CHCA should consider how revenue should be dedicated. How much should go to paying debts? And which debts should be prioritized? [Currently, the Local has a \$36,000 bank loan with Penn National and \$54,000 in debt to the Chestnut Hill Community Fund]. Another question is how much money should be dedicated to the employment of a publisher?*

### **What to do with Commissions**

*One of the key recommendations of the Ad Hoc Committee was to find savings by changing the Local's commission structure from a flat rate of 17.5 percent to a two-tiered commission structure with an 8 percent rate on recurring accounts and 13 percent for new business, with new business being defined as infrequent. (In addition to this new structure, bonuses would be instituted to reward goals met and sales above those goals with monthly and quarterly goals to be determined.)*

*Our initial objection to this plan was that it was too steep a cut too soon and that we were not convinced that the publications cited by the Ad Hoc committee were necessarily appropriate. So we conducted our own research with other papers and asked the publishers of those publications to not only share their own strategies but to advise the Local on appropriate measures.*

*In order to research how other local and/or comparable papers structure their display advertising commissions, we spoke with personnel at three newspapers. We were asked to use the information for internal purposes only and have not named the publications in our report. The papers chosen are representative of comparisons to any of the following factors: the Local's ownership structure, niche publication status, similar circulation and / or market, or a combination of these factors.*

*We also spoke with the Pennsylvania Newspaper Association, which was extremely helpful with defining and understanding the various methods used to structure an advertising department.*

*There are two basic structures for display advertising - staff or independent contractors. In companies where the sales team members are on staff, the*

*sales people receive a small base salary, a lower commission rate, benefits, office space and equipment. In the case of independent contractors, there is no base salary, the commission rate is higher, they are not given benefits and not expected to work in the office regular hours. In many cases, there is no equipment provided.*

*It is common to create a multiple category structure for accounts that includes varying commission rates. Many newspapers have a lower commission rate for “major” accounts. Many times these accounts are referred to as house accounts. The basic principle is that the advertisers relationship with the publication is concrete so there is less to “sell.” A commission is still recommended on these accounts to motivate sales people to provide quality maintenance on the account and to “upsell” the account when possible. The rest of the general accounts are then given a higher commission rate. And a smaller portion of accounts usually falls into a “special” category, which would include special sections or special offers, and those are typically given an even higher commission rate.*

*According to PNA, the idea behind the commission structure is to reward enterprise or “to get people out knocking on doors.” Each of the publications we researched had a bonus program. One paper interviewed sets revenue goals for the sales people and rewards them with a higher commission rate. For example, a particular sales person’s goal may be to sell \$200 more than the previous month. If their regular commission is 14 percent, the sales person would get 18 percent commission on that \$200. They also have a sliding scale so they are always rewarding growth. So if that person only sells an additional \$180, they may get 16 percent on that additional revenue. Other bonus programs reward the number of phone calls or the number of in-person calls a sales person makes each month with cash incentives for reaching a goal.*

*According to the PNA, most advertising departments divvy up accounts two ways: by territory or by business category. There has been a shift in the industry in terms of defining new business. It used to be that new business was defined as any advertiser that had not bought space in the past 13 months. These days, new business is defined as any account that has not advertised in the past six months.*

***Recommendations:***

*Given that each enterprise is unique, some of the people we spoke with had specific advice for the Local. The publisher of the largest paper we researched suggested that the commission rate for a paper with low circulation has to be higher than usual to motivate sales people. The theory being that our ad rates are much lower than a larger paper (which they are), and that our sales people would make significantly less money at a low commission rate. That particular publisher, who has worked for 25 years in*

major metropolitan markets with both small and large papers, suggested a target commission rate of 15 percent.

PNA recommended employing an “aggressive” structure given the size of the paper and the economic climate. The aggressive approach would include only using independent contractors and having a higher commission rate of 12 to 15 percent. PNA also noted that a staff of two in display advertising is low and recommended hiring more sales people.

One of the particular problems the *Local* faces in instituting any new plan is that our limited size and support staff requires a simple pay structure. The flat rate of 17.5 percent was probably set years ago for that very reason: It provided a simple calculation for compensating advertising staff with “nothing to argue about” (account definition, bonus criteria, goals, etc.).

Given the smaller, community orientation of the *Local* we feel that a simple cut of the commission to 15 percent [a 15 percent cut in our display sales staff pay] effective Feb. 1 with a simple bonus program for meeting goals and a higher commission rate for dollars earned above goal would be the most effective way to save money on the *Local*'s revenue goals (e.g. If we determine the *Local* needs \$800,000, the new commission rate would save the paper \$20,000). It would put in place a system that encourages enterprise and get sales reps “knocking on doors.”

Other recommendations are more difficult to pursue without addressing the *Local*'s staffing shortages. A system that defines accounts as “old or new” would require a great deal of effort to establish and would also require competent monitoring by a staff member who is not a sales person (e.g. the sales manager). Currently, the sales support staff consists of two part time workers who rarely log more than 20 hours a week. Defining and monitoring accounts would be a primary responsibility of a publisher.

### **Web advertising**

In addition to saving some revenue in restructuring ad sales compensation, experts have indicated to us that introducing advertising to our Web site will easily generate additional revenue that we are currently leaving on the table.

At this time, the *Local* Web site has no display advertising. It is failing to capitalize on an untapped source of revenue. “Ways must be found to broaden and invigorate the advertising base. Ways must be found to saturate the target population beyond what is currently being done. A Web site with paid advertising is a must,” says Dr. Edward J. Trayes, a Temple University journalism professor with more than 35 years of international newspaper consulting experience.

*So how much money is the Local leaving on the table? According to Matthew Caylor of the Pennsylvania Newspaper Association, newspapers in the state average online advertising revenues equivalent to 10 percent of their print revenues. With the right mix of Web content, then, the Local could generate an additional \$80,000 per year. (In order to avoid advertiser discrimination lawsuits, it is strongly recommended that the CHCA executive committee abandon its plans to prescreen all Web advertisements.)*

*You're probably thinking to yourself, "OK, but how are we going to persuade advertisers to spend more money when credit is drying up and employers are scrambling to cut costs?" Our core advertisers have stayed with us since the bottom fell out of the subprime mortgage market in mid-September. They're going to stay with us for this reason: Targeted local advertising works.*

*Survey data collected by the Local since November has shown that the majority of respondents hold the paper in high regard. Of the 63 people who returned our in-paper survey, 45 described the paper in definitively positive terms, six described the paper in definitively negative terms and 12 tempered praise with constructive criticism. Expressed as percentages, the responses were 71.4 percent positive, 9.5 percent negative and 19.1 percent mixed. Because the survey respondents were not chosen at random, we cannot conclude that their perspectives perfectly mirror those of our readership at large. Nonetheless, it seems likely that more readers would have taken the time to criticize the paper if they were truly dissatisfied with it.*

*The survey-takers offered a variety of opinions on how the Local could improve, what it needs more of and less of, but the most consistent theme – found in 52 percent of the responses – was the need for more local content, especially news. Seventy-three percent of respondents suggested some way for the Local to improve.*

*We agree with our readers that there is room for the Local to improve. Before that can happen, though, we must lay out a plan of action that will help the paper stay financially stable in a weak economic environment while continuing to address the needs of its readers, advertisers and employees.*

*We know from our survey that our in-paper display advertising is effective. Of 63 readers who had completed the survey by the first week of December, 10 reported that they always read display advertisements in the Local and 38 said they frequently did so. That means that 76 percent of respondents read those advertisements frequently – at least. Many are doing more than reading those ads. They are making purchases because of them. Fifty-seven percent of respondents said a Local display ad had inspired them to purchase something in the past month. Seventy-one percent said that was the case in*

*the past six months. Imagine what might happen if the Local Web site were a portal for e-commerce in Northwest Philadelphia.*

*The Web will help them expand their reach, according to Caylor. Local Web advertising is attractive “for the simple fact that you’re giving your advertisers more options,” Caylor says. “The ones that don’t want to do print right now – you’re giving them another way to come into your office.” It also gives them access to Local readers who do not subscribe to the print product. On average, Caylor says, 50 percent of those who read a newspaper online do not read the print edition.*

*Because the Local had been tracking its Web traffic with a free program called Stat Tracker, which recently stopped recording the number of hits, we cannot provide an up-to-date snapshot of our online readership. (This, of course, is one of many reasons why the Local needs a revitalized Web site.) In May, we reported that the paper has been “developing a large and substantial readership online, a readership that has materialized in only the last two years.” In 2006, the Local Web site got 250,000 hits. In 2007, the number of hits was 1.2 million – a 480 percent increase. The site was averaging 100,000 hits per month as of May, with a tenth of those visitors coming to the site at least twice per month. The Local site was also averaging 3,000 regular weekly visitors.*

*The opportunity for increased revenues is clear. Matthew Caylor of the PNA lends even more support to that conclusion. Again, Caylor concedes that the economic downturn is an issue, but he is still optimistic. “The bulk of our newspapers have profited [from Web advertising],” he says, “and for 2009 we’re projecting that they’re going to be making even more.” He also noted that a 2007 survey of all PNA members (with a 30 percent response rate) showed that almost 70 percent of respondents said they were generating revenue and profiting from the Web. Another 15 percent broke even and 15 percent lost money, he said, mainly because they had started their Web operations in the previous two years. “You have to invest within the first two years in the product,” he said.*

### **Recommendations:**

*First, the Local must choose the Web advertising model that will best serve local businesses and readers. Because the Local is a member of the Pennsylvania Newspaper Association, Caylor has offered to help us choose from one of three models: CPM impressions, cost-per-click and flat fee.*

*Caylor said that cost-per-impression works best with Web sites that receive a great deal of traffic, like the New York Times’ site. A fee is assessed for every 1,000 times an advertisement is viewed. With the cost-per-click model, the Web site generates money each time a user clicks on advertisement, but the*

*payment rate depends on the number of Web hits a site generates and how frequently individual users visit the site. In the flat fee model, advertisers are charged a fixed rate over a fixed period of time. The amount that a site can charge depends on how much advertisers are willing to pay, Caylor says. "It could be anywhere from \$350 to \$350,000," he says. "It depends on what the market can bear."*

*Caylor has also suggested that we offer combination deals to those businesses that want to advertise in print and online, but he says that Web advertisements will be of little value unless they are hyperlinked to the advertiser's Web site and changed frequently. "Ads that are static and stationary on a site are less effective. They start to blend into the site," he said, adding that users will stop clicking on the ad, rendering it completely ineffective within nine days. "It's important that newspapers communicate regularly with their advertisers and have the technology to track advertisements and change them as frequently as needed," say Jane Huntgarter, vice president of marketing and communications for the PNA, and her departmental colleague Katie Szott. (Google's free Ad Aware program is one possibility for ad cycling.)*

*However, hooking an advertiser, especially a national corporate advertiser, requires more effort, according to Huntgarter and Szott: "What attracts advertisers to market their campaign on a newspaper's Web site is original, creative ideas. Advertisers are looking for innovative ways to build profitable relationship with consumers, reach their target audience better, and to grow revenue through attracting new customers."*

*As it stands, the Local's Web site is hardly a bastion of innovation. It's static. It lacks interactivity. It's a warehouse for much of what makes it in the paper each week, except it's far less visually appealing. Some in the industry call this shovelware, and as Ball State University journalism professors Lori Demo and Jennifer George-Palilonis have found, it is not conducive to a successful and profitable Web site.*

*The Local's Web site could become a virtual hub for the community, for Northwest Philadelphia, but that would require some additional adjustments. Because of the frequency of Web updates and the extra work involved with getting online ads up and updated, we recommend that Scott Alloway become the paper's online editor.*

*To offer the community what the experts call for, we will need someone who can frequently monitor and update the Web site. The production and editorial staffers must work together to make the Web site thrive. But only a dedicated editor can keep it vibrant. This project will require shuffling staff responsibilities, but we are up to the challenge. All of the community's stakeholders will benefit if we embrace the Web.*

*In executing a plan based on this information, The Local can change Scott Alloway's duties immediately. A redesigned Web site is scheduled to launch on Jan. 1. Online advertising can begin the same time the commission rate is restructured: Feb. 1.*

### **Shoring up Classified**

*As stated above, a nagging problem remains with sinking classified sales revenue. Based on the figures in the table above, in which classifieds were off by \$14,638 on a total expected revenue of \$165,387, classified sales are down 8.8 percent.*

*Spending on classified advertising staff has been cut significantly by the Local in the last three years. In FY 2006, spending on classified advertising was \$85,387. This year's budget has set aside \$39,150 on the same item, a more than 50 percent reduction.*

*Though we've more than made up for dipping sales in staff expense cuts, the Local can do more to shore up sagging classified sales.*

*In a December article in *Editor and Publisher*, writer Mark Fitzgerald notes that the largest losses in classified revenue for major dailies were in big categories such as real estate, automotive sales and job recruitment. While the Local carries some real estate ads, which are slowing down, it does not depend on those big categories the way major dailies do.*

*The Local's current challenge is to retain as much of the repeat service ads and grow non-repeat, one-time liners: garage sales, items for sale, etc. A strategy to address that would be to promote the Local's classified section as a trusted local marketplace. This could be achieved with in-paper advertising (no cash cost) that markets our classified section to our readers: our local market.*

*Tony Marsella, president and COO of Ranger Data Technologies, a classified software developer, told *E&P's* Fitzgerald that local newspapers should aggressively "go after" Craigslist and promote their classifieds as trusted local markets. Craigslist, he said, is particularly susceptible to such attacks because of its "graphic 'erotic services' and other sexually oriented advertising.*

*"Go after them," Marsella said. "Ask the grandmothers, can you leave your grandkid alone with the newspaper for an hour without harm... Could you do that with Craigslist?"*

Promotion of the *Local's* classifieds section can begin immediately with quarter-page ads.

### **Conclusion and final recommendations**

As we have seen, independently owned community newspapers, weeklies especially, are generally more adept at weathering recession than papers run by corporations. That is the case not just because independent community papers have less debt and overhead expenses than their corporate counterparts, but also because their survival is “inextricably woven into the fabric of [the] community,” according to Jock Lauterer, author of *Community Journalism: Relentlessly Local*.

Because the *Local* does not have a publisher, however, it is at a strategic disadvantage. This is not to say that the *Local's* top brass lack business savvy. Pete Mazzaccaro served as the acting business manager of the paper between March 2003 and September 2004, long before he became the editor. But asking the editor to be the de facto publisher is problematic on a number of levels.

First, the *Local's* staff is already spread thin, with each full-time member taking on a wide range of duties. Second, if the *Local's* readers knew that Mazzaccaro was responsible for the paper's main editorial and business functions, it could seriously damage the paper's reputation in the community.

“Remember, advertising sells influence and what they call ‘eyeballs on pages,’” Lauterer says. “All the news side has going for it is credibility. Once trust is lost, news is devalued.” Lastly, in our research we have been unable to find a paper comparable to the *Local* that does not have a publisher. Even fledgling Journal Register Co. weeklies have publishers assigned to them. In our opinion, a competent full-time publisher could greatly help the *Local* expand its revenue base and market reach.

The CHCA must choose that person wisely, involving *Local* staff in the selection process. Given its size and family-like environment, the *Local* needs a publisher who will complement the staff, making the most of their strengths and weaknesses. Lauterer provides insight on this issue as well. “For a paper to have a happy shop, employees must feel that the management is accessible, supportive, sympathetic, eager to listen and, most importantly, flexible enough to change policy when it's needed,” he says.

The publisher should have a clear vision for the paper, which should be in line with the newspaper's core mission, according to Lauterer. If the newspaper's management is not committed to that mission, Lauterer says, “The newspaper lurches forward, propelled by the inertia of nothing more

*than its own production schedule and publication frequency – without direction, guidance, or any sense of self, calling, purpose or mission.”*

*In order to accomplish the hiring of a publisher, we recommend that the CHCA prioritize paying back the \$36,000 debt to Penn National and dedicate all other savings and extra revenue to hiring a publisher. We would ask that all loan payments to the Chestnut Hill Community Fund be postponed until cash is available following the hiring of a publisher. “We can’t afford a publisher,” is a favorite refrain and has been for the last two years, however, it should be clear to everyone that we truly can’t afford *not* to have a publisher to manage our proposals above and to shepherd the paper further, expanding on the principles outlined in this report.*

*We believe \$40,000 is all that is required to hire such a person initially (including benefits). In addition to salary other considerations for a publisher should include an initial work schedule of 30 or fewer hours to begin and bonuses for revenue gains not realized through staff cuts.*

***Additional material:***

***Survey results***

***Online Publisher’s Association study (pdf)***