



International Center
for Journalists

Advancing Quality Journalism Worldwide

The Business of News

Personnel and Profits

A Guide to Successful Newspaper Management

By Lewis Wolman





International Center
for Journalists

About the authors

This booklet was compiled and edited by Lewis Wolman, publisher of the *Samoa News* in Pago Pago, American Samoa, and Wayne Dillehay, former vice president of the International Center for Journalists. Wolman used his experience as a newspaper publisher on a remote South Pacific island and experiences shared by colleagues who are members of the Pacific Island News Association. Dillehay drew heavily from source material listed in the bibliography at the back of the book. Chapter 4, Production, was revised and updated by Caroline Miller of *Printing Impressions Magazine*.

About the International Center for Journalists

The International Center for Journalists, a non-profit, professional organization, promotes quality journalism worldwide in the belief that independent, vigorous media are crucial in improving the human condition.

Since 1984, the International Center for Journalists has worked directly with more than 50,000 journalists from 176 countries. Aiming to raise the standards of journalism, ICFJ offers hands-on training, workshops, seminars, fellowships and international exchanges to reporters and media managers around the globe.

At ICFJ, we believe in the power of journalism to promote positive change.

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Preface

This is a basic guide for creating and operating a successful newspaper business. This booklet is intended to be useful for newspaper entrepreneurs in developing countries, and in countries with newly emergent press freedoms or market economies.

Most newspapers begin with an idea, a mission or an inspiration. Few newspapers are started in developing societies primarily as a vehicle to make money for their owners. Because most newspaper entrepreneurs get started for non-business reasons, they need a basic guide to the business of running a newspaper.

Another reason newspaper entrepreneurs need guidance on how to run a newspaper is the inherent difficulty of managing a paper. A newspaper is a creative product that nevertheless must conform to basic standards of presenting information and methods of operation. Moreover, it must be manufactured in a multi-step process according to strict deadlines. Finally, the end product is reviewed and judged by the entire community. And then this process happens all over again tomorrow, or next week.

The International Center for Journalists designed this booklet to help those who start or operate a newspaper for reasons other than just making a profit, but who understand that a newspaper must be run in a cost-effective, businesslike manner in order to succeed.

This booklet does not pretend to be a definitive “blueprint” for managing newspapers in all countries and press systems. Care was taken, however, to make it directly relevant in a wide range of circumstances.

Distilled within these pages are the experience and wisdom of many newspaper experts who have written practical manuals on modern newspaper operations. Most of these experts have operated in the United States, although many of the

authors have consulted or trained overseas. By highlighting the fundamental principles and practices that U.S. publishers are using today, the booklet serves as a foundation on which others can build. Readers should use whatever information seems relevant to them.

A newspaper publisher must encourage good writing and a compelling editorial product. To operate a successful newspaper business, however, that is not enough. You also must master the details of producing and distributing a newspaper, and you must operate your enterprise in a business framework.

This booklet will help you organize yourself and your enterprise so that your inspiration can develop into a successful newspaper business. However, because we deliberately sought to keep the booklet brief, many important details are omitted and important topics are not fully explored.

The bibliography and “Additional Resources” section provide guidance for readers who seek more information. **Further study is strongly advised for those who get into the newspaper business.** One of the primary purposes of this booklet is to prepare you so that you can much more readily and effectively assimilate the specialized and detailed information found in the publications listed at the back of this manual.





Introduction

A newspaper is owned by its owners, but it belongs to its community. Although a newspaper business shares many characteristics with other businesses, the community service aspect of journalism makes it different in important and meaningful ways.

The difference is usually centered in the newsroom and borne proudly by the publisher and editor. If your newspaper carries the mantle of great public-spirited journalism, decisions will be made that do not seem financially prudent. For example, your accountant may frown when a reporter is sent to a distant outpost to get a story, especially when the political leaders of that outpost would willingly supply the newspaper with their version of events at no cost.

Investing in extraordinary coverage so that your readers are able to make informed decisions shows your newspaper's commitment to quality. It is the

essence of what motivated you to publish a newspaper, and it is the essence of what makes people want to buy your newspaper. And that is what persuades advertisers to purchase space in your pages, which will make your accountant happy.

One of the beautiful characteristics of a good newspaper is that success breeds success. A good newspaper draws readers and exerts influence. Readers provide direct revenue by purchasing the newspaper and indirect revenue by luring advertisers who buy space. The more revenue, the more the publisher can afford to invest in improving the newspaper. The greater the improvement, the more readers will be attracted. This in turn generates still greater revenues, which provide the funds for further improvements.

A *good* newspaper is thus an excellent basis for making a success of your journalistic and financial venture. A good newspaper must establish and then constantly guard its credibility. If you give readers reasons to distrust your newspaper's journalistic standards, your prospects for success are severely diminished, and your justification for existence is severely compromised.

Strive to publish a newspaper that meets a high standard of excellence, and make that excellence work for you in a financial context.

This booklet will help you do both.

The Total Newspaper Concept

Spokes of a Wheel

The organization of a newspaper can be compared to a wheel made up of five spokes—plus a sixth category, the publisher/management (at the hub)—each of which represents a crucial function in the newspaper enterprise. The five divisions are:

- Business/Accounting
- Production (Pre-Press and Press)
- News/Editorial Content
- Advertising
- Distribution and Circulation.

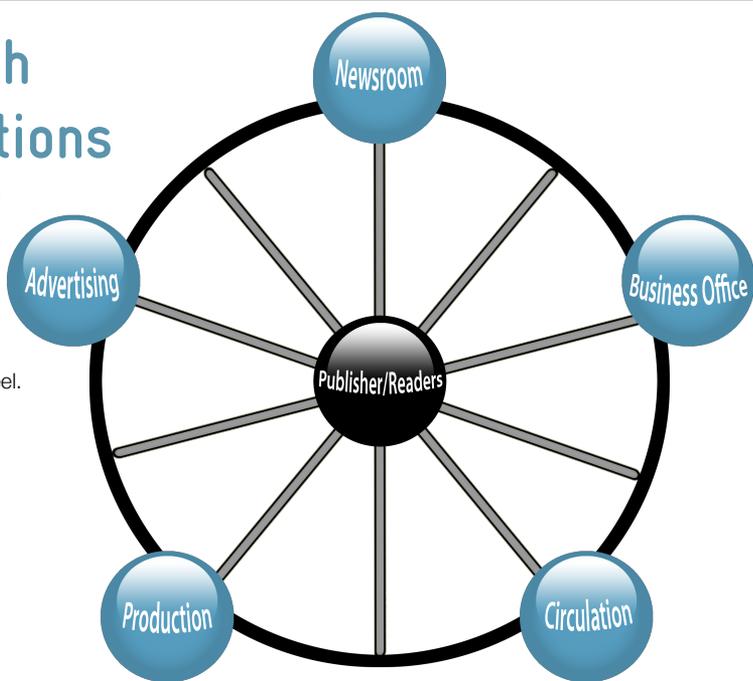
Each spoke is as important as any other, and the business will roll along only if each spoke is strong enough to support the weight of the entire wheel. If one spoke is weak, the wheel will bend or twist, and your enterprise will lurch along, or stop moving altogether.

At the center of the wheel is the publisher and his or her counterpart, the reader. (Remember that a newspaper is owned by its owners, but it belongs to its community.) It is the publisher's role and duty to ensure that the newspaper business works well internally (among the staff) and externally (out in the community). This requires a publisher who embraces what U.S. newspaper experts call the "Total Newspaper Concept."

Simply stated, the concept is that all departments of a newspaper must *internally* coordinate their goals and activities with each other if the newspaper enterprise is to succeed *externally*. Thus all departments need to be familiar with the total newspaper

Smooth Operations

Under the “Total Newspaper Concept,” all newspaper departments should be inter-linked like spokes in a wheel.



and each division's role in the total newspaper. Management must be actively involved in establishing the newspaper's mission and coordinating the smooth interaction of all divisions as the mission is pursued.

It may be that good managers can do a good job of managing a company, even if they don't know very much about the product it makes. But newspaper managers, if they are to be successful, must be knowledgeable about the Total Newspaper, from its community service function to the ink that rubs off on their annoyed readers' hands. This is especially true at the entrepreneurial level, and especially true in areas without a pool of employees who know the newspaper business.

A newspaper is an interwoven fabric of mechanical and creative/intellectual output. Close coordination between the two, all done according to a strict time deadline and a tight budget, is critical if your newspaper is to be a success.

Organization and Coordination are Crucial

Organization is vital to successful newspaper management. To produce a good newspaper on time and within budget, managers must establish systems to coordinate people and technological tools. If the newspaper enterprise is like a wheel composed of many spokes, then each spoke may be compared to a chain made of many links. A chain, it is well known, is only

as strong as the weakest link. Weak links in the chain can jeopardize the entire newspaper wheel.

One form of a weak link is wasted time. Wasting time in a newspaper is worse than in other businesses because each issue of the newspaper must be as “fresh” as possible. Thus deadlines in the newsroom must be as late as possible; yet the paper cannot be allowed to come out late, or sales will be lost.

The production sequence for each issue flows from the newsroom to page layout, to the printers to the distributors. A deadline must be established at each step; this requires tight organization and coordination.

An important aspect of organization and coordination is the matching of mental and mechanical capabilities within each division and between divisions, so that neither time nor money is wasted.

Avoid Common Pitfalls by Coordinating Departments

- For the **Newsroom** chain/spoke: Don't waste the value of good writing with poor proofreading, headline writing and page design. Don't spend money on new employees and computer equipment and fail to spend enough money on training existing employees.
- For the **Advertising** chain/spoke: If your rates are too high, the dedicated and skilled efforts of your sales staff to sell space will accomplish nothing.

- For the **Production** chain/spoke: It makes no sense to buy extra-powerful computers capable of handling color photographs if your press cannot print color properly, or if your staff is not trained in the intricate art of color reproduction. It makes no sense to spend the extra money to purchase a high-speed press if you can meet your deadlines with a lower speed, lower cost press. It makes no sense to purchase a press at all if you can obtain contract printing at a fair price.

Presses and production capability are very expensive to purchase, house and maintain; they require skilled workers to operate; they tie up cash flow in inventory and spare parts; and they must be heavily utilized—two shifts a day, for example—to help pay for their considerable cost. These are good reasons why small, fledgling operations are better off contracting out their printing to commercial printers when possible.

To produce a good newspaper on time and within budget, managers must establish systems to coordinate people and technological tools.

- For the **Distribution/Circulation** chain/spoke: Don't economize on distribution costs by using one truck to deliver your daily paper instead of two or three if using two or three will get more of your papers to potential readers earlier in the day, when the news is fresh.

Publishing a successful newspaper calls for constant adjustments to maintain balance among various divisions. Improvements in the newsroom (which should almost always lead the way) should be supported by improvements in advertising, production and distribution/circulation. If an improvement originates in another division besides the newsroom (a new press provides new color capabilities, for example), a successful publisher makes adjustments in the newsroom to take advantage of the improvement. Then he or she takes action to make sure the improvements are exploited by other divisions. For example, the color capability can be used to spruce up page-one design and “infographics,” charts, drawings and maps that convey information in a visual way. This will make the job of selling the newspaper easier for the circulation department. And the color capability gives advertising a lucrative new option for potential advertisers.

Form Follows Function

As is clear from the discussion above, the tasks or functions that newspapers must perform drive the structure or organization of the newspaper. Producing a newspaper is hard enough—don’t create a structure that fails to provide an efficient framework for the functions that must be performed.

Although the types of tasks are common to most newspapers, the frequency of publication is a major factor in how a newspaper is

Editor’s Note

The wheel-like newspaper enterprise does not have a beginning and an end. A publication, however, follows just such a linear format. This publication, for example, is divided into chapters according to the five functional divisions of a newspaper. In reality, however, one part of the newspaper does not come before the other, except that the newsroom occupies a special role in that it inspires the whole enterprise and gives meaning to all else. The order in which the topics are presented in this manual is by no means a guide to the order in which they should be considered.

organized. Conversely, the organization of a newspaper can have a big impact on the frequency of publication.

For example, publishing a daily newspaper may be impossible if you don’t have the equipment necessary (such as a high speed press). On weeklies, staff members are usually much more versatile than on dailies, where the work is more specialized. At a weekly, for example, a reporter might take one morning out of the week to serve as a delivery driver. At a daily, where stories must be written and the paper must be delivered every day, the reporter could not spare half of each day to deliver the paper. So a delivery person must be hired.

In deciding whether to publish a daily or a weekly, you must know your



target readers and how much money they have to spend on newspapers. In other words, don't publish what your target readers can't afford to buy. In some communities, only prosperous members of the elite class can afford to purchase a daily paper. If that is your target, fine. But if you seek readers from the larger number of less affluent citizens, publishing a weekly might be more appropriate.

Other factors in determining frequency of publication include what kind of newspaper you want to publish. A daily newspaper is a good vehicle for standard journalism and a mix of contents (such as sports, cartoons, world news, society), while a weekly publication lends itself to a more specialized purpose (local sports, for example). A weekly also allows for more analysis, columns, in-depth reporting, fancy design, promotion, etc. Of course, competition with other media in your community also will play

a major role in helping you decide how often to publish. You may be able to start a successful daily in a city where none exists, or where the only existing daily is very bad. You would be better off starting a weekly in a city where there is a good daily, but no weekly that takes advantage of the strengths of that format.

Making a success out of a newspaper is not a matter of intuition—there is much to learn. This booklet should provide enough information and advice to get a good start.





Managing a Newspaper Business

Many newspaper entrepreneurs are men and women who have something to say, who want to help lead their communities toward a brighter future, filled with equal opportunity and political freedom.

The history of newspapering is filled with many examples of the failure of such entrepreneurs to succeed in the newspaper business. To publish a newspaper is to operate a business. If your newspaper business is a failure in financial terms, your newspaper will ultimately be a failure as a journalistic venture.

To prevent such a disappointing end to your dreams, trustworthy people must take care to both manage the operations and run the business side of your newspaper.

If the person who is starting the newspaper does not have the necessary time, skills and inclination for managing the newspaper and for overseeing the business end of the newspaper, then a partner or partners should be taken on to perform a management role. And an honest person with business acumen should be specifically employed to handle the vital business side of the enterprise.

The Basic Equation

The basic financial equation for a successful newspaper business is to consistently take in more revenue than is spent on expenses, and to make allowances for periodic investments in new equipment.

Newspapers earn revenue from the sale of their issues and from advertising. Copies of the paper are purchased by customers because they want to read what is published. Advertisements are purchased because advertisers want to communicate to those customers. To appeal to readers and advertisers, the newsroom must write about the news that will interest your potential customers; the advertising division must supply paid advertisements to be interspersed with news stories; the production department must present an attractive newspaper; and the circulation department must distribute copies of your newspaper so that they can be bought or otherwise obtained.

The Business/Accounting division handles the financial administration of all these jobs, but it is up to management to plan for profits and implement that plan.

Financial Management Is Key

Management has an important role to play in all parts of a newspaper business, and in all five of the divisions. But financial management is key to the survival of the newspaper, and ultimately to its quality and its ability to fulfill the ambition and vision of its owners and staff. A lot of other problems go away when a newspaper is profitable, and the opposite is also true: an unprofitable newspaper will face a wide variety of problems. For example, production problems can be avoided by updating inadequate equipment, and editorial quality can be maintained by retaining valued journalists who are often offered better paying, less stressful jobs elsewhere.

A solid business foundation is thus necessary to obtain the wings you need to rise to new levels of consistent editorial excellence and independence, and to enable you to produce your newspaper on time with a minimum of crises.

The best way to improve your chances of *financial* success is to prepare and follow a “plan for profits.” The best way to improve your chances of *overall* success is to broaden your financial plan to provide structure and direction to all aspects of your newspaper operation.

Planning and Budgeting Getting Underway

Planning in newspaper management has virtually the same meaning as it does in everyday life: deciding what should be done in the future (setting

goals) and preparing a path of action to implement those decisions. In the language of management experts (like army generals), your goals form the “strategic” element of your plan, while your actions form the “tactical” side of your plan.

Budgeting in newspaper management means allocating your resources to implement the plan—in other words, devising tactics that will support your strategy. Resources include money, of course, but other resources can be just as valuable and possibly more important. Other assets you can deploy:

- Time (probably the resource most in need of careful allocation besides money)
- Cars
- Cameras
- Telephones
- Contacts and contracts
- Expressions of support
- Desks and office space
- Personnel and assignment of personnel, etc.

Why is a Plan/Budget Important?

A budget tells you where you and your newspaper are going, like a roadmap on a car trip. You decide where you want to go and how best to get there. Having no plan equals having a plan to do nothing. In other words, if there is no plan, it is a plan to fail. Also known as a “profit plan,” a budget is a simple listing of what you expect to sell and spend over a fixed period.

A Team Effort. Preparing the plan and budget is a management task, but smart management nonetheless recognizes that the preparation requires input from all the departments of a newspaper. Involving all the managers in the process will:

- Acquaint them with the goals of the company and what is expected of them;
- Improve staff morale;
- Knit the organization into a more unified group.

Budgets also help define responsibilities and lines of authority. Budgeting only works if it assigns responsibility for results. Therefore, budgets must be directed at the people who can do something about them.

Be reasonable and realistic. The budget process and your profit goals must be realistic, not just arbitrary figures on a piece of paper. The budget must be an honest appraisal of what reasonably can be expected. It should be a demanding standard, yet an attainable one. And it should be adaptable to changing conditions.

If you can identify your resources and allocate them according to your plan of action, you are more likely to reach your goals. (No book or adviser can ever identify your goals; they can only emphasize the importance of doing so. Only you and your team can decide what your goals should be.)

There are many approaches to planning, and no single approach will work for everyone. This booklet

reviews some basic elements that ought to be part of any planning process.

Elements of Planning

Prepare a Mission Statement

The first step in planning is to define the objective of your organization, company or newspaper. This means to write a brief “mission statement” that sums up what you are all about.

Your mission statement should include an expression of your organization’s fundamental convictions, values and character. It should be what you believe about yourself, and for yourself. This statement may be only 15 words long, or it might exceed two pages. There is no formula for such a statement any more than there is a formula for what is a newspaper. Be crisp and succinct, and choose your words carefully.

But a mission statement for a community newspaper might include commitments to:

- Report the facts impartially.
- Fearlessly express editorial opinion.
- Clearly distinguish between reporting and editorial advocacy.
- Serve as a communications medium for citizens and advertisers.
- Promote specific ideals and/or causes (for example, democratic society, youth development, religious freedom, civil tolerance).

- Provide employees with a healthy work environment and an income sufficient to raise their families.
- Offer employees the tools and training necessary to advance in their careers.
- Generate a financial return sufficient to enable the company’s continued growth and improvement.
- Provide its owners with a fair reward for their investment.

A shorter example might be: “To produce a consistent and financially sound publication of news and community commentary.”

Any mission statement should be valid for a long period. Although parts of it may be amended from time to time, it should be able to stand the test of time.

Short-Term and Long-Term Goals

The management team should prepare a series of planning documents to detail how the mission of the company will be realized, in both the short term (over the next three months or year, for example) and in the long term. For example, a one-year goal might be “a weekly publication, targeted to readers in the capital city, with news about this country only and a limited number of black-and-white photos.” But the five-year goal might be “a daily newspaper, circulated throughout the nation, that covers local, regional, national and international news and is illustrated with color photos.”

Short-term planning. The smaller the time frame of your goals, the more specific they should be. For example, if your short-term goal of “a weekly publication, targeted to readers in the capital city, with news about this country only and a limited number of black-and-white photos” is a one-year challenge, you need another planning document for the next three months or so. That document might include more detailed goals such as:

- Print a poster advertising the sale of our newspaper and make sure each sales outlet displays that poster.
- Use radio advertising to make non-readers aware of the newspaper.
- Create a promotional advertising campaign to entice readership (for example, a prize for the reader who is the first to turn in a correctly solved puzzle, sponsored by a prize contributor).
- Build distinctive, attractive newspaper racks for the stores that sell the newspaper.
- Create a promotional campaign that rewards the stores with the greatest sales gains from month to month (for example, free advertising for any store that sells 10 percent more copies this month than last month.)
- Assign a reporter to provide complete coverage of the courts (or the legislature, or the police, or sporting events, or some other area previously un-covered or undercovered) and alert your readers (and potential readers) to the improved coverage they can expect.
- Improve the publication’s photography, however possible. This might include spending money on equipment, or moving deadlines earlier (for better quality) or later (for greater timeliness), or making a deal with a local camera store/film processor/print shop.
- Offer supplemental services to customers, such as printing brochures.

If you can identify your resources and allocate them according to your plan of action, you are more likely to reach your goals.

The list can go on and on, but it shouldn’t. If your plan becomes a mere list of all the things that need to be done to improve your newspaper, it won’t identify your priorities and indicate the steps necessary to accomplish them.

Tips for Effective Planning

Many of the recommendations made for managers in any field of endeavor apply to newspapers. (The unique “public trust” role of the newspaper’s editorial department, however, should always be considered.)

The following general recommendations broadly apply to newspapers.

- **Organize your time first.** To effectively organize your staff, you need to get organized first.
- **Know your role.** The more management responsibility a staff member has, the more time he or she should devote to planning. Some experts say that publishers should spend almost all of their time planning, or preparing to implement plans; division managers should spend a considerable amount of time planning, but most of their time implementing plans; while employees without management responsibility should spend little time planning and most of their time doing the work set out in the planning process.
- **Make time for planning.** Leave your office once in a while and find a time and place away from the day-to-day pressure of deadlines, routine workloads, ringing telephones and visiting associates.
- **Include your staff.** Depending on the type of planning you are doing, you might invite some or all of your staff members and associates to help. Planning sessions often take place during staff retreats, which can vary from informal discussions at a local coffeehouse to weekend meetings at a resort in the country. You might want to bring in outsiders or planning experts to assist with longer meetings.
- **Delegate responsibilities.** Division managers should be given responsibility for preparing division-specific plans with division-specific goals. After review and approval by top management, division managers should be given the authority to carry out the plans and should be held accountable for their division’s performance.
- **Communicate your goals and measure progress.** Distribute your plans in writing, and include measurable “benchmarks” which you and your staff can use to monitor everyone’s progress in meeting the goals all have agreed upon. You can also tie financial and other incentives to the successful implementation of a work plan.
- **Plan continuously.** Remember that a plan is not a static document and that the planning process is not a one-time event undertaken only when getting started. The planning process should be “institutionalized” so that it is a regular part of your

operation. That process should include periodic reviews to determine whether adjustments to the existing program (plan/budget) are needed. Part of these periodic reviews should involve comparing actual income statements (explained in the following chapter) to your projected budget so that you can see how closely reality has conformed to your expectations, and make adjustments.

For example, if revenues are weaker than anticipated—or if expenses are higher than anticipated—you must take action before you find yourself in financial trouble (The Business/Accounting chapter offers ideas about what kinds of action to take). If, on the other hand, revenues are stronger than anticipated, it might be a good time to invest in the improvement of your newspaper by exploiting your strengths or addressing your weaknesses.

- **Identify your strengths and weaknesses.** Then plan to exploit your strengths while addressing your weaknesses. It sounds logical and easy, and it is...if you plan for it. If you don't plan for it, you will miss valuable opportunities.
- **Be creative and resourceful, and look for new ideas.** For example, by joining together with other newspapers you might be able to negotiate a lower cost for newsprint, or you might be able to participate in a national advertising program. An international assistance organization might be persuaded to

underwrite the costs of a training program or libraries for members, or you might simply be able to share good ideas that have worked for other newspapers.

In the United States, press associations play an important role in lobbying government on behalf of newspaper interests and provide training for professional journalists and journalism students. As the publisher of one small newspaper who finds his voice strengthened and amplified when joined with his colleagues says, "Associations can provide collective clout."

You can also take advantage of your newspaper's strengths by using your equipment for other commercial purposes when the equipment is idle (see Production chapter).

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Long-range planning. The long-range plan does not need to be as detailed as the short-term plan, but it should not be full of improbable dreams of where you want to be in five years. Long-range planners should question how realistic the long-range vision and desires of the organization are. Some of the factors that ought to be considered when engaging in long-range planning are:

- Competition from other media.
- Advertising trends.
- Political considerations.
- The state of the economy.
- Work force and lifestyle trends.
- Language and cultural trends.
- Financial resources.
- Willingness to sacrifice.
- Willingness to reach out to a mass audience.
- New technologies.
- The role of government and regulatory agencies.
- Your own organization's willingness to change as circumstances change and growth occurs.

For example, if you define your newspaper's mission as advocating a change in government, and then that change occurs (this was the role of Solidarity in Poland), will your newspaper be willing and able to become a mainstream publication?

If your newspaper started out with a narrow appeal to a certain category of people (such as intellectuals who speak English well), are you prepared to broaden your appeal to include others with different backgrounds and language skills?

If your newspaper started out as a cooperative effort by like-minded political advocates without management structures, are you prepared to sacrifice the egalitarian camaraderie of the early days in order to make a financial success of your growing enterprise?

Assign Priorities

Once your (realistic) planning goals are in place, it is time to assign priorities to them, and nothing sharpens the mind like setting budget priorities.

Planning and budgeting are inextricably related. To plan without budgeting is as great a waste of time as to budget without planning.

Planning and budgeting are inextricably related. To plan without budgeting is as great a waste of time as to budget without planning.

If you are a creative planner, you will no doubt include more goals than there will be time or money to implement. Budgets detail how you will allocate limited time and money, and setting up a budget to reach your goals will help you focus on a more realistic list.

Cost-benefit analysis. With limited resources (a universal fact of life), it will not be possible to accomplish everything at once. Determine your priorities and allocate your resources to the highest ones. While doing this, pay attention to the “cost-benefit ratio” of your choices. For example, one goal may not provide the greatest benefit, but the cost of achieving that goal may be very low. Therefore, it may be more worthwhile to pursue than a different goal that is of tremendous benefit but might bankrupt the company if pursued too soon.

Use a process of elimination to defer goals that are very costly yet bring relatively low benefits. A good example of this might be the goal of including color photos in your newspaper. While the benefit of having an attractive newspaper is great, that benefit may not translate into significant financial benefits. The cost of including color photos is very high; the money may be better spent on consistent improvements to black and white photographic coverage of local sporting events. These sorts of decisions must be made by managers who have knowledge of their production capabilities and costs, their competitive environments (Does the rival newspaper use color? Is it weak at coverage of popular sporting events?), their readership, and a host of other factors.

Staffing and Organization

Generally, the **publisher** is the head of a newspaper operation. In a small organization, the publisher might also be the editor, or manage one of the divisions, such as the business office.

The publisher may be the newspaper owner, or an employee retained by the owners to run their company.

If an organization is large enough, a **general manager** might be hired to work under the publisher, either as a colleague to the division managers, or as the supervisor of the various division managers. In the U.S. model, the general manager runs the daily operations, with the possible exception of the newsroom, which might maintain an independent relationship with the publisher. A general manager coordinates interdepartmental activities and carries out policy approved by the publisher.

Financial Planning/ Strategies

Although planning is a process, the substance of what is being planned should occupy most of your time and thoughts, not the “process” itself. The substance is producing a publication, and making a profit (or at least enough money to continue producing your newspaper or magazine).

Your financial plan will be focused on the expenses and revenues that are essential to publishing a newspaper.

Your business/accounting division must have a financial system in place to collect revenues and pay expenses, but the ultimate responsibility to make sure that revenues consistently exceed expenses lies with management.

At some point, having positive cash flow (more money coming in than

going out) may not be enough to take care of your long-term business needs. This is particularly true when you need to make major investments, such as purchasing a new printing press. At other times, you may not even have positive cash flow; this is certainly true when you start your newspaper. During the first steps of setting up a publication, you will have a period of negative cash flow.

Financing

When you are setting up a business or making a major investment, you probably will need to rely on financing. Two of the most common forms of such financing are **loans** and **capitalization**.

A loan is money borrowed from someone or some institution (such as a bank) that is accompanied by an obligation to repay the “principal” (the amount borrowed), usually with interest (sometimes referred to as “the cost of money”).

It is very difficult, however, for unproven enterprises to obtain approval for a loan from commercial institutions. Only established businesses with an encouraging history of generating positive cash flow and with assets that can be pledged as collateral are likely to get bank financing for buying a new press, new computer equipment or a new building.

Obtaining bank loans for start-up costs is virtually impossible. There are other institutional sources you might approach to borrow money, such as government-sponsored development banks, insurance companies or private foundations.

But most likely, you will seek financing other than conventional loans. You probably will need to find people who possess the money and who can afford to give it to you in the hopes of making money on your venture. These sources will become “investors” in your business.

Once you have identified such sources, you must decide how you will approach them. The most common approach is to invite them to invest in your newspaper business by either loaning you money or giving you money in return for partial or full ownership of your company. When taking partners, however, be aware of the potential problems you will face if the partners seek to exercise control over the editorial or business side of your newspaper. It is not uncommon for people with enough money to invest in a newspaper to be the same ones with a vested interest in the content of the newspaper’s coverage.

To become a successful publisher, concentrate on building up the revenue side of your business.

There are ways to structure partnerships that minimize the control financial partners can exert. A common method is to form a corporation and issue shares according to the framework established in the corporation’s by-laws and articles of incorporation. The legal structure of the corporation will establish who has which forms of control and can be written in such a way as to minimize (but perhaps not



eliminate) shareholders' interference with the operation of the newspaper, especially its editorial side.

Be aware that if you take in investment partners, you will have to share in the company's success, whereas if you borrow money, you will be able to fully profit from your labors after repaying your loans.

Other forms of investment—some conventional and some creative—are also possible, and sometimes it is helpful to remember that anything is negotiable. For example, you might approach some wealthy, community-minded merchants and invite them to support your newspaper as a patron by prepaying six months worth of advertising. This will give you money you need now as well as some advertisements that will draw readers and give the appearance of commercial success.

Another unconventional means of raising capital is to sell "support shares" to community members who share your conviction that a new

newspaper is a good thing. Such non-ownership shares should be priced low (perhaps the equivalent of half a day's average salary in your community) and community members would be urged to purchase them as a financial gesture of moral support. Support share purchasers should receive a highly visible token in return for their "contribution," such as a *T-shirt* or book bag or bumper sticker that advertises your publication and the fact that members of the community support it. (For example, a book bag could be imprinted with, "I'm a friend of the Samoa News.")

The easiest way to attract money is to show that you are or will be profitable, which is one reason a sound business/accounting division is so important. If you are already operating, you should have a Balance Sheet, Income Statement, Aging Report (for information about these financial reports, see the Business/Accounting chapter) and, of course, a plan with accompanying budget. If you are not yet in business, you need a plan/budget more than ever.

Money attracts money, so try to solidly establish the profitability of your operation. Do this by setting your advertising rates and sales price appropriately, controlling expenses, selling advertising and newspapers aggressively, and using other techniques that increase profitability without sacrificing the mission of your newspaper enterprise.

The following section should help you establish your profitability.

Profitability Strategies

Certain expenses, such as production costs, are unavoidable for a newspaper, and you will have to earn enough revenue to pay for them. Other expenses, such as hiring an editorial cartoonist, enhance the satisfaction you feel as a publisher and enhance the product you offer to readers, but if you do not earn enough revenue to pay for them, you will have to do without them.

To become a successful publisher, concentrate on building up the revenue side of your business. Although you may not look forward to spending your time maximizing revenues, the alternative is much worse. If revenues do not increase to support expansion, salary raises, better working conditions and updated equipment, your time will be spent controlling, monitoring and reducing expenses. And you will soon find that after you cut out the waste (a task more difficult than you might think), you have to cut areas that are essential to your newspaper's mission.

Therefore, do what is necessary to keep expenses under control, and then miss no reasonable opportunity to increase your revenues.

If you can establish a consistent level of expenses that does not exceed your consistent revenue stream, you will then be in the enviable position of watching a very large portion of additional revenues flow straight into profits.

Setting the appropriate rates and prices requires a thorough knowledge of the environment in which the newspaper operates.

Your newspaper can be likened to an airline. You must publish your newspaper each day, at a certain fixed cost (for salaries, newsprint, printing equipment, etc.), just as the airline must fly its scheduled routes each day at a certain fixed cost (for salaries, fuel, airplane equipment, etc.). Both the newspaper and the airline have a "break-even" point. For the airline, it is related to a certain number of passengers and cargo, and for the newspaper, it is a certain number of ads and papers sold. Once that point is reached, additional revenues taken in by selling more plane tickets and cargo space—or advertisements and newspapers—are virtually all profit. This simple concept forms the basis for the success of most publications.

Revenues

The two main sources of newspaper revenue are selling your newspaper and selling advertising in your newspaper. Many newspapers also receive revenue from the substantial investment they have made in production equipment. These newspapers take advantage of their investment in equipment and staff training by providing various production services for other newspapers and non-newspaper customers. Examples of such services include pre-press design and

typesetting using a desktop publishing set-up, and commercial job printing.

Setting Prices

Newspapers and other publications have great flexibility in setting their own advertising rates and price. But that flexibility also carries the danger of making costly—perhaps fatal—mistakes. This is very different from a typical retail store. For example, a paint store owner knows how much was paid to buy the paint inventory wholesale, and he/she knows the “overhead” cost of operating the business (e.g., rent, salaries, electricity, etc.). The store owner will typically mark up the wholesale cost of the paint to cover the cost of overhead, plus a small profit. Because other stores selling paint are competing for the same customers, the mark-up tends to be pretty well established for all paint stores.

If you make mistakes on your pricing, you will go broke, even though you might be selling a lot of advertising or newspaper copies.

Almost none of that applies to newspapers. There is no uniform “wholesale” cost of producing a newspaper, because it varies from one operation to another depending on a host of factors, such as the size of the newsroom and the type of the production equipment in use. Overhead costs are not fixed, because one of the largest costs (newsprint and related production expenses) varies directly with the size

of the newspaper. The other large cost (salaries) varies according to the commitment of the owner to the newspaper’s mission. And there are often no other newspapers in the same market of similar size that can serve as a guide for competitive pricing

If a newspaper sets its advertising rate low, it might sell more ads. Similarly, a low purchase price for a copy of the newspaper will increase sales. In both cases, however, the newspaper will have to produce more pages, which will increase newsprint and other production costs as well as increase the time it takes to get the paper produced.

On the other hand, rates and prices set too high will discourage advertisers and readers. The savings in time and labor and materials may or may not be offset by the higher revenues of each ad or newspaper sold. Management must perform these calculations to arrive at the appropriate rate structure.

Setting the appropriate rates and prices requires a thorough knowledge of the environment in which the newspaper operates. Some of the factors that managers will need to consider include:

- What are the production costs and capabilities?
- How much will it cost to print additional pages when the paper gets bigger, and how much longer will it take to print bigger papers?
- How much will it cost to print additional copies, in both time and money? (Adding pages to your

Suggestions for Cutting Costs:

- Evaluate your expenses in terms of other publications. Review and compare your position with that of the previous year.
- Reduce unsold papers through careful monitoring of sales patterns.
- Reduce wasted newsprint through staff training.
- Reduce staff size by eliminating unnecessary positions, combining jobs and increasing expectations of employees.
- Publish the paper at the most cost-effective size.
- Review utility costs, especially telephone bills.
- Raise advertising and sales rates.
- Train staff to be more efficient.
- Be more aggressive in selling advertising, circulation and printing services.
- Make everyone on the staff accountable for cost savings.
- Reduce expenses that are not crucial to your newspaper operation or your mission.

newspaper and increasing the number of newspapers printed are two separate considerations.)

- What are the alternatives for customers (readers and advertisers), and what do those alternatives cost?
- Where else could readers get the same information, and for how much money?
- Where else could advertisers buy space (television, radio, magazines, other newspapers) and for how much?

A newspaper that can obtain newsprint without restriction at a good price, and can increase the number of copies it prints without missing deadlines or overworking its employees, may find it worthwhile to keep a low purchase price and seek mass markets.

On the other hand, a newspaper that has trouble obtaining newsprint, or must pay an expensive duty, or is already missing deadlines occasionally, or is already pushing its production staff and equipment to their limits might make more money setting a higher purchase price.

Remember that 50,000 copies sold at \$.40 each generates as much revenue as 20,000 copies sold for \$1.00 each. But the cost of producing 50,000 copies is substantially higher than producing 20,000 copies, in both money and time.

If that is the case, why bother printing the larger number at the lower price? The two best answers are influence and advertising marketing.

If you publish a newspaper, you probably want as many people to read it as possible, in order to extend the influence of your publication. Advertisers also want as many people as possible to see their advertisements, and they will be more far more willing to take an ad in your newspaper if you sell 50,000 copies than if you sell 20,000 copies. And the advertisers will be willing to pay a higher price for an ad that reaches more than twice as many people. If advertising rates have been set appropriately, you should be able to make up for the increased production cost of printing 50,000 copies instead of 20,000 copies if you decide to price your newspaper at \$.40 instead of \$1.00.

If you make mistakes on your pricing, you will go broke, even though you might be selling a lot of advertising or newspaper copies.

In the United States, advertisers are very concerned with how many copies of the paper are sold. In fact, high circulation papers that are filled with ads have so many pages that the publisher would lose money by simply producing and selling additional copies of the paper. However, the premium the newspaper charges its advertising customers for placing their ads in such a popular, widely read newspaper more than covers expenses, so the net result is profit for the newspaper.

Profitability Strategies: The Expense Side of the Equation

The two largest operating costs for your newspaper will probably be staff and production, of which newsprint is the greatest component.

Production expenses include not only newsprint and ink, but other materials such as film and plates, salaries for your skilled production workers, and the cost of your printing equipment, spread out over time.

(If you contract for your printing, you will still pay these expenses indirectly, but you will not have them broken down. Instead they will appear to be a single expense that you will think of as “contract printing cost.”)

If “pre-press” production costs are included in the category of production expenses, the proportion of your total operating costs taken up by production will rise even higher.

That is one reason why it is so important to make the right decisions about production methods. Generally, as you spend more money, you will be able to print more newspapers in less time with fewer people. If you are printing large numbers of copies and need to meet daily deadlines, you won't have any choice but to spend a lot of money on production capability.

But if you are not printing large numbers of copies, you may not need that speed and you probably won't be able to afford it.

Another consideration is how frequently you publish your

newspaper. A daily newspaper must have an efficient and fast way to print its editions to meet readers' expectations for the latest news. A weekly, however, can afford a slower production process.

Payroll costs, including salaries and benefits, usually make up the largest single expense for any newspaper. Labor costs account for 30 to 60 percent of the total expenses of a paper, depending on a wide variety of factors, especially whether printing is done in-house or contracted out. (If printing is contracted out, payroll costs at the newspaper will be lower, but the "contract printing" cost will rise accordingly).

Strictly speaking, "production costs" should include some of the labor cost associated with payroll, but not all newspapers categorize their expenses that way. In any case, newsprint will probably be the second largest expense of your newspaper. Depending on a variety of factors (frequency of publication, size of each issue, circulation, etc.), newsprint accounts for 10 to 20 percent of your total expenses. (Again, if printing is done elsewhere, this cost will appear under "contract printing.")

When all the production costs (including labor) are added up, the percentage of total expenses that goes into production may double. The larger the newspaper and its press run, the greater the percentage of production costs made up by newsprint. For example, the cost of plates and film for a low circulation newspaper may be 50 percent of the cost of newsprint, whereas if the same newspaper quadrupled its press run without increasing the size of its

newspaper, the cost of plates and film would drop to 12 percent. The same is true of labor costs if the increased press run does not surpass the press's capabilities and if such tasks as collating are primarily automated, as with a web press.

Other expenses incurred in the day-to-day operation of newspapers can be classified as a function of each department of a newspaper. Following is a model of sample expenses for various divisions of a large newspaper.

Sample Expenses by Division

Editorial

- Salaries for editors, sub-editors, reporters, photographers, graphic artists, etc.
- Wire services (news, photos, graphics)
- Syndicated features (columns, comics, etc.)
- Freelancers
- Long-distance telephones
- Expense reimbursements (entertainment and transportation, etc.)
- Foreign and regional bureaus
- Photographic equipment and supplies

Advertising

- Salaries for advertising manager, advertising sales representatives, display ad artists, etc.
- Sales incentives (commissions)
- Agency fees
- Expense reimbursements

Marketing/Promotion

- Salaries for marketing manager, etc.
- Advertising (radio, billboards, posters)
- Professional services
- Promotional programs
- Gifts/prizes

Distribution/Circulation

- Salaries for circulation manager, district managers, truck drivers, etc.
- Vehicle expenses
- Bonuses and sales commissions
- Newspaper racks and stands
- Various materials (bags, rubber bands, etc.)
- Postage

Pre-Press Production

- Salaries for layout artist, composer, typesetters, darkroom technicians, stripper, etc.
- Film
- Chemicals
- Tools and miscellaneous supplies (opaque, layout sheets, knives, etc.)

Press Production

- Salaries for production manager, press operators, press helpers, etc.
- Plates
- Ink
- Newsprint
- Chemicals
- Blankets
- Press maintenance

Business/Accounting

- Salaries for business manager, bookkeeper, accounts payable clerk, accounts receivable clerk, cashier, administrative assistant, billings clerk, receptionist, etc.
- Collection expenses
- Postage
- Professional services

Building

- Salaries for maintenance crew
- Loan payment or rent
- Maintenance materials and supplies
- Utilities
- Cleaning
- Trash removal

General/Administrative

- Salaries for general manager, administrative assistant, etc.
- Data processing
- Taxes
- Insurance
- Professional services (such as legal fees, accounting)
- Entertainment
- Long-distance telephones
- Electricity and other utilities
- Postage
- Vehicle expenses
- Dues and subscriptions

Besides these day-to-day expenses, publishers must keep in mind the need to save up for major non-recurring expenses, such as the purchase of new equipment or financing for a new building. Use of a depreciation/amortization schedule can help you keep track of major *non-recurring expenses*.

If your cash flow is stable and positive, it is probably best to seek bank financing for such purchases. It will probably take your operation too long to save up the total cost of major capital purchases that would assist you now, and it is therefore better to pay a bank interest on a loan and get the equipment sooner instead of later.

The basic question to ask yourself is whether the purchase will be a net

benefit to your operation after all the necessary payments have been met. If the answer is yes, and if you can accept the financial obligation to repay without placing your enterprise at risk in the event of a business slowdown, then it would be wise to go ahead with the purchase.

For example, if you want to buy a more powerful computer for your advertising display artist, you should ask yourself if the cost of the computer will be more than offset by the productivity gains by the artist and the increased advertising that can therefore be sold. If your artist is working on an hourly/freelance basis, or is so overworked as to be unable to prepare “spec” ads for your ad sales department, then perhaps the new computer is a good investment. If, on the other hand, your artist is a salaried employee and has no problem keeping up with the workload, then a new computer is obviously not a high priority.

Special Personnel Considerations

Salaries will be your largest expense, and that is one reason to pay close attention to personnel. But the more important reason is the fact that ***your staff is the key to a successful operation.***

A newspaper is the product of the staff, not a person. A newspaper is a physical thing, composed of newsprint and ink, but also, and more important, it is a creative product, crafted by the human intelligence on your staff. Newspaper engines require high-octane mental energy, just as they require cash and equipment and organization.

Finding the right staff and keeping their mental energy highly tuned is as important as keeping good financial records and maintaining your equipment properly. And, like those other crucial tasks, this is management’s job.



Recruiting, training, motivating and satisfying your staff is as important a task as any other you undertake, and may in fact be the most important task of a newspaper publisher.

In the United States, most publishers have the luxury of being able to recruit from a wide pool of qualified job applicants. In such situations, the management recommendation has evolved that “you must hire for the job, and not try to find the job for the person.” However, in locales with limited numbers of pre-qualified job applicants, you may find that more flexibility is necessary.

If, for example, you are seeking a news reporter and you interview an applicant who would not fit well in that job but would make a great columnist (or cartoonist or photographer or even advertising salesperson), you might want to hire him or her anyway. When there are few quality workers available, you should take advantage of the strengths of good applicants even if they don't perfectly match your needs.

If you do not have a problem attracting pre-qualified candidates, then you should prepare an accurate job description that describes the tasks you need performed and find the applicant that can best perform those tasks.

Training

Training is essential to maintaining a staff of productive, motivated workers. Obviously you need to engage in training when you have staff members who are not fully qualified to perform their duties, but you also need to train

staff members who already appear capable of performing their duties. Such training encourages continuous improvement and, just as important, provides motivation. As an added benefit, it often reveals hidden strengths (and interests) among your employees that otherwise would not have been discovered.

Training should not be limited to those on your staff handling technical, complex or advanced tasks. You should provide training for all staff members, no matter how “high” or “low” their job in the newspaper.

Even when further training in the assigned tasks is not necessary, employees should receive “cross-training,” especially in a small organization.

Cross-training refers to training staff members in the jobs of other staff members, so that they can broaden their own knowledge of your organization and, when necessary, fill in for an absent employee. You will probably find that existing staff members are capable of excelling in different assignments than they now perform. This knowledge will help you adjust your staffing for maximum benefit to the newspaper and the employee.

For example, the layout editor can learn to develop film (and photographers can learn to design pages). The advertising sales representative can learn to prepare ads (and the ad designer can learn to sell ads). You may, however, decide NOT to engage in cross-training between the newsroom and advertising. In U.S. newsrooms, staff members are restricted from soliciting

advertisements or collecting money. This rule serves to avoid potential conflicts of interest that could compromise the independence of the newsroom.

Communications

Communicating effectively is another essential element of maintaining motivated and committed staff. New employees should be oriented into your organization, and existing employees should be informed about a wide range of topics, from simple information such as a new book in the newspaper bookshelves to serious trends, such as an expected downturn in the local economy and its implications for the newspaper.

When new employees are hired, they should be thoroughly briefed on their job descriptions and what is expected of them; they should understand the role of their division in the Total Newspaper; they should understand their specific role in accomplishing their division's mission; and, of course, they should be trained in their assigned tasks. They should learn about the company's Mission Statement, short and long-term goals, staff benefits and rules, safety procedures, various policies, company organization and other items of interest. Some companies prepare a handbook for new employees that includes all of this material.

Regular staff meetings are a common means to keep existing staffers up to date on what is happening with the company. For larger organizations, an in-house newsletter or e-mail bulletin is sometimes used. Either way, the

goal is to find a way to share information regularly, so that each staff member feels like, and is, a full member of the team.

It is important to let staff members know when they are doing a good job and when they are not.

In addition, it is a good idea for division managers to hold weekly staff meetings. These meetings should take care of operational problems and occasionally can be used to deal with bigger issues, such as the setting of an annual budget.

Performance Reviews

Besides training and communications, you should have a system for periodic review of each employee's performance. These reviews, which might be conducted as frequently as every three months or as infrequently as annually, are used to identify strengths and weaknesses of each person's performance as well as to identify how training opportunities or other initiatives can help the organization. Each employee's goals also can be discussed; it may be possible to happily merge the newspaper's needs and the employee's interests.

At most performance review meetings, goals are set for the next time period, and the progress made toward achieving those goals is evaluated in future meetings. For this reason, many companies use these periodic

reviews as the basis for considering compensation as well as performance.

It is important to let staff members know, in specific terms, when they are doing a good job and when they are not working up to the standard expected of them. This kind of feedback should occur more often than during periodic performance reviews and should come from the immediate supervisor, division manager or other appropriate superior of the employee. When this is done correctly, employees who are not performing well are given a reasonable chance to improve before the more drastic action of termination takes place.





Business Accounting Division

Newspapers should have a business/accounting division that tracks revenues and expenses and ensures implementation of the financial plan agreed upon by the owners/managers.

The business/accounting division ensures that all the revenues the newspaper is supposed to receive are received, and that money is spent only on authorized purposes. Thus it is involved in preparing billings, accepting payments on account, handling cash transactions and a wide range of financial/administrative matters, such as filing taxes and preparing payroll. The division might also be responsible for such office functions as inventory, insurance, phones, shipping arrangements, clearing customs, etc.

The business division is the part of a newspaper business most similar to the organization of other businesses. Widely used financial systems, such as

accrual-based, double-ledger bookkeeping and the preparation of financial reports (Balance Sheets, Profit/Loss statements), are used by newspapers with very minor adjustments compared to the standard practices of other industries.

Because accounting and bookkeeping are technical fields that can be adapted to newspapers without extensive specialized guidance, this manual does not seek to explain financial systems. Instead, we point out some important areas unique to newspapers and explain the relevance of financial systems to a newspaper manager.

The accounting system must be set up to account for all company funds and to ensure that any service provided by the company is either

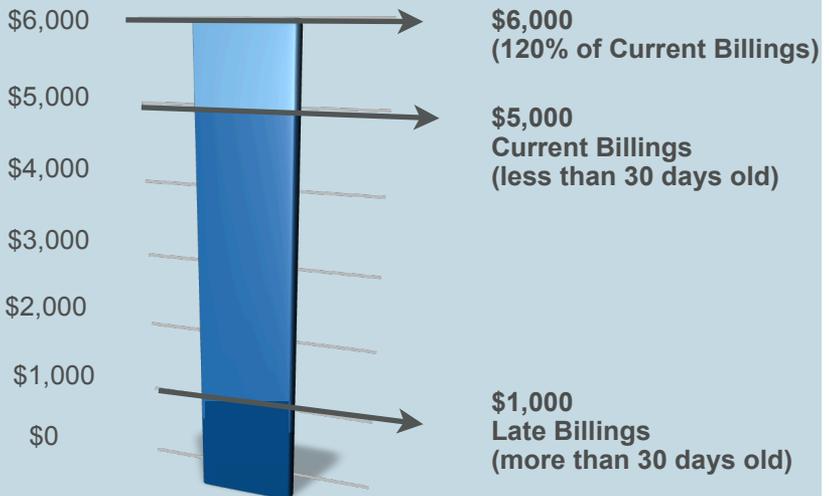
paid for (and receipted) upon being recorded, or billed out. All billings should be recorded, as should payments made against invoices. Procedures should be established to ensure that billings are collected in a timely manner, and credit should be denied to those with histories of payment problems.

A typical newspaper generates a lot of cash transactions, in both expenditures (such as taxi fares) and revenues (such as sales of newspapers). There are many points in the handling of newspapers and cash when a dishonest employee or person can defraud the company and steal money.

However, with a system of controls devised, implemented and monitored by the business/accounting division,

“Aging Report” Chart

Total Owed



most opportunities for theft and fraud can be eliminated.

Standard systems of financial control should be utilized to prevent embezzlement and other forms of theft. For example, when a customer pays an invoice for an advertisement that has been published, the payment must go into the company's bank account, and not into the pocket of whoever accepted the payment. Therefore, it is a good idea to avoid allowing the same person to both prepare invoices and accept and record payment made against those invoices. If one person performs both chores, he or she could prepare valid invoices for services provided by the newspaper, and when the payments are received, he or she, if dishonest, could keep the money and wipe out any traces of the invoice.

Controls, if properly designed and applied, will ensure that the company's funds are secured.

Financial Reports

Beyond ensuring the security of the company's funds, the business/ accounting division plays an important role for management by keeping records of the company's financial transactions and compiling these records into periodic reports of financial performance, which are reviewed by management for various purposes.

The three primary financial reports used in the business world are a Balance Sheet, an Income Statement, and an Aged Accounts Receivables Report.

A Balance Sheet shows the overall condition of your business at a specific point in time. It lists your assets (such as cash on hand, money owed to you by customers, equipment, etc.) and your liabilities (such as money you owe to suppliers and employees and debt). If assets exceed liabilities, the ideal situation, the difference is termed "equity." It represents the owner's value in the business.

A Balance Sheet is an important report for obtaining financing and financial support. When read along with the Income Statement and your Aged Accounts Receivable report, a trained financial expert can determine the financial health of your company. (Consult an accounting text for a definition of terms).

An Aging Report (short for Aged Accounts Receivables Report) shows how much money your customers owe you, broken down by how long they've held the unpaid invoices. It is very important not to let your customers become late payers. Whenever any bill is still unpaid after 90 days, you should take some action, including cutting credit privileges until the account is paid.

The total amount owed by your customers that is more than 30 days old should be a small fraction of the amount that is less than 30 days old. The total amount you are owed should not be more than 150 percent of your current billings (0-30 days old).

For example, if your total amount owed is \$6,000, and your current billings are \$5,000, the percentage is 120 percent—that's good. But if your total amount owed is \$8,000, and your

current billings are \$5,000, the percentage is 160 percent—that's bad.

If the total amount you are owed exceeds 150 percent, you are likely to have problems getting credit. Another technique is to follow your current billings as they start to age and make sure that by the time 90 days has gone by, they have all been paid. If any billings are not paid within 90 days, that customer's credit privileges should be revoked, and the business office should take steps to ensure payment of the long overdue amount.

The key report required by management is the Income Statement, which is a standard financial report that is not unique to the newspaper industry. An income statement, also called a Profit/Loss Report, provides detailed information about expenditures and revenues over a specified accounting period (one month, for example). Not only does it tell you "the bottom line" of whether you made money or lost money, but it also provides a breakdown of many key pieces of information, such as sales figures and the cost of producing your newspaper.

In addition to these three standard reports, several newspaper-specific reports might be useful to the managers of your newspaper company. For example, it is important to prepare and review charts that show how many newspapers were printed, how many were sold, how many were given away, and how many were returned or left over (unsold).

Different reports are needed at different frequencies for different

newspapers. For example, large newspapers might need to review their Income Statement every month, while smaller newspapers might be able to get by with quarterly, semi-annual or even annual Income Statements. Balance Sheets are probably not needed as often as Income Statements, but Aging Reports are needed monthly.

An Income Statement, or any other financial report, can be put to good use for comparison purposes. Managers should compare performance to at least four other benchmarks: the same time period in the previous year, the previous accounting period, industry averages, and expectations (budget).

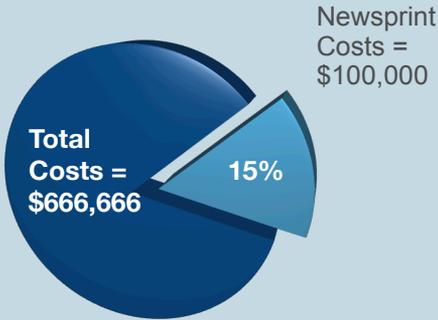
Although these comparisons are a management function, the business/accounting division should gather the comparative information and include it in reports, along with any explanatory notes. For example, if the business/accounting division hands in a monthly report that shows a big drop in newsprint expenses as compared to the previous month, the division might provide a financial explanation, if one exists. The price of newsprint might have gone down, or there might have been a double shipment received and paid for in the previous month.

Information should be expressed in absolute quantitative terms as well as percentages when appropriate—percentages as pieces of a pie chart as well as percentages as an expression of change over time. (See illustration above.)

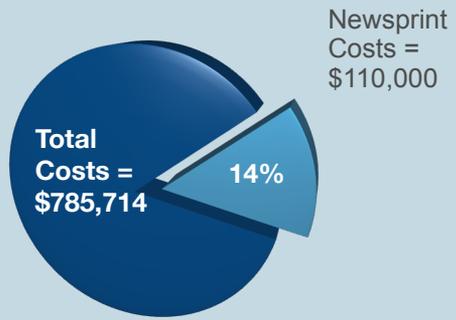
For example, the "newsprint" category should tell you that you spent \$110,000 on newsprint in 2002, which

Sample Budget Illustration

2001 Expenses



2002 Expenses



Newsprint costs increased by 10 percent from 2001 to 2002. However, the percentage of total costs spent on newsprint actually fell from 15 percent in 2001 to 14 percent in 2002.

is 10 percent more than 2001's total of 100,000. It should also state that the cost of newsprint was 14 percent of all costs in 2002, as compared to 15 percent in 2001. An explanatory note might provide some context for management by explaining that the cost of newsprint (per ton) was lower in 2002 than 2001, so the increase in usage was actually more than 10 percent. This note also would explain that the price reduction was the reason why newsprint's share of all costs was also lowered. The note also might provide information about industry predictions about future trends in newsprint costs.

Staffing and Organization

Depending on the size of your newspaper, the various tasks assigned to the business/accounting division may be handled by only one person, or by many.

Big or small, there are certain tasks that need to be done (as outlined in the preceding sections). If the operation is small, the **business manager** may do them all, from selling old copies of the newspaper to making a daily deposit at the bank.

Generally, a business manager will report to only one or two people: the publisher and/or the general manager.

As the operation grows, an **administrative assistant** may be hired and assigned routine tasks that

don't need the business manager's attention, thus freeing up the manager's time for more important tasks (such as making bookkeeping entries or working with the banks on financial matters).

With further growth, more assistants may be hired, and given specific duties (such as **front desk receptionist, billings clerk, accounts payable clerk, accounts receivable clerk, collections agent, bookkeeper, cashier**, etc.) This sort of progressive staffing is the same for a newspaper as for other businesses, and standard texts on business operations can guide you in your newspaper business.





Production

The introduction of computers to newsrooms has revolutionized the way newspapers are produced. But, it is prepress technology that has undergone the most change in the last 20 years. Before we go further, we should define the term “prepress” and, in general, summarize the newspaper production process. There are three stages in the newspaper production process, prepress, the press run and post-press.

Prepress

The prepress stage includes the creation of editorial and advertising text, photographs and graphic art, the design of the newspaper page and the steps needed to turn a page layout into a plate that will be run on press. (see illustrations steps 1-3, page 30) It is the prepress portion of the production process that has seen the most change in recent years, especially as pagination

—the process of creating a newspaper page digitally rather than by the cut-and-paste method—has become commonplace in newsrooms.

The traditional method of printing a newspaper is to make one “camera-ready” copy of each page which looks just like that page will look when the newspaper is distributed. The camera-ready copy has headlines, stories, photos, advertisements, etc., all in place (with the exception of color, and the possible exception of black and white photos).

Once the camera-ready copy is done, it goes into a darkroom, where a process camera is used to make a full-sized negative of each page. These full-sized negatives are then “stripped” in preparation to be matched with a photosensitive printing plate and exposed on a plate-making machine.

...it is the pre-press technology that has undergone the most change in the last 10 years.

While there are some newspapers in the United States that continue to use this method, the majority have moved to partial or full pagination. Pagination, which we will discuss further in the Desktop Publishing Primer (p. 26), is the process of creating stories on a personal computer, designing the pages and then sending the completed pages to an imagesetter, which outputs color separated film in the form of film negatives for printing. From there, the film negatives are transferred to the plate-making

machine. In essence, the difference between the two methods is that the camera and darkroom steps are removed from the process. (see illustrations steps 1-3, pg. 30)

A few newspapers have chosen to paginate only the “front-end” of their system, meaning that they produce the newspaper copy, layout the pages on a computer and print the pages out to be photographed by a process camera. This may be an option for you, but you will need to think long-term and plan how you eventually will move toward total pagination. Because most newspapers have moved to full pagination in recent years, you may have trouble finding good working camera equipment to purchase. You may find it even harder to have the equipment serviced when it breaks.

The camera process is labor intensive, cost intensive and requires expensive skilled professionals.

Although more expensive, a paginated operation will offer you numerous benefits. A pagination system enables you to easily store back issues of your newspaper, create information databases, lower your operating costs, improve your production speed and much more.

The Press Run

Once the plate has been exposed and developed, it is ready to be wrapped around a printing press cylinder that is the core of the printing press. After all the plates are on the press, a press operator runs newsprint through the press at high speed and generates the newspaper.

Presses may be of a web design, which utilizes newsprint packaged in large rolls of continuous paper that is cut and folded as part of the press run, or sheet-fed design, which prints on pre-cut sheets of newsprint that must be collated and folded. The web method is much faster, but the presses are more expensive. On the other hand, the cost of newsprint when purchased in rolls is much less expensive than the cost of pre-cut newsprint sheets.

Most modern presses utilize a printing technique known as “offset printing.” Older letterpress presses are still in use, but are becoming obsolete in the newspaper world. The letterpress is the method of printing invented by Gutenberg. It is a relief method of printing which requires the printing images to be raised above the non-printing areas. The ink rollers come into contact with the raised areas only and the image is transferred onto the paper. Letterpresses have been declining in use because they required so much time to ready the plates before they are placed on press.

The personal computer is now necessary to publish a newspaper and should be affordable for even the smallest newspaper.

Offset presses have three printing cylinders, plate, blanket and impression. As the plate cylinder rotates, the plate comes into contact with the dampening rollers, and then the inking rollers. The dampening rollers wet the plate, so that the non-printing areas repel the ink. Next,

inked image is transferred to the rubber blanket, and the paper is printed as it passes between the blanket and the impression cylinders.

You will need to research which printing techniques and equipment are appropriate for your publication once you have determined your budget and your needs, such as capacity, speed, staff capabilities, etc. Depending on the type of press in use and the size and configuration of the final newspaper (the number of pages and the number of sections), an additional post-press set of tasks, such as folding and collating, might be necessary.

Desktop Publishing Primer

Personal computers (PCs) can be used to write stories, edit stories, lay out stories, handle photographs, produce advertisements, keep a set of financial books, keep track of subscribers, prepare a budget and review financial performance, and do a host of other tasks. The personal computer is now necessary to publish a newspaper, and should be affordable for even the smallest newspaper.

Desktop publishing

There are many different desktop publishing techniques and equipment, and you will need to do some research to determine which is best for you. Desktop publishing consists of widely available, inexpensive personal computers used to write stories, design ads and pages, and print out camera-ready copy. The computers tend to be either from the Apple Macintosh line, or the IBM-compatible

alternative. During the 1980s and 1990s, IBM-compatible computers were much more cost-effective and, therefore, more widely used by companies. As a result, IBM-compatible computers enjoy more recognition worldwide than Apple Macintosh. The more expensive Apple Macintosh computers were clearly superior for desktop publishing purposes. They were more expensive, so many newspapers opted to use them only for the visual departments (graphics, design, photography and advertising art). The Apple computers retain that superiority—not only in the visual applications, but also in ease-of-use.

There are many different desktop publishing techniques and equipment, and you will need to do some research to determine which is best for you.

However, Apple has recently focused on the less-expensive-PC market — notably, with its iMac line. Expense should no longer prohibit a company from outfitting a fully Apple Macintosh newsroom.

Entry-level computers (such as an iMac) could be purchased, in 2002 in the United States, for about \$1400 each. These computers work well for a reporter, or for any word processing or Internet-related task. For “higher” functions, such as page layout, graphic arts, digital photography or creating advertising art, a larger model, such as the G4, is recommended.

Power Mac G4s are the latest offering in high-end hardware from Apple. The computers start around \$1,600. Generally, the more you pay, the faster and more powerful the computer. Monitors and other peripherals—such as scanners and printers—are purchased separately. Computers should be networked together so that they can exchange files and share the same computer printer. This is fairly easy with an Apple Macintosh system due to the built-in Ethernet card. The IBM-compatible networks are more complex, and networks of more than about 12 computers of any brand are complicated enough that an expert is needed to ensure that they are designed properly.

Finally, it should be noted that cross-platform compatibility has improved dramatically in the past few years, making it possible to mix and match Macs and IBM-compatibles in the same network with professional results. This arrangement, however, will require personnel dedicated to maintaining and troubleshooting the network itself.

Software

Buying the computers is only the beginning. Once you’ve decided on your desktop configuration, you’ll need to address software issues. Quark XPress (\$900) is an industry standard in page layout. Adobe PhotoShop (\$600) likewise dominates the photo-processing field. For graphics, most rely on either Macromedia FreeHand or Adobe Illustrator (\$350-400). Microsoft makes several applications appropriate for word-processing and



spreadsheet applications, so consider Microsoft Office (\$425-500), which packages all of them. Most advertising art departments use Multi-Ad Creator (\$750). And, finally, don't forget incidentals such as virus protection and troubleshooting software—Symantec's Norton line of products is widely used in the United States (\$50-100). All of these products are made for both the Mac and the IBM-compatible computers. You should ask your software vendor about licensing.

Technological change in the personal computing world is very rapid, but in the last few years, the industry has stabilized to the point that recent older machines no longer become obsolete when newer models are introduced.

You cannot buy one copy of Quark XPress and use it on several computers linked to the same

network. Licensing addresses this issue. Less expensive than buying several copies of the same software, a license allows you to pay a fee allowing you to load the software on a certain number of additional computers. Obviously, the fee increases as the number of computers increases.

Fileservers

At the center of this network, a newsroom is going to need at least one fileserver. A fileserver is a computer with plenty of hard disk space that acts as a central database for the files used in the production of the paper. Depending on the size of the newspaper, several fileservers may be needed. A fileserver may be a computer designed specifically for this purpose, with the appropriate software loaded (\$3,000 to \$4,000), or it may be a designated high-end computer reserved solely for file storage. For operations with more than 20 people accessing the central database, an actual fileserver will be necessary. Larger newspapers will find it necessary to have at least one fileserver for each department — photo, graphics/design, reporters/copy editors, advertising, classified ads, etc. And all of these fileservers will need to be accessed through the network by the computers that contribute to the final output of the newspaper.

Printers

Desktop publishing allows a newspaper to design its pages on a computer monitor and then print them out on a computer printer, camera-ready. This process is called "pagination." A basic laser printer that

can produce acceptable black and white camera-ready copy of text and simple graphics could be bought for approximately \$1,600 in the United States in 2002 (color printer, \$2,500). Many handle several paper sizes ranging from standard letter to tabloid (11 x 17 inches). However, even if the size of the newspaper's pages fall under 11 x 17, a laser printer is a poor choice for final output. For final output, producing "half-tone" versions of your photographs and graphics in camera-ready form (that is, an 85-line screen), you will need an imagesetter that generally costs \$8,000 or more and can print the 1,000 dots per inch needed to get an 85-line half-tone at a speed that will not delay a daily newspaper.

If your computer printer cannot print adequate half-tones, you will need to either use a photographic process to prepare half-tones in the form of bromides, PMTs, veloxes or whatever name is used in your region. The photographic process is slow and expensive and can be difficult to master for a trainee. In comparison, the computer method is faster, less expensive (except for the cost of the computer) and easy to learn.

Obsolescence

Technological change in the personal computing world is very rapid, but in the last few years, the industry has stabilized to the point that recent older machines no longer become obsolete when newer models are introduced. Instead, they can often continue to play a useful role in a lesser capacity. For example, the visual departments (photo, graphics/design and advertising art) are going to require the higher-quality computers. The

computers that they outgrow can still be used in supporting roles in the newsroom. The art department may use an outdated hard drive for departmental archiving. The advertising art department may wish to create a scanning station, connecting a scanner to an older computer. Older drives can be designated file servers for special projects or certain departmental needs.

Final Output – Determining Your Needs

Your newspaper can probably buy less expensive, older machines if your budget does not allow top-of-the-line equipment, but you might not be able to exploit all the possibilities of desktop publishing. In reality, there are two distinct dividing lines in determining how much power you need in your computer system:

1. Will you be using your computers to produce black and white halftones?
2. Will you be using your computer to work with process color and color separations?

If the answer to Question 1 (black and white halftone production) is no, your investment will be much smaller (and simpler) than if your answer to that question is yes. However, that means you will be printing a newspaper without photographs! Avoiding photography isn't impossible (just look at the Wall Street Journal), but it's improbable in today's marketplace. If you're planning on outputting black and white halftones, you will need to spend more money

on an array of computing capability (such as computers, hard drives, scanners, printers, networks, software, training, etc.). But you will not have to spend nearly as much money and solve nearly so many computer problems as you will if you will be printing in color.

The computer systems necessary to handle black-and-white digital photography are complex but can be mastered with diligent study and will result in cost and time savings, plus enhanced and more consistent reproductive quality. The computer systems necessary to handle color digital photography are much more difficult to master (and afford) and should therefore not be considered by any but the most capable, ambitious, and capitalized newspaper entrepreneur. Many metro-sized newspapers employ a department of professionals trained and dedicated to processing color output. Unless you're willing to establish a "color lab"—as some refer to this department—you run the risk of printing pictures of green people (a common mistake when mishandling photographs taken under fluorescent light) or people with skin tones several shades darker or lighter than their actual skin.

Peripheral Concerns

Besides the computers themselves, you will have to plan and purchase other parts of your computer system, which can be very expensive, and even more costly if you make a mistake. Among the things you must consider are:

- Back-up ("archiving") provisions, so that all your work will not be lost in the event of equipment failure

- Storage (to keep your digital information so that your computers can access it)
- Scanners for converting photos and negatives into digital images
- Removable drive readers (such as Iomega Zip drives)
- CD-ROM or CDR/W drives
- Training of personnel
- Alternative means of production in the event of equipment failure.
- An upgrade path (so that your initial investments do not become obsolete or wasted)
- Servicing availability
- Power requirements (generally minimal, but "clean" power is a must)
- A relatively dust-free environment.

Finally, don't forget that personal computers can be used in your office for more than desktop publishing. They are obviously important tools for such tasks as financial record-keeping, billing and maintenance of circulation lists. In addition, they can give you excellent access to people and information on the World Wide Web through the use of modems (computer devices that allow computers to connect with one another via conventional phone lines). Those same inexpensive modems (most under \$100) can allow you to communicate with the other side of town or the other side of the globe.

Editor's Note: Because prices and technology change so rapidly, this information may have changed since publication.

Commercial Printing

Your desktop publishing system is also an asset that you can leverage by doing commercial work for others. In many communities, newspapers offer typesetting, layout and design, advertising art, halftone production and other services. This opportunity allows you to make additional money, of course, but it also allows you to justify and afford better equipment and better training for your employees, which will pay handsome dividends in the quality of your newspaper. Sometimes, this kind of outside work also gives you an important opportunity to offer extra pay to employees who might otherwise leave the newspaper and sell their highly

marketable desktop publishing skills elsewhere.

Staffing and Organization

Because of the variety of equipment and techniques, you will need to do considerable research to determine the level of production staffing you need. In general, production consists of a linear sequence of transformation, from typing to printing. Many of the functions that need to be performed will require skilled tradespeople (such as darkroom technicians and printers) from the printing industry. If you decide that pagination is the road you wish to take, you will no longer require darkroom technicians, but you will need to find people who are skilled computer users. You also will need a person who is capable of performing regular computer maintenance. You also may wish to hire an integrator, an outside consultant who helps

Pagination Process



Traditional Method of Printing



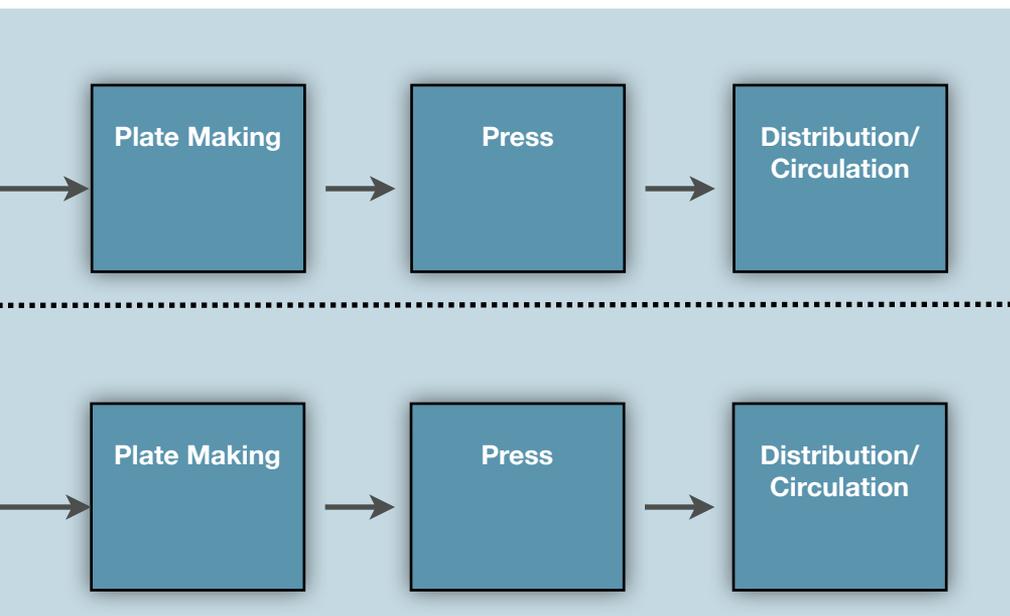
newspapers design and implement a pagination system. There are several companies that will install front-to-back pagination systems for newspapers of all sizes. When hiring a company to set up your pagination system, it is extremely important to talk with several companies. Also, make sure you talk with other newspapers that have gone through the pagination process. They can offer tips and insights into the system you are about to purchase.

Many newspapers, especially small ones, will contract out some press and prepress functions to a commercial printing house. Others will find it economical, or necessary, to perform those functions in-house. Even very small newspaper operations should try to do all their prepress production in-house. Once a newspaper has camera-ready pages, they will be sent out to a contract job printer unless the newspaper has the considerable and

relatively expensive equipment to print in-house. If printing is to be done by a contract printer, the newspaper will need very little production expertise on staff beyond newspaper design and desktop publishing skills. On the other hand, if the printing is done in-house, the staff must have a considerable amount of production expertise (from camera work to plate-making to printing to maintenance).

Whatever your level of operation, you should have one person who coordinates production and pays attention to quality control issues. On a newspaper large enough to justify the expense, a production manager oversees the entire process, from prepress and press functions to personnel.

The following flow charts illustrate the typical production processes for a newspaper:







The Newsroom: News & Editorial Operations

One of the decisions you need to make is whether you are publishing your paper to meet the desires of your readers, or whether you are publishing your paper to express your own views of what information needs to be conveyed.

In either case, you will have to engage in marketing. In the first case, you will have to do some market research to find out what people want in a new newspaper (such as news, sports, community events, comics, editorials, photos, international coverage, national coverage, local coverage, hard news, features, society reporting, etc). In both cases, you will have to do some marketing to persuade potential readers that it is worth their time and money to read what you publish. You also need to make sure that your writers and editors keep the reader foremost in their minds when writing and editing stories.

Your newspaper is published to communicate to readers. A surprisingly large number of newspapers seem to forget that simple fact.

In the United States, almost all daily or community newspapers seek to provide a well-rounded, balanced newspaper. Few newspapers are published to promote a particular agenda, such as a political movement. (Many publications exist for that purpose, but they tend to be newsletters or magazines, not newspapers.)

Elsewhere in the world, newspapers commonly identify themselves with political or social movements, and do not to seek to provide a balanced newspaper as their first priority.

In the United States, most newspapers have in recent years increased the extent to which they are reader-driven, instead of editor-driven. In other words, they are increasingly paying attention and responding to what readers (and potential readers) say they want in the newspaper, and giving less priority to what the editor feels the public should be reading.

Part of the reason for this shift is that many U.S. readers feel overwhelmed by the amount of information available to them. Other factors often cited include the shrinking amount of personal leisure time, people's changing preferences for receiving information (television and the Internet), and the increasingly visual world we live in. These factors, and others (such as the flashy example and success of *USA Today*), have led many publications to shorten their

stories and increase the amount of color and "infographics" they use.

In Great Britain, the United States and elsewhere, the success of tabloids has put pressure on newspapers to sacrifice traditional journalism for a "sexier" alternative.

You will have to determine what kind of journalism your publication is going to practice and organize your newsroom toward that end. This chapter discusses how to organize a newsroom to provide balanced coverage according to the broad precepts of U.S.-style professional journalism.

A community newspaper has been described as "a community talking to itself." The objective of the newsroom is to report on events that will take place and have taken place. The newspaper also has a separate and distinct role to comment editorially on events in the community. There should be a clear distinction made between journalistic reporting (which should uphold widely accepted professional standards of balance, accuracy, fairness and neutrality) and opinion (which should be thought-provoking and courageous).

A community newspaper has been described as "a community taking to itself."

Newspapers, from their news columns to their editorial pages to their advertisements, are a major form of continuing education for the public. Stories should provide enough information to be understood by

readers. If unfamiliar terms are used, brief explanations should be provided.

Don't forget that you intend for your newspaper to be read, often by busy people. That means that not only must the content of the stories be compelling and well-written, but it also must be well presented on the page. Page layout and design is often a newsroom function, and should be taken seriously. A front page should be an invitation to the reader, says Gene Johnson in the *Newspaper Management Manual*. The overall design should serve four functions, according to Ken Bronson's *The Newspaper*:

1. Make the newspaper attractive and interesting;
2. Make the newspaper as easy to read and understand as possible;
3. Grade the news for the reader (in order and type of importance); and
4. Maintain a style of continuity, with clear distinctions when appropriate, throughout the newspaper.

Although you might not want to design your product strictly according to the tastes of your potential readers, some questions worth asking include:

- What makes this newspaper distinct from its competitors? No two newspapers are alike because no two audiences are alike. Is the newspaper relevant to its audience? Is it filling a gap that the public wants filled (for example, hometown news not provided by national newspapers)?

- Does the style of writing match the readers' educational levels and interests? Does it match the newspaper's overall marketing strategy?
- Is the newspaper covering news throughout its total audience area?
- Does the newspaper have sufficiently wide appeal to all age groups, particularly young readers (tomorrow's primary audience)? Does it appeal to all age groups that are of key interest to advertisers?
- Is the newspaper's appeal to income groups consistent with its overall market goals? If advertisers demand higher-income readers, will the news content attract such readers?
- Is there proper balance between international, national, regional and local news? Between news and sports and features? Between opinion and reportage? Between advertising and non-advertising? Between words and graphics (photos, charts, illustrations)? Between education and entertainment? Between "good news" and "bad news"? What is the "proper" balance? What do readers want to read?

Newsroom Management

This is not a booklet about journalism. Many good textbooks and manuals exist to discuss reporting and journalism. This section focuses on newsroom management, not how to write and edit articles and lay out newspaper pages.

The manager of the newsroom has a special name: **editor**. The editor has the duty and responsibility not only to internally organize the newsroom staff and functions so that they work smoothly, on-time, within budget and to a high standard, but also to oversee the end product that readers see, the newspaper pages.

In other words, an editor is both a journalist and a manager of journalists. As a manager of journalists, it is the editor's duty and responsibility to establish the sensitivity and courageous leadership of the newspaper in the hearts and minds of its readers.

Because of the dual role as manager and journalist, the editor must be well organized if he or she is to successfully juggle time demands. A reporter being promoted to editor needs training to learn the management side of the job. Management is not the same as reporting and editing. There is an overlap of skills and knowledge, perhaps, but there are distinctive management skills that are as essential to running a good newsroom as to running a factory. A good reporter will not necessarily be a good editor or a good manager. Management should think about this when making promotions and provide the support necessary to make the transition work. The transition must also be monitored so that, if there is a problem, measures can be taken before a crisis erupts or the newspaper's quality suffers.

Organization is Crucial

Some newsrooms face an eternal paradox: everyone is so busy there is no time to plan and organize. And because there is no organization, everyone is doomed to unending busyness. The rule should be: get organized, then get to work. It is up to the editor to get himself organized, then get the staff organized and to make sure the work gets done, and done properly.

Staffing and **communication** are the two key elements of being organized in a newsroom.

The newsroom must be staffed in such a way as to gather the news and other contents of the newspaper the editor wants to put in each issue. At a large newspaper, the newsroom staff is split into a half-dozen divisions or more, whereas at a small newspaper there are probably only one or two (news and sports).

At a large paper, each division would have its own editor. For example,



different editors might run the city desk; the sports desk; the society desk; the wire desk; the picture desk; the regional desk, the layout desk; the features desk; the commentary desk; graphics desk; business desk; national desk; etc.

You must decide on the newspaper product you will offer your readers before organizing the divisions of your staff.

Staffing the Newsroom

It is unlikely that any two newspapers have identical structures. At small papers, one person often performs work done by several people at larger papers. Also, as a newspaper grows it adds certain functions that a smaller newspaper does not need or can not afford. And people at different papers often have different job titles for the same type of job.

That said, the newsroom staffing begins with the publisher, who is probably the only person to whom the editor answers. The publisher is the chief executive, responsible for all newspaper activities.

Next comes the editor, who is responsible for all news and editorial page content. Editors are responsible for setting the overall tone and news strategy; for hiring and firing reporters, sub editors and photographers; for promoting them; for being the spokesman for the news side to the community and for developing and controlling newsroom budgets and projections. At a larger newspaper, a **managing editor** is the front-line manager in the newsroom—making story assignments and the like—and

coordinates closely with the editor. For the editorial page, the editor supervises editorial writers and also writes editorials himself. Some papers prefer to have an **editorial page editor** who reports to the publisher. This ensures that news and editorial-page functions are kept separate. Under this structure, readers may be less likely to perceive editorial opinions as spilling into news stories. Of course these functions always come together at the top in the role of the publisher.

Larger newspapers may have an **executive editor**, a **managing editor**, a **news editor** and a **design editor**, each taking on a different part of the job an editor performs at a smaller newspaper. Larger newspapers also have **copy editors**, who review stories for accuracy, style and grammatical correctness, and usually write headlines; and **page designers**, who make important decisions about story placement, headlines, and photos and graphics.

The news staff (**reporters**, **photographers** and **graphic artists**) usually numbers one for each thousand of daily circulation up to 100,000 circulation. There is generally one editor for every two to five reporters.

Newsroom Planning

The discussion on management and planning in the first part of this booklet can be applied to the newsroom with few adjustments.

- **Plan a strategy for news.** Planning the newsroom objective is an ongoing process. The goals—such

For Effective Newsroom Operations

- Don't neglect photographs. A picture is often worth a thousand words. Photos are the second thing readers look at on a page, after the primary headline. Devote the necessary time, money, training and commitment to good photography!
- Don't neglect charts and graphs. A graph can make instantly clear what four paragraphs barely made sensible. As the 21st century begins, your readers are increasingly visually oriented and decreasingly reading oriented. They are spoiled by the high-quality graphics they see on television, in magazines and in leading newspapers. You need to devote the necessary time, money, training and commitment to good "infographics," just as you have made the commitment to good reporting, good writing and good photography. Your newspaper will be higher quality, more communicative and more essential to readers.
- The design of the front page is crucial. A compelling front page (enticing, colorful, interesting, well-designed, well-written) draws readers and boosts circulation.
- Educate yourself about the libel laws in your community. Make sure your editors and reporters understand the libel laws. If you're not sure whether a statement is libelous, leave it out, at least until you have had the opportunity to review the questionable material with a lawyer.
- Newsroom management is designed to produce an effective publication that serves the newspaper's mission goals and its intended readers. How can you tell if it is working? First and foremost, ask your readers, and those whom you want to be your readers. Engage in readership research, informal (ask acquaintances and strangers) or formal (use a questionnaire and a scientific sample, or assemble a group of readers or citizens to serve as a "focus group"). (See *Know Your Audience*, in this *Business of News* set, for more on this topic.

as better coverage of government affairs, more consumer information, making news appeal to younger readers—should be written out.

- **Know your resources.** Figure out what resources you have available to accomplish your goals: staff, equipment, travel funds, training opportunities, etc. What else will you need to meet your goals? How are

you going to get what you need? Be realistic and be part of the newspaper's overall program. It does no good for the newsroom to produce a superior product if in the process it spends the newspaper into bankruptcy. The organization doesn't want to be "the best newspaper in the cemetery."

- **Have a timetable.** All plans should have a timetable, and it should be a realistic one. The timetable should be detailed enough so that you can always tell whether you are on schedule.
- **Hold regular meetings.** Meetings, as often as twice a day but probably less frequent, are essential to the smooth operation of a newsroom. These meetings are to discuss the various issues related to the contents of the next issue of the paper, for critique and “brainstorming” sessions, as well as other purposes.
- **Communicate and organize.** Daily staff meetings should be used to review story ideas, progress on previously assigned stories, and to make assignments. One part of the editor’s organization is a file of story ideas, categorized by type, priority and timeliness, which can be referred to when discussing story ideas and making assignments. As part of that effort, the editor must maintain a calendar of events and likely events, and journalists should update the calendar (such as a delay in a bid opening) and add items (such as a scheduled date for a trial to begin) on a daily basis.

In fact, a “future file” is an excellent management tool in all departments of a newspaper, not just the newsroom. For example, in a drawer place a folder for each day of the current month, one folder for each coming month, one folder for next year and one for all years after that. Put file clippings, memos, notes or anything that prevents you from missing a coverage opportunity or forgetting a time-sensitive idea. If in July you think

of a good year-end idea, dash off a note and place it in the December file. Place each scrap of paper so it will pop up a few days before needed follow-through. (Personal scheduler computer programs are designed to help make this sort of work simple.)

At month’s end, sort out the notes from the next-month folder into day-by-day folders. Every day, study each published story in your paper—and other papers, too—for possible follow-ups a week, a month, even a year later. The future file is one of a planner’s best tools. And a good editor is by necessity a good planner.

In addition to readership research, you should engage in self-evaluation. Here are some sample questions to ask:

- Is the paper accurate in minor as well as important details? Does it have readers’ trust? Does it have credibility?
- Is the reporting balanced and fair, reporting all sides in an objective, dispassionate manner? Is the editorial writing passionate?
- Does it cover local issues? Can your readers learn what is happening in their hometown?
- Is it geographically complete, covering regional, national and world news? Is it well rounded, with full subject diversity, covering all types of news?
- Does the newspaper demonstrate enterprise, going beyond the routine to seek out and explain meaningful developments?

USA Today's Recipe for News

In 1982, the Gannett Company launched USA Today—and created the fastest circulation success of any American newspaper. The newspaper's start-up editor, John Curley, lists these guidelines that this innovative (and frequently criticized) national newspaper follows:

- Keep stories short. Readers have many demands on their time and desire brevity.
- Edit for clarity.
- Hire more editors, even at the expense of reporters.
- Stories should inform and be interesting, not boring.
- Emphasize graphics that help tell a story. Cut photos effectively and make sure captions make sense.
- Write more stories on personal finance, new technology and gimmicks that people can use in daily life.
- Don't always run negative stories.
- Weather news is important.
- Readers want portions of newspapers at different times for different things—in the morning for sports and hard news, later for leisure reading of feature copy, for example.
- Does it capture the drama of life, or is it dull? Does it have the occasional humorous story that brings a smile to the reader?
- Does the paper display judgment in emphasizing meaningful news and ignoring trivia?
- Is its writing professional and grammatically correct? Is the copy clear, concise and readable?
- Is it a newspaper of good taste? Can it be taken into the homes of your hometown?
- People are the news. Are people in the newspaper?
- Do photographs and captions help tell the story? Does the paper have professional and understandable graphics?
- Is the layout open and airy? Does it make good use of the available space for news? Are the headlines clear and well written?
- Is the paper competitive?
-





Advertising

Advertising revenue provides the bulk of most newspapers' income. Readers appreciate advertisements as a source of useful, relevant and sometimes entertaining information. Ads can help readers become better consumers by saving them time and money and making it easier to find goods and services they seek.

Although your editor will tell you that people buy the paper for the stories and photos, many readers enjoy the ads more than the news and find them a more valuable part of the newspaper.

Organizations and individuals buy advertising because they want others to know about a sale of goods or services or newly available merchandise, or possibly a birthday, a funeral, a wedding or some other "non-commercial" message or public notice.

Repeat advertising—the main source of revenue for most newspapers—occurs when advertisers perceive that their newspaper ads are effective. Because you want repeat advertising, it is in the newspaper's interest to make sure the ads in your paper are effective. In other words, to help yourself, help your advertisers. Your advertisers may not have experience preparing an ad campaign. They may have excellent skills as paint retailers or insurance agents, but they may not often purchase newspaper advertising and are probably not experts.

Work with your customers to make sure their ads are likely to draw the desired response.

It is up to you to be their expert. When you go to a paint store, you expect the salesperson to give you good advice about which paint you need. When you go to the insurance agent, you expect good advice about which insurance policy is appropriate for you. This is obvious. But many newspaper ad salespeople think their job is merely to book space for people who have already decided what advertisement they want to place.

Your advertising customers are not buying an ad because they want an advertisement. They are buying an ad because they want to increase sales, or alert the public, or generate goodwill, or some other reason. Listen to their needs (and their limitations), evaluate the circumstances and use your advertising expertise to recommend what advertising program

—including ads in your newspaper—will work for them.

Put yourself in their shoes and make a recommendation that will achieve their advertising goals. Although sometimes this will mean recommending a competitor (such as a radio ad), your expertise and your willingness to put your advertisers' interests first will cement the long-term relationship your newspaper needs with advertisers—all of whom will eventually need newspaper advertising. The more successful your advertisers are, the more business you will derive from your relationship with them, in the short- and long-term.

Work with your customers to make sure their ads are likely to draw the desired response. Surround their ads with a quality news product that attracts and keeps readers and provides an atmosphere of credibility, which carries over to the ads.

If your newspaper is not accurate, suppresses unpleasant news or in other ways manipulates the truth, the credibility of your newspaper will suffer; one consequence is that you will become a less effective advertising vehicle in your community. Explain this to advertisers who want to influence your editorial content.

In most community newspapers, commercial entities with goods or services to sell buy most of the advertising, which includes:

- Retail stores advertising their business or items they offer;
- Wholesalers advertising products they offer directly to the public or to retailers;

- Agency representatives placing ads on behalf of the product lines they represent;
- Shippers placing ads with information about arrivals and departures;
- Service providers such as hair salons, travel agencies, accountants and lawyers.

Retailers will most likely be your biggest customers, in numbers and volume. Your readers will come to rely on the newspaper as an essential part of their shopping habit, and as a result, retailers will come to rely on the newspaper as an essential part of their marketing.

For this reason, advertisements that include redeemable coupons that can be clipped only from the newspaper are some of the best forms of advertising, because they provide a direct link between advertisers and customers that other media (radio and television) cannot provide.

You should review your competitive position in relation to other print media and non-print media operating in your area. What are your strengths and weaknesses? For big advertisers, a daily can provide advertising impact that a weekly cannot, but smaller advertisers might find a weekly more affordable and a better choice.

Some advertisers need photos in their ads, so print media is a better choice for them than radio. Other advertisers have a single, non-visual message to get across and might find radio a better primary advertising vehicle.

Many advertisers do not need the broad reach of television with its high prices. And advertisers cannot be certain about who will be watching television when their ad is broadcast, while readers can refer to newspapers at their leisure.

You should review your competitive position in relation to other print media and non-print media operating in your area.

Try to determine what advantage your newspaper offers over the available advertising alternatives available to a potential advertiser (the competition), and maximize your strengths.

Different Kinds of Ads

Classified ads (For Sale, For Rent, Employment Opportunities) are a traditional strength of newspapers and often account for a large percentage of advertising revenue. Classified ads are brief, all text with the same basic format often submitted by individuals. They are usually arranged one after another on a classified ad page, which is often one of the most widely read parts of the newspaper. In addition to bringing in needed revenue, classified ads can also cement solid relationships with readers.

The other major category of advertising is display ads. Display ads usually include both text and artwork and do not follow the same basic format. They are not all combined onto an advertising page, but used throughout the newspaper on the

same pages as news and other non-advertising items.

Some newspapers also get a substantial amount of advertising from a third category: government and legal advertising. This refers to selling advertising space for governmental notices that must be made available to the public. These ads also generate an important record of official actions by the city, region or nation.

In the display ad category, a potential source of income for a newspaper in a small community is to promote attractive “personal” ads for weddings, funerals, birthdays, graduations, anniversaries and other significant events in the lives of local families. Newspapers in bigger cities might find it harder to sell these ads, but it may be possible to establish a tradition in a smaller community where residents buy an ad to express their pride and offer their congratulations to relatives at significant events. Many U.S. newspapers now publish personal ads in which single people seek potential mates with similar interests.

Another less traditional form of advertising is to ask companies that normally do not advertise to sponsor special columns in your newspaper. For example, a civic-minded company that has no need to advertise but wants to support the community could be approached to sponsor a community bulletin board. Or factories could be asked to honor their employee of the month in the newspaper.

Another category of advertising is “insert advertising,” in which companies pay your newspaper to insert a pre-printed circular inside your

newspaper before distribution. Inserts are sometimes used to target specific geographic areas, and thus the advertiser might request that they be included in all papers distributed in one part of a city, and not in others. Usually, the cost of inserts is based on a certain number of dollars per thousand subscribers.

If your newspaper expects to gather advertising from customers who do business internationally, consider designing your pages to allow Standard Advertising Units (SAUs). The Standard Advertising Unit system was introduced in the United States in 1984 to simplify the production and placement of advertising in a newspaper. All newspapers on the SAU system use the same system of column measurement and the same guidelines for advertising pricing. This allows advertisers to produce a single-sized ad, which can be placed simultaneously in several papers.

Staffing and Organization

Advertising departments are usually the least expensive department to operate in the newspaper, even though they often account for as much as 80 percent of the paper’s revenue. In a small newspaper, an advertising sales person handles all the advertising functions. As the paper grows in size, an **advertising manager** position is created, and **advertising sales representatives** work under his or her guidance, along with any administrative help that may be needed. As the paper grows, sub-managers may be appointed to handle display ads and classified ads, or whatever divisions are most appropriate. In any case, sales

representatives are still employed to do the selling.

Advertising sales representatives earn a commission on their sales in addition to their salary, thus providing an incentive for them to sell more ads. So that when sales are down, so is the compensation for the advertising staff. When sales go up, the extra revenue is partially used to reward advertising sales representatives.

At a large newspaper, three or four sub-managers might work under the ad manager, along with **field sales representatives**, **telephone sales representatives**, **specialized representatives**, a **research staff** and other support functions.

Many newspapers also employ an **advertising production crew** to produce camera-ready ads. In some locations, advertising agencies will perform this task. But newspapers in smaller communities, or in large communities without a historical commercial/service infrastructure, may find it necessary to design and prepare almost all art for their customers, and write all the advertising copy. Customarily, separate charges are assessed for the advertising space and the preparatory artwork, but this is not always the case.

Pricing

As noted earlier in this booklet, it is crucial to set the appropriate prices for advertising. Traditionally, advertising is sold by the size of the ad, the frequency of publication and the circulation of the newspaper. If a full-page ad is priced at \$100, the cost for

a half-page is usually set at more than half that cost (perhaps \$60), while a quarter-page would be more than half the cost of the half-page (perhaps \$35). This schedule is designed to encourage advertisers to buy a larger ad and to fairly compensate the newspaper for the greater amount of work involved in dealing with four quarter-page ads (and four different customers) compared to a single full-page ad (and a single customer).

The higher your newspaper's circulation, the more you can charge for an ad because more people will see your customer's advertisement. In fact, many newspapers tie their ad rates to circulation figures, so prices automatically increase as circulation increases.

Rate Card and Sales Tools

All advertising rates should be clearly described on an advertising rate card. The card should list prices, illustrate sizes, explain discount opportunities (usually based on frequency and volume), describe options (specific page placement, color), and include all other pertinent information (such as credit, billings, deadlines, charge for artwork, guarantee, etc.).

Accompanying the rate card should be a brochure that briefly and persuasively sets out the advantages of advertising in your publication. The brochure should include such information as:

- How many copies of the newspaper are sold.
- How many people read each copy.

- Where the paper is distributed, on what day and at what time.
- What kind of person reads the newspaper.
- Other information that will help a potential advertiser see the benefits of placing an ad in your publication.

You might also offer a contract form that allows an advertiser to obtain a discount by committing to a certain amount of advertising in a certain time period. Such contracts, however, are difficult to enforce if the advertiser changes his or her mind.

Advertising departments are usually the least expensive department to operate in the newspaper, even though they often account for as much as 80 percent of the paper's revenue.

Another option is to make advertisers aware of non-traditional forms of ads, such as sponsorship of a youth page or community bulletin board, or an essay or poster contest for school children. If you know your community and are creative, you will be able to devise many non-traditional forms of commercial support that will increase goodwill for the sponsor and enable your newspaper to serve the community better (and affordably). For example, you might produce special sections during the year to coincide with special events (such as Independence Day or Veterans' Day) and sell special advertising for those

sections. (You can also sell anniversary ads to businesses at significant intervals. These ads give store owners the chance to proudly proclaim their longevity as a service provider and citizen of the community.)

You should also include examples of attractive ads in different sizes and shapes, as well as letters from advertisers writing about the positive impact of their advertising or their appreciation for the newspaper's service.

At many papers, discounts are also offered to nonprofit groups and for other non-commercial purposes. You could also allow businesses a discount if they pay for an ad on behalf of a nonprofit group. The phrase, "This ad paid for by XYZ Corporation in the spirit of community service" can be added to the bottom of the ad. The nonprofit organizations will become salespersons on behalf of your newspapers, soliciting a discounted ad from XYZ Corporation on your behalf.

Another possible sales tool is to make cooperative agreements with other newspapers that have different markets. The idea is to offer an advertiser a single transaction that will result in his or her ad appearing in several publications serving different audiences. For example, if you are publishing a newspaper that serves a province in your country, you might make a deal with newspapers in other provinces and allow customers to buy from the cooperative one ad that will appear all over the country. The cooperative would handle the distribution of revenues to the various members and coordinate publishing

dates. A regional advertising cooperative might attract foreign or national advertisers that would otherwise be uninterested in using your publication.

Warning

One advertising problem often cited by small and large newspapers is that advertisers try to use pressure to influence news coverage. An advertiser will inevitably threaten to pull his or her advertising based on news coverage he or she does not like.

Newspapers should not publish any advertisements that are misleading, deceptive, discriminatory or untrue.

In U.S. journalism, newsroom personnel are barred from involvement in the advertising part of the newspaper, and vice versa. Only the publisher is involved in both news and advertising. When the threat is made, it is up to the publisher to respond. One of the most effective responses (which will not always work) is to explain to the advertiser that the newspaper is an effective advertising vehicle because it has credibility with the readers. If the newspaper agrees to the advertiser's demand, readers will eventually find out and will no longer trust the newspaper to provide independent, unbiased news. They will never read the paper again without wondering what was left out—or put in—because of economic pressure. The

newspaper and its advertisers would lose one of their greatest assets—credibility.

To maintain credibility, it is also important to screen advertisements according to Standards of Acceptance. Advertising is a powerful tool and reputable newspapers usually set standards for deciding which kinds of ads to accept for publication. Newspapers should not publish any advertisements that are misleading, deceptive, discriminatory or untrue. Most papers consider key questions like these:

- Are the statements in the ad copy literally true?
- Can the statements be backed by proof?
- Are there any misleading statements?
- Are there exaggerated claims for benefits or results?
- Are there any misleading art illustrations?
- Is anything omitted from the copy that could make it misleading?
- Are mere opinions stated as facts in the copy?
- Are their discriminatory words or phrases in the text?
- Does the ad violate readers' rules of good taste, for them or for their children?





Circulation and Distribution

Without distribution and circulation, the newspaper has no readers, and therefore no advertising, and therefore neither circulation or advertising revenues, which means no revenues at all. And, without readers, reporters and editors are working in vain.

It is not that distribution and circulation is any more important than the other divisions, but it is no less important. Don't go to all the trouble of producing a great newspaper and then allow that effort to be partially wasted by late distribution (missed deadlines) or poor distribution.

Cultivate the desire among your target audience to obtain each issue of your paper, and then make it as easy as possible for them to do so. Get your customers used to reading and buying the newspaper! Put yourself in the

position of your readers, and act accordingly by distributing the paper where and when your readers want to buy it.

Distribution and circulation are equal parts detailed organization and creativity based on research and reason.

The detailed organization is necessary to get the paper distributed, and the reasoned creativity is necessary to design a distribution system and get the paper sold once it has been distributed.

You will not be successful if your newspaper is not consistently available. Deadlines are important, and this truth must be gospel throughout your Total Newspaper operation (in the newsroom, in advertising, in production, in distribution/circulation). Distribution consistency, both geographic and temporal, is also important. The consistency of the newspaper itself (its content and design) is also important.

The more competition you have, the less tolerant your target audience will be of inconsistent distribution or content.

People are creatures of habit, and circulation managers must identify where newspaper buying fits into their habits. Some people won't buy a newspaper at a grocery store, preferring to buy it from a vendor at a street stall. Others lose interest in a newspaper if they haven't bought one by the time they've had their morning coffee.

Different strategies are needed to get your newspaper placed in front of people when they are ready to buy a newspaper. You need to know your community in detail to design those strategies, and you need a well-organized system of distribution to maintain consistency implementing those strategies.

If you are able to implement a "home delivery," pre-paid, subscription service, much of your creativity will not be necessary (although your organization will be crucial). In many communities, however, such a service cannot be offered, for a wide range of reasons (ranging from a lack of addresses, to rural locations, to security concerns).

If home delivery (by foot, bicycle, car or postal system) is not possible, all sales will have to be single copy sales of every issue of your newspaper.

Staffing and Organization

A newspaper circulation department is responsible for delivering the papers, selling the papers and collecting the revenues.

To accomplish these tasks, a separate circulation department is necessary, headed by a **circulation manager** who reports to the general manager or publisher.

The circulation manager directs sales and service to the readers and collection for subscriptions or single copies. As the newspaper grows in size, the manager adds **delivery drivers, paper carriers, street vendors, agents, mailers, dispatchers** and a variety of others.

In a larger newspaper, the manager may have several assistants to handle areas of home delivery, single copy sales, administration, trucking, mail room, etc. These people usually supervise people doing assigned tasks. For example, the **home delivery manager** would probably supervise several **district managers**, who recruit and supervise home delivery carriers.

In many instances, the circulation function starts when newspapers are delivered from the press. Therefore, the circulation executive assumes responsibility for the “mail room,” where employees bundle and prepare newspapers for transport to various destinations.

From the “loading dock,” employees or independent contractors load trucks and/or automobiles for transporting bundles of newspapers to other destinations, including carriers and single copy outlets. This is a complicated but efficient system to rapidly deliver newspapers to the reader. Time, which is important at every stage of the newspaper operation, is especially important here so that readers get fresh news at the time of the day when they most want to buy a newspaper.

The circulation executive must work closely with other departments of the newspaper to coordinate newspaper objectives, particularly the newsroom and production departments. The newsroom and circulation keep each other informed on news coverage, particularly big stories, to help sales. While the editor is responsible for news content, the circulation manager must sell the product.

The newsroom and production staff must be made aware of the need to meet deadlines; a late press run cripples the circulation system and causes a drop in sales.

Home Delivery (Subscriptions)

Home delivery provides a relatively stable, identifiable list of subscribers, which is useful in selling advertising because it demonstrates to your advertisers how many people you reach. It also helps establish efficient press runs (minimizing the waste of unsold newspapers) and project revenues.

The basis for a successful home-delivery operation is the method of delivery. U.S. newspapers use these methods, but in your country, a different system may prove more appropriate:

- **Independent buy-sell carriers.** The carrier buys newspapers wholesale, then sells them to customers to earn a profit.
- **Independent per-piece carriers.** Carriers are paid a “perhaps” (estimated) rate for delivery, and in some instances, a commission for collection.
- **Employee carrier.** An employee of the newspaper.
- **Mail.** Newspapers are delivered through the postal system. Mail is often the main system used by small newspapers, especially weeklies.

- **A private company.** In some European countries, such as Switzerland and Denmark, companies distribute several different newspapers. Publishers deliver their newspapers to the company (or cooperative) which assumes responsibility for delivery.

Home-delivery subscriptions are sold through a variety of methods. They include:

- **Carriers.** Newspapers use incentives, including prizes, cash, trips and additional income, to encourage carriers to sell new subscriptions on their routes.
- **Telemarketing.** Employees call prospective subscribers on the phone to sell them the paper.
- **Crew sales.** A “crew” of solicitors, under the supervision of a crew chief, sells subscriptions door-to-door.
- **Direct mail.** The newspaper mails solicitation offers to prospective subscribers.

Newspaper prices are based on market factors, including past history. To encourage home-delivery subscriptions, these rates are somewhat less than the same number of copies would cost at single-copy rates.

Carriers are usually responsible for collecting money for the subscriptions. But with the ability of the computer to maintain records and generate statements, payments for subscriptions are increasingly being made directly to the office. This not only increases cash flow, but it also

provides better statistics on customers.

Nearly every newspaper maintains a Customer Information System (CIS). Computers contain complete lists of subscribers to provide the newspaper instant access to subscriber history, current status and other valuable information.

Single-copy sales

A big disadvantage of single copy sales is that the publisher doesn't know how many copies will be sold at each outlet. So the publisher must make a choice: either print and distribute extra copies to ensure that no potential customer is turned away, or reduce “speculative” copies to a minimum and accept that some customers will be unable to buy a copy.

Single copy sales also depend on such factors as the weather and the attractiveness of the front page. For example, bad weather can reduce sales even though it probably increases costs. The worst situation is to increase the press run due to an attractive front page and then have to throw away many of those papers when the weather turns bad and they are not sold.

Single-copy sales are accomplished in three primary ways:

- **Live sales.** Vendors, either adults or children, sell papers at kiosks, street corners and shopping centers. They receive a commission for every paper sold and can return unsold newspapers for full credit. Some vendors stay in one place while



others walk down the street and into shopping centers and offices.

- **Newsracks.** The newspaper places coin-operated vending machines at strategic sales points. However, a person can pay for one newspaper, open the newsrack door and take many papers; or a fraudulent vendor can take the whole stack and sell them illegally on the street.
- **Dealers.** Grocery stores, pharmacies and gas stations can sell your newspaper for commission and return unsold newspapers for full credit.

Newspapers can increase single-copy sales through proper merchandising and, most important, timely delivery. To better merchandise the paper, put signs and indicators wherever the paper is sold, make sure displays and newsracks are clean and attractive, get the newspaper into popular stores, place newsracks in high-traffic areas and require street vendors to wear uniforms.

When you are selling your paper through dealers, don't think that it's best to have zero returns. The ideal is exactly one return. That signifies that no customers were turned away because the paper was sold out, yet

minimizes the amount of waste from unsold papers. If there are zero returns, you don't know how many potential customers were disappointed. If readers are frequently unable to buy a newspaper because dealers are sold out, they will eventually stop trying to buy the paper.

Don't make it hard for your customers to buy your newspaper! Do everything possible to make it easy for them! Make the newspaper buying habit deeply ingrained! Try to prevent customers from having a casual attitude about finding and buying your newspaper! Make it part of their daily (or weekly) routine!

Promotion

Many newspapers underestimate the importance of self-promotion. Tell readers how successful the paper's classified ads are. Show merchants how to increase sales and attract customers. Call readers' attention to outstanding features in the news columns, especially those that cannot be found anywhere else. Urge readers to send the paper to relatives and friends.

Various tools can also attract and retain readers. You can hold contests or ask readers to call in to answer a phone poll question. Besides being interesting features, these methods also ensure that readers will have to continue to buy the newspaper to see the results. Other forms include a continuing story, a daily horoscope and crossword puzzle, or a birthday column. Only your imagination limits the possibilities.

If your newspaper is big enough, you might want to appoint a member of your staff as **promotion manager** to work closely with the newsroom, advertising and circulation departments. This position should generate information and activity that will increase circulation and readership, enlarge advertising revenue and create a favorable image for the newspaper through service to its community. The department searches out facts about the marketplace: demographics, the economy, advertising effectiveness and how readers feel about news content.



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Conclusion

Starting and running any successful enterprise in an emerging democracy is certain to be full of risk. Even in developed countries with strong economies, most new businesses fail within the first two years of existence. The risks are even greater in countries where the free market is in its infancy or where the poverty rate is very high and customers with money to spend are few and far between.

But starting a newspaper in such conditions brings its own set of problems. Not only must the new newspaper manager find a way to make a profit, he or she must do so without compromising the special covenant that every journalist—from reporter to publisher—has with the reader.

Citizens in all but the most closed of societies depend on the media for vital information they need to make decisions about who will govern them and how. They must be able to trust the media to give them information that is untainted by conflicts of interest. That means some of the most tempting ways to make the newspaper profitable—such as positive stories in exchange for paid advertising—are not acceptable.

We hope that this guide has given beginning and established newspaper managers some ideas for making the business successful while still maintaining journalistic integrity. Through efficient management of all the departments of a newspaper, from the newsroom to the circulation and advertising departments, it is possible to do good journalism and make money too.

As noted in the introduction, we hope that your research won't stop with this manual. The following pages list many resources, from books to web sites, that will prove useful in further exploring the ideas presented in this manual. You should also refer to this guide's two companion volumes, *Successful Newspaper Advertising: Building Financial Independence Through Ad Revenue* and *Know Your Audience: Increasing Readership and Advertising Through Market Research*, for more advice on specific aspects of the business side of running a newspaper.

We wish you the best of luck in making your newspaper business not just survive, but thrive in the challenging and competitive environment of the 21st century.

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The Newspaper, by Earl Newsom et al. An excellent handbook on all aspects of community newspapering by the American model. The various chapters by various authors cover most topics introduced in this booklet in expanded detail. Published in 1981 by Prentice Hall of Englewood Cliffs, New Jersey, on behalf of the National Newspaper Foundation.

Newspaper Financial Management: An Introduction; Budgeting for Newspapers; and Classified Advertising Accounting. All published by the International Newspaper Financial Executives, 21525 Ridgeway Circle, Suite 200, Sterling, Virginia 20166.

The Newspaper Management Manual, by Eugene D. Johnson and Jim Richstad. This excellent overall primer is published by the Pacific Islands News Association, Level 2, Damodar Centre, 46 Gordon St., Private Mail Bag, Suva, Fiji Islands, e-mail: pina@is.com.fi, web: www.pinanius.org. *Note: The Russian translation is available from ICFJ.*

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Special appreciation is due to Yvonne Egertson, librarian for the Newspaper Association of America, who compiled the bibliography and assisted in locating these reference books.

Additional Resources

Texts

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Strategic Newspaper Marketing. Dallas, TX: INMA, 1993.

Subscriber Retention: The New Basics. Vienna, VA: NAA, 2000.

Organizations

American Press Institute (API):

www.americanpressinstitute.org
11690 Sunrise Valley Drive, Reston,
VA 20191 USA; Tel: (703) 6203611;
Fax: (703) 629-5814; E-mail:
info@americanpressinstitute.org

American Society of Newspaper Editors (ASNE):

www.asne.org
11690B Sunrise Valley Drive, Reston,
VA 20191 USA; Tel: (703) 6206087;
Fax: (703) 453-1133

Associated Press Managing Editors Association (APME):

www.apme.com
50 Rockefeller Plaza, New York, NY
10020 USA; Tel: (212) 621-1838; E-
mail: apme@ap.org

Inland Daily Press Association:

www.inlandpress.org
Inland Newspaper Center, 2360 E.
Devon Ave, Suite 3011, Des Plaines,
IL 60018 USA; Tel: (847) 795-0380;
Fax: (847) 795-0385

International Association for Newspaper and Media Technology (IFRA):

www.ifra.com
Washingtonplatz 1, 64287 Darmstadt,
Germany; Tel: (49) 6151-733-6; Fax:
(49) 6151-733-800; E-mail:
info@ifra.com

International Newspaper Financial Executives (INFE):

www.infe.org
21525 Ridgetop Circle, Suite 200,
Sterling, VA 20166 USA; Tel: (703)
421-4060; Fax: (703) 421-4068; E-
mail: infehq@infe.org

International Newspaper Marketing Association (INMA):

www.inma.org
10300 North Central Expressway,
Suite 467, Dallas, TX 75231 USA; Tel:
(214) 373-9111; Fax: (214) 373-9112;
E-mail: inma@inma.org

Journalism Resources Institute:

www.scils.rutgers.edu/jri/
Rutgers University, New Brunswick,
NJ, 08903 USA; Tel: (723) 932-7369;
Fax: (723) 932-7059; E-mail:
jri@scils.rutgers.edu

The Media Management Center:

www.mediamanagement.northwestern
.edu/index.htm
1007 Church St., Suite 500, Evanston,
IL 60201, Tel: (847) 491-4900

Newspaper Association of America:

www.naa.org
1921 Gallows Rd., Suite 600, Vienna,
VA 222182, Tel: (703) 902-1600

Poynter Institute for Media Studies:

www.poynter.org
801 Third St. South St., Petersburg,
FL 33701 USA; Tel: (727) 8219494;
Fax: (727) 821-0583

World Association of Newspapers:

www.fiej.org
25 rue d'Astorg, 75008 Paris, France,
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