

**SUPER PANEL - CASE STUDY**

Online News Association Annual Conference  
Sept. 11-13, 2008  
Washington, D.C.

**Participants:**

- Moderator: **Neda Ulaby**, arts and culture reporter, NPR
- **Eduardo A. Hauser**, chief executive officer, DailyMe.com
- **Lauren Rich Fine**, longtime media analyst, Merrill Lynch, and now practitioner-in-residence at Kent State University's College of Communication and Information
- **Charlie Tillinghast**, president, msnbc.com
- **Wendy Warren**, editor and vice president, Philly.com

**Purpose:**

The Super Panel is a highlight of the Online News Association conference. Every year, we invite the most innovative thinkers in their field to discuss a topic of current interest to journalism.

This year, we have shifted the focus of the Super Panel from a discussion-based session on broad journalism topics to a single, concrete problem facing everyone in media: the business of news. Our aim is to brainstorm new business plans, develop creative ideas and debate them using a real-newsroom scenario. We hope to infuse our audience with excitement and a fresh perspective, and hopefully with workable ideas for how to fix our financially-strapped newsrooms.

*We invite everyone's input.* We're soliciting your thoughts on possible new business models for journalism, too - and we plan to use your ideas as part of our Super Panel discussion.

Our Super Panel will be using the case study below as a central starting point. They will propose new business models based on the situation described below. You can take part, too! Look at the case study and give us your ideas for how to save this company. Please email your proposal - a few paragraphs - to Amy Webb at [info@webbmediagroup.com](mailto:info@webbmediagroup.com). We'll plan to include your proposal during the Super Panel.

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## CASE STUDY

### **Summary: Can this media company be saved?**

*Hometown News*, a daily newspaper covering Trenton, NJ, has been in operation since 1837. Founded by brothers Samuel and Marcus Cone, the *Hometown News* started with morning and evening editions and was distributed for 10 cents per copy throughout the city center.

In 1954, the *Hometown News* was bought by Barton Wriley Publications, Inc., a public company and the third-largest newspaper publisher in the United States. It is headquartered in Baltimore, and the company's flagship newspaper remains today, the *Baltimore Beacon-Herald*.

Two years ago, in the fall 2006, Barton-Wriley announced plans for "strategic initiatives," and those included the sale of several properties. Major shareholders, dissatisfied with the performance of the company's stock, argued that the entire value of the company was not as high as the sum of its individual properties. In July, Barton Wriley officially put *Hometown News* up for sale.

Today, about 1,400 full- and part-time employees work for the *Hometown News*. Until Barton-Wriley announced cuts, the *News* had fully-staffed overseas bureaus, a 10-person Washington, D.C. bureau, an 8-person business bureau in New York City and a 2-person entertainment bureau in Los Angeles. In addition, the *News* had reporters and/or stringers in cities throughout the U.S.

The *News* has won numerous awards: 18 Pulitzer prizes, 4 Investigative Reporters & Editor awards, 100+ SPJ awards, and citations from many other organizations.

*Hometown.com*, the official site of the *Hometown News*, launched in 1997 and has continued to grow. The site is staffed by 29 full- and part-time employees and operates out of a building across the street from the main newsroom. The site receives 720,000 monthly uniques, and 73% of that traffic comes from local IPs.

The *Hometown News* had \$102 million in annual revenues for FY07, however that figure has declined an average of 2-4% every year since 2002. While the web site has seen a significant increase in ad revenue each year, the percentage of overall *News* revenue from the digital side is still only 7%.

The *Hometown News* editors and reporters do not want the paper to be sold - however they argue that they cannot continue to work with ongoing staff cuts. The current executive staff and publisher would move on to other jobs within the Barton-Wriley, should the *Hometown News* be sold.

***Hometown News* Company Data:**

- 1,400 total employees, includes newsroom, print shop and delivery
- \$102 in annual revenue
- Current Asset/Liability Ratio = 3.97:1
- Total Debt Ratio = 0.32:1
- Profit Margin = 19% for FY07, 22% for FY06 and 24.5% for FY05
- \$102 in annual revenue
- Newsroom, print shop and delivery staff are each unionized; executive staff, managers and publishers do not belong to unions
- *Hometown.com* is not unionized. The offices are in a separate facility across the street, in a building that is currently being rented.
- *Hometown.com* had \$7.14 in annual revenues for FY07.
- *Hometown.com*'s Current Asset/Liability Ratio = 1.67:1 (due to cost of technology, building fees)
- *Hometown.com*'s Total Debt Ratio = 0.21:1
- *Hometown.com*'s Profit Margin = 34% for FY07, 28.5% for FY06 and 19.2% for FY05

**Key Problems:**

- Barton-Wriley will likely sell *Hometown News* unless it can show a dramatic shift in expenditures within the next 6-9 months.
- *Hometown News* is losing money on a traditional platform
- Its business is ad- and circulation-supported, primarily
- The newsroom is facing immediate attrition of 20% due to layoffs and buyouts
- The print shop is facing immediate attrition of 12% due to layoffs and buyouts
- Executive editor has continued to reduce newsroom training and research budget
- There is no new money for capital improvements and equipment --- as a result, its facilities and equipment are aging quickly
- Web traffic, circulation, and credibility is stable, however blogger, aggregator and other local competition online against *Hometown.com* continues to grow
- Public opinion of the entire brand is suffering
- *Hometown News* publishers and editors are confused about where to invest new resources, should they become available.