Case Summary

The explosion of the Internet as a major news source has brought traditional media, particularly newspapers, face to face with a host of challenges. Foremost among these is how to best capitalize on the Web’s apparent potential to expand audiences and introduce innovative newsgathering techniques, while at the same time avoiding the perils of increasing irrelevance, financial hemorrhaging and, ultimately, extinction.

This case study focuses on the Albany Times Union, the dominant paper in New York’s state capital and a prototypical regional newspaper, as it struggled to transform itself from a traditional ink-on-paper to a hybrid paper/Web product. It provides a history of the newspaper and its experience with the Internet, where the paper established a website in 1996. Lacking an obvious role model, the paper hired a consultant to chart and critically assess the editorial process, which revealed a number of technological and organizational weaknesses. The paper then established an in-house team to consider the findings, and decide what steps, if any, to take in light of the recommendations.

Students assume the role of team members who must decide on a long-term vision for the Times Union and how to achieve it: what to prioritize, and how best to implement changes that will enable the newspaper to move forward in a “wired world.” They are asked specifically to choose among four options: redesign the physical space of the newsroom; retrain reporters; reassign reporters; or buy new technology.

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Teaching Objectives

This case is about the strategic management of a news organization, specifically a newspaper. It presents students with the issues and problems faced by many news editors and publishers today, and exposes them to some of the significant shifts taking place in newsrooms in the early 21st century. Implicit in the case is the question: how does an organization best approach change? On an ad hoc basis, responding to crises and needs as they arise; or in a comprehensive fashion, trying to anticipate and avoid pitfalls but at the risk of losing market leadership? Moreover, the case is told from the editor’s point of view, not the publisher’s—raising the question of how porous the wall between the business and editorial sides of the newspaper business has become.

One of the broad themes for discussion is the role of newspapers in the Internet era, which is the primary dilemma underlying the Times Union’s efforts to redefine its vision and reorganize its operations. While it is clear that the Internet has forever changed the face of journalism, it is not yet clear in what ways and with what impact. This uncertain future makes it difficult for newspapers—especially smaller publications like the Times Union that tend to derive most of their revenue from print editions and older readers unaccustomed to reading news online—to plot their path. For example, the instructor could lead students to consider whether it makes sense for the Times Union, and other papers like it, to jump head first into the online world? Should it attempt to straddle both the print and online world? Or should it focus on its tried and tested print product?

Class participants should examine how ownership can influence strategy—specifically, the implications that public, as opposed to private, ownership has for a publication or media company. The Hearst Corporation, which owns the Times Union, is privately held. As such, it does not have to justify its actions to stockholders, and can take greater risks with holdings such as the Times Union than counterparts that answer to public investors. At the same time, Hearst is a profit-seeking business; it will not countenance years of losses. Students should discuss these issues in relation to the Times Union’s attempts to move forward into a “wired world,” and think about the ways its experience is typical or atypical compared to publicly-owned papers.

Finally, Rex Smith’s beleaguered position lends itself to debate on leadership in the newsroom. Smith is a newspaper editor, with a journalist’s background and training. But he is also a manager and newsroom leader, faced with the kind of strategic decisions and managerial challenges that in other industries would fall to someone with a business background. Should editors and journalists in leadership positions similar to Smith’s take management courses? Are traditionally trained journalists equipped to assume the management challenges of the changing media environment? Instructors can acquaint students with existing business management frameworks in order to fuel classroom debate. For example, a 2007 Harvard Business Review article (see “Leading Change” in suggested readings) identifies eight steps towards a successful change strategy:

1. Establish A Sense of Urgency
2. Form a Powerful Guiding Coalition
3. Create a Vision
4. Communicate the Vision
5. Empower Others to Act on the Vision

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Plan for and Create Short-Term wins
Consolidate Improvements and Produce Still More Change Institutionalize New Approaches

Students should discuss whether this framework (and others) could be helpful to media leaders as they approach the challenges of re-thinking the old model of journalism and designing a new one to take its place.

Class Plan

The case can be used in a class about newspapers and technology, about editorial leadership, or about newspaper management and ownership.

Study questions. The instructor could help students prepare for discussion by assigning the following questions in advance:

1) The case identifies four broad areas for potential action as the paper reimagines/reorganizes itself: technology, training, staff reassignments and physical environment. Choose one that should be a priority, and justify it.

2) Do you think the “Prometheus Priorities” list is missing anything, and if so, what? (Refer to the process map that Myers presented to Times Union executives in January 2007, located in the “Fresh Look From the Outside” section.)

Instructors may find it useful to engage students ahead of class by asking them to post brief responses (no more than 250 words) to the questions in an online forum. Writing short comments challenges students to distill their thoughts and express them succinctly. The instructor can use the students’ work both to craft talking points ahead of class, and to identify particular students to call upon during the discussion. Instructors may find it beneficial to ask students in class to recapitulate their online arguments and responses—rather than simply reading the homework aloud—in order to keep the discussion spontaneous and lively.

In-class questions. The homework assignment is a useful starting point for preliminary discussion, after which the instructor could pose any of the following questions in order to promote an 80-90 minute discussion. The choice of questions will be determined by what the instructor would like the students to learn from the class discussion. In general, choosing to discuss three or four questions in some depth is preferable to trying to cover them all.

a) What are the pros and cons for the Times Union of prioritizing one of technology, training, staff reassignments or the physical environment as the first step in its quest to re-imagine and reorganize itself? (List on classroom board for each of the four options.)

b) Each “Prometheus” priority has a subset of challenges. For example, the “Training” category states that photographers may be asked to do “light reporting” as part of their redefined duties. What do you think of the specific suggestions for each of the four priorities? (List on board.)

c1) Are there other areas that you think are missing from this group of priorities, and if so, what are they?
c2) For example, the consultant does not raise the issue of content, and how the *Times Union* might adapt or change coverage as part of its effort to revive the paper. To what extent, if any, do you agree that content is a factor that needs to be considered, and if so, what facets might deserve attention?

d) Rex Smith is a leader confronting a strategic challenge. How might you characterize his approach? Does his approach make sense? How else might he have resolved his problem? What did he do right, and what might he re-think?

e) *Times Union* publisher Mark Aldam considered conducting an internal audit of newsroom functions, as other papers have done, but ultimately opted to hire an external consultant. What do you think of this decision? What are the pros and cons of an in-house, as opposed to external, review?

f) Embarking upon reorganization of the newsroom, Editor Rex Smith states that the “culture of newsrooms and the drive for perfection inhibits creativity” (p. 11). Do you agree?

**Suggested Readings:**


SYNOPSIS: This paper challenges the common wisdom that traditional media such as the *Times Union* are dying, and that their future lies online. Among its findings: the shift from offline to online news is less than many people believe; people substitute online with offline news; and “two-thirds of the U.S. adult population have not shifted to online news consumption and appear unlikely to do so.” The article is a useful basis for considering the Albany *Times Union’s* interest in, and concern about, transforming itself from an ink-on-paper product to a Web product.


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SYNOPSIS: Berelson used the newspaper delivery strike of 1945 as an opportunity to research the impact that the loss of a paper had on its readers. Skeptical of the stereotyped responses that people gave pollsters when asked why they read the news, Berelson challenged the notion that newspapers were a fundamental source of information for democratic citizens, and instead found them to be important for a variety of social and psychological reasons. The piece introduces students to a classic piece of communication literature that illustrates and underpins the “strong, even emotional” attachment to newspapers that Rex Smith has.

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SYNOPSIS: This look at the future of newspapers by former *L.A. Times* editor John Carroll takes the form of five questions that he addresses in turn: “Are newspaper editors really necessary?”; “If newspapers disappear, should the public care?”; “What is the strategy of the newspaper industry?”; “What do current owners want from their newspapers?”; and “Will we see other forms of ownership?” Carroll’s questions and answers offer a useful framework for thinking about the state of newspapers in general, and the future of the *Times Union* in particular.


SYNOPSIS: Watching young people in coffee shops, Keillor declares that “something is missing from their lives: the fine art of holding a newspaper.” This article, a muse upon this thought, is a light-hearted examination of the virtues of newspapers and how to read them. “The Internet will eat you alive. With newspapers, you're in and out, 20 minutes,” Keillor states. The piece is an illustration of the “strong, even emotional commitment to the role of newspapers” that Rex Smith is described as having, and a breezy complement to Bernard Berelson’s more scholarly study.

http://www.salon.com/opinion/feature/2007/01/10/keillor/


SYNOPSIS: This article, first published in 1995, outlines eight critical steps (and the corresponding missteps) that successful business leaders take in an effort to transform their companies. Students may find it worthwhile to consider whether such measures are applicable or useful for newsroom management.


SYNOPSIS: In this article, Fallows appeals to the Bancroft family not to sell the *Wall Street Journal* to Rupert Murdoch (it ultimately did), and bemoans the “tragedy of late 20th century American journalism… its conversion from a special kind of business to just another business.” He also calls for “a special kind of business… whose ownership is something other than straightforward, financial-market-driven, quarterly-profit-maximizing, normal corporate structure.” The piece highlights the importance that ownership structure has for media, in particular newspapers, and provides a parallel example to Hearst of a privately owned media company.


Tom Lowry, “Parting the Veil at Hearst,” *BusinessWeek* online, July 8, 2002.
SYNOPSIS: As the case explains, the fact that Hearst is privately owned allows it to take risks and make decisions without stockholder pressure. This article focuses on Hearst, “whose growth has exploded but that remains largely under the radar,” providing students with background into the owners of the Times Union and highlighting some of the essential differences between now virtually extinct family-owned papers and their publicly-owned counterparts.

Related items on the site, in particular “The Hearst Empire” table and a chart of “How the Cash Flows at Hearst,” are useful supplements.

http://www.businessweek.com/magazine/content/02_27/b3790095.htm


SYNOPSIS: Originally a teaching note for Harvard Business School instructors, this reading identifies leaders as “organizational architects” who need “blueprints for designing organizations” much as traditional architects “need a blueprint for building a house.” The 7-S model provides students with one springboard for considering whether such frameworks are relevant or applicable to newsroom leadership.


SYNOPSIS: The newspaper-focused section of this annual report provides useful context for students as they consider the various tensions that newspapers like the Times Union face, particularly with the rise of the Internet. Declaring “the Web clearly is both opportunity and threat to newspapers,” the report adds that “as of now, we find it too soon to side with either the optimists or the alarmists.”