



## Not for Profit? The *Voice of San Diego* Experiment Teaching Note

### Case Summary

The migration of news to the Internet has shattered journalism's traditional business model, which relied on subscriptions and advertising. Some organizations have responded by becoming Web-only, a move that knocks down print and distribution costs but still depends on ad sales for survival. Other outlets have remained principally print ventures; many of those are privately funded, and/or for-profit. But few have blended the two models—meaning Web-based and not-for-profit. Could such a strategy succeed?

This case focuses on an organization that attempted to find out. In 2004, veteran journalist Neil Morgan and philanthropist Buzz Woolley joined forces to launch *Voice of San Diego* (VOSD) –a not-for-profit online news site devoted to investigative, public service reporting in the San Diego area. With a niche focus and low overhead costs, such an initiative had promise. But it also posed significant challenges, not least finding a varied and reliable financial stream that met both the legal criteria for a nonprofit and the budgetary needs of a competitive news outlet.

Students learn the story behind Morgan and Woolley's founding of the *Voice*, their decision to file for nonprofit status, and the broader history of nonprofit news. They follow the project from conception through launch and the first four years of operation amid widespread skepticism about VOSD—especially its Web-only format and charitable financial structure. Students also sit in on VOSD's interactions with readers and potential donors as the start-up strives to attract a broad base of financial support from the general public. The case outlines VOSD's three main sources of money—foundation grants, reader donations, and advertising—and presents students with the core challenge facing the website: how to build and sustain a diverse revenue stream and lay the groundwork for continued influence in San Diego public affairs.

## Teaching Objectives

Use this case to discuss different business models in journalism; nonprofit fundraising; online media; media management; and citizen journalism. Also use it as a platform for talking about journalistic entrepreneurship, local media markets, and community outreach.

Morgan and Woolley's response to the financial woes of newspapers is to build a nonprofit website, which they hope will not only limit fixed costs, but also attract varied sources of financial support that are more reliable than advertising, especially during economic downturns. Use their decision as a launch pad for discussing the strengths and weaknesses of nonprofit journalism, and for considering alternatives to traditional journalism.

By 2009, VOSD receives money from a variety of sources—including foundations, community members, and corporate sponsors—in keeping with the requirement as a nonprofit to have a diverse funding base. But it still faces the challenge of sustaining those funds. Discuss the financial issues that VOSD faces as part of a broader inquiry into revenue streams and fundraising strategies for nonprofit news.

Woolley and Morgan initially hope that a substantial portion of VOSD's content will be handed over to readers—civic-minded San Diegans, who will contribute free content. They later revise that expectation in favor of heavier editorial oversight over “citizen journalists” because, as Lewis explains, “you can't just hand them a pen...you've got to direct them.” Discuss his comments as part of a broader discussion about the ideal role of non-journalist contributors in news-gathering and production.

## Class Plan

Use this case in a course about the business aspects of journalism; online media; citizen journalism; and entrepreneurship in journalism.

*Study questions.* Help students prepare for discussion by assigning the following question in advance:

1) VOSD's mission is to pursue local accountability journalism. Discuss the most effective ways for a media start-up to achieve that goal.

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.

*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) According to Woolley, there are a “bunch of advantages to being a nonprofit.” List these on the board, along with the disadvantages. Discuss.
- b) VOSD gets off the ground because Woolley funds the venture with his own money. How else might such an organization get started? Discuss alternative sources of money, including foundations, donations, and advertising. Also discuss the pros and cons of each as part of a broader conversation about fundraising strategies.
- c) VOSD’s five-member board consists of Morgan, Woolley, a management consultant, a former newspaper owner, and an entrepreneur. Discuss the composition and ideal makeup of such a body.
- d) Reporter and editor Andrew Donohue recalls that when VOSD launched in fall 2004, readers, sources, and potential donors were doubtful about the prospects of a nonprofit website devoted to investigative and public service reporting. Do you agree with such skepticism? If so, why? How might a young organization overcome such concerns?
- e) A year after its founding, VOSD is in danger of folding and changes are clearly needed to the editorial product. Discuss Lewis and Donohue’s solutions, including separating news from opinion, reducing coverage of food and society, recruiting better opinion writers, and marketing their work. Do you agree with their ideas? What other measures might you have tried?
- f) Rather than merely hand a pen to passionate, civic-minded readers—an idea supported by their predecessors—Lewis and Donohue decide to shape the debate with a daily topic. Do you agree with this move? How else might VOSD have improved the quality of its reader-submitted opinion writing?
- g) While many traditional news organizations separate editorial and business operations, many small, alternative outlets don’t have the same luxury. At VOSD, two journalists, Donohue and Lewis, craft a 15-page proposal in which they serve as the leaders of the proposed changes. Is this a wise move or a dangerous blending of journalistic roles?
- h) Lewis and Donohue want the new *Voice* to stand on three legs: news, opinion, and interactivity. What do you think of this editorial mix? Would you add or replace an element? Which would you emphasize?
- i) Most businesses measure success by the amount of revenue they generate. But nonprofit ventures never need to make a profit, so long as backers remain willing to provide funds. What standards, therefore, should be used to judge their achievements?
- j) Lewis and Donohue adopt several cost-cutting measures at the end of 2005, including canceling the Associated Press news feed, eliminating the position of office manager, and switching to a rented website template. Discuss their decisions, and suggest other possible steps they might have taken to reduce expenditures.

k) By 2009, *Voice* has 5,300 signed up for its Morning Report and a small but growing fan base on Facebook. But it cannot appeal to audiences mid-program, like NPR or PBS, and other attempts to win donors fail. Development director Camille Gustafson designs “social incentives” for readers, including a tour of the newsroom and an essay competition. Suggest other ways that VOSD can capitalize financially on reader interest and make the community feel that it is “really getting involved.”

### Suggested Readings

Tim Arango, “Mother Jones Tests Nonprofit Model in Race to Survive the Recession,” *New York Times*, March 6, 2009.

SYNOPSIS: This article, which focuses on the nonprofit bi-monthly *Mother Jones*, provides a case study of the challenges that nonprofit journalism can face during tough economic times, even though it may be more durable than for-profit journalism in a down economy. Despite “not being in it for the money,” *Mother Jones* faced a steep drop in advertising and donations in 2008, forcing it to adopt a number of belt-tightening and fundraising measures. The article provides other examples of nonprofit journalism that have “shown serious cracks in the midst of recession,” while noting nonetheless that “with many newspapers and magazines struggling, there is a sense of urgency these days among denizens of the profit-making world who want to learn what it means to be a nonprofit.”

<http://www.nytimes.com/2009/03/07/arts/07jones.html>

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Leonard Downie, Jr., and Michael Schudson, *The Reconstruction of American Journalism*, October 2009.

SYNOPSIS: In this report, Downie, a former executive editor of the *Washington Post*, and Schudson, a Columbia Journalism school professor, suggest a number of online journalistic endeavors to help the ailing American media—foremost amongst which is building a more robust nonprofit sector. Use their suggestions—which include calling on philanthropies to support local reporting and the government to ensure the tax code allows media outlets to function as nonprofits—to fuel class discussion about the viability of nonprofit journalism.

<http://www.journalism.columbia.edu/cs/ContentServer?pagename=JRN/Render/DocURL&binaryid=1212611716626>

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Carol Guensburg, “Nonprofit News,” *American Journalism Review*, February/March 2008.

SYNOPSIS: This article provides a useful overview of recent developments in nonprofit journalism. It notes and describes the proliferation of new forms of nonprofit, grant-funded news operations and discusses the possible advantages and disadvantages of the journalism-funder relationship. It also considers precedents of nonprofit journalism, such as National Public Radio.

<http://www.ajr.org/Article.asp?id=4458>

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Charles Lewis, "The Nonprofit Road," *Columbia Journalism Review*, September/ October 2007.

SYNOPSIS: Lewis, a former *60 Minutes* producer who founded The Center for Public Integrity, asks what will fill the information hole and nourish American democracy with "fewer and fewer professional reporters monitoring power in America and the world for American readers." While commercial ventures provide one option, Lewis suggests that independent, noncommercial initiatives "look more interesting and relevant to a profession under siege." He calls on civic society, "especially the nation's foundations and individuals of means, to collaborate with journalists and experts who understand the changing economics of journalism in an imaginative, visionary plan that would support our precious existing nonprofit institutions and help to develop new ones."