

WHITE MOUNTAIN

PUBLISHING COMPANY:

From stagnation to growth

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INTRODUCTION

The difficulties inherent in the absentee ownership of businesses are as obvious as they are well-known. Owners are faced with the problem running a business far-removed from its day-to-day operations. They are often running other businesses closer to home on which time and effort must also be spent. The frequent result is operating the distant business largely through the monthly balance sheet.

Employees on the scene can also face enormous difficulties. Day-to-day problems unappreciated by absentee owners may result in a loss of efficiency and even revenue. Snap decisions on policy are often impossible, leading employees to shy away from risks that might prove beneficial. In extreme cases of neglect where business may be failing, employees can feel isolated, and morale can plummet.

White Mountain Publishing in Show Low, Ariz., is a case in point. Owned by the family of Donovan S. Kramer, the company publishes a weekly paper, two semi-weeklies and a weekly shopper

in the White Mountains region of Arizona. The Kramers also own a separate chain of small Arizona papers based in Casa Grande, Ariz., where they operate a daily.

Prior to October 1983, no Kramer personally operated White Mountain Publishing. Not surprisingly, the bulk of their time was spent running their chain, particularly the daily in Casa Grande. All of the problems of absentee ownership mentioned above were present in this situation and the results were, predictably, disastrous for the neglected company in Show Low.

The on-site editor, saddled with the burden of overseeing not only editorial matters for three newspapers but also their advertising and circulation, was under constant pressure to turn the sagging business around. At the same time, he was being provided fewer and fewer resources with which to do the job.

By his account, editing of the three newspapers suffered due to time constraints. Reporters' writing suffered as well from lack of criticism, instruction and enthusiasm. Pay was low, and controversial news stories were sometimes delayed when the publisher could not be reached for a policy decision. Other news

was not even being covered because reporters were spread much too thin. The result by August 1983 was a 45 percent market penetration and rock-steady circulation figures not keeping up with population growth. The trend for the company was downward.

The only benefit the company could provide the Kramers was a yearly tax deduction for its losses (part of which resulted from its printing costs paid to the Kramer's daily in Casa Grande). But the Kramers were aware that even these "benefits" would disappear if the company folded.

And the Kramers were not blind to the potential of a strong newspaper company in the growing White Mountains region. Tourism, the backbone of the area economy, was booming. New businesses were relocating to the area, bringing jobs and the potential for year-round prosperity. The future of advertising in this booming area was obviously good.

But it was also obvious that the company needed on-site leadership if it was to succeed. Wanting to keep the business in the family, Donovan Kramer brought in his son, Eric, as publisher and managing partner in October 1983.

A graduate of the University of Kansas with a bachelor's degree in journalism, Eric had spent the 12 previous years as a desk editor for the Associated Press at bureaus in the Midwest and New York City. His task was to make White Mountain Publishing profitable, and he was given the autonomy to make the changes he felt necessary to do it.

A year after taking over as publisher, Eric appears to have succeeded in reversing what could have been a disaster. The company is generating much more revenue; circulation is up (in some areas incredibly); and the trends point positively to a bright future for the company.

This paper examines what Eric Kramer found when he took control of the company and what he did to try and change it. It also examines the reactions of employees who have remained on the staff. Although not a scientific analysis, the paper is intended to shed some light on how a bad situation was made better. What is offered is subjective, but it is hoped that the information could prove helpful to newspapers now experiencing similar problems as those faced by White Mountain Publishing.

First, it is necessary to briefly explain the basic make-up of White Mountain Publishing. The company publishes the Navajo and Apache county editions of the White Mountain Independent, the Pinetop-Lakeside News and the Wampum Saver.

The Independent is published twice each week on Tuesdays and Thursdays. On Tuesday, the papers in both counties are identical except for different front pages. The Thursday papers are targeted expressly at local readers, the Navajo edition concentrating on Show Low and the Apache edition concentrating on Springerville, Eagar and St. Johns. The weekly Pinetop-Lakeside News covers the Pinetop-Lakeside area only.

Every Thursday, all of the papers carry an identical inside section called Navapache. This second section, always fronted with a feature story accompanied with a large photo display, carries articles of general interest along with the television schedule and a crossword puzzle.

The weekly shopper, Wampum Saver, is a direct-mail publication that goes to virtually every household in the White Mountains.

Although there are offices in St. Johns, Springerville and Pinetop, the company's main office is in Show Low.

The practical situation at White Mountain Publishing when Eric arrived could be described as chaotic. Many employees were disgruntled over a combination of low pay and low job satisfaction. A few had quit, and some of those who remained were considering leaving too. Although all were glad to have someone there who was truly in charge, Eric faced more than a little apprehension and distrust.

After careful evaluation, Eric concluded that many of the problems at the company were in large part organizational. A talented editorial staff spent much of its time on tasks other than generating local copy. The editor was also the general manager, concerned with running a business much as he was with editing the newspapers. Reporters spent valuable time typing news releases and Jack Anderson columns into the computer typesetting system.

These organizational problems were also having an adverse effect on the quality of the newspapers's content. Although

staffed by an award-winning team of reporters, much of what appeared in the papers was not their work. Canned articles and news releases took up a great deal of space. Much of the remaining space was devoted to "chicken dinner" stories about family reunions and church socials. Even if these stories do have a place in community journalism, it was evident from circulation figures that the mix was not attracting readers. Eric's first task then, was to improve the editorial quality of the papers.

Realizing the need for incentive, Eric granted immediate pay increases and laid out a specific salary schedule for future raises. He then set about explaining in detail where he felt the papers were lacking and how they could be improved.

What was needed, he told them, was an aggressive pursuit of hard news that readers would find interesting. This meant going beyond merely covering local government meetings. It meant keeping up with what was on the people's minds by getting reporters out of the office and out covering the community. What was needed was tighter writing and editing to make the

papers more readable. Eric explained how he would critique the papers each week for writing, editing and style.

After raising salaries and outling his basic ideas, Eric set out next to correct some of the organizational problems that were clearly at odds with his plans. The editor, Stan Usinowicz, was freed of all responsibilities except for editing and laying out the papers. An advertising manager and a circulation manager took over his other duties. The reporters were freed from their most tedious duties when some of the production staff were put to work entering news releases and canned articles into the computer system. The editorial department was now free to concentrate solely on covering the communities.

Eric was convinced that a hard-news approach was interesting enough for readers to make them want to buy the papers. He wanted to bring local news down to the personal level. This meant pursuing stories that previously did not make it into the papers. Government meetings became sources for story ideas instead of stories in and of themselves. Police and court stories became more thorough and more frequent.

And perhaps most important, a conscious decision was made to print news no matter how distasteful or unpopular.

Although Eric felt the dramatic change in content was crucial, he believed more changes were needed. To solidify the perception by readers that the newspapers had a new focus, he decided to just as dramatically alter the physical appearance of the papers. Both the Independent and the Pinetop-Lakeside News introduced new flags and headline fonts to produce a completely different look. The Independent sported a modern, new look with a bolder flag and a teaser box at the top of page one. The new flag on the News had a background of mountains and pine trees, giving it a more distinct, localized appearance. These cosmetic changes were designed to increase rack sales by providing something new and different that might catch the public's eye.

Coupled with the new design was an aggressive program to promote the papers, particularly the Independent in Navajo County. Extensive radio advertising made people more aware of the papers's presence and reinforced the perception of a "new" paper. The

paper was made more available when additional coin racks were installed throughout the circulation areas. The paper was also periodically distributed free to every household to introduce readers to the "new" Independent.

The Navajo edition also expanded its coverage to include areas of central Navajo County, including Snowflake, Taylor, Heber and Overgaard. This expansion has resulted in a central Navajo County edition each Thursday, with a front page devoted to these communities that were not covered by anyone before.

All of these changes cost money and involved substantial risk, but judging from data made available by the company, they seem to have had a positive impact. Overall circulation is up 16.7 percent, and gross revenue from advertising is up nearly 16 percent. Market penetration in an expanded market area is up 4 percent. (See Appendix)

But by far the most impressive statistic is the 39 percent rise in circulation for the Pinetop-Lakeside News. Certainly, this resort community has grown in the past year, but growth alone cannot explain this dramatic rise in circulation. Thorough coverage

of local issues must also receive part of the credit.

Planning and zoning issues in a rapidly developing area, a recent incorporation election, and controversy in the local school board have all served to focus community interest and concern. By thrusting itself into the discussion of these issues with balanced reporting and thoughtful editorials, the News has been able to make itself necessary to interested residents. Reader reaction to the paper's new look has also been positive.

The Navajo County edition of the Independent has also been able to increase its circulation, although less dramatically. But the comparison is a bit misleading since the Independent started with a larger percentage of its market. Circulation is up only a moderate 10 percent on Tuesdays and 12 percent percent on Thursdays. But the growth in advertising revenue for the Thursday Independent in Navajo County is up an incredible 66 percent. To the businessman trying to make a sagging business solvent, this is a much more important statistic than circulation.

But there is no doubt that like Pinetop-Lakeside, Show Low is better-covered as a community than it ever was before.

The writing and editing have also improved.

The Apache County edition of the Independent is the only paper that has not responded positively under Eric's leadership. Aside from the cosmetic changes, the paper still suffers from poor writing and reporting. The Apache Independent is the only paper in the group still using "chicken dinner" stories and seems to satisfy itself with news stories that basically say "local government happened this week in Apache County." Ironically, the Apache edition may be suffering from the same type of neglect the other papers faced before Eric arrived in Show Low. The only change from Apache County's point of view is that the absentee owner has moved from Casa Grande to Show Low. The logistical problems that once plagued all of the papers still have a negative effect on the performance of the Apache edition. The editor there is still the general manager and is still preoccupied with matters other than producing a quality newspaper.

It must be pointed out that Eric placed most of his emphasis on improving the Navajo edition of the Independent and the Pinetop paper while sustaining the strong position of the

the Wampum Saver. And although the positive results have been varied, the overall situation of White Mountain Publishing has improved markedly.

"Our feeling has always been that no matter how much you spend on quality for a newspaper it will pay off in the end," says Eric.

"Before, the newspapers were good when compared with non-daily papers in Arizona generally, but we decided we wanted to set a much higher standard of quality than that."

"We spend more on reporters. We've worked hard on our editing of copy, and that's really paid off."

"The typography of the paper is certainly more attractive, but I think that is kind of secondary when compared to the quality of news we're reporting."

"We did a lot of radio advertising. We did a lot of sampling-- everybody in the area has gotten four free copies of the paper as a sample. All that sort of baits the hook, but it's really a combination of strategies that has worked so well for us."

"Another thing that I think is important is that many people

buy a paper as much for the advertising as for the news, and we've really concentrated on getting a lot more ads in the Navajo edition and the PLN."

"Apache County hasn't responded as well but we're beginning to concentrate on it more now."

Almost as remarkable as the increases in readership and profitability of the newspaper group have been the reactions of the editorial staff to the changes.

"Eric has let us know that he cares about us," says reporter Vennie White, who has worked for the company for three years.

"All of us at one time or another were on the verge of quitting before Eric came. We were upset with the working conditions, salaries and the lack of concern for us. Before, I had to spend about a third of my time typesetting and it was just burning up my brain."

Jo Baeza, who has been with the company since 1982, is frequent contributor to Arizona Highways magazine, is equally enthusiastic in her praise of Eric.

"Eric always stresses that good writing is the most

important aspect of producing this paper," she says. "They've really stressed quality."

"I'm enjoying myself now, and I'm trying harder to do a good job," Baeza adds. "The first year I was here I was just miserable all the time because I didn't like who I was working for. I had no respect for the publisher."

"But I've taken a lot of pride in what I've done in the last year. I feel like a journalist now."

Reporter Rory K. Aikens also attributes much of the recent success to Eric's management.

"There's a greater demand for excellence now that was missing before," he says. "And the staff has responded very favorably, I think."

But Aikens says there is more to the company's rebound than good writing.

"The main thing, I think, is the story mix," he says. "Now there's a greater variety of hard-news stories and a greater balance between hard-news and features. The old mix didn't capture the whole audience out there."

The expansion into central Navajo County has also been effective in attracting readers, Aikens says.

"We tried to do that before, but we had to back off because of economic constraints--staff reductions. Literally, those communities had sat there for two years without being covered."

Photographer David L. Widmaier, who has worked out of the Show Low office for four years, says there is no comparison between the papers of years ago and today.

"It's like a rock-and-roll radio station that has changed to all news," Widmaier says. "We've changed everything."

"We were so lacking in news," he adds. "All you would read about was some meeting and maybe an occasional feature. The rest was all releases."

An improved working atmosphere for the staff has done much to foster improvement of editorial content, Widmaier says.

"There's more professionalism now."

The feelings of the editorial staff in general are best summed up by editor Stan Usinowicz.

"When Eric came up here as publisher in October 1982--to

give it to you in the abstract--he gave us the freedom to do what we needed to do and he said, 'Let me worry about whether or not we're going to make payroll this week and pay the bills, etc.' And he gave us the tools in terms of personnel and atmosphere in a newspaper to get the job done."

"He also encouraged excellence in writing and photography. We started with a nucleus of good people. I mean they are national award winners, and a couple of them also have state awards from the Arizona Press Club. But he's encouraged them to be better."

One of the most important ways Eric has encouraged excellence, Usinowicz and the rest of the staff agree, has been his weekly critiques of the papers. Eric's experience in editing copy for the Associated Press provides for very constructive criticism that the reporters feel has helped their writing.

Eric's encouragement has not only been directed at the editorial side of the business. He has also provided effective leadership in advertising. Commissions on sales have provided an incentive for the sales staff to vigorously sell the papers

to advertisers, and it has begun to work well. Frequent strategy sessions with the sales staff to plan for the future are also a help.

For all the logical, however intangible, reasons mentioned so far for the improving situation at White Mountain Publishing, both editorially and economically, planning appears to have been the key element in each.

Eric brought a consistent plan to the company with both short and long-range goals. And unlike others, who may have decided to bring in an entirely new staff, he involved employees in the decision-making process. Frequent and detailed staff meetings help coordinate the efforts of the company, and have served to generate new ideas and strategies. Employees get a sense that they are important.

It is impossible to determine exactly how such high morale and enthusiasm can help a business. But logic dictates that satisfied, interested employees, excited about the future, will be more helpful than those who are not. This appears to be true at White Mountain Publishing.

But it must be said that other intangible elements besides Eric's leadership have probably aided the growth of the company. One that is obvious is the economic growth of the region generally. It hardly even has to be said that a sounder economy must create a better environment for a profitable newspaper business. As communities grow, there are not only more people; there is more news for people to be interested in.

The company has also received crucial protection from the Wampum Saver. Even with the newspapers having only a 45 percent market share, the company has still been able to offer advertisers total market saturation in the Wampum. Eric agrees the shopper has been an important source of protection and revenue.

"If your penetration is less than perfect, then a shopper like the Wampum offers you a way to get more advertising," he says.

"The Wampum Saver is a good product that has real acceptance from the shoppers--they want to see it, and it has been real successful. It makes a lot of money for us."

The Wampum Saver could serve to keep the newspapers afloat if and when a competing company started a newspaper in one of

the communities served by White Mountain Publishing. But even in the absence of direct competition, the Wampum provides some semblance of economic stability as the newspapers grow and prosper.

Eric's future plans call for a step-by-step process toward the Independent becoming a regional, daily paper for northeast Arizona. Noone at the company is predicting that will happen soon, but it is a long-range goal they believe is attainable. In the short term, plans call for expanding the frequency of the Independent to three days a week within the next two to three years, Eric says.

Usinowicz adds that the company could grow staying where it is now. But Eric wants more than that, and his enthusiasm is, Usinowicz says.

"We can grow staying where we are, picking up advertising as growth develops here. Or we can expand our horizons and increase revenue through an expanded market.

"What we all feel is that there is no limit to what we can do."

APPENDIX

CIRCULATION DATA FOR WHITE MOUNTAIN PUBLISHING INC.

TABLE 1-Total Circulation

Publication	August 1983	August 1984	% rise
<u>TUESDAY</u> Navajo Cty. edition	2,314	2,488	+10.20
Apache Cty. edition	1,896	1,888	-.42
<u>THURSDAY</u> Navajo Cty. edition	2,752	3,006	+12.14
Apache Cty. edition	2,207	2,284	+3.37
Pinetop-Lakeside News	1,967	2,741	+39.30
Navapache/Total	6,926	8,031	+16.70

TABLE 2- Market penetration

	Market size	Market Penetration	%Market Penetration
August 1983	15,332 ⁸	6,926**	45.11
August 1984	16,361*	8,031**	49.08

*Figure is total number of WAMPUM SAVER shoppers distributed by company
WAMPUM SAVER is distributed free to all households in the White
Mountains and represents total market penetration.

**Figure is total circulation of all company newspapers (Thursday)
as represented by the Navapache circulation figures in TABLE 1.

TABLE 3- Advertising*

Publication	% rise from 1983 to 1984	% of 1983 gross income **	% of 1984 gross income **
<u>TUESDAY</u>			
Navajo Cty. and Apache	-1.64	12.05	10.24
<u>THURSDAY</u>			
Navajo Cty.	+66.22	8.65	12.42
Apache Cty.	-3.37	7.13	5.95
Finetop-Lakeside News	+15.00	4.99	4.96
Navapache	+10.77	14.06	13.45
Special issues	+11.86	3.58	3.45
Wampum Saver	+19.984	44.44	46.06
Total	+15.77	--	--

* All figures based on dollar amounts of gross revenue from advertising at White Mountain Publishing Company.

**Figures represent percentage of gross advertising revenue raised from each individual publication.

