



NAA HORIZON WATCHING INITIATIVE

Strategic Planning in the Real World: Local Newspaper Examples of Strategic Planning Processes and Actions (As of 1/18/02)

by [Barbara Cohen](#) and [Craig Kaczorowski](#)
Kannon Consulting, Inc.

Executive Summary

The Newspaper Association of America's Horizon Watching Initiative launched a Strategic Planning Study in late 2001 to develop an in-depth profile of the strategic planning processes currently being undertaken by newspapers. The project was spurred, in part, by Community Newspaper Holdings Inc. (cnhi), which used NAA's strategic planning workbook as a basis for long-term planning at more than 100 of its daily newspaper properties. The goal of the study is to identify how cnhi and others used strategic planning and how the lessons they learned could help other newspaper companies.

Interviews were conducted with selected newspapers across a range of local market sizes to understand how they have incorporated strategic planning into their organizations and to review the outcomes of those planning processes.

Although each newspaper tailored its strategic planning process to suit the needs and resources of its organization, several key learnings about the process itself emerged.

- Encourage cross-functional input in the process. Sharing information and ideas across functions can strengthen communication within an organization, since it affords the opportunity to "break out" of departmental silos and interact with other departments.
- Combine personal observations with research and analysis. Observations about marketplace conditions can be strengthened and made more actionable when integrated with analysis of internal and publicly available external information. Such analyses can help challenge marketplace mythologies, as well as uncover unknown opportunities and threats.
- Understand and communicate the difference between strategic planning and annual budget reviews. The budgeting process focuses on near-term goals through cost and revenue summaries, while strategic planning builds a broad long-term strategy for how the organization is going to compete in the market. Strategies may be reviewed annually, but should remain consistent unless dramatic changes to its underpinnings occur.

A variety of issues unique to each newspaper were raised, depending on market dynamics and drivers of change. However, several similar actionable strategies were developed.

- Concern about declining local circulation and household penetration numbers led to the development of such initiatives as:
 1. Create new products and services to meet the needs of target consumer segments, especially Hispanic communities, working women, and families with children
 2. Establish a shared understanding of the marketplace through ongoing analyses of publicly available information (for example, Census data)
 3. Discern the needs and behavior of key reader segments through regular readership studies and focus groups

- Declining advertising revenue was addressed across each of the newspapers. Three main drivers were identified: loss of recruiting advertising due to the economic downturn; loss of automotive and other classified advertising to the Internet; and loss of ROP and preprint advertising due to advertiser consolidation and the rise of deep discounters. To address these concerns, newspapers developed such strategies as:
 1. Offer turnkey web solutions, such as web hosting, web site design, and auxiliary online advertising opportunities to attract additional revenues and new advertisers
 2. Work with local chambers of commerce to recruit big-box retailers not currently in the market
 3. Restructure individual sales staff into cross-selling teams

- Several newspapers developed strategies to promote efficiency, adaptability, and innovation within the workforce, such as:
 1. Reevaluate current sales processes and capabilities to ensure they are more customer-oriented and cost efficient
 2. Update technology infrastructures and add new technologies to increase productivity
 3. Institute training programs to ensure that workers are adept in, and have access to, technology to help them do their jobs better

Each of the newspapers interviewed commented on the considerable value instituting a long-term strategic planning process had for their organization. Newspapers noted such benefits as creating a disciplined approach to understanding and planning for the changes and complexities of their market – both externally, in terms of advertisers and readers, as well as internally, in terms of the newspaper’s own financial resources. This shared understanding led to the identification of potential marketplace opportunities and possible threats, as well as the development of new products and services to meet the needs of consumers and remain competitive in a changing environment.

Moreover, many newspapers also remarked that establishing a strategic planning process benefited the very structure of the organization itself. The creation of cross-functional teams enabled more open and effective communications across departments.

New internal processes were also developed by several newspapers as part of their long-term plan, such as instituting ongoing training programs, upgrading current infrastructures and integrating new technologies, and modifying reward systems to encourage innovation and retention.

Introduction

In 2001, the Newspaper Association of America’s Horizon Watching Initiative launched a Strategic Planning Study to develop an in-depth profile of the strategic planning processes currently being undertaken by selected newspapers across the country.

In-depth interviews were conducted with 11 newspapers encompassing a variety of local market sizes to understand how they have incorporated strategic planning into their respective businesses. These interviews explored each newspaper’s strategic planning process, including the objectives for such a plan, the timeframe and departmental involvement in building the plan, as well as an assessment of the process itself and any Horizon Watching planning tools the strategy planning teams might have used.

The findings have been documented in this report with the objectives of improving existing strategic planning tools, helping other newspapers see the value of strategic planning and providing newspapers with specific recommendations or "roadmaps" to follow in their own businesses.

Horizon Watching Initiative

To help newspapers plan better for the future, the NAA's Board Committee on Industry Development launched the Horizon Watching Initiative in early 1999 as an ongoing effort to understand the strategic forces that will shape the newspaper industry over the next five to seven years. Kannon Consulting of Chicago joined the Task Force as strategy and marketing experts.

A series of tools has been released from the Horizon Watching Initiative. The Strategic Intelligence Report, published in May 2000, provides an in-depth study of the current state and drivers and state of the industry, including comprehensive research on consumer behavior, advertiser sectors, competitors, technology, and economic trends. To move beyond the analytically-based Report, the Horizon Watching Initiative launched an Advertiser Study in March 2001 to gain direct input from newspaper advertisers themselves. This was not meant to be a definitive study of advertisers, but rather a sample of strategic thoughts by selected advertising executives.

Strategic Essentials: A Guide to Long-Term Planning for Your Local Market, published in 2001, provides newspapers with frameworks to begin building a long-term strategic plan for their local markets. Each framework – such as market conditions, the competitive environment, or the newspaper's own financial resources – emphasizes conditions that are subject to change. The guidebook attempts to help newspapers understand and plan for such structural changes and complexities.

For more information about these publications or on the Horizon Watching Initiative, please visit the NAA Horizon Watching web site at www.naa.org/horizon or contact Randy Bennett (bennr@naa.org), NAA Vice President of Electronic Media and Industry Development at 703.902.1770.

The Strategic Planning Process

A strategic plan is a broad, long-term blueprint for how an organization is going to compete within the market, what its goals should be, and what tactics will be necessary to carry out those goals successfully.

The key issues a strategic plan should address are:

- What business are we in today? What business do we want to be in the future?
- Why have we a right to be in this business? What strengths can we leverage? What advantages do we have over current or future competitors?
- What are the three to five critical strategic initiatives that will make us successful?
- What internal processes do we have in place today? Will these processes help or hinder us? What new processes are needed? What other obstacles might we have to overcome?
- What should we *stop* doing? Are there resources that could be deployed better elsewhere?

Strategic Planning

- Identifies the need and priority for new products and new businesses
- Uncovers which existing products could be altered or modified
- Recognizes the target customers for new and existing products
- Allocates resources to product development/ alteration and business diversification
- Suggests the measures of success

There is a great deal of uncertainty ahead as advertiser and consumer advertisers' and consumers' needs change, and as industries restructure. There is no longer a clear path for long-term success. Therefore, organizations need to make choices. Mapping a strategic course through this uncertain future requires an objective understanding of where an organization is now, where it wants to be, and monitoring the progress. Strategic planning is an important tool, a framework for identifying and monitoring the drivers of change and articulating major marketplace trends.

Approaches to Strategic Planning

In the Horizon Watching publication *Strategic Essentials*, two approaches to strategic planning were defined. **Approach One, Experiences Within Your Market**, is based primarily on facilitated discussions about shared experiences and observations of the local market to reach consensus on the long-term plans necessary for a newspaper to remain competitive. This approach attempts to involve the organization at all levels.

Approach Two, Analyses of Your Market, is more analytically focused, where marketplace information is gathered and examined as a basis for a newspaper's long-term strategic plan. While personal observations and experiences play a role in this approach, detailed internal and publicly available external information is used as a tool to enrich the effectiveness of planning decisions.

Although each of the newspapers interviewed conducted some form of strategic planning over the last year, none of the newspapers pursued an exclusively experience- or analysis-based approach. Instead, each newspaper tended to blend both approaches, and tailored the process to their unique needs. Most newspapers interviewed expressed that a key benefit of blending the two approaches is the flexibility this allows in the process as the team learns more about its capabilities and the resources needed to build a strong strategic plan.

In general, the more resources a newspaper could afford to commit to strategic planning and the more experience the newspaper had in the process, the more likely the planning team was to pursue a more analytically-focused approach, while relying on group consensus when information could not be found to answer a particular strategic question. Smaller newspapers, which generally had less experience and fewer resources dedicated to planning, leaned toward a more experience-focused approach and augmented group consensus with readily available public information.

Challenge Marketplace Mythologies

Newspapers seriously risk missing possible opportunities and potential threats when some analysis of marketplace information is not undertaken.

- Determine changing consumer trends in the market
- Identify emerging advertiser segments and those that may be leaving the region
- Profile local competitors
- Assess the newspaper's own revenues and costs

It is important to note, however, that most of the newspapers interviewed stressed the importance of combining some marketplace analyses with personal observations and experience as input for an effective strategic plan. These newspapers explained that including analyses of data could help challenge and dispel "marketplace mythologies." Every organization has its own mythology – a set of shared convictions on how a marketplace is structured and how the organization itself is run. These beliefs are only occasionally based on fact or analysis. Instead, they are typically based on shared understandings, and often misunderstandings, of the market.

For example, one 250,000-circulation newspaper expected several major department stores to enter their market based upon the opening of department stores in a nearby metro. Analysis comparing the demographics, industry mix and employment base of their market with the same data of the market who had seen the department store growth indicated that the two areas were very different and concluded their market would be less attractive to the desired department stores. The newspaper management had to reassess its thinking and evaluate their preprint capabilities in light of the more likely influx of discounters.

Benefits Realized of Strategic Planning

Each of the newspapers interviewed commented on the considerable value instituting a strategic planning process had for their organization. Newspapers noted such benefits as creating a disciplined approach to understanding and planning for the changes and complexities of their market – both externally, in terms of advertisers and readers, as well as internally, in terms of the newspaper's own financial resources. This organized and shared understanding led to the identification of potential marketplace opportunities and possible threats, and the development of structured, long-term initiatives to remain competitive in a

changing environment. Through the strategic planning process, several newspapers interviewed gained a greater understanding of the needs and behavior of their readers and advertisers, and implemented new products and services to better meet those needs.

Moreover, many newspapers also remarked that establishing a strategic planning process benefited the very structure of the organization itself. The creation of cross-functional teams enabled more open and effective communications across departments. Sharing information and ideas across functions helped strengthen communication within an organization by allowing participants to "break out" of departmental silos and interact with others. Several newspapers also developed new internal processes and procedures as part of their long-term plan. Such processes included instituting ongoing training programs to keep employees up-to-date on changing technologies and job demands; upgrading current infrastructures and integrating new technologies; and modifying reward systems to encourage innovation and retention.

Potential Obstacles to Success

Several common hurdles to the successful creation of a long-term strategic plan were identified across the newspapers interviewed. Though not necessarily the same at every newspaper, these obstacles to success represent "signposts" to watch for and avoid during the planning process.

Communication

With any team, there is the possibility that some members will not fully understand the process and its outcomes. It is important, therefore, to:

- Assess periodically whether the team has a firm grasp of the objectives of the process and the actions that need to be accomplished in order to complete it
- Articulate clearly the goals of the strategy to all members of the organization
- Clarify what the plan hopes to accomplish and why certain action steps are being undertaken

Execution

Several newspapers mentioned that coming up with strategic ideas was the easy part. Managing the "pipeline" of strategic initiatives was much more difficult. Initiatives often enter the pipeline with much fanfare, but may fade from view or get bumped down the priority chain for other, newer projects. Critical aspects of planning which can help avoid this are:

- Ownership of the project by an individual, and an agreement by the management that the project will be seen through to completion. Ownership is critical to make certain that someone is held accountable for the completion of the project. However, this is of little use unless management also agrees that a project is high on the list of priorities.

Paralysis by Process

Ironically, one problem several newspapers encountered was over-investing in the planning process. Though research, planning, and consensus are important, the risk is that they can each be taken too far and result in gridlock.

- Every team needs a leader, and strategic planning definitely requires a champion to drive the process. In planning, each team will most likely come up with more good ideas than they can possibly implement, so the strategic planning leader needs to ensure that they stay focused and on target.

Strategic Initiatives

Each of the newspapers interviewed developed unique long-term strategic initiatives to remain competitive in their local markets.

To guide newspapers in their strategic planning, and to ensure that all possible strategies are considered, the Horizon Watching Initiative identified Six Strategic Imperatives. These imperatives were developed to serve as a framework for identifying strategies that would allow newspapers to capitalize on future opportunities, rather than ceding them and the market share they represent.

In this section, we examine the ways in which each interviewed newspaper responded to these Six Imperatives. It is important to note that few strategies fell cleanly into one imperative or another. Most involved elements of several.

These examples are not intended to identify the "correct" strategies to develop. Though commonly faced with similar problems, each newspaper has individual circumstances, both internal and external, which drive strategic decisions. The purpose of this section, therefore, is to highlight the variety of ways in which selected newspapers attacked the marketplace issues they were facing, and to offer real world examples of the Horizon Watching Strategic Imperatives in action.

1. *Invest in Technology for Market Success*

Technological advancements are altering the media landscape. To remain competitive, newspapers need to make investments to meet the needs of the market. Marketing services such as direct marketing, online advertising, and targeted e-mails must be integrated into a portfolio of products and services.

Aggressive online moves were a prevailing method that most newspapers interviewed used for dealing with technology. Since its advent, newspapers have struggled with the issue of Internet advertising and what it means for traditional media. While the Internet is acknowledged as a viable channel for classifieds, several newspapers also developed strategies to attract additional revenue and new clients by offering turnkey web solutions, such as web hosting, web site design, and auxiliary online advertising opportunities.

However, many newspapers also saw back-end technology as equally important, both from a revenue as well as a cost standpoint. One mid-market newspaper determined that technology could be utilized to make their sales staff more competitive in the marketplace. Representatives from competitive media would often make compelling multimedia pitches to advertisers, overshadowing the newspaper's traditional black-and-white presentations that came across as canned and stale. Additionally, no information was easily available to the sales force during a pitch other than what they had brought with them.

With these issues in mind, the newspaper's planning team adopted a strategy of upgrading the technology and the technology skills of employees. The salespeople were taught how to create multimedia presentations tailored to an individual advertiser. Additionally, Palm Pilots were issued to every member of the sales force. This new technology allowed sales teams to tap into an internal intranet at the newspaper that was loaded with market research, giving the sales staff the ability to track down market data and historical buying patterns in order to help advertisers plan effective media buys.

Six Strategic Imperatives

1. Invest in Technology
2. Instill Cost-Effectiveness
3. Install Marketing and Sales Capabilities
4. Identify Content to Own and Mechanisms to Deliver It
5. Inspire a Technology-Savvy, Diverse Workforce
6. Integrate Short-Term Goals within a Long-Term Plan

Technology

One newspaper focused on upgrading current technology and introduced new technologies as a means of increasing productivity. Technology alone will not benefit an organization unless it is linked to real methods of using it to do a job better.

2. *Instill Cost-Effectiveness and Restructure How Work Is Done*

Newspaper companies must ensure that they work cost-effectively to maintain profitability while facing stronger, consolidated advertisers with changing needs of their own, as well as more competition. Current ways of doing business will need to be re-engineered and streamlined to reflect new technologies and approaches.

A major initiative for instilling cost-effectiveness is the movement to a 50" web. By narrowing the size of the paper, organizations have seen dramatic reductions in their newsprint expenditures.

Additionally, one small-market newspaper under-took a process audit to instill cost-effectiveness. A process audit is a mapping of how internal operations work (for example, order entry) work. By mapping out the actual process, inefficiencies become more obvious, giving the strategy team targets for improving operation efficiency. (For more on process audits, see the NAA Partners Program at www.naapartners.org.) Other industries, especially manufacturing, have long used this technique to help lower costs. Finding inefficiencies in current working methods provided the planning team with "bulls-eyes" to restructure during re-engineering and "ammunition" to help sell the reengineering strategy to top management.

Cost-Effectiveness

Bringing in experts from outside the newspaper industry guided one newspaper in cost effective measures. Departments such as sales and customer service have common issues across industries, and newspapers can learn cost-saving strategies from outsiders, such as implementing a Customer Relationship Management system

3. *Install Marketing and Sales Capabilities Both for Advertisers and Consumers*

In a media landscape of multiple choices, newspapers will need to invest in marketing strategies and expertise to reach consumers and meet marketers' needs. The advertising sales process and capabilities will need to be reevaluated to make certain it is customer-oriented and cost efficient; circulation issues (such as the future of seven-day subscriptions and the role of single-copy sales) will need to be addressed; and telemarketing approaches will need to be used as a true direct marketing channel and not just as a phone bank.

One 30,000-circulation newspaper interviewed faced a significant loss of advertising lineage and dollars. This was due in part to a number of major advertisers, such as Montgomery Wards, Venture, and K-Mart, going out of business or leaving the market. Additionally, several deep discounters had entered the area. However, consumer market share was not on the decline.

Marketing and Sales Capabilities

Training the sales staff to sell multiple products was a strategic trend seen across several newspapers. One newspaper restructured the sales staff to allow a sales representative to "own" an advertiser, rather than having various representatives sell individual products. This allowed the sales force to create media plans across advertising types rather than simply sell a single product.

Therefore, the newspaper developed several strategies to build circulation revenue as a counterbalance these to declining advertiser trends. A focus on sales was instituted throughout the entire workforce. For example, the customer service department was taught to think like salespeople; during an aggressive telemarketing campaign, if a call went to a current subscriber, the representative would take the opportunity to ensure that the customer was satisfied with the products and services received. The newspaper even took this sales focus so far as to do the important but easily overlooked job of refurbishing and repainting its sales racks in order to boost single-copy sales.

Beyond this, the advertising sales force was reorganized into teams that included sales, creative, and assistants. This new team approach allowed the salespeople to do what they did best – sell – by giving them the proper support inside the company.

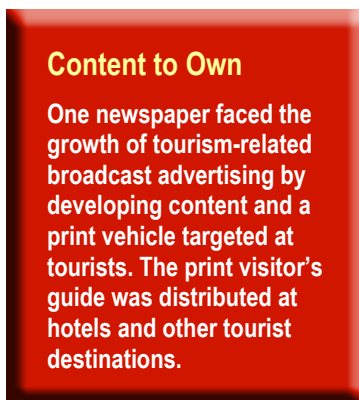
In the end, these marketing and sales investments paid off. Though it is hard to replace the lineage losses that occur when deep discounters enter the market, the sales focus helped stabilize the circulation and start it growing again, and the marketing focus aided in finding replacement advertisers.

For another newspaper, overall revenues had grown somewhat over the last several years, but ROP sales were down. In order to determine why, the advertising department broke down display advertising spending into distinct categories (for example, specialty retail, travel, etc.). With this information, the team discovered that the losses were coming from certain key industry sectors, and growth was coming from segments that were traditionally preprint. Additionally, a large percentage of the newspaper's advertising came from only a handful of retailers, several of whom were vulnerable to a strong entry by deep discounters. Armed with this knowledge, the newspaper refocused the sales force on turning around declining segments and watching for warning signs that deep discounters were threatening its key customers. The newspaper also worked with the local chamber of commerce to recruit big-box retailers that were not currently in the market.

Several newspapers identified the need for stronger knowledge of the marketplace. Therefore, initiatives were developed to learn more about consumer demographics and advertiser trends. One initiative was to conduct ongoing analyses of publicly available information (such as Census data) to establish a marketplace baseline. The newspaper also budgeted consumer studies and focus groups to increase the understanding of the needs and behavior of key reader segments. Based on such understanding, the newspaper decided to release quarterly niche products to serve the needs of target segments (for example, a magazine focusing on working women).

4. *Identify Content to Own and the Mechanisms to Deliver It*

As consumers redefine their sense of community and information becomes increasingly free, newspapers need to identify and own content areas worth consumers' time and resources. Newspapers also need to recognize and define their role in consumers' entire news, information, entertainment, and communications portfolio.



One example of identifying content to own came from a newspaper faced with changing demographics in the marketplace, especially significant growth within the Hispanic communities. The newspaper determined it was imperative to serve the unique needs of these communities before other competitors moved in to capture them. With a corporate goal of building audience reach, the newspaper put together a special staff dedicated to creating new content for the Hispanic communities within the market.

Beyond the challenge of providing fresh, relevant content, the newspaper also faced a question about the proper channel through which the content should be distributed. As a first step, it launched a bilingual free weekly newspaper, including both single-copy and free home delivery. However, since its primary goal was to own the content, and through it the audience, the newspaper decided to expand the channels through which this information would be provided. Initially, an in-house online initiative was launched to create a website for the free weekly. Additionally, partnerships with Hispanic television and radio stations were pursued. This initiative proved successful, with the new Hispanic-focused product reaching a circulation equal to about one-quarter of the parent newspaper's circulation within one year.

5. *Inspire a Technology-Savvy, Diverse Workforce*

The challenge for newspaper companies is to find, recruit and retain technology-savvy personnel. These are people who are not wedded to one medium and are comfortable working with technology. The environment will also need to support an ethnically diverse work-force and recognize a broad range of issues little dealt with in the past – labor shortages, older employees with elder care concerns, individuals of varying faiths, and applicants with limited education and training.

Company-wide training was seen as a key issue by most newspapers interviewed. First, highly-trained workers are more likely to be technology-savvy. Second, training allowed workers to understand better the workings of other departments, increasing the usefulness of cross-functional teams.

Additionally, having staff that mirrors the target market can be important. In the case of the Hispanic-focused daily, it was necessary to have editorial staff from the local Hispanic community in order to build credibility in the market.

Savvy Workforce

One newspaper conducted a company-wide audit of staff abilities and needs. Ongoing training programs were initiated to keep staff members up-to-date on changing technologies, and manuals of departmental procedures, by position, were developed

6. *Integrate Short-Term Goals Within a Long-Term Plan*

Newspapers are challenged to maintain advertising and readership share in an increasingly complex environment. They need to take a long-term view of their strategies and continue to redefine the products they provide. True strategic planning needs to complement annual budgets and quarterly earnings reports.

Long-Term Plan

If the budget drives the strategy rather than vice versa, it is the experience of the newspapers interviewed that it is harder to justify major expenditures or radical changes in what the newspaper does

Perhaps one of the most important examples under this imperative is the simple fact that newspapers are now taking the strategic planning process seriously. According to most of the newspapers interviewed, until very recently "planning" was considered nothing more than part of the annual budgeting process. Previously, budgets were based on historical numbers and next-year estimates, and this set a framework for deriving a strategic course. However, by design and necessity, strategies are longer-term than budgets. Strategic plans have cost and revenue horizons that can extend through multiple budgets.

Case Studies

In-depth case studies were conducted with two daily newspapers – the Johnstown Tribune-Democrat in Johnstown, Pennsylvania and The Oklahoman in Oklahoma City, Oklahoma – in an effort to examine more closely the strategic planning processes being undertaken.

The Johnstown Tribune-Democrat

The Tribune-Democrat is a Community Newspapers Holding Inc. (cnhi) newspaper serving the residents of Johnstown and west central Pennsylvania. Daily circulation is 44,000; Sunday circulation is 49,000.

The newspaper had conducted an extensive strategic planning process in the early 1990s, but had not conducted another in-depth plan since that time. Instead, all subsequent planning strategies had been tied to the annual budgeting process. The newspaper's objectives to initiate a strategic planning process were threefold:

- Develop a better understanding of the local market, especially in such areas as geographic definition of the market and reader demographics (such as age, income, and family structure)
- Build teamwork and encourage communications across departments
- Grow awareness among decision-makers that strategic planning is a different process than a yearly budget, and adequate time and resources need to be allocated accordingly.

The new planning process began in June 2001 and ran through the end of October. In all, approximately 80 to 100 hours were spent on the strategic process. At one point or another during the process, each department at the newspaper was involved and had input to the strategies being developed. The newspaper publisher led the process, in conjunction with the cnhi division manager. The results of the plan were then incorporated into Johnstown's 2002 operating budget.

The newspaper decided to take a more analysis-based approach to its planning process, given the availability of internal and publicly available external information. The newspaper's planning team determined that it was important to build recommendations off analyses in order to make the recommendations stronger and more actionable, but also to abate the idea that strategies were built off the importance of one department over another. Information analyzed included, among other sources, local Census Bureau demographics, a recent internal market study of advertisers and readers, and national data from the Readership Institute (www.naa.org/nmcinstitute).

Analysis of available data uncovered two major business issues facing the newspaper. One was the downsizing of the local market; Census data showed that the local population had been on a declining trend over the last ten years. Despite this population decline, analysis also showed that the market was experiencing some growth within key readership segments, especially young families with children. Another strategic issue uncovered was the closing of several major retail stores in the region over the last several years, resulting in lost advertiser opportunities. Several strategies were developed to respond to these issues:

- Build a circulation strategy away from growing single-copy sales and toward increasing subscriptions, especially among young families with children.
- Shift editorial focus toward topics of interest to meet the needs of younger readers, especially young families with children. These topics included childcare and other health issues, as well as education and local sports.
- Target several geographic areas where population increases had been identified and build readership and subscription strategies to grow these targets.
- Identify key advertiser sectors in which to invest and grow.

In addition to the strategies developed, other learnings from the Tribune-Democrat on the value of instituting a long-term strategic process included:

- Sharing information and ideas across departments strengthened communications within the organization;
- Building awareness of the difference between a long-term strategic process and a yearly budget review ensured that appropriate broad strategies would be addressed;
- Encouraging the ownership of a strategic imperative with an individual or department ensured that time and other resources would be allocated to successfully implement the strategy.

The Oklahoman

The Oklahoman is a privately held, independent daily newspaper serving Oklahoma City and the state of Oklahoma. The newspaper's online business is part of a joint venture with a local TV channel. An Oklahoma City lettershop was acquired mid-2001 to augment the newspaper's ability to offer direct marketing services to advertisers. Over 200,000 newspapers are circulated throughout the state daily and nearly 300,000 on Sunday.

The newspaper had conducted extensive budgeting every year, but had not embarked on a strategic planning process. Management's objectives for the strategic planning process were to:

- Create a baseline understanding of the statewide and local marketplaces, including competitive advantages that the newspaper enjoys along with potential risks
- Establish a unifying overarching strategy
- Set a strategic direction in order to prioritize near- and longer-term operational investments and revenue opportunities

The Oklahoman adopted the analytically-driven approach, as outlined in the Horizon Watching Workbook, recognizing that they were committing to collect data and conduct analyses that they had never done before. An outside firm was invited to facilitate the process and help with the analyses.

A fifteen-person, cross-functional team was identified and invited to participate. Representatives from both Line (Advertising, Circulation, Editorial, Online, and Direct Marketing) and Service (Market Research, Production, Information Systems, Human Resources, and Finance) were on the team. The planning process began in September and concluded in December, overlapping the 2002 budgeting process. In all, 60 to 80 hours were spent on the strategic planning process. The General Manager led the process, assisted by the consulting firm where appropriate.

The Oklahoman Planning Team felt strongly that it should take the more analytical approach to understanding the market, competition and customers, but tapped the experience in the business to build the strategies. As such, extensive analyses of Oklahoma at the county and, in some cases, community level were conducted in order to understand where opportunities for growth might lie. Detailed reviews of competitors across media were conducted at the local, as well as the parent level. Readership, circulation, and Census data were analyzed.

One especially valuable step included drafting three possible future environments that The Oklahoman might face; teams were assigned to think through how the newspaper might need to compete in different scenarios. One especially provocative future state forced the Management Team to consider how to run the business without printing facilities.

The decision to invest in the analytical stage paid off with various insights contradicting some long-held beliefs. For example,

- The advertiser base was found to be much more concentrated than previously assumed.
- The dependence on out-of-town decision-makers was quantified, and the extent of their impact really understood.
- Radio consolidation was happening at a fast pace in the market and becoming an important competitor.
- Online revenue was mostly incremental and not impacting print advertising revenue.

Several high priority strategies emerged from the planning process. These included:

- Refine strategies to increase penetration within both the core market and statewide
- Refine the definition of "local" news in light of strong local television channels and suburban newspaper competitors.
- Leverage the existing delivery system and tap new ones.
- Enhance the compensation and rewards system to be more performance-driven.

In addition to the substantive findings and indicated actions, the participants articulated universal agreement that they coalesced as a team during the process. While many members of the management team had been at the newspaper for a long time, many were new in their executive roles. Two team members were from outside of The Oklahoman, one of these new to the industry. The process allowed the team members to learn about the newspaper from the outside in, building a common view of the market threats and opportunities. They felt they could now pull together, and work toward a clear set of shared goals and priorities.

The Corporate Perspective

Donna Barrett, senior vice president and chief operating officer for cnhi's Eastern U.S. Newspapers, learned of the Horizon Watching Strategic Planning Workbook at an industry-wide meeting. She recommended to her colleague, Kevin Kampman, the senior vice president and chief operating officer who leads cnhi's Western U.S. newspapers, that the company adopt the approach for all of its newspapers. This was a particularly bold idea, since cnhi is made up of 106 daily newspapers and 85 weeklies, ranging from a weekly with circulation of 2,000 to a daily with 50,000 circulation. The two executives, along with Mike Reed, president and CEO, agreed and 100 copies of the Horizon Watching workbooks were distributed. A special management meeting was conducted with the regional managers where the process was introduced, and they were recruited to facilitate the process.

So a bold experiment with the Horizon Watching Workbook was underway. Certainly if daily newspapers with 10,000 to 20,000 circulation could lead a more rigorous strategic planning process, shouldn't all newspaper be able to? What learning could be gleaned from cnhi's experience, which could be shared with others?

Donna Barrett, Kevin Kampman and two regional executives were interviewed for their assessment. First, they all noted that cnhi had conducted strategic planning processes in the past, but they were not as structured as the one described in the Horizon Watching Workbook. The specific questions asked as part of the analytical and experience approaches were found to be helpful. They found the workbook very logical, and the data collection feasible for most newspapers.

Cnhi management liked how the Six Imperatives identified in earlier Horizon Watching efforts provided structure for the content of the plans. The newspaper publishers and teams had to consider each imperative and decide how relevant it was for the challenges facing that newspaper. This forced a level of thoroughness and breadth of internal discussion not typically conducted across the management team members of the newspaper.

The results? Both Donna and Kevin found that the plans developed were better – more thorough and complete – than plans from previous years. The information gathered about the local market conditions provided insight for more competitive initiatives throughout the newspapers. The commitments were stated in terms that could be measured. The cnhi management team believes there may be a higher rate of success of the recommended initiatives, since they were more fully thought through. And the best plans built integrated business initiatives, not just a list of function-by-function projects.

While virtually all of the cnhi plans were better than past efforts, the best plans were from daily newspapers with circulations of 10,000 to 20,000. These newspapers had enough resources to collect data and do some analyses, as well as management teams that were accustomed to cross-functional efforts. Larger newspapers within the chain had the resources, but needed to overcome traditional newspaper silos and functional thinking. Smaller newspapers had the right team environment, but were more constrained by resources and capabilities.

Was it worth the effort? The management at cnhi clearly believes yes. The investment in understanding the market today and where it is going will serve them well in years to come. Some of the data, which had to be found for the first time, will now be collected and monitored regularly, making the process easier next year. The recommended investments and priorities are better grounded. There is a higher level of confidence in the priorities and actions. And, perhaps more important than ever, each member of the newspaper's management has a shared view of the challenges ahead, a greater level of ownership, and a specific plan on how the business can win.

Conclusion

Each of the newspapers interviewed conducted some form of long-term strategic planning. While each newspaper tailored the process to their unique needs and organizational structure, typically a blend of shared experiences and observations with detailed marketplace analyses were undertaken. Several key learnings about the process itself emerged.

- Encourage cross-functional input in the process. Sharing information and ideas across functions can strengthen communication within an organization since it affords the opportunity to "break out" of departmental silos and interact with other departments.
- Combine personal observations with research and analysis. Personal observations about marketplace conditions can be strengthened and made more actionable when integrated with analysis of internal and publicly available external information. Such analyses can help challenge marketplace mythologies, as well as uncover unknown opportunities and potential threats.
- Understand and communicate the difference between strategic planning and annual budget reviews. The budgeting process focuses on near-term goals through cost and revenue summaries, while strategic planning builds a broad long-term strategy for how the organization is going to compete in the market. Strategies may be reviewed annually, but should remain consistent unless dramatic changes to its underpinnings occur.

A variety of issues unique to each newspaper were raised, depending on market dynamics and drivers of change. However, several similar actionable strategies were developed.

Circulation and Penetration

Most newspapers were concerned about declining local circulation and household penetration numbers, which reflect the overall national trend of daily circulation declines over the last ten years. Initiatives were developed to address this concern, including:

- Create new products and services to meet the needs of target consumer segments, especially Hispanic communities, working women, and families with children
- Establish a shared understanding of the marketplace through ongoing analyses of publicly available information (for example, Census data)
- Discern the needs and behavior of key reader segments through regular readership studies and focus groups

Advertising

Declining advertising revenue was addressed across each of the newspapers. Three main drivers were identified: loss of recruiting advertising due to the economic downturn; loss of automotive and other classified advertising to the Internet; and loss of ROP and preprint advertising due to advertiser consolidation and the rise of deep discounters. To address these concerns, newspapers interviewed developed such long-term strategies as:

- Offer turnkey web solutions, such as web hosting, web site design, and auxiliary online advertising opportunities to attract additional revenues and new advertisers
- Work with local chambers of commerce to recruit big-box retailers not currently in the market
- Restructure individual sales staff into cross-selling teams

People and Training

Several newspapers developed strategies to promote efficiency, adaptability, and innovation within the workforce, such as:

- Reevaluate current sales processes and capabilities to ensure they are more customer-oriented and cost efficient
- Update technology infrastructures and add new technologies to increase productivity
- Institute training programs to ensure that workers are adept in, and have access to, technology to help them do their jobs better

Each of the newspapers interviewed commented on the considerable value instituting a strategic planning process had for their organization. Newspapers noted such benefits as creating a disciplined approach to understanding and planning for the changes and complexities of their market – both externally, in terms of advertisers and readers, as well as internally, in terms of the newspaper’s own financial resources. This shared understanding led to the identification of potential marketplace opportunities and possible threats, as well as the development of new products and services to meet the needs of consumers better to remain competitive in a changing environment.

Moreover, many newspapers also remarked that establishing a strategic planning process benefited the very structure of the organization itself. The creation of cross-functional teams enabled more open and effective communications across departments. New internal processes were also developed by several newspapers as part of their long-term plan, such as instituting ongoing training programs, upgrading current infrastructures and integrating new technologies, and modifying reward systems to encourage innovation and retention.

About Kannon Consulting

Kannon Consulting is a strategy and marketing consulting firm focused on building *Outside-In* business plans to help clients in changing, dynamic industries to grow their revenues. The firm’s goal is to provide clients with the marketing expertise and analytical structure to compete successfully in the new environments they face. Clients have been in a range of industries, including media, telecommunications, staffing, retail and health care.

Kannon professionals have worked with media clients for over 14 years to build strategies that reflect consumer, advertiser and competitive trends. Kannon professionals have led over 35 newspaper strategy studies -- these studies have focused on understanding how traditional and nontraditional advertisers view their marketing strategies and how well newspaper products (core, direct marketing, promotion, printing) and online services serve them versus competitors. Recent reader work has used market segmentation and prioritization tools to identify how media companies should focus their positioning, content and marketing investments for the highest return.

Kannon Consulting has lead the Horizon Watching process for NAA, including the aggregation and synthesis of research for the baseline study, development of future states, the scenario planning process and strategy development.

Barbara Cohen, president and founder of the firm, has been a speaker at several NAA conferences on *Outside-In* strategy development. Craig Kaczorowski is the author of *Strategic Essentials: A Guide to Long-Term Planning for Your Local Newspaper*. Kannon Consulting is headquartered in Chicago, with satellite offices in Atlanta and Palm Springs, CA.