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## About our relationship ...

Newspaper plants that stay in production may see a new business model emerge

BY JIM ROSENBERG

**P**RODUCTION-MANAGEMENT veteran Chuck Blevins and architect Dario DiMare have long aided the operations side of newspapers. Blevins has devoted years to advising on matters of quality practices and production-distribution efficiencies. DiMare broadened his practice to help publishers define suitable infrastructure and select appropriate vendors and equipment. As newspapers consider closing plants or turning them into profit centers, Blevins and DiMare discussed with *E&P* Senior Editor Jim Rosenberg possible changes to the operations model.

**Beyond simply closing plants or finding them more work, how might a newspaper's business model change?**

**Dario DiMare:** Those who retain [printing operations] should be the best quality, low cost, and very flexible. It will vary tremendously with individual circumstances — plant, equipment, skills, labor agreements.

**Chuck Blevins:** Think Wal-Mart. They always get good prices, but deliveries and timing also are very important to them. Newspapers will want vendors to monitor their supplies and equipment. When newspapers start reducing staff, maintenance always suffers. It's something relatively inexpensive for a supplier.

You're going to subcontract major elements. Arrangements can be made with specialty firms for many areas, including the plant. Newspapers will manage subcontractors instead of employees.

**How would that operations model affect management, personnel, equipment?**

**DD:** [Newspapers] will have to learn to work with more restrictions and guidelines due to contracts. This is different from screaming at an employee to get what you want. With contracts in place, they also will have to be more accountable.

Commercial printing and distribution requires a different mindset. It must be done as if there were no advertising to pay for it, and still turn a profit. Editorial and advertising would have to be accountable, paying a premium for a late story or ad. A product that misses the distribution truck can still get delivered, but later and at full cost for a dedicated delivery cycle. If operations is a core competency, then it should be treated accordingly. Proper equipment should be acquired; 24/7 operation is ideal.

**CB:** The biggest change will be at the department level. Upgrading staff may mean replacing personnel. As equipment gets more complicated — plan-based, preset and software-driven — you need people who know how to use of 100% of its capacity. On a press, for example, in many cases you can't compensate yourself out of a problem, as with older systems.

Instead of straight up and down, management will flare out, and want suppliers using more metrics — feedback on web breaks, color on the sheet, etc. It'll be newspapers' responsibility to figure out how to use them. With so many plants taking on more copies per press, consistency becomes a pretty big

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deal. With their engineering resources, suppliers can come in and set up a program to help.

These things work when there's a long-term relationship. You can't change consumables suppliers every year and expect to get anything out of it. Maybe inserter companies will upgrade the equipment on a lease basis. Then they can turn it around every 10 years or so.

**Can subcontracting or leasing work with most equipment? Will we see something similar with systems — a wider embrace of vendor hosting?**

**DD:** Yes, and in distribution.

System hosting is more likely, due to not needing to be site specific — even out of the country to save costs.

**CB:** When we're in such a state of flux, and capital is so hard to get, I think vendors are going to have to be more aggressive in financing, but not through third parties. Publishers are tired of buying software. So vendor hosting makes sense as long as newspapers feel they have control, without worrying about server access. Vendors can offer high levels of redundancy that newspapers don't have.

**A few newspapers have contracted prepress, press and post-press services within their facilities. Is this "insourcing" the sort of relationship that is imagined, whether the contracted party is a vendor, specialist firm, or former employee who becomes an independent contractor or third party's manager?**

**DD:** Why not? Newspapers with employee contracts or lifetime agreements will have a harder time negotiating, but the economics seem inevitable. But it is not vendors' core business. A few tried it — unsuccessfully, due to the capital outlay they required from the newspapers.

It would be successful with companies whose core competencies are these types of services. The problem is securing capital for a newspaper, which right now has a stigma due to revenue declines and bankruptcies. We could not get capital for a project with a 17-month return on investment for another reason: It was backed by other newspapers paying the original newspaper to print. Even though it had 10-year contracts with national newspapers, banks were afraid of our industry.

**CB:** It makes a lot of sense, especially when it's highly technical

## From the Archive



Once a reporter, Winston Churchill extended few courtesies to American newsmen upon his arrival in the United States on Sept. 6, 1929 when his steamer docked in Seattle. He avoided them when he could, and refused to discuss politics. This *E&P* file photo, dated Sept. 18, indicates the bored attitude of the party which, from left to right, was composed of Randolph Churchill, 19-year-old son of the statesman; Winston Churchill and his brother, John Strange Spencer-Churchill.

and the volume is high enough. It could be very easy to subcontract with a supplier to manage the room with three or four of their own people, and then hire locally. There are liability issues, but you can work through those.

With chronically low equipment utilization, people will look at opportunities to insert for two or three newspapers. Third parties are probably more likely than vendors — something like what Brad Moseley's done [in Bakersfield]. Either that or just one newspaper doing its own and two others' inserting and distribution. For a production manager, it's pretty easy, if you think about any newspaper that has a remote production facility. But it's not a technical issue at that level; it's a customer-service issue — something that not every manager will excel at.

**Besides contract work, where do you see new business for printing and distribution?**

**DD:** Niche products, demographic zoning, topical zoning, citizen journalism sections, sports, schools, local community stuff. Find out what people are passionate about and be the best at it. Let them be a part of it.

U.S. newspapers can learn from overseas counterparts how to change

and add products to grow overall circulation. Don't just insert a different product, trying to be everything to everyone. That's where people overseas learned from our mistakes.

It's brand extension, and there are times when branding is good. On the other hand, if you're trying to hit different demographics, and they conflict with the core newspaper, they should not be tied together. If you could, you wouldn't even let them know the tailored product was made by the same company.

**Can you cite examples outside this country, and assess the experience and potential in this market?**

**DD:** Brazil's *O Globo* has four major products and a bunch of others. They're all dailies. These others, added together, have surpassed the core product, and they're growing. The newsrooms are separate, and they're addressing different markets. *Prensa Libre* in Guatemala did the same thing. Others' experiences won't always translate to our more mature market, but we also have more money to spend. It does work here, and it can work here. I think "cautious" is as good a word as any for those who have tried it. ■