

LOS ANGELES BUSINESS JOURNAL

Volume 37, Number 39

THE COMMUNITY OF BUSINESS™

September 28 - October 4, 2015 • \$5.00

Keeping L.A. Covered

Any plans for Times should prioritize paper's value to public over its value as business venture.

By **CALVIN NAITO**

At the Los Angeles Times, owners and publishers come and go, but the newspaper's emblem eagle remains. The eagle symbolizes a courageous institution that soars above the region with a keen eye for the truth.

How do we keep the Times' eagle alive?

The Sept. 8 firing of Austin Beutner as chief executive and publisher of the newspaper by his bosses at Chicago-based Tribune Publishing Co. has turned a bold spotlight on that question.

For decades, the Times has been the most powerful institution in Southern California. It has been the region's watchdog, educator, source of truth and common link for all Angelenos.

However, that power is being challenged by the emergence of a vast and rapidly changing multiplatform media world. Each year, fewer residents buy the paper, and many businesses are choosing to advertise and partner with other media outlets, many of them online.

So how can the Times continue to provide valuable information and generate enough revenue to exceed costs in a sustainable way?

There is no easy answer. Many of the challenges facing the Times are common across the industry and a tough financial picture remains for nearly all newspaper outlets.

But the search for solutions must evolve into something more sophisticated and mature than the name-calling and

provincialism that has emerged from the termination of Beutner.

Interestingly, many individuals rushed to Beutner's defense without knowing whether his initiatives were improving the financial performance of the newspaper. He raised doubts about the financials during his yearlong tenure by declining to comment on them. If they were impressive, it would defy human nature for him or his allies to demur and keep the successes a secret.

In our search for solutions, we need to collectively deploy greater analysis, openness and creativity.

Potential options, scenarios

Let us consider these three options:

Option 1: Let Tribune Publishing continue to own and manage the newspaper. It certainly has management who are veterans of the newspaper business. Timothy Ryan, the new publisher, has spent 30 years in the industry, a sharp contrast with Beutner, who had zero when he was appointed. Given this, wouldn't it be fair to give Ryan and his team some time to prove themselves?

Option 2: Purchase the newspaper from Tribune Publishing. With a market capitalization of less than \$300 million, Tribune Publishing is certainly affordable to many of the region's captains of industry and billionaires. There is little doubt that a business group, which might include Beutner, could come up with sufficient capital to pay market rate or greater for the company. But would they run it any better?

Option 3: Convert the newspaper into a public good. Under this scenario, deep-pocketed individuals could purchase the paper and turn over the asset to the public. They could view the paper as a public good and not as a for-profit business. The Times could be run as a nonprofit, which could continue to generate fee-for-product revenue, but also rely on outside subsidies (e.g., grants, donations, government financial support).

A philanthropic multibillionaire or team of them could also purchase the paper for all the people of Los Angeles and also set aside a multibillion-dollar endowment to steady and sustain the paper for years to come.

In addition to these three options, there is also the potential scenario where the Times would be shut down by a future owner, who could conclude that a large daily newspaper in Los Angeles is an obsolete concept and cannot be profitable into the future. Under such a fatalistic scenario, somewhere down the road, they could close it, perhaps by breaking the company into pieces and selling it off.

Also possible is a scenario where a group would form another newspaper to compete with the Times. For example, those group signatories of the pro-Beutner letters could become partners, hire him as their publisher and allow him to continue his business plan. The marketplace competition created by such a new paper could provide Angelenos with an equivalent or greater information value than they presently receive.

Continuing discourse

How can we ensure that the Times' eagle continues to fly above the region, the eagle eye for the truth that we all need?

We would all benefit from exploring further the pros and cons of various options, scenarios and business models. Let's hear from people. For instance, civic groups should activate themselves and organize public forums. Entrepreneurs can present plans and attempt to win public support.

All Angelenos would benefit from a more active, thoughtful and transparent discourse about the future of the Times and its impact on the place we call home.

Calvin Naito is a strategic communications professional based in Los Angeles.