

Anarchy Is Not a Business Plan: Practical Pointers on the Business of Media

A Panel Discussion

Media outlets in transitional and developing countries must find revenue sources and define their mission as they work to establish their independence and economic viability, according to a panel of experts.

The U.S. government and a variety of private foundations and nonprofit groups are working to support greater independence in media worldwide. They are sending media professionals from the United States to places all over the world to help newspapers, magazines, broadcast stations, and Web sites develop higher standards in their reporting and business operations. Financial stability and sustainability are as important as professional standards and independence for these media outlets to continue to report the news.

Managing Editor **Ellen F. Toomey** assembled a distinguished panel of these professionals to discuss some of their experiences serving as consultants at media operations in transitional nations.

William H. Siemering has worked as a broadcast trainer in Africa, Eastern Europe, and Asia. Before becoming involved in this international work, he was a public radio station manager and program developer. He was the first director of programming at National Public Radio, a U.S. network.

David Simonson has served as a business consultant at a variety of publications in Central and Eastern Europe. In his earlier career in the United States, he was president and publisher of Time, Inc.'s newspaper subsidiary and chief operating officer of the National Newspaper Association.

Rachel Thompson has worked as a media management trainer in Eastern Europe. She has also had a career as an executive at America Online, one of the largest Internet companies in the United States, and as a reporter and editor for media and telecommunications publications.

Global Issues writer-editor **Charlene Porter** moderated the discussion.

Question: What are the most critical needs for media attempting to establish financial independence, especially in those situations where they have no experience generating revenue or raising capital?

Simonson: My first thought is they need to overcome the "We never do it this way" syndrome. For example, in Croatia, as I was looking for advertising opportunities for the local media, everybody—from our embassy to the media—kept saying, "There's no money here, nothing can be done." The streets were full of Mercedes, BMWs, and Volvos, so, yes, there was money, it just wasn't "on the table" money. That didn't mean there wasn't an audience that would respond.

Q: So you attribute that negative attitude to their inexperience with media advertising and advertising sales?

Simonson: Right, and they had no background, for example, on how to establish advertising rates, how to encourage more than one-time advertising, how to reach out to potential advertisers. The mentality generally was, "If advertising comes in over the transom, we'll take it." They were saying, "It's not done that way, marketing is not part of our culture." But if you're going to compete in the marketing world, it has to be part of your culture.

Thompson: In my experience, publications were frequently started by very committed editors, and financing them became a real challenge. I had one editor say to me, "We don't want to go off and ask for support." He considered that unacceptable. If they like our product, he believed, let them come support it.

Q: Western media are known for pretty aggressive salesmanship. You've found that lacking in your experience with media in transition?

Simonson: Nonexistent. In Bratislava, there was a very successful business publication. It was successful because the two people who ran it had come to the United States, studied methodology here, then went back and applied it. It was the only media outlet that recognized that you had to sell subscriptions, you didn't wait for people who might agree with you to buy your publication. They were the only people who went out and realized that niche publishing could be successful, a way to make money. But they were the unusual ones.

The general media, because they had a background of political and government support, once that was taken

away across the formerly communist states, they were babes in the woods. One guy I met at a training program in Belarus said to me, "Don't teach me this, just send me money."

Q: Bill Siemering, describe your experiences with radio stations striving for financial independence.

Siemering: First, there needs to be political will in the country to support independent media through media legislation that provides access to information, defines libel, and ensures freedom of media. That has to come from the top leaders. It's really fairly easy to convince the authorities that it's in their best interest to have independent media because they will be best served by that.

When we talk about independent media, I also want to add "professional" or "responsible" media. Just independent media in itself does not guarantee democracy or civil society. In so many countries, they privatize the radio and all they do is play rock music. This has been true in Budapest, Kiev, Ulaanbaatar. They are doing virtually no information programming.

In Mongolia, for example, the newspapers gained freedom from the state and the papers said, "We're free! We're free! We can do whatever we want." But they were irresponsible, printing rumors and gossip. So the government could easily discredit the media, and say, "See, you can't believe what you read." So that kind of response to independence undercuts the credibility and the role of the media as an accurate source of unbiased information that is essential to democracy and civil society.

When the present prime minister of Mongolia came in, he said he didn't want to see [sensationalistic] newspapers that have decapitated bodies and sex stories on the front page.

In terms of the economic independence of media, there need to be models and examples so that journalists realize you can have a profitable business and be responsibly independent without being sensational.

Simonson: Or pandering.

Q: What about the situation where a wealthy individual or group takes over a formerly government-funded medium to use it for his/their own purposes?

Simonson: This shouldn't surprise us. In U.S. media

history, in the 1890s through the early years of the 1900s, that was what wealthy people did. Public pressure and the maturation of society changed that. Ultimately, a free market determines whether you're going to use your paper as your own tool. If nobody buys your paper because it's not meeting the need, you don't have readers, and you don't have a voice.

One thing I'd like to add to what Bill said: We tend to define a free press as a right to say what you want. You can do that even in countries where journalists are licensed, but that's not freedom. A free press has the freedom to gather information without intervention and the freedom to disseminate that information. The editorial views of a publication are not as important as letting the public have the facts, and they'll make up their minds.

Q: Does the market work to demand responsibility from media outlets?

Simonson: The market demands it, but to achieve an audience editors will try something else. Yugoslav papers ran nudes on page one that had very little to do with the news and the responsibility of a legitimate newspaper. The publisher once said to me, "That's why they pick up the paper, then you reach them." It was very hard to tell him that didn't work and it was denigrating to women.

This publisher then came to the United Nations to cover his prime minister, bringing copies of the paper with him. The U.N. press department looked at the nudes on the front page and told him he didn't have a responsible publication. That was the first time that the problem hit home with him. I only sounded prudish trying to talk to him about it.

I think one thing that's not well understood in developing countries: People who have a voice, or want to say something, say it, but what they don't realize is that nobody will read it until the publication understands the audience and meets the needs of the audience. That's where editors are important. The best editor—radio, television, Internet, or print—is the one who can develop an audience, not just create things for his own ego.

Siemering: I first went to South Africa in 1993 before the elections. Community radio was part of the liberation struggle, the idea of giving a voice to the voiceless. Because the government believed the interests of democracy could best be served by community radio,

they only gave licenses to community radio stations the first year of licensing from 1994 to 1995.

I went to the first workshops when people were talking about community radio before it went on the air. People would say, "Now everyone has a right to be on the radio." One station went so far as to put a microphone up in the street and let anyone say what they wanted to.

When the stations went on the air, the listeners would say, "That was a very good presenter." Or, "We want more programs in our language," or various other suggestions. They were very vocal in telling the stations what they wanted to hear, just as an example of how the market can direct programming.

The stations very quickly became sensitive to these issues and tried to improve the quality rather than having people just go on and on [talking].

Q: David Simonson, didn't you also witness some rather turbulent transitions to privatization during your consulting work in formerly communist countries of Europe?

Simonson: Yes. In Slovenia, a publication I was advising had privatized, and all the reporters held stock [in the company]. They'd all get together and vote out the editor every week because now they were the owners. So rather than teaching them marketing, I spent three weeks structuring a board of directors and some operational policies. Privatization was akin to anarchy in that situation, and you can't have a business plan or any plan with anarchy.

Q: Let's return to the issue of establishing financial viability for a moment. Bill Siemering, you were going to give us examples of some of the methods you've encountered as you've consulted with struggling radio stations in various parts of the world.

Siemering: David mentioned seeing Mercedes in Croatia as a clue that there might be money in the community to support media advertising. Well, there aren't any Mercedes in the Gobi Desert; there are only herders, animals, and a few Jeeps. There are small businesses in the provincial centers. When I first went there to see a station two years ago, I thought there's no way they can raise money from advertising here. I was just back there in September and they have ads on the radio with somebody saying, "I've got fermented mares' milk for 15 cents a liter. This is where you can contact me." Or, "I want a ride to Ulaanbaatar." Or, "I lost some horses."

Simonson: Like a classified ad on the radio.

Siemering: Exactly. They get a third of their income from running these ads. They have a salesperson in the market collecting these ads from merchants, or anyone that's wandering through. Even though it's very small, the scale works out.

Q: Are you saying that a great deal of their advertising comes not from commercial enterprises and businesses as we think of them in the West, but from individuals selling the mares' milk, or wanting a ride?

Siemering: Yes, that's right, but there are also business advertisers as we know them too. One of the most successful commercial businesses is an ice cream company—Simba Ice Cream Company. They put a coin in the occasional ice cream cone. So if the coin shows up in your ice cream cone, then you take it to the radio station and you get a prize. It might be a sports outfit, a basketball, or cosmetics for a woman. Then they recycle the coin. This has been so successful that the competing ice cream company came to the station and complained, "Nobody's buying our ice cream any more." The advertising has been that successful.

Going to another station up north in Darkhan, Mongolia, that operates on \$1,000 a year, they do a lot with bartering. They're located in one of the old Soviet-era, high-rise apartment buildings. They've bartered for their electricity, their telephone. They have an agreement with the hospital to provide health care for the employees. I talked to them about corporate underwriting like we have in public radio in the United States and they said, "We have that with the tenants' association in the apartment block." And I asked, "So what does the tenants' association get?" They said, "We broadcast the names of the tenants who haven't paid their rent."

Thompson: I was working with a regional news agency in Moldova, north of Chisinau, near the city of Balti. Generally speaking, economic news—business news—is a product with a lot of value, and this agency realized that. But being outside of the capitol, they weren't

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geographically well located to scoop up the news about what was going on in government, in the main banks, and so forth.

Balti did have a growing amount of economic activity, but it was difficult for reporters to gather information and put it into a meaningful context for business people in the region. They found that government and business officials were themselves very poorly informed. There wasn't a tradition of government sharing information on economic activity, and small businesses didn't yet understand how they could use the news on economic activity to their own advantage.

The agency was very enterprising, and began working with the local commerce association to try to train young businessmen to work with public relations people to teach them how to hold a press conference, that sort of thing. They were going outside of the reporting business to educate the audience and create a market for their product.

I thought it was incredibly enterprising, but also raised some concerns. In an ideal reporting environment, you go beyond the press conference. You go beyond that and find other information. Getting into public relations had the potential to lead them away from their main business, away from their focus on reporting the news.

Simonson: If you're going to be economically successful, you have to meet the needs of the people, of the audience. That's true no matter what medium you're in. What happened so often in the formerly communist nations of Europe was that media operations got started as voices against the government. And they could be vigorously negative. Working with newspapers in Croatia in 1999, I asked them, "What happens after [the late president Franjo] Tudjman goes?" It was common knowledge he was suffering from cancer at the time. They said, "What do you mean?" Nobody had given any thought to what the publication might be for or against when he died.

In Slovenia, at the paper I mentioned where there was

anarchy, circulation dropped from 100,000 to 27,000 in two years because they were still advocating independence that had occurred two years before. They refused to focus on the needs of the country two years later, and those needs had changed. They weren't relevant in the way they had been before.

Too often, the people who are leaders in the media don't narrow down to what's really useful to their audience. That's the difference between marketplace success and writing for your own gratification.

Siemering: You also need to think of how your product can help the community and the economy. In Soweto, a black township west of Johannesburg, South Africa, Soweto Community Radio had a pizza shop as a sponsor. That shop was so successful as a result of the advertising they were able to open another shop.

One other way of raising money I wanted to mention: The Open Society Institute's Network Media Program supported the association of regional newspapers in Moldova so that they could offer group buys of advertising. That enabled them to greatly increase the amount of money they got from advertising, as opposed to street sales, for all of them. Then the OSI helped them pay for investigative reporting supplements that would be run in all the newspapers once a month.

By the development of the association, responsibly helping both economically and journalistically, all the papers benefited. All too often, some of these old associations are quite ineffective. They need a new vision and new leadership.

Thompson: Working in Kiev, I saw regional communication developing, people from newspapers and Web sites working together to educate advertisers, sharing experiences on setting rates, on best practices. As much of that as can happen is good, because eventually it will help build a regional economy. It's extremely valuable.

Q: What strikes me in hearing these anecdotes from so many different countries where you've worked is the creativity. You've encountered some extraordinarily creative solutions found nowhere in the Western model. Are media in these countries finding entirely new ways of doing things?

Simonson: Yes, but it needs to be said that all these marvelous things we're talking about aren't going to work

if there's government intervention. This is a very important part of the message.

The need for a free media without government intervention is crucial. Anytime the government wants regulations on anything, it's dangerous.

In Slovakia, when Vladimir Meciar was prime minister, the government could assign where a paper was printed. If the paper opposed Meciar, the government would take the paper off a modern offset press and put them on a 1909 press. All of a sudden they'd lose advertising from the auto companies and all the companies that required good reproduction for their ads. And the government could deny any responsibility for the declining revenue of this opposition newspaper.

In that kind of climate, free media is endangered.

Siemering: But to underline your point about the creativity, there is creativity there, and those of us coming in as consultants to news outlets in transitional states need to recognize that and not try to impose a Western model. It doesn't fit. If we give them the principles of fair, accurate, balanced coverage and sound business practices, they'll create operating principles that are best for them.

We give them the tools to build a structure, show them what materials will stand up, and what won't. I always begin with a mission statement because you must have some vision of what you're using the medium for. You may make a profit, but you need to serve the interests of your country and your community.

Simonson: I think the mission is one of the least understood things in an emerging market. I remember looking at a profit and loss statement at a very successful publishing organization, and asking about the mission. "To be profitable," is what they said. And I told them, "Look, you'd be profitable if you'd just close down this whole magazine division. It's the newspapers supporting you." They said they couldn't do that, and I had to tell them, "Then being profitable is not your mission."

Siemering: I'd just say that you need a clear mission and a profound sense of the importance of information in a free society. Dedication to accuracy and truth has to be the same as the sacred trust you have with a doctor. It's a professional obligation to provide the audience with information they can trust.

Keeping very close to your audience is also essential, so that you're always getting feedback and staying in touch with them. They're informing your message.

The challenge is to present the information in an engaging way so that people will want to hear or read what they need to know.

Siemering, Simonson, and Thompson participated in this panel discussion at the Office of International Information Programs in Washington, D.C.

The opinions expressed in this article are those of the interview subjects and do not necessarily reflect the views or policies of the U.S. government.