



Making News in Alabama

BY KATHY C. BOWERS

Today, the roster of Birmingham's Community Newspaper Holdings, Inc. newspapers includes 90 dailies, 49 weeklies, and 167 other publications in 22 states, as well as three television stations. One daily, *The Eagle-Tribune* based in North Andover, Massachusetts, has won two Pulitzer Prizes and been named a runner-up on two other occasions.

Make a plan, work the plan, and stick with the plan. That's the credo that drives the business strategy of the nine-year-old Community Newspaper Holdings, Inc., and its president and CEO Michael Reed. It's also one of the keys to the success the Birmingham-based newspaper chain has enjoyed since Reed took the helm in 1999.

"At that time we did some real strategic planning," he says, explaining that a thorough examination of the company's strengths — weaknesses — was undertaken. "We found that we were very good at running newspapers with circulations between 10,000 and 75,000. Very small newspapers and those in really bad markets held us back. We wanted to make sure our portfolio of newspapers is aligned with what we do best. I said I'd take on the challenge of selling

the papers it didn't make sense for us to own. Revenue improved, profits improved, and profit margins improved."

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Each acquisition is carefully considered and made only after determining whether it meets at least four of five strict criteria Reed has set for any purchase. "We laid out a plan, the plan made sense, the plan worked,

and we stuck with it," he explains. The result has been an intentional slowdown in acquisitions — from one or two a month to only five in the past five years — but also a decided improvement in the quality of the





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purchases. “You don’t see measurable results in just a few months. It sometimes takes years,” Reed explains. “Too often leaders grow impatient and expect results too soon.”

CNHI publications specialize in the news that happens in small-town-America communities. Front page stories typically eschew Washington politics and overseas reports in favor of updates from the county extension agent on the health of the current peach crop or a review of the local high school football team’s prospects in the regional play-offs.

Neighborhood news is what the readers of CNHI newspapers want, and the company is more than happy to oblige, leaving national and international coverage to the larger worldwide news-gathering organizations. “Small-town newspapers are a people business,” Reed says. “You have to have the right people interacting with



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the market. You have to figure out their strengths and put them where they’re a good fit.”

Small-town should never be mistaken for small-time, however. The very fact that CNHI is bankrolled in large part with funds invested by the

Retirement Systems of Alabama (RSA) speaks to the business acumen of Reed, the efficiency of his operation, and the quality of the corporation’s publications. The RSA provides retirement and other benefits to employees of state government, public education, and assorted other organizations. It currently manages over \$26.6 billion dollars on behalf of its 297,000 members. “I have a lot of confidence in Mike,” says RSA CEO Dr. David Bronner. “CNHI has

given RSA the opportunity to diversify outside of stocks and bonds, to invest in tangibles. It allows a different asset mix that provides stability and strength.”

The relationship has, in fact, been good for the entire state of Alabama, fueling its \$7.2 billion tourism industry with tens of millions of dollars worth of free advertising in CNHI papers promoting such RSA-supported travel attractions as the 23-course Robert Trent Jones Golf Trail. “CNHI has provided tremendous support of the state of Alabama via newspapers in 22 states,” Bronner says, praising the company’s contribution to creating the largest industry in the state.

The CNHI-RSA partnership was forged early in CNHI’s corporate history when the newspaper chain was based in Lexington, Kentucky. “We helped them buy their first seven newspapers,” Bronner says. “I told Mike after they had 21 that ‘you’ve gotten big enough to move your

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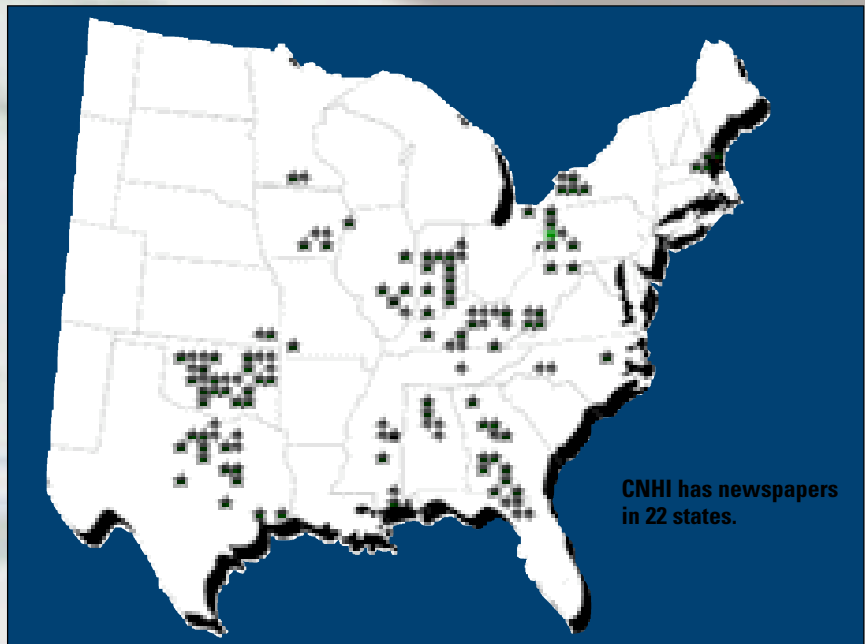


headquarters to Alabama.”

CNHI relocated its operation to Birmingham's Colonnade in 1998. The expansive sixth-floor office just off Highway 280 comfortably houses 75 employees who find the casual atmosphere and Reed's low-key management style much to their liking. Turnover is very low. "I tell everyone 'let's make sure we're having fun,'" says the boss who prefers to be called by his first name. "There's no 'Mr. Reed' here. Everyone knows me as a person and I guess I demand that of the other leaders in the company. To be a leader you have to be a person first."

Reed is a firm believer in the notion that happy employees are more productive and take greater pride in their work; thus the standard of performance is dramatically raised. Company morale is high at CNHI, and Reed makes sure it stays that way. "We do a lot of things big companies don't do," he says. Blue jeans are the typical office dress and company parties are frequently held. Weekends start early because Reed usually closes the CNHI office by mid-afternoon on Fridays. A company newspaper published for employees keeps them up to date on corporate happenings and industry news, while the annual Best of CNHI awards recognize journalistic excellence within the corporate family. Among other benefits, CNHI pays half the membership fees at a nearby fitness center for home office employees.

On the management level, continuing education is provided for department heads and publishers via a number of training sessions scheduled throughout the year. Held in eight cities around the country, each training session focuses on a particular discipline of the CNHI organization—circulation, advertising, editorial,



business office procedure, production, and leadership. Such constant training ensures continuity in the operation of CNHI's publications. It also improves overall efficiency, according to Reed, who notes that additional training in advertising and circulation is held twice a year at the Birmingham headquarters for new hires "to bring them up to speed." As an added perk, all managers are also CNHI stockholders. "They have part ownership in the company," Reed says of the benefit that also serves as a strong incentive to do the best job possible.

A definite emphasis is placed on a healthy balance of work and family time. CNHI employees understand that the company will support their need to be away from the office occasionally, whether their children are sick or starring in the school play. Flexible work schedules make that possible. "I have young kids and I recognize that what I'm going through at home is what others are, too," Reed says.

That family-friendly attitude is directed towards coworkers as well. When Hurricane Katrina destroyed

the offices and homes of the staffs of three CNHI publications, employees throughout the company came to the aid of their colleagues. Collectively, they donated, from their own pockets, \$100,000 to help their coworkers through the crisis.

In such an easy-going work environment, the temptation to slack off and even take advantage of the perks can be strong, and Reed admits that a "bad apple" turns up now and then. He refuses, however, to allow those employees to adversely affect what he strives to maintain. "We're not going to manage for the exception," he explains. "We're going to manage for the norm. We discipline those who take advantage but we don't change the policies and rules."

As Reed looks to the future, he sees no veering off course for CNHI, or wavering from the strategy that has taken the company where it is today. "We're going to stick to that plan we laid out in 1999," he says. ■