

11th International Symposium on Online Journalism: April 2010

Day 2, Panel 3 - Non-profit journalism: Models of non-commercial journalism online and their sustainability challenge

Moderator/Chair:

Paula Poindexter, Associate Professor, University of Texas at Austin

Panelists:

Scott Lewis, CEO, Voice of San Diego

Jim O'Shea, Co-Founder and Editor, Chicago News Cooperative

Evan Smith, CEO and Editor, Texas Tribune

Matt Thompson, Editorial Product Manager, Project Argo, National Public Radio

Paula Poindexter: Good morning. There we go again. I'm Paula Poindexter, and I'm on the faculty here at the University of Texas at Austin, on the journalism faculty. In the tradition of such a wonderful, wonderful symposium, this is the 11th year that I want to thank our Professor Rosental Alves. I was thinking this morning that it's really incredible. I believe that I have been at each and every one of your symposium, so thank you, Rosental for doing this every year.

[Applause.]

Paula Poindexter: I must admit that this is my favorite one, because Rosental has been after me for a while to get a Smartphone, and so I did for this occasion, and so on my Smartphone not only have I been able to follow things that I have not been able to follow before, I have been texting. Let's see, where is J.C. Yang, who is out here I think in the audience? She's doing her dissertation right now on Smartphones and news consumers, and I think we're all going to want to know what she has learned next year. But the other thing that I really like about the Smartphone is I discovered a stopwatch, and you'll find in a couple of seconds why it's going to be very important as we go through this panel.

A year ago in the midst of the Great Recession and seemingly weekly stories about the death of newspapers, Paul Steiger, President of ProPublica, stood before this group at the 10th Annual International Symposium on Online Journalism and talked about the launch of ProPublica. This model of journalism sounded like a fairytale. This model of journalism was so different from what we knew about news organizations that we didn't even know the

right questions to ask. One year later, more of these news entities have been born, there's more evidence of their existence in the traditional news media, we know, they have won awards, even a Pulitzer, and even been the subject of a masters thesis by one of our graduate students here at the University of Texas at Austin School of Journalism. Now one year later, we do know the right questions to ask, which is why we're going to leave plenty of time for you to ask questions once the speakers complete their presentations. And so that's why you know and I know and our speakers know that I have my stopwatch, and when they get to about 12 minutes or just before 12 minutes, they will get a time cue of one minute. So we'll have plenty of time at the end, so everyone can get up and ask questions.

Our speakers this morning are Scott Lewis, CEO of the non-profit investigative news source, VoiceofSanDiego.org; Jim O'Shea, who I had the lovely opportunity to meet the other evening at the reception, Co-Founder and Editor of the Chicago News Cooperative; Evan Smith, CEO and Editor-in-Chief of the Texas Tribune, and the wonderful thing about the Texas Tribune [is] now Austin has its own non-profit; and Matt Thompson, Editorial Product Manager at NPR. And so we will begin with Scott.

Scott Lewis: Thank you. I apologize in advance, I'm a little more nervous than usual. I get to do these things around the country and I do TV here and there, but this time I've got my wife, and my board chairman and founder in the audience, and my longtime friend and partner in this enterprise, Andrew Donohue, so they're all available to talk to you, I'm sure, too, at the end of this if you hound them. So for some reason that makes me a little more nervous than usual, but I'll just jump right in.

So *Voice of San Diego*, we actually just realized the other day [that] it launched right before YouTube did. We kind of set the bar for them. [laughter] And I say that in order to help you and us kind of conceptualize that we've had to adjust almost as much as a traditional media company as we deal with new realities like what YouTube presented and what others presented. When Buzz, the founder and the chairman, had the idea to start *Voice of San Diego*, I don't think he or anybody had any idea what was going to happen to the world or even the world of newspapers. Remember, in 2004-2005, newspapers were actually still pretty strong. So what I'm going to do is try to give you our world view on what we think is happening to the media and how we fit in. Some of this may be review, so I'll go through faster with it and then we'll talk about what we try to do and how we try to do it.

First, I believe that the world is turning into a personalized news world, that we are all getting to the position where we can craft our own personalized information streams perfectly, so that we can eventually just watch and listen and read and interact with the media sources that we really want to at all times, that we're never going to be just sort of subjected. Like my father had to depend on the newspaper to give him everything he wanted in the

morning, and if he didn't like it or whatever, that was just kind of the way it was. The newspaper came to him; the TV came to him. But the Internet forced everybody to go to their sources, and it was worth it because they were good sources of information, but it still took away that passive dependence, that passive reliability that my dad had, and so it forced him to kind of find everything. It forced him—even though they were good sources of information—it forced him to look for them. And I believe that this personalized news world is actually coming back to him, and it's going to get easier and easier for him to structure the kind of perfect information stream that he wanted before and actually also have the ability to interact with it, if I can get him to. [chuckles]

Traditional news sources though. Let's think about it. They compiled everything. And these are ideas that obviously a lot smarter people came up with that I'm incorporating; people like Clay Shirky, people like Matt Thompson, people like all kinds of people around the country, [like] Jay Rosen and others, but we're trying to understand them and how they apply actually to our own mission. But the traditional newspaper bundled everything for us. If you cared about Middle East, if you cared about stock quotes, or if you cared about sports teams, the traditional newspaper put it all in a book for you. It literally delivered it to your house and bundled it all together for you. And this was a tremendous service, but it was also a very costly one. If you think about what we were asking newspapers to do, we were asking them to be very creative companies, and photographers, and artists, and writers, and designers. We were also asking them to be businesspeople, and to sell things, and to advertise things really well, and to sell people's products really well. And we asked them to be also an industrial entity, where they printed and distributed literally a book to you every day. And now we're asking them to be digital innovative companies too, so that obviously changed with the Internet. This no longer was bundled.

Content became unbundled, and so people like my dad realized that if they cared about the Middle East, or if they cared about stock prices, or if they cared about sports, they could find better sources for them. They could go to these places. But again, you had to go to it, and this was too much for a lot of people. It was overwhelming for people like my father who were interested in all the best information, but it was confusing. How do you break it down? How do you deal with it?

So this brought the rise of, obviously, aggregators—people that we decided and that consumers decided to trust to filter all that information for us, to look through that big sea of information and hand us another sort of bundled model, a new-age type of newspaper, whether it was Drudge or Huffington Post or your uncle. I have a few relatives and I'm sure you do who send you the links they think you should read. They are trying to make sense of the Internet for you. So what we're learning from Twitter and what we're learning from Facebook and what we're learning from these places is that people are now structuring their own perfect information stream out of them,

and they can consume again if they want to. Now they can punish publishers differently. Rather than unsubscribing from the newspaper, they can eject them from their personalized information stream. They can punish them by un-following or by not being part of that.

So, how does *The Voice of San Diego* fit into this? We have to be something they want to include in their bundle of information. We have to be something as producers that consumers, who are now structuring their personalized information streams, we have to be something they want to put in there. We have to decide, who are these people that we're trying to get to include us in this information stream? Who are our target group? In our case, it's San Diego. In our case, it's the people in San Diego who are interested in thinking about the decisions that San Diegans make that affect their quality of life. And we can't duplicate. One of the things we realized almost five years ago was that we can't be something that somebody already is, because what's the point? In a world where people are structuring their own information streams, why are you going to do something exactly that somebody else is doing? Because unless you're better, unless you're different or better, they've got no reason to look at you.

So, what's the mission of *Voice of San Diego*? To consistently deliver groundbreaking investigative journalism to the San Diego region and to increase civic participation by giving residents the knowledge and in-depth analysis necessary to become advocates for good government and social progress. So for the first few years that *Voice of San Diego* started after 2005, we focused almost wholly on that first part, on that investigative journalism part. And that's why I have the pleasure of being with you here today, is because we made an impact with that. We did investigations that took us months, that took us years, that changed our city, that made us proud, and that got us featured on the front page of *The New York Times* and changed our life after that. Funny how we got so much validation from a paper news source, but it was a big deal for us. And that was recognition of the fact that we had done so much quality investigative news.

Now we're starting to transition to understand what the second part of that mission was. As a non-profit, we were formed with a mission not to earn money, not to even just create a community, but to actually accomplish something. And this is the great, I think, beauty of this new model, as we turn away from the idea of a journalistic entity simply earning money and passing that on to shareholders or whatnot. With a mission, you are forced to ask people for money to pursue that mission. And I think that actually makes it healthier in the sense that you're forced to actually think constantly about what it is you're trying to achieve. And that's not just to get eyeballs. That's not just to make money. It's something better. It's something different. It's something not more holy, but something more — it's a means. Journalism becomes a means to an end. And we're still trying to define exactly what that end is, but I think that's what the common thread is between all of the non-

profit organizations you're going to hear from. It's trying to pursue something.

So we made a decision early on that we wouldn't cover anything unless (a) we could do it better than anyone else or (b) no one else was doing it. Switch those. But the point was if, say, a fighter jet crashed in San Diego and there were 30 or 40 reporters going to cover it, we had to decide to not cover it, because (a) we knew that people were going to be there, that we wouldn't be able to add something to the story, and that we have so few resources that in a personalized news world, we have to be able to add value. We have to be able to do something different. If we had just sent somebody to that crash site and they just did the same story that *The Union Tribune* or that another local news source had done, what's the point of *Voice of San Diego*? What is the point of this operation that we're doing? And so for years and years, we've had to wrestle with that problem, but it's also forced us to then focus on quality at all times. So two weeks later, we're able to publish a story that says that an engineer, who was asked to study the flight path of planes coming into the local airbase, had predicted that exact crash scenario. And we're able to come out with a story two weeks later that helps provide perspective on why that happened the way that it did. And that's the value of a focused operation that sees itself as part of a much larger world, not just alone, not just trying to be *the* source of information for everything that you might care about.

So we practice what John Thornton brilliantly labeled *revenue promiscuity*. We get five sources of revenue. [We] generate loyalty and passion of users to turn them into donors. We generate the loyalty and passion of philanthropists to get them to become big donors. We are also building corporate memberships, corporate sponsorships: organizations and non-profits, even unions. We call them corporate, but basically organizational community partners that are providing support for us. Content services. We're now selling and marketing our ability to help other news organizations accomplish their mission. Sometimes *for* profit. And this is an exciting frontier for us. So we are basically concluding that sometimes people can distribute information, our information better than we can through our website. We are no longer just a website. And then, of course, our most important thing is to contain costs and not necessarily invest in technology, but instead to incorporate and use the tools that are available or that somebody might even pay us to use.

So, quickly I'll run through this. I'm running out of time. Sorry about that. Membership. We're trying to turn users to donors, donors to participant members. We have 1,080 people who have given us money right now. Hopefully by the next few years, we'll get that to 10,000. We believe in the 10% rule, that 10% of loyal readers, loyal users will donate, and this is what's reflected, I think, in the experience of NPR and others. Philanthropy. These are big donors, but also grants and foundations. We are working right now on what we're calling our community partnership effort, and this is the

corporate membership. So, for example, a corporation wouldn't just purchase ads on the site, but also gets consulting on how to use social media, and how to use the media, and how to understand the media and build more of a feeling that they want to support us, and that they get presence. As sponsors, they get their logo in places, but they also get to support something that they want to be associated with. They want to be part of what we have done to become part of people's information streams and to do that tactfully and to do that well.

And now the most exciting things, I think, we're doing right now is our content services. We launched recently the San Diego Explained and San Diego Fact Check. These are two things we do with NBC, the local NBC affiliate. NBC pays us to do two segments a week. One where we take a complex issue in San Diego and we break it down and we bring people up to speed on the strong mayor form of government, or on the medical marijuana controversy, or on desalination as a water source. These are all issues that people take from the top and say, you know, the latest in controversies, and then there are — but then nobody ever just brings you up to speed. And that's the point of this. And then the Fact Check runs every Friday, where Andrew and I get on the TV and talk about things that are either true, false, or worse than that. So this is a great thing, because it helps us market ourselves, it helps us pursue our mission, and then it also brings revenue in.

Finally, we need to contain costs. And I can talk about how we do that by not investing in the creation of technology, but trying to incorporate technology. That's it for me.

[Applause.]

Jim O'Shea: Good morning. Thank you for having me. I'm a journalist and so I'm not going to give a speech today. I'm going to tell a story. That's what journalists do. And it started a little over two years ago on my front porch, while I was sitting there staring at the Pacific Ocean on one of those bright, sunny California days, much like the one here today in Austin. For me, it was an unusual moment. My employer at the time, The Tribune Company, had generously given me the opportunity to spend some more time with my family. [laughter] The publisher at *The Los Angeles Times* had fired me over my refusal to put my name behind a budget that I didn't think served the interest of the newspaper, the newsroom, or its journalists. For the first time in a history that stretches back to a kid selling peanuts in a ballpark in St. Louis to the day that I became the editor of the largest metropolitan daily newspaper in the United States, I didn't have anything to do that day. I didn't have a job and I had nowhere to go. So I was sitting on my porch watching the dolphins frump in the surf. And friends started calling me saying, "You know, you really need to write a book about this." And I said, "You know, I just want to put this behind me and move on." And one guy said, "Come on! You're sitting out on a beach. You aren't doing anything. Just write a proposal. You don't have to write a book. It'll make you feel better.

And then you can decide later if you want to write a book.” So I started thinking about that. It was late January, and I wasn’t about to go back to Chicago in January. And if anybody’s been in January—[laughter]—you know what I’m talking about. So I started writing my proposal for a narrative of why *The Times, Mirror, Tribune* merger collapsed and how it was really kind of a microcosm of what happened to the industry. And as I began thinking about it and thinking about journalism, I realized, you know, I can’t really write that book without doing more reporting, because I really don’t know what happened. I had a front seat to it, but I don’t know why. So I started thinking some more, and I began thinking, well, wait a minute. If we don’t know how we got into this mess, if we really don’t know, how are we ever going to get out of it?

And so I began thinking a lot about journalism at the time. I moved back to Chicago a few months later when the weather got better. And my agent and I were in the thick of a book, which I sold to a publisher, Public Affairs of New York, which is run by Peter Osnos, who along with me is a co-founder in our venture. Peter and I had a few things in common. When he was at Random House, he had published one of my earlier books. He and his family have houses from Chicago, across Lake Michigan, from Chicago. So he had an interest in there. His son, Evan, I had hired as a reporter at *The Chicago Tribune*. He’s now at *The New Yorker*. And we were both pretty concerned about the dismal state of journalism in Chicago, where both of the dailies were either in or headed for bankruptcy. So just after I signed the contract with Public Affairs, I was also fortunate enough to head off to a fellowship at the Shorenstein Center at Harvard, where I thought a lot about journalism and I met some really, really interesting, talented journalists, who were also concerned about their future, some of whom are here in the audience today. And just as the fellowship was ending in June 2008, Peter called and asked me to help get off the ground an alternative to the dismal state of affairs of news coverage in Chicago.

I must confess I did not jump at the opportunity. There was no money, no plan, no staff. As I looked back on my career though, I thought, you know, journalism has been really good to me and maybe it’s time to pay back, to do a little payback. And so I decided that I... I reminded Peter, “You know, I owe you a book.” And he gave me those precious and terrible words that anyone could ever hear, any journalist could ever hear, he said, “Don’t worry about the deadline.” [laughter] So about a month later on paper at least, a non-profit journalism cooperative in Chicago was created. It was designed to blend the best of the old and the new media and become a self-sustaining news operation dedicated to filling the gap in quality journalism that had been created by the decline of the dailies in Chicago. We didn’t have any money, but we had some luck, and one of our first strokes [of luck] was connecting with Mike Koldyke, a Chicago venture capitalist, and Newt Minow, who’s an icon in Chicago and a former head of the Federal Communications Commission. They shared our concerns about what was going on and they were also on the board of WTTW, which is the public television station in

Chicago. When they told Dan Schmidt, who is the head of that organization, what we were up to, Dan became very interested. He saw us as a source of good, inexpensive content. And so we created a partnership in which we became a 501(c)(3) non-profit venture of WTTW, and that gave us a status that made a quick start possible and eased our fundraising challenge.

Next came our relationship with *The New York Times*. *The Times* bureau chief in Chicago, Monica Davey, is another who died hard at *The Tribune*. [She] heard about what we were doing and she asked if she could tell Jim Schachter, a *Times* editor in charge of the paper's digital initiatives. I said, "Sure," thinking, you know, okay, I'll hear from this guy several months from now. And literally within five minutes of getting an email, Jim called me. And as it turns out, it's always, you know, timing is everything. They were concerned that Rupert Murdoch was about to enter the Chicago market and produce some local pages for *The Wall Street Journal*, and so they wanted to see if they could get out ahead of them. So we talked for quite a while, and I told them of our plans. And I was going to New York the next week to do some reporting on my book, and I offered to drop by, and the next thing I knew I was sitting around talking to *Times* executives and Jim, Bill Keller, the executive editor, John Geddes, the managing editor. And I was telling them that we could really produce a good, local, solid journalism, Chicago journalism, for the pages of their Midwest edition.

I had also planned to spend the month of August in California reporting on my book, and no sooner had I landed there, I got a call from Jim saying that he had some news for me. At this point, we had not raised a nickel, and Jim presented us with a challenge, "If you can come up with a satisfactory journalism and financial plan by Labor Day, *The Times* would make a significant contribution to the coop that would help get it off the ground." Well, that took care of August in California. [chuckles] I returned to Chicago and Peter and I began refining a plan that I would present to *The Times* and the McArthur Foundation by Labor Day.

I intensely believe that the problems confronting the news media can and should be solved by journalists, both the seasoned crusty newspaper hands, like Peter and myself, and the younger industry firebrands equipped with some of the most fascinating and effective digital storytelling techniques I've ever seen. In pondering what happened to journalism for my book, I also concluded that we had lost touch with our audience and the industry zest to generate advertising revenue at the expense of readers. So I decided to remove profit from the occasion and be a non-profit, much like the cooperatives that I had covered as a young reporter on *The Des Moines Register*.

I told *The Times* and the McArthur folks we would use any money they gave us to create a small staff of professional journalists trained in the old and new media to create a report that would fill the widening gap in the market for high quality, professionally edited, public service journalism. The kind of

reporting that was crucial to a democracy, but also the kind that is all too easy for daily newspapers struggling for their financial lives to abandon. Fully operational, our plan would require about \$3-million a year. However, I concluded that *if* we could raise about half of that, I could get the organization up and running so that we'd generate revenue from four sources: (1) is the journalistic services like *The New York Times*, providing content for them, (2) philanthropy and sponsorship revenue much like what we were talking about with everybody here, people like the McArthur Foundation and the wonderful, wonderful people of the Knight Foundation, where I have a request pending, [laughter], (3) some ad revenue from a Chicago news cooperative website we would develop, but because I think advertising is no longer a reliable partner to finance news coverage, I limited my ad projections to 5% of our projected revenues, and (4) a most important source is membership revenue, for \$2 a week, we would ask readers to join the coop. Keep in mind, I'm not asking members to pay for content. I'm asking them to join the coop, one of the benefits of which is quality journalism.

For \$2 a week, members would get various benefits similar to the conventional menu you see at public television and radio stations around the country, plus the opportunity to join social networking sites or news interest networks organized around an interest in the specific kind of news. If you're interested in education, we would organize and facilitate a news interest network composed of like-minded individuals in a community. Journalists would interact with the members who would help them form our news coverage, become sources, contributors, help us with projects, such as one we're currently doing developing profiles of all Chicago schools, attend events and other activities, all accessed by a website where the reader could get exclusive reports on the education in the City of Chicago and marry the interest of the reporter and the reader. The reader would know the reporter and the reporter would know the reader.

When drafting the financial plan, we computed that if we could get 30-to-40,000 members or less than one-half of one percent of the population of Metropolitan Chicago, over five years at \$2 a week, we would have enough revenue to support a staff of 30 to 40 journalists in our organization and be self-sustaining without further philanthropy, and even if we didn't get a dime in advertising. Now getting 30-to-40,000 members is not easy. I've talked to everyone from non-profit development officers to executives of consumer product companies, and they all agree, it's very hard, but it's not impossible. It can be done. When we laid out these plans to *The Times* and the folks at McArthur, they liked enough of what they heard to give us some help. In less than a month, the McArthur Foundation improved a grant of \$500,000, which was unheard of in that timeframe, and that's the most they could give on an expedited basis.

We negotiated a contract with *The New York Times* in which they agreed to make a sizeable contribution to pay us for content which would become two

pages of Chicago news that appeared twice a week in *The New York Times* Midwest edition on Sunday and Fridays. Here they are, I think. There they are. Those are the pages that we produce. We do two of them a week. I am somewhat proud to say that the first lead story I got threatened with a lawsuit from Morgan Stanley. [laughter] And it was really kind of neat because I didn't have a lawyer. So as the clock ticked toward my deadline, I was out scurrying around the streets of Chicago seeing if I could find a pro bono lawyer that would represent me in case I got sued. Anyway, we are online too. The Chicago Report is online. [coughs] I'm sorry. Excuse me.

So by late October, we really signed this deal to produce this, and this really went up fast. I mean, on November 1, I didn't have a single employee. By November 20, we were producing data, and we've been doing it ever since. Actually, the money from *The Times* and McArthur plus a handful of individual contributions didn't give us all we would need to get started, but we decided to push ahead anyway to demonstrate that we could deliver on our vision and our promises. Had I still been at *The Tribune*, we would have probably been drafting an elaborate, strategic plan and been arguing about it, but we didn't. We've been doing this for now five months now. As Peter says, we're the dog that caught the bus. We've been producing pages for *The Times* with a very small staff. And now that we caught the bus, what do we do?

The results for our pages here have been good so far. *The Times* circulation is up in Chicago by about 700 readers. That doesn't sound like much, but when you consider it was going down before we started, I'm pretty proud of that. The ad revenues are far ahead of projections. We are working on an Internet site that we will want to form. We do have a very basic one, but it's really not much more than a landing page, because we really want to do much more and be much more aggressive about it. And we are working on forming the first news interest network on education, and people are pretty excited about it, and I think the reaction has been good.

Money is and remains our major challenge to sustainability. We raised enough to produce the pages for *The Times* and create this website, but we've got more to do. To really fully develop and create the kind of website we need to test, refine, and facilitate our membership plan in the news interest networks [which] we want to create on a range of subjects, we're going to need more money. And we are now working on a lot of things collaborating with *The Texas Tribune* to save costs. They've been really terrific and very, very helpful to us. We have a full-time staff of six complemented by a dozen or so freelance journalists, and everyone is a reporter. As editor, I edit and write stories that now appear in *The Times*, but I also had to learn some new skills, such as how to raise money, which has not been fun for someone who never liked to ask for anything. We also just recruited a strong, local businessman and leading civic figure, John Canning, Chairman of Madison Dearborn, an \$18-billion private equity company, to be

the chairman of our board, a crucial step in our evolution. And I'm about to hire a managing editor.

We're still a startup complete with the plans that were hatched in my kitchen, but I'm determined to see this through. Because of journalism, I achieved my dream of seeing the world, but I also saw what happens without good journalism—the shuttered newspapers and jailed journalists in the Balkans and Iran. How censorship and control of media breed ignorance and tragedy across vast swaths of the Middle East and Africa. And I've also seen the good journalism can do—the men wrongly condemned to death saved by a dogged reporting from *The Chicago Tribune* [and] the injustices in our courts exposed by some reporters from *The Los Angeles Times*. This is not profitable reporting. This isn't reporting by ROI. It's journalism—the kind I believe in. I will do everything in my power to make this cooperative succeed, because we desperately need to blend the old and the new to create good, solid, public service journalism. We must do more and create apps to tell people how to water their lawn. We need the kind of journalism—public service journalism focusing on politics and corruption, and what's going on in cities like Chicago, and we need it more than ever. We must succeed. The stakes are too high to fail. Journalists are the ones who must create their future. The news is in our hands. Thank you.

[Applause.]

Evan Smith: Can you give me a hand getting this up here? Hello, I'm Evan Smith, the CEO and Editor-in-Chief of *The Texas Tribune*. Let me say, first of all, it's an honor to be on stage with these guys. I admire Jim O'Shea so much. More so after that speech, which I thought was terrific. It's wonderful to see Scott [Lewis], Buzz Woolley, Andrew [Donohue], who I've said beforehand, if there's a Mount Rushmore of non-profit journalism, the *Voice of San Diego* guys would be on it. Because when we came out to launch our site six months ago or so, we walked out to the end of a relatively untrammelled plank. There were very few people out there on the edge, but *The Voice* people were out there almost from the very beginning, and they were an inspiration to all of us. And of course Matt Thompson was one of the earliest people we brought down to see us to talk to us about the work we're doing, and so we admire Matt enormously. Thank you, Professor [Rosental], for having us. Welcome to Austin. Yes, the weather is this good. No, you can't move here. [laughter] You can visit, but you can't move here.

This is *The Texas Tribune*. I spent 18 years at Texas Monthly Magazine here in Austin. Came to Austin from another place, not Texas, to be an editor, and ultimately the editor of Texas Monthly. I spent nine years as editor of Texas Monthly, the last [year] also as president of the company, and had come to do everything that I came to do and was ready to go off to a new adventure. And my friend John Thornton, who is with us here, the chairman of our board and our founder, who is a great venture capitalist in Austin, approached me with an idea that public service journalism needed saving. That's a very basic

and sort of shorthand articulation of the premise behind *The Tribune*. And after a period of time of persuading me that the economic model was there to support the work that an organization like this one might do, I jumped off the cliff with him and we launched *The Tribune* last November 3rd. Next week on Tuesday will be 27 weeks of *The Tribune* being up and running. On the 3rd of May, it will be six months to the day from the day *The Tribune* launched. We opened the office on September 1st of last year and hired people and began on November 3rd, so it really hasn't been very long; although as I am quick to explain, I've forgotten everything I did during those 18 years, because the last 26, 27 weeks of this startup have really been quite a lot of work and very rewarding, and they've taken all my time and energy.

This is the site as of yesterday morning. Not in real time, but it's what the site looked like yesterday morning. And if you go to *The Tribune* site any day, TexasTribune.org, you will see a mix of original journalism [and] aggregation, which are really just outbound links to other people's sites. As a non-profit, we are not reselling eyeballs to other people. We don't need to be greedy about traffic. We can be magnanimous in driving traffic to other people's sites, so aggregation play is simply that—outbound links to other people's sites of stories that we like. We have robust data products, a library of documents, an elected officials directory, our blogs, aggregated blogs, the whole thing. And I would encourage you to visit *The Tribune* site to see what we're up to every single day, but I want to tell you a little bit about the reason behind *The Tribune* and give you some transparency on the numbers to date and the economic model, where we've succeeded and where we still have some work to do.

The Tribune was built around the idea of four basic challenges. The first was a decline in coverage of statewide issues in Texas. When I moved to Texas nearly 19 years ago, two things were the case that are not the case today. The first is there were two daily newspapers in Houston, San Antonio, Dallas, and El Paso. Today, there are six markets in the country, none of them in Texas, with two daily newspapers. So we know that there are many fewer newspapers publishing today than there were even 20 years ago. We know that the decline of the media economy and the newspaper economy particularly has resulted in a lot of reporters who are very, very good, talented folks no longer being in their jobs. There are many fewer reporters covering big stories than there were 20 years ago as well. And we just know from looking at your daily newspaper when it arrives on your doorstep every morning that there are fewer pages in newspapers as well. And at the same time, the problems that we face here in Texas, much as I'm sure the problems you face in a lot of the states you've come here from, are bigger than ever.

We like to say, "Everything is bigger in Texas." Well, so are our problems. We have more uninsured people in Texas than in any state in the country. We spend less per capita on higher education than any state in the south. We have major public school districts on the verge of insolvency. We're going to

run out of water in Dallas and San Antonio in 20 years if we don't do something about it. We know the challenge that we have with energy. When Molly Ivins was alive, she used to say, "Texas is Mississippi with better roads." [laughter] Now we know that Mississippians wake up every day thanking God for Texas roads. And on and on. All the problems that we face in these big issues—healthcare, public education, higher education, energy, transportation, and then the granddaddy of them all these days is immigration.

We are at the epicenter of demographic inevitability. This state is a minority majority state. It will shortly be a majority Hispanic state. And if you look at the allocation of state dollars to the communities in this state, if you look at a chart, first of all, of population growth in this state, the Hispanic community is going like *this*, the Anglo community is kind of going a lot flatter, and the African-American and Asian communities are basically flat. But if you look at the allocation of state dollars to those communities, it's basically one-to-one-to-one. There is a complete lack of acknowledgement of the inevitable demographic change in this state that's upon us. All of this presents, from our standpoint, an opportunity to shine a light on the things that are challenges for all of us in this state who can solve any problem if we simply lock arms and work together. Some people see them as negatives. We see them as opportunities to work together as long as you cover these issues in a big way.

A second major challenge we identified was the decline in engagement on these issues in the state. If you go back and look at the statistics, Texas has historically been in the bottom 20% among states in voter turnout, especially in non-Presidential election years. We also know that younger people in this state, like younger people elsewhere, they may be getting their news from Stephen Colbert or from *The Onion*, but they are not reading newspapers like many of us old guys might have done in collage. They are certainly not watching TV news. And yet, they are on the verge of inheriting this state and all of its problems, challenges, [and] opportunities from us old guys. They need to be demonstrated, told, proved. We have to prove to them that they have a stake in the resolution of these issues. And yet, they don't have any clue what kind of a state they are going to inherit.

We know that in this country right now we've had an extraordinary increase in partisanship. It's not just an Obama deal. It's not just a Bush deal. It's not just a Clinton deal. But you can go back through those administrations and watch the rise in partisanship take off. Politics is more divisive these days. And not all of the media, but some of the media has dissolved into an echo-chamber pose: 5% on the left, 5% on the right, 10 to control 80-or-more percent of the conversation in this country. But we who live in the middle—the vast majority of us—want reliable, accurate, thorough, complete, fair, honest, non-partisan reporting. We don't need an echo chamber. And if you want an echo chamber, there are places to go on the left and the right. We think the place to do good, meaningful work is in the middle.

And the last thing, I think, [is] no matter where you come from in the media landscape, you cannot deny that it is proven that the for-profit models simply will not pay for public interest journalism. There are structural problems in the media economy that we have seen play out over the last several years that have caused newspapers to make the choice that they can cover this stuff less, because they have to cover stuff that will sell papers and sell advertisers on the idea of being in papers. Serious content simply cannot be monetized to the degree that it is a good business for people to be in. This is the set of challenges — these are the challenges that we confronted at the decision point to launch *The Tribune*.

These numbers are as of 25 weeks in, so go back a week ago from Tuesday. We've had more than 3.8-million page views on *The Tribune* site since launch. We've had more than a 1,086,000 visits from 190 countries, and almost 1,200 different cities and towns in Texas. The idea [that] this was going to be a play where we basically scoop up everybody within three blocks of the capitol in Austin, which was one suggestion at pre-launch that would happen, has not happened. 40% of our traffic is from outside of Texas, which is a stunning statistic. And of the 60% that's in Texas, a third is in Austin, a third is coming from the other big Texas cities, and a third is coming from the rest of the state. So 20% of our traffic in total is coming from Austin. The idea this was going to be a deal where capital insiders are talking to... Where Governor Perry's campaign advisor, Dave Carney, at one point said to one of our reporters, "Hey, how are things at the world's most expensive blog?" Dismissing us as essentially talking to an audience that is already being served by various capital and political media. We have obviously blown that assumption away in terms of where our reach is. As of the 25th week, 583 unique visitors to date, including 200,000-plus unique visitors in March. We had projected that we would be at 150,000 unique visitors monthly by the end of 2010. We also had a million page views for the first time in March. We are tracking to be at 2.5 million page views for April. So we have seen the hockey stick effect with traffic that you hear about. And I love the loyalty that we're building. 17% of our visitors to the site have been back more than eight times. We're not only getting people to come once and twice. We're becoming a reliable source for news, and people are coming back over and over again.

Take a look at the distribution of our traffic in those 25 weeks. The data products, which we call the library, that we're producing are tracking at two-and-a-half times the narrative journalism. Two-and-a-half times. We have more than 30 databases of searchable public information on this site; everything from government employee salaries to campaign expenditures and contributions to red-light camera data to daycare centers subsidized by the state and federal government whose owners have a criminal history. You can search any of this stuff. We got out, we aggregate it, we clean it up, [and] we provide it on our site. The data pages are getting two-and-a-half times the traffic that the narrative journalism pages are getting.

Money. People always want to know about money. Well, here's money for you. We raised more than \$4-million in 2009. If you think that we opened the office on September 1st and we launched the site on November 3rd, this wasn't raised in *all* of 2009, it was raised in a portion of 2009. Our chairman, John Thornton, and his wife, Julie, contributed a million dollars to get us started into the kitty, but we have raised money from all kinds of people in all kinds of places. And in 2009, we raised more than \$4-million on a goal, I will tell you, of \$3.5-million. In 2010, we've already raised more than \$720,000 that includes \$300,000 in income, subscription income, from a newsletter *Texas Weekly*, that we acquired at the startup of *The Tribune*. I could tell you, Rosental, I sent this package of slides yesterday. Since I sent this, we received a \$55,000 grant to support energy reporting from a foundation. This morning while I was walking the dog, I got an email from a law firm that they were putting in \$2,500 as a corporate sponsor. We were notified that we were approved for Google grants. So it just keeps coming. Some of it comes because we work hard to get it. And frankly, some of it comes because people see the work that we do and it comes in over the transit, which is my favorite kind of money.

We have nearly 1,600 members. That's 50 bucks to 5,000 bucks. We operate much like NPR does, KNSI or public radio station, Stewart. Somebody who likes our work, they can get it for free. We're community supported. They like our work. If they want to give us money, they can. We'd appreciate it if they would support us as members. 50 bucks to 5,000 bucks. We have nearly 1,600. An average gift of 96 bucks. Nearly 16 major donors north of \$5,000. Average gift \$73,000. That includes, Jim, much like you got your \$500,000 from McArthur, we got \$500,000 from the Houston Endowment in Houston, before we'd even launched *The Tribune*, in support of our work. More than 80 corporate sponsors at \$2,500 a corporate sponsorship and \$150,000 in events sponsorship so far. These are the budget numbers that we quote; what it cost us to do *The Tribune*. I would say like all budget numbers, they are aspirational, but we actually think that we're going to be very close to meeting those numbers.

Secrets of our success, as we close, Professor. I know that I'm sort on time. I always say, are they really secrets? We talk about them in the world. Is it really success? Can we call it success yet? No. Of course, we have lots of challenges still to come. And I'm not sure we can claim these things necessarily as our success, but here's what I think we've done right so far.

First thing is we were swimming in the deep end of the talent pool from the very beginning. This is not a teaching hospital. We didn't hire people who don't know what they're doing. We hired great, branded, well-thought-of, veteran, experienced, smart journalists. We brought aboard—John called it the Michael Jordan [of the] Chicago Bulls. I called it the 27 Yankees. I think we eventually agreed on the Justice League as an analogy. [laughter] But the fact is we hired only superheroes with superpowers. That was the point. Build

a great staff. Data as journalism has been something from the very beginning that we believe in. We're trying to figure out who the source of this quote was, but we were told by somebody at the beginning, "It's not just news, it's knowledge. It's not just journalism, it's information. You're giving people the tools to be more engaged, thoughtful, and productive citizens."

Events as journalism. We do all kinds of events. We have corporate sponsorship supporting those. Those events produce content for our site. We hired away from The New Yorker Magazine the woman who ran The New Yorker Festival for eight years to be our events director. And so we do conversation series, college tour, ideas festival, all kinds of events out in the world, supported by corporate support, free to attend, open to the public, and on the record.

John talks about revenue promiscuity, which you heard Scott refer to. We will take money from all kinds of places. We are indiscriminate about where we get that money from. We want money from a lot of different sources and a lot of different buckets to diversify our funding. I would add on top of that content partnership sluttiness—[laughter]—in that we will hop into bed with just about anybody and partner with them to distribute our content, to produce content together. That is the trick of this operation. The destination website is going to go the way of the dodo bird. It's all about secondary and tertiary distribution. It's all about disintermediation.

Use of social media. We have more than 9,000 fans on Facebook, more than 5,000 followers on Twitter. Those referral sites and sites like Reddit and FARK drive traffic back to our site. Our partnerships with the newspapers of Texas [and] with more than a dozen TV stations. We collaborated on a cover story for Newsweek this past week. We believe [in] content partnerships, and of course, for our purposes, most of all, we have a great, successful, rare working partnership with KUT, the public radio station in Austin. We share a reporter working on the governor's race. That has been a terrific, co-branded exercise. It has produced great content for both sites. We're honored to be in partnership with public radio.

And then the last thing is what I call The Law of Popeye: "We am what we am." We are about public policy, politics, and government. That is what we said we were going to do. We don't do Tiger Woods text messages. We don't do Colt McCoy's shoulder. We don't do movie review. There are plenty of places you can go to get that stuff. Our definition of public service journalism is public policy and politics and government. And when you know what you are and you know what you're supposed to, it makes things a lot easier.

Thank you very much.

[Applause.]

Matt Thompson: How exactly am I supposed to follow that—[laughter]—is my question. Scott said that he was a little bit nervous. I have rationalized. I rationalize that my expectations are somewhat depressed. You know, I'm here in the illustrious company of the CEO and President of *Voice of San Diego*, the Co-Founder and Editor of The Chicago News Cooperative, CEO and Editor and the *Voice of San Diego*. I'm working on something called Project Argo for NPR. So my title is the editorial products manager of a not yet launched venture named after a mythological ship whose inhabitants mostly died. [laughter] So I assume the expectations are somewhat lower.

[Technical difficulties.]

It's OK. These slides are mostly just sort of punctuation marks to keep me on track. So basically, actually, before I even move, editorial products manager I've come to think of as being sort of three parts. I should start by saying in late summer of this year, 12 NPR member stations will launch in each of their markets one topic-specific niche news site, focused news site. Each of them are getting a reporter blogger to cover a beat that is important to their local constituency, something that has some natural resonance. So I am the editorial product manager working on coordinating the editorial side of this project from within NPR. We have a team at NPR that's building — helping build the platform and the model that each of the stations will use to create these sites. And so I think of my role as being sort of part consultant, part coach, part reporter extracting what we're learning from across the project and sharing it across our network. And one of the things that I want to coach our bloggers [on] when they are hired [is] about the goals of their project.

When you're starting out as a beat reporter at a traditional news organization, the standing assumption is that the first thing you're going after is news. There was this great quote, and I don't know who said it and I've struggled to track it down for a long time, that journalism is basically a reporting. Some editor told his reporter, "Come on into the newsroom. Type up everything that happened today that didn't happen yesterday. That's news. Start typing." I sort of wish it were still that simple. I think one message early on that I'd like to impart to our reporters is, I don't want them going after news as the end of their work. Starting from day one, I want them going after understanding. I want them to both foster in themselves and deliver in their audience understanding.

When I entered the industry not so very long ago, I got the sense that we had sort of come in at this point where print revenue... I entered in newspapers. And the conversation was always about, "Print CPMs are up here. We get so much from our 300,000 subscribers to our newspaper. We get so much from advertisers for targeting these folks." So the hope was online CPMs are still down here, but we've got a lot of volume online. The hope is that *one day* these two streams will intersect. That as print, volume, and pricing starts to diminish, that the online CPM and volume will grow so large that it will make up the gap, that we'll make up the shortfall. And sort

of my time in the industry has been this process of watching those hopes for that diminished gap slowly, slowly recede and other conversations emerge in its wake.

One of the conversations that's most interesting to me and one of the differences in the way that I hear value being talked about in the emerging industry, is that it *is* about value. The focus is less about delivering pricing, the focus about upping our pricing, about raising our CPMs. The focus is on delivering value. How do we create journalism online? How do we create digital journalism that people really actually value? That produces a valuable experience for folks?

And so as the conversation shifts in the classical industry from pricing to the emerging industry about value, I also hear a shift in speaking about the value of content [and] the value of particular stories, and I hear much, much more talk about the value of relationships, the value of our networks, the value of our relationships with the people who we want to involve in our reporting, who we want to help understand the stories that we cover.

So a shift from content to relationships. A shift to talking about what we can extract out of the value of our relationships with people implies some changes in responsibilities, I guess, or it implies some different things for how we go about the process of reporting. This is the thing I want to impart to the bloggers as well.

One of these things (that you can't really see up here) implies that we take some responsibility for how well our crowds understand the work that we do [and] how well they are following along with us. And so this is my Hobby Horse—this need for context. The fact that as the web has developed, we've gone after a sort of volume of news strategy. Working for news organizations online, our strategy has often been, how can we pump out more? How can we deliver more headlines every day to people? How can we throw more news at them such that every time you visit a traditional news website, you are seeing something totally different from what you saw maybe 20 minutes ago when you visited it last? When you hit refresh, can we make it so that every time you hit refresh on a news page you're seeing something totally different? This has the effect, as it might, of pumping up volume, pumping up the number of things that might — every time you come to the page, you see something else that might potentially grab a slice of your attention. But it also has a pretty debilitating effect. Over time, we're coming to learn, as this torrent of headlines buffets people constantly as they travel through the web, they sort of shut off. They acquire what the AP called in its ethnographic study of young news consumers, they acquire learned helplessness. They just sort of stop paying attention. They sort of incline toward stories that you don't really need much background knowledge or info to understand—sports, traffic, weather, Paris Hilton. But once you tease people with — once you give people a basic foundational understanding of a story, they start to want more news on that story all the time. And when you go and ask people what

it is you that they actually want to hear, so often they want this basic information, this context, this structural, systemic information about what news stories are about.

The person who is diminutively depicted on this slide is a *Washington Post* blogger columnist by the name of Ezra Klein. I appreciate his work, because he's sort of pioneering this model of reporting that I think is really interesting. Marcus Brauchli, Editor of *The Washington Post*, calls him a new paradigm for the type of reporter columnist that they want to hire in the future. This was from a post that he made a couple of weeks ago. He earned some plaudits for his ongoing coverage and commentary and analysis of the healthcare reform battle. Recently the Arthur Carter Journalism Institute at New York nominated his blogging on the subject of healthcare reform as one of the 80 best works of journalism from over the past decade. And part of what distinguished his work was that he took this very fundamental explanatory approach to healthcare reform. It was clear to him. It was clear to you, the participant in Ezra Klein's reporting, part of his crowd, it was clear that he needed you to understand the structure of the story that he was reporting before you could actually get the headlines that were coming out about it. Before you could parse the Stupak Amendment or the reconciliation or the public option or what-have-you, you needed to understand the basic elements of the healthcare reform story. So when he started at *The Washington Post* at the beginning of last year, he actually started with a series called Healthcare Reform for Beginners, and explained at a very sort of human, elementary level, "This is what reconciliation is all about. This is why Max Baucus is probably going to be important later."

He switched recently to turning his attention to the financial regulation ongoing legislative battle. And he said at the outset when he switched, he actually said, "I am going to switch to this beat," basically. And at the beginning, he said, "This week I'll be trying to explain the basic elements of financial reform, and we're going to start with the most important bit, leverage and capital requirements." This is the sort of nuts and bolts of his blog: leverage and capital requirements. But it is one of the most successful blogs on *The Post* site. There is a demand for context basically that I think its really important to address.

There's this other thing when you shift from just focusing on content to focusing on relationships. This other thing that you can't see on the slide. [It] is this notion of a quest narrative. The importance of the process. This is something that Dan Gilmore spoke about this morning that I think is really interesting for involving people in the story that we tell. Really nurturing the relationship that they have with us, and in addition to taking responsibility for their getting the story, for them understanding the basic elements of it. There's also this growing understanding of the fact that we want to bring them along with us as we're reporting the story. That we want to actually make the quest narrative transparent to them.

And I think some of the best works of journalism... Dan this morning was referring to — I think you referred to the giant pool of money episode. But some of the best works of journalism in any media—in magazines, in television, radio, and now online—have made this process of getting the story part of the story itself, and it does a couple of things. It enables you to interrogate the reporting, how it was done. It enables you to also build on it, to do pieces of it yourself, which leads me to the next thing that I hear in common amongst all of these ideas. This idea of fostering a network. That what's important is not just the relationship between ourselves and people who consume our content; the relationship between people who participate in the process of reporting and each other is also quite important. So when you hear things like news organizations really focusing on throwing events, these emerging news organizations focusing on bringing people together and getting them to meet each other face-to-face, that's part of what this is about.

I think the work that Amanda Michel was doing as Director of Distributed Reported at ProPublica is really, really interesting, actually, and similar to the work that's being done at public radio stations, like NPR, where they are pioneering this public insight network and actually asking people to participate in the journalism and doing their journalism in such a way that people understand *how* it's done so they *can* participate.

Now, I want to close by saying that basically it's still early. There's so much about this model of what I call relationship journalism that we don't know, that we don't understand. Topic pages are one thing that kind of bedevil me. I have this fear, I was telling my boss, that one day in the future the Ghost of Journalism Past will dredge up a series of topic pages from circa 2009 and say, "These are your fault. You are responsible for them." So in the time between the time that we have to understand this stuff and to make our model work, what can we rely on? I think working for NPR offers a unique advantage in a couple of ways. One of the things is something that has been a theme in all of the presentations before me. That the sources, the diversified sources of revenue for these companies, for NPR and the companies that you've seen present this morning, are a real strength. This slide (this graph that you can't really see) shows all of the different slices of the ways that the average public radio station gets its revenue. And the second thing is that working for public radio and actually working for a company whose classical model is still growing, where audiences are still coming to us for the radio—this is NPR's audience growth from 1998 to 2008—this gives us some time during which we can experiment to develop this relationship journalism in a way that's going to be really complementary to building the radio model as well going forward.

So I'm closing by saying that basically I think our goal is to create digital experiences that people actually love as much as they love public radio. And I'm really happy to have the example of these folks to guide us in doing so.

[Applause.]

Paula Poindexter: I promised that we would have an opportunity to get a lot of questions in. One of the things that I observed—because when I came in, I sat on this side—is this side did not get a chance to ask questions. So what I'm going to do is to have the microphone on this side, so those of you who are over here and over here, if you want to come up and ask questions, and also we have a microphone... I'm sorry?

Man: [Inaudible.]

Paula Poindexter: Oh, yeah. [laughs] And so those of you on that side... And we will start with this side, so you'll have a chance to ask questions. Just come on up.

Woman: Thank you, Paula. Yeah, while you were talking, I was just looking up a blog that one of my former students has been doing for some time. Initially, a lot of the work, and coverage, and photography, and all was his own work. But now I see in his blog... It's called Jump Texas, and he coined the name of a maga-blog. He considers it a magazine. And I'm seeing that he's doing a lot of republishing of material right now. And he's a guy, who even though he was formally trained, he kind of doesn't go by conventions or rules. And I'm just wondering if he has just decided to repurpose these publications and then embed them into his blog and what kind of things he could run into doing that kind of deal; particularly, people who are going to get into blogging in a big way.

Paula Poindexter: Any of the panelists, if you want to respond to this question.

Scott Lewis: As I said earlier, I don't necessarily see the value in repurposing what other people do, just because I think people are creating their own perfect information streams. And if they can find that stuff now better and easier through their friends and their own associations and their own referrals, then I think it's much more better to put your effort into doing something original and being included in those streams somehow, rather than somehow trying to create the perfect bundled model of the path again.

Paula Poindexter: Other panelists?

Evan Smith: I think that we're in a referral culture. And I actually would disagree slightly with what Scott said, in that I don't think any distribution of content that you find that is valuable to your network of people is inherently a bad thing, because I believe that the way we access stuff is by finding people who we trust referring it often enough to us.

Scott Lewis: But she said repurpose, not just refer. We do a ton of referring.

Evan Smith: But I don't even have a problem with repurposing. I mean, I guess, in my case, if I understand what the question [is], I may misunderstand the question, but if I understand the question, it's, how do we feel about people essentially taking our copy and repurposing it for their purposes on blogs and whatever else? We have the luxury, again, of not—and I think we all do—of not needing to resell eyeballs to advertisers. So we can be magnanimous about the way that our content is distributed. I would rather somebody read our content. I don't require them to read our content on our site. So if a blogger takes a story of ours and wants to reprint it entirely, repurpose it, and that as a result gets that blogger's readers or followers to access it in a way that I could not simply on *The Tribune* site, I guess my position on that is it's all good.

Paula Poindexter: So we have a question on this side.

Man: Yes, Mr. Thompson, you said something toward the end there that spiked my curiosity—that you're afraid that topics pages are going to be drudged back by the ghosts of journalism past. I was wondering what the flaws you saw with topics pages are. And Mr. Smith, I know that you have topics pages on *The Texas Tribune*, so I was wondering if you guys could maybe talk about whether or not you do use topics pages and the advantages and disadvantages you found.

Matt Thompson: Yes, this is truncated, so I made sort of a truncated version of a point there just by way of a bad joke. But I think, basically, there is so much about the emerging universe of news that we don't know yet. There are so many things that we don't know about different design cues, about how different signals from an actual user behavior is. There's a lot that I think needs to be studied and understood better. One of the things that I think... One of the areas that has been sort of prolific in recent years among news organizations has been topic pages. I actually think *The Texas Tribune's* are really good. They reflect a degree of care that you don't often see. A lot of our approach to topic pages so far, to something like topic pages, and I think you can find the same case in a lot of other domains, has been that we've kind of gone for a factory production without product development. You know, we started every... Most news organization's topic page strategy was to get a vendor to instantly launch 70,000, you know, more or less link farms. And I believe that every time... Link farms that were aimed mostly for search engines, not for users. I believe that every time a user sees one of those, an angel loses its wings. [laughter]

Paula Poindexter: Would you want to add the other...?

Evan Smith: Well, I'll say that we're certainly not hating on search engines. We love search engines, and we're all about that. But I would say that we're trying to provide context as well as journalism. And that was, in fact, to tip my hat back in the direction of Matt. When Matt came to see us very early on

before the launch of *The Tribune*, he did preach hard the gospel of context. And he made us think about context and topics pages in a very different way. And I think the result of that are the topics pages that we have built effectively [are] like an encyclopedia of Texas public policy and politics. I'd sort of draw the breadcrumbs back to Matt's inspiration with us at the beginning telling us that you really need to do this. This is the new way that people consume information. So I'm entirely comfortable with that.

Paula Poindexter: Now, as promised, I'm balancing both sides of the room. So do I have a question on this side? This is the quiet side. So then, we'll take another question over here.

Man: Yeah, this is a question for the panel about the business side of it. Thinking about what we heard yesterday with Demand Media and some of the other for-profit companies and then listening to the Chicago Co-op, do you think that journalism or understanding journalism or deeper, more traditional journalism is going to move more into the non-profit realm and the for-profit that's chasing advertising dollars is going to get shorter and, I guess, sink to the lowest common denominator?

Jim O'Shea: I don't know if we're going to become, you know, journalism is going to become non-profit. I strongly suspect so. But I know for sure it's a bridge to the future, because I think you cannot continue to run a company and give away your content free. And I don't think the advertising situation for traditional newspapers is going to get any better. It's going to get worse. So I think there has to be a bridge if you're interested in solid journalism and the kind of journalism that, you know, really basically I don't think you're going to get an advertiser to come out and say, "I want my product advertised next to a story that's about abandoned housing in Chicago." So I think what you'll probably have to do is have some kind of a bridge for non-profit to figure out — I mean, what we really have to figure out is, how do you finance journalism? That's what we have to figure out. And whether it's profit or non-profit, it may go into the profit realm eventually, but I think it's going to go across this bridge of non-profit until you get to the point where we can figure out a way that you can support it. Because like I said, I think it's really needed.

Male Panelist: I would add just quickly that the dynamic is just simply switching, whether it's for-profit or non-profit, from some sort of ancillary commercial process spinning off so many profits that you can do this public service to actually a direct relationship with the people who value that service. So whether it's for-profit or non-profit, people are being asked for money to support something they like. And I think that there are all kinds of models that will spin off of that. But I get really frustrated with for-profit newspapers, in particular, who talk about how people won't pay for their public service and how valuable public service is, when they haven't asked for money yet. [chuckles] They haven't risen their subscription prices. They haven't asked for donations. They haven't done anything to actually try to

appeal to the people who might be interested in protecting what they are so passionate about as a public service. So don't talk to me about what people won't pay for until you ask them. And I'm not saying a pay wall is at all attractive. I'm just saying that there is money. People do want to support journalism, as evidenced by NPR's success, as evidenced by other people's success, and to some extent ours. That people do want to protect this public service and they will give money for it. And if you can lower cost enough, perhaps you can provide it.

Paula Poindexter: Go ahead.

Jim O'Shea: I just wanted to add one thing. The for-profit portion of journalism is doing a pretty good job of becoming non-profit, so... [laughter]

Paula Poindexter: I have a question on this side now.

Man: I'm concerned about the presentation of the online news sources. One of my favorite sources is *Huff Post*. It's difficult to follow. Stories appear sequentially down as you scroll, and you're not sure what the emphasis is or what they are pushing that day. One of my least favorite blogs, but one that I check equally often, is The Drudge Report. The Drudge Report is incredibly ugly. It's done in it looks like L.C. Smith Typewriter type down four columns, but it's all there, and you can scan up and down. You can find the story you want. You click on it, bingo, it's there. So I had a distressing report from an old friend from *The Miami Herald* that the graphic designer sits in at the evening news meeting and often calls the shots on what the paper will look like the next day, like which stories will be emphasized. I just hope that graphics don't overwhelm the emphasis on solid content.

Male Panelist: I would defer to Matt, yeah.

Matt Thompson: I would just say, you know, I think, to my earlier point about what we don't know, I mean, I think that there are so many interesting things that are being tried by organizations. It's weird and crazy that The Drudge Report works, but it does. Why does it work? There's a lot that we don't know about that. There's a lot that we don't know about the way HuffPo promotes content, and how, and the effect that it has on user behavior. There's a lot that we don't know about Gawker—its concept promotion mechanisms and how they make the user experience different. But I will say that I think there is a discipline. And this is something at an academic conference that I really hope that we can draw from or inspire. There is a lot that we're learning sort of out of all of the crude processes that we have—our crude metrics, our armature reports, and what-have-you about user behavior. And I really think that the academy can do a lot to build on that knowledge. I think that things like we know that people really do respond to visuals. We know that photo journalism in this space is something that is huge and incredibly valuable for people. I think learning the effects of

these things on user behavior, especially as we develop brand new information interaction experiences like the iPad, is incredibly important.

Paula Poindexter: Before I go to the other side, I do want to ask a question that actually was inspired by my conversation with our graduate student who is doing her thesis on non-profit news organizations. One of the things that she brought to my attention [is] that because non-profit news organizations are 501(c)(3)s, they do have some legal requirements, restrictions of some things they cannot do. And so I would like for each of the panelists to let us know if there is something you cannot do legally because you are a non-profit organization.

Scott Lewis: Well, obviously, the one you can't do is endorse or oppose a candidate for office. And that's actually quite nice. [chuckles] I have no desire to push anyone's campaign along or to actually impose it or oppose another one. That is hardly as clear though as it should be. And we don't quite know to what extent that means. So, for example, how far can you go to expose the wrongdoing of a candidate or something like that as it approaches campaign season? When do you actually cross the line? I think a lot of those things need to be clarified. There's a big push right now to somehow relieve that restriction, but I do see that turning into a Laundromat then for people who would misuse the designation to get what is essentially tax-free or taxpayer-supported political activity. And so I think that as this debate proceeds, we're going to all have to deal with that issue of wanting clarity out of this without risking the credibility that comes from the 501(c)(3) designation.

Paula Poindexter: Jim, can you just answer, is there anything you cannot do legally as a non-profit?

Jim O'Shea: Well, just the lack of an editorial policy, where you, you know, you're endorsing candidates and that sort of thing, is the only thing I know of other than you can't earn a profit, and that's no problem for me right now. [chuckles]

Paula Poindexter: OK, and then, Evan.

Evan Smith: Well, you know, it's more of a philosophical thing, I'd say. You know, we take underwriting on advertising. We could probably finesse the way that we view the people who support us on the corporate side, but what we've said basically is, "Because we're a (c)(3), our view is if you support us as a corporation, we want you to acknowledge your support with the brand, but you can't sell anything." The fact is a lot within the (c)(3) journalism world is evolving the way that this industry is evolving. I think we're watching what other people who've been doing this longer than we have are doing. There are going to be certain things that Jim may be comfortable with that we won't or things that we won't be comfortable with that Scott is. The issue is less about the legal requirements around the (c)(3) designation than

how you view your obligation to the public. We view ourselves as a public media brand, not only in name, but in deed. We are answerable to nobody but the public. With a non-profit, what the (c)(3) status does more than anything else is reinforce the idea that our obligation is to the public, and so we have to act always in the interest of the public first.

Paula Poindexter: Okay. So we'll take a question on the other side.

Woman: My question is for Mr. O'Shea and Mr. Smith. As people that spent such a large chunk of your careers being the leaders of a for-profit journalism organization, now switching over to a new business model being non-profit, I wonder if you can just share kind of your biggest personal epiphany about just the difference in running a journalism organization on a non-profit model.

Jim O'Shea: Well, it's a lot more fun. [laughs] You know, when you're running a big newspaper, the pressures are incredible because of the struggles that the industry went through. You're always worrying sitting around. You get up every day and you got — I had 920 people working for me and trying to figure out how many of their jobs would be gone if I agreed to do this or I agreed to do that. So you have all of those kinds of financial pressures. You have financial pressures when you go to a non-profit, but it's a different kind. You're out trying... You're out there basically advocating for something you believe in. I don't necessarily believe that corporations should earn 25 and 30% returns when they aren't reinvesting in their own company. You know, if they are reinvesting and doing it right, fine, they can earn as much as they want. But the newspaper industry invested *nothing* when its own readership declined and just let it sit there and wanted to milk everybody. And I personally thought that was wrong and argued against it when I was in the for-profit world. And I feel a lot more comfortable in the non-profit world now because what I'm talking about and what I really am pushing for and why I'm trying to get people to donate money to us is for something that I really believe in, and I think that if it's successful, our world will be better for it. So that's my personal epiphany is when I first started doing this, I did not like the idea of raising money. And it's actually somewhat harder when you work with six or seven people. You get up in the morning and you think, if I don't raise any money, I've got to go in and [tell them]. I mean, we're working together very closely every day and I'm going to be the one that's going to have to tell them, "We don't have any money, you've got to leave." So it's a little harder than if you tell somebody else to go tell them. [laughs] So I think that's the biggest thing for me.

Evan Smith: It is a lot of fun. It's also actually harder. I find that without the support systems in place at a bigger for-profit organization, a lot of the things that you assumed just got done by fairies and angels every day, now suddenly have to get done by you. So you have to be a whole lot more self-sufficient and a whole lot more self-motivated. I will tell you it is enormously rewarding though to see the product of your work realized immediately.

When I was editor of Texas Monthly all those years, I was a gentleman magazine editor. We'd send the magazine to the printer every 30 days. I would thread my hands behind my head and kick my legs up and actually have time to think. Not now. But the benefit of working on the accelerated timetable is that the work that we produce is there immediately, and it's very rewarding to see the impact that it has. When I worked for Texas Monthly, I worked for an ocean liner. Running *The Tribune*, I now run a cigarette boat. The thing that is the biggest difference between the two is that this is a much more nimble operation. We can turn on a dime much more easily, and that has made things so much easier.

Paula Poindexter: I have one final question back here. You had a question.

Man: Yes. My question goes to [Mr.] Lewis. Just a little worried about your strategy of choosing not to cover stories simply because others are doing it. I mean, I think that if you... First of all, how are you going to determine when to go in for a story or not? Because after all, the big stories, everybody seems to go for it. And then I think if you choose not to go for a story, you might miss some of the most important aspects that really, really are very crucial to investigative stories.

Scott Lewis: It's a great question, and we're challenged on it almost every couple of weeks. Look, with such limited resources, we have to make an impact with everything we do. We have to make an impact almost as efficiently as possible. And so it's not that we won't cover something if somebody else is covering it. It's that we have to force our talented journalists—and Andrew does an incredible job of this—to think about how they are going to add value to the conversation. And that if we are going to go to a press conference with 30 other journalists, we better be thinking of what we're going to do that those 30 other people aren't going to be doing. Because, what's the point? Why would somebody give us the money that they give us to do this work if they could just get it for free from somebody who's doing it for profit or whatever? And so it's not that we're trying to avoid these topics or these kidnappings or these issues, it's that we have to be continually delivering value to the people who support us. And it doesn't mean we always do it. [chuckles] It means that that is what we have to relentlessly focus on, because with 10 to 12 journalists, they have to be continually honed in on *the* most efficient thing they could possibly do. Again, when we see a big story break, like a kidnapping or something like that, we have to sit back and realize that there may be angles, there may be investigations that we could do, but we have to study them the way that an investigative journalist would do, rather than just pile onto the press conference. And that means that whenever you open us or include us in your stream, you're going to see something different. And without that, we would have never gotten anywhere at all. We would not exist right now had we not imposed that, I don't think.

Paula Poindexter: So in closing, I want to put one more question out here, and if each of the panelists will respond to it. Ten years from now, what's your prediction for your own organization and for this type of journalism. If quickly you can tell us, ten years.

Scott Lewis: I think that other entities are getting so good at distributing content, like Facebook, Google, Yahoo, whatever, I think they are so good at it that I don't believe that we will run necessarily our own website in the future. I think that we will use tools and people will actually pay us at some point perhaps to use their tool and to do it well or whatnot, or we will use so many different tools. I also think that we'll be an organization of about 20 to 30 people producing the same kind of journalism, but with different geographical instances within San Diego. And I think that we'll have about 100,000 members who all give us money, [some laughter], and we're a powerful institution in town.

Paula Poindexter: Jim, ten years from now.

Jim O'Shea: Ten years from now, I think you will have a network of smaller organizations, rather than big ones, all going out, picking out certain portions of the community to cover and this kind of thing, and that they will affiliate in some way nationally, and that journalism will try to figure out, it could become some sort of a modified profit model, but it will be mainly non-profit. I don't think there's a way to monetize a lot of this without charging for content.

Paula Poindexter: 2020, Evan.

Evan Smith: Well, we'd like to see the revenue model for *The Tribune* basically go to individuals, corporations, and earned income, and be able to rely on that kind of ongoing support, much like public broadcasting relies on an ongoing mix of individual support and corporate support. And I think that we actually have the potential to build a membership that's quite a lot larger than the one we have right now in a state of 25, 26 million and growing. I'd say beyond that the industry is heading toward a pose of being much more in sync. We really are brothers and sisters in arms here. And I think that the best work nationally is going to be a reflection of the best work done locally. And you're going to see much more collaboration among the non-profit sites. And I frankly think that the for-profit media companies that are now resisting partnering with the non-profit sites will at some point finally get over themselves and realize that it is in their economic self-interest to bring value to their readers by way of partnering with the best non-profits around the country.

Paula Poindexter: Matt, 2020.

Matt Thompson: Yeah. I would echo what Evan just said about collaboration and division of the robust public media network basically. I

think that's going to be another really key word for our future—this idea of a network. I hope in ten years I never heard the term *localized story* again. I want stories to be advanced locally. If you're a growth and development reporter in San Diego working on an issue that's pertinent to a community in Boston, those two reporters can be advancing those stories locally and helping each other's work, but I never want to hear of a national story being localized again. I hope that our network effects make our journalism stronger. And I also think the other word I would put out there is sort of ubiquity, ever present. This notion [that] to the extent that you want to connect with the journalism that we do, you can. We're there. You can be a part of it. I think that that will be a much more prevalent idea. I hope that becomes a much more prevalent idea—that we can connect with you in the forms that we know well how to do now and in forms that we are just inventing.

Paula Poindexter: And as we're giving thank-you's to our panelists, I'm going to invite Professor Alves up.

[Applause.]

Rosental Calmon Alves: Thank you very much. This was a great panel. Thank you so much. We're going to go for lunch now in the same place [as] yesterday, Z'Tejas.