

Experimenting with new strategies

to run a media startup

By

YUE ZHANG

Randy Smith, project chair

Marty Steffens

Scott Swafford

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Randy Smith, Professional Project Chair

ABSTRACT

Media entrepreneurs turn their journalistic passion into running a startup newsroom. Many embrace the benefits and challenges of launching online products with grant or foundation money. They experiment with both traditional and innovative strategies to make their products sustainable. They work hard to create new sources of revenue while keeping their loyal customers. They seek sponsorships and partnerships both within and outside the media industry. Researchers and professionals can learn about the challenges that media startups are up against and strategic solutions they come up with. Future research can compare nonprofit and for-profit media business models and find out the key solutions to the success of media entrepreneurship.

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Chapter One: Introduction

My passions in journalism have been in reporting and media innovation. The Missouri University School of Journalism has been an ideal place to become a professional journalist as well as be on the cutting edge of innovation in journalism.

During my master's program, I developed my skills in the area of business journalism. News Reporting was the first challenging class that I took in my very first semester at the journalism school. It not only prepared me for general reporting skills but also helped me adapt to the American culture and graduate school quickly. Professor Scott Swafford, the city editor at the Columbia Missourian and one of my great mentors during my master's program, taught me reporting from scratch. I worked for him on the public life beat and learned how to pitch story ideas, find sources and write. As a beat reporter, I finished a dozen general assignments, including several front-page stories. It was a process of understanding myself as well as others. One of my favorite assignments was about the temporary workforce at Ameren Missouri's Callaway nuclear plant. Workers at the plant were sensitive about talking to the media in the beginning, but I managed to talk to important sources by showing up after their night shift and going into the RV park, where many workers and their families stayed. I enjoyed having in-depth conversations with people who I approached and writing human interest stories.

I took business reporting in the second semester to combine my business background as an undergraduate student with my journalism graduate school education. Professor Marty Steffens was not only an inspiring professor but also a helpful adviser for journalism networking. I learned how to use online resources to research companies and to look for stories from financial reports. Professor Steffens helped sharpen my

judgment on what constitutes a good business story. Moreover, the class gave me great opportunities to meet and learn from professional journalists. Professor Steffens took the class on business trips, including to the Society of American Business Editors and Writers' 49th annual spring conference in Indianapolis and a tour to reputable newsrooms and financial organizations in New York. Professor Steffens also dedicated her time to helping international students improve skills in reporting and writing.

Professors David Herzog and Mark Horvit are also marvelous lecturers on intensive multi-skills courses such as Computer-Assisted Reporting and Investigative Reporting. Both courses are designed in a very scientific way in terms of assignments and projects. In Computer-Assisted Reporting, I learned to request documents and analyze databases. It is a powerful way to get good interviews and write investigative stories. Professor Herzog patiently helped me work on several challenging projects and encouraged me to learn more about data journalism.

Investigative Reporting has been in my plans for the master's program, and I enjoyed Professor Horvit's lectures. The challenge was to finish an investigative story at the end of the semester while I was also taking three other classes. I was part of a small group of students that participated in reporting a series of local housing stories. I successfully obtained the databases that I requested and found interesting perspectives from the analysis. Professor Horvit taught me how to ask important questions based on data and edited my drafts through the process.

In order to further sharpen my reporting skills and to tell stories in different ways, I took Information Graphics and Emerging Technologies in Journalism. Professor Mike Jenner has made great efforts in arranging all the lectures through online and offline

platforms. These courses got me to think differently. I think that data coding and visualization is the future trend of journalism and that I should keep learning these skills as I move forward.

All these courses prepared me for my professional project and for my future journalism career. When I graduate, I want to work as a reporter who can not only cover a beat and write in-depth stories but also support the organization's innovative initiatives and projects. The Missouri Business Alert, which sees innovation as the key to success, will be an ideal place to conduct my professional project.

As a digital newsroom, the Alert takes advantage of the journalism student-powered content machine and does what many small newsrooms cannot afford to do. In the beta testing period, the newsroom relies more on curated content. The newly born business is readying itself for publishing more original content in the next stage.

Originally, my journey with the Alert started in the 2012 spring semester, when I was engaged in one of the most inspiring classes in my journalism program: Entrepreneurship and Media of the Future. Every Tuesday evening I attended the class and went home with ideas and questions echoing in my head. It was so exciting to be part of the team putting together a business plan for a news startup. We met three to four times a week to discuss the project, from marketing to homepage design, from revenue streams to social media strategies. Professor Randy Smith, the team's mentor and entrepreneur of the newsroom, supported us in many ways and guided us to success in the class competition. Our hard work throughout the semester paid off: Not only did our team win first place in the presentation competition at the annual RJInnovation Week in April 2012, the website also successfully soft launched in May 2012. It was the same time

when I developed a strong interest in working with the newsroom for my professional project.

As one of the few platforms for journalism students to do business reporting in Columbia, Mo., the Alert is a newsroom for innovative minds and great learning experience. The Alert is now a digital newsroom that provides timely news about business, finance, health care, technology and the legislature.

My overall goal with the professional project is to examine how entrepreneurship can be implemented in the media industry. More specifically, I want to find out how media start-ups develop business models, how they achieve successes in innovations and tackle difficulties when the business environment for journalism is rapidly changing. I persuaded three entrepreneurs to give me access to their newsrooms' general financial information, including their budgets, and to have in-depth interviews for my project. Thanks to Professor Smith's recommendation, Donna Vestal, editor of Harvest Public Media, and Judy Diaz, president of Next Avenue, happily accepted my request for cooperation. Margaret Freivogel, a founder and the editor of the St. Louis Beacon, also agreed to contribute her time and effort to my project.

I will be able to generate interview questions and gain experience at the Alert to interview other media outlets for the analysis component. For the professional component, I will do original reporting and curation as well as attend newsroom meetings. I hope to learn practical reporting skills and observe how a news startup grows when I work as an intern at the Alert.

In short, I believe that my professional project work at the Missouri Business Alert and my research part with the three news startups will improve my skills as a reporter and benefit my understanding of media entrepreneurship.

Chapter Two: Field Notes

Week 1 (05/27/13 to 05/31/13)

For the *Missouri Business Alert* as a whole, from 5/27 to 5/31: One graphic story and three curated articles.

I completed this week

Graphics story (1):

Finished “Missouri Jobless Rate Ties 54-Month Low, Stays Below U.S. Figure.”

Curated stories (3):

Curated “‘Involuntary’ Part-Time Employment Grows,” “KC Sees Rises In Residential Activity As Missouri, Kansas Shed Construction Jobs,” and “KC Tower That Houses Shook, Hardy & Bacon Goes Up For Sale.”

Reflections

This week I started my professional project after the Memorial Day. My first week as a reporter and graphic designer was really exciting to report on.

The summer crew for the Missouri Business Alert is young and ambitious. We had our first budget meeting as a team on Wednesday and introduced ourselves to each other. When it came to beat assignment, each reporter needed to take four as primary beats for both reporting and curating. I chose health care, agriculture, nonprofits and media. As the MBA is finding its niche market, assigning the beats is a way to help us figure out what we are most capable of doing.

One of the highlights at the budget meeting was the orientation about how to curate news articles for the MBA. I found the challenge about curating is to keep it brief and specific. David Reed, one of the editors at the newsroom, led the discussion and

shared helpful tips. First, cut out names and attributions unless they are critical to the points of the story. Secondly, curated articles should provide general context as well as specific happenings. David suggested we read through the original article and move the important points of the story up in the curated article if the points are hidden later in the stories. Finally, look into the original databases used in the curated source for accuracy and possible original story ideas.

I finished my first graphic story for the MBA. I took the story idea about national and state unemployment rates from David's list of possible stories and created a line chart based on the datasets obtained from the Bureau of Labor Statistics. The BLS is a good source for graphic ideas and I suggested the newsroom have a shared file in MBA's Google Doc folder for periodical stories such as unemployment rates.

I had a meeting with Michael about my goals in summer. We agreed to aim at finishing three investigative projects and weekly short stories over 14 weeks. My work load are divided into three categories—graphics, original articles and curated articles. As the newsroom is readying itself for official launch in June, I'm so excited to be part of the team to move the MBA forward.

Links to published stories:

Graphic story

“Missouri Jobless Rate Ties 54-Month Low, Stays Below U.S. Figure,” May 31, 2013.

<http://home.missouribusinessalert.com/insight/2013/05/31/missouri-jobless-rate-ties-54-month-low-stays-below-us-figure/>

Curated stories

“‘Involuntary’ Part-Time Employment Grows,” May 28, 2013

<http://home.missouribusinessalert.com/insight/2013/05/28/involuntary-part-time-employment-grows/>

“KC Sees Rise In Residential Activity As Missouri, Kansas Shed Construction Jobs,”
May 29, 2013.

<http://home.missouribusinessalert.com/industry/2013/05/29/kc-sees-rise-in-residential-activity-as-missouri-kansas-shed-construction-jobs/>

“KC Tower That Houses Shook, Hardy & Bacon Goes Up For Sale,” May 29, 2013.

<http://home.missouribusinessalert.com/industry/2013/05/29/kc-tower-that-houses-shook-hardy-bacon-goes-up-for-sale/>

Week 2 (06//03 to 06/08/13)

For the *Missouri Business Alert* as a whole, from 6/3 to 6/8: One investigative story with two graphics.

I completed this week

Investigative article (1):

Interviewed sources based on the analyses of online and requested databases from the Federal Housing Finance Agency and the National Association of Realtors.

Graphics (2):

Finished data analyses and the drafts of “Missouri Metro Areas Percent Change of All-Transactions House Price Index” and “Annual and 2013Q1 Median Existing Single-Family Home Prices.”

Reflections

This week a win for me was finishing most of the reporting and graphics for the real estate article. The story was not only multimedia but also required data analyses. I

used almost every reporting skill that I learned from my master's program including business reporting, computer-assisted reporting, investigative reporting and information graphics.

One of the challenges for the story was to find local homebuyers. I reached out to the realtors I interviewed, friends and coworkers in order to get sources. The realtors said they would have to talk to their clients and it might take too long to my deadline. The first few sources I contacted didn't want to be quoted in a news article. Although I did eventually find a person to talk to, I realized social media could be an efficient alternative to contacting sources in the traditional way. We talked about how to utilize social media to do crowd sourcing and engage viewers with Facebook and Twitter during the Monday budget meeting. As some of my coworkers discussed at the meeting, many reporters including myself usually publicize our stories after they are published but ignore the function that social media provides for reaching out to people. I think I should build the habit of engaging audience throughout the process of reporting.

Another challenge was to understand and analyze housing market databases. I first studied the datasets I got from the Federal Housing Finance Agency's website. I found the house price index itself could not tell the whole story, because the index measures the price changes, but not the actual prices. I contacted the National Association of Realtors and found a researcher who sent me the dataset of single-family home prices. He significantly helped me understand the measurements and the data.

I enjoyed the graphic designing for the story. I think the two graphics not only better demonstrated the article, but helped me visualize the data and ask better questions. The newsroom as a whole is encouraging more data visualization. My coworker who

focuses on graphics usually works with other reporters if their stories are data-intensive. I also used the Illustrator template that he put together for the MBA graphic style. For a news startup such as the MBA, I feel it is very critical to lay the groundwork in graphics. As we move forward, our multimedia content will start to build its brand name as the newsroom strives to the same.

Week 3 (06/10/13 to 06/14/13)

For the *Missouri Business Alert* as a whole, from 6/10 to 6/14: Three graphics, one investigative story with graphics and four curated articles.

I completed this week

Investigative story (1):

Finished reporting and assisted editing: “Recovery’s Less Dramatic, But Missouri Housing Market’s On The Mend.”

Graphics (3)

Researched and requested databases from the Brookings Institution, and created a map, a coin image chart and a stack bar chart based on the data analyses.

Curated stories (4)

Curated “Developers Offer Dueling Proposals For Jeff City Conference Center,” “Jeff City Expects Boost From New Health Care Facilities,” “St. Louis CFOs Express Optimism, But Most Won’t Hire In Q3,” and “Area Fisheries See Opportunity In Pesky Asian Carp.”

Reflections

This week I realized my great interest in covering the real estate industry. The editing of the housing price story lasted almost 2.5 hours. My editor Michael Stacy sat

down with me to work on the editing Tuesday evening after my shift. I learned several lessons from the process.

First, I should always have a back-up file for every data analysis. One of the reasons why it took so long was because one data analysis file that I saved on my flash drive had trouble opening and we had to go back to the original database to check a few numbers. Second, reporters often assume that we understand everything in the original reporting, but sometimes after I took it down in notes the meaning got changed. It is mainly because my understanding is not accurate enough. I contacted the local homebuyer during the editing process because there was a quote about local buildings' quality problems that I used that sounded confusing to the editor. Since AT&T was having local reception issues this month in the newsroom building, it cost me more time to do the accuracy check because I had to step outside to talk to him and I missed his call back in the building.

I found it both challenging and fulfilling to work on real estate stories. Though it was only my second investigative story on real estate, I decided to take up the challenge and made it one of my primary beats at the *Missouri Business Alert*. I talked to Michael and reporter Nuria Mathog, who originally got the beat, about my interest and they both agreed with me. Therefore, my four primary beats from now on are health care, real estate, nonprofit and media.

I got the story idea about STEM (science, technology, engineering, and mathematics) jobs from the shared file for curation ideas. Another reporter curated the story based on a research report—"the Hidden STEM Economy" published at Brookings on June 10 and a *St. Louis Post-Dispatch* story from a local angle. I thought it could be a

great graphic story and pitched the idea to Michael. I compared the datasets published at the Brookings Institution's website and found interesting perspectives to do analyses. I created a map based on states' STEM job percentages and used color hues to represent different levels; I used the downloadable datasets and requested data of average salary for STEM jobs for U.S. states and District of Columbia to design a chart with gold coin images; the third graphic is a stacked bar chart to demonstrate the categories of STEM jobs in Missouri's eight metro areas. The coin chart was the most challenging one to visualize. I used the coin size to show the average salary and ranked the states and Washington D.C. by ratio of average STEM wages to average wages. I showed the drafts to Michael several times to make sure it is easy enough to understand and he gave me great advice on the ranking method. I concluded from my previous info graphic experiences that discussing with a colleague is important for a good telling graphic because the designer could be too familiar to his/her databases to realize the difficulties for first-time viewers to understand in the graphic.

I also contacted the author for OF the research article for further reporting and he responded that he would be on a vacation until Monday. Therefore, I saved the graphics in drafts for more reporting Monday.

In terms of curation, I enjoyed the Asian carp story the most. It not only got more than 50 views, but also reminded me of how the cultural differences between China and the U.S. over the kinds of fish eaten created business potential. The interesting point of the story was that the fisheries planned to turn the threat that Asian carp caused in the Mississippi River into business opportunities. One man's poison is another man's meal. I

think this kind of story is worth following because it contains business and cultural angles and implies future moves.

It's also worth noting that I learned more about utilizing social media for reporting. Since I didn't find the contact for the STEM report author at the website, I tweeted him and asked for his email address and phone number. He responded within an hour. Besides, Michael taught me how to use *Storify* to collect and edit comments of stakeholders in reported stories and readers. I'm scheduled to work on Business Buzz with *Storify* for our website every Thursday. I think it is a brilliant way to publicize our own stories and to do follow-up stories.

Links to published stories:

Investigative story

"Recovery's Less Dramatic, But Missouri Housing Market's On The Mend," June 12, 2013.

<http://home.missouribusinessalert.com/insight/2013/06/12/recoverys-less-dramatic-but-missouri-housing-markets-on-the-mend/>

Curated stories

"Developers Offer Dueling Proposals For Jeff City Conference Center," June 12, 2013.

<http://home.missouribusinessalert.com/industry/2013/06/12/developers-offer-dueling-proposals-for-jeff-city-conference-center/>

"Area Fisheries See Opportunity In Pesky Asian Carp," June 11, 2013.

<http://home.missouribusinessalert.com/industry/2013/06/11/area-fisheries-see-opportunity-in-pesky-asian-carp/>

"Jefferson City Expects Boost From New Health Care Facilities," June 11, 2013.

<http://home.missouribusinessalert.com/industry/2013/06/11/jefferson-city-expects-boost-from-new-health-care-facilities/>

“St. Louis CFOs Express Optimism, But Most Won’t Hire In Q3,” June 11, 2013.

<http://home.missouribusinessalert.com/finance/2013/06/11/st-louis-cfos-express-optimism-but-most-wont-hire-in-q3/>

Week 4 (06/17/13 to 06/21/13)

For the *Missouri Business Alert* as a whole, from 6/17 to 6/21: Two graphic stories, one real estate story and Business Buzz on Thursday.

I completed this week

Graphic stories (2):

Finished “Workers Without Bachelor’s Degrees Redefine STEM Economy” and “Missouri Metro Areas Show Strong Potential For STEM Jobs.”

Real estate story (1)

Finished data analyses of databases supplied by the National Association of Realtors and St. Louis Association of Realtors and wrote the first draft of the article.

Business Buzz (1)

Published Business Buzz as one of my weekly duties.

Reflections

This week I finished two graphic stories along with four graphics about jobs in science, computer, engineering and math. I started working on the STEM series last week. When I was further analyzing the data on Monday, I found that the average salary of STEM workers requiring bachelor's degree or more education was lower than average STEM salary in D.C. I contacted the researcher at the Brookings Institution and he

realized he made a mistake in posting the state data about average STEM wages. He apologized for the error and sent me the correct dataset. Although it was good that I caught the error before the story went published, I had to change my second graphic entirely, resizing all the coins and changing the numbers included.

I was making changes on the map for the national STEM story till the minute before it got published, partly because the color hues used in the map showed differently on a laptop screen as a gif file than on a big Mac screen in Illustrator. The map was about state levels in STEM jobs percentage of total jobs. Although D.C. was the only one in the highest range, it didn't stand out with the dark green color I used in the first place. I discussed the color issue with my editor Michael Stacy several times and finally colored D.C. gold and used a darker green for the eight states next to D.C.'s level. Although these may seem like small adjustments, I think it was worth further thinking and discussing because it was easier for readers using a laptop or tablet to get the point without hesitation.

In order to localize the STEM story, I interviewed sources in Kansas City and Columbia, which have strong potential to attract STEM workers. The local story was more difficult to write. For the national story, I had Missouri in focus. There were so many factors to compare among the eight metro areas in Missouri. Besides the first graphic—“Jobs Requiring STEM Knowledge by Missouri Metro Area,” I created another graphic to show the average salary and average STEM salary for each metro area. I think the graphics played an important role in this story: it not only demonstrated the data more directly, but saved words in the article to cover every metro area.

I adjusted my schedule at the newsroom to cover the monthly update about home sales and prices on Thursday. My source from the National Association of Realtors sent me the new databases early Thursday morning before I requested them. Michael complimented on the good relationship I have established over there. I started to analyze the datasets supplied by the St. Louis Association of Realtors and the NAR and wrote the draft for the story based on the analyses. But my source from the St. Louis Association of Realtors couldn't get back to me until Monday. Michael and I decided it was worth waiting and Monday publishing may attract more traffic anyways.

I collected the social media comments on the MBA's stories included in Thursday Morning Minutes newsletter and edited Business Buzz via *Storify* the first time. One of the interesting topics was Kansas City, St. Louis and Columbia being named "Best Cities Young Entrepreneurs 2013." Columbia was ranked No. 2 among small cities for it "offers a high quality of life for people of all ages and interests, a low cost of living, an excellent education system" and outstanding local resources for entrepreneurs. Working and studying at a news startup and a journalism school that both encourage innovation and entrepreneurship, I felt proud for Columbia's ranking.

Links to published stories

"Missouri Metro Areas Show Strong Potential For STEM Jobs," June 21, 2013.

<http://home.missouribusinessalert.com/insight/2013/06/21/missouri-metro-areas-show-strong-potential-for-stem-jobs/>

"Workers Without Bachelor's Degrees Redefine STEM Economy," June 20, 2013.

<http://home.missouribusinessalert.com/insight/2013/06/20/workers-without-bachelors-degrees-redefine-stem-economy/>

“Business Buzz: Express Scripts Expands, Missouri Cities Among Best For Young Entrepreneurs,” June 20, 2013.

<http://home.missouribusinessalert.com/business-buzz/2013/06/20/business-buzz-express-scripts-expands-missouri-cities-among-best-for-young-entrepreneurs/>

Week 5 (06/24/13 to 06/28/13)

For the *Missouri Business Alert* as a whole, from 6/24 to 6/28: Two articles and Business Buzz on Thursday.

I completed this week

Articles (2)

Finished “Missouri job market heals slowly from recession” and “St. Louis area housing market shows strong growth in May.”

Business Buzz (1)

Published “Business Buzz: Dish drops Clearwire bid, Drivers license charge hike vetoed.”

Reflections

This week a win for me was I found an important source from the Economic Policy Institute through Twitter. After I analyzed the May Employment and Unemployment data obtained from the Bureau of Labor Statistics, I interviewed an MU professor in labor economics. Although the interview went well, I sensed that I needed another source. I stumbled on a report at the EPI’s website about states’ struggling recovery from the recent economic recession. The contacts of the author Doug Hall, Director of the Economic Analysis and Research Network, was not listed anywhere. So I searched for his twitter account and tweeted him about the story I was working on.

I kept informing him of what I wanted to do via tweets and Mr. Hall responded and shared his phone number for an interview a day after my first request. During the interview, we found it necessary to share datasets to refer to as we talked about numbers. Hall commented like a researcher and mentioned some statistics that I was not familiar with. So I asked if EPI had its own databases related to state-level employment and unemployment. He sent me two important datasets, including Missouri's jobs deficits and historical employment changes by industry, which I relied on the most in my data analyses. Since he was more of a national economic expert, I interviewed the MU professor again with the new data I got. The professor not only helped me analyze the state's data, but showed great interest in what we do at the Missouri Business Alert. I introduced to him about our work and sent him a link of our homepage.

I also completed interviews with Donna Zerega, the St. Louis Association of Realtors President and writing the story about St. Louis area's housing market. Zerega has been very cooperative with me on my real estate articles and usually good at informing me of her timelines. I felt my reporting job is getting smoother after I have established good relationships with certain sources. Although relationships between a reporter and sources are different than between friends, the golden rule is to respect each other's time and efforts. When I work hard on an article and keep in touch with the sources about the update of the story, they usually respond with good comments. That often opens the door for future cooperation.

The editing process of the employment story was one of my most memorable editing experiences in my journalism career. In the original draft, I wrote about Missouri's job deficits and relatively slow recovery from the economic recession,

breakdown of employment situations by industry and Missouri's comparison with the national level in unemployment and mass layoffs. Although these aspects demonstrated my findings in data analyses and interviews, the third part seemed to be off the track from the employment theme. I talked with two editors at the newsroom about my concern. Chris Derosier used the "coffee house" approach—imagining myself tell the story to a friend who had no previous knowledge about it at a coffee shop. I found it fascinating that the approach helped me analyze my own points and create a better story thread. Michael agreed with cutting out the unemployment part. He also helped me divide the second part about the industry breakdown into two sections. The story turned out to have a much cleaner structure and less distraction.

Links to published stories

Articles

"Missouri job market heals slowly from recession," July 28, 2013.

<http://missouribusinessalert.com/insight/2013/06/28/missouri-job-market-heals-slowly-from-recession/>

"St. Louis area housing market shows strong growth in May," July 26, 2013.

<http://missouribusinessalert.com/insight/2013/06/26/st-louis-area-housing-market-shows-strong-growth-in-may/>

Business Buzz

"Business Buzz: Dish drops Clearwire bid, Drivers license charge hike vetoed," June 27, 2013.

<http://missouribusinessalert.com/business-buzz/30916/2013/06/27/business-buzz-dish-drops-clearwire-bid-drivers-license-charge-hike-vetoed/>

Week 6 (07/01/13 to 07/05/13)

For the *Missouri Business Alert* as a whole, from 7/1 to 7/5: Two graphic stories and a curated article.

I completed this week

Graphic stories (2)

Finished “Construction and manufacturing lost most jobs as health care gains” and the draft of a graphic story about unemployment in metro areas of Missouri

Curated article (1)

Finished “Tribune Company’s \$2.7 billion deal includes KC, St. Louis Stations.”

Reflections

This week I worked on two graphics: a pie chart about employment by industry in Missouri and a line chart about unemployment rates in metro areas of Missouri. I obtained the data from the Bureau of Labor Statistics. To order to decide what type of graphic I should design, I called the BLS for more information about metro-level unemployment. The assistant guided me through the process of looking for unemployment data in more detail, which they don’t usually publish along with its news releases. I found the trick could be useful for my future articles.

I had interesting discussions about color spectrum I used in my graphics with my editors. I used green, grey and brown as main colors for the slices and black text in the pie chart. My editor Chris Derosier said the black text was hard to read mixed with the pie colors. More importantly, he suggested I apply a more eye-catching color palette. I like his notion that color use in a visual medium is the equivalent of a good lead or

headline in writing. I changed the colors into yellow, orange and green, and the chart lit up immediately. Besides, the black text showed more clearly in contrast.

The graphic about metro areas' job numbers in Missouri presented a different type of challenge. I used datasets for all eight metro areas and the state in the line chart originally and it turned out to look too busy: nine lines in one chart seemed to entangle with each other. I talked to my editor Michael Stacy and we decided to choose St. Louis, Kansas City, Springfield and Columbia because they are relatively more important to our readership and I can show them clearly in the same chart.

In order to find a source to comment on the Springfield area, I contacted three economics professors at Missouri State University. One didn't respond, the other said that he was not the best person to talk to and Prof. David Mitchell, director of the Bureau of Economic Research at MSU responded after I left him a voice mail introducing my topic. Prof. Mitchell explained that the comparisons of monthly unemployment numbers are not helpful to understand the trends, so we focused on the yearly and long-term changes. I finished writing the graphic and the draft of the article by the end of Thursday.

Links to published stories

Graphic story

“Construction and manufacturing lost most jobs as health care gained,” July 5, 2013.

<http://missouribusinessalert.com/industry/31267/2013/07/05/construction-manufacturing-lost-most-jobs-as-health-care-gaine/>

Curated story

“Tribune Company's \$2.7 billion deal includes KC, St. Louis Stations,” June 1, 2013.

<http://missouribusinessalert.com/industry/31042/2013/07/01/tribune-companys-2-7-billion-deal-includes-kc-st-louis-stations/>

Week 7 (07/08/13 to 07/12/13)

For the *Missouri Business Alert* as a whole, from 7/8 to 7/12: A graphic story, a curated article, Business Buzz on Thursday and Health Care Report.

I completed this week

Graphic story (1)

Finished “Job numbers reflect Missouri’s slow recovery”

Curated article (1)

Finished “Charter investor Malone, cable deals in spotlight at Sun Valley”

Business Buzz (1)

Published “Business Buzz: Sprint bids Nextel farewell, says hello to Son”

Health Care Report (1)

Put together Health Care Report with Mail Chimp

Notes from conversations with the St. Louis Beacon

Margaret Freivogel, cofounder and editor of the St. Louis Beacon, referred me to Nicole Hallway, the Beacon’s general manager, to explain their business strategies over the years. I contacted her and reintroduced my project and mentioned Margie’s recommendation. But I didn’t hear back from her by the end of this week.

Reflections

This week I learned a lot from editing the unemployment story. My editor David Reed helped me dissect the story by drawing a structure chart. My original draft was heading in two different directions, one about the annual changes and the other about

trends since the beginning of the recent economic recession, but they were mixed together by metro area. David emphasized that I should separate the yearly changes and the long-term trends.

It felt like doing an operation on my own article when it came to the editing. I began the story with the yearly changes, and used the nut graph to summarize the trends. Then I talked about the yearly changes by metro area, talking about the reasons behind the decreases of unemployment rates in St. Louis and Springfield. We used one subhead to explain the long-term trends. Columbia was the focus among all other metro areas because of the importance of its health care sector and the large proportion of college students. When David edited the final draft, he complimented on my revisions and made minor changes.

I enjoyed working on analytical stories because they are challenging in requesting and analyzing data, writing and editing with focuses. It is easy to get lost in the weeds and a story gets unfocused. Just like writing any stories, I need to tell readers why they should care in the very beginning. Otherwise, it would read like a study as opposed to a news story.

Links to published stories

Graphic article

“Job numbers reflect Missouri’s slow recovery,” July 9, 2013.

<http://missouribusinessalert.com/insight/31192/2013/07/09/job-numbers-reflect-missouris-slow-recovery/>

Curated article

“Charter investor Malone, cable deals in spotlight at Sun Valley,” July 9, 2013.

<http://missouribusinessalert.com/insight/31512/2013/07/09/charter-investor-malone-cable-deals-in-spotlight-at-sun-valley-event/>

Business Buzz

“Business Buzz: Sprint bids Nextel farewell, says hello to Son,” **July 11, 2013.**

<http://missouribusinessalert.com/business-buzz/31687/2013/07/11/business-buzz-sprint-bids-nextel-farewell-says-hello-to-son/>

Week 8 (07/15/13 to 07/19/13)

For the *Missouri Business Alert* as a whole, from 7/15 to 7/19: One graphic story, a curated article Business Buzz on Thursday and Health Care Report..

I completed this week

Articles (2)

Finished writing about the monthly update of the St. Louis area’s housing market in June and started reporting for my nursing shortage project with improvements including obtaining data and conducting interviews.

Curated article (1)

Finished “Medical expansion discussion continues with lengthy hearing”

Business Buzz (1)

Published “Business Buzz: Panel approves Laclede-MGE deal”

Health Care Report (1)

Put together Health Care Report with Mail Chimp

Notes from conversations with the Silicon Prairie News and the St. Louis Beacon

Danny Schreiber, managing editor of the Silicon Prairie News, replied to my research help request two and half months after I contacted him. I called him to explain

the goals of my project and talked about the process of how to conduct it. I also sent him a formal introduction to my research to forward to his CEO for approval of sharing financial documents. He said he would get back to me the next week about whether or not they could contribute to my research.

I contacted *Margaret* Freivogel again and asked her to forward my email last week to Nicole Hallway, general manager of the St. Louis Beacon. She got back to me and mentioned a recent Knight Report on local nonprofit news could be helpful to my research. I found the report and it talked about the factors to maintain nonprofit news industry's financial health. I certainly found the report helpful to my general understanding about nonprofit newsrooms, but it did not answer my specific questions about the Beacon. She also said she would do a deeper search of her inbox for content I was looking for. So I decided to wait a few days to ask her about improvements.

Reflections

This week I had interesting experiences negotiating with people in public relations. I requested monthly and quarterly data about housing market in the St. Louis area from the St. Louis Association of Realtors. I emailed to the president and the assistant as I used to do about the request and the president said they would get back to me as soon as possible. I received a formal email from the director of communications and marketing the next day. She introduced herself and emphasized the association's responsibilities and priorities with its customers. She demanded that all my future data requests and interviews should go through her.

I was surprised when I saw her email because I never had any problems with the association when they helped me with data and interviews. I sensed it might have been

the request this time included more historical data and it would take more of their time to pull it together. In response to her letter, I wrote her back expressing my understanding of their workflow and appreciation of their cooperation. I reiterated what exactly I needed about the data and agreed to talk to the PR person when I request data and interviews in the future. I also asked the assistant to send me the monthly data first if that was easier. In the meantime, I contacted the Missouri Association of Realtors as a back-up plan. The MAR said they collected data from the local associations and would have the dataset ready the next week. Therefore, even if I could get the St. Louis data from the SLAR, the MAR would be able to provide a state-wide angle.

I also negotiated with the communications division of Missouri Department of Economic Development for my other story. I originally found a summer report about job openings in health care in Missouri at the website of the Missouri Economic Research and Information Center. After reading studies and other news stories, I found that nursing shortage could be the story. I contacted the MERIC about historical database and questions related to the summer report. The researcher referred to their PR department, who has not been cooperative with reporters based on my colleagues' and my own experience. Although they agreed to look for someone to answer my questions, I assumed I had to figure out a more efficient way to handle this. I contacted my friend who used to work at the MERIC and he talked to his former colleagues at MERIC who directed us to find the data I needed online. It was available at MERIC's website but buried somewhere. When the PR called me back two days after I contacted them, she asked me the same questions about what dataset I was looking for and what questions I had. She sounded surprised when I told them I already found the database I needed from their website. I

also expressed politely that they should become more cooperative with reporters because they are a government agency. She said that it shouldn't be a problem to get me someone once I've got the data. Since it was Friday after and she needed to report to the PR director about the situation, she promised to get back to me early the next week.

Links to published stories

Article

“St. Louis area sees potential for seller's housing market,” July 22, 2013.

<http://missouribusinessalert.com/industry/32114/2013/07/22/st-louis-area-sees-potential-for-sellers-housing-market/>

Curated article

“Medicaid expansion discussion continues with lengthy hearing,” July 18, 2013.

<http://missouribusinessalert.com/capital/32035/2013/07/18/medicaid-expansion-discussion-continues-with-lengthy-hearing/>

Business Buzz

“Business Buzz: Panel approves Laclede-MGE deal,” July 18, 2013.

<http://missouribusinessalert.com/business-buzz/32086/2013/07/18/business-buzz-panel-approves-laclede-mge-deal/>

Week 9 (08//12 to 08/16/13)

For the *Missouri Business Alert* as a whole, from 8/12 to 8/16: Two articles and Business Buzz on Thursday.

I completed this week

Articles (1)

Finished draft for the campus housing story

Business Buzz (2)

Published “Business Buzz: Sinquefield’s campaign finance fight heats up” and “Business Buzz: KC commits \$1 million to bridge digital divide”

Reflection

This week I got back to the newsroom after a three-week break. The summer crew has mostly left and the website content is relying mostly on curated articles. I worked on Business Buzz on Tuesday and Thursday and rewrote the draft of my investigative story about increasing college costs. Since the article was first pitched for my investigative reporting class during the spring semester, I needed to tailor it better for the Missouri Business Alert.

The article had two main angles: one was about the rising costs of MU’s on-campus housing, for which the main dataset and interviews focused on the MU Department of Residential Life; and the other was about lack of improvement in the accessibility of student financial aid compared to the increasing costs for college education, for which I did data analysis of the University of Missouri System Undergraduate Financial Aid Summary Reports and interviewed a parent who supported her college kids who chose not to rely on financial aid. I reviewed my original draft and added a freshman student Nikki Welnick moving into the campus dorm recently to add a timely hook of the article.

I cut out a lot of detail about the Residential Life’s director’s justification about why they are charging so much more for room rate compared to 10 years ago. To keep my story focused, my editor Christopher Derosier agreed that the leaving out the

information I deleted was a good move and suggested I should move Nikki's anecdote from the top of the first subtitle to the lead. I insisted using the skyrocketing housing price angle first because that was the most newsworthy part of the story.

The tricky part of the second section was my data analysis suggested that students from families with higher income are applying for Federal Student Aid. And the researcher I interviewed during the semester could only rephrase what I read from the data instead of making further analysis. So I realized that I needed another source for further comment.

Links to published stories

Business Buzz (2)

“Business Buzz: Sinefield's campaign finance fight heats up,” August 13, 2013.

<http://missouribusinessalert.com/business-buzz/33510/2013/08/13/business-buzz-sinefields-campaign-finance-fight-heats-up/>

“Business Buzz: KC commits \$1 million to bridge digital divide,” August 15, 2013.

<http://missouribusinessalert.com/business-buzz/33624/2013/08/15/business-buzz-kc-commits-1-million-to-bridge-digital-divide/>

Week 10 (08/19/13 to 08/23/13)

For the *Missouri Business Alert* as a whole, from 8/19 to 8/23: One investigative multi-media article.

I completed this week

Articles (1)

Finished “Housing a key piece of climbing college costs.”

Reflections

This week I wrapped up the reporting and editing for the story about climbing college costs. I added a timely hook by leading the story with an MU freshman Baylee Oldham. I decided to rewrite my lead after I discussed it with my editor Michael Stacy. First, although I originally didn’t like to lead with an anecdote if the story was more about the trend, I think it’s a better idea to lead with her and get to her financial issue right away. Second, I talked to Baylee after her very first day of college, so it was more timely than the last freshman I interviewed. Further, I took pictures of her in her first college dorm room.

It was the first time I took pictures for my own reporting and it was an exciting and meaningful experience. When I was looking around in the building, Baylee got back to the hall in a bright blue lace shirt, sports shorts and sneakers. I had the feeling that she would be open to talk with me. She led me to her dorm after I gave my self-introduction. She seemed comfortable letting me take pictures while she was organizing her desk, but her roommate Lavannya Bhagwat shied away from the camera. After I took a few pictures, I asked Lavannya to sit back in her chair and try to ignore my existence. She finally did it partly because the room was too small for her to hide from me. And she got more used to me being there as she started exchanging with Baylee about what they did during the day. Like most other freshmen I talked to last week, she is relying on her parents financially to pay for college. I kept her contacts and asked if her parents would

want to share insights on supporting children for college. Unfortunately, her mother said she didn't feel comfortable talking about it.

Since the data I used was collected over a ten-year period, my editor Michael Stacy suggested I should talk to an economist about change in dollar value and over a ten-year period and the influence of the recent economic crisis that happened during the time. I contacted five MU finance professors and two of them responded with converting method recommended. One of them also commented on my question about the intertwined relationship of the financial crisis, increasing college costs and families' financial situation.

I created two graphics to go along with the story while I was waiting for my sources to get back to me. One is about the ten-year changes in residential room rates, the other is about the gap between budgeted cost for attending MU as undergraduate students and average grant aid. I used gold coin stacks to show the rising room rates for every other year in the past eleven years and a line chart on top of the coins. I had two major decisions about the piles: whether to make the coins neat as columns or naturally piling up and whether to use ten years or eleven years on the X-axis. Michael and I both liked the natural-looking way of the stacks because they made the graphic look less stiff with the same amount of information shown. We used a decade as the time span in the writing, but eleven year made the coin stacks symmetrical.

As I wrapped up the story, I thought about the things that I would have done if it were a three-week project and what I can do for a follow-up story. I would have finished data analyses and main source reporting in a week or two and got the graphics and pictures done in a week. But I had more time to learn to edit out the mess of

information that I don't need to show the readers and use photos and graphics to complete my writing. To take part of the story a step further step, I can talk to more people who see financial aid and loans as future burdens that could drag them down even if there were available financial choices. On the other hand, I assume many college graduates are paying their debt for years after they start a career. I think it's worth doing another story focusing on those people with a main topic about scary college debts.

Links to published stories

“Housing a key piece of climbing college costs,” August 28, 2013.

<http://missouribusinessalert.com/industry/33873/2013/08/28/housing-a-key-piece-of-climbing-college-costs/>

Week 11 (08//26/13 to 08/30/13)

For the *Missouri Business Alert* as a whole, from 8/16 to 8/30: One graphic report, one graphic for July Funding Report

I completed this week

Graphic article (1)

Finished “Missouri unemployment climbs, nears U.S. level (Graphic)”

Graphic (1)

Finished the graphic for “Missouri Funding Report: Cassidy Turley, C2FO haul in capital”

Reflections

This week was a truly graphic week for me. I took the graphic assignment for our funding report, which becomes a monthly special for the Missouri Business Alert. It summarizes the Missouri companies that got investment from accredited investors under the Securities and Exchange Commission's Form D exemption in July. I cooperated with

reporter Austin Huguélet, who provided the links and data obtained from the SEC. My goal was to create a graphic containing logos representing the companies, the amount each of them raised and total amount offered in an equity sale. The challenge of the graphic is that some issuers that raised money do not exist online under the same names as in the FEC forms. I tracked every companies listed in the report and made sure their online presence represents the same companies that got the funds. I also did the calculations from the original SEC filings to double check the amounts used in the graphic and the report. The rest of the work was to put the information together in a simple-looking frame.

The second graphic piece I did was for the July unemployment story. I read the curated article we published and discussed with Michael about the graphic potential. The data collecting part was fairly easy since the Missouri Economic Research and Information Center has a user-friendly database that I could look into for historical unemployment rate, unemployment and labor force statistics. The first idea that came to me was to create a line chart to show the one-year unemployment rate trends for Missouri and the U.S. And I noticed the Missouri line hit 6.6 low in December 2012 and has been steadily rising since then. In July, the state rate reached at 7.1 percent, which was at the same level as a year ago, despite the fact that “this is the 47th consecutive month Missouri’s rate was lower than the national unemployment rate,” according to the Department of Economic Development.

I thought about the explanation of why it was the way. I used June and July’s unemployment and labor force numbers and created a cartoonish graphic to show the small increase of labor force and obvious rise in the number of unemployed people from

June to July. I brainstormed different ways of showing the numbers. The challenge was the labor force pool is much larger than the unemployed pool to show the change of unemployment although a 6,000 increase in unemployment over a month was noticeable in Missouri. The solution was to draw an unemployed person and use the size of him to represent the unemployment numbers. I used different sizes of the drawing to the proportion of the unemployment size and lined them up in big bubbles representing the labor force.

Links to published stories

Graphic report

“Missouri unemployment climbs, nears U.S. level (Graphic),” August, 30, 2013

<http://missouribusinessalert.com/insight/34168/2013/08/30/missouri-unemployment-climbs-nears-us-level-graphic/>

Graphic

Graphic for “Missouri Funding Report: Cassidy Turley, C2FO haul in capital,” August, 30, 2013

<http://missouribusinessalert.com/entrepreneurs/33997/2013/08/30/missouri-funding-report-cassidy-turley-c2fo-haul-in-capital/>

Week 12 (09//02/13 to 09/06/13)

For the *Missouri Business Alert* as a whole, from 9/2 to 9/6: One breaking news story in health care

I completed this week

Article (1)

Finished “Hall family pledges \$75 million for Children’s Mercy Facility”

Pitches (2)

Submitted one pitch about teen employment decrease in Missouri and one about college debt burden to American families

Notes from conversations with Nicole Hollway, general manager of St. Louis Beacon

I reminded Hollway of my request earlier for Beacon’s budget and business plan. It turned out she was going to send me some published research links in an email she drafted but forgot to hit “send.”

The articles Hollway mentioned are two Knight Foundation 2011 reports about how nonprofit news organizations can remain sustainable and Beacon’s learned lessons and performance between 2009 and 2010. It looked like the reports covered the main topics I wanted to talk about in my research but needed to be updated. So I asked if she could share a brief version of their recent budget and business plan. I waited six days and she didn’t respond.

Reflections

This week I spent a lot of time doing research about the American college loan market and pitched the story to my editor.

I wanted to do a follow-up story after my previous story about skyrocketing campus housing as an important piece of increasing college costs. I found the \$1 trillion U.S. student debt was the second only to mortgages in terms of debt amount in 2012, mainly caused by climbing college costs and increasing enrollment over the years. The economic recession worsened the job market the American family’s financial status,

which contributed to the mountain of student debt. I also read the September news release from the Consumer Bankers Association about the near government takeover of student loan marketplace. The concern is federal loan programs do not assess the ability to repay their loans as strictly as private loans; and the default rate has been set higher and higher, which helped accumulate more IOUs and bad debt for the banks.

I talked to Chris Derosier back and force to refine the angle of the story. And I decided to focus on the effects from government monopoly of the loan market and interview bankers, economists and student's families for their insights.

The other story I pitched about growing unemployment rate among young age group originated from recent national stories about record low teen employment. I've been doing stories about slow recovery of Missouri's job market and I wondered about the demographics input to the unemployment numbers. I called the Bureau of Labor Statistics and asked the assistant to direct me to find Missouri's unemployment and labor force numbers by age group. I downloaded the annual BLS data containing employment status by ethnic group and age group between 2003 and 2012. I needed more time to sort out and look closely at the numbers.

I also completed a breaking news story about Hall family and Hall Family Foundation's announcement of donation of \$75 million to build a medical research building for Children's Mercy Hospital in Kansas City.

[Link to published story](#)

“Hall family pledges \$75 million for Children's Mercy facility,” September 4, 2013.

<http://missouribusinessalert.com/?s=Hall+family+pledges+%2475+million+for+Children's+Mercy+facility>

Week 13 (09/18/13 to 09/20/13)

For the *Missouri Business Alert* as a whole, from 9/18 to 9/20: Two graphics for my teen unemployment story and one graphic report on August job market

I completed this week

Graphic story (1)

Finished the draft of August unemployment report along with the line chart

Graphics (2)

Finished a bar chart about labor force shift by age group and an area chart to show the unemployment changes by age group between 2003 and 2012.

Notes from conversations with Nicole Hollway, general manager of St. Louis Beacon

I reminded Hollway after not hearing back from her for a few days and copied Margie Freivogel in the email. Hollway responded the same day and said there is no document summarizing their budget and business strategies, but she included a brief summary of revenue and expenses between 2010 and 2012.

Reflections

This week I got the letter from the International Center informing me of them finishing renewing the renewal of my Curricular Practical Training status, which allowed me to continue to do professional work with the newsroom. I worked on the data analysis for the teen employment story, sorting out the statistics of labor force, unemployment and unemployment rate by age group between 2003 and 2012 and comparing the yearly changes. I created the charts based on labor force and unemployment change over the ten years.

In Missouri, 16-to-19-year old labor force dropped 33 percent from 179,000 in 2003 to 120,000 in 2012, which was the sharpest decrease among all age groups. Unemployment rate of 16-to-19-year old workers reached to 10-year high at 32.7 percent in 2011 from 18.1 percent in 2003 and fell to 23.9 percent in 2012, contributing the most to the average unemployment rate of the state. The 2012 rate was still 5.8 percentage points higher than the 18.1 percent in 2003. I assumed the rise in unemployment rate didn't seem that much mainly because there were a large number of teens dropping out of labor force and wouldn't be counted as unemployed population.

Missourians between 20 and 24 years old saw unemployment rate climb to 12.8 percent in 2012 from 7.9 percent in 2003. It was the largest increase in unemployment rate among all age groups, even considering Missouri lost 6.7 percent of its population between 20 and 24 years old over the ten years.

The Bureau of Labor Statistics released state-level labor force and unemployment data on Friday and Missouri's unemployment increased 0.1 percent to 7.2 percent, reaching even closer to the national average. I contacted the Missouri Labor Department and the director of communications got back to me saying the questions I had about the unemployment trend should fall under the Department of Economic Development. Based on my previous experience of how slow the DED processes reporters' requests, I didn't want to waste my time while I could finish the story by the end of day. I called up Prof. David Mitchell, director of the Bureau of Economic Research at Missouri State University and sent him the dataset I used in the story. He said he hadn't got a chance to look at the new numbers but would take a look and reach me by 4 p.m. In the meantime, I worked on the line chart showing the one-year trend of the

unemployment rates in the U.S. and Missouri. I wrapped up the writing and graphic by 5:30 p.m. and notified my editor Michael Stacy, who said he would give it an edit and scheduled to publish Monday.

Link to published story

“Rising unemployment rate reflects Missouri’s high-skilled job market,” September 23, 2013.

<http://missouribusinessalert.com/insight/35628/2013/09/23/rising-unemployment-rate-reflects-missouris-high-skilled-job-market/>

Week 14 (09//23/13 to 09/27/13)

For the *Missouri Business Alert* as a whole, from 9/23 to 9/27: One multi-media story about teen employment

I completed this week

Article (1)

Finished part of the reporting and writing for the teen employment story

Reflections:

This week I worked on the teen employment story I pitched last week. After looking at the data from the Bureau of Labor Statistics closely, I found focusing on employment is easier to approach as opposed to unemployment.

The numbers reflected the employed teens population between 16 and 19 years old in the state dropped almost 20 percent compared to 47.5 percent in 2003. I talked to Prof. David Mitchell, director of the Bureau of Economic Research at Missouri State University, about the trend. He analyzed that Missouri’s weak economic recovery led to more difficulties in the job market for entry-level teenage job seekers because they are competing against older workers who are supporting their families.

I went to Hickman High School around the time when most students took off. Most of the kids that I talked to were either looking for a job or already working at a position. The ones who had worked on a part-time job had easier time finding new ones. I called up Hickman High School and asked to talk to their student advisor. They transferred me several times and I got to talk to Susan Griggs, a lady who used to help high school students get part-time jobs. What she said about the increasing toughness of the students gaining part-time working experience coincided with the data I was reading. But I realized Griggs was the counselor for special kids after talking to the current student advisor. I confirmed it with her the next day and decided not to use her quotes.

I contacted a bunch of grocery stores to get the employers' perspective. The private companies wouldn't comment on the issue but the HR manager at one of the Hy-Vee grocery stores in Kansas City got back to me. After a successful interview over the phone, she wanted to be unnamed. She said she would ask their headquarters but it took forever to get her feedback on that.

By the end of the week, there was so much void in the article that I couldn't fill although I had done hours of reporting and had my notepad full. One big lesson I learned is to confirm the exact title of sources before I start interviews no matter how I trust the people who transfer me know my mission. I wanted to see if I could contact more student advisors at Hickman and work through a student source to talk to the employer.

Week 15 (09/30/2013 to 10/4/2013)

For the *Missouri Business Alert* as a whole, from 09/30/2013 to 10/04/2013

I completed this week

Article (2)

Finished a Q&A article about the economic impacts of the federal government's partial closure and a story about home loans delays due to the federal government shutdown

Reflections

This week is the last week for my professional project at the newsroom. I finished the breaking news Q&A about the influences of the federal government shutdown. I learned a lot from reading about the agencies possibly affect and consulting friends who had experienced the last government shutdown. I felt it would be a big story if it actually happens and talked to Michael Sunday night about preparing for the coverage. We agreed to publish a story about the economic impacts on the state level.

I jumped in the topic Monday and started calling economic professors. I talked to my old source Prof. Peter Mueser first and he briefed me on his views. He suggested I interview Joseph Haslag, Director of the Economic Policy Analysis and Research Center. I got hold of Prof. Haslag after a few attempts. We condensed the Q&A to about 500 words and published it six hours before the government partially closed at midnight.

At Monday's budget meeting, I pitched a story idea about the impacts on homebuyers relying on federal housing loan programs that could see a delay in processing their applications. Although I'm more familiar with the real estate market, I had to research how the federal housing programs work. My old source at the St. Louis Association of Realtors introduced me to loan officer Kevin McCormick at a St. Louis-based bank. I asked him about who would get directly influenced from the delay and the

key factors behind the delay. I also talked to CEO of the Missouri Association of Realtors about the possible impacts on the real estate market.

I found homeowner Landon Enochs who applied to the rural program under the Department of Agriculture through a friend. It was a challenge to communicate with him because he could only respond to phone calls after work. He was frustrated to get stuck on the process as a new applicant and was gracious that I shared a notice I got from the banker about how they should react to the shutdown. I kept talking with him several times getting updates about his situation until the final minute of publishing.

The most meaningful lesson I learned from covering the federal government shutdown and the project is to show compassion. I imagined myself standing in a federal loan applicant's shoes when I talked to Enochs and he sounded more comfortable sharing his financial situation after I shared the document with him. Another thing is research, research and research, no matter how urgent the story is. I wouldn't have been able to ask good questions if I didn't read the prep articles and websites of the government agencies involved. Finally, it's extremely important to establish a list of go-to sources; they not only help enhance my understanding of the topic but also speed up the reporting process.

Published Links

“Q&A: What Would A Government Shutdown Mean For Missouri?” September 30, 2013
<http://missouribusinessalert.com/insight/36015/2013/09/30/qa-what-would-a-government-shutdown-mean-for-missouri/>

“Shutdown Delays Loans, Creates Uncertainty For Homebuyers,” Oct 3, 2013
<http://missouribusinessalert.com/insight/36116/2013/10/03/shutdown-delays-loans-creates-uncertainty-for-homebuyers/>

Chapter Three: Evaluation

Telling Stories Behind The Numbers

When I started my internship at the Missouri Business Alert, I was not new to the newsroom. I had worked with the business team before the website launched and met most of the editorial staff. I knew it was the place to be if I wanted to get extensive business reporting experience in one summer.

My internship carried on a little further to the fall semester as the newsroom was short of graphic reporters and I was finishing up a few more stories. Over the 15 weeks at the Alert, I published 15 original stories and 17 curated articles. What I have gained from working on each story is much more than getting a clip.

I applied what I learned from my previous classes, from Computer-Assisted Reporting to Information Graphics, to my reporting at the Alert. Two of the best feelings in the world are to do what you love and use what you learn.

Most of my stories for the Alert are data driven. Working with data is one of my strong suits, but turning numbers into good storytelling is one of the most challenging tasks in journalism. And I appreciate the opportunity to sharpen my storytelling skill from my internship.

The biggest advantage of the internship was that I got to report on the beats that both serve my best interests and meet newsroom's content needs. Each of the six reporting interns at the newsroom in summer was responsible for three or four beats for our curation work. Based on my beat assignment and my interest, I did most of my original stories on labor issues, real estate and health care.

In the first week, I started following the job reports released by the Bureau of Labor Statistics and finished my first graphic story about the national and state unemployment rates. In retrospect, it was a simple story, but I got my foot in the door for covering labor issues and created the prototype for basic information graphic on the topic.

It was both exciting and challenging to get from a short report to a multimedia investigative story. And one of my takeaways is to talk to the guru guys. Covering my primary beats, I learned a lot from interviewing economics professors and industry experts about the topics. I tried to soak up everything I heard from them and asked both smart and “dumb” questions.

I recalled that one of the professors at the University of Missouri explained how the unemployment rate is calculated at the BLS. It’s the percentage of labor force that is unemployed and actively seeking a job. The number of people who are unemployed but gave up on job-hunting wouldn’t count, he stressed. This is something a good business reporter should always keep in mind, and I learned it on the job.

I established long-term professional relationships with some of the interviewees. The professor who taught me how to understand unemployment rates became one of my guru guys. I appreciated learning all the knowledge from my gurus as much as getting my interview questions answered. To put it in a nutshell, business storytelling, like any type of journalism, is about working with the people or the subjects.

Professional relationships also open more doors to me. A real estate expert who I interviewed several times referred me to a banker I needed for my story about the federal loans influenced by the government closure in September 2013.

My reporting caught the attention of the communication director at the real estate organization. She first gave me a hard time about my data request and asked me to always come to her when I needed any statistics from the organization. Through rounds of negotiation, I got the data I needed while cooperating with the director on their media policies.

Experiences of talking and sometimes negotiating with sources were valuable assets that I gained during my internship. I felt more and more confident to tackle complex subject as I got more stories done.

Most of my stories had a graphic component, and some were investigative. My editor, Michael Stacy, always sat down with me to do accuracy checks on every number and every piece of detail I put in my stories. I learned a great deal from Michael's editing, and I was glad that he once told me he was learning from editing my stories as well.

I was proud to contribute my energy and skills to a startup newsroom full of young passionate journalists like myself. I enjoyed working with everyone. And together we spent a few months that were both fun and fruitful.

Chapter Four: Physical Evidence

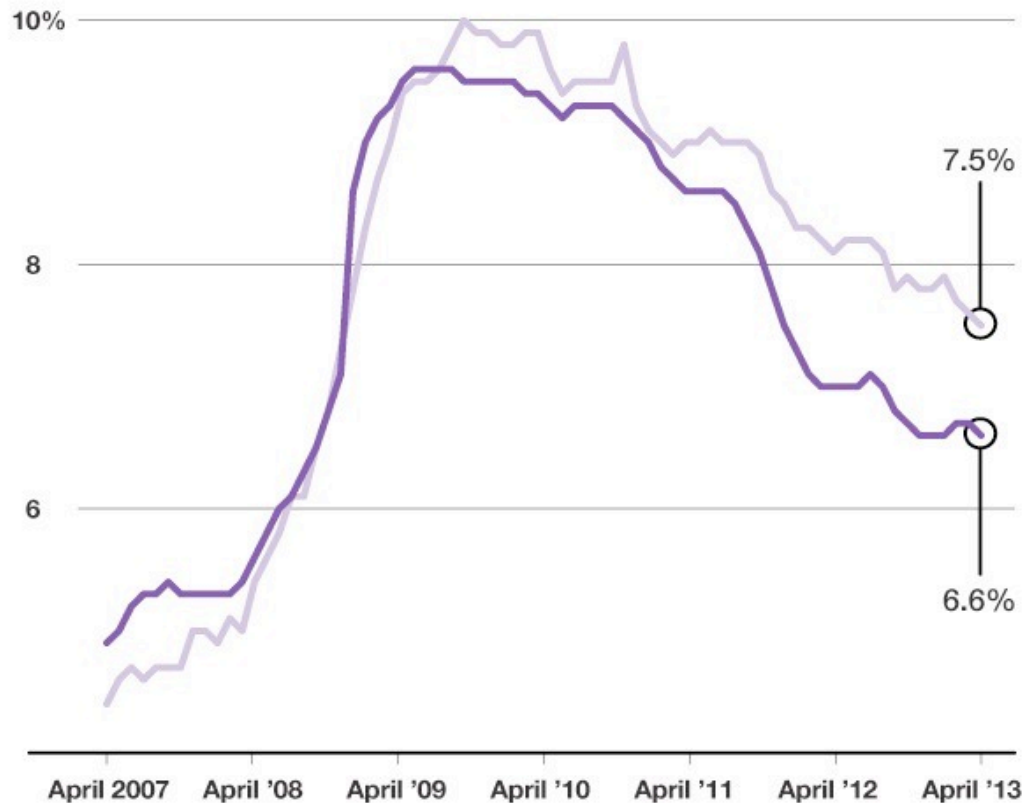
Missouri Jobless Rate Ties 54-Month Low, Stays Below U.S. Figure

By **Miranda Zhang**
May 31, 2013 10:30 am

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KEY

 Missouri unemployment rate  U.S. unemployment rate



Source: The Bureau of Labor Statistics

[Missouri's unemployment rate](#) fell 0.1 percent to 6.6 percent in April. That marks the fourth time in sixth months the state's jobless rate has been 6.6 percent, which is the lowest unemployment number the state has seen since November 2008.

According to the Bureau of Labor Statistics, [the U.S. jobless rate](#) was 7.5 percent in April. Missouri has now managed to have an unemployment rate lower than the national figure for 44 straight months.

Payroll jobs in Missouri increased by 12,100, or 0.45 percent, in April. The state enjoyed the fourth-largest over-the-month job increase, in terms of both number and rate, among the 50 states.

Tags

Missouri Unemployment Rate, U.S. unemployment rate, unemployment, unemployment rate

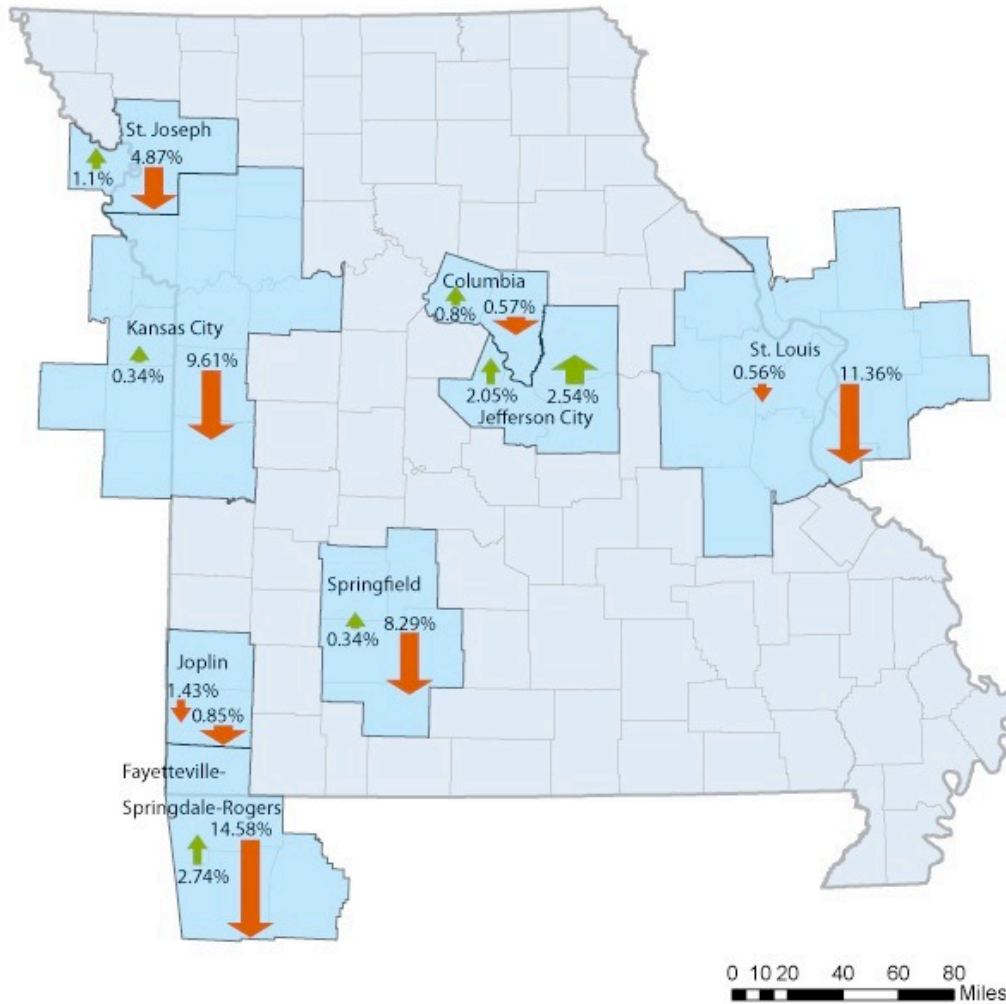
Recovery's Less Dramatic, But Missouri Housing Market's On The Mend

By **Miranda Zhang**
June 12, 2013 4:17 pm

Missouri Metro Areas Percent Change of All-Transactions House Price Index

KEY

- Metropolitan statistical area
- Non MSA
- ↑ Year-over-year percent growth
- ↓ Year-over-year percent decrease
- ↑ 5-year percent growth
- ↓ 5-year percent decrease

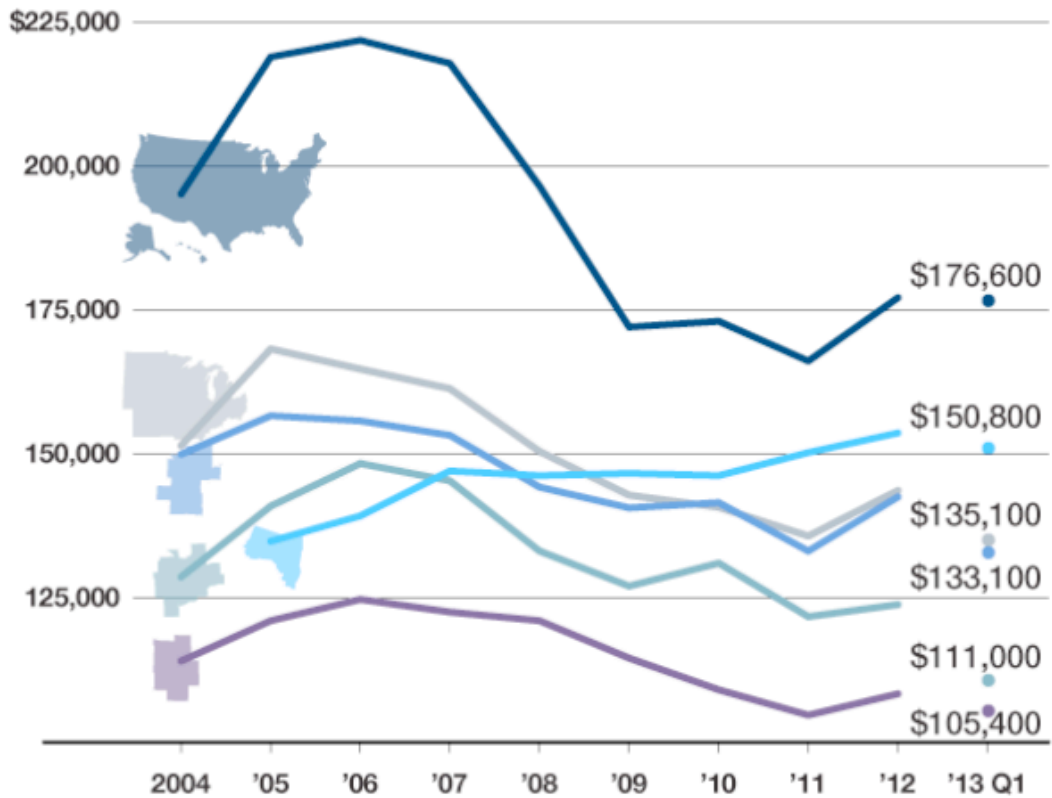
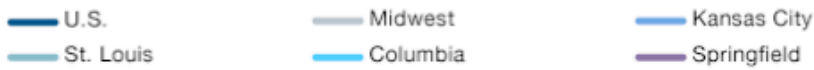


Note: FHFA defines all-transactions housing price index as index tracking average house price changes in repeat sales or refinancings on the same single-family properties based on data supplied by Fannie Mae and Freddie Mac.

Source: The Federal Housing Finance Agency

Annual and 2013 Q1 Median Existing Single-Family Home Prices

KEY



Notes:

*Figures for 2013 reflect median prices of existing single-family homes for the first quarter

*Columbia's 2004 annual median existing single-family home price was insufficient data

Source: The National Association of Realtors

Missouri's housing market has recovered unevenly since 2012 as the U.S. housing market has shown strong momentum.

Recovery in the national housing market bodes well for improvements of Missouri's market. Analysis of historical databases suggests Missouri's housing market followed the same general trends as the U.S. market but avoided the sharp gains and losses in the past decade; markets of the state's eight metropolitan statistical areas picked up at different paces due to economic factors.

Missouri sees smaller rebound than U.S.

Sales of existing U.S. homes rose 9 percent in April, from 4.02 million units last year to 4.38 million this year. That was the fastest pace since November 2009, according to a National Association of Realtors (NAR) [news release](#). The median existing single-family home price stood at \$193,300 in April, 11 percent higher than a year ago.

Walter Molony, economic issues media manager at the National Association of Realtors, said he has observed a strong positive trend since the beginning of 2012. Molony said the housing market has been recovering solidly, which means the increase was based on household formation, job creation and "favorable housing affordability conditions with historically low mortgage interest rates."

Missouri's housing market bounced back moderately compared to the national market. The all-transactions house price index (HPI), which measures the average change of single-family house prices in repeat sales or refinancings, appreciated in the first quarter in six of Missouri's eight metro areas. Meanwhile, the state's all-transactions HPI dropped 0.37 percent, according to an analysis of the Federal Housing Finance Agency's databases.

Prity Vanmali, a realtor at Century 21 Advantage, specializes in housing markets of Jefferson City, **Columbia and Ashland. She explained the slower pace of recovery in Missouri is consistent with the state's smaller downturn.**

"Although Missouri's housing market was affected by the nationwide economic downturn, we were fortunate not to have experienced the extreme highs and lows that other states have had to endure," Vanmali said.

The year-over-year growth of the median existing single-family home prices in the St. Louis, Kansas City, Springfield and Columbia metro areas also lagged behind the national increase in the first quarter, according to an analysis of the NAR's data sets.

Donna Zerega, President of the St. Louis Association of Realtors, said the percentage growth those areas saw was not as dramatic because they "did not take as deep a dive as some areas of the country."

"When home values fall 60 percent, any dollar increase is reflected as a large percentage increase," Zerega said.

Columbia, Jefferson City stay steady

Columbia's existing single-family home price surpassed St. Louis' median price in 2007 and has stayed flat since then.

"Not only is Columbia conveniently located between the metropolitan areas of St. Louis and Kansas City," Vanmali said, "but it also offers a culture of higher education, which keeps the demand for housing and the resulting home values high."

Columbia resident Victor Acton bought his current home in 2010. Acton, the owner of a general home maintenance company, said the market helped his purchase.

“I was able to purchase the home and keep it under the appraised value,” Acton said. “I have already done many upgrades and look forward to a better return when I sell my home.”

But Acton said he is concerned about the quality of local construction. He estimates as a business owner that at least one home per week needs repairs for structural problems such as cracks in drywall, concrete slab or basements. He said improving construction quality might raise housing cost and slow down the growth in the local housing market.

Jefferson City stood out as the only Missouri metro area where HPI rose in the first quarter compared to 2008. The five-year HPI decreases in the other seven metro areas can mostly be attributed to the subprime mortgage crisis, Zerega said.

Jefferson City’s housing market was not hit as severely because of its “relatively steady supply and demand that is inherent to a capital city’s market,” Vanmali said.

Vanmali remains optimistic about the local and regional housing markets. She said Missouri is likely to continue to recover steadily.

“Between the State Capitol and the University of Missouri, the local Mid-Missouri market continues to attract buyers, which is a positive for seller,” Vanmali said, “and reasonable housing prices, historically low mortgage interest rates, and regional educational and cultural opportunities, make this a great time for buyers in and interested in the Columbia-Jefferson City markets.”

St. Louis endures harder hit

The median price of existing single-family homes in St. Louis has dropped 14.8 percent since 2007. By comparison, that figure for the Midwest as a whole has decreased 10.8 percent. St. Louis also saw all-transactions HPI decrease 0.56 percent in the first quarter as most other metro areas in Missouri experienced all-transactions HPI growth.

St. Louis is not an expanding metro area in terms of job formation and population growth; it is also a more diverse area economically, Zerega explained. But she has a positive perspective about St. Louis’ HPI record and the future of its housing market.

“We started the year slowly, but the market is roaring now,” Zerega said, “I think Q2 will reflect a rise as properties put under contract in Q1 close and the information becomes available. We have bidding wars in certain areas and price ranges, especially \$300,000-\$400,000, and the top end of the market is selling again.”

Tags

Donna Zerega, Federal Housing Finance Agency, Home Sales, Housing Market, Housing Prices, HPI, National Association of Realtors, Prity Vanmali, Real Estate, Victor Acton, Walter Molony

Missouri Metro Areas Show Strong Potential For STEM Jobs

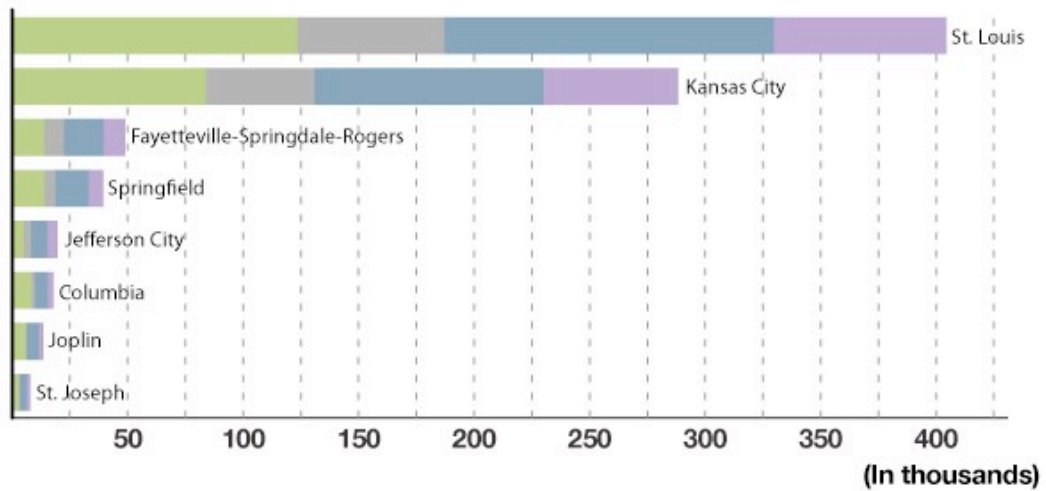
By Miranda Zhang
June 21, 2013 4:30 pm

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Jobs Requiring STEM Knowledge by Missouri Metro Area

KEY

Science Computer Engineering Math



Note: Jobs that require knowledge in more than one STEM field are counted in each field

STEM Salary and Average Salary by Missouri Metro Area

KEY

● Average STEM salary

● Average salary



Source: The Brookings Institution

Workers in science, computer, engineering and math with sub-bachelor's degrees in Kansas City and St. Louis out-earned U.S. and Missouri workers on average in 2011, according to a new study.

Five out of the eight metro areas in Missouri exceeded the national level in their share of STEM jobs requiring associate degrees or less education, according to an analysis based on the Brookings Institution's databases. Statewide statistics showed Missouri surpassed the national average in percentage of STEM workers with two-year degrees or less education. The Brookings' report did not explain why Missouri differs from the national average, but state experts said some factors include the engineering, health care and manufacturing employment that doesn't require higher than associate degrees.

Kansas City attracts engineering and IT talent

The average salary of STEM workers in the Kansas City metro area almost hit \$67,300, the highest among all metro areas in Missouri in 2011. Workers with bachelor's degrees or higher earned \$80,680, while workers with less than bachelor's degrees made \$52,680 on average, according to the Brookings Institution's database.

The number of STEM jobs in the Kansas City region is expected to grow 7 percent, from 53,477 in 2012 to 57,088 in 2017, according to [the Regional Workforce Intelligence Network of Greater Kansas City](#). Computer specialists accounted for 63 percent of Kansas City's STEM occupations whereas engineers made up 23 percent in 2012.

Kansas City is home to a large number of engineering, construction and design companies that employ a broad diversity of STEM workers with both bachelor's and associate degrees as well as technical certification, KCSTEM Alliance program director Laura Loyacono said. And the area appeals to internationally reputable engineering and IT firms with its good location, skilled workforce and strong community partnerships, she added.

"A lot of organizations here, including the KCSTEM Alliance, are pulling in the same direction," Loyacono said. "We work to increase awareness of the importance of STEM jobs among educators, students and parents."

Columbia expects increase in STEM employment

Columbia had the highest percentage of science jobs among all metro areas but stayed on the lower end in other STEM fields.

The number of computer jobs in Columbia were expected to grow partly because IBM established a data center in the area in 2010, said Mike Brooks, the president of Columbia's Regional Economic Development Inc., or RED!

Columbia has a relatively large proportion of health care workers and many of them have associate degrees, Jo Fey, Dean of Career and Technical Education at Moberly Area Community College, explained.

Fey identified a new training program, called Mechatronics, as a recent effort to increase STEM jobs in Columbia. Manufacturer 3M requested assistance from REDI to find a training program for technicians cross-trained in mechanical and electrical skills. REDI and a group of manufacturers agreed to partner with MACC to create a mechatronics program to fill this need this fall.

The two-year program will “provide another opportunity for our citizens to get either a certificate or an associate degree and prepare them for jobs in manufacturing,” Brooks said.

The request for partnership showed the local need for post-secondary technical training. It also represented manufacturing making a comeback after the economic downturn, Fey said.

“People with two-year degrees can find good jobs in the manufacturing industry and tend to stay in the field,” she said.

Tags

computer, Employment, Engineering, Health Care, Jobs, Manufacturers, manufacturing jobs, Math, Moberly Area Community College, REDI, Science, STEM

Average STEM Salary and Ranking by Ratio of STEM Salary to Average Salary

KEY

 Average salary of employees at STEM jobs	Ranking: Average STEM salary/average salary ratio		
51. D.C.  \$95,620	43. CO  \$70,708	17. OH  \$64,414	31. LA  \$58,775
4. CA  \$82,625	9. NH  \$70,656	12. FL  \$63,595	42. NE  \$58,278
38. MA  \$82,270	24. MN  \$70,253	29. WI  \$62,715	41. IA  \$57,903
16. NY  \$81,564	1. NV  \$69,813	27. UT  \$61,992	35. KY  \$57,864
6. NJ  \$81,172	40. IL  \$69,784	22. MO  \$61,739	28. ID  \$57,068
32. MD  \$78,537	10. OR  \$69,024	45. VT  \$61,578	44. OK  \$56,386
48. CT  \$76,848	7. TX  \$67,910	11. AL  \$61,285	26. AR  \$55,433
46. AK  \$76,306	15. AZ  \$66,929	23. ME  \$61,085	25. WV  \$55,171
13. VA  \$76,094	37. PA  \$66,486	33. KS  \$60,448	36. MT  \$55,162
39. WA  \$75,380	30. MI  \$66,339	34. IN  \$59,867	49. ND  \$54,455
8. DE  \$73,464	5. NC  \$65,539	21. TN  \$59,536	14. MS  \$53,671
19. RI  \$72,809	20. GA  \$65,276	18. SC  \$59,066	47. SD  \$51,939
3. HI  \$71,214	2. NM  \$64,994	50. WY  \$58,814	

Source: The Brookings Institution

One in five jobs in Missouri is a STEM (science, computer, engineering and math) position, which gives the state the 26th highest concentration of those jobs among the 50 states and Washington, D.C., according to a new study.

Missouri lagged behind 37 other states and D.C. in terms of STEM knowledge required per job in 2011, according to [the Brookings Institution's report](#). Jonathan Rothwell, the senior research associate and associate fellow at Brookings who conducted the study, said that's an indication "Missouri's STEM economy is oriented towards STEM jobs that require somewhat less advanced knowledge relative to the highly educated STEM occupations."

Rothwell said the lower requirement is reflected in Missouri's larger share of STEM workers without a bachelor's degree compared to the U.S. number.

STEM workers with sub-bachelor's degrees had been ignored as an important workforce and economic driver in previous studies of the STEM economy, according to [Rothwell's study](#).

Missouri's STEM jobs requiring an associate's degree or less constituted 54 percent of all the state's STEM jobs, according to the Brookings database. Workers in these positions earned nearly \$50,000, or 62 percent more than people in non-STEM jobs with the same educational requirement.

Nationally, half of all STEMs jobs required sub-bachelor's degrees. Workers in those jobs made \$53,000, or 60 percent more than those in non-STEM jobs requiring the same level of education.

The gap in wages between sub-bachelor's STEM and sub-bachelor's non-STEM workers was much larger than the difference between STEM and non-STEM workers with bachelor's or higher education, based on an analysis of the Brookings database.

Rothwell said the larger difference in knowledge and skill requirements at the sub-bachelor's level explained the wage gap.

“Non-STEM workers without a bachelor's degree are working in occupations requiring very little post-secondary education on average, whereas STEM workers without a bachelor's degree are more likely to work in jobs requiring a post-secondary certification or associate's degree.” Rothwell said, “also, STEM sub-bachelor's jobs are more likely to require longer periods of on-the-job-training.”

Tags

associate's degree, bachelor's degree, Brookings Institution, Employment, Jobs, Jonathan Rothwell, STEM, STEM Economy, STEM jobs

Missouri Job Market Heals Slowly From Recession

By **Miranda Zhang**
June 28, 2013 11:00 am

Missouri continues to suffer from a "job deficit," or the difference between the current number of jobs in Missouri and the number it needs to recover to its pre-recession unemployment rate, according to the Economic Policy Institute, a Washington, D.C. think tank.



Doug Hall | Photo courtesy of the Economic Policy Institute

To erase the deficit, Missouri would need to gain about 216,000 jobs over the next three years to both recover jobs lost during the recession and to keep up with the state's population growth, EPI projected.

"Missouri hasn't shown particular strength in terms of employment growth," Doug Hall, director of EPI's Economic Analysis and Research Network, said. "There's not a whole lot of positives going on there."

Missouri's job growth demonstrated the weakness of its economic recovery compared to six other Midwestern states, including North Dakota, South Dakota, Nebraska, Minnesota, Iowa and Kansas.

The employment number in Missouri has been the lowest in the region since October

2009, according to EPI's dataset. During that time, its pace of job growth lagged behind the other six states. The other states seemed to show upward trends starting in early 2010 while Missouri stayed relatively flat in employment growth, Hall said.

It is notable that the six states included in the dataset comparisons happened to be states that weren't hit as hard by the recession, according to Peter Mueser, professor of economics at the University of Missouri. Most of the states have been boosted by strong energy or agriculture industries.

Construction, manufacturing shed most jobs



Photo courtesy of Creative Commons

The construction sector in Missouri was hit hardest by the recession, losing about 25.5 percent of jobs compared to the beginning of the recession, according to EPI's dataset.

Missouri's loss in construction since December 2007 was larger than the U.S. figure by 3 percent, but the construction sector in Missouri fared better in the short term compared to the rest of the nation. The state gained 3.7 percent construction jobs in May year over year, whereas the rest of the U.S. gained 3.4 percent.

Similar differences between Missouri and the U.S. appeared in manufacturing. The sector suffered the second-biggest employment decrease for both the state and the U.S. since the beginning of the recession. Missouri lost 47,000 jobs, or about 16 percent, in manufacturing compared to December 2007.

"Historically, Missouri had a relatively high proportion in the automobile industry," Mueser said. "In 2008, some of the major companies, including Chrysler, had dramatic layoffs in the state."

Missouri ranked No. 1 in terms of over-the-year decrease in average weekly initial claims due to mass layoffs, according to a June 21 [Bureau of Labor Statistics news release](#). Initial claims represent the number of individuals who file notice of unemployment to request eligibility for compensation, or for a subsequent period of unemployment.

Missouri's ranking was a good sign, Mueser said. He attributed it to factors in certain industries and the weather.

"Manufacturing, automobile and aerospace industries are doing relatively well," Mueser said. "Construction could be delayed by the snowstorms in March and the cold spring, so growth in April and May could be making up for that."

Because Missouri saw a spike in initial claims and mass layoffs in May 2012, the weekly numbers this year might not be representative for understanding what's going on in the Missouri economy, Hall pointed out. BLS data shows that since early 2011 the 12-month average for mass layoffs has remained fairly steady.

State sees shift in types of employment

The data also indicated that Missouri is moving away from the old industry structure, which was characterized by bigger proportions of manufacturing and construction, Mueser said. Companies in the old structure tend to be slow in rehiring after a recession.

"Technological changes happening in these industries made firms more efficient," Mueser said, "but the changes required less labor so this is harder for workers."

On the other hand, the education and health sectors gained back 7.4 percent jobs since December 2007 in Missouri while the U.S. added 11.3 percent. The employment growth in the state year over year was 1.4 percent, or 0.4 percent less than the rest of the country.

Missouri saw a 0.4 percent drop in employment in the education and health sectors compared to April, which may have been partly caused by cutbacks in federal support for state Medicaid programs, Mueser said.

In general, Missouri's recovery pace from the recent economic recession reflected the national trends though it bounced up and down. "This is one of the slowest recoveries in the post-war era," Mueser said. "The ongoing hope in the past three years was for faster recovery, but it has not happened."

St. Louis Area Housing Market Shows Strong Growth In May

By Miranda Zhang
June 26, 2013 11:45 am



Row houses face Lafayette Park in St. Louis | Photo courtesy of Creative Commons

Home sales in the St. Louis area jumped 16.4 percent to 2,737 in May, up from 2,352 last year. Average sales price in the area hit \$196,796, up 10.1 percent from \$178,671, according to an analysis on May statistics.

The strong growth in the region, which is defined by the St. Louis Association of Realtors as including the city of St. Louis, St. Louis County, St. Charles County, Jefferson County and Franklin County, was representative of the continued housing market recovery for the Midwest and the U.S as a whole.

Median sales prices in St. Louis County and St. Charles County surpassed the Midwest number in May, according to datasets supplied by the St. Louis Association of Realtors and the National Association of Realtors. The city of St. Louis and Jefferson County both enjoyed 11.6 percent growth in median prices, whereas Franklin County suffered a 7.3 percent decrease.

As the Federal Reserve kept short-term interest rates low, home buyers sped up the pace of their purchases.

In May, 45 percent of all U.S. homes stayed on the market for less than a month, according an NAR news release. Lawrence Yun, NAR chief economist, said shortages in home inventory contributed to a fast price increase.

"The home price growth is too fast," Yun said in the report, "and only additional supply from new homebuilding can moderate future price growth."

The U.S. existing home inventory decreased 10.1 percent year over year, although it went up 3.3 percent compared to April. Inventory for the St. Louis area also dropped year over

year.

Less inventory and more buyers drove the St. Louis market, according to Donna Zerega, president of the St. Louis Association of Realtors.

"There are more buyers out in the marketplace than last year, so homes are selling quicker with more competition. Some homes are being sold the first day with multiple offers," Zerega said. "But this is all because of less inventory, more buyers."

Low inventory's influence on the market also depends on the price range, and \$300,000 to \$400,000 homes seem to be in high demand and low supply in a number of markets, Zerega said.

Interest rate is another factor affecting the ups and downs of the housing market. Federal Reserve Chairman Ben Bernanke said last week the central bank is likely to reduce bond purchases later this year. It will be interesting to see how interest rates fare and how it influences the housing market, Zerega said.

County/City	Avg. Days on Market	Avg. Sales Price	Median Sales Price	Active Listings	Sold Listings
St. Louis 2013	92	\$124,213	\$106,000	1,729	343
St. Louis 2012	114	\$114,080	\$95,000	1,889	287
St. Louis County 2013	86	\$223,929	\$165,000	5,303	1,439
St. Louis County 2012	107	\$198,745	\$150,000	6,793	1,252
St. Charles County 2013	85	\$202,820	\$175,000	2,303	585
St. Charles County 2012	116	\$186,622	\$166,412	2,833	491
Jefferson County 2013	107	\$150,101	\$145,000	1,819	272
Jefferson County 2012	129	\$138,977	\$129,900	1,896	234
Franklin County 2013	185	\$146,059	\$120,000	909	98
Franklin County 2012	201	\$167,503	\$129,450	993	88

Source: The St. Louis Association of Realtors. Table includes figures as of May 2012 and 2013.

Construction, Manufacturing Lost Most Jobs As Health Care Gained

By **Miranda Zhang**
July 5, 2013 8:30 am

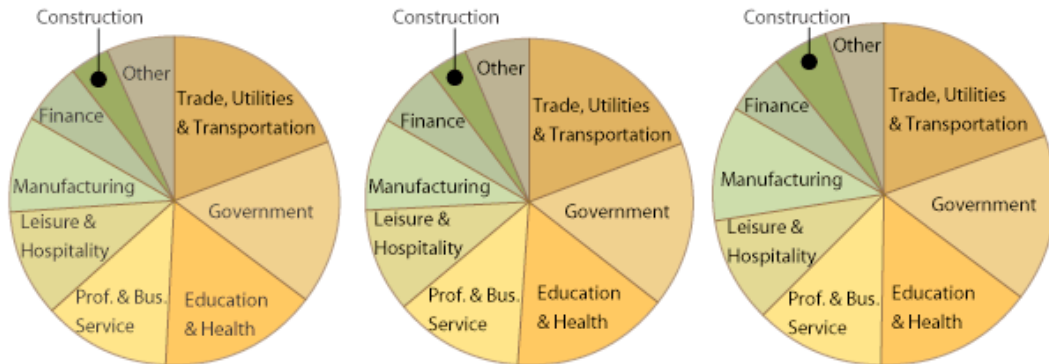
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Missouri Employment Breakdown by Industry

May 2013: 2,693,200
↓ 105,300 since Dec. 2007

May 2012: 2,662,700
↓ 135,800 since Dec. 2007

Dec. 2007: 2,798,500
★ Beginning of the recession



Sources: The Bureau of Labor Statistics, The Economic Policy Institute

Missouri's construction industry has lost 36,900 jobs, a 25.5 percent decrease, since the beginning of the economic recession in December 2007, according to data released by the Economic Policy Institute. The biggest drop in percentage came in non-farm employment, according to the EPI's data. Employment in manufacturing saw a 16 percent decrease, or 47,000 jobs, compared to December 2007. In the meantime, the state's education and health sectors gained 28,600 jobs, or a 7.4 percent change.

Peter Mueser, a professor of economics at the University of Missouri, said the employment trends indicate Missouri is [moving away from the old industry structure](#), which was characterized by bigger proportions of manufacturing and construction.

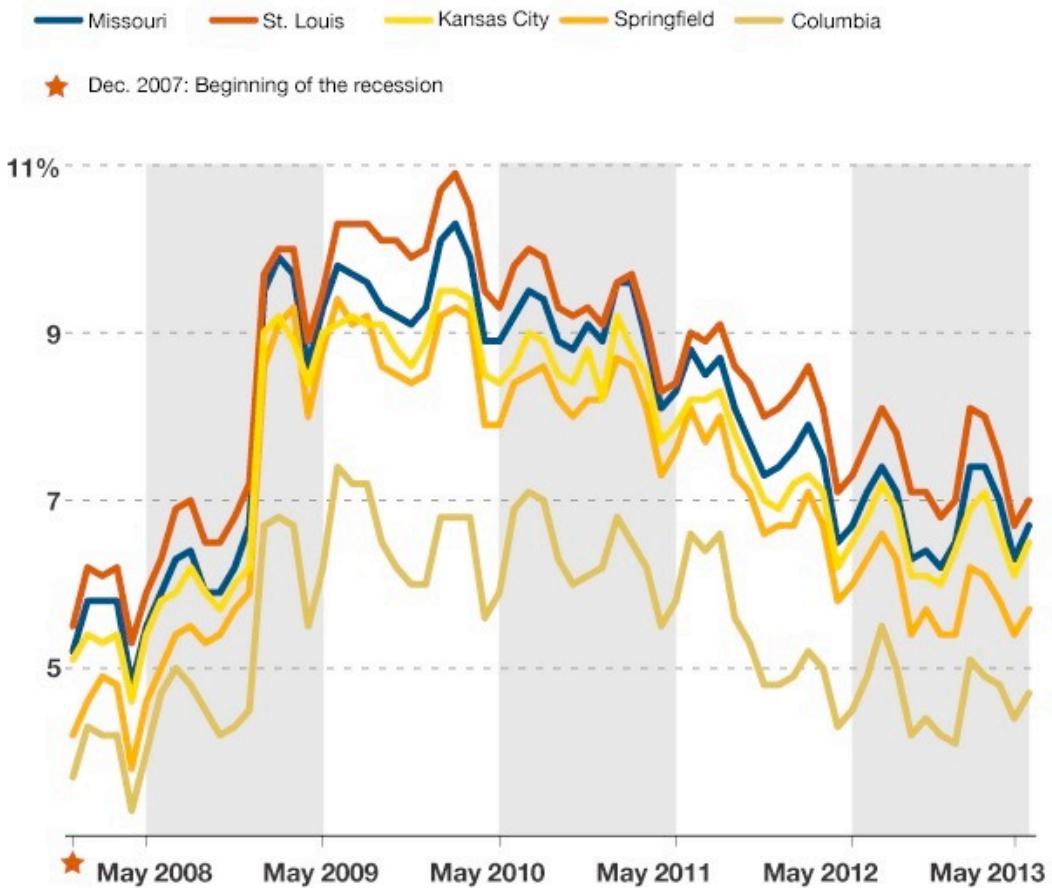
Tags construction, education, Employment, Health, Manufacturing, Peter Mueser, The Economic Policy Institute

Job Numbers Reflect Missouri's Slow Recovery

By Miranda Zhang
July 9, 2013 12:25 pm

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Missouri Metro Areas Unemployment Rate



Note: The data included in the chart is not seasonally adjusted

Source: The Bureau of Labor Statistics

Unemployment rates in St. Louis and Springfield dropped slightly in May compared with the same month a year ago, while the rates rose slightly in Columbia and Cape Girardeau and were flat in Missouri's other metropolitan areas and in the state overall.

The state's May jobless rate, 6.7 percent, is still 1.2 percentage points higher than in May 2008, the first year of the economic recession, according to the Bureau of Labor Statistics. Most metro areas need to reduce the rate more than a percentage point to get

back to the 2008 benchmark, although Columbia is within 0.7 percentage points of its 4 percent rate from five years ago. Analysts said changes in labor force and economic policies are contributing to the slow recovery.

Unemployment rates in St. Louis and Springfield both declined 0.3 percentage points year over year, to 7 percent and 5.7 percent, respectively. Cape Girardeau's rate increased from 6.2 to 6.5 percent, and Columbia's rate climbed from 4.5 percent to 4.7 percent in May. Kansas City's unemployment rate stayed at 6.5 percent.

The falling unemployment rate in St. Louis could be caused by the number of people who gave up looking for jobs or moved away, Peter Mueser, professor of economics at the University of Missouri, said.

St. Louis' labor force fell 0.36 percent to 1.415 million from 1.42 million in 2012, according to the BLS data.

"This isn't a sign of strength, but of general weakness," David Mitchell, director of the Bureau of Economic Research at Missouri State University, said.

Springfield's labor force rose almost 1.3 percent compared to last May. The Springfield economy is relatively insulated from national changes, Mitchell said.

"It didn't experience a lot of the growth in housing prices and in the economy in general; therefore, it has done fairly well in the recovery," Mitchell said. "It also has a large concentration of its economy dependent upon health care which has continued to do very well."

Five-year rises in unemployment rate indicate weak recovery

In the long run, unemployment rates in St. Louis and Springfield both rose 1.1 percentage points, from 5.9 percent and 4.6 percent in May 2008. Columbia was at 4.7 percent in May, up from 4 percent in May 2008. Cape Girardeau's rate increased to 6.5 percent from 5.3 percent in 2008.

The long-term view of unemployment [reflects the state's slow healing process](#) from the recession. The tepid recovery is being driven by population changes and economic policies on the federal level, Mitchell said.

While the demographic factor remains hard to change, "the economic policies coming out of Washington, including large increases in regulations, are having a negative effect on the economy, investment and savings," Mitchell said.

Columbia's unemployment rate experienced the smallest five-year growth and stayed the

lowest among all the metro areas in Missouri. Its labor force rose 5.3 percent to 98.4 thousand, from 93.4 thousand in May 2008. It was the biggest percentage increase among the state's metro areas.

The prevalence of the health care sector and large proportion of college students in Columbia should explain the area's low unemployment rate, Mueser said. Health care and education, which are important industries for Columbia, are not tied tightly to the business cycle. Unlike the manufacturing industry, [which suffered big drops in employment around the country](#), hospitals and universities are slower to lay off workers, Mueser said.

College students also contributed to the low unemployment figure in Columbia. "Students usually scramble to get jobs, especially in summer," Mueser said. "They tend not to be unemployed for very long."

St. Louis Area Sees Potential For Seller's Housing Market

By Miranda Zhang
July 22, 2013 12:52 pm



Photo courtesy of Creative Commons

The housing markets in St. Louis County and St. Charles County are on the verge of being seller's markets, and the housing market of the St. Louis area as a whole continued to show strong growth in June.

The St. Louis area, which is defined by the St. Louis Association of Realtors as including the city of St. Louis, St. Louis County, St. Charles County, Jefferson County and Franklin County, saw increasing sales volumes and sale prices and decreasing numbers of homes available for purchase across the board compared to June 2012, according to the SLAR's recent dataset.

Average sales prices went up at least 6.4 percent across the area, led by Franklin County with a 25.2 percent surge and the city of St. Louis with an 18.1 percent increase. St. Louis County saw a 6.4 percent average price growth, to \$233,177 from \$219,087 last year, to remain the most expensive market in the area.

The number of homes available on the market in St. Louis County dropped 21.3 percent in June, and St. Charles County experienced an 18.6 percent year-over-year decrease. Both counties had a four-month supply of houses on the market. That supply reflects a balanced market, and it would indicate a seller's market if the supply dips below that.

Donna Zerega, the president of the St. Louis Association of Realtors, said the area is on

the cusp of a seller's market. The shortages in inventory implied a growing demand, which Zerega said was possibly caused by buyer optimism concerning jobs and the state of the housing market coupled with an anticipated rise in interest rates.

Sold listings in St. Charles County jumped 19.9 percent, to 584 from 487, which was the biggest increase in the area. St. Louis County, the region's largest market, saw its sold number stay flat in June, only rising to 1,372 from 1,370.

St. Charles County has a much larger percentage of new construction than St. Louis County, according to Zerega. Builders were hit hard by the economic downturn and the number of sold properties in St. Charles fell every year since 2007, and now they are back to the 2007 level, Zerega said.

Housing A Key Piece Of Climbing College Costs

By **Miranda Zhang**
August 28, 2013 1:42 pm

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Miranda Zhang / Missouri Business Alert [permalink](#)

University of Missouri freshman Baylee Oldham organizes her desk in her dorm room after the first day of class.

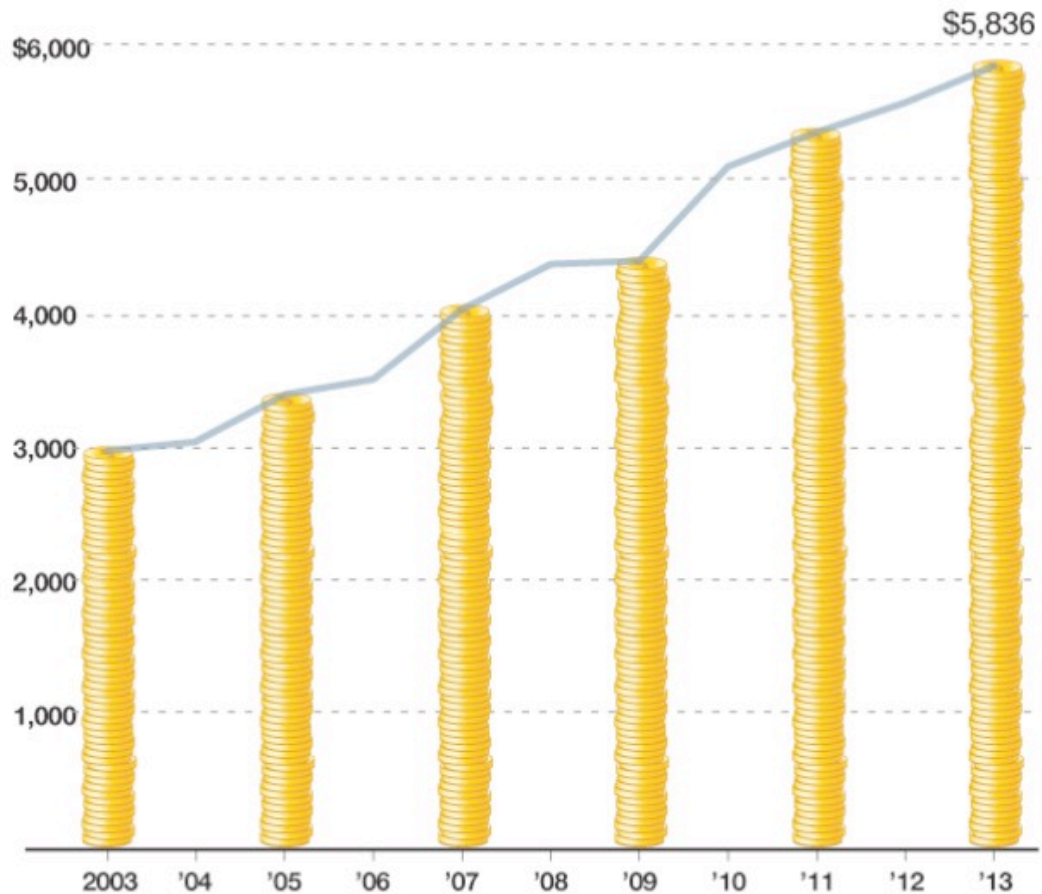
Following her first day of class last week at the University of Missouri, Baylee Oldham strode back to her dorm, a recently renovated double room featuring two loft beds. Oldham, an MU freshman, will pay \$5,750 for the academic year to live in Gillett Hall on the Columbia campus.

MU students today experience a much bigger financial burden for college education than students did a decade ago, as access to financial aid mismatches the growing cost of housing. The MU campus housing department generates revenue from student rent, which rose dramatically in the past decade. The increasing cost of attending college and the state of financial aid for college students has added financial pressure for families.

Department budget leads to less affordable campus housing

The annual rate of an average double room like Oldham's has almost doubled from about \$3,000 in 2004, according to an analysis based on a dataset supplied by the MU Department of Residential Life.

Average MU Double Room Rate Per Academic Year, 2003-2013



Source: The MU Department of Residential Life

Miranda Zhang / Missouri Business Alert

Although MU's campus housing price is comparable to other public universities in the Midwest, the department's newest budget indicates the rising rate comes from skyrocketing costs.

The department's fiscal year 2014 budget anticipates \$40.4 million worth of revenue from contracts between July 1, 2013 and June 30, 2014, or more than twice the \$19,451,828 brought in from contracts in fiscal year 2005. The department relies mostly on room contracts with students for revenue.

Frankie Minor, MU's director of Residential Life, said the primary source for the price increase was the cost of renovations and new construction of residence halls. He said operating costs such as utilities, furniture and employee benefits have also gone up over time.

The department's budgets showed that projected utilities expenses increased from \$2.3 million to \$5.3 million in the past 10 years' budgets. The total amount of salaries, wages and benefits for the department's employees rose 69 percent, from \$7.2 million to \$12.2 million, over the same period of time.

Minor said the increase of salaries and benefits was due partly to growth in the number of staff members as the department built new residence halls, and to the significant rise of health insurance costs.

Financial aid lags growth of expenses

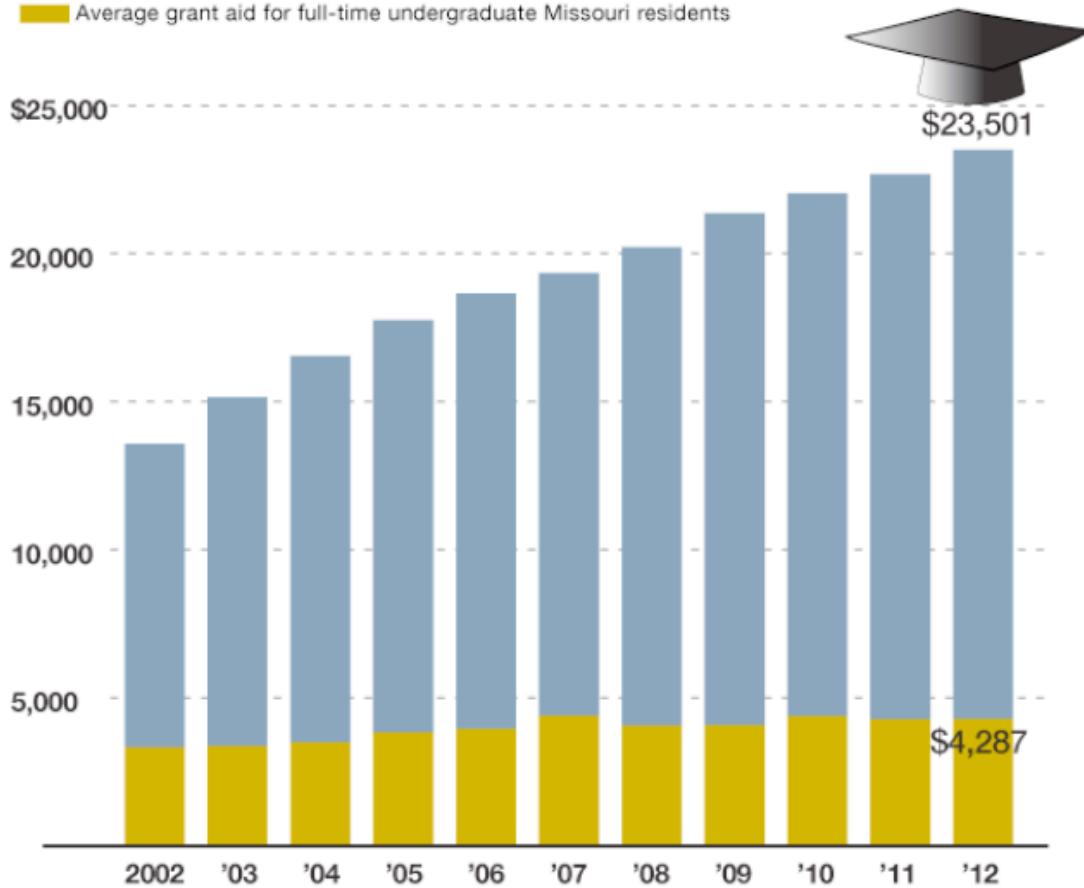
It's not just housing costs climbing for MU students. The budgeted costs for full-time undergraduate Missouri residents attending MU increased from \$15,153 in the 2003 academic year to \$23,501 in 2012. As costs have climbed over the last decade, the number of undergraduate students to apply for financial aid has soared.

Gap Widens Between College Cost And Grant Aid

KEY

■ Cost of attending MU for full-time undergraduate Missouri residents

■ Average grant aid for full-time undergraduate Missouri residents



Source: Office of Institutional Research and Planning, University of Missouri System

Note: The data reflects cost and financial aid per academic year

More MU undergraduates with high family income are applying for financial aid due to rising college expenses. The number of MU undergraduates with family income of more than \$100,000 who filed the Free Application for Federal Student Aid, or FASFA, tripled between the 2003 and 2012 academic years, according to the University of Missouri System Undergraduate Financial Aid Summary Reports.

The report suggested there are more students from higher-income families that have financial need, according to LaShonda Carter-Boone, senior research analyst at MU Institutional Research and Planning. She said students from higher-income families who did not have a financial need in the past might have it now due to rises in budgeted attendance cost.

The need for student aid is surging, but a family's ability to pay for college has shrunk, said MU professor Stephen Ferris, director of the Financial Research Institute. While the recent financial crisis wore down the value of assets invested to cover college expenses, the increasing costs of university education created a greater demand for financial support, Ferris said.

For some students and parents, financial aid is not a reasonable choice.

Jeni Kren supports her twin daughters, who are seniors at MU and have not applied for any financial aid. They live at Pear Tree Village, an apartment complex south of the Columbia campus, and their rent there is more affordable than it would be in residence halls.

Kren said her daughters did not apply for financial aid because their family income would exclude them from anything but loans.

"We probably would not qualify," she said, "but it is a strain with out-of-state tuition."

Kren's biggest concern is that her daughters don't have any debt at graduation, at least not as undergraduates.

Tags

Baylee Oldham, campus housing, college costs, college finance, FASFA, financial aid, Frankie Minor, Jeni Kren, LaShonda Carter-Boone, MU, MU Institutional Research and Planning, the Department of Residential Life, the Free Application for Federal Student Aid, the University of Missouri System Undergraduate Financial Aid Summary Reports, University of Missouri

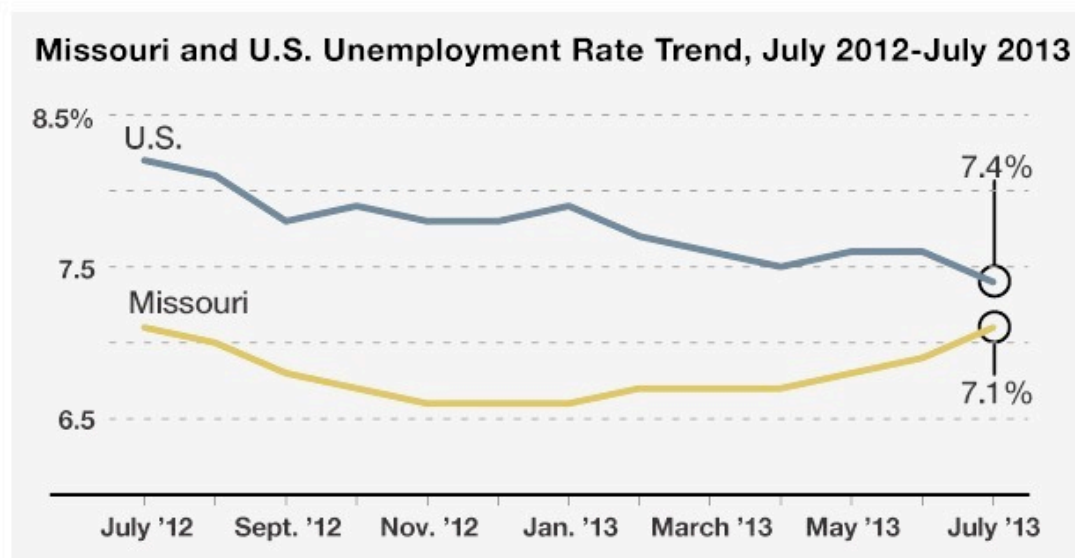
Missouri Unemployment Climbs, Nears U.S. Level (Graphic)

By **Miranda Zhang**
August 30, 2013 5:47 pm

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Missouri's unemployment rate continued its slow but steady climb in July as the U.S. rate continued to drop.

The state's 7.1 percent unemployment rate in July was at the same level as last year. Missouri's unemployment rate hit its one-year low, 6.6 percent, in November and started to rise again in February, according to the Missouri Economic Research and Information Center's database. Over that same period, the U.S. rate went through ups and downs, but it dropped to 7.4 in July, the lowest figure since December 2008.

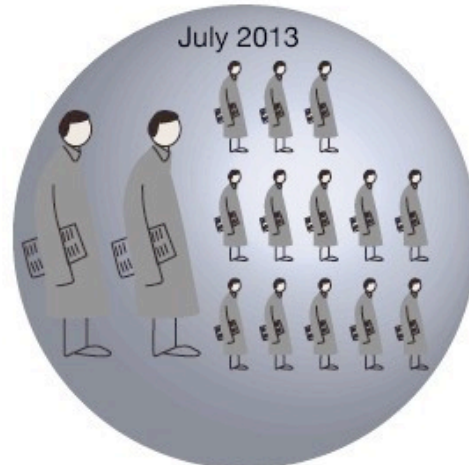
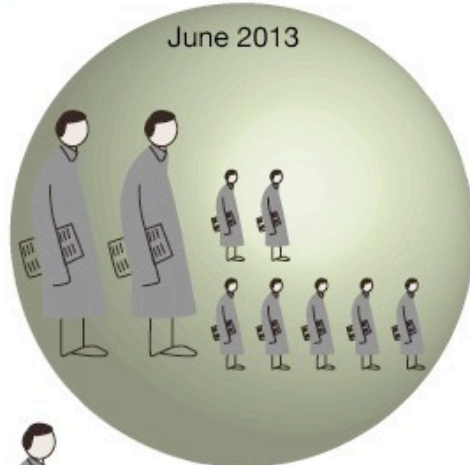


Total labor force in Missouri increased minimally from June to July. Meanwhile, the state's unemployment number went up almost 3 percent, from about 207,000 in June to 213,000 in July, according to MERIC. The July unemployment number was about 2,000 higher than last year.


Missouri Laborforce and Unemployment Change, June-July 2013

Laborforce: 3,005,196
Unemployment: 207,000

Laborforce: 3,005,763
Unemployment: 213,000



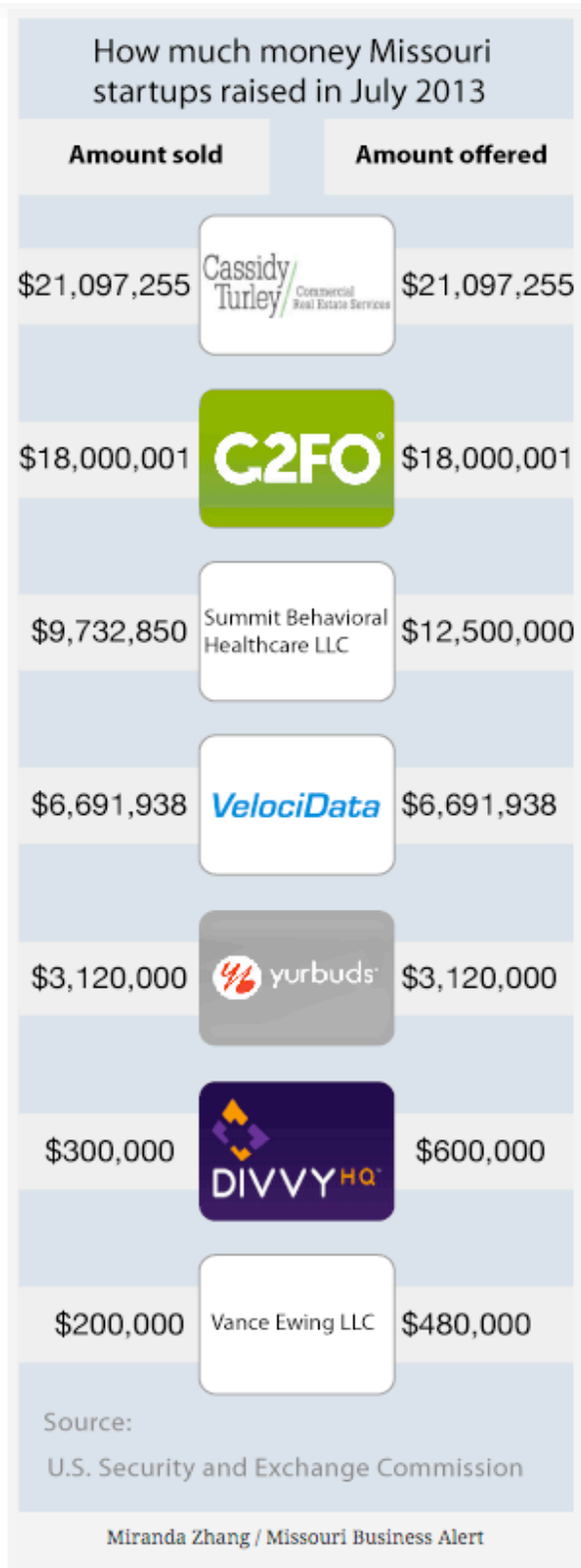
 =100,000 unemployment

 =1,000 unemployment

Source: The Missouri Economic Research and Information Center

Miranda Zhang / Missouri Business Alert

Tags Labor force, MERIC, Missouri Economic Research and Information Center, Missouri Unemployment Rate, U.S. unemployment rate, unemployment, unemployment rate



Graphic for “Missouri Funding Report: Cassidy Turley, C2FO haul in capital,” August, 30, 2013

Hall Family Pledges \$75 Million For Children's Mercy Facility

By **Miranda Zhang**
September 4, 2013 4:47 pm

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The Hall family and Hall Family Foundation [announced plans for a \\$75 million donation](#) to Children's Mercy Hospital in Kansas City for a new medical research building. The gift, which comes from the philanthropic foundation run by the family behind Hallmark Cards, hinges on the passage of a [half-cent Jackson County sales tax](#) for medical research.

The tax, which was [approved last month](#) for November's ballot, would raise an estimated \$40 million over 20 years for the creation of the Jackson County Institute for Translational Research and Medicine, a collaborative effort between Children's Mercy, Saint Luke's Health System, the University of Missouri-Kansas City and the Kansas City Area Life Sciences Institute.

Donald J. Hall, Sr. encouraged the passage of the tax and said the gift from his family's foundation would provide Kansas City a short-term economic boost and help shape the city's long-term future.

"This gift eliminates the need for taxpayer dollars to go toward bricks and mortar," Hall said in a statement. "It allows the proceeds of the sales tax to go directly toward hiring world-class scientists, researchers and support staff, and it will provide them with the state-of-the-art equipment they need to find new treatments for today and new cures for tomorrow."



Children's Mercy Hospital in Kansas City would receive a \$75 million donation from the Hall Family Foundation if a half-cent sales tax passes in November. | Photo courtesy of Children's Mercy Hospital

Tags Children's Mercy, Jackson County, Sales Tax, The Hall Family Foundation, the Institute for Translational Medicine of Jackson County

“We just had really slow growth farther and farther behind,” Mitchell said. With falling median income, Missouri is not attracting enough high-skilled workers to the market.

It is a “long-term structural problem” because changes in sectors such as education could only see obvious results after policies are in place for more than a decade, Mitchell said.

As the short-term unemployment rate trend has gone up, Mitchell suggested employees in certain industries should prepare themselves to pick up more skills.

Tags

Bureau of Labor Statistics, David Mitchell, job market, Labor force, Missouri State University, Missouri Unemployment Rate, the Bureau of Economic Research, unemployment

Rising Unemployment Rate Reflects Missouri's High-Skilled Job Market

By Miranda Zhang
September 23, 2013 11:04 am

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Missouri and U.S. Unemployment Rate Trend August 2012-August 2013



Sources: U.S. Bureau of Labor Statistics, Missouri Economic Research and Information Center

Graphic by Miranda Zhang

Missouri's unemployment rate rose to 7.2 percent in August while the U.S. rate fell to 7.3 percent. August was the closest the state rate came to the U.S. level since January 2011, when both the U.S. and Missouri numbers were just above 9 percent.

The number of unemployed people in Missouri increased almost 3.9 percent to 216,300 in August 2013, compared to 208,200 last year. The state's labor force barely went up, according a release published Friday by the Bureau of Labor Statistics.

Slow growths in population and average wage are hurting the state's job market, according to Professor David Mitchell, director of the Bureau of Economic Research at Missouri State University.

Q&A: What Would A Government Shutdown Mean For Missouri?

By **Miranda Zhang**
September 30, 2013 6:01 pm

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 Recommend

4

 Share

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2



Lawmakers on Capitol Hill and President Barack Obama have until midnight to reach a deal to keep the federal government running. | Photo by Michael Stacy

The federal government is on the verge of a partial shutdown as Washington lawmakers haven't reached a decision over whether to delay funding for the Affordable Care Act. The clock is ticking for Congress and President Barack Obama to agree on a continuing budget resolution before the federal government's fiscal year 2013 ends at midnight on Monday. A resolution would buy lawmakers more time to reach a new budget decision; if the shutdown happens, hundreds of thousands of non-essential federal government employees across the U.S. would be furloughed.

To address how a possible shutdown would affect Missouri's economy, Missouri Business Alert interviewed Joseph Haslag, Director of the Economic Policy Analysis and Research Center, based at University of Missouri. The interview has been edited and condensed.

Missouri Business Alert: What are the short-term impacts of a shutdown on federal government services in Missouri?

Joseph Haslag: Basically, there's a number of people who are currently producing government goods. Some of them are consumed by Missourians. And the production of these government goods is going to be diminished. It's like a short-term kind of productivity hit. I'll give you the best analogy I can to be illustrative: Some farmers' fields are just going to vanish. Not the whole crop, but just part of their fields are going to vanish. So production is going to go down.

Now where that analogy falls short is that the claim that's being made is that somehow by shutting down the government in the near term and holding down future spending -that's the critical part, that they're able to hold down future spending -that will make the U.S. economy more productive in the future. It really is a trade-off about current, today and the near term and what the future is going to look like.

MBA: What are the potential positive effects of a shutdown on the economy?

JH: That's the argument is that by cutting certain spending programs, by controlling the debt we're accumulating, in a particular way that's going to free up resources that are going to be used more effectively by companies and by individuals, and that's going to lead to faster growth.

There seems to be some desire to have some clarification about what the costs of the Affordable Care Act are going to be. And in search of that clarification, it bears directly on what the future payment streams by the federal government are going to be. And the more resources the federal government takes up, the fewer resources that are going to be put into agriculture activity and production of automobiles, and all sorts of different services that the United States likes to consume as well. That's the best way I know how to couch what the trade-off is regarding the government shutdown.

MBA: Could you talk a little more specifically about what a shutdown would mean to Missouri's economy?

JH: Everything that I said in general would apply to Missouri. Some of the federal offices are going to be in Missouri. I don't know what that proportion is. We raise about \$7.5 to \$8 billion on our own in that general revenue part, and we spend somewhere in the order of about \$25 billion. So we raise about a third of what the state government spends on our own. And the rest of it is coming from other sources, and some of the big chunks of other sources are going to be from the federal government.

So it's going to affect the state and what level of state services are going to be provided. So it's the same kind of production shock we talked about earlier. Some state government services just aren't going to be produced, and it's going to adversely affect the near-term state economy. Whether that has an impact on the state economy growing faster in the future is an important academic question and ultimately an empirical question that we are trying to wrap our heads around.



Joseph Haslag | Photo courtesy of the University of Missouri

MBA: If the continuing resolution is passed, how would that affect Missouri's economy?

JH: If the continuing resolution is to pass, the Missouri economy is probably going to look a lot like it has in the past half dozen years or so. It's going to be kind of a slow growth. I don't see anything breaking out or anything materially different in terms of that outcome.

MBA: What would a shutdown mean for furloughed federal employees?

JH: They are the very people who are producing today and may not be producing tomorrow. In the near term, they are going to suffer more directly than just about everybody else. I mean, if I want to go a national park tomorrow, I'm not going to be able to, it doesn't look like. But that doesn't affect me adversely. But if I work at a national park, my income is going to be cut, starting tomorrow. And that's a more significant loss.

MBA: Missouri's job market is recovering over the longer term, but the unemployment rate has been going up in the past few months. How would the government shutdown contribute to the short-term job market in the state?

JH: If the government shuts down, it's likely that the unemployment rate is going to be increasing. There are going to be people who are furloughed or laid off. They are going to be unemployed. They are going to be making guesses about whether it's worth trying to draw unemployment insurance versus actually going out and searching for new jobs and for new matches in the labor market.

Tags

Affordable Care Act, Barack Obama, continuing resolution, debt ceiling, debt limit, Economic Growth, government shutdown, job market, Labor Market, Missouri Unemployment Rate, Obamacare, U.S. House, U.S. Senate

Shutdown Delays Loans, Creates Uncertainty For Homebuyers

By **Miranda Zhang**
October 3, 2013 8:30 pm



Russ Cofano | Photo courtesy of the Missouri Association of Realtors

With the federal government shutdown approaching its fourth day Friday, Missourians seeking federally insured home loans face the prospect of their loan approval being delayed.

The Department of Agriculture, the Federal Housing Administration and the Department of Veterans Affairs are all partially shut down. The USDA will not approve loans that are part of its rural housing programs during the shutdown. Delays are expected on loan applications being processed by the FHA and VA, according to a [document from the National Association of Realtors](#).

That means uncertainty for would-be homeowners like Landon Enochs, a groundskeeper at Memorial Funeral Home and Memorial Park Cemetery in Columbia. Enochs and his fiancée, who are currently living in a trailer home in Columbia, applied in August to a USDA program for rural homeowners. They expected to get approval by Oct. 25 for their mortgage on a small ranch house on the outskirts of Columbia. Now they're waiting to hear back from the bank, which hasn't confirmed if the loan was approved before the shutdown.

"I thought, 'Oh, no! I'm not going to get my house after all the time and the money I've spent,'" Enochs said. "I've probably got three or four thousand dollars wrapped up into this."

The [USDA's website](#) is not functional due to the lack of federal funding.

If the bank received a conditional commitment — which the USDA issues to lenders after approving loans — before the shutdown, it would be able to close the loan. Otherwise, the bank has to wait until the shutdown is over to complete the loan approval process, according to the National Association of Realtors.



Kevin McCormick | Photo from linkedin.com

While existing applicants are in limbo, new applicants for federal loans will have to wait until the shutdown is over, according to Kevin McCormick, a senior loan officer at St. Louis-based Pulaski Bank.

The Internal Revenue Service is closed and suspended processing of Form 4506-T, which is used to request tax information needed for the approval of federal loans. The Social Security Administration is not issuing verification for mortgage processing due to its closure.

"It really just depends on the duration of the shutdown," McCormick said. "I don't know how many filings they get, but you've got to keep in mind all 50 states are sending these 4506-Ts to the IRS for validation purposes. I don't know any investors that will accept the purchase of that loan without that in the file."

Russ Cofano, CEO of the Missouri Association of Realtors, said it's too early to estimate how much the partial shutdown will impact the real estate market on a state level, but he expressed concern that consumer confidence could be shaken.

"With the government's shutdown, it will, and this is just my opinion, but it could put a question mark in buyers' mind as to what that will mean to the economy in general, the stock market," Cofano said. "And that could impact consumer confidence in a negative way and therefore impact the buying public's desire to purchase."

Chapter Five: Analysis

Experimenting With New Strategies to Run A Media Startup

In the beginning, there was money.

Next Avenue started with a whopping \$5 million grant. The St. Louis Beacon got over \$ 5 million from a variety of sources. Harvest Media received \$600,000.

Today, Harvest Media is the only one standing on its own.

The reasons for success and failure of these three startups are as varied as the companies. All had altruistic missions, but their futures were determined by the ability to build partnerships and navigate the rough waters of sustainability in a rapidly changing economic environment.

There were similarities. Each startup was birthed by grants.

Next Avenue, which aimed for an audience of aging Baby Boomers, was launched by Twin Cities Public Television in 2012. Harvest Public Media, a collaborative born of public radio station KCUR in Kansas City in 2010, focuses on agriculture. The St. Louis Beacon, a former digital newsroom established in 2008, was set up by former employees of the city's daily paper.

In the end, Harvest became a financially independent media organization after using up its initial grants. Next Avenue struggles today with creating timely content and is using up its original foundation money. The Beacon merged with another news entity for better financial security.

“Foundation funding is intended to be a start, not a permanent source,” said Ken Doctor, a well-known media industry analyst and author. “So, having a revenue plan — as if the site were a small business — is the answer.”

Jake Halliday, president and CEO of the Missouri Incubator Center, said grants give an entrepreneur the opportunity to prove the venture is worthwhile, feasible and, ultimately, sustainable.

“They are hoping that the venture can stand on its own feet.”

Grant money: Free but doesn't last forever

A grant is good news.

The money not only guarantees a smoother birth of the startup, but it also attracts talent. To veteran journalists, who have strong networks and want to make a difference in the digital world, getting grants or foundation donations can make their entrepreneurial dream come true. But planning also needs to begin immediately on sustainability.

A media start-up can't afford a singular focus on content, said Mary Bruno, who is a veteran in working with start-ups. Companies must also focus on revenue.

As editor in chief and interim publisher of Crosscut, a nonprofit digital newspaper based in Seattle, Bruno lives in the world of chasing grants and sees both the upside and downside of relying on grants and donations. She has helped launch media startups and worked as a writer, executive editor and media consultant before she joined Crosscut.

Ideally, donations can support general operations because it's free money and the entrepreneurs have the liberty to decide how they can spend it, Bruno said. The unrestricted nature of major donations is a big advantage, but it takes time to pursue them.

“Usually you have to cultivate those relationships over the course of years before you get to that point,” Bruno said. “So it's a very long-term investment.”

The Corporation for Public Broadcasting launched Harvest in 2010 to cover food, fuel and field reporting in the Midwest. As one of CPB's seven Local Journalism Centers, Harvest helped fill the void in agriculture coverage.

"So seven of them were launched with a charge to be innovative in terms of pushing the boundaries of how we do multimedia story telling, but then also cover areas of the specific concern to Americans," Donna Vestal, supervising editor of Harvest, said.

Harvest turned out to be one of the few Local Journalism Centers that continued to serve its mission after the original funding ran out.

Harvest was fully funded for the first two years after its launch and then 80 percent funded, receiving a total of \$500,988 in grant money between October 2012 and September 2013, according to Harvest and CPB's grant agreement.

"It's a winding-down relationship," Vestal said. "We are dealing with the end of the grant and making sure we are using the fund appropriately."

Harvest said that even though the CPB grant has been used up, Harvest might get money for special projects from CPB. But the Harvest team had to plan ahead and figure out new revenue strategies to close the gap.

Next Avenue was started to better serve those born between 1946 and 1964. It received \$5 million as seed money from The Atlantic Philanthropies, The General Mills Foundation and The Medtronic Foundation to launch the website.

As those contributions began to run out in fiscal 2013, the team needed to find new sources of revenue to keep the newsroom operating, Judy Diaz, former president of the Next Avenue, said.

Yet Next Avenue didn't transition smoothly from relying on grants to having an independent budget. Diaz left the organization as the original funding was running out in 2014, and no replacement has been hired. The current online content is no longer as timely as it once was.

The Beacon set out to cover in-depth stories in government and arts. It received early grants, including a \$500,000 challenge grant from philanthropist Emily Rauh Pulitzer. The Knight Foundation gave the newsroom \$90,000, and the Missouri Foundation for Health gave \$100,000 in the first two years after its launch. The newsroom heavily relied on individual donations from 2010 to 2012, according to The Beacon's budget. It received \$4.3 million from individual donors in 2010.

"The large amount raised in 2010 was directly tied to a large fundraising campaign focused solely on sustainability, which did not continue in the following years," Nicole Hollway, general manager of The Beacon, said.

Running a business is challenging

Good journalism is expensive.

A typical media startup in the digital age runs online and hires a small staff. It doesn't pay for printing and administration like many traditional news organizations. Some just have a virtual newsroom, which also saves costs.

But some things never change. Just like the legacy media, much of a startup's budget goes to employees.

"In order to get good content and in order to stay on top of the news, you really need people you can count on," Bruno said. "And the only fair way that you can really count on people is if you pay them."

Salaries and benefits account for 36 percent of Harvest's expenses, according to the newsroom's third-year budget.

Vestal, the leader of Harvest, said the organization's management style is "top-down," and she is responsible for everything from supervising reporters to monitoring partnerships, writing company reports and overseeing the spending of grant money.

About 85 percent of Harvest's content is original, which poses a challenge for the small editorial team.

"(With) five reporters (working) we have the content we need to keep the website fresh and the radio content flowing," Vestal said.

High salaries can burn a hole in a young startup's pocket.

More than two-thirds of Next Avenue's costs came from paying its personnel, as its fiscal 2014 budget shows.

The Beacon projected it would pay \$1.3 million in salaries for its 18 employees, but it expected to bring in \$674,000 in revenue in 2012.

Between 2010 and 2012 when The Beacon existed, its total salaries kept rising as its total revenue dropped three years in a row. It merged with St. Louis Public Radio, which is owned by the University of Missouri-St. Louis, as a solution for sustainability in 2013.

The proportion of staff cost seems large for startups because they don't have many other expenses, Bruno said.

"I think it's hard for all organizations like this to consistently raise enough money to be able to pay good journalists, good reporters as much as they need, and as much as they deserve, in order to do their job well and consistently over a long period of time."

One solution to match expenses with revenue is to hire freelancers or part-time employees until revenue streams can support them.

“Based on your vision and mission, you decide what the content budget of your media operation needs to be — whether it's freelance- or staff-based — and then determine whether you can consistently generate that sum,” Bruno said. “If you can’t, then find yourself another business.”

Diversifying revenue strategies: Life beyond advertising business model

Many revenue streams are necessary.

Newsrooms launched with grant and foundation money should prepare for the day when initial funding runs out. If one revenue stream dries up, other streams should fill the void.

“I don’t think that in this current climate you can rely on any single stream of revenue,” Bruno said, “I think the best thing you can do is, like an investor, to diversify your portfolio because there’s no question in any given year, one of those revenue streams is going to underperform.”

Startup entrepreneurs come up with both traditional and innovative strategies to create revenue. They can include everything from wealthy board members to selling expertise. There needs to be one reliable golden goose, Bruno said, but you must realize that it will not be there forever.

When Harvest faced the challenge of running out of CPB grant money, Vestal worried that the team might lose momentum. In a short window of time to make the transition, the team figured out the key to survival is to cooperate with partner stations and associate members and to take advantage of university resources.

KCUR, the flagship NPR station in Kansas City, remained “the face and facilitator” of Harvest. The station agreed to pay Harvest’s editorial team and infrastructure, manage the budget, and seek partnerships and grant funding.

Harvest’s member stations continued to employ reporters for Harvest as well as provide it content. In addition, the member stations are responsible for raising money, including recruiting sponsorships, selling underwriting spots, seeking national grants and developing associate partners, according to Harvest’s Year 4 Memorandum of Understanding.

Associate members who pay annual fees would be obliged to provide regular reports to Harvest and to promote Harvest on their websites. In return, they get full access to Harvest’s content and customized editing service.

The Harvest team had to be cautious about choosing certain sponsors, such as Monsanto, Vestal said. The agribusiness corporation, which makes genetically modified seeds, herbicides and other products, has been controversial because agriculture science is being debated worldwide.

Vestal also partnered with graduate students at the University of Missouri to work on strategies for sustaining revenue streams.

Harvest proved its value in the market and survived after the CPB funding ran out.

Next Avenue monetizes its website with content produced by PBS as well as its own. That strategy is intended to make it more marketable and to help it achieve a higher return than websites that monetize only their own content, Diaz said.

For both content and marketing, Next Avenue relies on sponsorship partners including Twin Cities Public Television; Yamototo, an advertising agency in

Minneapolis; and the Gerontological Society of America, a research organization in Washington D.C. It uses a partner's content for Next Avenue's special editorial sections; shares Next Avenue's content through a partner's website, e-newsletters and social media; runs a partner's TV packages on Next Avenue's television specials; and offers tailored add-ons to a partner.

Revenue generation can also come from expanding syndication. In January 2013, Next Avenue created a partnership with Retirement Living TV, a Baltimore-based television network, for Next Avenue's content distribution. According to the agreement, RLTV buys Next Avenue's content to post on its website and pays a monthly syndication fee. Next Avenue seeks similar syndication agreements with other news organizations, Diaz said in a story published in Current.org in January 2013.

The Beacon fully merged with St. Louis Public Radio in December 2013. Before its merger, The Beacon heavily relied on grants and donations. In addition, The Beacon conducted a capital campaign raising \$4.3 million in 2010.

The Beacon also avoided advertising revenue for different reasons.

“As a nonprofit, there is a cap on the amount of potential advertising or underwriting revenue that the Beacon could have attained,” Hollway said. “Additionally, staffing did not allow for a dedicated team for selling advertising. In the midst, the resource allocation that would have been needed to start up an advertising department that would bring in a significant amount of income was not feasible without significantly changing the makeup of the organization.”

The reality is that there is not a clear line between advertising and sponsorship, Bruno pointed out. She believes nonprofit newsrooms should take good advantage of sponsorship opportunities.

Sponsorship is when a company or entity purchases space or time with a start-up to help brand its image or sell a product.

Some startups are shy about using sponsors because they feel it will stifle their credibility, Halliday said. But the opposite is often true.

“The naive bias, or the uninformed (bias), (the media company is) more likely to write negatively about multi-national corporations, and you essentially run off potential sponsors,” Halliday said.

Added Bruno: “One interesting thing is there’s the cap on advertising, but there’s no cap on sponsorship. You know, sponsorship is different from advertising, sort of technically, but there are many ways in which it’s the same. I mean it’s associating your brand as an advertiser or sponsor with a particular product.”

Bruno shared a list of revenue strategies that media startups can consider: Grants, contributions from members, board members and major donors, sponsorships, events, ad sales, workshops, speaking engagements, publishing and media consulting.

A key, she said, is hiring a development director who focuses totally on raising money.

“So I think you really need to always have to cultivate all those different opportunities,” Bruno said. “You just have to make sure you’ve got enough different revenue streams that if something dries up, you can count on the others.”

Keys to form healthy partnerships

Robust partnerships can promote a startup in many different ways: They can create content, build brand awareness, strengthen the mission, boost and diversify a newsroom's audience, and create revenue to saving costs and resources.

To establish healthy partnerships, advertisers and startups need to find a real mutual interest and work at developing it, Doctor said. Partnerships fail because "both parties don't make strategic and relationship investments in them."

Harvest was founded through the collaboration of several public media stations. After proving its value to the stations, Harvest expanded its list of full partners including KCUR based in Kansas City, Mo.; KBIA in Columbia, Mo.; Iowa Public Radio in Des Moines, Iowa; NET in Lincoln, Neb.; WUIS in Springfield, Ill.; and KUNC in Greeley, Colo.

The entrepreneurs believed they could cover important topics better with their collective resources. The committed partner stations contributed both funding and tailored content to the consortium.

In the early stage after its launch, the biggest challenge for Harvest was collaborating with the partner stations and having them feel truly embraced, Vestal said. She believes partnership is one of the keys to the media industry's future success.

In addition, Harvest recruited associate partners, including Kansas Public Radio based in Lawrence, Kan.; High Plains Public Radio in Garden City, Kan.; Tri States Public Radio, in Macomb, Ill.; KRCU in Cape Girardeau, Mo.; and WFIU Public Radio in Bloomington, Ind.

Harvest shares content with the stations, provides customized content to serve their needs and supports their talk shows and other events. The stations' obligations include providing monthly reports and audience data, promoting Harvest on air and on their websites, and paying an annual fee.

Without the partner stations' support, Harvest would have experienced a more difficult time becoming financially independent from CPB.

"So we accomplished creating the value for the partners to the degree that they are not willing to let us stand alone, if that makes sense," Vestal said.

Launched by The Public Broadcasting Service, Next Avenue takes advantage of the PBS branding.

"With the PBS stations, we created affiliated relationships with one station in every market," Diaz said. "The stations are important for us. They provide local content, branding and promotion."

Next Avenue also developed 31 online content partners, including Twin Cities Public Television, the National Institutes of Health, the FDIC, and the National Endowment for Financial Education. These media partners carry information and perspectives that Next Avenue could include on the website, Diaz said.

Some newsrooms team up with each other through mergers and acquisitions, which might further the mission but dilute the original brand, Bruno said.

The Beacon turned cooperation into the merger with St. Louis Public Radio. One of the important motivations behind the marriage was to combine their fund-raising abilities to achieve a more secure financial future, according to a Beacon article in November

2013. The two organizations have raised \$3 million together to fund the combined newsroom over the next five years.

Startups such as Next Avenue, Harvest and the Beacon are changing the media industry's landscape.

Among the countless challenges they face, struggling for revenue sources and sustainability is universal. Some startups survive with strong leadership, good financial plans and healthy partnerships, while many experience hardships or major changes that distract them from the original mission.

Media entrepreneurs, both traditional and those using innovative strategies, seek to build organizations that have a clear mission and influential partners.

Future success of media entrepreneurship depends on how strategically they find sources of revenue and how well they enhance partnerships in order to further financial success.

The key to Harvest's success is that it recognized the disconnection between urban audience and rural issues and executed its business plan step by step, Halliday said.

So the problem was the disconnection, he said. The solution was Harvest.

"Be aware of ...the what if," Bruno said. "Always have a Plan B. Plan ahead but be willing to change the plan."

Appendix

A: Professional Project Proposal

Master's Degree Candidate: Yue Zhang

Project Committee: Randy Smith (chair), Marty Steffens, Scott Swafford

1. Introduction

My passions in journalism have been in reporting and media innovation. The Missouri University School of Journalism has been an ideal place to become a professional journalist as well as be on the cutting edge of innovation in journalism.

During my master's program, I developed my skills in the area of business journalism. News Reporting was the first challenging class that I took in my very first semester at the journalism school. It not only prepared me for general reporting skills but also helped me adapt to the American culture and graduate school quickly. Prof. Scott Swafford, the city editor at the Columbia Missourian and one of my great mentors during my master's program, taught me reporting from scratch. I worked for him on the public life beat and learned how to pitch story ideas, find sources and write. As a beat reporter, I finished a dozen general assignments, including several front-page stories. It was a process of understanding myself as well as others. One of my favorite assignments was about the temporary workforce at the Ameren Missouri's Callaway nuclear plant. Workers at the plant were sensitive to talk to the media in the beginning, but I managed to talk to important sources by showing up after their night shift and going into the RV park, where many workers and their families stayed. I enjoyed having in-depth conversations with people who I approached and writing human interest stories.

I took business reporting in the second semester to combine my business background as an undergraduate student with my journalism graduate school education. Prof. Marty Steffens was not only an inspiring professor, but a helpful adviser for journalism networking. I learned how to use online resources to research companies and to look for stories from financial reports. Prof. Steffens helped sharpen my judgment on what constitutes a good business story. Moreover, the class gave me great opportunities of meeting and learning from professional journalists. Prof. Steffens took the class on business trips, including to the Society of American Business Editors and Writers' 49th annual spring conference in Indianapolis and a tour to reputable newsrooms and financial organizations in New York. Prof. Steffens also dedicated her time to helping international students improve skills in reporting and writing.

Prof. David Herzog and Prof. Mark Horvit are also marvelous lecturers on intensive multi-skills courses like Computer-Assisted Reporting and Investigative Reporting. Both courses are designed in a very scientific way in terms of assignments and projects. In Computer-Assisted Reporting, I learned to request documents and analyze databases. It is a powerful way to get good interviews and write investigative stories. Prof. Herzog patiently helped me work on several challenging projects and encouraged me to learn more about data journalism.

Investigative Reporting has been in my plans for the master's program, and I enjoyed Prof. Horvit's lectures. The challenge was to finish an investigative story at the end of the semester while I was also taking three other classes. I was part of a small group of students that participated in reporting a series of local housing stories. I successfully obtained the databases that I requested and found interesting perspectives

from the analysis. Prof. Horvit taught me how to ask important questions based on data and edited my drafts through the process.

In order to further sharpen my reporting skills and to tell stories in different ways, I took Information Graphics and Emerging Technologies in Journalism. Prof. Mike Jenner has made great efforts in arranging all the lectures through online and offline platforms. These courses got me to think differently. I think that data coding and visualization is the future trend of journalism and that I should keep learning these skills as I move forward.

All these courses prepared me for my professional project and for my future journalism career. When I graduate, I want to work as a reporter who can not only cover a beat and write in-depth stories, but also support the organization's innovative initiatives and projects. The Missouri Business Alert, which sees innovation as the key to success, will be an ideal place to conduct my professional project.

As a digital newsroom, the Alert takes advantage of the journalism student-powered content machine and does what many small-sized newsrooms cannot afford to do. In the beta testing period, the newsroom relies more on curated content. The newly born business is readying itself for publishing more original content in the next stage.

Originally, my journey with the Alert started in the 2012 spring semester, when I was engaged in one of the most inspiring classes in my journalism program: Entrepreneurship and Media of the Future. Every Tuesday evening I attended the class and went home with ideas and questions echoing in my head. It was so exciting to be part of the team putting together a business plan for a news startup. We met three to four times a week to discuss the project, from marketing to homepage design, from revenue

streams to social media strategies. Prof. Randy Smith, the team's mentor and entrepreneur of the newsroom, supported us in many ways and guided us to success in the class competition. Our hard work throughout a semester paid off: Not only did our team win first place in the presentation competition at the annual RJInnovation Week in April 2012, the website also successfully soft launched in May 2012. It was the same time when I developed a strong interest in working with the newsroom for my professional project.

As one of the few platforms for journalism students to do business reporting in Columbia, Mo., the Alert is a newsroom for innovative minds and great learning experience. The Alert is now a digital newsroom that provides timely news about business, finance, health care, technology and the legislature.

My overall goal with the professional project is to examine how entrepreneurship can be implemented in the media industry. More specifically, I want to find out how media start-ups develop business models, how they achieve successes in innovations and tackle difficulties when the business environment for journalism is rapidly changing. I persuaded three entrepreneurs to give me access to their newsrooms' general financial information including their budgets and to have in-depth interviews for my project.

Thanks to Prof. Smith's recommendation, Donna Vestal, editor of Harvest Public Media, and Judy Diaz, president of Next Avenue, happily accepted my request for cooperation. Margaret Freivogel, a founder and the editor of the Beacon, also agreed to contribute her time and effort to my project.

I will be able to generate interview questions and gain experience at the Alert to interview other media outlets for the analysis component. For the professional component,

I will do original reporting and curation as well as attend newsroom meetings. I hope to learn practical reporting skills and observe how a news startup grows when I work as an intern at the Alert.

In short, I believe that my professional project work at the Missouri Business Alert and my research part with the three news startups will improve my skills as a reporter and benefit my understanding of media entrepreneurship.

2. The professional skills component

The Missouri Business Alert is a Columbia-based digital newsroom that covers business, finance, technology, healthcare and the legislature in Missouri. Its website is currently doing beta test and relies on both original reporting and curation to stay on top of timely state-wide news.

The Alert was started as an innovative project for the class of Entrepreneurship and Media of the Future. I was working on the project in the class for a semester, which prepared me for the basic understanding of entrepreneurship in news companies. I have worked closely with both Prof. Randy Smith and the innovative team to put together a business plan before the website launched last May. Besides, I have familiarized myself with the newsroom and staff members by doing reporting and curation for the website in the past two semesters.

For my professional component, I plan to work at the Alert in summer, with my project starting on June 3 and ending on September 6. My schedule will be 30 hours per week spreading out the project over approximately 14 weeks. I will send my committee weekly field reports on the progress of my professional work and my research.

The job should include both original reporting and curating for the digital newsroom. I plan to report local and regional news stories with the skills that I have learned from reporting classes and information graphics. I will pitch story ideas as well as accept assignments on various topics. As for curating, I learned how to use the newsroom system to generate ideas and post stories. The process is to come up with a timely topic that appeals to the target audience, find multiple stories on the topic from different news outlets which have curation agreements with the newsroom, summarize the articles and edit them to the newsroom's style and post the story in the WordPress system as a draft for editing.

My work should be mostly published at Alert's website. I will include in my final project report weekly field reports, published articles and graphics, sampling of curated articles, and budget meeting notes to meet the requirement for "abundant physical evidence."

My supervisor will be Prof. Randy Smith, the entrepreneur of the Missouri Business Alert and my advisor for the master's program at the journalism school.

3. The analysis component

Research Topic

The Changing Dynamics of Media Entrepreneurship

Research Questions

RQ1: How do new media start-ups establish a business plan, and what techniques do they apply to adapt those business plans to changing circumstances?

RQ2: How do media startups implement newsroom innovations, and how do those innovations influence revenue?

Theory

Because I examined how newsroom entrepreneurs implement and adapt business models and innovative strategies to create revenue streams in the face of economic difficulty, I used field theory and financial commitment theory to guide my research.

Field Theory

Pierre Bourdieu (1979/1984) introduced the concept of the journalistic field. Bourdieu defines a field as “a structured social space, a field of forces, a force field.” In this space, there are constant relationships between people and various actors struggling for the transformation and preservation of the field. It is the individual’s relative power that defines an individual’s position in the field. (Bourdieu, 1996/1998, pp. 40-41)

In the view of Bourdieu, society is composed of “a number of semi-autonomous fields (e.g., fields of politics, economics, religion, cultural production, etc.) governed by their own ‘rules of the game’” and “differentiated both according to the kinds of specific capital that are valued therein and by their degree of relative autonomy from each other.” (Benson, 1998, pp. 464, 468)

Bourdieu (1996/1998) argued that the field of cultural production is dominated in turn by those fields closest to economic power, given the current historical situation in which economic capital dominates cultural capital. The importance of the journalistic field in society is that journalists monopolize “on the large-scale informational instruments of production and the diffusion of information.” Journalists control the access to the “public space” of ordinary citizens and other cultural producers such as scholars, artists and writers. Thus, the journalistic field is more closely related to economic and political power. (pp. 46-54, 76)

The journalistic field emerged during the 19th century around the opposition between newspapers offering news on events and stories and newspapers featuring analysis and commentary. Like the political and economic fields, and more than the scientific, artistic, or judicial fields, it is subject to trial by market, either through advertisers or through audience ratings. (Bourdieu, 1996/1998, pp. 42-43, 70)

The structural pressure exerted by the journalistic field is dominated by market pressures and changes power relationships within other fields. The power employed by the journalistic field, and through it, on other fields of cultural production, is significant. For instance, the journalistic field is part of the political field on which it has an impact; these two fields are both directly controlled by the market. Therefore, the power wielded by the journalistic field reinforces the tendencies of political actors to meet the demands of the large majority. (Bourdieu, 1996/1998, pp. 71, 76-77)

Changes in related fields, which are set in motion by their own internal dynamics, can also have important “cross-over effects on the journalistic field” (Benson, 1998, p. 488). External factors such as technological or economic changes can transform the field (Bourdieu, 1993, pp. 57-58).

Benson (1998) argued that one of the areas where field theory challenges the dominant paradigms of media studies is in the relationship between the production and reception of news. Field theory researchers believe that “a basic homology” exists between the producers and audiences for a cultural product. A new media outlet will find its audience by distinguishing itself and finding its unique voice relative to the existing media organizations, “without any conscious attempt to match supply with demand

(although this may be attempted as well).” As new actors enter and take actions in the field, they cause constant changes. (pp. 485, 487)

The rise of commercial television changes the equation that the newspaper industry had established. As a large-scale commercial medium, television “secures success and the corresponding profits by adjusting itself to a pre-existing demand.”(Bourdieu, 1993, p. 268)

Unlike the press of small-scale production, which to a certain extent is able to lead its readers while expressing the same tastes of dominant class fractions, commercial television acts at this level to reinforce the societal consensus (Benson, 1998, p. 485).

Field theory relates to my research because technological advances and economic crisis have influenced the journalistic field on many levels, creating business opportunities for news startups; the establishment and development of news startups in turn caused continual changes in the market.

Financial Commitment Theory

Litman and Bridges (1986) explained that financial commitment theory represents the increase in budgets to provide for larger news space and more wire service (p. 20).

Stanley Bigman (1948) was the first researcher who compared financial commitment explicitly in his study. “His measure of financial commitment was proportion of space devoted to news content and advertising.” Space allotted to news content can indicate whether a publisher is more committed to high quality service or merely revenue. (Litman and Bridges, 1986, p. 11)

Grotta (1971) made an important contribution to the financial commitment measure of newspaper “quality.” He found that subscription prices, advertising prices and

circulation were positively correlated with change in the competitive status of a newspaper (Litman and Bridges, 1986, p. 11).

Becker, Beam and Russial (1978) tried to relate their “quality” index to the variables representing the newspaper’s organizational structure and the associated community’s socioeconomic environment. Two of the organizational variables are new employees’ education and experience and the size of the chain-ownership organization, which has the strongest correlation with the quality assessment. (pp. 100-108)

Litman and Bridges (1986) summarized that three major variables have been analyzed as financial indications of a newspaper’s commitment to quality performance: “1) size of full-time staff, 2) number of news services subscribed to, and 3) allocation of overall space for news, whether measured as a percentage of overall space or in terms of total lines” (p. 12).

Lacy (1990) used a sample of competitive newspapers with joint operating agreements versus a similar number of monopoly newspapers without competition to address the effect of competition on wire services. He found that intensive competition motivated newspapers to buy more services. (pp. 79-82)

Lacy (1992) designed a conceptual model of the financial commitment process that contains four steps that are applicable to newspaper and local television news competition.

Step 1: “As intensity of competition increases, the amount of money committed to news content increases.”

Step 2: “As the financial commitment to news increases, content quality, as defined by journalists, increases.”

Step 3: “As the quality of content increases, the audience's utility from the content

increases.”

Step 4: “As the audience's utility increases, the news organization's performance in the market improves (that is, circulation and ratings improve).”

Lacy (1992) found that the financial commitment model includes the relationships among content, reader utility, and market performance, which influence decision-makers in news businesses (pp. 7-9, 16).

Busterna (1980) examined the impact of competition on local TV news content quality and found that competition was positively related with local TV news expenditure. In another study, Busterna (1988) used a number of TV stations in the market as a control variable and found a positive relationship between the number of stations and the number of minutes of local TV news, which supported Step 1 in Lacy's 1992 model.

Mantrala, Naik, Sridhar and Thorson (2007) concluded that investments in news quality affect both subscription sales and advertising revenue for small and large organizations. Investments in circulation-distribution departments also “have significant direct and indirect effects on subscriptions and advertising revenues,” though the effects are not as strong as those of news quality investments. (pp.26, 42)

Tang, Sridhar, Thorson and Mantrala's 2011 study was the first to conclude that increasing investment in a print newsroom enhances the hybrid newspaper's online performance. They found that continued investment in the newsroom potentially helps a newspaper's success in the digital world. (pp. 110, 112, 125)

In short, the Missouri Business Alert and the other three newsroom startups that I contacted were established in a time of journalism transformation. They invest in innovative features and technologies to attract audience and create revenue streams. Their

entry into the existing market changed the landscape of the journalistic field, which influenced the economic field. By using field theory and financial commitment theory and the methodology, I will evaluate their successes and challenges.

Literature Review

The Changing Dynamics of Media Entrepreneurship

Introduction

According to the Pew Research Center's 2012 survey and a 2013 report by the eMarketer, the Internet is dominating the market of news consumers. The Pew study showed that 81 percent of American adults are Internet users and 78 percent of them use the Internet to get news. The eMarketer reported that 66 percent of American smartphone and tablet owners used computers, tablets or mobile phones as primary news source in 2012. Tom Rosenstiel (2011), the executive director of the American Press Institute, founder and director of the Project for Excellence in Journalism, and vice chairman of the Committee of Concerned Journalists, argued that a more severe problem for the traditional media is that they are losing revenue more than audience (p. 1).

As technological progress has inspired the creativity of media entrepreneurs to target Internet-savvy consumers, many newsrooms have developed online products rather than traditional news products such as newspapers. Moreover, the severe economic crisis in 2008 and 2009 has made many newsrooms to cut costs and find new revenue. In a time of big challenges and opportunities, how do news startups survive? How do newsrooms adapt to the changing dynamics and thrive?

Media Entrepreneurship in the Digital Era

Hoag (2008) defines media entrepreneurship as “the creation and ownership of an enterprise whose activity adds an independent voice to the media marketplace,” which includes both for-profit and nonprofit media organizations (pp. 74-75).

Hoag (2008) argued that media sectors experienced different creation rates of entrepreneurship in the second half of the 20th century and that they were mostly more entrepreneurial than the U.S. service or manufacturing industries by the turn of the new century (p. 74). Both traditional news organizations and startups started to embrace the Internet in the beginning of the millennium (Naldi and Picard, 2012, p.71).

Within the media industry, newspaper publishing experienced about 7 percent of new enterprise creation rates (so-called “nascent entrepreneurship” rates), which was the slowest within the media industry in 1998 and 2002. By contrast, the electronic media enjoyed a 19 percent nascent entrepreneurship rate, higher than the overall industry. Moreover, the study revealed that wireless telecommunications were more entrepreneurial than fixed telecommunications, cable or broadcasting. (Hoag, 2008, p. 77)

Schumpeter (1961) observed that entrepreneurship not only motivates “continual reorganization of the economic system,” but also causes “continual changes in the elements which compromise the upper strata of society.” It destroys old businesses by creating conditions of innovative destruction. (pp. 155-156)

Schumpeter (1961) characterized entrepreneurs with expressions such as “initiative,” “authority,” or “foresight.” He argued that everyone could be an entrepreneur if he/she “carries out new combinations,” and that he/she “loses that character” when he/she finishes establishing his/her business and operates it as others do. Schumpeter also

explained the relationship between entrepreneurship and innovations: other businesses follow “the successful appearance of an entrepreneur” once they observe signs of their innovations in industries where “there is still competition and a large number of independent people.” (pp. 75-78, 229)

Researchers disagreed on the disruptive impacts of technologies on the media industry.

Esmaeeli (2011) interpreted that “the Schumpeterian perspective on entrepreneurship” assumes that entrepreneurs destroy certain industries while they create new ones. This perspective is helpful to understand media entrepreneurship in the digital era because “digital media and information technologies have generated new conditions for communication as well as new opportunities for business models while also damaging long-standing, established industries.” (p. 2)

Mierzewska and Hollifield argued (2006) that the media industry is one of the industries that are exposed to “potentially ‘disruptive’ technologies.” Communication technologies such as the Internet, HDTV, and interactive devices can potentially disrupt the existing media business models. (p. 48) Day and Schoemaker (2000) defined disruptive technology as “science-based innovations that have the potential to create a new industry or transform an existing one” (p. 2).

Disruptions occurred in the media industry when newspapers competed against and developed their own radio stations in the 1920s and again with television stations in the 1950s. Today, it is the Internet that is disrupting and transforming the media industry.

The Internet disrupted the practice of journalism and allowed little time for the media industry to prepare for the rapid changes that digital technologies created

(Palfreman, 2009, pp. 17-18).

“The media landscape is becoming more chaotic and fragmented due to the confluence of demographic changes and technological advances” (Currah, 2009, p. 11).

Currah (2009) argued that the impetus behind the changes is “the digital revolution,” which features “the reach and speed of telecommunications networks,” “the processing and storage capabilities of computing,” and “the sophistication of software applications” (p. 11).

Porter (2001) proposed a different perspective about the disruption caused by Internet technology. He concluded that the Internet is not disruptive to established industries in many cases because it often renders the important “sources of competitive advantage” more important (p. 78). Porter (2001) argued that the Internet technology provides great opportunities for companies to establish business strategies. Successful experiences suggested that companies should enhance their established operations by integrating creative Internet strategies to achieve competitive advantage in the digital environment. (pp. 64- 65)

While “innovative online journalism ventures are expanding across the nation” and social media and blogs are playing an increasingly important role in reporting, the majority of reporting content still originates with newspapers regardless of the format (Pickard, Stearns and Aaron, 2009, p. 8).

Levinson (1999) summarizes the communication theory philosopher Marshall McLuhan’s interpretation of innovation in media technology as follows:

“What does it enhance or amplify in the culture? What does it obsolesce or push out of prominence? What does it retrieve from the past, from the realm of the

previously obsolesced? And –and here the tetrad projects into the future – what does the medium reverse or flip into when it reaches the limits of its potential?” (p. 16)

It is critical for the success of media business to be innovative and risk-taking.

Researchers agreed that media companies and their products feature “the uncertainty of the demand” and “the novelty of the content.” They argued that journalism organizations need to keep creating new content and looking for new distribution channels. (Hang and Weezel, 2005, p. 5)

The way in which audiences consume and interact with news content is also transforming, which changes the relationship between news producers and audiences.

Ryssdal (2011) argued that there will be fewer print newspapers with lower circulation figures in five to ten years. In the meantime, a growing number of readers are using mobile platforms for news consumption (p. 4).

Ebo (1998) argued that technological innovations often establish new rules and disrupt old ones for social relationships. As the devices and processes of communicating on the Internet are rapidly developing, communities are redefined and “new forms of social networks” are taking shape. Media businesses and institutions ought to create new rules in order to exploit the value of the Internet and reshape users’ interactions with the media. (pp. 1-2, 8, 85-86, 98)

Conboy and Steel (2008) argued that the increasing number of newspapers embracing digital versions supported the perspective that news production and distribution has changed dramatically in this technological era (p. 655).

Due to the fact that the emerging technologies are transforming the way people

consume news, the roles of publishers and viewers need to be redefined. Briggs (2007) argued that website publishers are “creating platforms instead of content” while “users are creating the content” (p. 26). It is important for journalists to recognize that their audiences are not “passive receivers” of journalism content and to participate in the changing environment caused by the new technologies (p. 32).

Current trends in media digitization allow content to be tailored for users. Customers now have power to create news, managing content in ways that best reflects their tastes and filtering out content and information that they think irrelevant or uninteresting. This power enables the customer to define what it is they read. (Conboy and Steel, 2008, p. 657)

The digital revolution weakened “the economic foundations of news.” The economics depend upon the audience size and characteristics, which affect “the value of the news media to advertisers.” (Currah, 2009, p. 13)

When news consumers are spending more time on the digital platforms, the traditional advertising model for the media industry is challenged by channels such as paid search, classifieds and display advertising (Currah, 2009, p. 13).

Therefore, it becomes a critical question for the media to attract audiences to their web content by improving business models.

Media Startup Business Models

The media industry is “in the midst of historical restructuring.” The challenge has increased because of the recent economic recession that is battering the old advertising-supported business model and creating heavy financial burdens. (Kirchhoff, 2011, p. 28)

The traditional advertising model, which used to generate revenue to cover the expenses of foreign correspondents, investigative and other reporting and the delivery of printed papers throughout the 20th century, is collapsing.

The Pew Research Center reported that the newspaper industry's major problem continues to be rapidly declining advertising revenue. Advertising revenue for the newspaper industry in 2011 was only half of what it was in 2006. In the meantime, online revenue started growing (Edmonds, Guskin, Rosenstiel and Mitchell, 2012).

Some publishers have succeeded in selling online advertising for higher prices, including a group of about 800 newspapers that have partnered with Yahoo. That arrangement allows cross selling of advertisements on their websites and on Yahoo and the newspapers thus became more capable of targeting advertisements based on consumer data collected through Web visits. (Helft, 2009)

The Internet has caused many media companies to launch online editions of their products. Many newspaper managers struggle to adopt innovative communication technologies in their newsrooms (Adams, 2008).

In some cases, online editions of newspapers are presented as the electronic versions of the parent newspapers; some others are a combination of content from the printed newspaper and original content; some contain a large proportion of original content created by separate teams of reporters. There has been argument about whether online newspapers should be designed as "full-service independent Web sites." In either case, digital journalists are required to work in a wide range of media forms and use a broad base of technologies. (Dibean and Garrison, 2001)

Newspapers are launching their online strategies, such as setting up paywalls

around parts of their product. A small number of newspapers turned to Web-only production to cut print and delivery cost.

“Some newspaper publishers are trying to diversify their operations to generate additional revenue streams. Often, however, the companies have branched into other media and Internet ventures that also are taking a financial hit during the downturn.” (Kirchhoff, 2011, p. 46)

Despite the fact that many established news organizations have incorporated online service into their operation, the online expansion did not significantly increase their revenue streams in most cases (Naldi and Picard, 2012, p.71).

The recession of traditional media industry including newspapers, magazines and broadcasting called for innovative ways to maintain the function of journalism. Establishing online news startups is a means for saving journalism because it provides business opportunities for professional and citizen journalists (Naldi and Picard, 2012, p. 70).

Palfreman (2009) predicted that innovative web-based companies have the potential to create sustainable business models for journalism (p. 19).

Picard (2000) compared different business models for online content service providers including the news industry and concluded that business models supporting portals provide revenue opportunities for portal operators and content creators.

Digital portals can reduce the traditional marketing, sales, and distribution costs. Portal operators would bear no “cost and risk of content production” because they can enhance their own brands by providing consumers with access to a broad range of materials from content producers. The relationship between online content aggregators

and producers can be analogous to the one between cable television service providers and cable content producers. (Picard, 2000, pp. 66-67)

Picard (2000) also proposed that paid Internet business models could be utilized for some “speciality online services,” such as Dow Jones Interactive (the predecessor of Factiva) and Bloomberg Professional, and be supported by “pay-per-use and subscription services” (pp.64, 67-68).

Media entrepreneurs are required to be adjustable in business plans and implementation. Most local news startups did not succeed in the sense of business, but “in terms of community and public service and survival.” (Naldi and Picard, 2012, pp. 71-72)

Naldi and Picard (2012) argued that the success of news enterprises requires not only “effective planning, capital, resources and engaged leaders,” but also continuous community engagement (p. 71).

“It’s worth noting that many site operators who have had their sites up for a year or two say they have put almost all of their time and energy into developing the editorial model, giving little time to earning revenues, attracting investments or making sites attractive to advertisers” (Schaffer, 2007, p. 36).

Naldi and Picard (2012) studied three news startups and compared their business opportunities and strategies. They concluded that “formational myopia,” “pre-existing expectations and organizational objectives” resulting from the entrepreneurs’ previous professional experiences, was observed in the online news enterprises. This formational myopia would require “large personnel costs” and encourage “hierarchical organizational structure.” They also found that the sustainability of online news startups depends largely

on how they implement adaption and innovation (pp. 69, 76, 91-92).

Due to the fact that the number of news sources is rising via wired and wireless devices, news enterprises started to experiment with multiple business approaches for revenue streams other than advertising, including syndication to newspapers and membership fees. A growing number of foundation-funded projects focused on investigative and local reporting are emerging. (Kirchhoff, 2011, pp. 28, 36)

To address the potential impact of the crisis on the future of journalism, Pickard, Stearns and Aaron (2009) discussed categories of new models, including nonprofit, low-profit and cooperative models; community and municipal models; foundation and endowment models; public and government models; new commercial models; and public subsidies and policy changes.

1. Nonprofit, Low Profit and Cooperative Models

One solution to cutting cost for media companies is to organize nonprofit entities, thus shielding them from taxes on certain income. Pickard, Stearns and Aaron (2009) argued that 501(c)(3) newsrooms (named for the part of the tax code that exempts these organizations from some federal taxes) could reorient around the idea of journalism as a public service by taking the pressure off the bottom line and investing more fully in the news product (p. 14).

The nonprofit model has become popular among investigative journalism organizations and programs, which are often affiliated with colleges and universities. Examples of the nonprofit model in investigative entities include the Center for Investigative Reporting, the Center for Public Integrity, Investigative Reporters and Editors, and the Pulitzer Center on Crisis Reporting (Kirchhoff, 2011, p. 47). These

organizations are mostly dedicated to supporting investigative projects and training reporters to enhance their investigative skills.

An alternative proposal to nonprofits is to organize newspapers as low-profit limited liability corporations, known as L3Cs. The L3Cs is categorized as “a type of limited liability company (LLC), a time-tested, for-profit business model that is organized and operated primarily to serve a charitable purpose, with profit a secondary concern.” The hybrid model is set up to allow various types of investment so that “different levels of risk and potential return” could be integrated. L3Cs can attract investors who have different purposes in terms of profit-seeking and social commitment, such as institutional investors who seek high return and venture philanthropists, who are more “socially motivated”. (Pickard et al., 2009, p. 16)

Another proposal is worker-owned media, which may “result in a higher premium being placed on sustaining jobs, preserving high quality content, and service to the local community.” (Pickard et al., 2009, p. 18)

Another alternative is cooperatively owned news organizations, which are controlled by their owners and whose surplus revenue is returned to the owners. For instance, the Associated Press is owned by American newspapers, radio and television stations, which in turn elect a board of directors who govern the cooperative. (Pickard et al., 2009, p. 18)

In general, the four ownership structures discussed above are combined with a nonprofit or low-profit status, which can separate news production from commercial pressures.

2. Community and Municipal Models

Community-based projects focus on local and regional news, including “independent projects pooling the resources of local bloggers” and others hiring “experienced journalists who have been downsized in cutbacks in local newspapers or radio and TV stations.” These projects share a mission of public service and face the challenge of “growing an audience while learning to break even.” (Pickard et al., 2009, p. 19)

Another alternative that often has been overlooked is municipal ownership. Usher (2008) observes how the municipal newspaper model was “truly hyperlocal” and didn’t cover national or state news or carry wire services.

Usher (2008) noted that experimenting with these alternatives was a crucial endeavor. “Even without answers, news innovators of times past were willing to experiment. We should take our cues from the past, and consider new business models as opportunities for our industry rather than signs of its failure.”

3. Foundation and Endowment Support

A model that captured many commentators’ attention is foundation- and endowment- supported news media, which are supported by foundations and philanthropists who recognize the democratic role of journalism in society in the midst of the journalism crisis (Bruce, 2009).

Foundations have played a key role in supporting investigative journalism organizations, such as the Center for Public Integrity and the Center for Investigative Reporting. Another good example is ProPublica, a nonprofit investigative outfit that was financed by philanthropists at the Sandler Foundation and has hired a number of veteran investigative journalists. The shortcoming of the foundation model is that it entirely

depends on the generosity of the donor. Other concerns about this model stem from the danger of foundation-supported newsrooms biased toward their benefactors instead of looking out for the interests of their readers (Pickard et al., 2009, pp. 22-23).

Instead of relying on the support of foundations, some commentators argued that the endowment model could free the valued news sources from business models and “offer them a permanent place in society.” Swensen and Schmidt (2009) suggested that the endowment model would “transform newspapers into unshakable fixtures of American life, with greater stability and enhanced independence that would allow them to serve the public good more effectively.” The challenge is to locate sources for massive amounts of endowments.

4. Public and Government Models

The government has subsidized the media industry and promoted the media system by enacting media laws such as the 1967 Public Broadcasting Act. Pickard, Stearns and Aaron (2009) argued that there is “renewed interest” in the public media system and its potential to support journalism in the digital age (p. 24).

Pickard, Stearns and Aaron (2009) argued that the public media model can tap into the pre-existing structures and skills that establish the country’s media system. The infusion of public media funding for journalism will also be in line with the 1967 legislation to cover the stories and produce content that the commercial media models typically failed to do. “If we were to transform the old public broadcasting network into new public media, providing multimedia news across multiple digital platforms including text-based media, it would go far toward establishing a strong anchor for America’s information needs.” (p. 25)

Other discussions are stimulated on whether federal funding should be contributed to rescuing journalism and journalists. One idea is to establish a federally funded center aimed at providing grants to news organizations and individual journalism and serving public welfare (Stonehill, 2009). Scharfenberg (2009) from the *Boston Globe* suggested that investment should be made to “seed low-cost, Internet-based news operations” to combine “vigorous, professional reporting with blogging, video posts, citizen journalism, and aggregation of stories from other sources.”

Eric Klinenberg of New York University proposed that local news organizations could be funded by federal stimulus and bail out programs for state and local governments. In partnership with local media organizations, such programs may be designed to train college graduates and veteran journalists who want to learn new reporting skills (Pickard et al., 2009, p. 27).

5. New Commercial Models

Pickard, Stearns and Aaron (2009) debated new commercial models for newsrooms, and the questions include whether the Internet is inventing better journalism, how policy will be used to foster innovation and how to get paid for news content.

While media consolidation might pay temporary dividends, consolidation in radio, TV and newspapers has created more problems than solutions (Pickard et al., p. 28).

Media industry watcher Alan Mutter believed that free online news content is the “original sin” committed by the traditional media. While some news organizations started to re-impose paywalls, the idea of micropayments has gained popularity among business people in the media industry (Pickard et al., 2009, p. 28).

Walter Isaacson (2009), former CEO of CNN and managing editor of Time

magazine, suggested that the industry should adopt tools such as PayPal or a digital wallet that permit “impulse purchases of a newspaper, magazine, article, blog or video for a penny, nickel, dime or whatever the creator chooses to charge” (p. 5). American Lawyer founder Steve Brill, who launched *Journalism Online* to help print media to charge for online content, has advocated for flipping a business model that gives out free quality content. Brill’s plan to save the *New York Times* also includes an iTunes pricing model—small payments for content subscriptions (Brill, 2008).

While the micropayment model is not attractive to everyone in the industry, other approaches have been discussed. Blogger Josh Young (2009) suggested organizations should charge their readers for “added convenience or increased interaction with content creators.” Another version was tested by the innovative news project Spot.Us, which received a grant from the John S. and James L. Knight Foundation. It collects pledges to fund stories that are worth reporting (Madrigal, 2009). Spot.Us pioneers in “community-funded reporting” and allows citizens to donate to freelance journalists and news organizations at the platform. The impact of the Spot.Us model was expanded when it was acquired by the Public Insight Network, part of American Public Media, in 2011 (Cohn, 2011).

These models raise issues of journalistic autonomy and pressure journalists who do in-depth reporting on topics they may not be able to publicize. Another strategy to bring additional revenue is to negotiate “a higher profit-sharing ratio” with search engines based on the argument that news content improves the value of the search. (Pickard et al., 2009, p. 29)

Pickard, Stearns and Aaron (2009) also argued that it is vital to support efforts to

reduce the costs and barriers while many news policies focus on raising money to support journalism. One model is JSeed, developed by Chip Kaye, who wants to build “the Web’s best tools, like feeds, blogging platforms, rich media management, social networking and real-time updates, into one central hub, a Web site designed specifically for local reporting.” Another project is the Banyan Project founded by experienced editor and entrepreneur Tom Stites. The project seeks to revitalize journalism and mend democracy through a consumer cooperative that draws revenue streams from annual membership payments, advertising, crowd-funding and grants (Pickard, et al., 2009, p. 33).

Aside from outdated business models, Pickard, Stearns and Aaron (2009) emphasized that many of the media industry’s wounds are “self-inflicted,” resulting from failed business strategies. For instance, media conglomerates such as Tribune, Gannett and McClatchy were deeply in debt after “sacrificing journalism for ever-higher quarterly returns to satisfy Wall Street’s increasing profit expectations.” (p. 7)

Conclusion

The news industry constantly has been facing potential disruptions. As technology advances in the digital age, journalism is experiencing an unprecedented transformation. Compared to other media sectors, newspapers’ entrepreneurship has grown at a slower rate in this century. In the meantime, declining advertising revenue had a major impact on the industry in the economic recession.

Innovative business strategies originate with traditional business models and new technologies. Many newspapers have launched online products or switched to web-only versions. Journalists today are required to have a variety of skills to meet the demand for

digital newsrooms.

Emerging technologies not only motivates news entrepreneurship but also challenges the traditional journalism business model. News startups that were established mostly focused on investigative reporting, health-policy projects or local news. Online news startups can become sustainable if they persist in adjusting business models and implementing innovations.

The discussion about journalism business models is essential for the industry to retain competitiveness. The Internet and other technologies have created new opportunities for media business models, which attract the attention of media researchers and entrepreneurs. Their suggestions for future journalism models revolve around charitable organizations, such as nonprofits or low-profit models; local projects, such as community and municipal models; well-funded models, such as foundation- and endowment-supported models; and customer-based sources of revenue, such as paywalls and micropayments. In order to survive and thrive, the journalism industry ought to learn the lessons from traditional media organizations and come up with innovative and effective business models that are sustainable in the digital era.

Method

Because I will examine how news start-ups implemented business plans and how they achieved successes and tackled difficulties, qualitative research methods are appropriate: The primary goal of qualitative research is to explore and understand human behaviors in a natural setting. Christians and Carey (1989) argued that the basic task of qualitative research is to study the interpretations in order to understand the meanings behind people's activities. "Qualitative studies start from the assumption that in studying

humans we are examining a creative process whereby people produce and maintain forms of life and society and systems of meaning and value.” (pp. 358-359)

Brennen (2012) argued that qualitative research is concerned with asking research questions, searching for meaning, interviewing people about their experiences and considering the research process within a historical, cultural and economic and/or political context (p 15).

More specifically, I will conduct semi-structured in-depth interviews with newsroom entrepreneurs about their business plans, revenue strategies, achievements they made and challenges they met.

The interview is key for qualitative research. Qualitative interviews allow interviewers to discover the “in-depth reasoning” behind the interviewees’ decisions (Zima, 2011, p. 67). Berger (2011) agreed with that notion and argued that interviews can help researchers get inside interviewees to understand the motivations for their behaviors; interviewers also can record interviews and have a written record to analyze (p. 138). Interviews enable researchers to collect information that the interviewee presumably might not be conscious about or might not consider important, which cannot be achieved by other techniques (pp.135 & 138).

Interviews have been used widely in studies on media and business. For example, Berman, Abraham, Battino, Shipnuck, and Neus (2007) conducted in-person interviews with leaders of media companies. They found that media distributors have to develop individual strategies to turn conflict into opportunity as they fight the battle between traditional media and new media (p. 29). Another example is Tarnacha and Maitland’s 2006 study on entrepreneurship in mobile development. The researchers interviewed

entrepreneurs in business startups who were active in the mobile application market and concluded that applications need to cater to various “devices, operating systems, and networks” to gain profits (Tarnacha and Maitland, 2006, pp. 589-593).

In-depth, semi-structured interviews explore respondents’ feelings, emotions, experiences and values within their “deeply nuanced inner worlds” (Gubrium and Holstein, 2002a, p. 57). Berger (1998) argued that interviewers often discover unexpected information by conducting in-depth interviews, which might not be the case for other forms of research (p. 57).

Semi-structured interviews have been successfully applied to study the media industry. For example, researchers conducted semi-structured interviews to identify “barriers to improving the informative value of medical journalism. (Larsson, Oxman, Carling, and Herrin, 2003, p. 323)

I chose to interview entrepreneurs of three media startups including the St. Louis Beacon, Harvest Public Media and Next Avenue, for my research component.

These media outlets have some characteristics common to the Missouri Business Alert, where I plan to work for my professional component. First, they were recent products of media entrepreneurship. The Beacon was founded in St. Louis, Mo. in 2009; Harvest was established in 2010 in Kansas City, Mo.; and Next Avenue launched the website in 2012. Second, they have a focus on online service. Third, they were developed by entrepreneurs who had extensive experience in the media industry.

Margaret Freivogel, co-founder and editor of the St. Louis Beacon, spent 34 years working as a reporter, editor and Washington correspondent for St. Louis Post-Dispatch, and her reporting won awards including *the National Press Club Washington*

Correspondent's Award and the American Bar Association's Gavel Award; Donna Vestal, editor of Harvest, had worked as a business editor for the Kansas City Star for nearly 18 years; and Judy Diaz, president of Next Avenue, had spent ten years at the Public Broadcasting Service partly as managing director of audience and brand strategy.

They also differ from each other in several aspects. The Beacon is a non-profit organization funded largely by outside donations; Harvest is a “reporting collaboration” supported by the Corporation for Public Broadcasting, partner stations and individual contributions; Next Avenue was launched by PBS, a nonprofit public broadcasting network. They also cover different categories of information. The Beacon targets viewers in the St. Louis region with coverage of businesses, politics, health, science and arts; Harvest focuses on agriculture-related topics through partnerships with the Midwestern radio stations; and Next Avenue targets mostly the baby boomer audience and provides health- and finance-related information.

Both their similarities and differences make them interesting sources for my research because they represent a sample of news startups that have experiences to share for current and potential media entrepreneurs.

As I mentioned earlier, I will interview newsroom entrepreneurs and managers including but not limited to Margaret Freivogel, co-founder and the editor of the Beacon; Donna Vestal, editor of Harvest; and Judy Diaz, president of Next Avenue.

In order to examine these media organizations further, I will request and study documents related to their general budgets, revenue strategies, organizational structure, target market, partnerships, social media strategies, technological features and innovative capability.

In summary, I have worked with the Alert on the business team before its soft launch and reported and curated for the website. I worked with Prof. Randy Smith, founder of the Missouri Business Alert; Michael Stacy, full-time editor of the newsroom and other staff members. Not only did I establish professional relationships with them, but also they gave me recommendations and suggestions for my research. These interactions helped me establish basic knowledge about news startup and media entrepreneurship and will also benefit me for my professional analysis.

The final report of my professional analysis will be considered for publication on the website of the Missouri School of Journalism, and I suggest the Columbia Journalism Review, Online Journalism Review, the Poynter Institute and the Nieman Journalism Lab should be suitable for target publications.

B: Changes to the Proposal

I carried out my original plan of interviewing media entrepreneurs, although I did three additional interviews with entrepreneurship experts because the merger of The St. Louis Beacon and The St. Louis Public Radio influenced the thoroughness of one of my planned interviews.

Margaret Freivogel, a founder and the editor of the Beacon, agreed to help me with my research and introduced me to the Beacon's general manager, Nicole Hollway. The communications between Hollway and me were on and off, but she managed to share their financials in September. In the middle of my research, I read about the Beacon's merger news in November. Hollway warned that she wouldn't be able to answer some of my questions because of the merger and her workload. I got her answers back in January. Therefore, the interview about the Beacon was not as complete as the other two.

Here is the list of questions I asked the entrepreneurs. I conducted semi-structured interviews so I often adjusted the questions based on the different circumstances of the newsrooms.

1. How did you come up with the idea of starting the newsroom?
2. Where did you get the initial funding?
3. How did you plan and research for the website's launch?
4. What does your marketing plan look like?
5. What cooperation or partnerships do you have?
6. How do you monetize your product?
7. What are the challenges you have for creating revenue?

8. What are some innovations that you have done? How have you implemented them?
9. How did the innovations influence your revenue?
10. How did you adjust business strategies to enhance the competitiveness of the newsroom?

C: Interview Transcripts

1. Interview with Judy Diaz, President of Next Avenue

-Asked her about the birth of Next Avenue, how the entrepreneurs came up with the idea of establishing a media outlet targeting on baby boomers

-“I learned something from PBS Kids that helped me launch Next Avenue. I worked in audience strategy at PBS. And I was looking at what I would call the “age group,” the very large older population, and I was wondering how as public media we were serving them. Not just their interest in science, history or drama, but their lives. So I worked with the president of the Twin Cities station ([Twin Cities Public Television](#)), and we received a planning grant to spend time to research and think about how could public media really serve this booming aging population. Where we ended up was a lot like PBS Kids. PBS Kids is media that serves a child’s very first life stage. So if you think about what it is a child needs in life stage No. 1, they need to learn about themselves and the world, about relationships, they are starting to read and understand numbers, even science and nature. If PBS Kids is about life stage No. 1, Next Avenue could be seen as life stage No. 3 or 4 if you consider childhood, adolescence, and young adult/parenthood. We want to call this life stage, Adult Part 2.”

-Asked her about launch time

-“We launched the site in May 2012.”

-Asked her about locations of the staff

-“We are a virtual organization. So our staff is all anywhere good people are. We have a number of editors in New York. I’m in Washington. Our web development staff is in St. Paul. Our social media person is in Los Angeles. We are spread all over the place. But

our home is Twin Cities Public Television. And they are based in St. Paul, MN.

Sometimes we meet there as a group. But for the most part we work individually, virtually. Most people work in their home office. We use Skype, IM and Google chat, email and Dropbox.

-Asked about full-time staff

-“We have two people on the administration and business side leadership, full time, me and managing director. On our editorial side, we have 6 full-time people including editorial director, one part-time multi-media editor and then two part-time people on the traffic building promotion and partnership side.”

-Asked about editorial team’s experience

-“We looked for people who were experienced journalists and experts in the topic categories. We wanted experts in health and well being, and money and security and work and purpose. The experience was what’s important to us. Because of the PBS brand, and because of what we were covering, we are attractive to more people in the demographic – mainly boomers.”

-Asked about research and planning time

-Initially I was not working on Next Avenue full time on it. I was working on it while I was at PBS and Jim Pagliarini was working on it while running TPT. It wasn’t until about a year before we launched Next Avenue that we received the funding for people, including me, to work on it fully. So we conducted and reviewed a lot of research initially, had many, many meetings and conversations with experts to understand the audience and environment. We worked on the site prototype including taxonomy and design — what it would look like and what we would cover. We developed relationships with content

partner — National Institutes of Health, FDIC, and National Endowment for Financial Education and others who had already very good information and perspective we could include on the site.

-Most of the staff were hired in 2011. We had been building the site for about a year before we hired the content staff. So we determined what the site looks like, what the taxonomy, who are our content partners, and figuring out how the site would function. And then we brought on our VP and editorial director the summer of 2011 and then hired the editors in the fall of 2011. We had a site which was working and functioning but didn't have any content. So they started to bring in content onto the site.

-Asked about relation between Next Avenue and PBS

-Next Avenue is affiliated with PBS, much like series such as Nature are developed by stations (WNET) and carry the PBS brand. Obviously Next Avenue is different. It's a website. So it did take us some time to determine what a relationship would look like. It's branded PBS, pbs.org uses much of our content on their site, and they are our planning and financial partner.

-“Asked about content sharing with PBS

-“At this stage we don't create broadcast content. We create all text on our website. And PBS does use it. It's on pbs.org. Sometimes they post them (our articles) on PBS Facebook.

-Asked about the editorial team

-“They are writers, blogger, experts — and they were all journalists. They are writing, editing, commissioning, curating. They are working with a number of contributors. They have much broader jobs than reporters.

-Asked about freelancing writers

-“We have a number of contributors.”

-Asked about media partners (noticing Next Avenue has a blog on Forbes.com)

-“We have media partners. We provide them content. In some cases, their content is partial content so we’ll get that traffic back to our site. And in some cases like Forbes, we give them the entire article and post them on our site, too. We do that for branding and awareness building. So more and more people are discovering Next Avenue because they are reading Next Avenue articles on Forbes. They experience our brand and the kind of content we are offering.”

-Asked about cooperation with TV stations

-“With the PBS stations, we created affiliated relationships with one station in every market. The stations are important for us. They provide local content, branding and promotion.”

-Asked about Diaz’s background before Next Avenue

-“I come from a marketing and branding background. With branding I get involved in almost every aspect of the organization. For example, at PBS, I would consider the content experience. What is it from a brand perspective? What do people think? What do we want them to think? So you are looking at the entire business. And I went through a fairly easy transition from there to running this organization. What was different is I had never been a fundraiser. As president of the organization, you are always thinking about the revenue. The experience allows a whole new area for me, the rest of it is understanding the product, the audience, how to reach them, and how to serve them. And those you don’t serve are just as important. There will always be people who are not

interested in the product. It's important to identify those folks, too. All of that made sense, but the fundraising part was the part that was a learning curve for me. But I feel good about the results. I have played a part in raising more than \$6 million."

-Asked about challenges of telecommunication

-"It is challenging. I believe in an independent workforce. And working virtually at home is a good thing to a degree. I also feel that meeting face to face and building that connection, that camaraderie, is really important. So if I were to do this again, I would try to get a balance. You know, you want to hire the best people no matter where they are. I would build more opportunity to connect on a personal level, a more formal opportunity. The group in New York see (each other) every week face to face. They have a lot of connection there, but I would broaden that. Working virtually you have to be very intentional about your communication because it just slips. I talk consistently to the VP and the editorial director, and I talk to the managing director, but I don't always talk to the social media guy. If we were in the office, we might run into each other once a day. But sometimes weeks go by with no communication, You have to be really intentional about your communication.

-Asked about marketing plan

-"We started with a fairly traditional marketing plan. We asked the station affiliates to run a heavy rotation of promo spots from their air. And to promote in their magazines. And we had a PR agency. But all of that traditional marketing was not effective for a website. So what's effective for a website? For one thing, your search ranking. So you write your articles based on search ranking, you write your headlines based on search, you form partnerships based on search, your links to and from those partners are for

search. You are working to make sure that you rise to the top. Our newsletter is also important because it's a weekly reminder that our site exists. Instead of asking the stations to run promo spots, I asked them to build e-newsletter lists. Now we have a very high open rate for our newsletters and people are really engaged in it. That's more traffic and awareness. Our media partnership that I mentioned before — that's another way to build brand traffic and awareness. Our media partnerships such as AOL, Huffington Post, AOL Jobs, and Forbes help promote that brand.

-Asked her about social media strategy

-“That is a big deal. And always from the beginning, social media was a big component. And it has been one of our larger drivers.”

-Asked her about charging for content

-“There is no charge. That's the PBS model.

-Asked her about original content versus curated content

-“It's around two-thirds original and one-third curated. One of the reasons we decided to focus on original is to establish our voice and brand. We provide readers with perspectives and information that would help them make good decisions, big or small. So we didn't want it to be like a lecture. So our brand is accessible and friendly. It's like if you were at a dinner party, and the conversation fun and interesting and you are learning something, but it's completely relaxed. Our writers don't talk down to you. They are just as surprised, perplexed and curious as you are. It's important to us to build that voice.

-Asked about audience research

-“We have some really good videos on the site but people weren't engaging as much as I thought they would. We saw that people are using the site during the day. Most people

who use the site are 45 to 65, and they are still working. So if you are working and you are looking at an article, you are not going to launch a video that has audio attached. So video uses are very low during the day. That was interesting to see. We looked at our long-form articles and blogs. People say you need to write very short articles for the web. Some of our longer articles are very popular. It's the kind of content that people need to look at for perspectives. So we are looking at how people actually behave. We also talk to people directly. We have a "user panel" with 2,000 people who we now talk to consistently.

-Asked her about user panel

-They are online focus group. We also have a special Facebook group. And we separated it from our regular Facebook group. There are also people via Facebook who we talk to consistently. We found them mainly through social media. We formed this group, even before the site launched. Ever since then we've been bringing people on through the site, through social media, through stations. They have to fill out a form to be part of this. And one of the questions on the form is if they were bloggers or are active online. Those people were invited to the special Facebook group. They all have some kind of interest in online content, creating it. So they have to be very committed. That was important to us."

-Asked her about soft launch

-"We had a soft launch. We launched in beta in February (2012). We had people go on it, and we hired a company that had hundreds of people just banging away on it to find bugs. So we had a very long period of quality control."

-Asked her about changes since soft launch

-“As we discussed, to the way we marketed the service has changed. We added more media partners, really expanded on our social media activities. In terms of the content, we’re watching what brings people in, what they are engaging in, and what is important to them and refining our content strategy and focus. Some content is pretty deep and difficult – like discussing death and dying. And some is light. We are finding that balance. What works? What doesn’t work? What is everyone else doing and we shouldn’t be doing? And what are some things we should be doing? So our content has really been refined since we launched.”

-Asked her about original content before hard launch

-“We have more than 2,000 pieces of originally written articles. Our traffic online was about 300,000 a month. Last month it spiked to 800,000 unique. That’s not bad, but it still means that much of our content still has an audience. So we may pull back on the level of original. We are only beginning to discuss this. We have all kinds of data and a year of experience, so what is Next Avenue 2.0? We are discussing that now.

-Asked her about niche content

-“It’s not niche content, but it’s content that would be specifically ours. We covered a lot of the same things other people cover. But we cover them in a different way. We are PBS branded so it needs to be trustworthy content. Because our audience is very informed, they are curious and smart people, the content also has to start at a higher level.”

-Asked about “revenue reasonable” versus “revenue potential” in Next Avenue’s 2013-2014 budget

-“Revenue reasonable is not a conservative figure. I would say “revenue reasonable” is what we can reasonably expect. It’s certainly not a slam dunk. The “revenue potential” is

based on achieving our most significant results. We have a number of partnerships which are television brands. And we can package that television inventory into larger sponsorship packages with Next Avenue and other media assets. But we still need to prove that our revenue model works. We are working on it.

-Asked her about seed money

-The Atlantic Philanthropies contributed \$3.5 million for us to launch as well as planning funds. That contribution runs out this fiscal year.

-Asked her about breaking even and making profit

-“It is challenging. The budget we developed is based on what we consider a reasonable revenue plan. This summer we are very focused on proving the sponsorship model, but looking at other sources as well – syndicating content and other foundations for example.

-Asked about cooperation with the graduate class at University of Missouri

-“We were working toward establishing a formal content syndication strategy. What would it look like? What does it mean? Now I have two options for it. It was good to step back and think what it means, what kind of content we need, what’s it worth and what we do we do with it.”

-Asked about monetizing the product in future, a book

-“To monetize the content, one area is syndication. The other area is product and books. We are talking to PBS about taking our content and forming into eBooks and distributing them for revenue.”

-Asked about challenges to bring in more revenue streams

-“It is a struggle. We are looking at a number of revenue streams – syndication, products, foundations, government funding.”

-Asked her about innovation implementations

-“I would say our sponsorship model is innovative for a website because most websites are trying to figure out how to monetize only their sites. Since we are part of PBS we are adding PBS television inventory to the packages, which make them more marketable and provide a greater return.

-Asked about content innovation

-“Right now people seem to appreciate what we are providing. Traffic has been rising steadily every month. But we are looking at what we are in our “2.0” form – more multi-media for example, more distribution through other sources – going to where people are instead of expecting them all to come to us. I don’t know if that’s necessarily innovation, but it’s an evolution.”

2. Interview with Donna Vestal, Supervising Editor at Harvest Public Media

-Asked her about the birth of Harvest

-“It’s funny. We are very much like a startup. And we were? very entrepreneurial in the beginning and continued to be. But the idea is really part of a much larger enterprise. So the corporation of public broadcasting which funds through taxpayer money, some PBS funding, NPR funding and other broadcasting project and provides support that way. We recognized that journalism is experiencing a very difficult time and that newspaper is losing staff. And this is back (in the time when) we came up with the idea in 2009. We ended up launching in 2010. It wasn’t so much about starting a business but about solving a problem and filling the void in journalism and then hoping that could be something that would take our route and be a format that would work and that could solve some of the problems in journalism in how we are covering news today. So they (CPB) launched what they called Local Journalism Centers, seven of them across the country. And this (Harvest) was one of the seven. The idea was that it would be collaborative and would bring together the resources that several public media stations in various regions of the country. Individually, stations maybe couldn’t cover or address some of the needs that their audience, but collectively they could. So seven of them were launched with a charge to be innovative in terms of pushing the boundaries of how we do multimedia story telling, but then also cover areas of the specific concern to Americans. Morris, who is the news director here, recognized right away that agriculture was the topic that was being underreported here in the Midwest specifically, but nationally as well. And even then newspapers in the Midwest did not have dedicated reporters to the topic. He saw the opportunity there. So he worked with several stations, Iowa Public Radio, Nebraska

Educational Telecommunications Commission, KBIA in Columbia, and Kansas Public Radio. They came up with a proposal to start an LJC. There were seven LJC startups about the same time. They are not so operating and they are in levels of success. CPB is about to launch two more of the local journalism centers. So we've learned a lot and there have been all kinds of back and forth. They are taking shape in similar ways with ones that have been successful. We are at that point changing the model of how we are funded and where we are going forward. So the seven were launched, there was education focus in themselves, changing gears in the upper Midwest, the Chicago and Michigan areas, with the changing economy within the so-called Rust Belt or manufacturing area. There's EarthFix, which was operating in the northwest part of the country, Fronteras, which covers immigration in the Southwest, Harvest and then Innovation Trail, which is still operating to a degree in the northeast. So the funding was fairly significant. The initial grant was pretty significant chunk of money. There was nothing to begin with and this kind of collaboration has not happened before. I was brought in in 2010 to editor. We had a multimedia editor. We thought we would have a Public Insight Network that knows your call or familiar with that. We thought that would be part of it. The other partner stations hire reporters. Some of them were involved when I got here. Some of them weren't. There was no real definition of what kind of stories we would tell other than that they would be multimedia and in-depth. So it's kind of wide open in what direction we would build in. We had to build the website from scratch, which we did. We got the reporters on board. I learned radio because I had been a reporter and editor in Kansas City Star for 18 years. So my focus was in print, which in many ways helpful because of our online emphasis and it allowed us to share content with print outlet. So the big thing

for me was to find what are the stories and how we are telling them differently, but emphasis in the very beginning was much less even though we talked about sustainability and how we can eventually make this thing a viable entity on its own. It was very hard to answer that question early on. There were a lot of big ideas about if we build it yet, we can sell it. There's a lot of back and forth about who would want to provide underwriting support for that because for us with agriculture, the very device of topic we had huge issues and concerns about, say Monsanto coming in and funding what we were doing, even in environmental group or anything like that. So those are questions that we just kind of had to sort through and say wait a minute, this isn't gonna be the easiest even though this is a topic and great interest to a lot of people, we had to be very careful about where we get our money from being journalists. But the big thing in the early days was obviously to build what we would become and the hardest thing was probably collaborating the partner station and having them truly embraced, giving us some ownership than direction with their reporters that run their staff that were reporting to me and helping us build Harvest. So that was the big challenge there and making sure everybody have the same objectives and making sure what we created would serve the station as well so that it would be valuable to them. So I think the first two years we spent a lot of time proving the value of the kind of reporting we were doing. Certainly winning awards helped, but more than that was filling the day-to-day need of the stations, giving them news that was different news that their audience appreciated and would recognize and not as expensive as their own brand for their own station."

-Asked her about entrepreneurs involved in the initial stage of forming the website

-“Every station has its entrepreneurial focus but for them it was about their already established business making and work with that. So if I have to say me and our multimedia editor, we had a new one come on board and we added the Public Insight Network and an analyst who worked with us on that. And we really were the creators that said “OK. What is valuable here? What can we build? And then how can we make this viable going forward within the constraints of public media? And I think it was about that time we were involved with Randy’s class (Entrepreneurship and Media of the Future) and a lot of that thought was that maybe we would spend that thought, maybe we could stand alone, and maybe we could do this. The fact that matters I think became so valuable that to the partner stations that there’s no way that they would want it to be an independent entity because they almost kind of hang their hat on it. So we accomplished creating the value for the partners to the degree that they are not willing to let us stand alone if that makes sense. So what we’ve done and now we’ve got our third-year funding with CPB with the understanding that we are building toward independent from CPB and our grant funding. And we’ll be in the end of the third-year grant in the end of September. And we do not eye how we are shifting without the funding now will be provided by all the partners. They are paying for their reporters with the same level of contribution to Harvest. KCUR here is absorbing three-person staff here, but it will be much more intricately connected with KCUR here in Kansas City. So that in some way is how I looked at it. And we’re trying to sell underwriting so there’s money coming in. We have all kinds of collaborations out there with print and online publications wanting to pay us for having content and sharing the content. So we’re just figuring out. We really don’t know that we can bring that much from selling content or if that’s not a way that we

can stand up making that money and make a difference. But we don't know that for sure. We're right there right now. And then we are looking at expanding the television and video to a greater degree but we need grant funding to make that happen and to build on that. So we'll be presuming some other sources of funding to do projects and other things that with the additional to what we are already committed to doing."

-Asked about the funding from CPB

-"September 2013 would be the end of the second grant and the end of our third year. So we've been operating for three years now. October 1st is the day when the funding is no longer provided by the Corporation for Public Broadcasting. And this year they are providing 80 percent of funding. They are not fully funding everything we do but a great deal. So the first two years were 100 percent funded by CPB, the third year was 80 percent funded by CPB. And October 1st it goes down to zero percent funded by CPB although CPB may give us money for special projects and other things like that that we won't presume."

- Asked about funding source after September 2013

-"What would happen is because we have approved our value to the stations that we expanded we added two partners this year. We also have a partner station in Colorado and we have one in Iowa and they have reporters. And those stations are committed to funding their reporter positions for Harvest."

-Asked her whether the relationship with the partner stations is membership-like

-"It's kind of like membership. They are working on a contract right now for what they will provide. Their reporters or that station are obligated to provide Harvest (content) and Harvest is obligated to provide them returns in a whole. I'm working on this right now,

you know, two feature radio stories, so we extensive web build out, sport news coverage, and in some way how you might think of, say, water service, you know. But content that is truly unique. The difficulty we have for this and it lasts for years is that we kind of gave our content away to other radio stations to use because we want to build our reputation and spread the word but now we are thinking that and probably gonna change that so can bring in some revenue fund to others, to our non-members, non-partners user content.”

-Asked her about ways to monetize content

-“I have several conversations going on right now with newspapers and online services about how they would like to either be a sponsor of our content and give us so much money a year or they even talked about a shared page with some entities and we put their revenues from the advertising. I’m less excited about that idea because again I have those concerns about whose advertising is connected with our content. At the moment we don’t accept web ads on our website. It’s simpler that way for me, and I feel like that was all I had to do while I had CPB funding. I’m not quite sure what will happen going forward. The big thing is that most of the funding right now is being taken on by any operating budget at KCUR. So it becomes like this entrepreneurial activity under the umbrella of this public media station, even more so. And it’s up to them to bring additional funding to support Harvest.

-Asked her about starting the idea of Harvest in 2009

-That’s when CPB put up the call for applications for the grant. And there’s a lot of stuff online of the announcement and CPB had a grant press conference. I think the press club in D.C. talked about having this form of journalism to transform public media and bring

about great changes. So they were very, very ambitious with what they hoped for LJC would accomplish.

-Asked her about CPB's promotional activities between 2009 and 2010

-CPB (did research) for the whole local journalism center idea, so CPB had the idea for what is described as the local journalism center. CPB did not say, "Oh, we think agriculture for Harvest is the way to go. It was the stations here in the Midwest to collaborate and decide that was the way to do this, to bring the local journalism center concept to life here in the Midwest.

-Asked her about community engagement

-Community engagement is really fascinating. It's always been part of the mission for what we do to engage the audience and Americans in general on the topic. We had a lot of events over the last three years, many of them in Columbia. We had the greatest success in Columbia. We launched for the community engagement events at MU and October 2010. So that's a big deal, but we'll say for journalists, community engagement can be really tricky. I talked to the two other LJCs that are doing really well and we are kind of bemoaning community engagement, making it look kind of like party plan and being kind of ancillary to the mission. We know that it's critical to the mission, but it's whole set of skills, and it's difficult to do when you are trying to do good journalism and then think about all that at the same time. Now KCUR here has just landed a huge grant totally devoted to community engagement. We have a three-person team coming in to KCUR. So part of our thinking is going forward and that team will spend much of their time and resources to help us propel community engagement forward for Harvest, because it is a natural fit, because we are talking about the issue, we are dealing with

topics that advise the community that has real connections to and that isn't addressed to them. So we have potential over there. Right now I have to get a couple of community engagement events in September to propel the needs of our brand. So that's in Colorado and Iowa. We've got something going on there."

-Asked her about the changing relationship between Harvest and CPB.

-"It's a winding down relationship. We are dealing with the end of the grant and making sure we are using the fund appropriately in the end. We find that we need more money from our website, which means more development, we need more money for a little bit of travel because that's a big part of what we do traveling around the region. So with CPB with the money, they are very, very happy right now because our plan going forward is about taking ownership of Harvest and the stations wanting it to continue. It will be really easy for the stations to just say "that was great, great while it lasted, but without funding we are not going to continue this." And if that's the case, I think, we probably would have pursued more of a spin-off strategy, a strategy where we work independently and sell that content to many others, but our partners have said "no, we need to hold on to this, we need that benefit." I mean they feel that an ownership embedded helped them create that, and they wanted to continue and to be a big part of the station. So CPB is very, very happy to get that involved. That would be the point all along for CPB to not continue funding us forever. But CPB is also saying "OK, what they are interested in is funding our innovation going forward so that, say, we are looking at our video unit or something like that because right now we are not equipped to do video in exactly the way that we think it would be, or take us forward. But we need additional resources to make that happen. Our partner stations don't have that level of funding, just support what we

want to do. We will be over the next few months looking at opportunities to pursue more money from CPB for specific projects we might want to do.”

-Asked her about CPB’s connection with Harvest’s budget after September 2013

-“They have no say in our budget after September. The budget will be ours. We are talking about that right now because Public Insight Network, which is minor expenses that’s not a big deal. That’s one of those expenses we have to decide to have a partner appointed to pay for it. We have a lot of expenses like that. We have website, website maintenance that have to be handled on the infrastructure here. But the biggest expenses are, of course, people in travel because the heart of everything we do is the reporters’ work and the work of the three-person staff here in KCUR. And so that’s the real expense. It’s actually interesting because that budget now really is more diffused because the partners have to deal with coming up with the funding for their own reporter. We don’t have to necessarily incorporate reporters positions into our budget overall for Harvest.”

-Asked her about “grant project” reflected in Harvest’s budget

-“The grant project really refers to Harvest overall. We had an obligation to CPB to have Harvest operate. That legal obligation to have Harvest operate ends on September 30. Other than that, there’s a legal obligation to have the website around for two years. So we actually have a new general manager in KCUR. He could have come on board and said, “Enough of this. We don’t want Harvest. It’s not worth the money for us to keep this.” They could have done that and could still do that for that matter. I do think there’s a potential in the future. I think we are just in the middle of this transition and we are trying to figure out if this fund to the station will work and be viable. Can we continue to prove

our work and that it matters to the station. I think it could easily evolve into something that is more independent and operate separately from the public media station. It just depends on what our general manager decides it's in the best interest of the station itself. It's really hard. I mean I could be advocating for pulling away and start separately, but I don't own it. You know, the station owned it really. So it's fascinating that it's entrepreneurial, and everything we've got and how we grew it. And if someone really wants to say let's take this to work independently. You know, I could have started Harvest Public Media independently three years ago and it be doing really well on itself. But it's got this cut instead and what it has is this significant time to public media station that wanted us to succeed and appreciate what they get. So it's kind of interesting.”

-Asked her about Harvest being a nonprofit news organization

-“It is a nonprofit. KCUR is nonprofit. KCUR of course is also operated by the University of Missouri. There are many, many entities that have a stake in us and are involved in this. And it does put it as a win of other power as opposed to a single entrepreneur that could decide direction on this. That is not what we have here.”

-Asked her how being nonprofit influenced Harvest's transition to be independent

-“I worked for for-profits and I worked for nonprofits. It does help us because in some way we don't have to look at getting straight advertising and other kinds of support. And so far we haven't had to dwell on the numbers so much. We have a huge push in terms of growing our numbers that we can make it economically viable. We have more leeway there. A lot of the reason we have our audience is because they trust us, because we are nonprofit, because we have a reputation associated with public media in general. Being a nonprofit is part of the reason why where we are. You know we get a national audience

and a lot of that credibility comes from being a nonprofit. And we work for another nonprofit. We work for the Center for Investigative Reporting and the Midwest Center for Investigative Reporting. We work for the Kansas City Star, and the Kansas City Star wouldn't feel threatened because we are nonprofit, we are not competing in the same way as them. So we were able to do investigative work with the Star. And what we'll be able to do it in the future because of our nonprofit status.”

-Asked her how partnerships work for Harvest in terms of getting funding

-“It's absolutely essential. We've had a lot of committed partners, mostly are. One of the partners that once was a regional full partner is not a full partner anymore, and it's mainly because their commitment was more about just giving some funding as opposed to figuring out how something can be counted on, how the whole can work better than the individual alone. Much time on my travels I deal with my reporters dealing with their partners and what the different stations through which they work with me and what is working for them. In terms of the content they receive, in terms of solving problems for them, it's simple as sometimes my partner stations have to have the story every Monday and I make sure that we have that, even sometimes it's a huge drain on us. And it's limited audience, maybe not even our whole audience, but it's something our partners need, so we really hard on that. We have a call every Monday that involves with all our partners and journalists so that communication is really important. But I do think that partnership is the really tricky thing. And I think sometimes it hurts the journalists to do partnership. One of my very first conversations when one of my partners walked in when I was in public radio, and he said to me “I'm gonna let you use that reporter a bit, but mostly I'm gonna have other people. I'm gonna do it this way and do it that way.” And I

had to say, “Well, I have the grant and the grant says this is the way we’re gonna operate.” But I had to be very careful to not set up an immediate negative relationship because it really had to be OK while I understand why you are saying that, I understand you are skeptical, but we can deliver what you need. But you need to work with me and tell me what you need so that I make sure. There was a lot of push in the beginning to make us national, national national, that we want to be the be-all, end-all in agriculture reporting in the United States. We could do that, and that could be our mission. But to me from the beginning it’s less about that and much more about serving the day-to-day needs of our partners because if they believe in this and rest is gonna happen. And it did.”

-Asked about her prediction of partnership’s role in the development of future media

-“I really, really do (think partnership is one of the solutions of the media industry’s success in future). It’s easier to see in the public media arena than the nonprofit media arena. Right now I’m getting more involved with the KCUR management. So my role is involved with going forward. Nothing has been announced yet, but it will be. So when I’m looking for now here is to collaborate with the public media stations and the public television stations in town. And that’s gonna be the main thing. Our relationship with the Kansas City Star has been amazing. We provided content that we haven’t. It’s not much of a two-way street yet, but it could be because we haven’t focused on that. We’ve been focusing on the partnerships that are regional. But the LCG concept means that I’m talking with public media stations in other parts of the country as well, and we are sharing content. It does have the potential to serve our audience much, much more comprehensively. It can become, you know, I worry about things being diluted or if you have an audience that you know with what you are saying and you are trying to reach.

When you really reach out to many, many partnerships, it becomes more difficult to find that voice because you are trying to make everybody happy. So I think the bottom line is about good stories it's about you can do radio, you can do video, you can do print and you can do online. And the resources are out there right now in journalism. It is by collaborating that we can make the most and can do the best job."

-Asked her about the team dedicated to communicating with Harvest's partners

-“Our three-person team here KCUR, that's a lot of work that I have them deal with. It's clearly my responsibility to make sure we don't have those problems so those partnerships function appropriately. It's like my mantra. I call my reporters, for example, their stations ask them, the word I use is advocate, I ask them to be Harvest's advocate at their stations because I'm not there, I don't see. It's up to them to alert me to things that I need to know, that there might be a need out at the station, or that Harvest isn't fulfilling their mission, or all that they could for that station. It's definitely not just me. I do think that harder pull is that they focus on their individual station, for them to put Harvest first or that partnership first is asking more than they can do.”

-Asked her about reporter arrangement at the partner stations

-“Just one reporter at each station. There are five partner stations and each has a reporter. We have associate partners who don't have reporters but truly the partnership is focused on those five stations that have reporters. So a lot of that partnership came with the hiring. I was involved with the hiring of all the reporters. The interesting thing is that these are stations that weren't really talking to each other much before Harvest. And now we are talking about all kinds of different projects and collaborations between these

stations. And this kind of paves the way for that kind of communication and it's a little bit of model for how you can make it work.”

-Asked her about cooperation with reporters who are not dedicated to Harvest but creating content for Harvest

-“There are a couple of things there with my partner stations. I see their station budget. I will work with any reporters, at any of those stations who has a story that would be considered to be a Harvest story. So I do work with reporters at all the stations. Just we have our dedicated reporters, but the stations understand that I'm wanting that content to their benefit for their reporters to share that content and adapt it to Harvest partly because they get a wider audience for their reputation regionally and nationally. But as far as if you're talking about different types of reporting, whether it's radio or TV or multimedia, online, we say radio first because that's what our partners need and that's the strength we have. I guess it's our competitive advantage. When you look at other media outlets and why they want to be with us in radio, it is doing pretty well. So do begin everything with radio, but we really developed the reporters to be able to create online content and true newspaper stories. It does focus on me that the radio stories and the stories that we produce and I take them to try to have a print outlet for them. TV is primarily handled in Nebraska and really leaned on the expertise of the TV reporters and producers out there to do our TV work. That is perhaps a great example of how it's a true partnership because while I was involved with what is our TV documentary going to be, I saw the script, we talked about titles and all that. It was really up to that partner station to create that documentary that we did. It involved my reporters for Harvest but also several other reporters at that station.”

-Asked her if the documentary reporters are full-timers

-Yes. All five of my reporters are full-time for Harvest. That wasn't always the case though.

-Asked about the stableness of the reporters (Read from Harvest's July 2013 CPB grant document that Harvest is not hiring at the moment)

-“We went through that. And I will say that I do see them as full-time. But I tell the news directors I think it's really like 80/20. A reporter is 100 percent Harvest reporter but 80 percent of their time is spent with Harvest, and 20 percent you know, there is stuff at the station, stuff that you want your reporters to be involved with the other reporters at the station. Sometimes there's very local news that is not even activated. A reporter needs to be available to the news director to do those kinds of things. That's really important. We make that happen. We are flexible with them. So we are not hiring. We have five reporters who have been on the job now for quite a while. We did have a really significant turnover in the first year. We had three and half reporters (three full-time reporters and one part-timer) at that time. But we didn't know about the funding, and I told them all they needed to be looking and taking care of themselves going forward because at that time we really didn't know what's going on. It was still any experimental kind of building stage is. So it led certainly to turnover and the reporters were still kind of like our family and helped us do all kinds of things. But it helped not to have that kind of turnover, especially with the kind of stories we do because they are so in-depth and it takes our reporters a while to really get what we are trying to do.”

-Asked her about Harvest's management team

-“We have an executive supervisor. That’s Frank, who launched it. To be honest I manage everything we do, so it’s very top-down in that way. We do have an oversight committee that is made up of the general managers at all the partner stations. But that committee is currently focused on sustainability and the agreement we are trying to come up with going forward, creating underwriting and that financial part of it. The management team includes me, and my multimedia media editor Jeremy Bernfeld, and Peggy Lowe public insight analyst and reporter. And the three of us really manage what Harvest is working on and what the reporters are doing. But we do it in close connection with the news director at the partner stations.”

-Asked her about original content versus curated content

-“Early on we really promised more, we would be more curated content. But I would say we are almost now maybe 85 to 90 percent original content and very little curated other than maybe through blog posts where we share other content in that way. I do bring in some content from whom we might consider partners. There are stories right now from the Midwest Center for Investigative Reporting on egg safety. That is not a story we originated, but we shared on our website. So that would be an example of something that’s more curated, but what I do find with five reporters. We only have five reporters since February of this year because we added a new partner. (With) five reporters (working) we have the content we need to keep the website fresh and the radio content flowing. I do think one of the questions sometimes for us is whether we have too much content. Not so much for the website but for radio because our audience here in Kansas City, they don’t want to hear agriculture reporting or food stories nonstop. There has to be a balance between other news, so we are just trying to find that balance. But I think

that the thing that a lot of people do get confused about is we truly covering to that rural audience, and I think that's not true. I mean we are really reporting to the urban and broader suburban audiences. The rural community is like we are sharing those issues that concern them or bring those stories to life. Everybody eats, so everybody has a reason to care about the stories we do. I think sometimes we do get a little too deep into production issues, and we try to pull ourselves back from that. We don't want to be the crop reporting service; we don't want to be about the size of harvest or looking at the issues that influence the food production."

-Asked her about Harvest's cooperation with TV stations

-“TV has always been a part of what we do. We already did so many broadcast videos and we partner a lot of our work with Market to Market, which is a national show that focuses on agriculture. But we got three television documentary, 30-minute documentary, one each year, all of those have been supported by a video series. It's like our biggest project. We know it's very important, but the TV is very expensive. That's why I was talking earlier about how with our grant moving forward. Our hope is to pursue grant that will allow us to do that. We can't commit to TV necessarily right now.”

-Asked her about the biggest revenue contributor to Harvest

-“Probably we created a Harvest fund that is not yet being put into practice yet. But that's an idea that we would take many wide-range of funders contribute to one pot. And they are very limited in what they can contribute, say three years \$5,000, and we have many of them. I think that perhaps has the most potential. Payments for content in terms of, say, we have content sponsors and collaborations when newspapers might pay us \$5,000 or \$6,000 a year to use our content, that has potential but that's not gonna make it happen.

So I hate to say it, but with the model right now with partners taking up the stations because that's the way we are going to grow and become something different to have donors that come up with private grants that might fund specific projects."

-Asked her about revenue streams in Year 3 budget by Sept. 30

-"(Partnership contribution is the biggest contribution) other than CPB. That is based on the 80/20 split we talked about because CPB is only doing 80 percent of funding this year for the partner contribution. And till next year starting October 1, partner contribution will be 100 percent. We hope we can get some of the revenue streams to limit that, what their contribution has to be."

-Asked her about salaries and benefits reflected in Harvest's budget

-"That's what the partners are covering. So each of the partners will cover salary and benefit, travel and equipment costs for their reporters. And KCUR will cover benefits for the infrastructure lab or the other expenses and hoping we can bring in some revenue through underwriting, through other grants, through selling our content to other media partners. But we do not expect it would fully offset those costs. And the stations are OK with it because they are happy what the benefit they are receiving from that money."

-Asked her about marketing plan and promotion strategies

-"We don't have anybody on the staff who does promotion. We launch our public promotion around that Public Insight Network, where we had people that will be members of the network, and we talk about the stories that we are going to cover. So we have no book, we have some branding we do, we go to events and some of that is promotional to get the word out. The biggest way we can handle promotions right now is though on-air promotion on a partner station. Right now with NPR, when we have stories

with NPR, they mention Harvest and the explanation about it. So that's our promotion strategy right now. We could certainly do quite a lot with that. I think the issue there is it becomes the responsibility of KCUR and it's KCUR, the partner station to consider their promotion strategy. We have to convince them that it's in their best interest to include Harvest in that. So we really work with them because honestly our credibility in any of our markets becomes the connection with the partner. So people to say what's Harvest Public Media, "well, they work with Iowa Public Radio," "Oh yes, then it has credibility right away and that connector. That's truly right now we believe the promotion have to come in connection with the partners."

-Asked her about social media strategy

-"Social media is huge for us. It devours a lot of our time. We are really grilling. I mean we can never be satisfied, I suppose. But we are reaching our goals on social media. My analyst is committed to the social media so that's part of her job to keep those conversations going. But again, now with the change we are looking to have our partners more fully come on board with building Harvest into their social media plans as opposed to Harvest really driving it on itself. It started to be part of our goal, and goals are not overly ambitious. I think it's 3,500 people in Twitter and same on Facebook. And we are closing in on that. This is really hard for me because I feel like we are just on the cut, we are really taking off if we keep the resources focused on it. We are trying to figure out how we this resources now without the grant. We are kind of in a tricky place right now."

-Asked her about moving forward without the grant

-"We are (getting to a more mature stage). But we are not quite there. So I do wish we had a little more of the startup funding and support for just a little bit longer, and that

might make a difference. So honestly, I'm a little apprehensive at the moment with this part of the equation, and we keep building momentum. And I have a lot of people talk to me about, you know, that it's OK to plateau for a little bit and then build the momentum up again, say we get some grant, some of the other funding come through. But it's also easy to plateau and lose our energy and lose the momentum. I'm a little bit concerned about that at the moment. As we said, we are changing things here. My focus isn't going to be at Harvest as much coming October 1. There are other people who can do this, but I've one it for three years, so I have trouble letting go I guess."

-Asked her about the goal of creating at least 300 "treatments" reflected on the budget ("Treatments" are defined as significant instances of original reporting that may be packaged as feature reports, news spots, blog entries, podcasts, interviews, slide shows, maps and graphics, reporters debriefs, packaging of user-generated content and long form report.")

-"The treatment is what CPB requires so many treatments and treatments being a story or blog post or event or talk show or something like that. That's more of our internal (goal). Our goal for the year was 300 in this last year and we are at 350 right now. So we outperformed that. The initial was 200 a year and we had 500 in the first two years and now we are at 350. So if you go through our website, it's exhausting. There's a lot of content in there. We do find now the most story initiatives that come up we covered them, and now we are looking at a more mature, you know taking on the stories in a little bit different way. It's a challenge because we don't like to cover the same ground, but we have to now."

-Asked her to summarize the innovations of the newsroom

-“The innovation, for most it becomes establishing a media outlet that there is no real model for it. The company Coats2Coats did an assessment for CPB about the LJC’s and came with the best practices. We were part of those best practices in many ways. So the innovation comes in how you can collaborate and do stories differently. I will say that we were just talking this week about how we are not doing enough cool stuff. We are not pushing so much right now on the innovative reporting that we should be doing. We’ve done videos, and we are doing an audio slide show right now. They are innovative in terms of public media. And there are a lot of big stations are doing a lot of the things we are doing. So what we do helps propel some of the stations. But at national level, I wouldn’t say what we are doing is remarkably innovative or anything like that. It’s just bringing that innovation to help smaller station with few resources.”

-Asked her about Harvest’s new funding structure in November 2013

-“Yes, we do have a new agreement in place with our partners, and that agreement spells out some of the financial picture. We have brought down our costs by limiting the central editing team to 2 FTEs here at KCUR. And we are in the midst of setting up agreements with several Associate Partners, who will pay sliding fees.”

3. Interview with Nicole Hollway, General Manager at The St. Louis Beacon

(Just to reiterate, the Beacon no longer exists on its own as of mid-December of last year. It's now merged fully with St. Louis Public Radio. So all of these questions can only be answered in hindsight, and/or as they may have applied to the single entity St. Louis Beacon. The combined organization has its own strategy and goals that may or may not be tied to the priorities and efforts of the previous stand-alone Beacon.)

Q: The St. Louis Beacon is known for covering public issues as opposed to news events, producing more analytical political and arts coverage as opposed to detailed sports and crime news. How has this mission made the Beacon different from other local media outlets in terms of target audience, revenue model, etc.?

A: The target audience was more of a psychographic than a demographic - an audience that was interested in the type of content the Beacon produced. Knowing that the growth opportunity was in reaching more of those people, not in creating the type of content (sports, crime) that drew a more "mass" audience.

Q: As a non-profit, the business model was different from mass media organizations by definition. I found the Beacon were heavily relying on individual donations from 2010 to 2012. In 2010, what individual donations brought in was huge, and then it decreased sharply in 2011 and picked up a little in 2012. I wondered how the fluctuation affected Beacon's sustainable development.

A: The large amount raised in 2010 was directly tied to a large fundraising campaign focused solely on sustainability, which did not continue in the following years.

Q: Beacon's revenue structure doesn't include a lot of advertising money. In 2010, advertising revenue was \$0. Could you explain the ideas behind the numbers while

advertising plays an important role for many other news organizations' revenue?

A: As a nonprofit, there is a cap on the amount of potential advertising/underwriting revenue that the Beacon could have attained. Additionally, staffing did not allow for a dedicated team for selling advertising. In the midst, the resource allocation that would have been needed to start up an advertising department that would bring in a significant amount of income was not feasible without significantly changing the makeup of the organization.

Q: The Beacon has put a lot of emphasis on community engagement and some of the approaches are innovative. Could you talk a little more about Beacon's innovations, either in content or technologies or financials?

A: Looking at opportunities to foster conversation, convene and report on community issues was at the center of a number of Beacon initiatives:

Barroom Convos, Race coverage, History museum partnership

<http://www.poynter.org/how-tos/newsgathering-storytelling/diversity-at-work/129086/barroom-meetings-one-way-st-louis-beacon-engages-people-where-they-really-are/>

Mississippi River coverage, iBook

<http://www.niemanlab.org/2012/02/st-louis-beacon-test-drives-ibooks-author-with-meandering-mississippi/>

Mortgage Crisis

<http://www.niemanlab.org/2009/03/st-louis-beacon-how-startups-can-provide-context-and-analysis-online/>

Q: The salary numbers reflected the Beacon were paying more and more in editorial and

general/ admin but less and less in marketing and business development from 2010 to 2012? Any particular reasons for the changes?

A: Choices made by the organization's founders.

Q: Since I only have the 2010-2012 numbers, could you summarize the major changes in the Beacon's financial structure since it launched in 2008? Why did the changes happen?

A: There were not really any major changes in the financial structure. Large donors were the core of the Beacon's financial income throughout the organization's existence.

Q: How will KWMU and the Beacon's merger change the brand name that the Beacon already established?

A: TBD by the merged organization

Q: I read that there could be \$3 million funding gap for the first five years of operation after the merger. How does the Beacon plan to cover that? Any initial thoughts if not a fully-developed plan?

A: This will be managed by the new organization. As of the merger, about 2/3rds of that 3 million had been pledged.

4. Interview with Mary Bruno, editor in chief and interim publisher of Crosscut

Q: Asked about her observation about media startups relying on foundation money or grants and her suggestions for creating revenue strategies.

A: In terms of digital news services like ours around the country, a lot of them started out with some big investor money, you know, like one or two angel investors. And Crosscut started out just similarly but was much less capitalized than some of the (other organizations), like the Texas Tribune or The Minneapolis Post. It was initially a for-profit corporation with a handful of investors. That lasted for about two years. And then about five years ago, we decided to go nonprofit. Now all of these predated my arrival. I've only been here since January 2013. And once we went nonprofit, obviously grants were a huge part of the initial underwriting. The Gates Foundation gave us about \$900,000 in total over the course of a couple of years as sort of baseline operating support with the idea, of course, the money would run out eventually and that was going to give Crosscut the opportunity to get up and running. But then it was OK, you know, now you've got to find a way to make up that difference. So that's sort of the position we find ourselves in now. When I arrived in January 2013, we were in the last two years of our Gates Foundation money. So the goal was, OK, now that we are not going to be having the advantage of having that Gates Foundation anymore, we need to find other way, other revenue streams. So one of the things that we did just recently was finally, I wish they had done this before I got here, but we hired a development director. It's kind of hard to believe, but this is the first time Crosscut ever had a development director. So we've been a nonprofit for five years, and it's the first time we hired a full-time

development director. So that was one thing we did. The other thing we did was, to look at other revenue streams that a lot of the other nonprofits and for-profits are looking at, which are sponsorships, which we've never done before. So we are very heavily getting into sponsorships right now. And sponsorships are for content we already have, for initiatives that we'd like to launch and also for events that we are putting on. That's another new revenue stream – the event revenue stream. So sponsorship, event, ad sales we've always done a little bit of but we haven't been aggressively seeking advertising. So we are doing a little bit more of that. Building our member base, which of course is huge because that's unrestricted money. So diversifying revenue streams is really important. We haven't got into things like workshops or classes, which a lot of our colleagues have done. But we may consider that down the road. But it looks to me at least in 2014 our big opportunities for raising revenue streams that we haven't tapped into before are events and sponsorships. And then of course the other really big challenges are major donors. We have a 15-member board. Very well heeled very civic minded and actively engaged. And I think once they really get up to speed, we'll be able to boost that major donor revenue stream too.

Q: Asked about the biggest revenue stream.

A: The biggest revenue streams right now is major donors. I think major donors and grant right now are biggest means of support.

Q: Asked about the upsides and downsides of relying on foundation money or grants to get started.

A: The upside, and this sort of depends. Let's assume that major donors are just providing general operating support. If that's the case, that's a huge upside because it's a

lot easier to get money for particular programs or topics, for instance, than just to get general operating support. And general operating support is what we really need because it's free money, and we decide how we are going to spend it. It's not somebody telling us, well, you have to use this to cover whatever happens to be. So the unrestricted nature of major donor giving is great. The downside is that it really does require a lot of cultivation, because, maybe you are really lucky and you have board members who can just go out and ask their buddies for \$50,000, but usually it doesn't happen that way. Usually you have to cultivate those relationships over the course of years before you get to that point. So it's a very long-term investment. The rewards are great. But it takes time to cultivate it. So I guess the upside is there's potential for unrestricted money. And downside is you have to spend a lot of time getting to the point where you can actually enjoy it.

Q: Asked about strategies for preparing to run out initial grants.

A: I don't think that in this current climate you can rely on any single stream of revenue. I think the best thing you can do is, like an investor, to diversify your portfolio because there's no question in any given year, one of those revenue streams is going to underperform. You know, some year your major donor has an argument with the board member that is the best pal. They decide they are not going to give money, or you know, you just can't get any more money for that granting organization because they only give sustaining grants for three years. So I think you really need to always have to cultivate all those different opportunities. And that's what happened with Crosscut. Once they went nonprofit, they got several big unrestricted grants from the Gates Foundation, which was awesome. So it got them up and running, but the mistake they made was sitting on their laurels a little bit and not building the fundraising capacity at the same time they were

building their editorial capacity. So three years down the road, you had this really nice editorial product, but there was nothing to sustain it once that Gate Foundation grants went away. So I think that's one of the reasons we hired a development director. We really need somebody who's focused on how we are going to bring more money in the door and what are the different ways we can do that, whether it's major donors, major grants, small grants, events, sponsorships, ad sales, workshops, speaking engagements, you know what I mean. There's a lot of things you can think about and there are things that we haven't yet thought about. I think any organization needs that one product that's just constantly generating cash. And if you can find that little gold goose, it's awesome. But even if you find it, you can't rely on it forever. You just have to make sure you've got enough different revenue streams that if something dries up, you can count on the others. It's interesting that a lot of examples now are that media organizations are thinking about how to sell not only their product but their expertise. I mean, there are media organizations that are doing consulting work with corporations about image, and communications, and giving workshops to people about how one cultivates that in the public, how do you write about yourself. There's publishing, you know, e-books, hardcover books. There are just a lot of different things that you can do. It's just a matter of trying them all out and then deciding what's the cost benefit of each. Events, for instance, are something that are potentially big money makers but they take a lot of energy, you know, a lot of staff time to put them on. So everything comes with a downside in that regard. You just have to figure out where do you get the most bang for your buck.

Q: Asked about advertising limitations for nonprofits.

A: One interesting thing is there's the cap on advertising but there's no cap on sponsorship. You know, sponsorship is different from advertising, sort of technically, but there are many ways in which it's the same. I mean it's associating your brand as an advertiser or sponsor with a particular product. So I think sponsorships are a big opportunity for us and for other nonprofits because there is no cap on that.

Q: Asked the importance of partnership to startups.

A: We partner with a lot of different organizations for a lot of different reasons. So there are partnerships that are about promoting our name, kind of introducing Crosscut to the audience that might not know about it. There are partnerships that help us further our own cause. For instance, civic engagement is really important to us. We really want to use journalism not just as tool for information, but as tool that spurs action. So we do these things called Civic Cocktails. It's one of several different kinds of community events that we hold. It brings together people in the community to talk about a particular issue with experts on that issue, whoever they maybe. It might be the mayor. It might be the president of the University of Washington. It might be the interim police chief. Whatever the topic demands. So I mean there's a million opportunities to partner with different organizations. We partner with Seattle Magazine. That's a way for us to spend a little bit more money to hire a writer to work on something that's a little more in-depth. But in terms of a merger or acquisition like that kind of level like the St. Louis Beacon did with the local NPR station, that's something we talk about. But I at least am a little bit reluctant to kind of go that route at the moment, because I think Crosscut has a very strong mission and brand and I'd like for that to become really solid before we think about diluting it or hiding it by associating with so closely another organization.

Q: Asked about the large proportion of employee costs in startups' budgets

A: There's no getting around it. The lion's share of our costs is people. And we are small. I mean I'm the editor in chief and interim publisher. So that's me. And we have a part-time office manager. We have a part-time CFO. We have two full-time editors, one full-time staff reporter and one full-time development director. And believe me, nobody is getting rich. I think we are talking about almost 60 percent of the budget is people. You know, it goes to programming and content. Typically, a lot of startups don't even have any other expenses. They don't have an office. Everybody is working from their homes. They probably don't have a lot of general administration costs again. So I think the employee costs is always going to be high, and higher with the startups (compared to established media organizations). But I also think, you know, the news business, in general, to do it well, is expensive. If you are a digital news service, you know, it's not like you are printing out paper once a day. That doesn't happen anymore. Everybody is creating news and publishing news like all day every day, seven days a week. Even if you are not paying people a lot, you still need enough of them to be able to adequately feed the beast, if you will. It is just a de facto expensive operation. I think that one thing I would say is that journalists are recognizing that you probably not going to make a whole lot of money. You've got to be entrepreneurial too. We do have one staff reporter. But most of the writers that we work with, they've got several things going on. You know, they are working for other people and doing other things. And I think that's the real challenge when you are an organization like us. In order to get good content and in order to stay on top of the news, you really need people you can count on. And the only fair way that you can really count on people is if you pay them. And it's hard for us and I

think it's hard for all organizations like this to consistently raise enough money to be able to pay good journalists, good reporters as much as they need, and as much as they deserve, in order to do their job well and consistently over a long period of time.

Q: Asked about an entrepreneurial newsroom's advantage in terms of attracting employees.

A: I'm generalizing. So you know forgive for doing that and don't take it as Bible. No matter what kind of a main stream, veteran news organization you are in, however successful they may be, with the possible exception of the Washington Post, now that Jeff Bezos has invested in it, I think you are looking at a really stressful changing work place. It's probably getting smaller. It's probably less money. There's less focus on bottom line. And you are being asked to do more. You are not just writing for the paper. You are writing for the web. Maybe you are doing some audio or radio. But you are just being asked to a lot more. So I think that a lot of journalists today are open to something new. Now the advantage of being with a big organization is that, you know, you've got health benefit. But they are open to something different and something new. So for that reason I think startups have a little bit of advantage. So you can demonstrate you are viable, and that you've got energy and your ideas are really interesting, and you can offer this person something new and different and creative, I think they'd be willing to do it for less. I think what looks like a high cost for staff is, again, just a reflection of the fact that there isn't a lot of cost if you are a startup. You are spending a lot of money on people. That's because that's the only expense you have.

Q: Asked about the challenges for startups that are different from the traditional newsrooms.

A: There's two, I think. One challenge is financial. And that kind of underwrites everything. How do you raise and generate money that actually supports what is a pretty expensive enterprise or what can be an expensive enterprise. And the second thing is, you know, there's just an enormous amount of information out there. But when you start following links back, you realize that there's a lot of information, a lot of content that's generated from one story. So somebody somewhere, and it's usually someone at an organization where they are actually getting paid, write a well-reported story and a million people pick that story, either aggregate it or write opinion columns about it, or in some way leverage it in their own way, on their own site, in their own venue. But that original story was expensive because some reporter who's probably making a pretty decent salary and probably getting health care benefits went out and did the leg work to actually produce that piece of content. And reporting is expensive. It takes time. So what I find here is that, you know, we can't pay people (freelancers) a lot of money. The way to make a job cost effective is by reducing the number of hours you spend working on it. And the best way to reduce the number of hours is to minimize the amount of reporting. So my contention is that reporting has become an endangered species now. A lot of organizations really can't afford the pay for really good reporting at the volume and at a consistency level that we should have.

Q: Asked about key strategies for sustainability.

A: Obviously there's having a clear mission, and a mission that differentiates you from your competitors in the eyes of the consumers, having the financial way of thought that executes the mission in a way that does the organization proud, identifying different kinds of revenue streams and cultivating those in a very active way and being flexible so you

can move back and forth between them or among them so one dries up, you can quickly devote more attention to the other. You are no dependent on one particular kind of revenue, like that big grant from the Gates Foundation and Bob Jones who's your major donor. And I guess the other thing is always be aware of and maybe thinking down the road about what if. So if you've done all of those things really well and you are still not making your bottom line and you are still have to really struggle, then who out there might be a partner, an acquisition opportunity or a merger opportunity, some organization that would further your mission. Always have a Plan B. Things change so fast. You can't say this is who we are, this is what we are doing, and this is what we are going to be and we are not going to talk about it again for ten years. You have to talk about it everyday. You are constantly making adjustment because thing change so quickly. I think you have to be smart about that. And plan ahead but be willing to change the plan.

5. Interview with Ken Doctor, a well-known media industry analyst and author

Q: So based on your experience, what are the ingredients successful startup have but others lack of? In another word, what are the keys to success?

A: It's been clear that too many journalists have too little business literacy in many local news start-ups. Foundation funding is intended to be a start, not a permanent source. So, having a revenue plan – as if the site were a small business – is the answer. I've pointed out that GoLocal, a strong local news site headed by a local ad executive did exactly that. In revenue plans, too many sites also rely on traditional banner advertising, the lowest form and least well-paid form of digital ads. Sponsorships and native ads are the ticket for those now starting out.

Q: What have media startups done and what else can be done to bring in revenue?

A: Diversified revenue is key. Sponsorships allow such institutions as regional medical centers to “own” area like health, or family health and other topical sponsorships make sense. Physical events, in which startups act as convenors of community conversation, and get sponsorships, and sometimes attendee ticket revenue, also make sense. Finally, premium Pro products, intended for market niches as local techies can provide reader or membership revenue.

Q: The newsrooms I studied all have different kinds of partnerships, either to create content or promote each other. Some say wrong partnerships dilute a newsrooms' brand and wear them out. So what are the key factors to make partnerships work?

A: Most fail partnerships simply because both parties don't make strategic and relationship investments in them. None are truly 50/50, but the ones that work work because partners find real mutual interest – and work at developing it.

Q: If media startups form partnerships, how should they make money together?

A: Same revenue sources as above: sponsorships, events and premium reader products.

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