BUSINESS MODELS FOR LOCAL NEWS

a field scan

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Executive Summary

It's well understood that the traditional print advertising business model that once enabled high-quality, local news is under extreme threat. Meanwhile, platforms such as Facebook and Google increasingly dominate how people access information, garnering the majority of the digital advertising revenue that previously flowed to publishers. Most say that local journalism is in crisis. But maybe it's also at a crossroads.

On May 18, 2018, the Shorenstein Center on Media, Politics and Public Policy at the Harvard Kennedy School and The Lenfest Institute for Journalism gathered industry leaders from news organizations, platforms, and philanthropic sectors to discuss prospects for finding and seeding new business models for local journalism—and how best to support those working in communities across the country to facilitate change. (See Appendix II for a full list of participants). The conversation was energized and, ultimately, optimistic.

The gathering identified five principle needs and opportunities for the revitalization of local news:

1. Increased financial investment in startups
2. Growing philanthropic commitments
3. The need for growth capital for existing organizations
4. Improved collaboration among both news organizations and platforms
5. Greater emphasis on diversity, equity, and inclusion

Above all, attendees identified opportunities for growing financial investment in local news. This included a range of approaches, most of which already have live case studies in operation: Participants highlighted programs such as the News Revenue Hub, Membership Puzzle Project, and Knight-Lenfest Newsroom Initiative, which are working directly with newsrooms to develop models that create audience-focused journalism and promote reader revenue through individual financial contributions. They also cited Civil, an organization experimenting with blockchain and cryptocurrency to link journalists directly to their patron readers.

Conversations also focused heavily on field-building to grow a larger culture of philanthropy. This, in tandem with reader revenue, will rely on greater consumer messaging and marketing around the merits of journalism as a public service. Attendees reflected on the power of NewsMatch, a national gift-matching campaign that has motivated non-journalistic community foundations to support nonprofit news. To create formidable philanthropic muscle, the news industry must conduct more outreach that educates and informs potential donors—beyond those who regularly fund media—about the civic value of funding news.

While much of the current investment and philanthropic capital is focused on aiding startups, participants agreed that as many local news businesses mature, they'll need growth capital to help stabilize and mature. Publishers, they said, must assume the responsibility of building viable products and creating opportunities that are attractive to those funders interested in a return on investment. Berkeleyside, an independent news site in Berkeley, California, launched a direct public offering and sold an interest-bearing debt offering in the company to the local community.

Beyond talk of revenue, there was also extensive discussion around the opportunity for stronger cross-industry collaboration both among news outlets and with platforms. Newsrooms must share resources and engage in joint technology development. Local newsrooms need better tech stacks, including content management systems and consumer relationship management platforms that are explicitly designed for journalism

and can help develop efficient workflows and funnel casual readers into paying supporters. Participants identified possibilities for creating new education resources, especially within journalism schools, that will help develop the next generation of news entrepreneurs and business leaders within the industry. They referenced existing training programs such as Columbia University's Sulzberger Executive Leadership Program, and the Poynter and ONA women's leadership initiatives for working journalists—while also emphasizing the value of communities of practice that can connect people from across the news sector.

In the midst of all this, diversity, equity, and inclusion should be paramount to the conversation, attendees urged, as news organizations must better reflect and engage the communities they seek to serve. This means greater diversity and inclusion at all levels of local journalism: reporting, management, voice, and audience.

This gathering was but the first part of a larger conversation about how news organizations, funders, and other groups can work together to move local journalism forward. And as discussions continue, the Shorenstein Center and The Lenfest Institute will work to ensure that a greater variety of voices have a seat at the table.

This report captures the discussions of the day, which were organized around five areas of problem and opportunity. The following setups framed the roundtable conversations.

1. Diversifying and Strengthening Revenue Streams for Journalism

Growing a sustainable journalism enterprise in the current environment requires seeking out diverse sources of revenue. At the same time, audience attention is a scarce resource and chasing too many revenue opportunities at once can be a waste of investment. How should publishers be thinking about diversifying and strengthening revenue streams? What particularly promising experiments and practices are in operation currently, and what are the open questions?

2. Field-Building to Grow a Culture of Philanthropy

Journalism as an information good has always required subsidies in addition to direct payments to be produced at the scale required by a functioning democracy. But in the current environment, both advertising and government resources are drying up as sources of production subsidy. What would it take to build an ongoing source of philanthropic support? How can news organizations and other interested parties help build a culture of philanthropy to support journalism and the production of news?

3. Finding and Seeding Startup Capital for Mission-Driven Journalism Enterprises

While many local news startups are philanthropically funded, the sector as a whole holds great market promise—as exciting new models are being tested that combine elements of nonprofit and for-profit approaches. How should media entrepreneurs who care about journalism think about pursuing market opportunities and finding funding? How can we increase the overall availability and access to seed capital and growth capital for promising journalism and news media ventures? What are the roadblocks and what are the opportunities?

4. Talent-Building at the Enterprise Level—Growing the Next Generation of Publishers in Business Acumen and Leadership

Many journalists in small and growing newsrooms don't have the business and technical skills necessary to become publishers who can nurture their organizations into revenue sustainability. How can we help grow the next generation of publishers? Where are those people likely to come from within the news ecosystem? What kinds of support and training do they need? What entities are best poised to support them?

5. Building Products to Increase Revenue and Engagement

In the shift from ad-driven to reader-supported revenue streams, journalism must be something people are willing to pay for and support. What might be the features of its

products—both in terms of content and user experience? What kinds of product development do niche and local sites need to experiment with? What different storytelling formats might be required? How can we push the boundaries of news reading beyond the traditional front-page or news feed algorithm model? And where does it make sense for these kinds of product development cycles to happen?

Organization of the day

Participants were asked to present current experiments or initiatives with which they were involved relative to the problem area; to think about which areas of collaboration might be seeded between existing initiatives; and to volunteer ideas around what experiments or initiatives don't exist yet but should.

Attendees circulated through each discussion once, offering them an opportunity to meet a new mix of fellow participants in each round. At the end of the day, the entire group was asked to discuss who else should be included in these kinds of conversations, and to reiterate the most promising ideas to arise from the day's roundtables. The summary of this exercise can be found in Appendix I.

1. Diversifying and Strengthening Revenue Streams for Journalism

The Issue: Growing a sustainable journalism enterprise in the current environment requires seeking out diverse sources of revenue. How should publishers be thinking about diversifying and strengthening revenue streams?

Key Takeaway: Direct reader revenue must be at the center of sustainable business models for local journalism. But paid subscriptions, donations, and memberships alone are not likely to support a news business by themselves. Publishers need to figure out which supplemental revenue sources work best for them and their audiences.

Existing Experiments and Initiatives

- The **News Revenue Hub**, a nonprofit funded by multiple foundations, helps news organizations build comprehensive subscription programs, increase audience engagement, and incorporate custom software solutions into their workflows.

- **The Membership Puzzle Project** is a two-year public research initiative looking at how news organizations can optimize for trust. They study the social contract between news organizations and their members, including people who contribute their time, money, and knowledge. MPP published a Tow Center guide to audience revenue and engagement with Elizabeth Hansen, along with other research into what supporters of independent news say they need and a database of membership-driven news sites around the world.

- The **American Press Institute** (API) conducts subscriber research that examines motivations, triggers, and background factors for people subscribing to newspapers, both print and digital (three of their publications in this space include "The 9 Paths to Subscription," "The 3 Types of News Subscribes and How to Convert Them," and "Paying for News: Why People Subscribe and What it Says About the Future of Journalism"). This fall, API expects to launch a reader revenue toolkit on its site.

- Facebook's **Digital Subscriptions Accelerator**, a three-month pilot program in partnership with The Lenfest Institute started earlier this year, worked with 14 metro news organizations to increase local subscriptions. On August 2, Facebook announced it was extending the project through the end of the year and adding an additional $3.5 million in funding after reporting early success. The platform also announced the launch of its **Facebook Membership Accelerator**, another pilot project intended to help nonprofit news organizations and local publishers with membership models grow their businesses.

- **Google** and **Facebook** are both testing products that will support subscriptions on their platforms. Google offers **Subscribe with Google**, which enables readers to subscribe to participating publications using their Google accounts, and Facebook is experimenting with a subscription pilot that includes meters for

Instant Articles and subscribe buttons that send users directly to a publisher's website.

- **Advance Publications** is creating high-priced, business-to-business subscription news projects. It recently launched **NJ Cannabis Insider**, a subscription-only site covering the marijuana industry in New Jersey.

- **Gannett** has focused energy into building out its events business, running gatherings for its readers in newspaper markets across the United States. Taco festivals, wine tastings, and other events attract major corporate sponsorships.

- *The Guardian* has created a successful membership campaign that asks readers to voluntarily contribute to support its journalism, using prominent calls to action throughout its site. The publication now has 575,000 members and in the past year received an additional 375,000 one-time donations. The outlet's digital revenue recently outpaced print revenue.

- **Berkeleyside**, a local, digital-only news site in Berkeley, California, raised $1 million through a direct public offering (DPO). More than 400 people invested at least $1,000 in the news outlet, and most investors saw the DPO as a way to support an important community institution, rather than a way to generate huge returns on their investment.

Opportunities and Challenges

Reader revenue

Much of the conference's discussions centered around membership and subscription-driven models to increase revenue for local news organizations. Above all, attendees highlighted the importance of emphasizing a publication's journalistic mission as a way to drive support—in the vein of *The Guardian*'s successful campaign to get its readers to donate. This was seen as far more likely to grow reader revenue than offering exclusive access to events, extra content, or free gifts like tote bags.

Participants noted that initiatives such as Table Stakes and Facebook's Digital Subscriptions Accelerator have practically helped publications address nuts-and-bolts

issues that need to be dealt with to implement reader-revenue strategies. "It's not as complicated as we make it out to be," one person said. The initial focus can be low-hanging fruit—building up email lists, increasing the reach of stories, and focusing on the conversion funnel.

An attendee who was in the process of working with newspapers to "reduce the stickiness" of subscribing said some local news organizations offer "upwards of 10 options for subscriptions." That's too many. Subscribing should be a streamlined, easy-to-understand process—and publishers need to work on providing simple options that are easy to sell to readers, the person said. Getting people on your email list in the first place should be organizations' first priority.

Customer relationship management tools—with professional-level support—can help further drive customization of membership and subscriber offerings. Participants cited needs around segmenting audiences based on behavior, including models and data-sharing to manage lapsed members or subscribers, and those who meet article thresholds but decline to subscribe. Some even referenced more advanced methods involving building individual interest graphs to inform customized offers suited to different types of audiences, readers, and subscribers.

Platforms

Because Facebook and Google are major players in the publishing space—both in terms of their domination in the online advertising market and as distribution platforms for journalism—attendees wanted increased collaboration between publishers and platforms. Platforms are already engaging in some of this collaboration through existing programs, but participants sought more systematized conversations focused on local news, with solutions scaled across the industry instead of existing, limited pockets of knowledge.

Others asserted that platforms need to diversify and create more flexible sources of support for a variety of publishers. WordPress.com, for example, is rethinking how it serves smaller sites on its enterprise VIP platform.

Advertising/sponsorship

While Facebook and Google are dominant, local publications can offer unique sponsorships, underwriting, or advertising opportunities to civically minded companies that hope to align themselves with journalism that supports and informs the community. One participating nonprofit news organization said it was developing job listings and classifieds as a way to generate additional revenue, and help advertisers and readers reach its sizable audience. Some attendees, however, voiced the need to shift to low- or non-advertising models to sustain local journalism.

Sponsored content, people said, can be another way to generate revenue, though participants cautioned that these types of posts can take a lot of work to create—and undermine the journalism if not done carefully. Publishers in attendance were interested in mechanisms or tools that could help them integrate sponsored content onto their platforms or into their journalism.

Events

Many publishers said they have had success with events both as direct revenue generators—through ticket sales and sponsorships—and as key parts of their membership or subscription conversion funnels.

Gannett runs events in dozens of markets across the country, and the company sees value in providing sponsors access to national audiences. The company is templatizing its model for food and wine festivals, planning to hold events around the country similar to those it's already hosted. As a product outgrowth, Gannett has also created a

[standalone food and wine portal](#) on *USA Today*'s website. "Sponsors don't want to sponsor just one event. They want to get more out of it for exposure," an attendee said.

Small outlets, however, may not have the resources to pull together these types of gatherings. Some are focusing on low hanging fruit to build rapport with readers, such as happy hour meet-and-greets. Participants wanted a centralized toolkit or guide that could help streamline the process, suggesting that working with a large-scale event manager—such as wedding planners during their slow seasons—could help produce the resource.

A number of other revenue generation ideas included crowdfunding, training, licensing, franchising fees, transaction fees, professional services, bundling, and email marketing. Philanthropy, which is discussed in depth in another portion of this report, should also be a key source of revenue.

Even as participants highlighted different strategies for diversifying revenue streams, they stressed that not every tactic will work for every news organization. Ultimately, news outlets will have to test strategies and see which are the best fit for them and their audience.

2. Field-Building to Grow a Culture of Philanthropy

The Issue: In the current environment, advertising is shrinking as a source of news production subsidy. What would it take to build an ongoing source of philanthropic subsidy for journalism?

Key Takeaway: Building a culture of philanthropy for journalism will require overcoming two key barriers, as one participant put it: a "lack of prepared mind" among a new class of potential donors who must be able to identify the free press as worthy of investment, paired with the "lack of capability" within news organizations to deliver sustainable, long-term funding.

Success will require creating and negotiating relationships and alignment between three sets of stakeholders: an informed and engaged set of philanthropists, funders, and donors; publishers with viable news products in areas lacking needed coverage; and civil society players, including local officials, who understand and help lend legitimacy to new funding models.

Existing Experiments and Initiatives

Attendees articulated the most significant differentiators among current, successful nonprofit newsrooms as existing leadership and whether the organization had secured a sizable amount of funding from the beginning—leaving startup news organizations without incumbency in their respective areas of reportage at a disadvantage. There are, however, outlets that have overcome the latter challenge:

- **Berkeleyside**—a Berkeley, California-based daily, local, digital news publication—represents a community-oriented model that has successfully leveraged funding from members in addition to larger philanthropic contributions. (**Voice of San Diego** was additionally referenced as an important example of local news excellence and fundraising prowess).
- **Chalkbeat** has built one of the nation's largest nonprofit newsrooms with a sustainable, local, and independent model that builds roots in communities and sources funding from those invested in education reporting.
- The **Richland Source** fundraising effort for its solutions journalism projects, launched two series focused on the future of the Rust Belt and a graying America, which generated more than $70,000 of community support from Mansfield, Ohio. The site represents a new norm where solutions journalism meets community and citizen demand. As the fundraisers shared, "Solutions journalism is best done *with* people instead of to them." (Philadelphia News Network and Lenfest's work represent another geographically focused local journalism strategy that has advanced similar interests).

- **Media Impact Funders**' experimentation through an ongoing and wide-ranging network of funders and supporters provides a valuable guide for funders seeking investments in specific subject-matter areas.
- The Columbia Graduate School of Journalism's now-defunct accountability project **The New York World** represented a "teaching hospital" approach to journalism based in academia. Like other new journalism efforts founded at universities, the project benefited from a base of donors familiar with the institution and its focus on results-driven journalism around particular subject areas.
- **Chicago's Block Club** sought to fill the void left by the closure of its local DNAinfo site, raising more than seven times its Kickstarter goal from small-dollar donors interested in local journalism.
- Attendees reflected the power of **NewsMatch**, a model that has motivated non-journalistic community foundations to match contributions as a low-friction approach to supporting news organizations.
- Others, like **Civil**, are helping to build a new marketplace for quality journalism by deploying decentralized support linking journalists directly to their patron readers in an effort to push the boundaries of the audience's role in supporting new models. Some participants suggested the development of a NewsMatch model that enables for-profit news organizations to build cultures of philanthropy in their communities.
- Leaders such as former American Society of News Editors President **Mizell Stewart III** are creating vital examples of national models for funding quality journalism, educating national funders, and building training toolkits to enable editors to execute funding appeals—an education initiative that has seen success in Phoenix, Milwaukee, and Indianapolis.

Opportunities and Challenges

During conversations on this topic, representatives from news organizations sought guidance around how to replicate these effective approaches to funder engagement and management, and long-range sustainability once funding is secured.

Funder engagement

Foremost, attendees emphasized the need to stimulate a "philanthropic vanguard"—to build a new culture of giving that sees institutions acting together instead of alone, effectively "priming the pump" for future contributor interest, said one person. In recent findings from the Shorenstein Center regarding the allocation of philanthropic support for media, of the $1.9 billion in grants to news organizations, more than half were devoted to large public media stations. Of the remaining $900 million, over half of that was devoted to climate change. Given this, there's demand for an "order of magnitude shift" to change the landscape of philanthropic support for news—something similar to "*An Inconvenient Truth* for the industry," said one person. We are "in the early innings of telling this story in a way that elevates journalism as a priority," noted another.

Participants especially voiced the importance of further education to inform target communities, subject-area funders, and high net-worth individuals about a range of opportunities to support news. Philanthropic endeavors must be marketed differently, they said, beyond the idea of "giving something for nothing—except a tax break." Attendees suggested that one solution could involve national funders, philanthropies, or "an intermediary group for local journalism" engaging community foundations in an education "roadshow" to elevate the understanding of local news ecosystems. These explanatory opportunities could create experiences for potential philanthropists to better understand the need for investment and "feel part of the team." Across all funding strategies, the single largest driver for contributions to news organizations is alignment with the news organization's mission. Attendees said journalists themselves should "speak in human terms" about their journalism, process, and accomplishments in more public ways.

Beyond large-dollar funders, participants reflected the urgency to redesign the individual supporter's experience, modeling donor experiences after the episodic, sustaining, or regular contributions to public radio or arts institutions—rather than current models that rely upon singular instances of giving. Multiple participants addressed the consistency with which NPR hosts and journalists articulate these appeals as a model of effective engagement. In shifting from intermittent funding to positioning news support as a routine commitment, attendees put forth the idea that this become both a product and programming conversation. In addition to refocusing the donor and member experience, news organizations need new strategies to expand and enhance membership offerings and events.

Finally, news organizations must develop mechanisms and programs to target entities that do not currently include media as a priority in their funding missions. Some participants reflected the need to cultivate relationships with political figures and officials that can further understand the value of public service and local journalism without overstepping ethical boundaries. Others mentioned that nontraditional actors like platforms continue to play an important role in funding scaled experiments that enable news organizations to reach subscribers with new formats. Broadening the aperture on the types of entities that can engage in giving is key.

Best practices and toolkits for attracting funders

News organizations identified a void of comprehensive databases including best practices for fundraising across their organizations, agreeing that the field generally lacks case studies for funders and institutions alike. For community foundations and nonprofits, "public service" and journalism as a public good are often "too abstract" for funders. Participants reinforced the need for positive narratives around quality (and error-free) journalism across contexts and audiences to affirm the viability of philanthropic investments. (For a good start on fundraising resources for engaged journalists, see this guide from the Gather collaborative.)

Participants also voiced the desire for consistent funding documentation that clarifies principles of journalistic integrity and ethics for funder audiences and high net-worth individuals who might be new to supporting journalism. Some suggested something as simple as "how-to fund" guides. News organizations, especially, said they want new mechanisms for managing the conflicting interests of funders and the funded. Key issues discussed included maintaining independent reporting free of donor agendas, cultivating sources of unrestricted funding rather than subject-area funding, and guidelines for transparently disclosing sources of philanthropic support.

Several people identified what they called the "black box" of funding appeals, wherein news organizations don't want to expose all of their activities to a potential funder, and donors don't want to completely reveal their interests. This imperfect information often leads to mismatched purposes. Given the potential for funding that seeks to advance a particular agenda, attendees sought tools to clarify to community foundations and local nonprofits what they can expect to secure for their funding— including a toolbox of letters for initial requests. News organizations emphasized the usefulness of accessing consistent fundraising templates, emails, and proven messages that have effectively engaged funders, matched with "clear guidance for what funders can and cannot request."

Changes inside the newsroom

The shift in sources and methods of philanthropic support for news must be matched with an internal culture change at news organizations around sustainability, business best practices, and the discussion of the future of journalism itself, attendees shared. The industry needs to shift from its reactive positioning to one that tests sustainable, long-term models ahead of disruptions around the curve.

More clearly integrated databases for the sector would enable news organizations to avoid the duplication of fundraising efforts, some participants said, including those potentially conflicting with existing news and editorial efforts from local universities and

programs within other institutions. Others posited the development of a central database of funders and new organizations seeking funding. Existing tools like Raiser's Edge can organize data around potential funders, but news organizations systematically lack access to these expensive resources. Other suggestions to help with startup efforts included a "news business in a box" that could practically guide entrepreneurs in their beginning stages and the creation of a pilot media impact team that could offer coaching, development, or training.

Once funding is secured, attendees agreed that news organizations must develop the tools to responsibly deploy and measure the effectiveness of the investment. Philanthropy and funding should build capacity rather than dependency in news organizations, including asking the question "how do we equip newsrooms to run themselves?" This requires removing the silos between business, advertising, revenue, and editorial sides of the news organization's ledger to ensure every member of the organization is directly engaged in the long-term strategy, participants said. Only "a small subset of individuals in the newsroom have the time to think about innovation," one person noted. Funding strategies must seek to sustainably expand that capability—including embedding business-thinking inside newsrooms and sourcing operational support from outside.

3. Finding and Seeding Growth Capital for Mission-Driven Journalism Enterprises

The Issue: While attracting seed money for new journalism-related ventures is an achievement in itself, established nonprofit and for-profit ventures are finding it difficult to raise the next round of funding they need to grow.

Key Takeaway: Entrepreneurs in journalism and media technology could benefit from new types of funding targeted to the growth stage of development, perhaps including those that blend philanthropic support with venture fund strategies. Overall, increasing

the business acumen of journalists will help to create the next generation of sustainable news content and related technology ventures.

Growth capital problems for nonprofits

In the nonprofit journalism space, early reliance on foundation funding or other large philanthropic gifts can paradoxically incentivize new news organizations to grow beyond their means, or overlook the need to develop diversified sources of revenue. One participant with a wide view of the field noted, "I am seeing news startups go through a two-step process where they can get seed funding but usually get stuck in year three, and don't have the operating fund of $30 to $50K to get through to sustainability."

In subsequent rounds of searching for growth capital, nonprofit journalism organizations can end up chasing sources of philanthropic funding, which can pull them off-strategy. "Next stage growth capital for nonprofits is very difficult to get because theories of grantmaking are very often programmatic. The worst place a growing nonprofit can land is with 'on-mission, off-strategy' funding that meets a funder's programmatic requirements but doesn't match the nonprofit's strategy," shared one participant.

Attendees noted a strong trend toward all types of news organizations pursuing reader revenue in the form of donations and memberships. Yet even as these organizations seek to solicit reader revenue, not all of their readers may be in a position to financially support their operations. Some organizations will end up having to seek other types of funders in addition. "Sometimes nonprofit newsrooms need some help in identifying a secondary audience that can take on a philanthropic role. These organizations can also partner with, for example, legacy, for-profit news organizations that can go together to a community and ask for support for the news," said one person.

Growth capital problems for for-profits

In the for-profit journalism space (often companies creating software and other tools to help newsrooms), the traditional venture capital expectations of scale and return are

proving to be a poor fit for journalism-focused ventures that have a limited addressable market of newsrooms. The small and shrinking size of the news industry is leaving many good media startups without investors beyond the seed stage. In addition, the outcomes of success or failure for journalism ventures is much more binary than in the nonprofit sector: garnering investment means a shot at success, but failure to attract resources means the venture shuts down and the tools, resources, and knowledge are lost. "In the for-profit investing world, the investor keeps giving money to follow the opportunity, but the trade-off is that there are more binary success/failure risks in for-profit startups," said one participant.

For content-producing for-profit journalism startups, investors are now much less interested in funding advertising and looking for other ways to "monetize reader attention" as a business model. "Most big investors already have exposure to that kind of business model, and the biggest experiments, like BuzzFeed, have [seen] mixed success," commented one participant. This is especially true as Google and Facebook continue to dominate the digital advertising market.

Reader-revenue business models are getting more popular, though nonprofits are also seeking these same readers. However, one person pointed out, "The funding would be there if someone was able to make money in journalism, but it's an industry where everyone is unable to make money as a viable, profitable organization."

Other participants emphasized that traditional venture money is a poor fit for journalism: "Expectations on scale of returns and time horizon typically don't match media verticals." That said, the person and other participants agreed that journalism is not a big enough market for sustainability or returns, even with a standardized product. Product-focused media startups, like many of those supported by Matter Ventures, often find themselves seeking adjacent markets to journalism in order to grow and find viability—for example influencers or music.

Existing Experiments and Initiatives

- **The Knight Foundation** hosts an annual gathering to help develop a civic mindset around supporting journalism, identify new major donors, and bridge relationships between local newsrooms and community foundations.
- The Knight Foundation also has the **Knight Enterprise Fund** to support for-profit media ventures. The fund provides seed capital and access to the Knight network. (Many foundations have similar investment initiatives that are often separate from the grantmaking side, so it is important that entrepreneurs be aware there are different sets of people that handle new ventures.)
- **VTDigger** is a success story shared in many circles. Its founder started very small with just $1,000 for one year of operation and then bootstrapped a variety of funding sources to continually prove the business could grow and be sustainable. The site now has a $1.5 million annual budget, with $1 million to be spent on tech and growth. It receives 30 percent of its revenue from membership donations.
- **Civil** represents a totally new model for investment in journalism, positioning itself as a decentralized, blockchain-based marketplace for news. Of its first cohort of newsroom partners who will use the platform to distribute and monetize their journalism, some are nonprofit and driven by memberships and donations, while others have paywalls. Civil also plans to launch an Initial Coin Offering of its cryptocurrency tokens to begin its marketplace soon.
- **Matter Ventures** has a strong, early-stage support program for new, for-profit media ventures: each company gets $50,000 investment and a five-month training program. The program focuses on building four roles: hacker/hustler/designer/storyteller. It's an effective program, but oftentimes the six ventures that get chosen face expansion issues when they can't find more funding.
- The **News Revenue Hub**, **INN's Largo Project**, and **The News Project** are seeking to help news outlets reach sustainability by lowering operating costs, particularly for publishing and business infrastructure. By providing a set of shared services for running membership campaigns and offering best practices

for reader revenue, the News Revenue Hub, for one, helps its clients to bootstrap their own growth by providing resources (email templates, technical assistance, etc.) for fundraising and membership drives. Itself funded through a mix of philanthropy and client fees, the company is also seeking growth capital.

- **American Public Media** is launching a philanthropic investment fund, **The Glen Nelson Center**, with the goal of investing $10 to $15 million in the a next few years into mission-driven media startups. Returns will go back to the nonprofit, but the fund will be similar to a venture or private equity fund.

- **Facebook** and **Google** have each announced or developed initiatives that encourage sustainability for news organizations, including training, tool development, and some direct payments for content. In early 2018, Facebook launched its **Local News Subscriptions Accelerator**, reporting tangible enough business success among participating publishers to fund the program with an additional $3.5 million through the end of the year. In March, Google committed to spending $300 million through its **Google News Initiative**, a collection of projects that seek to combat misinformation, strengthen business models for journalism, and create training and products to support journalists.

- **Elizabeth Green and John Thornton** are working on creating a venture philanthropy fund for journalism that would aggregate the gifts of wealthy individuals and foundations that want to support journalism. The fund will be a source of startup and growth capital for nonprofit civic news operations, and most of the grants will go toward building up their technology and revenue functions.

- **Berkeleyside** created a direct public offering to fund the expansion of its newsroom, bringing on readers as investors. This is slightly different from some European models of newsroom equity financing which also feature readers as investors (such as Bristol Cable), but are run as cooperatives.

- **RadioPublic** is incorporated as a Public Benefit Corporation—a for-profit entity with a social mission. The company is experimenting with raising capital through a crowd equity model, and using that to complement a mix of strategic media investors and traditional investors.

- The **Columbia Graduate School of Journalism** has identified the greatest need in journalism as helping journalists to create compelling pitches and think about how to structure a viable business around their ideas. The school is starting to bring venture investors into the classroom "to reverse-engineer why some enterprises succeed or fail."

Opportunities and Challenges

Risk . . . and a problem of perception?

Many participants who have worked in either the nonprofit or for-profit sectors reported that it can be difficult to counteract funders'/investors' built-in assumptions about journalism and the news business. One participant shared that in the process of fundraising for his venture, he noticed that many of the people and institutions interested in supporting journalism right now are focused on problems related to the 2016 election: "Everyone wants to talk about their perceptions of media, and many would like to do something about it, but most of them only know that they're writing a check for their local radio station or a subscription to *The New York Times.* My job is to persuade people that you don't have to be Bezos to make a difference in the news space, that there are ways to support journalism around a topic, and other types of outlets for people who want to do something about news. Every time I tell people this, it's an epiphany. There's lack of awareness of what's out there, and we need to get [the] message out that it's not that difficult or costly [to contribute]."

Participants agreed that it is important to break both investors' and philanthropists' perception that business models in civic news aren't viable or scalable. There is some evidence that these perceptions are changing. One participant, who founded a small newsroom, shared her experience, saying, "I've found the ecosystem is much more receptive to reader-based businesses than before. Many investors and entities with capital to give were probably playing the BuzzFeed game five years ago. Until very recently, as a new organization trying to do anything different, we ran up against obstacles. Now that reader-supported organizations are getting attention, we and others

have a chance to prove that the reader-revenue model works. So I am optimistic; I personally have noticed a shift in models that can work, but the big industry change is that more business models are being taken seriously."

Another participant, however, cautioned that because the technology, distribution, and business landscape for news publishing is changing so quickly, it's not clear that a single business or technical model will prove the most successful. "At this stage we need investment in experimentation. Markets are all different, and there aren't necessarily common threads between successful models. That is the big risk that civic capital is taking."

For-profit sector: Leveraging software development to and from adjacent fields

Many participants believed there is a role for venture capital money in funding software to power journalism business models—for example, beginning with a free product that then scales with the size of the newsroom's business. The standardization across newsroom needs is what can help bring the cost down for what would otherwise be individual newsroom investments in bespoke product development.

One participant pointed out that because journalism is a small market from a VC's point of view, and media startups often have to diversify to other industries to grow, there could also be opportunities for companies that have started in other spaces to offer their services to journalism, with the subsidy coming from well-resourced clients in other sectors. There is of course a trade-off between building for the lowest common denominator across different types of users and products that are specific to the needs of journalism. "Often, from the perspective of platform companies, the newsrooms are the neediest while also having the least money to build their businesses," commented one participant.

Blending nonprofit and for-profit approaches

Participants agreed that while nonprofit and for-profit organizing in the service of news and journalism face very different expectations and funding environments, both types need to exist and can be blended in interesting ways. Although people tend to think in dichotomies between venture-scale and philanthropy, there are different types of capital to support journalism: nonprofit foundation philanthropy, mission-driven investors, venture funding, and individually wealthy patrons. Each has advantages and disadvantages. Learning from other industries, particularly healthcare and manufacturing, which are going through their own digital transformation, could help.

And not all venture funds are chasing scale or large returns. There are different orientations and investment theses in the venture community, and what media entrepreneurs have learned in pitching VCs and recognizing those differences has not been widely shared. For example, Matter is focused on bundling strategy investments in media companies that have an interest in learning about new innovation and experimentation. New Media Ventures is another fund which has slightly different goals from traditional venture capitalists. Those models could be strengthened and replicated. Everyone agreed that there is a dire need for more investment funds that are mission-focused, patient, and don't expect Uber-level scale.

Some of the richest discussion in the sessions came from participants thinking about blended philanthropy and investment capital models. One shared, "There shouldn't be competition between philanthropy and capital. For example, in podcasting, philanthropy got a decade of experimentation, and then the commercial opportunity emerged. Capital has stepped in to build on it and give things a chance to take off on the market side." Participants saw an opportunity to create funds that combine a nonprofit, philanthropically fueled fund with an investment fund for both startup and growth capital that would service both nonprofit and for-profit civic news operations.

Building new types of funds to support journalism

Part of making better use of the existing sources of philanthropic and market capital in the journalism space is a shared awareness of what tools are actually working. That shared knowledge could be combined with a fund to support enterprises that have achieved some level of success and need to scale—that is to say, a "mezzanine" type fund. This would help entrepreneurs in the space who, at the moment, have to learn what the tools and funding sources are over and over again.

Similarly, many participants were excited about the idea of creating a Crunchbase to connect funders with journalism organizations. Participants also suggested the idea of creating an "angel list" of investors for media companies on a continuum of different types of philanthropy and investment, with content creation (e.g., the journalism itself) as the dividing line. Another participant suggested a yearly convening around this kind of media investment, much like Media Impact Funders. Another participant made an interesting suggestion of considering debt as an instrument for financing small media organizations. He has seen this work in public media where there is stable membership and sponsorship revenue.

And in the nonprofit space, participants were excited about the idea of creating a United Way-type organization for journalism that could help connect donors to viable news organizations that could use their support. One participant said, "If you didn't want to give to ProPublica, it can be hard to find out who to trust. And even within a local nonprofit community, there's often six or seven potential nonprofit journalism outlets to contribute to. It would be worth it to do the work and find an ideal method to help potential funders reach the organizations that need support." Building a organization that could bundle philanthropic gifts and then disburse those gifts to support journalism startups with a good shot at sustainability could really help transform the field. *Creating more knowledge, awareness, and capacity among local community foundations and corporate giving programs*

One participant noted the rise of what she calls "civic investors," saying, "There is a growing body of business people and successful entrepreneurs who are concerned

about their communities and seeking to fund particularly nonprofit news." Participants in all sessions talked about the importance of identifying and cultivating these people (see the section in this report "Growing a Culture of Philanthropy for Journalism" for more about this topic).

Thus far, corporate giving and Corporate Social Responsibility (CSR) programs have not been connected to community journalism. And though many news organizations are wary of corporate influence, there could be an opportunity to recruit CSR as a new type of philanthropic support for news. One participant who has seen this play out in a major city commented, "Despite the wariness, there is a case to be made, even if it's a harder case."

One participant shared that, in her experience as a nonprofit publisher, "It's hard to have conversations with local community foundations and philanthropists because they don't see journalism as a 'cause.'" One opportunity for changing this is for the Knight Foundation and other foundations that support journalism to create a "roadshow" wherein they speak to the funders in those communities. "The big foundations could share what they've invested in those communities and confront the local foundations with this sense that they have to pick up this slack, because the national foundations won't be there forever," one person said. Participants agreed that the bigger question at stake was how to use the Knight Foundation's influence, even beyond its existing community foundation conference, to take that conversation afield.

Another attendee suggested that one missing piece, which might help community foundations feel more comfortable funding journalism, is some sort of metric, for example, an "aggregate community knowledge score" that could enable the foundations access and measure the impact of their funding.

Considering the value of contributions beyond cash

Participants agreed that beyond capital, there is also the possibility for in-kind contributions between companies, for example, gifts of content or software. One participant shared that his media employer is thinking about how to support intra-preneurship or employee entrepreneurship in new businesses, both to increase the culture of innovation in the company and as a form of wealth creation.

Startups with technology tools for journalists can partner with newsrooms, just as Hearken has tried to help subsidize the cost of learning to use its engagement tool and proving its revenue potential. But, as one person shared, "The big concern is: what happens when the money runs out? This approach can be wildly helpful to at least get people going, but you also have to teach newsrooms how to be financially literate, and borrow best practices from other industries around seed money versus sustainable revenue." The starting and stopping of funding can also interfere with learning.

Raising the financial and business literacy of journalists

There was consensus among the group that the ultimate success of increased journalism hinges on building the business capacity of journalists. Participants identified a need to help journalists and news organizations become financially literate, teaching them to view all money as "seed money" rather than funds to consume freely. Attendees agreed that a venture's ability to take a long-term approach from the start is crucial for maximizing funds and encouraging further investment and grants.

4. Talent-Building at the Enterprise Level—Growing the Next Generation of Publishers in Business Acumen and Leadership Abilities

The Issue: Many journalists in small and growing newsrooms do not have the business and technical skills necessary to become publishers who can nurture their organizations into revenue sustainability. How can we help grow the next generation of publishers and which entities are best poised to support them?

Key Takeaway: Although several world-class journalism schools are increasingly incorporating business teachings into their programs, many participants noted that the standard journalism school curriculum is in need of an overhaul in order to capture the evolving business and digital best practices to prepare today and tomorrow's journalism and media leaders. Basic business management and other post-grad or mid-career programs are available for full-time professionals, but when professionals do not have the time or resources to spend on these formal trainings, cohort and peer-to-peer learnings can be leveraged in their place.

Existing Experiments and Initiatives

Higher education

Representatives from a number of universities spoke to the various formal trainings and curriculum offerings at journalism schools. Participants agreed that current graduate-level education programs mostly focus on how technology has changed journalism and storytelling from the editorial perspective. Several people called for an altered curriculum that also looks at how technology and digital journalism impacts the business models and financial sustainability of news organizations.

- The **Columbia Graduate School of Journalism** offers courses on the intersection of business, journalism, and law. Its **Knight-Bagehot Fellowship in Economics and Business Journalism** is a yearlong, full-time program that offers journalists the opportunity to enhance their understanding and knowledge of business, economics, and finance.
    - **The Sulzberger Executive Leadership Program** provides both editorial and business-side news executives with strategy, marketing, analytics, and other approaches to tackling challenges within their newsrooms.
- **UNC School of Media and Journalism** offers a business journalism major for undergraduates to train journalists how to report on business topics.
- **CUNY Graduate School of Journalism's entrepreneurial journalism program** offers a one-semester Advanced Certificate program that focuses on

entrepreneurial skills, innovative approaches to journalism, business fundamentals, and new business models for news.

Training beyond formal education

Several participants said the field needs more rudimentary business and management trainings for journalism or media leaders. Many participants were unsure of where a mid-career professional or executive could look for this type of "business skills 101" training or some kind of a crash course in management, business, and technology skills. Several leaders in journalism noted that, after many years of working in traditional newsrooms far apart from business functions, they suddenly found themselves in positions of authority within digital newsrooms and needing to help their organizations ask readers and funders for financial support. After teaching themselves skills to get by, many still feel like they don't know what they need to know to run a financially sustainable digital news organization.

A few questions that drove the conversation included, how can a leader manage technology developments if they don't know much about the inner workings of the technology itself? What are the basic best practices around hiring a team and firing individuals when needed, fostering a supportive working environment, and setting up employees for success?

- The Knight-Lenfest Newsroom Initiative, known as the **Table Stakes programs**, were mentioned several times as examples of trainings available for change-seeking publishers.
- **The Management Center** offers general leadership trainings, tools, and coaching to help leaders with a social impact mission learn how to build and run more effective organizations.
- **The Center for Cooperative Media** and **LION Publishers** host workshops on reader revenue at Montclair State University.
- Poynter offers a women's leadership academy and coaching, and ONA offers a Women's Leadership Accelerator.

- The Knight Center offers a [Product Management for Journalists](#) course, which teaches about the culture, strategy, and processes associated with managing digital products in newsrooms and journalistic settings.
- **Old Town Media** launches new publications and works with established ones to find new models for journalists and publishers. They provide development, recruiting, operational and editorial support for journalism ventures of all sizes.

Cohort and peer-to-peer knowledge sharing

In addition to training programs, continuing education through cohort and fellowship programs offer full-time newsroom employees the chance to acquire new skills while working full time. Several attendees advocated for the cohort learning models as one solution for local and small to midsize newsrooms where many employees do not have direct peers or counterparts within their organization. Below are a few examples of existing cohorts and professional organizations:

- The **Institute for Nonprofit News** is a cohort of nonprofit newsrooms that promotes nonprofit investigative and public service journalism.
- The **Table Stakes programs** were again mentioned several times as examples of cohort models for peer accountability and knowledge sharing.
- **LION Publishers** created a [program](#) that helps local news organizations build sustainable business models through mentoring partnerships with larger publishers. Newsrooms could also potentially collaborate with each other to pool content, especially if they are nonprofit organizations where the audience judges heavily on quality.
- The **Single Subject News Project** at the [Shorenstein Center](#) brings together a cohort of smaller nonprofit and single-topic newsrooms to identify best practices for building and engaging online audiences.
- **The Membership Puzzle Project** convenes a cohort of beat reporters for its [Join the Beat](#) research, and also recently posted [this piece](#) with takeaways for hosting communities of practice.

- **Zebras Unite** is a community of entrepreneurs and investors building ethical businesses that shares resources and best practices.
- **Matter** supports media entrepreneurs who want to build a more informed, connected, and empowered society through its startup accelerator.
- In addition to cohorts and communities of practice, there are several journalism fellowships that afford professionals the opportunity to study for a year or half-year at an elite university: **Nieman**, **JSK Fellows**, **Shorenstein Center**, and **Knight Wallace**, to name a few.

Recruitment

Recruitment was frequently mentioned as both an obstacle and response to issues of identifying and retaining talented personnel, on the editorial and business/audience development sides alike. Nicco Mele, director of the Shorenstein Center, encouraged participants to imagine where future local leaders who can build a successful local news company will come from.

Other central questions that drove discussion focused on how newsroom leadership can leverage the idealism of millennials and those entering the workforce who seek more meaning, purpose, and impact in their work. In other words, how can the industry reframe journalism as a profession that is helping people? How can the industry emphasize its impact?

- **Chalkbeat** focuses on recruiting people with applicable skill sets, but not necessarily direct experience in journalism. The important part is that people are compelled by the organization's mission.
- **VTDigger** strives to hire constantly, so that whenever the outlet finds candidates who are just as dedicated as current staff members, it's ready to bring them onboard.

- **Old Town Media** makes a practice of looking internally at current staff in an ongoing process to identify upcoming talent, in addition to maintaining contact with upcoming talent outside before there are even available openings for them.
- One attendee called attention to Report for America, a public service oriented initiative of the nonprofit GroundTruth Project. This program helps crowdfund reporters for news organizations in local communities.
- Several participants suggested that organizations look at the undergrad level for hiring, tapping into college newspaper alumni networks.

Opportunities and Challenges

While many existing university programs are worthwhile and excellent points of entry for aspiring journalists, participants offered some suggestions for programs that could help train the next generation of news business leaders:

- **MBA for media/journalism:** Several attendees speculated about how to design an MBA for media and journalism specifically. Attendees mentioned how business programs that exist currently tend to focus on skills for maintaining big companies, rather than on how to turn around a struggling one.
- **Undergraduate training**: Several participants brought up the need for more hybrid degrees at the undergrad level. Questions attendees posed included: what are the undergraduate degrees already available that set up journalists for business skills and success? How can undergraduate programs leverage the idealism of millennials and help them search for meaningful work? How can students who work on college newspapers be better funnelled into journalism careers at the intersection of audience engagement?

Diversity—the recruitment gap

Recruitment and talent identification is affected by racial and class dynamics, and requires those in positions of power to devote the proper time and resources to

recruiting and supporting people of color, those from low-income communities, and women.

Several attendees mentioned low salaries and wages as a major reason that people of color are prevented from entering the journalism field. And on the flip side, aspiring journalists whose parents are willing to subsidize their living costs can better afford to put in a few years at low newsroom wages in order to build a career in journalism. Both those dynamics shape the pipeline of young talent into the field.

Yet other participants challenged their discussion tables to think of recruitment not just as offering higher salaries, but as an aggressive and continuous process of outreach. For example, newsroom leadership needs to go out of its way to encourage people from all backgrounds to apply for positions within a newsroom, rather than continuously reaching out to the same networks. And the process doesn't stop there—companies and schools need to ensure that disadvantaged communities have the resources they need in order to learn, grow, and be promoted to positions of power.

Several attendees proposed the need for more informal and formal mentorship groups for people of color, women, and other underrepresented communities within newsrooms, and encouraged the idea of individuals creating their own cohorts and networks of support.

Some newsrooms are experimenting with holding their own [introductory and continuing journalism education classes](). These distributed, community-focused experiments could be another avenue for identifying, recruiting and training new journalists.

It should also be noted that we (the event organizers) received several pieces of feedback that the attendees for the May 18 event itself needed to have a wider range of voices, including stronger representation from people of color for any future gatherings.

Culture change

One dynamic many attendees noted is a cultural barrier to integrating and retaining business talent into the newsroom. One obstacle could be the lack of prestige or recognition associated with business talent in media. As one group of attendees discussed, "There are lots of good awards for journalism, but not for business." Where is the Pulitzer for business, they asked, and does the industry need one? How can the field recognize and reward talents outside of editorial?

Several attendees advocated for a shift in the way we think about development teams inside newsrooms. Rather than maintained as a separate entity, the business side should be viewed as a connected and integral part of the editorial mission.

5. Building Products to Increase Revenue and Engagement

The Issue: In the shift from ad-driven to reader-supported revenue streams, news products must be something people are willing to pay for and support. But currently, smaller local newsrooms do not have the internal resources to experiment with new news formats, and practically build out, manage, and convert readers into subscribers.

Key Takeaway: The field of local digital newsrooms needs both an affordable and centralized content management system (CMS) built specifically for producing and distributing journalism, and a consumer relationship management (CRM) platform for tracking current and potential readers. There is an urgent need for collaboration among news organizations to share resources and for outside companies to produce these tools to help the field drive audiences down the subscriber, donor, or member funnel.

Existing Experiments and Initiatives

It's difficult for a digital newsroom today to function without an integrated CMS and CRM. A huge challenge around this is integrating the proper Key Performance Indicators (KPIs) into the design and functioning of the software. "To date, KPI's have

not standardized throughout the industry," noted a representative from Distributed Media Lab in our discussions. "Newsrooms can have different features for their systems, but everyone on that system needs to have the same data. The trend so far has not been that. Publishers [who don't rely on open-source or commercial products] have mostly been building their own proprietary CMS. Unless you are marketing that software to other publishers, there is not evidence that publishers can significantly make money out of their investment in a proprietary software, or whether such software is necessary."

There are a few organizations building integrated CMS and CRM platforms that meet the particular needs of reader-revenue-driven newsrooms.

On the CMS side:

- **WordPress**, in partnership with the News Revenue Hub, the Shorenstein Center, Spirited Media, and The Lenfest Institute, is designing and developing a template optimized for the funnel; this template would be easy to distribute and benefit small to midsize newsrooms.
- **Arc**, built by the Washington Post, and **Chorus**, built by Vox Media, are two commercial content management systems built by media companies and used by medium and large newsrooms.
- **The News Project**, headed by journalist and business executive Merrill Brown, is building an integrated CMS and CRM for managing news subscriptions and other sources of revenue.

On the CRM side:

- Jason Bade and Nick Chen co-founded **Pico**, a company focused on building a CRM specifically for news, after a successful round of funding from seed investors.

- The **News Revenue Hub** maintains a custom integration of Salesforce (CRM), MailChimp (email marketing platform), and Stripe (payment processor) for small and midsize newsrooms.

Beyond the core CMS/CRM technical stack, there are a variety of other tools for newsrooms which are being tested and developed. Our participants identified a handful in the following categories:

Fact-checking and misinformation

- **The Associated Press** is working on a product to identify trending false stories and explain what is false, the background to the story, and then promote a corrected story.

Engagement

- **The Shorenstein Center's Single Subject News Project** is building an email benchmarking tool that will analyze a newsroom's MailChimp data, sending back the most important engagement analytics while comparing them against other newsrooms in the data set. This tool automates some of the metrics built into the project's Python Notebooks for email analysis and elaborated in a white paper on using data science for email audience analysis.
- **Hearken** offers a set of engagement tools to include audiences in each step of the story production cycle. The company is building out its toolset over the course of this year, and is planning to include newsletter integration.
- **The Coral Project** maintains a suite of open-source tools for news organizations to host and moderate comments on their own sites.
- Local publishers are using **Facebook Groups** to increase engagement, to aggregate local content of interest, and to foster dialogue.

Collaboration tools

- **Public Media Company** built **ChannelX** as a multimedia content-sharing platform that connects story producers with outlets that license and broadcast their work. Though not fully open yet, clusters of public media journalists are beginning to work together on stories using the platform. Initially capitalizing on the public media business model, the platform is looking to diversify its content partners outside of the sphere and scale up.
- **Project Facet** is a collaboration platform for newsrooms that want to write and publish stories together.

Content tools

- **The News Inequality Project**, a grantee of the Knight Foundation, is building tools to help newsrooms understand how they are covering different communities.
- The platform **Vigilant** (which has a variety of funders including The Lenfest Institute) uses automation and machine intelligence to review public records and flag potential stories for journalists.

Publishing tools

- **UNC's Reese News Lab** is working on an integrated local news and push notification app, among other projects.
- **Old Town Media** is working with **Civil**, a blockchain platform for newsrooms to publicly archive their work that also encodes a novel governance systems to ensure quality and trustworthiness.
- **American Public Media's Glen Nelson Center** is working on a voice-enabled news publishing product for home speakers.

Opportunities and Challenges

Building products to serve newsrooms' publishing needs

The product needs of small newsrooms are similar to those of large newsrooms, however enterprise software systems are often too expensive and unwieldy for small, overworked staffs to manage. Participants discussed the value of creating a database of available publishing tools for smaller organizations to help them allocate their technology resources more wisely. One participant offered, "A foundation could easily provide support to build this sort of data repository of tools and [a guide to] what works and what doesn't." In general, attendees felt the development of low-cost, shareable publishing tools would help relieve the financial burden many small newsrooms face in making technology development decisions.

Zooming out from the local journalism sector, participants agreed that digital publishing products are not often flexible enough to address the needs of every newsroom. That being said, they were open to closer collaboration between platforms and newsrooms on product design. The challenge of building anything for large tech platforms is not unique to the news industry, shared one participant: "It is a conversation that is familiar to all small business industries beyond local news. This is true for small businesses as a whole." Collaboration between small players is one way to address this problem of scale. "You can find partners that already have a business within your areas of coverage and build products together. You don't have to replicate what they do, just work with them," said one person.

Another opportunity for collaboration is among journalists and product developers. Attendees advocated for the creation of a product development manual with standards for journalism, imagining that such documentation could help editors and developers understand each other better—and maybe even help news organizations better understand their readers.

A strong open-source community in news product development could seed the kinds of collaborative product development that participants envisioned. "News organizations

need to drop the act of how special they are while working around each other. It will be great if there is a one CRM tool instead of 50," shared one industry veteran.

Building products to better serve audiences

At the level of platform products, participants were interested in the next generation of news experiences, beyond search and social. "I am interested in seeing how we power sites for people who don't want to read an essay in every topic," said one person. News publisher participants were also excited about email as a product for building loyalty and conversion, and about the possibilities for improving search engine news products to increase personalization and conversion. The most in-demand products, participants discussed, are those that both increase engagement and have the ability to attract new audiences and revenue streams.

Attendees also identified the (often missed) opportunities publishers have to create new products out of their existing resources. For example, archives are a rich source of material for new product development, if those archives are in a structured and accessible database. Large sets of publicly available data or crowdsourced data can likewise form the basis of new products. (ProPublica has done some groundbreaking experimentation around product development in crowdsourcing investigative data.) One participant asked, "How can you go beyond thinking of news as the only product from your organization?" Pico, for example, is building a CRM for newsrooms that will allow publishers to experiment with the monetization of products beyond paywalled content.

Perhaps a missing piece of the product conversation was deeper questioning around just how much people want to read news in traditional text and article formats. It is clear we need more innovation in news formats that meet the needs of users. Podcasting is becoming one such innovative format for news delivery, with products like *The New York Times*'s *The Daily* podcast enjoying immense popularity. There are many ways to imagine a next-generation set of news products and experiences which are user-centric and context-specific.

There are, however, many caveats when it comes to designing, building, and testing new products for driving revenue. One participant said, "Even our most sophisticated audience-supported publishers like *The New York Times* or NPR still struggle to convert a significant amount of their audience" to paying subscribers. Another participant pointed out that building products for conversion requires not just product expertise but "understanding the behavior of your audience and what journey they take on before and after they subscribe."

Ethics of personal data collection and storage in the development of news products was also highlighted as a pivotal issue. "News organizations are built on trust," commented one participant, "so how do we build products that use personal data ethically?" Attendees wondered if there would be an ethical way for news organizations to share information about their readers with each other; The Information Trust Exchange is building mechanisms for doing just that.

Finally, some attendees emphasized the importance of thinking through the implications of paywalls writ large. In many locations, Facebook functions as the mainstream media, because it's free to access. Paywalls force a measure of inequality in news consumption that is based on users' willingness to pay: "In all this conversation of paywalls, are asking ourselves as well what is going to happen to those who cannot pay for information?"

More technical and product development training in newsrooms

While not everyone in a newsroom needs to know how to code, all journalists should be familiar with the basics of product and software development cycles, design thinking, user experience, and publishing technologies. Part of teaching a product mindset involves not just helping journalists understand design and technology for human interaction, but also the business implications of products and the different business

models that can support them. There is much potential for collaboration between large and small newsrooms in sharing best practices for product development.

Conclusion

Overall, our day's convening yielded a strong collection of current experiments and actionable ideas for evolving the current landscape of local journalism. While at present these may feel like spot trials or underdeveloped schemes, they are taking root to inform a new model of sustainable news publishing that could soon enough become business as usual. Of course, for that model to take hold, will require continued and specific efforts.

We at the Shorenstein Center on Media, Politics and Public Policy and The Lenfest Institute for Journalism remain committed to nurturing the knowledge and innovations that emerged from our event. Whether your interest or expertise lies in building industry resources, campaigning for funding, developing new technologies, talent acquisition and education, or diversifying organizations' products and staff, we hope this report has offered one or two inspiring and straightforward suggestions for getting to work right away.

Acknowledgments

Appendix I: One-Minute Exercise around Promising Ideas for the Field

At the end of the day, we prompted a "one-minute exercise" and asked each attendee to write responses to the following question. Below is the transcribed copy of those answers. For the first question, we grouped similar responses into a few buckets (numbered 1–6 below).

Given today's discussions, what are one or two promising new ideas for advancing the field that you think merit deeper investigation?

1. **Directory/database of news startups and available tools/vendors for the industry**
   ○ Listing and describing news startups for potential investment or philanthropic giving = a Crunchbase for news startups to be used within the field and by outside funders

○ When it comes to new revenue ideas, people *still* don't know what has been tried, what has been learned, how to adapt it to their organization/business—need more templates/coaching and better ways to find those resources

○ Database of funding sources—interactive for everyone to enter into. Both traditional journalism funds and non-journalism, community-based support

○ Toolkit development to guide funding support process—pitch to fulfillment

2. **Subscription bundling across complementary outlets as a revenue source**

○ Borrow why Spotify helped save/buoy the music industry

○ Create a shared marketing/PR campaign; "A free press isn't free" that enforces the idea that journalism has to be paid for

■ A shared ("Netflix for News") subscription system where readers/viewers/listeners can make one payment and subscribe to several news publishers. (And, perhaps, a tool that aggregates a personal feed of the content they've subscribed to.)

3. **Integration and cooperation among media groups to leverage assets and learning (shared back-end tech like CRMs/CSMs, payment systems, revenue templates, etc.)**

○ Collaboration—whether it's through small newsrooms with similar focuses joining efforts to sell subscriptions, build audiences, etc., or media professionals coming together to solve data collection/transparency issues

○ CRM for journalism publications, not just a Salesforce tool

○ A shared platform of vetted, verified, curated technology tools geared toward fundraising and membership software. Technology should not need to be written in a vacuum, nor maintained as proprietary

○ Useful tools for product, engagement, and monetization, with critical analysis of when/how and for whom each tool may be most relevant/valuable

○ More collective action among stakeholders in the news business to drive tech innovation that can meaningfully lower barriers to entry for entrepreneurial journalism projects

○ Consortium of news organization tech teams who can learn from each other, instead of each creating solutions in a vacuum

4. **Expand focus on revenue/grant sources, including VC, private donors, angel investors, templates, blockchain, etc.**

○ Seed funding for local news startups—small organizations, most are bootstrapped, which limits diversity and scale

○ Collaboration or fiscal partnerships between for- and nonprofits that offer economic benefits to both

○ Mechanisms to allow 10x philanthropy to enter the space; more of the organizing infrastructure that other parts of the nonprofit sector have

○ Turning regular contributions to your publication of choice into a celebration of community—similar to a membership to an arts organization

○ Finding a way to centralize and scale outreach to philanthropic organizations on behalf of news organizations

○ Organizing a syndicate and angel investors who are civic-minded/interested in media

○ Expanding Matter VC's model around entrepreneurship/leadership as bootcamp for the field (Angel List)

○ Seed funding—if you want diversity, there must be capital available

5. **Educating place-based foundations about local journalism as a philanthropic endeavor—why support it, and best practices/rules for not interfering with editorial, etc.**

○ Augmenting newsrooms' capacity to think about productizing their journalism

■ Articulating why their journalism matters

- Fundraising great journalism by audience, rather than subject matter alone
- Helping newsrooms/journalists understand the "jobs" their readers are "hiring" them to do
- Documentary about the state of local news and the news industry that catalyzes support (much like *An Inconvenient Truth* did for environmental research and support).

6. **Scale talent-building with smaller organizations where the publisher is an editor and there is an experience and expertise gap in technology and/or business**
   - Biggest surprise: the lack of real-world knowledge being disseminated through J-Schools. Need broader understanding of the publishing industry: demographic, audience collaboration with graduate programs revenue models, P+L, J School + MBA + Engineers
   - Focus on graduate and undergraduate programs to integrate business practices into their journalism programs and vice versa (media training for MBAs)
   - Get more business expertise and skill sets into newsrooms as collaborators and consultants. Can philanthropy help with offsetting costs or go directly to firms to see if pro bono work/subsidized costs is possible?
   - Management training for nonprofit news
   - Business in Media awards/fellowships/recognition (Pulitzers for folks on the business side)
   - Training—bringing together tech, business, journalism; rebranding journalism as a business to attract new talent in business, tech, and data

Appendix II: Attendees of Convening

(listed in alphabetical order by last name)

Name	Company / Institution
Jason Alcorn	Democracy Fund
Craig Anderson	UNC School of Media and Journalism
Jason Bade	Pico
Josh Benson	Old Town Media
Merrill Brown	The News Project, Inc.
Jeremy Caplan	CUNY/Tow-Knight Center for Entrepreneurial Journalism
Traci Carl	Associated Press
Sue Cross	Institute for Nonprofit News
Gonzalo del Peón	The Membership Puzzle Project
Matt DeRienzo	LION Publishers
Colin Doody	Distributed Media Lab
Barry Dornfeld	Center for Applied Rationality
Jeff Freeland Nelson	American Public Media
Jim Friedlich	The Lenfest Institute for Journalism
Anne Galloway	VTDigger
Taegan Goddard	Political Wire

Elizabeth Green	Chalkbeat
Bill Grueskin	Columbia Graduate School of Journalism
Elizabeth Hansen	Shorenstein Center on Media, Politics and Public Policy
Burt Herman	The Lenfest Institute for Journalism
Kathy Im	MacArthur Foundation
Philip Jacob	Google
Erik Langer	Public Media Company
Katherine Lehr	Old Town Media
Joseph Lichterman	The Lenfest Institute for Journalism
Patricia Liu	Shorenstein Center on Media, Politics and Public Policy
Tristan Loper	News Revenue Hub
Andrew Losowsky	The Coral Project
Randy Lovely	Gannett/USA TODAY Network
Josh Lucido	Matter Ventures
Francesco Marconi	*The Wall Street Journal*

Tom McGeveran	Old Town Media
Nicco Mele	Shorenstein Center on Media, Politics and Public Policy
Dorinne Mendoza	Facebook
Ben Monnie	Google
John Mooney	NJ Spotlight
Mariela Morales	The Lenfest Institute for Journalism
Stefanie Murray	Center for Cooperative Media
John Ness	The Local Standard
Anna Nirmala	Hearken
Jimmy O'Keefe	Facebook
Lauren Pabst	MacArthur Foundation
Stacey Peters	VTDigger
Jennifer Preston	Knight Foundation
Hong Qu	Shorenstein Center on Media, Politics and Public Policy + The Lenfest Institute for Journalism
Nushin Rashidian	Tow Center for Digital Journalism

Mark Rembert	Center for Applied Rationality
Emily Roseman	Shorenstein Center on Media, Politics and Public Policy
Karen Rundlet	Knight Foundation
Sarah Schmalbach	The Lenfest Institute for Journalism
Jake Shapiro	RadioPublic PBC
Austin Smith	Alley Interactive
Matt Spector	Shorenstein Center on Media, Politics and Public Policy
Josh Stearns	Democracy Fund
Stuart Sucherman	Sucherman Group
John Thornton	The Texas Tribune
Gwen Vargo	American Press Institute
Michael Ventura	*The Wall Street Journal*
Mary Walter-Brown	News Revenue Hub
Gabby Williams	Shorenstein Center on Media, Politics and Public Policy
Kinsey Wilson	WordPress
Liena Zagare	Bklyner.com

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