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Approved For Release 2004/09/28 : CIA-RDP88-01314R000100630001-5

ARTICLE APPEARED ON PAGE 1-29

THE WALL STREET JOURNAL
23 April 1979

Pressing Ahead

Hearst Newspapers Are Striving to Return To Their Days of Glory

Staffs and Images Altered, New Papers Purchased; Too Many Incompetents?

A Tough, Frustrating Fight

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"In the strict sense, the Hearst papers weren't newspapers at all. They were printed entertainment and excitement—the equivalent in newsprint of bombs exploding, bands blaring, firecrackers popping, victims screaming, flags waving, cannons roaring, houris dancing, and smoke rising from the singed flesh of executed criminals."

That description of the early 20th Century Hearst press, by W. A. Swanberg in his acclaimed biography "Citizen Hearst," is disputed by few people nowadays, even Hearst loyalists. The Hearst papers were as sensational, flamboyant and irresponsible as any major newspapers ever published in America. They had a heady appeal for decades. But eventually they became passe, anachronistic, even dull, suffered poor management, and dwindled to eight from 22.

Now, Hearst Corp. is trying to revive its newspapers. Having quietly become one of the largest and richest media conglomerates in the nation, Hearst has been methodically overhauling the staffs, operations and images of its papers, and is acquiring other papers as well, in an attempt to build a chain that will rival—in size and impact if not flamboyance—the fabled Hearst press of old.

The rebuilding is proving to be a tough, frustrating struggle, especially at the largest and most important Hearst papers.

Circulation Plummets

The Los Angeles Herald Examiner, whose circulation of 721,000 in the late 1960s was the largest of any afternoon paper in the U.S., has slipped to a circulation of 316,206, less than a third that of its morning rival, the Los Angeles Times. In Boston, the circulation of Hearst's Herald American, a morning paper, has deteriorated from 424,000 to 286,941, nearly 200,000 less than that its only direct citywide competition, the Boston Globe, which publishes in both the morning and afternoon. Advertising revenues and linage at the two Hearst papers lag proportionately even further behind those of their competitors. Most discouraging, the erosion has continued in the face of major efforts to improve the two papers.

"The Los Angeles situation looks hopeless; it's gone down so far," says John Morton, a leading newspaper-industry analyst. "I can't see that paper ever coming back." The Boston Herald American is "in a very weak position," Mr. Morton adds.

Hearst executives vigorously disagree with Mr. Morton. "The Los Angeles market is vast, the Times falls far short of reaching it all, and we feel there is plenty of room for us," says Frank A. Bennack Jr., who became Hearst's president and chief executive officer in January. As for Boston, Mr. Bennack says: "We clearly aren't making the progress we want there, but it isn't by any means a total disappointment. These things take time to work out."

Others Doing Better

Mr. Bennack adds that Hearst's newspaper division as a whole is in the black; its other papers are generally doing better than the two largest, whose deficits are in the millions. The other papers are the San Francisco Examiner, Baltimore News American, Seattle Post-Intelligencer, San Antonio Light, Albany (N.Y.) Times-Union and Knickerbocker News-Union-Star, and the recently acquired Midland Reporter-Telegram and Plainview Daily Herald, both in Texas.

Hearst can well afford the millions of dollars it is spending on its newspapers. Although the company is privately owned and doesn't reveal its financial figures, it is known to be very profitable, with annual revenues of close to $1 billion and assets well in excess of that amount.

Hearst owns 20 magazines in the U.S. and Europe, including Cosmopolitan, Good Housekeeping, Harper's Bazaar and Popular Mechanics. Cosmopolitan alone is believed to earn more than $15 million a year before taxes.

The company also owns three television and seven radio stations; a news-feature syndicate; Avon Books, a major paperback publisher; Arbor House, a hardcover book publisher; silver and gold mines in Mexico; and hundreds of thousands of acres of timber and cattle land and other prime rural and urban real estate.

Seeks More Papers

The newspaper group grew to 10 last December with the purchase of the Texas newspapers, for about $30 million, and Hearst is actively seeking other papers to buy. For example, it has had preliminary and informal talks with the California-based Copley newspapers, a chain of nine dailies (including the San Diego Union), 22 weeklies and a biweekly in California and Illinois. Copley isn't interested in selling at this time, but if it is sold in the foreseeable future, analysts believe that it will command from $150 million to $300 million, which is within Hearst's ability and willingness to pay.

Hearst's approach to rebuilding its newspaper division reflects considerable changes in recent years in the way the company is managed. In stark contrast to the days of founder William Randolph Hearst, whose extravagant and loose management style nearly bankrupted the company—and also in contrast to a subsequent period of drift, neglect and intense factional squabbling—Hearst's 19-member board currently is relatively unified and committed to modern management techniques.

Only eight of the 19 directors are members of the Hearst family; the founder's children never showed much management talent, but the company has high hopes for certain members of the third generation, notably William Randolph Hearst III, 29, who is an assistant managing editor of the Los Angeles Herald Examiner and just joined the parent company's board. For the time being, however, major operations are run by non-family executives with reputations as skilled managers. Principal among them is President Bennack, 46, a native of San Antonio who was publisher and editor of the San Antonio Light for seven years.

"Unlike our magazines and other major properties, which either lead their markets or command a good share of them, some of our newspapers have been in uncomfortable positions," Mr. Bennack says. "We made the judgment that if we improved the papers, there were substantial opportunities in those markets, too."

The company's general strategy for improving its newspapers is to install new publishers and editors of proven talent and give them the authority, within carefully defined limits, to overhaul the papers. Although the effort is expensive—much is being spent on new equipment — Hearst isn't throwing money around. It is keeping the papers on tight, carefully controlled budgets and thus far is relying mainly on management skill for improvements.

"If I see five possible stories, I have the resources to cover one, or maybe two, of them," says Frank Lalli, metropolitan editor of the Los Angeles Herald Examiner. "I'd better be right about which is the best story. Chances are the Times will cover all five."

The new publishers and editors have had to confront a staggering array of problems. Some are relatively easy to solve; others are complex, deeply rooted and intractable. Abysmal journalistic quality, declining circulation, waste, alleged embezzlement, poor financial planning, and staff factionalism are among the issues that have had to be faced.

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Trouble in Boston

After Robert C. Bergenheim was hired as publisher of the Boston Herald American, following many years with the Christian Science Monitor in Boston and the McClatchy newspapers in California, he concluded that Herald American employes were taking kickbacks from auto repairers for spending Hearst money on excessive and frequently phony maintenance of company cars. The paper also was shelling out several thousand dollars a month for plumbing work, much of it bogus. And the paper's carpentry shop was doing extensive work in the homes of certain high-ranking employes entirely at Hearst's expense.

As for financial planning, "the newspaper division hadn't any multi-year financial plans worthy of the name," says one knowledgeable source, "and its one-year plans were never really enforced and gradually deteriorated until they become one-day plans by the end of the year."

Waste was rampant. The San Francisco Examiner employed a full-time staff on holidays when many staffers weren't needed. The Examiner also failed to stagger vacations efficiently, and frequently had to hire part-time employes to fill in for vacationing staff members.

Factionalism made tight, unified management difficult. A number of Hearst papers are amalgams of previously separate papers. The San Francisco Examiner, for example, is a combination of the defunct News Call-Bulletin and a previous Examiner. The combined paper was afflicted for years by feuding between editors whose styles and personalities were different largely because of their backgrounds at the separate papers. The administration of the combined Examiner, before current management took over, is described by one Bay Area press observer as "like a seventh-grade orchestra being conducted by a committee of football coaches."

Alienating Readers

The Boston Herald American also is a meld of separate papers—the Herald Traveler, bland and moderate, and the Record American, a sensational tabloid. Jon Klarfeld, an associate journalism professor at Boston University, says Hearst has tried to maintain both personalities in the combined paper and "in the process alienated many former readers of each separate paper, all in the face of a growing and increasingly solid Globe."

Hearst's new publishers and editors found that some changes could be made relatively easily. Mr. Bergenheim in Boston eliminated the bulk of the purported embezzlements simply by firing the man responsible and tightening controls. As a result of these changes, and elimination of more benign forms of waste, the Herald American moved into the black less than a year after Mr. Bergenheim's arrival. Vastly improved financial controls at all Hearst papers are a far cry from the days when William Randolph Hearst used to stroll into his papers and help himself to the available cash.

Some journalistic changes, too, have come quickly. In Los Angeles, James G. Bellows, who was hired as editor at the beginning of last year, has been able to brighten the Herald Examiner considerably by starting a number of features that could be produced with relative ease—an elaborate gossip column, for instance. Nevertheless, the Herald Examiner "is still a crummy paper," says one high-ranking staffer. "We've got a long way to go."

Uncertainty and Insecurity

Hearst Corp. executives realize that some of the deeper problems will take years to overcome. At several papers Hearst is making wholesale staff changes; the company acknowledges that these create uncertainty, insecurity and a degree of turmoil in the short run, but it says they are essential to long-term improvement.

Los Angeles Publisher Francis L. Dale, who succeeded George R. Hearst Jr., a grandson of the founder, has replaced about 75 of 85 top and middle managers at the Herald Examiner in the past two years; Mr. Bellows, the editor, has replaced 90 out of 150 people on his news and editorial staff in a little more than a year, including a rewriteman who was hard of hearing and made a lot of mistakes taking information by phone.

At the San Francisco Examiner, nine out of 10 top editors have been replaced. The number and abruptness of personnel changes there have led one high-level Examiner source to label the editor and publisher, Reg Murphy, whom Hearst recruited from the Atlanta Constitution, as "the most ruthless man I ever met." The source adds: "But you can't reform a paper, half of whose staff is at the corner bar and whose copy desk is doing crossword puzzles, without spilling a little blood."

Despite all the changes, the Hearst papers still employ too many incompetent people to satisfy the new editors. "There still are journalists here who can't write a decent suicide note," asserts one top editor.

Some Slippage

Naturally, Hearst's improvement efforts haven't all been effective. After two years in the black, mainly because of Publisher Bergenheim's cost-cutting, the Boston Herald American slipped back into the red last year because of its failure to attract new readers and advertising. After disagreements with senior Hearst executives over the proper remedy, Mr. Bergenheim left. More recently, Editor William F. McIlwain resigned.

Also, pressure to attract more reader attention has led to a number of lapses in journalistic judgment and taste at some Hearst papers. In the Los Angeles Herald Examiner, the headline "Tumor Boy" was used on a story about a younster with cancer.

Advertising and circulation departments also are undergoing major overhauls. David W. Feldman, the Los Angeles paper's director of sales, says: "We're 50% of the way there in terms of ad-sales structure, procedures and programs in place, but it will take another year to get them fully in place and in operation. We still have a long way to go. The advertisers have learned to live without us, and profitably, for 10 years."

Change in Delivery

In circulation and distribution, the Herald Examiner is hiring 75 new sales managers—employes of the paper—to replace a network of independent home-delivery contractors who have been grossly ineffective. Newsstand distribution also has been a problem. For example, the truck of a delivery subcontractor, behind in his payments on the vehicle, was repossessed recently while the deliverer was making his rounds. Until new systems are functioning, no further effort will be made to promote the paper or otherwise raise circulation.

"Service is the key problem; it has been a shambles," says the Herald Examiner's new circulation director, Leo J. Kelly. "Until we can service our subscribers—doing things as basic as getting the papers delivered—there isn't any point in trying to attract new ones."

Despite the extent of the problems, progress is visible around the Hearst empire. In San Francisco, for example, Leonard Sellers, a journalism professor at San Francisco State, says: "I once used both the Examiner and the Chronicle as examples of bad papers. Now I ordinarily use the Chronicle."

The Examiner gets good marks from Bay Area media watchers for a number of recent journalistic efforts, particularly its coverage of the Jonestown affair. Unfortunately for the Examiner, one of these efforts, a series about an allegedly unjust murder conviction, led last week to a $4.5 million libel judgement against the paper and two reporters. The newspaper said it would immediately appeal.

Even though the Los Angeles Herald Examiner still trails far behind the Times in ad linage, the Herald Examiner is encouraged by the fact that its share of the two-paper market edged up to 12.5% in 1978 from 10.6% in 1977. The comparison is of linage in all editions. If ads appearing in only one or a few regional editions are included, the Times's lead is bigger but the Herald Examiner's share has still risen slightly. The May Co. department-store chain, one of the largest retail advertisers in Los Angeles, recently decided to increase its Herald Examiner linage to about 750,000 lines this year from 190,000 in 1978. One Herald Examiner editor says:

"If the Hearst Corp. is willing to be bold enough in supporting us, we can make it."

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