

# 6.5

# Reorganising the Newspaper Company

The rapidly changing media landscape is pushing newspaper companies worldwide to transform themselves in order to reach wider audiences, increase advertising revenues and make processes more efficient

# Shaping the Future of the Newspaper



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# Executive Summary

*It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change.*

Charles Darwin

The newspaper industry is not alone in its quest to transform itself in order to meet the challenges of new audiences and new competitors. A long list of industries have undergone wholesale reorganisations to traverse into the next generation. Industries that have successfully navigated change have learned and accepted that change is constant with the response to change as much a variable as a key to survival.

Most reorganisation strategies are linked directly to the bottom line. IBM launched a vast transformation of its US\$13 billion software business around 12 vertical industries, including insurance, banking, automotive, and telecommunications in early 2004. Since then, “Big Blue” has laid off thousands of workers worldwide and has achieved vastly higher profitability.

As of January 2007, IBM stock surpassed its pre-restructuring price of US\$100 with profits in the multi-billion dollar level.

“Any company not willing to take the risk of reinventing itself is doomed,” said former president of Toyota Motor Corp. in 2002. “The world today is changing much too fast.”

Leadership is a key ingredient of every successful reorganisation. Jack Welch, the longtime CEO of General Electric, one of the largest companies in the world, adopted the Six Sigma quality strategy, which was credited with the huge gains in revenues starting in 1995. Revenues rose from US\$26.8 billion in 1980 – the year before Welch became CEO – to almost US\$130 billion in 2000, the year before he retired.

Some reorganisations reflect shifts in the economy or shifts in individual industries. In 1960, business theorist Theodore Levitt wrote an article for *Harvard Business Review* called, “Marketing Myopia,” in which he advocated that businesses focus on their customers’ needs. Levitt asked the flagging railroad industry if they were in the train business or

the transportant business. If the railroad industry was in the broader transportation business, the industry needed to rethink the focus of its business: from running trains from Point A to Point B to the notion of catering services to those who ride the train, and those who ship goods on the train.

Levitt’s fundamental question is as relevant today for the newspaper industry as it was 50 years ago for the railroad industry. What business are you really in: the newspaper business or the information business? If the answer is information targeted to those who consume the information from any platform, then the product never becomes obsolete. The product is delivered at the right time and the right place to the right consumer.

Common characteristics of companies that have successfully transformed themselves in the context of the “information business” include the vital attitude that they are in control of their own destinies. The best time to optimize these companies is when they can transform on the offensive rather than wait to respond to failing advertising and circulation.

Indeed, newspaper companies and companies in other industries are motivated to reorganise for a variety of reasons. According to a McKinsey & Company survey in 2006 of 1,536 companies worldwide representing a variety of industries, 56 percent reported that reducing costs is the No. 1 reason a company transforms its.

Cost-cutting was followed by moving from good to great performance (50 percent). Almost half (43 percent) of the respondents reported they transformed because of a divestiture, merging or splitting of the company, while turning around a crisis situation (27 percent) was followed by catching up to rival companies (25 percent) and preparing for privatization (6 percent).

Anecdotally, newspapers transform themselves for the same reasons:

- When JoongAng Ilbo in South Korea purchased the majority share of Ilgan Sports newspaper, they stipulated a reduction in staff and wages before finalising the deal. A year after the purchase and reorganisation, JoongAng Ilbo saved US\$2.1 million, while sales revenues increased from US\$27.7 million to US\$31.5 million from 2005 to 2006.

- Schibsted, the Oslo-based international publisher, has reorganized four times since 1995, each time led by CEO Kjell Aamot. Schibsted’s reason for constant change has been to make a good company great. Their strategic roadmap is the “Innovation Pyramid.”

- O Estado de Sao Paulo in Brazil revamped its governance structure and redesigned their newspaper in the past five years. The changes resulted in increased circulation and a more professionalized operation.

- In order to strengthen its leading position in the Canadian newspaper market, the Globe and Mail newspaper in Toronto embarked on a reorganisation by involving employees from all departments to contribute ideas for improvements and then participate in implementing these changes.

- NordJyske Medier in Denmark was moving dangerously into red-ink territory with sharply dropping circulation and advertising numbers in 2001. A whole-company reorganisation meant cutting staff, integrating processes and diversifying revenue sources. From 2001 to 2007, reliance on newspaper revenues have dropped from 70 percent to 30 percent of the Company’s overall revenues.

Reorganisation is a multifaceted process that can take from one to ten year depending on its complexity. A typical reorganisation might include these stages:

1. Identification of transformation needs
2. Research on change agents and processes to meet reorganisation requirements
3. Decision on roadmap and change agents to implement the plan

### Schibsted's Innovation Pyramid



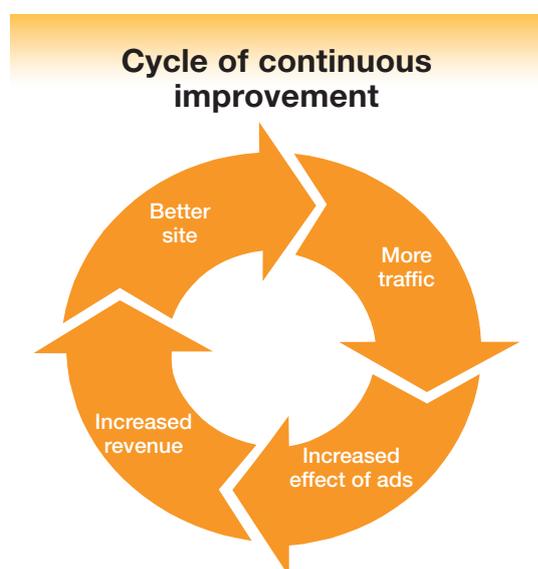
4. Collection of input from consultants, management and employees
5. Aggregation and prioritisation of project items
6. Deciding timeline for implementation
7. Implementation in phases
8. Evaluation of implementation

The McKinsey study confirmed what we already knew about change management: leading the organisation through the transformation by communicating the vision effectively improves success.

The survey found that some of the key drivers of success include:

- Raising expectations of employee job performance
- Actively changing employees' behaviour, from management to front line
- Change needs to take place in the organizational structure, operating systems and culture

Most newspaper companies under reorganisation are seeking financial gains and greater audience reach. The most popular news website in Norway, VG.no, owned by Schibsted, pins their success on the constant improvement of their website, which draws more readers, which in turn attracts more advertisers and revenue. Many newspapers and their newspapers website around the world have experienced the same phenomenon. It is this focus on improvement and growth that will sustain and expand the newspaper industry in the 21st Century.





# 1. Introduction: Change Management / Change Agents

*In the middle of every difficulty lies opportunity.*

Albert Einstein

Executives cite many reasons for transforming their companies, particularly cost-cutting and improving profitability and processes. However, the roadmap to achieve these objectives has been markedly different across industries and among individual companies.

Strategies have been chronicled in popular business management books and readily available via blue-chip consulting firms like Accenture and McKinsey. Some strategies have been borrowed from successful companies like Disney and Motorola, which have developed their own style of change management.

This report will detail the elements of several strategies, including Six Sigma (popularized by Motorola and General Electric); Disney Institute; McKinsey & Co.; and Accenture.

## **Six Sigma**

Six Sigma is a quality management process credited with saving technology, manufacturing and service companies billions of dollars each year. The idea of Six Sigma is to implement a painstaking workflow process in order to produce near-perfect products. Motorola, the mobile phone manufacturer and the developer of the Six Sigma concept has reportedly saved US\$17 billion from 1986 to 2006 using this approach. Other companies have embraced the Six Sigma strategy to reduce defects and improve quality such as Bank of America, Honeywell and Merrill Lynch, in an effort to reduce defects and improve quality.

Perhaps the most famous implementation of Six Sigma was executed in 1995 by now-retired CEO Jack Welch. During his tenure from 1981 to 2001, GE's revenues grew from US\$26.8 billion to roughly US\$130 billion. "Today's competitive environment leaves no room for error," explains GE's Six Sigma's website. "We must delight our customers and relentlessly look for ways to exceed their

expectations. This is why Six Sigma Quality has become part of our culture.” The quality programme was largely credited with the sharp rise in revenues during this time period.

## Disney Institute

Disney Institute is a professional development company that integrates Disney management techniques with other core business teachings on leadership development, quality service, customer loyalty and team building.

Every year, Disney Institute speakers travel around the United States to teach hundreds of business people from a multitude of industries to learn about “team creativity.” The focus of the traveling one-day programme is to teach participants how to incorporate creativity into the day-to-day operations of business.

The three facets of team creativity advanced by the Institute are the collective expression of ideas, the analysis and filtering of ideas, and the implementation of ideas.

According to the Disney leaders, the benefits of nurturing the synergy of creativity and teamwork are:

- Improved employee retention through engagement and involvement in decision making
- Improved communication and performance through the development of trusting relationships
- Establishing a corporate culture of adaptability, flexibility, innovation, and competition.
- Increasing the likelihood of revenue and profit

The team creativity concept is used in all Disney companies. Another Disney concept is the Continuous Improvement Cycle where employees are invited to actively come up with solutions to operational problems.

Components of the Cycle are:

- Share ideas
- Listen and learn
- Measure
- Act
- Re-measure
- Recognize and celebrate
- Repeat cycle

The daylong seminar involves a variety of brainstorming exercises applicable for any industry:

**1. Blue Sky:** In this brainstorming activity, all team members are free to contribute ideas. All ideas are considered, and no idea is judged.

**2. Pass the Paper:** This activity involves using a grid with nine large squares, team mates contribute three ideas, each addressing a specific issue troubling the company. The next team mate reviews the ideas and adds his/her own ideas, and so on.

**3. Pick a Card:** This exercise begins with a team of 10 choosing an “opportunity sentence”, which may focus on a company objective or project. Team members analyse the sentence and select key words to describe the objective. Teammates write each key word on a different coloured index cards. Teammates brainstorm associated words by writing them onto other index cards, which are organized into key word categories. Teammates then select a card from each pile and connect these words to spur new ideas.

**4. Idea Mapping:** This brainstorming exercise produces a visual pattern of connected ideas similar to a road map. This exercise explores

### McKinsey report

In late 2006 McKinsey & Company’s McKinsey Quarterly published the results of an online survey about the elements of the most successful reorganisations. Among the findings were:

- Reorganisations produce the best results when executives communicate the transformation’s objectives clearly and convincingly to those who must implement the ideas.
- A lot of energy, collectively and by each individual team member, is expended in the process of company change – some positive like sense of focus, enthusiasm, and feelings of momentum, and some negative, like anxiety, confusion, frustration, fatigue, and resistance.
- Cost-cutting is the No. 1 reasons for companies to reorganize, followed by moving from good to great performance; merging or divesting; or turning around a crisis situation.

how ideas may present new opportunities when organized in a non-linear way. The activity begins with the group choosing a team leader and a scribe to record data on an easel.

The scribe writes the topic or problem in the center of the page and draws a circle around it. Related words and ideas are added in a branch-like structure extending outward from the center into subtopic and sub-subtopics. The exercise ends with a discussion of the ideas and the creation of a timeline to execute the plan.

**5. Storyboarding:** This tool uses a visual reference for ideas and encourages group participation. Using index cards or sticky notes, team members are invited to contribute key words about the stated objective or plan. The notes are categorized into groups of ideas. The resulting groups are then sequenced into ideas that can be migrated to a timeline or structure.

## Reimagination

Toronto's Globe and Mail completed a two-year "Reimagination" process in April 2007 that culminated with a complete overhaul of the newspaper. 3Circle Consultants in Toronto built the structure for the company-wide involvement in the change process.

Three main objectives guided the process:

**1. Education:** Everyone in the company needed to understand the challenges in the industry, best practices to be achieved, and the sense of urgency to accomplish these goals.

**2. Engagement:** Everyone in the company needed to be involved in the process of charting the future.

**3. Ideas:** Everyone in the company could generate creative ideas to drive the top line.

The process started with company-wide "town halls" where management invited all staff to sign up to participate in teams. All 200 participating staff underwent Belbin assessments to determine their management and group work styles as well as team-work training. Globe and Mail employees then generated suggestions. Of all the ideas generated, 160 improvement ideas were based on three elements:

- **Strategy:** How the ideas could change the products and culture

- **Impact:** Potential results including brand enhancement, multi-platform expansion, audience and revenue growth

- **Effort:** Financial and resource investment and organizational complexity in order to complete the task

The review process for choosing the ideas was structured to avoid subjective decisions. All 160 ideas were "bucketed" by themes. The ideas were rated by four categories:

- Highly desirable opportunities
- Potentially desirable opportunities
- Potential "quick hits"
- Least desirable opportunities

Of the 160 ideas, 18 project concepts were formulated centered around redesigning the newspaper, lifestyle and sports coverage, targeting the "New Canadians", and how to create more value-added journalism.

Participants then were assigned to 20 teams from across the company. Each team received a question to consider and build a project plan. Some of the questions included:

- We live in a more visual age. How can a quality paper better bring together attributes of graphics, photos, display copy, and articles in order to resonate with its time-pressed audience? What does it look like and how do we organize ourselves to achieve it?

- The world is going wireless. How can we create profitable new products for PDAs and cell phones?

- How can the Globe and Mail better integrate its print, internet products and operations (in editorial, advertising and circulation) to better serve its audience and advertiser?

- What does a "smarter" Globe and Mail entail in both the newspaper and the Web? How can we sell smart both to advertisers and subscribers?

The redesigned Globe and Mail newspaper was launched in late April 2007. Several more projects are either almost completed or under construction. The newspaper has learned several key lessons about change from the Reimagination process; Not only is executive alignment critical to change, but equally important is maintaining momentum and engagement across the organisation.

### **Reading list: Recommended reading for changing media companies**

*Good to Great: Why Some Companies Make the Leap... and Others Don't* by Jim Collins

*29 Leadership Secrets From Jack Welch*  
by Robert Slater

*Execution: The Discipline of Getting Things Done*  
by Larry Bossidy

*Blink: The Power of Thinking Without Thinking*  
by Malcolm Gladwell

*The Tipping Point: How Little Things Can Make a Big Difference* by Malcolm Gladwell

*Built to Last: Successful Habits of Visionary Companies* by Jim Collins

*The World Is Flat [Updated and Expanded]: A Brief History of the Twenty-first Century*  
by Thomas L. Friedman

*Blue Ocean Strategy: How to Create Uncontested Market Space and Make Competition Irrelevant* by W. Chan Kim

*The One Thing You Need to Know: ... About Great Managing, Great Leading, and Sustained Individual Success* by Marcus Buckingham

*The Five Dysfunctions of a Team: A Leadership Fable* by Patrick M. Lencioni

*Freakonomics [Revised and Expanded]: A Rogue Economist Explores the Hidden Side of Everything*  
by Steven D. Levitt

*The Toyota Way* by Jeffrey Liker

*The One Minute Manager* by Kenneth H. Blanchard

*The Essential Drucker: The Best of Sixty Years of Peter Drucker's Essential Writings on Management*  
by Peter F. Drucker

*The Wisdom of Crowds* by James Surowiecki

*The Search: How Google and Its Rivals Rewrote the Rules of Business and Transformed Our Culture* by John Battelle

*Made to Stick: Why Some Ideas Survive and Others Die* by Chip Heath

*Blue Ocean Strategy: How to Create Uncontested Market Space and Make Competition Irrelevant*  
by W. Chan Kim

*The Long Tail: Why the Future of Business Is Selling Less of More* by Chris Anderson

*The Innovator's Dilemma: The Revolutionary Book that Will Change the Way You Do Business*  
by Clayton M. Christensen

*The Innovator's Solution: Creating and Sustaining Successful Growth* by Clayton M. Christensen and Michael E. Raynor

## 2. The Culture of Change

*The pessimist sees difficulty in every opportunity. The optimist sees the opportunity in every difficulty.*

Winston Churchill

The reorganisation's objectives have been detailed. The strategic plan has been set into motion. The employees are being informed about the reorganisation, and trained to perform the new duties associated with the new plan.

But wait! The plan is met with resistance, if not outright backlash. How do media companies cope with these challenging and critical "People Issues?" The ultimate goal for reorganisation is that the front lines and management will embrace the plan, and will work together to making it successful. A McKinsey & Company survey has found that employee engagement in a company transformation is essential to its success.

The No. 1 roadblock to change is people issues, not new technologies or new strategies. Newspaper employees have the ability to make

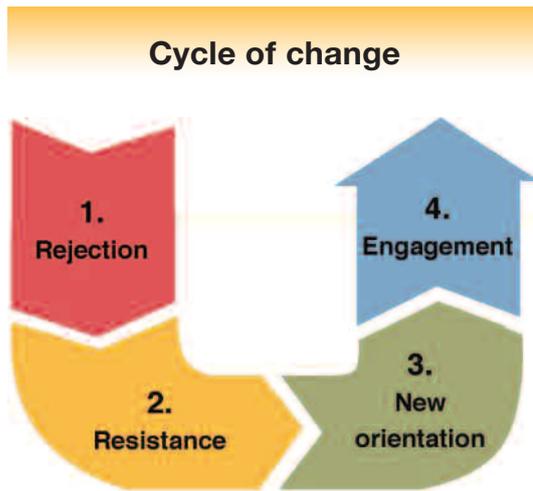
the transformation a success or a failure. The orchestration of a solid plan, with employees completely informed and made part of the process, will help ensure the crucial buy-in for the new plan's implementation.

NordJyske Medier, which reorganised its editorial and advertising operations in 2001, knew it needed to get buy-in for its transformation because it was key to its fiscal survival. The newspaper was bleeding circulation, and advertising was dropping at an alarming rate. Leadership, communication and training would be essential to engaging hundreds of workers in the NordJyske Medier company revitalization plan.

Ulrik Haagerup, the editor-in-chief leading the newsroom transition, knew that the employees would go through a process of individual transformation in response to the company changes around them. Haagerup envisioned a progression of behaviours for each person responding to the changes. Each person would react to the new challenges in different time intervals, starting with a rejection of the new ideas, followed by

resistance, new orientation and finally engagement in the new principles.

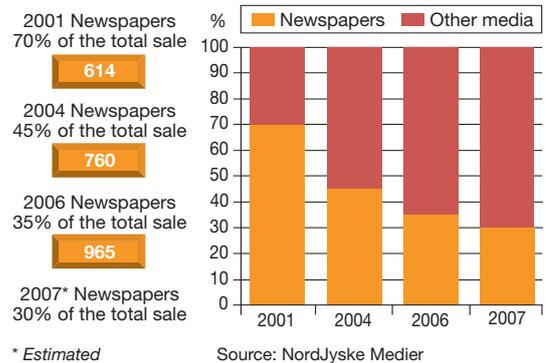
“There are three ways to change people,” Haagerup said. “Tell them that the toilet is on fire, or kick people out or move them.” After a successful transformation of full integration among newspaper, radio, TV and Internet, Haagerup moved on to become editor of Danish Radio in Copenhagen in April 2007.



The sales department also integrated their processes to incorporate all media and to train sales people to sell advertising across media. The result of the culture and process changes at NordJyske have been parlayed into more revenues, which have grown from 614 million DKK in 2001 to an estimated 965 million DKK in 2007. The company also has achieved its objective of developing a diverse portfolio of businesses to hedge against a decline in any one business. The percentage of newspaper revenues have declined from 70 percent to 30 percent from 2001 to 2007, in favour of a variety of revenue sources like Yellow Pages, TV and radio advertising.

Part of the process to change employees included a concerted effort to improve their job satisfaction and loyalty to the company. Management identified several desired behaviours that point to loyalty and job satisfaction. The execution of those behaviours, including attitude, job performance and time spent on the job, were aggregated and analysed for the six year period of 2001 to 2007. Today, the loyalty index continues to rise, as job performance and attitudes increase.

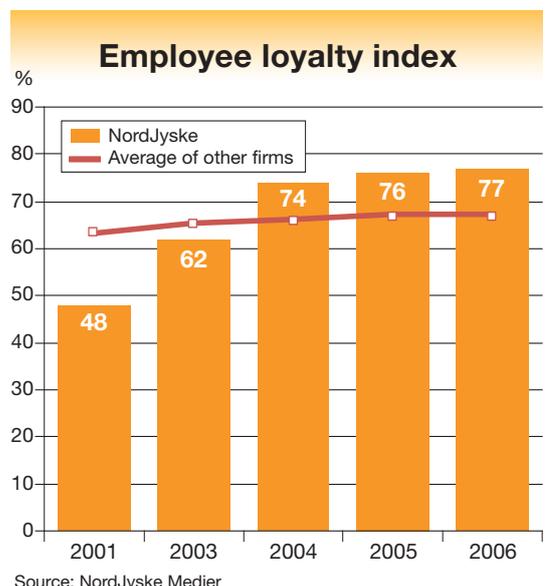
### Diversifying the revenue structure for NordJyske Medier



The color-coded grids on Page 15 show how negative behaviours (identified in red) prevalent in 2001 have all but disappeared by 2005. Meanwhile, positive behaviours (identified in green) have escalated over time.

International consulting firms that have focused their work on optimising companies' reorganisation plans.

Their messages are clear. It is important to focus on communication to employees, keep employees accustomed to the culture of change, keep management flexible and enable training. Equally critical is keeping the negative emotions of anxiety and confusion at bay, while fostering positive emotions like enthusiasm and feelings of momentum and sense of focus with incentives like training and positive reinforcement.



Here are the results of studies from Accenture and McKinsey & Company about the process of corporate change.

### Accenture's four steps to change

1. Maintain a culture of change in order to foster constant renewal as a part of everyday business
2. Foster the concept of business acuity, or the ability to envisage new business scenarios and the changes that need to be made to meet the challenges
3. Constantly developing and changing top management team dynamics in order to overcome management resistance during the first sages of change process
4. Implement top techniques and training in order to change behaviours and breakdown barriers to positive change within the ranks

Source: Accenture

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- Reorganisations produce the best results when executives communicate the transformation's objectives clearly and convincingly to those who must implement the ideas.
- A lot of energy, collectively and by each individual team member, is expended in the process of company change – some positive like sense of focus, enthusiasm, and feelings of momentum, and some negative, like anxiety, confusion, frustration, fatigue, and resistance.
- Cost-cutting is the No. 1 reasons for companies to reorganise, followed by moving from good to great performance; merging or divesting; or turning around a crisis situation.
- Successful and unsuccessful companies were defined by financial and other performance attributes benchmarked before and after each reorganisation.

### What were the main goals of your company's efforts at performance transformation?

Reducing costs	56
Moving from good performance to great performance	50
Completing or integrating a merger	27
Turning around a crisis situation	27
Catching up to rival companies	25
Splitting up divesting part of the company	16
Preparing for privatization or market liberalization	6
None of the above	4

Source: McKinsey & Company survey, 2006

### NordJyske employee loyalty index

2001			2003			2004			2005		
0	5	4	0	7	11	0	12	25	2	5	32
3	20	6	1	36	15	0	25	19	0	28	26
6	8	0	2	4	0	0	1	0	0	0	0
0%	10%	8%	0%	9%	14%	0%	15%	30%	2%	5%	34%
6%	38%	12%	1%	47%	20%	0%	30%	23%	0%	30%	28%
12%	15%	0%	3%	5%	0%	0%	1%	0%	0%	0%	0%
Index: 48			Index: 62			Index: 74			Index: 76		

Source: NordJyske Medier

■ Negative performance   ■ Average performance   ■ High performance

## Organising and reorganising media companies for 21<sup>st</sup> century operations

by Robert G. Picard  
and Leona Achtenhagen

Historically, newspaper managers rarely had to think much about how their activities were organised. The search for smoothly running editing and production processes produced well-structured and coordinated departments nearly a century and a half ago. While adaptations in these processes occurred, they could rather easily be incorporated into the existing organisational structures and practices.

However, this situation has changed dramatically. In response to external impacts of changing technologies and market conditions, companies are internally responding with an expansion of the number and types of papers published, as well as efforts to seek benefits from cross-media, cross-divisional, and cross-business unit activities. All of these developments are creating stress in newspapers because traditional organisational structures and processes do not well accommodate the requirements of the new activities.

In the past, the organisation of newspaper firms was determined by the strong process orientation required for continuous, ongoing production of a single newspaper. Organisations were constructed to produce the paper today, tomorrow, and in the future, and they emphasized work occurring in a given order with relatively inflexible schedules and production activities, which were controlled by formalized policies, checklists, and handbooks.

Because newspaper companies now understand that change is necessary for their growth and sustainability, they are increasingly developing new products and revenue sources and seeking new uses for their information and advertising knowledge and skills. Many forward-looking newspaper companies see papers as their central purpose and activity in the mid-term, but are transforming themselves into news organisations that will publish a range of newspapers and other information products. However, the addition of these products does not fit well into the existing organisational structures and processes. Tensions and conflicts are appearing that require new thinking about how newspaper firms can be structured and operate.

In order to gain benefits on a daily or weekly

basis and to increase the total market coverage, newspapers as well as online sites, broadcast channels, and mobile and other media require a higher level of coordination and cooperation of their activities. However, this requires greater flexibility in working across organisational boundaries. Companies need to focus on integrating their visions, strategies, and business activities more tightly than before in order to achieve joint benefits and to be able to rapidly react to market opportunities. Newspaper companies thus need to assess and improve their organisational structures, processes, boundaries, and – more generally – organising practices if they want to improve performance and gain the benefits of cross-media activities.

Business theory and literature provides significant lessons about organising practices and processes of reorganisation. For example, this literature addresses the reasons for why organisations change and whether resistance to change is inevitable. Change has become a defining feature of many contemporary organisations. Different studies have found that the most common forms of change refer to cost reduction, redundancies, performance improvement and cultural change. While for a long time, organisational change referred mainly to changes in structures, processes, goals, technologies, and work tasks, it now also often includes changes in attitudes and cultural values. Organisational changes affect the working conditions, roles, jobs, and behaviors.

Change can be triggered in different ways. For example, it can be introduced deliberately in a planned way, arise through external pressures, or be imposed by policy changes. Many people argue, for instance, that changes in technology and economic conditions put pressure on newspaper organisations to be responsive to changes and foster attitudes of flexibility and dynamism to manage these external demands to ensure survival. This leaves managers in a situation where they are affected by the pressures to change to a degree beyond their own making and not fully under their control. Planned change is deliberately designed by managers and usually entails a commitment to reaching a specified outcome. Much planned organisational change is initiated in response to new challenges or opportunities in the

market place or the competitive environment in general. Another reason for change is the expectation of the emergence of future problems, such as new products, technological improvements or changes in legislation. Planned organisational change requires, on the one hand, modifying the behavior of individuals within the organisation and, on the other hand, improving the ability of the organisation to respond to future external demands for change.

Different scopes of organisational change exist, ranging from small changes of daily practices to radical transformation activities. Much recent management literature discusses the need for continuous change in which a constant revising of the organising practices implies a focus on creativity, innovation, and leadership practices. In an internationally comparative study on innovative forms of organising, extensive

empirical evidence showed that those companies that avoided piecemeal changes of their structures, processes, or boundaries alone, and instead conducted more comprehensive and complementary changes in all of these areas, could achieve a clear performance advantage. These findings point out the need for management to take into considerations how different change activities influence each other and how unnecessary inconsistencies, inefficiencies and contradictions can be avoided.

In the management literature, manifold models of organisational change processes exist. Typically, these models include the recognition of the need for change and a diagnosis of likely effects of change on the different parts of the organisation. In addition, they entail an analysis of likely sources of resistance in the organisation.

Newspaper firms have strong institutional cultures and professional norms which

### Economic and business theory as it relates to reorganisation

Industrial organisational theory	Institutional theory	Structurisation theory	Duality theory
<b>Basic concepts</b>			
Effective organisation produces costs savings through economies of scale and scope and by reducing internal and external transaction costs	Structures are built to accommodate routines, rules, and norms in organisations  Structures and processes are fundamental for personnel to understand their positions and roles  Structures, processes, routines, rules, and norms can inhibit change	Social structures of organisations are influenced by and constrained by the behavior of humans  Actions by individual managers and employees influence the effectiveness of organisational change efforts	Internal contradictions and tensions are normal in organisations  How well a firm manages and balances competing values, practices, and requirements affects outcome of change
<b>Effects of change</b>			
Change can both increase or decrease organisational effectiveness	Change creates uncertainty for personnel by altering their work, lines of authority, and place in the organisation	Change alters relations among persons and organisational elements, increasing and decreasing their importance and altering their functions How they react and the degree of acceptance of changes affects the outcome	Change makes competing factors more visible and heightens differences among activities and personnel in the organisation
<b>Managerial implications</b>			
Change must be beneficial for the company as a whole, but also for individual business units and divisions whose performance is analyzed and incentivized	Divisional and business unit managers and their personnel need to be part of the change process so they understand the benefits, help guide the change, and accept the alterations in work processes and their roles and positions	Unless personnel embrace the changes, they will resist and undermine new structures and processes because those change the social roles they play in the organisation and the social roles of various divisions and business units	Reorganisation and change processes must recognize contradictions and tensions and work with all personnel to account for and overcome them

Source: Jönköping School

typically increase resistance to change. The existing organisational structures often create disincentives to cooperate internally. Therefore, a primary way to overcome these challenges is through strong leadership, setting a clear vision, strategy and goals for the organisational change, educating people and enthusing people about the change via communication and participation, integrating activities, and making personnel from across the entire organisation take part in the change process. Clarifying the contradictory forces (such as between delivering high-quality journalism and maintaining the financial bottom-line), their impact on the organisation, and the effect of change plays a crucial role in this process. Due to the high risk that employees might resist the change, leadership needs to be especially sensitive to context and involve people from all levels in the organisation. Organisational change may also require an enhanced focus on human resource practices because training and development might be needed to prepare employees for new roles, tasks, and responsibilities.

It is widely recognized that companies can benefit from combining content and administrative activities by sharing common costs, trading material, and labor between divisions and business units without full cost attribution and sharing equipment and facilities. Nevertheless, experience and research has shown that many newspaper and media firms were unable to achieve desired benefits because of organisational impediments. To overcome those impediments, significant attention must be paid to how activities and business units are organised. Many of the failures to achieve the cost savings and growth desired by operating portfolios of papers and cross-media activities have resulted because of lack of cooperation across departments, structures, and cultures that inhibit joint activities, and absent or inappropriate incentives for cooperation.

Meeting those challenges requires committed and strong leadership, creation of an entrepreneurial culture throughout the firm, and addressing the institutional, structural, and conflicting goals within the organisation and its business units.

One firm that has successfully done so is the Austrian regional daily Vorarlberger Nachrichten. In the face of increasing competition from other Austrian, Swiss, and German news organisations, the company

refocused and redesigned itself into a locally focused paper that now reaches 75 percent of the region's inhabitants. It did so guided by a strategy of improving and making customer relations a core competence. That approach allowed its owner, Vorarlberger Medienhaus, to build a portfolio of media products including an online portal and news operation Vorarlberger Online, [www.vol.at](http://www.vol.at), a weekly youth publication, a radio station, and a telephone operator, and to expand operations to other parts of Austria, as well as Hungary and Romania. The viability of the portfolio requires the firm to control costs by internal cooperation and to build a flat horizontal with separate divisions for newspaper/magazines, electronic media, and printing and book publishing. The greatest cooperation takes place within each of separate operating divisions but flexibility supports cooperation between the newspaper and electronic media divisions because the firm has built an entrepreneurial culture both within and across the business units.

Such benefits are also possible even when a firm focuses on the newspaper business. The Swedish financial newspaper Dagens Industri began building a group of business newspapers in the Baltic States during the 1990s, setting up operations in Poland, Lithuania, Latvia, and Estonia through Greenfield investments, joint ventures, and acquisitions. The papers have been guided by strong leadership and company commitment in Sweden through a highly integrated strategy, product concept, and corporate management support, but the managers of individual papers have autonomy to localize content and approaches, while at the same time sharing content of regional interest. The strategy of organising the operations with both centralized and decentralized elements has played a significant role in making the operation one of the most successful regional financial news operations in Europe.

Many newspaper firms have not been as successful because they have experienced difficulties implementing such internal cooperative activities as team journalism, reader-focused content, and cross-departmental teams. Research has shown that these efforts failed because of perceptions that changes were imposed rather than jointly sought, because the missions and core values are not fully understood or equally shared by employees

throughout the papers, because there was little staff commitment to change and because of feelings that change was poorly implemented, and because morale declined when reduced opportunities for career advancement were perceived as companies flattened their organisations.

Generally speaking, major obstacles to organisational change are that people are unwilling or unable to alter their attitudes and behaviour and that people often revert to traditional patterns of behaviour so that change only lasts a short time. People may feel threatened by change and fear the uncertainty connected to it. If a dominant way of thinking reigns in a group of professionals, this groupthink might also impair people from evaluating their situation individually. Empathy and flexibility by the leaders are needed to explain organisational change in a clear and accessible manner. Failing to see the need for organisational change from more than one perspective and an inability to distinguish relevant information from all available information can render the change process very difficult.

The resistance from individuals to organisational change based on their attitudes, values, and perceptions often hampers the success of the change initiatives. Yet, it should not be forgotten that resistance can be triggered by the implementation of complex systems that lack user-friendliness, which might have been introduced without appropriate training and induction. If users are reticent about using them and would rather hold on to their old systems, the new systems will not pay off their costs. A number of media firms have encountered this experience when implementing technological systems in which content is shared across different media. Resistance focused on an organisational level can occur if new systems lack integration with the organisation's structure, technology, or culture, and the different parts of the organisation become obstacles for each other. The organisation's power structure can also limit the success of organisational change if internal or external power groups feel in danger of losing their impact due to the introduction of the changes.

How can these sources of resistance to change be overcome? Planning, communication, negotiation, and decision-making play a key role in organisational change processes. Information and instructions need to be available to the right people at the right time in order to allow

them to make appropriate decisions. However, many factors influence most decisions and people often do not act in a rational way; managers must find ways to discover and accommodate those factors. Negotiating is a key skill during organisational change processes because many people need to be persuaded to cooperate in building the new organisation rather than to resist it. It is clear that poorly articulated visions and purposes for change and poor communication about the change processes have been major factors in failure of reorganisation of organisations and work processes, and that traditions of organisational decentralisation resulting from product differences and traditions of autonomy in many news operations have produced perceptions that organisational cooperation are unnecessary or undesirable.

Such difficulties were at the heart of the failure of the Los Angeles Times Co. to maintain the financial strength it needed to remain independent and ultimately led to its acquisition by the Tribune Co. Rapid changes in management and strategies of the California-based firm, an unclear pattern of investments, acquisitions, and divestments, an organisation based on independent business groups, and managerial faux pas made it difficult for the firm to develop and exercise leadership that could create change needed for internal cooperation and integration.

Newspaper companies contemplating organisational change, must think broadly about how they will implement it, how different elements of the change affect the variety of activities, business units, and personnel in their organisation, and how the change process will alter practices and opportunities across the organisation. Reorganising is a significant challenge that requires transparency and the development of trust and commitment across the organisation, but it is one that must be successfully undertaken if newspaper firms are to position themselves for a sustainable future.

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*Leona Achtenhagen is an associate professor in the center and specialises in the areas of media company strategy and organisation.*

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### 3. Newspaper Company Reorganisations

A company reorganisation starts with the structure of the company. Some restructurings require the addition of more executives to handle new tasks that emerge as a result of transformation plans. One example is in the integration of multiple media within a company necessitating the addition of an executive in charge of convergence.

One such example is the Tampa Tribune/TBO.com/Channel 8 in Florida, USA. After the newspaper converged its multiple media operations and processes under one roof

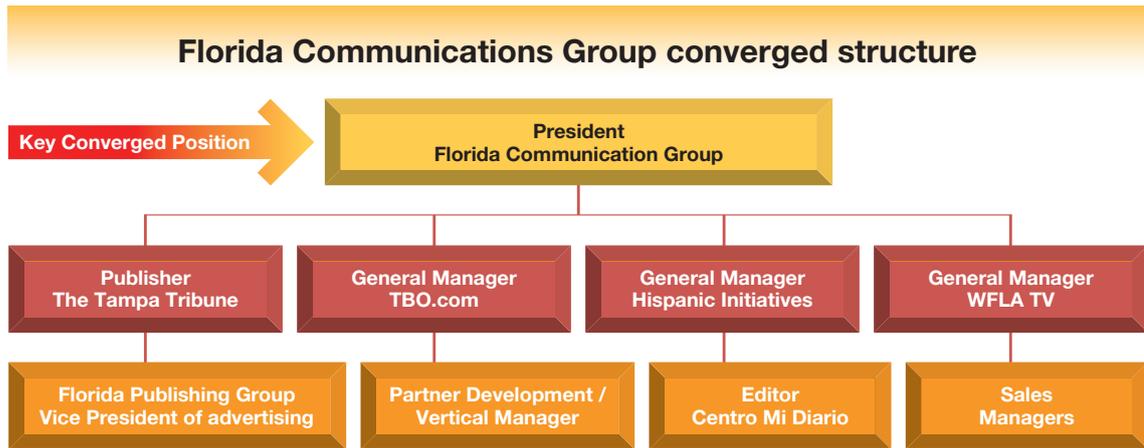
in 2001, Media General corporate executives saw a need to add a layer of oversight for each media owned by Media General in Tampa. Publishers of the newspaper, website and TV station now report to John Schueler, president of the Florida Communication Group, who oversees the business operations of each of the media.

Other key ingredients to a successful newspaper reorganisation include a focused and flexible plan. Both Adresseavisen, a regional multimedia company in Norway, and

#### Newspaper company reorganisations

Company	Main reasons for transformation	Year reorganisation launched
Tampa Tribune, Florida, USA	Convergence	2001
Nordjyske, Denmark	Survival, Convergence	2001
Schibsted, Norway	Make good company great	Four since 1995
Estado de São Paulo , Brazil	Improved revenues	2002
Ilgan Sports/Joongang Ilbo, South Korea	Acquisition, improved revenues	2005
Ming Pao, Hong Kong / Sin Chew/Nanyang, Malaysia	Merger, improved revenues	2007
Adresseavisen, Norway	Make good company great	2006

Source: Jönköping School



Source: Florida Communications Group, 2006

Schibsted, a multimedia company in Norway, both set objectives to move their already “good” companies into the “great” category.

### Schibsted

Since 1995, Schibsted has transformed itself four times in order to stay “ahead of the curve” and to ramp up digital revenue-making opportunities as they emerge. In 1995, Schibsted’s operations concentrated on print publishing, with some TV production and film rights issues. Over time, Schibsted has parlayed its strong brands, quality content and execution skills, along with strong cash flow, to build its new digital businesses to become 50 percent of its profits in 2007. Schibsted is the only newspaper company on record in the world to claim such a feat.

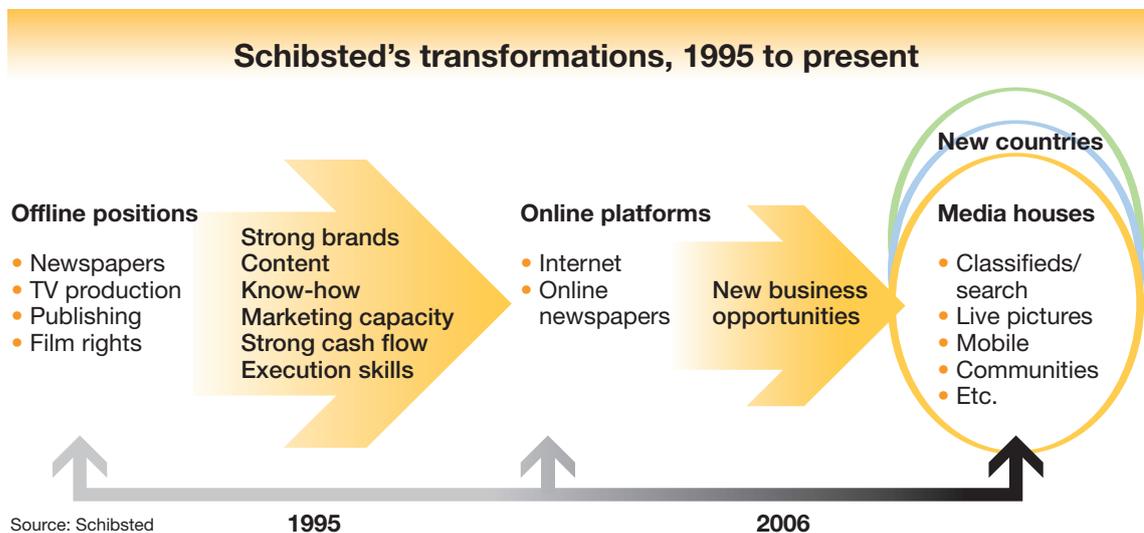
Schibsted is a unique case and a guidepost for other newspapers worldwide hoping to

maximize online revenues as circulation and print revenues fall. The culture of constant change and growth has made it necessary to create new products and always add new, skilled workers. Now that the company has grown considerably outside Norway, the company is hiring outside the country forcing the corporate language to transition from Norwegian to English.

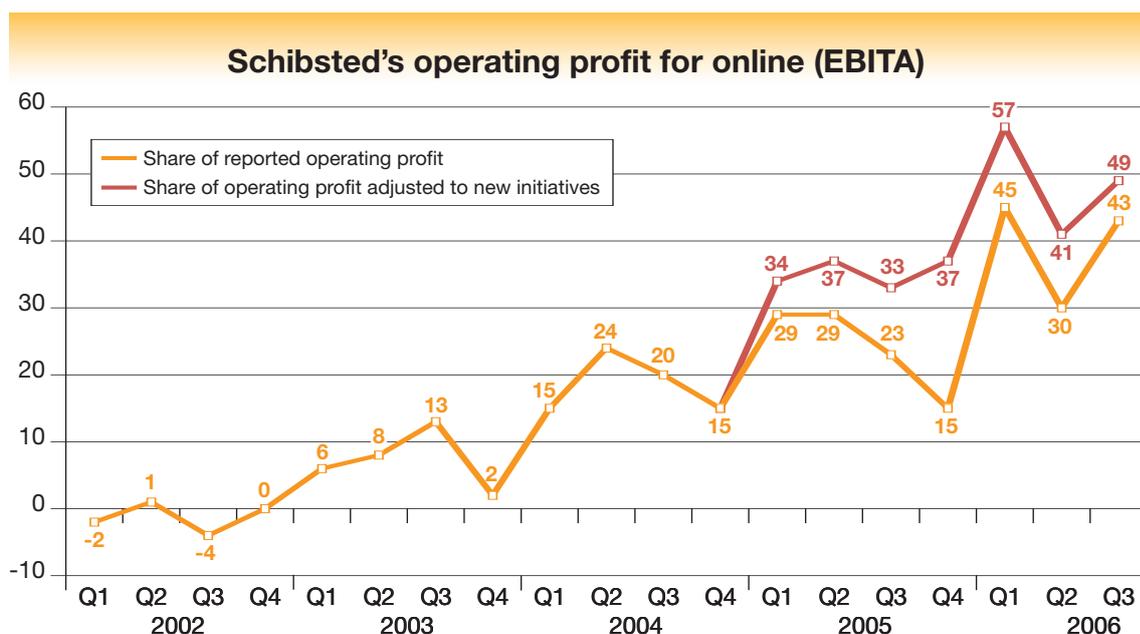
“Problem is not money or ideas, it’s people. It’s skilled people who do the work,” said CEO Kjell Aamot. “We have to move as fast as we can with the people we have.”

Schibsted has been inspired by successful companies outside of the media industry. In 2005, Schibsted executives visited Coca Cola, Microsoft, Reuters, General Electric and Oracle, among others. They learned about the key success factors for each company:

- Energetic sales culture



Source: Schibsted



Source: Schibsted

- Customer needs are in the center
- Clear goals, roles and demands
- They work to improve their company's drive and motivation
- Seek exchange of competence, training and coaching
- Work systematically with recruitment and career opportunities within sale

They also learned that successful companies find failure acceptable and expected. Sochiro Honda, co-founder of Honda, said, "Only through failure can precious experience be learned. But be sure to always learn from your mistakes. Failure by itself is not necessarily failure."

Michael Eisner, former Disney CEO, understands and expects failure as well. "At Disney, we also feel that the only way to succeed creatively is to fail. A company like ours must create an atmosphere in which people feel safe to fail."

In transitioning from a good to a great company, management has concentrated on a variety of important strategies including developing their top management team with coaching; developing their sales team with training, active encouragement and awards; and gaining market insight with segmentation models and deep research into reader/user usage patterns.

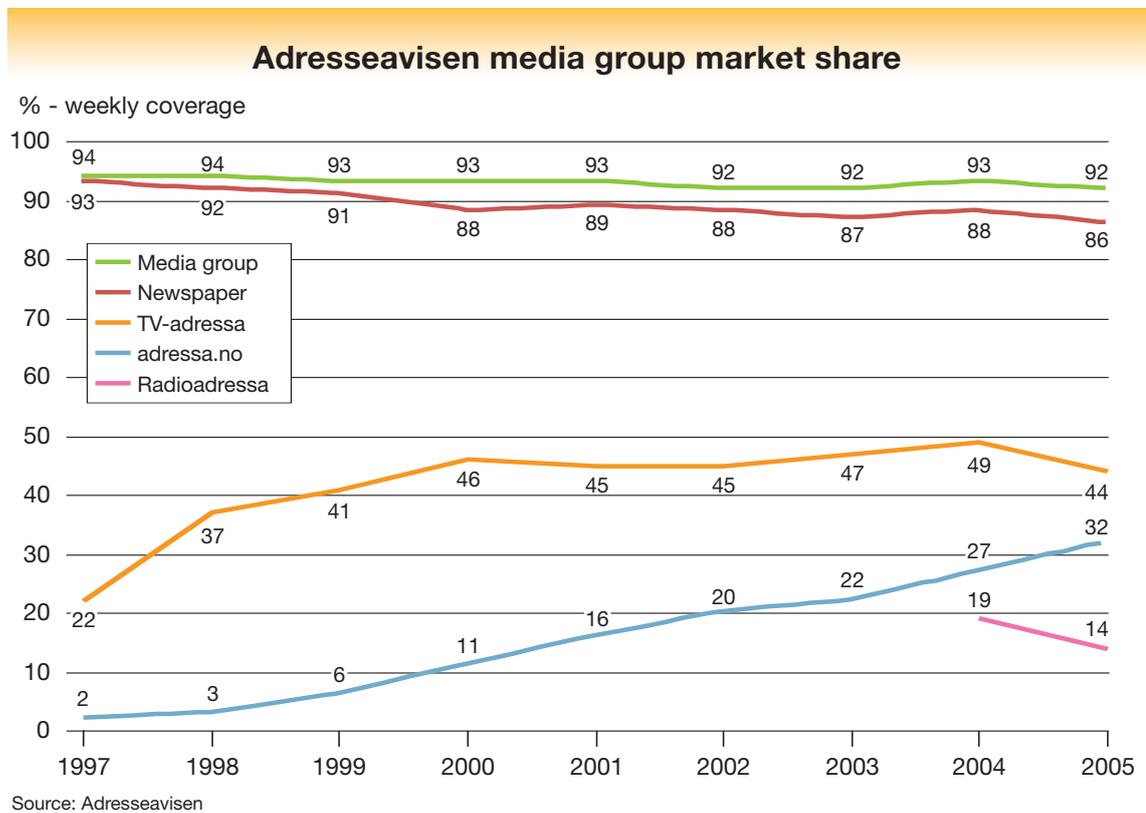
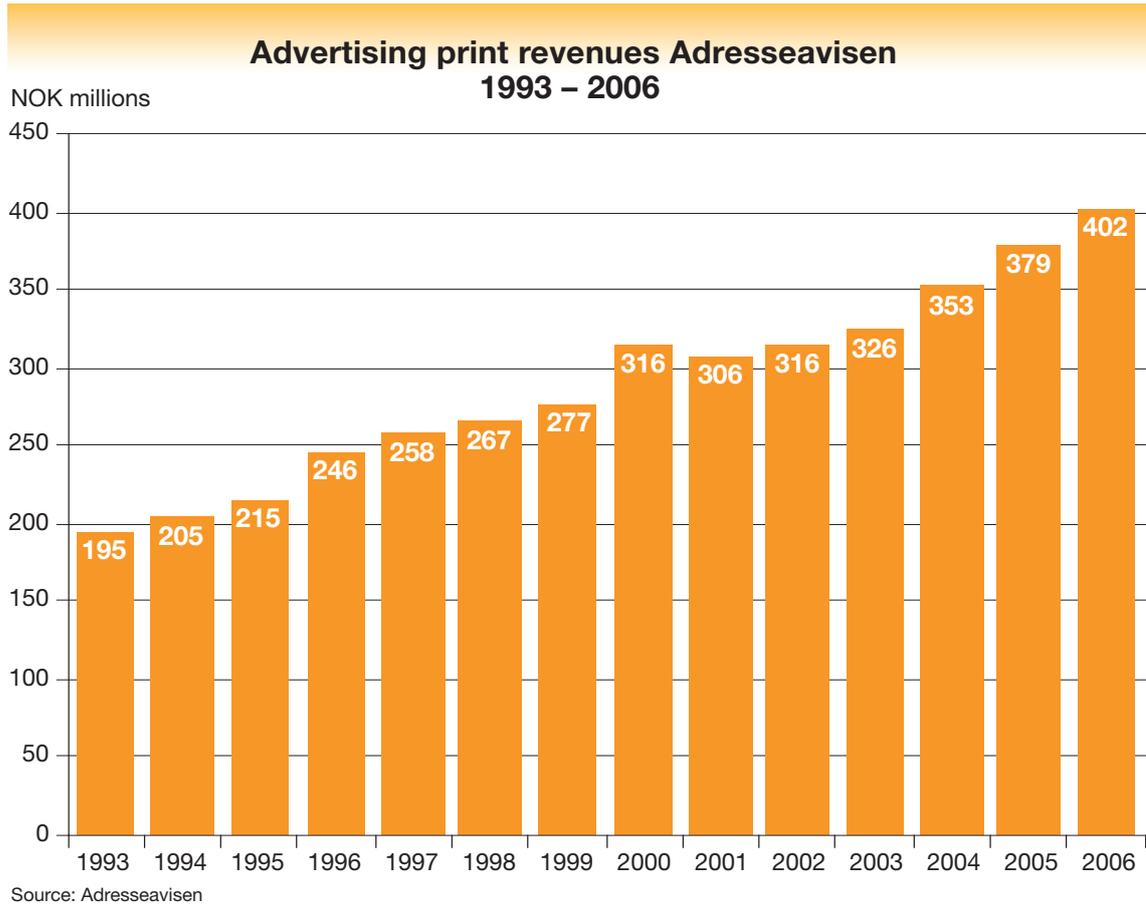
## Adresseavisen

Adresseavisen has "owned" its market with some of the highest newspaper penetrations on the planet. But CEO Per Axel Koch wasn't satisfied with good results; he wanted great results. So he employed a new strategy to study consumers and find out how to improve their processes, and add new products for those small groups not reached by the newspaper.

Adresseavisen ASA is based in Trondheim, Norway. The holdings include a daily newspaper, a local television station (TV-Adressa), a local radio station (RadioAdressa), six local newspapers, several Web sites, a large printing plant (Adressa-Trykk) and several other companies. In 2006, the group revenue was US\$151 million.

Part of the strategy was to improve customer service. In 2000, customer services complaints and caller wait times were too high. A new system and training were put in place that reduced complaints and wait times, which resulted in markedly reduced negative results.

The whole-company reorganisation has produced increased market reach, revenues and circulation growth. "Adresseavisen should be the preferred content provider and marketplace in Middle Norway, on every media channel," Koch said. "Adresseavisen should be recognized by quality and innovation in every part of the organisation."

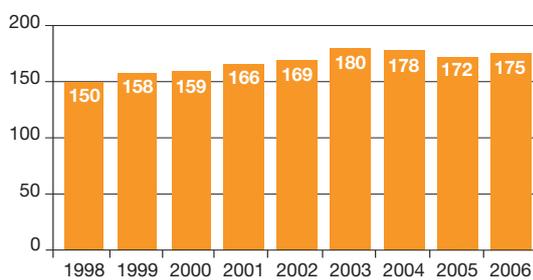


### Adresseavisen Group operating profit, 2003 – 2006 (NOK millions)

	2003	2004	2005	2006	2005-6
Print	59,4	60,0	51,9	57,5	5,6
Internet	-1,1	1,1	5,2	8,8	3,6
Radio	-3,8	-4,4	-5,4	-3,4	2,0
TV-adressa	-0,5	1,0	-4,1	2,0	6,1
Local newspapers	7,5	8,5	12,3	13,8	1,5
Printing	19,0	23,2	30,1	33,8	3,7
Other	0,2	-2,3	0,6	1,5	-0,3
<b>Result</b>	<b>78,4</b>	<b>90,0</b>	<b>91,6</b>	<b>113,9</b>	<b>23,3</b>

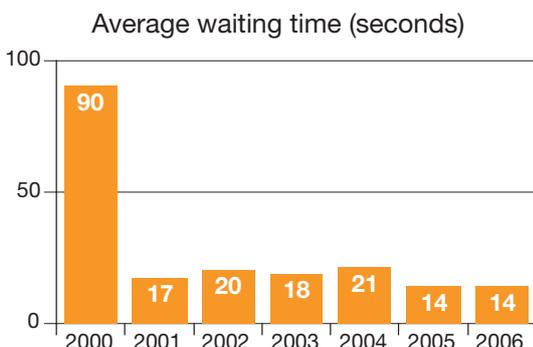
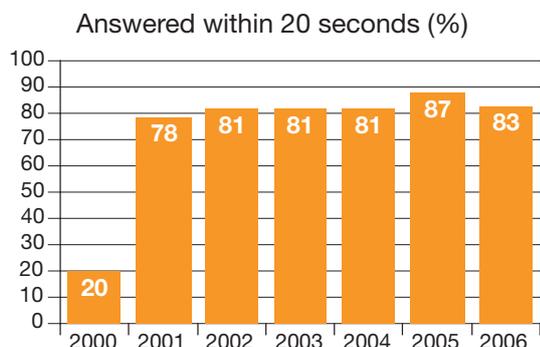
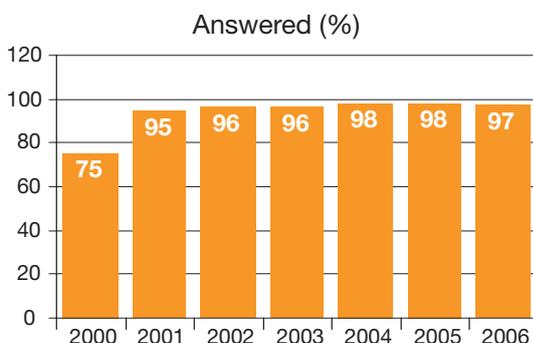
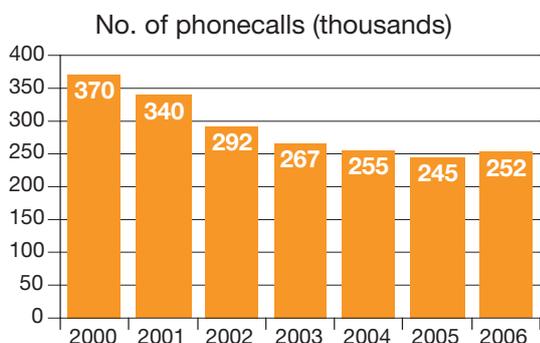
Source: Adresseavisen

### Circulation revenues Adresseavisen, 1998 - 2006 (NOK millions)



Source: Adresseavisen

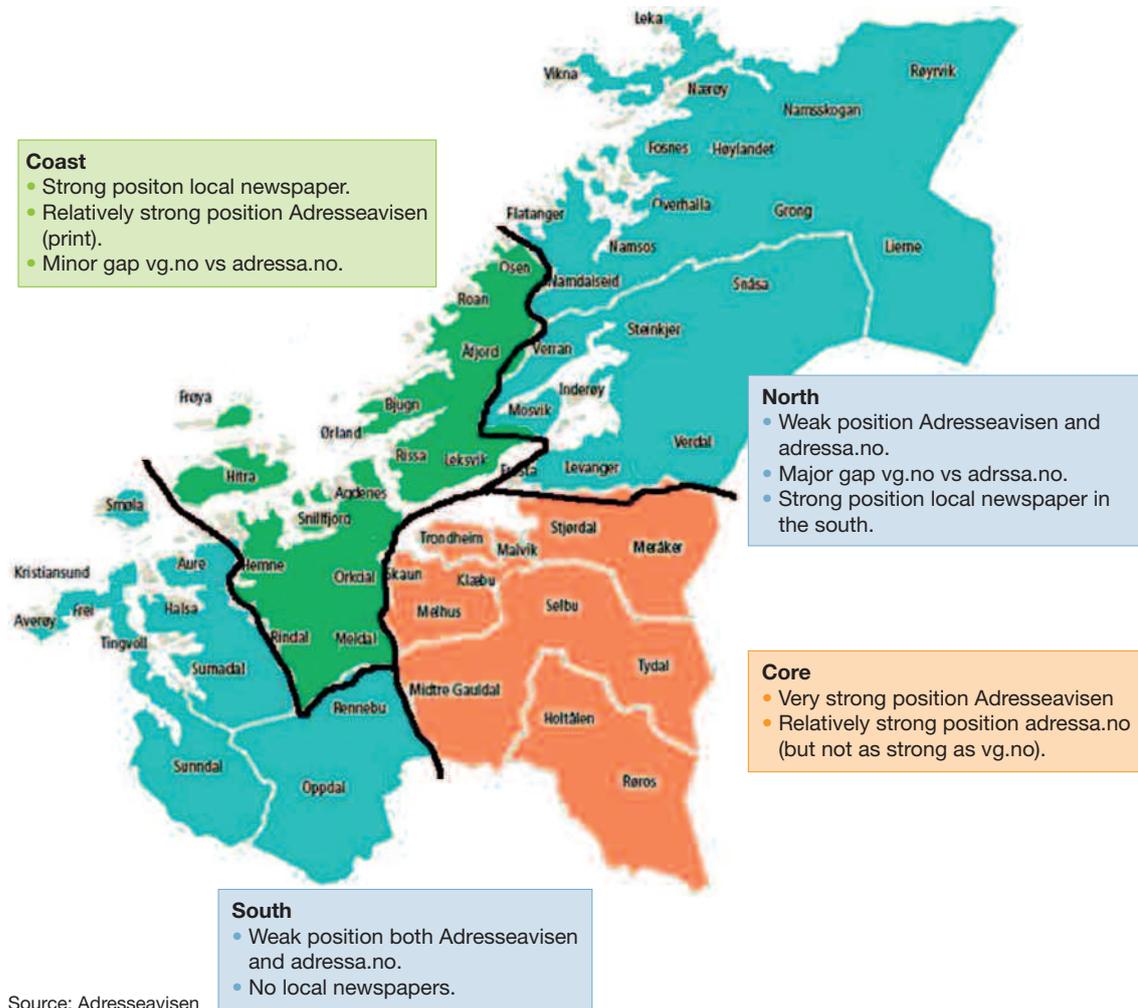
### Customer service Adresseavisen 2000 – 2006



Source: Adresseavisen

Since Adresseavisen’s media concentration exceeds 90 percent in their market, one of the only ways to expand is geographically. Koch hopes to expand into the four sections of their region: north, south, coast and inland. The weak and strong positions noted on Adresseavisen’s distribution map on Page 26 shows the opportunities for geographic expansion, both with print and Web properties.

## Strategic vision for Adresseavisen regions in Middle Norway



## Ilgan Sports

JMNet, the parent company of JoongAng Ilbo, the South Korean newspaper with a 1.7 million circulation, purchased the majority share of flagging Ilgan Sports in 2005, in hopes to make it profitable through smart reorganisation.

Ilgan Sports' revenue declined by 36 percent from 2003 to 2005, and the deficit in its operating income has also diminished by more than 16 percent during the same time. IS's misfortune was part of a larger trend with sports newspapers in Korea; three major sports dailies have suffered declining sales, and expenditures exceeding sales in the past several years.

JMNet purchased the paper in 2005 with the caveat that they would fire 86 employees and

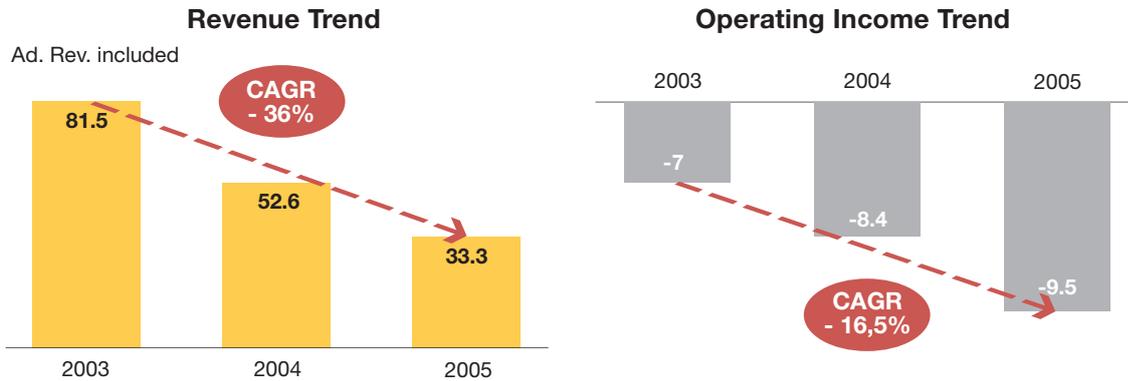
cut wages of the remaining employees in order to achieve profitability. The brand was enhanced by redesigning the tired-looking newspaper and adding citizen-generated Internet content and mobile services.

Since the staff cutbacks and restructuring, financial indicators have improved significantly. Advertising sales are up 14 percent from 2005 to 2006, from US\$27.7 to US\$31.5 million. Circulation and readership also are up dramatically, according to JoongAng Ilbo Strategic Director Changhee Park.

Park's company is not content with just growth. The company wants a "Corporate Value Breakthrough" to increase future earnings and stock market value. Park said it is "soft" content and video that will take the company to the next level.

### Ilgan Sports revenue and operating income trends

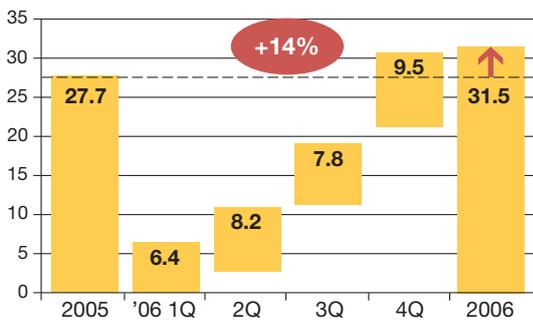
(US\$ millions)



Source: JoongAng Ilbo

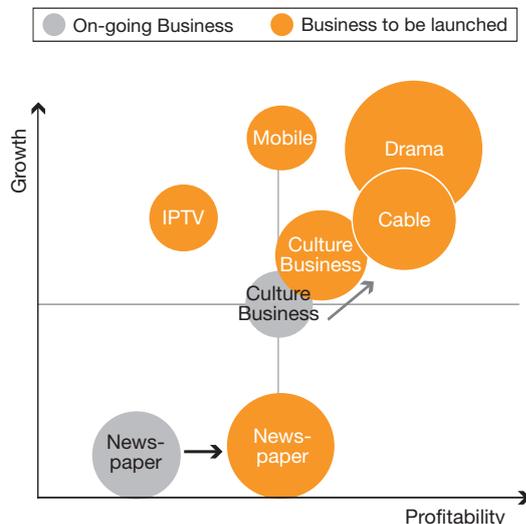
### Ilgan Sports sales improvement, 2005-2006

(US\$ millions)



Source: JoongAng Ilbo

### JMNet's growth potential and profitability



Source: JoongAng Ilbo

According to Park, JMNet will launch its own production company to produce TV dramas. In the short term, JMNet will acquire equity of drama producers by securing top writers. In the long term, the company will establish a drama production subsidiary and hire top producers. JMNet executives seek a strong future in drama production in Korea.

### Grupo Estado, Brazil

Grupo Estado, which publishes Estado de São Paulo, launched a reorganisation in 2002 with the help of McKinsey & Company in order to return higher profits to its shareholders and to integrate its multiple media: radio, print, Yellow Pages, and Internet operations.

Sixty percent of the revenues earned at Grupo Estado come from Estado de São Paulo. In order to improve newspaper readership and to modernise the paper, Estado de São Paulo was transformed between 2004 and 2005. As a result, from 2005 to 2006 the newspaper's circulation increased 9.3 percent on Sunday and 6.6 percent on week days.

The newspaper reorganisation involved a rethinking of content and a redesign with the objectives of reaching younger readers and more females. A year after the redesign, it was clear the brand name of the newspaper was transformed from a stodgy, backward publication to a publication that understands and caters to its audience. The transformation was credited with the boost in circulations.

One of the key changes made to Grupo Estado was to “professionalise” the board of directors by replacing family members and non-media professionals with strong media professionals. Non-media shareholders agreed to leave their equity positions at the company. The governance body for Grupo Estado is now a team of top executives from across the company. The change has proven to be a key driver in the modernization of the company. Since the decision, every unit of the company has been growing according to its Grupo Estado Chief Financial Officer.

The reorganisation process has produced three major lessons for the company:

1. The media group provides major synergies when each unit is integrated. The company’s financial, administrative, human resources and other business units have been combined creating cost savings and efficiencies.
2. Grupo Estado has also realized synergies in operational areas, like editorial and advertising. The newsrooms have been combined for all media creating economies of scale and integrated journalistic storytelling.
3. The company created a governance committee across business units in order to make quick decisions. The group – including the CEO, marketing/circulation director, human resources director, newspaper publisher, chief financial officer, and new media director – meet every week to decide on issues facing the company.

### Asia Press Industry Overview

According to WAN’s World Press Trend 2006, Asia is one of the strongest markets in both circulation and numbers of titles for press companies. Three-fourths of the world’s top 100 paid-for dailies are in Asia. One-fourth of the world’s top 100 paid-for dailies are in Chinese, making Chinese-language market one of the biggest segments in the press industry, followed by Japanese (22 titles), and English (17 titles).

China, the biggest Chinese-language press market, has the highest average daily circulation in the world according to World Press Trends 2006.

### Languages of top 100 paid-for dailies

	Language	No. top 100 dailies
1	Chinese	25
2	Japanese	22
3	English	17
4	Hindi	6
5	Russian	4
6	Korean	3
7	Thai	3
8	Dutch	2
9	German	2
10	Gujarati	2
11	Italian	2
12	Malayalam	2
13	Arabic	1
14	Bengali	1
15	French	1
16	Marathi	1
17	Polish	1
18	Tamil	1
19	Telegu	1
20	Turkish	1
21	Ukrainian	1
22	Urdu	1

Source: World Association of Newspapers, World Press Trends, 2006

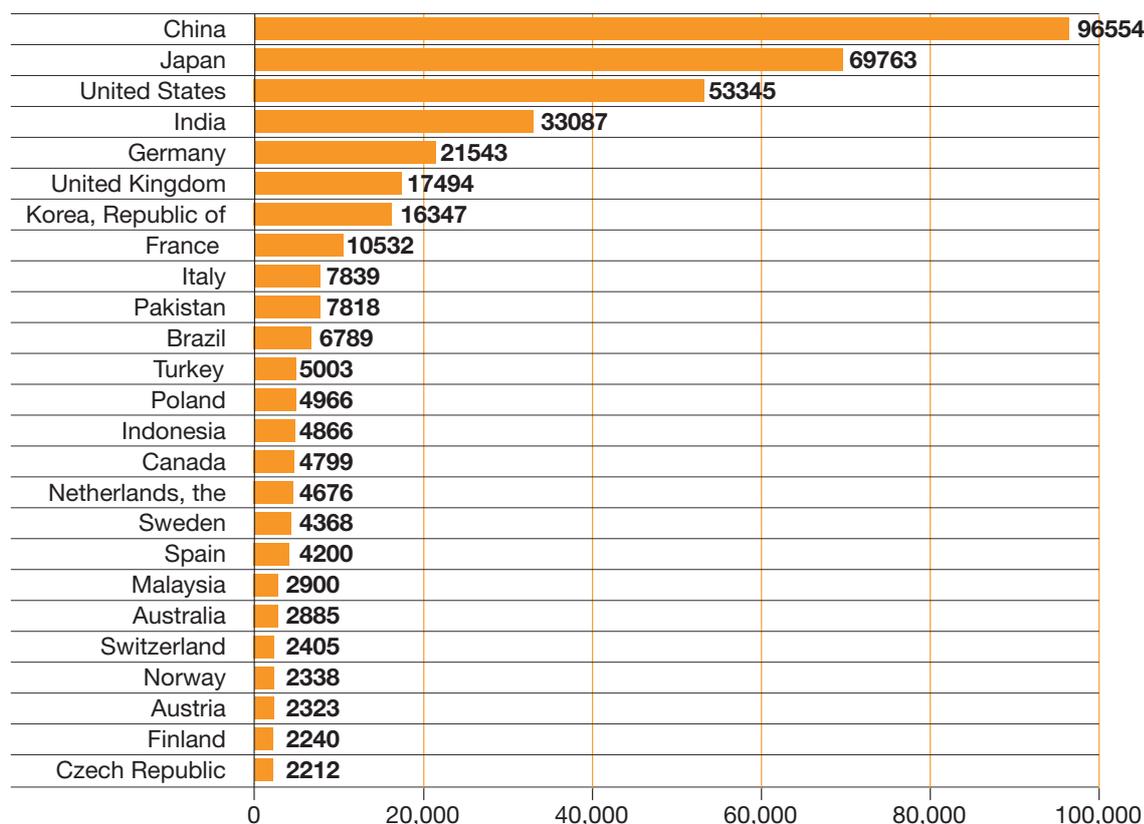
### The merger deal among Ming Pao, Sin Chew, and Nanyang

On April 24, 2007, Ming Pao Enterprise Corporation Ltd. in Hong Kong, Sin Chew Media Group, and Nanyang Press Holdings in Malaysia signed a merger agreement. After the merger, the enlarged group will become the largest Chinese-language media group outside mainland China and Taiwan, with over US\$292 million market capitalization.

The merger is expected to be completed in February 2008. The two Malaysian companies, Sin Chew and Nanyang group, will be de-listed currently on the Hong Kong stock exchange, and on the Malaysian stock market in the future.

The new company name is yet to be determined. However, the existing brands, including “Ming Pao Daily News”, “Sin Chew Daily”, “Nan Yang Siang Pao”, “Guang Ming Daily”, “China Press”, will be maintained and operated independently. During an interview with Asian business magazine Eye Asia, Managing Director of Sin Chew Media, Liew Kam Chean, said that different newspapers will continue serving their own niche markets.

### Paid-for and free dailies: Average circulation (000)



Source: World Association of Newspapers, World Press Trends, 2006

The new company will be comprised of five newspapers – with a daily circulation of more than one million copies – and 35 magazines.

#### BEHIND THE MERGER

The key drivers for this deal are:

1. Build a Chinese-language Media Platform
2. Expand New Markets
3. Increase Financial Strengths

#### BUILD A CHINESE-LANGUAGE MEDIA PLATFORM

The Chairman of Ming Pao and Sin Chew Group, Tiong Hiew King, said at the merger signing ceremony that the future of Chinese-language media is transitioning “from localization to globalization, from press to multi-media.”

As a result, the enlarged group will become the largest Chinese-language media group outside mainland China and Taiwan and also the first Chinese-language media platform. The company does not rule out the possibility of buying other multiple media companies, such

as broadcasting or radio. Right now, the multi-media segment only contributes 5 percent to Sin Chew’s revenue. The Executive Director of Sin Chew, Rita Sim, was confident about an exponential growth in the multi-media segment due to the shared and synchronized contents and platforms.

However, the synergy is still a question mark because there are neither plans to streamline operations nor to reorganise the company mentioned. Without strategies and implementation plans in place, it is uncertain how the integration will work.

#### EXPAND NEW MARKETS

The companies already serve Southeast Asian countries, such as Hong Kong, Malaysia, Indonesia and Cambodia, plus North America. The enlarged entity is expected to expand to Europe, Australia and other parts of Southeast Asia, according to the Executive Chairman of Nanyang Press Holdings, Datuk Paul Leong.

China, the biggest Chinese-language market, is also a must-win battlefield for the group.

Hong Kong, where the politics, economics and culture tightly bonds with China, will be a beachhead for the group. Thus, the enlarged group chooses to de-list Sin Chew and Nanyang but keep Ming Pao is not only because a Malaysian company is prohibited from being listed in Hong Kong, but also for market expansion reasons.

**INCREASE FINANCIAL STRENGTHS**

**Financial performance, 2003-2006**  
(US\$ millions)

	2003	2004	2005	2006
<b>Ming Pao Enterprise Corp. Ltd.</b>				
Revenue	131.7	130.2	151.9	162.3
Net Income	4.3	5.4	5.6	8.9
<b>Sin Chew Media Corp. Bhd</b>				
Revenue	103.2	91.9	118.9	136.7
Net Income	12.7	13	17.3	15.7
<b>Nanyang Press Holdings BHD</b>				
Revenue	85.2	89.3	94.1	90.9
Net Income	5.5	4.2	3	-1.9

Source: Ming Pao 2006 Annual Report, Sin Chew 2006 Annual Report

Without the formal acknowledgement from the company, though, the merger is also considered as a means to improve the financial strengths for the company, especially for Nanyang group, which had a deficit of US\$ 1.9 million last year. Observers said the merger will help Nanyang Press turn from red to black in the fiscal year ending on June 30, 2008.

**COMPANIES INFORMATION**

**Ming Pao Enterprise Corporation Ltd**

Ticker: 685
Exchanges: HKG
2006 Sales: 1,248,623,000
Currency: Hong Kong Dollars
Fiscal Year Ends: March
Share Type: Ordinary
Country: Hong Kong
Major Industry: Printing & Publishing
Sub Industry: Miscellaneous Printing & Publishing
Employees: 1,600
Market Capitalization: 788,385,000
Total Shares Outstanding: 404,300,000
Closely Held Shares: 295,059,100

Source: CorporateInformation.com  
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Ming Pao group’s business includes newspapers, Internet and printing, magazines and book publications, and travel services. Its subsidiary company, One Media Group Limited (OMG), operates the lifestyle magazines business in Hong Kong and mainland China.

Ming Pao Daily was launched in 1959. As of 2006, it has a daily estimated circulation of 120,000 copies. It is published in Toronto, Ontario, Vancouver, B.C., and the United States.

Ming Pao launched its homepage, mingpao.com, in 1995, one of the earliest newspaper websites in Hong Kong. Mingpao.com has the monthly page view of 120 millions as of 2006.

In 2006, in order to reach a younger audience, mingpao.com launched two new web portals called life.mingpao.com and lifestyle.mingpao.com. The registered active users of mingpao.com exceeded 700,000 in that year.

**Sin Chew Media Corporation Berhad**

Ticker: SINCHEW
Exchanges: KUL
2006 Sales: 471,541,414
Currency: Malaysian Ringgits
Fiscal Year Ends: March
Country: Malaysia
Major Industry: Printing & Publishing
Sub Industry: Newspaper Publishers
Employees: 1,929
Market Capitalization: 930,160,000
Total Shares Outstanding: 302,000,000
Closely Held Shares: 152,910,900

Source: CorporateInformation.com  
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Sin Chew Media Corporation’s business includes the publishing, printing, and distribution for newspapers and magazines.

Sin Chew Group has four subsidiaries: Guang-Ming Ribao Sdn Bhd, Sinchew-I Sdn Bhd, Mulu Press Sdn Bhd and Media Communications Sdn Bhd.

Sin Chew Media Corporation publishes Sin Chew Daily, a major newspaper and the No.1 Chinese newspaper in Malaysia. Guang-

Ming Ribao Sdn Bhd is the publisher of Guang Ming Daily.

Sin Chew Daily had an estimated circulation of 347,000 copies in West Malaysia and 43,000 copies in East Malaysia. It is the newspaper with the highest circulation in Malaysia and outside mainland China, Taiwan and Hong Kong. Guang Ming Daily had a daily estimated circulation of 135,000 copies for the period between July 2005 and June 2006.

Sin Chew Daily already has a presence in Cambodia and Indonesia. Its website, [sinchew-i.com](http://sinchew-i.com), was launched in 2000. As of 2006, it has 400 million page views in a month.

### Nanyang Press Holdings Berhad

Ticker: NYPM
Exchanges: KUL
2006 Sales: 313,526,000
Currency: Malaysian Ringgits
Fiscal Year Ends: June
Share Type: Ordinary
Country: Malaysia
Major Industry: Printing & Publishing
Sub Industry: Newspaper Publishers
Employees: 1,869
Market Capitalization: 293,309,100
Total Shares Outstanding: 77,595,000
Closely Held Shares: 3,500

Source: [Corporatelnformation.com](http://Corporatelnformation.com)

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Information is believed reliable, but accuracy, completeness and opinions are not guaranteed.

Nanyang Press Holdings' and its subsidiaries' businesses includes publishing and printing for newspapers and magazines, provision of Internet and e-commerce services, and 3G mobile entertainment content distribution and development. Nanyang Press publishes 15 publications in Malaysia including Nanyang Business Daily and China Press.

Nanyang Business Daily was established in 1923. For the period between July 2005 and June 2006, Nanyang Business Daily had an average daily circulation of 124,000 copies. China Press' daily circulation is 227,000 copies.

Nanyang Business Daily launched its website in 1996. By 1997, it was providing real-time news online, an online pioneer at that time in Malaysia. As of 2006, its website has monthly 300 million web page views.



## 4. Conclusion

*We know what we are, but know not what we may be.*

William Shakespeare

While cost-cutting is the predominant reason to reorganise, the most compelling reasons to restructure companies in 2007 is the transformation in content from monomedia to multiple media content offerings, revenue-model diversification and process optimisation.

Some of the strongest lessons from newspaper companies that have undergone recent transformations include:

- Don't wait to implement a reorganisation until the company is facing big problems. "The best way to achieve and maintain a leadership position is to stay ahead of the change curve and transform from a position of strength," according to Accenture's "Outlook," a treatise on company reorganisation.
- The process of change must be led and supported by top management. When the

Tampa Tribune built an integrated media house in 2001, then-publisher Gil Thelen built a structure of communication and processes throughout the newsroom to integrate print, Web and TV. Today, the integrations have expanded beyond editorial to the entire company, led by a top executive who holds sway over all three media and their integrated processes, John Schueler.

- Integrate research and development components by inviting employees to spend a percentage of their time innovating the company's products and processes. Google allots 20 percent of its engineers' time to product development. The majority of Google's new products have evolved out of that process. Similarly, hundreds of Nokia's employees are asked to spend up to two months researching industry trends and conceiving of new ideas for products.
- The newspaper industry is in an environment of hyper-change. Disruptive innovations will continue to challenge the newspaper industry. Some classic disruptions include Google, eBay, Monster.com and Craigslist. Keep

employees nimble and accustomed to constant change by building a corporate culture ready for the next challenge. Former General Electric CEO Jack Welch built such a culture by creating initiatives that he described as “large enough, broad enough and generic enough to have a broad impact on the company.”

- American Press Institute’s NewspaperNext project’s recommended strategies to newspapers are to respond to those disruptions by creating projects that resonate for newspaper readers. NewspaperNext’s objectives were to “help newspaper companies migrate from a fixed and monolithic business model to a diverse and growing portfolio of business models, products and services that engage throngs of new consumers and advertisers”.
- Clearly define goals for the reorganisation, and clearly communicate those goals to management and front line workers in order to keep everyone aligned with the strategic goals. The Gallup Organization’s survey of employee engagement in 2005 strongly suggested a link between successful companies in terms of profitability, productivity, customer loyalty and low employee turnover, with employees who are more engaged and satisfied with their work. Respondents in Accenture’s High-Performance Workforce Study in 2004 ranked engagement as one of their companies’ top three capabilities.
- It may be necessary to bring in new executives and managers to plan and lead the transformation implementation.
- Integrate the restructuring key goals into employees’ performance plans, recruiting and budgeting.
- Explore incentive structures for employees to adopt changes more quickly, including monetary bonuses, vacation time, gifts, training and career promotions.

The newspaper industry is in the midst of a collective reorganisation. Each newspaper company has the opportunity to respond to challenging market forces by mobilising their resources in order to compete with new players who threaten the industry’s revenue streams and to invest in development of innovations by leveraging human resources and the newspaper’s powerful brand in the community.

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