A Newspaper Reinvents Itself

In the late 1990s, *USA Today* was a thriving business, but it faced an uncertain future. The national newspaper, a division of the Gannett Corporation, had come a long way since its founding in 1982, when its colourful brand of journalism was widely ridiculed by critics. After losing more than half a billion dollars during its first decade, the paper turned its first profit in 1992 and continued to expand rapidly, becoming the most widely read daily newspaper in the United States. With well-heeled business travellers making up the bulk of its subscriber base, it also became an attractive platform for national advertisers, bringing in a steady flow of revenue.

But as the 1990s progressed, storm clouds appeared on the horizon. Newspaper readership was falling steadily, particularly among young people. Competition was heating up, as customers increasingly looked to television and Internet media outlets for news. And newsprint costs were rising rapidly. Tom Curley, *USA Today*'s president and publisher, recognized that the company would have to expand beyond its traditional print business to maintain strong growth and profits; such expansion, he realized, would require dramatic innovations. The company would need to find ways to apply its existing news-gathering and editing capabilities to entirely new media.

Acting on his beliefs, Curley in 1995 chose Lorraine Cichowski, *USA Today*'s general manager of media projects and former editor of the paper's Money section, to launch an online news service called USAToday.com. He gave her free rein to operate independently from the print business, and she set up a kind of skunk-works operation, bringing in people from outside *USA Today* and housing them on a different floor from the newspaper. She built a fundamentally different kind of organization, with roles and incentives suited to the instantaneous delivery of news and to an entrepreneurial, highly collaborative culture. With Internet use exploding, the venture seemed primed for success.

But results were disappointing. Although USAToday.com was making a small profit by the end of the decade, its growth was sluggish and had little impact on the broader business's results. The problem, Curley saw, was that the new unit was so isolated from the print operation that it was failing to capitalize on the newspaper's vast resources. Although Cichowski was a member of Curley's executive team, she had little support from other members. Viewing her unit as a competitor with the print business, they had little incentive to help her succeed and made few efforts to share their considerable resources with her. Soon, USAToday.com found itself starved of cash, as the newspaper continued to consume most of the available capital, and the online unit began losing talented staff.

Cichowski pushed to have her business spun out entirely from the newspaper, as other companies were doing with their Internet ventures, but Curley had a very different view. He had come to believe that the new unit required not greater separation but greater integration. In 1999, he decided that *USA Today* should adopt a "network strategy," in which it would share news content across three platforms: the newspaper, USAToday.com, and Gannett's 21 local television stations. Curley described his vision: "We're no longer in the newspaper business—we're in the news information space, and we'd better learn to deliver content regardless of form."

To execute that strategy, Curley knew he had to create an organization that could sustain the print business yet also pursue innovations in broadcasting and online news. So in 2000, he replaced the leader of USAToday.com with another internal executive who was a strong supporter of the network strategy, and he brought in an outsider to create a television operation, USAToday Direct. Both the online and television organizations remained separate from the newspaper, maintaining distinctive processes, structures, and cultures, but Curley demanded that the senior leadership of all three businesses be tightly integrated. Together with Karen Jurgenson, the editor of *USA Today*, the heads of the online and television units instituted daily editorial meetings to review stories and assignments, share ideas, and identify other potential synergies. The unit heads quickly saw, for example, that gaining the cooperation of *USA Today*'s reporters would be crucial to the success of the strategy (print journalists are notorious for hoarding stories), and they jointly decided to train the print reporters in television and Web broadcasting and outfit them with video cameras so they could file stories simultaneously in the different media. The moves quickly paid off, as the reporters realized that their stories would reach a much broader audience—and that they would have the opportunity to appear on TV. A new position of "network editor" was also created in the newsroom to help reporters shape their stories for broadcast media.

At the same time, Curley made larger changes to the organization and its management. He let go of a number of senior executives who did not share his commitment to the network strategy, ensuring that his team would present a united front and deliver consistent messages to the staff. He also changed the incentive program for executives, replacing unit-specific goals with a common bonus program tied to growth targets across all three media. Human resource policies were changed to promote transfers between the different media units, and promotion and compensation decisions began to take into account people's willingness to share stories and other content. As part of that effort, a "Friends of the Network" recognition program was established to explicitly reward cross-unit accomplishments.

Yet even as sharing and synergy were being promoted, the organizational integrity of the three units was carefully maintained. The units remained physically separate, and they each pursued very different staffing models. The staff members of USAToday.com were, on average, significantly younger than the newspaper's reporters and remained far more collaborative and faster paced. Reporters continued to be fiercely independent and to focus on more in-depth coverage of stories than the television staff.

USA Today has continued to compete aggressively in the mature business of daily print news while also developing a strong Internet franchise and providing Gannett television stations with coverage of breaking news. During the Internet collapse, when other papers' profits plunged, *USA Today* made $60 million, fuelled in large part by the company's ability to continue to attract national advertisers and by revenues from its profitable USAToday.com operation.