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@Thomas Jefferson Sends A Tweet: A New Model For Journalism

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Submitted to the Program of Organizational Dynamics in the Graduate Division of the School of Arts and Sciences in Partial Fulfillment of the Requirements for the Degree of Master of Science in Organizational Dynamics at the University of Pennsylvania
Advisor: Syd Havely

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The purpose of this thesis is to design a new model for modern journalism to achieve sustainability in a rapidly changing technological and global market place. The thesis offers literature review, new tools and systems perspectives for current news media managers that include Systems Thinking Frameworks and Idealized Design. The theory of Disruptive Technology is employed to explain why the industry is in the state that it is in. The thesis is encompassed in a discussion of the importance of journalism and explicates Thomas Jefferson's notion that journalism is necessary to preserve democracy.

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LIST OF FIGURES

TABLE OF CONTENTS

CHAPTER 1
INTRODUCTION

It was 3pm on a Thursday afternoon, yet I was still downing a large mug of black coffee in an effort to keep pace with the fast rhythm of the TV newsroom. I was perched on a listing metal chair with gaffers tape wrapped around the seat for a cushion — it was the best available seat for a runny-nosed news intern like me. The police and fire scanners piled in front of me chirped, screeched and beeped for hours on end. In 1989 it was my job to monitor the interspersed abbreviated codes from responder radio calls for anything that could be deemed "newsworthy" while answering any phone calls that came in on the five different "Tip Lines." A calm bass voice broke through the scanner static stating that an eight-alarm fire was in progress. An apartment building on the west side of town. Fourteen floors. Nine casualties reported so far. Good Sam hospital is on alert. "Are any of the casualties children?" the afternoon News Producer barked from his elevated desk in the middle of the room. This was my introduction to the motto "if it bleeds, it leads." As the coffee burned a hole in my stomach, I was determined to not believe this was the way of journalism, nor that it was ever intended to be this way.

Did journalism need saving back then? Does it need saving in 2013? This is an important topic because the very nature of journalism is in a challenging and fragile state. Journalism itself is being redefined and segmented into types. Alarmingly, new forms of what is being called journalism are being presented with new distribution systems and technological advances. However, actual journalism is not being disseminated through these new channels. And the old mainstay of journalism — the newspaper — is beginning to fall by the wayside because it cannot compete with distribution, cannot meet ever-evolving readers' needs and cannot meet the demands of current overly high profit margins. Yet, the need and the calling for journalism is the same today as it was in 1989 or even in the 1770s when it was a crucial part of the American Revolution and shaped the foundations for the U.S. Constitution.

For journalism — good journalism — to survive, there must be a new model. Through Systems Thinking frameworks and Idealized Design, this capstone will offer a new model for journalism. This capstone will also present a modernized working definition of "journalism" and will discuss the importance of journalism to our democracy, all the way back to America's revolutionary roots, explicating Thomas Jefferson's notion of "newspapers" and explaining what he meant in today's terms and why it is necessary for the preservation of democracy. Through Disruptive Technology theories and frameworks, the capstone will offer explanation about how the media industry has arrived in the challenging state in which it is at the time of this writing.

The purpose of this thesis

The purpose of this thesis is two-fold: to provide media managers with new tools and perspectives to help them make better decisions in a rapidly changing media ecology and; design a new sustainable model for journalism and media industry. I focus specifically on journalism; mostly on what some consider the age-old form of newspaper journalism. Using Systems Thinking frameworks and the theory of Disruptive Technology, I hope to shed light on and explain what has happened to journalism in its evolution, where it is today and to propose opportunities. In chapter 2 I discuss the importance of journalism, harkening back to notions uttered by a United States Founding Father, Thomas Jefferson. In chapter 3, research and studies concerning the state of media will be presented including the impact of digital technology and “citizen journalism.” Chapter 4 presents a discussion of Systems Thinking Frameworks including a review of literature and disruptive theory as it pertains to the state of media. In chapter 5, I discuss the need for a new model for journalism and make suggestions to implement a “Media Efficiency Model” approach. Chapter 6 details the model in the context of the larger media system. Chapter 7 makes recommendations for what is needed for implementation and contains concluding remarks.

CHAPTER 2
THOMAS JEFFERSON SENDS A TWEET

Thomas Jefferson was to have once said “were it left to me to decide whether we should have a government without newspapers, or newspapers without a government, I should not hesitate a moment to prefer the latter.” It is arguable that if Thomas Jefferson were here today, he would likely send a tweet with the same but updated, sentiment. I say tweet, because Jefferson, being an avid inventor and innovator himself would have delighted in the invention and innovations of tweeting and other digital communications. (He invented swivel bearings for chairs, built self-opening and revolving doors at Monticello, created an “iron and mould board of least resistance” which revolutionized downhill plowing, invented a wheel cipher for encoding messages during the revolutionary war — the list of innovations goes on. This is merely a shortened list of highlights of some personal favorites.)

However, in his tweet, Jefferson might likely replace “newspapers” with “journalism.” Newspaper printing was the technology of Jefferson’s time. It was the vehicle for what Jefferson valued most: critical thinking, education, learning, objective insight, diverse views, accountability and above all, information sharing that would create and feed a well-informed public.

However, Jefferson has also been quoted as saying *“the man who reads nothing at all is better educated than the man who reads nothing but* *newspapers."* It's no surprise that this quote is frequently NOT used by journalists! In truth, journalism has always been embattled with challenges of remaining objective, ever since its revolutionary roots. For example, the "free press" at the time was created to protect those who wrote and spoke critically of the monarchy, while many supporters of King George III living in the American colonies were publicly tarred and feathered after writing columns. This raises the question, if "Freedom of Speech" and a "Free Press" were truly embracing the freedom spirit, why would the same protections and privileges not be extended to the pro-Tory writers? Regardless of political allegiances, both sides should have been preserved.

In his book, *Our Rights*, history Professor and Author David J. Bowdenhammer argues that journalism, in the time of Jefferson, helped the American Revolution prevail as "…the printed word reached a much wider audience than sermons, speeches or letters — the main avenues for communication. As a result, the constitutions in the young states included the right to a free press as a limit on governmental power." (Bowdenhammer, 2007, p. 73) Newspapers and printing technology were the first forms of mass communication dissemination. As mentioned above, early newspapers were riddled with advocacy reporting for the revolutionary causes. Authors of *Losing the News,* Downie and Kaiser note the historical relevance of a lasting bond among Americans during that time, stating "disseminators of news connected

American citizens to the shared events that shaped their national experience. In part because of the advocacy reporting and pamphleteering of Ben Franklin, Tom Paine, John Peter Zenger and other colonial journalists who helped inspire the American Revolution, the country has always given a special status to journalism." (2002 p 15)

Just as the revolutionary "free press" or rather, advocacy journalism, fueled the American Revolution by sharing experiences and informing the public, good journalism today also brings citizens and communities together. For example, in the aftermath of 9-11-2001, newspaper sales skyrocketed the following morning and for weeks later. (Gorney 2002) "When disaster strikes, the news media give readers and viewers something to hold on to — facts, but also explanation and discussion that can help people deal with the unexpected…by giving them both useful information for their daily lives and a sense of participation in the wider world." (Downie & Kaiser p 4)

This example of the demand for newspapers after 9-11 showed that the *content* in newspapers is still relevant and serves a purpose. While television can bring events to life as they are happening and in visual detail, it is still somewhat hindered as a resource, as the medium often has time constraints and generally lacks lengthy detail, presenting information in 30-60 second bites. "The mission of newspapers is to bring a rich, detailed, contextual account of these events, and much more, to their readers every day, enabling them to remain in touch with their communities, the country and the world." (Gorney 2002.) It is this detailed and more thorough information that forms what Jones refers to as the "iron core" of the news.

Jones likens the iron core to the heart of news information as it pumps life into everything else, such as social chatter, opinions, entertainment, etc. It is "the daily aggregation of what is sometimes called 'accountability news' because it is the form of news whose purpose is to hold government accountable and those in power accountable. This is 'fact-based' news, as opposed to 'news of assertion' that is mostly on display these days in prime time cable news channels and blogs." (Jones 2009)

This belief is also echoed by investigative journalist and professor, Steven Brill, when he told Time magazine "I always tell my journalism students: opinions and policy debates are boring and meaningless without looking at the facts, without doing the grunt work of real reporting."(March 4, 2013)

It is the service provided by the newspaper journalists that is the most comprehensive. Television and radio truncate news, needing to squeeze content into small bits of 15-60 seconds for broadcast. Again, we look at the example of the aftermath of 9-11; the following day readers voraciously consumed newspapers for insight, depth of details and some meaning of the tragedies the day before. As Jones states, "it is the nation's newspapers that provide the vast majority of iron core news." (Jones p 4) What Jones also claims is that this "Iron core" is actually an aggregation of different *types* of journalism. He highlights the work of political scientist Robert M. Entman who has provided a framework of types of media divided into four categories:

1. Traditional Journalism
2. Tabloid Journalism
3. Advocacy Journalism
4. Entertainment

I argue in this capstone that the newspapers' product is actually "traditional journalism." It is the product of value that can feed the rest of the distribution machine. Using this "iron core" theory, we can make a model that uses the core as a hub; the spokes/arteries from the hub feed the distribution channels of today and whatever is invented tomorrow. This idea of a hub model will be drawn out in Chapter 6.

Jefferson, like his Founding Father colleagues mentioned above, also understood and saw through history that abusive power can be strengthened if information is controlled. The uninformed, uneducated and misinformed can be easily manipulated. Thus, Jefferson's notion was that a free press could and should be not only a monitor of those in power, but more importantly, the press is needed to inform citizens about what happens in their communities and their government so that they can make sound judgments about their own lives and their leaders. (Cardin 2009). From this we can infer that the heart of Jefferson's notion, stated in both of his newspaper comments, is that a well-informed public and citizen participation is what is critical to the success of democracy and a free society. Journalism, good sound journalism, is what Jefferson viewed as a means for feeding democracy.

Continuing the "feeding" analogy, democracy must also be on a "healthy diet" — meaning that journalists are challenged with the obligation of finding and interpreting the knowledge in all of the information that is being generated in this new "Information Revolution." Just as restricting information flow can be catastrophic for democracy, inundating citizens with information without a filter is just as dangerous. "Failure leaves our democracy open to massive manipulation, distortion and denial of citizens' ability to make real choices as autonomous beings." (Gorney p 2)

In this modern Information Revolution, the need for journalism can be best described in an analogy presented by Matt Roller in his blog about Twitter:

> "A journalist is the 'funnel' of news…it's getting all the information about a certain news story poured into it- from the top. Wild rumors and hard facts. Witness accounts along side…theories. Take out the impurities, crush up the lumps and make the resulting article a distillation of the thousands of snippets, with NO errors. (Journalists) are trained (to) take time to consider, contextualize and commentate." (Roller 2013)

If we were to lose our "funnel" — the sources that prepare the news and information into means that are accessible and understandable by all — we run the risk of not being informed citizens. Would people find information other ways and through other sources? Of course! People do that now through their own social networks, blog posts, independent websites, hearsay, etc. And they are doing so at alarmingly growing rates. (Pew 2013). But what is missed in these other distribution channels is the content which has been culled and vetted by professionally trained communicators, whose purpose is to present the story as factually and objectively as possible. In journalism, not only is the information funneled, but using conventional analogies, the information is also *filtered* so that the truest form of information is presented.

Albeit, some argue that not all journalists are objective — and that is true. Journalists are also human, and humans will and do make errors. However, traditional journalists, a working definition of which will be provided in the next chapter, have continually shown the desire and followed what many see as their "calling" to produce articles and features as objectively as possible, sometimes to a fault.

The Need for Journalism

As Downie and Kaiser explain, "journalists have a special role in preserving one of America's greatest assets — our culture of accountability" (p 7.) This "culture of accountability" seems to be inherent for the USA. While studying international economics in Luxembourg in 1990, I had a professor from Germany, who had survived the holocaust, studied abroad and became Professor Emeritus for Miami University's Economic Studies and European schools — Dr. Eckerd

Stiller. When citing supporting examples to his economic and political theories and outcomes, “Professor Eckie” would often remind our student group how impressed he had always been with how Americans accepted consequences — whether good consequences or bad. In his view and experiences, Americans rarely shied away from the bad consequences of their actions or decisions. It was then, as a young Economics and Journalism student that I began to understand the great opportunity we have as citizens of the United States and that with those opportunities also come stark obligations that we must be accountable for meeting or disregarding. In their book *News About the News*, Downie and Kaiser apply accountability to not only American government, but also citizens, stating “Americans expect their leaders to behave responsibly and usually take remedial action when they don’t. This is an important reason why American society works better than many others.” (p7)

Accountability has been in the fabric of our nation since its inception. It is no mistake that our Founding Fathers, who valued and fought for freedom, rightfully respected and appreciated the obligations that came with it. As skeptic and “Father of the Constitution,” James Madison was to have said, “I believe there are more instances of the abridgment of the freedom of the people by gradual and silent encroachments of those in power than by violent and sudden usurpations.” (www.constitution.org)

To address the obligations of free society citizenship and in an effort to provide power and safeguards from tyrannical leaders, the Founding Fathers gave great care to include accountability through the judicial review process. In addition to "checks and balances" and separate branches, they also included a little remembered "accountability clause" in the constitution:

> "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, <u>*and to petition the Government for a redress (remedy) of grievances*</u>.

To be sure of the understanding and intent of the consequences of ignoring a "redress." our Founding Fathers explained further in an act of the 1774 Continental Congress:

> *"If money is wanted by Rulers who have in any manner oppressed the People, [the People] may retain [their money] until their grievances are redressed, and thus peaceably procure relief, without trusting to despised petitions or disturbing the public tranquility."*

In short — if the government does not answer to its citizens' grievances, the taxes citizens provide won't be paid!

Thus, we can infer that Jefferson and his colleagues meant that as Americans, we are <u>all</u> to be held accountable at every level, position and place in society and government. It is this accountability that will protect society and democracy. In the case of journalism, James Madison called it "one of the great bulwarks of liberty"—the continual protection against any danger or tyranny a government may pose. Downie and Kaiser state that "independent aggressive journalism strengthens American democracy, improves the lives of its citizens, checks the abuses of powerful people, supports the weakest members of society, connects us all to one another, educates and entertains us." (p13)

In his essay introduction to the 2002 "Carnegie Corporation Forum on the Public Interest and the News Report," Carnegie Corporation president, former journalist and former University of Pennsylvania Provost, Vartan Gregorian included the importance of accountability when talking about American journalists' major responsibilities. They are to "inform citizens and officials about local, national and world events as well as to provide a measure of *public accountability* for all institutions and their members." (Gorney 2002)

If we modernize Jefferson's view of "newspapers" from the revolutionary days to today's digital landscape, we can acknowledge that the printing of newspapers then, like digital distribution today, was the conduit for the abovementioned attributes and services of journalism. It is the act of journalism, its dissemination of the information and the accountability of all that Jefferson held so dear. So if Jefferson were to stand among us today — likely with the latest version of a smart phone, complete with apps that he himself created, tweeting expeditiously about his latest innovation in farming — he would likely retweet an update:

> **"Were it left to me to decide whether we should have a government without *journalism*, or *journalism* without a government, I should not hesitate a moment to prefer the latter."**

What do we stand to lose if we lose journalism?

Is free press *critical* to democracy, as some journalists and news organizations claim? I cannot be so bold to give a resounding yes. In fact, in evaluating more of Jefferson's statements, including his comments about misinformation from the press, it can be argued that he thought at times the press could do more harm than good.

However, there are examples in our history where free press — and more accurately, good investigative journalism — has been the appropriate "watch dog" of democracy, holding people accountable when abuses of power or cheating has occurred. It is this practice, the skill and service that is important. It is the questioning practice of journalism that uncovered the Pentagon Papers and pursued the Watergate scandal. It uncovered the Enron debacle, brought to light the crushing effects of banking and recently presented controversial domestic and international monitoring by the NSA.

These are wonderful examples of how journalists have been the "watchdogs" of leadership. As Downie and Kaiser (2002) argue, journalism's exposure of corruption, incompetence and misbehaving public officials has saved taxpayers money and has re-established balance. In the lobby of the *Chicago*

Tribune building, the words of the 19th Century Scottish historian Lord Thomas Babington Macaulay are etched into the entry walls: "Where there is free press, the governors must live in constant awe of the opinions of the governed."

But would Democracy completely crumble if we lost our journalists? Not likely. As Jefferson would point out, the well-informed public is what is needed to keep the republic strong and accountable. Lack of participation by citizens is what would kill democracy. I agree with Jefferson and with Jones, that journalism is what "feeds" democracy and that is a necessary "check" on government. I also agree that journalism is our "information funnel." If we were to lose our traditional journalists, we would lose our "funnel" and further, any filtering of information. The American society built on a foundation of participation would be less informed and less likely to make correct and accurate decisions. Journalism is one of several, but is the most important of, services that keeps us all aware and connected. Without knowledge and participation, democracy would crumble.

CHAPTER 3
JOURNALISM DEFINED

Now that we have talked about the importance of journalism and what it does for democracy, what exactly is the definition of the journalism that is this "iron core"?

Definitions of Journalism

The Collins English dictionary defines journalism as:

> "n. the profession or practice of reporting about, photographing or editing news stories for one of the mass media" or "news reports presented factually without analysis."

Merriam-Webster defines journalism as:

> "n. Collection, preparation, and distribution of news and related commentary and feature materials through media such as pamphlets, newsletters, newspapers, magazines, radio, film, television, and books. The term was originally applied to the reportage of current events in printed form, specifically newspapers, but in the late 20th century it came to include electronic media as well."

Media Ethics Professor, Stephen J. Ward, defines professional journalism as:

> "the organized, socially recognized activity of communicating to the public for the public, from the impartial perspective of the public good." (Ward 2009)

As noted in the definitions, journalism is a "practice," an "act" or a service that is provided. It is this practice, the skill and service of presenting facts that is important, as explained in the previous chapter. The method of dissemination is different or somewhat nebulous in each of the definitions. For the continued purposes of this capstone, the working definition of "journalism" will be:

> **"The practice of collecting and presenting factual content from an impartial perspective for the public good. "**

This definition does <u>not</u> include the distribution system because the distribution system — whether it be newspapers, TV, blogs, etc. — is merely that: a distribution system of the content. Journalism IS the content that is distributed. My point here is that what some consider the modern means of journalism is actually <u>not</u> journalism but is actually opinion, or worse, hearsay that is often taken and repeated as fact. But because individuals can get information on any gadget or distribution channel they want, from any source they want, the perception is that it is fact, "news" or "journalism." More people are getting their information from social sources, friends and family. (Pew 2013)

Here is a recent example, told to me by a local college professor: In the immediate aftermath of the small earthquake that rumbled through Philadelphia in August 2011, an undergraduate media class of soon-to-be industry professionals at a local university, were stunned (as many of us were) and stopped the class, asking each other, "what was that?" One student looked at his cell phone and reported to the class "it was an earth quake." Not one to miss a teaching opportunity, the brilliant and quick-minded professor asked the unsuspecting student, "Really? What's your source?" To which the student replied, "my friend just texted me and told me." Pressing further, the professor asked, "Is your friend a seismologist?" "Um, no," replied the student. While it turned out later the friend was correct in his assumption that it was indeed an earthquake, it did provide an important lesson that day — is the source credible? Vetted? Verified?

While we all may one day benefit from the journalism lesson the students learned that day as those students work their ways into the media ranks, it does raise the issue that not all students, or citizens, may have the good fortune to be exposed to lessons of the importance of critical thinking and verification — that is, to simply question a source. In their book about alleged cover up of voter fraud in the 2004 presidential election, Freeman and Bleifuss take a position that the media was largely to blame. "A culture of open inquiry has not been fostered in the media." (Freeman & Bleifuss p 184) They claim in their argument that the media ignored its obligations. As the earthquake example above so perfectly shows — it's not just the media culture that lacks open inquiry or even curiosity, but society at large.

Obligations of Journalists and Social Responsibility Theory

Going back to Freeman and Bleifuss's (2006) accusation, they do make a good larger point — what *are* the obligations of journalists? And why are they so important?

Many of the good journalists I have worked with and encountered over the years claim their obligations to be what we would expect: to be as truthful as possible, to be a watchdog on leadership in government and business, and to provide a public service to their readership and audience. In my experience, these sentiments are ingrained in the culture of journalism and help mold what is considered to be the integrity expected of journalism professionals. “The traditional culture of the newspaper (journalism) industry has been taught you have a duty to your readers before you have a duty to your shareholders, or at least an obligation to both…which has put them in conflict with the corporations for which they work. The number one value and mission is to be a democratic watchdog. Profit comes second. And third…giving information that helps people function as citizens with the coping world.” (Jones p 46) For many news consumers, the mere thought of a journalist giving consideration to the bottom line can undermine the journalists’, and the news outlets’, credibility — and this group is growing. (Pew 2013)

The journalist and media outlet relationship to the audience/readers is of great importance — if not for the purely practical reason that if there is no audience, there is no reason to report! Journalists must create or write to a following in order to continue in the position of writing. The relationship between writers, their media outlets and the readers and audiences is a carefully nurtured one built on trust. Many Sports Illustrated writers and readers were recently reminded of this on January 28, 2013 in an open letter from Editor Christian Stone concerning the “Catfishing” scandal involving unchecked facts in statements from college football player Manti T’eo. Stone turned his Editor’s

Letter into an apology to readers and a renewed mandate that “un-verified” is “unacceptable” at his publication. He reiterated the importance of the relationship with the readers and the expectations readers have — and should have — on his publication: “You turn our magazines pages with the implicit belief that you are receiving the truth. Our only partnership is with our Readers.”

For a more detailed look at obligations of journalists, we can reference the 1947 study “*The Free and Responsible Press,”* that addressed journalists’ obligations and highlighted the good and the bad of journalistic practices. The study is better known as the “Hutchins Report,” written by a commission headed by then University of Chicago President Robert Maynard Hutchins and funded by Time magazine founder Henry Luce, who shared a concern and dissatisfaction with the American press. (See Appendix A) The report offended many in the industry and was largely ignored by journalists at the time. It was viewed as yet another accusation of too much sensationalism and entertainment being presented as news and chided media owners for valuing profits over what Hutchins and company viewed as social responsibility — a demand they deemed not to be taken lightly by the free press as it is was important for American democracy. Also, the commission believed that the public played a crucial role in that it had to unequivocally hold the press up to high-minded standards and accept nothing less.

The society obligations and responsibility theme is a common thread in journalism that runs from American Revolution-era journalism to today. The Hutchins Report articulated six principles to be followed by journalists and owners of media. It stated the Press should:

1. Service the political system
2. Enlighten the public
3. Safeguard the liberties of the individual against totalitarianism
4. Service the economic system
5. Entertain the public, provided the entertainment is "good"
6. Maintain its own financial self-sufficiency, without exploiting the public for financial gain or political power

In addition to these principles, the Hutchins Commission also laid out a version of "ground rules" for the profession to follow. They were presented as requirements necessary to "provide a free society with the knowledge and information to remain free." The five requirements for journalists to follow were:

1. Present a truthful, comprehensive and intelligent account of the day's events in a context, which gives them meaning. (Be accurate, do not fabricate.)
2. Provide a forum for the exchange of comment and criticism. (Allow for opposing views, even if they contrast the journalists' and owners' views.)
3. Provide a means of representing the constituent groups of society. (Exposing different groups to each other will eventually lead to greater understanding of each other.)
4. Provide a method of presenting and clarifying the goals and values of the society.
5. Continually reach every member of the society with the information that the press supplies. (This states the need for wide distribution of information and opinion.)

Together, these requirements and principles were the basis for what the Commission dubbed as “social responsibility theory,” which is to be a safeguard for American society. While the importance of the requirements and principles was downplayed upon the report’s release, these articles have made their way into the culture of journalism ethics and training and are the common underlying principles in many modern academic journalism curriculums. (See Appendix B.)

I call attention again to the last of the six principles of the Hutchins report: “that each media outlet must maintain its own financial self-sufficiency, without exploiting the public for financial gain or political power.” In short, it is also important for journalism to pay for itself! As with any business or service, there is a cost to producing and distributing. There is a bottom line. Historically, there have always been tensions between owners and journalists. This would seem to be natural — based on the differences in their tasks: To the journalist, the money should not matter, only the truth and the ability to get that truth out to as many people as possible should matter. To the owner, the office rent and the journalists still need to be paid. The journalists are not working for free! Nor should they work for free.

However, many in the industry allege that some companies expect unrealistically large profit margins. Part of this problem is exacerbated by the state of business itself. In the aftermath of the Telecommunications Act of 1996, restrictions were so suddenly removed on ownership limitations that there was a veritable “feeding frenzy” of outlet transactions. Lower profit locally owned media outlets were suddenly sold to major corporations for unprecedented amounts of cash, such as ten times the outlet’s cash flow. I witnessed several high cost transactions in this era, most notably at a small three-radio station outlet owned by Secret Communications in Pittsburgh that was sold for sixteen times the $15.9 million cash flow. (See Appendix C) Arguably, the ability to manage the competitive landscape in the market becomes easier and less costly when one company owns multiple outlets in the market. However, even at 10, 14 and 16 times cash flow, the loans to pay off these purchase amounts must be paid off, and they are added to the bottom line of those market outlets, putting on more pressure to increase profits. Larger corporations, as Jones (2009) argues, were attracted to outlets because they failed to reap all the potential profits; that they “left gold in the ground”.

Five years after the Telecom Act was signed into law, it was still viewed as controversial. At an industry event in Los Angeles in June 2001 called The R&R Convention, former President Bill Clinton was the keynote speaker. To a mixed audience of board members, corporate executives and lower level managers, I remember vividly Bill Clinton addressing a mixed audience of board members, corporate executives and lower level managers and expressing his amazement with what had happened to the industry upon signing the bill into law, that the current state was not exactly what he and his administration had envisioned. In Radio & Records Magazine's summary of the speech, he said:

> "I felt it would do more good than harm, so I signed it," Clinton said of the controversial Act but added he has misgivings about the level of consolidation it has caused. "There's been a little more consolidation than some of us wanted when we were fighting for the bill." (Howard 2001)

To this day, I still remember the chilled feeling I had when Clinton looked at us all in the audience and said: "It's up to you all in this room to change that."

Media outlets and the corporations they work for are even more at odds now than ever before. An end to the tensions between them is not likely to be soon: "Given the fierce competitive pressures facing media companies, there seems no easy solution to the clash between journalistic quality and profitability." (Gorney p 57) Are the owners greedy? It could be argued that some corporate owners are and it could be argued that some are merely trying to cover the unprecedented high acquisition costs of the outlets and competing in what is now a global market place, not just the local marketplace.

Recognizing that many newspapers, television networks and local TV and radio stations now belong to giant, publically-owned corporations far from the communities they serve, Downie and Kaiser point out that many media owners are accustomed to profit margins that would be impossible in most traditional industries. They use this example:

> "….for General Motors, a profit margin of 5% of total revenue would mark a very good year, but the Tribune Company of Chicago, which owns newspapers and television stations across the country, wants a 30% margin…..local TV stations expect to keep 50% of their revenue as profit." (p 10)

But before we begin to cast stones at media owners, we should recognize that not all media outlet owners have behaved like this, nor are some like this today. One great example is the lineage of owners of the *Washington Post*.

Eugene Meyer, owner of the *Washington Post* in 1933, held a high regard for public service, to the extent that his paper didn't regularly make a profit and he also reportedly worked for various presidents, notably Wilson and Truman, for a salary of $1. Meyer is said to have written a friend:

> "My only interest is to make a contribution to better knowledge and better thinking. If I could not feel an ability to rise above my personal interests….I would not have the slightest pleasure in being a Publisher." And "In pursuit of truth, the newspaper shall be prepared to make sacrifices of its material fortunes, if such a course be necessary for the public good."

It is no surprise that it was the *Washington Post* that published the Pentagon Papers and broke Watergate and still remains as one of the greatest examples of the press living up to its social responsibility to date. (Downie & Kaiser p13.)

Now in the year of 2013, the current and new owner of The *Washington Post* seemingly embraces the same values and public servitude as the prolific Meyer. American Internet entrepreneur, investor and founder of Amazon.com, Jeffery Bezos, now owns the *Washington Post*. It is widely speculated that he will and can change the model of the paper into a "hybrid" model. This model will be based on his notion that the value of journalism is still in high regard. Upon taking ownership, he wrote to his Post staff: "The values of the Post do not need changing". (Von Drehle 2013)

Journalism matters.

This sentiment is also shared by Senator Ben Cardin of Maryland and is the basis for the bill he introduced in 2009 — The Newspaper Revitalization Act of 2009. This bill is intended to save local newspapers by allowing certain types of newspapers to become non-profit organizations and file under 501(c)(3) status for educational purposes, similar to public broadcasters. In defense of his bill, Cardin also cites Thomas Jefferson's notion that a well-informed citizenship is the core of American democracy. He also points out that journalists, specifically newspaper reporters, "forge relationships with people, they build a network which creates avenues to information." He further argues that all other media sources "gain their original material from the laborious and expensive work of experienced newspaper reporters diligently working their beats over the course of years." The bill is currently in limbo, after being referred to the Senate Committee on Finance in 2009. There has been no movement on it since.

While Cardin's bill concept is interesting, the bill focuses on the wrong issue. Cardin is right to say that our democracy needs an informed public and government watchdog. And as the 2013 Pew study shows us, many of the other forms of “news” and media pull their content from the work of newspaper reporters. However, Cardin’s solution stops short of the real issue. It is not the printing of the newspapers, the method of distribution, that needs saving; it is journalism, the act, that needs preserving! Through the lens of Systems Thinking frameworks, we can see that Cardin scratches the tip of the problematic ice-burg. We will return to this “lens” later, in Chapter 5. First, we will look at the current state of media.

CHAPTER 4
THE STATE OF MEDIA

The current state of media is a complex issue. Based on the 2013 Pew Research Study, “The State of the Media,” news outlets are losing credibility and audience among paying users, they have declining resources with increasing deadlines and distribution demands, and have now found themselves on the same technological playing field as the common person who has access to Twitter, blogs, social media, etc. This has fueled the perception that there are fewer established trusted sources for information.

Citing financial struggles, media companies slashed jobs — especially in the newsroom where personnel were cut back by 30% since 2000 with less than 40,000 full-time employees — the first time employment figures have been so low since 1978. Because of reduced head count, there are fewer resources to confirm stories or investigate leads. A growing number of reputable media companies (for example, Forbes Magazine) automate content with the use of a new technology of algorithms called “Narrative Science” to report stories — no humans necessary.

The full time news staff that is left is constantly battling losing credibility with their audience issues and managing the time-consuming process of sifting through the information deluge of data that comes in every minute of the day. Many in the Pew study cite political reporting as merely being “relaying or repeating of candidate assertions without investigation or critical questioning done." To add to the journalists' challenges, publicists now outnumber them. There are 3.6 publicists to every 1 journalist (the ratio was 1:1 in 1980), making it difficult for journalists to cut through the messaging and easier for publicists to get their unfiltered messages into the traditional media narrative. It is no surprise that many journalists find jobs in the growing sector of publicity writing.

Meanwhile, adult news consumers are noticing less content and shorter stories with 31% abandoning their regular media outlets because the outlet no longer suits their needs. These "abandoners," according to Pew, are highly educated, wealthy older users who are the very consumers who will likely pay for news, unlike their younger counterparts who are less likely to pay for content or news. All adult groups cited reduced quality in the news information — nearly 80% in the study noticed fewer news stories or less complete news stories with "lack of thoroughness" being the biggest complaint. Only 28% of adults under the age of 30 are even viewing news.

Reporter's time to deadline is shorter; demands to investigate with limited or no resources is increased; time to confirm facts is shrunken; pressure to be the first to report is high, and adding to the list of challenges, journalists are then expected to blog, tweet, instagram, etc. and monitor the social media platform for the media outlet.

In a rapidly technologically advancing world, consumers no longer have to make themselves available for “appointment viewing,” or scheduled evening prime time newscasts. News and information is available instantaneously or on demand when the consumer is available and desires it. Pew’s 2013 study also shows a growing trend of the majority of respondents getting their news and information from family, friends and social circles, many via digital means. This often leads to deeper inquiry on stories and subjects; however, the “grapevine” effect increases the potential for misinformation — the dangers of which were discussed in the previous chapter.

The study does show the clearest pattern of news audience growth in 2012 came from digital platforms, driven by the proliferation of digital devices in people’s lives. Accessing the news is one of the most popular uses for the devices: getting the news whenever and wherever they want. Pew’s study points out that with these digital platforms come opportunities for advertising growth in “advertorials” or what the industry calls “native ads,” and state that this is the largest area of revenue growth for media. However, with this new revenue opportunity has come controversy, as some users confuse the advertisement for actual content. One such digital debacle occurred in January 2013 with the Atlantic Magazine’s website and their produced “native ad” for the Church of Scientology. The ad was written by Atlantic staff and had the likeness of the news and story pages. Many readers were confused and outraged, forcing the

Atlantic to pull the ad and provide a lengthy apology, chalking it up to trial and error in their new digital endeavor. Similar ads have not since been seen on the Atlantic Monthly site, and they contend that they have reviewed their processes and policies for native ads. (Wemple 2013)

Impact of Technology

The opportunities provided by the information revolution and the digital age are both promising and vexing for journalism. While many articles, blog posts and newsroom fears feed on the idea that traditional news is in danger of becoming obsolete because of technology, I argue that journalism is in danger of extinction if it *doesn't* embrace the new distribution methods and adopt the value of the information revolution. What's more, if technology-using citizens do not equally harness and adopt shared values, greater damage to democracy will occur, in that the public can be misinformed. As noted earlier in the explication of Thomas Jefferson's notion, a misinformed public is most damaging to the participation process needed to keep the republic strong and protect democracy.

Mobile devices with cameras and Internet connections to an unbridled and unforgiving digital world allows "civilians" to beat media professionals to disseminating information and to do so without being bound by the vetting of a news organization or the risk of liability issues. Once content is shared digitally, it can be replicated and further shared and is *permanent*. The content is then “out there on the ‘net’” and removal of it — even if it is a mistake, is nearly impossible. As these bits of information are shared, and gain some mass, they are sometimes mistakenly repeated as fact.

For example, during two utterly horrific events — the Boston Marathon bombing and the tragedy at Sandy Hook Elementary School — Twitter played a big role in the beginning hours. Tweets from users claiming to be on-site or claiming to know people on-site were re-tweeted without being verified or authenticated, leading to confusion and contradiction. A circle of misinformation formed as the stories “broke” on Twitter. In some instances, information was repeated by the media — partly because of the pressure to be first with breaking news and partly because of the public’s demand for immediate details.

In the case of the Sandy Hook Elementary School shootings, the shooter was initially misidentified as the older brother and the shooter’s mother was reported to have been a teacher in the very classroom where the shootings occurred, among other wrong facts. In the case of the Boston Marathon bombings, erroneous information was repeated by news sources leading to further Twitter and Facebook comments, resulting in a loop of endless speculation. In the feverish after moments of the explosions, reports hit social media and then broadcast airwaves with “news” that the Boston Library was shutdown because of a bomb sighting, a man of Middle-Eastern descent was being held and interrogated at a Boston hospital, and so on — all of which were later retracted. The apparent race to be first without verifying the information even garnered a warning from President Obama in his statement to the press after the surviving bombing suspect was caught:

> "In this age of instant reporting and tweets and blogs, there's a temptation to latch on to any bit of information, sometimes to jump to conclusions. But when a tragedy like this happens … it's important that we do this right." (Siddiqui 2013)

Going back to Roller's analogy of journalism as a funnel — he argues that Twitter specifically, although the analogy can be applied to other digital and social media forms — is the funnel turned upside down: "All of those …ingredients are poured into the nozzle. The narrow part. They are not filtered, regulated, not tested. But they come out of the wide part of the funnel. They are spread across a large area. Indiscriminately." (Roller 2013) In these cases, journalism, as we have defined as "the practice of collecting and presenting factual content from an impartial perspective for the public good," did not occur. The reports were not verified to be factual and the tweets were not from impartial perspectives but were still presented as legitimate news.

Technology allows people to create and disseminate their own news and provides the ability to connect and communicate directly to small groups. Technology provides opportunities for diversity in voice and presentation from various sources. The downside of this technology is that not all sources are credible; without vetting and fact checking, reporting can be biased and the only protections against such biased reporting are libel and defamation laws, notoriously hard to enforce with claims that are hard to prove.

Make no mistake, with the lightning-speed growth of technology, we are in the midst of an information revolution, and it is critical for the news media to navigate the transition to digital means and to whatever new technology is next. Gregorian stated “journalists are front and center in this revolution — (it) makes it enormously easier for journalists to obtain information, but *not* correspondingly easier for them to separate the chaff from the wheat, subjectivity from objectivity, opinion from fact, private interests from public interests, manipulation from influence and corruption from “spin.” (Gorney 2002) In short, the job is getting harder, indeed. This should come as no surprise because the industry is also experiencing competition never before seen, with the proliferation of “citizen journalists,” global competitors offering quality products at little or no fee and the challenge of gaining attention from easily distracted readers and viewers.

Best Time for Journalism: “Ignore the Doomsayers!”

But is this the death knell for journalism? No! In reality, this is becoming the best time for journalism and because of the competitive landscape, it is also becoming a great time for consumers of journalism, as this is leading to higher quality journalism being offered!

In a recent counter review of the 2013 Pew study, Slate Magazine Writer Matthew Yglesias (2013) argues that American news media has never been in better shape. “Today’s media ecology lets you add *depth* and *context* to the news.” He rationalizes that the industry is suffering “from a crisis of productivity” and inability to compete.

Digital means are now resources. Where reporters were out logging countless hours covering their “beats,” talking to people and digging up physical resources, a web search can more efficiently find and track various information, events and happenings. “Pew makes no mention of the web’s speed, range, and depth or indeed any mention at all of audience access to information as an important indicator of the health of journalism.” (Yglesias 2013) As to the layoffs that Pew laments, Yglesias likens this to the evolution of productivity and technology, citing farming as an example: “a tiny number of farmers now produce an agriculture bounty that would have amazed our ancestors.” In further support of the global marketplace theory mentioned earlier, Yglesias recognizes that this information revolution puts news agencies in competition with the entire world, rather than just a single crosstown rival, underscoring “the extent of the enormous advances in productivity that are transforming the industry.”

Other productivity advances include making it easier to produce the news; charts and graphs can be created and published in minutes. There is instant access to data, academic research and public reports. And it makes it easier to expedite verification of stories and sources. Digital communication makes it easier and faster to reach sources and collaborate with editors. And with digital print, journalists will never “run out of space.” Neither will the advertising department. Oh, and most importantly, technology has reduced cost of dissemination.

As for the scores of consumers of news that the 2013 Pew report says are abandoning their regular news outlets, Yglesias reframes the findings in the context of the new competitive market place. He argues people are leaving particular media outlets because the outlet no longer provides the news and information the consumers like because “content producers who don’t meet their audiences’ needs lose market share to those who do.” Audiences are finding alternatives. The outlets losing their audiences must create better content. They must find their specific audience. A competitive marketplace has a way of weeding out the weak and supporting the strong. From a capitalist point of view — this is initially good for journalism, because the really good services will be the ones that survive and those that aren’t that good, will be pushed to be better.

No matter how good the journalists are, a growing major challenge is managing all of the information or “info glut.” There is plenty of information coming in and being unearthed but how do journalists process it? How do they separate the “chaff from the wheat”? Science and technology expert and author Steven Berlin Johnson warned his audience in a speech at the 2009 South by South-West Interactive Festival “there is going to be more content, not less; more information, more analysis, more precision, a wider range of niches covered.”

Technology allows any content distributor or advertiser to zero in on a specific target audience, almost like hyper-demographics. For example, audience measurement and advertising targets were historically in demographic groups based on gender, age, education, income and deeper psychographics such as community involvement, political party affiliation, free time activities, etc. As target groups are becoming more specialized and specific, the opportunities for outlets that use an advertising revenue model abound. The technology that has brought new interactive distribution channels has also brought new ways to measure the users — not in typical demographics, but by measuring "engagement"— how users interact with specific content and platforms.

New companies are forming to do exactly that. BrightLine is one such agency that uses ongoing behavioral data analytics they collect to provide what they call an "integrated, interactive media solution for entertainment and advertising." Jacqueline Corbelli, CEO and founder of BrightLine explained to Forbes Magazine how the company captures "click behavior (data) across every platform out there dynamically. They're able to then use our algorithms and analytics to drive the best practice answer to the advertiser's question about how to reach their target audience with a flip of a button." (Galbraith 2013) Not only does technology allow targeting the specific demographic, it can also tell researchers how the target members *behave and interact.* Collected and analyzed properly, this data can be a gold mine.

Companies like BrightLine offer a glimpse into the future of possibilities for advertising revenue-based organizations. One thing that will still be needed is interesting and gripping content, no matter what the measurement de jour is, whether it is engagement analytics or number of website visits. The content is what draws the audience and users in and holds their interest. And as shown in the Pew research, if the content is not compelling and doesn't meet the users' expectations, then the users will abandon it. The demand for better journalism is growing from the user/audience side. For a sign of the same demand for quality internally, let's return to the example of the day after 9-11, when newspapers, news sites, magazines, newsrooms, etc. all felt the profound effects of their importance. In those days that followed the event, *Portland Oregonian* editor Sandy Mims Rowe shared with her colleagues the reflective thought she had about renewing the purpose of a news outlet and being a journalist:

> "To have this affirmation of our importance to democracy, and of our readers need for detailed, comprehensive, intelligent information, will spur editors to do what we should have been doing all along….we have blamed all of the trash that's been out there on our readers and on our customers and said that's what they want. But I don't buy that." (Gorney 2002)

The 2013 Pew study did offered another a glimmer of hope with a nod to opportunity in the media market place: there are "new players producing content that could advance citizens' knowledge about public issues. They are covering subject areas that would have been once covered more regularly and deeply by beat reporters at traditional news outlets — areas such as health, science and education." The study offers three examples: The Kaiser Family Foundation's Kaiser Health News; Insidescience.org, supported by the American Institute of Physics and others; and the Food and Environment Reporting Network, funded by nonprofit foundations. In the last year, more news outlets have begun carrying this content with direct attribution to the source. The *Washington Post*, for example, regularly carries articles bylined by Kaiser Health News and NBC.com runs Insidescience.org stories with lead-in identifying the source. The writers for the Pew study, in an understated way, present a potential opportunity for growth for journalism.

Another example of technology in journalism is Data-Driven Journalism, or "DDJ." Using open sourcing software, large data sets can be analyzed and filtered to create a news story. This is similar to Native Science algorithms that Forbes Company uses for some story creation. These technological gathering and filtering processes, in addition to specialized content producers, make the "funneling" process for journalists more efficient. (Parasie & Dagiral 2012) These filters and algorithms help with the demand for staffing, however, there is no guarantee that DDJ can effectively replace a human being trained in multiple disciplines. A sustainable journalism model, for the time being, is still dependent on human evaluation.

New Job Opportunities and New Businesses

Technology and civilian journalism have also created opportunities for new companies. Third-party vendors can verify and vet information with their specialized resources more easily and faster than some newsroom in-house services. Once such company is Storyful, which has worked with companies such as the Wall Street Journal, New York Times, ABC, Al-Jazeera, BBC and NPR. During the Boston Marathon, Storyful verified and acquired distribution rights from a woman who had video footage from the finish line at the time of the explosions. Storyful, through their own detective work, found the owner who posted the video, verified it and cleared it for news organization customers, thus giving the journalists more time to focus on finding new information and stories as the story unfolded throughout the day (Yenigun 2013.) It is Storyful's goal to eventually become a "clearing house" of sorts for citizen provided content- a place where the content can be verified and then brokered to various news sources.

The Phenomenon of "citizen journalism" is nothing new- since the days that consumers could purchase their own camcorders in the late 1960's and TV shows like "Americas Funniest Home Videos" began, people have been recording and sharing or selling footage to networks and the highest local news bidder. Even the recent 50th anniversary of the JFK assassination is a reminder that the famous Abraham Zapruder citizen footage is still the only recording of the shooting in its entirety. No news footage has ever competed.

The hope is that there will never be another grisly scenario like the one captured on the "Zapruder Film." But the reality is that more content will be available as more citizens use their technology to record video and take pictures. What companies like Storyful can offer is an expedited process for sifting through all of the recordings, verify them and make available for use without reporters showing up at citizens door steps trying to outbid the network across the street for footage.

While these highlight some new employment and business opportunities outside of the newsroom, it should come as no surprise that there are layoffs, downsizing and resource limitations in news organizations, as the Pew study alarmingly reports. However, this should *not* be an alarm — this should be expected. As we will discuss in Chapter 5, managers base these actions on "Machine Age" thinking that lead to the knee-jerk decisions. A larger "Systems View" will shed light on this. Also, there should be consideration given to competing in a global market place, as this shift in competition renders many local news organizations' business models nearly obsolete. News outlets must be scalable and flexible to be sustainable in meeting the global market place demands.

The next chapter will explain the recent history and organizational changes in the industry in the context of Systems Frameworks and will offer an explanation that the industry is in the state that it is because of “Machine Age” thinking. The future is not as bleak as some of the studies and “doomsayers” claim. This is actually a very exciting time to be a part of the news industry! Communications professor and researcher John Nerone (2009) optimistically writes “journalism will find its future when it finds its audience, and that audience will be many hued, sexually diverse and composed mostly of workers.”

CHAPTER 5
SYSTEMS THINKING FRAMEWORKS AND APPLICATION TO MEDIA

What IS the problem with journalism in media today? It's a complex issue, needing framing. The state of the media is a complex problem: shrinking audiences and fewer users, shorter deadlines, down-sized staff, deteriorating staff morale, shrinking profit margins, increased competition and constant challenges of keeping up with new technology. Systems Thinking can be used to solve this complex problem by using systems frameworks and viewing the industry and its distribution channels as an interconnected system. This chapter will explain "mess formulation" and show how these problems can be reclassified, then suggest a new model that can potentially make the industry sustainable for the future.

Why use Systems Thinking frameworks? Systems Thinking was born out of the recognition of similarities in the approaches between Operational Research, Systems Analysis and Systems Engineering that were being used to assist the allied war effort in WWII. (Jackson 2007 p 16) This laid the groundwork to create a methodology to "frame" issues in order to better understand them and observe how they interact with each other within the context of "the system." *Systems* are composed of the interactions between organizations, people and technologies. (Mitroff p 27) *Technologies* are the processes by which an organization transforms labor, capitol, materials and information into products and services of greater value. (Christensen p xiii) This systems methodology then brings together the various systems ideas in an organized way to try to improve a problem situation, as opposed to older and more compartmentalized approaches, such as Machine Age Thinking.

<u>Machine Age Thinking vs. Systems Age Thinking</u>

Managers, owners, employees and decision makers of news organizations have been operating under the old paradigm of *Machine Age Thinking*. In this paradigm, organizations are conceived primarily as abstract systems that merely pass information, raw materials or finished products between various parts or departments. This approach is outdated in our new technological and systems age, as it does not take into account the broader purposes and needs of the organization; rather, it merely defines systemic issues, such as the financial problems of an organization. (Mitroff p 83-96.)

An example of Machine Age thinking is the decision many news organization managers have made to downsize. Mitroff calls this a reflex action because they don't know what else to do to cut costs to make the organization more efficient, a practice criticized appropriately by Ackoff in *The Democratic Organization* (1994.) The criticism is also supported with research from Human Resources downsizing and restructuring guru, Professor Wayne Casicio, who argues that with downsizing, many firms don't see the expected economic benefits such as lower overhead, smoother communications, entrepreneurship thinking and increased productivity. He explains this is a result of a failure to break out of the traditional approach to organization design and management — an approach founded on the principles of command, control, and compartmentalization, otherwise known as Machine Age Thinking. For long-term sustained improvements in efficiency, reductions in headcount need to be viewed as part of a process of continuous improvement that includes organization redesign, along with broad, systemic changes designed to eliminate redundancies, waste, and inefficiency. (Casicio 1993) It is important to note that with Systems Thinking, the expectation is that improvements and solutions are NOT a one-time fix all. Organizations, markets, people, technology, etc. develop and evolve, not just grow.   So too must the system that contains them all. Russ Ackoff explains the difference between growth and development best: "Cemeteries and garbage heaps grow each year, but they don't develop!" (Ackoff 1981)

Why Are They Failing? Disruptive Technology and Failure Frameworks

Why are media companies in such a challenging place right now? In my own experiences of layoffs and organization downsizing in media companies, not only is there stark reduction in morale, effectiveness and output but there is a failure to embrace the opportunity to re-create or re-envision a better organization and ask the critical question that Mitroff so poignantly offers, "what is the structure that our organization needs to be competitive in a new global marketplace?" Machine Age Thinking and actions such as downsizing affect but do not directly address whether the current organizational structure has the appropriate number of departments, units, or business functions and whether the connections and communications between each of these are appropriate. (Mitroff p 95)

Downsizing is one example of decisions made by managers in many successful media companies. These downsizing media companies that were highlighted in the 2013 Pew study are some of the best media companies in the world, and the decisions made by the managers were widely regarded as the right step in preserving the company and operations. In Clayton Christensen's book *The Innovator's Dilemma (2003)*, he builds on the Machine Age Thinking concept to explain why many organizations with good management that were "doing things the right way" have failed, mainly due to these seemingly logical and competent decisions, such as: becoming more customer-driven, taking a longer-term perspective, planning better and allocating investment capital to innovations that promised the best returns. The difference is that when these organizations were faced with "Disruptive Technology," the old way of thinking exacerbates failure. Christensen defines:

> <u>Disruptive Technologies</u>: innovations that result in *worse* product performance, at least in the short term; they change the value proposition in a market. When they first appear, they almost always offer lower performance in terms of attributes that the mainstream customers care about. (p xv)

In the previous chapter, we discussed that idea that the demise of the media industry is NOT because of technology, instead because of technology, this is the best time for highly valued journalism. This needs to be reiterated here because the industry has indeed been faced with technologies that are disruptive. However, in adopting the premise outlined above, the failure of the news organizations is indicative of *how* the companies responded to the disruptive technologies.

Let's take, for example, live journalistic reporting. Because of multiple technological advancements, news producers can send just one reporter and a camera operator to a site for live feeds. As a cost cutting measure, the reporter provides multiple live reports to various "sister-station" news outlets over the course of an hour in addition to updating blog feeds, Twitter, etc. At the top of the next hour, the reporter is on camera again for the first outlet but provides the same information to the same audience. The producer is upset that the information is "stale" and the audience leaves for another outlet seeking updated information. Because the reporter's time was filled with giving the updates to multiple outlets, there was no time left to actually seek out new information. The original fiscal decision to have one on-site team do the reporting seemingly was a good decision to maximize cost efficiency for a network. However, the end product fell short of audience and producer expectations.

We can also use digital distribution for newspapers as an example of disruptive technology. Most newspaper outlets made the jump to providing their print content online. Following Machine Age Thinking, they diligently listened to their customers' wishes — both their reader customer base and their high paying advertiser base that demanded audience on the Internet. They aggressively looked at market trends and saw that competitors were making moves into the digital marketplace. Following the Machine Age belief that new technology merely opens markets for the same product, most newspaper companies provided much of the content on websites for *free*. This appeared to be logical, since newspaper models exist on mostly advertising revenues and very small subscriber fees. Subscriber and newsstand fees generally do not even cover the cost of printing. However, this decision has proven to be a costly mistake for the newspaper companies, even as more companies jump on the web content bandwagon to defend their market share. "Disruptive Technologies change the value proposition in a market." (Christensen p 232) It is arguable today that the monetary value of a newspaper has declined, as the 2013 Pew study showed — people still value journalism but are finding alternative places to get it without paying for it.

Early adopters of technology began reading the online content but not enough to create a critical mass that would appeal to advertisers, providing a very low margin, if at all. Online readers increased slowly and subscription rates plummeted, creating a disparity in audience pricing for the advertisers. The long-time, high cost print distribution measurements went down, and the lower priced digital audience was still too small and too cheap for news organizations to maintain their profit margins. Christensen explains that this is expected behavior because “leading firms’ most profitable customers generally can’t use products based on disruptive technology.” (p 232)

Because of this top-down type thinking, the newspaper companies failed to create new infrastructure around their product and instead just provided the same product via different and new distribution. They failed to look at the existing organization as a working system in an interconnected Systems Age. This type of problem can be resolved only when new markets are considered carefully and developed around new definitions of value and the organization’s interests are carefully aligned with the unique needs of the customers. Even though the early entrants lead market share, they now cannot afford nor have they yet attained sustaining growth. (Christensen p 232)

Christensen’s “Failure Framework” explains that generally disruptive technologies underperform established products in mainstream markets. But like the initial offerings of digital newspapers, they have other features that a few fringe (and generally new) customers value. Products based on disruptive technologies are typically cheaper, simpler, smaller and frequently more convenient to use." (Christensen p xv) They give customers more than they need or ultimately are willing to pay for.

However, he argues, disruptive technologies that may underperform today, relative to what users in the market demand, may be fully performance competitive in a later established marketplace. For example, the music store and content site of the late 1990's, CDNOW.com, provided one of the first and largest online stores for cds, videos, music magazines, etc. and eventually produced original content. CDNOW developed a proprietary "suggestion engine" that suggested music products to shoppers based on their individual purchase and search behaviors. Expansion of the suggestion services led to expensive production of interactive media sampling products with developing artists and costly editor review services being added. By collecting customer data, CDNOW was one of the first to embrace email marketing and Internet advertising.

But these products continually under performed in converting sampling to purchase revenues relative to the high production and increasing overhead costs. The company was interacting and servicing the customers in an elaborate new way, thanks to the technological advances. However, CDNOW was operating with the same existing organizational structure with merely a small in-house production unit added. There was little to no thought given to how the existing departments could perform the new aspects of the job more efficiently. Rather, more staff was added to the existing organizational structure, creating more output overlap and adding to the financial troubles the company was already in.

After several potential mergers fell through, most notably a three-way deal with Columbia House, Time Warner-Sony, CDNOW was bought by Bertelsman, Inc. in 2000 and dismantled. The fulfillment of the retail operation was then sold to a budding company called Amazon.com. Although Amazon initially discontinued the “Suggestion Engine,” they eventually offered a similar service called “Rate Your Music.” This is the service that is widely viewed as the basis for Amazon’s current Product Profiling and Suggestion engine, in addition to a vast array of other rating engines used on the site including “Rate This Product” and “Rate This Vendor,” among others. The product excels in the current marketplace but underperformed in the marketplace environment of 1999.

This history is consistent with Christensen’s Principles of Disruptive Technology: the CDNOW Suggestion Sampling Engine Service and eMail Marketing *were* disruptive technology — they were lower margin opportunities that the customers did not necessarily want at that time. When the customers did want it, it was too late and CDNOW was no more, as one would expect if following the Principles of Disruptive Technology Innovation. (Christensen p 98)

Why Media Managers need Systems Thinking

As shown by the examples above, the decision-making led to failure. Indeed managers diligently performed better planning and became more customer-driven, but as the Disruptive Technology theory suggests, not *all value* should have been placed in those decisions. Because they invested in new technology without having a corresponding organizational model in place, they failed. They did not think about the larger issue of whether their organizations had the capability to successfully complete the tasks at hand. A Systems view can help.

How to solve the issues

Systems Thinking addresses issues by no longer isolating the scientific or technical aspects of problems and instead looks at continual reinvention of the whole system. Ackoff employed an envisioning exercise to create this shift in thinking: imagining an organization being planned that is completely destroyed one night while its environment remains completely intact. He calls the process Idealized Design, where planners are free to replace the “defunct” organization with any organization they want, with two provisos: the design must use only current and feasible technology; and the organization should be designed to survive in the current environment. The envisioned future is then created by “continuously closing the gap” between where the organization is at any moment of time and where it would most like to be. (Ackoff 2001)

In addition to idealizing a more desirable design, it is important to consider what the “right problem” is that needs to be addressed in the organization. Mitroff, based on Ackoff’s theories, provides four steps to problem solving (Mitroff p10):

1. Acknowledge the existence of a problem
2. Formulate the “Mess”
3. Derive the solution
4. Implement

Mitroff and Ackoff place the MOST emphasis on the second step, “Mess Formulation,” because “before we can *solve* a problem, we must *formulate* it…and since there is more than one way to formulating…there is more than one solution.” (Mitroff p 94) The intention is to create a larger unconstrained view of the series of interconnected problems. The entire system, or organization, cannot be broken down into independent parts. The sum of the problems of these parts constitutes the “mess.”

According to Ackoff, Mess Formulation captures and highlights the essential systemic properties of the problems, which does not include listing independently formulated threats and opportunities (for example, shrinking audience, increased competition, new technology.) Rather, as Mitroff further explains, the process of Mess Formulation broadens the definition of the important problems. The Mess Formulation stage is the planning stage and does not require the problem to be solved. However, this is the important phase that focuses on and identifies exactly what *is* the right problem to solve.

Applying this mess formulation process to the current state of the media, “problems” such as those listed in the 2013 Pew study (shrinking audiences, shorter deadlines, downsized staff, deteriorating staff morale, shrinking profit margins, increased competition and constant challenges of keeping up with new technology), it can be argued that these are compartmentalized results of a systemic problem. Systems Thinking suggests looking at how these issues are connected and the relationship between each for an understanding of why each of the problems is happening and how to solve them systemically.

An important aspect of formulating the mess is picking the right *Stakeholders* — people who have a stake in the actions. The Collins Dictionary defines stakeholders as:

> “a person or group not owning shares in an enterprise but affected by or having an interest in its operations, such as the employees, customers, local community, etc.”

In the context of Systems Thinking, Mitroff offers a similar definition of stakeholders as “any individual, organization, institution or even whole society that can affect or be affected by the actions of any other stakeholder.” (p 37) Involving the stakeholders in the mess formulation furthers the ability to view the problems as a system — because in this methodology, consideration is given to how the stakeholders are connected and interact, which becomes integral in creating the solution.

Applying the stakeholder framing to the media while recalling the importance of journalism as argued in Chapter 2, we can identify that some stakeholders to consider should be: consumers, journalists, news organization owners, government, community members, advertisers/financial supporters. These stakeholders also have varying degrees of authority. As outlined in the "theory of resource dependence," (Pfeffer & Slancik 2003) managers may *think* they control the flow of resources in their organizations but in the end it is really the customers and investors who dictate how money will be spent. But the managers CAN define the capabilities of the organization. Defining the capabilities of the organization can identify what an existing organization structure can do and also helps identify what it can't do.

There are three things to consider when framing capabilities. Christensen calls this the "R.P.V. Framework," Resources, Processes and Values. (p162-165)

1. **Resources**: these are things or assets and can be transferred across boundaries and divisions more readily than process or values. They are not part of organization's ability to transform inputs into products of greater value.
2. **Processes**: are how an organization transforms resources, patterns of interaction, coordination, communication and decision-making into greater value. They are not flexible and meant not to change. If they do, it is tightly controlled change. Process stays the same to ensure consistency.
3. **Values**: criteria by which decisions about priorities are made AND standards by which employees (at every level) make prioritization decisions. The values must be reflected in the business model because these define the rules employees must follow in order for the company to make money.

In applying this framework to the modern media ecology, we can identify "resources" to include journalists' sources, digital devices, computers, servers, algorithms, cash flow and the greatest asset — human capitol: journalists, editors, producers, sales staff, managers, etc. The "processes" of today can include the distribution systems, information filtering and story verification.

While the first two elements seem rather easy to define, the "values" framing step must take into account that the ecology and system of news and information disseminating is now a dynamic and interactive process. This means that any information sharing can and must have the ability to accept feedback and participation from all stakeholders and others contained in the system. Participation and making journalism content available for whoever, whenever and however must be included in identifying values. In addition, the obligations outlined in the social responsibility theory must also continue to be a part of the values for news organizations.

We have now picked our stakeholders, evaluated organization capabilities and in "formulating the mess," have identified that the right problem to solve is the manner in which news organizations make their decisions in response to Disruptive Technology. With these steps completed, we can move on to Ackoff's exercise of Idealized Design. It should be noted that the product of an idealized design is not an ideal organization; because it is subject to continuous improvement, it is neither perfect nor utopian. The design produced should be that of the best ideal-seeking system of which its designers can currently conceive. They may, and probably will, be able to conceive of a better one later. (Ackoff 2001)

It always seemed ironic to me, as an Economics student, that theories of supply and demand were based on the principle of “Ceteris Paribus”; as defined in the Economic Times Glossary of Terms, this is Latin for “all other things being unchanged or constant.” It’s ironic that a science used to predict change that involves and affects worldly factors would be based on a belief that things are stagnant; when nowhere in the complex modern world do things ever stay the same! The modern world is in a Systems Age, where many things are connected and continually moving, growing, shrinking and changing. Mitroff identifies these dynamics in four stages through which all organizations pass. He and Ackoff also share the belief that organizations are constantly moving through each and back again. These stages are:

1. Survival Stage: organization is supported by external sources — example: losses exceed revenues, capitol investors pay for shortfall.
2. Viability stage: organization is just taking off — example: finances are now *just* in the black
3. Growth stage: where more or bigger leads to more — example: bigger demand leads to larger scale production.
4. Development stage: organization has to learn to do more with less — example: organization reached a point where it can’t grow with its traditional products, services or structure.

Mitroff explains that it is essential to appreciate the relationships and flow of these four stages in order to manage in the complex Systems Age. For example, when a company finally becomes viable, the danger is that it will slip back into the survival stage or when it hits the growth cycle, it can anticipate decline and thereby move to the development stage. (Mitroff p112)

To successfully navigate through the stages in development, “Learning and Adaption” are necessary. The organization should be designed to be able to rapidly to learn from and adapt to its own successes and failures, and those of relevant others. It should also be capable of adapting to internal and external changes that affect its performance, and of anticipating such changes and taking appropriate action before these changes occur. This requires that the organization be susceptible to continual redesign by its internal and external stakeholders. (Ackoff 2001) Or, in Economic Times Glossary terms: “mutatis mutandis,” which means “changing factors that need to be changed.”

Need for redesign of media model for journalism distribution

We need to look at journalism in the systems thinking era, as all decisions and framing of the state of media and journalism to this point has been through a machine age lens. Idealized Design can lead us to re-invention of journalism — and further viewing of journalism in this larger system can lead to an even better form of journalism.

Journalism is still of great value and a great necessity for keeping democracy healthy. “These enterprises still have a valuable mission. What they lack is a viable business model." (Von Drehle 2013) Consumers and our other identified stakeholders are part of the system as well. Columnist P.J. Bednarski argues that all news media will become "time shifted" — similar to the current On Demand services. It is an on demand world, and audiences will get content when, where and how they want it. (Bednarski 2013)

This is an evolution that is quickly becoming our reality. As presented in this paper and in the 2013 Pew study, "the job of news organizations is to come to terms with the fact that, as they search for economic stability, their financial future may well hinge on their ability to provide high quality reporting." This is an exciting, yet critical, period of transition for journalism to the digital systems era. With it comes an opportunity "to reexamine the public interest obligations of broadcasters and to explore ways to ensure a place for serious journalism in the new media marketplace." (Gorney p 57)

CHAPTER 6
A NEW MODEL FOR JOURNALISM

Media Efficiency Model

The idea of a new model for journalism and media as a whole is not a new concept. There are many different companies trying to update their models. There is even wide speculation that the new *Washington Post* Owner, Jeff Bezos, will be one of the first to create a “hybrid” model of the news. Columnist Von Drehle contends that because Bezos is an investor by nature he will want a fast return on his investment and “is likely to look for ways to offer people the content they want, the way they want, ‘for a price.’” (2013).

Von Drehle is right to think that Bezos is better poised than most media owners to create a new model. But he is not taking fully into account the needs of one of the biggest stakeholders. Expecting people to pay a lot for something they either got for free or at a low subscription fee is not realistic in this global market and technology age. The *Washington Post* is now competing on a global scale — if a user/reader/subscriber isn’t getting what he/she wants, there are many other alternatives available for free. As noted in the 2013 Pew the research, this is a trend that will continue.

I offer a new model based on my past experiences in managing and building media centers, studying the relationships and interactions of the typical news organization, taking into account the needs of stakeholders and creating a process that provides a more efficient flow of content and content creation. The model was created using Ackoff's Idealized Design process described earlier — imagining that one night an entire news organization was destroyed and needed to be rebuilt in the current media ecology. It also incorporates Jones's "Iron Core" and Roller's funnel analogy, as these explanations made sense to me in creating a visual model. And invoking the spirit and ideals of Thomas Jefferson, I took great care to safeguard the act of journalism in a type of sanctuary while including participation from society and beyond.

My Mess Formulation identified key issues to consider with re-designing a media company. In the modern interactive media ecology, stakeholders *need* to participate and feel involved. Journalists must be free to continually adhere to the values outlined in the Hutchins Commission's *social theory of responsibility*. "The free press must be free to all who have something worth saying to the public, since the essential object for which a free press is valued is that ideas deserving a public hearing shall have a public hearing." (The Commission p.107) These values must continue to be held sacred, so no matter what the organization of the model entails, it must contain a sanctuary of sorts for the journalists to do their important work and there must be open feedback channels from the end consumer and users of the content to allow for participation.

The sanctuary analogy is based on an old adage from one of my mentors, radio pioneer and entrepreneur, Doug Balogh. In the early days of my broadcasting career, he took care to designate the On-Air studio at WOXY-FM as “The Sanctuary,” where only business and discussion directly and immediately related to the on-air product was allowed to take place. To make his point clear, he even hung a sign on the door, which you could not miss seeing upon entering, reminding all who entered that “no matter how hard you work and how good the work is within these walls, it only matters how well it all comes together on the air.” The model must accommodate the sanctity of the journalistic effort and yet still involve the stakeholders in the process. James Curran, in his forecast of the *Future of Journalism (2010),* suggests a “paradigm shift,” citing the 2010 McChesney and Nichols report where it argues “we are shifting from a monopolistic ‘industrial model of journalism’ to a pluralistic ‘networked model.’”

Systems Thinking requires that the model be viewed as part of the larger system of democracy, as argued earlier, because journalism is an important factor in maintaining the health of our democracy. By viewing this larger system, I defined the necessary *Capabilities* of the model to include:

1. Filtering Funnel functions to accommodate and verify the information input, or “Info Glut”
2. Multi-tiered revenue sources for sustainability
3. An efficient process of disseminating journalistic content to various digital distribution systems.
4. Flexibility and scalability to adapt to future distribution technologies

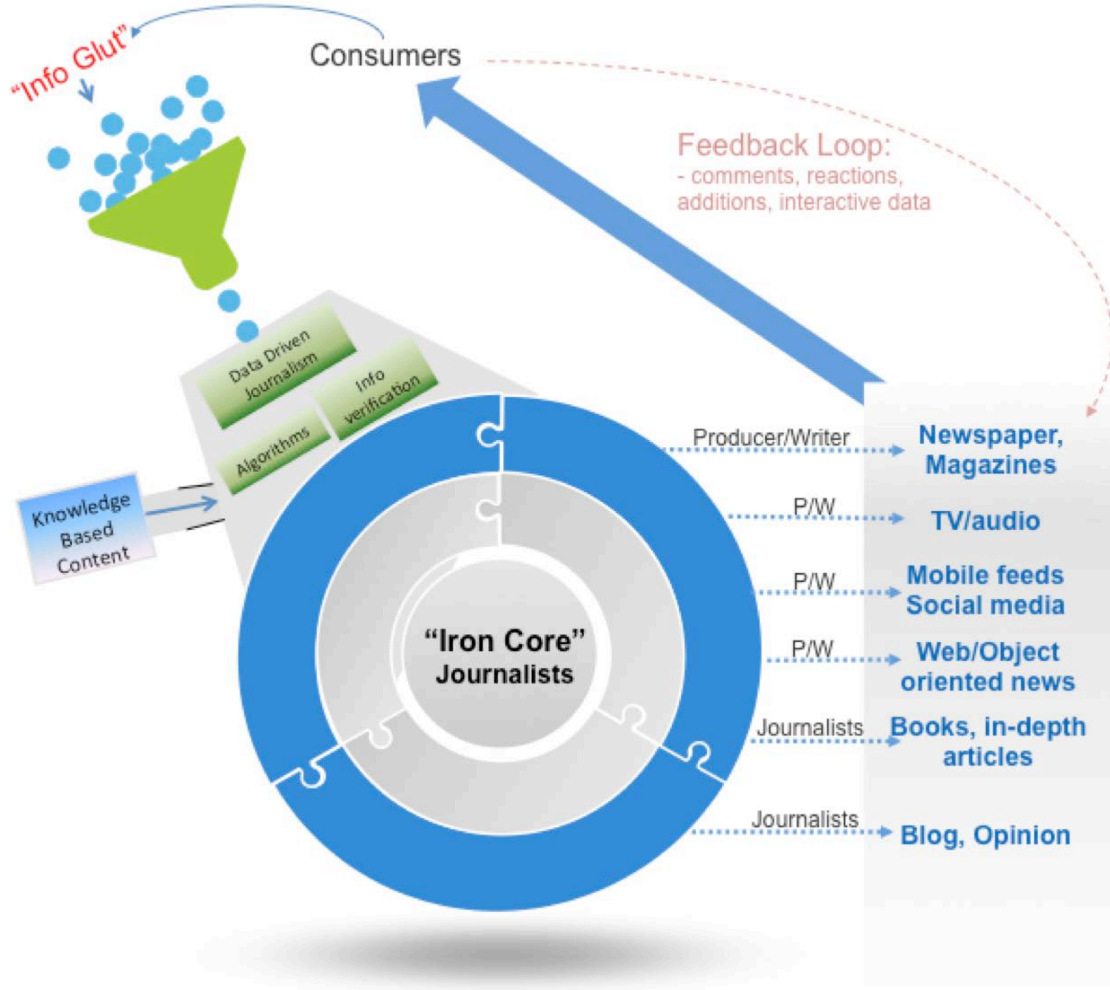
The Funnel and Filters

The Funnel and Filters provide journalists with much needed time to sift and decipher the deluge of information. They increase ability to employ critical thinking and fact checking, which increases ability to report facts objectively. It addresses the issue that this is the greatest time for news — but there is just too much information floating around.

The Funnel and Filters employ current technologies being used. These filters include the news seeking algorithms that put stories together, like Native Science. Also, Data Driven Journalism functions, described in Chapter 3, are included to assist in collection. The filter contains a verification system that can either be an in-house group or outsourced to a vendor, such as Storyful. I decided to put the verification within the filter (before reaching the iron core) as to create a more efficient process of weeding out what is fact and what is conjecture or what is just simply made up in the blogosphere, YouTube and beyond. It allows for varied collection of data as users interact.

With respect to points made throughout Gorney's summary of the Carnegie Forum on *The Business of News*, citing the need of journalists for continued training and development, the model provides for the direct submission of Knowledge Based Content. Loren Ghiglione, Dean of the Medill School of Journalism, told the *Chicago Tribune*, "we need a paradigm for what a good journalists does. The old paradigm was that any good reporter can do a good job of covering any subject, regardless of how complicated it is. The new paradigm says: wouldn’t it be good if people really knew what they were talking about?’” (Gorney 2002) The ability in this model to account for Subject Matter Experts (SME’s) such as the existing Kaiser Family Foundation and InsideScience.org, can meet the growing need for deeper understanding of specific subjects as news and categories become more fragmented and more detailed. There is still the demand for journalists to be experts on the topics they write about which must be balanced with the demand for their evolving journalistic skills. While constant multiple discipline education and training is a must, it is still impossible for journalists to know everything about multitudes of subjects and still be able to hone skills. Thus, in order to preserve journalistic integrity and separate fact from conjecture, the model employs the growing sector of knowledge based content production.

Figure 1. Media Efficiency Model



Graphic art by Janine Earley

Multi-tiered Revenue Sources

For the model to survive and meet the important obligations of journalism, it must also be able to sustain itself financially. This model will continue to garner revenues from traditional sources, such as small subscription fees where applicable and advertising. Many other current models, such as the New York Times or Economist digital editions, include Paid Content Subscriptions or "Pay Wall Plans," which allows for free visits and viewing of content before requiring users to pay. However, this can likely lead to further frustration from end users as most people expect Web content to be free and will look to access other free alternatives. Even for the “non-profit” outlets, there still needs to be an audience of “critical mass” to sustain the organization. Government funded organizations still have to justify the use of taxes for audience services. There is increasing scrutiny in determining whether underserved communities are large enough to warrant tax dollar support. Those that do not rely solely on federal funds will find increasing competition for shrinking private funds and face challenges of obtaining for-profit advertising funds.

As cited in the 2013 Pew study, the industry continues to lose out on the bulk of new digital advertising. Only one ad segment is available to news: Display Ads, while mobile devices are getting the largest amount of ad dollars. Geo-Targeting is allowing many national advertisers to turn to Google, FaceBook and other large networks to buy ads that once might have gone to local media. In addition, Google and FaceBook are also improving their ability to sell ad space to smaller, truly local advertisers, again taking business that once went to local media.

In order for media to compete for the ad dollars in the new Systems Age, it will need to provide more than ratings measurements, website views, unique users and banner ad clicks. There must be consideration for offering “engagement” opportunities, which provide advertisers with data analytic reports across multiple platforms. This kind of information is of great value to an advertiser who must not only hit a very narrow target but must also interact somehow with that target.

In a recent Forbes article, Sasha Galbraith explains how Brightline is aggregating data about how consumers interact with brands that are connected to content and use their proprietary algorithms to provide analytics to advertisers and help them hit ever narrowing targets. The company is the first in this space of redefining “how we target and interact with audience, then drive growth while increasing efficiency.” (Galbraith 2013)

This new technology is in effect, the new ratings data. The feedback and participation loops of the Media Efficiency Model allows the media organization to capitalize on the opportunities digital distribution provides. “Going forward, many news executives believe that a new business model will emerge in which the mix between advertising and circulation revenue will be close to equal, most likely with a third leg of new revenues that are not tied directly to the news product.” (Pew 2013)

Another potential revenue source to note here that the 2013 Pew study highlights is the Sponsorship Ad category, which is growing sharply. The particular source is NOT included in this model being offered here. It is important that the value system discussed throughout this paper is adhered to in creating a self-sustaining model. These are advertorials, called “Native Ads,” that can be misleading seemingly on purpose. The ads are created to look, sound, read and feel like content from the particular news source they are produced for. This practice has gotten several outlets into deep controversy lately, most notably the afore mentioned Atlantic Magazine’s Church of Scientology Native ad. (Wemple 2013) It is decided that this type of revenue source at this time does not act in the interest of the public and is not consistent with the journalistic value system embraced in this paper.

Efficient Disseminating Process

This portion of the model is likely the most surprising for traditional media executives and journalists. As noted throughout this thesis, content consumer habits have changed in the digital age as most people are using various sources throughout their day to get information. So too must journalism skills adapt to new technology trends and changing behaviors of audiences, without traversing the failure framework while attempting to embrace disruptive technologies.

The redesigned model is in the form of a “Iron Core Content Hub,” a scalable and adaptable model, able to embrace constant new technology upgrades and inventions while still meeting the demands of users who are increasingly getting information through a combined variety of channels, including news paper, radio, live TV, web, satellite, apps, news feeds, Twitter, Facebook, Tumblr, other social media and personal social systems. The model will be based on an idea that "Content is King" with the distribution systems populated by a central hub.

The model redesign will increase efficiency by decreasing the amount of time and staff needed to populate all of the different distribution points. The various forms of current distribution require various forms of presentation, which require various sets of skills. For example, the type of presentation a newspaper journalist creates requires different editing skills than the type of writing a radio or TV journalist requires. The newspaper has more detail and expanded information while radio and TV presentations offer the same information compressed into a 30-second sound bite or report. This model calls for the journalists to be the providers of the information that then goes to a Staff Producer/Editor/Writer who prepares the content for a specific distribution channel, such as web posts, mobile feeds, print stories, blogs, etc. Each distribution channel is unique in its presentation. It is important that the same quality information is disseminated in each channel as consumers are increasingly garnering their information from a compilation of the sources. This model creates a system where the information can be compiled, followed and vetted through one source, rather than each distribution channel having its own process.

It gives news producers more time to sift and decipher the deluge of information, increases the opportunities to employ critical thinking and fact checking — which increases ability to report facts objectively. In addition, some of the digital channels of the model will employ a method called Object Oriented News. This method allows for users to pinpoint an object or story that is of interest and receive updates on the story as it unfolds without the news writers and journalists having to constantly re-write the story. Circa Media is experimenting with this method, updating news via mobile apps quickly attached to the original content. (Byrne/Stein 2013) This process also satiates the appetite of the user/consumer for instantaneous news and updates to stories they already are aware of or following.

Scalable and Adaptive to Future Distribution Technologies

The model is scalable and flexible. The purpose of Iron Core Content Hub is to optimize the output of journalism, as defined in this paper: the practice of collecting and presenting factual content from an impartial perspective for the public good.

Any new distribution channel added will also add a producer/writer to prepare the content for the unique presentation style required for the specific channel. If a distribution channel becomes obsolete, (for example if the death of print news comes to fruition as many claim) it can be removed from the model.

Because of the feedback loops and multiple platforms, the model can also adapt to providing more data for advertisers.

Some can argue that this model offered calls for potential reduction in journalist staff size. This is not the case. News, information, communication and business are being done on a multi-platform global scale — and the industry must work within this new market place. Demand is being created for new skills and new services while at the same time demanding higher skill levels from journalists. Existing resources are being reallocated while new resources are being born. Traditional media companies have already been making the transition to multi-media, yet have failed to adapt and re-allocate the organization's resources to develop a process that is marketable and sustainable.

While this model does present what some may view as a "centralizing" model, it actually still leaves room for other competing models. The "product" is STILL the content — and it is the content that will inform, entertain and catch the interest of users. This model merely expands on some existing models while still retaining the values and mission of journalism. For example, the revered Associated Press has always maintained a centralized a news service providing content to various outlets. It is a wonderful model that has stood the test of time and technological advances. As stated on the Associated Press website, "while the company has gone from distributing news via pony express to instantaneous digital transmission, its news values and mission remain the same." (www.AP.org)

So too is the intention of this model offered today.

CHAPTER 7

CONCLUSIONS

I wrote this paper with the purpose of providing new tools and perspectives for media industry managers who are challenged with creating sustaining business models in our modern Systems Age and information revolution. This capstone proposes a re-designed model for a media news organization. The model was built on three foundations: first, research and scholarly documents from the area of media and communications studies and American history. Theories, tools and processes for the proposed model were the second portion of the foundations and were considered and integrated through the Systems Thinking lens and the MSOD program. Finally, my academic and career experiences were used to support the model. Based on these three foundations, this capstone provides a re-designed media efficiency model that can potentially be used in the industry today or serve as a basis to begin a re-design processes of other news media companies.

Not One-Size-Fits-All

The model proposed is not a “one-size-fits-all” model by any means. “Different reformist proposals should be tailored to the needs of different media systems.” (Curran p 474) The model, as it is presented, is best suited for multi-media network types of businesses or existing dominant news brands. The most dominant news brands are still dominant across all technologies. (Pew 2009) A quick search-engine search yields the sites of the largest and best-known networks: NPR, Fox News, CNN, ABC, The Economist, NBC, etc. The list goes on for a while before finally reaching some of the smaller independent news organizations. There is great opportunity for the multi-media news brands that already have the awareness and critical mass to adopt the Media Efficiency Model. At CDNOW, we experimented with taking familiar branded content that already had a following and distributing it on new technologies. The "early adopters" to the technology were already using the site — the goal was to grow the audience and attract the "critical mass" that was still following mainstream content on traditional distribution systems. We, in essence, were "shepherds," leading people to new technologies and banking our business plan on the theory that "Content is King" and that the audience would follow. They were enticed to use the new technology by making available extra or special access, added tracks, extended/unedited interviews, sneak peeks, etc.

It was a great idea whose time had not come yet and history and disruptive theory explain how CDNOW failed in the end. However, media literacy and technological aptitude is rising quickly as consumers become more sophisticated in their daily communications and information gathering. We are in a complex age. Businesses have complex problems. The more that information and communication technologies become central to modern society, the more imperative it is to identify, and to manage the development of, the skills and abilities required to use them (Livingston, 2003).

The Systems Thinking lens and processes followed assured the value of journalism to be the most important aspect in the model design. These perspectives and decision-making processes can help media managers navigate these rapid changes and technological advancements. Managers must also plan for failure in the process and expect that the designs and redesigns will constantly evolve, giving opportunity to obtain more data. “Managers who don’t bet the farm on their first idea, who leave room to try, fail, learn quickly and try again, can succeed at developing the understanding of customers, markets and technology needed to commercialize disruptive innovations.” (Christensen p234)

The Big System Picture

But we must also look at this proposed model in the context of the larger system of society and democracy. Vartan Gregorian stated at the 2002 Carnegie Forum:

> *“Journalism is not a business alone, it is a public trust.”*

While some news media **are** guilty of presenting more and more content that is less like good journalism, there still is accountability from the side of society. As consumers, we have not only allowed our outlets to provide less than pure informative, public interest stories, but as an audience, we have come to accept and even demand more of the tabloid, scandalous and entertainment news that draws the critical mass media outlets’ need for increased advertising revenues to satisfy the large profit margins required to pay the high debt load acquired in purchasing the media outlets to begin with.

It's a vicious downward cycle, and every person involved at every turn in the cycle is responsible. In their book *News About the News*, Downie and Kaiser support and attempt to encourage public support for the best journalism. "Consumers who understand and demand the best are more likely to get what they want." (Downie & Kaiser p12)

We must all be diligent in our production and consumption of news. As citizens and consumers, we must also hold our own press accountable for information and the type of journalism that is created, sold and supported. If we do not, we stand to harm democracy, as Jefferson warned of in his later comments about how damaging the mis-informed or ill-educated citizen voter can be. It is easy to believe the biased email passed around or a non-sourced story that is found on the Internet. Not only should we hold our journalists to a higher standard, we also must not be afraid to ask about nor be too lazy to confirm information that is presented, to not take all that we see, read and hear as fact. Fast Company has created a list of tools for verifying just about anything found on the web. While it is an informal list, (and my own personal verification is to first go to Snopes.com) it is a good place to start. (See Appendix E.)

“Of the problems that constitute the news crisis (is) the crisis of leadership and morale inside the world of journalism. Even at the elite news organizations, reporters and editors and news executives as a group are discouraged, not so much because they get pummeled for bias but because so many have begun to doubt their calling.”(Jones p18) I empathize with these journalists — I once left the industry myself. Through this research and writing, I have a renewed faith in journalists, colleagues, media owners and the bright and challenging future that is ahead to fulfill the obligations of journalism and a renewed optimism that is fueled by announcements that visionaries like Bezos are purchasing the *Washington Post*. His track record of handling technology developments fits well with the theories presented here — most notably highlighting the values of the organization and recognizing, as Christensen (2003) states in his disruptive technology theory, that there needs to be time and allowances for mistakes and learning. Profit margins will likely shrink in the foreseeable future. But Bezos expects that. The duties and obligations of journalism are not only noble causes, but are poised to once again become the stalwart public interest protector Jefferson espoused about in his notions. @ThomasJefferson would tweet, “Journalism is on a path to sustain itself.”

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APPENDIX A
ANALYSIS OF COMMISSION ON FREEDOM OF THE PRESS REPORT

Analysis of Commission on Freedom of the Press Report
By PBWorks- Press In America

Financed by grants from Henry R. Luce, founder of Time, Inc., and Encyclopedia Britannica totaling $215,000, the Commission on Freedom of the Press was launched in December 1942. A year later, committee members were chosen by the head of the commission, University of Chicago chancellor, Robert Maynard Hutchins. In its first meeting, the Commission decided to deliberate on all media of mass communication that form the "press": radio, newspapers, motion pictures, magazines, and books. In 1947, the commission issued a report that dealt with the social responsibilities of the owners and managers of the press.

The Hutchins Commission set out to answer one question: Was freedom of the press in danger? When the committee realized that the answer to the question was "yes," they concluded that freedom of the press was in danger for three reasons. First, the importance of the press to the people had greatly increased with its development as an instrument of mass communication. Ironically, the proportion of people who were able to express their opinions and ideas through the press had decreased tremendously. Second, the few people who were able to use the machinery of the press as an instrument of mass communication had not adequately fulfilled the needs of society. Third, those who worked with the machinery of the press were given an unfair advantage of being able to regulate and control the press.

The members of the Hutchins Commission understood that certain requirements for the press must be established in order to provide a free society with the knowledge and information necessary to remain free. The five requirements that the press should meet were:

- A truthful, comprehensive, and intelligent account of the day's events in a context which gives them meaning (the media should be accurate; the press should not lie)

- A forum for the exchange of comment and criticism (units of the press should assume the duty of publishing ideas that may contradict those of their owners and through the media the creators of the contrasting viewpoints can come to understand one another)

- A means of representing the constituent groups of society (if different groups are exposed to each other, they will gradually build up respect for and understanding of each other)

- A method of presenting and clarifying the goals and values of the society (stating and clarifying the ideals toward which the community should strive)

- A way of reaching every member of the society with the information that the press supplies (it wasn't assumed that everyone would actually use all the material they receive, but, nonetheless, there is a need for the wide distribution of news and opinion).

The Commission worked hard at developing what has become known as *the social responsibility theory*. This theory reflected a dissatisfaction with media, owners and operators and the way they distributed media while also accepting the following principles: the press should service the political system, enlighten the public, safegauard the liberties of the individual, service the economic system, entertain the public (provided that the entertainment is "good"), and maintain its own financial self-sufficiency. The Commission saw the social responsibility theory as being a "safeguard against totalitarianism." The commissioners believed that owners needed to restrain themselves from trying to manipulate and exploit the public for financial gain and political power. At the same time, the public had to hold the press up to more high-minded standards.

Hutchins' main goal was to make the owners of the press responsible and still maintain freedom of the press. He was once quoted as saying, "Freedom requires responsibility." He also advocated better and more prevalent press criticism.

The press' reaction to the Hutchins Commission's report was less than ideal. In the Nieman Reports (a quarterly publication discussing debates of the news industry) of 1947, a collection of excerpts from writers discussed the problems with the report. Walter Lippmann, one columnist, argued that while vigorous press criticism is most necessary to the welfare of the press, it must come from people outside of the press. Barry Bingham of the Louisville Courier-Journal Book Review stated that the primary flaw of the report was that it was inconclusive. Bingham felt that the report made a good case against the press and how American newspapers don't properly serve the public. But, when it came to describing the remedies on how to fix the problems of the press, Bingham said that the report created great masses of confusion.

Hutchins predicted that it would take nearly a decade for his report to have an impact; it actually took longer. By the 1960's there were critical press reviews, local press councils, academic research, professional seminars, and self-studies by the professional associations. Journalism students around the country learned of the Commission's message of social responsibility through class discussions and assigned readings. Press criticism and analysis became popular in magazines, news weeklies, and some newspapers. Editorial and publisher's viewpoints columns sometimes took up criticism and response in the 1970s and 1980s. The ideals of the Hutchins commission sparked a social reponsibility movement internationally as well in that the report resonated the need for truthtelling in every society. Socially responsible press on a worldwide basis poses the following question: Does it sustain life, enhance it long-term, contribute to human well-being as a whole? Through the understanding of social responsibility, journalists worldwide are more committed to such values as international understanding

and world peace. The efforts of the Hutchins Commission in the 1940s contributed toward the way professional press criticism is practiced and viewed today.

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The Commission on Freedom of the Press. (1947). *A Free and Responsible Press*. Chicago: The University of Chicago Press.
This report from the Hutchins Commission deals with the social responsibilities of the owners and managers of the press.

Christians, C. (2004). *Social Responsibility Worldwide*. Philadelphia: Lawrence Erlbaum Associates.
This article discusses social responsibility on an international basis and how the press should serve society rather than commerce or government in different countries around the world.

Press reaction to Hutchins report. (2000). *Nieman Reports*, 53/54(4/1), 12. Cambridge, MA: Harvard University Press.
Coming from a reprinted article from 1947, it is the reaction of various press members to the Hutchins Commission Report on freedom of the Press. The excerpts are overwhelmingly negative.

Marzolf, M. T. (1991). *Civilizing Voices : American Press Criticism, 1880-1950*. White Plains, NY: Longman Publishing Group.
This book outlines the history of criticism of the modern American press between the years 1880 and 1950. The book explains some enduring and some changing themes of press criticism.

Siebert, F. S., Peterson, T., & Schramm, W. (1956). *Four Theories of the Press.* Chicago: The University of Illinois Press.
This book describes the four major theories that the world's press follow: the authoritarian theory, the libertarian theory, the social responsibility theory, and the Soviet communist theory. The analysis of these theories summarize the conflict among major approaches to public communication.

APPENDIX B

ANNENBERG SCHOOL FOR COMMUNICATIONS CLASS LISTING 2013-2014

130. Mass Media and Society. (B) Society Sector. All classes. Turow. "How might we think about the legal, political, economic, historical, and "cultural" considerations that shape what we watch on TV, read in books, stare at in billboards? What ideas are relevant for examining the enormous changes in the mass media system and the consequences of those changes? The aim of this course is to begin to answer these questions by acquainting you with the workings of American mass media as an integral part of American society."

SM 377. Philosophical Problems of Journalism. (C) Romano.An exploration of the relationship between journalism and philosophy by examining particular issues in epistenmology, political philosophy, ethics, and aesthetics. Among likely topics: the concept of a "fact"; the role of the press in the state; whether journalists (like doctors and lawyers) opperate according to a specialized "professional" ethics; and the limits of journalism as a literary or visual genre. Course reading will include philosophical texts, breaking print journalism, and blogs that specialize in media issues.

SM 378. Journalism & Public Service. (B) Romano.In this course we examine links between journalism and public service by scrutinizing core concepts involved, practices that sometimes put journalism and public service in conflict (e.g., investigative reporting, coverage of war), and how journalism stacks up against other forms of public service from NGO work to government employment. Beginning with a reading of Robert Coles's classic The Call of Service, we dissect the notion of the "public," assess so-called public-service journalism by reading Pulitzer-Prize-winning examples, and reflect on the news media as a political institution. Individual weeks focus on such topics as the conflict that arises when a journalist's obligation to a confidential source clashes with a duty to the judicial system, whether the business of journalism is business, how journalism and NGO work compares as public service, and whether journalism by committed political activists (such as public service, and whether journalism by committed political activists (such as I.F. Stone) surpasses mainstream "neutral" journalism as a form of public service.

M 490. Special Topics in Comm: Comparative Journalism: Philosophical Issues. (M) Is journalism the same all over the world? Do press systems and practices differ in fundamental ways that affect how we evaluate them politically, morally, aesthetically, epistemologically and economically? Where does U.S. journalism fit among the models? This new undergraduate seminar will introduce students to concrete differences in journalism around the world, but it won't only be an empirical look at how various press systems operate. We will also examine and argue about which journalistic practices and systems work best for which purposes, and explore the distinctive journalistic and philosophical assumptions and histories that undergird diverse practices and systems. Asian, European, African and Mideast journalism will all be attended to.

APPENDIX C
SFX, SECRET COMMUNICATIONS LETTER OF PURCHASE INTENT

From: http://www.lawinsider.com/contracts/6sdGhA7yBpu3a5A8eBlAU0/amfm-operating-inc/0/1997-01-27

AMENDMENT NO. 1 TO ASSET PURCHASE AGREEMENT

This Amendment No.1 dated as of January 21, 1997 ("Amendment No. 1") to the Asset Purchase Agreement (the "Asset Purchase Agreement") dated as of October 15, 1996 between Secret Communications Limited Partnership, a Delaware limited partnership ("Seller"), and SFX Broadcasting, Inc., a Delaware corporation ("Buyer").

W I T N E S S E T H :

WHEREAS, Seller and Buyer each desire to amend the Asset Purchase Agreement and enter into certain other agreements relating to the Asset Purchase Agreement and the transactions contemplated thereby;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, it is hereby agreed between Seller and Buyer as follows:

1. The first recital of the Asset Purchase Agreement is hereby amended in its entirety to read as follows:

"WHEREAS, Seller is the licensee of and operates radio stations WFBQ-FM, WRZX-FM and WNDE-AM in Indianapolis, Indiana and WDVE-FM and WXDX-FM in Pittsburgh, Pennsylvania (the "Owned Stations") and, upon the consummation of the transactions contemplated by the Asset Exchange Agreement (the "Exchange Agreement") dated as of May 31, 1996 by and among Seller, Nationwide Communications, Inc. and Entercom (as defined below), Seller will become the licensee of and have the right to operate radio stations WDSY-FM and WJJJ-FM (formerly WNRQ-FM) in Pittsburgh, Pennsylvania (the "Purchased Stations") (the Owned Stations and the Purchased Stations being collectively referred to herein as the "Stations");"

2. The third recital of the Asset Purchase Agreement is hereby deleted.

3. Subsection (a) of Section 1.1 of the Asset Purchase Agreement is hereby amended in its entirety to read as follows:"(a) The broadcast licenses for the Stations (including the right to use the call letters "WFBQ-FM", "WRZX-FM", "WNDE- AM", "WDVE-FM","WXDX-FM", "WDSY-FM" and "WJJJ-FM") issued by the FCC and all other Governmental Permits listed in Schedule 2.8;"

4. Section 1.3 of the Asset Purchase Agreement is hereby amended in its entirety to read as follows:
"1.3. Purchase Price. The purchase price for the Purchased Assets (the "Purchase Price") shall be equal to $255,000,000."

5. Section 1.6 (a) of the Asset Purchase Agreement is hereby amended in its entirety to read as follows:

"(a) The Closing shall be consummated on a date to be selected by the Buyer and agreed upon by the Seller, which date shall be no later than July 15, 1997 if the conditions to Closing set forth in Sections 6.4, 6.5, 6.8, 7.4, 7.5 and 7.6 of this Agreement have been satisfied as of or prior to July 15, 1997; provided, however, that if any of the conditions set forth in Sections 6.4, 6.5, 6.8, 7.4, 7.5 or 7.6 of this Agreement have not been satisfied as of July 15, 1997 the Closing shall be held on the fifth business day after all of such conditions have been satisfied. The Closing shall be held at 10:00 A.M., localtime, at the offices of Buyer, 150 East 58th Street, New York, New York 10155 or at such other place or time as shall be agreed upon by Buyer and Seller (the date and time on which the Closing is actually held being hereinafter referred to as the "Closing Date")."

6. Section 2.1 of the Asset Purchase Agreement is hereby amended in its entirety to read as follows:

"2.1. Organization of Seller. Seller is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware and is duly qualified and in good standing as a foreign limited partnership in the States of Indiana and Pennsylvania. Seller has full partnership power and authority, or will have full partnership power and authority upon consummation of the transactions contemplated by the Exchange Agreement (the "Exchange Transaction"), to own or lease and to operate and use the Purchased Assets and to carry on the business of the Stations as now conducted."

7. Section 5.3 of the Asset Purchase Agreement is hereby amended in its entirety to read as follows:

"5.3. Covenant Not to Compete. In furtherance of the sale of the Purchased Assets to Buyer hereunder by

virtue of the transactions contemplated hereby and more effectively to protect the value and goodwill of the Stations, Seller covenants and agrees that it will not directly or indirectly (whether as principal, agent, independent contractor, partner or otherwise) own, manage, operate, control or otherwise carry on for a period beginning on the Closing Date and ending on the second anniversary thereafter, a radio station business in the Indianapolis, Indiana or Pittsburgh, Pennsylvania radio markets, each as determined by The Arbitron Company.

Notwithstanding the foregoing, nothing set forth in Section 5.5 shall prohibit Seller from owning not in excess of 25% in the aggregate of any class of capital stock of any corporation if such stock is publicly traded and listed on any national or regional stock exchange or quoted on the Nasdaq Stock Market."

8. Section 9.1(a)(iii) of the Asset Purchase Agreement is hereby deleted.

9. Section 9.1(a)(v) of the Asset Purchase Agreement is hereby amended in its entirety to read as follows:

"(v) by Buyer or Seller (A) if the Closing shall not have occurred on or prior to July 15, 1997 and the conditions to Closing set forth in Sections 6.4, 6.5, 6.8, 7.4, 7.5 and 7.6 have been satisfied on or prior to such date or (B) if the Closing shall not have occurred on or before September 30, 1997;"

10. Section 10.13 of the Asset Purchase Agreement is hereby amended by deleting the definitions of "Aggregate 1996 Broadcast Cash Flow of the Stations", "Broadcast Cash Flow", "Escrow Agent" and "Escrow Agreement."

11. All references to radio stations WTAM-AM and WLTF- FM in Cleveland, Ohio (the "Cleveland Stations") and any information relating thereto shall be deemed to be deleted from the Schedules to the Asset Purchase Agreement.

12. The Escrow Agreement dated as of October 15, 1996 among Buyer, Seller and The First National Bank of Chicago, as escrow agent, is hereby terminated.

13. The parties agree that if, on or before March 31, 1998, Seller consummates the sale of all of the assets, business and property of the Cleveland Stations to a non-affiliated third party for a purchase price of less than $45,000,000, Buyer will pay to Seller by wire transfer of immediately available funds

within three business days of receipt of notice from Seller (in the form contemplated by the Asset Purchase Agreement and specifying the appropriate wire transfer instructions) of the consummation of such sale the difference between $45,000,000 and the actual purchase price paid to Seller in respect of the Cleveland Stations; provided, however, that in no event shall the liability of Buyer pursuant to this Section 13 exceed $5,000,000. For purposes of this Section 13, "purchase price" shall include cash and non-cash consideration, including securities, property and the value of any noncompetition or similar agreements benefitting Seller, and non-cash consideration shall be valued at its fair market value on the date of consummation of the sale of the Cleveland Stations.

14. Simultaneously with the execution of this Amendment No. 1, Buyer agrees to pay to Seller $10,000,000 in cash by wire transfer of immediately available funds to the account specified by Seller. In addition, simultaneously with the execution of this Amendment No. 1, Buyer is delivering to Seller a letter of credit in the form attached hereto as Exhibit A in the sum of $5,000,000 issued by Chase Manhattan, N.A. (the "Letter of Credit"). Pursuant to the terms of the Letter of

Credit, Seller shall have the right on or after May 30, 1997 to draw the amount of $5,000,000 on the Letter of Credit; provided, however, that Seller agrees that it will not draw upon the Letter of Credit if, prior to May 30, 1997, Buyer delivers to the account specified by Seller by wire transfer of immediately available funds $5,000,000 in cash in satisfaction of Buyer's obligation to cause $5,000,000 to be paid to Seller pursuant to this sentence. If the Closing (as defined in the Asset Purchase Agreement) occurs, the $15,000,000 to be paid to Seller pursuant to this Section 14 shall be credited towards the Purchase Price (as defined in the Asset Purchase Agreement) to be paid to Seller by Buyer at the Closing.

15. Each of Buyer and Seller covenant and agree to file with the Federal Trade Commission and the Antitrust Division of the Department of Justice within 10 days of the date hereof the notifications and other information required to be filed by such party under the Improvements Act (as defined in the Asset Purchase Agreement), or the rules and regulations promulgated thereunder, with respect to this Amendment No. 1.

16. This Amendment No. 1 shall be governed by and construed in accordance with the internal laws (as opposed to the conflict of laws provisions) of the State of Illinois.

17. This Amendment No. 1 may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same

agreement, and shall become binding when one or more counterparts have been signed by each of the parties and delivered to each of Seller and Buyer.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to be executed as of the day and year first above written.

SECRET COMMUNICATIONS
LIMITED PARTNERSHIP

By: Broadcast Alchemy, L.P.,
a General Partner

By: Lane Broadcasting, Inc.
Its: General Partner

By: /s/
____

Its: Secretary & General Counsel
____

SFX BROADCASTING, INC.

By: ______________________________

Its: ______________________________

APPENDIX D
FAST COMPANY'S "Tools For Verifying Anything On The Web"

Politifact: Fact checking for U.S. politics. (Fullfact does the same job in the UK.) http://www.politifact.com/

Geofedia: Social media search and monitoring by location. http://corp.geofeedia.com/

Google Maps and Street view: Use to compare a video or photo with the location where it was purportedly taken. Flickr also has a function that allows a search for photos on a map. https://www.google.com/maps

Wikimapia: Wikipedia for maps, which allows anyone to "tag" a location and describe it. This is often useful for identifying districts or buildings that don't appear on commercial map services like Google Maps. Maplandia has similar features. http://wikimapia.org/

Google Image search: Use "Search by image" rather than text to find where an image appears online. It also returns visually similar images. Often there will be dates attached, giving you an idea of the history of an image. http://images.google.com/

TinEye: An alternative reverse image search. Sorts results by image size and by how much the image has been modified. http://www.tineye.com/

FourMatch: Image forensics to detect whether or not an image has been tampered with. It's a paid service but you can get a demo key for $20 which lets you analyze 30 images in 30 days. http://www.fourandsix.com/fourmatch/

DomainTools: Check domain ownership. http://www.domaintools.com/

Spokeo People Search: Find information about people in the U.S. http://www.spokeo.com/