



Squeezing Money From Iron

By Jim Rosenberg and Mark Fitzgerald

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Rethinking inking, groupwide

As the Copley Press and Pulitzer chains began selling off dailies and weeklies in the Chicago market during the late 1980s, the company then known as Hollinger International gobbled them up. With F. David Radler running the papers from his Chicago Sun-Times publisher's office, former Hollinger Chairman Conrad Black built a formidable super-cluster that followed Lake Michigan's western shoreline in a huge crescent from the Wisconsin border to suburbs in Indiana.

"They tore this company apart, but [the cluster] turned out strategically to be nearly perfect in the market," says Rick Surkamer, newly appointed operations vice president for what has been renamed the Sun-Times Media Group Inc. (STMG). "The only piece missing was the northwest," he adds, referring to suburbs and exurbs dominated by the Paddock family's Daily Herald and partly by the Shaw family's dailies.

Radler and Black may well be regarded as "crazy," and not just for allegedly plundering Hollinger. In managing the whole group, Radler broke another law, the one that says marketing, manufacturing, and distribution should be consolidated in clusters. Instead, he encouraged the dailies and weeklies to compete against each other. Each daily and weekly group held on not only to its sales force and back office, but also its press.

In his downtown office, Surkamer jumps from his chair to map on a dry-erase board the past and present of Chicagoland newspaper press capacity. Of the dozen printing sites (or 14, if you count The Wall Street Journal's dedicated press in Naperville and a small commercial press that prints some newspapers), six belonged to Hollinger.

Now there are three.

In late January, Post-Tribune printing ended at its Gary, Ind., plant and started up at the Sun-Times' Ashland Avenue site, just west of downtown Chicago. Last year, the Daily Southtown press, which at one time contracted to print USA Today and The New York Times, was dismantled and divided between two of the other three STMG sites. The Naperville Sun's press was shut down earlier.

Put in motion by group Publisher and COO John Cruickshank, the Post-Tribune press sell-off was the final element in a complex production consolidation at what today is known as the Sun-Times News Group (STNG, pronounced "sting"). "You can call it consolidation, but in many ways it was really centralization," says STMG CEO Cyrus Freidheim Jr. The group centralized distribution, financial controls, sales, and even some editorial. Freidheim said centralizing may have gone too far, and in recent weeks the group decentralized a little in advertising, circulation, and, especially, editorial.

But Freidheim doesn't regret the full-court press to consolidate, vowing never to return to "when we had, in effect, a whole bunch of different industries in Chicago."

With six Goss Global Newsliners and two Goss Universal 70s, the Ashland Avenue plant has absorbed most of the consolidation, in a transformation symbolizing STNG's new approach. The \$120 million greenfield plant was intended to be almost solely for Sun-Times production when it finally came on line in November 2001.

That focus changed in the last year, when its annual volume rose from about 2.7 million pages to 5.8 million now. In addition to the Post-Tribune, the presses run The Lake County News Sun in Waukegan, near the Wisconsin line; the six-day Naperville Sun, and the thrice-weekly Star newspapers, as well as total market coverage products and advance sections. Ashland also handles the papers' formerly outsourced TV books and shoppers that had been printed by the Daily Southtown, in south-suburban Tinley Park.

"You see that gigantic line that seems to go on forever, folder after folder," Surkamer says of the Ashland plant. "You walk past one and there's the Waukegan News-Sun, then you see three folders with the Sun-Times going, and setting up next to it are

two folders with the Post-Tribune."

Consolidating Gary made balance-sheet sense for financially strapped STMG. "You would spend \$20 million for a press alone, plus another \$10 million to \$15 million for the envelope around it," Surkamer says. "So the cost is \$30 million, \$40 million, \$50 million, to do what we've done in a month -- and [a new plant] would have had a two-year lead time."

The Post-Tribune is now brighter, with more and better color and "ecstatic" reader and advertiser reaction, he adds.

Like Ashland, the Fox Valley plant, in southwest suburban Plainfield, is a workhorse, printing The Herald News of Joliet, The Beacon News of Aurora, The Courier News of Elgin, and the Daily Southtown.

But unlike Ashland, Fox Valley is no latecomer to consolidation. Built in the mid-1980s by Copley, the plant printed a variety of dailies, and handled the many community papers (including the nation's first weekly named after a ZIP code) the chain launched as a housing boom transformed Fox River Valley demographics.

Now, only north suburban Glenview's Pioneer Press plant operates under the old Hollinger model, remaining dedicated to the dozens of weeklies largely because they are all trimmed and stitched tabloids.

Surkamer's chief contribution to consolidation -- nearly complete when he arrived in February -- is implementing production values learned on the Chicago Tribune's fast track. He enrolled in the Trib's operations training program and left a decade later as manufacturing and operations director.

The key principle he instills is the Tribune mantra of measure once, measure again, and share the results with everyone in the chain. "If we just quantify the right things, then we'll be all right," he says.

And the most important measurement is time. At the Tribune, he says, "every minute was considered as valuable as money." By correctly managing time, a paper not only creates efficiencies, but literally finds press capacity it didn't know it had, he preaches.

Production managers are adopting a different kind of proprietary relationship with the paper and press. Surkamer describes it this way: "I don't own a press -- I own time on the press."


Fond of drawing lessons from other industries, Surkamer compares the production consolidation and coming circulation restructuring to Toyota's entrance into the U.S. market. The car maker introduced just one model to one market, California, then slowly expanded its line and market area.

So STNG now ponders where to roll out sub-ZIP code or even carrier-route zoning.

Long after Post-Tribune offices moved to suburban Merrillville, Ind., shuttering the Gary plant was the final step in press consolidation. But will it be the final element in Chicagoland consolidation generally?

"I don't know. How many presses does Chicago need?" Surkamer asks rhetorically. With the stroke of a pen to the map drawn on a dry-erase board, he crosses out the Shaw plant, which handles five medium-circulation dailies. Then he X's out The Wall Street Journal's dedicated Naperville press. "Who's going to be next to consolidate? Can a publisher really afford to run his or her own presses anymore?"

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