



— National Trust for —
LOCAL NEWS

**A DEEP DIVE INTO THE SUSTAINABILITY NEEDS AND
CONCERNS AMONG COMMUNITY MEDIA OUTLETS:**

An analysis of 103 publishers' responses about financial projections, revenue streams, and succession priorities

BY LILLIAN RUIZ AND CAROLINE PORTER

In partnership with The Lenfest Institute for Journalism and the Center for Community Media at the Craig Newmark Graduate School of Journalism at the City University of New York

EXECUTIVE SUMMARY

A SURVEY OF 103 LEADERS OF COMMUNITY MEDIA OUTLETS SERVING RACIAL, ETHNIC, OR LINGUISTIC COMMUNITIES IN 24 STATES FOUND:

- 53% of respondents reported that their organization would go out of business in less than five years when asked about their ability to continue to operate based on their recent financial performance.
- In a survey of 50 publishers who opted to take a second, follow-up survey, 62% reported that they rely on grants for at least some portion of their total revenue, and 42% rely on gifts from individuals.
- Across the cohort, access to consistent operating capital greatly hampered service expansion and/or key hiring.
- The most significant challenge to preparing for a smooth transfer of ownership was itself “overall succession planning,” followed by “finding new interested owners.”
- Publishers that face the potential of closing within one to five years and those with a more optimistic view of the future shared the belief that building a digital set of products is critical to sustainability.
- The more sustainable outlets stressed the importance of leadership having a background in business – and those facing a less certain future ranked editorial background as the most vital.
- When asked about allocation of staffing resources, respondents who anticipate lasting five years or longer dedicated more staffing resources to sales and marketing than the respondents who anticipate closing before the five-year mark.

THESE FINDINGS POINT TO TWO SPECIFIC NEEDS:

- Publishers across the board said they did not have a succession plan in place and would benefit from more training on how to implement strategies for transitioning to new leadership.
- Publishers need access to technical expertise and resources about new and consistent forms of revenue, more information about ways to seek capital, and business and digital transformation training.

SUGGESTED NEXT STEPS:

- The Lenfest Institute for Journalism’s Amy L. Kovac-Ashley has a [guide on succession planning](#) through her 2022-2023 Donald W. Reynolds Journalism Institute fellowship that we recommend.
- The National Trust for Local News is also more than happy to speak with any reader of this report considering succession planning and sustainability questions. Please reach out via the contact form at www.nationaltrustforlocalnews.org for more information.

Section 1: INTRODUCTION

Although much attention in journalism investment circles has focused on ways to develop and protect both new and old organizations, less emphasis has been placed on the specific needs of a crucial component of the news ecosystem: community media.

For communities of color and immigrants, community media is often the only place to be engaged in civic discourse, learn about community happenings, and find out about opportunities or concerns. In many ways, community media outlets act as a vibrant town square. Many of these publications contain the “news from home,” focused on home countries and the political and social issues occurring there. Some are published in English, others in the native language of the nationality covered. As our partner in this work the CUNY Craig Newmark Graduate School of Journalism’s Center for Community Media (CCM) [describes](#):

“Communities of color and immigrants often rely on their own news outlets as the only trusted sources of information. Yet these news outlets remain largely invisible to mainstream media, public officials, the nonprofit sector, advertisers and philanthropic organizations.”

This brief report hopes to narrow that gap in a small way. To assess the areas of greatest need among community media outlets, the National Trust for Local News partnered with CCM to survey publishers about their concerns related to sustainability and the future of their publications, including capital, transformation, and succession needs.

CCM plays a key networking role in ensuring community news outlets across the country have access to funding, tools, training, and philanthropic attention. The organization’s deep ties with publishers of color played an important role in generating interest in participating in the survey, including direct outreach to potential participants.

This report was
funded largely by:



DEFINING THE COHORT

For our purposes, we define community media as the news outlets that are the primary and/or most trusted source of information for a hyper-specific audience or cohort, be it racial, ethnic, linguistic, or other trait-defined group.

The survey was completed by 103 publishers, representing 24 states, between October 2021 and March 2022.

50 respondents completed a second, follow-up survey focused on issues specific to succession. Of those 50 respondents, 11 also took part in 30-to-45 minute interviews to gather more context about their specific scenarios.

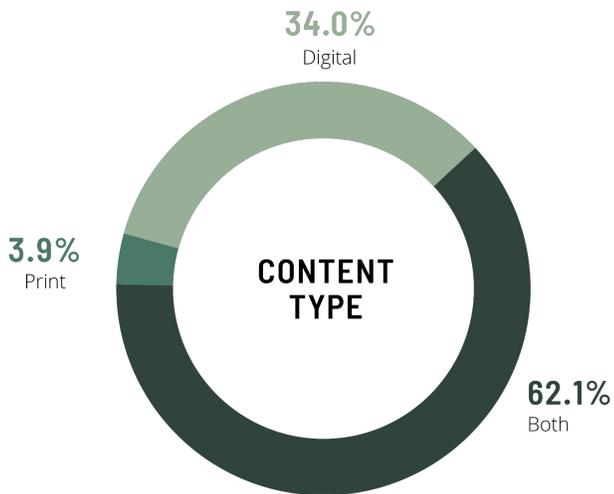
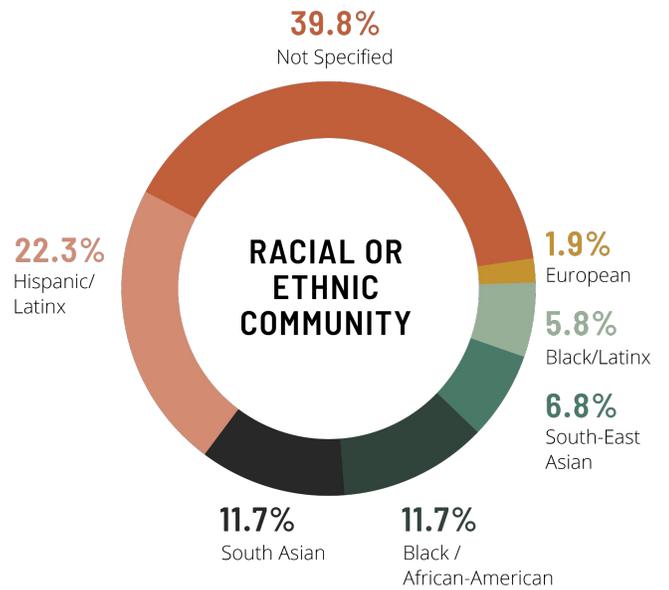
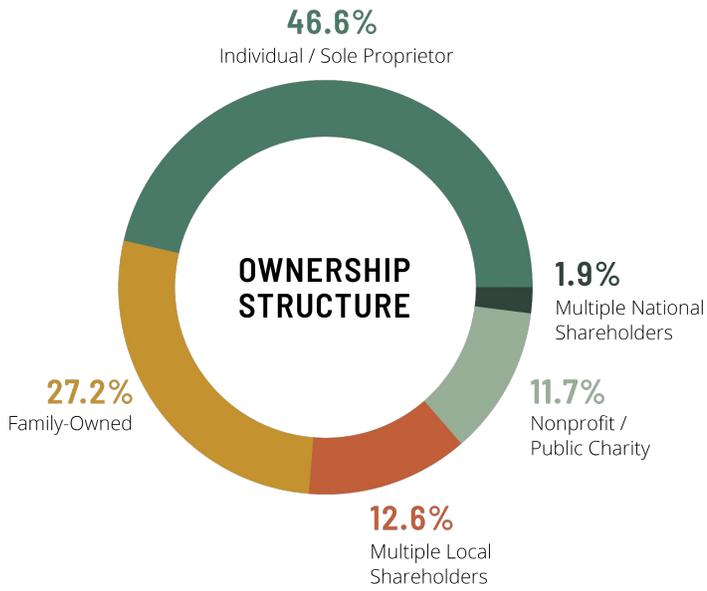
Within the initial survey, 60% of total respondents identified their organizations as serving racial, ethnic, or linguistic communities.

Within the initial survey, about one-in-four respondents described their ownership structure as “family-owned,” and almost one-in-two respondents described their ownership structure as “individual/sole proprietor.” Only about one-in-eight respondents described their ownership structure as “nonprofit/public charity.”

Within the initial survey, just under two-thirds of respondents reported producing both print and digital content, while another third reported producing digital-only content. A small percentage (about 4%) reported producing print-only content.



DEFINING THE COHORT



“Not Specified” in the charts above references the cohort of respondents who chose not to respond to these survey questions.

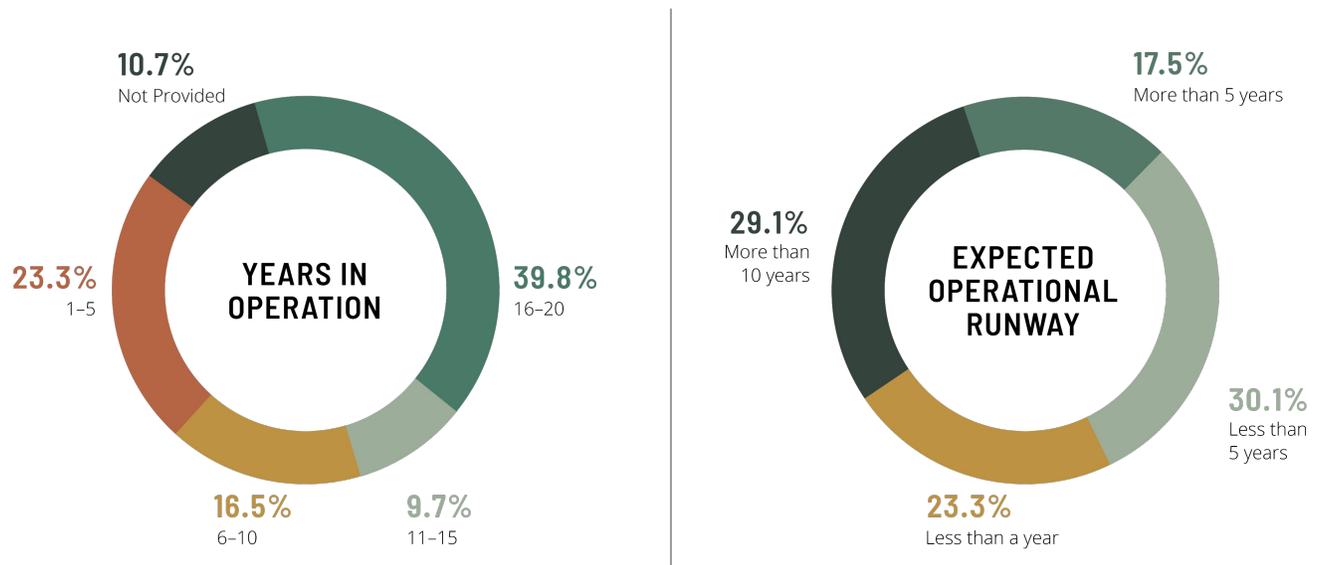
Section 2: KEY FINDINGS OF THE SURVEY ANALYSIS

Our primary survey, completed by 103 publishers, entailed 26 questions total. In addition to demographic and background information about publications, the questions centered on outlets’ sources of revenue, business challenges, and resource needs. The second, follow-up survey, completed by 50 publishers, consisted of 13 questions about gross revenue, profits and losses, alternative funding sources, and succession planning. Of those 50 respondents, 11 also took part in 30-to-45 minute interviews to gather more context about their specific scenarios.

In our analysis of publisher responses, we quickly identified a handful of clear takeaways about the issues facing community media: financial instability, lack of access to consistent capital, and a desire for more preparation related to succession planning.

FINDING NO. 1: FINANCIAL INSTABILITY

- The outlets surveyed face steep financial odds. Without solutions to some of their core investment challenges, these outlets risk extinction.
- When asked about their ability to operate based on trends in historical financial performance, 53% of respondents reported that their organization would go out of business in less than five years.
- Within that group, 44% stated that they likely had less than one year remaining before they might no longer be able to operate.
- “Every day is a new day of just not knowing what the future holds,” said one interviewee. Another interviewee described how his publication received a small PPP loan at the height of the COVID-19 pandemic but also lost advertisers. He simply kept producing the publication without income.



FINDING NO. 2: LACK OF ACCESS TO CONSISTENT CAPITAL -----

Across the cohort, lack of access to consistent revenue streams and operating capital greatly hampered opportunities to expand coverage and/or make new hires. Adding new staff was noted as particularly important as many of these publishers cited leadership burnout. Publishers want to make critical coverage expansions or transform their revenue mixes, but these investments are often subordinate to basic issues of cash flow and burnout.

- Of the 50 respondents to the survey detailing financial needs, roughly 60% were operating with a break-even or positive profit margin.
- These profits, however, were small: More than half had revenues under \$150,000 per year.
 - 32% of publications had gross annual revenue of less than \$50,000.
 - For 24% of the publications, gross annual revenue totalled \$50,000 to \$150,000.
- Just 28% had gross annual revenue between \$150,000 and \$500,000.

The size of these businesses underscores the tight margins that publishers are navigating. Even a small to midsize cash infusion would make a difference. Locating that capital, however, is a challenge.

- 60% of those who responded to the second survey have pursued commercial or personal loans to maintain their operations. The survey did not ask if the loans were approved, though in follow-up interviews, several publishers expressed their frustration with application processes and their inability to secure loans.
- 62% rely on grants for at least some portion of their total revenue, with gifts from individuals forming an important source of support at 42% of total revenue.
- Three of the 11 publishers interviewed described self-financing as one way they address publication expenses.

“For me, starting was not a problem, but growing has been a problem,” one publisher said.

Other interviewees described a lack of knowledge about different options for raising capital and some skepticism about applying for traditional loans. Several others openly questioned if transitioning to a nonprofit would lead to more funding, especially through grant requests. Others brought up the steep competition to win grant funding, noting that grant applications can either be too narrow or too broad for their use.

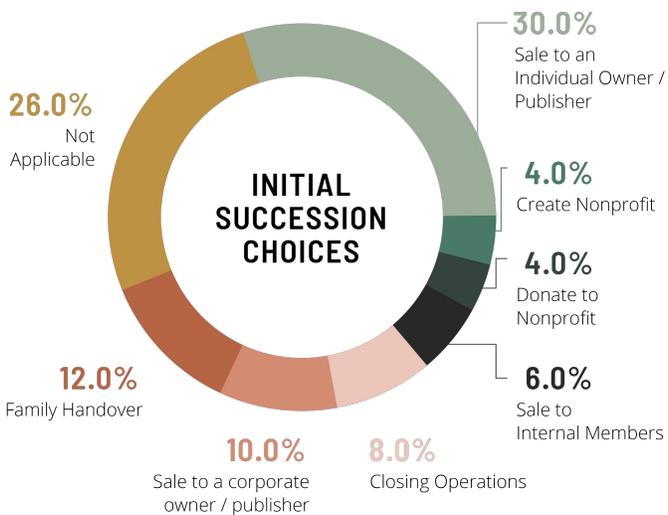
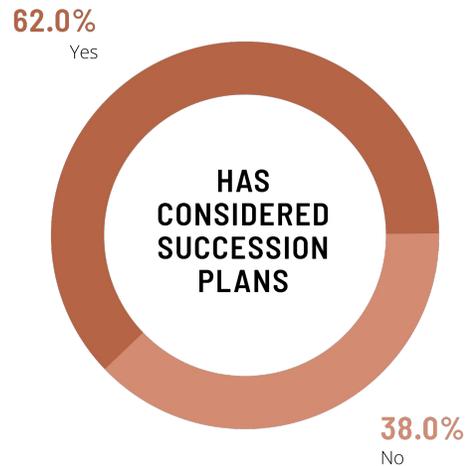
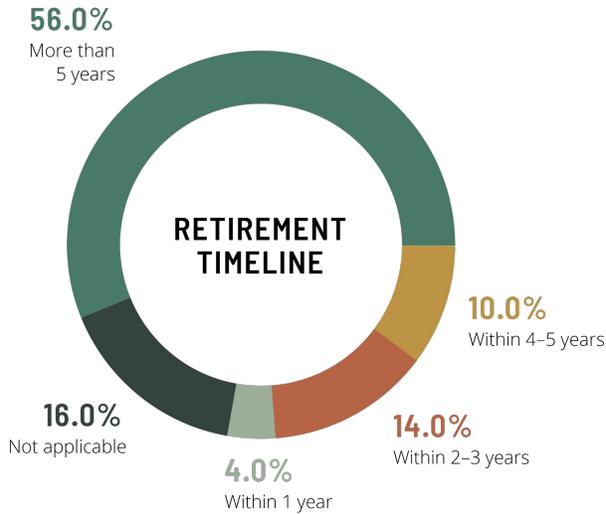
FINDING NO. 3: DESIRE FOR MORE SUCCESSION PLANNING PREPARATION -----

The follow-on survey of 50 publishers also focused on succession planning, including the options being evaluated by the publisher, the challenges to succession planning, and publishers’ priorities in planning and executing a successful transition to another publisher. These answers paint a picture of time-and-capital-strapped publishers looking for more information and understanding about their succession planning options.

- A majority of publishers are familiar with succession and have spent at least some time considering their options.
- Across the cohort, having a new publisher ready by their exit was the highest priority, followed by working with a mission-guided buyer.
- The top challenge to succession planning identified was simply “overall succession planning,” followed by “finding new interested owners.”

FINDING NO. 3: DESIRE FOR MORE SUCCESSION PLANNING PREPARATION CONT.

In follow-up interviews, publishers across the board said they did not have a succession plan in place and would benefit from more training. The charts below reference respondents' answers to the first, larger survey.



Section 3:

WHAT IS WORKING AND WHAT IS NOT WORKING: TAKEAWAYS OF COMMON SUCCESS

Among the news organizations that expect to last more than five years, three takeaways emerged that contributed to their more optimistic outlook: diversified sources of revenue, an emphasis on business training, and dedicated resources for sales and marketing.

TAKEAWAY NO. 1: DIVERSIFIED SOURCES OF REVENUE

Critical to sustainability is a diversified revenue mix that leverages ad revenue, grant funding, and reader revenue—either subscriptions or membership. In the first survey, respondents were asked to provide approximate proportions of revenue in relation to each of the described revenue streams. None of these values are intended to add up to 100% accurately, as the section did not require it. Overall, across all outlets surveyed, print advertising provided 38% of revenue, digital advertising followed with 24%, grants revenue was 12%, non-specified revenue made up 10%, events provided 6%, memberships yielded 6%, legal postings contributed 6%, and subscriptions provided 6%.

Outlets with an outlook beyond five years said they rely more heavily on digital advertising (40% of total revenue on average) than print advertising (20%). Other revenue streams include: grants (11% on average), membership (10%), and other non-specified revenue streams (17%). In addition, we note that this group of outlets that expect to be publishing beyond the next five years relied on membership as a revenue stream more than the other outlets surveyed. Those that anticipate lasting less than five years rely more on print advertising (41%) than digital advertising (24%) and are slightly more reliant on grants (16%).

One thing that did not appear to be different between sustainable and unsustainable organizations was whether or not they required paid subscriptions. For those organizations with a five-year plus time horizon, 81% are free and 19% are paid. For organizations with less than five years in its time horizon, 91% are free and 9% are paid.

TAKEAWAY NO. 2: AN EMPHASIS ON BUSINESS TRAINING AND DIGITAL TRANSFORMATION

Both publishers that face the potential of closing within one to five years and those with a more optimistic view of the future shared the belief that building a digital set of products is critical to sustainability.

“We are a media company and not so much a newspaper company, and I think that [means that our company’s focus] goes more into producing content [online],” said one interviewee. “That is where we need more learning.”

However, for those with shorter time horizons, the lack of funding for these critical staff and infrastructure investments presented an additional hurdle. The more sustainable outlets stressed the importance of leadership having a background in business—and those facing a less certain future ranked editorial background as the most vital key to success.

TAKEAWAY NO. 3: DEDICATED RESOURCES FOR SALES AND MARKETING

When asked about allocation of staffing resources, respondents who anticipate lasting more than five years dedicated more staffing resources to sales and marketing than the respondents who anticipate closing before the five-year mark. For those publishers lacking a sustainable future, 44% of respondents said they put less than 10% of their staffing toward sales and marketing and just 5% said they put 75% of their staffing toward sales and marketing. By comparison, for publishers expecting to last more than five years, only 27% of respondents said they put less than 10% of their staffing toward sales and marketing and 10% of respondents said they put 75% of their staffing toward sales and marketing. More than half of the publishers expecting to last more than five years reported that they spend 10-25% on sales and marketing, and 8% of publishers said they spend 50% on sales and marketing.



Section 4:

HOW TO SUPPORT THESE PUBLISHERS

PARTICIPATORY GRANT FRAMEWORKS

Thanks to the collaborative structure of the Center for Community Media's network, the outlets are energized by the prospect of collaboration. A number of respondents spoke enthusiastically about wanting training and information on collaborative fundraising, which would allow these organizations to share the capacity burden associated with grant applications. More importantly, it would provide an opportunity to assess and allocate funds amongst themselves for things like shared infrastructure, additional reporting, and fractional hires in areas like sales, marketing, and development.

TURNKEY FRACTIONAL SUPPORT

Although each publication maintains its own nuances and challenges, one thing that continues to be evident is the potential role of access to specific areas of expertise. Specialists in strategy, operations, revenue, and development are in demand but are often cost prohibitive for these organizations. A shared suite of back office services, like that being built by the National Trust for Local News, or other forms of fractional leadership would be helpful, especially in high-cost areas like accounting, legal, digital, and IT. Another option is to buy these services on a contractual basis to cut down on expenses. A shared services or fractional leadership model could also minimize burnout at the top levels of these organizations.

WORKING CAPITAL FOR TRANSFORMATION

The respondents were highly aware of the need for revenue diversification. This process for discovery is often lengthy and trial-and-error based, especially for communities that do not have a strong subscriber or membership culture. Providing working capital actively to test new revenue initiatives is an area of great potential impact. It would be especially beneficial in communities of color and within linguistic communities, where more experimentation—and for longer durations—may be required to identify monetizable opportunities.

SUMMARY

This research uncovered both tremendous need and incredible commitment among community media publishers. In response, the National Trust for Local News is more than happy to speak with any reader of this report considering succession planning and sustainability questions. Please reach out via the contact form at www.nationaltrustforlocalnews.org for more information. In addition, in a recent development for the field, The Lenfest Institute for Journalism's Amy L. Kovac-Ashley has published a guide on succession planning through her 2022-2023 Donald W. Reynolds Journalism Institute fellowship that we recommend.

Despite the headwinds and tumult of recent years, these publishers largely described their dedication to and belief in their work as unwavering. "I don't think community journalism is going anywhere," said one publisher. "It's definitely going to change, but I don't think that perspective is ever going to be gone."

ACKNOWLEDGMENTS

Special thanks to the survey participants and interviewees for their time and insights. In addition, our heartfelt thanks to our friend and colleague at the Center for Community Media, Jehangir Khattak, and our friends and colleagues at The Lenfest Institute for Journalism, Ken Herts, Amy L. Kovac-Ashley, and Joseph Lichterman. We're also grateful to Kinkade Darling for his data analysis and support. Thank you to [Declarative](#) for the design of this report.

ABOUT THE NATIONAL TRUST FOR LOCAL NEWS

The National Trust for Local News conserves, transforms, and sustains community news organizations. We build stronger communities by keeping local news in local hands.

ABOUT THE LENFEST INSTITUTE FOR JOURNALISM

The Lenfest Institute for Journalism is a nonprofit organization whose sole mission is to develop sustainable solutions for local journalism. The Institute is the non-controlling parent organization of The Philadelphia Inquirer, and it supports journalists and news organizations serving local communities in Philadelphia and around the United States.

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