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Magazines

Slowing Fast Company?

James Erik Abels, 10.23.08, 6:30 PM ET

While layoffs and hiring freezes are the topic du jour at media companies across New York City, Mansueto Ventures remains a bright spot in the industry. According to the Publisher's Information Bureau, magazine *Fast Company* sold roughly $29 million in ad pages between January and September, a change of 37.3% over last year. Another Mansueto title, *Inc.,* sold roughly $64 million in ad pages, a change of 10% over last year.

So it was a surprise in early October when Mansueto Ventures closed its Mansueto Digital division (funded by a $10 million war chest announced last year) and laid off 20 employees. Responsibilities for its five Web sites have been given to the print magazines. Yet Chief Executive John Koten says digital remains imperative for the future. He started as editor of *Inc.* in 2002 and became CEO of Mansueto Ventures when it was formed by the purchase of his magazine and *Fast Company* in 2005.

What gives? Forbes.com sat down with Koten in his office on the 29th floor of Seven World Trade Center to ask. Here's an edited version of what he had to say.

Forbes.com: The 2008 *Inc.* 500 winners reported total sales of $13.7 billion, 14% below last year's $16 billion. Seems like that gave you early insight into the weakening market?

John Koten: We had the *Inc.* 500 conference in Washington about a month ago. It was interesting to be with those people at that time. It did have an impact on me because these are all very successful people and they were there to celebrate the growth of their companies and yet there was a somberness at the conference that I haven't seen in the time I've been at *Inc.*

Are your magazines particularly sensitive to the credit crunch of recent months?

We're writing for fast-growth companies, and fast-growth companies need credit to maintain their growth, so if there's no credit and they can't expand, the people we're writing for are going to be hurt.

How has that played out for your businesses this year?

We expected revenues to grow 20% to 25%, and they ended up growing across the company between 8% and 12%. Because we put a lot of investment in digital we expected our online revenues to grow faster than the rest of the digital media industry. We decided to turn back now because the future is more uncertain over the next six months to a year than it [has been].

Across New York City, media is cutting jobs and tightening budgets, how much of it is cleaning up the ranks and how much of it is about lower revenue expectations?

I'd say half the people that no longer have jobs here were just redundant in the reorganization and about half are things we decided we're going to stop doing until our business grows more.

What does the goal for three-year-old Mansueto Ventures become then?

Our goal is to increase market share when times are difficult, so I think as long as we're showing progress we'll be OK.

Combining print with digital will help you with that? Why?

There's an incentive if you're in the digital department to keep what you're doing close to your vest because it makes you the expert. I want everyone to know what our top 10 stories that generated the most traffic are each month, and I want the editors of the Web sites to share this information.

I want the editor of Fastcompany.com and the editor of Inc.com--neither of whom have been named yet and the Fast Company job is still up for grabs--I want them to put out a weekly or monthly report saying here's what drove our traffic this month.

We have these big video screens to help layout the magazine, but I'm thinking of converting them over to something we can use to report digitally ... what's happening with traffic.

So in your mind the combination is a response to tougher economic times and a way to fuel digital growth?

If anything, you could view this as a shift of resources from the print magazines to the online department because they're [reporters and editors] now going to be working 20% to 30% online. They do a lot of reporting, but [right now] they're thinking about just what they're going do for the magazine and they're not thinking about how they might leverage that online.

I've told every employee here that at the end of the year I want a memo explaining if [they] were an online employee how [they're] going to contribute to print and if [they're] a print employee, I want to know how [they're] going to contribute to online.

If I'm a journalist, I need to be able to do online, print, video, audio--whatever the heck is out there. I wanted to start a super-reporter program here, where we took two reporters from digital, two reporters from *Fast Company* and two reporters from *Inc.* and have them cross-train like hell to create a super-reporter who could wear all nine hats. Then I thought: Why shouldn't everybody be doing that?

The story is bigger than just what the journalists do as storytellers though, isn't it?

I think social publishing is going to play a bigger and bigger role in journalism whether we professional journalists like it or not.

The professional journalist becomes a coach and a mentor to people who are doing this [blogging and writing] for free. Our strength is trying to be the spokesman into communities and trying to build a business that works around that.

Then, the future of media/digital is about highlighting ideas and opinions, not flat factual reporting?

I think people with strong intelligent voices will find a way to monetize those voices in the future, but I don't know that people who are just following the traditional journalistic approach of gathering information and then presenting it in a stylistically pleasing way [are] going to survive. It's too dull.

And that will help you grow revenues through a recession?

Having regularly updated, fresh content is different than having people who are trying to break stories five or six times a day. I don't really see us as a news-oriented media company at all. With social publishing, you could invest in technology in a way that can help to boost your traffic and on a dollar-for-dollar basis that may be a better investment than investing in originally created content.