



Risky Business: John Harris, Jim VandeHei, and *Politico*

Part A

Teaching Note

Case Summary

The rise of the Internet has brought with it new pressures on the news business, but also new opportunities. In some cases, media outlets have adapted existing practices and products to the changing times; in other instances, journalism entrepreneurs have broken with old media organizations and tried to forge entirely new enterprises and business models.

This case focuses on an example of the latter. In late 2006, two *Washington Post* reporters, John Harris and Jim VandeHei, set out to create a new Web-based news site covering Capitol Hill. The venture, called *Politico*, was a gamble for the journalists. Not only were they leaving jobs at one of the country's most prestigious newspapers; they also faced the daunting prospect of establishing a viable business structure. They had to secure funding, recruit journalists, and create a product that could compete in one of the nation's toughest media markets—all at a time of considerable industry uncertainty.

The case begins as Harris and VandeHei voice dissatisfaction to one another about what they see as the growing gap between the *Post*'s storied reputation and its lackluster daily performance. Nowhere was this more apparent, they thought, than in the paper's uncreative response to the Internet. The case outlines the increasingly beleaguered advertising-based revenue model of many newspapers, including the *Post*, plus the growing trend toward journalist-as-brand (rather than as a relatively anonymous member of the larger organization for which s/he works). Students follow Harris and VandeHei as they consider the innovations needed to generate profits in an online world, and trace the evolution of their ideas about starting a politics-focused website capable of attracting star writers, influential readers, and dependable advertisers. Class members also see the two journalists attempt to formulate a business plan, find an investor, and reconcile their vision with that of their financial backer. In addition, they are party to Harris and VandeHei's deliberations as they consider leaving the *Post*, as well as to the unexpected hurdles involved in the run-up to launching the site.

Use Part A on its own to focus on the challenges of establishing a journalism startup, or in conjunction with Part B to trace the entire evolution of *Politico* from conception through its first 18 months of operation.

Teaching Objectives

Part A of “Risky Business” highlights the journalist-as-innovator and entrepreneur. It describes the perils and promises faced by those who decide to establish startups, rather than effect change within an existing organization. The case can prompt discussion about different business strategies and organizational structures, and serve as a vehicle for discussing the similarities and differences between print and online journalism—including the importance of personal brand and the style of stories that stand out in today’s media market. The case can serve as a platform for talking about journalists’ changing relationship with their audiences; old media versus new; niche versus more general publications; and the nature of political reporting, especially on Capitol Hill.

Unhappy with what they see as the *Washington Post*’s failure to adapt quickly and creatively enough to the Web, Harris and VandeHei begin to contemplate a new journalistic venture of their own. But what does it take to pull up roots at one of the country’s leading newspapers and put down new ones in untested soil? Discuss their decision, its risks, and its possible gains as part of a broader discussion about innovation in journalism.

Harris and VandeHei have a vision for the kind of journalism they want to produce: a small staffed, single-subject online site that targets a specialized audience. But after meeting with a venture capitalist in October 2006, they realize that good writing, editing, and reporting is only part of the equation: Setting up a new journalism venture also takes business acumen, managerial skills, and the “prosaic reality” of finding an office, securing legal counsel, and hiring a chief financial officer—expertise they fear they lack. In fact, the practical realities are so daunting that Harris and VandeHei’s enthusiasm for the project wanes considerably. Talk about the practical steps that should accompany plans to set up a new journalism venture.

Robert Allbritton, who has long wanted to own a Capitol Hill newspaper, agrees to fund *Politico*. But in exchange for his help Harris and VandeHei must modify their vision, and agree to create both a website and a newspaper. Students should evaluate the evolution of the men’s original plan, and the pros and cons of online and print publications. Use Harris and VandeHei’s experience with Allbritton to examine different business strategies for journalism, and talk about the impact of ownership on journalistic content and form.

Harris and VandeHei are lucky to find Allbritton, who allows them “all the possibility of a startup but within the context of an established and profitable venture.” But few entrepreneurs find such flexible and deep-pocketed financial support so easily. How else can journalism projects find funding, and which paths are most likely to succeed? Use Harris and VandeHei’s experience to discuss strategies and potential resources for journalists seeking to launch new projects.

Harris and VandeHei identify two main trends as changing the character of competition among media. One is the rise of journalists as individual brands “quite independent of whatever

institutional platform they worked for.” The other is demand for original analysis and distinctive writing over “commodity” journalism delivered in a uniform “voice-of-God.” It is “no longer enough for a newspaper simply to recount events,” they believe; it must “provide a service for which readers could not easily find a substitute.” But what should that service be? Students should discuss these trends, and consider their implications within the framework of the evolving role of newspapers in a rapidly changing media landscape, and other major changes underway in journalism.

Class Plan

Use this case in a course about the journalist-as-entrepreneur; the business of journalism; establishing media startups; online versus more traditional media; journalism business models and organizational structures; and political reporting.

Study questions. Help students prepare for discussion by assigning the following question in advance:

- 1) Harris and VandeHei want to create a new journalism venture because they believe that the *Washington Post* is “adapting with insufficient creativity and speed to the way the Web was transforming journalism.” To what extent, and how successfully, do you think their vision of *Politico* meets these challenges?

Instructors may find it useful to engage students ahead of class by asking them to post brief responses (no more than 250 words) to a study question in an online forum. Writing short comments challenges students to distill their thoughts and express them succinctly. The instructor can use the students’ work both to craft talking points ahead of class, and to identify particular students to call upon during the discussion.

In-class questions. The homework assignment is a useful starting point for preliminary discussion, after which the instructor could pose any of the following questions in order to promote an 80-90 minute discussion. The choice of questions will be determined by what the instructor would like the students to learn from the class discussion. In general, choosing to discuss three or four questions in some depth is preferable to trying to cover them all.

- a) Harris and VandeHei think that the *Washington Post* is threatened by an outdated revenue structure and fails to recognize the importance of writers as stand-alone brands. Their proposed answer to this changing climate is to produce a niche, online publication staffed by a mix of well-known veteran and relatively unknown cub reporters. Is this the right move given the challenges they see? What other innovations might address the problems? Consider alternatives to existing sources of print revenue, such as subscriptions, single copy sales, and advertising.
- b) Harris and VandeHei believe that the two main trends affecting competition among media are the rise of brand-name journalists and the growth of opinionated journalism over neutral “objective” writing. Do you agree that these are the two most

significant trends in journalism? Identify other developments you think are equally or more important.

- c) Harris and VandeHei see online, niche publications as most likely to deliver profits for media companies because they are most attractive to advertisers. Identify other journalistic and business innovations that have profit-making potential and discuss their implications for readers and journalists.
- d) Initially, VandeHei asserts: "You give us six stars and six rising stars, and we'll change the world...." Consider the strengths and weaknesses of structuring a staff with no middle level employees.
- e) Harris and VandeHei are torn about leaving the *Post*, which is not only prestigious, but offers relative job security at a time of considerable industry flux. Keen to keep Harris and VandeHei on board, *Post* editors make the two men several offers, including hiring their choice of reporters, and giving them substantial autonomy running the paper's online political coverage. Would you have left the newspaper if you were Harris and VandeHei? Should they have tried to effect change within the *Post*'s existing framework? What professional risks did they run, and could they have been reduced? As Harris asks: "What was the advantage of breaking free of the *Post*, other than the excitement of starting a new publication from scratch?"
- f) The two journalists want to launch their website in January 2007 to coincide with President George W. Bush's State of the Union speech and the unofficial beginning of the 2008 presidential campaign. The timing puts them under considerable pressure. Which is more important: perfecting the product before it is unveiled, or creating a splashy launch even if it still needs work?
- g) Harris and VandeHei plan to launch the newspaper and website on the same day but, unlike most traditional publications, they plan to run different content on each platform. Do you agree with this strategy?
- h) VandeHei feels that readers take "no pleasure in the neutral tone of much newspaper writing," which he sees as bland and inaccessible. Do you agree?
- i) Unlike most traditional media companies, *Politico* wants to build its product around a website, with the newspaper as a secondary initiative. Do you agree with this strategy? What are its pros and cons? Since most news consumers now get their information online, what justification exists, if any, for funneling resources to a print rather than electronic publication?
- j) Harris and VandeHei enter their meeting with a venture capitalist on October 28, 2006, believing they need just 12 writers and a small support staff. However, they are told that their business plan will entail far more money, staff, and expertise than they had originally imagined, including an office manager, sales team, financial officer,

in-house web developers, and a tech team—in addition to reporters, writers, and copy editors. Not all startups, however, can afford such expenses. Are they necessary? If not, suggest ways to cut costs.

- k) Allbritton agrees to back *Politico*, but only if Harris and VandeHei will supplement their website with a newspaper, which he believes is vital for attracting advertising and ensuring profit. Should Harris and VandeHei modify their vision?
- l) Allbritton not only provides funding, but his media empire, Allbritton Communications, solves various logistical problems for Harris and VandeHei, such as securing office space. His network of television stations also provides an instant platform for *Politico* reporters to discuss their work. But what if Harris and VandeHei had not found Allbritton? What other paths might they have taken to secure funding, solve their business plan problems, and raise their visibility? Discuss possibilities such as foundation grants, philanthropists, citizen donors, universities, and assuming non-profit status.
- m) Harris and VandeHei's long careers in journalism mean they know many well-known political writers personally, and are able to attract them to their venture. But not everyone has such good connections. How might entrepreneurs without such an advantage go about securing big names, or else compensate for the lack of wellknown figures affiliated with their project?

Suggested Readings

Leonard Downie, Jr. and Michael Schudson, *The Reconstruction of American Journalism*, October 2009.

SYNOPSIS: At a time when the news business faces major economic challenges, this report by Downie, former executive editor of the *Washington Post*, and Schudson, a Columbia Journalism School professor, proposes steps for maintaining a “vibrant, independent press.” Even as newsrooms and budgets shrink, it sees “abundant opportunity in the future of journalism” — especially in the Internet. The report spotlights a number of online journalistic models that it believes can be developed more widely to provide a diverse mix of for-profit, low-profit, and nonprofit sources of news and public affairs. It proposes creation of a national fund for local news, and sees universities and colleges as sources of “accountability journalism” that holds the powerful and influential to account. The report highlights some of the problems that Harris and VandeHei identify as plaguing the industry, and provides a basis for discussing possible strategies and business models for tackling journalism's problems.

<http://www.journalism.columbia.edu/cs/ContentServer/jrn/1212611716674/page/1212611716651/IRNSimplePage2.htm>

Megan Garber, “Common Knowledge,” *Columbia Journalism Review*, September 8, 2009.

SYNOPSIS: Harris and VandeHei want to establish an organization that caters to a particular niche—in their case, politically-engaged readers fascinated by the federal government. This article looks at the implications of such specialization—of readers being “able to choose not just which opinions to embrace, but also something more foundational: which facts to know in the first place.” Garber suggests that while the trend “may be individually empowering” it is ultimately limiting because “citizenship spins upon the axis of common information; its responsibilities require, at their base, the sense of security that comes from knowing that what I know is fundamentally similar to what you know.”

http://www.cjr.org/the_news_frontier/common_knowledge.php?page=1

Mark Glaser, “Personal Branding Becomes a Necessity in Digital Age,” *MediaShift*, *pbs.org*, July 16, 2009.

SYNOPSIS: Harris and VandeHei note the rise of journalists as individual brands, independent from the organizations for which they work. This article from *MediaShift* (which “tracks how new media—from weblogs to podcasts to citizen journalism—are changing society and culture”) asserts that personal branding for members of the media is “more than just a hobby—it’s a necessity.” Use the piece as a jumping off point to discuss the growing trend.

<http://www.pbs.org/mediashift/2009/07/personal-branding-becomes-a-necessity-in-digitalage197.html>

“Let’s Talk Journalism and Social Media,” *Nieman Reports*, Fall 2009.

SYNOPSIS: Harris and VandeHei believe that the *Washington Post* is not adapting creatively and fast enough to the way that the Web is “transforming the audience’s relationship to the journalists and the work they do.” This edition of Harvard’s *Nieman Reports* focuses on social media, which are crucial to that shifting dynamic. Among the articles relevant to the case are “The 21st Century Journalist’s Creed,” which calls on journalists to “let go of the sense that we have control and recognize how much better public service journalism can be when we accept the public as true partners”; and “Digital Media’s Key to Success: Must-Read Content,” which outlines common factors that enable “some content creators to draw steady and good-sized audiences.”

<http://www.nieman.harvard.edu/reports.aspx>

Jack Shafer, “Non-Profit Journalism Comes At A Cost,” *Slate*, September 30, 2009.

SYNOPSIS: Shafer takes a critical look at the non-profit news business—a model he describes as “spreading like midsummer algae bloom.” While he applauds the drive to fund “serious journalism,” he is cautious about celebrating the rise of non-profit journalism, warning that “in the

current arrangement, we're substituting one flawed business model for another." That's because, he says, a non-profit by nature relies on handouts, "and handouts come with conditions." The article outlines and illustrates the subject of alternative journalism business models that the case raises, and provides a useful run-through of some pros and (mostly) cons of non-profit journalism, including *ProPublica*, *The Voice of San Diego*, and the *Minnesota Post*.

<http://www.slate.com/id/2231009/pagenum/all/#p2>