

Asset Diversification

An Interview with Frank A. Bennack, Jr.,
Chief Executive Officer, Hearst Corporation

EDITORS' NOTE Frank Bennack, Jr. is in his second tenure as CEO and, in his first, served as Hearst's CEO for more than 23 years. He is also currently Executive Vice Chairman of the Hearst board of directors and Chairman of the corporation's Executive Committee. In addition, he is a director of Hearst Corporation and a Trustee of the Hearst Family Trust. His first tenure as President and CEO began in 1979. Prior to this, Bennack served as Executive Vice President and Chief Operating Officer of the corporation and, before that, as Vice President and General Manager of the Hearst Newspaper Group. He also served a seven-year tenure as publisher and editor of the San Antonio Light. Bennack is a director of Ralph Lauren Corporation and Chairman of The National Magazine Company Limited of Great Britain. He has received honors for his charitable work from such organizations as the American Heart Association and the Inner-City Scholarship Fund of New York. In 2007, he was elected into the American Academy of Arts & Sciences. In 2010, Bennack ended five years as Chairman of Lincoln Center for the Performing Arts.



Frank A. Bennack, Jr.

COMPANY BRIEF Hearst Corporation is one of the nation's largest private companies engaged in a broad range of publishing, broadcasting, cable networking, and diversified communications activities. Hearst (www.hearst.com) has launched such magazines as Country Living, Marie Claire, and SmartMoney, and was a founding partner in the launch of cable networks A&E, Lifetime, and History. Today, the company comprises some 200 separate businesses with approximately 20,000 employees.

How has Hearst consistently performed at such a high level despite ongoing economic challenges?

The two top reasons for the continued performance has been asset diversification and the talented people who can execute those businesses.

It's not surprising that when you put bets down in a number of directions and you get the best people you can find to manage these businesses, you're going to have success in enough of them that the entire organization continues to move forward.

Of all the things that have influenced where we are today, I would rate as number one the

fact that we were an early pioneer in cable television and now have a huge business there. We also migrated from being an afternoon newspaper company to largely a morning newspaper company, though even that is a tough arena these days. Nonetheless, we moved into the print areas that held more promise, but in particular, invested heavily in electronic media – the biggest change that needed to be made in the company's approach when I became CEO was to become more electronic.

So the success is in the asset mix that we've built but also having the right people to run those assets.

Are you concerned about the long-term opportunities in print?

The probability is that print will continue to be a smaller percentage of overall consumer consumption as well as of the advertising pie in future years.

Having said that, our view is that print will be here as far as the eye can see. We have made a new commitment to the magazine space, both domestically and outside the U.S., in the belief that both ink-on-paper and other delivery methods for the content that magazines represent are going to be around for a very long time.

But in terms of the division between print and electronic media, the print percentage is going to continue to come down. It doesn't mean it can't be profitable, but it depends on the strength of the content and franchises one owns.

How do you maintain an innovative culture at your size and scale and drive it throughout the organization?

This company was founded 125 years ago by one of the most recognized media innovators of all time, William Randolph Hearst. So it's in the DNA, but you perpetuate it by having people who think like that and are backed by a tone from the top that encourages innovation and is not afraid to fail. So we allocate a certain amount of our financial resources and management time to new things and innovation, and that word gets out.

What happens is that innovators outside the company show up on our doorstep. Not only do we get innovation from our own people but we constantly have people who want to come to Hearst and help us innovate further.



The Hearst Tower on Manhattan's West 57th Street

This is also a company that has been engaged in the communities where it operates. How critical is it that leading companies are focused on corporate citizenship?

Successful companies have an obligation to give back to the communities in which they have succeeded.

But beyond that moral obligation, it's also impossible to innovate, grow, and deliver content that the public wants if you're not a part of that public. Participating in the charitable and civic community is one way to be truly engaged with life around us.

Our people are knowledgeable as to what our communities need and that fuels their desire to help good causes but it also enlightens them.

In addition, no product is going to succeed in a community that fails, so helping and ensuring that you play a role in the success of the community is central to having a successful business.

Why is New York continuing to thrive despite the recession?

To a large extent, it's about the corporations and corporate citizens who make a commitment to the city and who know what makes a great city – like premier cultural, educational, and health care institutions and understanding the importance of preserving and advancing them.

It would be difficult to find any city where citizens are as regularly committed to as many causes as is true in New York.

We know we have the best in terms of the arts and medicine, for example, and there is an appetite to preserve those elements that make a community great.

Success builds on success. Companies do well in the city and then their executives and employees do well – and they have more to contribute and give back. It's a cycle that has been vital and in some ways unique to New York.

Many business leaders have talked about the strength in having a mayor from the business side like Mike Bloomberg. How important is it that the next mayor solidifies that public/private partnership?

It's an ingredient we're all concerned with and I don't look forward to not having Michael Bloomberg at the helm. He has done a phenomenal job. It's tough to attract business people to government. I hope, with whatever emerges out of the next city elections, the mayor and a good representation of the council are people who support business and know that business success is indispensable to the city's success. ●