

A Media, Information, and Services Company

An Interview with Steven R. Swartz,
President and Chief Executive Officer, Hearst

EDITORS' NOTE Steven Swartz assumed his current post in June of 2013, after having worked for the company for more than 20 years and serving as its Chief Operating Officer since 2011. He is a member of the Hearst board of directors, a trustee of the Hearst Family Trust, and a director of the Hearst Foundations. He was President of Hearst Newspapers from 2009 to 2011, and Executive Vice President from 2001 to 2008. From 1995 to 2000, Swartz was President and Chief Executive of SmartMoney, a magazine venture launched by Hearst and The Wall Street Journal in 1991 with Swartz as founding editor. Swartz began his career in 1984 as a reporter with The Wall Street Journal after graduating from Harvard. He served as an editor on the Journal's Page One staff from 1989 to 1991.



Steven R. Swartz

COMPANY BRIEF Hearst (hearst.com) is one of the nation's largest diversified media, information, and services companies with more than 360 businesses. Its major interests include ownership in cable television networks such as A&E, HISTORY, Lifetime, and ESPN; majority ownership of global ratings agency Fitch Group; Hearst Health, a group of medical information and services businesses; 30 television stations such as WCVB-TV in Boston and KCRA-TV in Sacramento, Calif., which reach a combined 19 percent of U.S. viewers; newspapers such as the Houston Chronicle, San Francisco Chronicle, and Albany Times Union; more than 300 magazines around the world including Cosmopolitan, ELLE, Harper's BAZAAR, and Car and Driver; digital services businesses such as iCrossing and KUBRA; and investments in emerging digital and video companies such as BuzzFeed, VICE, Complex, and AwesomenessTV.

What has been the key to the success that Hearst enjoys and how critical has the company's diversification been to that success?

We've been blessed with a culture of always looking out for the next opportunity, never standing still, and always redefining what business or businesses we're in. That was the business mantra of our founder, William Randolph Hearst.

When Frank Bennack took over the company in the late 1970s, he pursued that mandate quite aggressively and it still permeates the company today.

As all companies have discovered, with the massive amount of change brought about by the digital revolution, being a diversified company and having that in our DNA is a great competitive advantage. It's hard to find an existing business today whose model isn't, to some degree, challenged by the digital change. Yet, there are other businesses that are perhaps newer and were created to take advantage of digital change. If we're in some of those and can take what we learn from those to reformulate our existing businesses, that is a recipe

for success.

Is there still growth in the more traditional businesses and how have you innovated to make areas like print relevant?

This will be the fifth straight year of profit growth for Hearst Newspapers, and we're very proud of that. One of our companies, the *San Francisco Chronicle* and its digital components, is running up 5 percent in revenue year-over-year.

We believe that is just one example of how, if we work these traditional businesses and keep redefining where the opportunities are, we can achieve growth. We have great franchises with great brands and great relationships in their respective communities, be it one of our newspapers or magazines, or one of our broadcast television stations.

If we're creative and have the best people running these businesses, which we are and do, there is good growth there.

In the digital arena, there is debate over growing revenue. Have you found models that work and how critical is it for the growth to be there going forward?

There is not a business in our portfolio that isn't incredibly focused on the digital opportunities and challenges to their business.

One of our divisions, Business Media, is 100 percent digital. These are database businesses or software platform businesses that aid our clients in the day-to-day operation of their business. They are riding the wave of digital change and growing very fast. They are helping their customers in the financial services industry through our Fitch business; in various aspects of the medical industry through our portfolio that we call Hearst Health; and in our transportation data businesses, etc.

We also have a portfolio of emerging consumer digital brands, largely in a new partnership we have formed with Verizon. Here we have businesses such as Complex Media and AwesomenessTV, and a couple of start-up digital businesses, RatedRed.com and Seriously.TV. We are looking to build new businesses around the mobile phone and the new platform of streaming video onto mobile devices.

Within our somewhat traditional businesses, we are seeing very good growth in our mobile properties in newspapers, television, and magazines such as the partnership *Cosmopolitan* has with Snapchat. There is excellent performance on that platform.

We're very focused on and excited about our portfolio of digital businesses.

How do you define what Hearst is today?

Going back to our original business in 1887, which was the *San Francisco Examiner*, I would argue that then, as well as now, a newspaper embodies aspects of a media company, an information company, and a services company. There's no doubt that even at that time, newspapers provided even more vital services to a community – a publisher back then was probably in part a political figure, a civic organizer, and an M&A broker introducing businesses to each other.

I would argue that we are still a high-value, media, information, and services company today and much of that is technology based.

Will you talk about how critical it is to build a diverse and inclusive workforce and some of your efforts in that area?

It is absolutely critical to have a diverse workforce with diverse expertise. The world is changing so fast and, if we simply rely on a traditional skill set or a mindset, we're going to be left behind.

That said, as we bring in all types of new people with new perspectives and skills, one has to make sure to preserve one's culture. We have to continue to reinforce the core values and those revolve around being a good partner, the notion that doing good is good business; the notion that business transactions among partners should be win-win; and the notion that the company's reputation and integrity are paramount and no attempt to gain an advantage that might compromise our good reputation is worth it. ●