

The Observer works hard to succeed: A look at the business side of the Island's paper

By Will Craig

Much has been written about the struggles of newspapers. Against this trend, the Washington Island Observer survives and gets better every year.

Dale Cissna, the Observer's financial officer, says, "Our challenge is to improve the value to our customers and employees, despite costs going up every year."

The plight of U.S. newspapers is a concern across the country. Circulation and ad revenues have been shrinking as advertisers and readers migrate to the internet and social media. Small-town newspapers have done better at keeping both advertisers and readers, according to a recent article in the *The Economist* (see sidebar). Advertisers know that every reader is a potential customer. And readers in smaller towns tend to be more loyal to their local newspapers because they cover their communities.

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Cissna's data on Observer revenues for the most recent year, 2017, document that support. Revenues were at an all-time high. Major sources of revenue were sales of newspapers (43 percent) and advertising (41 percent), both up from previous years. The paper has a circulation of 1,100 loyal readers. Advertisements tend to vary by season, but in one sample – the July 26, 2018, issue – the paper contained 61 ads. Additional revenue came from things like boxholder fliers and copying services.

That is the good news. It is the result of having support from local readers and local advertisers.

The bad news is that Observer costs keep rising. Nearly every item in the paper's 2018 budget is expected to rise 5 percent or more.

"Our printing costs have gone up \$1,000 already this year due to the cost of newsprint," says Cissna. Small-town editors interviewed by the Washington Post in June have had similar experiences and are worried that proposed tariffs on newsprint from Canada will make matters worse.

The Observer's expenses for 2017 were slightly less than revenues, so the newspaper is solvent.



PHOTO BY GINNY CRAIG

Dale Cissna, the Washington Island Observer's financial officer, and Lucia Petrie, president of the board of directors, are careful stewards of the Observer's resources.

"That's critical," says Cissna. "If there is any profit, our next priority is to invest in the business so it remains solvent."

Those investments include committing resources to staff and equipment. Hans Lux, who had been covering Island news as a volunteer, became the Observer's assistant editor in spring of 2018.

The biggest cost is the staff, at 43 percent of total expenses. That cost includes five people, three of them Island residents, plus a summer intern. The paper's resident employees are Lux, Office Manager DJ Kickbush, and Advertising Manager Zuzka Krueger. Non-Island employees are Lux, Office Editor Laurel Hauser, and Design and Layout Manager Jori Kapla. Summer intern costs are shared with the International Society of Weekly Newspaper Editors (ISWNE). Except for the intern who works full-time for eight weeks of the summer, all staff are part-time. Board members receive no compensation.

Staff costs would presumably have been even higher, or the quality of the paper lower, if not for the more than 70 volunteer writers and photographers who help fill the paper. Their stories and photos are about Washington Island, which makes the paper relevant to local readers, which in turn makes subscriptions more attractive. The quality of the contributed work has been excellent, allowing the Observer to win a 2017 Wisconsin Newspaper Association Better Newspaper Award.

Printing and distributing the weekly paper accounts for another 40 percent of budget. It is the second highest Observer expense, and it is growing fast. Like other newspapers, the Observer will be monitoring newsprint tariff developments.

Office expenses (13 percent) and "other expenses" (14 percent) complete the picture. Office expenses include rent, utilities, telephone, internet, equipment and supplies. Other expenses include things like insurance, accounting services and fees to cover electronic services. All of these costs have been rising.

The Observer made a small profit in 2017 and has used that money

Recent articles about small-town newspapers

These articles cover a range of topics about small-town newspapers. All provide insight into the challenges papers face in the digital age, and all provide examples from specific newspapers. Several focus on the impact of newsprint tariffs on the business. The Economist article provides hope for survival.

Readers of the Observer's online version may read each article by clicking on its title. Print readers will find the articles by searching on its title.

"Trump's trade war threatens the U.S. newspaper industry." Washington Post. June 22, 2018.

<https://wapost/2luTnai>

"Still kicking. Small-town American newspapers are surprisingly resilient" The Economist. June 23, 2018.

<https://www.economist.com/united-states/2018/06/23/small-town-american-newspapers-are-surprisingly-resilient>

"When local papers close, costs rise for local governments." Columbia Journalism Review. June 27, 2018.

https://www.cjr.org/united_states_project/public-finance-local-news.php

"Weekly Briefing: 19 Lawmakers, Wisconsin Publisher Urge ITC to Reverse Newsprint Tariffs." Wisconsin Newspaper Association. July 19, 2018.

<https://www.wnnews.com/2018/07/18/congress-johnson-testify-newsprint-tariffs/>

to improve the newspaper and the community. In 2017, the newspaper began a beautification campaign, placing flower planters, shaped like traditional Island fish boxes, in front of participating businesses.

Lucia Petrie, president of the Observer board of directors, underscores Cissna's comments: "The families that purchased the Observer from the Toerpe family in 2012 wanted to keep the Washington Island newspaper alive. They contributed cash, knowing their return would be a newspaper that would support the community. They have no cash equity and get no dividend. They want the newspaper to be self-sufficient and deliver the best product possible. I'm happy to say our staff, our readers, our advertisers, and the greater community have helped us deliver a great product that serves the Island well."



PHOTO BY STEVE WALDRON

Fire chief Peter Nehlsen and firefighter Ezy Beneda ran the Rec Run in full gear.



PHOTO BY JIM ROSE

it, Sarah Doering, sister-in-law Lydia