POWER IS EVERYWHERE:

How stakeholder-driven media build the future of watchdog news

- By -

Mark Lee Hunter, Luk N. Van Wassenhove and Maria Besiou

The Stakeholder Media Project

Power is everywhere,
and comes from all directions simultaneously.
Michel Foucault, The History of Sexuality, Pt. 1

In memory of Gavin McFadyen, our friend and ally.

THE EMERGENCE AND FUTURE OF STAKEHOLDER-DRIVEN MEDIA

The path to this book began in 1995, when one of us was reporting on a legislative campaign of the French extreme right party, the Front National, in a suburb of Paris. The candidate's office was filled with people who had never met each other, come to hand out election tracts and incite voters. We asked an activist how he'd known to show up. "The radio," he said. What radio? we asked, because at the time, mainstream media (MSM) refused to even mention the Front. He named a station that belonged to the party's allies. Someone there had told listeners to get in their cars and drive to join the campaign. A leading French scholar of politics later told us that he didn't know of any other party in France that could have mobilized such a crowd so fast.[1]

The Front had built an entire media network to reach its people. It included the first website ever created by a French political party. Several newspapers competed for readership among its members and sympathizers. So did dozens of book publishers, pumping out texts that seethed with arcane (and sometimes occult) wisdom and vitriol. So did hundreds of folks who published more or less professional magazines and newsletters aimed at particular sects, fragments or movements within the Front – Hellenist or Nordic pagans, integrist Catholics, anti-abortion militants, royalists, and so on and on. There were even neo-fascist rock bands and art galleries that occupied other frequencies of the media spectrum. They all formed a complete counter-culture, a coherent worldview from which contradictory

1. Hunter, Mark. "Beat the press."
   Columbia Journalism Review 35.6 (1997): 14.

viewpoints had been excised.

The Front appeared only as a demonic, racist threat to society in France's mainstream media. But that had not stopped it from growing. Nor had it stopped militants from hearing the Front's own media and responding.

Media like these had not yet been explored by the scholarly studies (on agenda-setting, to be precise) that we read in our doctoral programs. Those studies did a very good job of explaining how, and to what extent, mainstream media influence our societies. But they rarely considered how non-mainstream media affect us. A few exceptions, like Sara Diamond's landmark study of the American Christian Right, *Roads to Dominion*, showed that determined communities who owned their own media could have a massive impact on society over time[1]. But the exceptions did not alter the prevailing consensus among scholars, politicians, journalists and activists: The media – *The Media!* – set the terms and frames of public debate, and so control society, indirectly but completely. Anyone wishing to change society is therefore obliged to attract the attention and favor of the Gatekeepers, deities who decide what news is fit to print. Otherwise, if it doesn't make the evening news, it never happened. Scholars referred to this paradigm as "media hegemony".

We (and a growing number of others) argue that the above model has given way to a media environment in which a stunning range of actors control their own media, and use those media to directly affect individuals, communities, organizations and society.[2] This shift – which helped enable the Presidential campaign of Donald Trump – has implications for activists, consumers, businesses, politicians, and not least for media professionals. Media created and controlled by communities of practice and interest – as we call them, "stakeholder-driven media", or SDM – represent a significant and fast-growing piece of the news industry. The powers currently ascribed to mainstream media, of deciding what matters, and who matters, are increasingly devolving to media created by stakeholder groups. SDM are gaining new powers – power over the past, and therefore the future, of organizations; the power to tell people not only what matters, but what to do about it; and the power to federate other stakeholders, even their adversaries, in ad hoc movements.

We have documented these phenomena. Beginning on that day in 1995, we began first to notice, then to collect and analyze cases in which stakeholders – people who affect, or are affected by issues and organizations[3] – used their media to exert the kind of material power that the National Front showed on that day in France.

1. Diamond, Sara.
   *Roads to dominion:
   Right-wing movements and political
   power in the United States*.
   Guilford Press, 1995.

2. The first landmark article here was Shaw, D.L.,
   M. McCombs, D.H. Weaver, and B.J. Hamm,
   "Individuals, Groups, and Agenda Melding:
   A Theory of Social Dissonance,"
   *International Journal of Public
   Opinion Research*,
   11/1 (Spring 1999): 2-24.

3. See Freeman, R.E., A.C. Wicks, and B. Parmar,
   "Stakeholder Theory and The Corporate
   Objective Revisited,"
   Organization Science,
   15/3 (May/June 2004): 364-369.

1. Gillmor, Dan, "In Praise of the Almost-Journalists", Slate.com, March 28, 2014.
Via http://www.slate.com/articles/technology/future_tense/2014/03/human_rights_watch_and_other_advocacy_groups_doing_great_journalism.html

2. For investigative journalism as a social practice, see Aucoin, James L.
The evolution of American investigative journalism. University of Missouri Press, 2007.

3. Jones, Meirion,
"The BBC, Savile and investigations".
22 January 2016,
https://www.opendemocracy.net/ourbeeb/meirion-jones/bbc-savile-and-investigations

4 One of the exceptions to that quiet consensus is manager and scholar George Brock, who has continually argued that watchdog reporting is one of the four key elements that define useful and profitable news media. See Brock, George.
Out of print: Newspapers, journalism and the business of news in the digital age.
Kogan Page Publishers, 2013, pp. 201-2.

5. In May 2006,
Time magazine laid off investigative reporters Donald L. Bartlett and James Steele, who are best-selling authors as well as multiple award-winners.
Steele commented: "The decision was made at the corporate level not to fund this type of work." (See http://www.cjr.org/behind_the_news/once_there_were_giants.php).
That same year Time Warner paid a reported $4 million for exclusive rights to pictures of Angelina Jolie's new baby.

6. See Watson, Tom, and Martin Hickman.
Dial M for Murdoch: News Corporation and the corruption of Britain.
Penguin UK, 2012.

We soon observed that the powers inherent in these media, both creative and destructive, surpassed our expectations. We realized that actors like the Front, and Greenpeace, and smart entrepreneurs were harnessing those powers.

We also realized that the kind of journalism that matters most to us, independent, watchdog reporting, was increasingly dependent on stakeholder-driven media for its present and its future. The downsizing of the reporter workforce in the 21st century entailed deep disinvestment in watchdog reporting by MSM. Stakeholder-driven media – "almost-journalists", as Dan Gillmor described them[1], or perhaps a different kind of journalists – moved into that vacant space. We have heard it said that 70% of all investigative reports are currently produced by NGOs. Whether that number is perfectly accurate or not, it is quite clear that stakeholder watchdogs are creating a new social practice base[2], a set of shared skills and attitudes, for investigative reporting in future decades.

For many MSM executives, investigative journalism is at best a loss leader, an expensive trinket that serves a mainly promotional function, but that invites lawsuits and political payback. At the BBC, notes producer Meirion Jones, "There are individuals scattered in radio and TV programmes, in the regions, and all over the institution, who are trying to do investigations often in their spare time and with little support. Typically managers see them as a problem."[3] Few MSM executives have any direct experience of investigative work. Just as few believe that watchdog reporting is a worthwhile *investment*, from which one extracts a return.[4] From the 1990s until very recently, their industry's products seemed based on the conviction that people follow the news mainly to be diverted from their miserable, insignificant lives, instead of to find ways to make their lives less miserable and more significant. Thus "people" journalism siphoned resources from investigative reporting at firms like Time Warner.[5]

The irony is that even by the late 1990s, celebrity news was failing to conserve the MSM audience. Instead, the secular decline in the audience for news media accelerated, surely in part because broadband Internet enabled bloggers to capture the celebrity beat. In much of the world, oligarch owners turned their captive media properties into instruments of self-promotion, vengeance and corruption. Developed nations like the U.K. and U.S. were not immune.[6] Downsizing made for a thinner news product, further encouraging users to seek alternatives. It is hardly coincidental that at present, nearly half of the public finds MSM to be untrustworthy sources of news, at least in the nations

we follow.[1] Management matters, and misguided management hurts.

Journalism education has often helped to replicate the strategic error of MSM managers. In most universities, MSM largely define the skill set that journalism students are expected to have. In the words of one scholar, "J-school" curricula reflect "control from, and involvement of, media businesses."[2] Since the industry largely undervalues investigative work, in many universities, a deep understanding of investigative journalism – its history, sociology, and economics – isn't considered essential enough to figure prominently in the journalism curriculum. In France, for example, standards for journalism education are mainly set by the so-called "regional daily press", which is notorious for its conflicts of interest and lack of watchdog ability. By those standards, it is considered more important for a student to know how to tweet than how to dissect a company report.

Thus many students are doubly cheated. Not only are they denied instruction in high-level skills; their diplomas are losing value on the job market. Until recently, there was a more or less explicit deal between the news industry and J-schools: MSM would hire graduates trained in the skills the industry defined as necessary. That deal is now clearly broken. In Europe roughly half of journalism graduates cannot find a salaried job within a year of graduation.[3] And, in order to acquire investigative skills, which lead to employment in numerous sectors, students are obliged to continue their education after graduation, elsewhere. We know, because those disappointed students are the core audience for our conference seminars on investigative methods.

To change the industry's view, it is vital to rethink how investigative journalism creates value – for individuals, enterprises and users. To this day, the only value proposition that most journalists can cite about investigative reporting is that it serves the public good. That is true, and it matters. But watchdog reporting creates plenty of other value, and we need to be explicit about it, beyond the sardonic cliché that it can win awards. Successful news enterprises may not publish an investigation every day, or every week, but if they lack that capacity – if they are dependent on what "newsmakers" tell them – they are impotent and largely irrelevant to their audiences, who will find other ways to use their precious time, and other voices to defend their interests. Individual journalists who lack investigative skills are at risk of becoming Kleenex, easily expendable, cheap to hire and fire, fit for little more than "churnalism".[4]

1. The Pew Center reported in 2014 that a slight majority of those who have heard of specific major news media consider them trustworthy.
See Mitchell, Amy,
"Which news organization is the most trusted? The answer is complicated."
October 30, 2014,
via http://www.pewresearch.org/fact-tank/2014/10/30/which-news-organization-is-the-most-trusted-the-answer-is-complicated/

2. Becker, Lee B.
"The most pressing challenge for journalism and mass communication education."
The future of journalism and mass communication education (2008): 78-79.

3. See Terzis, Georgios.
European journalism education.
Intellect Books, 2009.

4. See Davies, Nick.
Flat Earth news: an award-winning reporter exposes falsehood, distortion and propaganda in the global media. Random House, 2011.
See also Justin Lewis et al.,
"The Quality and Independence of British Journalism: Tracking the Changes Over 20 Years."
Cardiff School of Journalism,
Media and Cultural Studies, 2008.
Free download: http://www.cf.ac.uk/jomec/resources/QualityIndependenceofBritishJournalism.pdf.

Thankfully, a growing number of universities, especially in the US and UK, are now addressing the need for new approaches, notably by adding entrepreneurialism or "campaign" journalism to their curricula. We hope this book will contribute to that movement. We also hope that it will help to build a foundation for partnerships between business schools and journalism schools, by proposing a common language and reference base for collaboration.

Our first goal is to describe how watchdog media created by and for stakeholder groups can become sustainable enterprises. We will focus on for-profit entities and social enterprises, rather than on non-profits, which represented the cutting edge of investigative reporting over the past decade. It is worth taking a moment to explain why we think that another tool is required.

The non-profit movement's conceptual basis was best articulated by Charles Lewis, who created one of the greatest watchdog non-profit journalism enterprises, the Center for Public Integrity,[1] then abstracted its success into a general theory of how investigative reporting might prosper.[2] His key innovation as a theorist was that in designing a future for news enterprises, Lewis specifically targeted investigative journalism, instead of the news industry as a whole. He was not

trying to save The Media, he was trying to save media that matter to democracy. We share that goal.

The core of Lewis's theory is that journalism reaches its highest expression and purpose when it seeks to inform citizens, without bias or ulterior motives, of concealed matters that affect their well-being. Citizens are thus better equipped to participate in society, and to hold their leaders to account. Or should be:

> *James Madison warned that, 'A people who mean to be their own governors, must arm themselves with the power which knowledge gives.' If that is true, it would seem that we have an extraordinary number of unarmed Americans, less and less knowledgeable about public affairs or news. To what extent can a democracy ostensibly 'of the people, by the people and for the people' exist without an informed citizenry?* [3]

It can't, of course, and therefore such journalism can and must be undertaken, regardless of the immediate commercial interest of the work; the path, warns Lewis, is "not paved with gold."[4] Support must come from foundations or individuals who share the goals of investigative journalists. Their work product can be distributed by any canal that promises "impact" on public opinion – in practice, MSM partners, as we will see later. This model places the social value created

1. In the non-profit sphere, Lewis's CPI was preceded by the Center for Investigative Reporting, the Fund for Investigative Journalism, and Investigative Reporters and Editors Inc. Thanks to David Kaplan for this note.

2. Lewis, Charles. "The growing importance of nonprofit journalism." Cambridge, MA: Joan Shorenstein Center on the Press, Politics and Public Policy, John F. Kennedy School of Government, Harvard University (2007).

3. Ibid, p. 4.

4. Lewis, Charles. "The nonprofit road." *Columbia Journalism Review* Via http://www.cjr.org/feature/the_nonprofit_road.php.

by investigative reporting above all other considerations. It also situates watchdog journalism at the apex of objective journalism, free of partisan afterthoughts and conflicts of interest, concerned only for the common good. It can fairly be called an heroic vision of journalism, though Lewis would surely smile at the adjective.

Ironically, in the absence of other propositions, Lewis's non-profit model has practically been enshrined as the only viable or legitimate path for watchdog reporting. That wasn't what Lewis wanted; for him non-profits are a means to staunching the decline of "substantive journalism," not an end.[1] Be that as it may, literally hundreds of non-profits have followed his model. That is a stunning achievement, and a powerful indicator of the depth of desire among journalists to do this work.

But more models are needed. The donors on whom non-profits depend do not have infinite resources, and even donations plus a mission do not equal enterprise survival skills. Thus a problem remains: Many watchdog reporters near-starve to get their work out. They cluster around indifferent foundation representatives at conferences like a mob of sans-culottes. They struggle with feelings of failure, with relatives who tell them that so-and-so's daughter made it big in advertising and then married someone even richer. (Not long ago we heard one of Europe's leading investigative reporters

admit that her husband sees her work as a "hobby".) Such reporters' dedication to their stories, to a better world, is admirable. But the world does not owe us support just because we can make it better. We have to make it easier for the world to support us.

Remarkably, very little has been said by either practitioners or scholars about market opportunities and best practices of for-profit watchdog media. That silence even includes so-called "social entrepreneurialism", in which profits are secondary to an enterprise mission. Social or not, we contend that there is substantially more room for commercial practices and enterprises in the independent news space than has generally been recognized. A primary goal of this book is to show journalists and entrepreneurs how they may occupy that space through stakeholder-driven media.

First, in Chapters One and Two we will set out key components of business models. From that base we will distinguish SDM from MSM, in particular where their value propositions are concerned. We will then explore current variations on these principles in SDM. At the end of the book we will return to this theme, through outlining SDM enterprises that may soon emerge. Our predictive track record is not perfect, but it's not bad; in 2010 we predicted that media focused on fact-checking would become a growth

1. Ibid.

sector, and in 2016 there are well over 100 of them around the world. Replace: Fact-checking played a key role in the 2016 U.S. election, too.[1]

We also believe that stakeholder-driven media are changing the strategies by which "impact" is achieved in journalism; this is the subject of Chapter Three. The landmark research of David L. Protess[2] and his colleagues showed that investigative journalism achieves reforms most often through a sustained effort involving a coalition of social and institutional forces, and rarely from a single "mobilizing" article or series in any media. Put another way, the broader story – how events play out over time – trumps the scoop; the last word beats the first word. That finding directly inspired our own research into how SDM achieve reform, and sensitized us to why MSM may not always be the ideal vehicle for journalism that seeks to change the world: In practice, MSM rarely stick around for the broader story. Likewise, non-profit investigative journalism centers – who, as we noted, typically rely on MSM to publish their stories – rarely follow their blockbuster stories across the years required to achieve reform or relief for victims. This is considered advocacy, not objective or even credible reporting.

In contrast, stakeholder-driven media consider advocacy part of their mission. They exist, precisely, to defend the interests of a community of practice or interest, to help carry through its agenda. That may not make them credible to MSM, but it certainly makes them credible to their users. SDM do not go on to the next story and forget the preceding one. They pursue a story so long as it matters to their stakeholders – their community. They are thus capable of achieving results over time that MSM rarely attain. For that reason, serious journalists are well advised to see how they may collaborate with SDM as well as MSM.

Because of stakeholder-driven media, the notion that the attention of MSM is required to set reform agendas is no longer as true as it was when sociologist Michael Lipsky famously described how activists use news media to dramatize their demonstrations and embarrass authorities into action.[3] We have studied numerous cases in which SDM, not MSM, determined the outcome. We have seen that the MSM have lost a surprising share of their previous agenda-setting influence, and SDM have gained it. We will show you how, and we will show you how you can capture and wield that influence yourself. We hope you will do it for the benefit of your own community, as well as the rest of the world.

We have repeatedly been asked if the rise of SDM is not dangerous for society as a whole; doesn't it mean that news media will put private interests above the public

1. The Duke University Reporters' Lab follows the phenomenon closely: see http://reporterslab.org/fact-checking/#

2. Protess, D. L. et al.. (1992).
The journalism of outrage: Investigative reporting and agenda building in America.
Guilford Press.
See also Besiou, Maria, Mark Lee Hunter and Luk N. Van Wassenhove.
"A web of watchdogs: Stakeholder media networks and agenda-setting in response to corporate initiatives", which draws on the work of Protess et al.
Journal of Business Ethics
118.4 (2013): 709-729.

3. See Lipsky, Michael.
"Protest as a political resource."
American Political Science Review
62.04 (1968): 1144-1158.

good? A first response comes, once again, from James Madison: A wide diversity of partisan voices may serve to keep other social and institutional powers in check, as well as to advance democratic debate:

> *It is of great importance in a republic not only to guard the society against the oppression of its rulers, but to guard one part of the society against the injustice of the other part. Different interests necessarily exist in different classes of citizens. If a majority be united by a common interest, the rights of the minority will be insecure. There are but two methods of providing against this evil: the one by creating a will in the community independent of the majority -- that is, of the society itself [Note: this is the 'public interest' to which the theory of non-profit journalism is addressed]; the other, by comprehending in the society so many separate descriptions of citizens as will render an unjust combination of a majority of the whole very improbable, if not impracticable.[1]*

Stakeholder-driven media are vehicles for those "separate descriptions of citizens", in all their diversity, desire and need. They are not above the democratic crowd, but inside it, turbulent and noisy. They are explicitly participants and actors in the communities they wish to create and serve. The question is not whether they have a right to play that role – partisan journalism accounts for quite the largest share of the history of news,[2] and it is not always or inevitably inferior to the more recent invention of objective journalism[3]– but how they play it. We need more counter-powers, and watchdog SDM can be such powers.

A second answer is that given a choice between the environmental news provided by Rupert Murdoch, Silvio Berlusconi or Serge Dassault, and the news provided by Greenpeace, we would often choose Greenpeace. So do the growing numbers of users who take the news about what matters most to them from SDM. This is hardly a disaster for democracy or journalism. It is the popular expression of a profound desire for media that matter to and for us. SDM will not be the only such media left standing when the current crisis of the news industry abates, of course. High-quality MSM that adapt to the same needs that produced SDM will also survive. There will remain a market for journalism that strives to be critical and fair toward contending social forces, as well as for media that defend particular communities. Journalists will have a choice as to which approach they wish to adopt for particular subjects.

1. From Madison, James (Publius), "The Structure of the Government Must Furnish the Proper Checks and Balances Between the Different Departments". (Federalist Paper No. 51) *Independent Journal*, February 6, 1788. Via: http://www.constitution.org/fed/federa51.htm

2. Partisan accounts and confidential commercial news vehicles were central to the origins of what became the news industry. See Frank, Joseph. *The Beginnings of the English Newspaper*, 1620-1660. Cambridge, Harvard U. P, 1961.

3. For insight into the origins of objectivity we recommend Schiller, Dan, "An historical approach to objectivity and professionalism in American news reporting." *Journal of communication* 29.4 (1979): 46-57.

Meanwhile, "an urgent current task for journalists, and for watchdog journalists in particular, is to link our stories to communities that need them and will support them. We need to investigate new markets and new ways of serving them as intensely as we investigate our chosen subjects."[1] Hence Chapters Four and Five focus on the strategic commercial resources and practices – the ones that directly impact the survival of an organization – that we have identified through our research. Besides issues such as channels, costs and revenues, we will consider partnerships among and across media. We think that partnership is a key skill of the coming era, and we observe that for journalists its value is only beginning to be harvested. In an era of fascination with hardware and software, the ultimate technology is still human relationships. The stunning impact of the Panama Papers, which were published as we concluded this book,[2] required years of organizational innovation by the International Consortium of Investigative Journalists and the Center for Public Integrity. The next innovations will come more quickly, and you may be part of them.

When people need something, they get it, or make it, or disappear. If you want to commit watchdog reporting and survive the ongoing crisis of MSM, this book will help you. The resources referenced in its footnotes will take you further up the path, and provide support to scholars who want to explore this domain. If you are concerned by where media are going, as a wise manager or an organizational communication professional, this book will help you in another way. It will clarify what stakeholder-driven media are, and how you can work with them to make the world a better place. If that sounds grandiose, fine. We began this work as investigative reporters and scholars, and that's what such folks try to do.

We believe that the overriding mission of news media is to make their users more powerful – more capable of building the world they want, for themselves and others. Journalism is first and always about power. Power is what journalism watches, and journalism is also an instrument of power – a way to reveal facts and their meaning, or to spread the messages of various forces. If we use that power only for ourselves, or in service to injustice and corruption, it corrodes us. If we use it for the sake of others, without becoming their mere vehicles and instruments, it ennobles us. If these are your ambitions, be glad. You have good company and a worthwhile future. We will show you some ways that your future can be achieved and sustained.

1. Cited from Hunter, Mark Lee, and Luk N. Van Wassenhove. "Disruptive News Technologies: Stakeholder Media and the Future of Watchdog Journalism Business Models." INSEAD Working Paper, 2010. Our thanks to Bill Densmore, who told us this point was worth repeating.

2. See https://panamapapers.icij.org/.

Acknowledgements

Power is Everywhere continues our own exercise in building a stakeholder community. Mark Lee Hunter began in 2005 by proposing that the Global Investigative Journalism Network reflect on for-profit business models; we are grateful that our colleagues have put the issue on the agenda for every bi-annual GIJN conference since. Marc Le Menestrel and Henri-Claude de Bettignies joined in a first case study of SDM at INSEAD, and INSEAD funded the project. Luk N. Van Wassenhove, then-director of the INSEAD Social Innovation Centre, brought his deep operational and intellectual skills to what became the Stakeholder Media Project, and recruited system dynamics scholar Maria Besiou. Also at (and funded by) INSEAD, David Soberman collaborated on a case study and article about the dynamics of stakeholder forums.

At the GIJN conference of Geneva in 2010 the Project published a working paper that advanced some of our key ideas, notably that contemporary journalism is best understood as a service, and that the service is to enable users and communities to thrive and prevail.[1] In succeeding years we were helped by people who dis-covered that paper and looked for us at conferences and online. They included graduate students trying to imagine their futures, and journalists who were building enterprises like the ones we described and predicted. They hadn't waited to find us before launching, but they were glad that someone else understood what they were doing and considered it highly valuable. Their intellectual support and generosity – their willingness to share detailed experience and insight – has in turn been vital to us, because it showed how to make our ideas more viable. You will find them throughout this book.

Cees Van Riel, founder of the Reputation Institute and the Corporate Reputation Review, solicited and published our first scholarly articles, and later offered us teaching platforms at Rotterdam School of Management. Johnson & Johnson, through the Academy for Business in Society, was the first outside entity to support our work financially; we thank Frank Welvaert of J&J, who has a long history of supporting investigative journalism among other achievements. That support was key to our theoretical work, published in scholarly journals cited below. The Open Society Foundation commissioned a forward-looking article for its series on "Mapping Digital Media"[2], while WAN-IFRA and the Aga Khan University helped fund new case studies.

1. **Op. cit. "Disruptive News Technologies."**

2. **https://www.opensocietyfoundations.org/reports/digital-media-and-investigative-reporting**

HOW WATCHDOG JOURNALISM CREATES VALUE

I

WHAT IS VALUE?

At INSEAD one day about a decade ago, we had a "learning moment", listening to our colleague Kevin Kaiser discuss the concept of value. Typically when business folk discuss value, they mean, "Does it make money?" That's a good question to ask[1], and we will try to answer it for watchdog reporters in this book. But Kevin went further. When you drink a Coke, he said, you're identifying with all the other "cool people" who drink Coke, and that is valuable.

He was being provocative – he knows Coke isn't always cool – but his deeper point was that **value can be intangible as well as material**. In fact, one of the reasons we wanted to be investigative journalists was to hang with those brave, determined people who didn't take dogfood from their would-be masters and call it ice cream. Another, for one of us, was that his girlfriend adored reading his stories. Comfort and good company are hardly luxuries. And of course, we wanted to change the world, make it more just, less cruel and chaotic. We didn't realize that you could make enough money doing so to retire someday. We were happy to be doing the work and getting some applause for it.

Even now, when we ask students or reporters what value they want to create, their first answers evoke these intangible values. They want to do something difficult and do it well and happily, stop being lied to and start being respected, stop bad things from happening and name the people who did them, save as much of the world as can be saved. This is part of what journalism scholar Philip Meyer had in mind when he said, "The only way to save journalism is to develop a new model that finds profit in truth, vigilance, and social responsibility."[2]

But there is more value to be gained from watchdog work, and we can be specific about it. Scholarship on strategic alliances, a subject we research and teach, tells us that firms which enter into alliances do not benefit from them unless they define how they want to benefit. One doesn't always get what one wants from life, but you're a lot more likely to get it in whole or part if you have a precise idea of what you desire and expect. So let's consider the kinds of value that watchdog journalism creates, beyond the fundamental value of making the world a better place.

1. We heard investigative journalist Seymour Hersh ask another reporter at a conference, "Did your company make money on your story?" He told us, "I started out with my own newspaper, and every week I had to find $200 for the printer. I sympathise with publishers."

2. Meyer, Philip. *The vanishing newspaper: Saving journalism in the information age.* University of Missouri Press, 2009.

1. See his Foreword to Hunter, Mark Lee.
   *Story-Based Inquiry:
   A manual for investigative journalists.*
   Unesco, 2011.

2. See www.rebaltica.lv/en/

3. See www.occrp.org

4. See Frooman, Jeff.
   "Stakeholder influence strategies."
   Academy of Management Review
   24.2 (1999): 191-205.
   This article describes how weak actors
   in organisational conflicts tap into
   the resources of strong actors through
   partnerships and other strategies.

5. See Hunter, Mark.
   "Ethical Conflict and Investigative Reporting
   Le Monde and the Contaminated Blood Affair."
   *The Harvard International Journal of Press
   /Politics2.2 (1997): 77-95.*

1

For a start,
watchdog journalism creates
social capital of various kinds,
particularly relationships
and allies.

• The **trust and respect of sources and publics** is a priceless personal and enterprise asset. Every investigator knows that the most important sources often take time to check you out before they tell you anything worth knowing. For your competitors, their circumspection is an entry barrier. For you, their approval is a competitive advantage. Journalists need these groups to make a living, to tell stories that they find meaningful to people who can understand them, and to feel needed by a knowledgeable public. (As the great Egyptian reporter Yosri Fouda has said, there is no greater value in the work of journalism than being thanked by someone who knows exactly what you achieved[1].)

• **Alliances** become easier to create when potential partners admire and support what you're doing. Alliances may be temporary and partial or permanent and complete. They help to create value for you by increasing the resources at your disposal.

· A university may put an office, equipment, a library and databases, a core public and teaching fees at your disposal. The Baltic watchdog center, Re:Baltica[2], gains those resources from its partnership with Stockholm School of Economics Riga and its Media Studies Centre.

· The Organized Crime and Corruption Reporting Project[3] provides expert editorial and research support, particularly on trans-national projects, as well as part-time retainers to the journalists in its network. Without that support, the reporters' media employers could not undertake ambitious stories, or could not complete them to global standards.

· Allies may also be crucial to your ability to prevail over your adversaries[4]. One of our mentors was Anne-Marie Casteret, whose coverage of the Contaminated Blood Scandal brought down a government in France – a unique achievement in the history of French investigative journalism. She achieved it not only through the power of her stories, but through alliances with victims, honest civil servants and foreign journalists, who kept her stories alive and her targets and adversaries distracted[5].

1. That year, during the occupation of
   the Brent Spar platform in the North Sea,
   Greenpeace filmed its actions and
   distributed the film to global TV networks.
   In its following annual report (1995),
   the organisation announced its intention
   to become a media producer as well as
   a boots-on-the-ground force.

2. Besiou, Maria, Mark Lee Hunter,
   and Luk N. Van Wassenhove.
   "A web of watchdogs: Stakeholder
   media networks and agenda-setting
   in response to corporate initiatives."
   Journal of Business Ethics 118.4 (2013):
   709-729.

3. See Jennings, Andrew,
   "Some thoughts on our simple craft,"
   in Hunter, Mark Lee, ed.,
   *The Global Investigative Journalism
   Casebook.* Unesco, 2012: 222-227.
   Free download: http://unesdoc.unesco.org/
   images/0021/002176/217636e.pdf

2

Watchdog journalism generates
influence and power.

The rise of investigative NGOs, and their creation of proprietary media networks – a movement pioneered by Greenpeace beginning in 1995[1] – have been central to the emergence of fact-based activism and lobbying. This is one way that stakeholder -driven media play a crucial role in agenda-setting, the process by which organizations and the public decide what is worth paying attention to and what to do about it.

Early in our research at INSEAD, we documented a startling fact: Different corporate stakeholders who despise each other, like financial analysts and low-rent boycotters, may nonetheless pay close attention to the same facts, regardless of who provides them[2]. That can be good or very bad news for management, but it is certainly good news for watchdogs. It means that our influence can be felt across lines of class and conflict, on condition that we tell truths that can affect the interest of other stakeholders. We will say more about this in Chapter Three, where we discuss how SDM set agendas.

3

Watchdog journalism also creates
assets, as long as you take the time
to acquire and maintain them.
In particular, the information
assets collected by watchdogs can
be used to support **diversification**
– a portfolio of activities,
more or less closely related,
that generate revenue in different
ways from the same resources.

• One obvious asset is **data**. The information we collect for a single story can fill a small electronic library. Over time, reporters' data fills a big library. That can enable mastery of a complex subject, such as Andrew Jennings's successful (however that word is defined) decades-long pursuit of the Big Sports money machines[3]. It can also enable various revenue streams, which we'll discuss in Chapter Five. If the data concerns knowledge of a specific audience, it becomes crucial to the survival of an enterprise that serves them.

• **Skills** are assets that investigative reporters tend to take for granted; wrong. Not everyone knows how or where to look for specific kinds of information. Even fewer know how to communicate its meaning, or to interrogate information assets for new meaning. Equally few can effectively tell others how to accomplish these feats. The ability to do any or all of these is highly valuable both inside and outside the news industry.

4

Finally, watchdog journalism creates **wealth** for individuals, enterprises and communities.

• Individual investigative reporters often find the fact that some of them can make money embarrassing or angering. Usually we must prod them to evoke the subject: "Don't you want to be paid? How much?" Enough to live on and do the work, they say. Fine. One of us lived like that very happily and frugally for about 20 years. Some of the current greats, like Alexa O'Brien, clearly care less about making money than about telling stories that would otherwise not be told.[1] That is not a cause for embarrassment; making a living from investigative journalism is not embarrassing, either. It is a myth that investigative reporting leads to a reputation that makes it impossible to get a job (or that it makes it impossible to have a family, as we heard a well-meaning professor warn her students). We know a great many journalists, and the ones who happily survived the industry downturn in the past decade were investigators. Not all of them are still employed by MSM, but most of them are doing work they care deeply about, instead of joining the PR industry, and they are also making more or

1. O'Brien has established a unique and highly valuable archive of materials related to the Chelsea Manning case (www.alexaobrien.com). Heard at Centre for Investigative Journalism (London) Summer School, July 5 2015.

less comfortable livings. They are still respected by their peers, and they still respect themselves. This is a perfectly reasonable and achievable goal for individual reporters.

• Enterprises can create tremendous wealth through investigative reporting. 60 Minutes, the most pro-fitable show in the history of network television, built its audience through exclusive investigative reports. Our research at INSEAD shows that a key factor, if not the key factor in building a news brand – and along with it, social capital among sources and audiences who ensure durable competitive advan-tage – is leadership on a long-legged investigative story. We will return to this point in Chapter Two.

• Stakeholder-driven media capture enterprise value by creating value for specific communities. The first need of stakeholders in an organization or government is to understand the forces that oppose their interests, and SDM provide that service. Subsequently, watchdog reporting helps to mobilize a community, enable its ambitions, and attract allies. Communities can also use SDM to realize their legitimate ambitions to be healthy, wealthy and wiser. People can and do pay SDM for those services, particularly in places and communities that MSM ignore or serve poorly.

· In particular, business communities need SDM, and need to support them – to foresee opportunities and threats, to gain access to actionable information, to work under fair rules, and to build a community of customers who are also partners.[1]

In this book you will see examples of watchdogs who make their work pay in a variety of ways, and who live more or less comfortably and happily from that work, in the company of people who are worth knowing and being known by. It can be done, if you care to do it. If not, you can still do great work. You might find life harder, though, than it would be if you spent more time thinking about your work as a business, and not only as a mission.

1. See Hunter, Mark Lee, Kami Dar, Evelyn Groenink, and Mirjana Milosevic, "Should Investigative Journalists Partner with Business?" Global Investigative Journalism Network, Dec. 20 2013, via http://gijn.org/2013/12/20/should-investiga-tive-journalists-partner-with-business/. Accessed Jan. 4 2016.

THE ELEMENTS OF BUSINESS MODELS

We can choose to structure our work as an enterprise, in which we invest, and from which we extract a financial or ethical return on our investment of passion, skill, courage and wealth earned or foregone. The first step is to create a model of our enterprise and how it fits into the world – a theory of what we will do, for whom, with whom, how, at what cost and for what reward. This model is an image of what we expect reality to be, based on the best information, intuition and insight at our disposal. It is a top-down perspective that enables us to ascertain whether or not we have a decent chance of success, *however we define success*.

As used by journalists, the term "business model" typically refers to revenue streams, or more exactly, to transactions – how much we are paid for what we do. That's certainly a vital part of a business model, but it's also a narrow, incomplete way of using the concept. If you are promised what sounds like "a lot of money" for a story, and the story takes five years of your life and leads to no further work, that's a pretty poor business model; it may put you out of business. If you think of that story as part of an ongoing stream of work, extending for as long as you care to do it, that's already more useful. If you consider what resources you will need to acquire, borrow or build in order to build that stream, those thoughts make it more real and likely to succeed.[1] If you neglect to think about who will use the work product, beyond repeating the mantra, "The public has a right to *know*," you might not succeed in getting it to the people who have a *need* to know what you want to tell them. If you consider how they can or will pay for it, how, and how much, your chances of monetary reward increase.

These may sound like simple questions, and in fact they are. But they won't answer themselves. You may not answer them all before you start, and you may not need to. Entrepreneurs have launched successful businesses on an intuition and the desire to make it happen.

1. See Capron, Laurence, and Will Mitchell. *Build, Borrow, or Buy: Solving the Growth Dilemma.* Harvard Business Press, 2013.

1. Op. cit.,
   "Disruptive News Technologies."

2. Ghosn, Carlos.
   Shift: inside Nissan's historic revival.
   Crown Business, 2007: 214.
   We recommend this book to journalists
   interested in how investigative skills
   – Ghosn is self-taught in the matter –
   can contribute to business success.

• The late Body Shop founder Anita Roddick, an intensely curious and determined individual, is a famous example; she wondered why she couldn't find natural cosmetics, and started making them herself.

• The consumer website lesradins.com – literally, "cheap-people.com" – began when its founder sought free samples of various goods on the Internet in France and couldn't find one website that provided them. He made his own website by tracking down freebies, verifying their value, and soliciting similar tips from his users. He thus performed multiple services for users: He saved them search time, he weeded out frauds, he aggregated knowledge they were looking for, and he brought them into a community of like-minded people. In his first year of business, working solo, he earned 47,000 euros from advertising and sponsorships, and he surely also lived like a prince on the freebies he discovered. By the time he sold the business he had six employees and annual receipts over 600,000 euros.[1]

Entrepreneurs like these and investigative journalists have a lot in common: They are fundamentally creative individuals who try to turn ideas into reality, often relying on instinct and reflex, moving fast. That's fine, but it's not a reason to ignore what's coming down the road you plan to travel. When you discuss with entrepreneurs the process of how they built their businesses, you discover that sooner or later, they filled in the blanks in their business models, because there is no other way to plan an organization's future.

A business model is designed to help you see what's coming and how you will deal with it. Of course you will change the model as you move down the path, to integrate new information and intuitions, just as you would change an investigative hypothesis to fit new facts. Also like an investigative hypothesis, a business model is a way to force yourself to find and consider facts that can affect your success. As the innovative business leader Carlos Ghosn wrote, managing for success means that "you start from facts and move toward theory, not vice versa."[2] For example, saying that the public needs your work is a theory. The way you will get it to them is a fact. If you can't get the work to the people who need it, your theory is meaningless.

Below, we set out key elements of how business models work, and then apply them to watchdog media enterprises. We will also refer to examples from outside the news business. There is absolutely no reason why journalists can't learn from success in other industries – every business leader we know of does – except that most of us aren't in the habit. Just as there is "a document state of mind" for reporters, in the famous phrase of Bartlett and Steele, there is a business state of mind. Anyone who can investigate a given subject can absorb both.

The "Business Canvas"

When you discuss business models with corporate managers or entrepreneurs – working in a business school, we have had thousands of these discussions – the same nine elements always come up.

They include value propositions, key activities, key resources, key partnerships, channels, customer segments, customer relationships, cost structures and revenue streams.

Osterwalder and Pigneur famously pulled these elements together into the "business canvas"[1], which we've adapted to our subject on Table 1 below. Below each element, we've listed key questions that must be answered as realistically as possible, and usually the sooner the better, if the model is to have any success. We'll then discuss each category in some detail, with examples.
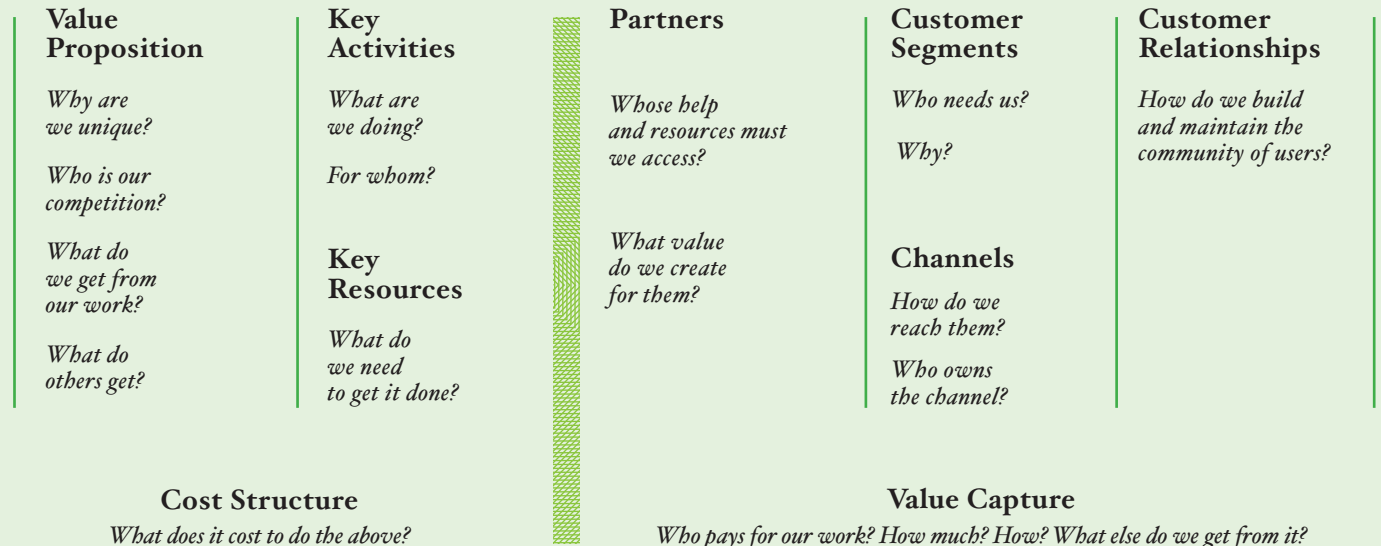
1. The Business Model Canvas is published by Strategyzer.com under a Creative Commons License. We gratefully acknowledge the source. Readers interested in further study of their modeling processes are urged to consult Osterwalder, A., and Y. Pigneur, *Business model generation: a handbook for visionaries, game changers, and challengers.* John Wiley & Sons, 2010.

Value Proposition

*Why are
we unique?*

*Who is our
competition?*

*What do
we get from
our work?*

*What do
others get?*

Key Activities

*What are
we doing?*

For whom?

Key Resources

*What do
we need
to get it done?*

Partners

*Whose help
and resources must
we access?*

*What value
do we create
for them?*

Customer Segments

Who needs us?

Why?

Channels

*How do we
reach them?*

*Who owns
the channel?*

Customer Relationships

*How do we build
and maintain the
community of users?*

Cost Structure
What does it cost to do the above?

Value Capture
Who pays for our work? How much? How? What else do we get from it?

• The value proposition is what you offer to your customers. It is the reason that people care about your enterprise enough to support it with their attention and money. We must thus ask what makes the value we create unique – that is, why we provide value that people can't get elsewhere, cheaper, or faster. Of course, we are in the business of providing news, whether we work for MSM or SDM. But how do we provide it in a way that makes us unique? Saying "we're better than the competition" isn't enough.

- Covering a domain that other media ignore, or cover badly, already makes one more unique. (One reason that MSM went into decline was that more and more of their content was based on the same press releases and events that were covered by their for-free competitors.) Thus an independent news media that provides accurate, verified information that can be used by its readers to make decisions stands out from its captive competition. The rise of reliable business media in the developing world powerfully illustrates this principle. As reporter and consultant Jenny Luesby notes, "Business leaders in the rich world depend on professional reporting. In most emerging markets, there is hardly any public and palatably packaged information about which markets are growing and which are not."[1] The Nation Media Group's Business Daily, launched at Nairobi in 2007, successfully targeted that need.[2]

- Creating content in a particular way that is hard to imitate – for example, the investigative satire of Private Eye, Le Canard enchaîné or The Daily Show – is another differentiation strategy.

- Our research suggests that the single most valuable way to be different is to find and reveal vital information that others cannot or will not publish. (As Julian Assange once said, "When something becomes secret, its economic value explodes.")
Certainly, the value of exclusivity has become more difficult to capture for news enterprises.
Until the 1990s, the window of exclusivity for a given MSM story was about four hours. In the age of broadband Internet, it's about four seconds.
SDM appear to be less affected by this trend, for several reasons. First, they focus on particular issues and communities that MSM aren't serving; thus many of their stories are under the radar, or without interest, for everyone but their stakeholders.
Conversely, for those stakeholders the revelations of SDM may be of very high value, and they cannot obtain that information elsewhere. It is no coincidence that SDM work within communities whose fortunes will be affected by them, actively working for their success and welfare.

1. Luesby, Jenny,
   "Enlightening Entrepreneurs."
   Development and Cooperation,
   Jan 13 2011.
   Via http://www.dandc.eu/en/article/business-daily-young-kenyan-newspaper-helps-improve-economic-fortunes

2. Hunter, M.L. and Luk N. Van Wassenhove,
   "The Business Daily."
   INSEAD Case, 2015.

• **Key activities** are usually defined by watchdog reporters as finding and publishing information, thus exposing wrongdoing or error. That's true so far as it goes, but the full picture goes much further.

· The key activity for journalists, whether in MSM or SDM, is telling stories, because audiences do not remember facts, they remember stories. Otherwise the phone directory would be the world's favorite bedside reading.

· To make the stories attractive, someone has to design a format. Someone also has to maintain and refresh it.

· Besides producing our work product, we must promote, market and distribute it. Put another way, we need to make sure that our user community knows what we're doing and can access our product.

· A further activity that should be key resides in archiving data generated by reporting in a way that makes it useful for other projects or markets. You don't need "big data" to build unique assets, such as the databases of company ethical ratings, consumer boycotts and product reports maintained by ethicalconsumer.org.
This Manchester (UK)-based cooperative currently shows nine people on its staff, nearly all of whom have an operational as well as an editorial role. The organization provides consultancy and campaign support services to NGOs and firms, as well as informing consumers about the products and services they might use and participating in campaigns of importance to the organization's stakeholders. Its success is enabled by the firm's patient collection and curation of pertinent data since 1989.

· A vital activity for SDM resides in influencing other stakeholder groups. Greenpeace affords a striking example. Its campaign against Arctic oil drilling includes media feeds to MSM, shareholder activism within oil companies, and proprietary news and investigative media distributed through greenpeace.org, savethearctic.org, social media and allied websites.

We will say more about these key activities in Chapters Two, Three and Four.

1. Grennan, Kirsten,
   "RootIo". In Robinson, JJ,
   Kristen Grennan and Anya Schiffrin,
   *Publishing for Peanuts: Innovation and
   the Journalism Start-Up.*
   Columbia University School of International
   and Political Affairs, 2015, pp. 113-119.

2. Hunter, M.L. and Luk N. Van Wassenhove,
   "KP Media (A, B, C)". INSEAD Case, 2013.

• Key Resources are required to undertake the key activities. If you are in the print business, access to a printing press and at least one vehicle to get the product to distributors are absolutely vital resources for you. If you are making radio, you need a transmitter, some kind of production gear, and electricity. If you expect your reporters to file multimedia reports from the field, they will need smartphones with adequate cameras and laptop computers.

· The most important resource is time, because it is the only one you will never get back once you've used it. It is also the resource that is most obviously overused by mom-and-pop media shops, in which the founding partners try to do everything. Try comparing your key activities to the time and people you have available to accomplish them, and you will know immediately whether your business model is suicidal.

· The next most vital and rare resource in journalism is talent. That is particularly true in the era of data journalism and ICT (information and communication technologies). The skills required for digital media are still relatively rare, and plenty of industries besides journalism are bidding for them. Moreover, though it's easy to find journalists, it's not easy to find journalists who understand how to investigate. It may not get easier soon.
The downsizing and wage stagnation of the news industry, along with the dumbing down of content into "churnalism, have convinced many students that journalism is not a worthwhile ambition. Warning: An industrial business model based on falling standards for talent ends in the tomb.

· A further key resource is knowledge – not just of the journalist's craft, but also of a given field or community, or how to use technology effectively, or how and when to partner. Some knowledge can be captured as one goes along, through experience. Some is needed up front. If there is no media competition within a given community, there is more time to learn than if you are confronting expert adversaries.

· You need capital, but how much you need depends on where you launch, with which technology, and on what scale. RootIO, an innovative hyperlocal radio network testing in Uganda at this writing, can launch a new station that serves 10,000 people for $2300.[1] The Kyiv Post, which federated the expatriate, multinational and economically liberal community in Ukraine, was launched in the early 1990s – a low-cost era in Eastern Europe – with $US 8000 in credit card funds plus the savings of founder Jed Sunden and his family.[2] You ought to know how much capital you and your team will need to survive and produce for at least two years, which is a likely minimum before you break even. Otherwise, you may be investing in your own burnout.

• **Partners** have particular meaning in the business world: They are not just buddies or colleagues, they are organizations who share resources. The single most important finding of the deep scholarly literature on business alliances is that they are a high-risk, high-benefit strategy. Most fail, but when they pay off, they pay big. In the contemporary world, partnerships are increasingly necessary because individual organizations can no longer provide the required resources for major projects. The need is even more acute for SDM. Above, we mentioned how journalists can partner with universities to access space, libraries and other resources. Two further examples:

· Services that are vital to watchdog enterprises, such as legal counsel and defense, are highly costly in the marketplace. MSM can generally afford those services, though many prefer to simply avoid investigative work that makes the services necessary. SDM need to find partners who will assume some of those costs for them, because their value proposition depends heavily on exclusive watchdog content. Thus Thestory.ie, an innovative blog focused on freedom of information issues in Ireland, partnered with a young lawyer who shared its ambitions to make public information better known.[1]

· Even MSM are now accepting the necessity to have content partners, and in particular partners who can provide investigative stories, like SDM. The Kaiser Foundation publishes investigations on health in The Washington Post; The Los Angeles Times teamed up with InsideClimate News to win a Pulitzer for an investigation into an egregious polluter. In parallel, SDM require such partners in order to access pertinent information from multiple sources for their users, and to widen distribution. The Panama Papers story, which required local reporting from numerous countries in order to match offshore accounts to particular individuals, is a striking recent example. The landmark innovator here was Wikileaks, who built global networks of MSM and independent media to complete and distribute the Iraq and Afghan War Diaries (2010) and the StratFor Leaks (2012).[2] Content partnering is a core activity for ProPublica, a leading investigative non-profit, which we examine in detail at the end of this chapter. We will also say more about partnerships in Chapter Five.

1. Founder Gavin Sheridan's account of the blog's development is at http://thestory.ie/about-2/

2. See https://wikileaks.org/the-gifiles.html for a description of this project and a list of partners.

1. Hamilton, James.
   *All the news that's fit to sell:
   How the market transforms
   information into news.*
   Princeton University Press, 2004.

2. Yeoman, Barry,
   "School of Hard Knocks",
   Good Housekeeping, June 2010.
   Reprinted in *The Global Investigative
   Journalism Casebook*,
   download: http://unesdoc.unesco.org/
   images/0021/002176/217636e.pdf

• Customer segments for watchdog reporting involve much more than "the public" or "concerned citizens." In fact, audiences for particular subjects have been shown to be more fragmented than we might like to think. That's good, because diversity signals market opportunities.

· James Hamilton's rigorous study of media audiences, *All the News That's Fit to Sell*,[1] shows that different topics appeal to different demographic segments across a wide range of formats: More men than women follow politics, business and sports news, and more women than men are interested in education, health and family issues. It is thus no surprise that one of the landmark investigations into the scandal of for-profit career colleges, a matter of deep concern to struggling families, was published in the women's magazine Good Housekeeping years before the subject became a national issue in the US.[2] There are more than a few issues of great social importance, but of hardly any interest to the general public, such as land use or corporate disclosure. The first and most loyal audiences for such issues are the people directly engaged with them.

The implication is that watchdog content, in many cases, is best aimed at people who understand its importance without needing to have it explained to them first. We have met journalists who find this idea upsetting; doesn't it mean that we are encouraging the more or less willful blindness of some groups to issues that involve others? It can be argued that Donald Trump's Presidential campaign, which relied on hard-right websites like Breitbart.com, was built on that strategy. Trump's success can also be taken as confirmation that many issues matter more to specific communities than to the general public, and those communities are often engines of change. SDM exist, among other reasons, so that people who are concerned by a given subject can follow it in greater detail than MSM typically provide. In the next chapter we will discuss in detail how SDM target specific communities.

• Channels are the routes by which you distribute and promote your product and engage clients such as advertisers. They can be proprietary, shared or third-party. Channels comprise promotion as well as distribution. They tell people where to find you, and what they'll find, and what it costs them. These are vital relationships, and so it is not uncommon to hear businesspeople refer to distributors as "channel partners." Without a clear and profitable channel, success is illusory. Loss of control over distribution channels in the digital era is a main reason that first the music industry, and then the news industry faced sharply declining revenues beginning in the mid-1990s.

· The owner or owners of a channel typically extract a rent from anyone who uses it. For example, if you publish your own website, it's a proprietary channel to your users, and you keep resources that flow through that channel, such as subscription fees or data on your users. If someone else wants to access your data, you can make them pay for it. However, if Google Ads is your channel to advertisers, a good piece of your ad revenue goes to Google.

· In the digital era, channels are rapidly multiplying. Opening and maintaining channels is thus becoming a full time job in itself. South Africa's Eyewitness News, a radio and online news organization, expanded into a Whatsapp channel in 2015, and swiftly acquired 8,000 followers for the new channel. "While using WhatsApp is very labor intensive," concludes a recent study, " it has had the unexpected benefit of increasing reader feedback and news leads."[1] Note a point to which we will return in Chapter Four: Contemporary channels must enable your community to participate in continually deeper ways, or you will lose their support.

· New channels also represent opportunities to enter new communities or tap new revenues. In the music industry, Atlantic Records was the first firm to generate more than half of its revenues from digital media, and it did so by selling recorded music for phone ringtones, advertising agencies and other relatively marginal markets, as well as through iTunes, the first online service that enabled consumers to buy individual songs rather than albums. This is beginning to happen in journalism as well. Blendle, which unbundles individual stories from magazines and sells them to subscribers, is the first successful attempt we know of to create an iTunes-like channel for the news industry. Similar services will eventually be created for SDM. We will discuss this point further in Chapter Five.

1. Grennan, Kirsten, "Eyewitness News". *In Publishing for Peanuts*, op. cit., pp. 88-91, 88.

• Customer Relationships have undergone profound change in the news industry, as various degrees of interactivity enter into the newsgathering and publishing process – for example, crowdsourcing and reader comments. But these changes are hardly complete. The customer, whether news user or advertiser, is becoming a partner and contributor. In SDM, the partnership often extends to joint activism. In both SDM and MSM, the contributions include content, financial resources, and brand identity.

· Among current MSM leaders, Lewis DVorkin [sic] of Forbes understood these shifts as well as anyone. Rather than categorize content by source *(from reporters, readers or advertisers)*, Forbes sought to define it by quality, thus enabling a deeper contributor base:

We launched a new digital publishing platform for our editor-selected contributors that enables them to build audiences around their expertise…. we're also stressing what Mike Perlis, our new CEO, refers to as the 'content continuum,' that is, creating a 'platform that allows for content to be contributed from every inch of the continuum.'… 'every inch' includes journalists, news consumers — and marketers, too. As Mike goes on to say, 'The transparent approach to marketers participating [is] happening in a lot of places around the media landscape. Forbes is an advocate for that voice as part of this continuum of content.[1]

The operational consequence of these shifts is that while providing a platform for the community that supports them, journalists must still determine who participates, and on what terms. Media that adopt this approach are not merely providing a product, information, that the customer may use as he or she sees fit. They are actively selecting and promoting members of the community and their ideas. This has direct implications for journalistic ethics, which we will discuss in the next chapter. We will further discuss customer relations in Chapter Four.

1. DVorkin, Lewis, "At Forbes, we believe in the "continuum" of media and content." Forbes, Dec. 5 2010, via http://www.forbes.com/sites/lewisdvorkin/2010/12/05/at-forbes-we-believe-in-the-continuum-of-media-and-content/

• The cost structure, or "cost of doing business", is what you will invest in order to make a profit. If you must travel to do your work, that's part of your cost structure. If you want to collect your staff under one roof, with offices and newsrooms and a data center and so on, you will have to buy a building or rent it, and that is also part of your cost structure. So are their salaries. If you serve your reporters sandwiches at lunchtime, like Bloomberg News, it's another piece of your cost structure.

· The most important thing you need to know about costs is that they tend to creep or leap higher. If you do not examine your costs more or less constantly, you will wonder where your profits went.

· Even more important, you need to ask what return you will get in exchange for incurring that cost. It is not a matter of being systematically cheap, but of determining the real and illusory benefits of expenditures, and especially recurring expenditures. It is also a matter of asking whether the cost is really an investment that ultimately ensures a profitable return. Two examples: The independent Liberian daily newspaper FrontPage Africa bought a printing press, which is a cost; but besides using the press for its own product, the firm sells printing services profitably. Greenpeace pays reporters to undertake investigations, which is a cost, but it also uses the investigations to drive regulatory and legislative reform, which in turn drive member fees and donations.

· The single most important and glaring example of an unexamined cost in news media resides in the newsroom. Major news media have been nearly or fully destroyed by the expense of warehousing reporters and administrative staff in a single building. By necessity, cash-poor SDM startups have challenged the underlying assumption, which is that journalists need to see each other in order to collaborate and communicate effectively. Lesradins.com, which we mentioned above, grew from one to seven employees without ever renting an office. Its people worked from home, also saving daily travel costs. When they needed to meet, they met in someone's home or a public place. When they needed to communicate, they had various modern channels at their disposal.

The point is not that all newsrooms must disappear, but that conventions carry unexamined costs, and can be tweaked to measure. Positive News, an established print title based in the UK provinces, restarted with a London base in a "hive" with other young enterprises. The staff rented one end of a long table in a 4th-floor walkup loft, with access to basic shared amenities like easy chairs. They and their guests enjoy the stimulation of enthusiastic and diverse company, at a far lower cost than renting their own private offices, as well as access to London's media and advertising industries. The hive wouldn't suit a media engaged in high-stakes investigations, because of security considerations. But it does work quite well for Positive News.

• Finally, value capture refers to the material and intangible benefits you derive from your enterprise. Both kinds of value matter. If you don't derive satisfaction from your work, you will eventually fail, because you won't have the energy to continue. But that will happen just as surely if you can't earn the resources to live and work well.

Let us be clear on one point: It is a myth that people will not pay for content. They will not pay for generic churnalism, as declining circulation and audience figures told us over the past decade. They will indeed pay for content that they need and desire and cannot acquire elsewhere. Unique content can be sold directly to users through subscription fees or on newsstands. France, which is hardly Paradise for watchdog reporters, shows this very clearly. Both Le Canard enchaîné and Mediapart.fr, the country's two main investigative media, accept no advertising and are supported by readers who pay for the content.

A further key to financial success in watchdog journalism is leveraging material and intangible assets, in particular reputation. Publishers can derive new services from the assets generated through the journalistic process, instead of throwing the assets away, which is what most journalists do when they finish a story. They can then use their brand to attract and recruit customers for those services.

· Knowledge assets can be used to extract rents, such as royalties on IP, consulting or teaching fees, derivative products (such as books or exhibitions), branded theme products, etc. The French alt-right author, Alain Soral, affords a startling example. The investigative team of Article 11, an independent French print and online journal, calculated that in 2012 Soral earned at least 51,400 euros (about $68,000) from the sale of survivalist goods through his own website. He also earned about 68,000 euros ($89,000) from royalties on a book sold in shops as well as the website.[1] The point is not that anyone reading this book should imitate Alain Soral's provocateur pose and ideology. We observe only that the systematic monetization of derivatives from his work is the main reason he can go on doing it. At least some of the people reading this book can use that practice to do more responsible work.

· Reputation also serves to acquire sponsors, donors and advertisers. The Kyiv Post uses its reputation as a defender of liberal democracy to attract corporates for bulk subscriptions, conference sponsorships, job classifieds and display advertising. Non-profit investigative centres document their "impact" to attract donors.

· When a reputation becomes a brand, it enables the sale of branded products. The Florida coastal lifestyle guide 30A, named for a highway, is hardly noted for investigative content, but has done a great job of

1. Article 11, "Alain Soral, petit idéologue et grand épicier." November 15 2013, via http://www.article11.info/?Alain-Soral-petit-ideologue-et

exploring that strategy. In fact, that strategy has made it one of the most profitable hyperlocal news firms: [1]

In addition to 30A.com, there are also free 30A iPhone, Android and iPad apps, a 24/7 digital radio station (www.30Aradio.com), and retail sales (www.30Agear.com). The company recently opened several "30A Stores" (www.facebook.com/30Astore) featuring branded 30A products. The company also created 30A Beach Blonde Ale, the #1 selling craft beer in NW Florida, and is now available in four states. The new 30A Wine (www.30Awine.com) is also available in local restaurants and stores. [2]

· Reputation also enables branded events, such as conferences, a key revenue source for a great many SDM.

· Content can be resold in tangential or distant markets, or shared among parallel SDM. Though fees may be small, small sums that are systematically compiled add up.

1. Benton, Joshua, "Who's making money – and who isn't – in local online news?" NiemanLab, July 21 2015.
Via http://www.niemanlab.org/2015/07/whos-making-money-and-who-isnt-in-local-online-news/

2. Quoted from Michele's List, which chronicles "Building blocks in the emerging local news ecosystem."
See http://www.micheleslist.org/publishers/196/publications/305

We will say more about value capture in Chapter Five. Now, let's see how these elements appear in two recent and successful watchdog media enterprises.

APPLYING THE PRINCIPLES: TWO CASE STUDIES IN WATCHDOG BUSINESS MODELS[1]

1
Mediapart.fr:
A daily watchdog SDM

The influential French daily news website **Mediapart.fr** does something no other French media does, which is to offer investigative reports on the country's government and b usiness elites virtually every day.

It is a for-profit enterprise, launched in 2007 by four journalists from Le Monde, France's former newspaper of record, but then declining in reputation as in circulation. They were joined by two ICT specialists from the university and business worlds (soon after, the founders also partnered with an Internet services agency).

The six founders contributed 1.3 million euros in capital (about $US 1.8 million at the time), soon supplemented by 1 million euros from two "investor partners" and 500,000 euros from the "Society of

1. For Plenel's account of
"how Mediapart constructed its independence,"
see https://www.mediapart.fr/journal/
france/090308/comment-mediapart-construit-son-in-
dependance

2. See Péan, P., and P. Cohen,
La face cachée du Monde.
Paris : Mille et une nuits, 2003.

3. Plenel, Edwy,
"L'Exception Mediapart."
Dec. 2 2011, via
https://www.mediapart.fr/journal/culture-
idees/021211/lexception-mediapart

4. Op. cit., La Face cachée du Monde.

Friends", open for membership to the public. The nearly 3 million euros in total capital was raised to 3.7 million shortly after through the Society of Friends. The founders retained effective control over 60% of the shares, and investors signed a "pact" guaranteeing the "total independence" of the journal's editors.[1] This may have reflected the founders' experience at Le Monde, where the influence of investors over news coverage that affected their commercial interests was clearly visible.[2]

Mediapart clearly represents the views of a particular community – namely, France's critical Left, a significant minority of the population. Mediapart is powerful evidence that contemporary news consumers will accept a non-neutral editorial stance, on condition that a publication is transparent about that stance, that the information it provides is nonetheless reliable, and that its position corresponds to their own views. (Breitbart.com, the ideological driver of Donald Trump's campaign, follows similar principles. We are aware that there are dangers as well as hope in the phenomenon we're describing.) This is a precondition for the emergence and success of SDM, as well as a key differentiator between SDM and MSM. We will explore this theme further in the next chapter.

In 2009, Mediapart announced an objective of 65,000 subscribers. That would place it ahead of Libération, a daily newspaper with a long and dis-

tinguished history whose key public is the student Left, but which in recent years entered a steep decline.By its fourth anniversary in 2011, Mediapart had 56,000 subscribers and was breaking even.[3]

Mediapart's creation coincided with the scandal-ridden presidency of Right-wing leader Nicolas Sarkozy. The journal's editorial strategy, developed by co-founder Edwy Plenel in his previous career as a reporter and editor in chief at Le Monde, was to hammer on financial scandals affecting Sarkozy's party in extended series of articles. Mediapart's campaigns against Sarkozy did not send anyone to prison (at least not yet), or force a resignation. However, they had the same effect on subscribers (including us) as serials, fictional or journalistic, have always had: One returns to the source repeatedly, eager to know the latest twists in the narrative. In other words, Plenel renewed a narrative strategy that increases a media's differentiation and commercial success, on condition that reporters can generate fresh revelations continually. This approach previously generated fierce criticism of Le Monde; it was said that under Plenel's leadership, the journal created false or misleading angles to keep stories alive.[4] Mediapart has not yet visibly fallen into that trap.

Soon after the accession of the Socialist Party to power in 2012, Mediapart broke the story that the new Minister of the Budget, Jérome Cahuzac, had cheated on his taxes through offshore bank ac-

**APPLYING THE PRINCIPLES:
TWO CASE STUDIES IN WATCHDOG
BUSINESS MODELS**

1. Plenel made these points,
among others, in a keynote speech to
the Regional Conference of Arab Reporters
for Investigative Journalism,
Amman, Dec. 7 2013.

counts. Beginning that December, a series of articles detailed Cahuzac's associates, financial schemes and lifestyle. Cahuzac publicly denied the journal's accusations to the National Assembly, then was forced to admit their veracity, and resigned in March 2013. The following year, Mediapart announced that it had reached the landmark of 100,000 subscribers. Its insight and influence made it necessary reading for a wider audience, in particular government and elected officials.

Mediapart's investigative capacity distinguishes it from the oligarch media that dominate the news industry in France, as well as from the relatively independent dailies (Le Monde and Libération) whose downsized capacity increasingly forces them to rely more on style than on substance. Its nearest competitor, the weekly Le Canard Enchaîné, covers fewer subjects in less detail, though its satirical style and investigative capacity are likewise superior to competing media. The contents of nearly all Mediapart's competitors contain a high percentage of unverified interviews, rewrites of official reports and press releases. Nearly all of them follow the same news menu every day. Mediapart's news coverage is more limited, but also more focused, on government mistakes and abuses. Put another way, its investigations set another agenda.

At the outset, Plenel raided Paris's newsrooms and hired away most of their best investigative reporters.

In other words, to build his capacity he devastated theirs, with the exception of Le Canard Enchaîné, a highly profitable and independent enterprise. He thus ensured a competitive advantage for Mediapart, at least until the competition could rebuild their own capacity.

Mediapart's business model frames the cost of talent as a re-investment of capital that is saved by not paying printers and distributors. (Plenel has said that those two factors accounted for 60% of Le Monde's total costs.[1]) The cost savings are also re-invested in lowering the price of the publication for customers. A subscription to Mediapart – the publication's primary source of revenues – costs 81 euros annually at this writing. That is less than the subscription cost of the daily Mediapart's weekly competitors, and about half the cost of a discounted subscription to any Paris daily newspaper.

Mediapart subscribers are entitled to publish personal blogs on the website; the editorial staff selects what it considers the best of these blogs on any given day, and places them high on the journal's home page menu. This user-generated content provides commentary and counterpoint on the day's events, and also helps to federate a community of users. Mediapart staffers make continual personal appearances around France, promoting the journal while binding and extending its community.

APPLYING THE PRINCIPLES: TWO CASE STUDIES IN WATCHDOG BUSINESS MODELS

1. The first and last principles reflect key elements of "Blue Ocean Strategy", which proposes first that new businesses can best succeed by avoiding sectors and concepts where competition is intense. Instead, a Blue Ocean business creates a novel value proposition, and in the process eliminates costs associated with the traditional value proposition in the sector. These cost savings are then reinvested in the value proposition. See Kim, W. C., & R. Mauborgne, *Blue Ocean Strategy, Expanded Edition: How to Create Uncontested Market Space and Make the Competition Irrelevant.* Harvard Business Review Press, 2015.

2. Mauduit, Laurent, "Presse: le dispendieux scandale du système de subventions." Mediapart, October 30 2012. Via https://www.mediapart.fr/journal/econo-mie/291012/presse-le-dispendieux-scandale-du-sys-teme-de-subventions

3. Editorial staff of Mediapart, "Les subventions publiques à la presse vont aux plus gros." September 3 2013, via https://www.mediapart.fr/journal/economie/030913/les-subventions-publiques-la-presse-vont-aux-plus-gros

The journal completes its content, in particular international coverage, through partnerships with stakeholder organizations like Wikileaks and a similar website in Spain called Infolibre. Access to newswires and a "web review" of links to competing websites is also provided. It's worth noting that the non-unique content appears at the bottom of Mediapart's home page, as if to say that aggregation is a necessary part of a contemporary media value proposition (because it saves users search time), but not the leading part.

We can summarise Mediapart's business model in three principles that characterize successful SDM:

A_ Instead of following the news, like MSM competitors, they make news and set agendas through investigative reporting;

B_ Their audience bases are shifting from the general public to the targeted community, as users, contributors and subscribers;

C_They eliminate unnecessary costs and invest the savings in their value propositions –in Mediapart's case, in journalistic and ICT talent, as well as lowering the cost of subscription.[1]

No model is perfect, and there is one aspect of Mediapart's that demands further comment.

Mediapart has repeatedly denounced the advantages offered by the State to print media, including outright subsidies of 1.2 billion euros annually, while the online press receives a comparative pittance and pays a much higher value-added tax on sales. Instead of news media, the alleged object of legitimate state aid, entertainment magazines like those belonging to the politically influential Lagardère Media group were richly supported.[2] (Mediapart accepted some State funds at the outset, but "refused all subsidies" after 2009.[3]) In contrast, online media received only 20 million euros in aid from the State.

In parallel, Mediapart conducted a campaign demanding that the preferential value-added tax rate of 2.1 % for print media also be applied to online media, which are required to pay a 20 % VAT in France. In 2009, along with two other leading online news sites, Mediapart announced that henceforth it would pay the lower rate, regardless of standing law. The journal justified this decision in the name of equity between print and online media.

Moreover, Plenel later wrote, paying the higher tax meant that Mediapart simply could not survive as an independent journal:

> With a VAT at [the official rate] the demonstration [of Mediapart's viability] could not be achieved in three years as we foresaw and as we managed to do, reaching break-even at the end of 2010 and becoming profitable in 2011.... We had to spend 6 million euros, essentially in salaries, and we had only 700,000 left in our treasury. With 17.5 % more VAT [note: the VAT at the time

1. **Plenel, Edwy,
"Mediapart, le fisc et les revanchards."**
January 14 2016, via
https://www.mediapart.fr/journal/france/140116/me-diapart-le-fisc-et-les-revanchards

2. **Plenel, Edwy,
"L'Etat s'attaque à la presse en ligne".**
Mediapart.fr, December 17 2013, via
https://www.mediapart.fr/journal/france/171213/l-etat-s-attaque-la-presse-en-ligne

3. **Op. cit. ,
"Mediapart, le fisc et les revanchards."**

4. **Ibid.**

was 19.6 % and is now 20%] to pay on our receipts, the demonstration would have been longer, and above all, would have failed. Because we would not have had sufficient capital to prolong our bet beyond 2011, unless we agreed to lose our independence by offering control of Mediapart to outside shareholders.[1]

In 2013 the French fiscal authorities formally demanded that Mediapart and its allies pay the higher VAT rate and repay past sums due. Mediapart accused the government of "vengeance" for the Cahuzac affair. Wrote Plenel:

This [tax] violates the principle of equality and of neutrality toward media affirmed by public authorities since 2009. Aimed at digital journals, notably Mediapart, which refuse all dependence on advertising, public subsidies and private industry, it endangers the independence of the only press that lives solely from the support of its readers.[2]

Mediapart suggested that it had received assurances from political leaders, "up to the President of the Republic himself," that the "principle of fiscal equality" would be applied retroactively in its case. It also gathered support from Parliament, where members repeatedly voted resolutions in Mediapart's favour. But Mediapart's friends ultimately pulled back, said Plenel:

Their [parliamentary] initiative, prolonged by a letter to the President of the Republic, could have succeeded if it hadn't come up against not only the conservatism of

[the fiscal administration], but also the determination of the vengeful, reinforced by the silence of hypocrites.[3]

In January 2016, Mediapart paid the principal on its overdue taxes, of 2.5 million euros. Payment of the remaining sum, composed of penalties and interest, was suspended during an appeal by Mediapart to the national Administrative Tribunal.[4]

**Several conclusions can be drawn
from these events:**

• The first is that Mediapart was under-capitalized at its launch. Plenel has repeatedly said that the journal turned down would-be shareholders in order to guarantee the journal's independence. However, in the end its independence was compromised anyway, because the founders turned to their political connections to avoid paying their tax bill.
Another solution, like borrowing more capital, might have been preferable.

• Mediapart put its credibility at severe risk by refusing to pay VAT based on private assurances from the same politicians whom the journal investigates. This aspect of its strategy was not revealed until after the journal found itself under pressure. In the next chapter we will consider in detail the importance of transparency for SDM as an ethical and operational mode.

**APPLYING THE PRINCIPLES:
TWO CASE STUDIES IN WATCHDOG
BUSINESS MODELS**

• More important by far, Mediapart proves beyond any doubt that the belief investigative reporting is too costly for commercial media to undertake resides in part on unexamined assumptions about what particular publics will pay for. On the contrary, a significant community can be persuaded to pay for an investigative news media, on these conditions:

· It contains content that they cannot obtain elsewhere for free.

· The price is reasonable and affordable, both in relative terms (compared to the competition) and in absolute terms (what the community's members can and will pay).

· The content defends their point of view – not only in tone, but in substance.

· The media also provides them with a platform for their own views.

**2
ProPublica:**
Lessons and limits of
the ultimate non-profit
business model`
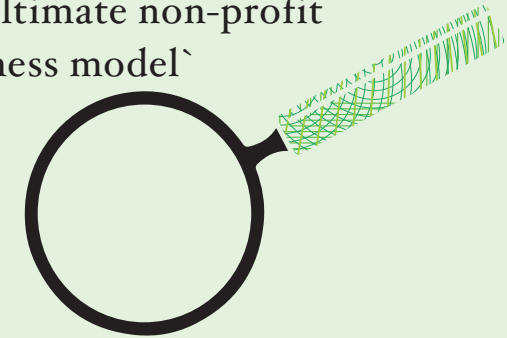
No investigative non-profit has been of greater recent influence than ProPublica, whose value proposition begins with "journalism in the public interest"[1] – a powerful illustration of Charles Lewis's theory. This Pulitzer-winning organization, founded in 2007, has raised the standards for investigative reporting, notably in the use of data collection, analysis and narrativization (or fact-based storytelling). It has also become a model for ambitious young journalists worldwide.

Partnership is the core of its business model. ProPublica collaborates with local, regional, national and global media on investigations, leading to results like the arrest of criminal policemen in New Orleans. Through its partners, ProPublica eliminates the need to create its own distribution and promotion

1. We urge you to visit https://www.propublica.org/

**APPLYING THE PRINCIPLES:
TWO CASE STUDIES IN WATCHDOG
BUSINESS MODELS**

1. See Hunter, Mark Lee,
   "Investigative Stakeholder Media Emerge in the US,
   France." Feb. 21, 2014,
   at http://gijn.org/2014/02/21/investigative-stakehol-
   der-media-emerge-in-the-u-s-and-france/

2. See https://www.propublica.org/about/impact/

3. Toefel, Richard J.,
   "Non-Profit Journalism: Issues Around Impact."
   ProPublica White Paper, undated (post-2011), p. 8.
   Free download:
   http://s3.amazonaws.com/propublica/assets/about/
   LFA_ProPublica-white-paper_2.1.pdf?_ga=1.18914864
   2.87283424.1453368858

vehicles beyond its own website, and frequently increases the immediate impact of its reports on decision makers in government or regulatory agencies. In business terms this model reduces channel costs for ProPublica, as well as partners' production costs for strategically important content.

It is worth noting that in 2007, it was unclear to ProPublica's founders that MSM would accept its content, regardless of its intrinsic value, precisely because investigative journalism was considered too strategic and risky to outsource by major media. Downsizing helped to alleviate that concern. So did the fact that ProPublica's founders included highly reputed journalists, which facilitated collaboration with MSM and prominent placement for ProPublica's stories. This is a common characteristic of MSM partnerships with investigative non-profits; MSM prefer branded partners. (Every freelance journalist reading this book should take this shift into account, and seek partners to create a collective brand that stands for quality and dependability.) Through 2015, ProPublica said it had collaborated with 127 "publishing partners."

ProPublica is among the first journalistic non-profits to integrate activism into its business model – or more exactly, to seek a new ethical balance between advocacy and neutrality. On the one hand, ProPublica keeps advocacy groups at arm's length – unlike the Marshall Project, a journalistic non-

profit focused on criminal justice that collaborates with NGOs[1]

On the other hand, ProPublica defines "impact" not only by how often its stories are quoted, but more importantly, as achieving "reform through the sustained spotlighting of wrongdoing".[2] This is quite different from publishing an investigation and leaving it up to others to decide whether it should lead to reform. Like Edwy Plenel's Mediapart, ProPublica keeps hammering on the issues and stories that it believes are important. This is a general feature of SDM.

In this regard it is also noteworthy that some of ProPublica's most effective investigations, according to the organization, were published not by mainstream news outlets, but instead by publications serving specialized audiences, such as the independent US armed forces daily newspaper, Stars and Stripes, or The Chronicle of Higher Education, which serves university administrators and professors.[3] This is evidence that a community-based approach to investigative reporting can generate targeted impacts to great effect. We will return to this point in our discussion of SDM influence strategies in Chapter Three.

One major element of typical business models is so far missing from ProPublica. Journalists there do not worry about revenues; instead, they focus

APPLYING THE PRINCIPLES:
TWO CASE STUDIES IN WATCHDOG
BUSINESS MODELS

1. See Monroe, Kristopher,
   "ProPublica seeks to diversify its funding sources."
   Inside Philanthropy, Sept. 27 2013.
   Via http://www.insidephilanthropy.com/journa-
   lism/2013/9/27/propublica-seeks-to-diversify-its-fun-
   ding-sources.html

2. Ibid.

3. ProPublica Inc., Financial Statements.
   December 31 2014. Via
   http://propublica.s3.amazonaws.com/assets/about/
   ProPublica%20Financial%20Statements%202014.
   pdf?_ga=1.181003886.872834244.1453368858

4. See https://www.propublica.org/about/staff/

5. ProPublica, Report to Stakeholders,
   May-August 2015.
   Via https://propublica.s3.amazonaws.com/assets/
   about/propublica-2015-2nd-interim-report.pdf?_ga=1
   .151391984.872834244.1453368858

on budgets. They can afford that luxury because ProPublica began with a promise of $10 million annually in grants and endowments over several years from the Sandler Foundation.[1] (It has since attracted multi-million dollar grants from other foundations.[2])

That endowment enables ProPublica to operate at a financial loss. ProPublica said that "total support and revenue" amounted to $10.3 million in 2014, the last year for which data are available at this writing, down from $13.7 million the previous year. Its expenses in 2014 were $11.4 million. That same year ProPublica earned over $155,000 in "interest and other income," a sharp increase over previous years, but still a very small share of its operating costs. Foundation grants of $4.6 million remained the chief source of revenue, followed by individual donations of $2.5 million. Over 700 donors have contributed to the organization.

Note a highly significant point: As at Mediapart, ProPublica's greatest expense was staffing, which accounted for nearly three-fourths of all costs, at $7.3 million, plus $748,000 for professional development.[3] Note also that three of its top five employees are currently operations and business development managers[4], and eleven of the 51 "news staff" employees are data, web or design specialists. In the digital era, such talent is a prerequisite of success. We will return to this issue when we discuss

costs and revenues in Chapter Five.

ProPublica's key activities go well beyond producing investigative stories. In particular, customer relations and channels get sustained attention, in the following ways:

- building partnerships;

- collecting, archiving and promoting data assets for free use by other media;

- soliciting donations and writing reports and evaluations for donors (the copious documentation that ProPublica provides donors, far beyond legal requirements, can be viewed at https: //www.propublica.org/about/documents/);

- creating and maintaining an attractive website; promoting stories through various channels. The proprietary audience for ProPublica.org is growing rapidly, according to the organization. By no coincidence, ProPublica used numerous channels to promote its work in 2015.[5] Besides the website, which claimed 2.7 million monthly page views in August 2015, growing Facebook and Twitter followings and 75,000 e-mail subscribers.

It may seem counter-intuitive, given that ProPublica gives away its work product to partners, but its success can be read as further confirmation of the great value that investigative reporting creates,

beyond social value. The major reason ProPublica can partner with MSM is that it provides them with content that media users want, but that MSM are no longer able or willing to produce for themselves. One can debate whether or not MSM deserve such subsidies after radically downsizing their capacity, but one cannot dispute that they derive commercial advantage from ProPublica's work. The audiences reached by these MSM pay for ProPublica's stories (though not to ProPublica), through newsstand sales or subscription fees. Said ProPublica spokesman Mike Webb in a 2012 interview with us: "If our partners are able to do well because we've shared a great story that's in the public interest with them, that's good for everyone. [It's a] win-win."

Can the ProPublica model be scaled to create other, similar projects? Certainly, journalists worldwide see its success as a template for their own futures. For some young reporters in a European capital whom we met while researching this book, the ProPublica model means being free to take on "difficult" stories – expensive, complex and hard to narrate. Their current freelance fees cannot adequately support this work. They therefore hope to partner with MSM who will publish their stories, and to fund the work through foundations.

We needn't belabor the elements that are missing from this plan, except to say that they include practically everything – an endowment, social capital, investment in technology, attention to proprietary channels – that made ProPublica a success.

Instead, let's ask: Is donor-supported journalism the only strategy available to young journalists who want to do work that matters, and to live from it as well as for it? Must investigative journalists remain dependent on MSM for their channels, and for their impact, however that term is defined? Must they forego capturing the commercial value their work creates?

In the next chapter, we will detail an alternative to the MSM-based value proposition and channel strategy that underlie the current non-profit model. Whether that alternative should be housed in a for-profit or non-profit entity is a secondary issue; the legal form should be appropriate to the business model, rather than the reverse. We will focus instead on how SDM create value for their users.

KEY TAKEWAYS FROM CHAPTER ONE:

Independent watchdog reporting creates
diverse and plentiful value.
The challenge is double: First, how to define
the value; and second, how to capture it.

A business model cannot be reduced to its revenues.
It requires an integrated, coherent view of the activities,
values, relationships, costs and benefits of an enterprise.

The key activities for a news media cannot be reduced
to creating stories, however valuable the stories may
be to society or their authors.

User communities will pay for value-added content
that they cannot find through other sources.

**HOW WATCHDOG
JOURNALISM CREATES VALUE**

THE NATURE OF STAKEHOLDER-DRIVEN MEDIA

2

O ur studies lead us to think that SDM are a disruptive technology, in the precise sense intended by the concept's author, Clayton Christensen.[1] In a first stage, argued Christensen, disruptive firms invade customer segments left un-served or under-served by established enterprises. In a second stage, their activities and markets widen, until they threaten, then supplant the established giants.

We think that the first stage of Christensen's scenario is well underway in the form of media that "serve communities that are no longer served by the news industry," in the phrase of Kevin Davis, former CEO of the non-profit Investigative News Network.[2] This market opening is partly a conse-quence of downsizing in the news industry; there are fewer people covering fewer subjects. Another driver resides in the spread of broadband Internet, which practically eliminates the cost for publishers of physically distributing their products; it thus becomes possible to serve dispersed communities economically.

A third and crucial reason is that significant numbers of people began to perceive MSM as failing to deliver on their fundamental value proposition, which is to provide valid, unbiased information. In 1998-2006, the Pew Center documented a "downward trend in credibility" among major television and radio news media. At the beginning of that period, 42 percent of American survey respondents who were familiar with a wide range of news media believed "all or most" of what CNN told them; by 2006 that number fell to 28 percent. Similar declines were found for other network and local news outlets. In other words, the core audience for news, the people who believe in it most, shrank by about one-third.

The decline continued, relentlessly, through at least 2012. By then, the number of survey respondents who considered CNN wholly credible had fallen to 24 percent. The comparable figure for the New York Times was 14 percent. For an ensemble of major news media, the percentage of Pew's respondents who considered them even partially credible fell from 71 percent to 56; the percentage who considered them wholly or partly un-credible grew to 44 percent.[3]

What might explain the general fall in MSM credibility? It became noticeable in 2000-2004 – simultaneously with the peak of the dot.com craze and the subsequent crash of Internet stocks. MSM were among the eager promoters of dot.com stocks. (So, of course, were online SDM aimed at investors, and their credibility visibly suffered as well. But investors are served by specific, targeted media. Other SDM, serving other communities, were surely less affected.) Soon after, the engagement of MSM in the U.S. alongside the Bush administration in the buildup to the invasion of Iraq left them open to the accusation of serving a fraudulent policy.[4] With few exceptions, MSM around the world likewise

1. Christensen, Clayton.
   *The innovator's dilemma:
   when new technologies cause great firms to fail.*
   Harvard Business Review Press, 2013.

2. Interviewed via Skype, July 29 2015.

3. Pew Research Center,
   "Further Decline in Credibility for
   Most News Organizations."
   August 16, 2012.
   See hhttp://www.people-press.org/2012/08/16/fur-
   ther-decline-in-credibility-ratings-for-most-news-or-
   ganizations/
   for an overview and link to the full report.

4. See Lewis, Justin.
   *Shoot first and ask questions later:
   Media coverage of the 2003 Iraq War.*
   Vol. 7. Peter Lang, 2006.

"missed" the warnings of impending financial crisis in 2007-8.[1] It can be safely guessed, given the hostility toward "the Media" that was so ably exploited by Donald Trump, that large numbers of people never forgot those news industry failures.

One takes in the news to know what's happening, and what may happen next, especially as it affects your values and interests. Would you spend your scarce time reading or listening to people who mislead you on important matters? Not if you had a viable alternative. In a growing number of domains, stakeholder-driven media are that alternative. In fact, for many communities, they are the only alternative; they exist because no one else is covering an issue or organization, and someone wants that coverage badly enough to provide it.

The question is not whether this trend will continue, but how far it will go. In certain domains, such as the environmental and climate change movements or corporate social responsibility, SDM have become direct competitors of MSM. In the process, they are undermining well-established assumptions about how news media ought to function. If you are considering launching a news media, or even working with the industry in any capacity, you need to look at how SDM rewrite those assumptions.

1. See Schechter, Danny. "Credit crisis: how did we miss it?." *British Journalism Review* 20.1 (2009): 19-26.

SDM DO NOT NEED MSM TO GROW`

SDM comprise a stunning variety of forms and genres. What they all have in common is that their audiences are composed of people who see themselves as significantly affected by an organization, institution or issue. Those audiences want media that represent them, and that may also serve as channels to the objects of their interests.

- They might be users of health services, or the users' families and the professionals who assist them all; each of these groups has access to blogs, forums and websites that discuss particular diseases, hospitals, industries (like cafepharma.com) or health care systems (such as "A Better NHS: Exploring the relationships between doctors and patients and health policy")[1].

- They could be owners of products made by a particular firm, and members of a user forum that discusses the product. (If you went to an online forum for help to fix your smartphone or computer recently, you were using one type of SDM.)

- The community might also consist of investors in one or many firms. Financial analyst reports are a key SDM for these stakeholders, for example.

- They could be people who hope to remain healthy and wealthy by living an alternative lifestyle, like the readers of Positive News.

- They could be union members, like those whose reports first alerted the world to Nike's exploitation of child labour in Asian factories.

- They might be the kind of folks whose dreams and nightmares turn around corporate or public governance and rule of law, and who follow media like pogo.org, the website of the Project on Government Oversight.

- They could even be neighbors in 400 contingent houses, like the user communities of the Front Porch Forum. [2]

In short, they could be any of a practically infinite number of people who recognize each other as belonging to a specific group that has a stake in one or more important concerns. SDM address the informational, cultural and organizational needs of such communities, helping to bind and structure them as well as to inform them of matters that affect their shared interests.

1. This refers to the UK's national health system, of course.
   See https://abetternhs.wordpress.com/about/

2. See Frontporchforum.com.
   This for-profit organization is one of the 10 most profitable websites on Michele's List.

THE NATURE OF STAKEHOLDER-DRIVEN MEDIA

SDM DO NOT NEED MSM TO GROW

1. See Schurman, R. and W. Munro, "Ideas, Thinkers, and Social Networks: The Process of Grievance Construction in the Anti-Genetic Engineering Movement," *Theory and Society*, 35/1 (February 2006): 1-38. The article offers a documented, inside view of how GMO adversaries in the US used various homemade media to launch and sustain a movement that eventually became global.

2. See compostingcouncil.org for the full range of services provided.

3. Moser, S.C., "In the Long Shadows of Inaction: The Quiet Building of a Climate Protection Movement in the United States," *Global Environmental Politics*, 7/2 (May 2007): 124-144.

4. The winning story was "The Dilbit Disaster: Inside The Biggest Oil Spill You've Never Heard Of", by Elisabeth McGowan, Lisa Song and David Hasemayer. Part I of their series is at http://insideclimatenews.org/news/20120626/dilbit-diluted-bitumen-enbridge-kalamazoo-river-marshall-michigan-oil-spill-6b-pipeline-epa

Different communities can be viewed as an aggregate, or as a distinct customer segment. The environmental community provides key examples, not least because it was largely constructed through SDM that served its various components and allies.[1] Environmental issues may be addressed at an aggregate level; the online magazine Grist.org does this. But each branch of a wider movement may represent a separate community that requires its own media. The US Environmental Protection Agency and the US Composting Council[2] both address concerns of pollution and resource use, but their objectives, strategies and roles are quite unalike, and so they each publish media to inform and federate their followers, peers, colleagues and allies.

The concerns of such media might seem narrow, a mere "niche", both compared to the omnibus approach of mainstream media and in absolute terms. Sometimes they are. That certainly affects the kind of business model a given media may adopt. It is harder to monetize a small, poor customer segment than a big, rich one (a main reason why many so-called "hyperlocal" news websites are not profitable).

But what first appears as a marginal community may ultimately become a significant audience, served by influential media. The Front National, an extremist fringe in 1981, is currently poised to become the largest party in France. The climate change awareness movement consisted of a hand-ful of scientists 20 years ago. They were ignored by MSM, and their community relied on letters, coffee parties and tracts to communicate with each other, along with scholarly papers and conference proceedings.[3] If MSM could determine the destinies of these communities they would have had none. But their communities continued to grow, constantly creating new media to support their ambitions. The climate change community's media are now significant collaborators and partners of the MSM who ignored them two decades ago. The online SDM InsideClimate News won a Pulitzer Prize for national reporting in 2013, in partnership with the Los Angeles Times, with a series that began from a pipeline spill that went unreported in MSM, and extended to regulatory proposals under debate on the brink of a coming wave of corrosive oil.[4]

Stakeholder communities can begin with whatever media they have at hand, and sustain themselves through those media, and build their own, especially in the absence of MSM interest or competition. The entry barriers for SDM can be very low, on condition that there is, in fact, a community that needs them. Their founders may need to do other jobs to pay the rent at first. But if they keep growing, and keep growing their communities, they will live from that work.

SDM ALTER THE VALUE PROPOSITION OF NEWS REPORTING

1

Changing the relationship
of **news media**
to the **news customer**

MSM translate one world to another. They bring politics and politicians to non-politicians, sports to non-athletes, arts to non-artists. Their legitimacy is derived from access to "leaders" in the cultural, business or government domains. They interpret and explain information provided by or derived from experts to non-experts, from doers to watchers. A penultimate expression of this stance is Time Magazine's annual "100 Most Influential People", a feature in which celebrities chosen by Time designate their favorite peers. This exclusive gatekeeper stance defines MSM whatever the channel or media used. By this definition, to take one example, the recent startup vox.com is thoroughly mainstream; though graphically and stylistically hip, its declared value proposition is to explain events to viewers who can't explain events for themselves.

In contrast, SDM offer their users the promise that they, too, can change the world. SDM tell their communities about themselves, and about the events and issues that directly impact them, from a point of view inside the community, as an actor in its events and activities. Thus, for example, Greenpeace.org's principal contributors are drawn from the organization's activists. Where MSM typically use experts as sources, SDM are more likely to use them as contributors, on condition that their community agrees with a given expert's point of view. (Indeed, SDM are "biased", in more ways than one. We will address this point below.)

2

Creating a **coherent alternative** to MSM news coverage

The key activities of stakeholder-driven media begin with telling stories of profound interest to a particular community. In covering those stories, SDM follow four principles that differ more or less sharply from current MSM practices. If you cannot accept or at least understand these new principles, then you will find it very difficult to create and operate SDM, or even to communicate with them. We detail them below.

a. **Transparency > objectivity**

More or less partisan channels have always accounted for the majority of news media; only in the second half of the 20th century did "objective" neutrality become a generally-accepted ideal, in response to the material and ideological corruption of news media prior to the Second World War and the ravages created by totalitarian media. We fully understand that partisan bias remains and will always remain a concern for media makers and critics, and that SDM are hardly free of it.

We nonetheless observe that SDM exist precisely to take stands in defense of their values and communities. A core element of their value propositions resides in justifying agendas and countering adversaries – in exercising influence over what is done, by whom, and how. That is not always the principal goal of SDM, but it is always one of their goals. Users of a product join the manufacturer's forums partly to influence the makers; members of Greenpeace hope to change environmental policies and industrial practices.

This stance puts SDM on the cutting edge of a general shift away from the ideal of objectivity in news reporting. We are using the term objectivity in

SDM ALTER THE VALUE PROPOSITION OF NEWS REPORTING

1. For a classic example,
   see the US Society of Professional
   Journalists Code of Ethics:
   http://www.spj.org/ethicscode.asp

2. In the 19th century, when objectivity first appeared in
   the US as a justification for reportage on sensational
   subjects, this principle supported a shift from
   partisan to commercial news media.
   See Schiller, Dan, *Objectivity and the news:
   The public and the rise of commercial journalism.*
   Univ. of Pennsylvania Press, 1981.

3. Hunter, Mark Lee, and David A. Soberman.
   "The Equalizer': Measuring and Explaining
   the Impact of Online Communities on
   Consumer Markets."
   Corporate Reputation Review
   13.4 (2010): 225-247;
   Hunter, M.L. Luk N. Van Wassenhove
   and Maria Besiou,
   "Lawnsite.com vs. DuPont: The Game Changer."
   INSEAD Case, 2016.

a pragmatic sense, in which the credibility of news media resides in the fairness of their processes as well as the accuracy of the information they provide. Objective MSM assume that public life is a dialogue among competing factions and forces; their mission is thus to "support the open and civil exchange of views, even views they find repugnant," and to respect them all. In parallel, they are urged to "avoid political and other outside activities that may compromise integrity or impartiality"; they must not take sides.[1] This is both an ethical and a commercial stance. By refusing to align with a partisan or particular interest, a news media can widen its audience base.[2]

Unlike MSM, SDM are hardly objective. In the best case they care about facts, and seek to conform to the rule of reality; Greenpeace.org, to take one example, places a high value on accuracy. The self-described "citizen journalists" at Bellingcat. com go to great lengths to document their investigative procedures, which are based on forensic analysis of social media content. But SDM are not necessarily neutral or fair, nor even polite to their adversaries. Newspapers are obliged to quote climate change deniers as if they were serious adults. Grist.org says the deniers are selling "bullshit."

Instead, the credibility of SDM resides in their transparency. They tell you who they are, what they want, how they plan to get it. *Once you know what we want*, they say implicitly or explicitly, *you can judge our credibility.*

Of course transparency can be abused, just like phony objectivity. But as an ideal and value transparency is widely accepted among the contemporary audience for news in general, and for SDM in particular. In fact, it is becoming a widely accepted social practice: Our studies of user forums found that those who endorse products take pains to disclose any connections they might or might not have to their makers; those who don't are often attacked by other forum members.[3]

MSM have been affected by this shift in audience expectations, too. They are also becoming more transparent, in ways such as the latitude allowed to reporters or on-camera personalities to express their feelings, or by revealing the processes through which they collect information. But until recently MSM transparency rarely extended to the "we want this" extent that is visible in SDM; even Fox News, whose personalities can be stunningly virulent, felt obligated to declare that its product is "fair and balanced". The candidacy of Donald Trump changed that stance, at least temporarily, as ostensibly objective outlets like The New York Times adopted a position of overt hostility to Trump. The shift from objectivity to transparency as a professional ethic in journalism will surely continue. More exactly, MSM objectivity will devolve from a stance of neutrality to a focus on the precision and veracity of facts.

1. In this deep research stream,
   see McCombs, Maxwell E., and Donald L. Shaw.
   " The agenda-setting function of mass media."
   Public opinion quarterly 36.2 (1972): 176-187;
   and Carroll, Craig E., and Maxwell McCombs.
   "Agenda-setting effects of business news
   on the public's images and opinions about
   major corporations."
   Corporate reputation review 6.1 (2003): 36-46.

2 Interviewed via Skype, July 8 2015.

3 Op. cit., Shaw et al. 1999, p. 7.

b. From what matters
to what to do about it

For MSM, more than ever, "getting it right" means getting the facts right; for SDM, the issue is getting the meaning of the facts right, and then finding the appropriate solution.

SDM propose action, and not merely information, to their users. The action has material consequences, like buying something or boycotting someone. This is not what most readers of this book were told that news media ought to do, or do well, during their university studies. Extant theories of agenda setting – of how issues come to public attention and stay there – were derived from studying MSM, mainly newspapers and television. The research shows that news media set public agendas by providing their users with information that alerts them to decisions or events they must consider. In short, MSM effectively tell you what matters.[1]

In contrast, the precise reason stakeholder-driven media exist is that *their users already know what matters*. That is why they are among the community of users, why they are looking at one media and not another. You do not visit Greenpeace.org because you want to know if the environment matters; you go there because you know the environment is a vital concern, and you want to see how you can contribute to saving it.

As cofounder and editor Hugh Wheelan of the for-profit SDM, Responsible-investor.com, puts it: "The issue is whether you have a decent mission or not."[2] The mission – what you hope to get done, how you plan to change the world – is the core of the value proposition, "an agenda upon which those who join a group can match their own values."[3]

The mission brings the community of stakeholders together, and helps to create, justify and defend their agenda.

For example, Responsible-investor.com's audience consists of professionals and service providers who watch the social consequences of institutional investing, and who have specific goals that the publisher shares.

· The various customer segments in this community include fund managers, investor relations managers, market analysts and regulators, among others.

· One way or another, their core shared concern is whether and how particular securities purchases can positively impact the world as well as their portfolios. The value proposition of responsible-investor.com is to provide them with that knowledge, and with the company of others in what is still a fragile undertaking.

· The goal is for socially responsible investing to become mainstream.

· The interests of the website and its users are largely identical, starting with the desires to grow, prosper and gain power in the securities markets. That makes them de facto partners in a common enterprise.

c. Old news is back

The temporal focus of MSM is the present: "News" is what's happening now. The future is unknowable for MSM, a matter of mere speculation. (That is why it is so hard for news reporters trained in objectivity to compose an ending to a story.) As for old news, it is no news. The great exception here is investigative journalism, which delves into the past to understand a present danger, and then seeks a solution. That practice is also common for SDM.

For stakeholder watchdogs, the future is what surely happens if nothing changes, and what could happen if we do change. The past establishes patterns – of events, actions, evolution – that predict the future. That means the past is of of immense value to stakeholder communities, because it enables a claim to know what comes next.

We first observed this principle when we studied how stakeholder watchdogs reacted to BP PLC's "Beyond Petroleum" brand. The Beyond Petroleum campaign essentially argued that an oil company could be a progressive force in society. Before the brand was launched, in 1995, BP's reputation had been bloodstained when a Colombian Army brigade wiped out a village near one of the firm's install_ tions. By 2001, when Beyond Petroleum became the

1. Hunter, Mark Lee, Luk N. Van Wassenhove,
   Maria Besiou and Mignon Van Halderen,
   "The agenda-setting power of stakeholder media."
   California management review
   56.1 (2013): 24-49.

latest news about BP, the incident had practically disappeared from news media, but it lingered on no less than 37,000 stakeholder web pages.[1] The SDM were using the firm's past to benchmark its present, including the legitimacy of the allegedly transformative new brand. The MSM had written off the past as irrelevant. For SDM, BP's past would determine its future.

The past can also be monetized. MSM sell access to their archives. But SDM place command of the past at the center of their value propositions. They maintain comprehensive archives concerning their communities (like the boycott database of ethicalconsumer.org). They provide access to official and private documents, references and resources, and independent reports focused on the concerns of their communities. Their vision may be narrower, but in this regard it is often deeper, than for MSM.

d. **The community comes first**

MSM claim to place the *general* interest above particular interests, and to promote particular interests only and if they provide the best solution to society's problems. (That's the ideal. We all know that reality often differs from the ideal, but let's not belabor the point here.)

SDM exist to make the members of a *particular* community individually and collectively more powerful – to get solutions to *their* problems and desires, and not necessarily yours or mine. This is not a matter of "all the news that's fit to print", as the New York Times famously puts it. For SDM, the news that fits the need gets printed.

SDM want to change the world in ways that benefit them, their communities and their causes. They assume that society is a battlefield where not everyone will win. This attitude is quite visible in financial analyst reports, which display no concern for anyone or anything else besides investors and hard financial data. Consider: Danone SA, a French multinational, became an object of public rage in France in 2001, when news that the firm planned to close factories in its home market leaked out. Financial analysts, in contrast, applauded the move. They were not moved by the fate of Danone's wor-

kers. Their professional concern was for the value of investors' holdings, and they thought Danone's move would make them richer. (As we'll see in Chapter Three, they eventually changed their minds.)

We personally consider that watchdogs, whether in SDM or MSM, should defend the public interest, but we observe that in practice, this principle is neither absolute nor exclusive. Private or particular interests may also benefit the public, and those interests may legitimately and responsibly be defended.

In the case of groups like Greenpeace, the public and private solutions coincide, at least in theory: The group fights for its solutions in the name of the general good, whether or not the public happens to agree, or even to care. But Greenpeace does not need the general public to care about its issues in order to continue the fight. Its independence and capacity for action repose on a community of 3 million people who share the organization's concerns and values, and who pay dues as members. Greenpeace's media – its website, YouTube, Facebook and other channels – aim first to motivate and inform that base. Like the Front National or Donald Trump, Greenpeace is no longer *dependent* on MSM to carry its news to a wider public, partly because of that militant base, and partly thanks to the partner component of its business model. A network of other environmentalist websites and forums echoes and transmit Greenpeace's content to their own communities, who share certain concerns with Greenpeace's followers.[1]

SDM watchdogs should be aware of a paradox here. They may see themselves as trying to make the world a better place. But they will be working in a format that allows them to change only one piece of the world at a time, and for customers who insist that their own needs be met before anyone else's. SDM makers can comfort themselves that this may, in fact, be a better strategy over the long term than seeking to mobilize a distracted general public. But in the meanwhile, they may have to forego the pretense that they are addressing a wide public. They may not be preaching to the converted, but they are certainly preaching to the committed. As Carlos Ghosn said of running a big corporation, "When you speak to the outside world, your first audience is internal." The same applies to SDM. Whatever the general interest of their message, it must make sense first and most to their supporting communities.

1. Op. cit.,
    "The Agenda-Setting Power of Stakeholder Media.".

e. **Summing up the distinctions between MSM and SDM**

Table One sets out the differences described above in business model terms. Those differences are not absolute; we are in a moment, at this writing, where certain MSM are seeking to adopt practices first developed by SDM, such as solutions-oriented journalism (which answers the question, "what must we do?"). The chart shows tendencies: The further to the right you go, as you consider the characteristics of a specific media, the more it is acting like a SDM. We would argue that if you're acting like one, you're better off not pretending to be anything else, at least for the sake of transparency.

Table 1:

Comparison of MSM and SDM business models

Value Element	MSM	SDM
Key value proposition	*Defining what matters*	*Defining what to do about it*
Ethical stance	*Neutrality/objectivity*	*Transparency*
Audience addressed	*General public*	*Community of interest*
Temporal focus	*Present moment*	*Past and future*

SERVICE AND SOLUTIONS IN SDM VALUE PROPOSITIONS

MSM base their value propositions mainly on a product – "the latest news", the "news that's fit to print", "the first rough draft of history", "the public record." The product's commercial value is defined by its exclusivity – say, access to a star or leader, insight you can't get anywhere else, or simply the first report of an important event.

In MSM argot, "service journalism" is a lower form of life, a trivial answer to Frank Zappa's ironic query, "Where can I go to get my poodle clipped in Burbank?"[1] Service journalism involves lots of lists and mundane advice – to the lovelorn or confused, people wondering which meal, film, record or car to buy. From a business model standpoint, this content enables partnerships, because the categories of advice are linked to advertisers – restaurants, cinemas, car dealers.

In the space of little more than a decade, nearly all these service functions have been absorbed by competing online media, including SDM. Classified advertising went from newspapers to Craigslist (and is now migrating further, to hyperlocal SDM like Front Porch Forum.) The community of people who are serious about cooking now provide their recipes, comments and advice to websites and forums; websites about movies enable film lovers to advise others what's worth seeing, TripAdvisor users tell other diners where they'll find a decent meal.

But the practice of service journalism by SDM goes much further than doing a better job of telling you where to get your poodle clipped in Burbank. Three examples:

- SDM services include providing judgments, notably about products and individual businesses, that MSM abjure. In the process, SDM reduce "search costs" – the time it takes to locate a solution to your problem – for users in a given market. In the U.S., DealerRater.com allows individuals to report good or bad experiences with car dealers, helping to steer them away from rapacious firms. The website claims to "moderate" every posting, and to "investigate suspicious postings", and partners with well-known firms to guarantee the veracity of its

1. Zappa, Frank, "Call Any Vegetable". From *Just Another Band from LA*, Bizarre/Reprise, 1971.

content. It also, for a fee, provides services to dealers ("Resolve issues with negative reviewers using our Resolution Advantage feature"[1]). That could be considered a conflict of interest, but it is nonetheless announced in detail on the same website, transparently. Similar consumer websites have appeared in other countries and languages.

· An entire genre of SDM promises to make a specific user community more financially successful. Financial-planning.com exemplifies the genre:

The only information resource dedicated to the needs of the independent financial planner, Financial Planning provides analysis and breaking news, opinion and expert advice, and practical business-building ideas. Coverage is sharply focused on what matters most to advisors — their clients (building relationships), their practice (building and managing their business, deploying technology), and managing their client's portfolios.[2]

· In 2014, the website's West Coast editor, Ann Marsh, won nine journalism awards for "Could Planners Stem the Military Suicide Rate?" Her article evoked not only best practices, but bad examples, like a planner who inadvertently pushed a soldier toward a suicide that would bring $400,000 of insurance benefits to his family:

After quickly reviewing the particulars of his situation, Stevens says the planner scolded him for setting a poor financial example to soldiers in his command. Stung by the criticism, he explained that his household went to one income from two so his wife could be home to take care of their children. The planner suggested writing letters to creditors, but said it was up to him to figure out how to write them — the skills he had hoped to learn from her. The planner was following protocol.[3]

· The long-standing movement of flight from orthodox health systems toward traditional medical practices[4] relied on niche magazines and newsletters until broad band Internet arrived. Its infrastructure now includes thousands of websites that offer sympathy and alternative treatments to the tired and sick. Quackwatch.com, founded in 1969 as a local initiative in rural Pennsylvania, monitors the edges of the movement, aggregating legal and scientific information in a weekly e-newsletter.[5] The website also offers access to a database on natural medicines ("unbiased, scientic clinical information on complementary, alternative and integrative therapies") and other "recommended vendors." All these products are discounted in price, a homely and significant detail: The value proposition of this site is to save you from wasting time, money, and maybe your life on fake treatments.

In short, SDM offer their users information and counsel that can affect their health, wealth and happiness. One of the reasons for their growing power is precisely that they seem to care about their users' well-being. Put another way, their customer relationships do not necessarily stop at the point

1. We accessed this material at https://www.dealerrater.com/dealers. As of Dec. 28 1016, we could no longer access the site.

2. See http://www.financial-planning.com/global/about-us.html

3. http://www.financial-planning.com/news/practice/could-financial-planners-help-stem-the-rate-of-military-suicides-2689090-1.html

4. We don't know the origins of this movement, but it was in full swing by the 1970s, when East West Journal and New Age Journal chronicled it in print from their base in Boston.

5. See http://www.quackwatch.com/00About-Quackwatch/chd.html

where they have given their users help in making up their own minds. Like Japanese Keiretsu, networks of entwined businesses, SDM work for their customers' success. Below we consider several such strategies that are currently visible in the SDM world.

a. **Promoting,
protecting and prevailing:
The core services
of SDM**

A profound vision of journalism as service underlies former *New York Daily* News editor Pete Hamill's 1998 manifesto, *News is a Verb*. The original audience base of the mass-market newspaper in the US, Hamill argued, was built by targeting working-class immigrant communities: "there were always more Sweeneys [Irish immigrants]. If a newspaper was to be a mass medium, it had to get the Sweeneys as readers".[1] The way to get them, said Hamill, was to provide "useful, relevant information about the city... a scorecard that identifies the city's major players... [news] about jobs, housing, schools and crime."[2] Newspapers told foreigners how to become neighbors, citizens, voters and consumers, enabling them to participate in civic life, and providing the language and facts they needed to do it.

SDM share Hamill's insight that **the core of journalism is service, and that the core service is helping a community of users to prosper** – to feel wealthier, healthier, wiser and more powerful because they watch the media that watch out for them.

1. Hamill, Pete.
   News Is a Verb.
   Ballantine Books, 2011,
   p. 54.

2. Ibid., p. 60.

Hugh Wheelan embedded such a service in res-ponsible-investor.com:

> There was a very niche area of socially responsible investment funds, most of which came out of the anti-Apartheid movement in the 80s... that led to ethical investment funds. So a small area of ethical investment developed over 20 years. One of the things we wanted to do was to develop that particular segment of investment, of finance. To bring together a lot of the actors who were working in different jurisdictions and countries, to be a kind of information glue. Second, to champion this area in a more rigorous financial way. We wanted to make more financial arguments around sustainability. Thirdly was to bring some journalistic rigor and a bit of that watchdog mentality to an area that wasn't being watched.[1]

The core functions could be called "the three Ps": **promoting** the community's purpose, **protecting** it from external threats (including false information) or the community's own errors, and enabling the community to **prevail** by growing in numbers, prosperity or influence.

We will say more about how SDM help their communities to prevail – to win the fights that concern them – in the next chapter.

Here, let's explore how the functions of promoting and protecting communities visibly define SDM. One of Wheelan's key editorial functions is to protect investors from predators:

> We had lots of people who had come into the finance world, but many of their motivations came from the NGO world, so they hadn't spent a lot of time on the financial world and markets. We came in as journa-lists trying to bring more rigor to their involvement with the financial markets.... To take an example we would be speaking to a lot of people around the theme of [how] the whole clean technology and renewables area was developing financially, whether there were potential scandals in that area as well. We covered quite a few Ponzi type schemes on the retail level.[2]

A rising wave of SDM news sites, often founded by neophytes to journalism, make no bones about raising the fortunes of their communities by promoting and protecting. Consider Marijuana Investor News, a start-up focused on the legal cannabis industry:

> As with any new industry... there will be legitimate opportunities, scams and everything in between. As of our launch there is nowhere you can go to read about the investment side of this business. There are plenty of news sites popping up and mainstream media out-lets running a piece here and there, but nothing that takes a hard look exclusively at marijuana investing. We intend to aggregate content from around the web and invite guest contributors, as well as contribute ourselves, to bring would-be investors the information they need to make informed decisions on where to put their money.[3]

1. Interviewed July 8, 2015.

2. Ibid.

3. See http://www.mjinews.com/about-us/

It's worth noting that people from non-journalist backgrounds appear to be prominent in many of these operations. That will not necessarily be an advantage for them. As we'll see later, the value proposition of SDM depends on value-added information that can't be obtained from other sources. Put another way, SDM will not thrive through journalistic mediocrity. Their neophyte founders will need to improve their skills in direct proportion to the competition they face and the demands of their users.

b. Growing with the community

SDM can also promote and protect a way of life. We first observed that approach at the niche magazines New Age Journal, which served the American "spiritual" community in the 1970s, and its predecessor in the macrobiotic (or whole foods) community, East West Journal. At both publications, people who rejected the mainstream American way of life – its work ethic, its clothes, its pop culture, its food, its pollution – were shown how to live differently, and given reasons and counsel, from philosophies to recipes and meditation techniques, for doing so. Both also served as advertising vehicles for businesses who made products and services for that lifestyle, such foods, education, books and clothing. Put another way, they helped to grow the communities they served.

This strategy remains viable. High Country News, (www.hcn.org), a magazine and online format "for people who care about the American West", founded in 1970, provides an example. The journal's declared mission is "to inform and inspire people – through in-depth journalism – to act on behalf of the West's diverse natural and human communities."[1] Its environmentalist view of the West includes

1. Interviewed by telephone, June 28 2016.

2. From the website of Ethical Corporation,
http://www.ethicalcorp.com/about-us
This is a for-profit business,
owned by FC Business Intelligence Ltd (London).

expert watchdog coverage of political and regulatory issues, and also effectively trains newcomers in how to live there. Overall, the content is fiercely positive – an image of the West as worth fighting to protect. This is a stance that can appeal to "progressive" (Left, in American parlance) activists as well as classic Rooseveltian conservatives, both of whom care about environmental issues and good governance. The publication is structured as a non-profit, but most of its budget (approaching $3 million annually at this writing) is provided by commercial activities, including subscriptions, advertising, and syndication of stories. (We will say more about HCN's revenue streams in Chapter Five.) About 30 people work there.

In this quote from executive director Paul Larmer, one sees how the magazine defines its community and appeal through a set of inclusive values. We underline the point to emphasize that SDM are hardly condemned to confrontational activism:

> *The environment is central to our coverage, respect for the environment. We're not against all extractive industries… We're a voice for the environment, and we want people to understand that it's really complex, and there's no one right answer…. We try to cover everything that helps define the West. That includes the human communities. We cover tribal issues really well, and always have. We talk about how to cover immigrant communities – the migration from Central, South America, the impact on the environment, the response from our country.*[1]

c. Actionable information is the best protection

SDM seek to provide information that MSM can't or won't provide, usually because the capacity to create that content is lacking, beyond "running a piece here and there." In order to exploit that advantage fully, sustainable SDM must go beyond aggregation. Anyone can create a RSS feed or Google News Alert about legal marijuana or anything else; no one needs a media that provides no further service.

Instead, successful SDM seek to establish journalistic primacy over a specific domain – in reporter parlance, to "own the story" – through original reporting and analysis. Thus Ethical Corporation addresses a specific community concerned by the impact of government regulation on ethical (or not) business practices:

> *We serve CSR [corporate social responsibility], compliance, risk and governance communities with topical and insightful business intelligence and meeting places. We provide business intelligence to more than 3,000 multinational companies every year. Our customers are also NGOs, think-tanks, academia, governments and consultancies. We publish the leading responsible business magazine, website, and research reports. Our conferences are widely recognized as the best in the field.*[2]

1. Hunter, Mark L. and Luk N. Van Wassenhove, "KP Media (A,B,C)". INSEAD Social Innovation Centre Case, 2013.

2. Hunter, Mark L. and Luk N. Van Wassenhove, "The Nation Media Group (B): Launching the Business Daily." INSEAD Social Innovation Centre Case, 2015.

3. Carrington, Tim, "Advancing Independent Journalism While Building a Modern News Business: The Case of Malaysiakini." Center for International Media Assistance, Feb. 2015, p. 9. Via http://www.cima.ned.org/wp-content/uploads/2015/02/CIMA-Advancing-Independent-Journalism-While-Building-a-Modern-News-Business-The-Case-of-Malaysiakini1.pdf

Note that Ethical Corporation's business intelligence and "insight" are intended to be actionable – that is, to provide a solid foundation for decisions. Its information is highly focused, and the quality of the information is promoted as expert, for experts. This is typical of leading SDM. If you want to know what's happening in the global development sector, you will learn more from Devex.com – an online publication aimed at development managers and experts across the globe, whose slogan is "Do Good. Do well. Sustaining development." – than from even The Guardian, one of the MSM that pays regular attention to the developing world.

The value of actionable information is also clear for MSM, as we saw in our studies of Kenya's Nation Media Group (NMG), and in the Ukraine, where we documented the rise, fall and renaissance of the Kyiv Post and its parent firm, KP Media. Both of these cases involved newly-independent countries, and very hard environments for journalists to work in. Both involved successes: The NMG dominates its East African market, and little over a decade after its launch, KP Media was valued at $55 million on the Kiev stock market.

The key lesson from our studies and others is that success for independent news media is contingent on domination of stories that directly impact the audience, based on consistently better reporting than the competition.

· At the Kyiv Post, the publication's first breakthrough came through its relentless and often solitary coverage of a case involving the murder of a journalist on the order of high figures in the government. Its position as the country's leading independent voice – and with it, rising advertising revenues – was cemented through its coverage of the Orange Revolution in 2004, when the Post outperformed the ensemble of Ukraine's media, gaining a new audience in the process. [1]

· At the NMG, The Business Daily, launched in 2007, became profitable in 2010, after the newspaper campaigned against rampant corruption in the Nairobi stock market.[2] Conversely, the NMG's flagship daily, The Nation, lost both audience and revenue in the 1980s after it failed spectacularly on a major story. Its market leadership was regained only through an exclusive investigative series in the 1990s.

· Similarly, Malaysia's independent news website, Malysiakini, founded in 1999, cemented its core subscriber base through its unmatched coverage of national elections. The journal had previously observed that its circulation surged during elections cycles, when Malaysians were "hungry for credibly independent content."[3] In 2008 elections, Malaysiakini decided to allow open access to anyone interested in its coverage, not and only to its 6000 subscribers. Over 4 million unique visitors came to the site on election day. During and after the elections,

Malaysiakini produced other stories "which mainstream publications largely eschewed because they were overly sensitive, polarizing, or deeply unwelcome by the ruling party".[1] By 2013, revenues grew by about half to $1.2 million,[2] and subscribers increased by one-third, to 16,000.[3]

Increasingly, SDM like High Country News are claiming these successes: From 2012 to 2016, its subscription base grew by 40%, to 28,000, largely on the basis of its superior coverage of stories like the militia takeover of the Malheur National Wild-life Reserve in Oregon. Circulation Manager Tammy York notes that HCN had been covering militia issues for years, "so we were able to tie it all together, and we had a photographer on the scene that very day."[4]

We believe that SDM have structural advantages in covering such controversial stories:

· In the absence of consensus among their expert and official sources, MSM find it difficult to justify the advocacy position that comes naturally to SDM and their communities. If that position is justified, it confers competitive advantage, because the media that occupy the position have proven their value as an early warning system.

· It is increasingly difficult for MSM to compete with the expertise and expert content available to SDM, whose audiences include those expert sources and contributors. We will say more about this in Chapter Four.

· Many MSM cannot afford to employ specialized reporters and researchers, or cannot attract them longer than the time required for a single article or report. Stakeholder groups like Greenpeace or journals like HCN can capture those talents, because their abilities and knowledge are central to the organizations' business models: They drive the campaigns that attract paying members, subscribers and donors.

1. Ibid., p. 9.

2. Ibid., p. 8.

3. Ibid., p. 10.

4. Interviewed by telephone, June 27 2016.

.64

d. **From describing problems
to solving them**

Well before MSM became aware of the value of "solution journalism", SDM were developing solutions for their communities at the aggregate and individual levels.

· For individuals, SDM provide access to help with personal or professional problems. The principal and most cost-effective way to do this is by enabling community members to help each other.

The most striking illustrations of this trend reside in online user forums, which we consider a worthwhile feature of any commercial media. (If you haven't already, join one, now, and see how they function.) About one in four American Internet users post on forums, and the percentage may be higher worldwide. This mass participation creates value. Forum contributors may not spell correctly, but they often possess great expertise on a given point, and they use that expertise to solve other users' problems. The sum of their expertise can be even more impressive. Forum users ask each other for help, and get it.[1] We will return to these points in our chapter on how SDM set agendas.

· At the aggregate level, SDM advocate solutions to social or political issues that confront their communities.

Members of stakeholder communities want media that speak at and to their level, that allow them to speak back to powerful organizations, and that find solutions to their specific problems. SDM allow them to do so both as individuals and as a collective force.

Stakeholder groups exist precisely because they have agendas and strategies for achieving them. SDM will tell them how to realize their objectives, in more or less detail. For example, every day Greenpeace.org provides "a list of online actions you can take right now" to help the environmental cause.[2] The list is drawn from Greenpeace's current campaigns, offering individuals a choice of ways to be effective. One might think that overworked viewers would run from this stuff. But we saw the same principle at work in the extreme right Front National's media network: People who show up because they want to have an effect on the world are very happy when they are told how to do it.[3]

The power of advocacy to recruit and retain a public is hardly limited to activist groups. Social enterprises – firms that pursue social as well as commercial goals – have used their media in this way to grow both their markets and their activist reach. The best example is Patagonia.com, operated by

1. See Hunter, Mark Lee, and David A. Soberman. "The Equalizer': Measuring and Explaining the Impact of Online Communities on Consumer Markets." *Corporate Reputation Review* 13.4 (2010): 225-247.

2. http://www.greenpeace.org/international/en/getinvolved/#a1 Accessed Aug. 14 2015.

3. Hunter, Mark. *Un Américain au Front: enquête au sein du FN*. Paris: Stock, 1998, . pp. 100-107.

the outdoor equipment and clothing manufacturer. Patagonia's website goes far beyond the entertainment-rich and fact-poor "native content" produced by a growing number of enterprises, to address the environmentalist concerns of the people who make and buy its products. The firm uses its media not as a classic marketing tool, but to build the community within which its products are needed, by militating for specific causes and cases. Community members, including employees and customers, are also contributors to the website's high-quality blogs[1] and feature articles. Meanwhile, the firm distributes grants to activist groups and entrepreneurs involved in the same issues.

This strategy was not calculated, according to Patagonia's "Chief Storyteller", Vincent Stanley.[2] In 1972 the company, then called Chouinard Equipment, faced a crisis: its trademark product – mountaineering pitons – were destroying mountain faces as climbers became more numerous. The firm sought to move customers to a replacement product that left mountain rock intact; its vehicle was a catalogue, the company's first. The catalogue opened with a 14-page manifesto by a famous climber, in praise of "clean climbing": "*Clean is climbing the rock without changing it; a step closer to organic climbing for the natural man.*"[3] The effect was to position the firm as an ally of nature and a guide to its community of users, who include the firm's founders

and employees, nearly all of whom are climbers. The shift to the new product succeeded. Patagonia maintained that position as it expanded into "organic" outdoor clothing. Its current sales are over $600 million annually.

In effect, the firm is not only a producer of outdoor gear; it is also a SDM that seeks to extend the militant outdoors community, from within the community, with profits from supplying the community.

1. In particular,
   "The Cleanest Line"
   (http://www.thecleanestline.com/)
   has been cited among the top ten environmentalist
   blogs by Outside Magazine.

2. Interviewed at INSEAD, June 4 2015.

3. From the Patagonia
   "Company History",
   at http://www.patagonia.com/us/patagonia.go?asse-
   tid=3351
   Accessed Aug. 14 2015.

e. SDM risk conflict in and with the user community

Communities contain currents of sympathy and animosity, as well as conflicts of ambition and interest. Those strains may become explosive, particularly in times of crisis. The relatively smaller, focused audience bases of SDM can make it dangerous for them to take sides in such conflicts. Yet they can hardly afford to remain silent or neutral in situations where the integrity, and hence the future of their communities are at risk. Hugh Wheelan of Responsible-investor.com has confronted this dilemma on both general and specific levels:

It's a tricky line to walk sometimes – being both a champion and a watchdog.... It's harder in a small community. People saying, "You can't write that," people trying to muscle you out of certain things, to tell you that you shouldn't be publishing things, or retract things you've written.... We tell people we report without prejudice or favor, if we're wrong we'll retract. We never had to. [Instead] you get into discussions with people about nuances. We've been pretty firm.

We were in the middle of a big dispute recently between the Teamsters and the National Express – the yellow buses that drive kids to school. It's about the ability of workers to unionize. Both sides were throwing rocks, lawyers all over that. For a small organization like ours, that can suck up a lot of time. They were putting on heavy pressure. We stood behind the sourcing and in the end it all blew over. It's a good use of time for lawyers, a big waste of ours.

The conflict described by Wheelan, between a media and part of its core audience, is less of a risk for MSM. They have more diversified audiences and revenue bases than most SDM, which means that a fight with one audience component, or a failure to protect its interests, may be less damaging to the enterprise than confronting its community base would be for a SDM. Likewise, SDM can't afford mistakes that the more diversified MSM can tolerate (at least in the short term). Recent history shows that a single grave slip at a SDM – like the disastrous, unsourced, false "pedophile" scandal that nearly sank the Bureau of Investigative Journalism in London[1] – can durably poison relations with key stakeholders.

The implication, which may be counter-intuitive for some news executives, is that SDM have an even larger interest in "getting it right" than MSM. If SDM get it wrong, they disappear. Meanwhile, they don't have the option of remaining silent about the issues that divide their communities, because their raison d'être, precisely, is to help the communities survive such crises.

TO SUM UP THIS CHAPTER:

The forms that SDM can take are multiple,
and they are becoming more diverse and viable.

The drivers behind them are rooted in secular trends
that will not soon disappear.

They have created a different value proposition from MSM.
SDM exist, more or less explicitly, to promote,
protect and prevail alongside their target communities.
They are transparent, not objective; beyond understanding
what matters, they want to do something about it.

They are developing novel business models,
hybrids of for-profit and non-profit firms as well
as purely commercial forms.

If they fail in accurate, actionable coverage of major stories
that concern their communities, they may never recover.

The most important activity of SDM is exerting
influence on their own communities and on other
stakeholders, driving their communities' visions of
what must be done. Here, too, they are innovating,
as we will now show you.

2

**THE NATURE OF
STAKEHOLDER-DRIVEN MEDIA**

3

THE AGENDA-SETTING POWER OF SDM

A business model is about making our dreams real. We may dream of becoming rich and famous, of changing the world in the company of those we admire and respect, or any combination of the above. If we're not creating some desired value, whether or not we make a living, we're wasting our lives.

The first and foremost value sought by watchdog media is to effect changes in society – to reform the law, or hold power to account, or support ideas, activities and personalities we consider good. (Thus Dara O'Rourke, a former NGO campaigner who played a prominent role in the Nike child labor conflict, created the expert and admirable Goodguide.com, which promises to help you "Find safe, healthy, green, & ethical product reviews based on scientific ratings.") Put another way, watchdog media seek to set society's agenda for change. Let's take that as a given, and then ask: How, in fact, do watchdog media change the world? Until we answer that question, we can't create a business model to support that goal.

There are two main strategies through which watchdog reporters set these agendas: mobilization, in which public outrage drives reform; and enabling coalitions that press for change. Practically speaking, these processes are not executed in the same ways, or to the same extent, by SDM and MSM. We agree with the controversial assertion of David L. Protess and his colleagues that the mobilization strategy dominates MSM approaches to investigation[1], not least because it is consistent with the belief that change must begin with an informed citizenry whose will becomes reality. SDM also seek to mobilize their communities, but they go further, to form coalitions with other stakeholders in order to gain scale, momentum and mass. The implication from a business model standpoint is that individual SDM do not need scale, or resources, comparable to MSM in order to influence society. Let's now consider the mobilization and coalition models in turn, as ideals and in practice.

HOW SDM REDEFINE MOBILIZATION

Beginning in the early 1980s, a team of researchers at the University of Chicago led by David L. Protess sought to understand how investigative reporting changes public policies, in a series of case studies that explored the preparation, narrativization, publication and aftermath of stories. They came to the conclusion that most investigative reporters believed that the process of reform was linear: "published exposés outrage the general public, who in turn demand and often get reforms from government officials." In their 1991 book *The Journalism of Outrage*, Protess and his colleagues called this the "mobilization model"[1] of how investigative reporting achieves reform. They considered it to be in large part a myth that prevented journalists from being more effective change agents. Let's consider how and to what extent that may be true, 25 years after they made the argument.

The towering point of reference for Protess et al. was the legend of Watergate, at the time less than a decade old. According to the legend, the revelation by the *Washington Post*, confirmed by other news media, that the President of the United States was a felon disgusted and angered the citizenry, and deprived Richard Nixon of the political support he needed to hold on to his office. For Protess and his colleagues, that affair was at best an exception, and not a working model.

We know that public outrage was hardly the only element that brought down Nixon. The role of the media would not have been decisive in the absence of determined political opposition to Nixon, a courageous Federal judge who forced key evidence into view, the business community (which abandoned Nixon's cause)[2] and honest officials of the US Department of Justice who refused to bury the case. Moreover, a significant share of the American public, especially voters for the Republican Party (to which Nixon belonged), never accepted the veracity of the Watergate investigation. Instead of proving that an outraged public gets what it wants, Watergate suggests that mobilization *alone* is rarely sufficient for journalistic investigations to achieve results.

The same point emerges from study of the Panama Papers, published in April 2016, over 40 years after Watergate.[3] It is absolutely true that this multinational investigation led directly to mass demonstrations

1. *The Journalism of Outrage*, op. cit., p. xii.

2. Jimmy Breslin,
   *How the Good Guys Finally Won:
   Notes from an Impeachment Summer.*
   Ballantine Books, 1975.

3. See https://panamapapers.icij.org/

in Iceland, and then to the resignation of the country's Prime Minister, who was identified by the investigation as owning an offshore company that he later sold to his wife. But the Panama Papers story was not an isolated event. It had been preceded in April 2013 by the Offshore Leaks project, which likewise detailed hidden accounts of public figures, and by the Luxleaks story, which revealed the fiscal advantages afforded to multinational firms by the Luxembourg government. Offshore Leaks created a public for future projects, and correlated with work undertaken by the Organized Crime and Corruption Reporting Project, like its 2010 "crime goes offshore" series.[1] The OCCRP later joined in the Panama Papers investigation. A virtual army of civil society organizations followed and promoted those stories. Outrage brought down Iceland's head of government, but the movement leading to that event was underway. Put another way, it appears that for the mobilization model to work, established stakeholder groups must support it.

When Protess et al. published *The Journalism of Outrage*, one reviewer commented about their attack on the mobilization model that "one wonders whether most journalists actually hold such a schematic, linear view of how reforms are enacted." In fact, many do, or at least behave as if they do. In the words of Gavin Sheridan, who is also a co-founder of Storyful.com and serial SDM creator: "There's an

inbuilt assumption that good scoops lead to societal change."[2] Or at least, to "impact" or "results" – the telling criteria of investigative reporting awards.

The fact is that a scoop in and of itself, regardless of its intrinsic power, rarely leads to rapid change. The principal reason is that it is soon forgotten; another story takes its place. It is no coincidence that "investigations initiated by the authorities as a result of media campaigns almost always get shelved or diluted" by the same officials who solemnly promise to act on scandalous revelations.[3] They know that as time goes by, in the absence of continuous pressure, public outrage will burn itself out. Extended series of stories fed by continual revelations get stronger results: The only French investigative report that led to electoral defeat of a government and the trial of several ministers, Anne-Marie Casteret's investigation of the "Contaminated Blood Affair", ran as a ten-part series in a leading weekly. It is worth noting that such series can be profitable as well as powerful. The Daily Telegraph of London's publication of Parliamentary expense claims, over a one-month period beginning in May 2009, generated additional sales of 1 million copies of the newspaper, according to an editor who worked on the project.

Why, then, is there typically little follow-up to investigative scoops in MSM? Some stories don't merit further treatment, of course. But it is also a fact

1. See https://www.reportingproject.net/offshore/index.php/offshore-havens-enable-crime

2. Interviewed July 10 2015.

3. The reference is to the situation in Kenya at this writing (see Gicheru, Catherine, "How Kenyan Journalists Expose Government Corruption", IJNet, Dec. 22 2015, via https://ijnet.org/en/blog/how-kenyan-journalists-expose-government-corruption But the principle is general.

that once a story is published, viewership spikes and the awards applications have been filed, reporters and publishers often have little mterial incentive or resources for continued pursuit. From a theoretical standpoint, they have done their job of informing the public, and now it is up to the public to manifest its outrage. (Or not. When the muckraking magazine New Times went out of business in January 1979, it blamed the public for being unprogressive in a bitter headline: "Decadence – the People's choice!")

Moreover, the MSM revenue model is not based on improving society, but on gaining a broad audience that can be sold to advertisers. For that, scoops will suffice, whether or not they lead to reforms. Television reporters in the U.S. know this very well; their investigations are typically broadcast in the days just before or during the November ratings "sweeps", which compile audience data that is used to sell advertising time. This "sweep mentality", as a California station's news director complained, "forces news directors to marshal limited resources to reach for the holy grail of a ratings pop."[1] From this perspective, as a disabused libel lawyer told us, "investigative reporting is entertainment."

In contrast, as we will see below, for stakeholder communities directly affected by a story, investigative reporting can appear as a solution to existential threats.

1. Petner, Tom,
   "Breaking out of the November Sweeps Rut."
   TVNewsCheck, November 2, 2009,
   via http://www.tvnewscheck.com/article/36891/brea-king-out-of-the-nov-sweeps-rut .
   Accessed Jan. 11 2016.

2. Lipsky, Michael.
   "Protest as a political resource."
   American Political Science Review
   62.04 (1968): 1144-1158.

3. Ibid.

1

From **mass mobilization** to **targeted influence**

The continuing power of the mobilization model has wide intellectual roots. The model emerged nearly contemporaneously with Michael Lipsky's landmark concept of social activism in the 1960s, in which dramatization of issues by militant protestors embarrasses or intrigues elites and compels them toward reform.[2] The key difference between the mobilization model and Lipsky's paradigm resides in who drives the agenda. In Lipsky's theory, MSM are willing or unwitting instruments of activists, and serve "to maximize their public exposure through communications media". In Protess's mobilization model, journalists themselves arouse others to action, by challenging the public's sense of what is right and wrong, acceptable or repugnant. Obviously, journalists prefer the second version.

What is common to both variants is the assumption that without the support of MSM, reform cannot occur. As Lipsky put it: "If protest tactics are not considered significant by the media . . . protest organizations will not succeed. Like a tree falling unheard in the forest, there is no protest unless protest is perceived and projected."[3] This concept

1. See, for example, Koopmans, R. (2004). Movements and media: Selection processes and evolutionary dynamics in the public sphere. *Theory and Society*, 33(3–4), 367–391. He writes: "Authorities will not react to – and will often not even know about- protests that are not reported in the media, and if they are reported, they will not react to the protests as they 'really' were, but as they appeared in the media." (p. 368)

2. Meraz, S. (2011). The fight for how to think: Traditional media, social networks, and issue interpretation. *Journalism*, 12(1), 107–127.

3. Interview with Meduza.com founder Galina Timochenko, Riga, Nov. 4 2016.

4. See Klein, Jill Gabrielle, N. Craig Smith, and Andrew John. "Why we boycott: Consumer motivations for boycott participation." *Journal of Marketing* 68.3 (2004): 92–109.

came down through the decades to the 21st century as a self-evident truth,[1] despite growing evidence that "traditional media's singular, one-way power over news creation and dissemination is a past phenomenon".[2] One reason it persists is that newspeople enjoy and promote the notion that they are indeed very powerful. That is why advertisers support them, and why prominent sources speak with them.

Stakeholder communities challenged that image of power and the influence strategies that flow from it, even before Trump embarrassed the MSM by winning despite their disapproval. For a start, stakeholders that possess their own media don't need MSM in order to find their supporters, to anywhere near the extent that they did in past decades. Of course, without the help of MSM, most stakeholder groups will never attract huge audiences. Often enough, though, that is beside the point. Setting real-world agendas is not a popularity contest, and impact is not only a matter of mass. Most Europeans hate and fear the Islamic State, but that does not stop Daesch from using its own media to recruit in Muslim communities. Breitbart.com can be appalling for trained, educated readers to contemplate, but to downscale communities it can look brave and inquisitive, and its audience and publisher helped elect Trump.

In SDM the problem of building influence shifts from how many people we can mobilize in a short time, to who we can mobilize through ongoing attention to a limited, coherent set of issues. The independent, highly credible International Council on Clean Transportation's studies of how Volkswagen cheated on vehicle emissions tests were largely ignored by the MSM following their release, but they were of intense interest for officials at the Environmental Protection Agency and the California Air Resources Board, who hammered the carmaker into a confession.

A second key factor is that SDM can mobilize their communities directly, before MSM are even aware that something is happening. In fact, the innovative Russian exile news website, Meduza.com, features "direct journalism" stories, in which readers are asked to take specific actions, like bringing food to Russian sailors trapped in a foreign port (many did)[3]. On a larger scale, Greenpeace uses its media first and foremost to go direct to its 3 million dues-paying members. It proposes specific, potentially effective actions to those stakeholders. That in itself is mobilizing. One of the key factors for individuals in deciding to boycott, for example, is their belief that the boycott may have an effect.[4] Greenpeace can't always promise a reform, but it can certainly promise to harass its adversaries and raise the cost of their operations.

Thus in 2010 Greenpeace warned big multinational foodmakers that unless they ceased using Asian

palm oil suppliers tagged as rainforest destroyers, they would become targets of a global boycott. Unilever, one of the major food companies, came to agreement with Greenpeace, but Swiss-based Nestlé held out. Greenpeace warned the firm that if it didn't come to terms, "We'll knock one percent off your top line." The top line is revenue, a closely-watched indicator for investors; Greenpeace was effectively threatening to use consumer allies to discount Nestlé's stock. Nestlé still said no.

Soon after, Greenpeace unleashed a SDM assault on Nestlé, beginning with a mock commercial on YouTube, in which an office worker opens a Nestlé-made Kit Kat candy bar, and finds himself munching on a blood-spouting orangutan finger. It was a grisly dramatization of Greenpeace's charge that the apes are being exterminated to clear forests for palm oil plantations, and it put responsibility on Nestlé. Nestlé protested, and YouTube took it down. Greenpeace now alerted its members and followers to Nestlé's "censorship", and the firm was deluged with hostile blogs, emails and Facebook posts. There were too many channels to shut down, and Nestlé came to terms.[1]

We find that in a growing number of cases, "traditional media" are irrelevant to the outcome of conflicts between stakeholders armed with their own media and powerful corporations. This fits neither the mobilization model, which sees a general public opinion as the target and vector of change, nor Lipsky's paradigm, in which MSM are the gatekeepers of change. But it corresponds in some ways to the model that Protess et al. proposed as an alternative to mobilization. They called it the coalition model. It has been given new life by SDM, as we will show later in this chapter.

1. Among numerous accounts, see Van Grove, J., "Nestle Meets Greenpeace's Demands Following Social Media Backlash", accessed May 17, 2010, http://mashable.com/2010/05/17/nestle-social-media-fallout/

THE POWER OF COALITION

In their studies of how watchdog reporting achieves material results, Protess et al. saw that journalists who wanted reform did not wait for the public to respond with outrage to their findings. Instead, journalists negotiated solutions with public officials whose reputation or authority was threatened by their findings, or who saw opportunity in them:

> *[The researchers] found that home health care-related issues… became significantly more important to citizens and policy makers exposed to [a televised] investigative report than to nonviewers.* ***Nonetheless, actual policy changes following the televised report resulted more from direct pressure for "reform" by the journalists themselves than from demands by the general public*** *[emphasis added].*

1. See Mollenhoff's memoir, *Investigative Reporting: From Courthouse to White House* (MacMillan, 1981.

2. We heard this from Davies in his keynote address at the Global Investigative Journalism Conference, Kiev, 2011. Davies cited the great U.K. editor Harold Evans's memoir *Good Times, Bad Times* (Weidenfeld and Nicolson, 1983) as the inspiration for this tactic.

In other words, as agenda-setting theory suggests, when people are exposed to a powerful story, they understand its importance. But that isn't why or how change occurs. It occurs because a journalist keeps pushing for it, making connections to actors who can craft a solution. This is the meaning of journalistic coalitions: They provide information to particular forces or individuals who can understand its significance and act on it. Such coalitions appear across the history of investigative reporting, at least since W.T. Stead of the Pall Mall Gazette created an upper-class "Special and Secret Committee of Inquiry" to legitimize his investigation of child prostitution in Victorian London. In the modern era, Pulitzer-winning reporter Clark Mollenhoff's distinguished career began when he joined with an honest cop and a prosecutor to expose and incarcerate the criminal network that ran Iowa City.[1] Nick Davies of The Guardian formed an alliance with lawyers for victims of illegal wiretapping to get access to the facts that ultimately destroyed the unscrupulous *News of the World*.[2] In France, Anne-Marie Casteret built a coalition with parents of hemophiliacs who were infected by AIDS through blood products sold by the Nation Center for Blood Transfusion, a State agency. Casteret independently proved that the agency sold the products in full consciousness that they were contaminated. But the parents had legal rights, including access to the full file of a judicial investigation that Casteret

1. See Jennings, A.
*The Lords of the Rings:
Power, money and drugs in
the modern Olympics.*
Stoddart, 1992.

2. Jenkins, Simon,
"A hero of the Fifa corruption exposé
– step forward the British press".
The Guardian, May 28 2015,
via https://www.theguardian.com/commentis-
free/2015/may/28/fifa-expose-british-press-andrew-
jennings-sunday-times-corruption-fa

3. Jennings, Andrew,
"Some Thoughts on our Simple Craft."
In Hunter, M.L., editor,
The Global Investigative Journalism Casebook.
Unesco, 2012, pp. 222-227.
Jennings gives a detailed account of investigative
pursuit over a long period.

4. We recorded the event on the Stakeholder Media
Project Facebook page on May 14, 2015.

could not obtain on her own. They also published their own newsletters, an archive of past actions and statements by key players in the scandal. They served her investigation as sources, supporters and amplifiers. Without the victims in the case on her side, even though she was right, Casteret might not have prevailed.

A particularly striking coalition strategy, and arguably the greatest individual exploit in contemporary investigative journalism, resides in the decades-long pursuit of corruption in Big Sports by the U.K. reporter Andrew Jennings. After resigning from the BBC in 1986 when it refused to air his investigation into corruption at Scotland Yard, he set about documenting the Fascist antecedents of International Olympic Committee leader Juan Antonio Samaranch.[1] In the process he created a personal database on bribery, corruption and doping in sports. He then turned his attention to the Fédération Internationale de Football Association (FIFA), a global non-profit institution that had turned into a corruption factory. The arrests and indictment of numerous executives of FIFA in 2015 were the direct result of Jennings' research.[2] He published his findings in books, in articles for various newspapers, in several documentaries for the BBC, and above all in his own SDM, a website called Transparencyinsport.org. By MSM standards, the blog is ferocious in tone, pitiless toward the

corrupt, dismissive of their characters and reputations. Thus Jennings reminded anyone interested in the subject that he was not afraid of his targets. That made him a partner of choice for whistleblowers inside FIFA.

Jennings has described the strategy behind his campaign as a business model that generates social, personal and commercial value:

> *I like to lock into big corruption sagas at the heart of international organizations. Who would you rather discomfort? The guy in the Gulfstream or the one on a bike? We have to have fun in our labours. If you are freelance you need wide markets. And many staffers have neither the time nor inclination to dig internationally for years, developing a narrative.*[3]

Jennings also attracted the attention of others worried by the corruption of FIFA, including a growing number of journalists and citizens' groups around the world, who became his sources and allies. (For example, in early May 2015, the International Trade Union Confederation, a sportswear firm, a U.K. MP and various NGOs held a press conference to repeat Jennings's charges of "corruption, mismanagement and poor decision making" at FIFA.)[4] His detractors included MSM journalists; he was blamed by some for the fact that Qatar, and not the U.K., was granted the rights to host a forthcoming World Cup.

Just as MSM did not entirely sustain his work, MSM could not stop it. Eventually, Jenkins was contacted by the U.S. Federal Bureau of Investigation, which used his data as a starting point in its own investigation. On May 27 2015, FBI agents and local police arrested seven FIFA officials gathered for the organization's 65th congress, where the re-election of President Sepp Blatter was on the agenda. It was the beginning of a series of arrests and official investigations spanning the globe. Jennings had won, not only through his stories, but by driving a network focused on corruption at FIFA.

The deep insight of the coalition model is that a lone reporter always loses, if the goal is to change something. The same applies to every influential stakeholder community we have studied or noticed. They, too, are obliged to seek allies, especially among other stakeholders concerned with the same issues. Their chief resource in this struggle – for attention, resources, and impact – is the quality of information that they bring to their communities.

SDM LEVERAGE COALITIONS THROUGH INFORMATION[1]

Julian Assange's adage that secrecy makes facts more valuable is borne out by SDM agenda-setting strategies in conflicts between stakeholders and major multinational corporations. The revelation of a firm's secrets – or for that matter, of freely available information that no one paid close attention to before – carries immediate, material consequences for certain stakeholders. Whether or not they like the source of that information, if it is visibly true, they must act on it. Often enough, they thus become de facto allies of the stakeholders who discovered the information.

We first saw that dynamic in the case of a massive boycott that a major company's managers misleadingly claimed to defeat.[1] In January 2001, the news that the multinational foodmaker, Danone, planned to close profitable but redundant biscuit factories in its home country, France, was leaked to a newspaper. A firestorm of protest erupted. Workers left cookie dough to harden like concrete in baking tins, and politicians promised new laws to stop downsizing.

One group of stakeholders, however, welcomed the news. Financial analysts are not paid to think like office-holders or anti-globalists; their stakeholder community is composed of investors, and their duty to those stakeholders is to help them get rich. They thought downsizing made perfect financial sense for Danone. They were quoted to that effect by MSM when the crisis erupted, and then largely forgotten. But they did not forget the crisis. They grew anxious when an unprecedented "societal" boycott that cut across class and political lines erupted in France, and even more anxious when a business newspaper reported that the boycott might have taken 15 % off Danone's sales in its home market. However, the newspaper made clear that there was no proof as yet; it was repeating a rumor, and said so. Nervous investors sold the stock, but the analysts waited for better information, and advised their readers to "hold".

1. The case is documented in Hunter, Mark Lee, Marc Le Menestrel, and Henri-Claude De Bettignies. " Beyond control: Crisis strategies and stakeholder media in the Danone boycott of 2001." *Corporate Reputation Review* 11.4 (2008): 335-350.

Meanwhile, a website called Jeboycottedanone.com ("I Boycott Danone") was launched by hip Paris journalists, and published lists of all the firm's brands. That enabled consumers to reject the firm's multitude of products; a marketing specialist had opined in a national newspaper that such action would be beyond their knowledge. Other stakeholder groups piled on with their own media. The Réseau Voltaire, known for investigative work on the extreme right, mirrored JeboycotteDanone.com on its own website. Danone sued to shut the website down, and lost; the presiding judge called the website an "exemplary" form of protest, thus insulating its authors from further lawsuits. Meanwhile various union factions used tracts, portable telephones and websites to gain support from workers and politicians. A main Danone plant was taken over and run by a Trotskyist group. MSM commentators and reporters continued to predict that the boycott would fail, because no boycott in France had ever succeeded.

Soon afterwards, at Danone's annual general shareholder meeting, management proclaimed that "there was no effect on group sales from the boycott, despite a halt to all advertising and promotion in France." The CEO declared victory in a curt phrase: "The storm is over." A CEO cannot lie about such matters without risking shareholder lawsuits, so he had to be telling the truth. A stockbroker rejoiced:

"This is good news for investors." The stock shot past its pre-crisis high. The restructuring would go ahead as planned.

There were approximately 600 MSM reporters in the room that night. We read all their stories. Exactly one noted, in a one-paragraph news item, that the CEO had not said anything specific about sales in France, where the boycott had taken place. The rest of the MSM accepted the firm's version of the story. Danone resumed advertising, no doubt to the relief of MSM who depended on its rich promotional budgets. To this day, most MSM journalists think that Danone won the boycott. (We know, because when we teach them, we ask them about the case.)

But Danone lost. The "rumor" that Danone's sales in France had taken a massive hit from the boycott was true: Growth in its home market fell nearly to zero, instead of the predicted six to eight percent. Danone had another problem: Its unions succeeded in strangling the firm's supply lines. Unshipped inventory piled up in factories, and competitors grabbed market share.

Why did MSM allow Danone to fudge these points? Most likely, because they didn't know enough to challenge the firm, and didn't know how to investigate for themselves. Another reason is surely that MSM fear losing access to corporate or political leaders if they seem too aggressive. One could observe U.S. television interviewers struggling with

this problem throughout the 2016 U.S. Presidential campaign, in which Donald Trump continuously accused interviewers who asked tough questions of overt hostility. MSM sell their publics access by proxy to newsmakers, but they can't if newsmakers cut off access. Newsmakers can manipulate these situations in several ways. In this case, Danone's CEO hadn't lied outright to the MSM and shareholders. He simply told them part of the truth, with a little wishful thinking thrown in ("the storm is over"), and that sufficed to dominate the public narrative. He gambled that the MSM wouldn't return to check on the story later, of course. But that gamble paid off, too. Subsequent MSM coverage of the story accepted as a given that Danone's accounts had not been damaged in the conflict.

SDM were playing a different game. SDM aren't required to quote leaders for the sake of "balance", and hence require fewer comments and less access. Their audiences do not require them to be objective or neutral; they require SDM to help them prevail in a fight. In cases like the Danone affair, stakeholders like investors or employees often know as much about a firm as its board of directors, because they've been watching it closely over time, and because their livelihoods depend in whole or part on the company. Often, such stakeholders are in possession of documents that make a corporation's stance perfectly clear, regardless of what its leaders say.

The crucial SDM in this case turned out to be analysts' newsletters, which are based on firms' financial reporting, not on newspaper accounts. The analysts still didn't care about boycotters or factory hands, but if the protestors had succeeded, the analysts wanted to be the first to know and to profit from the knowledge. When Danone's quarterly results appeared, they made clear that sales in France had indeed been hammered by the boycott and union actions. Worse, one analyst ran the numbers provided by Danone through his own computer, and reported that he couldn't make them add up in the same way as management. Other analysts advised their stakeholders that investment in Danone stock equaled "dead money", because management lacked "visibility". That fall, as 9/11 sparked a run for safe ground among investors, the firm's market capitalization dropped nearly 30% in a matter of weeks, as informed investors dropped the stock. It stayed depressed for the next five years.

The impacts kept coming. Danone's market share for biscuits in France dropped 3 %, wiping out gains from the restructuring. Danone was finally compelled to sell the biscuit division to a competitor, and predators nearly seized the discounted company. A public relations triumph that relied on MSM incapacity had turned into a SDM trap.

We have found similar dynamics in four cases to date, involving multinational firms in different

THE AGENDA-SETTING POWER OF SDM

THE POWER OF COALITION THROUGH INFORMATION

industries and countries.[1] We are confident that we will see this pattern again: Through SDM, stakeholders succeed in surrounding an organization with a hostile web of informed watchdogs. Each of these stakeholders closely watches the others for insight into how the conflict will end; each feeds information into the conflict. Regardless of whether they like each other or not, they assess and verify, so far as they can, information from other stakeholders that can affect their interests.

It has been said lately that we are in a "post-fact" era, in which the emotional engagement of the poorly-informed obliterates the influence of true information. Following the Brexit debacle, the election of Donald Trump is taken as proof of this theory. It is true that demagogy has found significant audiences throughout the history of democracies; Athens was destroyed because demagogues led the city-state into an unnecessary and catastrophic war with Sicily, in the midst of an ongoing war with Sparta.[2] It is also true that in contemporary MSM, information competes with and increasingly resembles entertainment, and entertainment is not primarily concerned with hard facts.

But to win fights, SDM need a firm understanding of reality, and the ability to project that understanding and the evidence behind it to stakeholders. Otherwise they cannot create coalitions of the willing and the unwilling, on the basis of indisputable facts. Even more important, their own survival is at stake. If their communities fail because SDM have misled them, the SDM will wither too. Who wants a financial analyst who makes you poor?

It is no coincidence, we think, that in the years following the Danone case, as MSM downsized their investigative capacity, SDM continued to build theirs. In 2015, to take a recent example, Greenpeace declared that investigative reporting would be one of its three strategic functions. Already in 2010, Greenpeace dedicated 10 million euros to densely researched investigative report[3] – more than nearly any MSM news organization. This is a business model. A key part of Greenpeace's value proposition for its engaged members is that it provides them with verified arguments to justify their own values and actions. Greenpeace's command of valid information likewise makes it a reliable partner for other stakeholder groups – or at a minimum, labels it as an organization whom other stakeholders, hostile or friendly, must take into account. The safest strategy for a successful SDM is to provide more reliable information about its community's interests than anyone else can provide.

1. See Besiou, Maria, Mark Lee Hunter, and Luk N. Van Wassenhove. "A web of watchdogs: Stakeholder media networks and agenda-setting in response to corporate initiatives." *Journal of business ethics* 118.4 (2013): 709-729.

2. See Thucydides, *The Peloponnesian War.* Penguin Classics, 1989.

HOW SDM WIN IN CRISES

The influence of SDM is greatest in crises, and not by accident. When something goes seriously wrong, the stakeholders affected by the event want above all to know how they will get relief. They also want to know who is to blame.

In many cases, MSM can't tell them. Blaming may involve offending advertisers or their friends. It also requires investigation, unless you want to end up in court on libel charges, and effective investigation requires deep knowledge of a sector and the actors who appear in it. Few MSM still possess such resources, particularly where breaking news is concerned. Finding solutions to an organizational crisis, an existential concern for stakeholders, can be particularly difficult for MSM, because it usually involves countering or supporting the ambitions of competing groups. Typically, MSM deal with this

situation by publishing proposals from different players, to represent a spectrum of opinion. That is not the same job, and it does not have the same effect, as pushing a particular solution that is backed by significant forces, which is what SDM seek to do.

In 2011, we came across a case that showed us how SDM gain the power to dominate much larger organizations in the heat of crisis.[1] That spring, the US multinational chemicals firm E.I. DuPont de Nemours and Co. sent its scientists and sales people across the U.S. to promote a new herbicide, called Imprelis. DuPont thought Imprelis was a "game changer". It belonged to a class of "persistent" chemicals that require fewer applications, and less product per application. That made it cheaper to use than competing products. Perhaps most important, DuPont was confident that it was also less toxic for the people who would use it, as well as the environment.

Imprelis was eagerly awaited at LawnSite.com, a for-profit professional forum, where thousands of lawn care operators – the "LCOs" who keep green spaces looking fresh and fertile – share information and opinions. As the target market for the launch, LCOs held the key to the success of Imprelis, and for all the products using similar chemistry that DuPont was developing. The more they heard about Imprelis, the more they liked it. "If it works as good as they claim, I can't see not using it," remarked a forum member to his peers.[2] They particularly

1. This section is partly adapted from Hunter, Mark Lee, Luk N. Van Wassenhove and Maria Besiou, "The New Rules for Crisis Management: Many stakeholder groups now control their own media and sources of information, and they are increasingly setting the agenda for how companies resolve crises." *MIT Sloan Management Review*, 57/4 (Summer 2016), p. 71+.

2. Quotes are drawn from Hunter, M.L. , L.N. Van Wassenhove and M. Besiou, "LawnSite.com Vs. DuPont (A,B,C)." INSEAD case, 2014.

appreciated the fact that Imprelis didn't stink – not like the chemicals they already used, whose vapors clung to their clothes and hair. That was a sign that Imprelis wouldn't hurt their health, a constant fear they lived with. "I would be doing MYSELF [sic] a justice just by trying it out," read one post on Lawn-Site.com.

As a group these small businessmen deeply distrusted big companies (and big government). A few warned that Imprelis's chemistry was known to contaminate compost. Wrote one: "I know around here a lot of people compost their clippings or throw them on their garden and they can't anymore if you use [Imprelis]." DuPont was well aware of the problem, and reassured LCOs that it could be managed. An influential member of the forum reported on a meeting between company officials and LCOs:

> *The group... had big concerns about Imprelis and the no clippings collection/compost restriction. The DuPont rep made no bones that you CAN NOT bag clippings for use as compost and must inform your customers not to do the same on your leave-behind record.... He then went on to state that when enough field trials are complete, Imprelis should prove to be LESS phytotoxic through clippings than the [competing] chemical[s] on the market.*

The product went to market, and so far as LawnSite.com members were concerned, it kept its promise. "I cannot believe how well this product is working," said one LCO. The forum filled with testimonials, including photos of weeds "burned' by Imprelis, blackened debris in a lush surround of grass. Clearly DuPont had a hit on its hands.

Then something went wrong. Six weeks after the first applications, LawnSite.com members began reporting "off-target" damage to trees. The same people who had promoted Imprelis were about to become its most deadly critics.

LawnSite.com members were in a position to gather more data about the use of Imprelis under real-world conditions than even DuPont could have gathered through the 400 scientific studies on Imprelis that the firm commissioned in the eight years prior to launching it. They began to publish their data on Lawnsite.com, and it became a sustained torrent. The flood began with damage reports and photographs. When university research centers realized that something was happening with Imprelis, forum members provided links to their studies and warnings. They also reported on their contacts with DuPont representatives. In two weeks this crowdsourced inquiry surpassed comparable investigations by any news media that we know of.

The lawn care pros were not only monitoring agricultural research centers in their regions, but also sharing information with them, and even volunteering to help with their studies. This widened the conflict, to DuPont's disadvantage. Like DuPont, State and Federal environmental regulators rely heavily on the expertise of scientists at independent institutions. In normal times, a large firm enjoys privileged access to those experts, not only because the firm can pay for their research, but also because agribusiness firms employ their own more or less distinguished scientists, who can dialogue easily and productively with peers in universities. Now DuPont was losing that advantage, and LCOs were gaining it. The same applied to DuPont's relationships with regulators, who had previously granted Imprelis "fast track" approvals, and were now anxiously watching the crisis. A LawnSite.com member asked his peers:

> *Has anyone spoken to their states dept of ag[ricul-ture, sic]? Or the states office that approves product for your state. If the state researches and pulls the approval I bet dupont would step up a bit quicker if the state is putting preasure [sic] on them.*

The circle of stakeholders dangerous to the company continued to expand. Angry homeowners, watching their trees die, googled the term "Imprelis" and located LawnSite.com. (In fact, that's how we found the forum, too. It was not mentioned in any of the MSM reports that we read.) The U.S. Composting Council, an industry group that hated the chemicals used in Imprelis, followed the crisis closely on its website. (The Council later boasted that thanks to the Imprelis crisis, it had gained new credibility and influence at the EPA.) Even before the Detroit Free Press and New York Times published front-page stories,[1] six weeks into the crisis, the balance of forces was running more and more steeply against DuPont.

The same day the Times story ran, liability lawyers filed class-action lawsuits. The lawsuits were publicized on the lawyers' websites and in e-mails sent directly to LawnSite.com members, as well as in press releases that were treated as news by Google and on Facebook pages. (This sector of SDM is highly specific to the U.S.: In another crisis we followed, involving DePuy hip replacements, about half of all the search results forwarded to us by Google Alerts over a 12-month period came from U.S. lawyers' proprietary SDM.)

Two weeks later, DuPont told the EPA that it would recall the product. But LawnSite.com made the promise look empty: Members reported that Imprelis was still on retailers' shelves. The EPA stepped in and used its regulatory authority to force a recall. Once again, the LCO stakeholders had been a long step ahead of their corporate adversary.

1. The Free Press was first, and The Times appeared to have greater impact. See Robbins, J. ,"New Herbicide Suspected in Tree Deaths." New York Times, July 14 2011: 1+.

Thus did a widely-dispersed group of small businessmen coalesce and gather allies to defeat one of the biggest companies in the world. The LCOs who won this fight drew three powerful resources from their SDM:

• **They owned the front lines.** That meant they knew more about the product, and about the damage it was apparently causing than anyone else; they could document the damage; they were positioned to monitor DuPont's distribution and its own efforts to resolve the crisis. All of this made them the primary source of information for everyone else who was drawn into the crisis. That was a uniquely powerful position, and it was no less powerful because MSM didn't acknowledge the existence of LawnSite.com. In fact, by not referring to LawnSite.com, MSM may have heightened the sense of discovery and relief for fact-starved Imprelis users who sought and found the forum for themselves.

•**They owned a targeted news channel.** No one besides a LCO would ever visit LawnSite.com for fun. But if you needed information about Imprelis, no other source came close. The forum provided in-depth news aggregation and coverage. It alerted potential allies and MSM to expert sources of information. And it enabled LCOs to update each other in real time on their contacts with DuPont managers and employees. In other words, the company lost the potential advantage of negotiating separately with individual LCOs, because anyone belonging to the forum knew what was

coming and how to handle it.

One such incident particularly struck us. Practically from the start of the crisis, the lawn care operators suspected that DuPont would try to avoid liability by blaming them for incorrect use of Imprelis. "There is not any way in hell I am gonna take the [blame] for this one. I did nothing wrong," commented a forum member. They guessed right about DuPont's strategy. Two weeks into the crisis, DuPont's division head wrote in a public statement: "Some reports indicate there may have been errors in use rates, mixing practices and/or applications" of Imprelis. A Lawnsite.com member immediately responded that the Imprelis label, a regulator-approved, legally binding document, said that Imprelis "can be tank-mixed with other pesticides." When the EPA finally recalled Imprelis, it justified the action on the grounds that the product had been "misbranded" by DuPont, effectively accepting the LCOs' argument that the label's instructions were inaccurate.

• **Finally, the LCOs owned the clock, in more ways than one.** Remember that for MSM, the past is usually just old news, and the focus is on the present. But SDM consider the past a way to explain the present and control the future; by taking possession of an adversary's past, they gain the power to expose its secrets and anticipate its moves. The Imprelis case illustrates this principle. LawnSite.com members had not forgotten the catastrophe of Benlate, a DuPont fungicide first introduced in 1968. The product destroyed mold, but it was also

linked to grave human birth defects and handicaps. Settling lawsuits in that case cost DuPont over $1 billion in damages by the time Imprelis was launched. One LCO commented, "The Benlate issue knocked [DuPont] out of the market for roughly 20 years. If they don't handle this [new crisis] correctly they might as well go back and hide under a rock for the next 20 years."

Once again, the LCOs were prophetic. Without the trust of LCOs, there was no market for Imprelis, let alone the line of similar products envisioned by DuPont. Without the trust of environmental regulators, the firm could not get those products to market. DuPont's Professional Products division, the maker of Imprelis, had become walking dead. The year after the crisis peaked, in 2012, DuPont unloaded the business to a competitor. The price was $125 million, a relative pittance in light of the division's prospects little more than a year earlier. DuPont eventually paid out $1.3 billion to LCOs and homeowners. In 2014, three years after the crisis erupted, LCOs were still trading tips about whether and how to sue DuPont on LawnSite.com.

Twice, we have seen SDM amputate an entire unit of a powerful multinational firm. There will be a next time, and it will be like the first time and the last time: Stakeholders will first use SDM to mobilize their communities. They will then crowdsource, archive and share information. Meanwhile, they will alert and attract allies (willing or simply obligated by their interests), and refine strategies to counter their adversaries. Their collective knowledge will tell them what the adversaries will attempt, and they will be ready.

Any media that hopes to succeed with such an audience must be prepared to play similar roles in defending its supporting community when a crisis hits. Otherwise it will become irrelevant – not only to the outcome, but to the community. That will be a key distinguishing factor between SDM and trade media, which are typically dependent on advertisers, and thus less able to take positions that may compromise this revenue stream.

Finally, any organization facing such SDM had best provide a solution that key stakeholders will accept, as soon as possible. One can fight with MSM and still capture the support of a wide public, as Donald Trump and Nigel Farage have amply proven. One cannot win a sustained fight with expert stakeholders on whom one's fortunes depend. They can simply walk away, and they can convince other stakeholders to turn their back on you, too. If so, you not only lose, you are out of business.

THE LONG TAIL OF SDM

SDM allow stakeholders to gain insight and intelligence on issues that concern them before MSM begin to report a story, and they can also continue coverage for concerned stakeholders after MSM move on to other stories for other audiences. The influence of SDM thus modulates over time, compared to the news spikes generated by MSM. In some ways that is good news for SDM trying to change society. Watchdogs require time to investigate, build a narrative, verify and destroy the defenses of their adversaries, and gather allies. Put another way, time is on their side, on condition that their goals match those of a particular community, and the community doesn't disappear. In one case we documented, in which a NGO and its modest SDM beat a multinational firm, the result came after 12 years of determined work.[1]

1. A shorter version of this case appears in "The agenda-setting power of stakeholder media", op. cit.

Adidas, the German-owned sportswear and shoe firm, had struggled for years to differentiate itself from its rival Nike, and finally succeeded with its Predator soccer shoe – an astonishingly light, supple and strong design made from kangaroo leather. This was part of a rising trend in the use of kangaroos for leather and as food. At the end of the 1990s, a coalition to fight that trend formed between environmental activists in Australia and animal-rights militants in the U.K., under the leadership of Vegetarians International Voice for Animals, or VIVA! (sic).

The movement's first act was to create SDM – namely, a white paper setting out the environmental and economic costs of kangaroo harvesting, and proposing alternatives to employ the industry's resources and workers. VIVA! then opened a website, Savethekangaroo.org, where the white paper was published beside a constantly growing list of news releases and reports from VIVA!. The organization launched a protest campaign in the U.K., Australia and the U.S., targeting Adidas and Predator's star endorser, David Beckham. MSM responded to the novel angle on Beckham, and VIVA! was rewarded with coverage by London's Fleet Street press.

Below the MSM radar, something else happened: VIVA!'s protests were picked up and echoed worldwide in online forums for vegetarians and animal rights activists, who coordinated protest activities abroad (like demonstrations in front of Adidas

stores) and shared their own pro-kangaroo content. When we asked VIVA!'s communications director, during a phone interview in the summer of 2011, how they had connected to those global forums, he said: "What forums?" Stakeholders had taken the campaign viral on their own, creating a structurally hostile constituency for Adidas.

VIVA! sought to have kangaroo leather banned for sale in California on the basis of an obscure law, and a court agreed, which again generated headlines in MSM. But the legislature changed the law in a way that helped Adidas, and MSM ceased to cover the story. That didn't change the outcome. VIVA!'s SDM and stakeholders remained active, and Adidas management apparently understood that they were a serious reputational threat. In late 2011, with the London Olympics forthcoming on VIVA!'s home U.K. turf, Adidas, a sponsor of the games, announced that it would no longer use kangaroo leather in its shoes. VIVA! had won. The group continues to denounce companies that sell kangaroo meat or leather, and to praise people (like trendy London chefs) who abjure both.

The point isn't merely that persistence and patience pay; of course they do, compared to careless haste or scattered coverage. What matters more is that for stakeholders to prevail, they don't need to score a knockout blow over their adversaries. They only need to continue raising the costs and risks of

business as usual, wiping out the benefits of a bad product or mistaken policy, bit by bit, until benefits become losses and the losses add up. This is what Greenpeace threatened to do to Nestlé, what boycotters, unions and financial analysts did to Danone, what lawn care operators did to DuPont, and what VIVA! threatened to Adidas. When SDM make small victories or growing problems visible, reformist stakeholders are emboldened, and even stakeholders hostile to reform start to lose faith in the leaders under fire. The impact may not be as apparent or immediate as the forced resignation of a prime minister. But it does not have to be heard by everyone in the world to be real.

There is value in power, and value in alliances, and value in knowing the truth about what is happening in your life. SDM seek such value above all others. This is the ambition, and we have just seen some strategies that support it. However, to paraphrase Napoleon, logistics trump strategy. We must now consider how business operations can be designed to support and grow the influence of SDM.

WE REPEAT KEY POINTS FROM THIS CHAPTER:

SDM gain influence first by mobilizing their target communities. They can often afford to be far less concerned with impacting the general public opinion.

Their influence widens through a "coalition model" with a contemporary twist: The de facto coalitions created by SDM include not only allies, but also objective adversaries, acting in pursuit of their own interests.

Consequently, SDM maximize their influence when they provide information that plausibly impacts the interests of other stakeholders in the same issues.

SDM own three key assets in these fights: Exclusive information provided by their communities, targeted news channels, and access to the past as well as the present of their adversaries. Through these assets, they can widen their coalitions, narrow their adversaries' options and position themselves as gatekeepers to solutions.

3

THE AGENDA-SETTING POWER OF SDM

4

BUILDING CHANNELS TO AND WITH THE COMMUNITY

The Texas Tribune – "the only member-supported, digital-first, nonpartisan media organization that informs Texans — and engages with them — about public policy, politics, government and statewide issues"[1] – also stages rock concerts. Good idea: In the current environment multiple revenue sources are required for any media enterprise, as we'll discuss in the next chapter. But revenue alone is probably not a sufficient reason to undertake a project that requires significant investments in time, complex collaboration, and risks outside one's core areas of expertise. Just as important, those concerts also reinforce relationships with and among different stakeholder communities – musical and visual artists, their fans, people who use the Tribune's news, Tribune employees and partners. The concerts provide occasions for all of them to meet, to celebrate, and to exchange; in other words, they provide the Tribune with a channel to its user communities.

The stakeholder community is simultaneously an audience, a source of diverse value, and a channel in its own right, from members of the community back to their SDM. We are not merely selling them a product called information. We are entering into their lives, working for their success. One of the reasons that MSM have declined is that they lost focus on their end users, failing to defend and engage them; another is that their declining capabilities made it impossible for them to meet the needs of increasingly larger fragments of their audience. To capture that opportunity, SDM must not only provide a different kind of content; they must widen the ways in which they engage their publics.

1. See https://www.texastribune.org/about/

THE COMMUNITY AS CHANNEL

In the preceding three chapters we saw that stakeholder-driven media address particular communities, and that their key activities include defending those communities and their interests in various ways.

We also saw that to accomplish this mission, they don't need to build a mass audience; instead, they need to reach the people who care about certain ideas, interests and objectives. Their problem is not to devise an algorithm that will turn an article viral[1]. It is to engage with a particular community, and to continually deepen that engagement on both sides. That engagement begins with a channel to the com-

munity, and from the community back to its media. Without that channel, our work is no more influential than poetry in a drawer.

There are several ways to get access to a channel: Build one, buy one from someone else, borrow it, or rent it. Building or buying a channel usually requires more capital investment than renting one, which is a main reason that even big multinational firms typically rely on distributor networks to move their products. (Another is that existing channels have already assembled an audience or market.) However, creating a channel can be much more profitable than renting it from someone else, on condition that you can afford to wait for cash flows to cover the investment. Mediapart, whom we discussed in Chapter One, sells subscriptions directly through its website, and thus keeps all its channel revenues, instead of paying 30-40% of them to a distributor, like most newspapers. For the same reason, fashion brands like to own their own stores.

The evolution of the Internet keeps generating new channels. At this writing a number of online "pure players" are using Facebook as their latest or even sole channel, instead of using social media to drive traffic to their websites[2]. So far, Facebook is allowing them to sell advertising on its channel, without extracting a fee. We find it hard to believe that privilege will continue indefinitely. Channel owners make money by charging rents, and Facebook is

1. The allusion is to Buzzfeed,
   as described in Rice, Andrew,
   "Does Buzzfeed Know the Secret?" New York,
   April 7 2013, via http://nymag.com/news/features/
   buzzfeed-2013-4/.

2. Benton, Joshua,
   "A wave of distributed content is coming —
   will publishers sink or swim?"
   March 24 2015, via http://nymag.com/news/features/
   buzzfeed-2013-4/.

hardly a charity. In another innovation, Google Ads uses third-party websites as channels for advertisers, and those websites pay a rent to Google, which takes a large percentage of the advertising revenue. That's less surprising when you consider that Google, not the websites, provides access for websites to advertisers who might otherwise never notice the former. Once again, the power is in the channel.

How much are your own channels to a specific community really worth? The short answer is: "Probably more than you think." The people reached by SDM are people who care a great deal about something. Assembling them and helping them to stay together is a valuable service to them, as well as to anyone who wants to reach them. Of all your core activities, these will probably consume more resources than anything else. If they do not, it is probably because you are not doing enough to build your community.

1

Use **existing channels** to the community

SDM are not bound to create their own channels – for example, by building a website and paywall. Instead, they can rent, occupy or borrow channels that reach the communities they wish to influence. This principle was observed in the 1990s by a scholar trying to understand how a small, poor NGO drove a wide boycott against the Starkist tuna company.[1] The answer: The little guys convinced bigger, richer NGOs to join the fight, and piggy-backed on their channels to stakeholders. If you look around you'll see numerous current and past examples of how this strategy can be used successfully by SDM.

· In the 1970s, startup magazines aimed at the so-called "spiritual movement" in the U.S. used natural and health foods stores as their first distribution base, because people who bought those foods were often interested in the alternative lifestyles that the magazines explored. The publishers didn't build that channel, they rented it, paying store owners or distributors for the right to display the magazines at the checkout counter. As the magazines expanded to other channels, such as bookstores and newsstands, they widened their circulations and advertising bases.

1. Frooman, Jeff.
    "Stakeholder influence strategies."
    Academy of management review
    24.2 (1999): 191-205.

In other words, they grew incrementally, by moving into parallel or tangential channels that served different components and needs of the spiritual community.

· A similar strategy was followed by the activist group VIVA!, who forced Adidas to stop using kangaroo hide. Besides publishing their own website and magazine, they encountered their members and followers at events where vegetarians gather, like specialized fairs and farmers' markets in the U.K.

· High Country News provides 3000 complementary copies every year to university environmental studies programs; the organization fundraises against this program, according to circulation manager Tammy York. It could also be said that "HCN" piggybacks off the US Postal Service, its main distribution force. Its newsstand distribution is a mere 280 copies, one percent of the total circulation; the outsize format doesn't fit most stands. Though bundling, packaging and shipping to a mailing house are costly, "A lot of people won't read it if it's not in their hands," said York. The physical product enabled $228,000 in advertising revenue in 2012.

· At Responsible-investor.com, co-founder Hugh Wheelan and his partner decided to sell 20% of the enterprise to a publishing house where they had previously worked, that had created a strong presence and assets in their target community. The goal was to get access to a pre-existing channel, said Wheelan:

It wasn't really for the money, it was to enable us to piggyback off an existing structure, by using initial databases [of potential subscribers that] they had. We were going after a similar type of readership, and using their credibility. We were going into the sustainable finance area, building something that only partly existed, so we needed a credible partner, a Godfather, that we could use as a calling card.

Don't rebuild the wheel. Use what works now, on condition that you can afford it. Put the cost in your business plan. If it looks too high, in material terms or in terms of independence, you can build an alternative.

1. Grennan, Kristen,
"RootIO", in
Publishing for peanuts, op. cit., pp. 113-119.

2. This information was found on the IRS form 1023
filed by the Center for Medical Progress, Daleiden's
non-profit enterprise. Accessed Feb. 10 2016 via
http://www.centerformedicalprogress.org/wp-
content/uploads/2015/06/1023CMP.pdf
acces closed

3. See Hunter, Mark Lee,
"Why David Daleiden is not
an Investigative Reporter,"
Feb. 9, 2016.
Via http://gijn.org/2016/02/09/whos-an-investiga-
tive-journalist-not-david-daleiden/

2
Identify the **community's appropriate technologies**

People with a mission, like SDM founders, often assume that everyone on the planet should and will be impassioned by it. In fact, time and resources are required to convince others that your mission should figure among their priorities. It's much easier and more efficient to make a connection with people who already understand the importance of your concerns. So the question to ask is: Which channels matter right now to *them*? This is not the same as asking whether and when the news will migrate to mobile phones.

Consider the following examples:

- In the Arab world, the key audience for watchdog media – active, educated people – deeply distrusts MSM, which have a long history of collaboration (or subjugation) with repressive regimes. They put more trust in media created by their peers, such as Facebook. Thus the key format for SDM in the region consists of blogs, which can be easily ported to Facebook.

- In rural Uganda, literacy is a relatively rare skill, few people own televisions, and even fewer own computers.

But a clear majority of the population owns mobile phones with embedded FM receivers. RootIO, a startup news enterprise, uses that channel for its network of village-level radio stations, each operated in partnership with a local NGO, and each serving a population of 10-15,000 people.[1] (When we discovered this case, we wondered: Could this innovation be adapted to urban neighborhoods in developed countries?)

- Christian churches, radios, television stations and now websites in the United States have provided channels for conservative ideas, policies and candidates since the 1970s. These channels are now widening to a new generation of content providers. David R. Daleiden, the self-styled undercover "investigative" journalist who tracked Planned Parenthood officials for several years, distributes his videos on Youtube, on the website of his enterprise, The Center for Medical Progress, and on websites published by allies in the anti-abortion movement. Though widely attacked in MSM, Daleiden remains a hero for evangelical and anti-abortion SDM, which reach the precise public he seeks to mobilize. That public also provides the donations that keep his operation going. Daleiden's latest Internal Revenue Service filings show that he claims to have raised $280,000 in 2013-15 through individual donations solicited on his website, through emails and in person.[2] We have argued elsewhere that Daleiden is not, in fact, an investigative reporter.[3] He nonetheless demonstrates that a hybrid strategy of creating one's own channel,

BUILDING CHANNELS TO AND WITH THE COMMUNITY

—

THE COMMUNITY AS CHANNEL

1. Interviewed via Skype,
   29 July and 1 August 2015

2. Manrique, Jenny,
   "AJ+, Fusion and Timeline offer advice
   for engaging millennial audiences."
   IJnet, January 6, 2016.
   Via https://ijnet.org/en/blog/aj-fusion-and-time-
   line-offer-advice-engaging-millennial-audiences

3. Anon.,
   "Growth of Time Spent on Mobile Devices Slows;
   Growth to slow to single-digit pace starting in 2016."
   eMarketer, Oct. 7 2015.

4. From http://www.esg-magazine.com/

while sharing content with other channels, is currently viable. He also illustrates a point made by Kevin Davis, former CEO of the Investigative News Network: "There are channels that are great transmission vehicles; our monetization will come from appealing to the different entities that have interest in the content."[1] That's exactly what Daleiden does.

· Since 2011, smartphones have been regarded as the channel of the future, the key to sustainable success for news media. That is demonstrably true for hip MSM like Timeline.com, which offers background chronologies of hot current issues to its users. Timeline began as a smartphone app, because its founders believed that its targeted young users would access it mainly through their phones. They were right: "A substantial portion of our traffic comes through mobile platforms, even though people could access it on a desktop."[2]

In contrast, though businesspeople use mobile phones, they are reliant largely on computers to produce, access and exchange information. (Overall, the typical American adult still spends two hours daily surfing the Internet on a desktop or laptop.[3]) This public will therefore be receptive to the features that a website designed for bigger screens than a mobile phone can provide. That is one reason Responsible-investor.com has not launched a smartphone version of the site. Instead, it has launched ESG: Environmenal/Social/Governance, the "first publication delivering long-form

journalism for the ESG capital markets", distributed as a downloadable PDF[4]. A Web-based launch strategy can succeed if your community stays on the Web.

Intensive channel diversification and innovation, much of it technology-driven, is underway as we write. This secular trend generates enormous hype and anxiety, as entrepreneurs seek first mover advantages and investors. Some, but not all of these emerging channels may be appropriate to your target audience and your cost base. Consider where your community is already looking or listening, and go there first. There will be time to widen your channels to other media later, if your community requires it – especially if MSM are not yet serving their needs.

CUSTOMER RELATIONSHIPS IN SDM

1

Study the community

Whatever media format you choose, and however attractive your design, a major question must be answered again and again: Who is in our community? Wheelan and his partner, a business development guy, thought this through carefully as they launched Responsible-investor.com:

> *The idea [that] you can build something and they will come is pretty flawed in starting a news organization. You're a market builder in some ways. You need to be thinking about your readership, who you want them to be, who your community is. Then you need to be able to pull together the contacts of people in that area, to build up the data, so you can launch into a community that you've already identified, so*

you can get things going quickly. You can of course go out there and do a whole piece of work in identifying the organizations and the people inside [that] you want to target.

Knowledge of your community is an asset of high value. In general, you should never give it away, or share it with anyone without understanding the value you may get in return. Put plainly, you are investing a big piece of your life in these people. How much is that worth?

You can acquire knowledge about your audience as an aggregate or as individuals by walking and talking in particular places (such as conferences or online

1. For best networking practices we recommend
Ferrazzi, Keith, and Tahl Raz.
*Never Eat Alone, Expanded and Updated:
And Other Secrets to Success, One Relationship
at a Time.*
Crown Business, 2014.

2. We recommend Kissmetrics Blog as
a place to start learning the subject:
https://blog.kissmetrics.com/50-resources-for-get-
ting-the-most-out-of-google-analytics/

3. Thanks to Adrian Dearnell, founder of EBM,
for explaining this feature to us.

4. There is a plethora of tools for this task.
On Feb. 18 2016, we searched for
"subscriber database software"
and came up with 7.3 million hits.
Customer relations management (CRM)
software was among those hits.
If nothing else, use Excel, Access,
or the office freeware equivalent.

forums). You can also acquire it by buying lists, or creating your own through desk research, or by finally transcribing the business cards you collected over the past years into a database. You can track who responds to your work online and add them to the database. One way or another, you must deepen your knowledge of who cares about your work constantly. This is a universal principle of worldly success, hardly confined to media enterprises. Someone in your business must constantly be adding to the number of people in your SDM's community. This is quite parallel to the task of networking, which makes a great many people uncomfortable. It remains an essential task.[1]

We will not go into detail about audience analytics, because they too are evolving very rapidly, and they are not our core expertise.[2] We note, however, that developing and refining analytics have clearly become core activities for contemporary startups like Buzzfeed and Vox. For these online MSM, analytics chiefly enable understanding of viewer preferences that can be used to attract advertisers. Analytics also reveal what users want to look at, which is why Forbes.com pays contributors according to their measurable audience appeal.

SDM can gain greatly from analytics focused on the quality of community engagement. EuroBusiness Media (EBM), a self-described "full-service corporate content agency that specializes in all categories of

communication within the B2P (Business-to-Professionals) community", offers a striking example. Its CEO-Direct service provides video presentations by the CEOs of listed firms to financial analysts. EBM creates the video content, distributes it to analysts, and tracks which analysts view the presentations, and for how long.[3] When EBM began this service, it was a very small shop. It is now a fast-growing shop, and one reason is that its clients know exactly what EBM's services are worth, thanks to analytics like these.

You may not be interested in serving a wealthy corporate clientele. You may lack time for detailed analytics, too. At some non-profit investigative journalism centers, the key measure of impact is often how many media cite a particular story. Another measure of impact might be how many times government officials cite the story within their organizations, which can be learned through freedom of information requests. A third might be whether NGOs use the material in their campaigns. Still another test is how many user forums on Internet discuss the subject and your story.

In sum: Look for the people who care about what you care about, and keep track of them. Take the time to database information about your users and allies.[4] That information will become one of your most valuable assets. Do not wait to launch your media before beginning to organize and compile it.
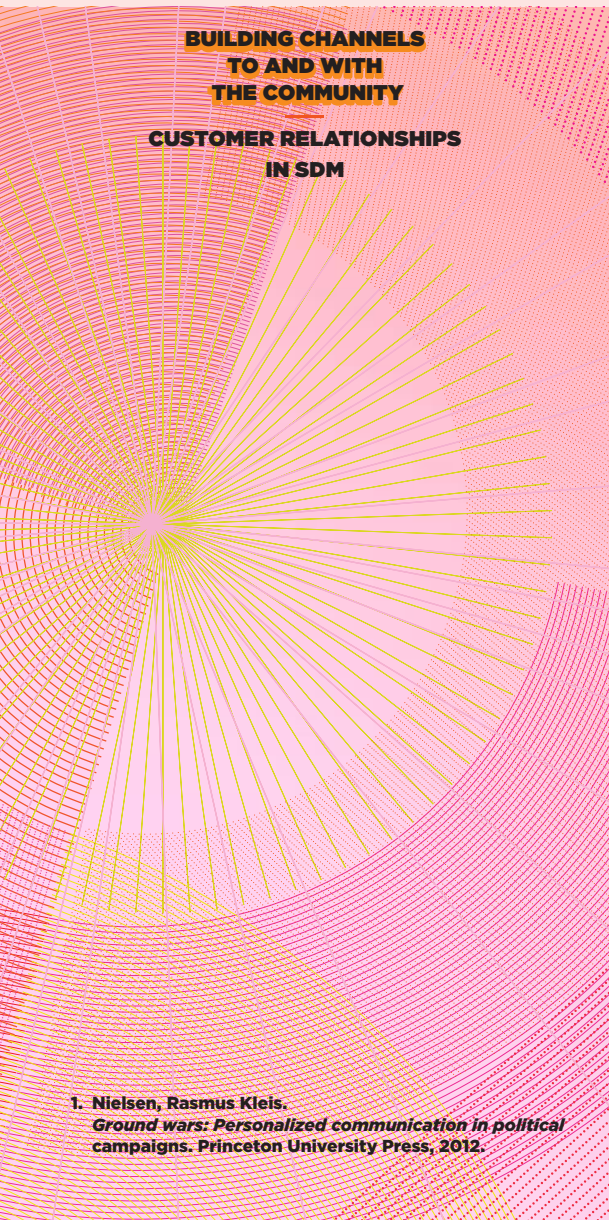
2

Give the community a channel

Every day, we receive at least one email from each of the different media to whom we've provided our user data, telling us what we can find in their channels. They are very good at telling us what they do. They are less good at giving us a chance to talk back, beyond allowing us to post comments on articles. That is particularly true of MSM. It is becoming increasingly more difficult to speak with a human being in most newsrooms, or even to contact them. This is one of the gravest consequences of downsized capacity.

SDM cannot afford such distance from their communities. In SDM the community shapes the content alongside the journalist. More is involved than creating a space for user-generated content like comments; the key is recognizing that investigative reporting increasingly resembles a general social practice, in which non-professionals possess growing insight into the value of information and how to acquire it. Sourcing through the community can generate tremendous power: In a fight against BP in the Arctic, the most influential information came from BP workers. In the Imprelis case, lawn care operators created an ad hoc investigative news

agency, and the heroes of Michael Lewis's *Flash Boys* spontaneously turned to LinkedIn to identify and profile high-frequency stock traders. SDM are well-placed to gain competitive advantage from this trend, because they understand the language and mindset of their communities better than most MSM reporters.

a. Change the source hierarchy to put the community higher

It's been argued that objective journalism inevitably gives more weight to sources with important titles, because those people are objectively more powerful than others. SDM redefine source hierarchies, because members of their communities are their most important sources. Thus TheRealNews, a YouTube SDM channel for "the other 99%", taps the immense pool of interesting people who are considered too biased or marginal for extensive citation by MSM. We recently watched a half-hour interview on TheRealNews with a Baltimore church leader who was campaigning hard for Bernie Sanders. The interviewer lacked CNN gloss, but was perfectly informed about the campaign and the pastor. The questions were tough, and the pastor answered them directly. It made for great television, as well as great insight into what Rasmus Kleis Nielsen has called the "ground wars" of contemporary politics.[1]

1. Nielsen, Rasmus Kleis.
Ground wars: Personalized communication in political campaigns. Princeton University Press, 2012.
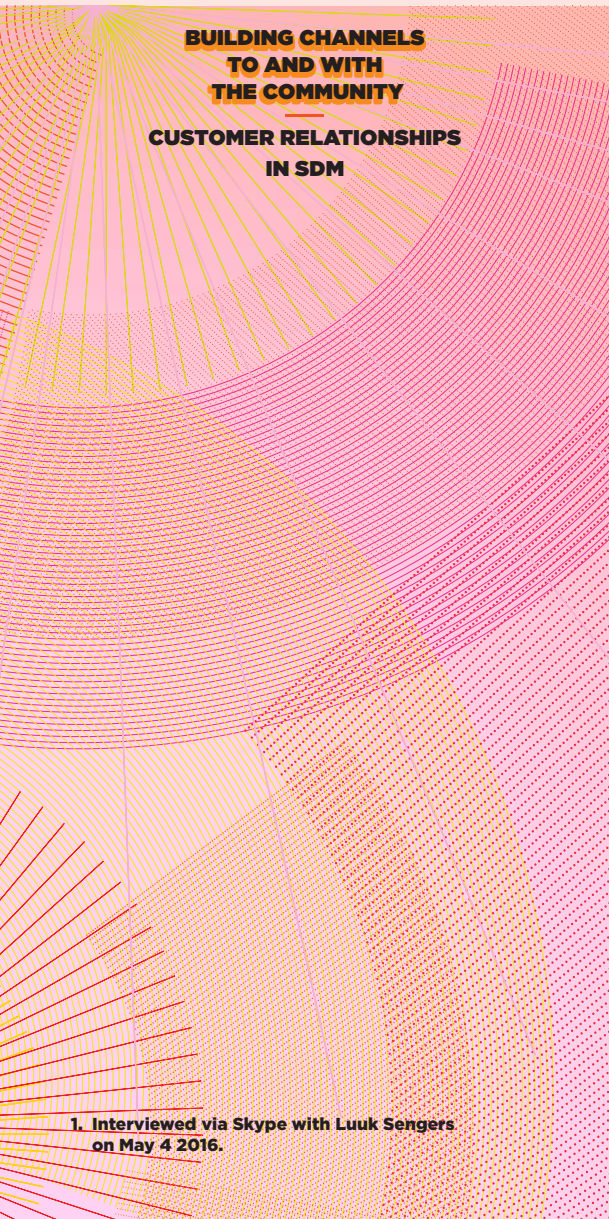
b. **Engage the community
in co-creation**

DeCorrespondent.nl, an online SDM based in Holland, is developing original practices in user collaboration at this writing. Co-founder and editor in chief Robb Wijnberg, a former editor at the Netherlands' leading newspaper, NRC, sought to closely involve members – his revealing term for subscribers – as collaborators with De Correspondent's writers. Before stories are published on the home page, they are shaped in blog-like "gardens" where members can answer questions from the writers and offer information. Wijnberg frames this approach as a way to get deeper and wider insight into issues than individual reporters could attain:

Understanding the issues on a level that explains what's going on has become harder. Everyone recognizes this. If I ask a random group of people, "What do you think of the newspaper you read?" they'll say, "It's OK, except for the reporting on the issue I'm familiar with…." Most of the reporting is pretty superficial if you know something about it. So we try to engage a community of readers who know stuff and bring it into our reporting, by engaging in a conversation, by using what they have to say, and by letting them contribute their knowledge directly on the platform… our goal

is to expand this further and further, where you can build a reputation on our platform as an expert, and get access to more ways of contributing.[1]

This strategy creates value in several ways. It improves coverage in depth and accuracy, and takes some of the research load off paid reporters. It transforms developing stories into serials, where members contribute new events and twists and stay with the story for further developments. Notes Wijnberg, "People who have interesting knowledge to share will get involved more quickly." In other words, relationships with the most influential people in the community are particularly strengthened.

Of course such an open approach may not be suited to sensitive or confidential investigations, though De Correspondent has appealed to users to provide anonymous links. However, we have never seen a successful commercial format that contains only investigative stories, and the issue here is how to create a community for a media, not for a particular investigation.

1. Interviewed via Skype with Luuk Sengers on May 4 2016.

c.**Crowdsource stories
in the community**

A typical practice at this writing resides in opening a gate to a community's articles, photos and blogs, and moderating the flow; this is Mediapart's approach, as well as Forbes'. A variant is to use community members as researchers. "We do get story ideas from our readers," says Paul Larcher of High Country News. "They're the ones struggling with how the West is changing." HCN is now using its social media outreach to solicit tips and testimonials, said Larcher. This can be considered minimal best practice for a SDM.

The Guardian recruited readers as researchers in its stories on the U.K. parliamentary expenses scandal. In 2009, you may recall, Parliament released its members' expense reports in response to public pressure generated by stories based on leaks at a rival newspaper, The Telegraph. Forced to play catch-up to The Telegraph, The Guardian asked its readers for "help":

What we're going to do is to open up this data to as many people as possible. We want you to help us analyse it and find the great stories buried within the photocopied handwritten receipts.

Using our system you will be able to find your MP - or any member, for that matter - and look at their records directly. This is where we want you to help out. For every page for every MP you will be able to:
- *comment on individual expenses*
- *highlight ones of interest*
- *tell us how interesting that receipt is*
- *Help by entering the numbers on the page Using that information, we will begin to be able to piece together a unique picture of how MPs claims have changed over time.*[1]

David Leigh, former investigations editor of The Guardian, has said that this initiative "demonstrated that the readers couldn't really help", for want of expertise.[2] However, we don't know if trained auxiliaries would have made a difference. We think that remains a possibility. User forum members, too, have to be trained to contribute properly, by other members or moderators.

Moreover, community members are rarely trained or born storytellers. The scholarly contributors on Theconversation.com, which promises its users "academic rigor [plus] journalistic flair," get access to a wider audience precisely because professional journalists help make them comprehensible without dumbing them down. Similarly, Julian Assange told us that asking Wikileaks volunteers to write interesting stories based on its document trove was "like pushing shit uphill."[1] When you bring the commu-

1. See https://www.theguardian.com/news/data-blog/2009/jun/18/mps-expenses-houseofcommons

2. See Liana Syadyan and Hrant Galstyan, "David Leigh on Story-Led Investigations, Lawsuits, Donors, Lifetime Learning." http://gijn.org/2016/12/27/david-leigh-on-story-led-investigations-lawsuits-donors-and-lifetime-learning/

1. Op. cit., SKUP conference, Toneberg, 2010.

2. Katz, Elihu, and Paul Felix Lazarsfeld.
   *Personal influence, The part played by people
   in the flow of mass communications.*
   Transaction Publishers, 1955.

3. Katz, Elihu.
   "The two-step flow of communication:
   An up-to-date report on an hypothesis."
   *Public opinion quarterly* 21.1 (1957): 61-78.

3

nity onto the platform, you will need editorial talent to shape its voice.

Don't spend all your time thinking about the content you create. Think just as much about the content your community creates for you, and with you. If that stream isn't growing, it's a sign that your channel to the community is too narrow.

Build a **network** of **ambassadors**

Studies of how Americans choose to vote in national elections have delivered a consistent message since the 1940s: The most influential media reside in the opinions of people who are respected by their friends.[2] This has been called the "two-step flow" model of communications.[3] The first step is taken when media publish the news, and the second occurs when someone influential decides what it means for his or her followers. That model remains highly pertinent to media like Facebook and Twitter, where a significant share of the content is derived from people sharing links with their friends and followers, in effect telling them what matters and how.

The two-step flow principle tells us that our influence is directly proportionate to the number of people who think that what we say is worth believing and repeating. It also tells us that our core audience, the people who believe in us most, is the essential channel to a wider audience. We are speaking of something different from the search for a viral algorithm. For SDM, the problem is to secure the attention of people who will endorse and amplify a community's agenda. As we saw in Chapter Three, SDM cannot do it alone. They need allies who will recruit other allies.
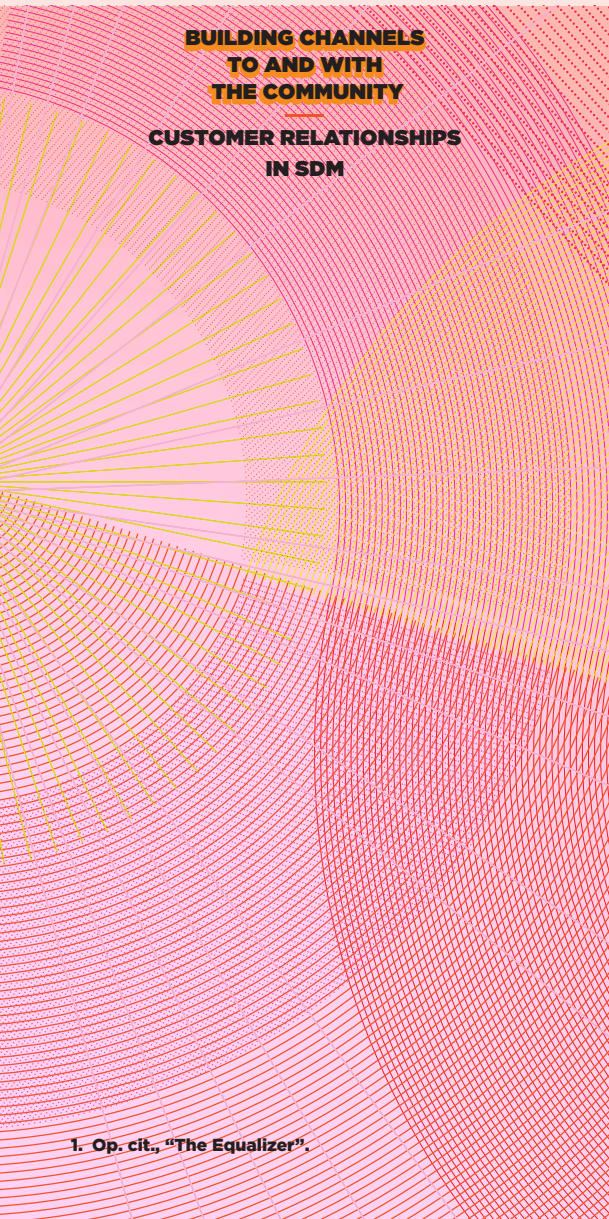
Outside of journalism, several companies have recognized the importance of building such core audiences, and are beginning to forge effective strategies. The strategies vary by industry and firm, but the successes so far contain two important common elements.

- The first is that credibility is not rooted in a particular media, but in the community of its users. This is very evident in user forums, where members continually assess the expertise and motivations of each other, measuring the worth of individual opinions and speakers.[1] Put another way, the community decides who is worth listening to. If you want to be credible within a given community, you need to be echoed and accepted by influential members.

- The second element follows from the first: You need ambassadors to the community, who are also members of the community. They serve as your endorsers, amplifiers and customer relations adjuncts. Their commitment signals that you are worth believing in; their success shows that you create value for everyone who gets close to you.

We are aware of a deep irony in this argument. Previously, news media ambassadors were their reporters and editors. Their presence in the community and knowledge of its members was a priceless asset, before downsizing reduced staff headcounts and compelled the survivors to spend most of their days at their desks, reprocessing information from orga-

nizations like governments and PR firms.

Some readers of this book will assume that online tools will be their ambassadors. The executives who ran Reddit.com, a platform for user-generated forums, made that error of judgment in the summer of 2015. Management assumed that Reddit was a perpetual motion machine powered by user-friendly technology. Users created the content through launching their own forums or by joining forums that appealed to them. The forums were moderated by volunteers, and a manager named Victoria Taylor maintained relationships with them. When she was abruptly fired, the moderators immediately went on strike. Without the moderators, who kept the forums clean, lively and fun, Reddit effectively lost much of its value for users. David Auerbach's analysis for Slate magazine captured dynamics that every SDM will have to deal with:

With their submissions and comments, Reddit's rank-and-file users effectively provide free content and labor to Reddit and parent company Advance Publications, in exchange for which they get no money, just reputation points [that is, status in the community, a key driver of the forum world]. Yet their efforts pale next to those of the volunteer moderators ("mods"), who act as sheriffs of individual "subreddits"... Normally, it's the mods who clamp down on the uprisings of the hoi polloi and stamp out profane comments, inappropriate images,

1. Op. cit., "The Equalizer".

and mass cross-subreddit invasions ("brigades"), a mostly thankless task for which they also receive zilch. This time, however, the mods themselves revolted, and their powers let them do far more damage to Reddit than annoyed haters of fat people.[1]

That Reddit, who are supposed to be experts at community management, fired their key ambassador is a sobering sign of how much the rest of us have to learn. So if you are not yet developing ambassadorial capabilities, don't feel guilty. But it would indeed be careless not to make the effort very soon.

a. **Current examples
of ambassador strategies
in SDM**

We know of several news media, mainstream and SDM, that have developed variants of an ambassador strategy:

· We spoke above of Forbes.com's concept of the "content continuum", in which all its various stakeholders – journalists, bloggers and advertisers – contribute to the format. This is also a community-building strategy. The execution of the concept incites bloggers and freelance journalists to build their own audiences through Forbes's platform; the more they are followed, the more they are remunerated. That attracts talent to the platform, and the talent attracts more users. Advertisers are encouraged to create their own blogs, and Forbes staff ensure that their product is high-quality and appropriate to the audience. In effect, Forbes recruits ambassadors for its brand as a place where smart people gather to create wealth, with and through each other.

· The Venezuelan website ProDaVinci.com relies on 50 contributors who "include professors and experts in architecture, economics, literature, public policy, culture, and other topics," writes consultant James

---

1. See "What the Reddit Revolution is Really About."
Slate, July 6 2015,
via http://www.slate.com/articles/technology/
bitwise/2015/07/reddit_amageddon_what_it_s_real-
ly_about.html

1. Our thanks to Thomson Reuters Foundation for permission to cite Breiner's case study of ProDaVinci.com from Hunter, M.L., editor, *The Thomson Reuters Foundation Consultants Handbook* (2016).

Breiner, who worked with the website's founder, Angel Alayon. Breiner notes that Alayon "deliberately chooses contributors who are considered leaders in their respective fields and already have a following."[1] Thus the website positions its contributors as ambassadors, to their own followers and to others seeking a higher level of information and debate than Venezuela's highly politicized news media provide. Alayon recently launched a day-long series of round-table discussions, followed by a concert, in partnership with a radio station, thus giving the user community an opportunity to meet the contributor community face to face. At this writing, according to Breiner, ProDaVinci.com generates a surplus revenue from advertising that is reinvested in the website; neither Alayon nor the key contributors receive a salary, though freelance journalists, editors and web developers are paid.

· At De Correspondent, "Our journalists are not anonymous or semi-anonymous reporters who happen to publish," said Robb Wijnberg.
"They are the conversation leaders, and the storytellers are as important as the stories told. So being an ambassador or promoter of his or her journalism is central to our platform....

Our rule here is, everyone is in marketing for us. We all want to sell our journalism to the world. I never understood why marketing is a separate function. At the NRC, getting new subscribers was out-sourced to one entity within the company, which brought along a culture where no editor felt called upon to bring in subscribers to his own product. We try to have a culture where everyone feels invited to make our platform a bigger success. Everyone has a business card and on the card, there's a free one-month subscription. You do an interview, you can hand it out.
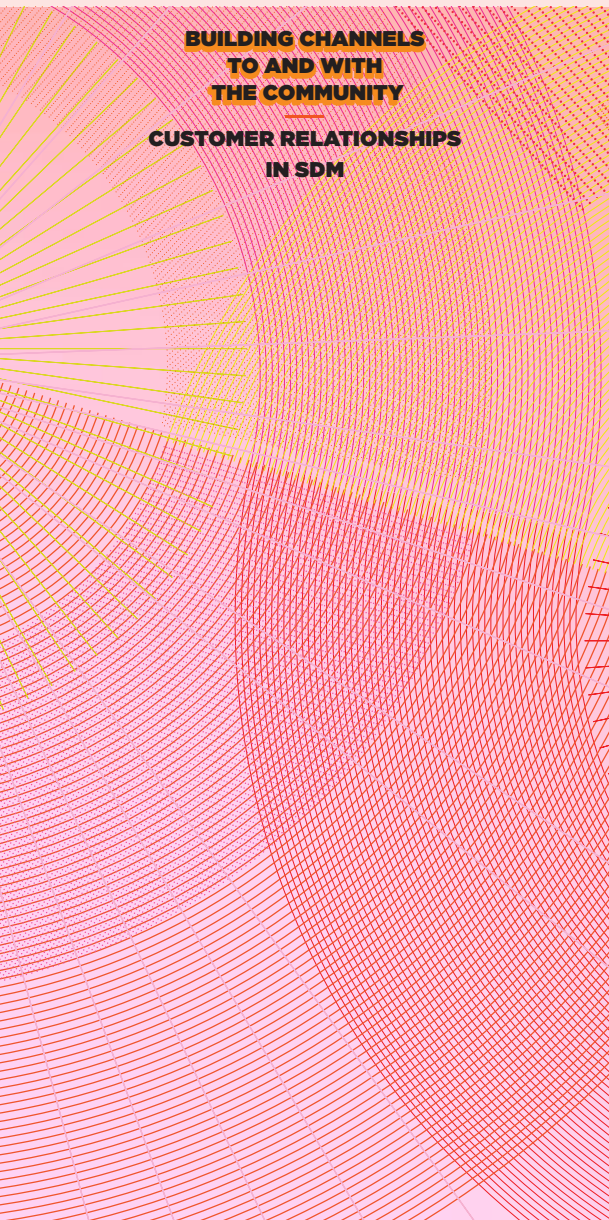
b.**Ambassador strategies
outside the news industry**

In general, news media have not invested in ambassador strategies as much as ICT (information and communication technologies) firms have done. ICT firms can't yet be called expert at ambassadorship, because they too are learning as they go. But they have nonetheless made powerful discoveries.

· Several years ago, we read that Microsoft was actively scanning software user forums in search of 1000 people who offered consistently good advice to other forum members. In other words, the firm was building a network of lead users who possessed credibility among their peers. Sometime after, we went to one such forum and asked about free photo editing software. One of the people who wrote to us directly identified herself as a Microsoft "ambassador", and proposed one of the firm's freeware solutions. It worked. Meanwhile, Microsoft extended the ambassador program to college campuses. One of our MBA students at Rotterdam School of Management, who had helped to manage the program, explained to us that participants got benefits like priority access to new software, meetings with company executives and developers, and training in useful career skills. Microsoft benefited hugely. At the time it began that program, it was one of the most hated firms in the world. (Around then we did a search for the term "I hate Microsoft" that turned up 33 million hits, and Bill Gates once literally wept for his public image at a high-level company meeting).

The company seems noticeably less despised now. One reason is that its ambassadors solved a great many customer problems, as they did for us. A second reason is that when the ambassadors couldn't solve a problem, they informed the firm, which often committed resources to solving it. We do not know of any news media, SDM or MSM, that has likewise studied user forums in search of expert ambassadors (as opposed to searching forums to find sources for a given story).

· We discovered a second example of community innovation when we spoke about SDM in Hamburg, and a member of the audience presented herself. At the time Martha Katharina Hannappel was the lead of the community programs department of Xing, a professional networking platform with 14 million members worldwide and 8 million in Germany. (As we write, she's just been promoted to a strategy role.) Her work centered on managing relationships with Xing's ambassadors. Note the startling array of channels that Xing occupies through them:

We had special community programs for 250 community members who ran groups on our Platform. They are multipliers. We could reach 1.5 million people through them. We call them regional ambassadors. They ran events and moderate their groups. They also sponsor community events – like

BUILDING CHANNELS TO AND WITH THE COMMUNITY
— CUSTOMER RELATIONSHIPS IN SDM

a table, where you meet every first Friday in a month at the same restaurant, same time. They have networking dinners, theatre events. They do the community organizing for us. Their reward is that they can use our brand; frequently they are self-employed and they benefit from our brand reach. They have an elevated position on the Platform, we flag them as special members, which gives them visibility. Some are doing it from an altruistic perspective, then we have those who make a business model, with fees for events, and they generate revenue. In Hanover it's a lawyer who does the community events, and once in a while somebody has a legal issue and addresses [him][1].

There are no standard operating procedures for programs like these; Hannappel and Xing learned by doing the job for and with their customers:

This was created by the community members themselves. In the beginning Xing was a networking platform like LinkedIn. Members had the need to meet in person. Some active people who became ambassadors started to create events. We thought, "We have to nourish this." Then it became more formal structures.

This example is particularly pertinent to journalists, because networking platforms like Xing and LinkedIn are getting into the news business. (When Microsoft bought LinkedIn on June 13, 2016, for $26.2 billion, a future news channel was part of the plan: "LinkedIn will also be able to plug into Office to detect the kind of project you're working on, which the social network will

then use to surface relevant articles to infuse into your LinkedIn news feed."[2]) On LinkedIn, members write articles for other members, and Xing is now experimenting with creating its own content.
These activities enable the sale of premium services for the enterprise; more importantly, they are another way of showing users that the enterprise is working for their success.

It's surely true that SDM journalists can and will piggyback on such channels, but that is a detail compared with the larger point: Most of us are not doing enough to develop and maintain our own user communities, or to support them. We are asking them to fight for issues that we find important, but our own fight often ends once we've told them the news. Providing our communities with value-added information is only a start; interfacing with them online or in webinars is fine, but at this point it is only a small further step.
We can and must do what businesses like Xing and Microsoft are learning to do –create direct, personal relationships with our lead users, so that they can prosper from, amplify and promote our work.

1. Interviewed via Skype, February 1 2016.

2. Tweedie, Steven,
   "Microsoft Buys LinkedIn for $26.2 Billion."
   Business Insider UK, June 13 2016.
   Via http://uk.businessinsider.com/microsoft-buys-lin-kedin-2016-6?r=US&IR=T

4

Continuous **marketing** and **promotion**

The worst marketers of investigative reporting are often enough investigative journalists. This partly results from the ingrained belief that journalists must not seek to influence the public; instead they must first inform, then allow citizens to make up their own minds and drive authorities to action. The implication is that once we deliver a story, our job is essentially done. That is what Kevin Davis observed during his tenure as CEO of the Investigative News Network, a coalition of non-profit centers:

> *INN members didn't promote. They would throw a grenade and not see if it went off. They'd go on to the next one. They won't even tag their content for CMS [content management systems].... I've worked in all kinds of media. I never saw so much effort go into producing something combined with so little effort to make sure it hits.* [1]

For SDM, which take responsibility for building and protecting their communities, and promote specific solutions to issues facing those communities, promotion and marketing must be ongoing. They are embedded in a relationship based on a shared interest. Maintaining the relationship cannot be set aside until other tasks are completed. Someone must be working with stakeholders more or less constantly to tell them how they can use the news in our media.

Gavin Sheridan's freedom of information blog, TheStory.ie, affords a small-scale SDM example of ongoing stakeholder relations. His first project, in collaboration with data journalist Elena Egawhary, was "an aggregated database of political donations," Sheridan told us:

> *Once we put that up on the website, the public came to us, through Twitter, and said, 'We like what you're doing, can we give you money?' So we put a PayPal button on [the website], and the first week we raised 1000 euros from random people. Over the following years [as the work resulted in more stories] we left the PayPal button there. We never solicited donations. We got 6000 euros over the next four years that paid for all our FOIA work. We were still experimenting to see what would we do, how we could do it, how would we get it to scale.* [2]

Note that Sheridan turned an initial hit into an ongoing campaign, in which each new story created an appetite for the next. The campaign was a "skunkworks" job, in which leftover resources from another project (his full-time job at Storyful) were used to start a new one. He also tweaked the dominant crowdfunding model, using it to nourish
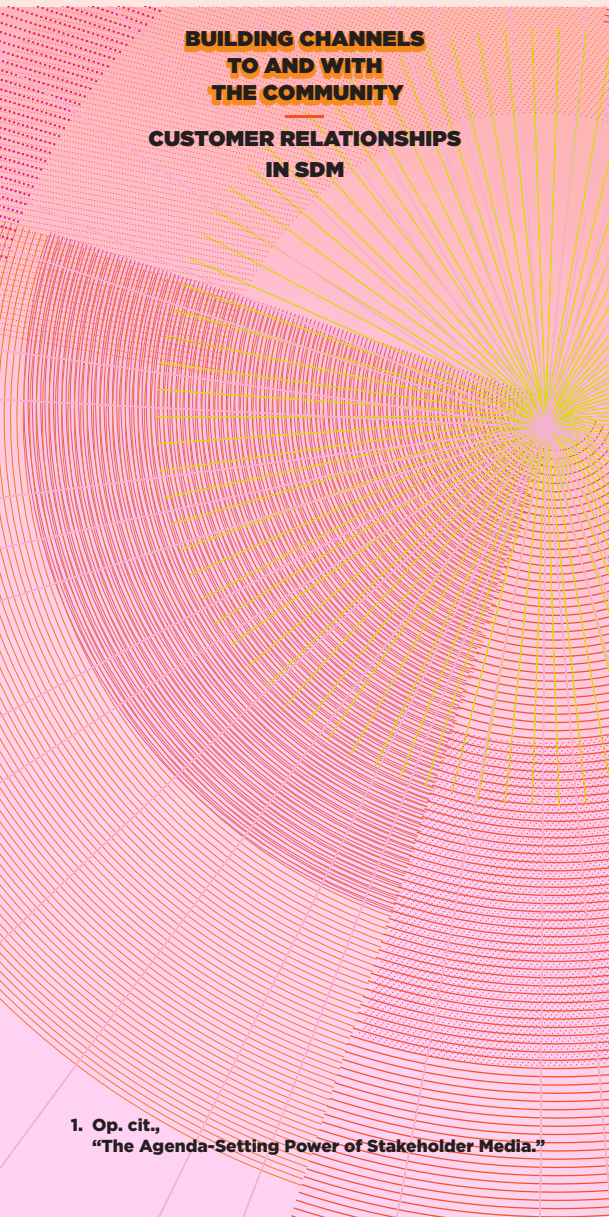
cash flow instead of as a launch platform.

TheStory.ie also generated tremendous value in terms of FOIA skills and reputation for Sheridan, and served as research and development for further projects. If he hadn't opened a door to his public, those benefits would have become opportunity costs – the costs that occur when you forego possibilities.

When we map SDM influence circles, one of our standard procedures is to see who quotes a particular individual or story. In a case where oil giant BP faced off with environmentalists and its own employees, we discovered an activist engaged in fighting the oil industry for years, who was practically never quoted in MSM. That man, Charles Hamel, was nonetheless a prominent figure in SDM, where on one occasion 62 environmentalist websites cited his promise to "throw a wrench in President Bush's plans to open up the Arctic National Wildlife Reserve to oil drilling."[1] If you want to be as influential as Charles Hamel, who brought the biggest firm in the U.K. to its knees, take note of the websites, tweeters and others who quote you, and make sure they get a copy of your next hot story.

Don't just promote yourself: Promote the people you admire. At the Stakeholder Media Project and Story-Based Inquiry Associates, we function as amplifiers for a number of SDM, including IJNet, GIJN.org, Occrp.org and OpenDemocracy. These are people who nourish and follow our work, so we follow theirs, promoting it to our own audience. We attend conferences where we seek out people who we think will understand what we're talking about, because we've studied their work, too. The logic is that we are all building the same community; if the community prospers, so will we.

Build such resources into your business model and plan. Create a budget (in time, hands and money) for this work. Do not imply, consciously or not, that you are too arrogant or ashamed to promote your work. By every means at your disposal – email, partnerships with other media, personal appearances, social media announcements – remind your community of what you are doing for and with them.

1. Op. cit.,
   "The Agenda-Setting Power of Stakeholder Media."
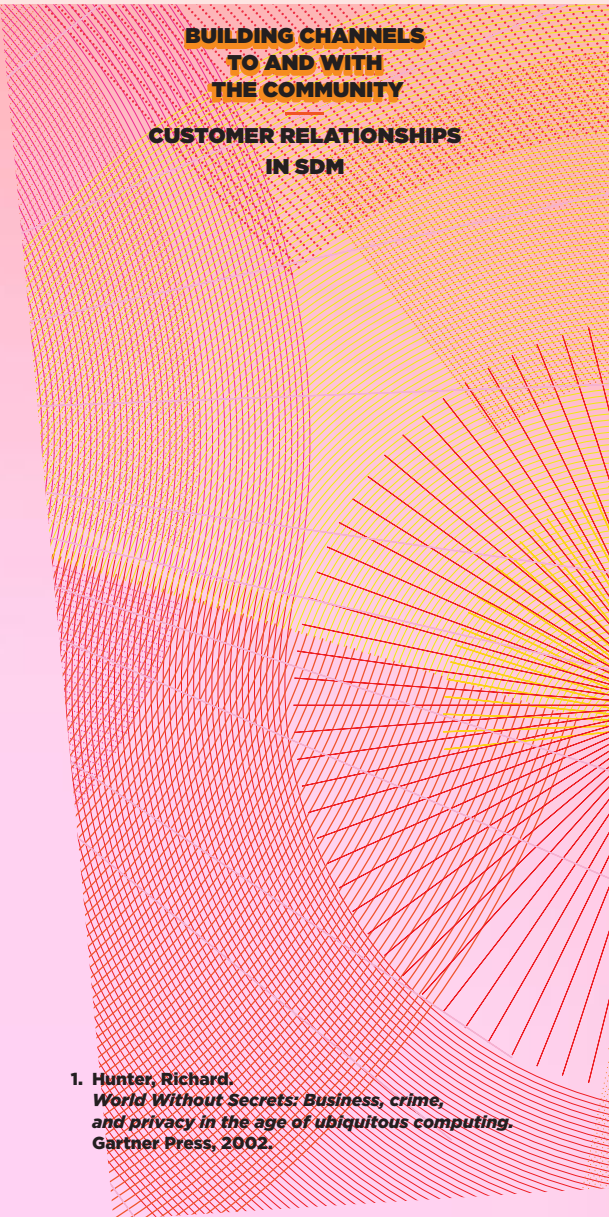
5

Face to face is the place

a. **Why conferences matter**

Nearly every for-profit SDM we know of includes conferences in its business model. Responsible-investor.com is one, and founder Hugh Wheelan has some insightful things to say about the experience:

We did the conferences for money, but by doing them, they feed the community sense quite a lot, and they become a way of building your community. They're a marketing campaign that pays you. The investors come because they've been looking at issues, they want to talk about opportunities; shareholders do want to get together to talk to each other on these issues. There's a large element of networking in there – we build it in as much as we can.

There are few occasions where media makers directly encounter their publics, and different parts of their public encounter each other; conferences can provide such occasions. High-quality content is important to their success – which means, says Wheelan, that he sometimes has to "beat on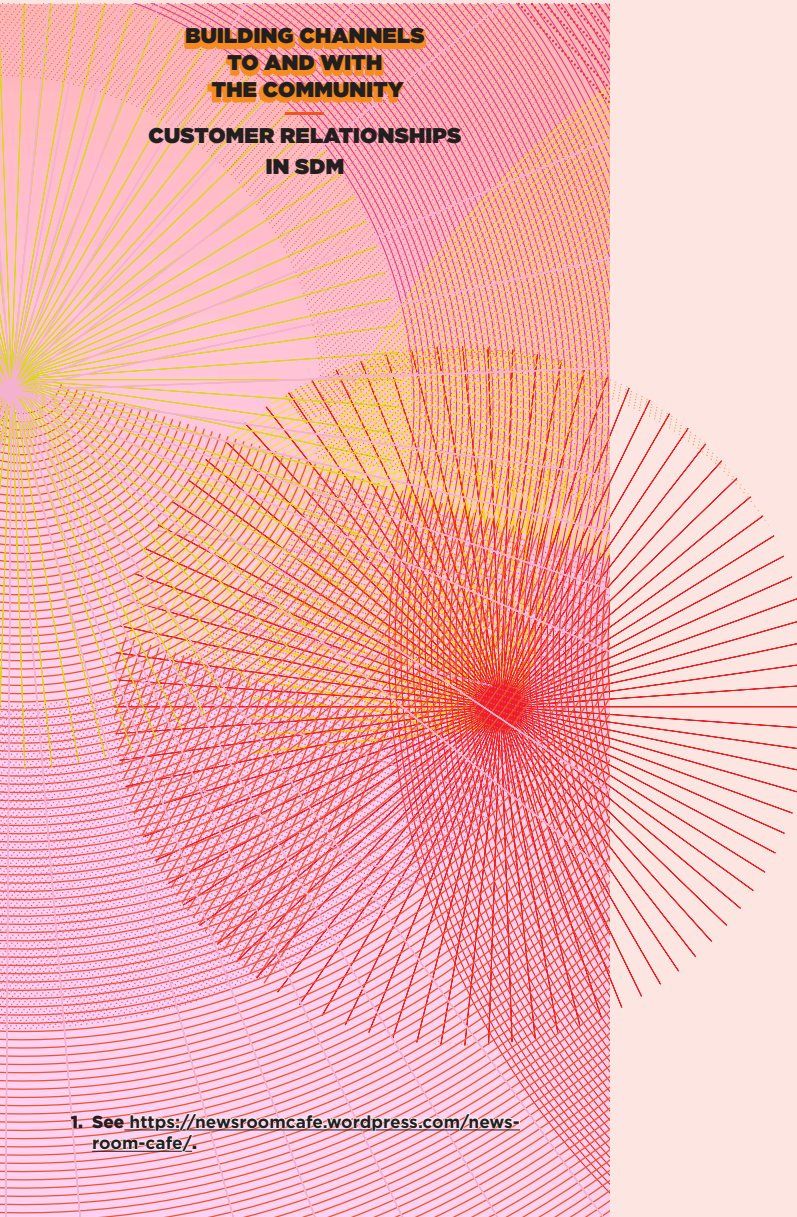" his sponsors, in order to make certain that they provide such content – but high-quality interactions among people are even more important. The community needs to put a face on its members.

b. **Open the doors for your crowd**

In a book called World Without Secrets, Richard Hunter of the Gartner Group argued that personal appearances, rather than recorded product, would be key to the survival of the music industry.[1] You can rip a Rolling Stones CD, but you can't be in the same hall with the real Mick Jagger unless you buy a ticket. That, in fact, is the core of the Stones' business model; they use recordings to incite fans to buy concert tickets, not the other way around.

We see a similar dynamic at news media in general, and SDM in particular. News of wide interest is pirated almost immediately. In contrast, relationships between a media and its community cannot be easily copied or moved. In the term of business scholars, relationships are "sticky." They are more costly to develop, especially in terms of time, than sales channels through which product can be moved. But the return on the investment can be deep audience loyalty.

It is well known from organizational studies that virtual communication – email, Skype, whatever –

1. Hunter, Richard.
World Without Secrets: Business, crime, and privacy in the age of ubiquitous computing.
Gartner Press, 2002.

results in less impact on projects and collaborations than face to face meetings. To work together effectively, people must go into the same room at some point and listen to each other. Your audience, too, is composed of collaborators, and you must meet and exchange with them directly.

At High Country News, there was always an "open door" policy, notes advertising director David Anderson: "Anyone wants to visit us, they get a tour of the place, get their picture taken, they tell their story, what they're doing here, and we drop that into the magazine. That's a big part of community building. Thousands of people have visited us." (Similarly, the Register Citizen in Torrington, Connecticut created a café where visitors can browse the paper or talk to reporters.)[1] The magazine's community outreach widened at a moment when "subscriptions were flat," said executive director Paul Larmer:

> *We had to get more aggressive on fundraising… You go meet your readers, connect them more deeply. The people who like and support you, you go out and find if they can support you more…. I reach out. Whenever I'm traveling I'll put out my shingle and say, 'Do you want to meet? We'll have coffee meetings, in a donor's home or the local coffee shop, a variety of places. We have editors and board members who'll do this too. What's hard is we're very small, so we don't have the staff to do as much as we'd like. But it helps, it makes*

people feel that you're accessible.

Other SDM are developing more or less novel strategies to engage their supporters:

· The German non-profit investigative center, Correkt!v (sic), and London's Centre for Investigative Journalism conduct regular classes on reporting and related issues like privacy and security. The classes generate revenue, but they also enable people interested in watchdog reporting to find each other.

· ZAM magazine, an investigative online journal about Africa published from Amsterdam, held a public sale of donated art about Nelson Mandela; the sales brought together artists, buyers, supporters of the magazine and people curious about Mandela. The resultant revenue, not incidentally, paid for about a year of operations.

· In France, where cuisine is a sacrament, "dinner-debates" have served as marketing vehicles for media as ideologically diverse as the nationalist outlets around the Front National, and the "alter" anti-globalist community headquartered in the monthly Le Monde Diplomatique.

One way or another, you must provide spaces where your community can gather around you, in body as in mind. If that makes you uncomfortable, look at it this way: You created a SDM for these people preci-
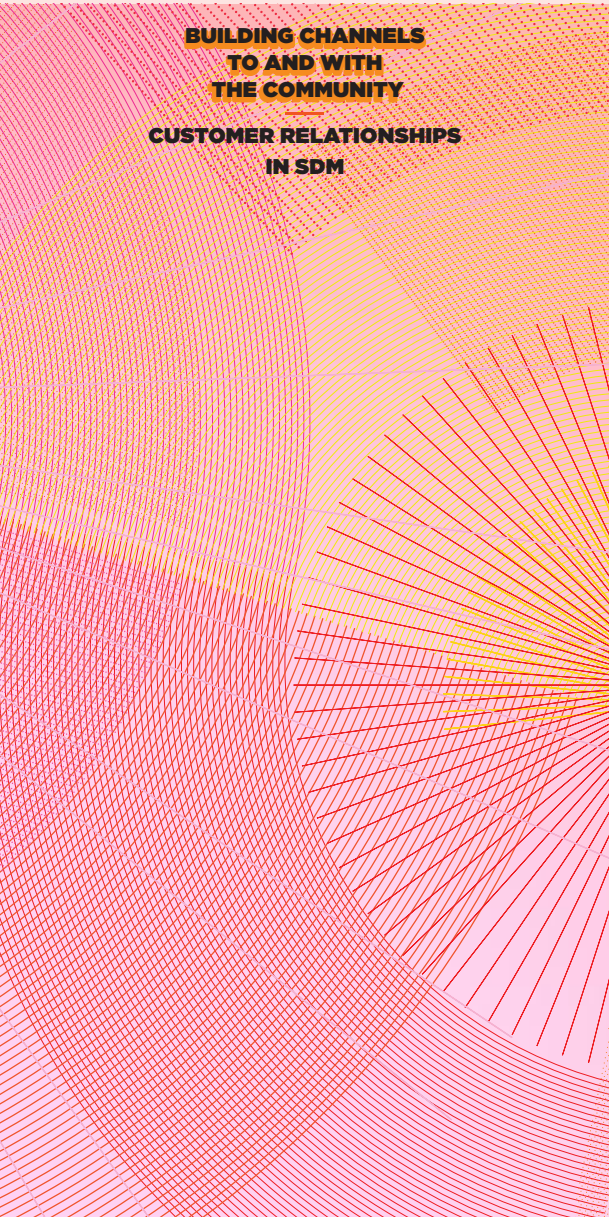
1. See https://newsroomcafe.wordpress.com/news-room-cafe/.

sely because they define the space where you want to live and work. They are the people whose values and objectives you support, the forces you want to see prevail. Whose company could you prefer to theirs? If you answered, "Brad and Angelina," please close this book and send your CV to a celebrity magazine, or start your own celebrity SDM.

The bottom line is that your work product alone, however good it may be, will not suffice to keep your enterprise going. Only your community of users can do that, and so you must invest resources for identifying, understanding and entering that community. Simultaneously, you must continually experiment with ways to solicit, manage and reward your users as collaborators, and not merely as consumers.

Don't wait to get started.
Try doing a bit of this work,
and see how long it takes, and how
it pays off. Then estimate how much
more you need to do, and whether you
can do it alone. If not, invest in a
communications professional, or in
training your partners and collaborators
to play the role. You cannot compete in
a hard market without this capacity.
In the next chapter, we consider costs
and revenues of SDM.

THE TAKEAWAYS FROM THIS CHAPTER INCLUDE::

Channels for SDM to their communities
must also be channels from the communities
to SDM.

In choosing channels, SDM must focus on the ones
that their community already uses.

The key to strong relationships with users
increasingly appears to be ambassadorship.
Like multinational firms, SDM need ambassadors
to their communities.

SDM personnel must also directly encounter
their community, face to face, as often as possible.

4

**BUILDING CHANNELS
TO AND WITH
THE COMMUNITY**

5

STAYING HEALTHY: MANAGING COSTS AND BUILDING REVENUES

In 2011, the Argo Project of National Public Radio in the U.S. launched 12 SDM blogs aimed at audience segments of the NPR network's local stations, such as military families in San Diego, or s econd-generation Americans in Pasadena, or the health-care community in Boston. They were typically operated by one person, and their cumulative reach was approximately 400,000 people per month. "Really, by hiring just one person, you can build an audience, build engagement, and demonstrate knowledge of a particular topic," said Joel Sucherman, the project's director at NPR.[1]

But experiments on monetizing SDM have lagged behind research on their content. The dominant assumption has been that such operations would be donor-funded; in fact, the Argo project was funded by $3 million in grants from the Corporation for Public Broadcasting and the John S. and James L. Knight Foundation, and ended when the grants ran down.

The assumption that foundations can shoulder the load is being challenged in numerous ways as we write. Donors are demanding that non-profits place "sustainability" at the center of their development. In parallel, the successes of media like LawnSite.com and Responsible-investor.com demonstrate that SDM can be profitable under certain conditions. News Deeply is moving from defining to monetizing issue communities, through collaboration with mul-

tinational institutions. Hybrid business models like High Country News indicate that commercial operations can add significantly to the revenue base of a non-profit. There is still a powerful argument to be made for foundation support of cutting-edge organizations like ProPublica, OCCRP and ICFJ, which create broad shared capacity beyond their story projects, and for media serving resource-poor communities. But it is equally clear that for many other media, alternatives are increasingly viable.

The components to build sustainable SDM are appearing in multiple places at once, a sign of a major change. The Reuters Institute for the Study of Journalism has identified factors that increase the odds of success, and that correspond to our own findings: "quality" in content and community engagement, "a clearly defined niche audience," keeping costs "under control", and diversified revenue bases.[2] The step that entrepreneurs must make, into an uncertain future, appears more and more as a calculated risk, instead of a leap into the unknown.

In this chapter we set out guiding principles for costs and revenues of SDM business models.

- The costs are determined by key activities: Protecting, promoting and prevailing with and through a community, by generating powerful information and insight. (We repeat: The most powerful information gives a full image of reality, enabling wise action.

1. See Phelps, Andrew, "NPR stations see big growth for Argo blogs as the pilot winds down". NiemanLab, Dec. 12 2011, via http://www.niemanlab.org/2011/12/npr-stations-see-big-growth-for-argo-blogs-as-the-pilot-winds-down/

2. Bruno, Nicola and Rasmus Kleis Nielsen, *Survival is Success: Journalistic Online Start-ups in Western Europe*. Reuters Institute for the Study of Journalism, 2012, p. 100.

That means reporting the facts your community might not like, but that can affect its interests.) Rather than consider costs from an accounting perspective, we will consider them as investments: Which costs enable your work and your influence, today and tomorrow?

· SDM revenues are derived from providing content and services which help communities to create value for their members. Those revenues are increasingly diverse: Recent work from the Adessium Foundation has identified no less than 52 revenue streams for "quality journalism."[1] We will focus on a few that promise higher return on investment, because SDM typically lack capacity to do everything at once.

We know of SDM that create jobs, and pay their people, and generate a surplus that is invested in their growth, and influence matters that concern them and their users. That's a pretty fair definition of beating the odds, and a step forward from only a few years ago, when "survival equal[ed] success" for online news startups.[2] One value-creating SDM project can change the rest of your life. You don't need to have a big hit to have a successful career as a watchdog, or spend your days compiling clickbait to drive up your numbers. You do need to do something that matters to someone besides yourself, without ruining your finances and your health. Let's see how, beginning with cost management.
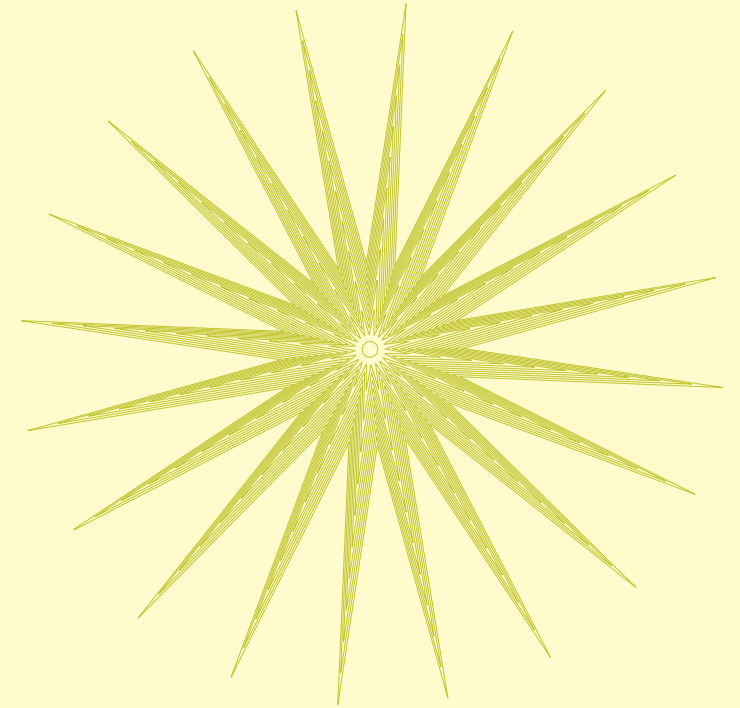
1. Oostlander, Pieter, Teun Gautier, Sam Van Dyck, *Financing Quality Journalism: Research into existing and new models to finance quality journalism and possible strategies for moving forward.* Adessium Foundation/Shaerpa, 2015.

2. Op. cit., *Survival is Success.*

TREATING COSTS AS INVESTMENTS

1

Talent is the **core** resource

The Adessium Foundation identifies these cost factors for "quality journalism":

· Journalistic production in newsrooms: roughly 40% of total;

· Distribution through a dedicated outlet (e.g., newspaper, website), 30% of total;

· Supporting infrastructure that monetizes, enables and markets the journalistic product: 30% of total. [1]

"Journalistic production" refers not only to reporters, but also and most importantly to editors. Historically, there have always been more investigative reporters than investigative editors. We needn't go into the reasons here. We do need to understand that the best investigative units currently operating – the International Consortium of Investigative Journalists, ProPublica, and the Organized Crime and Corruption Reporting Project – have demonstrated that editors can play innovative roles in developing organizational and journalistic methods. In fact, the most important technologies developed by these groups arguably involve collaboration skills.

1. Op. cit., *Financing Quality Journalism*, p. 3.

STAYING HEALTHY: MANAGING COSTS AND BUILDING REVENUES

TREATING COSTS AS INVESTMENTS

1. Private correspondence, June 8 2016.

2. In *Managing Media Companies: Harnessing Creative Value*. Wiley, 2012, pp. 377-80.

3. See The US Bureau of Labor Statistics, Occupational Employment and Wages, May 2015, 27-3022 Reporters and Correspondents, at http://www.bls.gov/oes/current/oes273022.htm

4. US Social Security Administration, "Measures of Central Tendency for Wage Data." The latest data shown is for 2014. See https://www.ssa.gov/oact/cola/awidevelop.html

5. Interviewed via Skype, 10 February 2016.

The Adessium authors imply that moving to online from print does not reduce distribution outlet costs significantly. Co-author Teun Gautier specifies that outlet costs for online media amount to 20% of total costs, mainly because creating and maintaining an engaging website requires skilled talent.[1] Web designers are key personnel at Mediapart, Meduza.io, De Correspondent and ProPublica, the most successful of current SDM. At all of these media, they account for about one-fourth of the head count, and additional concept and design work is provided by external partner agencies. Thus their business models shift costs from physical distribution to creative talent, but the overall cost of creating and maintaining a channel remains very similar. There remains one big difference, however: The costs are redistributed from printers and paper suppliers to one's own people.

The Adessium team also considers that business operations – a "supporting infrastructure" – will account for 30% of costs. That includes the personnel dedicated to business development, marketing, accounting, legal and other services. Annet Aris and Jacques Bughin consider many of these people "content transformers", without whom "content creators" can't find or keep an audience.[2] Note the implication that these people, too, can play a creative role in shaping the content. Sooner or later, a SDM will require such an infrastructure, or forego rapid development, or its founders will burn out.

The overall point: The single most important cost of creating fact-based content is skilled and diverse talent – journalists, tech experts and business people. That cost is going to rise, unless we plan to use second-rate or insufficient talents to cover first-rate, well-staffed adversaries, which increasingly describes life at the downsized MSM.

The brilliant exceptions to that mismatch, like ProPublica, will not change the overall picture. Journalism is currently among the least-paid professions that require a masters degree – the US national median wage in the sector is about $36,000,[3] compared to an overall median wage of $28,000.[4] The talent we compete for is actively recruited by sectors that offer much higher wages, pensions and benefits. As advising editor Drew Sullivan of the OCCRP puts it, "Journalism is not Wall Street: You can't buy 100 data scientists when you need them."[5] So what can we do?

a.**Share the mission**

Sullivan's solution is that "you have to get the person who values doing service to society." In SDM terms, that means: Identify people who care about the community you serve, share your mission with them and see if they agree. Thus Robbie Wijnberg, co-founder and chief editor of De Correspondent,[1] tells his web developers: "If you want to make a lot of money, work for Google. If you want to build something, the ideals of what we do, you should work for us."

Wijnberg made an extended mission pitch to the self-described "digital creative agency," Momkai, in Amsterdam, to secure it as a key partner.
Wijnberg wanted the agency to design and maintain the unique identity and interfaces of De Correspondent, as well as a crowdfunding campaign to launch the project. Wijnberg hoped that Momkai would accept 15% of the shares in De Correspondent, plus 20,000 euros to cover its costs *after* and if the launch succeeded. In other words, he was asking them to share the risk of failure. It's worth studying how he went about it:

> I was introduced by a journalist I knew who knew [the principals of Momkai] I went over to their studio and said, "I was fired at a newspaper because I think news should be redefined into something else. Our news ecosystem is broken. It just treats spectacular incidents as if they're important. It distracts us from long-term developments that really influence the way the world works and impacts our lives on a daily basis... You can't say, 'Today the climate changed.' A news story has to happen today. Most important things happen every day. So we want to redefine the news away from what happens **today**, to what happens **every day**, and make newsworthy stories out of those things.... I want a news platform [that] informs you about the rules and not the exceptions, that is engaging and interesting to read. We want to shift the focus from the sensational to the foundational." They said, "That would be amazing, let's do it."

If the other party doesn't agree, ask someone else. If no one agrees, you will either have to find other ways to access the needed resources, or forego them, or rethink your mission. The problem may be your goal, or it may be how you present it. Iconoclasts can be right, but success requires being right in a way that others can understand, *now*. If you find it hard to tell your story concisely and powerfully, take the time to learn how, starting with a little research on the phrase "elevator pitch."

1. Interviewed via Skype with Luuk Sengers, May 4 2016.

1. Such as the members' forum of Founderdating.com.

2. See http://www.mckinsey.com/quarterly/overview

3. Podesta, Don,
"Business journalism thrives –
even under repressive regimes."
Global Investigative Journalism Network,
August 29 2014,
via http://gijn.org/tag/business-journalism/

b. Share the ownership

As Wijnberg did with Momkai, offer ownership shares to key team members. In particular, this can be a way to recruit entrepreneurial talent from business schools. It is also a way to keep talent from walking out, on condition that they care about the work and their co-workers.

There are no preset formulae that we know of to determine appropriate ownership shares; the subject is a matter of hot debate on SDM for entrepreneurs.[1] The key points are these:

- Before sharing ownership of your project, try to ascertain if the people concerned are long- or short-term collaborators; don't give shares to short-termers.

- If you share ownership, don't reserve the shares for stars, like content creators or salespeople. In SDM, every employee is an ambassador, and the community notices if the ambassadors are unhappy.

- Above all, ensure that they cherish your goals and values. Otherwise, they won't be around long, whether or not they own a piece of the business.

c. Get up from the casting couch

Journalistic enterprises are accustomed to seeing more applicants than they can hire; they have very narrow gates. This makes them arrogant, like Hollywood producers (but with cheaper suits). In contrast, every year at INSEAD, consulting firms and multinationals line up to interview graduating MBAs. We have rarely seen a media firm or NGO among them. Guess who gets the talent.

The key role that MBAs play in most organizations is business development – devising and selling new products and services to old and new clients, building markets. This skill is dreadfully lacking from the news business. We need more of it, especially in SDM. Ominously for the news business, consulting firms are currently developing their own SDM (such as *McKinsey Quarterly*[2]), offering research-based insight into key economic sectors and industries. In short, they are competing with us – in particular, with business journalism, a key growth sector for watchdog reporting[3] – as content creators and talent magnets.

There are hundreds of business schools, and many of their students went there because they think bu-

siness can change the world, and not only or first because they want to get rich. At least some would be sensitive to a solid mission pitch backed by material opportunities. None that we ever met would beg to work for a business that disdains them. But that is the implicit message we send through our recruitment practices.

Neither do we see media firms competing for talent at the gates of journalism schools, let alone design schools, or library science schools, or computer science schools, or law schools. High Country News suggests an alternative. Executive director Paul Larmer, a former intern at the magazine, says its internship program is "one of its core strengths":

> *We've had 250 interns over the years [including Larmer, in 1984]. They do a lot of work, get a lot of experience, become our contributing editors in the future. Not all stay in journalism but a lot do. That network continues to feed the magazine and the website in a big way. It's a six-month internship with a possibility of six months beyond as a fellow. It used to be three months, we extended. We provide housing and a stipend. We get 40 or 50 applicants for the two positions every time.*[1]

Note key features of this example: HCN interns can pretty much live off what they earn, because their housing is paid for. (In Paris at this writing, a news intern can be "hired" for between 0 and 300 euros per month; the estimated monthly cost of keeping a slave there is 350 euros.) They are seen as future contributors and network members, rather than as factotums. In another realm, multinational organizations keep their best people by showing them a future, and how they can build it together.

Any SDM can prepare a program that rotates employees and interns through key activities, with mentoring at every step of the way. Multinational manufacturing and consulting firms already do that with their people. We can learn from such organizations, or we can let them take our people away and kick us down the road.

1. The Argo Project's website remains online as we write; though a number of links are dead, a significant number of tools developed by and for the project remain, and they are very well thought out. We recommend that anyone considering a SDM look at them:
http://argoproject.org/index.php.html

2. See Riley, Sam G.
"Fighting back: What redress media have against frivolous libel suits."
Journalism and Mass Communication Quarterly
59.4 (1982): 566.

3. See the statement of the INN's founders, "The Pocantico Declaration: Creating a Nonprofit Investigative News Network", July 1, 2009.
Via https://cpublici.wordpress.com/2009/07/01/the-pocantico-declaration-creating-a-nonprofit-news-network/

d. **Share talent**

Cutting-edge SDM like the News Deeply organization demonstrate that the costs of hiring and keeping talent can be spread across several communities. News Deeply was launched in 2012 with a website devoted to the Syrian conflict, Syria Deeply. It has since expanded to four other "single-subject" sites, covering the Arctic, water, refugees and Ebola. All the sites share a common business development staff.

How many of the talents required for a SDM can be shared with others? More than you probably think. The Investigative News Network's research and development showed several ways to provide necessary services by bundling demand among small shops, notes Kevin Davis:

> *If everyone is truly independent, then everyone is duplicating back office functions that could be scaled. These functions include accounting – payroll, all that detailed stuff that a bookkeeper could do, that could be done by an accounting group across different entities. We demanded that members of INN who were fiscally sponsored by us … had to use our profit and loss format, to create scale. We also offered people the Largo content management system – by far INN's most successful project, and it's free. We forked off [software] developed for the Argo Project.[1] We lifted it off, adapted it for long form journalists. You can download it right now and install it yourself. Or you can pay the INN tech team to develop and install it for you.*

There are other ways that watchdog SDM can create scale. One of the most urgent is legal representation . As Julian Assange said, "Power pushes back." Watchdog enterprises can expect that they will eventually be targeted for legal retaliation, notably through libel lawsuits. Whether the lawsuits are frivolous or not – most are[2]– they must be answered. By no coincidence, the Investigative News Network declared in its founding "Pocantico Declaration" that it would offer "libel review and insurance" to members.[3] This is an example that for-profit SDM could follow.

The effective price of legal representation includes search costs (finding the right lawyer), research costs, etc. Search costs, at least, could be reduced if a number of SDM chose the same lawyers, and shared the retainer fees. (A lawyer might even be recruited straight from law school, or offered a scholarship in return for studying libel and intellectual property law.) Defensive research costs can be reduced if SDM share advisory councils that include expert investigative practitioners.

Scaling through association can also help to maintain the freelance talent base, a critical resource in the history of investigative journalism that is now reeling from a double hit – lower fees for freelance work from MSM, and free competition from non-profit centers. Freelance watchdogs spend a great deal of time looking for clients, instead of doing the work. SDM can relieve that problem by sharing the salaries of reporters (or data specialists, or graphic artists) across several enterprises. Each enterprise would be guaranteed a share of a particular talent's time; the talent would be guaranteed sufficient work to live comfortably while doing the job. The embryo of such an arrangement already exists in the form of branded collectives of freelancers, who share offices, phone and internet costs, and who are recognized as preferred associates by certain news media.[1] The step to more secure and productive arrangements would not require a quantum leap in organization. Non-profits like the OCCRP have developed one prototype, in which the OCCRP pays part of the salary for selected reporters at news media that publish its reports.

Start looking at your key activities. Ask: How many enterprises are doing the same thing? How many of them would be willing to share part of the cost? What would be the gain in costs, efficiency and resources, including talents who might otherwise be forced to find other work?

e. Partner with businesses to build skills

Businesses invest heavily in the financial and management skills that are painfully lacking in the news industry in general, and watchdog media in particular. In general, media development has focused on content creators, rather than on enterprise capacity. That's a mistake, argued Mirjana Milosevic in a landmark study: "Training in standard demographic audience research and sales skills will do more to further a press freedom agenda than additional training in journalistic ethics or web development."[2] She was speaking about the so-called developing world, but the argument applies equally to many SDM in developed countries.
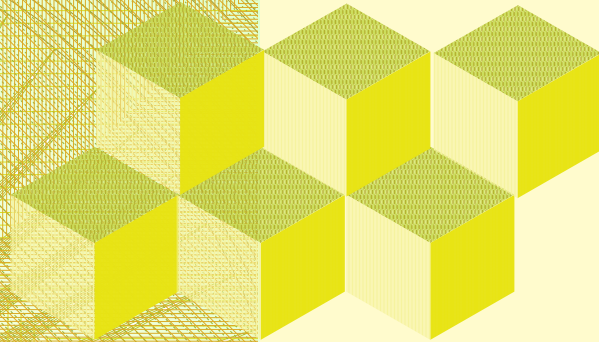
Project management, accounting, and "issues management" are among the areas where business knowledge and insight can contribute hugely to the missions of SDM. These skills can be accessed from businesses through exchanges, training, or collaboration on specific projects. There is nothing new about such practices. A large number of firms or their foundations contribute personnel to social or charitable enterprises every year. To take one

1. Hunter, Mark Lee and Luk N. Van Wassenhove, "Nicht alleine frei:Das Bild vom eitlen Eigenbrötler ist passé. In vielen Ländern sind erfolgreiche Communitys und Kooperationen unter den Freien entstanden." *Message: Internationale Zeitschrift für Journalismus,* Quartal 2, 2011.

2. Milosevic, Mirjana, Director, *Financially Viable Media in Emerging and Developing Markets.* WAN-IFRA, 2012, p. 8.

example, the Rexel Foundation lends its communications staff to start-ups working in the energy efficiency field, to train them in public relations techniques.

SDM would be wise to research the existing programs by which firms engage society (for example, by attending events focused on corporate social responsibility). We are hardly suggesting that SDM should sell themselves, cheap, to potential adversaries. We are saying that SDM can selectively target firms that invest in society, and ask for their help in building business skills.

2

Reduce **content creation** costs

a. **In design, look like the community**

At this writing, online design is developing in a number of more or less sophisticated directions. The use of smartphones for newsreading, free video for newswatching, investigative video games and virtual reality storytelling are redefining the ways that growing numbers of users interact with news. A common feature of these technologies is that they increase production costs for content, because rare talents and powerful hardware and applications are required. Investigative journalists whose opinions we take seriously, like Paul Radu of the OCCRP, tell us that despite the costs, trends like virtual reality will endure and prevail even for independent media.[1]

Yet we also see evidence that production values do not matter in the same way, or to the same extent, for SDM. In every crisis we studied where SDM prevailed, high production values for content were largely irrelevant to the outcome. The financial analysts who harmed Danone were quite dull in tone, and their reports looked... well, like reports. The wild-eyed boycotters who blustered

1. Private conversation, June 4 2016.

about the firm looked excited and exciting, but also lo-fi and low-rent. The LCOs who shattered DuPont's division knew a great deal about herbicides, but many of them couldn't spell correctly, their uploaded photos were clearly amateur quality, and their explosive content was crammed into an off-the-shelf forum format. We likewise observe that Deviantart.com, founded in 2000 as a forum and marketplace for "undiscovered artists", has a very bare-bones look, except for the artworks uploaded by its 38 million members.[1] The artworks made the site a success, not the web design.

We are not stupid or blind, and we are not saying that design doesn't matter. *The core issue is whether or not the design suits the functions required by the community.*

We deduce that the most important stylistic principle for SDM is that they must reflect and represent their communities. If those members are straight-talking professionals, their SDM need to look efficient and professional, too. Meduza.io, which serves a Russophone readership that's largely given up on the public sphere, uses satirical games (like "help the Orthodox Pope to get back to the church", instead of meddling in civil society) to let readers express something else. If users are educated and cultivated, like the readers of De Correspondent, the SDM may require a stylish look. Greenpeace.org, in contrast, showcases member journalism, personal photos and Flash animations on its website, along with activist "toolkits" and investigative reports; it's a general store for the environmental activist community.

SDM have to make sense to and for their community, before they can grow its scope and influence. Take the time to understand the community's visual and graphic tastes, and then calculate what it will cost to satisfy them. Don't mistake your preferences for theirs, like the trendy hotel managers who think all their guests want to hear dance music at club volumes in the bar, all day and night.

In particular, consider whether your users can accept standardized templates or formats for content. Particularly when you launch, customizing open source components can economize your capital. Open source designs will not replace design talent, but they can reduce the amount of it you require. They may also make your SDM easy to use for viewers who recognize the template. A variation of this principle can be seen at Newsdeeply.com, which publishes "single-subject" websites dedicated to global issues; each of News Deeply's websites uses the same sober template (the work of Design Director Brock Petrie), where the content appears at once stark and compelling. Carefully considered frugality makes a powerful statement on its own: It says that you care about substance. That's not a bad image for a watchdog.

1. See http://about.deviantart.com/.

b. **Maximize the value
of user-generated content**

Part of the commercial attraction of user forums is that nearly all of their content is user-created; the media owner doesn't have to pay for it. Thus any revenue from sponsors or advertisers becomes profit. That's partly why we think that in one form or another – members' articles, dialogues, threads – a forum should be part of every SDM. Another is that the life of a forum is a clear indicator of the life in the community, a sure sign of its strength and interest for members.

A forum will not, however, eliminate the need for people who can review and if necessary reshape user-generated content (UGC) into acceptable form. Nor will that content substitute for people who can see and document stories amidst chaos and distraction. Outside of crises, when a community's attention is focused on survival and its voices focus on finding a solution, SDM require more insightful content than most users or even a crowd of users can supply.

Best practice is evolving here, too. Recall that Mediapart allows users to publish their own blogs, and selects the most interesting to showcase on the home page. De Correspondent's journalists are expected to engage their followers as sources and commentators in "garden" spaces, drawing them into the process of creating stories. Both strategies aim to increase the UGC resources available to the format, while retaining the power to set standards for publication.

We strongly suggest that there be a dedicated position in your SDM to manage user-generated content. To lower costs and generalize skills, it can be filled on a rotating basis, or used as an entry-level position for a young journalist whose job includes finding stories in users' contributions. If user-generated content is core to the enterprise, for example by being integrated with customer relations, this should be a senior position. Whoever holds it, part of the job should consist of mining user contributions that point to major trends and stories.

1. See, for example,
the "Morning Education" tipsheet,
at http://www.politico.com/tipsheets/morning-edu-
cation

2. Op. cit., *Flat Earth News.*

3. We thank hypothes.is for subsidizing our expenses to
attend the I Annotate conference at Berlin, May 2016.
Entry to the event was free. The program is online:
http://iannotate.org/2016/overview.html

c. From aggregation to annotation

The Drudge Report and its spinoff, Breitbart.com, have amply demonstrated that content aggregation can be a successful commercial strategy for a more or less heterogeneous public; both contain more content borrowed from other sources than content created by staff journalists. But aggregation cannot be a sufficient strategy for SDM. The purposeful users of SDM want to know why a given piece of content matters to them and their interests.

Thus aggregation at SDM must be selective, and it must be critical. The selection process adds value by sharply reducing search costs for users; criticism adds a new layer of valuable insight to the content. Consider these examples:

· On a daily basis, Politico aggregates sector-specific news in "tipsheets", which combine stories and leftovers (the kind of things one finds in a reporter's notebook) from the newspaper with verified releases from pertinent institutions, set in context by the newsletter editors. Note that the free email subscription versions of the tipsheets are sponsored by institutional advertisers (like banks or unions), thus creating a supplemental revenue stream by leveraging content which has already been paid for by the publication.[1]

· Another is to post a restricted amount of content from news sources, NGOs or citizen groups engaged in a particular issue – in effect, monitoring the community of interest. Such content should be held to the same standards as the rest of the SDM – meaning it should be treated as if getting the story wrong will lead to the loss of the community, by undermining its ability to take viable action. In contrast, recall that 60 percent of the content in UK daily newspapers a decade ago came more or less directly from press releases.[2] PR can contain valid facts, but its purpose is more often to make its sponsors prosper than to make its target community more prosperous.

· A third strategy consists of using annotation, a Web technology that enables posting comments directly to online content. The technology is open source and fairly easy to deploy, and can be used by journalists or their communities. A great advantage of annotation is that it immediately signifies to viewers that you have, in fact, reviewed the content before republishing it. A second advantage is that engaged annotators function as ambassadors for your SDM. A third is that, in contrast to user comments, annotations are directly posted at specific locations in an article, thus bringing together the content and the comment. We have yet to see discussion of annotation at journalism conferences, but movement[3]

leaders like Peter Murray-Rust are directly appealing to watchdog journalists, most recently at the I Annotate conference (Berlin) in May 2016. An introduction to annotation technology can be found at https://hypothes.is, the SDM for a foundation coordinating the latest stage of this decades-old movement. We predict that within three years annotation will be a standard feature of influential SDM; it is already powerfully affecting the scientific community's outreach on climate change issues.

Taken together, these different approaches point to the emergence of *critical aggregation* – visibly selective, dialogic and layered – as a cost-efficient but value-added content strategy. The costs for SDM are greater than simply throwing someone else's content on the format, but less than if SDM created all their content alone.

d. **Adopt efficient and effective
reporting and research methods**

The notion that watchdog reporting is an "artisanal" activity, based on individual talents, skills and practices, can still be heard even from professional journalists. We reject this assumption. The ICIJ and OCCRP, among others, have shown that salaried and freelance staff can be trained in a common process for collecting and curating information, beginning with story conferences and continuing through cross-border collaboration in researching and composing multi-story projects. The benefits include better communication about stories, and better management of their expected results and required resources. Another payoff is to enable creation of data and relational assets based on reporters' work. (We will say more about this below, in our discussion of revenue streams.) A third is to reduce search time for both individual reporters and the enterprise; a great amount of journalistic "research" involves looking for the same information over and over, or forgetting the information that's already been collected.

Besides *Story-Based Inquiry*, a free method published by UNESCO, numerous leading practitioners of investigative journalism have developed such ad-

vanced techniques.[1] SDM can be leaders here, because many of the players in the field, in particular NGOs, are already familiar with collective research protocols and methods.

3

Rethink **distribution**

The goal of SDM distribution is not necessarily to maximize sales or eyeballs; it is to generate influence over real-world outcomes on behalf of a stakeholder community. That means distribution can cost-effectively be targeted first at individuals and communities who care about a specific issue, or a closely related issue.

Consider The Marshall Project, dedicated to "nonprofit journalism about criminal justice." Its strategic goal on its launch in 2014 was to become the central information hub for public insight into the criminal justice system, and to influence the issue in the 2016 U.S. presidential elections. Besides a general public, the site can target those directly concerned by the system. That stakeholder community includes present and former prisoners, their families, law enforcement and auxiliaries, justice departments, the courts, lawyers -- an audience of millions.[2]

So far as we can determine, the SDM which most assiduously republishes the Marshall Project's work is Colorado-CURE, a state-level branch of a national organization that "seeks to provide an exchange of information for inmates, their families, friends and

1. Op. cit.,
The Global Investigative Journalism Casebook.
See also Hunter, M.L., Nils Hanson, Rana Sabbagh,
Luuk Sengers, Drew Sullivan, Flemming Tait Svith
and Pia Thordsen, *Story-Based Inquiry:
A Manual for Investigative Journalists.*
UNESCO, 2011.

2. Op. cit.,
"Investigative Stakeholder Media emerge in U.S.,
France".

those interested in restorative justice on ways to deal with the correctional system and suggestions on how to cope with the difficult situation families find themselves in when a loved one is incarcerated[.]"[1] The missions of these two SDM are parallel; their communities overlap; the Marshall Project's material adds value for Colorado-CURE. We all need more like this.

We can actively search for the people who need our work, rather than wait for them to pick it up, and in addition to partnering with MSM to republish it. The task involves seeking individuals, forums, and organizations, including other SDM, and ensuring that they are aware of pertinent content.

· Open source tools like Contentmine, which enables data mining and referencing across the Internet, will greatly facilitate this task in the future. [2]

· In current practice, Greenpeace and its members have shown how to build a network of websites, blogs and feeds that amplify the impact of proprietary media with specific activist communities. Lately, Greenpeace increasingly works with professional journalists, paying their fees and enabling their access to locations and data, while allowing them control of their work. The resulting content is of high interest to the organization's SDM network. Consider "Chernobyl and Fukushima: Illuminating the Invisible", by freelance photographer Greg McNevin,

which ran in Greenpeace's "Nuclear Reaction Weblog" on April 21 2016[3.] By June 15, the professionally-photographed story about radioactive residues had been republished over 500 times by anti-nuclear and environmental websites, forums and twitter feeds, as well as on Greenpeace's proprietary media.

It can be objected that this strategy amounts to preaching to the converted. But that is exactly the point: The first and most committed publics for SDM, their home communities, consist of people with an emotional or material stake in an issue. McNevin's story reached the people who already know something about Tchernobyl and Fukushima, and who serve as opinion leaders on the subject for their friends and associates.

SDM build networks by sharing content that supports their allies' objectives, as we saw in Chapter Three. Can such networks be monetized? They already are. Like Greenpeace, VIVA! sells memberships, and creating SDM networks is cost-effective marketing. More can be done. We address this question in greater detail below.

1. See https://groups.google.com/forum/?hl=fr#!forum/colorado-cure

2. See www.Contentmine.org.

3. http://www.greenpeace.org/international/en/news/Blogs/nuclear-reaction/chernobyl-fukushima-radiation-light-painting/blog/56178/

CREATING REVENUE STREAMS

Like the record business beginning in the 1980s, but 20 years later, we entered an era in which analog cash cows – advertising and circulation – became digital sick cows. Like the record industry, we fought the change, blaming our competitors and our customers. Like the record industry, we must find new ways to monetize our products and services, and those new revenue streams will be multiple and relatively small, compared to the circulation and advertising streams that supported us before. In other words, we will work harder for our pay, in more ways and places. Unlike the music industry, we have hardly begun to diversify our sources of income, or to renew our acquaintance with growth. It is significant that Blendle, which unbundles articles from magazines and newspapers for sale as separate products at a fraction of their newsstand price, was

launched more than a decade after iTunes, which did the same for recorded music.[1] Journalists write fast, but we seem to learn slow.

There is plenty of room to learn. The authors of Adessium's report on "Financing Quality Journalism", the current benchmark in research on monetization, note that "very few organizations use more than four" of the 52 revenues sources they catalogued.[2] (The full report should be read by anyone considering the launch of an independent news media.) However, they argue, this situation can be read as an opportunity:

> *We must not conclude that the shrinking traditional revenue streams show that the public "no longer wants to pay for journalism." That widespread assumption is false and dangerous. The simple truth is that audiences have had only limited exposure to new financial models. Examples such as De Correspondent, Blendle and Mediapart… show **that the willingness to pay is there if and when the proposition offers sufficient added value and appealing payment methods are in place** emphasis added.*[3]

There are more and different audiences and customers for our work as watchdogs – for our skills, assets, services and content – than we commonly think. Accessing them is contingent on building a strong brand within a user community as a leading source of value-added information. The Adessium report suggests that a reliable news brand can be

1. See https://launch.blendle.com/
2. Op. cit., *Financing Quality Journalism,* p. 5.
3. Ibid., p. 4.

leveraged across several revenue streams:[1]

· Sponsorship and advertising – including membership, donations, investment in specific content (such as conferences or supplements), community-specific display and classified advertising.

· Branded products: items manufactured by someone else, and resold.

· Content – including reselling of editorial and graphic material, monetization of reviews through links to resellers, syndication, books, public speaking.

· Services – including research, translation and education.

· Data – analysis, semi-finished stories, compiling or reselling lists.

Below, we consider how to make these revenue streams (with the exception of branded products) viable within a SDM. We will not try to be exhaustive. We will try instead to show that successful experiments are underway, and more are perfectly possible.

1

Make membership affordable

In January 2016, our students in a French university informed us that news users "will not pay for content." We asked: Who told you that? They said: "One of our professors." We asked: What about Mediapart? They said: "That's an exception."

Well, what about Malaysiakini? What about Responsible-investor.com? Or De Correspondent? Or High Country News? How many exceptions does it take to prove that users will indeed pay for high quality content and services that they can't obtain for free?

The question is not whether, but how much users will pay for a media that defends their community by promoting its growth, protecting its best interests, and helping its objectives to prevail. That price varies from community to community.

· The daily Mediapart charges 9 euros per month, less than the subscription price of its weekly competitors.

· De Correspondent was exceptional, in that it used crowdfunding to raise capital for its launch, and then

1. Ibid, pp. 8-10.

converted crowdfunders into subscribers.

At De Correspondent, the subscription price was determined as follows, says Wijnberg:

We considered, it has to be cheaper than a Netflix or Spotify account. If you can buy all the films you want in a month, one website should be cheaper than that. There are newspapers charging 25-30 euros a month, which is way too much. [The price should be] less than Spotify but enough to support your operation. So we came up with 6 euros a month with transaction fees. We sometimes say [the price is], "Two coffees."

· At Responsible-investor.com, all content was offered free to users at the launch in 2007, and the SDM acquired 8500 readers. Their only investment was to sign up with an email address. The relaunch to a subscription model in 2011 showed co-founder Hugh Wheelan the risks of that strategy:

If you start with a free-to-air model and you're just collecting limited [user information], when you go to a paid model you don't have the data you need – the standard data, like company, telephone, fax, VAT numbers, things you need for legal reasons. When people are paying you need to invoice the company or get them to pay by credit card. For journalists it's not the easiest thing to get your head around. We now have client management systems – we had to do workarounds, and we had to wait for the right amount of money to do it.

· When users were asked to pay 220 GBP for an annual subscription – equivalent to $US 350 at the time – 80%

of them declined. Wheelan and his partner set out to "bring as many of those previous free subscribers back in as paid subscribers....

You focus on the publication, then bring in specialists, subscription sales people, to work on the people you have. We went back to get more data – contact information for other people, getting subscription staff to call people up and get them to subscribe. We did email marketing, but our experience was that electronic marketing is not good enough. You need to get bodies on the phone calling people.

Subscription fees are hardly the only source of revenue that SDM can or should access. But their advantages cannot be overlooked.

· First, as Wheelan says, "You need to think about a mainstay annuity model, getting money every day, year or month, a regular money stream for doing your core business." Subscriptions provide that annuity.

· A subscription base enables leverage from and for other commercial activities, like conferences, branded products, concerts, etc. Subscribers are the first public for such events and products; conversely, these products and services help to recruit subscribers, by introducing them to the community.

· Just as important, a subscription or membership base changes the relationship of the publication to its users. As De Correspondent's publisher Ernst-Jan Pfauth says: "We only have to think about our readers."

A publication that directly monetizes its audience is less dependent, or not dependent at all, on advertisers. In the current market, the implication is that the publication need not provide data about its users to anyone else. That creates a sharp distinction from MSM like Vox.com, which promises to "help brands connect with smart, affluent, and passionate audiences" through "data-driven advertising solutions" that include "advanced audience profiles."[1]

De Correspondent doesn't care what its users earn, what they drive or how they dress, so long as they can afford a subscription and engage with the publication. It does care, and must, about their personal, professional and civic interests.

If your work promotes, protects and prevails for a community, ask them to pay a fee that they can afford. If they won't, ask yourself why they don't need you enough to support you, and how you can change that situation. The audience isn't always right, but it isn't always to blame for what goes wrong, either.

2

Turning advertisers into partners

a. Why SDM need advertisers

Let's say this first: Advertising – or more exactly, ceasing to advertise – is one of the best-documented tactics that business and political interests have deployed against watchdog reporting. Investigations into specific firms and industries, or into political allies of those businesses, invites retaliation. In many countries, government advertising (say, for tender offers) provides significant revenues to favored media, and none to others. Put simply, reliance on advertising revenues poses large and foreseeable risks to independent media, and to watchdogs in particular. We doubt that this will ever change.

Nonetheless, advertising of various kinds can play a prominent and positive role in the life of a community. This is our personal observation; one of us began his career as advertising sales director for The New Age Journal. Advertisers tell the community where to find what it wants and needs, at what price. That means they have a legitimate role to play in SDM.

---

1. See http://www.voxmedia.com/pages/advertising

The key issue here is not whether you want advertisers or sponsors, but what it will cost you to acquire their contributions. As always, the principal cost is talent. Revenue does not arrive in an enterprise by itself. Someone has to seek it. If that person is a fundraiser, they will be paid a salary, but no commission.[1] In contrast, it is standard procedure to offer a commission to salespeople, above a fixed salary.

The most viable SDM for advertisers are publications whose users are trying to change their way of living; they need support, such as literature, training and equipment. Note that this is basically what Patagonia.com provides to its users. It is thus worth asking if more SDM could add a lifestyle component to their coverage, by taking a hard look at the material and intellectual needs of their users.

This is how High Country News grew its advertising revenues to $276,000 in 2015, about 10 percent of its budget. The core strategy, said advertising director David Anderson,[2] was "to produce a few special issues throughout the year that are targeted" to readers' interests in travel, outdoor recreation, natural resources education, and books. He notes, "Those special issues make up 50-60 percent of [HCN's advertising] revenue." The subjects are hardly chosen by chance. Anderson has "good data" on what HCN readers do for fun or self-development: "We surveyed quite a bit, and the response is always great. People feel like they're a part of this

thing and they're happy to help."

HCN's natural resources education issue demonstrates how community development and advertising can work together for a SDM. In recent years the magazine has run a branded "classroom program", which provides 3000 free copies annually to university courses. "That helps build younger audiences," said Anderson. The program is funded through grants and donations, and HCN is beginning to seek corporate sponsors. For students, "the education issue is a resource," said Anderson. "It does program reviews, of huge interest to kids going into environmental studies. It also covers continuing education, masters, online programs."

The core principle, said Anderson, is that "you're selling the audience" to advertisers. Put another way, you are offering the advertisers access to people who care about something in particular. Says Kevin Davis, who was formerly an advertising sales executive at Variety: "Monetizing small highly influential markets is a lucrative way of staying around. It's lucrative because if someone is influential, someone else is trying to get their influence." Consider two examples of how this works for SDM:

· Devex.com claims to be "the only platform for the international development community that brings funders and implementers, corporations and non-profits, government agencies and NGOs, and everyone in-between together under one roof."

1. See Klein, Kim, "Why Good Fundraisers are never paid a commission." Via http://www.grassrootsfundraising.org/wp-content/uploads/2011/08/25_1_WhyGoodFRsNever-PaidCmsn.pdf

2. Interviewed by telephone, June 27 2016.

For a membership fee, users gain access to job ads, tender offers and other highly valuable information. Much of this information is provided through paid classified advertising. Organizations or firms trying to reach decision makers or customers in the development field through Devex.com can also choose newsletters, sponsored content, or other delivery options for their messages.

· Politico monetizes the Washington political community, among other ways, through advertisers who provide its lobbyist and activist readers with key services – hotels, restaurants, transportation, etc. Those same lobbyists and activists use issue advertising in Politico to reach the Congressional staff members who are the journal's core audience. The Texas Tribune, based in the state's capitol at Austin, follows a similar strategy at a regional level.

b. Sponsored content

Besides display advertisers, SDM require sponsors.

· Sponsored content supports a community's values by subsidizing certain discussions, at one remove – a so-called "arm's length" – from the creation of the content. Thus the advertisers on LawnSite.com subsidize its forums, but don't necessarily contribute to them. The ideal sponsor for a SDM is one who cares about a given issue or community, and wants to widen coverage without necessarily being featured. Politico has understood this; among the sponsors for its "Morning Education" newsletter is the United Federation of Teachers. It can be objected that seeking sponsors within the community one covers invites conflicts of interest. Yes, it does. Choose them carefully and try to diversify them, so you can tell one to get lost if necessary.

· Sponsorship allows for in-kind as well as financial support. So-called "trade ads", in which a publication exchanges space for goods or services, are one example. A sponsor might also offer access to products, assets (like space) or services at reduced rates, or as a donation. Universities that partner with SDM serve as sponsors in this regard.

· Sponsors may also function as distribution partners. The Kyiv Post, for example, sold bulk subscriptions to corporations who supported its mission of providing high-quality news in English about the Ukraine.[1]

We have seen SDM founders who did not mention their sponsors on their home page (and lost them as a result), so we will state the obvious: The minimum a sponsor can expect in return for a contribution is to be prominently identified as a supporter. If you're not proud of showing their name, turn down their support. If you take their support, let everyone know it, like the High Country News. In every issue, says advertising director Dave Anderson, "There's a section called 'Dear Friends', moderated by the development folks," which gives the names of donors.

1. Hunter, Mark Lee and Luk N. Van Wassenhove, "KP Media: Rebuilding the brand." INSEAD Case, 2013.

2. https://www.newsdeeply.com/about

3. https://pages.devex.com/membership-and-services

c. **The uses and risks of branded content**

1/ Making branded content for institutions and organizations

Increasingly, MSM like Vox.com are turning to branded content as a revenue source. In branded content, the advertiser edits, assigns or creates the content in collaboration with the publication; the content aims to define and extend the advertiser's organizational image.

Real-world, real-time experiments are underway on branded content in SDM as we write. NewsDeeply.com "ideates and creates custom projects for think tanks, institutions, and private sector partners"[2]. Likewise, Devex.com offers to "create customized initiatives that highlight a key issue, spread your message, raise awareness, promote special projects or share your innovations."[3] Between them, they have collaborated with organizations ranging from multinationals like The World Economic Forum, Johnson & Johnson and Nestlé, to government agencies like USAid. This approach offers benefits as well as risks.

· The first benefit for SDM is that such blue-chip partners bring deep resources to the table – not only fees an order of magnitude above what journalists have learned to expect, but also expertise, legitimacy and influence of their own.

· Such projects open access to leaders, organizations and followers. SDM do not always require such access for purposes of coverage, but they can indeed make use of it.

· The first danger for SDM is that they can easily be co-opted by such partners. If the ultimate cost is a media's credibility with its community, the short-term revenue gain is derisory. [1]

· A second risk is that the collaborations will fail, burning time and energy for little or no return. The EastAfrican, a regional publication of The Nation Media Group, more than once allowed NGOs to create issue-specific supplements. The projects "never worked."[2] The key issue was a mismatch of editorial styles and values. Put another way, the language that works for an outside brand may not work for your community.

· Co-creating such content requires special skills. If your organization doesn't possess them, you will either have to partner for them, or acquire them through investment. Be sure that you measure the expected return on investment, and whether it would be better employed on your core offering, before you build that capacity.

We know of several SDM that tried to build advertising or web design agencies in-house. Most failed, because it was not their core mission, and they could not recruit the best talent.

2/ SDM as branded content

Media managers currently regard branded content as a new format for display advertising, which is true as far as it goes. But there is another, more strategic role for the concept. It can be argued that the whole of Greenpeace.org is branded content, aimed at promoting Greenpeace's mission, vision and community. Likewise, Patagonia.com mixes corporate statements with contributions from stakeholders, on a website paid for by the company. In effect, rather than subsidize a third-party SDM, these organizations created their own.

If you identify an organization, or several organizations that require such a voice – for example, a group of social enterprises whose products and services are complementary, and whose markets overlap, but who have no SDM of their own – you can propose it to them. Just make sure that they know what they're getting into: Independent, watchdog SDM are not conflict-free zones. If they don't buy the idea, but you still think it's terrific, do it anyway. They can always buy in later, if you let them.

1. Naomi Klein has convincingly documented how leading environmental NGOs became captive to the extraction industry in her book *This Changes Everything: Capitalism vs. the Climate.* Simon and Schuster, 2014.

2. Hunter, Mark Lee and Luk N. Van Wassenhove, "The Nation Media Group (A): Finding a path to growth." INSEAD case, 2015, p. 8.

3

Monetizing
branded services

An independent watchdog publication stands for certain values – integrity, truthfulness, quality of information and processes. (If it doesn't, you're either in the wrong business, or you're going about your business wrongly.) That brand can be extended to other products and services besides editorial content.

When Michael Willard became publisher of the Kyiv Post after the global financial crisis devastated its core markets, he explored several branded services, all dependent on the Post's reputation as a reliable source of information. The ones below are extracted from our case study of KP Media, the Post's parent company[1]

· Commercial editorial services. The *Post* found clients for branded content, editing, or research; it either performed or sub-contracted the work and claimed a percentage of the fees. Revenues from this practice reached several thousand dollars per month.

· Twice-yearly employment fairs at which the *Post* sold tickets to job-seekers. This helped to compensate the loss of classified job advertising that followed the financial crisis.

· A fair for language schools, or even a branded language school owned by the *Post*. The latter idea suggests a risk of such services: The SDM enters into competition with members of its community who advertise the same work. An alternative is to partner with selected service providers of the community to create jointly-branded offerings.

b. **Reaching an international public**

The Kyiv Post, Meduza.io and Malaysiakini show that SDM in developing markets can broaden both their user communities and their impact by publishing at least some of their best content in English. The reasons are multiple:

- Developing countries send expatriates abroad, and those expatriates and their children often speak or learn English. This was a key factor in the commercial success of FrontPage Africa, which built its core market in the Liberian expatriate community, mainly based in the US.

- Job advertisers who seek English-capable applicants pay a premium for classified advertising in English.

- Diplomatic and military readers generally speak their home languages plus English.

- Multinational firms and NGOs typically use English as their working languages.

The online news portal Malaysiakini, the single most reliable media in Malaysia, faced a crisis in 2001 when its advertising-only revenue base collapsed in the global Internet economy meltdown. On the advice of the Media Development Investment Fund, a key investor in Malaysiakini, the publishers created a pay wall of a particular type:

Since Malaysiakini then published in three languages, it could establish the pay wall for its English service, at the equivalent of about $40 a subscriber the current rate is $45 annually, while leaving the Chinese and Malay portals open. [1]

In effect, Malaysiakini monetized the Anglophone community that requires high-quality news about Malaysia, and which cannot obtain such news from local MSM. The strategy succeeded:

Paying subscribers grew from 1,298 in 2002 to 16,039 in late 2014.... By 2004, Malaysiakini was operating in the black and has been every year since, with the exception of a small loss in 2010. [2]

In an era of global firms and issues, local watchdog media play a key role in exposing emerging threats and opportunities. To be heard, they must speak English to their worldwide communities. At a minimum, they can publish selected articles in a newsletter format that is marketed at global, rather than local rates. The capacity required to translate such material, or to create it as original content, can also be leveraged as an investment. For example:

- SDM can provide fixers or local correspondents for other news organizations. Thus Arab Reporters for Investigative Journalism, which publishes original reports from the Arab region on Arij.net, regularly collaborates with the BBC on original documentaries;

- Or, SDM can create branded translation services, alone or with partner firms.

1. Carrington, Tim, "Advancing Independent Journalism While Building a Modern News Business: The Case of *Malaysiakini*". Center for International Media Assistance, Feb. 2015, pp. 7-8.

2. Ibid., p. 8.

4

How we will monetize data

Increasingly, watchdog influence resides in data – hard, incontestable information that can be archived, retrieved, interrogated and analyzed. The influence resides not in controlling the data, but in sharing it with other stakeholders and their media.

Data banks are changing power relationships within the news industry, and between the industry and its users. The evolution of so-called "data journalism" in recent years shows a consistent pattern: An organization gains access to a significant source of data, then constructs a network to analyze the trove, turn it into stories and distribute them. That is what Wikileaks did with the Iraq and Afghanistan files, what the ICIJ did with leaks from within the financial services industries, and what ProPublica does by making its databases free for use.
Greenpeace, too, is offering access to its data on selected subjects to investigative reporters, while subsidizing their inquiries.

How do we monetize these powerful trends? The indirect way is to use data to make better stories, notably through incontestable evidence and attractive, comprehensible graphics. In fact, data journalism currently amounts to applying a new technology – computer-assisted analysis of texts, images or numbers – to create a traditional product, the news story. The data and analysis are then monetized by selling the story.

The direct way to monetize data is by selling services based on these assets. Let's focus on this approach, because it is still evolving and has great potential. However, the potential will not be fully realized until the journalism community jointly funds development of applications and interfaces. Creating those tools may require up to $20 million, according to OCCRP's Sullivan, and neither foundations nor the industry have invested such a sum. But understanding where the potential resides, and preparing to profit from it, will be a step forward for many SDM. Unless they begin collecting data from their content and their communities now, they will never get in this game. Below, we outline three ways in which data assets represent major future revenue streams.

a.**Monetizing the back story
for individuals and organizations**

The audience for a news story is conceived as a collectivity, whether we are speaking of the general public or a community. In contrast, information technology makes it possible to deliver a product tailored to specific needs, based on the unused, overlooked or archived components of reporting. Kami Dar, Managing Partner and Global Head of Development at Devex.com, which monetizes its data through "custom research and analysis for development leaders"[1] and other services, argues that

investigative news organizations compile valuable and monetizable data that could be leveraged to the benefit not only of themselves, but also the broader community. This needn't involve turning over the journalist's data to an external source, but rather determining what kinds of products or outputs would provide real value that could either be sponsored by business/government/non-profits or sold directly to end-users.[2]

The OCCRP is among a number of journalism organizations (and non-organizations, like hackers) trying to realize that concept. Co-founder Drew Sullivan explains:

Our belief is that news is moving away from event-driven daily news coverage. It's more about presenting the topography of an issue – [like] political connections, business connections that can lead to criminality. What's valuable is to give your readers the possibility to mine the data and for you to mine the data repeatedly. You're providing a back end, a topography and ways to get into information in a context-sensitive situation.

For OCCRP, the core offering would be the information that its staff and correspondents have compiled while investigating organized crime in the Balkans and elsewhere since 2006:

We know who the organized crime [figures] are. We give the reader that vetted person and keep it up to date. We're reporting that topography of organized crime. And the reader will have an infinite number of uses for that information. Stories will be one of the formats that people can look at. But we have to be more flexible about the format. You may want a story or a heat map of organized crime in your neighborhood. We have to be more contextual. For due diligence companies it will be simple – you search for a name. Depending on how much info people draw and how it's used, that will be the cost.

1. Anon.,
"You're changing the world. We can help."
https://pages.devex.com/membership-and-services

2. In "Should investigative journalists
partner with business?", op. cit.

b.**Selling insight,
analysis and intelligence**

Gavin Sheridan's Vizlegal.com project, nearing launch at this writing, uses open source data to build what Sheridan hopes will be "the ultimate tool for legal research". Sheridan notes that legal databases comprise "an $8 billion euro industry among the top six companies in the world." Vizlegal.com monetizes services built on the data:

The business plan is that anything I get for free from a court, I make it available for free. You sell tools for analyzing the data. Tools for insight. Tools for saving the data in the cloud. The key thing is that I'm taking unstructured information online, then structuring it. I can analyze all the judgments about one judge, how many cases, subjects, one year. See which lawyers argued. There's extra intelligence you can build out, once you've structured it.

Sheridan identified markets for these services, as well as their ability to pay:

You're selling a software product to lawyers. You can imagine a lawyer building a whole case with an app in a browser, rather than using a record. Imagine you have a law firm with a document management system

– you build algorithms relating what they have to what I have, giving them greater insight. You're also helping to gather information. You could sell subscriptions to newsrooms. Business desks already pay for certain business databases. Lexis-Nexis has [similar features], but it's old technology and extremely expensive.

Note the key elements of both these strategies: The information required for the database is free. The services increase the effectiveness and efficiency of the client, revealing possibilities and connections that would take long, costly hours for even a gifted individual to recognize. Data may be acquired free, or it may be proprietary. But here the data is not the product. The data enables services that can be monetized.

c.**Selling semi-finished content**

Few SDM and even MSM have the capacity to undertake data collection and analysis on all the issues, or even key issues their stakeholders care about. Kaas og Mulvad was among the first for-profit firms that provided investigative capacity to news media.[1] It launched in 2007 as a spinoff of the non-profit Danish Institute for Computer-Assisted Reporting (Dicar), which sold investigative reports to media and trained journalists in data analysis. Among its assets are 15 years of data sets related to Denmark and the EU, as well as knowledge of where to acquire other data sets.

The firm has been consistently profitable. Turnover in 2009 was approximately 2.5 million Danish kroner, or 336,000. By 2015, according to co-founder Tommy Kaas, it was nearly 3 million kroner, or 400,000 – "still good," he says. The firm also sustains the partners' reputations as cutting edge journalists, which maintains demand for their teaching and speaking services. Their public appearances, in turn, support their firm's brand.

Kaas and his partner Nils Mulvad say they offer "the best from three worlds. We look at data with the eyes of a journalist. We analyze data using all kind of methods. And we understand where results are relevant for others [in other words, how their clients and their users will benefit from the data]."[2] They don't work for people they don't like or approve. Their product is delivered as semi-finished content, which is then edited or rewritten by the client. In typical projects, they mapped unemployment for a Danish labor union and child-threatening facilities for a teachers' union; monitored food inspections for the tabloid Elktra Bladet; and tracked farm and fishery subsidies and EU lobbying activities for NGOs.

They undertake about 100 projects per year, ranging in duration from a few hours to a few months. They also continuously invest in projects that expand their capacity and offerings. A celebrity monitoring service for a tabloid was one such experiment. Another involved scraping the Internet for news of home foreclosures and creating maps of the events.

Their first criterion for projects is whether they enjoy the work and learn from it; markets are sought after a new service is defined. Said Mulvad:[3]

We have no editors or bosses to decide which projects we can do, which software or hardware we can buy. Our goal is to be cutting edge in these areas. We try to get customers who are willing to pay, or if the project is fun we do it for a lower charge.

1. We first discussed this case in "Disruptive News Technologies", op. cit.

2. See http://www.kaasogmulvad.dk/en/about/

3. In a 2009 interview with us.
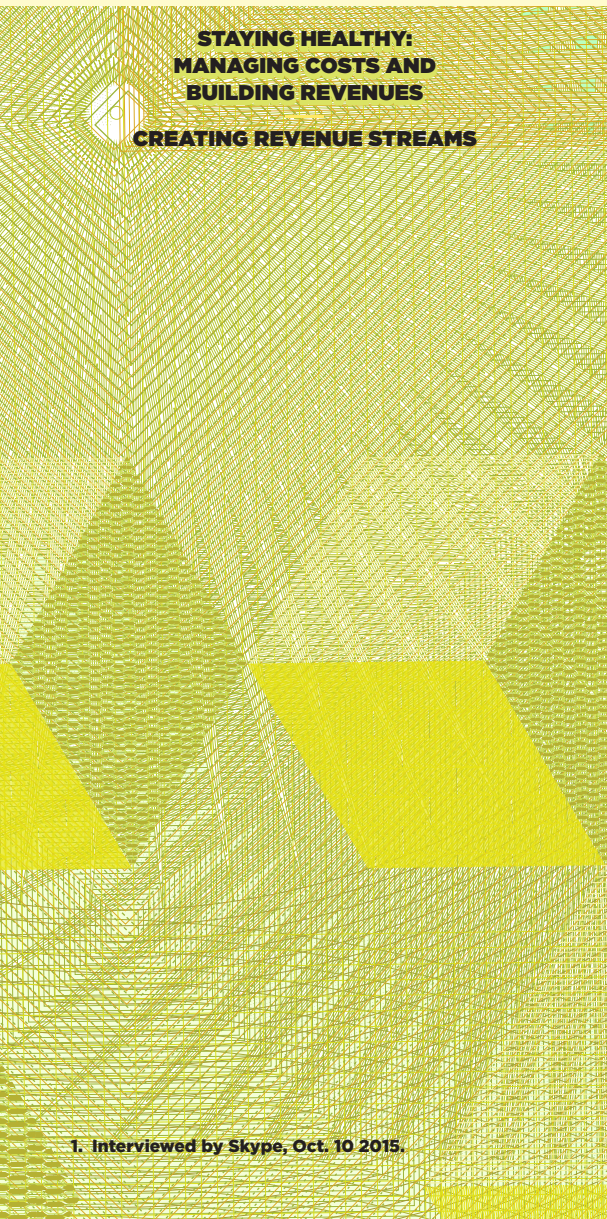
This is a model that others can adopt and adapt, and not only for stand-alone enterprises. Several SDM could create a joint venture on this model, to reserve and share the skills of journalists like Kaas and Mulvad.

5

Investigative research as a service

The news industry is hardly the only sector that requires investigative services. An individual or firm can work part-time in journalism, and part-time for other sorts of enterprises. It's therefore worth looking sideways to see what sorts of legitimate businesses require investigative service.

At this writing the most appropriate opportunity for investigative reporters probably lies in legal research. Lawyers who want to win their cases require high standards of proof, and researchers who can find it for an affordable fee (for the lawyer, and ultimately for the lawyer's client) are fairly rare. Researchers who can propose new strategies for finding and documenting court-grade proofs are even rarer. One of them is Bridget Prince, executive director of One World Research, whom we met at the Centre for Investigative Journalism Summer School at London in 2015.[1] Prince's story suggests how investigative skills can be leveraged into a profitable subsidiary in a portfolio of revenue streams.

One World Research was founded by former managers at the NGO Human Rights Watch. Following
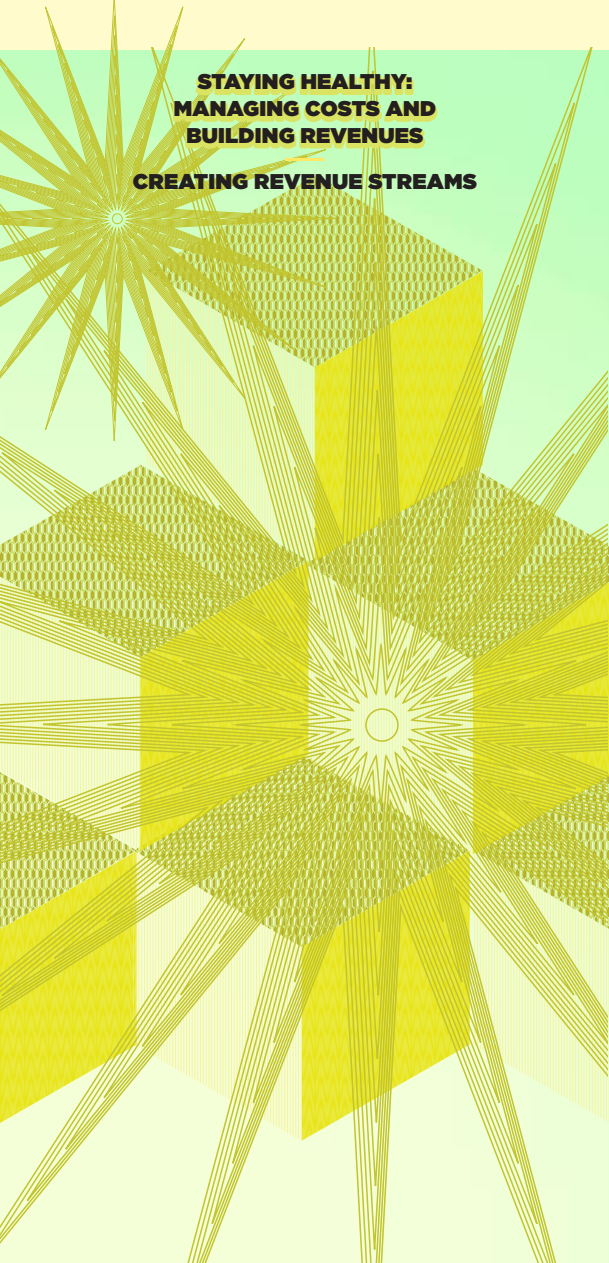
1. interviewed by Skype, Oct. 10 2015.

9/11, the firm received numerous calls from lawyers defending terrorism suspects from places like Afghanistan, seeking help in preparing their cases. The founders moved on, and Prince developed the business, "figuring out how to investigate in international cases prosecuted in the U.S. or the U.K." She focused on lawyers as a market after concluding that activists can be difficult clients: "The process with [NGOS can involve] a lot of back and forth. It's very productive. It's difficult to do the research and have someone else write the report when they haven't done the research."

Prince typically operates in countries where MSM journalists have hired "fixers" to facilitate their work, which makes hers harder. In contrast, she said, "I go in and I train people [to do the research]. I can't always go myself ... Somalia is too dangerous [and] me showing up in a small nomadic community to interview people may not be the best idea." She also trains sources to cooperate: "It's terrifying for people. They think of the U.S. [and] there's a massive trust issue. They don't have the concept of a genuine legal right to defence."

A favorite part of her current practice now consists of asylum cases, which generally pay poorly. "Why do I like them?" she says. "Because we're helping individuals. You verify their stories, they get a new life. You see the result."

Note the key elements of this story, from the standpoint of a SDM seeking to diversify revenue streams:

· Prince conducts investigations for clients whose objectives she supports, for results that matter to her. In other words, she maintains high ethics.

· She also directs investigations conducted by others.

· She trains the individuals who conduct those investigations.

Any of these services can be separately monetized. Training is the obvious place to begin. The non-profit investigative center Correkt!v, based in Berlin, is required by law to provide educational services in order to keep its non-profit status, and thereby created a revenue stream. Training activities also enable your organization to identify talent that you will need when you expand.

6

Monetizing content in the community

As we argued in Chapter 4, successful SDM build bridges to their communities. They can also monetize that process. In other words, their marketing campaigns can be viewed not only as an investment, but also as revenue streams.

a. They can't copy your body: Selling personal appearances

De Correspondent's second source of revenue after subscriptions is "our own speakers' agency, where our correspondents can be booked for a debate," says Wijnberg. Note how this business both leverages and builds the brand:

We try to profile our correspondents as an expert voice in a given area. Our journalists who write about data and privacy are two of the most informed voices in the public debate. They get invitations to speak at conferences, debates or media settings very often. It's a great source of revenue for us and a great way to reach a wider audience.

b. Selling content to and through the community

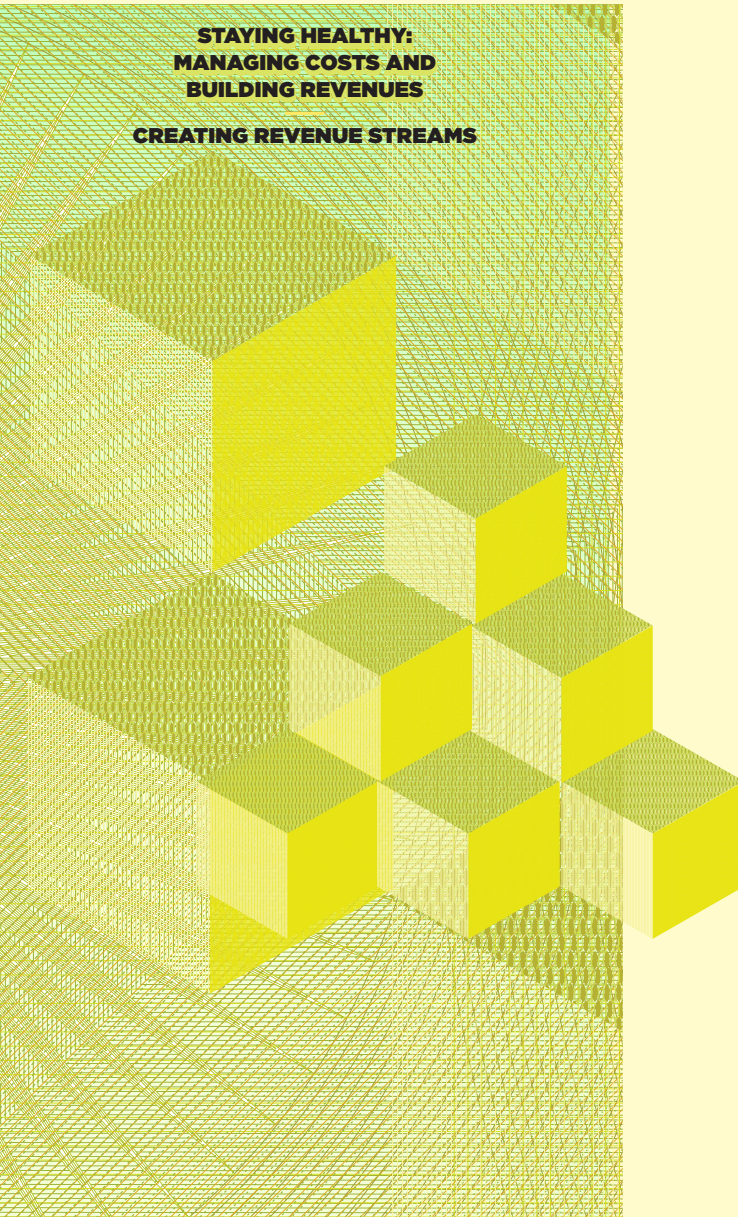If your community likes what you do, they may also like more of it, and more ways of accessing it.

1/ Turning stories into books

At De Correspondent, says Wijnberg, content is leveraged from and to the brand, building the community while building revenues:

If a staff journalist has an idea for a book, we publish it ourselves. We have a right of first refusal. They don't feel bad about it because the terms in our contracts are better than at other publishers. We published four books to date, one in English. The first one we sold over 15,000, the second we sold over 25,000. We're going to publish two more this year.

It's a great source of revenue – a total profit of 80,000 euros. We try to keep as much [of the distribution as possible] through our own [online] kiosk, about one-third [of the total], to keep the distribution revenue.

That's a great way to get a new readership as well. In our book is a bookmark, which says the book was

published on the platform, if you want to read more, here's a free monthly subscription. The book that sold 25,000 brought us 2000 new subscribers.

Variants include exhibition sales by contributing artists and photographs. If content is desirable, people will pay for it in a form they can keep at hand. The key to success here is regular events. The frequency can be annual, bi-annual, or whatever the community demands. One way or the other, make sure there is a pipeline of value-added content that the community can anticipate.

2/ Turning stories into events

Thanks to its deep correspondent network, based on its hundreds of former interns (see above), the High Country News often dominates coverage of breaking environmental stories in the American West. Its decades of publication also resulted in deep archives of coverage on ongoing issues. The magazine is monetizing those assets through events, said Dave Anderson:

> *We have to develop more revenue streams, and the events arm will grow; round tables, presentations, talks, things like that. The long view, the big ideas, who's leading the way, what's happening – the idea is to have that [in an] issue, then follow it up with a conference around the stories.*

We just did a small event, a roundtable, on the fate of our public lands. Looking at the issue of extremism around some of that stuff, what happened at Malheur [National Wildlife Reserve, where an armed militia occupied Federal lands; the story was a major success for HCN, whose contributors were in the vicinity when it began]. We did a roundtable on it, and we happened to have our board in town for a meeting. All the editorial people were around. We had our own editors as panellists. They spoke and had a Q&A. That's easy to do when you have your own people and don't have to wrangle in your speakers and pay for people to show up. The draw was the HCN operation – getting a chance to shake hands with the editors and publishers.

If you do these kinds of events it's nice to repurpose the content you're creating. You're working off the stories, expounding on the stories already told. [E]ven for people who follow the magazine, much of the content was new.

The event generated several thousand dollars from sales of 150 tickets, while enabling fundraising and subscription sales. De Correspondent is developing a similar revenue stream, says Wijnberg:

> *We organize our own correspondent gatherings – a debate evening on the European elections or the financial sector, or an exhibit of our illustrators where they can sell their own work. It's a great way to engage existing members. It depends on the venue,*

but we usually sell 700 to 1000 tickets; non-members pay a little more. We aim at a ticket price of 10 euros without a book, 25 euros with a book. We also set up our booths and sell books.

3/ Diversifying distribution revenues

Above we mentioned Blendle, which unbundles articles from magazines and newspapers in the same way that iTunes unbundled songs from albums. This is only the start of what's coming.

· YouTube pays a significant share of advertiser revenues to content creators who attract viewers to the advertising. If you are working in video, we urge you to explore this opportunity in depth. It is emerging at a moment when crowdfunding is losing momentum as a reliable revenue stream for independent documentary production. It is already clear that YouTube offers startups direct access to a potential video audience, without having to sell their project to MSM gatekeepers. We predict that competing networks to YouTube will emerge eventually, and that they will make similar deals in order to attract content creators.

· The independent Polaris Images photo agency, an industry leader based in New York, survived the downturn in the glossy magazine market, formerly the primary client for the news photo industry,

by servicing a multitude of celebrity news websites and a certain number of corporates. The websites pay a fraction of what the glossy magazines paid, but they do pay. The key challenge, besides the capacity required to service multiple small clients, lies in finding potential clients among the mass of online voices. A second challenge is to make sure that people who use the content pay for it. We will say more on this below.

· The principle of micro-payments for fiction has already been well-developed in China, where more than a few authors have created whole or partial livelihoods by writing serial novels. We are beginning to see similar experiments for non-fiction. The tools now being developed enable selling premium content among SDM, and also to members of their networks, at affordable prices. The success of this strategy will depend on several factors, besides the scope of those networks:

＿ A key factor will be whether or not similar content is available for free; for example, no one will be able to compete with ProPublica for data-driven investigations of the educational system. However, a SDM could certainly cooperate with a non-profit centre and keep rights to its own customized versions of the content, as do ProPublica's MSM partners.

＿ A second condition will be legal pursuit of enterprises and individuals who distribute intellectual property as if they owned it. It must be cheaper for other outlets to buy the content than to rip it off.

_ A third condition will be ease, security, simplicity and economy of payment. If the content is priced low, selling and transaction costs have to be low, too.

_ A fourth condition will be the neutrality of payment providers toward all content that is not explicitly and undeniably criminal by international standards. We have in mind Wikileaks, whose funding was nearly shattered in 2010 by the decisions of various financial institutions, including Visa, PayPal, Bank of America, Western Union and Mastercard not to forward donations from their customers. (In 2013, MasterCard broke this "blocade" and reinstated processing payments to Wikileaks.[1]) We may need to ally with customers of payment firms to ensure that their rights to support independent content are respected along with ours to make it.

1. Anon.,
   "MasterCard breaks ranks in WikiLeaks blockade".
   Wikileaks, July 3 2013.
   Via https://wikileaks.org/MasterCard-breaks-ranks-in.
   html

BEYOND THE BLOCKBUSTER : A HORIZONTAL GROWTH STRATEGY FOR SDM

As time goes on, MSM blockbuster stories typically become less hot, shocking and novel for the general public; fresher news takes their place. In contrast, recall that the value of an investigative story continues to rise over time for embattled stakeholders seeking allies and reform. Thus instead of a "sweeps" strategy, success with stakeholders requires ongoing investigation of issues that concern them. We have argued throughout this book that this dynamic represents a wide-open opportunity for SDM.

A recent event illustrates the opportunity, and also why it is often missed. In the last decade the Center for Public Integrity (CPI), arguably the greatest non-profit in the history of investigative journalism, entered an existential and financial crisis. The CPI had published an unmatched sequence of stories that explored issues like asbestos, the tobacco industry, or water companies in stunning depth. Yet its costs consistently outran its funding from foundations and public donations.

**STAYING HEALTHY:
MANAGING COSTS AND
BUILDING REVENUES**

**BEYOND
THE BLOCKBUSTER:
A HORIZONTAL
GROWTH STRATEGY
FOR SDM**

A group of industry insiders and leading investigative journalists interviewed by the Knight Foundation in 2010-11 proposed that the solution to its crisis would be "more attention-grabbing stories"[1]. Coincidentally or not, CPI's offshoot, the International Consortium of Investigative Journalists, indeed grabbed well-justified attention through an ongoing series – Offshore Leaks, LuxLeaks, and the Panama Papers – of explosive revelations based on whistleblower leaks of massive data banks concerning offshore accounts in various jurisdictions. Those stories were co-authored and shared among growing numbers of MSM.

At present, CPI's existential crisis is over. But there remains a major unexploited opportunity here, as at many non-profits. Many of the blockbusters produced by CPI could serve as the basis for a stand-alone watchdog enterprise aimed at a worldwide issue community. For example, there is no single news source we could find that addresses the global community of asbestos victims, another CPI landmark story, though there are numerous national websites. In the end, one way or another, important issues and significant audiences are orphaned. The CPI is hardly responsible for this situation; it is simply one example of how the situation arose.

The key factors are embedded in the landscape of investigative journalism. Success always involves more work, not less, and CPI's resources have not grown as quickly as its impact and the demands on its staff. (A hit like the Panama Papers requires weeks and months of promotion, among other tasks.) Few non-profits focus on finding people and funds to create ongoing coverage of issues, embedded in separate formats. Nor, for the most part, are foundation grants targeted at such projects.

Certainly, CPI leaves some investigative follow-up on its blockbusters to its numerous NGO partners, who help to distribute its work, and who can also act openly as change agents. But this won't suffice as a general model. Many NGOs lack serious investigative capacity; Greenpeace and peers like Amnesty International and Human Rights Watch are exceptions. MSM will not pick up these opportunities, either, within their current structures.

Less apparently, organizational dynamics pose an obstacle to creating spin-offs from blockbuster projects. Even multinational firms that employ highly-trained managers typically fail if they try to establish new business models within existing units. The success rate is better when they experiment through free-standing enterprises.

For all these reasons, we think that the absence of independent, watchdog SDM in many sectors represents an opportunity for existing organizations that can expand into these areas. (As it happens, this was the preferred strategy of the industry disrupters studied by Clayton Christensen in *The*

STAYING HEALTHY: MANAGING COSTS AND BUILDING REVENUES

BEYOND THE BLOCKBUSTER: A HORIZONTAL GROWTH STRATEGY FOR SDM

Innovator's Dilemma.)

Some experiments are underway that may prove our point. Long years after CPI developed massive expertise on water issues, the News Deeply organization has moved into the sector with its Water Deeply site, currently focused on the California drought, and surely positioned to expand in lockstep with climate change.

More independent media than is currently the case could use targeted projects to test the audience for SDM, then spin off the projects and part of their staff as for-profit subsidiaries, or as service enterprises for other media that need their news and research capabilities. MSM, too, can use successful investigations to develop a community and revenue streams for dedicated formats.

Instead of setting off a bomb and walking away, we can plant seeds and watch them grow. We will create a pipeline of experienced investigators who learn their trade in well-defined sectors, of audiences who need and appreciate our work, and of enterprises who share costs and sell services and products to each other.

Nothing is absolutely certain in this world, in this time. But it is pretty sure that a wider, deeper foundation for independent journalism that holds powers to account is within our capability. The tipping point is not far. The changes we have already seen in the past 15 years, when the renaissance of independent news began with the founding of the Global Investigative Journalism Network, were unimaginable. Now they are nearly predictable.

SDM can start small, and grow. Or they can perish, having done a good job and taught their founders key skills. They are not required to last indefinitely in order to create value. They are a good way to fail at first, as well as a good way to succeed. They are as close to a no-lose proposition as can be found in the current media environment. We hope you use them on behalf of people whose success benefits the world as well as themselves.

Meanwhile, we end with an ask: When you have time, take a moment to annotate any piece of this report that matters to you. Post your news and insights concerning stakeholder-driven media. Tell us, and the community we belong to, what went right and what needs fixing, for you and in this book. We need your knowledge to continue and improve this work. Put another way, we are recruiting you to our stakeholder community.

Welcome, and good luck.

KEY TAKEAWAYS FROM THIS CHAPTER:

The most vital resource for SDM is talent.
To widen the talent pipeline, SDM should change contemporary
recruiting and internship practices in the news industry.

SDM require diversified revenue streams.
They can leverage content and data through events,
derivative products, and services.

SDM require sponsors. The sponsors can be viewed
as co-creators of content and communities,
if the risk for a format's independence is managed.

Blockbuster investigations that engage a significant
community can be turned into stand-alone media –
a natural growth strategy for SDM.

**STAYING HEALTHY:
MANAGING COSTS AND
BUILDING REVENUES**

Epilogue: **SDM and the myths of "11-8".**

The conventional wisdom following Donald Trump's election is that The Media campaigned against him, and Trump defeated them. Indeed, he won the Electoral College vote, the one that counts, despite losing the popular vote, and despite the hostility of nearly the totality of American MSM. But to say that "The Media lost" implies that mainstream media (MSM) are the only ones that can sway opinion and action. We disagree.

The real point of what happened on Nov. 8 2016 is that other media, controlled by communities with a specific change agenda, played a decisive role. The MSM no longer served as mediators and gatekeepers between candidates and the public; Trump built his own direct channel to his supporters through Twitter, and a host of other content creators, sharers and fakers amplified and extended his message. Like the other SDM we have documented in this book, they did not need MSM to make their points or find their publics.

Breitbart.com, which numerous Trump voters view as a main news source, and whose publisher Steve Bannon is now Trump's senior counselor, is only one prominent outlet in the latest generation of stakeholder-driven media on the Right, federating the alt-right and nationalist communities. (Indeed, Bannon spent over a decade developing this audience through his films and other media.[1]) As we showed above, David Daleiden built another SDM that mobilized the anti-abortion movement against Planned Parenthood; an assassin who raved about "baby parts," along with Republican presidential candidates, testified to his impact. On the Left, Bernie Sanders benefited from the intense interest of TheRealNews [sic], a self-described "global online video news network that listens to and is dependent on its audience."

None of these media players required MSM to create a base of support, or to influence that base. Nor will the political and social forces that follow their example. But that is not the same as proving that MSM are irrelevant. Instead, 11-8 proved once and for all that stakeholder-driven media (SDM) have become a competitive force to MSM. How that competition will evolve remains to be seen.

Certainly, the time of news industry "hegemony" over public opinion has ended, if it ever really existed.

Already in 2005, as France's political elites and MSM conjured voters in that country to approve a European Constitution, anti-treaty SDM from websites to street posters countered with explicit arguments and documents, including the treaty text. One could hear that treaty quoted at dinner in France at the time, and anti-treaty groups were the source. They had no such detailed or prominent presence in MSM. They gained influence because people who searched for the treaty text found them. Nearly 70 percent of the electorate turned out for that vote, and 55 percent of them said "no" to the treaty. This was not a Brexit vote of fearful, ignorant people taking an angry leap into the unknown. It was as model an election as we have ever witnessed, and SDM determined the victors.

Leaders in Russia and Egypt understand these new powers. That is why they sought in recent years to exile or imprison NGOs or independent news operators whose reports reached global networks of activists and supporters; that is also why they create armies of false-flag SDM to defame and isolate their adversaries. It is useless to pretend that SDM are necessarily a force for good. But they are a force we can't ignore.

In parallel, Trump's propensity for baseless assertions, the triumph of the pro-Brexit forces despite their non-existent plans in case of victory, and the proliferation

1. Wren Adam, "What I Learned Binge-Watching Steve Bannon's Documentaries." Politico, Dec. 2 2016..

of fake news in the last hours and days before the 11-8 vote have led to claims that we are in a "post-fact" era. It's been suggested that the investment by MSM in fact-checking during the 2016 election, a striking feature of news coverage, was wasted, because no one cares about facts.

We see it differently. The massive investment in fact-checking by MSM during this election will pay tremendous benefits over time. Their ability to contrast public declarations to reality, in politics and other spheres, instead of simply quoting the full or half-lies of public figures, will become a key element of their value propositions. Providing communities with "actionable" information that can affect their fortunes will be valuable in direct proportion to the number and loudness of liars who seek to trick and impoverish them.

That said, credibility in journalism is no longer a function only of professional standards for veracity and comprehensiveness, if it ever was. It is vested in a community of people who know, trust and believe in each other and the media that represent them. This is the relationship that MSM had, and that many lost over more than a decade of crises that hit their publics. It's now the model that successful SDM are seeking to adapt to a new era, immersed in the communities they serve. The key feature of this relationship will be transparency

– not only the transparency of motives, ambitions and biases that was so visible in the U.S. elections, but transparency about funding, conflicts of interest, respect for rules and laws, and hard, demonstrable facts.

Transparency was a central feature of SDM value propositions, and is now migrating into MSM. The reason is that mainstream media cannot rely only on objectivity, if that means neutrality, to survive any longer. To take only the most striking example, The New York Times has become an opposition journal to Donald Trump. If objectivity as neutrality were core to its value proposition, the Times would be sinking fast. Instead, its circulation is growing as we write. That hardly means The Times is making a safe bet. It means that a great many people need such a journal right now, to express their own opposition, and to feel part of a big, smart community, as opposed to feeling helpless and isolated.

This shift toward transparency will widen, not shrink, the influence of media who get it right. Transparency confers massive advantage on competing forces because it enables durable partnerships. No one can succeed long or much in the contemporary world without committed, trustworthy partners. No individual, community, firm or nation possesses sufficient resources to prevail on its own against competitors and adversaries. Nor would any sensible person or community voluntarily

ally with someone whose motives and methods seem to conceal unspoken goals. No one wants a liar for a partner, or someone who invents "facts" to support whatever desire he feels at the moment. The risks of betrayal or failure with such associates are too high, and the benefits they promise are too uncertain.

In the near term, MSM must invest in partnering with SDM. MSM will need to draw content, and especially investigative content, from the communities most engaged in specific issues and territories. Without that content, the downsized MSM can no longer protect their publics, as the past decade amply showed us. SDM can benefit from these alliances in several ways: as channels to tangential communities, as an incitation to maintain high standards of fact and transparency (MSM should enforce that), and to access the resources of bigger organizations (for example, in data or promotion). Of course this is happening already, for example in the successful cooperation of non-profit investigative centers and commercial media in The Panama Papers. But this is only a beginning compared to what is coming.

The expanding wave of SDM will continue to drive this movement.

- In the near future, activist media will multiply and expand in the U.S. by seeking to emulate or oppose Breitbart.com's success. When we saw the Front National building its media empire, 20 years ago, we saw that in response their opponents were creating media of their own. In the US, anti-alt-right media will likewise proliferate.

- Beside and beyond politics, other new media will appear to serve the needs of stakeholders in social spheres. This is already happening in education reform circles and in the health sector, and the movement will accelerate if and when governments disengage from these vital services, forcing affected communities to fill the gap.

- Stakeholders of large corporations will continue to play a critical and widening role in making news media of their own, to monitor and counter corporate initiatives.

In recent months, as we traveled among journalism conferences, we realized that the news industry sees the solution to its existential crisis as reclaiming a mass audience from Internet giants like Twitter, Facebook and Google. In this analysis, channels hold the key to both profit and influence, and the industry has lost control of the channels to the New Economy players.

But meanwhile, a growing number of mice – the likes of Breitbart.com, and Greenpeace.org, and Responsible-investor.com – are eating the industry's feet, stripping away progressively larger fractions of the MSM public, competing for news users' attention and money. They are succeeding not because they are using new channels, but because they provide value-added content to people who need it and can't get it anywhere else. In other words, they are addressing existential issues. They don't have a monopoly on those issues, of course. But so long as they are doing a better job of finding the communities who feel abandoned by MSM, they will continue to grow at the expense of MSM.

The SDM movement can go further, faster:

- if journalism schools will begin to teach their students the skills they need to gather and serve communities, and not only the corporate owners of MSM;

- if journalists launch their own SDM, and work through the ethical and commercial challenges of sustaining them;

- if investors realize the opportunities in the field, and bring fresh capital;

- and if foundations invest in technology to enable bigger, more powerful data assets from journalistic work.

The SDM movement got this far on its own, and can still expand if some of the above conditions are not met. It grew, and will keep growing, because people and their communities want media that speak to and for them. Our future is to make those media, and make them and our publics prosper. If that's your mission, we hope we've helped, and good luck to you.

Mark Lee Hunter

is an investigative journalist and scholar.
He has won IRE Awards for investigative
reporting and research on journalism,
the Sigma Delta Chi Award for research
on journalism, and the H.L. Mencken,
National Headliners and Clarion Awards
for feature writing. His books include
Story-Based Inquiry:
A Manual for Investigative Journalists
(UNESCO, 2009). He is a founding member
of the Global Investigative Journalism
Network and the Stakeholder Media Project
at the INSEAD Social Innovation Centre.
He is also the founding academic director
of the Future Media Management Program
at the Stockholm School of Economics Riga.
His research has appeared in Corporate
Reputation Review, the California
ManagementReview, Journal of Business
Ethics, MIT Sloan Management Review,
Harvard Business Review, and elsewhere

Luk N. Van Wassenhove,

a co-founder of the Stakeholder Media Project,
created the INSEAD Social Innovation Centre
and acted as its academic director until
September 2010. He currently leads INSEAD's
Humanitarian Research Group.
He is among the creators of the "closed-loop"
supply chain model, which addresses product
take-back and end-of-life issues.
He publishes regularly in Management Science,
Production and Operations Management,
and many other academic journals, as well
as Harvard Business Review and California
Management Review. His honors include the
Lifetime Achievement Faculty Pioneer Award
from the European Academy of Business in
Society (EABIS) and the Aspen Institute.

Maria Besiou

is Professor of Humanitarian Logistics at
Kühne Logistics University.
She joined the Stakeholder Media Project
as a Postdoctoral Research Fellow at
the INSEAD Social Innovation Centre.
She is an internationally recognized expert
on system dynamics, which she applies to
the study of humanitarian logistics, closed-loop
supply chains and stakeholder-driven media.
She is co-author or lead author of the scholarly
research published by the Project. She serves
on the editorial boards of Production and
Operations Management (POM) and
the Journal of Operations Management,
and is President of the Humanitarian
Operations and Crisis Management College
of The POM Society.

email: poweriseverywhere2017@gmail.com   Stakeholder Media Project