

For Publisher in Los Angeles, Cuts and Worse

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The Hollywood Walk of Fame consists of more than 2,000 terrazzo-and-brass stars embedded in the sidewalk, bearing names from eminent to obscure (Strongheart the dog, anyone?). The walk attracts tourists, but most locals step over — make that drive past — without noticing.

When The Los Angeles Times received a star last year, it was met at the paper with shrugs, eye rolls and grumbling about money ill-spent (the local chamber of commerce charges \$25,000 for the honor). But it meant something to the new publisher, David D. Hiller, who enthusiastically attended the installation and told editors that the newspaper should cover it. They protested that the idea amounted to using a news-free stunt for unseemly self-congratulation, and Mr. Hiller deferred to their judgment.

"You know what? I did get a kick out of it, and I thought it was great for the paper, and I thought it was fun," Mr. Hiller said about the Walk of Fame ceremony. "And if that makes me star-struck, then I'm guilty as charged."

Mr. Hiller never had much chance of getting the benefit of the doubt at The Times, one of a handful of newspapers with a claim to national standing: its daily circulation of almost 800,000 is the fourth-largest circulation of any American newspaper and the largest in the West, and it dominates the second-biggest market in the country, after New York.

But The Times has also been battered by years of flagging revenue, management turnover and newsroom cutbacks.

The paper's owner, the Tribune Company of Chicago, sent Mr. Hiller to California in late 2006 to impose some discipline, fiscal and otherwise. He took the place of a popular publisher and promptly fired a popular top editor, both of them forced out for refusing to carry out the latest round of staff cuts ordered by Tribune.

Last week, after a very bumpy 16 months, he hired a new editor, Russ Stanton. He also has a new boss, Samuel Zell, a real estate billionaire who took the Tribune Company private in December, saying that he was giving more autonomy to Mr. Hiller and other chiefs of Tribune properties.

But with the company scraping to meet heavy debt payments, Mr. Hiller faces the daunting task of showing his new bosses that he can turn around a paper hit by an industrywide contraction, a California real estate slump and internal dissension.

Within The Times, however, many employees dismiss Mr. Hiller, 53, as a star-struck outsider, a meddler in the newsroom who does not understand journalism or Los Angeles.

The Walk of Fame episode became emblematic of the view at The Times of Mr. Hiller and Tribune generally, and it was cited repeatedly in interviews with current and former business executives, editors and reporters, nearly all of whom spoke on the condition of anonymity because they said they feared retribution for speaking out.

He does not entirely disagree with the criticism of the old Tribune Company or even of him, though he says much of it is overstated.

"What we have to do is get beyond the history," Mr. Hiller said in an interview on Friday. "And I'm really confident that we're doing that. This is no longer about Chicago versus L.A. This is about how does The L.A. Times change."

His first major act of the new Tribune era came last month, when he ousted yet another top editor, James E. O'Shea, who had gradually won the trust of his staff and, like his predecessors, refused to make more newsroom cuts. The newsroom has about 870 employees,

down from a high of about 1,200, and Mr. Hiller says he expects to lower that number by 40 to 50 this year.

"If I had my way and if business were great, I wouldn't cut anybody in the newsroom, or in most other departments," he said, adding that he believes in the public service mission of newspapers. "We are stretched to the max trying to cover the complexity of our region the way we'd like to."

The turmoil continued Monday, when John Montorio, one of two managing editors — the second-highest newsroom position — announced that he would leave the paper this month.

Mr. Montorio, who oversees the feature sections, said that Mr. Stanton "has just decided to take the features department in a new direction, that he wanted a new leader. And that is the right of every new leader, to choose his own team."

Tribune does not report each property's performance, but through November, the company said that 2007 newspaper ad revenue had fallen 8.5 percent (compared with about 7 percent in the entire industry) and that Los Angeles had among the sharpest declines in retail and classified ads. Mr. Hiller said he expected another drop in 2008.

A person who had been shown the numbers said The Times had earnings of \$240 million in 2006 and \$192 million in 2007 (before interest, taxes, amortization and depreciation), and projected about \$150 million this year before the announced cuts — figures that Mr. Hiller said were roughly accurate.

Former executives say that the paper had an operating profit margin above 20 percent until two or three years ago and that it is in the midteens now. Some executives within Tribune said the company wants The Times to match last year's cash flow, a tall order in this economic climate.

Mr. O'Shea has argued that focused newsroom investments, like a successful fashion section that was started last year, can generate more ad revenue. Mr. Hiller agrees that some of those ideas work, but he has also said that The Times cannot spend its way to profits and that Mr. O'Shea and his predecessor, Dean Baquet, had trouble accepting financial reality.

Mr. Hiller's relationships with his top editors have been worsened by less-than-straight shooting, according to several people at the paper — fed, they said, by his aversion to direct confrontation. Mr. Hiller said that Mr. O'Shea left by mutual agreement; Mr. O'Shea, who declined to be interviewed for this article, has said that he was fired, and after Mr. Hiller had already talked to others about dismissing him.

When he arrived in October 2006, Mr. Hiller said that he wanted to work with Mr. Baquet and that he did not have in mind specific numbers of jobs to cut. Some high-ranking officials at The Times say that he told them privately then that he did have specific targets, and a month into the job, he fired Mr. Baquet.

"It was a constant treadmill of cuts, and nobody ever said: 'Let's catch our breath. Let's figure out some sort of long-term plan,' " said Mr. Baquet, who is now an assistant managing editor and the Washington bureau chief of The New York Times. "When you tried to have a conversation about where you're going strategically, the answer was always, 'Let's just get past this next round of cuts.' "

Several other top editors and some business-side executives — some still at the paper, some not — voiced the same complaint.

"I think that's been true in the past," Mr. Hiller said. "We have spent the last six months putting together a long-range plan of just that sort," though the plan is not complete. "I totally agree," he said. "If you can't paint that picture, you can't take people there."

But his statements and actions, like firing Mr. O'Shea, strongly suggest that the friction between him and his fractious paper will continue. Even Mr. Stanton, the new editor Mr. Hiller appointed, said in an address to the newsroom on Thursday that he was "hopping mad" about the seemingly endless cuts, and that they had to stop.

Top Times executives have discussed letting marketing executives control the monthly Sunday magazine, rather than leaving it to editors, though Mr. Hiller says no decisions about that have been made. The idea touches on the traditional tension in journalism, between profiting as a business and making independent judgments about what information to deliver, without concern for advertisers' interests.

Mr. Hiller has sent notes to reporters suggesting or assessing articles, to the frustration of editors who see it as inappropriate.

Last Friday, Mr. Hiller put Jack D. Klunder, a well-regarded executive who joined The Times long before Tribune took over, in charge of the paper's business operations. And he announced that the widely criticized chief of ad sales, a Tribune veteran sent from Chicago, would leave.

Colleagues doubt that Mr. Hiller could have made such moves under the old Tribune regime that promoted its own and mistrusted Times veterans.

The paradox of Mr. Hiller's position is that, by all accounts, he is outgoing and wants to be well-liked. Within the company, he has been called "the class president" and "the cheerleader."

A Harvard-educated lawyer, Mr. Hiller joined the Tribune Company 20 years ago. He oversaw its Internet operations from 2000 to 2004, then served as publisher of The Chicago Tribune for two years.

For years, as newspaper Web sites became deeper, richer and more complex, Tribune's sites fell behind, limiting their ability to draw readers and advertisers. Just last week, the Times Web site added the ability to put hyperlinks in its articles, something other major papers have had for as long as a decade.

But The Times's site has improved significantly since he arrived, adding video and dozens of blogs. It had 5.7 million unique United States visitors in January, according to Nielsen/NetRatings, fifth among newspaper sites, behind The New York Times (20.5 million), USA Today (12.3 million), The Washington Post (9.9 million) and The Wall Street Journal (7 million).

Mr. Hiller revels in the publisher's traditional role (much diminished at most papers) as a prominent civic figure, meeting with elected officials and serving on the boards of nonprofit organizations.

His duty and the paper's is to be "a very visible citizen in the community," he said. "I'm a booster of things that are good in Los Angeles."

Mr. Hiller clearly has a fondness for show business and enjoys life in his adopted home. Last year, he used the newsroom's allotment of tickets to attend the Oscars. When The Times had a 125th birthday party, he took the microphone and sang "Hello, Dolly" and "Baby, It's Cold Outside" to several hundred employees.

He said, "I'm hoping the Dodgers or the Angels are going to invite me to sing the national anthem this year."

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