

# A Long-Term Horizon

**An Interview with Frank A. Bennack, Jr.,  
Executive Vice Chairman, Hearst Corporation**

**EDITORS' NOTE** *Frank A. Bennack, Jr. completed his second tenure – five years – as CEO of Hearst Corporation on June 1 and, in his first, served as Hearst's CEO for more than 23 years. He is also currently Executive Vice Chairman of the Hearst board of directors and Chairman of the corporation's Executive Committee. In addition, he is a Trustee of the Hearst Family Trust. His first tenure as President and CEO began in 1979. Bennack is a director of Ralph Lauren Corporation and Chairman of The National Magazine Company Limited of Great Britain. He has received honors for his charitable work from such organizations as the American Heart Association and the Inner-City Scholarship Fund of New York. In 2007, he was elected into the American Academy of Arts & Sciences. In 2010, Bennack ended five years as Chairman of Lincoln Center for the Performing Arts and continues after more than 20-plus years as Chairman of The Paley Center for Media.*



Frank A. Bennack, Jr.

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

**Has the U.S. economy recovered from the collapse of 2008 and where is growth coming from for Hearst?**

The general economy has not recovered, but due to the diversification we have put in place, Hearst Corporation has recovered. Growth in 2012 was at an all-time high by 20 percent across the whole company, which resulted in good part from a very large television year – political advertising in 2012 was huge – and strength continues at our cable networks and business media activities. Not every single platform within the company, however, contributed to those numbers.

In the aggregate, we had an improved year including in newspapers and magazines. Part

of the increased growth comes from the Lagardère acquisition we made. Overall, we're doing fine in 2013.

**Have you reached a point where investing in some of the less lucrative areas no longer makes sense?**

It can happen, although with the exception of book publishing, we have yet to abandon one of our historic areas. We have added to those areas.

We still believe we're in a period of transition so we have to remain strong players in broadcast television and magazines – even newspapers, although that

is tougher – while newer areas come on and become more profitable.

The “new” area that has been most profitable and successful is cable networking. A lot of our growth is related to what we call the entertainment group: our holdings in Lifetime, A&E, History, ESPN, etc.

**Do you believe that cable has picked up creatively where the networks have left off?**

You still see all-time record numbers when the traditional networks have the right content, but the era when they exclusively had the resources to bring forward the best content is gone and many cable networks are effectively competing with them.

Both are still very important. Our television stations, which are network affiliates, are still a critical part of what we do today, and retransmission consent income has helped so we are not relying solely on ad revenues, which we did for a few years.

We went from a combination of ad revenues and network compensation to no network compensation and only ad revenues. Now the cable operators are paying the local stations for carrying their signals, which they should have been doing all along.

We're in a second or third fairly strong window for over-the-air broadcasting. It's still going to be important for the traditional networks and their local station affiliates to hold onto enough of their audience and ad base to continue to grow some, but it's a decent picture now, and the purchase of television stations has become hot again.

**Is it possible to truly drive revenue within the digital space?**

We certainly intend to make money on it but we have to strengthen the traditional core base businesses until we have the kind of financial growth within these new platforms.

In some areas, we have great margins and great outcomes from digital, but in the aggregate, we still rely heavily on the strength we have in not only our print business but in our entertainment business – cable networking and over-the-air television, as well as newspapers and magazines.

What is least known about us is that we have a very strong presence in business-to-business activities in the automotive and medical categories, and with our 50 percent ownership of Fitch. It's a large and growing business and the future there is bright.

**How critical is it that the next mayor reaches out to the business community?**

The public/private partnership is very important everywhere but certainly in this city. Whoever prevails in the mayoral election should recognize that if you don't have a motivated business community that wants to invest and expand here, in the end, you won't have a growing and healthy city.

The commitment we made to stay and build our headquarters here immediately following 9/11, was inspired by great leadership like that of Mayors Giuliani, and Bloomberg. Many of our decisions to expand and diversify also came about during the Koch administration, so I'd say we have been lucky with mayors for many years.

**Do you ever reflect on all that you have accomplished?**

It's more important to focus on what you can do going forward rather than dwelling on past achievements. My most important criteria for management success is not having people who arrive in top jobs thinking they got there as a reward for what they did. Instead, we want managers who think that they are there because of what they can do in the future and what opportunities exist for them.

**What has made the Hearst Corporation so special?**

We're a private company with a long-term horizon because of an ownership trust that won't expire for a long-time to come; a devoted management team, many of whom like to be engaged in what we do even after they step down; and markets and lines of business that give us opportunities to grow and expand. We also have an appetite for whatever is new out there. We need to make sure we put bets down on enough new businesses to give us the diversification in the future that we have today. Hearst is without a doubt one of the best known names in publishing, and now also in television and entertainment. My job has been to make it the most highly regarded. I hope I made progress towards that. ●