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Audio Transcript

Episode 237 of "[E&P Reports](#)" Vodcast Series
with Mike Blinder

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[CherryRoad Media's 32-month journey: Revitalizing and rebirthing local newspapers in 18 states](#)

In this exclusive interview, E&P checks in with CherryRoad Media’s CEO Jeremy Gulban and COO Lee Bachlet to learn how this less than 3-years-old US media empire is faring with their 85 newspapers across 18 states. Topics covered include their recent acquisitions, revenue strategies and how they find profitability serving some markets with populations less than 1,000. We also explore their recent new title launches in several “news desert” communities.



0:00:03.9 Announcer: This is E&P Reports, a vodcast from Editor and Publisher Magazine, the authoritative voice of news media since 1884, serving newspapers, broadcast, digital, and all forms of news publishing.

0:00:19.1 Mike Blinder: Greetings once again, Mike Blinder, publisher, E&P Magazine. As always, we urge our listening audience on vodcast platforms to follow watching on YouTube. Please go below the screen to that subscribe button, ring the bell to the right, you'll get an update each and every time we upload a new episode of this weekly vodcast series, we dedicate to the local news publishing industry. And we call it E&P Reports. I have people I've known for a while, Jeremy, I've only known you for a couple years when I gave you your debut. I was just looking at the episode, Jeremy, it was about two years ago when you came out of nowhere. Jeremy Gulban, CEO of CherryRoad Technology and CherryRoad Media. No one had heard of you and you had picked up some papers from at the time it was Gannett. Not gatehouse or were these gatehouse purchases?

0:01:09.6 Jeremy Gulban: It was Gannett. It was Gannett.

0:01:10.7 MB: Gannett. They were the weeklies the community papers, the ones they inherited in that Gatehouse-Gannett Gatehouse Gannett merger. Some of them were old friends of mine. 'cause I consulted in Dodge City, Kansas with the Morris Papers. I mean the, you picked up a lot of these small, everybody's going, "Who the heck is Jeremy Gulban?" And another thing, just as full disclosure, Jeremy, you have like no social media profile [laughter] for a technology guy. Why is that? I always ask you that question.

0:01:39.5 JG: You know what? I'm just an old fashioned guy. I like that's why I like print media, I guess.

0:01:44.3 MB: Well it's good to have you on board, sir. 'cause CherryRoad is doing a lot of great things for our industry, keeping local titles alive. Now, Lee Baclet, you and I go way back. We've known each other for I think over a decade. Lee, your background, you started in '84, that Wyoming State Tribune. I was stalking you, sir. Is that correct?

0:02:04.5 Lee Baclet: Yeah. Along, a year out of high school was my first full-time newspaper job myself through college writing for papers. Absolutely.

0:02:10.7 MB: And you of course you were in senior management Las Vegas Review Journal. You spent years at the Gannett-Gatehouse Gannett Gatehouse world and you joined CherryRoad Media about two and a half years ago to be Chief Operating Officer. Am I correct?

0:02:25.7 LB: That's correct. Best move. I've made in long, long time.

0:02:29.0 MB: And we're gonna discuss where CherryRoad is today and kind of do like a refresher course on what's happening with this media empire in local cities across the US on the backside of this message.



0:02:40.7 Announcer: This episode of E&P Reports is exclusively sponsored by BLOX Digital, formerly TownNews. Even though the name has changed, their commitment to the media industry is as strong as ever. BLOX Digital is now even better positioned to deliver integrated solutions like content management, audience development, advertising revenue, video management, and more. Join the over 2000 news publishers worldwide that power their ongoing digital transformation with BLOX Digital, serving over 141 million monthly users who view over 6.5 billion pages of content each year. You can trust BLOX Digital to empower you, to connect you at scale with the community you need to reach BLOX Digital formerly TownNews, now reimagined to help meet the news publishing challenges of tomorrow and beyond. Learn more at bloxdigital.com.

0:03:44.3 MB: All right, Lee let's start with you. If you don't mind, just give us an overview now, how many properties are you controlling at CherryRoad? Right now it's 17 states, isn't it?

0:03:54.9 LB: 18 states.

0:03:55.8 MB: 18 states.

0:03:56.4 LB: 18 states.

0:03:56.8 MB: Okay.

0:03:57.9 LB: And as of Thursday, I believe the number is 85, but sometimes it's hard to keep count.

0:04:02.4 MB: Largest one Lee.

0:04:05.3 LB: Probably Ardmore in Oklahoma.

0:04:08.4 MB: I've been there, worked at that paper. Population in size of the team, if you don't mind my asking.

0:04:14.1 LB: Well, we've got about 500 employees. About 500 employees.

0:04:19.1 MB: And what is your smallest market, Lee?

0:04:21.6 LB: Oh gosh. We've got lots of little tiny ones where we've just got maybe one or two people.

0:04:26.4 JG: I would say Hamburg, Iowa would be my guess. Is the smallest.

0:04:29.2 LB: There you go. That's probably true.

0:04:30.7 JG: I think there's 700 people in the town.

0:04:33.4 MB: And you maintain... Okay. So Jeremy, thank you for chiming in. You maintain a

title in Hamburg, Iowa with 700 people. What's wrong with you, [laughter] I mean not, I mean, I understand that 700 people in Hamburg, Iowa need their voice. They need their constitutional mandated final check on power. I'm sure there's a school board there and a city council and high school sports and all the things that make the town be a lovely place to live. But how can you find any form of business profitability in a community like that? What's your what's, why Jeremy, what's going on?

0:05:08.6 JG: Well, it's actually interesting. We do reasonably well there because we're able to leverage our staff in Nebraska City, which is across the Missouri River, about 15 minutes away to provide coverage, provide all the support there to sell into the market. So without... We're, by having economies of scale and kind of a regional approach there, we're able to stay in the market. If we didn't have that, it would be impossible. The math just wouldn't work. But given that it does work for us and works very well, actually.

0:05:38.2 MB: Okay, so you are a technology company, I mean, your father... I mean, this is a family business, CherryRoad. You provide I guess infrastructure for community cities, whatever. You got the bug a couple years ago to pick up some newspapers. What was the rationale behind that, Jeremy, if I can just dig into the past again?

0:06:00.1 JG: Yeah. Well our, a lot of our customers on the technology side have always been cities and school districts. And during the pandemic we were, we couldn't sell any big projects. So we had a lot of time on our hands and we wanted to help deal with this crisis that was a once in a lifetime crisis. So we built a solution to host public meetings online or to help with remote learning. And all of our customers said, that's great, but no thanks. We're gonna just take Google's stuff for free or put it on Facebook. And I felt like what does this mean for our economy in our country? If everyone's default is to default to three big companies to do everything they're doing, what does that mean for all the businesses on Main Street and we're a reasonable sized business? What does it mean for really small businesses? So I wanted to do something about that. And so I had this crazy idea of looking at local newspapers and wound up buying one in Northern Minnesota. And it's kind of snowballed from there.

0:06:55.2 MB: But you're also a businessman. I mean, I look at you and I think of Warren Buffet's famous quote, "When people are greedy, be fearful. When people are fearful, be greedy." You're not only picking up small publications that serve these great local communities, but you're getting them at a really good price. Am I right? I mean, we can't reveal, I mean, I'm not going to get the deal points on your purchases, but this is a good time for you to buy, is it not?

0:07:20.3 JG: It's a good time for anybody who wants to get into this business to get into it because there's a lot of sellers and not a lot of buyers. So there's plenty of demand.

0:07:28.2 MB: And then you have the ability now, as you just described, to use scale. In other words, if you can centralize a lot of the expenses, the printing, the G&A, whatever it takes, you can invest in doing what is the most important mission, which is quality journalism. Am I right?

0:07:42.4 JG: I think scale is the key to making this whole thing work, is spending the dollars locally on real people on the street reporting the news.

0:07:50.9 MB: Lee, one of the reasons I love you dearly, sir, and I've always been a Lee Baclet fan, is you come from the business side like me, but you have an empathy and a passion for our core competencies, which is journalism. I hope you don't mind me blowing smoke to you, but do you concur? I mean, you understand our mission.

0:08:09.2 LB: Absolutely. I was raised by an English teacher who was taught media at my local high school in Cheyenne, Wyoming. And so I always had a great appreciation for what we do. In fact, I started as a writer. I spent most of my career, as you pointed out, on the business end, but I started as a writer. And I believe just deeply that what we do is important, particularly in these small communities. I say all the time, if we are covering their volleyball matches, their city councils, their chicken dinner fundraisers, nobody's covering them. And that means something. That makes, when we do what we do well, it makes a difference in our communities. It means a lot to me. And the fact that CherryRoad is working so hard, that we're working so hard to keep these sustainable, that's why I say this is the best move I've made in many, many years, because what we're doing, I believe, matters and makes a difference.

0:08:56.1 MB: Jeremy, paywalls, audience revenue versus advertising revenue. Is there a one-size-fit-all one size fit all for the whole company now? I mean, you're the tech guy. Where are you at in all this stuff? Do you lock it all down or do you offer it? Are you like E&P where we're like 80% advertising supported?

0:09:13.7 JG: So we're probably about 75% advertising supported right now, which is not where we want to be. We want to be closer to a 50-50 split. We started out with a very strict paywall that nothing was available for free, which was my thinking. And Lee wore me down into, we need to give the audience some things for free to entice them to come in. So we actually built a brand new paywall system ourselves that would give us maximum flexibility and really allow us to do different things in different markets based on what we're seeing, which I think is important because we have the really small markets like Hamburg and we've got the bigger markets. We have a very big diversity in what our markets look like. So we've just rolled this out about a month ago maybe. And so far we've been pretty pleased with the results. We're looking to get people to register in order to get free content and to build a database for email newsletters as a focus going forward. So I'll let Lee talk more about it, but I think it's going pretty well so far.

0:10:11.1 MB: Lee, you're the one that gets tasked with all this. I mean, you have to... You're looking at each individual market trying to figure out the secret sauce in each one. Is there a one-size-fit-all one size fit all? Or how are you... Give me a good example of how you're making sure we're building that audience, building that database and still trying to find some reader revenue.

0:10:31.7 LB: Well, like, excuse me, like Jeremy said, we've had a one-size-fit-all one size fit all until just recently. And to be honest, I know that the one size fit all doesn't work, but we're just beginning to experiment on how to vary market to market, how to understand what the readers are telling, what the consumers are telling us, how many we're pulling in, how many we're converting to not just registered, but then subscribers. We're really just getting into that process. And that's because we were building much of this technology ourselves. We're very lucky to have CherryRoad technology behind us so we can build our own tech stack. And like Jeremy said, we literally just



rolled out our new paywall and analytics system within the last handful of weeks. And we're really beginning to understand how that gives us control, how that allows us to vary ourselves market to market, and how to maximize that consumer interaction.

0:11:31.4 MB: Lee, you were featured on a panel at America's Newspapers, which was well received, is what I heard. Actually, a couple of people sent me emails saying that it was one of the best show, parts of the show. But you focused on the idea of sometimes you've got to build new products to support the core product. Can you give us an example of what that was all about for those that may not have attended the MEGA in Phoenix?

0:12:00.2 LB: Sure. We actually went out and purchased, I didn't purchase anything, Jeremy and our company went out and purchased a glossy press operation in Minnesota specifically to expand what we're offering to our consumers. So we're layering in a lot of niche work, a lot of promotions and contesting work. That's of course the first part of data play. Now we're supporting that core product with more ways to reach consumers, more ways to reach more consumers. As we know, our advertisers need that from us. The simple fact is the prick numbers aren't growing. The number of subscribers we've been able to solidify our print subscribers, but that's not really a growth space, but our advertisers need to reach more eyeballs. So we're finding creative ways to reach more eyeballs and we're doing it internally. One of the things that we preach very clearly is control our own means of production. So we now print nationwide magazine work out of one plant, which really makes it very affordable for us to do. And we're just expanding what we're bringing out to the consumers.

0:13:10.3 MB: Jeremy, you got one hell of a testimonial. Almost to the day we're recording this from a guy named Brier Dudley at Seattle Times Free Press. I'm sure you saw it, sir. You were part of an interview where he basically just put out, I mean, why Seattle Times Free Press picked you, about how he was rooting for you. And the reason for that is, Jeremy, we just discussed you in scale, looking at maps, y'all pick up this one, it fits into this cog. This was not, this story basically is not recently, this recent story is not about you picking up an existing product. This is you going into some cities that were, lost their voices, and rebuilding papers. The two, and I know them 'cause they got mine back in 20 years ago, Hutchinson and Litchfield, Minnesota. Can you tell us the story briefly behind that? What motivated you to resurrect titles in a town that had lost their voices?

0:14:04.4 JG: Well, we had a really great experience in Minnesota and International Falls three years ago this summer where the exact thing happened, where the same company had actually shut down the paper there. And that was really kind of the first project that I did along those lines and went to town and met with people and was really blown away by how much people care about that paper and wanted it. And we felt like there'd be the same opportunity in these two communities. So coincidentally, Lee was going to Minnesota. So he went out there and met with all the folks in both towns and got the same vibe that they really wanted to have a printed paper. They really wanted to work with us because we had been there, done that. And so it just was a great opportunity. We were able to get the staff to come on board with us, which is critical. And we're really hitting the ground running, I guess this week, Thursday will be the first papers, new papers in both of those communities.

0:14:56.2 LB: We decided to open those papers nine days ago and we'll have our first additions out on Thursday.

0:15:01.2 MB: Lee, I was just about to ask you, I mean, how, when you went into those communities and sat down with mayors, city leaders would have you, what did they say? Are you for real? Thank you. I mean, what kind of reception did you get?

0:15:15.8 LB: They've been very appreciative. Absolutely. And they, and they were, they, I think they were kind of surprised that somebody was there so quickly on the ground asking if we could continue to serve the communities. The reception has just been amazing. Like Jeremy said, the local staff is committed. So we were able to bring in the salespeople, the reporters, the editor, and that makes a big difference, obviously, because those communities continue to work with people they know and trust. People that are already in another community makes a huge difference, but the reception has just been great. And we have huge confidence that the results are going to be really well, really, really positive. Our ad stack on our first additions are better than Jeremy and I had any hope that they would be. And that speaks volumes.

0:16:01.3 MB: I'm convinced that I would love, I don't like the idea of a community losing its voice, but I'd love to be the guy going in and resurrecting it because I'm a big believer. I'm not a believer. I know the sales process, wrote a book on it. It's all about fear of loss. They call it the solution-based sales process, needs-based process. When I used to do public television fundraising, when I was a DJ, I used to go on camera and say, what would your world be like without Sesame Street? You know what I mean? When you have that loss aversion and they already know what it's like to lose the property, correct me if I'm wrong, advertising support's a little easier. Am I right?

0:16:38.3 LB: Well, I would never say advertising support is easy, but it's a little easier. Absolutely.

0:16:43.8 MB: It's never easy. I agree.

0:16:46.6 LB: But it's a little easier, absolutely. But it's also easier when we have good local people who are already in those communities, already know those customers. And that was one of the keys for this, is we knew if we could bring that really solid local staff along with us, that we had a good chance for success. Now, obviously, we haven't had success yet. Our first paper comes out Thursday, but we're feeling pretty darn good about it. And I certainly feel good about the fact that we're preventing two more news deserts. That we're doing what we said we want to do in these industries, make a difference, make a difference in these small communities. And this is a great example of doing exactly that. A great example of why I love being a part of what CherryRoad is doing today.

0:17:28.4 MB: All right. So here we are. Final question for Mr. Jeremy. Jeremy, you're not a public company. There's no board of directors you report to, correct?

0:17:37.2 JG: Well, we have a board of directors, but it's owned by a our family.

0:17:38.8 MB: Oh, it's owned by a your family.

0:17:39.8 JG: So it doesn't make it any easier, just saying.

0:17:42.2 MB: Okay. So you are under a little bit of pressure. Somebody is looking at your bottom line. I assume you have kids or plan to. I don't know that much personally about your life. They may want to inherit some of this in the days and years to come. Are you making any money, Jeremy? Have you turned the corner? Is this working?

0:18:00.8 JG: We're getting very close to turning the corner. I think in this month of May, we are going to have our first profitable month. And now that I said that, I hope I didn't jinx it. But that's the way that things are looking. This has been a long slog. I think I was naive about how hard this would be to turn all this around. And additionally, every time we've added properties, we've had to go through, rehabilitate them, fix them, get the revenue back up. So everyone in our family has been very patient through this exercise, which I greatly appreciate. I do feel like we're in the place we want to be finally coming into the summer here.

0:18:38.2 MB: It's not that long, Jeremy. Just a couple of years. There are families that have been doing this for decades. You've got 500 plus people employed. You've got all these markets that are now having local journalism support them. And you're gonna be... And you're, fingers crossed, knock on wood, if you're turning corners now, congratulations, sir. That's quite a thing. And I don't want to jinx it.

0:19:03.4 JG: Thank you.

0:19:04.4 MB: All right. So Jeremy Gulban, obviously CEO of CherryRoad Media, CEO of CherryRoad Technologies, and my good friend Lee Baclet COO of CherryRoad Media. Thank you both for your time. Keep up the fight. Hopefully, it won't be two more years before we get you to join us and give us an update.

0:19:24.0 JG: Thanks, Mike.

0:19:24.7 LB: Thank you, Mike.