

# ENTREPRENEUR

## Apples & oranges

### American Hometown Publishing finds success with alternative route

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Jenay Tate didn't want to sell the trio of community newspapers that have been in her family since 1924. She feared that, under the ownership of a large holding company, the papers would be stripped of the richness of community journalism dedicated, hometown staff and pages full of stories about little league games and homecoming queens.

However, family circumstances and dwindling finances left Tate with little choice. In November of 2005, Tate sold the Virginia papers - *The Coalfield Progress*, *The Dickenson Star* and *The Post* - to the then start-up Nashville company, American Hometown Publishing.

Today, she couldn't be happier with the decision.

"We're still in transition and trying to figure out how to do certain things," says Tate. "But we're in a position now where we're able to spend some money and get some things done that we couldn't do before."

American Hometown launched in 2003 by Dan Hammond, the entrepreneur who founded Publishing Group of America in 1998 and was responsible for the second-largest magazine launch in

U.S. history with *American Profile* magazine, currently the fourth-largest weekly magazine in the country. Hammond then started the newspaper holding company at the prompting of a past president of the National Newspaper Association, he says.

"I got a call from a past president of the NNA, asking if I could build the antithesis to the traditional media holding company," Hammond says. "So we've constructed the apple to everybody else's orange."

The mission of American Hometown is to acquire community newspapers in small, rural communities throughout the Midwest and Southeastern United States and turn them into profitable businesses without sacrificing the qualities that make community journalism special.

Instead of cutting local coverage and driving in syndicated content, the company focuses on improving operational efficiencies and finding new ways to capture advertisers and provide value to readers, thus generating revenue, not just cutting costs.

Rather than reducing local staff and imposing a controlling corporate fist, the company retains local employees and simply provides guidance for the papers' decisions, which are kept local.



Dan Hammond is building a small town newspaper empire by turning losing propositions into winners. The key, he says, is finding operational efficiencies while keeping corporate influence at a minimum. So far, the combination has worked like a charm.

"We put the operational know-how in the field and keep the corporate to a minimum, letting the individual operations feel empowered," he says. "Ultimately, we believe in small towns and we believe in small-town newspapers and will do nothing but honor community journalism."

So far, Tate's papers have undergone operational changes such as switching from a weekly to a bi-weekly pay cycle, using direct deposit for the first time, creating new budgets and upgrading their bookkeeping system.

Other typical changes at such papers, Hammond says, include raising subscription rates and reducing the web widths of papers that haven't done either in years, thus

improving subscription revenue and creating papers that handle better and cost less to produce.

The company, which currently owns five newspapers in Virginia and Oklahoma, is finding success with its model.

American Hometown was profitable within five months of its launch and has increased revenues each month since. Hammond expects the company's size to double within the next few months - he's got letters of intent from three more papers and will be placing offers on 11 others before the end of the summer.

After that, Hammond wants to double the size of the company every year for the next five years, he says.

"On the heels of the success of American Profile, I'd love to do the same thing here," he says. "I want to be recognized as one of the people who helps establish a group of community newspapers on a strong foundation for years to come."

If Tate's experience is any indication of the future of American Hometown, the company is on track.

"I know, more so now than I ever did before this all began, how many small newspapers are in the same boat we are and are really struggling financially," says Tate. "I'm glad to be a part of building a company that helps small newspapers be as strong as they can be."

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