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Arkansas Democrat Project

Interview with

Larry Graham
Little Rock, Arkansas
1 June 2006

Interviewer: Jerry McConnell

Jerry McConnell: This is Jerry McConnell. I'm here with Larry Graham, of the *Arkansas Democrat-Gazette*. This is June 1, 2006. I'm doing an interview for the [David] Pryor archives [at] the University of Arkansas—the Oral History Project on the *Arkansas Democrat-Gazette*. Larry, the first thing I need to do is just ask you if I have your permission to tape this interview and turn the tape over to the University of Arkansas?

Larry Graham: Yes you do.

JM: Okay, very good. You are now the circulation director of the *Democrat-Gazette*.
Is that correct?

LG: That is correct.

JM: You've been here since 1980. Is that . . . ?

LG: I think it was April of 1980 that I started.

JM: Okay, let's work up to that; but first, let's just start from the beginning. Tell me

when and where you were born.

LG: I was born and raised in Atlanta, Georgia. [I] went to high school in Atlanta. [I] went to college at East Tennessee State University [Johnson City] on a football scholarship—of all things. My claim to fame in football [was] in 1969 we went to the Grantland Rice Bowl and played this little team from Louisiana Tech [University, Ruston]. Their quarterback at the time was Terry Bradshaw. He was drafted number one that year by the Pittsburgh Steelers. We won the game—gosh, thirty-four to fourteen, or something like that. Our last two years we only lost one game, so I was really proud of that. Over the years I became even more proud of the fact that I played against Terry Bradshaw. I ran into him at an airport about five years ago. A bunch of people were talking to him. I walked up and introduced myself. I said, “Yes, I played one game against you.” And he said, “Man, you guys beat the crud out of us. You sacked me about fifteen times.” We did. I think we sacked him thirteen times in the game, but even then you could tell that he was going to be a great athlete.

JM: Yes, okay.

JM: East Tennessee—is that in Johnson City?

LG: Yes, it is.

JM: Yes, I thought it was in Johnson City. At any rate—before I go further with that—what day were you born, Larry?

LG: February 13, 1949.

JM: And that was in Atlanta?

LG: Yes, it was.

JM: Okay, good. What were your parents’ names?

LG: My dad is Charles Bruce Graham and my mom was Bessie Reaves. Reaves was her maiden name.

JM: Okay. R-E-E-V-E-S?

LG: R-E-A-V-E-S.

JM: R-E-A-V-E-S. Okay. All right. Of course you are a Graham. G-R-A-H-A-M. Correct?

LG: Yes sir.

JM: Okay. Now then, you had met Terry Bradshaw in the airport. Did you have anymore to say about that conversation?

LG: No I don't.

JM: Okay.

LG: I'll keep on going if you want me to.

JM: Yes, go on.

LG: I graduated from East Tennessee State in 1970. [I] went into the National Guard for four months of active duty. I got married when I was in college. My wife was from Miami, Florida. After I got out of active duty in the National Guard, I moved to Florida looking for a job. Her father worked for the *Miami Herald*. He was assistant production director. His name was Bill Pierce.

JM: Pierce?

LG: Pierce, yes.

JM: P-E-A or P-I-E . . . ?

LG: P-I-E-R-C-E.

JM: Okay.

LG: I was looking for a job in Miami. About a year prior to that, I had applied to the

Secret Service. That's what I wanted to do. I had a small child. I was married. I was waiting for them to get through with their background check, and [I] was looking for other work. My father-in-law suggested I go down to the *Miami Herald* and talk with their vice-president of personnel for Knight Ridder newspapers. He said he could give me advice on how to go about finding a job. I wouldn't even go in there for an interview. Actually, the previous summer I had worked for the *Miami Herald* delivering newspapers. [I] got up every morning about 2:00 a. m. and went home about 11:00 a. m. I worked about two or three months during the summer on South Miami Beach. I remember my last day of work for that newspaper. I came home and told my wife, "I'll never do this again." Anyway, I went down to interview with a fellow by the name of Byron Harless. I went in, and he sort of leaned back in his chair. He said, "Tell me about yourself." I talked for about fifteen minutes. He asked me if I ever thought about a career in the newspaper business. I said, "Not really, but I'd be willing to consider about anything except for circulation." At that time they were hiring a lot of people in the circulation department. I got hired by Knight Ridder newspaper—in a training program. They sent me to Akron, Ohio, on a circulation management program where I lived for four years. Up there I—that's where, I guess, I started to learn the newspaper business. You know, I was up there for about . . .

JM: This was about what year?

LG: I started working Akron in January of 1972. Now, remember, I grew up in Atlanta, Georgia—nice southern warm climate. I moved to Akron, Ohio, and started work January 2, 1972. It was like minus ten degrees up there [with] twelve inches of snow on the ground. I was up there for about a month. I remember one day,

specifically. I was walking down the street delivering newspapers in about a foot of snow, and loving what I was doing. I loved the business. There's a difference between working there one summer, and being a district manager—having my own district [and] being responsible for my own carriers. I just loved what I was doing. I was up there for four years as a district manager and then got promoted to a zone manager. In 1976, I became the circulation director for the *Tallahassee Democrat* which is one of the Knight papers—actually it was Knight papers then, not Knight Ridder. I was in Tallahassee [Florida] for a couple of years. I had some personal problems. My wife and I had some problems. I left there and went back to Atlanta. I went to work for a small paper there by the name of *Marietta Daily Journal*. I was there for about six months. A friend of mine had become the circulation director in Kansas City [Missouri]. He called. I moved to the *Kansas City Star* as their city manager in 1977. In 1977 they were in the process of redoing their whole circulation department. I think when I went to work there they had eighteen district managers. Six months later I had, like, fifty district managers. They were in the process of trying to terminate all their carrier contracts. At that time, the carriers owned their routes, and they would sell them to someone else. They had no control over the price of the newspaper. The company decided to eliminate all of them, and set up another whole system. Luckily, the carriers came in and got an injunction. [They] stopped the newspaper from doing that. Actually, over the next ten years—I think—the *Kansas City Star* wound up buying out all those carriers. I was there until 1980. While I was getting a divorce, I sent out a bunch of résumés. I just happened to send one down here to the *Arkansas Democrat*. [I] came down and interviewed for the job. They

hired me to be their city manager. I think I started some day in April 1980. Like I was telling you a few minutes ago, I was only here for a few months and I really realized what a difficult situation this was. We had a dominant competitor in the *Arkansas Gazette* sitting on top of us. They had about twice our daily circulation. I think our circulation was about 60,000 at the time, and theirs was in the 120,000s. On Sunday we had about 100,000 daily, and they had about 150,000 or 160,000 Sunday. I mean, we had 100,000 Sunday, and they had about 150,000 or 160,000 Sunday. So they had about a 50,000 or 60,000 lead daily, and a 50,000 or 60,000 lead Sunday. If you worked for the [*Arkansas*] *Democrat* back in the early 1980s or late 1970s, you probably would know that it was hard to find a pencil around here. We didn't have a lot of money to spend. We were fighting for our survival. I guess after I came to the newspaper, I really realized that we had limited resources and a dominant competitor. I was only here a few months when a friend of mine called me from the Fort Lauderdale [Florida] paper wanting me to come down for an interview. I flew down there for an interview one weekend. I was really impressed with the paper. Fort Lauderdale is a gorgeous place. It was a big profitable paper. I knew I wanted to go to Fort Lauderdale. The very next week I came into the office, and—I think it was a Wednesday or Thursday—the circulation director, Tony Biggs, called me into his office. He told me that he was going away for the weekend. He told me that he might as well tell me why he was going out of town—that he was going to get married that weekend. I said, “Congratulations.” He said, “No big deal. We’ve been living together for a while. We’ve finally decided to get married.” He said, “I guess I should tell you the rest of the story.” I said, “What’s that?” He said, “Well, I’m

leaving.” I think this was in June of 1980. The next week Walter Hussman [Jr.] called me into his office—Wednesday or Thursday—and said, “I guess you know that Tony Biggs is leaving Friday?” I said, “Yes.” He said, “You know, I don’t know you very well. You only [have] been here for a couple of months. I really don’t have anybody else in mind. Why don’t we just make you the interim circulation director? That will give us time to get to know each other.” I accepted. The very night I went home the fellow from Fort Lauderdale called me [and] offered me the job. I said, “No. I have decided to stay in Little Rock. They’re going to make me the circulation director.” I guess the funny thing about that story is [that] a couple of years ago we were in a meeting with Walter in Northwest Arkansas with a bunch of our people. I sort of told this story, and let Walter know that he had never made me the permanent circulation director here. I guess I’m still the interim circulation director. So I guess that’s when it really all started for me. One of the first things that happened after Tony Biggs left—I’d been on the job for like a week—two ABC [Audit Bureau of Circulations] auditors arrived at my office. Unbeknownst to me the *Democrat* was in trouble with the Audit Bureau of Circulation. I guess a couple weeks before Tony left, he got in an argument with him and kicked him out of his office—because they wanted to deduct our circulation. They were in the process of finishing the audit for the year ending in March of 1980—I guess. I wasn’t even here for most of that year. They were auditing from April of 1979 through March of 1980. They found a lot of things that we were doing wrong. We weren’t counting our circulation numbers right. They wound up deducting our circulation about 5,000, I think. We weren’t figuring up our returns right. We sold a bunch of new orders that we never got

paid for. They went down—they were running these promotions, and they just got so many starts that they couldn't get them started. They counted them as circulation. Anyhow, we got deducted by ABC which—I guess—wasn't a good start for me.

JM: Yes.

LG: Over the next few years, we cleaned up our act and started doing things the way we should be doing. It wasn't stuff done intentionally. It was just unintentional stuff that caused that to happen, I think.

JM: Was that Tony Bigg's doing under his . . . ?

LG: I'm not going to say it was Tony—well, he was responsible for it, but they didn't have some sound accounting practices. They grew so fast they couldn't service the people that they were trying to start—I think.

JM: Yes.

LG: So they never got paid for a lot of these subscriptions. You can't count them unless you get paid for them.

JM: Yes. Yes. But they were counting them—that they had signed them up to get the paper. So they were counting them, but they hadn't actually been paid for them?

LG: Yes, something like that.

JM: Okay.

LG: Plus, they weren't deducting their returns. Like, you put ten papers in a rack to sell papers, and five of them don't. They weren't counting them correctly.

JM: Do you remember how fast the *Democrat* was growing in circulation at that time?

LG: You know they went morning in the city zone in, I think, 1979.

JM: Yes.

LG: I think out in the state they had went to morning at the end of 1978 or the beginning of 1979.

JM: Early 1979, I think. Yes.

LG: That caused circulation to surge right then, I think. They were running a lot of promotions and trying to increase their circulation. I don't recall how much they had gone up.

JM: Okay. So after you took over as the circulation director—kind of give me a run down on what happened then, how your circulation went, and what you did to pick up your circulation. What was happening there at the paper that was the big boost for it?

LG: In the early 1980s we—when I say “We,” I guess I'm including myself. We were learning how to compete. I had never been in a competitive market. We were learning how we should sell. In the early 1980s we weren't a very good newspaper. Our product wasn't very good. Many mornings I would come in at 8:00 a.m. and we would still be printing that day's paper. Our production wasn't very good. We were printing the paper late. We were producing a large paper with the free classifieds, as you know. The paper was substantial. You know, we tried to print more pages every day than the *Gazette*. I think as a newspaper we were all learning how to do our jobs. Most of the management staff that are still here today was in place in 1980, because in 1980—Paul Smith was here, John Mobbs was here, Lynn Hamilton was here, Walter Hussman was here, [John Robert] Starr was in place. Estel Jeffrey, I think, started in mid 1980s sometime, so the management staff we have in 2006 is basically the management staff we had in 1980.

JM: Yes.

LG: I think we were all learning how to do our job. I think we were lucky in that the *Gazette* at that time was such a dominant competitor [that] they basically ignored us. In the circulation department, they weren't selling. They didn't have a sales staff. They didn't have a telemarketing operation. They didn't have door-to-door sales people. They didn't have to sell, because they were the dominant paper. We were trying to figure out how to sell and service our subscribers. We were not doing a good job servicing our customers, printing the paper, or selling. We started trying to get better. We started trying to sell our paper. We experimented with different structures to try and improve our circulation. I think that one of the things that Walter and Paul allowed me to do was to experiment. In the early 1980s, to improve our service, we—when I arrived here, we didn't have any district managers. They had these part-time home counselors that they paid \$300 a month that delivered papers and would take care of the ten or twenty papers in their neighborhood. They were not employees. I think I was here about a year, and I—we eliminated that system in Pulaski County and went to twelve district managers—that was in 1981, or something like that. We hired a telemarketing outfit to sell for us, or contracted a telemarketing outfit to sell for us. We contracted with a company to sell door-to-door with a bunch of kids. We were learning how to do this stuff. We would do some direct mail. We had some early successes in the 1980s. When I started, Leon Reed, I think, was the circulation director at the *Gazette*.

JM: Sounds right.

LG: At some point in the early 1980s, I think, [W.E.] “Buddy” Swor took over and Leon Reed had a different role with the *Gazette*. I'm not quite sure of that. We

had some small circulation gains in the early 1980s. Not substantial, but we started to get better. Our production department was getting more consistent. We converted our presses from letterpress to offset, so our paper started looking a little better. We bought more racks to put out—I don't know how many—in a two-to three-year period. We generally bought about 200 a year, so over a two or three year period we increased our locations by 500 or 600. At some point—I think it was 1982 or 1983—I was sitting at home one evening. I think it was on a Sunday evening that I had this knock at the door. This young lady—a very attractive lady—who was about twenty-three or twenty-four came to my door and said, “Hi. I'm Susie Smith”—or whatever—“Can I come in and talk to you?” I said, “Sure.” She came in and sat down. She said, “Can I have a glass of water?” I said, “Okay.” I went and got her a glass of water. We talked for a few minutes and then I found out that she was selling magazine subscriptions. Of course, I wound up buying a bunch of magazine subscriptions. She was very professional. I came into the office the next day and said, “We need to stop using kids to sell our paper.” I decided to hire adults to sell the paper. We were using kids to sell on crews. That very next week I was trying to hire adult sales people. We hired a couple and had a little bit of success. Sometime in 1984 I hired a new sales manager by the name of Jerry Reeves. He was from Joplin, Missouri—who had been the circulation director up there. Prior to that, I think Jerry had sold insurance door-to-door and managed sales people. I hired him, basically, to hire a bunch of door-to-door sales people. We were trying to figure out how to sell subscriptions door-to-door. We converted to an employee telemarketing operation.

JM: To a what?

LG: We were using a contractor to sell subscriptions.

JM: Oh, okay.

LG: We decided we wanted to do it ourselves, so we cancelled the contract. [We] hired our own telemarketing supervisor [and] our own employees. We started doing it ourselves. We thought we could do it better ourselves [and] have more control over it. We were doing a lot of things in the sales department. Over here in service we were also trying to get better. Walter and Paul let me experiment with several different things. We went from these twelve district managers—we went from, like, twelve to twenty people overnight. We hired these people that were recruit carriers, and all they did was recruit. We hired these people that would take care of the morning activities. We hired these people to collect money from the carriers, because everybody paid the carriers directly. They didn't pay the *Democrat*. We were experimenting over there with several different types of structures to improve our service. It didn't work very well. I guess every time you experimented it may have improved service a little bit. We used that structure for about a year. Then we eliminated that and we went to a assistant district manager and a district manager. We had about twenty-five of those people trying to improve service. In the sales department, we were trying to figure out how to sell there. I guess we had a little bit of success because—I guess it was in 1984 or 1985 that the *Gazette* filed their lawsuit against the *Democrat*. The verdict came out in . . . ?

JM: 1986.

LG: The spring of 1986, I think.

JM: Yes, right.

LG: After the verdict came out, I remember walking into Paul's office the very next week. I said, "We need to get going now." I thought we were going to really increase the pressure. Instead, Paul said, "Well, I want to hold down our expenses. I don't want to sell anymore reduced price subscriptions." We had to start selling everything full price. I wanted to do a lot of things. I was sort of puzzled by all of this because I thought that after the lawsuit was over that we could compete more freely against the *Gazette* without having to worry about the courts. That's not what we did. In October or December of 1986, we found out the *Gazette* had sold to the Gannett Company. Gannett had announced that they were sending in Bill Malone to be their publisher. Bill Malone was their corporate circulation director prior to this job. I think that sent us a signal of what Gannett was going to come in here to do. That they were sending in a circulation expert to grow their circulation. A lot of things changed at that time. We were afraid they were going to come and get our subscribers. Over the next month or two, we visited a whole bunch of different newspapers in the country. We visited Fort Lauderdale, Orange County, Houston, [and] Chattanooga [Tennessee], trying to look for ideas on what we should do. Probably the best idea we picked up was from the Chattanooga paper. Over in Chattanooga the afternoon paper had won the circulation war. We visited—we spent hours talking to Roy McDonald about how they grew their circulation. One of his—what he pointed out as one of his biggest keys was this program called "Ten-Twenty-Forty." What that was—he sold subscriptions for \$10 for three months, \$20 for six months, and \$40 for a year. He offered people a discount if they would pay in advance for their paper. Prior to this time, I didn't think in a competitive market that you could get people to pay in advance.

In fact, in 1985 when the *Gazette* hired a new circulation director, John Schuler—
John was a friend of mine that I'd met back in the 1970s.

JM: How do you spell his last name?

LG: S-C-H-U-L-E-R.

JM: Okay.

LG: John went on to be a publisher in Minneapolis.

JM: Okay.

LG: I don't know where John—I think John is somewhere in California right now.

JM: Okay.

LG: John called me, and we had a brief conversation. He said, "Do you have very many pay-by-mail subscribers?" And I said, "No, John. I don't think you really can do that very good in a competitive market." It's a mindset that I had that—since people could make a decision to read the *Gazette* or the *Democrat*, I didn't think they would pay me in advance. After visiting with Roy McDonald, we came up with this plan that I presented to Walter where we were going to start offering—our plan was called "Twenty-Forty-Eighty" not "Ten-Twenty-Forty." The way that worked was that if someone would pay in advance for a year, they could get it for \$80. Prior to that, our price was \$109. So for a \$29 discount, you could pay us \$80 in advance. The reason we thought this was important [was that] we were afraid Gannett was going to come and take our subscribers away. We were sort of desperate to keep our subscribers. We thought if we could get them to pay us in advance, it would make it hard for them to take them away from us. We introduced this, I think, in about February of 1987.

JM: Okay.

LG: We paid all our carriers and our employees to go out and try to get all of our subscribers to pay this advance, because we were afraid they were going to come and take our subscribers away. We were afraid that they knew tricks that we didn't know. At that same time—I sort of got lucky—in January of 1987 I had this fellow by the name of Louis DeNicola walk into my office. He was a contractor. At that time, we had our own employee telemarketing operation selling 200 or 300 orders a week. We were trying to collect them in advance. He walked into my office and said, “I can sell you a thousand paid in advance orders a week.” I said, “Show me.” I brought him in . . .

JM: Okay, before we go further, spell his name for me.

LG: DeNicola. D-E-N-I-C-O-L-A.

JM: What was his first name?

LG: Louis DeNicola. I called him “Lou”.

JM: L-O-U or L-E-W?

LG: L-O-U.

JM: L-O-U-I-S. Okay.

LG: Lou now lives in Phoenix [Arizona]. He is still in the newspaper business.

JM: Okay.

LG: I contracted with Lou to start selling paid-in-advance orders for us. At the same time, we were trying to go around to all our subscribers and get as many people to pay us in advance—this sort of blitz before Gannett came in to try and get our subscribers away. I guess I should back up a step. Before I could implement this Twenty-Forty-Eighty, I had to get Walter Hussman's approval. I went into a meeting early [in] 1987. I wanted to start offering these discounts for people who

paid us in advance. We called the program “Twenty-Forty-Eighty.” I was also going to start selling to people in advance for \$40 dollars for a year. So our current subscribers would pay \$80. If you were a new subscriber, I’d let you get it for \$40 a year, or \$10 for three months. I presented the whole program to Walter. I remember explaining to him like this was going to cost us about \$900,000 a year or something like that. We thought it was important to grow our circulation by getting people to pay us in advance. The meeting lasted about ten minutes. He made this million dollar decision in about ten minutes. I walked out of there—as part of the plan, I thought I could increase circulation by about 20,000 for the next year or two. I sort of stuck my neck out. He let me spend almost a million dollars to try to implement this plan. We hired this sale marketing contractor, Louis DeNicola . . .

JM: In about ten minutes, Walter agreed to the plan? Is that correct?

LG: Yes, he did.

JM: Okay.

LG: In this meeting was myself and David Enoch. That’s E-N-O-C-H. He was our city manager at the time.

JM: Okay.

LG: Paul Smith and Walter Hussman—It was about a ten-minute meeting. I had this big chart made up. I remember walking out and looking at David and going, “Holy Cow! We just got a million more dollars to spend a year,” or something like that. Remember, we never spent very much money. We were desperate. We were afraid Gannett was going to come and take our subscribers. Over the next year, we started to get subscribers to pay through the office. I think about a year

later we had about 50,000 subscribers who paid through the office, so we went basically from zero to 50,000 in a year. This telemarketing contractor came in and started selling 1,000 orders paid-in-advance a week for us. I remember him walking in and saying, “Why don’t we sell them for a year?” [I said] “What do you mean, sell them for a year?” That’s what he said. “[Right not] we’re selling for three months. Why don’t we just collect the whole year in advance?” I thought, “You can sell the whole year at one time?” He said, “Yes.” [I said] “Okay.” Over the next twelve months, I don’t know how many of them he sold—about thirty something thousand of them. A year and a half later, we had our circulation increase on Sunday by about 30,000. We exceeded our expectations. We built our circulation base by getting people to pay us in advance. We went out and sold a bunch of people in advance. We learned how to compete, is what we did. We were lucky that our competitor allowed us to exist all these years while we learned how to compete, so that by the late 1980s we had our service lined up. We had about forty or fifty district managers by this point. We were really doing a much better job on the service side. I guess at the height of the circulation war in 1988 [or] 1989 we were selling 3,500—even 4,000—paid-in-advance orders every week. Our goal was to sell more orders than our competitor every week of the year, but collect them all in advance. Of course, they sort of laughed at this. “Laughed at it,” meaning not openly to our face, but they were trying to sell the traditional way. They were calling people up and starting their subscriptions on promise-to-pay. A lot of those people don’t wind up paying. We were collecting all of our sales door-to-door and everything in advance, so we had a nice circulation gain. It was beyond what we thought would happen. Our plan

started working. It was in late 1988 after we had these large circulation gains the *Gazette* announced that they had cut their circulation prices in half. They went from \$90 a year to \$40 a year, but they did this for every customer statewide. You could take the paper \$40 a year for daily and Sunday or \$20 a year for Sunday only, so they were half our price. It scared us to death. I went into Paul Smith's office and said, "Paul, we have to match them. If not, they're going to kill us." We calculated the numbers. I think it was going to cost us three or four more million dollars to do this—to lower our price for our customers. We didn't have that kind of money. If we started spending money like this, eventually we were going to run out of money. We didn't have Gannett's deep pockets. We were in a panic for about a week or two trying to find out what to do. Paul Smith called me into his office one day, and I remember him telling me, "You know, this program probably cost them five or six million dollars a year. But let's say they had took that five or six million dollars and increased their carriers' profit instead of lowering the circulation price. What would that have done to you?" I said, "Well, we would have lost all of our carriers, Paul." Because, you know, if all of the carriers quit us, it would have just ripped our department apart. He said, "Well, what about if they had gone out and hired about 100 sales people with the five million dollars?" I said, "Well, yes, that would have scared me to death." He said, "We can't afford to match their prices, but we can afford to spend a little bit more money. Why don't we pay our carriers a little bit more, and hire some more sales people?" So we implemented a service bonus for our carriers where they could make a dollar per month more based on what kind of service they provide. We also decided to try and hire—at this time we had about thirty or forty sales-

men. We decided to hire 100 salesmen statewide. We were going to spend about million more dollars, if I could hire 100 salesmen. We started paying our carriers more money, and we started building our sales force up. We opened two more telemarketing offices. We started hiring salesmen all over this state. I think we got up to about 80 salesmen. It's really hard to hire 100 salesmen. That's when we started knocking down about 4,000 sales a week. About a year and half later, our circulation went up and the *Gazette's* went down. Think about this. They lowered their price. What we didn't know—behind the scenes—and we started hearing scuttlebutt about it—they lowered their price [and] they said, "We don't have to sell as much anymore." They cut back on their sales staff. What did we do? We increased our sales staff. We started paying our carriers a little bit more money. We spent a bit more money, but we didn't spend nearly what the *Gazette* did to build their circulation. So the *Gazette* brought in a new publisher, and what did he do? He raised the prices back up. What happens when you raise the prices from \$40 to \$80 a month? A whole bunch of people get mad at you, so our circulation went up some more.

JM: Who was their new publisher? Do you remember? Wasn't [Craig] Moon was it?

I didn't remember. I was out of state then.

LG: You know—Art Diaz. They brought in Art Diaz.

JM: Okay.

LG: Craig Moon was the last publisher that they had. Bill Malone tried these tricky moves, and they just messed up. They brought in a new publisher and he raised the price back up. I don't remember—that was when Craig Moon had just come back in, he raised the price up?

JM: Yes, okay. That's all right.

LG: The other thing that went on in 1988 or 1989—we came in one day and the *Gazette* had introduced their weekend subscription. They took all of their Sunday subscribers statewide and started to delivering a Friday, Saturday paper to them for the same price. That cost a lot of money. We had meetings about this. We didn't have the money to do it statewide. So we did it in Pulaski County or in the MSA. So what we did was start . . .

JM: Explain the MSA.

LG: MSA is Pulaski County, Lonoke County, Saline County, and Faulkner County.

JM: Okay. What does MSA stand for, though?

LG: Metropolitan Statistical Area.

JM: Okay.

LG: Defined by the census bureau—I believe.

JM: Okay.

LG: It's an area of dominant influences. People in an MSA are basically considered one community.

JM: Yes.

LG: People shop and live in that area.

JM: Okay.

LG: People in Benton shop in Little Rock—live in Little Rock—Little Rock shopping—live in—or go down to Benton. It's just one big area.

JM: Yes, I follow you. Okay.

LG: We couldn't afford to do it statewide, so we only did it MSA. We started delivering [a] Friday, Saturday and a Wednesday paper to these people. We already had

more Sunday subscribers than they did in that county, so instantly they forced us to make that decision. We had more subscribers than they did in Pulaski County on Wednesday, Friday, Saturday, and Sunday. So we passed them four days a week. We would have never done it unless they did it.

JM: Yes.

LG: But we only did it in the area that was important to us. They spent all of this money statewide. When they lowered their price, they lowered their price statewide to every customer. That's just crazy. They just spent too much money. We hired some more salespeople [and] we paid our carriers a little bit more. We had a weekender, just in central Arkansas. We didn't have as much money to spend, so, generally, we were trying to react to something that they did. You know, we would never have started a weekender if they didn't. We would never have hired more salespeople, if they hadn't lowered their prices in half. We were trying to react to stuff that they were doing, but they just spent—you could tell they just had a lot of money to spend. They didn't make good decisions. So sometimes I think we won the newspaper war because of the mistakes that they made. Not because we made the right decisions, but, I guess, it's a combination of both.

JM: Yes.

LG: You need to remember that behind the scenes there was a lot of other stuff going on in the newspaper. We bought some new presses in the late 1980s. We bought our own offset press. We bought another building over here. So we had two press lines. We bought more equipment. We got more consistent production. Our paper was looking better. The color looked better. We were just becoming a better newspaper. We were becoming better competitors. They woke up a sleep-

ing giant, I guess, is what you'd say.

JM: Yes.

LG: They'd allowed us to learn how to compete in the 1980s when they could have probably put us out of business. We gradually learned how to compete, so by the time Gannett came in we were ready to compete in advertising, circulation, and production. Our paper had gotten better. It wasn't just circulation; I guarantee you that. We did our part of the job. Every department of the *Democrat* got better over time. The *Gazette* just seemed to—you could tell that Gannett was trying to deliver a knockout blow every time they did something. If they lowered their prices in half, they were trying to put us out of business. They lowered their advertising rates trying to hurt us. They started the weekender trying to hurt us. I mean, they were trying to come up with a big decision that would end the newspaper war. We tried to gain some circulation every year. We tried to stay in business. We were just trying to keep our jobs. We were trying to protect our turf. We never tried to make a decision—"Well, if we do this, [then] we'll put the *Gazette* out of business." That was the furthest thought from my mind. There was no scenario I could figure how we could possibly win this war. We were just trying to survive. Mid 1980s [and] late 1980s with Gannett—we didn't sit around and think, "Gosh, how can we put them out of business." Was not a thought in our head. What we thought about was, "How can we gain about 5,000 more circulation? How can we gain more advertising?" We were just trying to stay in business against a dominant competitor with more money than us. I think they were thinking different. I guess you would have to ask them, but you can tell that they were trying to figure out how to deliver a death blow to us.

JM: Yes.

LG: When they cut their prices in half, that's a—not only could that be a death blow, that's a desperation move on their part. They also devalued their paper. You worked at the old *Gazette*. The paper that existed in the late 1980s was not what the *Gazette* was in the late 1970s and early 1980s. They started changing it.

JM: How much impact, do you think, did that have—that the paper of the Gannett—the way that Gannett tried to change the paper—the *Gazette*?

LG: There was a time when we could not make inroads in the heights of West Little Rock. They had eighty percent of the customers [and] we had twenty percent in those neighborhoods, because that's where the money was in Little Rock. The first area that we probably passed the *Gazette* in—I didn't talk about this, but—in the mid 1980s we were trying to grow our circulation. One of the things that we used—we decided to put up these tubes in front of people's houses. They did not have those in Little Rock. My city manager, David Enoch, came in and said, "I want to start putting tubes up." And I said, "No, you don't. They're more expensive. Our carriers have to slow down and stop to put the paper in the tube. It's going to cost us more money." He bugged me to death about this. One day I finally said, "Okay. I'll buy you a couple of boxes of these tubes, and you can do whatever you want to do with these darn things." He went out and tubed this route. It grew about seventy-five percent, because when you put a tube out we talk to everybody that's on the route. They like these tubes, so we divided the first route into three different routes.

JM: Where was the tube?

LG: At the edge of the street.

JM: Okay. Okay, at the curb.

LG: At the curb. And the first route that we did, we said, “Holy cow! We increased seventy-seven percent.” So we hired people to do nothing but put up tubes, and knock on these people’s doors out there in the county. Here again, the *Gazette* didn’t react to us. They let us put up these tubes. A year later we went from, like, fifteen routes to forty routes in that area just putting up these tubes and growing like crazy.

JM: Okay. And what year was this?

LG: This was mid-1980s.

JM: Okay.

LG: Maybe 1985 or 1986—somewhere in there. At the same time, in the residential areas in Little Rock, we were trying to do something special for the people.

JM: Let me ask you one thing; where were you putting up these tubes? What area of the city or county?

LG: It was what you call rural Pulaski County, where you’re going out Kanis road or out Cantrell.

JM: Okay.

LG: It’s more country living farmland.

JM: Okay. I follow you now. Okay.

LG: I really think that’s the first area where we made some major inroads on the *Gazette*, because people liked these tubes. Unbeknownst to us, it improved our service. We could find our subscribers. There’s a tube. There’s a house. Put the paper in the tube. So our service got better.

JM: Yes, okay.

LG: It was a lot of work for us, splitting these routes. At the same time, in the city, we were trying to figure out in West Little Rock how to make inroads into this area where they were so strong, so we started testing porching the paper. One of the areas I remember doing myself [was] Pleasant Forest Drive that runs off Rodney Parham in West Little Rock. We sampled 600 homes every day, putting the paper on the porch. The very first morning we went out there, [we] tied a balloon to the paper, and put it on the porch. We probably had about thirty people out there blowing up balloons and delivering papers on porches. We delivered a free paper to everybody for a month and then at [the end of] that month we went back and asked how many people wanted to keep taking the paper. I forget how much circulation we grew. We grew quite a bit, and we started delivering papers on porches in that area.

JM: Okay.

LG: We had also been experimenting in some other areas, but we decided to go hog wild putting papers on porches. So we started trying to put the papers on porches in these areas of town where we thought we could grow, which was mainly West Little Rock, the Heights, and Lakewood in North Little Rock. It was, like, a four- or five-year project from 1984 to 1988 or 1989. So about the time Gannett came in we were . . .

[End of Tape 1, Side 1]

[Beginning of Tape 1, Side 2]

JM: Okay, this is Jerry McConnell here with Larry Graham. This is side two of this tape. When the other side ran out, you were talking about delivering the papers on the porches.

LG: Right. This is a project that we worked on from, I guess, 1984 to 1988 or 1989—actually, we're still working on it today. We spent a—a lot of our effort went in to splitting these routes down and trying to put papers on porches. In fact, at one point we had a hard time keeping papers on porches because the *Gazette* was in the driveway. My carriers would ride by and see the *Gazette* in the driveway, and throw ours in the driveway. It was a real struggle trying to condition our carrier to walk past the *Gazette* and put it on the porch. At one point we had four or five people that all they did every morning was go out and ride behind our carriers and see if they put them on the porch. That's what they did every morning—we called these people “porch monkeys.” That wasn't our official title for them, but I think that's what our district managers called them.

JM: Yes.

LG: Porch monkeys, because that's all they had to do was ride behind them and tell on people. We terminated a lot of carriers who refused to put them on the porch. Then by the late 1980s, we did it. We aggressively, in most areas of the town, put papers on porches. Just like the tube project—about a year and a half after we did that, the *Gazette* came in and tried to—started putting up tubes. Well, when we started putting papers on porches, they tried to put papers on porches. We just did a better job than they did. We did a better job with the tubes. We did a better job putting papers on porches. Our people were just good at it.

JM: Yes.

LG: We tried to improve our service by doing something the *Gazette* didn't do or wouldn't do. When their paper is at the end of the driveway and ours is on the porch, which one are you going to read in the morning, when you can open your

door up and bend down and reach? So the *Gazette* became a second read to a lot of these people—I think. At the same time, remember, their product was changing. I think people maybe started to feel a little bit differently about the *Gazette*. At least we hoped they were.

JM: Yes.

LG: Other things were going on behind the scenes. We started “High Profile.”

JM: Yes. That was deliberately designed for the people in West Little Rock, right?

LG: Yes. We were thought of as sort of the redneck paper. Who uses free classifieds? Not the people from West Little Rock, who are in the upscale areas of town. It was generally the working folks, and that’s probably who we did better with at first. Then we tried to go back to the people in West Little Rock, and the “High Profile” section was designed to do that. Getting the Dillard’s [Department Store] ads exclusively—I guess—I don’t know the story behind that. It’s all second hand, but I know that Dillard’s stopped—pulled their ads from the *Gazette* and started running with the *Democrat* for a long time. They got upset with the *Gazette* for business practices, I think. Getting Orville Henry to come work for us was also a huge boost for us.

JM: Could you see circulation increase after he came over here?

LG: You know, we hired Randy Moss.

JM: Yes.

LG: We didn’t talk about Randy. I guess Randy came and worked for us sometime in the mid—the mid 1980s.

JM: During the horseracing season?

LG: Yes. The first year we had Randy—the first opening race season—I think our

circulation went up 5,000 to 7,000. Randy was just so hot in the early and mid-1980s. You could see that circulation go up. With Orville you didn't see a boost like that, but I think it helped us in ways you couldn't measure with a pencil. I guess it would be more gradual.

JM: His credibility and ...?

LG: Oh, sure. He had a lot more credibility. Randy Moss gave us instant circulation, and I'm not sure what we paid him. [It] probably wasn't enough, because he sure helped my department. Today, when races start, we get an 800 or 900 bump. Nothing like we used to get back in the late 1980s with Randy Moss. You know, all those things that we're talking about helped us—from Randy, to "High Profile", to Orville Henry. Our paper—you know, the free classifieds—there's probably not one thing you can point out that made us successful. I'm sure Paul and John Mobbs talked about our integrity in the advertising department. Obviously, they were doing what they should do, growing our revenue in advertising. I was doing what I should do, trying to grow our circulation.

JM: I heard one story that you had a meeting out at, I think, the big movie theatre out on Asher and Benton Highway. And Walter Hussman made some kind of speech that "We're in a war with the *Gazette*." That "We're going to fight them in the streets. We're going to fight them in the yards. We're going to fight them on the porches"—or something to that effect. Is that square with your memory?

LG: We had a couple of those meetings. We had a meeting where we introduced "Twenty-Forty-Eighty" to our carriers, because we paid them to go talk their customers into converting [to] "Twenty-Forty-Eighty." We also had a meeting where we implemented our—we called it our "baseball bonus", which is now our "serv-

ice bonus.” We called it the baseball bonus, because if you got three complaints [then] you struck out and didn’t earn the bonus. So I think it was at one of those meetings that Walter got up and gave that famous speech, I guess.

JM: And your baseball bonus worked this way that they get a—you get a bonus—certain bonus every month. If they get one or two complaints, they still get the bonus, but if they get a third complaint they lose the bonus.

LG: That’s the reason we called it our baseball bonus—even to this day, we still call it the baseball bonus.

JM: How big is that bonus?

LG: Back in—when we implemented it, it was a dollar per daily customer per month. So if you had 100 customers, you could make \$100 additional.

JM: Oh, Okay.

LG: Today it is different. Today it is either somewhere between twenty and fifty cents. We don’t pay as much. We have different levels, based on the size of your route. It’s gotten much more sophisticated.

JM: So all the time that your circulation was growing—let me ask one question about that—when, after the decision in the *Gazette* suit—and you had expected them to really get even more aggressive—what explanation did Paul and Walter give you for what they were doing at that time?

LG: Not much, to tell you the truth. Most of it I heard years later after the *Gazette* had closed. At the time it was like—we had this meeting and I had these ideas for Paul. And Paul [said] “No. We don’t want to do that right now. What we want to do is to do it this way.” I didn’t get it—I got really frustrated. I remember coming back and sharing some of my thoughts with David Enoch, our city man-

ager. It was like, “I don’t know what’s wrong with Paul. He doesn’t seem to want to compete. I don’t know what’s going on.” Years later, he told me that Walter and he had had a meeting and they decided, “Look, we need to try and co-exist” when the lawsuit was over. So it was a conscious decision to back off. That’s what we did.

JM: Yes.

LG: He wouldn’t let me hire as many salespeople. He would not let me sell as many orders because of the—they made me sale for full price versus half price. You can sell more orders. So it was sort of a frustrating time for me, because I didn’t know why we were doing that.

JM: Yes.

LG: I understand why they didn’t tell me at the time.

JM: Yes.

LG: I didn’t know that—and I guess Paul would know that story better than me.

JM: Okay.

LG: Walter thought that we both could co-exist in this market and—“Let’s try and do it right.”

JM: Okay. Where were you when they put in the free classifieds? Were you here at that time? Or had they already done that?

LG: They did that 1979. They were already in place when I got here.

JM: Okay. Do you remember seeing any figures about how that impacted your circulation?

LG: I think a measure of how a paper’s doing can be how strong single copy is. Our single copy grew every year. The only year it didn’t grow was that year we in-

creased Sunday by 30,000. My single copy actually went down a little bit that year. I think from 1980—through most years in the 1980s, our single copy grew because of the—I think maybe because of those free classifieds, and the sports section, of course.

JM: Yes.

LG: I don't know how much—I'm sure a lot of that had to do with the free classifieds.

JM: Oh, okay. What do you mean about the sports section?

LG: Well, we had a philosophy [of] trying to print more pages in the sports section than the *Gazette*. I know a few times they tested Walter's resolve by—the *Gazette* would go up two pages [then] we'd go up two pages. They'd go up two pages—I mean, it was killing us. Walter was determined to try to give our subscribers more.

JM: Yes. So it was in sports that you were really trying to attract the readers at that time?

LG: Yes. [We were] fighting on a whole bunch of different fronts, but that was one of the more important ones, I think.

JM: Yes, Okay. Before we started this interview, you took me out to a room back there and showed me some maps about circulation. Can you explain something about those maps? Where you got them, and what they show?

LG: Yes, I'll get to that in just a minute.

JM: Okay.

LG: I had this meeting. I guess it was about August of 1991. There had been a few rumors floating around, but nothing I could substantiate. It was July or August when Walter Hussman called me over for a meeting. It was Walter, Paul, and

myself. We sat down on the sofa in Walter's office. He said, "It's over." And I think that's all he said. I said, "Well, what's over?" He said, "The war is over." And I said, "What are you talking about?" He told me about the deal with the *Gazette* that we were buying their assets. I could never dream how this whole thing could work out. We were so far behind in the early 1980s. I couldn't calculate on a piece of paper—figure out how we could win. At one point I thought the only way we could win was to someday force the *Gazette* into a JOA [joint operating agreement] with us. We thought this might be the only way out of this thing. I never dreamt that they might sell their assets and close. I mean I couldn't figure that one out. And the bad thing about it when he told me—he said I couldn't tell anybody. I can't—when he told me, goose bumps went from my head to my toes. I mean, I—the only other time I had that feeling was when we won the Grantland Rice Bowl Game. It was just this great elation. It was the ultimate high, I guess. You didn't need drugs to get that kind of high.

JM: Where was the Grantland Rice Bowl played, incidentally?

LG: In Baton Rouge.

JM: Baton Rouge, Okay. All right. [Unintelligible] [laughter]. I had forgotten.

LG: Of course, over the next couple of months all the details got worked out. I guess the day it finally happened, a whole team of us had to go over to the *Gazette* to hire some of their people. And we must have looked like Mafia walking in. We all had our suits on. We all had these brick phones. The few things that we knew were going to happen—we knew that we were going to shut down the phone system of central Arkansas. Think about this. When we started merging our subscription list [and] merging our routes, we had letters set to go out to 100,000 sub-

scribers telling them what was going to happen to their subscription, and this and that trying to figure out how to merge their list with our list. One thing the *Gazette* had done—the *Gazette* the last year had gone out and sold a lot of one-year \$10-a-weekend subscriptions. So for \$10-a-year you could get Friday, Saturday, and Sunday. And that was going to cost us a fortune. This whole thing was expensive anyhow, so we made this business decision not to honor the *Gazette*'s expiration date. What we decided to do was [to] take their money and apply it to our subscription. Maybe that wasn't a great marketing decision, but it was a financial decision. We ticked off a whole bunch of people, and, sure enough, when those letters hit—see, we knew we were going to shut down the phone system. We needed cell phones to call each other. I mean, thousands and thousands of people were trying to call. They got upset with us. Anyhow, I don't . . .

JM: Okay. Wait. I didn't completely understand what you did then on the—about those *Gazette* weekend subscriptions. You just said, "We're not honoring them."

LG: Well, okay. We did a couple of things.

JM: Okay.

LG: We took all of the *Gazette*'s money and applied it to the—at the *Democrat*'s subscription rate. Let's say that you had paid \$10 or \$20 through August of this year. I took that money and applied it to our rate, so maybe it only paid you through June. That upset people.

JM: Yes.

LG: We also stopped delivering a weekend subscription. We started delivering just a Sunday subscription.

JM: Okay.

LG: We didn't want to offer a weekend subscription. We were afraid that people would just take our paper two or three days a week, and not seven days a week. So we eliminated the weekend subscription. To this day, in central Arkansas, we only have a Sunday-only, a seven-day subscription, and a five day for business. We don't offer a weekend subscription. So we upset people by eliminating the weekend subscription. We upset people by not using the expiration date. Here again, it was not a good public relations decision. We knew that. It was a financial decision. It was going to cost millions of dollars to do what the *Gazette* was doing, so we made these difficult decisions to try and bring them in the other way.

JM: When did the *Gazette* start that policy—the weekend?

LG: The weekend started [in] 1988 or 1989.

JM: Oh, they had been doing it for some time. Okay.

LG: But the last year they started selling it for \$10. I mean, really heavy—I don't . . .

JM: So they had reduced it within the last year?

LG: They started selling it more aggressively, is what they did. I don't know why.

JM: Well, the question that occurs to me is—did Gannett know then that they were going to sell out? [Laughs] Were they doing this to really pose a problem to the *Democrat-Gazette*?

LG: No. I don't think they did it intentionally. I think it was a desperation move.

JM: Yes, okay.

LG: The managers there probably didn't know that Gannett was considering closing it. They were just trying to increase their circulation any way and every way they could.

JM: Yes, okay.

LG: But it made us have to live with those subscriptions.

JM: So you got so many complaints [?]. Did it shut down the phone system?

LG: You know, I don't know—we sure shut down our phone system.

JM: Okay.

LG: I could not hire enough people to answer the phones. We really thought we would possibly cause every number in Little Rock to ring busy. I don't know if we ever did or not.

JM: Yes, okay.

LG: But think about this. I mean, people are normally on the phone at this time of day and suddenly you got thirty or forty thousand people trying to call us. We got bags and bags of letters. I had about thirty or forty extra people answer the phone for months. It was a nightmare trying to work all that out. This was the idea on that—I was talking about the day that the *Gazette* closed, and a whole team of us went into the *Gazette*. My job was [to] try to meet with circulation staff and decide what employees I wanted to hire. We sort of had a good idea. We had met with a staff of—the management staff of the *Gazette*. Their circulation director had recommended—“Hey, you probably want to talk to these people.” They were very professional about it, but think about this. I was flying high. I was excited. “Hey, I'm coming in. Hey, we got a new deal for you.” Debbie Pennington, who still works for me, worked for the *Gazette* since, like, 1980. She loved working there. She loved working for the Pattersons. Loved the *Gazette* company. She loves our company today. She's a great employee, but when I came and offered her a job she was devastated. She just did not want to come and work for us. I'm glad she decided to.

JM: Yes.

LG: Their employees were devastated, and here I was jumping in and bouncing off walls saying, “Hey guys, I got a good deal for you. Come work for me. I’m going to pay you the same way you’re being paid.” We hired—I don’t know—twenty or thirty of their people. We decided we needed some of them just temporarily; we used them for about six months. A lot of them are still here with us now.

JM: Okay.

LG: Debbie is one of the ones that come to mind because we talk about those stories. She tells me about stories at the *Gazette*. They used to think we just printed papers and took them to the dumpster. One day she was talking to me, [and] she said, “Can I ask you a serious question?” I said, “Sure.” She said, “What did you all do with all those extra papers you printed?” I said, “What are you talking about?” She said, “All those stories that you all used to just print extra papers and throw them in the river or something. Where did you’ll take them?” And I was kidding with her. I said, “Oh, we took them to Russellville [Arkansas].” She said, “I knew you all were doing that.” Of course, we never did anything like that, but I had her sort of convinced we were.

JM: [Laughs] Yes. Yes.

LG: They thought we were growing our circulation by just printing papers . . .

JM: And dumping them somewhere.

LG: And to the contrary—by the way, Walter and Paul were so above board [that] we didn’t do anything that was not according to ABC’s bylaws, or unethical, or illegal. I remember one year going to an audit—I don’t know—in 1988 or 1989. I

found something the auditors could not have ever found. We had accidentally sold subscriptions at the wrong rate. We had raised our rate and didn't change the rate. I found about 300 customers that had been added—counted in our circulation. I took it to Paul. I said, "I just discovered this, and the auditor probably wouldn't find it." Paul said, "Well, you need to tell him about it." So I went in and voluntarily told him. That's what a circulation director is to do, say, "Look, we sold it at the wrong rate. This should not be paid circulation." Of course, they took it off, and they should have. It wasn't intentional on our part, because we always tried to do everything above board. Paul would not want to operate in any other way. That's just how Walter and Paul are.

JM: Yes. Tell me about merging your—the circulations of the two papers. What you did. I know it was a difficult time right at the time that the transfer took place.

LG: From day one we tried to keep the *Gazette* carriers and our carriers. We delivered the same paper to every carrier statewide, and told them to "Keep delivering [to] your customers until we get to you." So a lot of people got two papers. Here in Pulaski County it took us about less than a month to go out and eliminate all this duplication and merge their routes together. To go work on routes down in Gurdon [Arkansas] or South Arkansas—it took a long time. It probably was six or seven months before some of these areas got fixed.

JM: So they were still getting two papers? Some of them were?

LG: Yes.

JM: Six or seven months?

LG: Yes. Well, we kind of wanted to make sure that people got papers.

JM: Yes.

LG: It really was about a year later—I mean, our phones [and] bags of mail—I would just sit here and answer mail all day long, and go and fix people’s accounts. People got upset with us. I would, obviously, try to do it whenever I could to keep subscribers, even if it meant honoring the *Gazette*’s expiration date. There were some people that I did that for.

JM: Yes.

LG: But about a year later—one day there was no mail [and] no phone calls. It just stopped. Took about a year really to fix things.

JM: Yes.

LG: Then we had excess employees, excess carriers, and plenty of subscribers. We probably hadn’t sold a new subscriber in about a year because we were just working to try and get our service straightened out. And we had to go back to selling at some point. Go back to—we probably sell as hard today as we did in 1988.

JM: Do you?

LG: Not quite.

JM: Yes. Yes, okay.

LG: The job is different now. It’s harder in different ways. Back in 1988 you knew who your competitor was. I could point across the street and [say] “There’s my competitor. It’s the *Gazette*. [We] were trying to get readers from them to take our paper.” Today our competitors are all around us and everywhere. You can’t find them. They’re the Internet, Play Station 2, X-Box, DVDs, Direct TV, Yahoo!, Showtime, HBO. You know, we had the blue laws in the early 1980s and stores couldn’t be open on Sundays. That was great for newspapers. Stay home and read the newspaper. Now Sunday is a normal workday for people. They go

shopping, and there's just so much more competition for people's time today.

Back in the 1980s we knew who our competitor was, and now I don't know who they are. They're harder to find. We're fighting . . .

JM: How much of a problem is that for today's newspapers? All that competition?

LG: It's probably—back in the 1980s it was a daunting task, looking at trying to compete against the *Gazette*. It's the same way today as the company has—to keep our circulation up and protect our franchise we're probably facing a somewhat similar type crisis. We've got to fight the same way we did back in the 1980s to keep our circulation, to grow our circulation, keep advertisers, and protect our franchises. It's probably just as big as—a bigger battle. It's changing. It's probably going to get harder the next year, the next year, and the next year. [It] seemed like a while from 1995 to 2000, I had a pretty easy job. We had plenty of circulation, and the marketplace hadn't changed. Over the last three or four years it really has changed. The competition to sell people—I checked in our system the other day. We have 960,000 phone numbers on Arkansas's National Do Not Call List. Think about that. There's only 1.1 million households in Arkansas and 960,000 phone numbers. Now, a lot of people have their cell phone number on there, their home phone number on there, [and] their business phone number on there. In our circulation system today we have 776,000 phone numbers, of which, like, 350,000 are—you know, 376,000 are on the National Do Not Call List, which eliminate our subscribers. We have about 290,000 less people to telemarket today than we had four years ago—and we try to find another way to sell to those people. I wish we could call them and start the paper tomorrow, but, unfortunately, we had to go try and convince them to subscribe. It's just a different

challenge than it was 1980, but it's probably just as challenging.

JM: So what kind of promotions are you using today? How do you go after them?

LG: I talked about back in the mid-1980s trying to hire these door-to-door people?

We're trying to beef up our door-to-door. We're having to do more direct mail.

We fight harder to keep our subscribers now. It's easier to keep them than [to] go out and find a new one. It's expensive to send someone out there to find a new subscriber. So we call a lot up—we spend a lot of time trying to contact our existing customers—keeping them. Our service is better now than it was back in the 1980s. You know, direct mail is so expensive to do, but we probably have to do more direct mail to reach these people. It's difficult.

JM: How important, in your view, was the move to deliver the papers on the porches—to put the papers on the porches?

LG: In 1991, when the *Gazette* closed—I'm going to answer your question directly in just a minute. One of the decisions that I made—it was my decision to continue to porch papers. We're probably porching more areas today than we were back in 1991. We porch most of Conway now, a large portion of Benton and Bryant, [and] Cabot. We [didn't] porch any of those are areas back in the late 1980s. I don't know if I can make the statement [that] we couldn't have won the war without it, but we probably couldn't have won the war without it. That was just—but there were a lot of things that came in. That's one of those key decisions that was made. Like “Twenty-Forty-Eighty” was a key decision. Porching papers was a key decision. Tubing papers was a key decision. Deciding to sell all of our sales in advance—take money in advance—was a key decision. Deciding to only offer the weekend in Central Arkansas versus statewide was a key decision. I guess, if

in any one of those—if we haven't made the right decision, it could have affected the outcome of the newspaper war.

JM: I had one of the other executives here—I don't remember who it was. It may have been Lynn Hamilton—said, “In his view, putting the papers on the porches was a lot more important than a lot of people had credited it for being.” He said that was really significant.

LG: If the *Gazette* was on the driveway and we were on the porch, we finally got people to start reading our paper.

JM: Yes.

LG: Obviously, that was key in those neighborhoods in West Little Rock and the Heights. It may not have been as important in Southwest Little Rock or other areas where maybe we had more circulation than the *Gazette*, but we porched those areas, too. I couldn't stop doing that when the war was over. That was one of the key reasons why we won the war, and we're still doing it today.

JM: Do you have any idea how much more it cost you to do that than if you threw it in the driveway?

LG: If we made the decision to start delivering papers into the driveway, we probably could save a million dollars a year—just off the top of my head.

JM: Yes.

LG: Something like that—because I'd have to pay my carriers less, I'd need less employees, and less managers. It's an easier way to deliver papers. I don't know if you seen the commercial we run in the paper—I don't have a copy of it in here. Our Sunday penetration in Little Rock and Pulaski County is sixty-eight percent.

We promote that as having the highest penetration in the country—of any major

metropolitan area over 200,000 households. The reason why we had such high penetration—I think there are four or five reasons. Our circulation department doesn't deserve all the credit for it, [because] obviously the product is a good product. Porching papers had a lot to do with that. Back in the 1980s the *Gazette* and *Democrat* sold so much reduced priced subscriptions [that] we built a lot of readership. The *Gazette* sold a lot of \$10 orders [and] we sold a lot of \$10 orders. So we built a lot of readership. Those people today are still reading our paper. If we hadn't done that back in the 1980s [or] if there had only been one newspaper, the penetration would probably be forty or fifty percent here in Little Rock.

JM: Yes.

LG: So as a result of that—and the things that we are still doing, I think, helped too. Obviously, the fact that we're still porching the paper keeps that penetration high. So porching is a part of who we are, like free classifieds are who we are. The reason we couldn't stop doing that defines how we do business.

JM: You still give free classifieds?

LG: Yes, we do. They are limited by category. I had a garage sale a few weeks ago, and we only had a certain amount in spaces for the—you had to wait for an open date, or you can pay for it.

JM: I'll ask John Mobbs about it. I'm going to [interview] him tomorrow. Now, tell me about those maps back in this room back over here.

LG: The maps that we saw—I think we discovered those in the conference room amongst the publisher's office on the wall. What the maps show is . . .

JM: At the *Gazette*, you're talking about?

LG: At the *Gazette*.

JM: Yes, okay.

LG: What those maps show is year by year from 1978 through 1991 what counties the *Democrat* had the lead in on Daily and Sunday, and what counties the *Gazette* had the lead in on Daily and Sunday. The first map that I showed you was one of—in 1979 the *Gazette* had the lead in every county in Arkansas Daily, and on Sunday the *Democrat* had the lead in three out of seventy-five counties. If you look at the maps and see how the yellow increased over the years, by 1991 we had the lead on Sunday in all of Central Arkansas. The entire MSA—I don't know how many counties in the state there are—the most important areas we had the lead on the *Gazette*, and the same on Daily. We had the lead in every county Daily except Pulaski. We actually had the lead in Pulaski County on Wednesday, Friday, Saturday, and Sunday, because of the weekender. So when I started we had the lead in zero [and] by the end of the war we were dominant in Central Arkansas. There is no way—I don't mean to imply that—I did that. My gosh, I didn't—the *Democrat-Gazette* did that, our company did that, our employees did that, [and] Walter Hussman did it. It was—everything came together. All the departments did what they needed to do to help us win.

JM: Can you spot any particular thing that was done in different areas that would help give you a boost in circulation? That this was a—sort of like—you mentioned Randy Moss was a—were there any other factors that you can say, “Yes, that really helped our circulation.”

LG: I got an e-mail today from Lynn Hamilton, our vice-president of operations.

JM: Yes.

LG: Last month our production was late zero days of the month. Back in the early

1980s, we were probably late half of the time. Obviously, the job that Lynn Hamilton is doing with production—getting papers out on time. That’s a measurement of our service. Yes, we put papers on porches, but Lynn then gives us papers on time. Our paper just got better during the 1980s.

JM: Was that an example of just printing more news and getting better coverage?

LG: Well, I guess you’ve got to get copies from the newsroom on time, and every time advertisers [have] to get their ads in on time. A lot of things go in to deliver a paper on time. Obviously, they did their job. I remember the—do you remember the *Gazette* ads? Well, you probably—you weren’t here. We were offering free classifieds, and the *Gazette* came in, and one of the promotions that they used was “3-3-3.”

JM: Yes, I heard about it.

LG: We had this little old lady who did ads for us, and she would have a hog hat on, or something. We had the TV spot “Why pay 3-3-3 when you can get free-free-free.” We just tore them up.

JM: Yes.

LG: We dominated the classifieds market. Free classifieds had a lot to do with our success. A lot to do with our revenue, too—increasing. I think I—I probably haven’t covered everything. I’m probably missing something that really helped over there. We talked about free classifieds. We talked about “High Profile.” We talked about Randy Moss, Orville Henry, [and] Bob Starr.

JM: How much of a factor was Bob Starr? Is there any way you can measure that?

LG: No. He had such a strong following. You hated him or you loved him. He [is really?] a legend. We had a lot of people back in the 1980s tell us they would

never take our paper as long as Bob Starr was our editor, but they sure seemed to read him every day. You know, Bob Starr did what he was supposed to do—I guess.

JM: Yes.

LG: He was an opinionated editor. He was the *Democrat-Gazette* back in the 1980s. No, I don't think we could have done without Bob Starr back in the 1980s. He did what he was supposed to do.

JM: Okay.

LG: Wally Hall and—you don't want to leave out one thing. I can't mention everything.

JM: Yes, I understand. Okay. Yes, okay. Through all of this, though, the end must have come as a great surprise to you, when the war was over.

LG: I had no idea. We thought we were doing good, but I never thought that we were doing that good. Of course, I had no idea. I heard from Paul Smith that the *Gazette* had lost something like \$32 million the last twelve months they were in business. That's amazing.

JM: Yes.

LG: I'm sure Paul told you that every year the *Gazette* spent more money than us [while we were competing against them?].

JM: Yes.

LG: We never spent more money than they did. At times it seemed like we spent a lot of money. Paul and Walter would almost let me do anything. I could add employees. I could add programs. I have never been limited on how many sales-people we could hire. It was always "Hire more, more, and more." I have heard

newspapers now say, “Well, I can only sell X number of orders. I can’t sell any more.” Even today, I have no limit on how many—if I’m over budget because I sold 500 more orders, that’s okay.

JM: Yes.

LG: Paul believes in sales. We won the war for a lot of reasons, but basically we sold more subscribers than our competitor every day.

JM: I take it it was your view that [a] significant factor was that in the early 1980s you were learning how to compete, and the *Gazette* was not taking the steps that they might have taken to really lower the boom on you?

LG: That’s correct.

JM: Is that correct? All right. They didn’t really start to come out and really retaliate, or really try to match all the things that you were doing?

LG: Not really. They would run a—when John Schuler came in—they would run a couple of the big showy promotions—a lot of billboards—and we were in a bumper sticker contest. Think about the *Gazette* running a bumper sticker contest. They ran this “I *Gazette* It” promotion. They would take a picture of your license plate with [a bumper sticker that said,] “I *Gazette* It.” They’d run it in the paper or something. We made fun of them. We made a TV commercial. We put bumper stickers all over this car, and this guy was talking. This car comes by with these “I *Gazette* It” bumper stickers stuck all over it. That was above the old *Gazette*. We never ran a bumper sticker contest. That’s not—so they tried to compete in their way. It wasn’t till the 1980s when Gannett came in where they tried to match us sale for sale and dollar for dollar on how we sold. They spent more money than us, but we were lucky that the *Gazette* allowed us to exist and

learn to compete in every department.

JM: Gannett, not having been involved in a whole lot of competitive situations, probably made some mistakes, maybe, just from that standpoint that they hadn't been in that situation.

LG: I think their biggest mistake in every department was trying to deliver a death-blow every year. Every year they tried to come up with a way to put us out of business, and we were just trying to protect our turf. We weren't trying to do that. I felt that they were. Maybe they thought that we were, too, but that was never our intention. [I] guarantee you. How can you deliver a deathblow to Gannett? We couldn't do that. They were bigger than us.

JM: Yes. Yes.

LG: We were just trying to gain on them.

JM: [It's] very interesting how all that played out and everything. Having been in the newspaper business for over forty years, I find it fascinating. Okay, Larry, is there anything you can think of that we haven't covered that really was significant—in all what happened and how this competition played out?

LG: I tried to ramble on just about everything that I could think of. I'm sure I'm forgetting something.

JM: That's all right. Well, no, that's great. I've really appreciated you telling me everything that you remember, because that's the kind of information that we want. Okay, if you can't think of anything else, I'll say thank you very much, Larry. If you do at some point in time, we can add to it.

LG: Okay, Jerry. Thank you.

[End of Interview]

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