Herald parent fades away, leaves mark on S. Florida

Knight Ridder’s once-formidable influence in South Florida faded with the fortunes of the company, which will cease to exist when its sale to The McClatchy Co. is completed Tuesday.

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In the aftermath of Hurricane Andrew in 1992, with homes destroyed, lives devastated and government overwhelmed, President George H.W. Bush turned to the man in Miami he knew could lead a badly needed recovery effort.

It was Alvah Chapman Jr., retired chairman of Knight Ridder, which owns The Miami Herald. Chapman quickly enlisted James Batten, Knight Ridder’s chairman, and We Will Rebuild, a private effort that would collect and distribute $27 million in hurricane aid, was born.

“Knight Ridder has had a very powerful, very positive impact in the community,” says Armando Codina, chairman and chief executive officer of Codina Group, a large Miami real estate concern.

* TURN TO KNIGHT RIDDER, 10A
Last word for Knight Ridder

At 4 p.m. Tuesday, when its sale to The McClatchy Co. is final, Knight Ridder, whose roots go back to the 1860s, will cease to exist. Its influence in South Florida already is mostly gone.

"I don't know that Knight Ridder has any influence," says Merrill Stierheim, the former Miami-Dade County manager and longtime civic activist. "The Herald has some influence."

Knight Ridder's impact in South Florida in the 35 years since Knight Newspapers merged with Ridder Publications in 1974 has risen and fallen with the personalities of its leaders, the company's financial plight and the challenges and needs of the community.

As a corporate citizen, it has touched nearly everything — politics, crime, homelessness, drugs, charity, sports arenas, hurricane relief, the old Florida Philharmonic, the new Miami Performing Arts Center.

The source of Knight Ridder's power was its position among the business giants of that era in South Florida. Miami in the 1970s and 1980s was a city of corporate headquarters — Southeast Bank, AmeriFirst Bank, Burdines, Eastern Airlines, National Airlines, Ryder System, Jordan Marsh.

At the top: Knight Ridder.

THE CHAPMAN ERA

Much of the power that Chapman and Knight Ridder wielded was in private. In 1971, a dozen chief executive officers formed a fraternity called the "Non-Group" — so powerful that Maurice Ferré, Miami mayor in the 1970s, called it "the shadow government of Dade County."

It met once a month in members' homes to discuss the public's business. Its co-founders were Chapman and Harry Hood Basset, chairman of Southeast Banking Corp.

"If I faced a problem as county manager, I could tell Alvin I would like to meet with the Non-Group," Stierheim says. "Things got done."

Examples: raising $3.5 million for a redevelopment project in Liberty City in 1980. Chapman secured the money with seven phone calls. As the Non-Group's activities became known, some complained that such public business should be done by local governments in public. Ferré agrees, but says the businessmen were filling a political vacuum created by Miami-Dade's tangled system...
Chapman’s leadership roles sometimes chafed editors and reporters at The Miami Herald. In 1978, when Chapman was president and CEO of Knight Ridder Newspapers and president of The Miami Herald Publishing Co., he directed the publishing company to contribute $16,000 to fight a state referendum to permit gambling casinos in Florida.

The Miami Herald also editorialized against the casinos. Casino supporters cried foul, asserting that Chapman was interfering with the newspaper’s editorial independence.

John McMillan, Miami Herald executive editor at the time, strongly denied that Chapman, his boss, had interfered in an editorial stance. But he wrote: “It was an unnecessary burden to have our credibility questioned because of gifts made by business members of The Herald. It tended to undermine our efforts.”

Today, Chapman’s position has softened: “John had the right to his opinion. And we did better the second time. (Another unsuccessful casino referendum was held in 1966). We contributed individually, not through the corporation. That made people more comfortable.”

KING RIDDER IS BORN


As chairman of the Greater Miami Chamber of Commerce in the 1970s, he helped reorganize it into “a positive force” to promote downtown development. It helped set the stage for a $2 billion building boom that included the Government Center, the former CentTrust Tower, the hotel Inter-Conti-

“Tony” Ridder became Knight Ridder president.

As chairman, Batten divested into community affairs, often in tandem with Chapman. Batten, as a reporter in Charlotte, N.C., and Washington, D.C., covered the civil rights era, the Ku Klux Klan, controversial Alabama Gov. George Wallace and the Rev. Martin Luther King Jr.

“I’m sure it influenced him,” says his wife, Jean. “He felt very strongly that the Non-Group should become more inclusive.”

Taking over as co-chair of the Non-Group, Batten helped select 21 new members, including blacks and Hispanics, explaining: “Unless we are successful in reflecting the nature of the communities we seek to serve, we simply will not be as successful as we must be.”

After Hurricane Andrew, he worked closely with Chapman on hurricane relief, quickly calling 50 community leaders to set up We Will Rebuild, raising money and lobbying then-Gov. Lawton Chiles for more help.

In 1993, Batten helped negotiate an end to an economic boycott organized by Miami’s black community. The boycott, spurred by the snubbing of South African anti-apartheid leader Nelson Mandela, had cost Miami-Dade’s tourist industry at least $25 million.

In 1989 Knight Ridder, under Batten, agreed to donate three acres of land on Biscayne Boulevard for a Miami Performing Arts Center — stressing, however, that both Chapman and Batten
The Miami Herald in the '20s. The Knight brothers bought the paper in 1927.

KEY DATES IN KNIGHT RIDDER'S HISTORY

1892 — Publisher Herman Ridder buys The Staats-Zeitung in New York, the leading German-language newspaper in the United States.

1903 — Charles Landon Knight, a lawyer turned editor, buys The Akron Beacon Journal in Akron, Ohio.

1935 — Knight dies, leaving The Journal to his two sons, John and James.

1937 — The Knight brothers buy The Miami Herald. James L. Knight moves to Miami to run the newspaper.


1973 — Alvah H. Chapman Jr. is elected president of Knight Newspapers. Lee Hills becomes chairman and CEO, succeeding James L. Knight, who becomes chairman of the executive committee.

1974 — Knight Newspapers Inc. and Ridder Publications Inc. merge, forming Knight-Ridder Inc. Hills becomes chairman and CEO. Ridder becomes vice chairman. Chapman becomes president.

1976 — Chapman is elected CEO.

1979 — Bernard Ridder is named chairman.


1982 — Chapman is elected chairman. James K. Batten becomes president.
considered Bicentennial Park a better site. The transfer was formally approved while Ridder was CEO.

Batten died of a brain tumor at 59 in June 1995.

THE RIDDER ERA

Ridder, who had been in Miami for Knight Ridder since 1986, became chairman, retaining the title of CEO. He had been born into the Ridder newspaper family, eventually rising to publisher of The San Jose (Calif.) Mercury News. He came to Miami in 1986 as president of Knight Ridder’s newspaper division, and in 1989 had become Knight Ridder president.

Ridder led one major, if brief, campaign in Miami — in 1996. The Miami Heat basketball and Florida Panthers hockey teams had declared their home at the old Miami Arena too small. They were threatening to move to Broward County, which was offering a new $212 million arena.

Ridder’s campaign — shuttling among Heat officials and city and county leaders — worked, in part. The Panthers went to Broward, but the Heat stayed in Miami. Ridder’s efforts were applauded by Chapman and Miami-Dade Mayor Steve Clark, although Ridder — and The Miami Herald — got a lambasting from Broward.

Ridder declined an interview request for this report but answered some questions by e-mail, via Polk Laffoon, Knight Ridder’s vice president/corporate relations.

*TURN TO KNIGHT RIDDER, 11A
Knight Foundation founders John S. Knight, left, and his brother, James L. Knight, at The Miami Herald in 1963.

THE KNIGHT FOUNDATION

The Knight Foundation was founded in 1950 by John S. and James L. Knight, with small contributions in early years from newspapers in the Knight chain, and later with major stock bequests from the Knight family. The foundation has always been independent of Knight Ridder — and will continue operations from its Miami headquarters after The McClatchy Co. acquires Knight Ridder.

Today, the foundation has $2 billion in holdings, and it has disbursed nearly $1 billion to the 26 communities that have Knight newspapers. The foundation has made 998 grants totaling $154.8 million in Miami-Dade and Broward counties.

"The Knight brothers cared about journalism of excellence and giving back to communities where they owned newspapers," said Larry Meyer, the foundation's vice president of communications.
Concerning his community activities in Miami, Ridder said: “Until I became CEO, they didn’t really want me. They wanted Alvah Chapman, Jim Batten and Dick Capen — the company’s CEO, president and publisher of The Miami Herald, respectively. When Dick Capen left ‘The Herald, they wanted Dave Lawrence. I was just a corporate executive."

“After I became CEO, I read in the newspaper that the Heat’s effort to build a new arena in Miami was dead, and that the team was resigned to moving to Broward. I felt that would be a terrible thing for Miami-Dade. I called [Heat owner] Micky Arison and asked him if he would give me 30 to 45 days to put together a coalition to keep the arena in Miami-Dade. He agreed. I pulled together some people and, importantly, we came up with a financing plan to keep the arena in Miami. I don’t think that was insignificant for the community.”

In 1995, the Knight Ridder Center for Excellence in Management was created at Florida International University’s College of Business Administration with an endowment of $2.04 million from Knight Ridder (matched by the state) and $1.2 million from Chapman and his wife.

LEAVING MIAMI

In 1998, Ridder led the move that transferred Knight Ridder’s headquarters from Miami to San Jose. In an e-mail response Friday, written by Laffoon and approved by Ridder, he explained: “We moved Knight Ridder to San Jose to ensure that our newspapers could take maximum advantage of the Internet. Silicon Valley is the world center of Internet activity.”

Chapman, Ridder’s mentor, was stunned by the 1998 move. “I feel terrible,” he says now. “I voted against it. Unquestionably, Knight Ridder has a reduced role now in the community.”

“Tony Ridder never had his heart in Miami,” ex-Mayor Ferré says. “He didn’t fit. He didn’t see the future of this community. He’s an all-American guy, and this is not an all-American city. This is Tomorrowland.”

CHANGING LANDSCAPE

The move wasn’t the only factor reducing Knight Ridder’s clout here. Many of Miami’s powerful corporations had died, moved away or merged. Eastern Airlines, National Airlines, Jordan Marsh, Southeast Bank and Burdines are gone. A major base of Knight Ridder power, the Non-Group, is no more.

A new generation of political leaders has emerged — Miami Mayors Xavier Suarez, Joe Carollo, Manny Diaz, Miami-Dade Mayors Alex Penelas, Carlos Alvarez. The old political vacuum has been filled.

Chapman, now 85, still passionate about newspapering, concludes: “I feel terrible about the sale. Knight Ridder will no longer exist as a company. But I feel that if the company had to be sold, McClatchy is a good company to buy, own and operate it.

“I hope [McClatchy Chairman] Gary Frueh will come to Miami quite strong.”
Ridder: Our legacy is better communities

In his last week as chairman and chief executive of Knight Ridder, P. Anthony “Tony” Ridder answered questions from The Miami Herald, responding via e-mail to questions submitted in advance, on his lawyers’ advice.

Q: Was the sale of Knight Ridder inevitable? Was there anything you could or should have done to head off Bruce Sherman and the stockholders?
A: There are a lot of factors that came into play here — they’re discussed in detail in the proxy statement. We had three of our largest shareholders calling for a sale of the company, and there was the threat of a proxy contest if we didn’t try to sell the company.

In theory the Board could have chosen to resist exploring a sale, but we were concerned about the effect a prolonged proxy fight would have on the company, which we knew would have been enormously destabilizing to our newspapers and Web sites. Given the size of their holdings, those three shareholders had the muscle to elect their own people to the Board, without our shareholders receiving a change-in-control premium.

P. Anthony ‘Tony’ Ridder.

did know they intended to sell some. I was disappointed that all the Knight Ridder newspapers would not be staying together. I think it’s been a difficult situation for the employees of the newspapers McClatchy is selling, and I regret that. But I understand how this fits with McClatchy’s longer-term strategy. I think McClatchy is a fine company, and I expect all our newspapers will do well with their new owners.
Q: Do you regard the sale of Knight Ridder as unique to the company or as a sign of shifting times for the media industry? What do you see as the future for newspapers?
A: The sale of Knight Ridder definitely reflects shifting times for the media industry. The emergence of the Internet as an increasing source of news and information for consumers, and as an ever more powerful forum for advertisers, presents a big challenge. The changing business models of many of our traditional advertisers — department stores, the auto industry, telecommunications, employment — is another. In that kind of environment, you're going to see some changes from what has been the norm.

I am optimistic about our business. There's a strong market and demand for intense local news, and newspapers — along with the Internet and targeted publications — are uniquely positioned to provide that news in a depth and a range and a format that no other medium can. But I do think the business model will evolve. For example, you may see more “clustering” of operational functions in the future.

Q: How would you compare McClatchy's culture to Knight Ridder's? In particular, how is The Miami Herald likely to change under McClatchy?
A: McClatchy's culture, as I've said many times, is a lot like Knight Ridder's. It's an established company, with a deep newspaper culture. It has strong journalism, strong service to its communities and treats its employees very well.
At this point I couldn't say how or whether the Herald will change under McClatchy, but I expect the Herald to continue the long record of journalistic excellence, responsiveness to customers and community service it had with Knight Ridder.

Q: In retrospect, how do you view Knight Ridder's move from Miami to San Jose?
A: The move to San Jose was very positive for Knight Ridder — as we expected it to be. It put us in the heart of the online/interactive world. It made it easier to recruit in that world. It gave the “non-techies” among us a much better understanding of the transformation occurring all around us.
Q: What would your father and grandfather say about the sale?
A: My father and grandfather and great-grandfather built a tremendous business over generations by recognizing how their communities were growing and how the company could provide products and services to help them grow. I think they would understand how, given the circumstances, selling Knight Ridder was the right thing to do.

Q: Do you think the public-ownership model benefits newspapers?
A: There’s no one-size-fits-all answer to that. It can — depending on the nature and goals and market circumstances of the public company. On the other hand, depending on the nature and priorities of a privately held newspaper, private ownership could be a negative, at least for the local community. Under public ownership, newspapers can deliver on their public trust in an ideal way — without undue influence from local interests, and with the resources of a large organization that can invest in hiring and retaining top talent, in preserving freedom of the press through, for example, pursuing [Freedom of Information] requests and defending legal challenges.

Q: You’ve said you did not know McClatchy would sell 12 newspapers, particularly San Jose. How do you feel about those sales and how do they affect your view of McClatchy?
A: It’s true — I didn’t know before we received McClatchy’s bid that it was planning to sell 12 newspapers, although I

Q: What is your legacy to the company, the industry and the communities your newspapers cover? What do you see as your biggest contribution to South Florida in particular?
A: I don’t see this as an individual legacy. I’ve been fortunate to lead this company and to build on the tradition of the great newspaper executives who preceded me: John and James Knight, Lee Hills, Bernard Ridder, Alvah Chapman and Jim Batten. And we’ve done this with the support and hard work and creativity of thousands of men and women who have made Knight Ridder great over two generations.

Knight Ridder’s legacy is outstanding journalism that has made a tremendous difference in all of our local communities and — through our Washington Bureau — nationally and internationally. The legacy is our fierce fight for freedom of the press. The legacy is 32 strong newspapers and their Web sites in communities across this country. The legacy is a tradition of honesty in dealing with our employees, a strong commitment to diversity in our workforce, and excellent service to our customers and our communities. The legacy is cities and towns all across America that are better for our having been there — better because the United Way is stronger, or a museum is supported, or literacy is disseminated or the consequences of a natural disaster are tempered by help of every description. We can all be very proud of this legacy.

Q: What are your plans now?
A: I’m going to take time off over the next several months. [He is also expected to join McClatchy’s board of directors.]