

By Rebecca Patrick

FORWARD THINKING

Schurz Shifts to Meet Current, Future Needs

Thriving as a media company amid the continually evolving and sometimes turbulent industry is an accomplishment. Doing so as a fifth-generation family-owned business makes it all the more noteworthy and rewarding.

Schurz Communications, headquartered in Mishawaka, is approaching 150 years of delivering information to its region and beyond. The company is doing so by staying true to its core values, including input from young and old and, above all, embracing advances in technology.

It all began when two entrepreneurial brothers-in-law, Alfred B. Miller and Elmer Crockett, working in newspapers thought a growing South Bend could support a third publication. They were right, and the *South Bend Tribune* was born in 1872; it's now the only one left in existence and serves as the flagship newspaper for the Michiana area. The company emerged as a broadcast pioneer in 1922 with the launching of WGAZ radio (now WSBT); WSBT television was founded in 1952.

The Schurz name surfaced during this period, after a founder's son didn't have any children.

"But his wife had a sister with one son, who was Franklin Schurz Sr., my grandfather," shares Todd Schurz, who joined the company in 1989 and has served as CEO since 2007.

"He was a gifted businessman: Harvard undergrad, Harvard MBA, a CPA. At one point in his early adult life, he had the choice of becoming a tenured-track professor at UCLA or joining his father's



When it comes to the company's transformation in recent years, CEO Todd Schurz is most proud of how the team responded: "This wasn't easy for any of us; lives and jobs changed. But the staff has been just great and really worked through it and is engaged. We've all learned and grown together."



Traditional media – aka newspapers – is still a cornerstone of the family business, while the growing broadband and data service segments acknowledge the shifting landscape.



accounting firm.”

There was an intriguing third option too. “Or my grandfather could join Uncle Fred (Miller) at the *South Bend Tribune*, which wasn’t doing very well at that point. All of us are delighted and grateful he chose what he did and the company is named after my grandfather.”

For nearly 90 years, Schurz Communications was strictly a local operation, but that changed beginning in 1960 as it moved to other communities and states.

Evolving tradition

Schurz credits the foresight that started long ago – of jumping on the next wave of communication – as being integral to the company’s ability to successfully diversify.

“We’ve had this background of we’re willing to change and move with the technology and the consumer. We’ve always had an appetite and a tendency to take a look

at new things as they’ve come along – we got into TV, radio and cable when they began – and be open to them as part of our history and heritage,” he offers.

“For example, we bought a Bloomington, Indiana-based internet service provider in the late ’90s, and we discovered that’s a good business if you own the network.”

Schurz argues that media is always changing by its very nature. That said, he notes the advent of internet and broadband ushered in seismic shifts the last two decades.

Schurz Communications has remained committed to its publishing arm, led by the *South Bend Tribune*, and has a portfolio of 18 newspapers in medium to small markets – including the *Herald-Times* in Bloomington. But beginning in 2014, the company began taking a hard look at its broadcasting units.

“We had TV stations in seven markets and radio stations in three. We were the No. 1 audience and billing group for radio in all

three markets; we were No. 1 in news and billing in six of our seven TV markets. We had a very high-quality portfolio of stations with terrific staffs,” Schurz maintains.

“That said, we reached 2% of the nation with our TV stations and that industry is consolidating rapidly. We realized for us to gain the scale of what we needed to do would be very expensive and quite risky.

“We could see what technology was doing to video consumption. We said it’s time for us to exit because we’re no longer the best owner of these assets moving forward, so that’s why we did what we did,” he concludes.

In 2016, the sale of the radio and TV stations was complete – and with that, 40% of the staff was gone in one day.

“It was difficult,” Schurz admits. “As we looked at it going forward, we were still doing very well, but there would be a period of time where very difficult decisions would have to be made.”

Broadband booming

While the new ways consumers receive their news and information “no doubt” disrupted part of the Schurz portfolio, “it was also a godsend” for the cable operations.

“We’ve now renamed the cable our broadband segment because that’s our most popular product, and that’s how our customers view us, as really a last-network, high-speed data provider. We ended up being in a fortunate spot. We had diversified, but again within this broad media telecom definition,” Schurz describes.

The company currently owns four broadband systems: Antietam Broadband in Hagerstown, Maryland; Long Lines Broadband in Sergeant Bluff, Iowa (reaching into Nebraska and South Dakota); Orbitel Communications in Maricopa, Arizona, southwest of Phoenix; and Hiawatha Broadband Communications in Winona, Minnesota.

The fifth is in the works: Schurz Communications is the chosen buyer for Burlington Telecom in Vermont. The regulatory review process is ongoing, with the expectation of the deal being finalized by year’s end.

“Our strategy is fairly straightforward in broadband. We are in tertiary-size markets and rural areas. In all, we have either clearly the best network or at least on a parity with competitive networks.

“People in those communities still want the services and products you get in major metro areas, but financially for the provider it’s different because it’s a longer-term payback horizon. We’re patient capital as a privately-owned business – it’s very good long-term business for us.”

Data space computes

As Schurz Communications was exiting the broadcasting space and ramping up the broadband arm, the company was pondering where to go next.

A number of cable entities had moved into the data center and storage business, and it warranted research, says Schurz.

"Parts of the industry we liked and parts we didn't. We like managed services, rather than owning the real estate and physical infrastructure. We also like the hybrid-cloud approach ... we'll help you into the public cloud," he explains.

Schurz Communications officially entered the cloud computing market in February by acquiring Online Tech, headquartered in Ann Arbor, Michigan, and with seven data centers in Indiana, Michigan and Missouri, plus hybrid cloud services offered throughout the Midwest.

"By the time we got to Online Tech, we had looked hard at this area for at least 18 months and had been involved with mergers and acquisitions in the industry for a year (including being a purchasing finalist for two other providers)," Schurz discloses.

"We are very excited about this acquisition, that team and their technology – and we are now gaining exposure to customers and markets we've never been in before. It is a fast-growing, well-run company. We are enthusiastic about how we can best support them in the operations and accelerate their growth."

Schurz reports a positive overlap between the group's broadband operations and Online Tech expertise is already occurring.

"Some of our broadband customers are saying we need help with sophisticated information technology services, infrastructure as a service, data recovery as a service, data protection as a service. Security for everybody is just huge. We will be able to do things for our customers that we couldn't do before."

Sound advice

When reflecting on the best practices that have kept the family business relevant and prospering, Schurz quickly emphasizes three that he believes are applicable to other enterprises.

"Companies need to talk to their customers. One of the things we've seen and we encouraged a few years ago is for all of our publishers and general managers to talk to at least half a dozen customers a month. This isn't a sales pitch, but a business conversation.

"The second thing is look at the data. As we looked at our broadband business, the average bandwidth consumption per household has gone up anywhere from 30% to 70% a year for at least the last half dozen years. That's telling you something. So pay attention to the data," he stresses.

"The third thing that helped us is knowing our core. What are the principals and values that really animate the staff and all of the stakeholders?"

For Schurz Communications, that goes back to a core values statement of eight principles, including entrepreneurial stewardship and reinvesting for future growth, constant improvement, quality outputs and journalism integrity.

"I look at what we do as a business today and it's all about empowering our customers."

"Whether that is journalism enabling them to be better citizens. Whether that's broadband customers where now we give them access to technology to reach a wider world. Whether it's with our cloud business enabling our customers there to focus their resources in areas that drive their business and being a trusted technology partner," he surmises.

"If we're in the business that empowers customers, we're good with that."

'Better and stronger'

The Schurz family remains the majority owner on the company's board of directors and the guiding force in decision-making.

From Todd's generation, three of the eight are employed in the business. Of the next group of 18, six are out of college but none are working in the business yet.

"That doesn't mean they're not engaged with the company," Schurz states. "There are different ways to engage that are appropriate and fulfilling, individually and collectively. That's the way we look at it."

Heirs from both of the original founders are also involved in some capacity.

All the extended Schurz clan – whether they are involved in day-to-day operations or not – are kept apprised and can provide input. Each year, the group has a get-together – think a fun family reunion vacation – with a work component.

"Everyone who is over the age of 16 sits in over two days in four hours of meetings that are rather intense as we talk about the company, where it's going and the issues," Schurz shares.

This summer, the youngest will be 16 and the oldest 87.

"When you have that age range in a room thinking long term, it becomes second nature. The mission of the company is that it's about better and stronger. We want to pass along a stronger and better organization than the one we received to the next generations of customers, employees, communities and others. That's the way we naturally think."

To that end, what's currently in motion is labeled a "dual transformation pursuit" by the CEO.

"Traditional business is not what it used to be, so we need to make certain we right-size and structure that side of the business such that it's sustainable. That's what you read a lot about; that is painful and realistic, and we have done generally better than the industry because we're in smaller communities.

"I don't want to ignore that and we've done a lot with streamlining and standardization so we can put the resources where we think have the greatest value for customers."

The second aspect is around innovation and what the business model of the future looks like.

"Specifically, what are the new products and services that have value for all parties involved," Schurz explains.

In tandem with that is "doing everything we can to make certain" that community journalism is alive and well.

Schurz confesses, "I'd love for us to be the ones to discover the sustainable business model for community journalism in the digital age."

Solving that elusive dilemma certainly would make for quite the handoff to the next generation.



The Schurz family put a unique spin on vacation, turning a portion of the time into working sessions about the company's direction.