

Our State

CELEBRATING NORTH CAROLINA

A conversation with Bernie Mann,
President & Publisher of *Our State Magazine*

BUTCHER JOSEPH & Co.
INVESTMENT BANKERS

Celebrating North Carolina since 1933, *Our State* is a monthly publication recognizing the very best of North Carolina through lively storytelling and stunning photography. It is known as the source of information for those who lived in North Carolina all their lives, those just becoming acquainted with the state, or those looking to visit or relocate.

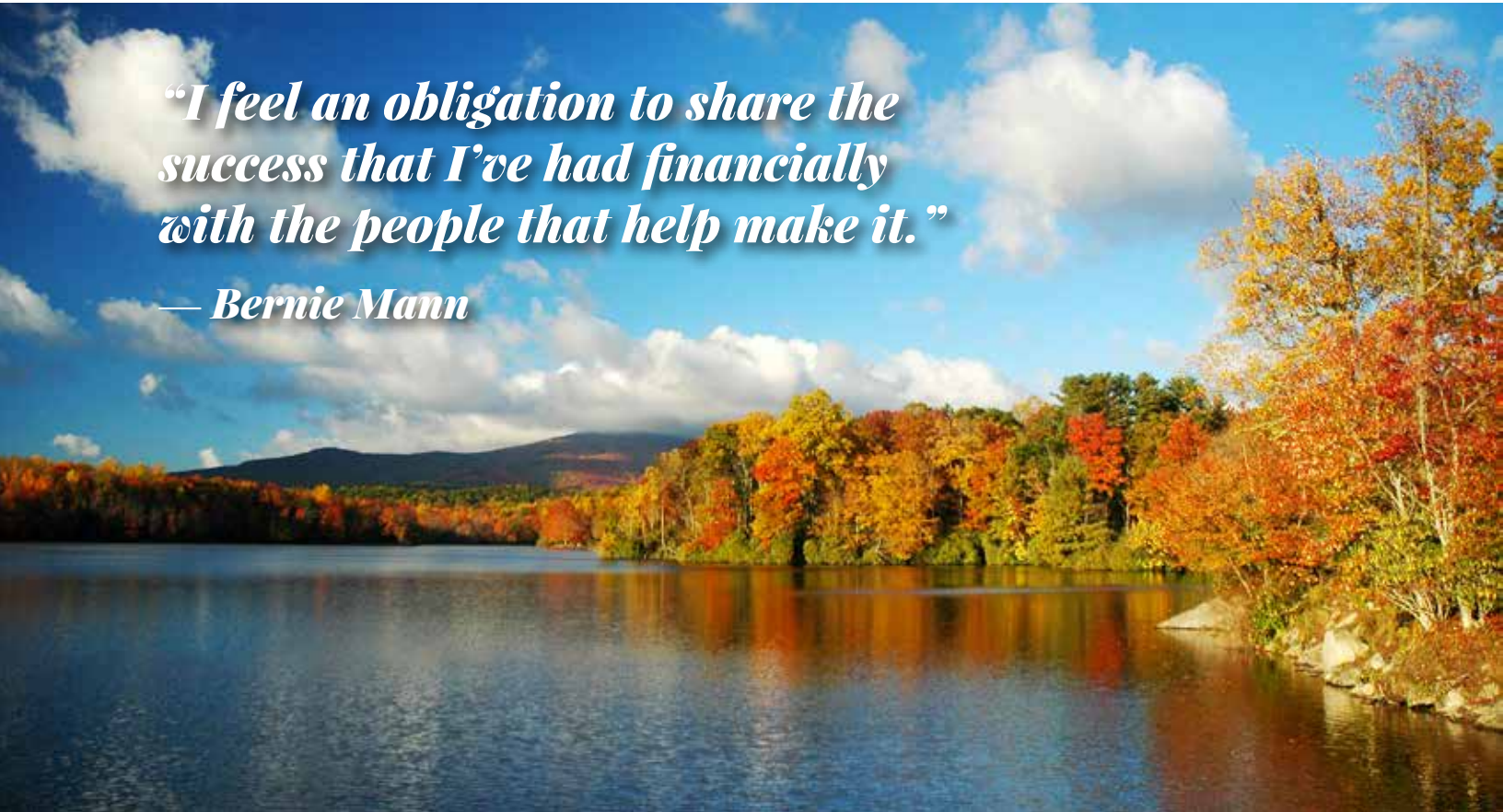
In 1996, Mann Media bought the publication and has helped ensure it remains the largest paid circulation of any North Carolina magazine or daily newspaper. In March 2018, *Our State*'s 85th anniversary year, Bernie Mann, President & Publisher of *Our State*, sold the company to an Employee Stock Ownership Plan (ESOP). While he remains the publisher of *Our State*, he is no longer the owner - the employees are.

We sat down with Bernie to get his outlook on the industry, what he sees for the future of publishing and important questions for business owners to consider about the future.



“I feel an obligation to share the success that I’ve had financially with the people that help make it.”

— Bernie Mann



Who is your typical customer?

Most of our readers are between 55 and 65 years old and have a vested interest in our beautiful state. They enjoy reading *Our State* because it's merely a relaxing read with beautiful photography and information about North Carolina. We're very fortunate to have a loyal customer base with more than 170,000 subscribers and a 70% subscription renewal rate. Due to the nature of our specific publication, we have comparatively very few digital subscriptions. Reading a magazine like ours is hard to enjoy on a small screen.

OUR STATE MAGAZINE - AT A GLANCE -

More than 170,000 subscribers

Largest paid circulation of any North Carolina magazine

70%+ subscription renewal rates (national average: 40%)

Under Bernie's leadership, subscriptions have increased 8x since 1996.

75%+ of *Our State's* workforce is female.

Two time winner of "Best Issue" from FOLIO magazine

Senior management team members have an *average* of 17 years of company experience per employee.



What are the significant opportunities for the future?

It's easier than ever for consumers to choose another brand, another product, or another store. The typical American consumer is in flux: more consumers demand greater value and premium experiences.

Our State believes in **simply delivering a great product** and the rest will follow. Every day, we ask ourselves what we can do to please the reader. What can we give them that they can't get anywhere else? By knowing our readers and listening to them, the new opportunities that present themselves are limitless.

Do you have any areas of concern for your company's future?

We've heard time and time again that 'print is dead,' but we don't believe that to be true. It's simply not the path for everyone. For example, in 2018, we saw Conde Nast report a \$100M loss and blame it largely on trying to reshape its business for the digital future, but their top leadership reported taking home compensations comparable to when they were in the black. I believe the reason we've been so successful through the years is rooted in our management team and having leadership in place that understands our customers and what we need to deliver an exceptional product. Yes, a robust website is essential in today's day and age, but understanding your readers' expectations and continuing to upgrade your product is vital to both a print and digital strategy.

To combat any areas of concern, I look at the magazine like a restaurant; I want to have specials in place to give people something unexpected - something they couldn't get anywhere else - while still providing the trusted content they have come to rely on for the past 86 years.

What have you found to be the hardest positions to hire?

We're very fortunate to have amazing, long-tenured employees that have enabled our ability to recruit quality people. No matter what company your industry is in, I feel like it's an ongoing struggle to ensure you hire excellent salespeople that understand the importance of putting customer needs first.

What are some of the broader trends within your industry?

While I don't necessarily believe there are specific and unique industries with niche needs to address, every industry sees similar trends that ladder up to increasingly similar issues. I have the benefit of 20+ years of experience in publishing and I can assure you that a well-run company depends largely on the leadership and the quality of the people working for you.

As consumers become more connected, and businesses become more global, you can't survive by doing what you've always done. You need to look beyond the four walls of your company. If you focus just on your business, you'll miss the real drivers of change, growth and contraction.

INDUSTRY AT A GLANCE
Magazine & Periodical Publishing in the US

Revenue	Annual Growth 14-19	Annual Growth 16-21
\$25.9bn	-4.2%	-4.0%
Profit	Wages	Businesses
\$1.7bn	\$7.2bn	4,163

*IBIS World 2019

How have you had to adapt since the last economic downturn?

I think it's imperative to understand the consumer industry itself and adapt as needed. Nobody truly knows what's around the corner and how it could affect the business.

We survived the economy through the years by staying true to our mission: To reflect the beauty of North Carolina, tell the story of its amazing people and to suggest wonderful places to visit. By doing this, we've continued to appeal to our core audience.

What does employee ownership mean for you and your company?

As the owner of *Our State* magazine since 1996, I knew that I did not want to sell the magazine to just anybody; it was important to me that I share the magazine's financial success with the very people who helped make the publication what it is today. Selling *Our State* to our employees allowed me to do just that. In March 2018, I officially sold the company into a 100% ESOP. Educating our employees about the ESOP and the idiosyncrasies involved with it has been an ongoing communication effort, but I know when the employees go to retire, they will appreciate every piece of the ESOP.



“Thanks to the ESOP, we’ve ensured that the magazine will continue celebrating North Carolina far into the future.”

— Bernie Mann