

JOURNALIST'S RESOURCE

Knowledge-based reporting

Business reporting: A syllabus

This course teaches students how to understand what's going on at companies big and small and to report and write stories about these businesses in a compelling way. As business becomes more influential in the lives of everyday citizens, it's important for media to become more aggressive in acting as a watchdog. More than any other beat, covering business requires not only an understanding of complex numbers, but also the ability to use data and a compelling narrative to tell the reader something they need to know and that will impact their wallet.

Course objective

To teach students the basic methods and tactics of a business journalist, regardless of what format the final story will be produced.

Learning objectives

- Develop an understanding of the role of business in America;
- Analyze and write about a company's financial performance;
- Learn how to find information about private and public companies;
- Learn how to evaluate corporate press releases;
- Understand how a company is structured and the role of executives;
- Analyze the relationship between business journalists and companies;
- Write basic business news stories such as earnings and executive compensation;
- Explore the relationship between companies and the regulators that oversee them;
- Analyze documents ranging from analyst reports to court documents;
- Understand the unique ethical issues of being a business journalist;
- Evaluate how financial markets influence companies.

Recommended reading

- *Understanding Financial Statements: A Journalist's Guide*, Jay Taparia, Marion Street Press, 2004.
- *Writing about Business: The New Columbia Knight-Bagehot Guide to Economics and Business Journalism*, Terri Thompson, editor, Columbia University Press, 2001.
- *The New York Times Reader: Business and Economics*, Mark Tatge, CQ Press, 2011.
- *Covering Business: A Guide to Aggressively Reporting on Commerce and Developing a Powerful Business Beat*, Robert Reed and Glenn Lewin, 2005, Marion Street Press.
- *Show Me the Money: Writing Business and Economics Stories for Mass Communication*, Chris Roush. Routledge, 2010 (second edition).
- *The Financial Writer's Stylebook*, Chris Roush and Bill Cloud, Marion Street Press, 2010.

Additional reading

At least one of the following books should be read by students during the semester for them to get a feel for the interaction between a business reporter, sources, and documents:

- *Reckless Endangerment*, Gretchen Morgenson, Times Books, 2011
- *The Big Short*, Michael Lewis, Norton, 2011
- *All the Devils Are Here*, Bethany McLain and Joe Nocera, Portfolio, 2010
- *Too Big to Fail*, Andrew Ross Sorkin, Viking, 2009.
- *24 Days: How Two Wall Street Journal Reporters Uncovered the Lies that Destroyed Faith in Corporate America*. By Rebecca Smith and John Emshwiler. Harper Collins. 2003.

Weekly schedule and exercises (13-week course)

The assumption for this syllabus is that the class meets twice weekly. Additional weeks can be spent on a final project paper about a local company.

Week 1: Business reporting issues, and public and private companies

Class 1: Current business reporting issues

While business reporting was once considered the backwater of journalism, since the 1970s there has been an incredible boom in the demand for business news, witnessed in part by the proliferation of weekly business journals and the creation of 24-hour networks such as CNBC and Fox Business Network. Because of the ongoing financial crisis, this type of reporting captured the attention of readers and viewers across the world. Reporters win Pulitzer Prizes covering business, and their stories dominate websites, newspapers and television networks.

READING: Chapter 1 in *Show Me the Money: Writing Business and Economics Stories for Mass Communication* or the equivalent chapter in the text of your choice.

ASSIGNMENTS:

1. Have students review a news organization's business section. Discuss what stories you thought were informative and what stories you didn't understand. What helped you understand the stories? What was hard to decipher?
2. Talk about the qualifications for being a business reporter or editor. What skills should they have? What should they know about how business and the economy operate? Where should they obtain that knowledge?
3. Have students discuss the relationship between a chief executive officer and a business reporter. Students should examine the potential conflicts in the relationship between a chief executive officer and a business reporter and how an executive could manipulate a reporter.

Class 2: Public versus private companies

The important thing for reporters to remember about private companies is that they're just that — private. Their stock is not traded on any exchange and they are not required by law to disclose information to the public. However, there is still plenty of information available — reporters just have to know where to dig and what to look for. While many private firms are loathe to attract media attention, reporting on them can give a journalist the opportunity to write stories in a noncompetitive situation. An aggressive, but fair, coverage of private companies can arguably lend some of the best stories in business reporting.

READING: Chapter 22 of *Writing about Business: The New Columbia Knight-Bagehot Guide to Economics and Business Journalism*.

ASSIGNMENTS:

1. Have students search for information about a small business in their town or city; this can include online public records with the Secretary of State's office, the Environmental Protection Agency and others. What was the best piece of information they found? How do they think the owner would react if they showed him what they'd obtained? Use the information that students collected to have them write a story about the business.
2. Many small companies rely on college students. Have students think about a handful of local businesses – restaurants, bars, bookstores, copy centers – and guess what percentage of their business comes from college-age students. Have them discuss what this tells them about their town's economy.

Week 2: Business beats, finding basic company information

Class 1: Business beats

Business reporters are often called on to cover a variety of topics, whether they're their specialty or not. At the *Sarasota Herald-Tribune* a reporter might have to cover of the Port of Manatee, boat builders in the region, orange juice maker Tropicana, and tourism, with frequent trips to the U.S. Bankruptcy Court and downtown development authority meetings as well. Working a beat requires skills and strategies that can be used for virtually any type of coverage or story.

One of the hardest things for a new business reporter to accomplish is to come up with story ideas. A reporter who has been on the beat for several years knows what's been covered and what has been newsworthy in the past, but the new beat reporter has no context, particularly if he or she is new to the business desk.

READING: Chapter Three of *Covering Business: A Guide to Aggressively Reporting on Commerce and Developing a Powerful Business Beat*. Chapter 10 of *Writing about Business: The New Columbia Knight-Bagehot Guide to Economics and Business Journalism*.

ASSIGNMENTS:

3. Have students think about what beat they would be most interested in covering as a business reporter. Have them find a U.S. media outlet that covers that topic and then list three things they like and three things they dislike about its coverage.
4. Have students list 10 types of people they would want to develop as sources if they covered the energy industry and the information they'd like to get from each one. These sources can be inside or outside the companies on the beat.
5. Have students compare coverage of the tech industry on [TechCrunch](#) with that of the [San Jose Mercury News](#). Which one did a better job? How was their coverage different?

Class 2: Internet databases

The Internet has dramatically changed how business journalists do their jobs. While reporters or editors once made frequent trips to courthouses or federal agencies, they can now get much of the information they need with just a few clicks of the mouse. However, according to the [Public Record Research System](#), only 20% of public records are available on the Internet; the rest is still maintained on paper stored in millions of file cabinets and drawers. And even those available online can be hard to find or, worse, difficult to verify.

Though it can be reasonably assumed that sites operated by state and federal government agencies and public and private companies for the purpose of disseminating information about their operations are reliable places to obtain information, millions of other sites are not as trustworthy. Information on the Web may reflect the opinion or biases of whoever is operating the site, and there is plenty of online data that has not been updated in years. That is why business journalists conducting research online should be wary of what they find.

READING: Chapter 16 of *Show Me the Money: Writing Business and Economics Stories for Mass Communication* or the equivalent chapter in the text of your choice, and Chapter 25 of *Writing about Business: The New Columbia Knight-Bagehot Guide to Economics and Business Journalism*.

ASSIGNMENT: Have students look up reports for a local company on the [Occupational and Safety Health Administration website](#). They should look at open and closed investigations into workplace safety, as well as a report that shows a company being fined for unsafe working conditions. Have the students write a story pitch based on their findings.

Week 3: The SEC, and reading company income statements

Class 1: The Securities and Exchange Commission

The Securities and Exchange Commission is a federal government agency that regulates publicly traded companies and private companies with debt offerings or a large shareholder base. The SEC's job is to protect investors from unscrupulous companies by requiring businesses to disclose information about their operations. Virtually all these filings are public records that can be accessed from the [SEC's website](#). The SEC and its filings can be the business reporter's best friend because they often disclose information that the companies don't put out in press releases or include on their websites. Knowing what to look for in these filings can increase a reporter's ability to understand how a company operates.

The SEC is also, inadvertently, playing another important role in how companies disclose information to journalists. With the passage of [Regulation Fair Disclosure](#) in 2000, companies are required to provide to anyone access to conference calls and webcasts regarding earnings and other important announcements. This has given journalists the ability to listen to discussions between company executives and the Wall Street community.

READING: Chapter 4 of *Show Me the Money: Writing Business and Economics Stories for Mass Communication* and the "[Understanding Financial Statements](#)" reference article on [Journalist's Resource](#).

ASSIGNMENTS:

1. Have students find a company's earnings press release and [Form 10-Q](#) for the same time period. Compare the financial information disclosed in both. If possible, find a press release that does not include a balance sheet or cash flow statement. Why do students think a company excludes those?
2. Have students compare and contrast a company's analysis of its performance in an earnings news release to its discussion in the Form 10-Q. Are there issues discussed in the filing that aren't discussed in the news release?
3. Have students calculate the company's profit margin, operating margin, price-to-book ratio and price-to-earnings ratio. Take 10 minutes, and then have students compare the numbers to one of the company's competitors. What did they discover?

Class 2: Reading company income statements

For-profit companies are in business to make money — if they aren't, they need to change what they're doing — but how does one determine if they're profitable or not? Public and private firms provide [charts of financial numbers](#) to state and federal agencies that can provide the answer. While business writers often focus on the income statement — it give plenty of clues about a firm's financial performance, including sales, expenses and profits — the balance sheet and cash-flow statement also contain valuable information.

To understand a company, a business reporter should review its income statement and compare the growth rates of revenues, expenses, and profits. If revenues are growing faster than profits, a company could be cutting the cost of its products. If profits are increasing faster than revenue, then a company could be cutting expenses. If expenses are rising faster than revenues or profits, then a business might have begun an advertising campaign that has yet to boost sales. There are three possible story ideas right in the income statement.

READING: Read *Understanding Financial Statements: A Journalist's Guide*. This is a small book, so you should be able to complete it in a few hours. Also read Chapter 10 in *Writing about Business: The New Columbia Knight-Bagehot Guide to Economics and Business Journalism* and "[How to Use SEC Filings to Cover Companies](#)" in [Journalist's Resource](#).

ASSIGNMENT: Have students read the study "[Corporate Social and Financial Performance](#)." Why do students think that companies that are more socially active have a better financial performance? Would students include the social responsibility record of a company when writing about its financial performance? Do they think their editors would publish such an article?

Week 4: Materially important company events, from changes in management to layoffs

Class 1: Regulation Fair Disclosure

[Regulation Fair Disclosure](#) has had a profound impact on how business reporters do their jobs. Before Regulation FD, reporters were frequently shut out of conference calls and webcasts between corporate executives and Wall Street professionals. Now reporters have access, leveling the playing field not only for investors but also for journalists. For someone new to the beat or the company, conference calls can provide a quick overview of the business as the CEO or another executive will likely give a quick synopsis of operations. For an experienced reporter, calls are an opportunity to gauge the interaction between the company and the investment community.

In addition, companies will often make disclosures on the conference calls that cause their stock price to change. This is information that likely can be turned into a story. And conference calls can be used to find sources for a company by listening to the names of the analysts and investors asking the questions. While Regulation FD has caused some companies to become more cautious in what they disclose, the rules give journalists a way to get more inside the relationship between company executives and Wall Street.

READING: Chapter 5 in *Show Me the Money: Writing Business and Economics Stories for Mass Communication* or the equivalent chapter in the text of your choice.

ASSIGNMENT: Read Apple Computer's [2011 second-quarter earnings conference call](#). Did the COO and CFO say anything that might be considered newsworthy? What did the executives disclose about future earnings and company growth? After reading the presentation and the questions, is there a story to be written beside the earnings? If yes, what would your lead be? What questions were not answered that you'd like to ask someone at the company?

Class 2: Finding news in Form 8-K filings

One of the most important SEC filings companies make is the [Form 8-K](#), which must be submitted when a materially important event occurs in the life of the firm. The SEC recently reviewed these requirements and added additional reasons why 8-Ks must be filed. Since Regulation Fair Disclosure was enacted, there has been an increase in 8-K filings. Many companies use 8-Ks as a way to notify investors and other interested parties of information that they have disclosed to others or plan to disclose during a meeting.

Form 8-Ks are one of the key places for reporters to look for news about companies on their beat, particularly news that businesses are not eager to disclose but are required to do so by law. Because of this, many firms wait until the end of the day or even Friday afternoon to file 8-Ks, with the hope that journalists will be too busy with other breaking news. To combat this issue, there are online services reporters can use to receive e-mail notification each time selected companies file a Form 8-K.

READING: Chapter Four of *Covering Business: A Guide to Aggressively Reporting on Commerce and Developing a Powerful Business Beat*.

ASSIGNMENTS:

1. Have students find examples of 10 of the reasons an 8-K is filed, along with stories that were written from those filings. This could be a project that is spread out throughout the entire semester.
2. Have students write a 500-word essay explaining the increase in 8-K filings due to Regulation FD. Explain Regulation FD and give examples of the types of 8-Ks being filed as a result and why they're stories.
3. Have students find a company where a top-ranked executive has recently left or been replaced. Compare the information disclosed in the company's news release to the information disclosed in the Form 8-K.

Week 5: Executive compensation and company structure

Class 1: Executive compensation

The proxy statement is the document filed with the SEC that alerts all of the company's investors when and where its annual meeting will be held. The proxy is the invitation to the meeting, and it includes information about the proposals to be voted on. But that's not the only reason a company's proxy statement is often newsworthy — it also discloses the compensation of the top five executives, including salary, bonus, and stock options, as well as items such as the CEO's membership in a country club or relocation costs. In addition, the proxy also details financial relationships that the company might have with outside board members and their companies.

Understanding the importance of proxy statements and knowing where to look for information in them helps a business reporter ascertain how companies value and compensate their executives. A story from a proxy statement filing is the one that a CEO probably dreads more than any other. If it shows that his or her compensation increased dramatically, especially in a year when the company didn't perform as well or laid-off workers, he or she will likely be criticized for the pay package.

READING: Chapter 10 in *Show Me the Money: Writing Business and Economics Stories for Mass Communication* or the equivalent chapter in the text of your choice.

ASSIGNMENTS:

1. Have students review a [Progress Energy proxy statement](#). Based on your readings, what is the news in the statement? *The Raleigh News & Observer* led with an article based on the statement, but *The Tampa Tribune* focused on another piece of news. What other significant disclosures need to be mentioned? What would your lead be if you were writing a story about this proxy? After students have thought about these questions, have them craft an 8- to 10-paragraph story based on the information in the proxy.
2. Have students review "[Executive Compensation: Facts](#)" in [Journalist's Resource](#), then hold a classroom discussion as to whether they think executives are overpaid or underpaid. Break the conversation into the different parts of compensation that executives receive.

Class 2: The company structure

Without understanding how a company is managed, a business reporter can't know its inner workings. The CEO is often the person who spends the most time talking to the media, but may not be the only person worth interviewing. How a company's managers interact with each other and what their goals are can also be important factors when writing about a business. In addition, the management team dictates the strategy for the company and the tone for its operations. Because of this, some companies may make decisions that aren't in their own best interests, but are purely made to satisfy the whims of management.

Getting inside a management team and understanding how it operates can be one of the most difficult tasks for a business reporter but also one of the most important. With that knowledge, a journalist can better understand why a company is or isn't successful. The CEO and his or her

executive team are the ones who should answer to investors and employees when a company is struggling or has made a controversial decision. They are also the ones inside a company most likely to talk to the media as the official mouthpiece of the business.

READING: Chapter Seven in *Writing about Business: The New Columbia Knight-Bagehot Guide to Economics and Business Journalism*.

ASSIGNMENTS:

1. Have students review the organizational chart of two companies. Write a short analysis of why the organizational charts differ, focusing on job titles and who reports to whom, with emphasis on the relationship between the CEO, president and executive vice presidents or division presidents.
2. In the 1990s many media outlets focused coverage on the CEOs of successful companies and gave them credit for their company's results. In hindsight, those CEO profiles were not as critical as they should have been. As a business reporter, how would you prevent yourself from making the same mistake?

Week 6: Initial public offerings and mergers and acquisitions

Class 1: Initial public offerings

Public companies must file a [Form S-1](#) with the SEC to register their securities. Because the S-1 signals a major change, they've almost always considered news, especially for media outlets where the company is headquartered. Form S-1s are frequently updated in amended filings, and sometimes this new information can be newsworthy even though the company may have only added a few numbers or a couple of paragraphs.

When a company makes an initial public offering, the pricing of the stock and the beginning of trading can produce additional stories, as the stock's performance can signal how investors like the company. An IPO and the Form S-1 filing also signal a dramatic change for a private company: It can no longer keep its financial results secret, and once public it faces scrutiny every quarter from investors and analysts.

READING: Chapter Eight in *Show Me the Money: Writing Business and Economics Stories for Mass Communication* or the equivalent chapter in the text of your choice.

ASSIGNMENT: Have students read the [Form S-1 filed by Buffalo Wild Wings](#). What disclosures would be important for readers and investors to know? What would the lead be for this story? Pretend the students are writing it for the *Minneapolis Star-Tribune*. What other important pieces of information from the filing should be in their story? After students have scanned through the filing and thought about these questions, have them write a story as if they're writing for tomorrow's *Star-Tribune*.

Class 2: Mergers and acquisitions

One of the most common stories written by a business reporter is when one company acquires another or when two merge. Understanding why a deal occurred and how it happened can help the journalist tell a better story than just giving the basics of the deal. A company may want to expand into new territory or add a product and feel that the fastest way is to buying another company. Or a firm may feel threatened by a smaller competitor and want to eliminate them. Some acquisitions are made to acquire another company's management or key personnel.

When a merger or acquisition is announced, several important disclosures are typically made, such as how much the shareholders in the acquired company will receive and whether its management will remain. If the deal is being funded with publicly traded stock, then that company will have to disclose how the transaction was negotiated in a [Form S-4](#), which can provide a behind-the-scenes account of the deal.

Not all mergers and acquisitions are successful, and sometimes the best stories come out years later. The companies' cultures may not have meshed well, or one may face litigation or other expenses from its past operations that the acquiring company didn't account for when negotiating the deal. Mergers and acquisitions stories are more than just the deal and how much was paid for the company. Look for why the deal was done, and ask if it will be successful 5 or 10 years later.

READING: Chapter Eight in *The New York Times Reader: Business and Economics* and ["Covering Mergers and Acquisitions"](#) in [Journalist's Resource](#).

ASSIGNMENT: Have students review the [press release](#) announcing UnitedHealth's acquisition of AmeriChoice. As part of their research of this deal, have students review AmeriChoice's SEC filings, particularly its [S-1 filing](#) earlier in the year. Why do they think UnitedHealth was interested in acquiring AmeriChoice? What type of information from the S-1 would they want to include in their story? What would their lead say? After students have reviewed these documents and thought about these questions, have them write a story about this acquisition being announced. Pretend as if they are writing for publication tomorrow.

Week 7: Finding business news in district court and bankruptcy court

Class 1: Your local courts

Courts are great sources for business stories. In addition to filings for licenses and property deeds, companies often file lawsuits when they have a dispute with a customer, supplier, competitor or employee — or they may be sued themselves. Litigation as a business tactic and as a way to redress a perceived wrong is on the increase, making an understanding of how the court system is used vital to any reporter. Lawsuits may be the first glimpse into a major business conflict or a company's struggles.

Business executives make decisions every day that can result in legal action, and some lawsuits are filed decades later. In 2002 insurer Aetna Incorporated, railroad operator CSX Corporation, and bank FleetBoston Financial Corporation were sued by descendants of slaves seeking compensation from these businesses for profiting from slavery. Other lawsuits may result from less dramatic but nonetheless illegal decisions. A company may decide to build a new product using technology patented or owned by another company without approval, or a manager may share information from a former worker's personnel file with a potential new employer.

READING: Chapter 13 in *Show Me the Money: Writing Business and Economics Stories for Mass Communication* or the equivalent chapter in the text of your choice.

ASSIGNMENT: Organize a field trip to the local county courthouse and have students review some business litigation. If possible, have the students discuss the lawsuits with the clerk of the court. If students find a lawsuit that is newsworthy, have them make a copy and write a short story about the allegations.

Class 2: Bankruptcy court

When companies and individuals get into financial trouble, they sometimes seek the protection of the U.S. bankruptcy court system. The bankruptcy court protects people and businesses from creditors while they reorganize their debts. A bankruptcy court filing can also be a strategic move by companies looking to shed debt. For a business reporter, learning that a company's suppliers are suing it can be an indication that it's having trouble paying its bills and may be headed for bankruptcy court.

A bankruptcy filing is a major event because it means that the business doesn't have to pay its bills unless creditors file a claim and the court approves. Such filings can also be major news for investors, depending on how they chose to put money into a company. Shareholders typically receive nothing in return — this is what happened with Enron — while investors who purchase debt or bonds are typically repaid some of the money invested.

Knowing what filings to look for in a bankruptcy case and what information they contain can help a reporter tell a great story about how a company got into trouble. In addition, bankruptcy cases of individuals can be the source of compelling stories of people struggling during hard times.

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READING: Chapter Five in *The New York Times Reader: Business and Economics* and ["Finding Business News at the Bankruptcy Court"](#) on [Journalist's Resource](#) about covering bankruptcy.

ASSIGNMENT:

1. Students should read the study on the merits of bankruptcy vs. government bailouts, ["Bankruptcy or Bailouts?"](#) Then students should discuss the advantages and disadvantages of both approaches and review coverage of the collapse of Lehman Brothers in 2008.
2. One of the issues in any bankruptcy court case is the fees paid to the lawyers representing the company and the creditors, and other experts that are brought in to assess the company's operations. Some have argued that these fees should be cut, and some of that money should be given to the creditors. Have students look at a bankruptcy case and review the lawyers' fees. Have them discuss if the fees seem high or reasonable.

Week 8: Regulatory agencies of business at the state and federal level

Class 1: State regulation

All companies are required to register certain information with their Secretary of State's office. Reporter's conducting research should look up a company's state incorporation records, which will provide the firm's mailing address, phone number, and officers. Incorporation records are also required of nonprofit organizations and limited-liability corporations such as law firms.

Private companies must also register their business name if it is not the same as the corporation's. In many places, this is done with the Register of Deeds office at the county level. This is a good place to find out who is the actual owner of a company. Reporters should check real estate records to see if a company or its officers owns any land or buildings. This can be done at the county courthouse, or the county in which the business is buying or selling property. In addition, every state has occupational licensing boards that require certain small businesses to obtain licenses before opening shop, and they may have records of interest.

State regulators of specific industries also require many companies to file information about their financial performance. Some of these regulatory agencies include those that oversee banks and insurance companies, as well as water and electrical utilities. Private companies document their profits and revenues to these regulatory agencies. Reporters who find out where these records are kept will likely get information that the company otherwise would not be willing to disclose.

READING: Chapter 23 in *Writing about Business: The New Columbia Knight-Bagehot Guide to Economics and Business Journalism*.

ASSIGNMENT: Have students locate your state's Secretary of State online database of incorporated companies and have them look up a local firm. What information can they find? What information do they still want to know that was not available from the database? Have the students discuss how they would go about obtaining that additional information.

Class 2: Federal regulation

The interaction of businesses and the federal government is often overlooked by many reporters looking for stories. Federal agencies can be a trove of information about companies, particularly privately held firms not required to release other information. Many companies are required to obtain regulatory approval, for example, before they increase the rates that they charge consumers. Others must receive government approval before they can start selling their product on their market.

Government regulations also keep track of how employees are being treated and whether they have a safe workplace, and how businesses are polluting the environment. They also will determine whether one company can buy another, as we saw in the mergers and acquisitions assignment. Business coverage is also influenced by politicians who discuss and pass laws that impact how

businesses operate and how much money they can make. Virtually everything related to the government has an aspect that can be considered a business story.

READING: Chapter 15 in *Show Me the Money: Writing Business and Economics stories for Mass Communication* or the equivalent chapter in the text of your choice.

ASSIGNMENTS:

1. Have students ask five people you know if they would file a complaint with the Equal Employment Opportunity Commission if they felt they were being harassed or discriminated against on the job. What circumstances would force them to file a complaint? If some answered that they wouldn't file a complaint, why wouldn't they?
2. Have students review the study "[Medical Device Recalls and the FDA Approval Process.](#)" Then discuss in class whether they think federal regulation is too onerous or too lenient on the medical device industry. What are the stories they could cover with this issue?

Week 9: The economy and how businesses look at it

Class 1: The overall economy

Understanding numbers and what they mean is an essential part of writing about the economy. If the unemployment rate is rising, that typically means that more people are out of work. Or if the Consumer Price Index climbs, that means that you're likely paying more for your groceries or transportation. When you can take statistics and make sense of them in a compelling way, you've performed a service.

Once the economy is explained in terms that readers can understand, then the business writer can explain why it's happening. Did a local plant close, laying off hundreds of workers? Has the price of a barrel of crude oil jumped? Was there a freeze in Florida that killed oranges, causing the price of orange juice to rise? The story of the economy helps put what is happening to consumers and businesses into broad perspective, giving readers information that allows them to make decisions about their own lives.

READING: Read Chapters 1 through 5 in *Writing about Business: The New Columbia Knight-Bagehot Guide to Economics and Business Journalism* and "[Reading Economic Data Releases from the Government](#)" in [Journalist's Resource](#).

ASSIGNMENTS:

1. Have students review the most recent state and metropolitan data from the [Bureau of Labor Statistics](#). Have them review both the total employment figures for your state and your metro area as well as the unemployment rate and the changes for the most recent month from the previous month. What were the most significant changes? Then have students go to the local unemployment benefits office and interview two jobless people about their prospects.
2. According to a recent study, "[Polarization of Job Opportunities in the U.S. Labor Market](#)," the U.S. job market is becoming polarized into high-paying and low-paying jobs. Have students discuss how they would report and write a story about the polarization of the job market.

Class 2: The economy and real estate

Virtually every aspect of the economy needs real estate to operate, although the businesses that need it most are builders and developers. Public records on real estate transactions typically disclose how much the buyer paid for the property and the assessed tax value. Go back far enough and you can see all the times a property was bought and sold to see how the price fluctuated. These records can be valuable in writing about businesses or individuals. How much did a company spend to buy the land for its new headquarters? Did a city council member sell his land to a company at a significantly higher price than he paid?

Real estate records can also tell you when a developer wants to build a new subdivision or high rise, they have to file plans with a zoning or planning board. Such records often disclose the cost to

build the development and will detail the project's size. Although some media outlets have full-time reporters devoted to the real estate beat, it is probably the one topic that crosses across most business beats. You'll likely use your knowledge of real estate in a number of different stories.

READING: Chapter 37 in *Writing about Business: The New Columbia Knight-Bagehot Guide to Economics and Business Journalism* and Chapter 14 in *Show Me the Money: Writing Business and Economics Stories for Mass Communication* or the equivalent chapter in the text of your choice.

ASSIGNMENTS:

1. Have students find the real estate records of the home of one of your professors or the dean of your school. In some counties these records may be available online; one possible source is Netronline.com. Write down how much the home was purchased for and what year. Also look for the appraised value of the home. What is the difference between the appraised value of the home and the purchase price?
2. Have students review "[The Case for Banning Subprime Mortgages](#)" on [Journalist's Resource](#). Discuss in class the positive and negative aspects of subprime mortgages and whether there should have been more coverage of these financial instruments in the past decade.

Week 10: The stock and bond markets

Class 1: The stock market

Thirty years ago few people in the country owned stocks, so covering the markets wasn't that important for the media. Now studies show that more than 50% of all households own stocks, so the ups and downs of the market can be front-page news.

Covering stock prices isn't easy, however, because journalists have to be able to assess sometimes conflicting pieces of information and determine which one had the bigger influence on a particular stock. Even then, the stock market often operates and reacts in irrational ways. How does a journalist explain a market falling after the unemployment rate released the same day has also fallen and when the market has risen the past eight times the unemployment rate fell? Analysts could have downgraded a stock or several stocks in the Dow Jones Industrial Average, causing the overall average of 30 stocks to fall. Factors outside the control of the market such as wars and natural disasters such as hurricanes also influence stock prices.

Writing about the stock market requires a reporter to think on his or her feet and understand that what may affect one stock price could have no effect on another. And although the overall market may be little changed on a day, some stocks may have moved up or down dramatically.

READINGS: Chapter 12 and 13 in *Writing about Business: The New Columbia Knight-Bagehot Guide to Economics and Business Journalism* and Chapter 7 in *The New York Times Reader: Business and Economics*.

ASSIGNMENT: Have students create a portfolio of 10 stocks that they track for a month. At the end of each week, have them write a story about those stocks, reporting on why some stocks rose and some stocks fell. Make sure the students compare the performance of the stocks in their portfolio to an overall market or index.

Class 2: The bond market

Investors looking for safer places to put their money than stocks often consider bonds. While much of the focus of media coverage is on stocks, a reporter's ability to assess a bond offering and what it means for the issuer can be just as important. Writing about bond issues also crosses into other beats, as bonds can also be issued by school boards, city and county governments, state governments and other agencies.

A bond is an IOU between the issuer and the buyer. Whoever issues the bond promises to repay its face value plus interest when the term expires. This is different than a stock, which actually conveys part ownership of the issuer. Companies and government agencies issue bonds for a variety of reasons, but often the money is used to build something, such as a factory, stadium or other facility. The issuers are essentially borrowing money and hoping that whatever it is used for will generate enough income to repay the bondholders when the bonds expire.

Like stocks, bonds are traded in the market on a daily basis, and investors buy and sell them based on the likelihood of their being repaid. Understanding how bonds work can help a business reporter broaden the scope of their reporting about the markets and how companies raise cash to fund expansions. Understanding bonds can also help reporters on other beats.

READING: Chapter 14 in *Writing about Business: The New Columbia Knight-Bagehot Guide to Economics and Business Journalism*.

ASSIGNMENTS:

1. Have students discuss the pros and cons of investing in bonds versus stocks. If they had some money to invest, where would they put their money – stocks or bonds? Why would they pick one over the other?
2. Sometimes the price of a bond doesn't fall when the price of a company's stock falls. In fact, a corporate bond may increase in price when a stock price falls. Have students discuss why that happens. What does it mean?

Week 11: Insider trading and boards of directors

Class 1: Understanding insider trading

It comes as a surprise to many beginning journalists that the vast majority of insider trading is legal. Cases such as those of Martha Stewart and ImClone CEO Sam Waksal are the exception. In fact, buying and selling of company stock by executives, board members and employees occurs on a daily basis, and most of these trades have to be reported to the Securities and Exchange Commission. Most companies restrict when management can buy and sell the stock — for example, during a period before or after the company reports its quarterly earnings.

A business reporter who understands the significance of insider trading can use this information to his or her advantage. When an executive or a board member buys or sells stock in their company, that could signal a number of different possibilities about the future of the company. Filings can also provide a business reporter with tips on potential sources to call. Investors in a stock are sometimes more valuable sources than analysts or company executives.

It's important to note that journalists have gotten into trouble for insider trading — that is, trading stocks on information they received from sources before it was published. Insider trading by executives can indicate what they think about the company's future direction. Insider buying can be seen as a bullish sign, while insider selling can sometimes be viewed as a negative indicator for a company.

READING: Chapter 10 of *Show Me the Money: Writing Business and Economics Stories for Mass Communication* or the equivalent chapter in the text of your choice.

ASSIGNMENT: Review the [insider trading activity](#) from the past year for Zimmer Holdings. After reviewing the trades, determine [insiders' roles at the company](#). What do these trades indicate to investors and to a business reporter? Are the values of these trades large enough to merit a story? If so, how would you write it? Have students write a short story based on the Zimmer insider trading activity and the recent news from the company.

Class 2: Boards of directors

For business reporters, the role of the board of directors — effectively the boss of a company's bosses — has become increasingly important. After the high-profile collapses of companies such as Enron, WorldCom, Adelphia and HealthSouth, board members have been criticized for not acting as a management watchdog. Boards of directors have responded by becoming more active in examining how the business is managed and paying more attention to executive compensation, strategic decisions and other issues. Many companies are also attempting to diversify boards by adding females, minorities and more members from outside the company.

How a board interacts with a company's top management can be critical for a business journalist to assess. If a CEO has frequent conflicts with the board, that could be a signal that the board is unhappy with the executive's performance. Resignations of board members can indicate strife, as was the case in the Walt Disney Co., when [two directors quit in protest of CEO Michael Eisner's](#)

[management](#). It can be difficult to get inside a boardroom, but a journalist who can understand the significance of board members and can find sources to tell them what's happening has gained new insight into a company.

READING: Chapter 10 in *Show Me the Money: Writing Business and Economics Stories for Mass Communication* or the equivalent chapter in the text of your choice.

ASSIGNMENT:

1. Corporate governance experts have been encouraging more companies to put more outside people on their boards. Have students discuss the positives and negatives associated with putting people from outside the company on a board.
2. Some CEOs remain as chairman of the board after they retire from day-to-day management of a company. Have students discuss what they would think if they were the CEO of a company, and a former CEO was board chairman? Would they feel comfortable with such a relationship? Why or why not?

Week 12: Other investors in the market

Class 1: How the market works

Investors come in all shapes and sizes, with all kinds of ideas about which stocks perform better than others. It is important for a business reporter to understand the connections between a company's business strategy, size, management team and history, and investors' willingness to purchase its stock.

Some investors may want to acquire stocks in companies where there is great potential for future growth. Revenues at such companies may be rising by 30% every quarter and profits may be increasing by 25% or more. Growth involves risk, however, because there's always a chance that something could go wrong. The opposite of a growth-oriented investment strategy is so-called value investing, which looks at the worth of the stock price compared to quantitative barometers such as the price-to-book ratio. There is generally less risk with value investing because it favors companies with slow, methodical growth. If successful, however, a growth-investing strategy may pay greater rewards over time.

READING: Chapter 15 in *Writing about Business: The New Columbia Knight-Bagehot Guide to Economics and Business Journalism*.

ASSIGNMENT: Invite your university's chief investment officer or the person who oversees the endowment to give a class presentation about how the school's money is invested. Before the presentation, have the students research the endowment's performance and how the money is used on campus. Afterward, have the students interview him or her and write a story about how the portfolio is performing during the current fiscal year.

Class 2: Mutual funds and hedge funds

Some of the biggest investors in the stock market are mutual funds and hedge funds. While their names sound similar, these two types of investors operate very differently. For example, mutual funds are regulated by the SEC, while currently hedge funds are not. Mutual funds can advertise to attract investors, hedge funds are prohibited from doing so. Mutual fund managers are not allowed to personally invest in their fund, while hedge fund managers are typically some of their own largest investors. And not all mutual and hedge funds operate the same way. Some will buy stocks in only certain industries, such as banks or Internet companies. Others only buy stocks that belong to the Standard & Poor's 500 Index, for example.

In the end, though, both mutual funds and hedge funds operate with the idea of making money for clients by investing in the stock market. And their tremendous size — as of 2011, mutual funds alone invested more than \$11 trillion in the market at any time — means they can have an impact when they move into and out of a stock. While mutual funds and hedge funds have been under increasing regulatory scrutiny in recent years, fund managers can be valuable sources for reporters. Often they know more about what's going on inside a company in which they have invested than sell-side analysts or even the PR people working for the company.

READING: Chapter 16 in *Writing about Business: The New Columbia Knight-Bagehot Guide to Economics and Business Journalism*.

ASSIGNMENTS:

1. The concept of a mutual fund is to reduce the risk of investing in the stock market by pooling a number of different stocks together. But some mutual funds will still be exposed to a lot of risk. Have students discuss or write about type of mutual funds might have more risk than other mutual funds.
2. Have students discuss if they invested in a mutual fund, how regularly would they check its stock price and examine the different stocks in the portfolio? How do they think your interest in the investment would differ if they owned stocks individually instead of in a fund?

Week 13: Ethics, from source relationships to stock trading

Class 1: The relationship with analysts

For years analysts with Wall Street investment banks were one of the best sources for business reporters. They issued research reports on companies and made projections about stock prices and future earnings. Many were also ready with quick and snappy quotes, knowing that's what journalists wanted. During the boom years, however, many analysts recommended stocks simply because their firm raked in millions of dollars in commissions and fees. After many of these companies went bust, such analysts were exposed for what they really were — shills.

Understanding the job of an analyst is important if business reporters are to use them more wisely in the future. Many do not have such blatant conflicts, and some investment banking firms are disclosing whether the analyst owns stock in the company and whether the firm has done investment banking. That has made the relationship more transparent. Journalists are also turning to buy-side analysts who work for institutional investors and mutual funds, as well as bond analysts who work for firms such as Moody's and Standard & Poor's.

Using analysts for sources in a story about a stock should be done with caution unless the reporter understands the specific conflicts for the analyst. A smart analyst can often provide good information about a company that allows a reporter to write stories with more authority.

READING: Chapter Seven of *Show Me the Money: Writing Business and Economics Stories for Mass Communication* or the equivalent chapter in the text of your choice.

ASSIGNMENT: Have students read some of the [Gartner Research analyst reports](#) on the computer software/IT industry posted on Microsoft's site. Have the students discuss whether the reports are positive or negative about the future of the industry and the company? Did any of the students find news that might be worth a story?

Class 2: Business journalism ethics

In the past 20 years, operating ethically in business journalism has been one of the field's biggest issues. While there is no quantitative evidence that more reporters are investing in companies they cover, anecdotal examples suggests such unethical behavior may be on the rise.

More than any other journalist, business reporters must be free of any appearance of impropriety. Without the trust of readers and viewers, anything the journalist writes in the future will be viewed with more skepticism than usual. While most journalists would agree that they should not own or invest in stocks they cover, there is no unanimity about this topic. Nor is there an agreement on many other ethical issues, such as taking favors from companies or sources. For example, if you interviewed a mortgage banker for a story on home buying, and he offered you a low mortgage rate the next time you were shopping for a home, would you accept it? The answer to this question isn't as concrete in the minds of reporters as some would like.

Being ethical in business journalism means taking nothing or asking for nothing that the reporter would otherwise receive if he or she were a normal consumer. In addition, being an ethical business reporter means not using the information obtained in the course of reporting and researching a story for personal gain. Yes, there are gray areas. Ethics codes for business reporters are there to guide everyday practices, but they don't always have the answer for every issue that arises. Be careful and seek the counsel of peers and editors before agreeing to anything.

READING: Chapter 31 of *Writing about Business: The New Columbia Knight-Bagehot Guide to Economics and Business Journalism*.

ASSIGNMENTS:

1. Have students discuss what they would do if they were a reporter for a news organization covering Walt Disney Co. and someone from its corporate communications department offered them and their family free passes to one of its theme parks for the weekend. Would they take them? If they did take them, why would they?
2. Have students discuss this scenario: A former college roommate now works on Wall Street. He calls one day and tells you that he knows that a company is about to make an important announcement that will drive up its stock price. You don't cover the company. Can you invest in the stock? What else would you do with the information?
3. Here is another scenario for students to discuss: You have been trying to interview the CEO of a company for six months. Finally, the company sets up a time to do the interview, but says that the only way for it to happen is for you to ride on the corporate jet to the CEO's summer home at the beach. Do you accept or do you wait for another opportunity?