this debt load to be paid down in less than three years.

Under Graham, the Post Company, like Buffett's Berkshire, very rarely sold operating businesses and actively eschewed spinoffs, preferring instead the long-term direct ownership model. The company made its lone significant exception in early 1988 when it decided to sell its cellular assets, generating an extraordinary return on investment.

. . .

Graham deployed this cash with great care. Throughout her tenure, she maintained a minimal level of dividends, believing them to be tax inefficient. Again, it's worth emphasizing the contrarian nature of this approach particularly in the newspaper industry, where founding families, some of whose members typically depended on the dividend income, usually had a high degree of ownership. The Post, under Graham, consistently paid the lowest level of dividends among its peer group and thus had the highest retained earnings.

Graham's approach to deploying these earnings was influenced by Simmons, Buffett, and another director, Dan Burke of Capital Cities. All capital expenditure decisions were submitted to a rigorous approval process, which required attractive returns on invested capital. As Alan Spoon summarized it, "The system was totally federalized, with all excess cash sent to corporate. Managers had to make the case for all capital projects. The key question was, 'Where's the next dollar best applied?' And the company was rigorous and skeptical in answering that question."[1]

This discipline led Graham to a more cautious approach to physical plant investments than that of her peers. During the 1980s, other large newspaper companies spent hundreds of millions of dollars to install new printing and prepress facilities that allowed shorter lead times and color printing. Graham, alone among major newspaper CEOs, held back, eventually becoming the last major publisher to rely on old-fashioned letterpress printing, deferring the expensive investment in a new plant until costs had dropped and the benefits had been definitively proven out by peers.

Graham's approach to acquisitions was characterized by the twin themes of patience and diversification. Graham's years at the helm from the IPO on were characterized by generally rising earnings and multiples for media companies punctuated by two severe bear markets, one in the mid-1970s and one in the early 1990s. In other words, the *value* of media properties fluctuated wildly over her tenure, and she proved herself to be an astute navigator of these trends.

Graham's activity level was a mirror image of this macroeconomic picture, with two significant periods of stock repurchase and acquisition at the beginning and the end of her career, bookending a long period of inactivity that accounted for the vast majority of her tenure.

With her board, she subjected all potential transactions to a rigorous, analytical test. As Tom Might summarized it, "Acquisitions needed to earn a minimum 11 percent cash return without leverage over a ten-year holding period." Again, this seemingly simple test proved a very effective filter, and as Might says, "Very few deals passed through this screen. The company's whole acquisition ethos was to wait for just the right deal."[2]

As we've seen, during the acquisition frenzy of the 1980s, Graham generally stood aside, passing on numerous newspaper acquisitions, large and small. As her son Donald says today, "The deals not done were very important. Another