

## Interview With Kelsey Butler | Module 2

[00:00:12] **John O'Neil** Welcome to module to explain this, of course, on explanatory journalism. I'm very glad to have with us today, Kelsey Butler, who is a reporter at Bloomberg News. Kelsey currently is covering issues about inequality and previously worked as covering the private credit market, which is where I got to know her because she worked with me on several of our explanatory quick takes, which was very educational for me. So, Kelsey, welcome. Is there anything you'd like to say about your career path to Bloomberg that might be relevant for the people listening?

[00:00:54] **Kelsey Butler** Sure. Well, thanks for having me. First up. So, I have been in there for over ten years. It's only job that I've ever had. I spent a lot of time reporting on the credit markets, which can be pretty niche and a small audience. And then, you know, to kind of not be pigeonholed, I also freelanced a lot. So, kind of lifestyle stuff about health, wellness, fitness. Before coming to Bloomberg and now I'm on the equality team.

[00:01:27] **John O'Neil** That's great. It's quite a shift. I mean, it's just struck me as we're talking that just we're talking about explanatory journalism. You must have gotten this all the time when you told people, I cover private credit and they would say, What's private credit?

[00:01:46] **Kelsey Butler** Right. So, the way I kind of like to think about private credit is it's small, mid-sized companies. Companies that, you know, have a good business, you know, hundreds of millions of dollars, maybe billions of dollars, but they aren't, you know, household names that, you know, every single person has heard of. And the way it works is a lender makes a loan to that company. And the details of that are all kept behind closed doors. And the lender holds on to the debt for the life of the loan. So unlike debt for a lot bigger companies like AT&T or Tesla, the debt isn't bought and sold. So, the relationship becomes a lot closer. The lender is really in communication with that company because they're holding on to that loan for maybe seven years, expecting to get paid back and charging interest for it.

[00:02:45] **John O'Neil** So that's a very complicated world that's very vital to the people who are involved in a fairly small world of equality issues you're talking about. Everybody knows something about these issues. Everybody has some opinion about these issues. So, I'm just sort of guessing that maybe what you need to explain or how you need to explain it or might be might be different in those two instances. So. In this module, we're talking some about how we match the stories to the audiences. So, when you wrote about private credit, who did you think your audience was?

[00:03:26] **Kelsey Butler** Yeah. So, the audience kind of fell into two. And I would know that from the feedback that I would get and the people emailing me, it would mostly be people on the lenders and the credit manager side who were kind of making these loans to the companies themselves. As I kind of explained before, as well as the investors that gave those lenders the money to lend. So those are organizations like pension funds, which are trying to make money so they can continue to pay retirees or family offices, which are basically really, really, really wealthy people that want to stay really wealthy. And so, they invest in a lot of different things to keep making that money.

[00:04:11] **John O'Neil** And so can your idea of who the audience was. You said you got feedback. So, did your idea change over time of where you're writing for and what they needed to hear?

[00:04:23] **Kelsey Butler** Yeah, absolutely. I think at first, you know, I really kind of focused a lot on just the deals that were happening. But over time, as I built my source base and started an email list, keeping up with people, I really saw that, you know, people want to know broader trends and they want to hear about kind of opportunities to make money. And that's where, you know, the unitranche story that we'll talk about in a bit came from. It's an opportunity that people were kind of seeing and I wanted to lay out both the risks and the benefits, you know, and that moneymaking opportunity, basically.

[00:04:59] **John O'Neil** Oh, I mean, something some of our students might not know about Bloomberg is that it publishes in two ways. One is to the subscription terminal, which is a very professional, very high-end, sophisticated financial base. But also, the stories are large. So, you might have had a sort of secondary audience of web readers. And did you get a different sense for them of what they wanted and what they knew or didn't know?

[00:05:30] **Kelsey Butler** Sure. So, one story is that we're kind of more step back pieces. You know, it would be someone that maybe has a passing kind of knowledge of finance and they know broadly how corporate credit works. But maybe we might not know all the nitty gritty or not all the players in the smaller private credit world. And those were definitely people that I still wanted to kind of make sure that I was capturing. So, I might for those step-back type pieces, explain how some of those mechanics work or how some of that nitty gritty happens. I might say, you know, the biggest people in this industry are X, Y and Z. And if I was writing just more of a kind of niche story that was only going to publish on the terminal, I might not get into as much of that explanation.

[00:06:16] **John O'Neil** So there's sort of a continuum. If you break some news and you want to put out just a short a brief to just give that headline out there, that's going to be the minimum of explanation and something that is more let's look at a trend and you never know what gather a lot of readers on the Web as well as a terminal. That's sort of the other end of the spectrum doing more explanation.

[00:06:43] **Kelsey Butler** Exactly. And you know, we also have a lot of products that are kind of newsletters or that go to people that went to people either daily or weekly or monthly. Those were just people really in the industry. So, there was able to be a lot more shorthand for those than our broader thesis.

[00:07:04] **John O'Neil** Okay. And speaking of shorthand and jargon, and we're going to look at a story about a subject, what I first saw is, is like, what's that? It's something called "unitranche financing." Let me share one screen. Okay. So. This is, as I said, an obscure, as you say in the story. I was looking at. Private equity firms are turning to an obscure type of loan. So right there, we're identifying this is something that even for the people reading this story, this is not something they bump into every day. So, who did you think of as the as the audience for the story?

[00:08:04] **Kelsey Butler** So I think maybe two categories. One, I was thinking of investors that could be interested in private credit and could see this as an opportunity, but maybe didn't really have all the details. Like I mentioned, you know, some of those investor types could be pension funds or ultra-wealthy individuals. And then I was also thinking just people that generally keep up with finance and want to know about trends but maybe don't follow this little corner as much. So, let's say you're a trader that focuses on the stock market and you might want to know what's happening in other places. So, you can kind of,

you know, sound like, you know what you're talking about, but you don't need to know all the all the finer details.

[00:08:46] **John O'Neil** But one thing we sort of our maximum we came up with in our quick-thinking finder work is everybody's a specialist about something and a generalist about everything else.

[00:08:58] **Kelsey Butler** So Exactly.

[00:09:00] **John O'Neil** So let's look at your second paragraph. Demand for unitranche is strong first priority and subordinated loans and to a single facility from just a handful of lenders now. I'm sort of guessing that you put a definition into your second paragraph because you're writing this, knowing that not many of the people you're writing for are going to know what this is about.

[00:09:33] **Kelsey Butler** Yeah, exactly. I mean, it's especially when you have a word that, you know, most people haven't heard of. You really want to just, ah, I like to just table set and just be like, this is exactly what we're talking about. And even still, I mean, the definition itself is still pretty technical there. You know, first priority and subordinated. You know, if you don't have kind of a working knowledge of finance, like, you might not even know what those terms mean. But we did at least want to kind of set like this is the universe we're talking about here.

[00:10:08] **John O'Neil** You know, so for a narrow readership, for something that we're not super familiar with specifically, but they know the field, you feel comfortable using some of this or technical language, but to spell out in the technical language what they what the thing is. So, if you were talking at the at the dinner party with somebody, how would you describe a unit transform?

[00:10:39] **Kelsey Butler** So I would describe it as, for example, you as an average person or me as an average person, anyone listening to this, we have basically a priority of how our debt gets paid. If, for example, you defaulted on the mortgage to your house, your taxes and the loan, the mortgage would be paid before, for example, you know the store where you bought your couch. So, there is a priority there. What a unitranche does is it kind of blends the priority into one loan. And there's side deals that happen that set a priority, but the borrower might not even be aware.

[00:11:30] **John O'Neil** And so so instead of building these very complicated corporate syndicated loans that are sold publicly, like the Tesla debt you mentioned before, where some people make a deal where they're going to get a little less money, but better be first in line if there is a bankruptcy and there's a problem getting repaid and other people are going to get more rewarded for taking more risk but are going to get further back in the line. In this case, it's all one line, but then the people in the line decide among themselves how it's going to work. So, it's simpler, a simpler transaction for the for the borrower.

[00:12:17] **Kelsey Butler** Exactly. So, all of this kind of wheeling and dealing is happening behind the scenes. But you as a borrower and the company as a borrower, as just getting your lump sum of whatever, you make.

[00:12:29] **John O'Neil** So and I'm sort of imagining that this is complicated for one audience. There's probably other people you deal with who think this is oversimplified and

maybe in your newsletter or whatever approach you would get into even more technical detail on this.

[00:12:53] **Kelsey Butler** I might not get into as much detail in just explaining what it is because the folks might already know. Yeah, but the value in this is laying out both like bringing up the data and just showing how much the trend has grown up to that point, but also still making value if you are an expert. So, laying out some of the risks and some of the things that people might not know, even if they broadly know what a unitranche is, even if they invest in it, because that was some of the things that we got into too, is just the fact that folks see this as a money-making opportunity but might not know some of the risks. And, you know, one of them is that they really haven't been tested in a bankruptcy court system. So, you know, I was talking before about like the list of priorities of how lenders are paid, these side deals that we were talking about. It hasn't been really tested that they would be paid in the traditional way in that traditional primary structure.

[00:14:04] **John O'Neil** Okay. And looking here, I'm showing the third paragraph or second paragraph and explain a brief explanation of the thing. And the third paragraph is the significance of it and why I'm telling you about this, because it's a big thing. It's got some appeal, but it's got some dangers too. So, which is really what the bulk of the piece goes on to be. I just want to show one other thing here, which is because there are certain things you can do and can't do within a news story. And then here is for a quick explainer on direct lending. This is another piece you had done for me, where next week is talking about standalone pieces like quick takes. So like Q&As is where you go into the greater depths that you can't within a news story. Because in the new story you have all these specifics like these deals to talk about. And I'm going to stop sharing this. And I'm going to. Let's talk about your new beat. How would you describe the inequality beat?

[00:15:28] **Kelsey Butler** So my role on the equality team... The way that I really think about it is just basically how things impact underrepresented groups when it comes to policy and the economy. So obviously we're Bloomberg so we think about things in a numbers way. So, it definitely has had a broader impact than just this is bad but have kind of numbers and data to it so.

[00:15:58] **John O'Neil** Something that's just about inequality and just racism might not be at the heart of your beat the way something about racism or lending might be. And so how do you feel? Do you have a sense of that being and what's your sense of the difference in the audience?

[00:16:25] **Kelsey Butler** So I definitely think that there's more people coming to it with at least some working knowledge of things. You know, we'll dive into the story I did on affirmative action. And, you know, a lot of our audience, our web audience has applied to college, has kids that are going to college. So, there's at least some familiarity there. Obviously, the audience tends to be a lot more passionate because we're talking about kind of, I guess, so-called controversial topics. But there's a lot more of a kind of people are coming to it with some level of knowledge. And, you know, I think that the commonality in both credit and my current is that people are still coming to it with some kind of working knowledge. Like I said, people, even if they didn't focus on credit, had some knowledge of, you know, finance or whatever, but they might not know like all the mechanisms of how something works. And so, it's my job to talk about those exact mechanisms and lay out the stakes. So, like, you know, someone might know, broadly speaking, how to apply to college, but they might not know all the nitty gritty about like how race is factored in or the history of that. So, it's like my job is to lay that out.

[00:17:46] **John O'Neil** So we're going to we're going to look at, as you mentioned, the piece about affirmative action and all I find it to. Sure, the school. All right. Why don't you? First, we have students from all over, all over the globe. So maybe if you were to explain just briefly what affirmative action is.

[00:18:16] **Kelsey Butler** Yeah, absolutely. So affirmative action in the context of college admissions means that colleges take into consideration a student's race when they're applying to college. So, it doesn't mean that quotas happen or certain seats are set aside for black or indigenous or Latino students. It just means that it's part of a whole picture that admissions officers use when they're deciding whether to admit someone to school or not.

[00:18:45] **John O'Neil** And so, as you say, for people in the U.S., for most adults, that's an it's a phrase they've heard. Maybe they've dealt with it because of their own college applications or their kids. But it just because something is familiar doesn't mean people understand it correctly. And you're going through a lot of history here. And I'm wondering sort of what was your thinking about wanting to lay that out sort of step by step?

[00:19:18] **Kelsey Butler** Right. So, I wanted to get into the history because that really kind of informs how affirmative action is used. I touched on one of the misconceptions, which is this misconception of quotas or seats being held for black or Hispanic students, which is not the case. And, you know, the way we kind of explain that is through the history of how the Supreme Court has ruled on this before. And also, just the fact of explaining some of the stakes gets at, you know, how important this issue is. It's something that the Supreme Court has ruled on before. And, you know, they don't rule on every single thing. So clearly kind of laying out this is a big topic that has been discussed for a really long time.

[00:20:10] **John O'Neil** You know, so it's let's look at your structure versus... You begin by it's not a hard news. Read my reading of this as you're starting about what the stakes are. And we look back at the headline. It's a statement about what the stakes are in relation to something that is within Bloomberg's coverage area, which is diversity and recruitment rates and how they matter for businesses and the economy. We see an overlap here between a business story and a social story and a legal story. So, you begin by a little summary of what we know this is going to matter because it has matter. Changes that have been made already have mattered. And then we make the connection here to the business side of it by talking, putting it in the context of the of the case and the firings. So, and then this you stop here and talk about the cases. It's sort of like, is this your sort of like definition, not of the broad issue, but of what the news bag is?

[00:21:35] **Kelsey Butler** Yeah. And, you know, we started off with kind of, you know, as you said, the stakes and why these matters. But we couldn't really, like, get into the nitty gritty without laying out what the cases actually were about. And I think it was also another situation where there was a lot of confusion about what the cases were actually arguing. There maybe was like a lot of misconceptions about it. So, we had to really explain like, what was going on here. Mm hmm.

[00:22:06] **John O'Neil** Well, it's interesting because we're talking a bunch in this class about explanatory journalism as something that can help combat misinformation. And it doesn't need to be deliberate, you know, a propaganda campaign just took over years, people start to understand things a certain way and that may not be right. It's good to go back to the basics and say or even just stuff like people have said, this case is about, you

know, Harvard doing X or Harvard doing Y. And that may not be always the case. So, here's the history. And here you get to explain how affirmative action in its current form is working. What is the practice? This is all about. So how long did it take you to boil this down to one paragraph here, the first paragraph beginning with the vast majority.

[00:23:12] **Kelsey Butler** Oh, man. Weeks. And the reason why? Weeks or even months. Because to get to this, I'm like, get it to two sentences. I had to understand how it worked myself. So, I talk to over a dozen. I feel like dozen is always like the gold standard of my mind of people that I want to talk to you until I understand things well, like over a dozen college admissions officers so I can understand how they actually make these decisions to make sure that I really understood it myself. And I can just boil it down, obviously, with all of my editors into this kind of explanation here.

[00:23:58] **John O'Neil** And this is an illustration of the difference between if this was a breaking news story where most of the copy is about the court said this or this or that, so that you might have just a sort of shorthand of here where you're trying to stop up and explain something you're going to take the time to... There's always a ratio between, I need to write this much. It means that my notes have to be, you know, much larger than that. So.

[00:24:32] **Kelsey Butler** Yeah. And I. Oh, I was just going to say I think a different thing it might be is that equality, that umbrella can be really quite broad. So sometimes I have to get up to speed on things that I might not really be super familiar with. Whereas, you know, when I was reporting on credit, all my stories were about credit. Whereas on equality, you know, some of my stories are about this, some of my stories are about, you know, corporate diversity efforts or abortion. And, you know, those are obviously very different topics with a lot more, you know, background needed.

[00:25:11] **John O'Neil** And the common thread is you can't explain anything where you don't understand yourself.

[00:25:18] **Kelsey Butler** Absolutely.

[00:25:20] **John O'Neil** And finally, just to scroll down. So. Here are. There are some options that you sort of walk through and what the alternatives are and. How did you decide how many of these you needed to explain or include and explain?

[00:25:51] **Kelsey Butler** I kind of started in those reporting conversations, talking to people about which were the most common, which were the most popular and. The reason, the ones that I ended up kind of going into the most detail on were ones that had already been used before. So further up in the story, we get into the fact that in nine states right now, public universities can't use affirmative action, they can't consider race. So, and, you know, some of them has been more recent, some has been a little bit more time. But there's data basically to show like, okay, this is what happens when affirmative action goes away. And so. The data kind of allowed me to explain, like, this is how it works and this is what happens when a school implements it. And here's the kind of end effect.

[00:26:44] **John O'Neil** Okay. So, it's both that to explain the overall subject, you have to have those parts to it. And then for those parts, the data is not just the news but part of the explanation. So, some of the specifics are important in building up an overall picture.

[00:27:05] **Kelsey Butler** Yeah, definitely. And I you know, what you said before is you can't explain something if you don't really understand it yourself. And I also think you should never put something in your story that you can't fully explain yourself. That was advice I got from one of my editors very early on in my career. It's just better to leave it out rather than like throw in a sentence that is going to leave readers with more and more questions, like, there's no way you can have everything in a story. So, the things that are in there should be the most important that you, you know, you can really understand. You can understand.

[00:27:44] **John O'Neil** I mean, a lot of the sort of hidden work of explanation is what you leave out. And you've just identified one category of like stuff I don't understand myself, but how else did you decide, you know, you've done a ton of reporting. You've got all these possibilities. What do you decide what to leave or to leave out and what you want to put in in terms of our pollsters understanding?

[00:28:13] **Kelsey Butler** Yeah. So, with deciding what to leave out. A lot of times it just ends up being the stuff that is kind of the...Well, like in this example, it's, you know, it affects the smallest universe. So, if, for example, there is a strategy that schools are using to, you know, an absence of affirmative action that isn't super popular, I'm not going to give it as much kind of length. So, one example is some schools are doing away with legacy admissions. So, I basically mean like if your parent went to Harvard, you know, they're doing away, you know. Right. Exactly. So, there are certain schools that are doing away with that. But it isn't necessarily a widespread thing that schools have done. So, you know, we included it further down and was a lot less kind of explanation. And also, because there's less schools that have done it, there's less data to go with it. So, you know, examples like that where, you know, if there's less to it, it just kind of naturally ends up falling off sometimes.

[00:29:19] **John O'Neil** Okay. So, this is really those are two good examples and two very different examples. So, I want to finish up by just asking. So, you've been doing explanatory journalism along with your news journalism. Do you have a feeling of what you, has doing explanatory pieces helped or changed your writing for your news stories? Or are there lessons you learned here that carry over to other things you do?

[00:29:51] **Kelsey Butler** Yeah, I think the biggest thing is, you know, in a lot of explanatory pieces, you really have the stakes. And I you know, why something matters, why it's important, why people should take the time to read along, saying and I've taken that lesson to try to include it in breaking news. I think a lot of times in breaking news, we just say like, boom, this happened. But, you know, including that context, obviously, as time allows, you know, quickly helps to just kind of make the breaking news that much more that much better. There is there are always going to be people that this is the first they've ever heard of this topic and this is the first piece about it that they're reading. So, you know, it doesn't hurt to have that extra context in there.

[00:30:39] **John O'Neil** That's a really good point. Well, Kelsey, this has been great. And as I expected it would be from working with you. And I appreciate your time. And we'll be online again to figure out our next piece of something.

[00:30:55] **Kelsey Butler** Thank you so much.

[00:30:57] **John O'Neil** All right.