

TO: ALA Executive Board

RE: ALA Publishing

ACTION REQUESTED/INFORMATION/REPORT:

The September 2018-April 2019 report below highlights ALA Publishing's results 8 months into fiscal year 2019, offering some specifics by business unit. Mary Mackay will elaborate in her presentation on the highlights, challenges, and key indicators.

ACTION REQUESTED BY: Mary Mackay, AED Publishing

CONTACT PERSON: Mary Mackay, 312-280-1532, mmackay@ala.org

DRAFT OF MOTION: None requested

DATE: June 5, 2019

BACKGROUND: Progress made in the ALA Publishing department and its six business units in the first eight months of FY19, projections for full FY19 sales and how that positions us for FY20 and beyond, including challenges we continue to confront/address, and perceived opportunities and experiments.

AVAILABILITY: No restrictions

ATTACHMENTS: None

ALA Publishing September 2018-April 2019

Each ALA Publishing business unit continues to implement its 2018-20 strategic plan (approved by the ALA Publishing Committee in June 2017), addressing ways to stabilize revenue and build where opportunities are identified. The plans call for tight control of operations as well as strategic experiments in new products and in marketing, some of which require additional funding to proceed. (Related proposals have been presented to the ALA New Business Development Group, with three approved to date.) We continue to see results and potential in better leveraging ALA content as we build on existing internal and external collaborations and identify new ones. All units are following leads and building relationships with decision-makers who can influence increased average order size and help us secure more bulk purchases.

Indicators point to a stronger FY20 lining up, but we project missing FY19 revenue goals by around 5%. Total expenses are currently 7% under budget. Some specific reasons and points for discussion are detailed as follows. (Specific numbers are as of April 30, 2019.)

- Publishing growth is generally non-linear, with peaks supported by occasional standout products, opportunities, and timing, and valleys that represent the more sustainable level of activity. We are working on right-sizing goals for realistic sustainability in all units for FY20 and for the ALA five-year plan.
- Several units projected stronger sales in the second half of FY19 and some significant opportunities in FY20, reflecting projects and approaches being put in place now for implementation next fiscal year.
- Throughout the department, we continue to focus on collaborations, both internal to ALA and external.

- A specific goal for all units is to increase the size of average orders, especially through bulk, bundled, and package sales, and working with decision-makers at higher levels and larger entities. Building those contacts and connections takes persistence and good leads.
- Non-fixed expenses are constantly reviewed and controlled to try and help balance net revenue shortfalls.
- **American Libraries** revenues are 3% (\$19,465) above budget, thanks to increased efforts to build advertiser relationships and to sponsorships committed for the Emerging Leaders feature, webinars, and podcasts, as well as new custom content opportunities. Email marketing has performed exceptionally well in FY19, balancing some challenges in print advertising. The subscription equivalent subsidy required from the General Administration line is currently \$96,600 less than budgeted.
- **Booklist** projects ending the year around 1-2% under in revenue and 1% over in expenses, with the shortfall mostly in subscription revenue and licensing. Creative approaches such as multiplatform campaigns around a theme are helping sustain sales in the face of unpredictable advertising and licensing, especially as advertisers move from print to other lower-cost products. Experiments in live, face-to-face and other events are in development. Editor/Publisher Bill Ott retired at the end of April, and the transition to the new hire is likely to have some impact on FY19 results.
- **ALA Editions/Neal-Schuman's** sales revenue is improving in Q3 with 25 titles released in March-May, all available in time for the key marketing opportunity offered by Annual Conference. April came in \$64,421 better than budget, with total sales at the end of the month \$246,248 or 14% below YTD budget. We anticipate beating budget for the last four months of FY19 due to key books and large sales, especially a \$45,000 bulk sale to the military and a \$20,000 sale of a single title to medical libraries. Results of the intensive marketing campaign for the new patron-facing, readers advisory grab-and-go genre pamphlets will be evaluated in summer 2019. The FY19 shortfall has been due largely to major projects including two textbooks and RDA 3R-related books not landing as projected, and some newer titles under-performing. FY20 continues to look strong in prospect.
- **The AASL Standards** made a strong start to FY19. Standards sell best in their first year. Projecting in advance of the second year is a challenge, and we currently estimate ending FY19 around \$40,000 below budget. Several related new projects will be published in collaboration with AASL in FY20, likely to help maintain and renew interest.
- **ALA Publishing eLearning Solutions** registrations are improving thanks to several strong selling items "back-loaded" to the second half of FY19, and the sales gap has narrowed to 20% (\$111,300) for the unit overall. Strategies have included increased internal collaboration and partnerships, bundled sales, and a focus on setting up "debit account" type arrangements with organizations and institutions. A deal was recently closed to provide online training for four northeastern states, a model we're hoping to replicate. We are working on how ALA overall can more collectively address standardizing how we work and overcome increased internal and external competition in the space, more easily accessed free content, an industry-wide decline in elearning sales, and less money available for professional development.
- **RDA: Resource Description and Access 3R** project has been delayed by late delivery of content (outside ALA control) which has impacted subscription revenue and some cost-offsets (translations and policy statements) in FY19 as well as related print products in ALA Editions. FY20 will be the turnaround year with the completion and launch bringing increased US and international opportunities and activity. Positive signs include a steady rise in the number of active users in FY19 and high attendance at an online introductory webinar and face-to-face preconference events educating users on the upcoming changes.
- **ALA Graphics** introduced a strong line-up of more than 25 new products in the recent catalog (including materials featuring Disney/Pixar's "Toy Story," selling at double the rate of "The Incredibles" in the same period in FY18). The licensing deal with Out of Print got off to a strong start in May with royalties likely to net more than \$5,000 for FY19, offering a potential model for future supplemental revenue, and a good bulk order kicked June sales off better. Formerly strong revenue streams have become less reliable, including National Library Week and Banned Books Week. YALSA's discontinuing Teen Read Week cuts a projected \$14,000 of sales. We continue to work on realistic, sustainable goals for the unit and to look for further operational efficiencies in light of the current 21% (\$97,637) revenue shortfall.