EBD # 12.22
2018-2019

TO: ALA Executive Board

RE: ALA Publishing

ACTION REQUESTED/INFORMATION/REPORT:

The September 2018-January 2019 report below highlights ALA Publishing's results 5 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: March 22, 2019

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

AVAILABILITY: No restrictions

ATTACHMENTS: None

ALA Publishing September 2018-February 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 as strong as possible a base for growth 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 4.9% ($561,248). Some specific reasons and points for discussion are detailed as follows. (Specific numbers are as of January 31, 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 are projecting 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 efforts to add and develop productive 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.
- Non-fixed expenses are constantly reviewed and controlled to help balance net revenue shortfalls.
- **American Libraries** revenues are 5% ($17,684) above budget and the subscription equivalent subsidy required from the General Administration budget $75,092 less than projected. We project continued FY19 progress, due 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.
- **Booklist** is slightly ahead YTD. 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, typically lower-cost products. We project ending the year around 1% under in revenue and 1% over in expenses, with the shortfall mostly in subscription revenue. Editor/Publisher Bill Ott retires in April, and the transition is likely to have some impact, hard to quantify or predict.
- **ALA Editions/Neal-Schuman**'s sales revenue is projected to improve in Q3-Q4 with 25 titles slated to release in March-May, all available in time for the key marketing opportunity offered by Annual Conference. A new type of product, patron-facing, readers advisory grab-and-go genre pamphlets, is being rolled out with an intensive marketing campaign. We expect the impact to begin in the summer and hope that these experimental products will have significant long-term sales potential. The current 16% ($190,995) shortfall is due largely to six major projects, including two textbooks and RDA 3R-related books, not landing as projected in FY19, and some newer titles under-performing against budget.
- **The AASL Standards** made a strong start to FY19. Standards sell best in their first year, decreasing in the second year and thereafter. Projecting in advance of the second year is a challenge, and current estimates are that we will end 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 projected to improve thanks to several strong selling items "back-loaded" to the second half of FY19. Strategies to narrow the current 36% ($98,350) gap include increased internal collaboration and partnerships, bundled sales, and a focus on setting up "debit account" type arrangements with organizations and institutions. We are working on realistic, sustainable goals for the unit as increased competition in the space (internal and external), more easily accessed free content, an industry-wide decline in elearning sales, and less money available for professional development all impact registration numbers.
- **RDA: Resource Description and Access** 3R project has been delayed by late delivery of content (outside ALA control) which has impacted subscription revenue 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 preconference events educating users on the upcoming changes.
- **ALA Graphics** sales are also expected to improve in the second half of FY19, with a strong line-up of more than 25 new products in the upcoming catalog (including materials featuring Disney/Pixar's Toy Story) and a new licensing deal that could be a growing model for supplemental sales. Formerly strong annual revenue streams are less reliable, including National Library Week and Banned Books Week, and Teen Read Week is being discontinued by YALSA. This contributes to the current 18% ($47,538) revenue shortfall. We are working on realistic, sustainable goals for the unit.