

TO: ALA Executive Board/ BARC

RE: ALA Publishing: Recent Results and Opportunities Going Forward

ACTION REQUESTED/INFORMATION/REPORT:

This report provides an overview of ALA Publishing's FY20 and FY21 Q1 estimated results, with some highlighted opportunities, challenges, strategies, and activities that contribute to those.

ACTION REQUESTED BY: Mary Mackay, AED Publishing

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

DRAFT OF MOTION: None requested

DATE: January 11, 2021

BACKGROUND: Financial results, opportunities, challenges, and strategies in the ALA Publishing department and its six business units in Q1 FY21.

AVAILABILITY: No restrictions

ATTACHMENTS: None

FY20 estimated results

The recently released April 2020 financial results do not signal the need to change ALA Publishing's current revenue estimates for FY20 submitted in the October report EBD# 12.9 (based on manually compiled information from software used in each unit). Net revenue numbers are dependent on the final report of full FY20 expenses. The estimated FY20 top-level revenue remains \$9,500,246, with a shortfall against budget of \$1,450,570 (13.2%); the sharp fall-off started in March 2020. The estimated expense savings, \$1,062,427, include overhead budgeted but not paid, and do not yet account for the impact of furlough savings, attrition, the RDA royalty owed to international co-publishers, Neal-Schuman acquisition goodwill, or a one-time increased inventory reduction to reduce a longstanding accumulation. With no Print Services chargebacks since March and no Annual Conference activity, plus new leases for machines for the new ALA offices, ALA Publishing also had significant unrecovered expense in that area.

FY21, market conditions, opportunities, and estimated revenue results through 12/31/20

Market and sales trends continue to shift rapidly in the face of the pandemic and the generally volatile environment, with factors including library closures, reduced institutional, personal, and marketing/advertising budgets, changes in academic programs, the overall job market for library workers, and the loss of face-to-face opportunities at ALA conferences. Positive signs for the remainder of FY21 include at least two of the "Big 5" publishers predicting a strong calendar 2021 (suggesting potential advertising opportunities), interest in custom and licensed content, success in collaborative projects across ALA, and the launch of RDA 3R. Overall, the new ALA Pivot Strategy will offer a framework for rethinking our work and priorities.

The following estimates (based on manually compiled information from the software used in each unit) indicate FY21 revenue results through 12/31/20, with a total department shortfall of 6.5% or \$197,638. Shortfalls will be mitigated in part by expense savings. Shortfalls under 5% seem to be within the average

timing fluctuation for actuals against allocation and have a good chance of reversal in the remaining months of FY21. The financial results for September 2020 showed revenue across the department 12% above allocation, but we did not expect this to hold as it related to one large order and timing of sales rather than indicating a trend.

Booklist is 3% off revenue allocations YTD but is likely to track close to budget in Q2 and beyond. The unit continues to focus on new digital sponsorship and advertising opportunities as they emerge, including podcast sponsorship, and is working on new subscription marketing plans. A [new Booklist advisory board](#) was convened and three internal staff working groups were initiated, each including a Board member to help guide the team, focused on (1) EDI, (2) reviewer guidelines and training, and (3) subscriptions ideation. Collaborations with AASL, CMO (I Love Libraries), and the Graphic Novels and Comics Round Table (GNCRT) are underway.

American Libraries is currently 4.8% off revenue allocations YTD. The 2021 media kit, which the advertising rep used to sell ad packages for the calendar year, was updated and one vendor alone already purchased \$54,000 in 2021 ads. The team continues to focus on developing content that supports ALA's strategic goals and that meets advertiser expectations. In collaboration with JobLIST partner ACRL, a new business plan is in development.

Digital Reference is 3% off YTD revenue allocations. The unit completed the multi-year global 3R Project with a December RDA Toolkit release, bringing RDA: Resource Description and Access into alignment with the IFLA Library Reference Model and the RDA Toolkit into compliance with current accessibility standards. Related sales initiatives included the introduction of multiyear subscriptions for LIS, discounts tied to new ALA and CILIP (UK) memberships, publication of a print RDA Glossary, and an internationally focused iteration of the successful RDA Lab Series in collaboration with eLearning Solutions.

eLearning Solutions is 7.4% off YTD revenue allocations due to the release timing of the RDA Lab series; the unit expects to be fully back on track in Q2. The unit entered into a contract with the California Library Association to provide bulk rates for purchases of several ALA eLearning events, likely to generate more than \$40,000 for ALA in FY21, and also started a collaboration with Core to help promote their eLearning events. Focus has been shifting to laying groundwork for this unit to become a free-standing ALA unit to better coordinate CE efforts across ALA in FY22.

ALA Editions/ALA Neal-Schuman is 12% off YTD revenue allocations due to an exceptionally high returns ratio from distributors (running at 10.1% against a 7.5% budget that was based on past ratios), reduced overall professional book purchasing, slow adoption of ebooks in the professional environment, and uncertainty in higher education. A consolidated military order was secured with \$104,013 in book sales. Notable collaborative book projects with other ALA units that were published included [Ask, Listen, Empower: Grounding Your Library Work in Community Engagement](#), with PPO; [Pivoting during the Pandemic: Ideas for Serving Your Community Anytime, Anywhere](#), with PLA; [Intellectual Freedom Manual, Tenth Edition](#), with OIF; and several titles with the former ALCTS (now Core). A total of 13 titles have been published in FY21 to date. The unit is focusing on a revised acquisitions plan and sustained content collaboration across ALA. Seeking a new vendor for product fulfillment, warehousing, and distribution offers us the chance to rethink distribution and future-facing models such as print-on-demand (already used for reprints and some smaller print runs).

ALA Graphics appears to be turning a corner; while sales are 10% off YTD revenue allocations, the new products (including the smash hit Baby Yoda products), licensing opportunities, and REM READ poster puzzle income will help close this gap in Q2. The ALA Graphics portion of the consolidated military order was \$11,376. Licensing revenue and royalties from the virtual store show the potential impact of these models for future development of products that promote libraries, literacy, and reading, with less upfront financial investment.