

**Fall Executive Committee Meeting
 October 21-22, 2011, Chicago**

Topic: FY11 Final Figures & Implications for FY12

Background: The 2011 fiscal year ended August 31st. As anticipated, the recession continues to have a significant impact on YALSA’s revenues. Final figures are provided below. Financial data for the current fiscal year will not be available before December. The Executive Committee will want to discuss strategies for boosting revenues in FY12.

Action Required: Discussion

END OF FY11 SNAPSHOT at third close (not including Morris or 48 accounts)

	Actual	Budgeted	Variance
Total Revenue	570,045	730,336	(160,290)
Total Direct Expenses	603,506	683,416	79,909
Contribution Margin (what’s left over after you subtract cost from revenue)	(33,461)	46,920	(80,381)
Overhead (what we contribute to ALA in return for services)	39,363	62,773	23,409
Tax	293	293	0
Net Revenue (if the #'s in parentheses, it’s negative)	(73,117)	(16,146)	(56,971)
Ending Net Asset Balance	303,559*		

*In accordance with best practices in the not-for-profit sector, YALSA’s fund balance needs to remain at or slightly above \$305,208 (6 months’ expenses) ideally, or above \$203,472 (4 months’ expenses) at a minimum.

August 31 marked the end of the 2011 fiscal year. YALSA’s revenue-generating products and services ended the year as a mixed bag, with some of them doing well and others underperforming. Overall, revenues ran 22% behind projections.

Revenues

Revenues were better than budgeted for self-published books, bulk seals, TTW products, Friends of YALSA and the YA Literature Symposium. Dues were less than projected for the fiscal year by 5.8%, although membership for Aug. was 5,327, which is up 1% compared to the same time

last year. Revenues for ticketed events at Annual were at budget. Under performing revenue streams are:

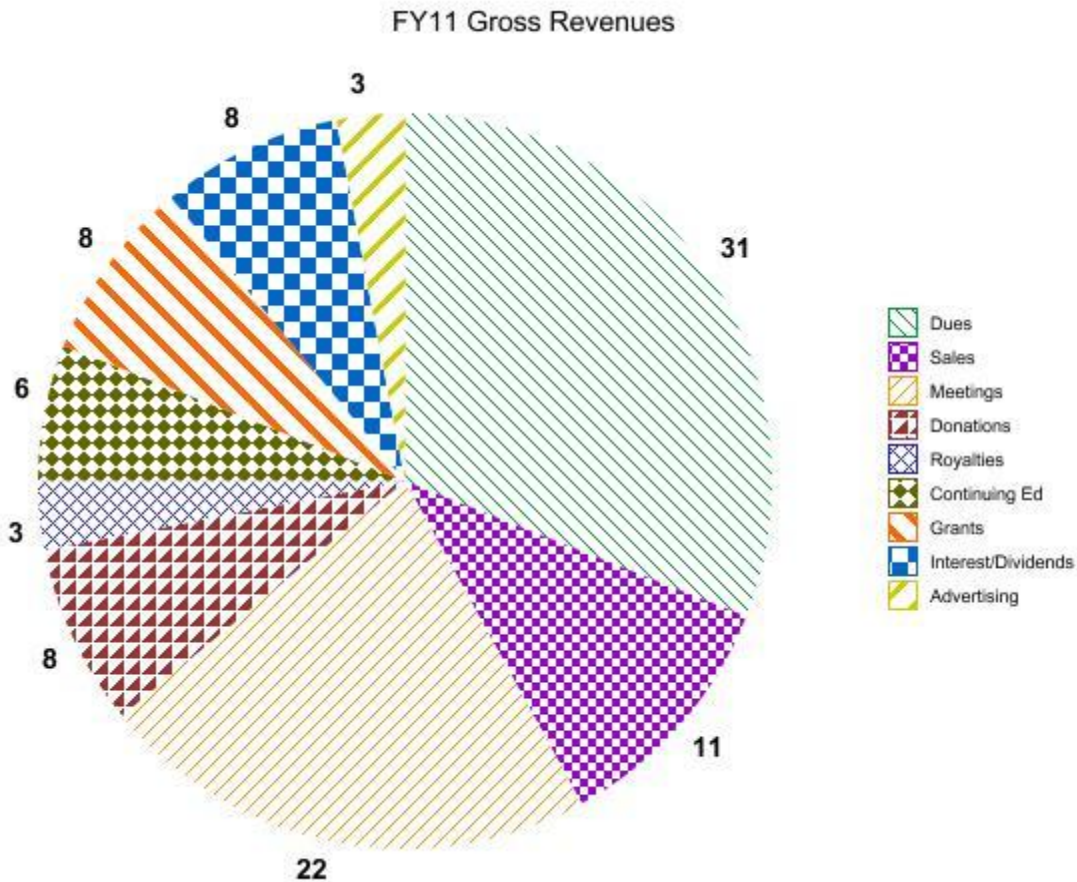
- Ad sales (13% behind budget)
- TRW product sales (14% behind budget)
- webinars (31% behind budget)
- e-courses (41% behind budget)
- licensed institutes (30% behind budget)
- Sponsorships for TRW and TTW (14% behind budget)

Net Sales History

	FY07	FY08	FY09	FY10	FY11
Award seals	23,116	9,912	36,876	50,179	46,445
Dues	183,484	213,459	216,082	207,366	209,044
E-courses	18,081	28,506	18,427	3,178	6,068
Webinars	N/A	N/A	N/A	500	8,161
Licensed Institutes	9,600	4,000	9,500	12,200	8,774
Periodicals	(37,182)	(13,856)	(24,540)	(12,361)	(22,347)
Publications (books)	8,436	10,758	1,676	19,654	9,225
TRW & TTW	68,609	85,815	9,464	17,616	20,786
Conference events	41,228	42,101	32,289	34,095	30,834
Symposium	N/A	N/A	24,241	(2,624)	40,044

Fundraising & Endowments:

- The Morris Endowment’s balance at the start of FY11 was \$556,987. The fund ended the year with a balance of \$608,492.
- The Leadership Endowment’s balance at the start of FY11 was \$42,324. The fund ended the year with a balance of \$46,790.
- Friends of YALSA raised \$17,312, which was directed toward creating resources to mail to TRW registrants, funding one Spectrum Scholar and funding two Emerging Leaders



Dues (\$209,044): includes student, retiree, regular, organizational, corporate, and lifetime memberships for approximately 5,400 members

Sales (\$71,527): includes award seals, subscriptions to *YALS*, self published books

Meetings (\$147,551): ticketed events at Midwinter and Annual, as well as registration and ticketed events for the YA Lit Symposium

Donations (\$53,328): Corporate sponsorships, promotional partnerships, Friends of YALSA and Leadership Endowment

Royalties (\$19,670): includes books published with Neal-Schuman and ALA Editions, TRW products, TTW products and other products sold through ALA Graphics (pamphlets, bookmarks)

Continuing Education (\$37,674): includes regional licensed institutes, webinars and e-courses

Grants (\$53,328): Dollar General funds for 2011 summer reading & Carnegie Publishing

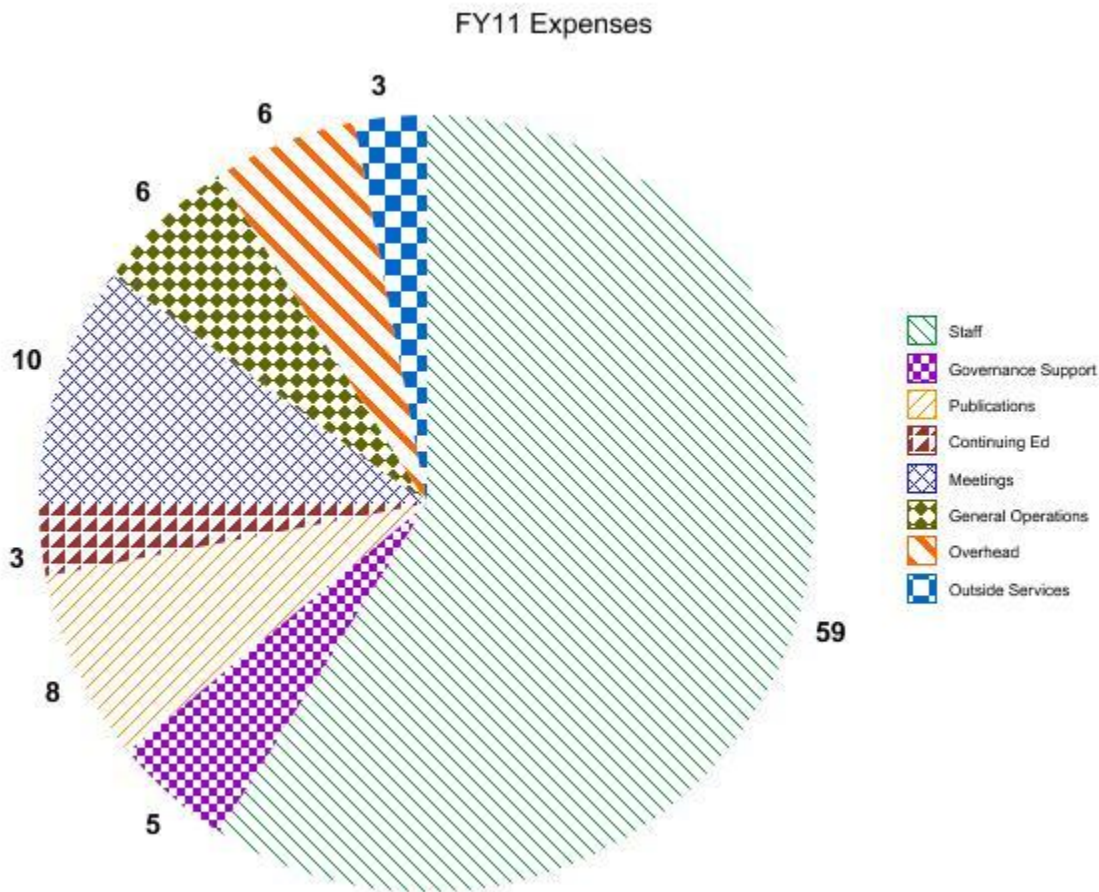
Interest/Dividends/Gains (\$52,861): Leadership and Morris endowments

Advertising* (\$18,530): ads in *YALS*, symposium program and *YALSA E-News*

*YALSA's only taxable income

Expenses

YALS expenses and all CE expenses were under budget. Staff salaries were slightly higher than budgeted, due to the salary increase for the Web Services Manager position. Staff benefits were 16% over budget, due to increased health insurance costs. Expenses for membership retention and promotion were 12% under budget. Expenses for governance and committee support were 14% over budget. Publishing expenses remained over budget due to higher than anticipated editing and proofreading costs.



Staff (\$362,909): salary, benefits and professional development for 5 full time staff and compensation for a part-time intern

Governance support (\$26,258): travel, training, memberships, etc. for YALSA leadership

Publication related (\$47,774): printing, design, proofreading, typesetting, etc. for *YALS*, *YALSA E-news*, *JRLYA*, book length publications and some TRW collateral

CE related (\$13,100): registration fee, Adobe subscription, facilitator/presenter honorarium, presenter travel expenses

Meetings (\$58,673): meals, equipment, speaker honorariums, A/V equipment, transportation, awards and exhibits for Midwinter, Annual and the YA Lit Symposium

General Operations (\$44,491): supplies, postage, computer equipment, furniture, photocopying, telecommunications, bank fees etc.

Overhead (\$39,363): a percentage of certain revenues (e.g. royalties from outside publications) YALSA pays to ALA in return for services such as office space & furniture, legal services, PIO, ITTS, ALA Library, etc. The percentage varies based on type of revenue from about 11% to 25%.

Outside Services (\$19,701): web developer, editors' stipends, strategic planning consultant, etc.

ANALYSIS OF SUMMER 2011 DIRECT MAIL CAMPAIGN

In July 2011, YALSA mailed two postcards to mailing lists it rented from the National Council of English Teachers (NCTE) and the International Reading Association.

Background

- Postcards were mailed to 7,000 educators and librarians in July and August. Sales data covers July, August, and September.
 - The July postcard to librarians promoted three self-published books on programming, *Young Adult Library Services*, and webinars.
 - The August postcard to educators promoted three books featuring thematic booklists, *Young Adult Library Services*, webinars and online courses, and the Young Adult Literature Symposium.

Direct Mail Costs

Mailing list rental: \$485
 Design: \$204
 Printing: \$1,140
 Postage: \$1,553
 Total: \$3,382

FY 11 Webinar Sales

Webinar	Participants	Gross Revenues
July	5	\$156
August	23	\$1,093
September	22	\$1,044
Total	64	\$2,293

FY10 Webinar Sales

Webinar	Participants	Gross Revenues
July	28	\$1,193
August	16	\$800
September	20	\$1,006
Total	64	\$2,297

FY11 Book Sales

Title	July	Aug.	Sept.	Gross Revenues
TRW/TTW Book	3	9	15	\$942
Excellence in Library Services Book	-4	3	1	-\$12
Cool Teen Programs Book	2	14	12	\$865
Quick & Popular Reads Book	8	7	3	\$68
OBCB Book	153	73	111	\$1,321
TOTAL	162	106	142	\$3,184

- Data not available from ALA for *Young Adult Library Services (YALS)* subscriptions
- Data not available from Neal Schuman for *Annotated Book Lists for Every Teen Reader*

FY10 Book Sales

Title	July	Aug.	Sept.	Gross Revenues
TRW/TTW Book	N/A	N/A	N/A	\$0
Excellence in Library Services Book	5	2	2	\$220
Cool Teen Programs Book	23*	8	19	\$1,612
Quick & Popular Reads Book	32	19	10	\$225
OBCB Book	N/A	N/A	N/A	\$0
TOTAL	60	29	31	\$2,057

*The author had recently completed a series of webinars designed to promote sales of the book at this time.

Analysis

Gross revenues on sales of webinars and books from this period were \$5,481. Gross revenues and sales from the previous fiscal year were \$4,350. In addition, more than 200 individuals signed up to receive updates on the symposium during this period (the symposium was promoted on the postcards).

Recommendations

- General recommendations for future marketing efforts:
 - Work with ALA Editions, Neal-Schuman, and ALA Member and Customer Service to create codes for all products promoted through direct mail for better tracking of postcard response.
 - Consider doing a PURL for this project, with all advertised products on it, to make purchasing items easier for recipients and to aid in tracking; PURLs do have additional costs, however
 - Ask partners — ALA Editions and Neal-Schuman —to aid in covering costs, as they are benefitting from greater revenues due to this project.
 - Weigh the pros and cons of offering an incentive, such as 10 % off of the cover price of a book for a limited time. The incentive can be to a particular audience or broadly available. However, discounts are only a good strategy if the volume of sales is likely to be high.
 - Target products carefully —certain products (recent books, webinars) performed better than others (older books, YALS subscriptions).

- Time marketing mailings strategically to take advantage of tie-ins or avoid school closings, vacations, etc.
- Purchasing books through the ALA Store is a much simpler process than purchasing a YALS subscription. Ask ALA if they can streamline the journal subscription process.
- Create a marketing calendar to coordinate marketing efforts across different platforms and to ensure the timing of outreach is strategic
- Expand the use of house ads on YALSA web sites, such as YALSAblog, as well as in YALS
- Increase email marketing, which is less expensive than snail mail efforts
 - Utilize existing email lists, such as TRW registrants, and gather new names via the web site by requiring log-in access for annotated lists
- Pilot some marketing efforts via social media and evaluate their success (Markdown Mondays, Freebie Fridays)
- Continue to integrate marketing messages into webinars and add them to the YALSA Academy videos
- If a marketing snail mail effort is repeated, the following changes are recommended:
 - Re-use the design to save on costs
 - Consider other organizations for list rentals

IMPLICATIONS FOR FY12

YALSA must at least break even for FY12. The past three years have been spend-down years and the net asset balance is at a point where it should not go lower. In order to ensure a net revenue or at least a break-even scenario, the budget will need to be closely monitored throughout the year. Due to the ongoing fiscal problems libraries are experiencing, revenue streams that have been underperforming are not likely to improve dramatically in the next year. That means YALSA will need to find ways to increase streams that are doing well, or to quickly create new streams.

Explore ways to boost revenues in areas that are lagging and/or redirect resources from consistently underperforming areas to those that have the most revenue potential:

Weak revenue areas	Chances for improvement	Tactics for increasing revenue
Dues	good	<ul style="list-style-type: none"> ● Dues increase went into effect Sept. 1 (as did an increase to the journal price from \$50 to \$70) ● Member recruitment effort to TRW, TTW and symposium registrants who aren't members ● Work with ALA on member recruitment effort to list ALA purchased

E-learning	minimal	<ul style="list-style-type: none"> • Establish closer ties with state youth consultants • Seek sponsors to partially fund e-learning (AASL did this with their institutes) • Consider offering fewer webinars or e-courses
Products	minimal	<ul style="list-style-type: none"> • There's not much opportunity to address the weak sales of the Graphics products; however, the products on Cafepress.com could be better marketed and the product line evaluated and modified to attract a wider audience • Create an Alex and TTT seal
Sponsorships	good	<ul style="list-style-type: none"> • Explore the option of using YALSA's ad rep to secure sponsorships • Focus more staff time and resources on sponsorships • Better position YALSA as sponsor-worthy, including creating a "these are our partners" page on the web site • Revisit sponsor structure—should it be by calendar year and not by individual event?
Ticketed events at Annual	good	<ul style="list-style-type: none"> • Prices are increasing by \$5 for FY12 • Don't charge a registration fee for preconferences, which are subject to ~25% in overhead. Ask for a donation at the door, or charge for the materials they get as part of the workshop • Add a ticketed event to Midwinter
Ad sales	good	<ul style="list-style-type: none"> • Explore ad sales for online publications, including The Hub and YALSAblog • Need to make sure YALS is indexed in enough places to raise awareness of it

Exploring opportunities for new revenue:

For FY12

Opportunities to explore	Rationale	Concerns
YALS subscription drive	<ul style="list-style-type: none"> • Just over 300 individuals and libraries subscribe to the journal. With over 16,000 public libraries in the US, as well as schools of library science and the K-12 education market, there is good potential for increasing the number of subscriptions • The journal has a good reputation, so it should be easy 	<ul style="list-style-type: none"> • YALS' web presence is in-progress. It may be hard to sell people on a subscription if there isn't a place online to point them to. • Need to make sure YALS is indexed in enough places to raise awareness of it

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	<p>to promote a quality product</p> <ul style="list-style-type: none"> • A subscription drive has the potential to have a significant return for a minimal investment of resources. The journal costs about \$2.50 per copy to produce and is sold for \$17.50 per issue. So, adding 200 new subscriptions would yield \$12,000 in net revenue. 	
Booze for Books (evening of fundraising that FOY will implement)	<ul style="list-style-type: none"> • Is a way to engage members at the local level • Can help YALSA grow a group of advocates • Doesn't take much time or resources to implement 	<ul style="list-style-type: none"> • Success depends on a significant portion of members embracing the idea and hosting an event
Consider adding ticketed outings or trips to Annual, Midwinter & the symposium	<ul style="list-style-type: none"> • Ticketed events (as opposed to preconferences) make good revenue for YALSA. YALSA should take what it does well and expand it. • Doesn't take significant time or resources to implement • Can enhance members' experience at conferences and increase networking opportunities in particular 	<ul style="list-style-type: none"> • Need to be strategic about timing and price point
Develop a vetted email marketing list (by requiring web site visitors to provide their email address before they can access the 2012 annotated lists)	<ul style="list-style-type: none"> • Easy way to help us expand our reach beyond ALA and YALSA members • Doesn't take significant time or resources to implement 	<ul style="list-style-type: none"> • Some people might have privacy concerns over being asked to give out their email address
Other?	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •

For FY13 & beyond

Host the symposium every year (add a physical store, explore the	<ul style="list-style-type: none"> • The symposium is the 3rd biggest revenue generator (behind dues and seal sales) • Can help YALSA with its goal of having a more local presence 	<ul style="list-style-type: none"> • The symposium draws an average of 500 people every other year. Can that level be maintained on an annual basis?
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possibility of exhibits)	<ul style="list-style-type: none"> It's easier to implement now that staff have been through the process two times 	
Curriculum kits, like Every Child Ready to Read	<ul style="list-style-type: none"> State Library Youth Consultants indicated a need for training materials that they could use for trainings they provide Currently there are not any widely accepted training materials available in YA services The model has been successful for ALSC and PLA Can adapt existing curriculum (from e-courses) 	<ul style="list-style-type: none"> Probably couldn't get much revenue for it in FY12, because of the time development will take
Planned giving campaign	<ul style="list-style-type: none"> YALSA hasn't made a concerted effort to do this type of campaign before, so there is room to grow here 	<ul style="list-style-type: none"> Will not provide any help in the short term Will be a bit of a learning curve, as this type of effort is new to YALSA
Continue to seek grants	<ul style="list-style-type: none"> Have had some recent success that we can build on 	<ul style="list-style-type: none"> Not a reliable funding source, so can't be built into the budget planning process The economy has increased competition for grants Can be time consuming
Other?		

Exploring potential areas to reduce expenses:

Project	Cost saving options	Additional information
Governance & committee support	<ul style="list-style-type: none"> Reduce costs by cutting travel and travel related expenses (\$12K in FY10, \$15K in FY09, \$20K in FY08) Hold the Fall Executive Committee meeting via conference call (would save about \$10K) Eliminate outside trainings and memberships (\$1,700 in FY10, \$3,200 in FY09, \$6,900 in FY08) 	<ul style="list-style-type: none"> Travel costs vary by location of executive committee members Travel related expenses include: the Fall Executive Committee meeting, National Library Legislative Day, and face to face trainings like the BoardSource Leadership Forum

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Member retention & promotion	<ul style="list-style-type: none"> • Cap expenses on printing and mailing materials, exhibiting, etc. (\$14K in FY10, \$18K in FY09, \$15K in FY08) 	<ul style="list-style-type: none"> • This refers to all materials distributed at ALA conferences, state conferences, workshops where members are presenters, requests from librarians and educators, etc.
Staff	<ul style="list-style-type: none"> • Reduce professional development allotment (\$1K per staff member) • Suspend intern program • Cap or eliminate overtime (\$5,000 in FY10, \$2,900 in FY09, \$1,100 in FY08) • Limit travel further 	<ul style="list-style-type: none"> • Staff normally don't use their full allotment • Overtime is mostly related to Midwinter and Annual, but also Division conferences • With 2 staff members back from leave, interns are less necessary
Delay or shrink new projects that have expenses but no revenue	<ul style="list-style-type: none"> • Mentoring program 	<ul style="list-style-type: none"> • The mentoring program takes a significant amount of staff time to implement
Reduce the stipend for e-course developers	<ul style="list-style-type: none"> • Currently it's \$1,000 	
Other?		

Additional Resources:

- “2011 Economic Impact on Associations,” <http://tinyurl.com/6y9e566> (.pdf)
- “Associations After the Recession: Attitudes and Beliefs Among CEOs and Members,” <http://tinyurl.com/64wzcv8> (.pdf)