

A spreadsheet jungle

by Gordon Woolf

You have a brilliant idea for a magazine - you know your page layout program backwards - and you know your subject. What can go wrong?

A lot. You face all the problems which cause the majority of new businesses to fail, and you can even kill your project with success, a problem I'll get to later.

First, I suggest the computer program you need more than any other is your spreadsheet program. You are producing a product with more variables than any other. In most manufacturing businesses you have a fixed cost component, comprising all the overheads, and a run-on cost which is what it costs to produce each extra widget once you have made the first. Add them together, add on the mark-up, and there is your price.

Unfortunately publications are not that simple. You have production cost variables, but you have an almost infinitely variable range of income from advertisements. Even more confusing is that as you sell more advertisements, so your production costs go up to pay for the extra pages you need to carry those advertisements. You may also decide that because you have more ads, you should offer more editorial.

Smaller ads cost relatively more, but by how much? You will also need to do some calculations on what happens if the proportions of certain ads are not as you expected. If you work on having a lot of quarter pages, and then sell mostly full pages, you may not get the needed average income per page.

You should start talking to printers at this early stage. I have seen a would-be publisher decide on a page size he liked, tell all the advertisers and promote it widely before he found that a change of a few millimetres would have dramatically reduced costs.

Some paper is made in limited sizes, and may not always be available just when you need it. I still remember starting a magazine and making a big point in the opening editorial about the paper we had chosen. Just as it was due to be printed, I had a call from the production manager: "That paper isn't in stock." I felt every reader thinking how stupid we were until we had the chance to explain in issue number two.

While flatbed presses can cope with most sheet sizes, web presses (and "web" just means they print from a roll of paper) usually handle only limited choices. But web costs are almost always well below flatbed once your run is large enough to cover the higher set-up costs - another spreadsheet jungle.

You may think logistics refers to planning for the military and huge transport firms, but since I met a logistics expert, I've found it is what publishers and editors have to do all the time - making sure that dozens, sometimes hundreds, of items from widely disparate sources arrive at the place they are needed just as they are needed.

An editor does not have to be a great writer, but he or she does have to be a good manager, coping with unpredictable writers by always having something to fill that hole when an anticipated article fails to arrive.

You also have to make sure you can reach your intended readership. While you are unlikely to forget to the extent that a would-be publisher did until he found several thousand copies outside his home, there is little chance of success if you just hand them to Gordon and Gotch and hope they will be picked up in newsagencies.

You will need to promote directly as well, and again, don't overestimate the financial benefit. Your return per copy sold is unlikely to be more than half the cover price, even with a good distribution deal, and you will have to be offering sale or return, with half or more being likely to return. Again your spreadsheet

exercises will need to include some calculations on the cost of putting out extra copies if only a small proportion of the extra copies are sold. And would a different selling price make a major difference to sales numbers?

If you are selling subscriptions, have you worked out the effect on postage costs of having a better than expected sale of advertisements, which pushes up the size of the issue. The number of variables starts to approach the infinite.

And how can success breed failure? I'll just mention someone I know who started a small local entertainment magazine. It ran fairly well for a while, and he was covering his costs and had the prospect of a small profit in the near future. Then, as a result of a major local event, he produced an issue that was twice the number of pages, and most of the extra pages were advertisements.

"This is great," he thought, until he had to pay the double-sized printer's bill, well before the advertisers had paid him. They weren't bad debts, but they were taking 60 days or more, when his bills had to be paid in 14. The next issue just didn't come out.

Gordon Woolf started with a magazine produced on a hand-cranked roneo, and has since worked for some of the nation's largest (and smallest) magazines and newspapers as well as owning several - some successful, others not. He now writes and publishes books including a number on newspaper and magazine production such as *How to Start and Produce a Magazine or Newsletter* on which this article is based. Published by The Worsley Press. See www.worsleypress.com for more information.