



Book Industry Study Group

Book Industry Study Group, Inc.

Strategic Plan

2006-2008

Prepared by

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Strategic Plan

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Background & Process

BISG today is centrally involved in many industry initiatives and projects. It has increased financial resources at its disposal. And it is widely perceived as the organization that has the legitimacy and structure necessary for leading the industry with respect to the policies, standards and best working practices that drive efficiency and reduce costs for all its sectors.

Operating from this position of strength -- and mindful of the dangers of assuming that the mission that worked well during the last three years will serve equally well in the next three -- the BISG Board of Directors decided to adopt a proactive approach to understanding the needs of our members and our industry.

To evaluate and perhaps modify BISG's mission, structure and focus over the next few years, the Board initiated a strategic planning process and formed a Strategic Planning Subcommittee. That subcommittee was authorized to proceed with an investigation and planning process leading to a recommended Strategic Plan to be presented to the Board in January 2006 for review and approval.

The fundamental questions addressed in the strategic planning process were:

- (1) How do we sustain and build value and momentum?
- (2) What will be BISG's unique and significant contributions to its members in the next several years?
- (3) What impact can and should BISG have on the future of the book industry?

The Strategic Planning Subcommittee operated in three phases. The first phase involved collection of data and information from industry leaders and BISG's members via interviews and a comprehensive member survey. The second phase included an intensive two-day working session (November 17/18, 2005) to review the member survey results and other data collected, and develop recommendations for the Board. The third phase involved the development and presentation of this Strategic Plan for review and approval.

VisionServe, LLC, was engaged to facilitate a review of the membership survey results, assessment of critical industry issues, identification of major trends, and understanding the relevance of these to BISG. The goals were to produce a statement of BISG's unique and strategic role in the book industry along with a list of initiatives and priorities for the organization to focus on going forward.

Key Findings

As previously reported, feedback from the member survey and the interviews was overwhelmingly positive, validating BISG's current activities and priorities and generally requesting more of the same. Therefore, the challenge presented to the Strategic Planning Subcommittee was to investigate more subtle changes and modifications that were suggested.

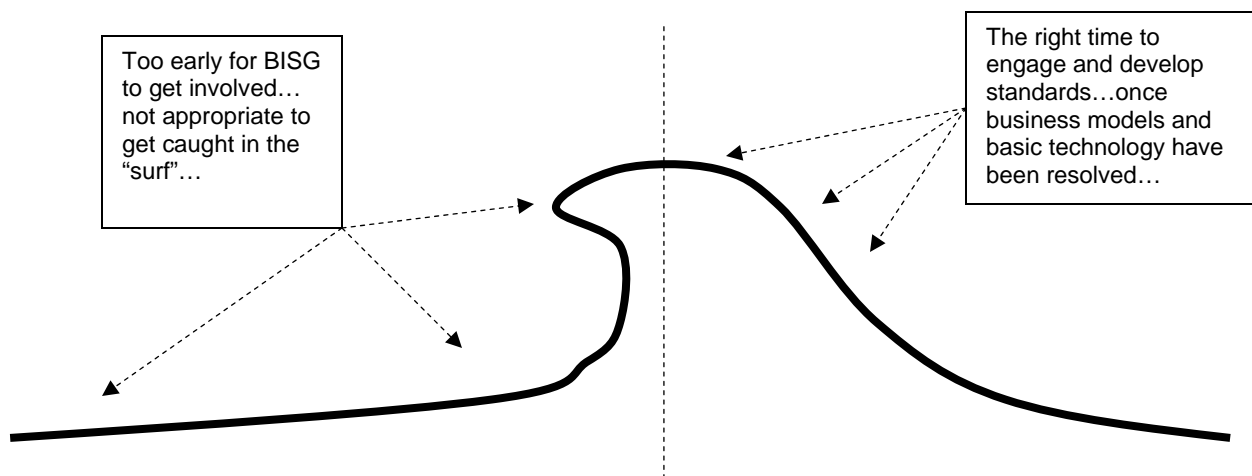
Four major themes/questions emerged from the interviews and from the membership survey review and were evaluated by the subcommittee:

- **Data related services** – Should BISG facilitate the collection of title information, access to it, and quality control of it, and/or should BISG provide a central repository for title information and a method for updating and correcting that information?
- **Standards certification and accreditation** – Should BISG develop and manage certification and/or accreditation of companies' compliance with selected published standards?
- **Research, education and communication** – Should BISG invest additional resources in research and education and, if so, how should these resources be deployed?
- **Digital content management** – What should BISG's involvement be in this area?

These issues were evaluated in terms of significance, industry need and fit with BISG's mission and capacity.

During Strategic Planning Subcommittee discussions, several criteria and models emerged that shed light on when and how BISG should engage.

- 1. BISG should engage with issues when the “wave” is relatively mature and developments are significantly relevant to most supply chain participants.**



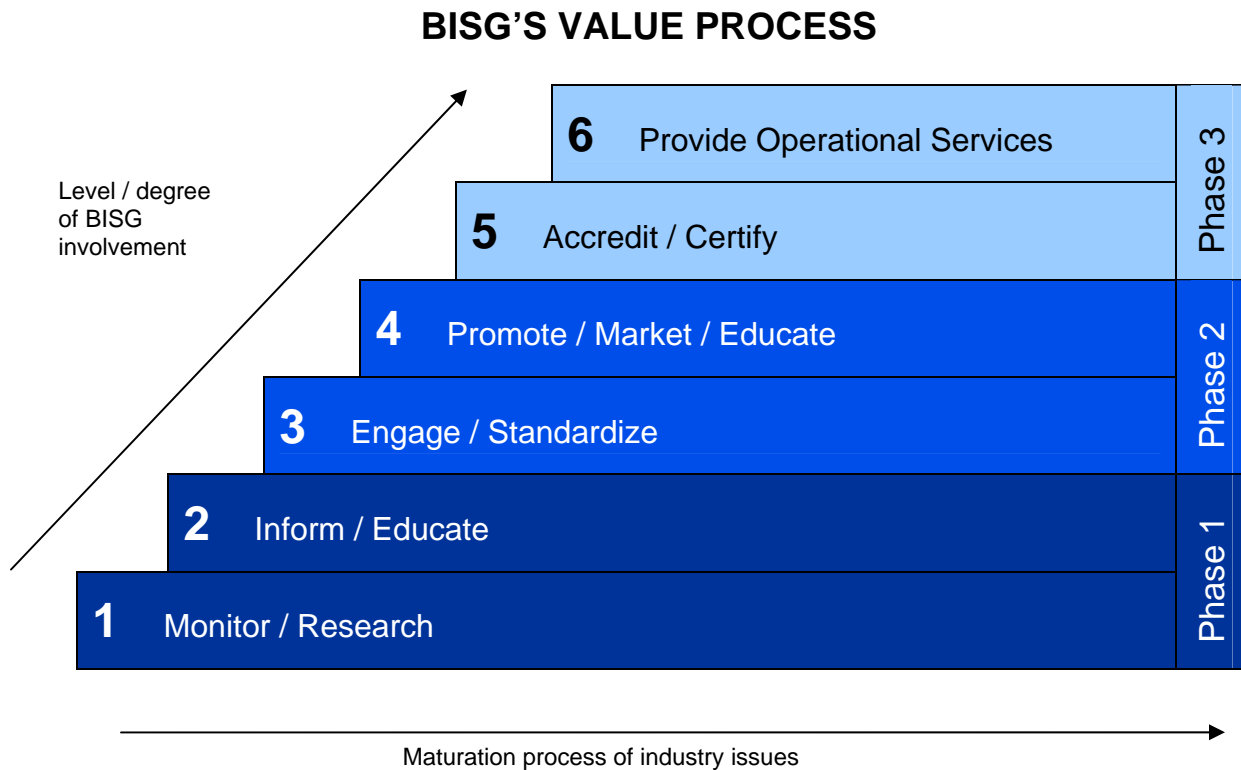
2. BISG should track an issue or need along the maturation process and engage where it can add the greatest value.

BISG is most effective when it identifies issues that impact its members; provides members with pertinent information; engages with them to develop consensus on standards and working practices that increase efficiency, and assists with adoption and implementation.

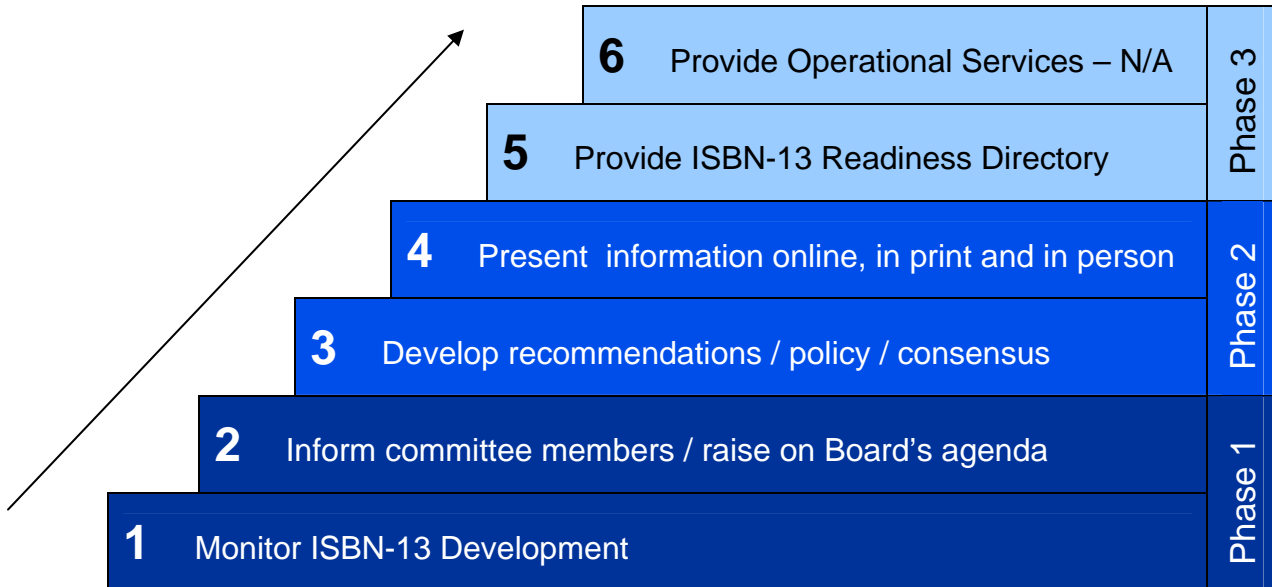
Its unique engagement with a wide range of players in the book industry allows it to receive information early and see needs and issues in the maturation section of the wave pattern that warrant involving members in developing solutions.

BISG can also provide value by offering certification services and possibly other services.

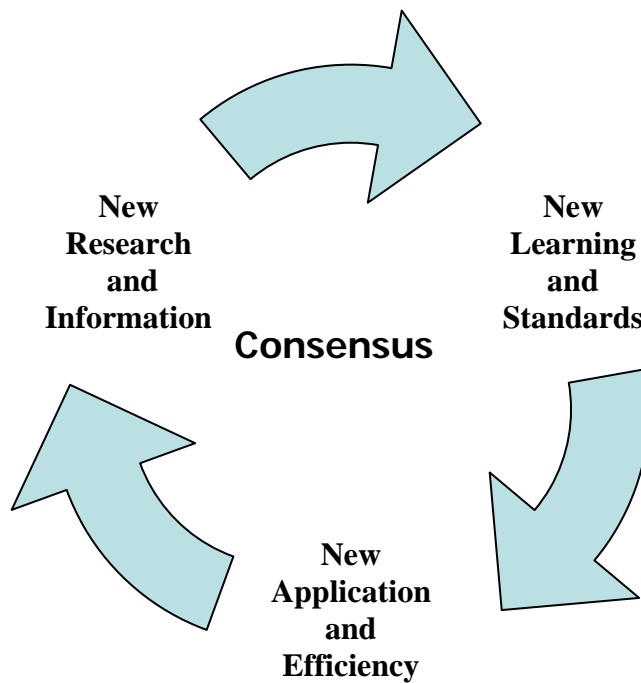
The BISG Value Process is demonstrated in the following diagram, which depicts the steps in the process as building blocks in a sequential timeline:



The following is an example of how this process was applied and continues to be applied in connection with the ISBN-13 transition:



- 3. **BISG is best at facilitating broad supply chain consensus on new issues, establishing industry-wide standards, and encouraging broad-based application.**



Convergences of various conditions and maturations provide clues to when BISG should and/or can engage most effectively with an issue or need.

Several of the specific opportunities that the Strategic Planning Subcommittee evaluated raised the question of whether BISG's role should be limited to facilitation or expanded to include responsibility for marketplace development and advocacy involving matters such as increasing readership and literacy.

The recommendation of the subcommittee is that BISG focus exclusively on supply chain issues and improving efficiency among trading partners – i.e., that the organization remain *a facilitator for consensus and standards*.

BISG Mission

BISG has always strived to serve the entire book industry supply chain. It has provided forums for publishing industry consensus, policy development and best working practices. It has facilitated the development and maintenance of standards that enable effective communication among all segments of the industry. It has continually conducted research and gathered data on issues affecting the book industry as a whole.

Impartiality coupled with an industry-wide perspective has created value that BISG members perceive. According to our members, bringing efficiency to the book industry supply chain is BISG's greatest value. We have shown that we can foster a more efficient marketplace by helping supply chain participants become more informed and effective and by helping them come to consensus.

With these thoughts in mind, the Strategic Planning Subcommittee recommends revising the BISG Mission Statement and proposes that it now read:

BISG's mission is to create a more informed, empowered, and efficient book industry supply chain.

BISG Core Values & Priorities

Much of BISG's success has come as a result of engaging players from every segment of the industry effectively. By being the "Switzerland" of book publishing -- an impartial, and honest broker between trading partners -- BISG has facilitated broad-based consensus on issues, standards and best practices. The value of membership and the value of volunteer involvement have attracted new members and resulted in significant participation by members throughout the supply chain.

The following are core values that BISG should maintain in all its activities:

- **Consensus** – BISG gains and maintains consensus across the industry, and gives high priority to helping business partners work together more effectively.
- **Broad participation** – BISG seeks to bring all interested parties in the book industry supply chain to the table. We encourage open communication and make benefits available to all players nationally and globally. We do not represent any specific sector or segment of the industry, nor does BISG specifically champion any issue or initiative unless the membership has committed to it.
- **Authority** – BISG promotes knowledge of the industry, maintains impartiality and trust and fosters credibility through research and communication. It constantly strives to enhance broad-based connections among practitioners in all segments of the book industry supply chain.
- **Relevance** – BISG maintains relevance by emphasizing those issues that are currently important to our members. By listening to members and being sensitive to their professional and organizational needs, we create a more empowered membership and industry.

BISG Operational Priorities

To execute the BISG mission successfully, we must give priority to the following key activities:

- Provide a forum for publishing industry consensus, policy development and best working practices.
- Develop and maintain standards that enable effective communication among all segments of the industry supply chain.
- Conduct research and gather data on issues affecting the book industry as a whole.

Recommended Goals & Initiatives

After evaluation of all the identified themes/questions, the Strategic Planning Subcommittee formulated the following conclusions and recommendations:

- **Data related services** – Providing operational services to the industry would require a material change in BISG’s relationship with its members and the industry.
Recommendation: Data related services should remain a possibility for the future. There is no consensus on immediate implementation at this point.
- **Standards certification and accreditation** – This stood out as appropriate for BISG to pursue. BISG seems the right agency to facilitate compliance with and application of standards within the book industry supply chain.
Recommendation: Provide a green light to committees to propose certification programs and have the Board evaluate proposals on a case-by-case basis.
- **Research, education and communication** – These activities are critical to BISG on several levels: (1) Both formal and informal research are required in order to stay abreast of all developing and developed issues; (2) Education is an important part of the BISG Value Process, both before and after standards are developed; and (3) BISG derives its authority from the perception that it is on the cutting edge of industry developments and trends.
Recommendation: Increase organizational resources devoted to research and education as part of the core mission. The goals here would be to:
 - Expand BISG’s ability to inform and educate supply chain participants and influence supply chain efficiency
 - Strengthen BISG’s position as the authoritative source of information on industry trends and developments
 - Cover additional supply chain influences, such as new technologies and other factors likely to affect the industry in the future
 - Focus on consumer readership as one end of the supply chain
 - Communicate BISG’s commitment to ongoing research efforts
 - Build BISG’s ability to capture and disseminate information and its capacity for covering the entire industry
 - Further strengthen the credibility of BISG’s information.
- **Digital content management** – This is an example of an issue that is not yet mature enough for full BISG engagement.
Recommendation: At this point, BISG’s involvement should be limited to the first two steps of the BISG Value Process – i.e., researching and informing our members

- **Membership** – BISG’s ability to increase efficiency throughout the supply chain is improved as membership becomes broader.
Recommendation: Identify and recruit members from parts of the industry that are not represented or not adequately represented now. This will involve engaging authors’ associations, libraries, and STM, academic and higher- education publishers, among others.

- **Operational Priorities** -- Increased internal staff capacity will be necessary.
Recommendations: Maintain financial reserves that cover six months of operating and program expenses. Ensure that the operating budget is at a breakeven level, with the option of operating at a deficit if the Board approves drawing from accumulated cash reserves for specific opportunities.

BISG & BISAC Committees

BISG is driven by a wide array of committees, interest groups and taskforces. These groups are the heart of our organization and provide an ongoing platform for the advancement of industry issues and standards. Retaining good committee structure and recruiting and keeping members and chairs is vital to BISG and the industry.

With this in mind, the Strategic Planning Subcommittee felt it was important to review the current structure of BISG committees. The specific reasons for the review were: (1) the desire to generate greater efficiency by combining committees currently working on similar projects and (2) feedback from Board and members indicating that some committee agendas are unclear or lack focus.

BISG currently has 13 BISG committees and 8 BISAC committees, which can be categorized in the following ways:

Consensus-driven

These committees derive their value from broad representation and active participation by members who share interests and agendas. They include:

- DEIG
- EAN Transition Taskforce
- ISBN-13 Taskforce
- MEIG

Recommendation: Consensus-driven committees provide key value to BISG and we should therefore continue to maintain and develop them with an emphasis on the quality of leadership and members.

Research-oriented

These committees work to create an informed marketplace by conducting and publishing research on issues affecting the book industry as a whole. They include:

- Publications
- Research

Recommendation: Research-oriented committees provide key value to BISG and we should therefore continue to maintain and develop them with an emphasis on the quality of leadership and members.

Office Support

These committees derive primary value from coordination and effort by a single chairperson. Historically, some of them were created to provide Board member support for BISG office staff and to compensate for limited office resources. Office support committees include:

- Business Solutions
- Education
- Finance
- Marketing
- Membership

Recommendations: Since the BISG office has been handling tasks currently allocated to these five committees, we recommend the responsibility for these tasks be transferred to BISG's staff, that these committees be disbanded, and that their chairs become coordinators for certain programs as appropriate.

The projects that currently require the nomination of coordinators are:

- Making Information Pay (MIP)
- BookExpo America (BEA)
- BISG 30th year anniversary
- RFID (see below)

Dormant Committees

These are committees that have been dormant, with few or no communications to committee members, for the past 12 months. Dormant committees include:

- New Technology Interest Group
- Policy

Recommendation: Dormant committees should be disbanded and the current NTIG chairperson should become coordinator for BISG's RFID initiatives.

BISAC Committees

Although some BISAC committees are currently dormant, our recommendation is that the BISAC chair have responsibility and authority for reviewing BISAC committees' activities and making specific recommendations to the Board when and as appropriate.

New Committee

The Strategic Planning Subcommittee recommends that a new committee be established to monitor developments and opportunities associated with the Global Data Synchronization Network (GDSN).

Staffing

Successful execution of this strategic plan requires that the following office activities and responsibilities be covered by staff:

- Leadership / strategy / general management
- P&L / budget responsibility and management
- Staff hiring, training and management
- Payroll and benefits management
- Legal issues, negotiations and contracts
- Spokesperson activities and media contact
- Coordination with national and international organizations, including:
 - BIC / EDItEUR
 - Booknet Canada
 - AAP
 - AAUP
 - ECPA
 - NISO
 - ALA
- Membership growth and member relations, including:
 - Prospect development and conversion
 - Membership retention and satisfaction
 - Development and maintenance of membership benefits
 - Membership communication and outreach
- Committee management, including:
 - Organizational and logistical support
 - Staffing – chairs and members
 - Directing – agendas and issues
 - Motivating – deliverables
 - Scheduling
 - Reporting
- Programs management, including:
 - Warehouse Benchmarking
 - Future certification programs
 - Annual and occasional conferences
- Communication and marketing, including:
 - Press releases and media relationships
 - Web site content and communications
 - *BISG Bulletin*
 - Updates, alerts and invitations

- Office management, including:
 - Office maintenance
 - Office supplies
 - File maintenance (hardcopy & electronic)
 - Equipment purchase and maintenance
 - System and technical support
 - Backup & archiving
- Bookkeeping, including:
 - QuickBooks management
 - Merchant account management
 - Petty cash
 - A/P
 - A/R
- Website and mail list technical management, including:
 - Public website
 - Members Area
 - Online sales of publications
 - Dynamic directories and databases
 - List servers
 - Survey tools
 - Domain name maintenance
- Meeting management, including:
 - Board meetings
 - BISAC meetings
 - Committee meetings
 - Annual meetings
- Publications and research, including:
 - Directing the Institute for Publishing (TRENDS)
 - Directing InfoTrends (currently, publisher survey and used-book study)
 - Publishing TRENDS and other studies
 - Coordinating with AAP, AAUP and others
- Education, including:
 - Conferences (e.g., *Making Information Pay*)
 - Seminars & panels (at, e.g., BEA)
 - Webinars (e.g., *Are You Ready for ISBN-13?*)
 - Brochures (e.g., *ISBN-13 For Dummies®*)

Given the long and varied list of required activities and responsibilities and the limited size of BISG staff, it is impossible to create purely functional positions with rigid job definitions. Working in the small-business environment requires ongoing balancing of activities, resources and skill sets. Therefore, BISG staff must be flexible and willing and able to share the load of activities dynamically, with a Jack-of-all-trades mindset.

Recommendation: BISG should be staffed with the following four full-time positions:

- **Executive Director:**
 - Leadership / strategy / general management
 - P&L / budget responsibility and management
 - Staff hiring, training, management and development
 - Payroll and benefits management
 - Legal issues, negotiations and contracts
 - Spokesperson activities and media contact
 - Coordination with national and international organizations
 - Membership growth and member relations
 - Committee composition and leadership

- **Associate Director:**
 - Backup for the Executive Director
 - Research and publications
 - Committee management
 - Programs management
 - Meeting and events management
 - Education via website , programs and publications

- **Office Manager**
 - Office management
 - Bookkeeping
 - Web site and mail lists technical management
 - Publications and research logistics

- **Marketing & Communications Manager**
 - Communication and marketing programs
 - Marketing and sales collateral
 - Membership acquisition and maintenance
 - Website development and content

The estimated payroll costs of these four positions are included in the proposed budget.

Proposed Budget

As of December 31, 2005, BISG had a strong cash reserve, exceeding seven months of operational costs, and close to nine months if net assets are considered.

Recommendation: Develop and continually maintain a budget that aims for slightly better than breakeven results. As per the by-laws, the budget is to be presented and approved annually by the Board or Executive Committee.

Proposed Budget Plan July 2005 through June 2008

Proposal for
Strategic Planning Subcommittee

	<u>Jul '05 - Jun 06</u>	<u>Jul '06 - Jun 07</u>	<u>Jul '07 - Jun 08</u>
Receipts			
Membership Dues	610,000	680,000	750,000
Publication Sales	80,000	80,000	80,000
Program Fees	25,000	25,000	25,000
Sponsorships	25,000	25,000	25,000
Education Fees	20,000	20,000	20,000
Interest & Misc.	2,000	2,000	2,000
Shipping & Handling	2,000	2,000	2,000
Total Receipts	764,000	834,000	904,000
Cost of programs and publications			
Book Industry TRENDS	85,000	85,000	85,000
Other Research Studies	80,000	80,000	80,000
Education Costs	30,000	30,000	30,000
BISAC Expenses	21,000	21,000	21,000
Benchmarking System	16,000	16,000	16,000
Total cost of programs and publications	232,000	232,000	232,000
Gross Profit	532,000	602,000	672,000
Expense			
Payroll expenses & benefits	344,000	454,850	500,335
Executive Search Fees	70,000		
Professional Fees	18,000	20,000	22,000
Travel & Entertainment	7,000	14,000	15,400
Rent	20,000	36,000	39,600
Website & Database	10,000	11,000	12,100
Meeting rooms and expenses	8,000	8,800	9,680
Copies, Post & Shipping	6,000	6,600	7,260
PR & Advertising	6,000	6,600	7,260
Telephone	5,000	5,500	6,050
Utilities	4,000	4,400	4,840
Software & Hardware	4,000	4,400	4,840
Conferences & Exhibitions	3,500	3,850	4,235
Insurance	3,500	3,850	4,235
Office Supplies	3,500	3,850	4,235
Merchant Account Fees	2,500	2,750	3,025
Miscellaneous	2,800	3,080	3,388
Total Expense	517,800	589,530	648,483
Net Income	14,200	12,470	23,517