



Book Industry Study Group

Book Industry Study Group, Inc.

Executive Director's Annual Report

2002 – 2003

Summary:

The Book Industry Study Group experienced a remarkable transformation over the last year. Due in large to the hard work and leadership of the members of the Board of Directors and the committee chairs, BISG emerged from a challenging period to regain financial health and stability, a strong and growing membership and a leading position in the industry in developing standards, policies and research.

Today, we can articulate a clear vision for BISG going forward into Fiscal Year 2004: First, BISG is to provide a forum for all segments of the publishing industry to meet, debate and agree on mutually beneficial policies, guidelines and best working practices. Second, BISG through its standards division (BISAC) will continue to develop and maintain standards for communications, supply chain interaction and improved efficiencies amongst trading partners. Finally, BISG will continue to research and distribute to its members pertinent information about our industry and its significant trends.

Fiscal year 2003 began with a challenging transition for a new management team. In a short period of time new staff had to become self sufficient, had to find appropriate office space, relocate from the New Jersey office, assume control of the financial situation and develop both a tactical and strategic plan for the organization.

Much has been accomplished – yet much more remains to be done. The following lists the main activities and milestones of the year:

Finances:

The key to a successful organization is to make sure it is adequately funded, has a balanced budget and has an appropriate cash reserve. The first 6 months of the fiscal year were dedicated to these issues:

Financial Statements:

The audited financial statements, prepared by our auditors, McGladrey & Pullen, reflect the successful turnaround of the organization. Membership dues increased by approximately \$50,000 to over \$301,000 for the fiscal year ending June 30, 2003. Sales of publications generated \$42,297 compared to \$24,364 in the previous year. Expenses were carefully controlled, notwithstanding the transition period with the change in Executive Directors. An increase of \$59,446 to the organization's cash balance was achieved compared to a reduction (loss) the previous year of \$97,800. This resulted in a year's end cash balance of \$71,243 as opposed to \$11,797 in the previous year.

One Time Assessment:

A large part of the financial turnaround was due to a voluntary one time assessment approved by the Board of Directors in the fall of 2002. This special assessment was provided by several large members of the organization to support BISG during its difficult financial transition. Special appreciation is due to those organizations that contributed, including Baker & Taylor, Barnes & Noble, HarperCollins, Ingram, RR Donnelley, Random House, and Wiley.

New Dues Structure:

During the fall of 2002 the Board approved a new dues structure which was implemented and made effective in January 2003. The new dues structure attempts to correlate membership fees with the potential benefits derived from active participation in the organization. It simplified the membership levels and merged BISG dues and BISAC dues into a single schedule. Moreover, it represented a substantial increase in the dues for most members and the challenge is to demonstrate that a strong value proposition exists and that membership benefits outweigh the costs of membership.

Financial System:

One of the first management systems installed early on in the year was a full implementation of QuickBooks Pro, including online billing features, automated tracking of account receivables, and an online merchant account. QuickBooks enables the tracking and reconciliation of every single transaction, improving the financial management of the organization and allowing for close monitoring and control of the Finance Committee and the Board of Directors. In addition the generation of reports and financial statements are available at the push of a button.

Budget:

The Finance Committee has approved a new budget for Fiscal year 2004. The budget includes the following targets:

Revenue: a membership dues target of \$392,000 and revenue from sales of publications of \$42,500. These are attainable goals and with the support of the Board, the Membership Committee and Marketing Committee we plan to achieve and attempt to exceed these results.

Expenses: we will keep running BISG on a very tight expense budget for the time being and therefore we have not budgeted for costly new projects at this time. The proposed budget includes total expenses of \$132,000 for the production of our publications and programs (as opposed to \$135,047 for FY03) and \$272,250 for our general & administrative expenses. Our financial goal will be to increase our cash reserve to approximately \$120,000.

Membership Services & Programs:

BISG Newsletter:

Led by Judith Appelbaum, Chair of the Publications Committee and Michael Psaltis, Editor, BISG reinstated a monthly email news bulletin to keep members abreast of industry issues and concerns. To date the BISG Bulletin has been a phenomenal success –and members should be expecting the eighth issue in early October. If you are not currently receiving the bulletin be sure to contact the office so that we can add you to the distribution list.

New BISG Website (<http://www.bisg.org>):

Over the past year, the BISG website has been completely revamped. In phase one we not only created a new look and feel but we updated its functionality and vastly improved the content. New sections of the website include an Upcoming Events and Meetings page, a new online store for our publications and a new section on bar-coding books. Phase two of the

website redevelopment plan will allow members to login to a members only section where they can read minutes, post messages, access shared files, and store committee files. Phase two is in final testing and will be rolled out in the next few days.

BookExpo America:

BISG traveled to Los Angeles to participate in BookExpo America. At the conference we maintained a booth, answered questions and distributed materials. Executive Director, Jeff Abraham presented a preview of Book Industry TRENDS 2003 and IPSOS-Insight representative, Barrie Rappaport, presented a preview of the 2002 Consumer Research Report on Book Purchasing during a scheduled press conference. A press release is available online for more details as are the presentations.

Membership Database:

Owning and operating a sophisticated membership database is a key asset to a membership driven trade association. Since neither a complete nor accurate membership database or directory existed we needed to research and locate an appropriate solution. The most cost effective solution was to develop a customized MS Access database which was completed in April 2003. The database allows us to track membership, contact lists, renewal dates, generate e-mail lists, maintain member contact information and much more. In May 2003 we polled all members for updated contact information which was fed into the database.

Book Industry TRENDS 2003:

This July, BISG released the 26th annual edition of Book Industry TRENDS. Prepared for BISG by the Center for Communications and Media Management at Fordham University's Graduate School of Business Administration with portions of statistical data provided by the Association of American Publishers and the American Association of University Presses.

Book Industry TRENDS is widely praised as an indispensable source for information about and analysis of the book business. TRENDS 2003 reviews and forecasts book sales in both dollars and units for the period 1997-2007, providing more than 200 pages of comprehensive data on key segments of the publishing industry. Printing and binding were graciously donated by RR Donnelley and as always the accomplishment is due to the hard work of Publications Committee, and the nine contributing authors.

2002 Consumer Research Study on Book Purchasing:

Also released this summer was the 2002 Consumer Research Study on Book Purchasing produced by Ipsos-Insight. Armed with this information, members of the book industry can develop and enhance publishing programs and product mix, strengthen sales efforts in selected channels of distribution, and create new marketing efforts to attract more book buyers. Printing and binding were donated by RR Donnelley and sponsorship was provided by VISTA and by the ABA. As with TRENDS, the accomplishment is due to the hard work of Publications Committee.

BISAC Committees:

BISAC – Book Industry Standards and Communications – returned to its original acronym and mission. Ed Ramsey, Chair, continued to focus the BISAC committees on making rapid progress in developing the standards they are charged with.

Two committees were reconstituted this year: The Machine Readable Committee (MRC), chaired by Tom Clarkson (Barnes & Noble) and the Technical Advisory Committee, chaired by Ted Burg. Wendell Lotz's (Ingram) nomination as Vice Chair of BISAC will be presented to membership for approval at the September 19, 2003 General BISAC meeting.

The following were key developments and milestones for some of the BISAC Committees:

BISAC Subject Headings version 2.7

A new and improved version of the BISAC Subject Headings was released in June 2003 by the Metadata Committee. All members should have received their complimentary copy via e-mail (please contact the main office if you have not yet received yours).

Several major revisions were implemented in this latest version. In response to requests from representatives of the graphic novels industry, a new major section (Comics and Graphic Novels) has been added. In addition, the new version includes significant revisions to the Art, Photography, History, Travel and Political Science sections. Particularly in the History and Travel sections, the committee added terms suitable for the Canadian bookselling market.

The Metadata Committee, which is responsible for the BISAC Subject Heading Codes, has also begun working on the next revision, with a focus on the Juvenile sections, and will develop a tutorial to help publishers apply the codes in their particular environments.

ONIX version 2.1:

The cooperation between BISAC and BIC/ EDItEUR continues to be successful. The latest version of ONIX - the international standard for representing and communicating book industry product information in electronic form – was released and contains several significant additions. The new version facilitates handling reissues and comprehensive specification for worldwide territorial rights and non-territorial sales restrictions. ONIX Release 2.1 is an important release – the first release which is the result of feedback from a substantial volume of live usage in several countries – but with full upwards compatibility from Release 2.0.

EDItX XML Messages:

As a result of the continued efforts by BISAC's Internet Commerce Committee (ICC) and EDItEUR, new EDItX XML schemas and user guidelines for the Order, ASN and Digital Sales Reports messages were released. Progress is also being made on the Consumer Direct Fulfillment and Order Response/Order Status messages.

BISG Committees:

BISG's wide array of committees and interest groups provides an ongoing platform for the advancement of industry issues, guidelines and policies. These committees are actively managed by our members and meet regularly (usually on a bi-monthly basis). This past year

we have expanded this list by adding two additional committees, the Policy Committee and the Membership Committee.

The Policy Committee was established by a dedicated team of executives to address general industry issues. The committee, chaired by Board member Kevin Spall (RR Donnelley), developed a roster of issues and a process by which Board members can delegate issues to the committee for review and debate. The committee's goals include engaging a cross section of the industry for participation in key industry developments.

The Membership committee was established as part of an effort to reach out to additional segments of the industry and expand our membership base. Spearheaded by Board member Jean Srnecz (Baker & Taylor), the Membership Committee's efforts are aimed at all segments of the publishing industry and at all companies that desire to enhance their competitive standing in today's marketplace.

Policy Statement on Book Identifiers:

The first and most pressing item on the committees agenda was addressing the upcoming changes to book product identifiers (ISBN-13, EAN/UCC-13/14). Working closely with the Machine Readable Coding Committee (MRC), the committee developed the first BISG Policy Statement that will be presented to the Board and to membership at the September 18, 2003 Annual Meeting of Members. The draft policy statement was sent out to membership and generated a huge amount of feedback, comments, suggestions, and some extremely lively debate. The policy has been through several drafts and revisions in an attempt to incorporate the feedback and create fair representation of industry consensus.

Shipping Label Standardization Initiative:

The Distribution Executives Interest Group (DEIG), chaired by Jim Benjamin (Baker & Taylor) has several exciting projects in the works including the following initiatives: Shipping Label Standardization, Vendor Compliance Standardization, and Performance Benchmarking and Metrics. The committee has enjoyed great participation from the members of BISG and has made substantial progress in developing a set of standards for product labeling and label placement. The placement of the shipping label is particularly challenging given the various size cartons being used both for bindery and mixed SKU cartons and because of the current carton scanning configurations that are being utilized by publishers, distributors and booksellers.

Going Forward:

Fiscal year 2003 proved to be a pivotal year for the Book Industry Study Group. We now have the resources, membership and momentum to continue building on our success. We look forward to an exciting year of activity and growth and to fulfilling the important role that BISG has in the industry.