

Taking Publications Management with Marty Brown was one of the first recommendations I got when I arrived in Portland and started in the publishing program, though I was warned that the class was “depressing,” in that it made you realize that the potential to make a lot of money in publishing is roughly equivalent to that of making loads of money as a musician. The dose of realism that the class provided me early in my time at PSU was invaluable, however; it gave me a realistic base of information I could use to evaluate where I wanted to go in the program and in publishing, and helped me weed out interesting but unfeasible ideas.

The work for the course involved creating a fictional company and creating everything you would need to get it started, from mission statement to financial plan. I’ve reproduced all of that information here for Two Things At Once press, my fictional science fiction publishing house.

Two Things At Once Press

Executive Summary

The pages that follow should give a comprehensive overview of Two Things At Once Press (2@1), from our mission statement and marketing strategy through the financial plan of the business, including profit and loss sheets for our initial six titles. To summarize, we are a small publisher of science fiction and related non-fiction works with a strong web-based business component; we sell ebooks in addition to print books and almost all of our marketing is done online. The first print run of our titles is done via traditional printing, but after that print run has sold through, we go to Lightning Source. Much of our proofing and design is contracted out, but we have very high standards; designs are tweaked after we get them, and manuscripts are read through a final time before going to press.

Most of what follows should be reasonably straightforward; however, the financial plan may require a bit of explanation as it is fairly complex. First, please note that the Financial Plan document is essentially a combination of individual title P&Ls and a cash flow projection. The top 42 rows show the profit and loss sheets for our initial six titles, each in a separate column. It is worth noting here that we pay different royalty rates for ebooks and print books. Also, while we do sell our ebooks through our website, the majority of our ebook sales come through Google's online book store, which is why we have a 35% discount for ebooks.

Following the P&L section are the Cash In, Cash Out, and Cash Flow sections. It is important to note here that for the Cash In section, the months run in rows, but for the Cash Out and Cash Flow sections, they run in columns. We have attempted to be conservative in number of books sold per month, and have estimated that 25% of a title's yearly print run will sell in the first month, 15% in the second, 10% in the third, and 5.5% in all following months. While this does not account for any seasonal spikes in sales, any shortages resulting from those spikes can be quickly and painlessly dealt with through Lightning Source. In addition, we have assumed that for a given title, we will sell a number of ebooks equal to 10% of the print books sold. We receive the money for ebooks sold quite quickly; usually within two weeks. Print books, of course, take longer—we have assumed a net 90 payment schedule.

We pay PPB costs in the month that a title is released. EDP and marketing costs are spread out a bit more; EDP is paid over two months, on a half in advance, half on completion arrangement. Marketing costs are spread out over the month preceding release, the month of release, and the two following.

The appendices contain additional P&Ls for each title; while traditional print data is listed on these, the Lightning Source page is the more relevant information. Lightning Source does not seem to be a worthwhile venue for initial printing of our titles due to high cost per manuscript page, but it offers a risk-free very high return on investment for titles that have already paid off their EDP costs.

Two Things at Once mission statement

Tom McCluskey

2@1 is devoted to exploring the future of storytelling. We are a small group of people with strong interests in technology, literature, and any combination of the two, and we publish print books, electronic books, and online media that reflect those interests. We believe that our customers, like ourselves, are fascinated by the interaction of technology and storytelling, so we explore that intersection to satisfy our own curiosity and that of our readers. Some of the areas that we are particularly excited about are:

- Hypertext fiction
- Geographically aware stories for mobile electronic devices
- Storytelling in computer games
- The confluence of text and audiovisual media
- “Viral” fiction
- Wiki fiction, wovels, and other community-authored works

The future and the change it will bring is what we’re interested in at 2@1. We publish titles that explore that future and make it meaningful to our present, while trying to bring our present into the future with new ways of telling stories.

SWOT Analysis

Strengths

- Fresh outlook on publishing and media in general
- In-house web designers
- Some good contacts in Portland area and online; at least enough to start a small online community
- Just starting out means that we can integrate new technology more easily than if we were already established
- Very in-tune with the online community of sci-fi aficionados, which means we have a lot of insight into the market and what our readership wants to read.
- Emphasis on online presence means that we can forgo more traditional and costlier print marketing efforts like catalogs and mass mailings

Weaknesses

- Tying books to online content will limit the market
- Emphasis on web content could prove too time-intensive and non-remunerative
- Online content for titles will either a) be largely our responsibility after a title is launched, which will greatly increase the amount of work that we have to do as we acquire more titles, or b) be largely the author’s responsibility, which gives us far less assurance that it

will be done well or at all.

- Emphasis on new technology will build an expectation that we will remain cutting edge, which means we will have to spend a lot of time making sure our frontlist and our company image remain up-to-date.
- We're going to be making most of this up as we go along

Opportunities

- Largely unexplored field
- Could get in on the ground floor of something new
- Can ride the current popularity of open-source and Creative Commons
- Cheap electronic editions could be attractive in the current economy
- Ebook sales give a nice cushion, helping to ameliorate some of the peak/trough nature of traditional publishing
- Google's pending settlement with the Author's Guild seems to provide wide distribution of ebooks at a good discount (35%)
- Ebook sales are in a period of strong growth (2007 ebook wholesale revenues up \$10.8 million from \$20.0 million in 2006)

Threats

- Largely unexplored field
- Easy piracy of electronic works
- Trade paperback sci-fi from non-established authors does not sell as well as mass market
- Sci-fi in particular is notorious for high advances, which we will not be able to afford
- There are plenty of places online to get good free sci-fi ebooks, and free is hard to beat

Market Definition

Readers interested in the books and other media we publish will be largely people who are very tech-savvy, as much of our content will be web-based as well as print-based. Science fiction titles will make up a large portion of our list, though some general fiction and some scientific non-fiction will be included as well. The emphasis on web content and the tech-savvy market means that we will be focusing largely on college educated or college-bound males aged 15-35, which is in keeping with surveys that show science fiction to be the favored genre for pleasure reading among males aged 18 to 44. This seemingly narrow demographic is still fairly large, as science fiction accounted for 2.74% of the total book sale revenues³⁹ of \$35.69 billion in 2007⁴⁰—that still makes it a \$978 million market, and we're going for a tiny little chunk of that.

Our readers will be experimental, often unconventional, and more than likely not mainstream at all. They will read as both an escapist pursuit and to explore new ideas, and they will

39 slis.cua.edu/people/news/Greco_November2008.ppt

40 <http://www.bisg.org/news/press.php?pressid=42>

be interested in integrating these new ideas into their lives. Being very tech-savvy, they will have a distaste for ideas they perceive as being stale or out-of-date, which means that we will have to work hard to keep up with trends in sci-fi and in our online marketing.

Competitive Analysis

Our ideal readers have many things competing for their attention, not just books by other publishers. TV is a fading competitor, particularly for our target audience; tech-savvy people under 35 are increasingly likely to turn to the Internet for their news and entertainment. While this means we have a good combination of target audience and marketing strategy, it does not mean by any stretch that we have it easy in the competition department. Video games, Facebook, YouTube, and blogs will all be in some sense competition for us, particularly for our online content. The availability online of free ebooks, particularly free sci-fi ebooks, is another source of competition for us. While many of these ebooks are amateur at best, there are a number of professional best-selling sci-fi authors (Cory Doctorow and Neil Gaiman among them) who release their books online for free, for either a short time or the long term.

In the print world, sci-fi is a very populated field. Most science fiction on the shelves is mass market paperback; trade paper sci-fi is generally limited to anthologies or works by well-known authors. By going with a traditional print run to start and relying on LightningSource (and therefore trade paperback) thereafter, we are putting our titles into competition with some of the strongest names in the genre and pricing ourselves out of the mass market.

Positioning Statement

The availability of many other online distractions competing for the attention of our readers is something that we will use to our advantage. Rather than trying to distract our readers from other pursuits and not acknowledge that our competition exists, we will inform our readers about things that they might think are interesting. In this way, we hope to foster an online community—this is very similar to the approach that Tor books has taken on www.tor.com. We will deal with the competition from free ebooks in the same way; we will provide links to places that distribute free ebooks, and encourage our readers to let us know about good free titles they have found. This will help us keep up with changing tastes in genre, and also has the possibility of introducing us to promising new writers. We may even consider publishing some of the better free sci-fi that we find, a move that would be similar to Baen's forums (<http://bar.baen.com>), in which writers can post their works and critique the works of others, and the few works that rise to the top get published.

In the print world, we will have to ensure that our books are quality works and look it. People browsing through the trade paperback sci-fi titles will generally be a fairly discriminating lot, and very well-read in the genre. They will be looking not for a book to simply fill time, but for a good book. Our covers, production, blurbs, and interior design will have to be done very well to be competitive. We will want to position our titles as quality sci-fi from rising stars in the genre.

Marketing and Sales Strategy

On-line marketing will be the majority of our marketing effort, as befits our emphasis on the online components of our titles. Ideally, we will be able to create a bit of a buzz about the company before we announce our first title through YouTube videos, forum postings, a cryptic home page, and other viral marketing efforts. After launch, we will engage in heavy online discourse in as many forums as is reasonable, aiming for at least two daily blog posts on our own site and frequent commenting on relevant blogs and forums. For individual titles, we will pursue aggressive online marketing tactics, as well as advertising in more traditional print publications such as sci-fi magazines. We will not use print mailings or catalogs, but we will send out an email newsletter monthly, which will include recent titles and a link to our online catalog. We will try to get reviews in online sites like <http://www.mostlyfiction.com/scifi.htm> and <http://www.sfreader.com/>, and online/print magazines like <http://www.locusmag.com/>.

Sales of electronic texts will be done both on our own website and through Google's ebook selling platform. For print books, we will hire a sales rep and pay by commission. Our initial traditional print run of each title will be handled by a fulfillment house, and our later POD runs through Lightning Source will be shipped out as they are ordered.

We will attend a minimum of 4 science fiction conventions a year, and will certainly attend any local publishing or book-industry events, but the majority of our contact with our readers and others in the industry will be online, through social networking, Twitter, and blog comments.

Etia is a science fiction novel set in a near-future world that, already mired in socioeconomic and ecological problems, is suddenly confronted with a new intelligence. The story follows four main characters from various corners of the globe as they try to understand the chaos around them. As events unfold, they draw these four into contact, both physical and over the internet. A large portion of this internet contact will be reproduced on websites we will help the author produce, and some additional story material will only be available online.

This story will be a good fit for 2@1 because it deals directly with the themes that we have decided are important to us as a press. Electronic media play a strong role, both in the story and in the way the story is going to be told, and it will be a great opportunity to see what the potentials for combining online and print storytelling really are.

There are a number of competing books on the market, but not really any with the multi-format concept that we have; in many ways, this means that we will have to create an audience for this kind of work, so while there are no real competitors for people who want novels with online content tie-ins that is fairly meaningless, as there are no people looking specifically for that sort of reading. We will be competing with novels like *Snow Crash* and *Interface*, both of which are \$15.00. *Etia* is a shorter novel than either at 384 pages, but not overly short.

Archaeotronic tells the story of an archaeological team in South America that discovers that the Mayan ruins they are excavating are actually the remains of a massive computer. Their excavation activates the machine, which begins attempting to communicate with the team. The main source of tension in the novel is from conflict between members of the team as they try to decide what course of action to take.

While this novel could easily be classified as a thriller (in the vein of Michael Crichton's *Congo*), it is also close enough to science fiction to fit our niche. The author is very interested

in continuing the story online, and plans to set up blogs for each of the main characters that gives more background information for each character. In addition, he plans to tell the stories of a pair of minor characters through these blogs.

Again, the lack of similar titles with substantial online content means that we have to create interest in this market, not that we have no competition. *Congo* is, as mentioned, a similar book, though it is sold in mass market format rather than trade paperback. 2012: The Return of Quetzalcoatl has a very similar theme, and is comparable in both price and page count.

Raid Night is a near-future story that follows a group of twenty-something friends as they immerse themselves more and more deeply in sensorium online gaming—massively multiplayer games similar to *World of Warcraft* that players can experience with all their senses and play anywhere, any time with their cybernetic implants. As the friends play more and more, they try to find activities that they can indulge in while playing that will complement the thrill of battling virtual monsters.

In many ways this book is a cautionary tale about the dangers of over indulgence in technology; several of the main characters come to bad ends. The main character and her boyfriend, however, are classic cyberpunk figures—somewhat dysfunctional, gritty, but able to adapt to problems quickly and use technology in innovative new ways. This book is a very good fit for us—it is thematically perfect for our list.

Similar titles out currently include *Little Brother* and *Halting State*, both of which are about the same length. Both titles are currently only available in hardcover, though this may give *Raid Night* an edge.

Router 66 is a cyberpunk parody of the classic genre of road-trip coming-of-age stories. It follows a pair of teenage friends freshly graduated from high school who decide to spend the summer “experiencing the real Web.” Heading away from the high-traffic dot-com sites, they journey from dot-org to dot-net, experiencing the backwaters of modern culture.

This book is not classic sci-fi, but it is a good fit for our list regardless. It certainly casts an analytic eye at our culture and what our online artifacts say about it, and it also has a lot to say about how important the internet is to kids who are growing up today. Similar titles include *Liberation: Being the Adventures of the Slick Six After the Collapse of the United States of America*, which is slightly shorter, but also \$14.95, and once again *Little Brother*, which is also similar in price and page count.

The author plans to post a “page of the day” on his website for at least the first month after the book’s release. These pages will be screenshots of sites that the two main characters have come across on their virtual road trip, and will include comments about the page by the two main characters.

404—Page Not Found is set in the middle of a 21st century that has seen the dissolution of privacy rights and the increasing intrusion of corporate control into the daily lives of citizens. The main character works at a government subsidized corporate monitoring station, scanning personal and public data to find people engaged in “suspicious” activity. The novel opens with the main character seeing a *404—Page Not Found* message for the first time. Over the next few days, the error messages crop up with increasing frequency, always as he is trying to investigate one particular individual. The book follows him as the error messages lead him to the concept of privacy, and then to question the system that he is a part of.

This book is a good addition to our list; privacy laws on the internet are a big issue right

now, and this title would address that interest quite well. The author is a web designer, and is excited about the idea of building a site to support the book, with false 404 messages that occasionally pop up and provide clues to the URL of another site—this would be a great opportunity to explore this sort of marketing.

Through a Glass Virtually is an examination of different visions that popular science fiction writers have had of the future, with particular attention paid to computers, the internet, and the interaction of humans and technology. Some attention is given to the common treatments given to these subjects from the 1950s to 1980, but the bulk of the book is concerned with the ideas first seen in the cyberpunk movement of the early 1980s and those that arose thereafter.

This book fits our list quite well—the author is examining the same questions we are interested in, and has conducted a lot of research already. He is willing to work with us in refining the manuscript, and has a blog already. *Storming the Reality Studio* is a similar title, though with more of a literary criticism angle. It is \$25.95 and 405 pages, so a bit shorter and more expensive.

Table 1: Projected sales in number of units of both electronic and print editions per title

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<i>Etia</i>												
Sales	1250	750	500	275	275	275	275	275	275	275	275	275
E-sales	125	75	50	27	27	27	27	27	27	27	27	27
<i>Archaeotronic</i>												
Sales			1250	750	500	275	275	275	275	275	275	275
E-sales			125	75	50	27	27	27	27	27	27	27
<i>Raid Night</i>												
Sales					1250	750	500	275	275	275	275	275
E-sales					125	75	50	27	27	27	27	27
<i>Router 66</i>												
Sales							1250	750	500	275	275	275
E-sales							125	75	50	27	27	27
<i>404-File Not Found</i>												
Sales									1250	750	500	275
E-sales									125	75	50	27
<i>Through A Glass Virtually</i>												
Sales											1250	750
E-sales											125	75

Table 2: Estimated profit and loss for all titles

Titles	<i>Etia</i>	<i>Archaeotronic</i>	<i>Raid Night</i>	<i>Router 66</i>	<i>404-File Not Found</i>	<i>Through a Glass Virtually</i>
Print Book						
Price	\$14.95	\$14.95	\$14.95	\$14.95	\$14.95	\$19.95
Discount	50%	50%	50%	50%	50%	50%
Royalty	7%	7%	7%	7%	7%	8%
Sales	5000	4000	5000	5000	5000	7500
Gross	\$37,375.00	\$29,900.00	\$37,375.00	\$37,375.00	\$37,375.00	
Returns	30.00%	30%	30%	30%	30%	30%
Net	\$26,162.50	\$20,930.00	\$26,162.50	\$26,162.50	\$26,162.50	
Ebook						
Price	\$4.99	\$4.99	\$4.99	\$4.99	\$4.99	\$4.99
Discount	35%	35%	35%	35%	35%	35%
Royalty	15%	15%	15%	15%	15%	17.5%
Sales	500	400	500	500	500	750
Net	\$1,621.75	\$1,297.40	\$1,621.75	\$1,621.75	\$1,621.75	\$2,432.63
Total Net	\$27,784.25	\$22,227.40	\$27,784.25	\$27,784.25	\$27,784.25	\$54,801.38
Cost/unit	\$1.25	\$1.20	\$1.30	\$1.15	\$1.20	\$1.20
PPB	\$6,250.00	\$4,800.00	\$6,500.00	\$5,750.00	\$6,000.00	\$9,000.00
EDP	\$1,200.00	\$1,500	\$1,000.00	\$1,250.00	\$1,400.00	\$2,000.00
Total Royalties	\$2,074.64	\$1,659.71	\$2,074.64	\$2,074.64	\$2,074.64	\$4,615.21
COGS	\$9,524.64	\$7,959.71	\$9,574.64	\$9,074.64	\$9,474.64	\$15,615.21
Gross Margin	\$18,259.61	\$14,267.69	\$18,209.61	\$18,709.61	\$18,309.61	\$39,186.17
Gross Margin %	65.72%	64.19%	65.54%	67.34%	65.90%	71.51%
Marketing %	10%	10%	10%	10%	10%	10%
Marketing	\$2,778.43	\$2,222.74	\$2,778.43	\$2,778.43	\$2,778.43	\$5,480.14
Distribution %	10%	10%	10%	10%	10%	10%
Ditribution	\$2,778.43	\$2,222.74	\$2,778.43	\$2,778.43	\$2,778.43	\$5,480.14
G&A %	5%	5%	5%	5%	5%	5%
G&A	\$1,389.21	\$1,111.37	\$1,389.21	\$1,389.21	\$1,389.21	\$2,740.07
Total Operating Expense	\$6,946.06	\$5,556.85	\$6,946.06	\$6,946.06	\$6,946.06	\$13,700.34
Net Income	\$11,313.55	\$8,710.84	\$11,263.55	\$11,763.55	\$11,363.55	\$25,485.82
Net Income %	40.72%	39.19%	40.54%	42.34%	40.90%	46.51%
Total outlay	\$7,450.00	\$6,300.00	\$7,500.00	\$7,000	\$7,400.00	\$11,000.00
Net/unit	\$7.48	\$7.48	\$7.48	\$7.48	\$7.48	\$9.98
Break-even units	997	843	1003	936	990	1103
ROI	151.86%	138.27%	150.18%	168.05%	153.56%	231.69%

Table 3: Estimated combined monthly income from all sources

Cash In	<i>Etia</i>	<i>Archaeotronic</i>	<i>Raid Night</i>	<i>Router 66</i>	<i>404</i>	<i>Through a Glass Virtually</i>	Total
January	\$405.44						\$405.44
February	\$243.26						\$243.26
March	\$162.18	\$324.35					\$486.53
April	\$9,457.27	\$194.61					\$9,651.88
May	\$5,719.77	\$129.74	\$405.44				\$6,254.95
June	\$3,851.02	\$7,565.82	\$243.26				\$11,660.10
July	\$2,729.77	\$4,575.82	\$162.18	\$405.44			\$7,873.20
August	\$2,729.77	\$3,080.82	\$9,457.27	\$243.26			\$15,511.13
September	\$2,729.77	\$2,183.82	\$5,719.77	\$162.18	\$405.44		\$11,200.98
October	\$2,729.77	\$2,183.82	\$3,851.02	\$9,457.27	\$243.26		\$18,465.15
November	\$2,729.77	\$2,183.82	\$2,729.77	\$5,719.77	\$162.18	\$608.16	\$14,133.47
December	\$2,729.77	\$2,183.82	\$2,729.77	\$3,851.02	\$9,457.27	\$364.89	\$21,316.55
							\$117,202.63

Table 4: Estimated combined monthly expenses from all sources

Cash Out	EDP	PPB	Salaries	Rent & Utilities	Office Supplies	Operating Expenses	Royalties	Total Cash Out
January	\$600.00	\$6,250.00	\$2,000.00	\$1,000.00	\$500.00	\$1736.52		\$12,086.52
February	\$750.00		\$2,000.00	\$1,000.00	\$200.00	\$3,125.73		\$21,486.46
March	\$750.00	\$4,800.00	\$2,000.00	\$1,000.00	\$450.00	\$3,125.73		\$9,847.25
April	\$500.00		\$2,000.00	\$1,000.00	\$300.00	\$3,125.73		\$12,573.41
May	\$500.00	\$6,500.00	\$2,000.00	\$1,000.00	\$150.00	\$3,125.73		\$5,552.63
June	\$625.00		\$2,000.00	\$1,000.00	\$150.00	\$3,473.03	\$1649.05	\$8,315.66
July	\$625.00	\$5,750.00	\$2,000.00	\$1,000.00	\$250.00	\$3,473.03		\$3,090.83
August	\$700.00		\$2,000.00	\$1,000.00	\$200.00	\$3,473.03		\$11,228.92
September	\$700.00	\$6,000.00	\$2,000.00	\$1,000.00	\$150.00	\$3,473.03		\$9,106.87
October	\$1,000.00		\$2,000.00	\$1,000.00	\$150.00	\$5,161.60		\$18,260.41
November	\$1,000.00	\$9,000.00	\$2,000.00	\$1,000.00	\$350.00	\$5,161.60		\$13,882.28
December	\$600.00		\$2,000.00	\$1,000.00	\$250.00	\$5,161.60	\$4,852.68	\$21,334.55

Table 5: Total cash flow per month

Starting Capital	\$40,000.00
January	\$28,318.92
February	\$21,486.46
March	\$9,847.25
April	\$12,573.41
May	\$5,552.63
June	\$8,315.66
July	#3,090.83
August	\$11,228.92
September	\$9,106.87
October	\$18,260.41
November	\$13,882.28
December	\$21,334.55