

African Books Collective, Ltd:
Migrating to Self-Sufficiency

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Executive Summary

The African Books Collective, Ltd. (ABC), established in 1989, is a social enterprise. Its mission, through collective action, is to provide a level playing field to allow the voices of Africa, through its indigenous books, to have equal access (dissemination) to international communities of policy makers, academics, students, children and the general public.

A direct consequence of fulfilling this mission is that revenues from the sale of books benefit authors and their publishers which in turn strengthen independent publishing in individual African countries and throughout Africa.

The business model employed by ABC to fulfill its mission is to provide substantial remittances (payment) to the publishers, ranging from 50-60% of book invoice prices. Operating expenses should be paid from revenues retained by ABC from sales, net of remittances. A breakeven operation is the goal.

The model supposed that in the early years there would be heavy dependence on donor support and as sales grew, that dependence would become less important and possibly disappear. However, ABC developed a growing dependence on donor assistance over the years.

A Mid-Term Review commissioned by the major funders, delivered in March of 2006, was very positive with regard to programs and management. It also noted that the institution should move toward self-sufficiency and needs to seek continued funding for a period of at least another five years.

Internal policies at Hivos limit its ability to continue support to ABC beyond ten years. Because ABC's program performance has been stellar and notification of the funding cut-off brief, it is considering a two-year tie-off grant—an opportunity offered to only their best relationships. The others donors, Sida and NORAD, do not have the same formal limitations as Hivos but do follow the principle of not supporting an organization indefinitely. No firm (written) funding commitments for calendar year 2007 and 2008 have been made. The organization therefore is faced with the real possibility of having to cease operations in 2007.

It must raise cash immediately to keep operations going in the short-term (twelve to twenty-four months) while simultaneously positioning itself to become financially sustainable within the medium-term (five years).

Options considered were:

1. Incur Debt and/or Raise Capital
2. Merge with another Institution or Sell Company
3. Modify Business Model
4. Become a Charity
5. Wind Down Operations
6. Wind Down Operations and Reemerge as a New Firm with a Different Business Model

Impractical or unachievable options were eliminated. One viable option is to modify the business model. Some recommended changes under this option include:

- Growing book sales at an aggressive but attainable 20% per annum. It achieves the first programmatic objective to get the African voice out into the world. It is an important factor in achieving self-sufficiency.
- Not cutting back on the marketing budget. It takes money to make money. Staff should be empowered to use funds effectively—develop and implement a comprehensive marketing plan that differentiates market niches and sets tangible targets for each.
- Renegotiating contracts with all publishers to accept a 35% payment rather than the present structure. This is critical to any plan to achieve self-sufficiency. The reduced remittance levels can be a temporary measure until such time that ABC generates excess revenues over expenses (beyond break even) which can be redistributed to publishers on a pro rata basis. This probably would not occur until after 2011.
- Renegotiating the contract with MSUP, ABC’s US distributor, to charge no more than a 25% fee. They may be in a position to take less than this—for their mission reasons. This is also critical toward achieving self-sufficiency.
- Establishing an advisory board to supplement staff knowledge in and access to critical areas—publishing niche markets and fundraising (for grants, loans and capital investment).

Terms of Reference

Appendix 1 contains the TOR for this learning support grant. The objective is “to explore and present option/s and/or make recommendations for future strategies, with a particular focus on: growth, revitalization and reconfiguration”.

Methodology

I reviewed:

- African Books Collective Mid-Term Review, March 2006
- African Books Collective Strategic Plan 2007-2009 and Budget
- Revised Interim Strategy as at July 2006
- African Books Collective Audited Financial Statements from 1990 through 2004
- African Books Collective revised 2006 Cash Flow Projections
- African Books Collective Annual Reports for the years 2000 through 2005
- Break Even analyses for new titles

During the course of my five-day on-site visit, I met with each staff member to acquire a better understanding of ABC but also to hear of their individual comments and recommendations on what could be done to improve ABC’s sales and operational efficiencies.

Given the 3-4 week period to complete the grant, I did not conduct an independent assessment of products (titles) and markets. Rather, I have depended upon the publishing and marketing expertise of ABC’s staff.

I also conferred with David Brooks, a director (trustee), and Charles Savitt, president of Island Press, a US-based, non-profit publisher of environmental books.

Prior to leaving Oxford, I met with the Head of Secretariat, Mary Jay, to discuss my observations of ABC’s technical capacity, organizational efficiency and financial structure, and presented my proposed recommendations based on them.

ABC's Mission

A social enterprise is defined as any organization, in any sector, that uses earned income strategies to pursue a double bottom line—financial and social. ABC, established in 1989, is a social enterprise. It is legally structured as a company limited by guarantee (a for-profit business for tax purposes), however, its strong charitable purpose (mission) qualifies it as charitable.

Its mission, through the collective action of African publishers, is to provide a level playing field to allow the voices of Africa, through its indigenous books, to have equal access (dissemination) to international communities of policy makers, academics, students, children and the general public. A direct consequence of fulfilling this mission is that revenues from the sale of books benefit authors and their publishers which in turn strengthen independent publishing in individual African countries and throughout Africa.

The Business Model

The business model employed by ABC to fulfill its mission is to provide as large a remittance (payment) to the publishers as possible. Operating expenses should be paid from revenues retained from sales net of remittances. A breakeven operation is the goal.

The model supposed that in the early years there would be heavy dependence on donor support and as sales grew, that dependence would become less important and possibly disappear. Appendix 2 summarizes just the opposite effect—ABC's growing dependence on donor assistance over the years.

The Situation

ABC has received substantial financial support over the past ten years from three donors—Sida¹, Hivos² and NORAD³. In 2001, they formed a collaborative funding pool and engaged ABC in a model public/private initiative that has benefited member publishers, authors, African publishing and the international reading community. This funding pool has contributed to over 60% of ABC's annual operating expenses.

These donors commissioned a Mid-Term Review for 2004. The report, delivered in March of 2006, was very positive but did note that the institution should move toward self-sufficiency. The report stated that ABC needs to seek continued funding for a period of at least another five years. Appendix 3 contains the review's executive summary.

Internal policies at Hivos limit its ability to continue support to ABC beyond ten years. Because ABC's program performance has been stellar and notification of the funding cut-off brief, it is considering a two-year tie-off grant—an opportunity offered to only their best relationships. The others donors, Sida and NORAD, do not have the same formal limitations as Hivos but do follow the principle of not supporting an organization indefinitely.

No firm (written) funding commitments for calendar year 2007 and 2008 have been made. Funding discussions in the range of £120,000 for 2007 and £60,000 for 2008 are not out of range, however. While welcomed and needed, the £120,000 and £60,000 for 2007 and 2008

¹ Sida is the Swedish International Development Cooperation Agency

² Hivos is the Humanist Institute for Cooperation in Developing Countries

³ NORAD is the Norwegian International Development Aid

respectively are insufficient to cover projected operating costs; past annual support has been in excess of £200,000.

The organization therefore is faced with the real possibility of having to cease operations in 2007. It must raise cash immediately to keep operations going in the short-term (twelve to twenty-four months) while simultaneously positioning itself to become financially sustainable within the medium-term (five years).

The Organization

Governance

As required by UK business law, there must be at least two UK citizens to serve as trustees or directors; they assume financial responsibility for a company. ABC's two directors are Akwe Amosu and David Brooks. Neither is directly involved in the strategic direction, policy making or management of the organization for which they are financially responsible. Both avail themselves to be ad hoc advisors to the Council of Management and Staff. Mr. Brooks attends Council of Management meetings, and has a very active advisory input to policy. Ms Amosu is active on partnership and fund raising issues.

The ABC network of publishers, 114 in total, is categorized as:

- Founding Publishers: participated in the establishment of ABC in 1989 and each of the 17 publishers contributed £1,000 for organizational set-up and operations
- Paid Publisher: joined the ABC network after the organization became operational and contributed £500.
- Member Publisher: joined the ABC network without making any financial contribution

The technical owners of ABC are the founding publishers.

Council of Management (CoM) serves as the equivalent of a board of directors with regard to strategic direction and policy making. The biographies of CoM members are found in Appendix 4. The by-laws permit up to four founding publishers and three publishers (paid or member) to sit on the CoM. Only the founding publishers vote on participation on the CoM. Presently, there are seven members, three representing founding publishers, two paid publishers and two member publishers. Of the seven, two are female. A term on the CoM is three years.

The CoM is required to meet annually. Historically these meetings have taken place largely outside Africa, usually in the UK, for the same reason ABC is located in the UK: it is logistically convenient for market reasons. A quorum is a simple majority.

The chairman, elected by the other members of the CoM, interacts regularly with the secretariat (management) through the Head of Secretariat. Day-to-day management is left to the Secretariat.

The governance process is transparent; the CoM and Secretariat areas of responsibility are clearly and properly defined and respected.

Staff/Secretariat

ABC has a staff of nine: five are full-time and four part-time; and eight work in Oxford and one splits his time between New Zealand, his home, and the Michigan State University Press (MSUP) office in East Lansing, Michigan. Staff, down from eleven in 2005, has had to assume more responsibility without additional compensation. Biographies of each staff member can be

found in Appendix 5A. The matrix contained in Appendix 5B lays out the team nature of the working relationship. Staff is committed, work well together, have long tenures and are driven by the charitable mission of the organization. Morale is good, particularly given the stress generated associated with the future of the organization.

Two staff members require discussion:

Mary Jay, Head of Secretariat, functions as the chief executive officer. She is the hands-on manager nurturing an efficient staff. She maintains primary responsibility for relationships with the CoM, donors, participating publishers, the publishing community and external relations. Her extensive network in the publishing community in the UK is invaluable to ABC and its mission. She is indispensable in the medium-term (5 year outlook of this analysis) for ABC's success.

Justin Cox, worldwide marketing manager, works from New Zealand and is in communications via e-mail and Skype—an internet-based telephone system. The Oxford-based marketing operations are co-managed by a 3-member subset of staff with whom he works closely. He is also responsible for US sales, working with MSUP. On the surface, this arrangement is peculiar—Justin is not located in the market that he is serving, other than for occasional trips to the US and UK and book fairs. However, it works for ABC now. He has generated significant growth in US-based sales, is respected by all for his marketing skills and appears to be a uniting force with staff. It would be disruptive to the organization and sales growth to try to bring in someone else at this point.

What ABC Does

The following page excerpt from the Mid-Term Report describes succinctly what ABC does and how it does it. It is important to note what it does over and beyond the simple selling of books, an important programmatic objective; it provides technical assistance to publishers, which is consistent with its programmatic objective to help develop publishing in Africa.

“...ABC markets and sells books: this encompasses, however, a multitude of activities that are directly related to marketing and selling.

ABC makes agreements with eligible African publishers to represent them outside Africa. ABC stocks, markets and sells the publishers' books and remits the funds received to the publishers, less a discount which is used to cover part of the costs of the activities. Publishers provide their books on consignment (they remain the property of the publisher and ABC does not pay for the books until they are sold) or in digital format (*pdf*) for print on demand (POD) sales. Generally, ABC receives and warehouses the books (or stores the *pdf* files) and enters information about the titles into its catalogues, brochures etc. as well as into the various bibliographic databases.

ABC has developed and manages a broad sales network of customers (trade, libraries and individuals). It knows the buying history and usual disciplines preferred by a customer, as well as preferred methods of purchase, shipping, invoicing etc. ABC sells the books to these customers through direct selling using various methods: direct customer orders from catalogues/databases, repping (visits by a representative to a library or trade outlet), web-site sales, direct sales at conferences, etc.

Once the books have been sold, ABC handles all financial transactions and finally remits to the publisher a percentage of the receipts from sales. This amount depends on the type of agreement the publisher has with ABC (average remittance today is 54.5% of sales receipts).

ABC provides a range of services to its members that are not normally part of a distribution agreement. This includes marketing, training and attachments, assistance with ISBN classification, various work on the digitalization of books for print on demand.

The fixed costs of development, publication and dissemination of its catalogues (six different catalogues produced in 2004) as well as other promotional materials, flyers, NTICs⁴ and the maintenance of the web-site are currently covered by income from commercial sales. In addition, costs of attendance at Book Fairs (but not salaries), exhibits and some conferences are paid from sales returns.

ABC receives physical book stock from participating publishers and holds the books at its warehouse, selling them on to customers. However there are sometimes problems of supply and poor printing. Shipping costs are also high, both for publishers to ship the books to ABC and for ABC to clear them through customs. Since 2002, therefore, ABC has also started to use the new Print on Demand technology to allow for multiple stock locations, printing books as close to the point of distribution as is feasible. This enables ABC to hold 'virtual stock' and thus to overcome stock supply problems and poor technical quality. It cancels the costs incurred by ABC publishers to get their books to Oxford, which consumes much of the income from sales remitted to the publishers."

Major Occurrences

Donor Support: The most debilitating change in ABC's environment has been the loss of financial support from its three major funders, which precipitated the need for this review.

With the closing of the Bellagio Secretariat in Oxford, there is no coordinating network of government agencies and private foundations working on publishing in Africa. Fundraising for ABC programs is now significantly more labor intensive. The Head of Secretariat could use assistance in this arena.

IABSS Program (Intra-African Book Support Scheme): The second most debilitating loss to ABC was the termination of this program, which provided for the purchase of ABC books for distribution in Africa. ABC's original mission was to facilitate dissemination of Africa books by African authors to the North. This program allowed for intra-African dissemination of African's many voices. In 2004, the last year of the program, the number of books sold by ABC was approximately 47,000. In 2005, the first year without the program, the number of books sold was approximately 20,000. Many of the IABSS book sales were children's books which sold for significantly less than scholarly books. Funding to revitalize this program should be sought after.

Michigan State University Press (MSUP) Relationship: A positive occurrence was the 2003 start of the MSUP distribution relationship. Prior to this relationship, ABC could not warehouse books in the US and has had limited access to the all-important library lists. Through this partnership, more books have been sold. As at the end of August 2006, 53% of ABC book sales were US-based.

The downside of this partnership is that MSUP receives a 30% discount on books sold through them. This, on top of the remittance paid to the publishers, makes US sales only marginally profitable—a 15% yield on the book price. Another negative point is that book prices in the US are lower than that in the rest of the world. The terms of this relationship should be renegotiated to make the relationship more advantageous to ABC. Or another distribution relationship should be pursued.

⁴ NTIC, New Title Information Card, is a tool used for marketing and customer service.

Print-on-Demand (POD): The POD methodology requires that a book be digitalized (converted to a pdf format from electronic files or scanning the book) and stored in cyberspace until someone requests a copy and it is printed. POD lends itself to the small book runs of scholarly works and other books with niche market appeal. It has put life into the “self-published” movement. For ABC, with its 1,762 titles requiring small production runs, POD is perfect. It has also overcome several major obstacles for ABC and its publishers: ABC costs for customs clearing & handling and warehousing and for shipping stocks to MSUP are eliminated; publishers’ shipping costs from Africa to the UK are eliminated; books can be delivered with a short lead time (as little as 3 days from date of order) and book quality has improved. ABC digitizes its scanned books in-house now at a cost savings of £31 per book for the publisher. Previously, books for scanning, where no electronic files could be supplied by publishers, were sent to India to be digitized. The publisher pays £17.50 to Lightning Source⁵ to place the PDF file on its cyber-library. As ABC reduces warehousing and customs costs (distribution costs), it could redeploy those budget funds to pay for Lightning Source’s set-up costs. For 200 new and 100 backlist titles annually, it would cost £5,250, about half the 2006 budget for distribution costs.

POD is not the panacea: it is not cost effective for voluminous tomes (many law books) and it cannot accommodate non-standard size books, hard cover books and color printing. In late 2007 color printing is expected to be available and to be expensive.

ABC’s POD initiative, and now critical strategy, began as an unfunded project initiated by Justin Cox (marketing manager) and joined later by Jason Davis (IT manager), two young staff fascinated by technology and how it could be utilized to further ABC’s mission.

Recent Financial Performance and Continuing the Status Quo

From 2001 to 2004, there was a positive trend in contribution to ABC net of remittances (turnover). A contributing factor was the decision taken by the publishers to reduce their remittance levels by 5% to an average of 55%, giving ABC additional revenue. The year 2004 benefited from strong sales through the IABSS program and the first full year of the working relationship with MSUP. In 2005, the IABSS program had been terminated, MSUP passed to ABC the salary cost of ABC’s US marketing person, and staff hours had been added in Oxford to manage the UK-based sales efforts. In addition, there were marketing inefficiencies that reduced sales. These factors culminated in a reduction in Contribution to ABC while simultaneously increasing expenses to the highest level ever in ABC’s history. In 2006, with the knowledge that the funders had not made a financial recommitment, ABC cut expenses drastically by reducing marketing related expenses and not replacing staff that left the firm. The projected annual expense figure of £320,000, adjusted for the redundancy (severance) expenses, is below the 2002 level. The expense reduction, particularly in marketing, will probably cause 2006 Contribution to ABC to be only slightly higher than the 2001 levels. Table 1 summarizes income and expenses for 2001 through 2006.

⁵ Lightning Source is a subsidiary of Ingram.

Table 1
ABC's Income and Expense Summary

	2001	2002	2003	2004	2005	2006
	Audited	Audited	Audited	Audited	Audited	Projected
ABC Contribution	£91,000	£112,000	£115,000	£134,000	£100,000	£93,000
Expenses	278,000	347,000	379,000	387,000	438,000	320,000
Operating Income	(187,000)	(235,000)	(264,000)	(253,000)	(338,000)	(227,000)
Grant Support	184,000	233,000	262,000	249,000	336,000	221,000
Interest Income	3,000	2,000	3,000	4,000	2,000	0
Other Income*	0	0	0	0	0	6,000
Net Income	0	0	0	0	0	0
# of Books Sold	25,691	29,815	34,719	47,536	20,000	22,000

* Grant Carry Forward from Previous Years.

If remittance levels maintain the status quo and income growth is 20% annually with expenses growing at 4% p.a. to cover the cost of inflation and salary increases, ABC would not remotely approach financial self-sufficiency. As can be seen in Table 2 operational breakeven is not achieved by 2011; in fact, there is a significant deficit that year. Approximately £1 million in grant/donor support, over and above the £180,000 grants expected in 2007 and 2008, would be required to achieve breakeven in 2016. It is highly unlikely that donors (governmental and philanthropic) known to ABC would commit to this level of subsidy.

Table 2
Status Quo Projections

	2006	2007	2008	2009	2010	2011
Contribution to ABC	£93,000	£128,790	£150,984	£181,181	£201,321	£241,585
Expenses	320,000	340,000	355,000	370,000	385,000	400,000
Operating Income	(227,000)	(211,210)	(204,016)	(188,819)	(183,679)	(158,415)
Grant Support*	227,000	120,000	60,000			
Net Income	£0	£(91,210)	£(144,016)	£(188,819)	£(183,679)	£(158,415)

* Includes current grant funds and £6,000 in grant carry forward

Appendix 6 summarizes the assumptions used to generate the status quo projections.

A Different Strategy

In order for ABC to attain financial self-sufficiency with a deficit that funders might be willing to underwrite, it must reexamine its operations. There are a finite number of variables that

management can use to attain operational breakeven within a five year period⁶; they are the factors raised in the Mid-Term Review:

- Increase unit of books sold
- Increase price of books sold
- Control/reduce overhead expenses
- Take advantage of technologies to reduce costs and increase availability of books
- Adjust ratio of sales between US and UK (which represents the rest of the world)

**Table 3
Financial Projections**

	2006	2007	2008	2009	2010	2011
Contribution to ABC	£92,000	£236,115	£276,804	£332,165	£369,088	£442,905
Expenses	320,000	355,000	370,000	385,000	400,000	430,000
Operating Income	(227,000)	(118,885)	(93,196)	(52,835)	(30,912)	12,905
Grant Support	227,000	120,000	60,000			
Net Income	£ 0	£ 1,115	£ (33,196)	£(52,835)	£(30,912)	£ 12,905
# of Books Sold	22,000	55,000	66,000	79,200	95,040	114,048

Table 3 summarizes financial projections using a combination of the above criteria in order to achieve breakeven operations within five years. It shows that it is possible but only assuming that the number of books sold would jump from approximately 22,000 in 2006 to 55,000 in 2007 and increase 20% per year thereafter. (Appendix 7 contains the assumptions used for the projections.) While there are numerous possible permutations the assumptions, one such example is contained in Appendix 8 assuming 40,000 books sold in 2007, the only assumption that leads to financial breakeven within five years is an unrealistic jump in number of books sold. This is not a strategy that staff can be expected to achieve.

Options

ABC has a few options to consider:

1. **Incur Debt and/or Raise Capital**
2. **Merge with another Institution or Sell Company**
3. **Modify Business Model**
4. **Become a Charity**
5. **Wind Down Operations**
6. **Wind Down Operations and Have Different Business Model in New Firm**

1. Incurring Debt and/or Raise Capital

If using status quo growth assumptions (maintaining the remittance percentages, 20% per annum sales growth, and a 4% increase in expenses), ABC would need approximately £1. million to transition to self-sustainability over eight years. ABC could look to debt, equity or a combination of the two to cover this shortfall.

⁶ A five year period is a reasonable timeframe for charitable funders to expect a social venture to approach operational breakeven.

As a social venture with revenue generating capacity, ABC could apply for a Program Related Investment (PRI)⁷ or a recoverable grant⁸. A PRI equity investment (ownership) is a theoretical possibility but not probable. There are few institutions known to ABC that make this type investment. Those that do tend to take from 2-5 years to make an investment decision. While social venture capitalist⁹ and individual social investors make investment decisions faster, ABC's limited upside profit potential would limit the interest to invest. ABC may not agree to them essentially taking control of management.

A PRI loan or recoverable grant is not viable for two reasons: it generally takes longer to qualify for these forms of support and the cash flow projections do not support repayment within ten years, the usually tenor.

Any equity investment by a non-African publisher would require a fundamental change in ABC's organizational philosophy and governance structure. Publishers in the ABC network are not in the financial position to make such a substantial financial investment.

If ABC could not qualify for a "soft" loan, it would not qualify for a commercial loan.

2. Merge

When reviewing options of any organization—for-profit or charitable—in ABC's present situation, merging with or selling to another business is a strong alternative. In ABC's case, it is not within the time frame available to thoroughly investigate this option. Cash is an important factor: while negotiating a merger or sale, the business must operate (spend cash) leading to less value to the merger partner or acquiring firm. Any firm would have to be prepared to invest substantial resources to make this a viable investment.

There are no obvious immediate partners for such a merger or sale. ABC is the only organization providing marketing services to a Pan-African group of publishers selling African books. This consultant could not identify another marketing collective of regional books—African, Asian or Latin American—that could be a viable partner. No other organization comparable to ABC is known to ABC.

With more time and transitional funding, one could do a more in depth inquiry for a merger partner or buyer. This possible option should be kept on the back burner.

3. Modify the Business Model

As stated above in the discussion on historic financial performance, the publishers agreed in 2001 to a 5% reduction in their remittance payment to afford ABC additional income to cover its operating expenses. While it was a first step toward operational breakeven, the financial statements demonstrate that it was not sufficient. A significant downward adjustment to the remittance percentage paid to publishers plus a reduction in the discount offered to MSUP, however, could lead to operational breakeven.

⁷ The typical PRI is generally a "soft" or "concession" loan. Essentially, these loans are offered at very low interest rates and longer terms than could be obtained from a commercial bank. A PRI can take the form of an equity investment in a for-profit company.

⁸ A recoverable grant is a soft loan offered with specific conditions. If certain conditions are met, the grantee organization is not required to repay certain pre-determined amounts.

⁹ Social venture capitalists are venture capitalist that apply a social screen to their investing decisions.

I classify this change as a modification to the business model: a significant part of ABC’s mission is to provide publishers with sufficient revenue to cultivate authors and new books. The level of remittance required to achieve self-sufficiency would limit the publishers’ ability to fulfill this objective for the medium term.

Appendix 9 and 10 show that if ABC were able to significantly adjust the percent remittance to publishers and fee paid to MSUP, operational breakeven could be achieved within 5 years. In Appendix 9, the remittance to all publishers is reduced to 35% (from an average of 55%) and the fee paid to MSUP is lowered to 25% (from 30%). The impact on publishers is severe, as discussed below. Appendix 10 assumes that the remittance to the publishers is reduced only to 40% but that the discount to MSUP is cut to 20%.

Impact on Publishers and Authors

Presently ABC has a tiered remittance structure: founding publishers receive 60% of invoiced value (list price less discount); paid publishers receive 55%; and member publishers receive 50%. Appendix 11 summarizes the remittances of individual founding and paid publishers for the past five years and a total since 1995.

The Table 4 summarizes the projected remittance levels to publishers assuming an across-the-board 40% and 35% remittance level. In both instances, the remittances are substantial, although the absolute amounts dip below 2006 levels in 2007 for the 35% and 40% remittance levels and in 2008 for the 35% remittance.

Table 4
Projected Remittances to Publishers
(in £)

% Paid	2007	2008	2009	2010	2011	2012	2013
40%	162,000	199,872	239,846	281,388	337,665	371,432	408,575
35%	141,750	174,888	209,866	246,214	295,457	325,003	357,503

The publisher’s remittance is used to pay for author’s commissions and contribute to the publisher’s profitability on a book. That “profit” in turn contributes to new book development and reinvestment in the business. In the past, part of the remittance was used to pay for shipping costs to the UK and US¹⁰. With the new POD option, publishers pay for the production of the book with a fee structure dependent on the number of pages. It is most economic for books with a minimum of 250 pages. POD is not available for children’s books which are usually non-standard sized books.

¹⁰ All shipping from Africa to the UK is paid by publishers to the post of entry, irrespective of weight; ABC pays for customs clearing & handling and transport from port of entry to the ABC warehouse. If the consignment weighs less than 75 kilos, ABC charges back to the publisher the cost of customs clearance & handling—about £100 per shipment. This policy is to encourage larger shipments.

Table 5
Use of Remittance on a Per Book Basis

	Oxford-Based Sales			US-Based Sales		
<u>Founding Publisher:</u>						
Book Price	£16.80	£16.80	£16.80	£10.08	£10.08	£10.08
Remittance Percent	<u>0.60</u>	<u>0.40</u>	<u>0.35</u>	<u>0.60</u>	<u>0.40</u>	<u>0.35</u>
Remittance	£10.08	£6.72	£5.88	£6.05	£4.03	£3.53
<i>Less</i> Author's 10%	£0.59	£0.67	£0.61	£0.35	£0.40	£0.35
<i>Less</i> POD Expense	<u>£3.00</u>	<u>£3.00</u>	<u>£3.00</u>	<u>£3.00</u>	<u>£3.00</u>	<u>£3.00</u>
<i>Net to Publisher</i>	£6.07	£3.05	£2.29	£2.44	£0.63	£0.18
<u>Paid Publisher:</u>						
Book Price	£16.80	£16.80	£16.80	£10.08	£10.08	£10.08
Remittance Percent	<u>0.55</u>	<u>0.40</u>	<u>0.35</u>	<u>0.55</u>	<u>0.40</u>	<u>0.35</u>
Remittance	£9.24	£6.72	£5.88	£5.54	£4.03	£3.53
<i>Less</i> Author's 10%	£0.59	£0.67	£0.55	£0.35	£0.40	£0.35
<i>Less</i> POD	<u>£3.00</u>	<u>£3.00</u>	<u>£3.00</u>	<u>£3.00</u>	<u>£3.00</u>	<u>£3.00</u>
<i>Net to Publisher</i>	£5.32	£3.05	£2.29	£1.99	£0.63	£0.18
<u>Member Publishers:</u>						
Book Price	£16.80	£16.80	£16.80	£10.08	£10.08	£10.08
Remittance Percent	<u>0.50</u>	<u>0.40</u>	<u>0.35</u>	<u>0.50</u>	<u>0.40</u>	<u>0.35</u>
Remittance	£8.40	£6.72	£5.88	£5.04	£4.03	£3.53
<i>Less</i> Author's 10%	£0.59	£0.67	£0.50	£0.35	£0.40	£0.35
<i>Less</i> POD	<u>£3.00</u>	<u>£3.00</u>	<u>£3.00</u>	<u>£3.00</u>	<u>£3.00</u>	<u>£3.00</u>
<i>Net to Publisher</i>	£4.56	£3.05	£2.29	£1.54	£0.63	£0.18

The table above shows that the 35% remittance proposed in the projections for sales from Oxford would, on average, leave all publishers with £2.29 for a book sold for the average book price at an average book size of 250 pages. The same table shows that sales through MSUP (US-based Sales) would provide £.18 for the same book—significantly less than through Oxford-based sales and a marginal return. If, however, the remittance level were reduced to 40% for all publishers, an average book sold from Oxford would yield £2.29 while one sold through MSUP would generate £.63. As book prices increase, the return to the author and publisher increase proportionately.

In all instances, the author is receiving incremental income from foreign sales in a hard currency and more per book than is received in the publisher's local market based on the fact that book prices in Africa are significantly lower than ABC prices. While the author would receive less per

book, the contribution made by the change in the publishers' remittance structure would still provide incremental income. If unit sales increase as projected, volume could make up, in part, for the decrease in unit return. The same holds true for the publishers; they all receive a positive cash flow from book sales. If volume sales increase, the publisher could receive more income. But, it should be noted that now a majority of books are sold in the US market and it is expected that the US market will become increasingly more important.

It would be understandable that certain publishers would choose not to participate in the ABC network if their sole purpose for participation is a self-determined minimum financial return. Visibility of the book in international markets is another determining factor to some authors and publishers. Ultimately, the viability of this option is contingent upon the publishers with the best selling titles opting to remaining in the ABC network. ABC, of course, would continue to support the less popular titles of participating publishers.

There is a reason for the differential remittance rate for founding, paid and member publishers. Each founding publisher invested £1,000 in ABC and each paid publisher invested £500. These investments have afforded them premium remittance levels, 60% and 55%, respectively. "Financial investors" in ABC have made back their investment and more. The exceptions are those publishers that are moribund.

This analysis demonstrates that all publishers could reduce remittance levels to as low as 35% and still receive a positive contribution from ABC's services. And that initial investments in ABC have been more than repaid by the level of remittance received over the years. But note that this level of remittance is theoretically below the level of commercial operators. It is further worth noting that these commercial operators historically have not sought out their titles nor have they represented African publishers fairly.

Impact on MSUP

MSUP is a new partner in a large and relatively new market for ABC. It is a large institution that could absorb reductions in revenue better than ABC and its publishers.

Presently, MSUP's contract with ABC allows for a 30% fee for its services as ABC's exclusive US distributor. It should be reiterated that ABC now pays for Justin Cox's salary (ABC's marketing manager). ABC book sales revenue to MSUP is small relative to MSUP's overall revenues. A reduction from 30% to 25% or 20% would not cripple them. MSUP could be approached to be the real partner to ABC through this transitional period. The table below summarizes what a 5% and 10% adjustment to MSUP's discount would cost them. The 5% reduction projected for 2011 is less than the salary MSUP required ABC to reassume in 2005.

**Table 6
Projected Reductions to MSUP Income**

% Reduction	2007	2008	2009	2010	2011
5%	£8,910	£12,312	£14,774	£19,207	£23,048
10%	£17,820	£24,624	£29,548	£38,414	£46,096

However, projected income to MSUP is substantial at both levels of a reduced discount, as summarized in the table below.

Table 7
Projected Income to MSUP at Varying Discounts Levels

% Reduction	2007	2008	2009	2010	2011
5%	£44,550	£61,560	£73,872	£96,034	£115,240
10%	£35,640	£49,248	£59,098	£76,827	£92,192

Sales Growth

The projections assume a 36% sales growth for 2007 and 20% per annum growth thereafter with the US-based sales becoming an increasingly more important market relative to the Oxford-based market (UK, Europe and the rest of the world).

If ABC is able to continue operations in 2007, then certain funds earmarked for the phase down of operations would be available for expanded marketing expenditures. With a significantly more robust marketing budget, allowing for catalogs with large mailings, presence at book fairs and the purchase of lists, sales could increase more than projected for the next few years given ABC's limited market penetration into the US market.

ABC's basic growth strategy is to continue to penetrate the US African Studies library market. The recently implemented Lightning Source wholesale agreement gives ABC access to Amazon.com for sales to all market segments and all geographic markets (US, UK, and the rest of the world).

Limited inroads have been made into the wider library market (public libraries, small liberal arts colleges, colleges with "Black Studies" as opposed to African Studies courses etc.). In 2007, ABC plans to begin marketing to the 14,000 public libraries in the US from lists it has acquired outside the MSUP relationship. Notwithstanding the public libraries lists, ABC could benefit from non-paid advisors with in-depth knowledge of and access to the wider library market.

The adoption orders market is insular. Certain US publishers publish titles specifically for the adoption market. They will have a matrix of subjects and levels, and if they are targeting a particular segment of the matrix, they will do the research of exactly who is teaching which courses in which institutions, what quantities would be likely to sell etc., and they publish to that. That is the gap for ABC; member publishers are not making the product.

ABC has therefore concentrated on making sure titles are listed on the sources where professors look for suitable titles. Presently, there is no MSUP budget to do the research and push individual titles to individual courses. ABC could assume this expense from its marketing budget and potentially boost sales above the projected 20% per annum.

The UK-based sales are expected to continue to grow but not as fast as that of US-based sales. It is important that the UK-based sales grow in books sold as those sales contribute more to ABC's net revenue (the MSUP discount does not apply). Marketing research should thoroughly investigate the potential new niches in this market given the potential return to operations.

Essential to sales is product. ABC selects approximately 200 new titles annually from the works of its publishing network. The titles are primarily scholarly, ranging over 56 disciplines from legal reference books to economic policy and to environmental policy, but also include

children's books, poetry, novels and coffee-table art books. ABC is fortunate in that its backlist books have a longer life than is typical in the industry. The ratio of new title/backlist sales is approximately 55%/45%.

4. Become a Charity

As a social enterprise, ABC received support from US-based foundations, including the Ford and Rockefeller foundations. In the US, however, ABC is generally categorized as a for-profit business by the donor community. As such, it does not enjoy a certain level of support available to not-for-profit institutions. This is also true in the UK but to a lesser degree. The charity status would provide access to another stream of funding—individuals, corporations and some foundations. Solicited donations could be: unrestricted grants to be used for ABC's on-going operations; capacity building grants earmarked to achieve operating self-sufficiency; or program specific grants. Program specific grants could fund activities proposed by ABC or the granting organization. Examples of activities are: to provide technical assistance to participating publishers on POD, provide a complete ABC library (a copy of each book ABC markets) to a university, to translate certain ABC books into Portuguese for the Brazilian market or to develop a succession strategy for publishers (attract and train talented young publishers) to better insure the continuation of independent publishing in Africa. For any such grant, ABC must ensure that it receives an overhead allocation to cover its overhead costs.

Based on initial conversations with Horsey Lightly Flynn Solicitors, it is not clear that ABC could receive approval for this status. There are pending changes to the rules for determining charitable status in the UK. ABC's trading activity—the selling of books—could prevent its receiving approval. Solicitors have been engaged to ferret out the possibilities but the application process has not begun given the uncertainty of ABC's future. Any application would take about six months to complete.

However, if ABC were to obtain the charity status, a strong fundraising strategy would have to be developed and a staff person dedicated to implementing the strategy would have to be hired to achieve the full benefits of this status. In addition, ABC would still have to pursue a business strategy to minimize operating deficits—reduce a combination of publishers' remittances and MSUP's discounts.

5. Wind Down Operations:

Financially, winding down operations should not incur a financial burden on the two legally bound directors. The projected 2006 cash flow reflects redundancy charges for staff, payment of remittances to publishers, and accounts payable, including required Council taxes for 2007. Management has taken the appropriate steps of notice to staff, landlord, publishers, MSUP, Lightning Source and other creditors. Publishers have been offered the opportunity to donate books held in inventory at ABC or have them returned at their expense.

If 2006 income to ABC is less than projected or expenses greater, the proceeds from the sale of fixed assets would be applied to this deficiency; this potential amount is considered nominal. The directors would be liable for any unpaid liabilities. As the directors have only received £500 per annum as financial remuneration for services rendered, any unpaid liability should be paid by the founding and paid publishers, the primary financial beneficiaries of ABC's operations.

Programmatically, winding down ABC is not a viable option. There is no other institution—for-profit or not-for-profit—in existence to fill the void that propelled the founding publishers to establish ABC. Without ABC or the creation of a similar organization, Africa's voice would be

muffled and Africa's publishing industry would suffer a significant blow. From 1995 to mid-2006, ABC has provided over £947,000 to the fragile and fragmented publishing industry through the founding and paid publishers alone. These publishers, in turn, have supported, financially and morally, authors reflecting African thought, culture and experience that would not have seen the light of day outside their respective countries.

6. Wind Down and Change the Business Model

An option is to wind down ABC and start a new organization as a virtual operation with 2-3 staff and a limited list of best-selling titles. This would not be a mission-driven operation; the business model would be that of a pure commercial operation. To streamline operations, titles would have to be POD only. Publishers' remittance levels would have to be in the range of 35-40%. Seed capital for this operation would be £200,000 – £300,000 to cover salaries, travel and marketing expenses over 3-4 years before revenues could cover minimal operating expenses. The number of books sold annually would be expected to be less than 10,000 in the first year. The major challenge to this option is capital. It would probably have to come from private sources; there is no strong charitable mission. There is probably no significant financial upside (return) for investors within the first ten years...

Recommendations for Consideration:

If donor funding can be garnered to support ABC's operations for the next five years while transiting to break even, the recommendations listed below are suggested for a charitable entity or a company limited by guaranty. The charitable structure would lend itself to broader and deeper philanthropic financial support that would allow ABC to provide more program support than would be available as a for-profit entity.

- Grow book sales. It achieves the first programmatic objective to get The African voice out into the world. It is an important factor in achieving self-sufficiency.
- Do not cut back on the marketing budget. It takes money to make money. Staff should be empowered to use funds effectively—develop and implement a comprehensive marketing plan that differentiates markets and niches and sets tangible targets for each.
- Renegotiate contracts with all publishers to accept a 35% payment rather than the present structure. This is critical to any plan to achieve self-sufficiency. The reduced remittance levels can be a temporary measure until such time that ABC generates excess revenues over expenses (beyond break even) which can be redistributed to publishers on a pro rata basis. This probably would not occur until after 2011.
- Renegotiate the contract with MSUP to charge no more than a 25% fee. They may be in a position to take less than this—for their mission reasons. This is also critical toward achieving self-sufficiency.
- Further explore developing the relationship with Lightning Source beyond that of printing to that of marketing and access to Ingram's lists. There is a pilot project that has placed 50 titles into Lightning Source's UK and US marketing channels.
- To the extent possible, move toward POD. All new titles should be POD. It reduces the need for and cost of warehousing. Book orders would not be lost to non-availability of product when wanted.
- Invest in scanners to digitize all new titles and as many "good selling" books on the backlist as possible. Two machines, costing £1,000 each, could achieve this. No additional staff would be needed to digitize the books; present staff could be trained to do this. Additionally, staff could provide technical assistance to publishers at a later date.

- Keep staff in place for the next two years, with reassignments as needed (i.e., less time for warehousing and more to digitize books).
- Establish an advisory board to supplement staff knowledge and access in critical areas—publishing niche markets in US and fundraising (for grants, loans and capital investment). Mr. Brooks and Ms Amosu presently serve as advisors. Additional resources are needed as ABC expands. The foundation community, publishers and donors could recommend potential members. Also, consider faculty or students at the Said Business School in Oxford and/or the Scholl Centre for Social Entrepreneurship at the Said Business School.
- Incentive-or commission-based compensation for ABC staff could be introduced in year 2008 or 2009, after a marketing strategy has been implemented, to reward stellar results.
- For fiscal year 2009, review staffing needs in order to reflect the new organizational needs.
- Pursue program project support from donors to continue to fulfill the mission’s commitment to publishers and authors. A word of caution: do not allow these grants to take ABC off course to achieve breakeven OPERATIONALLY. If this is allowed to occur, ABC could find itself in its same position of dependency and risk.
- Succession planning for the Head of Secretariat should begin after ABC is financially secure. A smooth transition usually takes more than five years.

Funding Rationale for New Social Investors

ABC is in a difficult situation and it will be a challenge to garner the attention of potential funders. Notwithstanding, there are compelling reasons for philanthropic funders to invest their grant monies in ABC.

First and foremost, ABC is the only African-owned and managed organization dedicated to allowing the voice of Africa, through its indigenous books, to be disseminated to international communities of policy makers, academics, students, children and the general public, in a manner that is equitable to the African publishers and authors. While remittances to the publishers will have to be reduced in the medium-term, it would be the decision of the African publishers to take less in order to ensure that their distribution channel is not closed down.

This small organization with 1.5 staff working on IT issues is on the cutting edge of publishing technology. Three hundred forty (340) titles are available via POD technology. ABC intends to only accept POD for new titles and it is assuming the technical responsibility, not the African publishers, for this time-saving and quality-guaranteeing innovation.

ABC has transparent governance, clearly delineated responsibilities for the CoM and management, strong fiscal controls, reliable accounting processes and systems and clean audit reports.

ABC cut expenses in 2006 in order to be fiscally responsible.

The recommended action asks that all stakeholders in ABC (publishers; MSUP and staff) share in the sacrifices needed to keep ABC afloat during the transitional period.

The grant funding required to take ABC through its transitional period to self-sufficiency is expected to be moderate (a total of between £111,000 and £165,000) and required over a four-year period (approximately £40,000 per year). If shared by two or three funders, these amounts could be approved through the discretionary authority of individual senior program officers.

Appendix 1

Terms of Reference LEARNING and SUPPORT GRANT

Purpose

To review “African Books Collective. Mid-Term Review, March 2006, Opifer Ltd.”

To review: “African Books Collective. Strategic Plan 2007-2009”

To review: Revised interim strategy as at July 2007

To explore and present option/s and/or make recommendation/s for future strategies, with particular focus on:

- growth
- revitalisation
- reconfiguration

Methodology

To engage an independent consultant, with no previous connection to African Books Collective, and with a background in and working experience of:

- business
- international funding agency/ies working on developing country issues
- NGOs/non-statutory organisations with missions allied to strengthening developing countries
- African development issues

Knowledge of African and international publishing would be an advantage, but is not essential. A consultant without such knowledge would be required to consult with industry practitioner/s.

Timetable

3-4 weeks from start of commission to delivery of report. The time to cover background reading, visit to African Books Collective HQ in Oxford, UK, and preparation and delivery of report.

Date of delivery of the report is latest Friday 22 September.

The report

The report shall be prepared and delivered in PDF format by email to:

Mary Jay, Head of Secretariat at African Books Collective,
mary.jay@africanbookscollective.com

Mary Jay will acknowledge by email, and will email copies forthwith to:

Omotade Aina, Representative, The Ford Foundation in Eastern Africa, Nairobi
t.aina@fordfound.org

Walter Bgoya, Chairman, African Books Collective

walter@mkukinanyota.com and walterbgoya@yahoo.co.uk

Background

Mission statement

African Books Collective, founded, owned and governed by African publishers seeks to strengthen indigenous African publishing through collective action and to increase the visibility and accessibility of the wealth of African scholarship and culture.

Foundation

ABC was established in 1989 by 17 founder African publishers. It has grown to 109 publishers. Its purpose was to act collectively to strengthen indigenous publishing houses, and its primary strategy was to market and distribute African-published books to the North. The premise of the founders was that ABC would be:

- Good for African cultures, their nurture, comprehension and spread
- Good for northern knowledge and understanding of Africa, its people, history, values, traditions, achievements culture, economy, politics and life
- Good for writing and publishing in Africa
- Good for their authors' incomes and reputations
- Good for economic development in Africa
- Good to strengthen business for African publishers

It was supported by a number of agencies at different times over the years 1989-2001. This support was largely short-term contracts, and strategising for long-term planning was correspondingly weak.

Evaluation 2000

Sida, a funding supporter since inception, commissioned an evaluation in 2000. This resulted in a sharpened mission statement, identification of wider objectives, and six aims to support:

1. A vibrant, self-sustaining and independent publishing industry emanating from within African culture.
2. African writers and scholars publishing with indigenous African publishers.
3. African literature in the mainstream of international literary output.
4. African scholarship strongly represented in the international intellectual community.
5. Appreciation of African aesthetics and cultural identity.
6. An efficient cost-effective ABC, maximising sales income, reducing the gap between income and expenditure in the long term, working towards self-sustainability, with strong capacity to carry forward its mission.

A Strategic Plan 2002-2006 was formulated in consultation with Hivos, Norad and Sida, who supported the Plan with basket funding, Sida being the lead agency. ABC was identified as akin to an NGO with a cultural mission, a major part of the strategy being marketing and distribution of African-published books. The new Plan provided for expansion of work which is broadly cultural, such activities including: capacity building for publishers, particularly in the new technologies; author and publisher tours and visits; dissemination of information about and promotion of African publishing issues. The goals and means are dual – cultural and commercial – in that ABC seeks to:

- promote both Africa’s cultural identity and its members’ commercial success;
- promote commercial success by both cultural and commercial activities; and
- promote cultural success as a by-product of its commercial success as well as directly.

Evaluation 2006

The Strategic Plan 2002-2006 provided for a “Mid-Term Review” during the Plan. The final report of the review team was not received until mid-March 2006. The review team found that ABC’s mission established two core values:

- *To enhance the manufacturing of Africa’s cultural wealth; and*
- *To promote its global appreciation, particularly in the North*

Key findings from the report are attached at Annex A.

Current and future funding

Widening the funding base and partnerships was attendant on receiving the report.

No funding commitments are in place after 31 December 2006. The three current donors were not committed to continued support after 2006; and it became clear to ABC in October 2005 that further support was unlikely from Norad and Sida; and uncertain from Hivos. Discussions are on-going as to the possibility of a joint 1-2 year phase-out contract, to allow ABC the time to re-strategise and seek alternative sources of funding.

Every effort is being made to secure funding commitments for 2007 from as wide a base as possible; commitments need to be confirmed in 2006 to avoid the organization having to shut down. It is in this context that ABC seeks a Travel and Learning Support grant to assist in its task of re-strategising and securing funding commitments within the context of future strategy.

Budget US\$

ABC proposes to commission Keiko DeLille to undertake the consignment. Keiko DeLille is currently a consultant focusing in development finance. Ms. DeLille is a former Ford Foundation Program Investment Officer and Program Officer in the Assets Program--Economic Development. Prior to that, she was an international banker with American Express Bank, Banco Mercantil (Venezuela) and Citibank and an entrepreneur. A copy of her resume is attached. The total budget for the consultancy is **\$16,000** which includes professional fees for Ms DeLille and an industry practitioner commissioned by her and all travel expenses related the on-site visit to African Books Collective in. Oxford.

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ABC Mid-Term Review: Key statements extracted from Executive Summary

- The ABC is clearly a good model of a public/private partnership, which is utilising development aid funds in combination with commercial investment by an African industry to achieve cultural, developmental and commercial objectives. There are many lessons to be learned from this partnership, both in terms of the ABC itself, and also on a broader front in terms of development modalities, fair trade principles, etc. for Africa.
- As publishers broaden their lists and become more financially stable, they are able to provide more and better titles for their domestic markets, which increases access to reading materials and in turn improves literacy levels.
- ABC is an initiative by African publishers to help themselves and their industry: as any commercial venture, it is a response to a market need. However, as well as being commercially relevant to publishing development in Africa, ABC's non-commercial activities give it a strong cultural relevance as well.
- ...ABC does in fact have both direct and indirect impacts on poverty reduction with primary and secondary beneficiaries in both the South and the North... ABC is able to make a contribution to policy dialogues, both within African countries, and through exports, within northern countries: titles dealing with economic and structural policies, equity promotion, social inclusion, gender mainstreaming, good governance, etc. are part and parcel of ABC's publishers' lists.
- ABC's work distributing African books in the North is an important and necessary contribution to the debate on poverty reduction in Africa, in which the voices of Africa itself are often not heard. Also, the distribution of African books helps to combat intellectual poverty in the North, in terms of the understanding and appreciation of African societies, problems, life experiences, paths for development.
- As a pathway for funding support to African cultural activities it is very efficient: there is virtually no overhead cost to the donor funding provided, as management of the funds is effectively paid for from the commercial income of the Collective. The ABC is a focused organisation which provides a unique blend of cultural and commercial support to African publishing.
- ABC has a well-defined strategy to achieve its mission and is implementing that strategy with a good degree of success. The specific cultural and commercial objectives are being met.
- The proposed way forward is therefore to build on the achievements of the present phase and enhance the impact of these initiatives, to maintain the commercial and cultural roles and strategy of the Collective, to look to a second phase of market and member development together with a consolidation of the new systems, and to seek a broader donor funding base.
- The main lesson learned from the present support to ABC is that medium-term planning and strategisation have been and continue to be essential, linked with assured funding and that regular monitoring and guidance clearly benefit operations, outputs and outcomes.
- Inasmuch as Africa needs a breathing space to solve its fundamental problems, the still fledgling publishing industry in Africa needs assistance to grow and to be able to participate fully in Africa's intellectual growth. Without that growth, Africa's visions will not flourish. The African Books Collective, its founders and its members are making a strong contribution to Africa's future. That contribution deserves continuing support.

Keiko Ianthe DeLille

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Experience

- Commercial:* **Community Capital Bank, New York** **1994- Present**
Vice Chairperson, Board of Directors. Serve on the audit, governance, compliance, special projects and executive committees. Championed the first dividend in order to provide the social investors with a cash return, as well as a social return. Structured a capital raise to finance the 2003 expansion to provide financial services to minority-, immigrant- and women-owned businesses in economically underserved communities of the five boroughs of New York City. Chaired the governance committee that led the board through a process that produced its first code of ethics and business conduct.
- Ianthe Trading Company, New York** **1989- 1993**
President. Established and operated a direct mail marketing business specializing in ethnic handicrafts. Products were sourced from religious and government-assisted projects in Africa, Asia and the Caribbean to support cultural preservation and economic growth.
- American Express Bank Ltd., New York** **1985- 1989**
Vice President, Financial Institutions Marketing. Developed and implemented the strategic plan for financial institutions in sub-Sahara Africa, France and Benelux. Marketed banking products to targeted institutions. Created non-credit products for African market niches that enabled local economic stability.
- Banco Mercantil y Agricola, Caracas** **1981- 1983**
Manager, Multinational Division-Europe. Established and implemented the marketing plans for the division. Supervised the financial analysis and risk review of corporate accounts. Provided private banking services to senior executives of client companies.
- CITIBANK, Caracas, Guayaquil** **1977- 1980**
Assistant Manager, International Banking. Account officer responsible for credit evaluation and marketing banking group services. Specialized in trade finance for the industrial and agricultural business sectors. Financed the first commercial shrimp farm operation and the development of the local shrimp farming industry.
- Development:* **Keiko DeLille & Co., New York** **1998- Present**
Principal. Practice focuses on the development of small- and micro-enterprises, nonprofit organizations and community development financial institutions (CDFI). Provide business planning and financial advisory services to entrepreneurs in West Africa to develop microfinance institutions and technologies. Developed and implemented the September 11th Fund strategy to support the rehabilitation of small businesses and NGOs in Lower Manhattan.
- New York Women's Foundation, New York** **1993- 1999**
Vice President and Member, Board of Directors. Primary responsibilities were the oversight of the grant allocation process that benefited grassroots organizations serving women and girls in New York City, and the implementation of grantee technical assistance. Served on the investment and finance, audit, and executive committees.
- Ford Foundation, New York** **1993- 1998**
Program Investment Officer, Office of Program-Related Investments, and Program Officer, Assets Program-Economic Development. Managed and developed domestic and international programs which provided grants and loans to nonprofit organizations and equity investments supporting community and economic development. Assisted other programs of the Ford Foundation addressing economic development in indigenous communities worldwide.
- MATCH Institution, Washington, DC** **1984- 1985**
Consultant. Participated in a USAID development project to coordinate the activities of financial institutions, international grant programs and small business development programs that targeted non-agricultural business development to diversify the economies of and to preserve communities in rural Egypt.
- Education** **Stanford Graduate School of Business, Stanford, California** **June 1977**
Masters in Business Administration (MBA). Concentration in international finance and development management.
- Wellesley College, Wellesley, Massachusetts** **June 1974**
Bachelor of Arts (BA) in June 1974. Majored in economic anthropology and biology.

Appendix 2
Dependence on Donor Assistance
In £ Sterling

Year	Turnover (Sales)	Distribution Costs	Administrative Cost	Operating Deficit	Donor Support
2004	134,000	93,000	294,000	-253,000	249,000
2003	115,000	85000	294,000	-264,000	262,000
2002	112,000	78000	269000	-235,000	233,000
2001	91,000	68000	210000	-187,000	184,000
2000	139,000	83000	172000	-116,000	109,000
1999	134,000	84000	170000	-120,000	116,000
1998	165,000	147000	159000	-141,000	135,000
1997	113,000	119000	141000	-147,000	144,000
1996	85,000	118000	134000	-167,000	163,000
1995	105,000	108000	103000	-106,000	100,000
1994	108,000	27000	174000	-93,000	89,000
1993	75,000	28000	159000	-112,000	108,000
1992	82,000	24000	146000	-88,000	81,000
1991	36,000	14000	96000	-74,000	70,000
1990	13,000	11000	79000	-77,000	72,000

Note: The difference between the Operating Deficit and Donor Support is interest income earned on bank balances.

Appendix 3

Mid-Term Review 2006 Executive Summary

Background

African Books Collective (ABC) is a not for profit cultural organisation that markets and distributes African published scholarly and culture books in the North. It was established in 1989 as a self-help initiative by a group of 17 founder publishers and is registered in the UK as a company limited by guarantee. A Council of Management elected by the founder members from among the 105 participating publishers from all regions of Africa governs the collective. Its secretariat and UK/Europe outlet is based in Oxford (ABC/UK), and it has a Northern American outlet based in Michigan State University Press (ABC/MSUP). ABC's annual income from sales is over £200 000, more than half of which is remitted to the publishers. The surplus is used to run the secretariat, and to carry out the cultural activities together with support from donor agencies

An Evaluation of ABC was commissioned by Sida in 1999, and was completed in February 2000, at which time there were 45 participating publishers. This evaluation led to a more focussed, medium-term programme of support based on a five-year strategic plan: ABC's Strategic Plan 2002-2006 is supported by Hivos, Norad, and Sida. The present partnership is a joint funding agreement, in which the grant support broadly equates to one-fifth from Hivos, and two-fifths each from Norad and Sida.

ABC has functioned within the parameters and framework of the Strategic Plan 2002-06 for three and a half years. Its activities have been guided by regular meetings of the Council of Management (CoM), which have been immediately followed by Strategic Meetings attended by the CoM and the funding partners. The present review is intended to examine the results and effects of these activities and to make recommendations for the future.

ABC set up distribution outlets in Europe and the USA to enable its participating publishers to sell their books in Northern markets. Stock of all titles is held in both warehouses (Oxford and MSUP). ABC 'buys' the distribution services of MSUP by giving them 30% discount on sales. This means that about 15% of the North American sales proceeds are remitted to Oxford. Publishers receive the same remittance levels whether books are sold through ABC/Oxford or ABC/MSUP.

The activities of the last three and a half years have increased sales significantly and expanded ABC's resource base (in terms of publishers, titles, customers and internal systems as well as income). This has led to more financial stability. Within ABC this surplus income has been seen as an opportunity to invest in and develop its systems and to contribute to improving the effectiveness of the organization in its cultural and commercial roles. The creation of a financially self-sufficient organization was not the intention of the current five-year plan agreed with donors.

Below, the key findings are expressed as a function of the questions raised by the Terms of Reference for the Review.

Key Findings

1. The relevance of ABC's mission to the development of literature and reading in Africa

ABC revised its mission statement in response to the Evaluation 2000 to emphasise its commercial and cultural roles. The new mission statement has sharpened ABC's identity as a cultural organization whose core values are to enhance the manufacturing of Africa's cultural wealth and to promote its global appreciation, particularly in the North. The mission is elaborated in distinctly cultural aims and attained through specific target activities. In providing support to strengthening indigenous publishing through collective action ABC has doubled its membership base to over 100 African publishers spread across the continent. ABC supports these publishers by marketing their books and raising their profile outside Africa as well as through training and advisory services. Better known and more professionally skilled publishers are also able to attract better writers. Publishers themselves feel that the earnings through ABC have made useful contributions to their capital base. In collaboration with Book Aid International on the IABSS, ABC made over 160 000 copies of African titles available to libraries in 39 African countries. As these books continue to be utilized in these countries, they will generate some orders. This is expected, in the longer term, to strengthen intra-African book trade and cross-cultural exchange between African countries.

As publishers broaden their lists and become more financially stable, they are able to provide more and better titles for their domestic markets, which increases access to reading materials and in turn improves literacy levels.

2. The relevance of ABC's methods and aims for publishing development in Africa

ABC's mission and activities are aimed at supporting indigenous African publishing, which has been unable to flourish within such an underdeveloped environment. In particular scholarly and cultural publishing in Africa is in dire need of capital to enable its growth. Book exports to the better priced Northern markets are one way of generating such capital. Unfortunately, individual indigenous African publishers do not yet have substantive lists, the required financial muscle, marketing skills or international contacts to undertake independent promotion and distribution of their scholarly and cultural books in the North.

ABC is unique in its approach to supporting publishing development as it channels assistance to publishers through demand-side activities rather than supply-side. By helping to provide markets and marketing opportunities to publishers (demand-side), ABC assists publishers to improve their own products and their own organizations. It works as far as possible in collaboration with other regional book chain organizations such as APNET and PABA. Although there are existing and potential exporters and distributors of African books, the evaluation established that none have the potential or interest to maintain the kind of diversity of materials that ABC handles as well as offer returns to African publishers at the level that ABC does.

ABC is an initiative by African publishers to help themselves and their industry: as any commercial venture, it is a response to a market need. However, as well as being commercially relevant to publishing development in Africa, ABC's non-commercial activities give it a strong cultural relevance as well.

3. The general relevance of the ABC's methodology to the broader view of poverty and 'multi-dimensional efforts' on poverty reduction

As an African trading organization, ABC positions itself as a campaign partner of the Make Poverty History campaign. However, ABC does not presently see itself as an organisation with a direct role in poverty reduction. Nevertheless, ABC does in fact have both direct and indirect impacts on poverty reduction with primary and secondary beneficiaries in both the South and the North.

Its activities play a very important role in reaching secondary beneficiaries. Direct inputs to primary poverty reduction beneficiaries are limited to the earnings of the participating publishers and their employees and in helping to create sustainable livelihoods for individuals within the industry. While this is certainly an important contribution, ABC's reach is far greater in indirect terms. By promoting and strengthening African publishing, ABC is able to make a contribution to policy dialogues, both within African countries, and through exports, within northern countries : titles dealing with economic and structural policies, equity promotion, social inclusion, gender mainstreaming, good governance, etc. are part and parcel of ABC's publishers' lists.

From sales proceeds through ABC, African publishers are able to improve their businesses, which is a source of livelihood for them and their employees. ABC's work distributing African books in the North is an important and necessary contribution to the debate on poverty reduction in Africa, in which the voices of Africa itself are often not heard. Also, the distribution of African books helps to combat intellectual poverty in the North, in terms of the understanding and appreciation of African societies, problems, life experiences, paths for development.

As part of its efforts to position itself within current development strategies, ABC (and the CoM in particular) needs to examine more closely its role in the issue of poverty reduction.

4. The extent to which ABC's objectives have realized its cultural/commercial mission

The ABC is a good model of a public/private partnership, which is utilizing development aid funds in combination with commercial investment by an African industry to achieve cultural, developmental and commercial objectives. There are many lessons to be learned from this partnership, both in terms of the ABC itself, and also on a broader front in terms of development modalities, fair trade principles, etc. for Africa.

Following the recommendations of the 2000 evaluation, ABC has been able to fulfil both its commercial and its cultural mission over the period under review. It continues to raise the profile of African authors, scholarship and publishing as well as providing financial and other capacity building support to publishers. It provides an invaluable service to libraries, booksellers, funding agencies and individuals as a "one-stop" shop to make available a very broad range of published disciplines, and to enable the North to access African culture and scholarship as written and presented by Africans. As a pathway for funding support to African cultural activities it is efficient: there is virtually no overhead cost to the donor funding provided, as management of the funds is effectively paid for from the commercial income of the Collective (i.e. the donor funds received more or less equal the remittances made by ABC to the publishers – if the donors were paying direct supplier subsidies to the publishers, there would be additional(overhead) costs for the management of the subsidy).

The ABC is a focused organisation which provides a unique blend of cultural and commercial support to African publishing.

The fourteen recommendations to ABC in the 2000 evaluation were generally adopted, and these are reflected in the ABC Strategic Plan 2002-06.

In line with the recommendations, ABC re-articulated its mission statement to provide a better focus on its activities. The aims and strategies of the ABC are now clearer and relate better to its fundamental mission.

Three of the recommendations concerned income generation, the improvement of financial stability and the need to close the gap between commercial income and total expenditure. ABC publishers agreed to reduce the remittance levels they receive from ABC (resulting in over GBP 40 000 extra income to the Collective), and ABC has expanded its volume of sales, brought prices into line with northern market norms and established an outlet for the North American market through a distribution agreement with the Michigan State University Press (ABC/MSUP). Two recommendations were related to digital technology and ABC has made excellent progress in this regard. ABC's database has been upgraded to a Windows platform and now links stocks, customer files, invoicing etc. with the bibliographic database. Significant time-saving is anticipated once the systems have been run in and sales analysis has been enhanced. Similarly, accounting and book-keeping have been computerised to make the financial procedures clearer and more easily handled. ABC has adopted print on demand (POD) technology, and continues to expand this type of production by showing the publishers the kinds of savings and efficiency improvements that can be made, as well as helping the publishers with the actual digitisation of their titles. Additionally, it has established a successful revolving fund to help the publishers finance the POD services.

In terms of raising its profile and positioning itself within Africa, ABC has improved upon its information dissemination (through its web-site, and through direct contacts to its members and customers), and its networking with governments and regional institutions.

Unfortunately, information is not always absorbed or passed on within participating publishing companies or partner organisations. ABC therefore needs to continually strive to get its message across. Efforts to strengthen collaboration with APNET have seen some promise, but a long-term strategic partnership would probably be more effective and may also help APNET itself.

ABC has a well-defined strategy to achieve its mission and is implementing that strategy with a good degree of success. The specific cultural and commercial objectives are being met. It is very clear that the development of the five-year strategic plan and the strategic funding arrangements with the joint funding agencies have had a huge positive impact on the work of the Collective. Assured funding has permitted more activities to take place; it has released manpower from fund-raising tasks to actual operational activities. In contrast to its earlier "hand-to-mouth" existence, the ability to plan for the medium term has allowed ABC to develop systems and take longer-term views of its activities, as well as allowing the Council of Management and the funding agencies to play a stronger role in monitoring and guidance.

5. Post 2006: Challenges of the ABC commercial activities

ABC has shown overall high growth in sales during the period under review. Until 2004,

growth was higher than anticipated (67% actual against 58% projected), though the annual growth levels varied greatly. The variation was mainly due to investment of time and resources into the expansion into the North American market and setting up the new database. The fact that ABC was able to maintain any level of growth while moving into new premises, opening the outlet in MSUP, etc., is testimony to its effectiveness.

Although the cumulative growth 2002-2005 will be about 40% instead of a projected 98% due to the closure of the Intra-African Book Support Scheme (IABSS) in 2004, it should be noted that 2005 should, in any case, see growth of about 7% over 2004 in terms of non-IABSS sales.

The nature of ABC as a non-profit sharing organisation means that, once it has paid its bills, it effectively spends everything that is left on fulfilling its cultural mission. The more resources it has available, the more work it is able to undertake. In view of this, notions of financial growth targets are somewhat esoteric. ABC does not invest its income in assets other than those required to perform its activities. The main justification for commercial growth is therefore that higher sales and income translate into increased income to cover ABC's operations and higher returns for the participating publishers, and thus greater commercial support to African publishing. ABC needs to re-examine this policy with regard to establishing specific growth targets linked to both commercial expansion and to possible investment to fund future cultural activities.

ABC cannot be financially independent and simultaneously retain its present cultural mission. If proposals were to be made for ABC to be financially self-sufficient, such proposals would require a drastic change in the mission and or structure and objectives of the Collective. A commercially independent ABC could be operating by the end of 2006, but it would no longer be recognisable as a cultural organisation offering support to African publishers. It would be forced to become just another commercial distributor of African books to the North. It would have to narrow its publisher and list base considerably and, as a way of reducing overheads, cut back on marketing costs and limit its stocks to highly profitable books. Most culture books, such as Literature and children's books, would have to be offloaded. Clearly, such a focus on high-selling titles would be detrimental to the publishing industry in Africa, particularly in terms of scholarly and cultural publishing. It should also be noted that such a change would reduce ABC's impact on poverty alleviation by reducing the number of beneficiaries of its activities in the South.

The main lesson learned from the present support to the ABC is that medium-term planning and strategisation have been and continue to be essential, linked with assured funding and that regular monitoring and guidance clearly benefit operations, outputs and outcomes. The challenge is therefore how to make the necessary external funding sustainable. ABC has been examining ways to encourage African governments and institutions to contribute to its work. In reality, this kind of support has been and is likely to continue to be linked to expressions of support for the ABC and its activities rather than physical or financial support. The demands for provision of basic health, education and social services on most African governments create a climate of crisis management in which cultural needs are often seen to be of secondary importance.

Recommendations

In general terms, the proposed way forward for the ABC is to build on the achievements of the present phase and enhance the impact of these initiatives, to maintain the commercial and

cultural roles and strategy of the Collective, to look to a second phase of market and member development together with a consolidation of the new systems, and to seek a broader donor funding base. In its second five-year strategic plan, ABC should include specific, realistic commercial targets and specific growth plans for both the commercial and cultural activities. The plan should also indicate levels of funding from external sources, and indicate “fall-back” strategies to ameliorate situations where overall funding targets fall short. The sustainability of ABC should be considered as a financial issue rather than as a commercial one.

Specific recommendations are collated in Section 6 (p. 41) and are also to be found throughout the main body of the report after the background and justification for each recommendation. In Section 6 they are collated in terms of priorities within three broad areas, and are numbered for ease of reference: Group A is the first priority area, including all operational recommendations which could be adopted more or less immediately, or which are supporting actions which are already being undertaken or planned by ABC; Group B includes those operational and strategic recommendations that will require some form of review (with CoM) and elaboration before they can be adopted, and which are anticipated to have an impact in the medium rather than the short term; and Group C comprises the strategic recommendations, with an anticipated medium to long-term impact, and relates mainly to external funding issues.

Conclusion

Inasmuch as Africa needs a breathing space to solve its fundamental problems, the still fledgling publishing industry in Africa needs assistance to grow and to be able to participate fully in Africa's intellectual growth. Without that growth, Africa's visions will not flourish. The African Books Collective, its founders and its members are making a strong contribution to Africa's future. That contribution deserves continuing support.

Appendix 4

Council of Management Biographies

Walter Bgoya is Chairman of the ABC Council of Management and was a founding member of the company. He was General Manager of Tanzania Publishing House for eighteen years, with a list of progressive scholarship and literature in the context of national and continental development. In 1991 he established his own company Mkuki na Nyota Publishers, Tanzania, to carry forward the same work. He is Chairman of the Managing Committee (Jury) of the Noma Award for Publishing in Africa, and a founding member of the African Publishers' Network (APNET).

Henry Chakava is Chairman of the East African Educational Publishers, Nairobi, which was formerly Heinemann Kenya. He led the company to full independence and Kenyan ownership. He is a founding member of the African Books Collective and of APNET. He has received an Honorary Doctorate from Oxford Brookes University in recognition of his contribution to the development of publishing in Africa. He was pioneering in publishing writers in Kenya, part of the classic canon of the early independence period, notably Ngugi wa Thiongo and Okot p'Bitek.

Francis Nyamnjoh's background is as a Sociologist, and he has held academic posts in Cameroon, Botswana and South Africa. He is currently Head of Publications and Dissemination at the Council for the Development of Social Science Research in Africa (CODESRIA). Amongst his publications are: *Africa's Media: Democracy and the Politics of Belonging* (Zed Books, 2005), and *Insiders and Outsiders: Citizenship and Xenophobia in Contemporary Southern Africa* (Zed Books, 2006).

Akoss Ofori Mensah is Managing Director of Sub-Saharan Publishers, Ghana. Her background is in literature, and she obtained a post-graduate degree from the University of Nottingham, UK. She established Sub-Saharan Publishers which publishes in various disciplines, and she is arguably Africa's leading independent publisher of trade children's books. She pioneered colour printing in Ghana. She is Meshack Asare's publisher, whose popular books for children about African culture have sold all over the world and have been translated into several languages.

Dayo Alabi is Managing Director of the Book Company Nigeria. Both a bookseller and a publisher, he is active in the Nigerian book and publishers associations. He was instrumental in establishing the Nigerian International Book Fair as a successful annual event. He formerly headed CSS Bookshops Ltd, Nigeria's oldest bookshops and publishers.

Ayo Ojeniyi is Chief Executive of Heinemann Nigeria, now a Nigerian company, where has built up one of Nigeria's biggest publishers. He is a past-President of the Nigerian Publishers' Association, and has been Deputy Chair of the African Publishers' Network (APNET).

Janet Nyeko is Head of the Jan Publishing Centre, based in Swaziland and Uganda. She established the organisation to publish and disseminate scholarly works based on original academic research within two African countries with limited opportunity for local publishing. She is also involved in publishing training, and offers publishing services to NGOs.

Appendix 5A Staff Biographies

Mary Jay

1995 to date	African Books Collective: Head of Secretariat
1995 to date	The Noma Award for Publishing in Africa: Jury member, and Secretary to the Managing Committee
1989 – 1995	African Books Collective: Deputy to the Senior Consultant
1984 – 1995	The Noma Award for Publishing in Africa: Assistant to the Secretary to the Managing Committee.
1989 – 1995	Hans Zell Publishing Consultants: freelance editorial contract from Hans Zell Publishers to run the editorial work. Work contracted, as work at African Books Collective increased. Main duties in latter years were as Deputy Editor of <i>The African Book Publishing Record</i>
1984 – 1989	Hans Zell Publishers: publishing training appointment. Subsequently Deputy to the Publisher. Duties covered all aspects of book and journals production, the focus being African Studies and publishing in Africa
1973 – 1983	Westminster Children’s Society: part-time Director Responsible for management and development of pre-school children nurseries, 60 staff, and fund-raising.
1967 – 1983	Political work. For varying periods, the following work was undertaken: Secretary to the Common Market Safeguards Campaign Secretary to the London Motorway Box Campaign Open Seas Forum, an all-Party Parliamentary group: research and publications officer. Research and secretarial assistance in the House of Commons
1961 – 1967	Civil Service. Executive Officer, then Higher Executive Officer, Board of Trade (now Department of Trade & Industry). Duties included work in the Commercial Relations & Exports department: Kennedy Round of GATT; and four years in the Private Office of the President of the Board of Trade

Publishing

Training appointment at Hans Zell Publishers

Public appointments/voluntary work

Current

Vice-Chair, The Attlee Foundation

Past

Member of H.M. Government's Transport Advisory Committee

Chair of the Westminster Council for Voluntary Service

Member of the Family Practitioner Committee of Kensington, Chelsea & Westminster

Chairman of the Governors, New End Primary School, Hampstead

Justin Cox

2005 to date	African Books Collective: Marketing Manager, all territories Primary location: New Zealand
2003-2004	Michigan State University Press: ABC N. America Marketing Manager
2002	ABC Marketing Manager
2001	ABC Marketing Officer
1998-2001	Harper Collins Publishers (New Zealand): Sales and Marketing Officer
1998	Random House Publishers (New Zealand): work experience whilst a student. Duties: manuscript assessments, illustrations/text layout, copyediting, proofreading, typesetting.
1998	Penguin Books (New Zealand): work experience whilst a student. Duties: warehousing and stocks.

Publishing

Publishing course at Whitireia Polytechnic, NZ; and Marketing Diploma.

Stephanie Kitchen

July 2001 to date	African Books Collective: Coordinator
Jan- April 2001	Millennium Awardee, Burkina Faso. Project for Oxfam and Channel 4
Sept 2000-Jan 2001	Oxford Intensive School of English: Marketing Administrator
Sept 1998-July 1999	BRG Anton Kriegergasse, Vienna. English Language Teaching Assistant during year abroad as part of degree

Languages

Fluent written and spoken French and German; fluent spoken and competent written Spanish.
(BA Hons. Modern Languages, Oxford University)

Krisia Cook

July 1997 to date African Books Collective: Customer Services Manager
Aug 1991-June 1997 ABC: invoicing and customer services
1998-1991 Oxford Citizens Housing Association: residential warden
1970-1997 Self-employed & retail work: catering & fashion design

Sam Cook

Sept 1989 to date African Books Collective: Warehouse Manager
1985-1989 Self-employed: property maintenance
1975-1985 Nuclear Physics Department, Oxford University: scanning technician for particle research team
1972-1975 Butcher

Jason Davis

October 2003 to date African Books Collective: Production & Website Manager
Sept 2002-Sept 2003 ABC: IT Systems/Digital Production Manager
Aug 2001-Sept 2002 Heritage Projects, The Oxford Story: technical maintenance engineer
1996-1998 Spiegel Online, Germany: internet producer
Nov 1992-July 1996 Spiegel Verlag, Germany: network administrator and PC technician
July 1990-Nov 1992 Speigel Verlag, Germany: mainframe computer operator; realisation of operator work routines; batch jobs, including management of high speed laser printing

May-July 1990 Spiegel Verlag, Germany (publishing conglomerate): temporary work, including supervision of UPS transactions

IT

Courses at IBM-Germany: VSE/SP Computer Operating Principles; VSE/SP Computer Practical Operating Training. Product training at Wellfleet LWL, Germany.

John Harper

2001 to date African Books Collective: Administration Assistant

1994-2003 Market research agencies: interviewer; including Regional Manager for one project

1997-1999 Oxford Council for Voluntary Action: driver of disabled people

Book-keeping

AAT Basic Accounting qualification, including office skills.

Naomi Robertson

1997 to date African Books Collective: Administration Assistant.
Particular responsibility for bibliographic databases and reviews

Sept 1997 to date English teacher, part-time, Oxford and Northants schools: A level and GCSE students, and teaching English as a foreign language to overseas students

Languages

High level of English language skills, maintained post-university (BA Hons. English Literature & Language, Oxford University)

Andrew Holman

April 2006 to date African Books Collective: Book-keeper
6 month appointment for maternity cover

2000-2006 Keston Institute (charity): Book-keeper

2001-2002 Thame & District Housing Association: Book-keeper

1999-2000 Solutions by Interact: Assistant to Finance Director

1980-1998 Book-keeper at 7 companies at different times

Accountancy

ONC Business Studies Certified Accounts – Part 1

Appendix 5B

Staff Responsibilities Matrix & Years of Service

	<u>Mary Jay</u>	<u>Justin Cox</u>	<u>Stephanie Kitchen</u>	<u>Krisia Cook</u>	<u>Sam Cook</u>	<u>Jason Davis</u>	<u>John Harper</u>	<u>Naomi Robertson</u>	<u>Andrew Holman</u>
Management	XX								
Finance	XX								XX
Marketing	x	XX	x	x				x	
Customer Service	x	x		XX	x			x	
Warehousing	x	x	x	x	XX			x	
Production/POD	x	x	x			XX			
Cultural Programs	XX	x	x						
IT	x					XX			
Administration	x	x	x				XX	XX	
Personnel	XX	x					x		
# of days worked per week	4	5	5	4	3	5	3	2	3
Years of Service	17	6	6	16	17	6	6	6	3 months

XX identifies the responsible person(s) for the line of activity

X signifies the person participates in the line of activity.

Appendix 6

Income/Expense Projections Status Quo Assumptions

	2006	2007	2008	2009	2010	2011
Sales						
Remittance to Publishers	149,000	222,750	274,824	329,789	386,908	464,289
Discount to MSUP	42,000	53,460	73,872	88,646	115,240	138,288
Contribution to ABC	93,000	128,790	150,984	181,181	201,321	241,585
 Expenses	 320,000	 340,000	 355,000	 370,000	 385,000	 400,000
 Operating Income	 (227,000)	 (211,210)	 (204,016)	 (188,819)	 (183,679)	 (158,415)
Grant Support	221,000	120,000	60,000			
Grant Carry Forward	6,000					
 Net Income	 -	 (91,210)	 (144,016)	 (188,819)	 (183,679)	 (158,415)
Assumptions:						
Number of Books Sold:	22,000	30,000	36,000	43,200	51,840	62,208
Average Book Price:						
UK Sale	14.2	16.8	17.6	17.6	17.6	17.6
US Sale	10.1	10.8	11.4	11.4	11.4	11.4
Contribution to ABC:						
UK Sale	45%	45%	45%	5450%	45%	45%
US Sale	15%	20%	1515%	15%	15%	15%
Geographic Distribution						
UK Sale	45%	45%	40%	40%	35%	35%
US Sale	55%	55%	60%	60%	65%	65%

Expenses: The 2006 expense level is bare-bone and is the basis for projected expense levels.
The 20,000 increase in 2007 permits an increase in marketing to achieve the sales, pay for cost of living and scanners to digitize books.
Increases from 2008 to 2011 are a flat £15,000 per year to accommodate a modest cost of living increase and more marketing

Basket Grant Support: £120,000 in 2007, £60,000 in 2008 and nothing thereafter.

Appendix 7

Cash Flow Projections Drastic increase in unit book sales

	2006	2007	2008	2009	2010	2011
Sales						
Remittance to Publishers	149,000	408,375	503,844	604,613	709,331	851,197
Discount to MSUP	42,000	98,010	135,432	162,518	211,274	253,529
Contribution to ABC	93,000	236,115	276,804	332,165	369,088	442,905
Expenses	320,000	355,000	370,000	385,000	400,000	430,000
Operating Income	(227,000)	(118,885)	(93,196)	(52,835)	(30,912)	12,905
Basket Grant Support	221,000	120,000	60,000			
Other Grant Support	6,000					
Net Income	-	1,115	(33,196)	(52,835)	(30,912)	12,905
# of Books Sold	22,000	55,000	66,000	79,200	95,040	114,048
Assumptions:						
Number of Books Sold	22,000	55,000	66,000	79,200	95,040	114,048
Average Book Price:						
UK Sale	16.8	16.8	17.6	17.6	17.6	17.6
US Sale	10.1	10.8	11.4	11.4	11.4	11.4
Contribution to ABC:						
UK Sale	45%	45%	45%	45%	45%	45%
US Sale	15%	15%	15%	15%	15%	15%
Geographic Distribution of Sales:						
UK Sale	45%	45%	40%	40%	35%	35%
US Sale	55%	55%	60%	60%	65%	65%

Expenses: The £35,000 increase in 2007 permits a substantial increase in marketing to achieve the jump in sales, pay for cost of living and scanners to digitize books

Increases from 2008 to 2011 are a flat £15,000 per year to accommodate a modest cost of living increase and more marketing

Grant Support: £120,000 in 2007, £60,000 in 2008 and nothing thereafter.

Appendix 8

Cash Flow Projections Another High Volume Option

(In £)

	2006	2007	2008	2009	2010	2011
Sales						
Remittance to Publishers	149,000	297,000	366,432	439,718	515,877	619,053
Discount to MSUP	42,000	71,280	98,496	118,195	153,654	184,385
Contribution to ABC	93,000	171,720	201,312	241,574	268,428	322,113
 Expenses	 320,000	 355,000	 370,000	 385,000	 400,000	 415,000
Operating Income	(227,000)	(183,280)	(168,688)	(143,426)	(131,572)	(92,887)
Basket Grant Support	221,000	120,000	60,000			
Grant Carry Forward	6,000					
Net Income	-	(63,280)	(108,688)	(143,426)	(131,572)	(92,887)

Assumptions:

Number of Books Sold	22,000	40,000	48,000	57,600	69,120	82,944
Average Book Price:						
UK Sale	16.8	16.8	17.6	17.6	17.6	17.6
US Sale	10.8	10.8	11.4	11.4	11.4	11.4
Contribution to ABC:						
UK Sale		45%	45%	45%	45%	45%
US Sale		15%	15%	15%	15%	15%
Geographic Distribution:						
UK Sale		45%	40%	40%	35%	35%
US Sale		55%	60%	60%	65%	65%

Expenses:

The 2006 expense level is bare-bone and the basis for projected expense levels. The £35,000 increase in 2007 permits a substantial increase in marketing to achieve the jump in sales, pay for cost of living and scanners to digitize books. Increases from 2008 to 2011 are a flat £15,000 per year to accommodate a 4% cost of living increase and more marketing.

Basket Grant Support:

£120,000 in 2007, £60,000 in 2008 and nothing thereafter.

Appendix 9

Cash Flow Projections Remittance and Discount Reductions 35%/25%

(in £)

	2006	2007	2008	2009	2010	2011
Sales						
Remittance to Publishers	149,000	141,750	174,888	209,866	246,214	295,457
Discount to MSUP	42,000	44,550	61,560	73,872	96,034	115,240
Contribution to ABC	93,000	218,700	263,232	315,878	361,221	433,465
Expenses						
Operating Income	(227,000)	(121,300)	(91,768)	(54,122)	(23,779)	33,465
Basket Grant Support	221,000	120,000	60,000			
Other Grant	6,000					
Net Income	-	(1,300)	(31,768)	(54,122)	(23,779)	33,465
Assumptions:						
Number of Books Sold	22,000	30,000	36,000	43,200	51,840	62,208
Average Book Price:						
UK Sale	16.8	16.8	17.6	17.6	17.6	17.6
US Sale	10.8	10.8	11.4	11.4	11.4	11.4
Contribution to ABC:						
UK Sale	45%	65%	65%	65%	65%	65%
US Sale	15%	40%	40%	40%	40%	40%
Geographic Distribution:						
UK Sale	45%	45%	40%	40%	35%	35%
US Sale	55%	55%	60%	60%	65%	65%

Expenses: The 2006 expense level is bare-bone and is the basis for projected expense levels. The £20,000 increase in 2007 permits additional marketing, the purchase of scanners to convert books to pdf format and cost of living increases from 2008 to 2013 are a flat £15,000 per year to accommodate modest cost of living and more marketing

Basket Grant Support: £120,000 in 2007, £60,000 in 2008 and nothing thereafter.

Appendix 10

Cash Flow Projections Remittance and Discounts reductions 40%/20%

(in £)

	2006	2007	2008	2009	2010	2011
Sales						
Publishers' Remittance	149,000	162,000	199,872	239,846	281,388	337,665
MSUP Discount	42,000	35,640	49,248	59,098	76,827	92,192
Contribution to ABC	93,000	207,360	250,560	300,672	345,254	414,305
 Expenses	 320,000	 340,000	 355,000	 370,000	 385,000	 400,000
Operating Income	(227,000)	(132,640)	(104,440)	(69,328)	(39,746)	14,305
Basket Grant Support	221,000	120,000	60,000			
Other Grant Support	6,000					
Net Income	-	(12,640)	(44,440)	(69,328)	(39,746)	14,305

Assumptions:

Number of Books Sold	22,000	30,000	36,000	43,200	51,840	62,208
Average Book Price:						
UK Sale	16.8	16.8	17.6	17.6	17.6	17.6
US Sale	10.8	10.8	11.4	11.4	11.4	11.4
Contribution to ABC:						
UK Sale	60%	60%	60%	60%	60%	60%
US Sale	40%	40%	40%	40%	40%	40%
Geographic Distribution:						
UK Sale	45%	45%	40%	40%	35%	35%
US Sale	55%	55%	60%	60%	65%	65%

Expenses: The 2006 expense level is bare-bone and is the basis for projected expense levels.

The £20,000 increase in 2007 permits additional marketing, the purchase of scanners and cost of living

Increases from 2008 to 2013 are a flat £15,000 per year to allow for a 4% cost of living and more marketing

Basket Grant Support: £120,000 in 2007, £60,000 in 2008 and nothing thereafter.

Appendix 11

Historic Remittance Summary Founding and Paid Publishers

(in £)

<i>Name</i>	<i>%</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006 (6 months)</i>	<i>Total 1995 to 2006</i>
A	60	7,640	5,712	5,795	4,700	12,563	8,100	108,407
B	60	1,413	2,946	2,445	2,885	2,434	1,255	34,270
C	60	9,983	13,276	13,815	14,834	8,355	2,124	181,224
D	60	2,411	8,153	10,594	6,421	2,083	1,732	63,167
E	60	2,314	2,063	2,123	3,047	3,689	3,144	40,044
F	60	288	164	902	751	519	908	13,510
G	60	6,223	5,443	9,271	9,789	13,024	4,880	65,237
H	60	30	41	47	26	56	257	2,104
I	60	0	230	469	1,252	389	184	5,658
J	60	186	368	277	0	0	26	4,537
K	60	436	171	100	0	389	7	4,546
L	60	2,014	1,828	2,159	2,743	1,697	383	24,636
total		32,938	40,394	47,997	46,449	45,198	23,000	547,339
a	55	2,378	2,951	4,100	3,879	1,528	680	40,247
b	55	592	1,592	6,017	1,538	636	213	14,979
c	55	187	665	498	831	333	297	2,845
d	55	488	326	124	91	80	3	2,808
e	55	230	85	43	107	24	17	2,875
f	55	6,925	11,197	10,381	26,073	8,921	8,209	113,565
f	55	2,816	1,569	2,355	2,686	1,117	816	34,389
h	55	302	565	576	294	716	225	9,159
i	55	2,771	3,740	3,626	2,253	1,778	1,985	39,150
j	55	889	895	281	407	128	60	11,652
k	55	3,706	2,256	940	496	216	241	38,228
l	55	1,815	2,364	3,629	10,487	4,630	2,965	34,838
m	55	2,450	2,775	1,816	2,066	552	1,534	26,034
n	55	2,537	2,628	4,885	6,604	6,644	4,127	29,496
total		28,086	33,610	39,272	57,811	27,303	21,373	400,264