

## Developing a business plan and business model for a new OA journal

Prague, August 24th 2010

---

---

---

---

---

---

---

---

## A crash course in economics!

- Economics is not about profits but about allocation of resources
- Costs are not (necessarily) invoices, costs are use of resources
- All costs have to be covered somehow
- You have to understand what your total cost are, who covers your costs, and why they are willing to, in order to know the economics of your journal
- Your journal cannot survive if no-one sees a reason to cover your costs

---

---

---

---

---

---

---

---

## Business model

- A concept for analyzing the business of an economic venture
  - Your journal is an economic venture
- Important components for OA journals:
  - How do you produce your journal
  - Who are important stakeholders
  - Who cover costs, and what do they get in return

---

---

---

---

---

---

---

---

## Business Plan

Business plans typically include 7 main elements.

An excellent tool for creating a business plan for an OA journal has been published by the Open Society Institute, see <http://openinstitute.org>.

- Concept – what is the unique purpose of launching this journal? How do you describe your journal and what does it offer the research community and possibly others?
- Market Analysis (readership and authors) – Who will read and/or contribute to your journal? How will you penetrate the market (capture a large loyal base of readers and authors)?
- Management Presentation (Editors) – Who will run the journal and what are their qualifications? What specific skills and resources does this person have and what additional resources must be augmented?
- Operational plan – What day-to-day procedures must be followed and carried out? How will you accomplish daily tasks?
- Financial Plan – What financial costs will you incur? How will these costs be met? Usually include a 3-5 year budget. This will usually refer to the financial model(s) you base your work on.
- Business Strategy – how you plan to conduct the day-to-day business of producing your journal in a way that allows you to meet financial and other goals within the limitations of the resources available to you
- Risk assessments – What potential risks exist that could impede your success? How will you counteract these?

---

---

---

---

---

---

---

---

---

---

---

---

## What needs to be done?

- Managing the journal
- Marketing and promotion (fundraising?)
- Operating peer review process
- Web development/maintenance
- Preparation of material for publication
- Dissemination (indexing etc.)
- Don't forget material and operational resources (Hosting, software, hardware, space, etc.)

---

---

---

---

---

---

---

---

---

---

---

---

## Points to keep in mind with a business plan

- Most journals require a mix of funding and donated effort
- Efficiency can significantly reduce your resource requirements
- Don't forget about your authors, they can play an important role in reducing resource requirements
- Tailor your strategy to your unique situation and options

---

---

---

---

---

---

---

---

---

---

---

---

### Business Strategy-Partnership Options

- Self-publish with or without outsourcing
- Co-operate with a university press or library
- Participate in a publishing co-operative
- Partner with a professional publisher

---

---

---

---

---

---

---

---

### Self-publish without outsourcing

- Benefits:
  - Full control over all aspects of publishing
  - Full control over time of publication
- Possible drawbacks:
  - Heavy workload
  - New skills, many need to be acquired
    - Will you know what you need to be efficient
  - Trial by error
- When appropriate:
  - Team possesses wide range of competencies
- Key considerations:
  - A clear and effective workflow is imperative
  - Devise a back-up plan in event of serious illness or long holiday

---

---

---

---

---

---

---

---

### Self-publish with outsourcing

- Benefits
  - Outsourcing allows you to publish a highly professional publication, yet maintain control
- Possible drawbacks
  - Requires initial time investment to investigate options and prices
  - Requires funding
- When appropriate:
  - Your team requires/wishes targeted support with specific aspects of publishing and these services are available at price that fits your budget.
- Key considerations:
  - Negotiate the price of services carefully; weigh both fixed rates and hourly rates.
  - Request a written quote and/or sign contract/tendor agreement before any work is carried out.

---

---

---

---

---

---

---

---

### Co-operate with a university press or library

- Benefits:
  - Technical aspects of hosting your journal can be handled by those who are familiar with this.
  - Services provided are usually cost-free or very low-cost.
- Potential drawbacks:
  - Services may be based on a strict template.
  - You will still need to handle many publishing tasks that fall outside the support of the library. (Only a limited range of services available.)
- When appropriate:
  - Your library offers such a service and your journal has a limited budget.
- Key considerations:
  - Sign an agreement with press to clarify respective roles and responsibilities, under what conditions the relationship can be terminated and how files will be transferred in the case of a terminated relationship.

---

---

---

---

---

---

---

---

---

---

### Join a publishing co-operative/ platform

- Good for those who do not have access to support from a library press, but have a bit of a budget.
- Examples:
  - BioOne
  - BioLine (journals from developing countries)
  - Scholarly Exchange
    - <http://www.scholarlyexchange.org/>

---

---

---

---

---

---

---

---

---

---

### Partner with a professional publisher

- Benefits:
  - You can focus on the content of the journal and editorial matters while someone else handles everything else.
  - You may be able to negotiate a stipend for the work you carry out as an editor.
- Possible drawbacks:
  - You will have varying degrees of control over your journal depending upon the publisher.
- When appropriate:
  - Your team wishes to focus on editorial issues only; key skills or time resources are lacking; you wish to launch or transition as quickly as possible with few concerns.
- Key considerations:
  - Consider who owns the journal; sign a formal contract describing respective roles and responsibilities and ownership; etc.

---

---

---

---

---

---

---

---

---

---

## Key Considerations

General things to consider when making a choice about whether to involve a partner in your publishing project:

- What financial resources are available for the journal?
- What time resources are available for the journal?
- What skills and competencies exist amongst the team that will publish the journal?
- Which skills and competencies are lacking but can be acquired?
- How much control do you wish to have over your journal?
- How professional do you wish your journal to be and to what extent can you meet this standard?
- What experiences does a partner have that will benefit your journal?
- Does a potential partner have experience related to your academic field?
- Can a potential partner provide references to attest to the quality of their work?
- Will a potential partner be available when you need support?

---

---

---

---

---

---

---

---

## Creating a budget – Some questions

- What are your financial goals for the journal? (break-even, generate a small profit, etc.)
- Do you expect to carry out all activities in-house or to outsource some activities to partners?
- What does the short-term versus long-term financial picture look like? (a 3–5 year budget)
- What is your growth plan for the journal? (how many submissions and published articles do you plan/expect?)

---

---

---

---

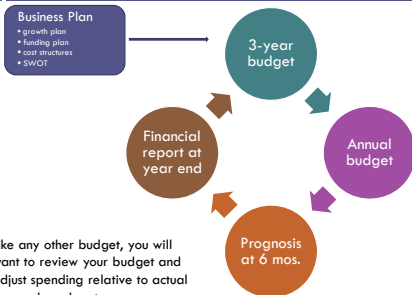
---

---

---

---

## Typical Budgeting cycle



---

---

---

---

---

---

---

---



### Possible budget posts

#### Proceeds

- Publ fee/article (/page)
- Submission fees/article
- Adverts
- Sponsorship
- Subscription income
- Grants
- Institutional subsidies
- Membership dues
- Supplements
- Reprints
- Permissions

#### Costs

- MS preparation/page
- Website design and updates
- Hosting
- URL/domain name
- Journal ms handling
- Set up of ms handling
- Editor's fee
- Marketing
- Travel
- IT support
- Miscellaneous costs / Admin.

---

---

---

---

---

---

---

---

---

---

### Creating a budget – Some questions

- What are your financial goals for the journal? (break-even, generate a small profit, etc.)
- Do you expect to carry out all activities in-house or to outsource some activities to partners?
- What does the short-term vs. Long-term financial picture look like? (a 3-5 year budget)
- What is your growth plan for the journal? (how many submissions and published articles do you plan/expect in years 1-5?)

---

---

---

---

---

---

---

---

---

---

### Example A - business model description

Journal A is a medical journal that will receive financial support from a scholarly society that is able to generate funds through conference activities. Journal A's strategy is to outsource production activities (they have the funding to do so) and technical support to allow the editorial team as much time as possible to aggressively pursue high quality content in order to quickly build the journal as a high-quality publication. As the journal becomes recognized in the field as a preferred vehicle for publishing, publication fees can be introduced that over time will replace/augment the funding received from the society.

---

---

---

---

---

---

---

---

---

---

### Example B – business model description

Journal B is a humanities journal for which a small one-time grant is available. Journal B's business strategy is to take advantage of all available free resources including OJS and hosting support from the local institutional library and to enlist a large number of individuals to work voluntarily in the journal team, each of whom shall be assigned a specific role to be carried out. When enlisting the journal team, the editor will consciously select people with skills and available time to ensure the success of the journal. One individual will attend a conference/course on running OJS such that this can be handled in-house.

---

---

---

---

---

---

---

---

---

---

### Some Resources on Business Models

- OAD OA journal business models page
  - [http://oad.simmons.edu/oadwiki/OA\\_journal\\_business\\_models](http://oad.simmons.edu/oadwiki/OA_journal_business_models)
- OAD Guides for OA journal publishers
  - [http://oad.simmons.edu/oadwiki/Guides\\_for\\_OA\\_journal\\_publishers](http://oad.simmons.edu/oadwiki/Guides_for_OA_journal_publishers)
- Clarke R. The cost profiles of alternate approaches to journal publishing. First Monday, Volume 12 Number 12 - 3 December 2007
  - <http://www.ujc.edu/htbin/cgiwrap/bin/ojs/index.php/fm/article/view/2048/1906>
- Open Access Initiative Journal Business Guides
  - <http://www.soros.org/openaccess/oajguides/index.shtml>
- The Online Guide to Open Access Journals Publishing
  - <http://www.doaj.org/bpguide/>

---

---

---

---

---

---

---

---

---

---

### Small group discussions

- Briefly describe your short-term and long-term goals for your journal (first year vs. Year 5)
- Briefly describe your short-term and long-term business model for your group.
- What are your financial goals for your journal?
- What possible sources of proceeds exist that you have not considered? (brain-storm with group)
- What unique opportunities face your journal and how can you take advantage of these?
- What threats exist that might impede your success? How can you counteract these?
- Describe in a few sentences your BUSINESS MODEL for the group.

---

---

---

---

---

---

---

---

---

---