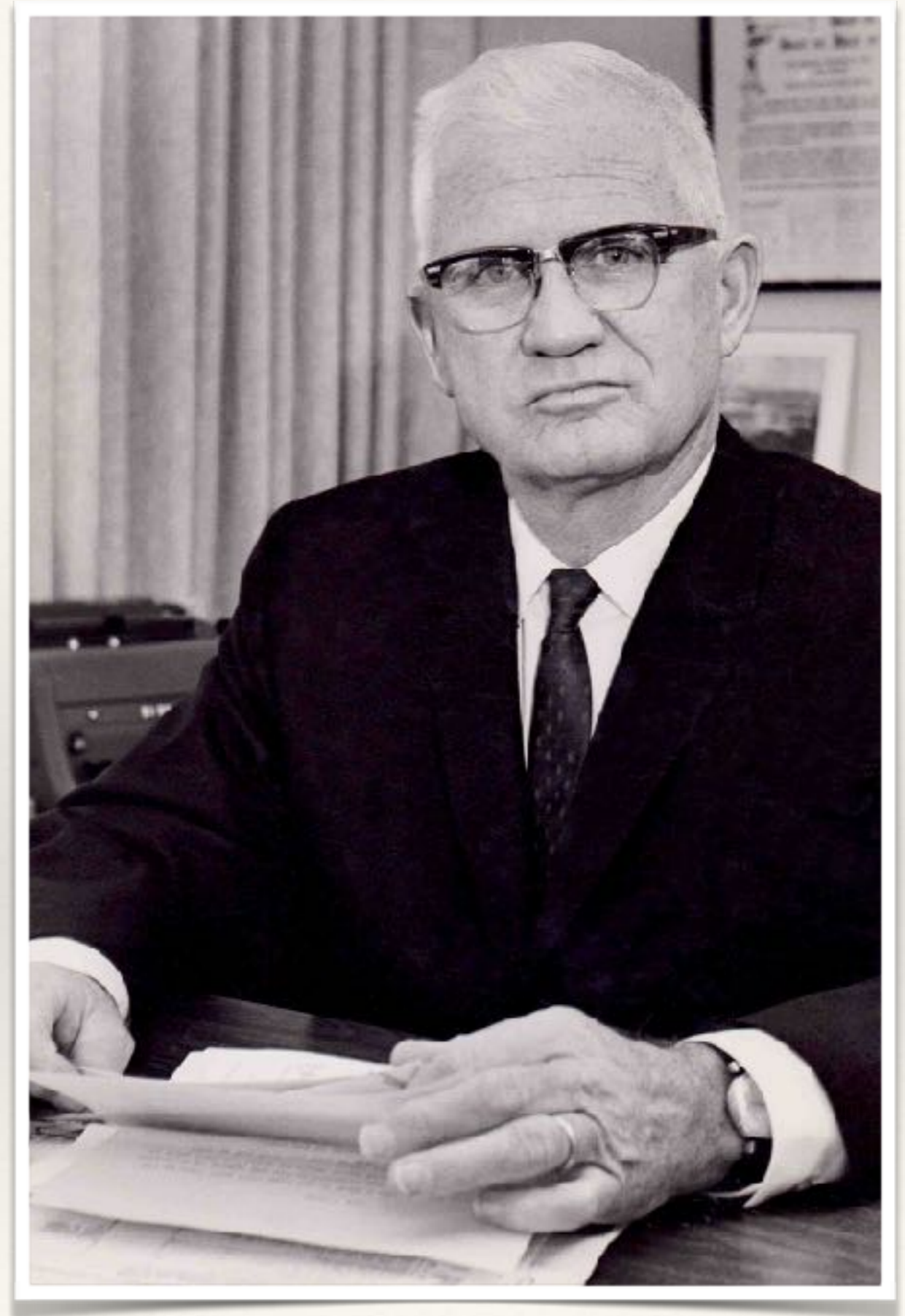

Benchmarks

Dolph Tillotson
Southern Newspapers Inc.

1908 - 1998

Carmage Walls

“Spend less than you take in ...”



A bit more complicated ...

- ❖ Mr. Walls kept things simple.
- ❖ Had a keen analytical mind.
- ❖ Developed benchmarks.

The Value of Benchmarking

- ❖ Setting goals.
- ❖ Tracking success or failure.
- ❖ Objective standards for comparison.
- ❖ They're flexible – you can add or remove standards.

The Value of Benchmarking

“Benchmarking is something that we feel is very important to newspapers right now. In spite of declining revenue, newspapers can be profitable for years to come, if they’ll adjust expenses accordingly.”

– *Randy Cope of Cribb, Greene and Cope.*

THE BRAZOSPORT FACTS
STATISTICAL ANALYSIS ACTUAL TO LAST YEAR
Fiscal Period 12
For the Period Ended June 30, 2017

	Current Month Actual	Current Month Last Year	Variance	Pct	Year to Date Current Year	Year to Date Last Year	Variance	Pct
NUMBER OF ISSUES	31.00	31.00	0.00	0.00	372.00	372.00	0.00	0.00
NUMBER OF PAGES	568.00	560.00	8.00	1.43	6,968.00	7,507.00	539.00-	7.18-
SPACE PER PAGE	126.00	126.00	0.00	0.00	126.00	126.00	0.00	0.00
INCHES 6 - COLUMNS								
INCHES - RETAIL	4,479.50	6,108.75	1,629.25-	26.67-	52,817.75	98,357.00	45,539.25-	46.30-
RATE EARNED	10.86	9.93	0.93	9.37	10.96	9.83	1.13	11.50
NO. OF ADS - RETAIL	366.00	331.00	35.00	10.57	3,604.00	5,304.00	1,700.00-	32.05-
AVERAGE SIZE	12.24	18.46	6.22-	33.69-	14.66	18.54	3.88-	20.93-
INCHES - RETAIL PICKUP	671.50	748.00	76.50-	10.23-	9,640.50	4,992.00	4,648.50	93.12
RATE EARNED	10.59	9.94	0.65	6.54	10.64	10.10	0.54	5.35
NO. OF ADS - RETAIL PICKUP	10.00	28.00	18.00-	64.29-	327.00	313.00	14.00	4.47
AVERAGE SIZE	67.15	26.71	40.44	151.40	29.48	15.95	13.53	84.83
INCHES - PROMOTION 6 COLUMN	5,775.25	5,296.75	478.50	9.03	75,452.75	83,916.00	8,463.25-	10.09-
RATE EARNED	8.81	9.57	0.76-	7.94-	11.55	9.69	1.86	19.20
NO. OF ADS - PROMO 6 COLUMN	634.00	549.00	85.00	15.48	7,775.00	7,726.00	49.00	0.63
AVERAGE SIZE	9.11	9.65	0.54-	5.60-	9.70	10.86	1.16-	10.68-
INCHES - ANNOUNCEMENTS	0.00	99.50	99.50-	100.00-	210.25	993.75	783.50-	78.84-
RATE EARNED	0.00	5.59	5.59-	100.00-	74.63	5.41	69.22	999.99
INCHES - OBITS	3,144.25	3,383.00	238.75-	7.06-	33,057.25	34,923.75	1,866.50-	5.35-
RATE EARNED	4.39	4.07	0.32	7.86	4.37	4.13	0.24	5.81
INCHES - POLITICAL	0.00	0.00	0.00	0.00	592.75	529.75	63.00	11.89
RATE EARNED	0.00	0.00	0.00	0.00	18.00	10.59	7.41	69.97
TOTAL INCHES 6 COLUMNS	14,070.50	15,636.00	1,565.50-	10.01-	171,771.25	223,712.25	51,941.00-	23.22-

INCHES 9 COLUMN

How We Use Benchmarks

- ❖ Available by the second or third working day at latest.
- ❖ Comprehensive addendum to each P&L monthly.
- ❖ We've chosen to share them widely – information held too tightly is not useful in building teams.

Statistical Analysis Calculations

All of the information for the Statistical Analysis comes from the day-to-day reports that the business manager compiles for every newspaper published. We call them Schedules in the corporate office.

Once the Schedules are checked (by measuring each paper and double checking the schedule to make sure all ads are accounted for by the corporate office), they are posted and the accounts receivable department in the corporate office manually enters all inches, number of ads and number of pages on a spreadsheet.

At the end of the month, the spreadsheet is sent to each location for the business manager to double check and approve before customer statements are generated. That worksheet is then given to the general ledger department to be entered for the statistical analysis report.

Number of Issues:

The number of issues is the number of newspapers published for a given Period.

Number of Pages:

The number of pages is the total Pages for all issues during a given Period.

Space per Page:

Space Per Page is the number of inches which make up 1 Page.

All inches are converted to 6 columns.

Too Many Benchmarks?

We may have too many benchmarks!

Here are the ones generally considered most important:

EBITDA

- ❖ EBITDA as percent of revenue – generally, 15-20 percent; some companies shoot much higher (28-30 percent).

Salary/Revenue

- ❖ Generally – 35 percent including benefits, 30 percent without benefits.
- ❖ Papers without presses – minus five percentage points.

Ad Rates

- ❖ Our mean rate earned is a key indicator.
- ❖ Growing or declining? Tells a great deal about sales and management practices.

Collections

- ❖ 75 percent of AR should be current on the first day of the month.

Cost as a Percentage of Revenue

If you total these percentages, they come to 75 percent, leaving 25 percent for profit:

- ❖ Editorial – 10 percent.
- ❖ Advertising – 12 percent.
- ❖ Composing – 3 percent.
- ❖ Circulation – 15 percent.
- ❖ Press – 15 percent.
- ❖ G&A – 20 percent.

Other Benchmarks

- ❖ Sales costs should be about 12 percent of ad revenue.
- ❖ Circulation costs should be roughly 50 percent of circulation revenue.
- ❖ Of that, 10 percent should be circulation salaries and 40 percent should be all other costs.
- ❖ Companies are keeping many new benchmarks:
Digital as percent of revenue; magazine / niche publications as percent of revenue; classified or small-space contracts in force month to month.

Benchmarks Don't Always Work

- ❖ They're not developed as a team.
- ❖ The numbers are held too tightly by managers.
- ❖ Failure to develop an action plan around them.
- ❖ The willingness to wait it out .
- ❖ A failure of courage.

In Summary

“You tend to succeed at what you track.”

– *Todd Carpenter, Boone Newspapers Inc.*