

Introduction

Initial Interviews—July 18, 2004

During the first interviews, we saw three different approaches. Stratton presented a formal briefing on the proposal and answered the few questions we posed. DMC, after a brief introduction answered questions in a relaxed and friendly atmosphere. Sports Publications combined answering questions and mini-briefings on their corporation.

When we set up our interview strategy, we decided to give each bidder an opportunity to either speak first or listen. Jim Miller presented introductory information for USMS and when he spoke, discussed the direction USMS is going with the governance changes. He stated that we were moving more in the direction of line responsibilities and line accountability with more frequent meetings of the BOD. These changes are being spurred on by our core objectives of Service, Educate, and Build the membership. We hope to orient our national publication and web site to support these objectives.

Prior to the interviews, all bidders were informed that the topics to be discussed were: Ownership, Strategic Marketing, Balance and Control of Content, Financial Impact, Design, and Questions Specific to Individual Magazines. Information presented on these charts is **in addition to** the information gleaned from the proposals. Therefore, if the candidate confirmed what we already knew, it does not appear here, unless it is important to understand other answers. This chart should be viewed as an extension of the proposals chart. Please refer to Attachment 8—Proposals.

Follow-up Interviews—August 6–7, 2004

The follow-up interviews with Douglas Murphy (August 6) and Stratton (August 7) were intended to fill in the gaps in our knowledge given our previous unfamiliarity with the association publishers, which would then enable us to make the final recommendation to the HOD. The results of those inquiries have been added to this chart and identified as such. Prior to the interviews, the bidders were notified of the topics to be covered.

NOTE: One topic we intended to discuss has been deleted from the chart, because it was not satisfactorily addressed by us or any of the bidders. That topic was: "Growth—What does this term mean to you with regard to USMS and how does it fit with your magazine plan?"

Talking Points

Sports Publications

Douglas Murphy

Stratton

<p>1. About the Company</p>	<p>Sports Publications was represented by Brent Rutemiller (Chief Executive Officer). He chose to listen to Jim first and then made a short statement about company philosophy. Company history was not exchanged, since SP has been our publisher for some time.</p> <p>SP is on a mission to redefine their infrastructure, by putting all components under one roof, launching Swimming World TV, and becoming media partners with various swimming governing bodies.</p> <p>SP views the print publications as their core product which drives to the other media (web, video). He pointed out that there is world-wide distribution of <i>SWIM</i> in 100 countries (6,000 subscriptions). As a publishing client of SP, USMS will benefit from these developments.</p>	<p>Douglas Murphy was represented by Grant Murphy (President), Virginia Sowers (Vice President/Managing Editorial), and David Balch (Vice President/Art Director) and chose to discuss his company prior to listening to Jim's overview of USMS. Grant Murphy has a background in publishing and the company has been in business since 1993 (since 1997 in it's current iteration).</p> <p>They currently have 8 employees and are producing 5 publications. Their mission is to give customers a quality product and work together as partners. David Balch was identified as the designer who works on start-up publications while Virginia will work on editorial issues.</p>	<p>Stratton was represented by Debra Stratton (President). She chose to listen to Jim first, so she could tailor her comments to our needs. She then presented a complete briefing on her proposal.</p> <p>She has a background in association publishing and the company has been in business for over 20 years. Their three major strengths are: 1) Association publishing experience; 2) Research-based ad/editorial development; and 3) Consulting for the client. They also prefer to work in partnership with the client.</p> <p>They currently have 7 employees/relationships plus freelance workers. They publish 6 magazines/newsletters/annuals and do research and consulting for a couple of dozen associations.</p>
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Talking Points

Sports Publications

Douglas Murphy

Stratton

<p>2. Ownership</p>	<p>When asked about ownership, SP responded that it is not important for us to own the magazine, since the content (i.e. articles and photographs) are proprietary to the people who provide the content. SP owns the right to copy it for that one issue. Reproduction of individual items can only be by permission and possibly for a fee.</p> <p>The entire magazine is copyrighted by SP, entitling them to reproduce within the bound pages (archives) in any medium they choose.</p> <p>They are interested in full web site integration with swiminfo.com (not usms.org) and intend to digitize the entire history of <i>SWIM</i>. We will be able to post articles on our web site and they will not ask us to remove them if they cease to be our publisher, because it's too hard to track. NOTE: this declaration is contrary to what Brent has said in both the January 2003 meeting with the EC and the information in their proposal.</p>	<p>DMC reiterated that the publication is all ours and we will make the final decisions with them providing guidance. They will do anything we want, even if they think we're wrong. All product developed in-house by DMC belongs to USMS to reproduce wherever and whenever. The intellectual property belongs to us based on lengthy contracts they sign with the contributors.</p> <p>They are interested in full web integration, which they will discuss with the USMS Webmaster during the transition period. We can obtain all materials from them we have a right to for placement on our own web site. They also suggested an email newsletter to push people to the web site.</p>	<p>We would have full rights for electronic and print publication and for repackaging into booklets. Obtaining the rights requires different negotiation with photographers than writers.</p> <p>Stratton envisions using article excerpts on our web site and use of an electronic newsletter/express issue with live web links to drive people to the web site. The newsletter also serves the purpose of extending the value of the magazine. They could sell ads for the newsletters to cover costs (\$1,000–\$1500 per issue to produce).</p>
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Talking Points

Sports Publications

Douglas Murphy

Stratton

3. Finance

SP intends to continue with the fixed cost per swimmer and feels that this is advantageous to USMS. Our ad revenue will remain at 3% of income.

On funding, we would not have to initially agree to the complete step-progression of increases, but could resolve funding issues in 4-year increments.

SP intends to continue with an editorial/ad ratio of 70/30 or 68/32. They intend to recruit a new advertising representative, once the contract is signed. There would also be a discount of 15% (negotiable) for USMS sponsors who advertise in *SWIM*. They agreed to explore the possibility of non-aquatics advertisers.

DMC described a process whereby they handle all the financial logistics, including publication & mailing costs as well as collection of ad fees.

Advertising is handled by sales staff that are assigned to specific publications and work on commission. They confirmed that our percentage of ad revenue would be 75% and stated that we may be able to pay for the publication using ad revenues plus subscriptions. The rule of thumb would be to plan to move to a budget neutral position over a 3-year period, but be realistic about the possibilities.

They said there would be an ad/edit ratio in the 25% range. For recruitment of advertisers, they researched similar publications' advertisers and suggested some potential non-swimming advertisers for us. They researched those same publications' ad rates to give us a realistic sense of what we might charge. They see our publication as a consumer publication, unlike their business-to-business publications, and showed theories in design and advertiser targeting based on that.

The sample invoice provided shows the source of stories as 50/50 DMC and USMS.

Stratton will handle all the financial logistics except for collection of advertising fees. If they are to collect the fees, our percentage of ad revenues would go to 72% with 28% for them (75/25 in the proposal). Goals for ads are addressed under the Strategic Marketing heading.

Advertising is handled by an outside agency run by a former Stratton staff member. The media kit draws on research to indicate what the value is for the advertiser. During the second interview, they quoted \$10–20,000 for the research, depending on the depth needed.

With regard to non-aquatic advertisers, it would be a difficult sell, since we have limited circulation and would have to demonstrate that our demographics would have value for the advertisers. They recommend that we secure the core audience and then expand.

Stratton offers an integrated package for advertisers and sponsors using sponsor levels, which would include ads and other services. The ads would not be free, but part of the whole package they are paying for.

The sample invoice provided shows the source of stories as 50/50 Stratton and USMS.

Talking Points

Sports Publications

Douglas Murphy

Stratton

<p>4. Strategic Marketing</p>	<p>All of the resources being developed by SP (defined above) will be offered to members as an added value.</p>	<p>During the first interview, DMC stated that they are looking to provide an excellent product which will translate into marketing value.</p> <p>In the follow-up interview, DMC stated its magazine would assist USMS's strategic marketing by using current resources and creating a potential for outreach. They focused on providing rich content about the sport; developing a strategic advertising promotion plan with multiple means of contacting advertisers and relationship building with advertisers; printing overrun copies and distributing them in bulk at a rotating list of targeted sites, such as YMCA's and health clubs; and developing a vibrant presence for the magazine on the USMS web site and mutual references between the web site and the magazine. They recommended that to build the value of USMS membership in the immediate future, the magazine should be a members-only benefit, while investigating newsstand presence for the intermediate and long term.</p>	<p>Stratton's goal is to leverage the association in the market by utilizing a major overhaul/repositioning of the design, editorial, and advertising elements of the publication. They look at the publication as a business with the goal of covering expenses or making a profit along with providing a valuable member benefit.</p> <p>They will achieve leverage by using the magazine as a marketing tool: to push the business itself (swimming); to promote the association secondarily; to provide a calendar of what is going on in the business; by branding the magazine with the association name; by binding in a card for subscriptions (the association would manage the subscribers); by including house ads to promote the association; and by marketing/promoting/branding the organization.</p>
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Talking Points

Sports Publications

Douglas Murphy

Stratton

5. Design

SP is committed to a complete overhaul of the magazine. They will be recruiting a full-time designer dedicated to *SWIM*. However, that person is not yet identified and won't be recruited until after the contract is extended. They are

DMC brought design prototypes, which have been distributed in PDF format to the rest of the EC. These graphics were stated to be 85% complete.

The cover will be worked on first and then they will move to the interior pages. Colors for the cover will be dictated by the subject matter. The redesign will take about 4 months and will be tweaked for 2–3 issues.

The core structure and look of the cover and interior departments treatment will remain consistent from issue to issue so readers know where to find information. The basic structure is to have departments first, a middle feature well, and back-end departments.

Stratton's design and layout concepts were thoroughly covered in the proposal, including visual presentation.

The plan is for a 48 page magazine with four major features. There will also be regular departments. The basic structure will include a feature well in the middle of the magazine, with various departments in the front and back.

For the cover design, the title and presentation of tag lines on the cover will stay the same from issue to issue.

Stratton's design was not as well developed as DMCs, having been produced earlier. In addition, the design demonstrated in their current magazines reflects their approach to the magazine as a business and does not have the flair of the DMC prototypes. During the second interview, we were not able to talk to their designer and so could not ascertain how they would improve on the design to be more compatible with our style.

Talking Points

Sports Publications

Douglas Murphy

Stratton

6. Editorial Content/Relationship with USMS Editor

SP intends to restructure their editorial department, but this will not be accomplished until after the contract extension. They would like to go in the direction of having short content with the complete story on swiminfo.com. They want to have a variety of contributors, for more interest.

They will promote our (USMS) identity through the Masters Swimmers of the Year and real life stories about people and their success. They are also looking for more dynamic content.

SP feels that the job description of the USMS editor is correct for their needs. They will work with him on production and USMS should have a lot of impact on the content. Our editor needs to make sure the content meets goals and pertains to the needs of USMS.

Content will be determined by meeting with USMS to create the editorial calendar. They would like to re-orient the magazine away from strictly swimming aspects (ex. show the other dimensions of masters' lifestyles in features). They recognize that understanding the product is a learning process for them, but one they have accomplished on prior occasions.

For each issue, the work begins 6–8 weeks prior to publication to deal with the flexible issues. The USMS editor will review information early on to avoid last minute problems and will receive a PDF version to approve. The entire DMC staff also reviews each issue.

DMC sees their role as Managing Editor (facilitates the management of the magazine), while the USMS liaison is the Executive Editor. The USMS liaison sets the editorial philosophy for the magazine, types of stories to publish, recommends who gets interviewed, is the final authority on content.

DMC handles the hiring of the writers and will specify a word count ahead of time, so we don't pay for extra verbiage. They will accept suggestions from us and they feel it's more important for the authors to be able to write than to know swimming.

Stratton believes that the editorial content is the core of the publication and will result in returns of membership increase, ad sales, sponsorships, etc. They will work to become knowledgeable on the subject matter by reading our publication and others in the field, but will tap USMS knowledge of our own organization and product.

They want a single point of liaison with USMS and can supply all or part of the content, proposing that they provide 2/3 of the features using competent free-lancers. They prefer to have people in the field write and will welcome lists of writers that we recommend. Stratton will work to make the product read well.

Editorial planning begins with the annual setting up of the editorial calendar. For each issue, the work starts 8 weeks out. They will show us the blue line or proofs ahead of time and USMS has the final word on content.

Talking Points	Sports Publications	Douglas Murphy	Stratton
7. Transition	N/A	Not specifically discussed, other than Jim explaining that we could not sign a contract earlier than September.	Not specifically discussed, other than Jim explaining that we could not sign a contract earlier than September.
8. Contract	When discussing the term of contract they said they would accept a minimum of 8 years and a maximum of 12. There would be a firm 1-year back-out clause to allow them to position themselves to go forward without us. Anything less than 8 years would not allow them to do long-range planning.	They are asking for a 3-year contract. The normal renewal for their clients after the initial contract is 5 years, but could be another 3-year contract.	They are proposing a 3-year contract.
9. Why did you bid?	N/A	It matches what we do and it looked like more fun than store fixtures. Grant Murphy exercises himself, so he understands adult athlete issue.	They felt the magazine would be fun to do and there is a lot of potential to take it to the next level. Many on their staff have been in swimming or recreational sports.