FIVE YEAR FINANCIAL PLAN

4. Five Year Financial Plan

* Structure of Staff
  + Publisher
    - Publishers define the editorial position and manage business operations so that the magazine provides readers with high quality content while maximizing revenue and profit. They establish a direction and market position for the magazine so that it conveys a clear identity to readers and advertisers. The publisher recruits a team of writers, photographers and editors to create entertaining, informative and newsworthy articles that appeal to the target audience.
  + Editor-in-Chief
    - The editor-in-chief has final responsibility for all operations and policies. They head all the departments of the organization and are held accountable for delegating tasks to staff members and managing them. They edit content, approve or reject articles, handle reader complaints, and works closely with the publisher to help plan finances and marketing strategies.
  + Managing Editors
    - Managing Editors work like vice presidents to the Editor-in-Chief. They make sure every order the EIC has given is carried out. They hire freelance writers, photographers, and any other contributors. It is the managing editors job to make sure the other editors are getting their deadlines in on time. They work closely with the editors to make sure their article ideas are cohesive and that they are carried out efficiently. They help the EIC approve the final product of the magazine every month.
  + Creative Director
    - Creative Director comes up with the theme of the magazine every month. They must come up with a mood board on content and design of the next issue and present it to the team before the next magazine goes to print. Everyone pitches ideas for stories at this meeting and works with the creative director to make sure that it stays true to the original idea, and they are very involved in the process with all departments.
  + Fashion Editor
    - In charge of pulling all clothing for articles and photo shoots. The fashion editor works closely with the director of photography for the shoots to make sure the right clothing is used and with writers to produce the clothing they need for their articles. They are in charge of the writers who report on current fashion trends and the latest news from the design world. This editor ensures that writers adhere to publishing guidelines and complete their work on time to meet deadlines.
  + Beauty Editor
    - Works closely with the fashion editor to correlate the makeup looks with the fashion looks in the issue. A beauty editor, also commonly known as a beauty writer, is the person who composes and edits articles and columns on beauty industry trends and ways for women to be fashionable and attractive.
  + Features Editor
    - Assigns story ideas to writers and helps them brainstorm, outline, and execute their articles, while offering editing advice and fact checking. Her duties may include conceiving and assigning story ideas, commissioning freelancers, editing copy, establishing industry contacts, and liaising with other departments of her publication to discuss issues like illustrations and layout.
  + Website Director
    - A website editor curates and controls content on a website to meet the needs of its owners and users by creating a steady flow of content. This work usually requires experience in the editing field along with a knowledge of how Internet media functions, and connections with members of the industry. It is up to the website editor to maintain the editorial standards of the publication and select content that meets its mission and goals. They must also research outside sources for multimedia content, like videographers.
  + Photo Editor
    - The chief over the camera and lighting crews working on a photo shoot and is responsible for achieving artistic and technical decisions related to the image. The photo editor selects and prepares photos for other articles that freelance photographers take.
  + Advertising Director
    - Searches for potential advertisers and gets them to work with us. They also “manage” the advertisers by making sure they turn everything in by the closing dates and works with the financial department to make sure the pay costs were received. They work with the creative director to make sure that the ads they get work with the overall look of the magazine.
  + Contributors
    - Most of *Modern Appeal’s* content will be produced by contributors. We hire them on a contract basis that outlines their rights (first and second serial rights, simultaneous rights, all rights), payment, and extent of editing.
* Five Year Financial Plan

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| --- | --- | --- | --- | --- | --- |
| **Basic Information** |  |  |  |  |  |
|  | **Year One** | **Year Two** | **Year Three** | **Year Four** | **Year Five** |
| # of issues per year | 12 | 12 | 12 | 12 | 12 |
| Total Circulation | 300,000 | 400,000 | 500,000 | 600,000 | 750,000 |
| # of subscribers | 72,000 | 96,000 | 120,000 | 144,000 | 180,000 |
| # of Newsstand Sales | 228,000 | 304,000 | 380,000 | 456,000 | 570,000 |
| Subscription Price | $20 | $20 | $20 | $20 | $20 |
| Cover Price | $4 | $4 | $4 | $4 | $4 |
| Ad: Edit Ratio | 60:40 | 60:40 | 60:40 | 60:40 | 60:40 |
| Advertising Pages per issue | 75 | 75 | 75 | 75 | 75 |
| Editorial Pages | 125 | 125 | 125 | 125 | 125 |
| Total Pages | 200 | 200 | 200 | 200 | 200 |
| CPM | $74 | $74 | $74 | $74 | $74 |
| Ratebase | 300,000 | 400,000 | 500,000 | 600,000 | 750,000 |
| Full-Color Ad Rate | $35,000 | $40,000 | $45,000 | $50,000 | $55,000 |
| Average Discount | 15% | 15% | 10% | 10% | 5% |

* Estimates of Start-Up Costs, Fixed Costs, Variable Costs

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Expenses** | **Year One** | **Year Two** | **Year Three** | **Year Four** | **Year Five** |
| Start-Up Costs | $100,000 | $100,000 | $0 | $0 | $0 |
| Advertising | $240,000 | $319,200 | $399,000 | $478,800 | $598,500 |
| Subscriptions | $882,000 | $1,173,060 | $1,466,325 | $1,759,590 | $2,199,488 |
| Single Copy Sales | $501,600 | $667,128 | $833,910 | $1,000,692 | $1,250,865 |
| Editorial | $250,000 | $332,500 | $415,625 | $498,750 | $623,438 |
| Production | $400,000 | $532,000 | $665,000 | $798,000 | $997,500 |
| Distribution | $180,000 | $239,400 | $299,250 | $359,100 | $448,875 |
| Administrative Costs | $50,000 | $66,500 | $83,125 | $99,750 | $124,688 |
| Total Expenses | $2,521,200 | $3,429,788 | $4,162,235 | $4,994,682 | $6,243,354 |
| **Net Income (loss)** | ($69,200) | ($43,788) | $157,765 | $509,318 | $836,646 |

* Revenue Forecast For New Subscribers, Converts, Renewals, and Advertising

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Revenue** | **Year One** | **Year Two** | **Year Three** | **Year Four** | **Year Five** |
| Subscriptions | $1,440,000 | $1,920,000 | $2,400,000 | $2,880,000 | $3,600,000 |
| New Subscribers | 100% | 75% | 20% | 17% | 20% |
| Renewal Subscriptions | 0% | 75% | 80% | 83% | 80% |
| Single-Copy Sales | $912,000 | $1,216,000 | $1,520,000 | $1,824,000 | $2,280,000 |
| Advertising | $100,000 | $250,000 | $400,000 | $800,000 | $1,200,000 |
| **Total Revenue** | $2,452,000 | $3,386,000 | $4,320,000 | $5,504,000 | $7,080,000 |

* Explanation of Proposed Sources/Amounts of Initial Funding

*Modern Appeal* will start out with initial funding of $100,000 in an inheritance in Year One. *Modern Appeal* is a privately owned publication and with the business plan and the marketing strategy set out, the magazine will start making money by the third year. By Year Five, the magazine will have a 12% gross profit.