



A CAPITAL PROBLEM

Alec Gilmore, author of numerous books including Agenda for Development: The Future of Third World Christian Publishing, discusses how publishers can seek funds.

Every publisher needs money. When it is invested in books, and the books are sold, the profit may be invested in more books. If profits grow, the size of the list will also grow. That, at least, is the theory. However, running a publishing business is not quite so simple.

First, there is a time gap between spending the money and recovering it through sales, so if the capital is borrowed from the bank, interest charges either increase the price of the book or wipe out the profit.

Second, if the profit margin is (say) 10 percent and the publisher fails to sell the last 10 percent of the edition, or if it is accidentally destroyed, there is no profit.

Third, if the edition sells out slowly, as happens with many titles, the return when it comes may be so devalued by inflation that the publisher will end up with less cash than originally expected.

If a publishing house is to be "safe," (never mind successful!), it needs access to a nest-egg of capital. Few publishing houses are owned by persons with considerable resources. Few start with substantial capital or large investments. How, and where, therefore, can publishers obtain capital?

Clarifying the Need

To seek funding, a publisher can try some of the following steps.

1. Clarify the organization's aims and objectives. Convince the donor that the publishing house runs on

commercial lines, has a sound publishing project for which there is a need and which will therefore sell, and that any returns will at best enable the business to grow or at least to stay where it is. This is the hard reality from which all publishers must begin, though there is often a gap between the dream and the reality!

2. Establish a good track record. A publishing house must demonstrate clear planning, good budgeting, sound management and proven marketing skills. It must also have published a limited number of books, met sales targets within the time forecast, and re-invested profits for further productions. It is not expected that a publishing house will succeed with every title, but it is necessary to show some success over a few years. An empty warehouse will help more than one piled high with 'treasures'!

3. Clarify the specific project. What sort of books does the funding request involve? Why does that particular project require capital? A project may require a large initial investment but quickly yield returns. On the other hand, a publisher might want to request funds to produce a book that will not sell quickly, but is likely to sell steadily for a long period of time.

In one country in Africa, and in another in Central Europe, the state schools needed basic text books to teach Christianity. The projects were obviously big business, with long print runs and bulk sales, but

interested publishers did not have the necessary capital. In one case, the publisher managed to raise enough capital, but in the other the only solution was producing a costly small edition, selling it and then repeating the process. Both were ideal cases for someone to invest capital and use the profits as a springboard for further growth.

Another case in Africa involved a denomination wanting hymn books. Again, large runs, bulk sales and a sure market: a good argument for investment.

A third, though less satisfactory example, where a large initial investment is critical, involves children's books. Black and white is unattractive. Small runs in color are not economic. Long print runs in color are costly. In the right situations capital for long runs in color could be a winner, though most potential donors will need a lot of assurance before signing the check.

In contrast to the above types of projects, sometimes it is necessary to request funds to support small editions with a long shelf-life. The solution is a capital support system. An agency provides funds from which to draw to cover production costs (or cash outlay) for an agreed program on condition that when the books are sold the production costs are returned. In that way it gets a return of its outlay in full. Also, the knowledge that the pool will soon dry up if the books do not sell spurs publishers to ensure that funds are used only for titles in

POTENTIAL FUNDERS

Evangelical Christian Publishers Outreach

(ECPO); c/o John VanDiest, 7713 SE 140th Dr., Portland, OR 97236, USA; tel.: (503) 761-4293; email: jvandiest@multnomahpubl.com; web: ecpa.org. ECPO is the international ministry arm of the Evangelical Christian Publishers Association in the United States. ECPO seeks to enable Christians to publish and distribute the Gospel with maximum effectiveness in their own culture.

Evangelical Literature Trust (ELT); c/o Church

Office, Stoke Park Dr., Ipswich, IP2 9TH, UK; web: members.netscapeonline.co.uk/marfleeta. ELT serves churches in the developing world by providing pastors, theological teachers and seminary students with evangelical books to encourage better biblical preaching. ELT works with Christian publishers in developing countries to print books to help pastors in their preaching.

Feed the Minds (FTM); Albany House, 67 Syden-

ham Road, Guildford, Surrey GU1 3RY, UK; tel.: (+44) 01483 888 580; fax: 01483 888 581; email: headoffice@feedtheminds.org; web: feedtheminds.org. FTM supports literacy, literature, publishing, theological education, HIV/AIDS awareness, and the empowerment of women in the developing world. It gives grants to publishers to produce materials in local languages.

Society for Promoting Christian Knowledge

(SPCK); c/o Holy Trinity Church, Marylebone Road, London, NW1 4DU, UK; tel.: (+44) 0 20 7643 0382; Fax: (+44) 0 20 7643 0391; email: spck@spck.org.uk; web: spck.org.uk. SPCK provides financial grants, resources, advice and encouragement to Christian communicators and educators in many countries.

Tyndale House Foundation; 351 Executive Dr.,

Carol Stream, IL 60188, USA; tel.: (630) 668-8300. The Tyndale House Foundation seeks to promote the gospel through Christian literature, Bible translations, and other activities.

Wilson Foundation; Box 70, Monument, CO

80132, USA. The Wilson Foundation seeks to partner with organizations that translate, print and distribute evangelical literature in indigenous languages.

World Association for Christian Communication

(WACC); 357 Kennington Lane, London SE11 5QY, UK; fax: (+44) 171 735 0340; email: wacc@wacc.org.uk; web: wacc.org.uk. WACC supports projects, studies and policies that are in agreement with the principles it upholds for the work and mission of Christians in communication around the world.

which they have full confidence. The fact that the funds do not have to be returned within a short period gives the organization stability and ensures a steady flow of books for the customers.

Capital support systems have potential for many publishers in the developing world and may find favor with some donors. However, negative attitudes to loans and debt repayment are currently so strong that anything even remotely in that field is likely to get a big thumbs down. Most aid agencies prefer outright gifts to loans, or anything that appears like a loan. They know from bitter experience that projects rarely achieve their targets and prefer not to be involved in anything which suggests monitoring or supervision. They also realize the effects of inflation.

Finding donors

How can Christian publishers find donors? What potential sources of income exist?

A publisher might seek a closer partnership with an aid agency, yet applications to agencies, perhaps the most obvious source of capital for publishers in the developing world, are rarely successful. In part this is because most aid agencies are more interested in food and poverty, crisis and disaster, than they are in publishing (and book publishing has little appeal to contributors). However, some agencies might be persuaded to make grants for publication if it can be presented as an education or literacy effort.

More likely ports of call are the specialist aid agencies committed to books and education, but here too there are warning signs, if not obstacles.

Some of the specialist literature agencies are more interested in exporting books (in some cases books of their *own* choice) than in making capital available for a publishing house to use as needed. Some avoid grants to commercial enterprises, preferring to give money to a church with a publish-

ing program. Christian publishers seeking capital can benefit from partnerships with churches where these secure the funds to support an agreed publishing operation.

Nevertheless, there are agencies committed to supporting commercial Christian publishing with a view to developing sound, reliable, profitable publishing for the benefit, not only of the church, but also of the local community. Specialist literature agencies are unlikely to make blanket, open-ended grants. They will probably require evidence that returns from sales are reinvested into production of new titles, but hopefully this is exactly what Christian publishers in the developing world also plan to do.

Partnerships

One pattern of partnership, as mentioned above, is that between a publisher and a church or academic institution, where the church or institution has no control over publications or management, but acts as an intermediary between the publisher and the funding agency on titles or projects in which they have a special interest.

Another solution may be a partnership with a successful publisher in the United Kingdom or in the United States. A company, instead of marketing wares in the developing world, may be prepared to invest a limited amount of capital in an overseas house with a flair for Christian publishing.

Take the initiative. Approach churches, academic institutions, foreign publishers, and aid agencies in whom you have confidence. Do not be discouraged if first responses are negative. Seek relationships with others.

Partnership is not one party giving and the other receiving. It is two parties addressing a common problem and sharing resources for long-term solutions—including the problem of finding capital. ❖