May 2012 TMC Coordinating Committee Retreat

Memo

Submitted by Jo Ellen Green Kaiser, E.D.

The TMC Coordinating Committee met on May 16, 2012, to find a path to sustainability for the Media Consortium.

Present: Jo Ellen Green Kaiser (Executive Director), Steve Katz (CC Chair), Linda Jue, Lisa Rudman, Eric Galatas, Alan Searle, Maya Schenwar, Jason Barnett (half day due to illness). We were also joined at lunch by Madeleine Buckingham, president of the Foundation for National Progress, of which TMC is a project.

Absent: Cindy Samuels

Reason for Convening

As of May 16, 2012, the Media Consortium is facing the prospect of shutdown, with enough funds available only through July 1 (accounting for shut-down costs). This meeting was held to make the following determinations:

1. Should the Media Consortium shut down?
2. If not, how can the Consortium solve the short term cash-flow problem?
3. What is a long-term funding solution to ensure that the Consortium does not face this same problem in the future?

Narrative

Even before the meeting convened, the consensus around the table was that the Media Consortium is not an organization that has outlived its purpose or mission. To the contrary, the Media Consortium’s work feels more important than ever, its membership more connected, its prospects more vibrant. The recent May Day collaboration demonstrated not only the potential impact the Consortium could have, but also the depth of commitment from members, who gave of their time and resources to make the collaboration a success. In assessing the current situation, CC members agreed that the financing problem is based in our business model, rather than in mission or project execution.

We thus began our meeting by looking at a number of different business models used by associations. With this information at hand, we looked again at our mission and vision statements. A look at these revealed that the Consortium has traveled far since the initial visionary declaration of 2006—indeed, we discussed a need to write and release the story of the Consortium, particularly the victory we have achieved in moving independent media outlets from competition to collaboration as a sector.

The CC did observe, however, that we currently lack a clear statement of mission that reflects our members and our own mutual understanding of mission. We tabled mission development to a future meeting, but left this conversation with a newly clarified sense of who we are: an organization dedicated to build the capacity and visibility of the independent media sector in order to inform, educate and engage the pubic to move in their own best interest. In other words, our mission is to create impact, and to do so by strengthening the individual outlets and the sector.

Refreshed from this conversation, we spent the next two hours reviewing our current financial situation. We discussed the short-term, medium-term, and long-term financial issues we face:

Short-term: The Consortium’s burn rate is $7,500/ month. We run out of cash by June 30. We must raise $22,500 within the next 3 weeks to continue.

Mid-term: The Consortium faces a deficit of $35,000 for this fiscal year, even after severe budget cuts. We must locate these funds by September 1.

Long-term: To function at capacity, the Consortium requires $200,000/year for its own infrastructure (employee salaries, consultants, travel, office expense, meeting expense). Ideally, the Media Consortium’s annual operating budget would be $400,000 with $200,000 going to infrastructure and $200,000 going directly to increasing member capacity (through regrants, direct services, etc). The Coordinating Committee determined that to achieve true financial sustainability, the $200,000 basis for infrastructure should come from non-foundation revenue.

Solutions

Midway through the day, we turned from analysis to solutions. We worked from the short-term crisis to long-term financial planning, retracing our steps from crisis mode to visionary mode.

**Short-term Solution: ($22,500 required)**

$15,000-$20,000 from Member Dues

$15,000 Matching Grant from Donor

* On Tuesday, May 22, the Coordinating Committee will send a letter to members outlining our cash flow situation. Members will be asked to pay their 2012 dues (if not already paid) and to prepay 2013 dues.
* On Thursday, May 24, CC members Steve, Maya, Lisa, and Alan will make follow-up phone calls to members to secure their dues money.
* By June 4, Jo Ellen, Lisa and Steve will sum up pledged dues and reach out to a major donor to match these pledges.

**Mid-term Solution ($35,000 required—does not include dues)**

* Funders are currently working on our behalf to attempt to secure either project-based grants that will cover this shortfall or to secure a capacity grant of $50,000 to take us through 2012 and provided funding for the long-term financial planning costs. We will keep in touch with these funders.
* If necessary, by June 15, the Coordinating Committee will organize a letter-writing campaign from outlets to sector funders to ask for such a capacity grant. This would be a one-time grant made on behalf of the entire sector to bring the Media Consortium to a secure footing.

**Long-Term Solution ($200,000 in annual revenue)**

A long-term solution requires a long-term horizon. Coordinating Committee members thoughtfully considered 16 different revenue generation options. These were narrowed down to 7 candidates that were then subjected to a list of criteria. Applying the criteria yielded four options we determined to pursue immediately: Merchandise; List-Building; Kindle Singles imprint; and Webinar Trainings.

Because we may want to return to some of the other candidates on the list, the last section of this memo will first briefly describe the critera, followed by all 6 candidates, then offer a longer description of the four options we chose to pursue, with to-dos.

Building a Financial Plan

A cursory review of our members and mission made clear that the Media Consortium will not be able to base its financing on member dues alone, nor on a large event, whether a convention or gala, that draws significant numbers of people and corporate sponsors. The independent media sector is not large, and is financially frail. We can offer fee-based services to members if the service is core to members’ own mission and if the fee is less than they would otherwise pay. The strongest opportunity, however, lies in leveraging the assets of our sector to provide fee-based services to non-members.

Criteria for Evaluating Revenue Generators:

Mission-related

High ROI

Low Risk

Low Time Required to Develop

Low Competition with Member Orgs

Strong Staff buy-in

Proposed Revenue Generators:

1. **Speaker Event**—leverage the mediamakers at our outlets to create events + VIP gathering or sponsorships. Audience: general public. Pro: mission-related, long-term ROI is high; Con: competes with member events; risk that audience won’t show up; low short-term ROI; concern about staff time/resources. Decide to table.

2. **Merchandise**—offer on-demand merchandise such as t-shirts. Audience: progressive public. Pro: very low risk, good ROI, low time required to develop, low competition with member orgs, good staff buy-in; Con: on-demand generally means non-union. Decide to pursue.

3. **List Building**—ask TMC members with large lists to offer TMC a one-time sponsored blast, and use this outreach to build list of individual TMC donors. Pro: high ROI, low risk; Con: requires time to develop list, competes directly with members. Decide to pursue.

4. **Offer Trainings**—leverage TMC member expertise and “authority” of sector to develop a set of webinar training for a variety of different audiences, with recommendations including training for bloggers/wannabe mediamakers; for advocacy NGOs; for citizen journalists; and for high school kids. Pro: mission-related, good potential ROI, low risk assuming first trainings are webinars, low competition with members, good staff buy-in; CON: requires resources to develop, esp marketing to understand best audience/topic. Decide to pursue but recognize that this category actually subsumed several different ideas.

5. **Direct Services**—develop capacity to offer key services directly to members for a fee, such as web development, bookkeeping, fundraising. Pro: mission-related; CON: high risk; ROI unclear; staff voiced serious concern. Decide to not pursue at all.

6. **Brokered Services**—TMC to act as broker between third-party vendor and members, providing members services cheaper than they could obtain on their own such as HR, Revolving Loan, tablet publishing. Staff asked to veto HR, Revolving Loan as services that potentially had high risk and low ROI—these are services TMC should look at, but only after we are more financially sound, with reserves. However, there was a lively discussion re: providing tablet publishing, especially Kindle publishing, once we realized our book publishing members might be able to serve as vendors. Pro on Kindle Imprint: mission-related, low risk, low time required; Con: upside unclear, unclear if this competes with members. Decide to research further with book publishers.

Long-Term Planning: Next Steps

1. **Merchandise**: Jo Ellen will locate a graphic designer to create a pro-bono t-shirt design and set up these t-shirts on café press. She will ask a graphic designer to create pro-bono ads for these t-shirts. Members will then be asked to carry the ads in rotation on their sites as “house ads.” Jo Ellen will also reach out to allies, including Occupytogether.com and Occupy.com to publicize the t-shirts.

Anticipated Cost: 0 - $500 (designer if can’t locate pro-bono)

Anticipated Net Income Q3: unknown as of now

1. **List Building**: Jo Ellen and Steve will approach Mother Jones, Care2, AlterNet and the Nation about whether they are willing to use their list to create one-time ads. If so, Jo Ellen will gather a team of TMC members (including Maya Schenwar, Frank Reynolds, Susan Gleason, Peter Meredith) to create a strategy for following up on these blasts and building a list.

Anticipated Cost: 0

Anticipated Net Income Q3: 2% of list blast will become donors

1. **Kindle Imprint**: Jo Ellen will contact New Press, Chelsea Green and Berrett-Koehler to find out if they would be interested in offering a Media Consortium Kindle Singles Imprint.

Anticipated Cost: 0

Anticipated Net Income Q3: unknown as of now

1. **Skills Webinar**: After a long discussion, we decided to pursue a proof of concept training directed to NGOs/Advocacy Groups and Foundations around strategic communications. The title of the first webinar would be something like, “How Journalists Tell a Story.” The initial webinar would be followed by an offer of tech support to the NGOs.

Market research will include talking to NGOs and Foundations about what they need; determining how much NGOs would be willing to pay; whether Foundations would pay for their NGOs to take the training; and what kind of followup they would want.

We determined we would have to assemble a team to make this idea a reality. Team to include: Rinku Sen, Kim Spencer, Jack Walsh, and hopefully someone from Women’s Media Center and/or New America Media.

Anticipated Cost: $200/month for webinar cloud software; soft costs

Anticipated Net Income Q3: need business plan to determine

In Conclusion

The Media Consortium is strong. Over the next 3 months, the Coordinating Committee will pursue 4 revenue options and, based on the market research and business plans for those options, develop a financial plan based on a combined membership dues/project-based grant/ fee-for-service model.

In Q4, with the financial plan in place, the Coordinating Committee will review our mission/vision, and frame a new way to tell the story of the Media Consortium that accentuates our victories and opportunities. The meshing of financial planning and visioning will lead to a strategic plan to enable us to achieve financial sustainability and mission impact over the next 3-5 years.