

How to Create New Revenue Streams For Your Library

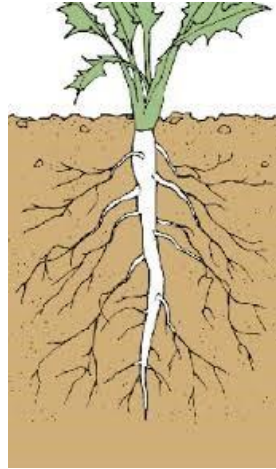
Tuesday, Nov. 17, 2015

10:30 – 11:30 am Eastern

Review of Topic

1. Introduction
2. Historical Context
3. Broadcasting model
4. Establishing value
5. Legalities and contracts
6. Promotion
7. Revenue Methods
8. References

Part 2: Historical Context



Public Broadcasting Example

- Public broadcasting transition
- NPR near bankruptcy in the 1980s
- Underwriting guidelines



4 Steps of Sponsorship Development

1. Discovery

Staff brainstorms for prospects
Personal introductions?

2. Cultivation

Can we come back and *really* talk?

3. Solicitation

Here's what we can do!

4. Stewardship

Acknowledge their support
Keep connected

Part 3: Broadcasting Model

- Revenue earned through ads
- Value based on considerations like:
 - / Length
 - / Time of day
 - / Popularity of placement area



Uplift Model of Advertising

Two schools of thought in early advertising: “Real Pros” and “Uplifters”

Glossary of Terms

Product:

- Adjacency
- Day Part

Measurement of Product

- Exposure/impressions
- Frequency
- Reach

Contract

- Cost per Thousand (CPM)
- Rate Card
- Run of Schedule (ROS)
- Value-added Promotion



Advertising Rates Formula

- Cost of exposing 1,000 audience members to a message, dividing the total cost by audience (in thousands)

Calculating CPM

\$500 monthly sign cost

30,000 patrons passing by

$$500/30 = 16 \text{ CPM}$$

Compare to CPMs in other mediums

Part 4: Establishing Value

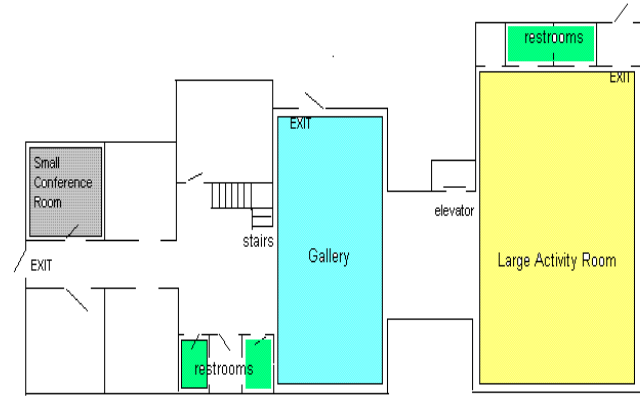
- How to justify the pitch to the sponsor
- Biggest rookie mistake: undervaluing what you have to offer.



Location Audit Exercise

Internal audit of sponsorship availabilities

- / Glossary of terms, definition of CPM
- / Location, measurement, and estimated competitive value



Product Prospecting Exercise

Product categories matched to library categories

- / Using circulation to calculate CPM
- / Impressions through physical signage, marketing material, and social media
- / How historical and projected impressions can be added

Friends Map

Created by Cengage Analytics

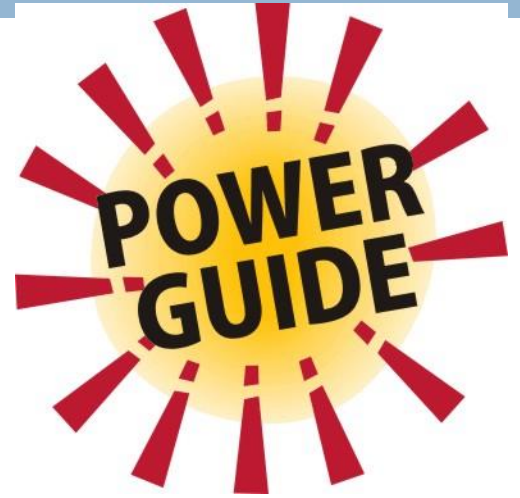
Sacramento PL—showed service area gap, where to build new branch.



Where your users aren't

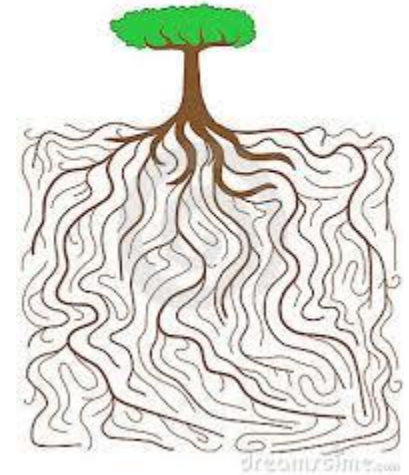
Citizens Save Libraries

- Power Guide for Advocacy—Free!
- Examples of talking points, flyers, petitions and more
- NYLA 2010 PDF presentation
 - / Positioning Your Library as an Essential Service: Marketing, PR and Advocacy



Part 5: Legalities and Contracts

- Santa Maria case study
- Plan for wiggle room in case things go wrong!



Beware of Creating Taxable Income

- ❑ Check what triggers unrelated business income tax (UBIT)
- ❑ Understand sponsorship's legal and tax concerns, qualified sponsorship payments (QSPs), and substantial return benefit.
- ❑ Avoid qualitative, comparative or inducement language. KISS!
- ❑ Payments contingent on measurements are not protected



Creating Sponsorship Policies

- Will the sponsor be able to use **your** organizations logo on anything?
- Would you make your databases of Friends, etc., **available** to the sponsor? Under what restrictions?
- Will you officially **endorse** the sponsor's products or services?
- Will you **collaborate** on program or event content?
- Are there business categories that are **off-limits?** (Firearms, tobacco, or spirits?)
- Are there product or service **standards the sponsor must meet?**
- Best practices: Go through what-if scenarios for controversial commercialism situations.



Professional Naming Rights—Contract Tips

- Average CPMs across media
- Use simple annual payments; strive for long-term but not “In Perpetuity” durations
- Build in write-off perks with 2 money streams
- Build in a moral turpitude clause that can cleanly get you out of the contract.

Rookie Mistakes

1. Over- or undervaluing. Non-profit doesn't **set** the proper value. Product is either never sold, or stolen!
2. Not doing due diligence, credit applications. If dealing with one person or family for significant amounts, *get a life insurance policy* to cover costs!

Contract Checklist

Each revenue contract should contain these elements:

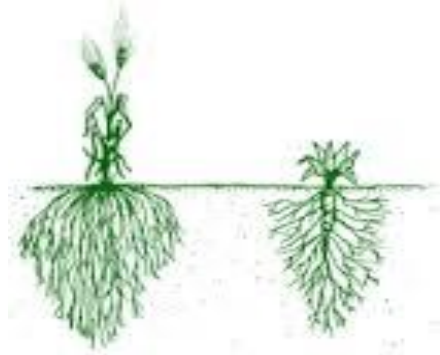
1. Logistics confirmation
2. Copy confirmation
3. Billing process
4. Deposits procedure
5. Implementation process

Types of Clients Include . . .

- Patrons
- Businesses
- Underwriters
- Third-party agencies and/or vendors
- Internet companies

Part 6: Revenue Types

- Download the Money Matrix Checklist
- Exercise: “Pick 5”



Part 7: Promotion

- Features and benefits
- Proposal materials and examples
- Crowdfunding

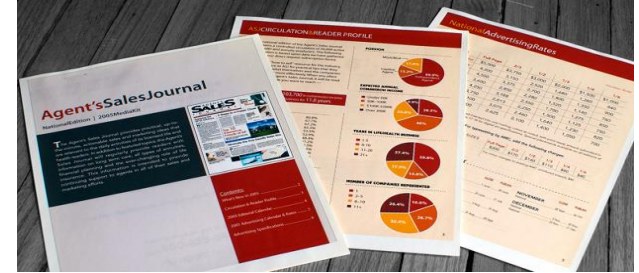


Features, Advantages and Benefits

Features	Advantages	Benefits
Characteristics	What they do	How they help
Generating Revenue	Without taxpayer burden Convenience Promotion/publicity Under-utilized space used	Providing more: <ul style="list-style-type: none">•Materials•Programs•Services
Supply Vending machines	Patron convenience	Support as needed
Sponsorships	Promotion/publicity opportunities	Enhancing library offerings to the public

Proposal Materials and Tactics

- Part of Stage 2 – Cultivation
- The proposal kit
- Building awareness
- Critical in working with agencies
- Features, advantages and benefits



Proposal Example Elements

NPR Audience Profile Package Description:

<http://nationalpublicmedia.com/npr/audience/>

NPR Background:

[http://nationalpublicmedia.com/wp-content/uploads/2014/05/NPR On Air Download Winter 2014.pdf](http://nationalpublicmedia.com/wp-content/uploads/2014/05/NPR_On_Air_Download_Winter_2014.pdf)

Annual Report Exercise

- Look at your library's publications for communicating its user profile: **outcomes or output?**
- Compare to at least three other systems' publications/annual reports
- Which is most likely to attract the dollars of an advertiser?

Crowdfunding: 2nd-Graders Use It!

Much better than selling lemonade.



Crowdfunding Bible

- Use a service
- Study success
 1. Product
 2. Pitch
 3. Video
 4. Incentives
 5. Goal
 6. Campaign

The screenshot shows a crowdfunding campaign on Indiegogo. The campaign title is "Early Literacy Storytime Nook". The goal is \$5,000 USD, and the current amount raised is \$5,690 USD, which is 134% of the goal. The campaign is marked as "CAMPAIGN CLOSED" and ended on August 31, 2024. The video shows a young child reading a book in a library. The campaign description thanks supporters for helping reach the goal and encourages spreading the word. The campaign is for a "Vintage Army Note Card" and a "Custom Book Plate".

1. Indiegogo logo

2. Campaign title: Early Literacy Storytime Nook

3. Video player showing a child reading a book

4. Perk: \$10 USD Vintage Army Note Card

5. Amount raised: \$5,690 USD

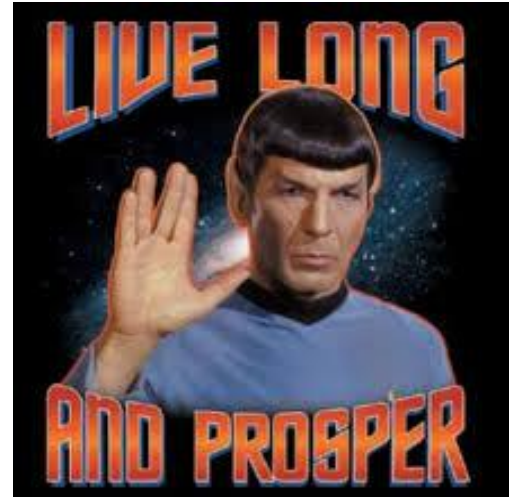
6. Campaign description text: Thank you for helping us reach our goal in only 20 days! But don't stop now. Our Nook needs early literacy computers too. Keep it up! Spread the word.

Conclusion

- Money Matrix checklist can be used even beyond sponsorships
- Inc.'s vital ingredient: an entrepreneurial spirit!

Spock

- May your libraries live long and prosper



References

References and contact information can be found at
castles411.com/fla