

THE WEEKLY CHRONICLE

MUTICÓN

192

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## 1. PUBLICATION SIZE AND COVER PRICE

The optimum size of the Weekly Chronicle should be 32 pages of news. The planning Cover Price is Ksh. 30 but under the Financial Plan we suggest marketing at Ksh. 25 to take advantage of the relatively high cover prices of the competition which is Ksh. 30.

Weekly Projected Cover Price Income, Publication and Distribution Costs and Disposable Income assuming no income from advertising can be shown as follows:

Print Runs	5,000	10,000	15,000	20,000
Income	150,000	300,000	450,000	600,000
Printing Cost	55,000	84,000	114,000	142,000
Distribution	60,000	120,000	180,000	240,000
Disposable	35,000	96,000	156,000	218,000

It is clear that the level of disposable income cannot support editorial and marketing costs not to speak of capital and start up costs. To aid cost recovery, it is important that from the first issue at least 4 pages of advertising be carried. These should rise by the end of the first month to 8. At the end of the second month there should be 16 pages and the end of month three 20 pages.

## 2. STAFFING NORMS

The initial staff and their total cost per month, which includes pay, statutory deductions, utilities and transport claims for all and, gardener, cook, security and house help for the Executive Editor, are shown below.

Post	Monthly Cost
Executive Editor	Ksh. 60,000
Senior Editor	Ksh. 40,000
Marketing/Advertising Manager	Ksh. 40,000
Middle Level Editor	Ksh. 30,000
Photographer	Ksh. 30,000
Production Manager	Ksh. 25,000
Junior Editor	Ksh. 20,000
Paste Up Artist	Ksh. 15,000
Executive Secretary/Administrator	Ksh. 10,000
Secretary	Ksh. 8,000
Senior Driver	Ksh. 5,000
Driver	Ksh. 3,000
Cleaner/Messenger	<u>Ksh. 1,500</u>
Total	Ksh.287,500

### 3. POSSIBLE STAFF

Executive Editor	Philip Ochieng
Senior Editor	Kwenda Opanga
Alternate	Peter Kariithi
Mid. Level Editor	Nixon Kariithi
Junior Editor	Makena Aritho
Alternates	Daniel Kamanga
	Grey Phombeah
Photographer	Sam Ouma
Alternate	Yahya Mohammed
Marketing/Advertising Manager	Karanja Kahia
Production Manager	Jared Ogutu
Pasteup Artist	-
Executive Sec/Admin	-
Secretary	-
Senior Driver	-
Driver	-
Cleaner/Messenger	-

### 4. PRINTING COSTS

Print Run	5,000	10,000	15,000	20,000
KTM Unit Cost (Ksh)	11.00	8.40	7.60	7.10
Kenya Litho	12.50	12.30	12.15	12.10

The quotes cover full colour separation and newsprint paper. Obviously the prudent approach is to print with KTM. Initially we recommend newsprint paper for higher grade paper will have significant cost implications over and above its supply problems.

### 5. OFFICE SPACE NEEDS AND COSTS

It is estimated that there will be a need for four offices. The Executive Editor and the Marketing Manager will both need private offices with secretarial space. Two largish offices will be needed for all other Editors first and secondly for the Pasteup Artist, Photographer and Production Manager.

Total space need is estimated as 1,000 square feet. If The Mall space costs, which cover both rent and service charge are used, 1,000 square feet would cost Ksh. 32,000 monthly. Currently, 704 square feet of office space are available in The Mall. This space would cost Ksh. 22,000 per month. It may be a good idea to locate the offices there and perhaps look for other space elsewhere later.

Recurrent Costs	
Rent Monthly	Ksh. 40,000
Phones/Utilities Monthly	<u>Ksh. 20,000</u>
Total	Ksh. 60,000

#### Equipment Costs

Three Computers	Ksh.180,000
Furnishings	Ksh.110,000
Laser Printer	Ksh. 50,000
Fax	<u>Ksh. 30,000</u>
Total	Ksh.370,000

#### 6. DISTRIBUTION COSTS

Distribution costs by both Nation and Standard are 40% of the cover price. The consultants' judgement is that the other available marketing channels are likely to be unstable and thus they are not to be trusted to distribute an important publication as Weekly Chronicle.

#### 7. PRE-LAUNCH EXPENSES

It is highly recommended that there be a systematic pre-launch campaign. The reasons are simply that sales in this country are heavily dependent on vendors. If there is no public request for the weekly from the public then vendors will not have it available. Promotion must cover repeated advertising in:

- a. All Daily Newspapers
- b. KTN and KBC Television
- c. KBC Radio English
- d. Other Magazines especially Executive and Diners.

A budget of Ksh. 500,000 should be provided for this pre-launch advertising and marketing.

#### 8. CENTRALITY OF ADVERTISING REVENUE

It is estimated that a magazine with a cover price of Ksh. 30 can break even if it has a print run of 25,000 weekly and it does not have advertising. This of course does not cover the investment. Ksh. 30 is considered high for the local market. The mass market median price is about Ksh. 20.

More important in circulation is the issue of hot political content. When Weekly Review was perceived by the readership as containing hot political stories, it could have print runs of 50,000 plus. Since it is no longer so perceived its print run is about 25,000 to sell under 20,000.

Other magazines like Financial Review, Society and Finance have had to go the hot political story route to increase circulation. Of course when they do not have a hot story they drop immediately.

Circulations have fluctuated for magazines between 100,000 and 10,000.

The advertisers on their side have not liked to be too closely associated with hot political magazines. They shy away from them.

Given these historical developments, it is important to develop a strategy which will ensure that the new magazine will create stability as soon as possible. The key elements of this strategy are, sophisticated pre-launch publicity, systematic pre-launch lining up of advertising and hot economic/political issues. Pre-launch publicity has been covered already.

On systematic pre-launch advertising, there are two critical actions to be done by the owners. First is to hire the Marketing and Advertising Manager way before launch to prepare for the launch and to get the advertising lined up for at least a year. The second is for the owners and management to campaign within their network to line up the sister companies and others under their influence to commit the advertising for at least a year. The third point is that the Weekly Chronicle must carry some full colour advertising from the first issues. This will set it a class above every other magazine.

The following is a sample of Advertising Rates per page:

	Black and White	Full Colour
Weekly Review	20,000	30,000
Executive	20,000	30,000
Computer News	12,000	22,000
Rainbow	10,000	20,000
Accountant	9,000	19,000

On the basis of the above figures and based on the need to stay on the top side of the market, it is recommended that the Weekly Chronicle charge the top rate for the first year. Thereafter, it can increase its rate.

Revenue from advertising can be projected as follows assuming a ratio of 1 to 1 for black and white and full colour advertising pages. This is a key policy matter. If the magazine is to get class, it must maintain such a ratio. Colour advertising sells. It is expected of a high class business publication.

	Advertising Pages	Revenue
Month 1	4	100,000
Month 2	8	200,000
Month 3	12	300,000
Month 4	16	400,000
Month 5	20	500,000
Month 6-12	20	

On the straddling of hot economic/political issue, it is important that each issue contain a hot economic/political story. The idea is to commit editorial staff to do a major economic/political story rather than the personalistic or party stories. This way the magazine can create its hot arena in economic reporting for which there is no competition.

#### **9. SPECIAL EDITORIAL COSTS**

It will be necessary at times for Editorial Department to commission stories from writers not employed by the Weekly Chronicle. A generous budget line item of Ksh. 20,000 monthly is provided for.

Editorial entertainment, to be based on claims, is estimated at Ksh. 20,000 per month.

#### **10. SPECIAL MARKETING AND ADVERTISING COSTS**

The Marketing and Advertising Manager will have to entertain heavily initially. A monthly line item budget for Ksh. 20,000 is adequate. It can be reduced in six months depending on performance to Ksh. 10,000 for the rest of the year and held at Ksh. 5,000 afterwards.

#### **11. ACCOUNTING**

It is not envisaged that a full fledged accountant be put in place initially. A line item provision of Ksh. 10,000 should suffice to hire the service from sister companies.

#### **12. PRE-PUBLICATION EXPENSES**

The owners will have incurred legal and consulting expenses before the publication is in the streets. There are no precise figures yet but these are estimated as Ksh. 200,000.

#### **13. NEWS AGENCY COSTS**

It is envisaged that the only news agency received will be KNA whose costs are not prohibitive. They are estimated at-----.

14. BUSINESS DEVELOPMENT PLAN

- 1.5 Month Before Launch 1. Decide on Financing Mechanism  
2. Initiate Senior Staff Negotiations
- 1 Month Before Launch 1. Hire Marketing/Advertising Manager  
2. Hire Executive Editor  
3. Hire Offices  
4. Buy Office Furniture and Equipment  
5. Buy 3 Cars: Executive Editor Corolla  
90 16 Valve Car, Marketing /Advertising  
Manager Peugeot 504 Car and Office Datsun  
120/ Standard Corolla Car
- 0.5 Month Before Launch 1. Hire All other Editorial Staff
- 0.25 Month Before Launch 1. Hire All other Staff



## 15. FINANCING INCOME AND PROFITABILITY

### A. Financing

#### 1. General

The financial analysis presented here seeks to demonstrate the most appropriate package in terms of:

Debt-Equity financing options,  
Various levels of print-runs, and  
Various levels of cover prices.

#### 2. Operating Income per month

In Schedule 1 an analysis is made of the operating income per month based on:

Four alternative levels of print-runs per week  
Three alternative levels of cover prices, and  
Two alternative levels of debt financing.

The net income displayed in C of Schedule 1 reveals the following:

- a. Losses will be incurred at print runs of less than 10,000 copies per week combined with a cover price less than Ksh. 25.
- b. That net income is very sensitive to both volume of print runs and cover price.
- c. That net income is not significantly sensitive to the level of debt financing.

Therefore the most critical elements are volume of print runs and cover price. To secure a comfortable safety margin on net income, the volume of print runs should not be less than 10,000 per week and the cover price should not be less than Ksh. 25. Therefore, it is recommended that the initial weekly print run be 20,000 with a cover price of Ksh. 25.

The level of debt financing does not affect the net income significantly provided that volume of print runs and cover prices are maintained at safe margins. If debt financing is easier to obtain in terms of cost and floatation processes than equity, it would be advisable to go for 100% debt financing and progressively reduce the level through internal equity (retention of earnings).

## B. Net Income Projection

The net income calculated in Schedule 1 is projected over four years on the following basis:

Four alternative levels of print runs  
Three alternative levels of print runs  
Two alternative levels of debt financing.

The four year projecting assumes a 20% annual growth in volume of sales and hence in net income.

The four year projections reveal comfortable net income levels for print runs of above 10,000 per week and cover prices of at least Ksh. 25. Again the projections do not reveal any significant impact on net income of the debt financing level. Thus over the four year projection period, the most crucial variables to business viability would be volume of print runs and cover price.

However, a very crucial variable that has been built into the analysis is advertising revenue. It has been assumed that advertising revenue would constitute about 40% of the total revenue. Should the advertising revenue fall below this ratio, then the projected net income would not be realised.

The projected net income is a bit conservative because both volume of print runs and cover prices as well as advertising revenue are held constant over the four year period. In practice these variables would show an upward trend. Marketing the product regionally would secure accelerated upward trend in revenues as cross-border sales would fetch higher prices than the cover prices.

## C. Profitability Analysis

An analysis of the return on investment is carried out in Schedule 3 under the following alternatives:

Two alternative levels of debt financing  
Three alternative levels of cover prices.  
Three alternative levels of print runs.

A profitability analysis at 5,000 weekly print run is not displayed as it has already been demonstrated in Schedules 1 and 2 that business at this level is not viable.

At a weekly print run of 20,000, the returns on investment at the various debt financing levels and the various cover prices are very attractive and would compare very favourable with the most profitable business in any sector in the country. These returns range from 44% at the lowest level to 424% at the highest level.

At a weekly print run of 15,000, the returns range from 4% at the

lowest level to 274% at the highest level.

And at a weekly print run of 10,000, the returns range from a negative 28% at the lowest level to 134% at the highest level.

The print media industry is volatile and a return commensurate with the level of risk in the industry should not fall below 50%. Therefore, the critical minimum level of business operation to secure this kind of return is a 15,000 weekly print run with cover price of Ksh. 25 and an advertising revenue constituting 40% of total revenue.

SCHEDULE 1: FINANCIAL PLAN

a. Operating Revenue/Expense Analysis

Print Runs:				
Per Week	5,000	10,000	15,000	20,000
Per Month	20,000	40,000	60,000	80,000

Sales Revenue Per Month

Cover Price				
Ksh. 30	600,000	1,200,000	1,800,000	2,400,000
Ksh. 25	500,000	1,000,000	1,500,000	2,000,000
Ksh. 20	400,000	800,000	1,200,000	1,600,000

Advertising Revenue Per Month

(Assuming Ksh.100,000 per 5,000 print run and increasing @ 20%)

	400,000	480,000	576,000	691,200
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Total Revenue Per Month

Cover Price				
Ksh.30	1,000,000	1,680,000	2,376,000	3,091,200
Ksh.25	900,000	1,480,000	2,076,000	2,691,200
Ksh.20	800,000	1,280,000	1,776,000	2,291,200

Variable Expenses

Printing	220,000	336,000	456,000	568,000
Distribution	240,000	480,000	720,000	960,000
	460,000	816,000	1,176,000	1,528,000

Operating Profit Before Fixed Costs:

Cover Price				
Ksh.30	540,000	864,000	1,200,000	1,563,200
Ksh.25	440,000	664,000	900,000	1,163,200
Ksh.20	340,000	464,000	600,000	763,200

b. Net Revenue/Expense Analysis: Alternative Financing Options

Weekly Print Runs	5,000	10,000	15,000	20,000
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Operating Monthly Profit Before Fixed Costs

Cover Price				
Ksh. 30	540,000	864,000	1,200,000	1,563,200
Ksh. 25	440,000	664,000	900,000	1,163,200
Ksh. 20	340,000	464,000	600,000	763,200

Fixed costs:

50% Debt Financing	539,000	539,000	539,000	539,000
100% Debt Financing	581,000	581,000	581,000	581,000

c. Net Monthly Income Before Tax

50% Debt- Financing

Cover price				
Ksh. 30	1,000	325,000	661,000	1,024,200
Ksh. 25	(99,000)	125,000	361,000	624,000
Ksh. 20	(199,000)	(75,000)	61,000	224,200

100% Debt-Financing

Cover price				
Ksh. 30	(41,000)	283,000	619,000	982,200
Ksh. 25	(141,000)	83,000	319,000	582,200
Ksh. 20	(241,000)	(117,000)	19,000	182,200

SCHEDULE 2: NET INCOME: FOUR YEAR PROJECTION

a. 20,000 Weekly print run

	Yr1 (Ksh. million)	Yr2	Yr3	Yr4
50% Debt Financing				
Ksh. 30 Cover price	12.3	14.8	17.7	21.2
Ksh. 25 Cover price	7.5	9.0	10.8	12.9
Ksh. 20 Cover price	2.7	3.2	3.9	4.7
100% Debt Financing				
Ksh. 30 Cover price	11.8	14.1	17.0	20.4
Ksh. 25 Cover price	7.0	8.4	10.1	12.1
Ksh. 20 Cover price	2.2	2.6	3.2	3.8

b. 15,000 Weekly Print Run

50% Debt Financing				
Ksh. 30 Cover price	7.9	9.5	11.4	13.7
Ksh. 25 Cover price	4.3	5.2	6.2	7.5
Ksh. 20 Cover price	0.7	0.9	1.1	1.3
100% Debt Financing				
Ksh. 30 Cover price	7.4	8.9	10.7	12.8
Ksh. 25 Cover price	3.8	4.6	5.5	6.6
Ksh. 20 Cover price	0.2	0.3	0.33	0.4

c. 10,000 Weekly print run

50% Debt Financing				
Ksh. 30 Cover price	3.9	4.7	5.6	6.7
Ksh. 25 Cover price	1.5	1.8	2.2	2.6
Ksh. 20 Cover price	(0.9)	(0.7)	(0.56)	(0.46)
100% Debt Financing				
Ksh. 30 Cover price	3.4	4.1	4.9	5.9
Ksh. 25 Cover price	1.0	1.2	1.4	1.7
Ksh. 20 Cover price	(1.4)	(1.1)	(0.9)	(0.7)

(d) 5,000 Weekly print run

	Yr1	Yr2	Yr3	Yr4
50% Debt Financing				
Ksh.30 Cover price	0.01	0.014	0.017	0.021
Ksh.25 Cover price	(1.2)	(0.9)	(0.76)	(0.6)
Ksh.20 Cover price	(2.4)	(1.9)	(1.5)	(1.2)
100% Debt Financing				
Ksh. 30 Cover price	(0.5)	(0.4)	(0.3)	(0.25)
Ksh. 25 Cover price	(1.7)	(1.4)	(1.1)	(0.9)
Ksh. 20 Cover price	(2.9)	(2.3)	(1.9)	(1.5)

NB The four-year projection assumes an annual net income growth of 20%.

SCHEDULE 3: PROFITABILITY ANALYSIS

(NB. Return on Investment = Net Income/Capital Outlay)

	Yr1	Yr2	Yr3	Yr4
a. 20,000 Weekly print run				
50% Debt Financing				
Ksh. 30 Cover price	246%	296%	354%	424%
Ksh. 25 Cover price	150%	180%	216%	258%
Ksh. 20 Cover price	54%	64%	78%	94%
100% Debt Financing				
Ksh. 30 Cover price	236%	282%	340%	408%
Ksh. 25 Cover price	140%	168%	202%	242%
Ksh. 20 Cover price	44%	52%	64%	76%
b. 15,000 Weekly print run				
50% Debt Financing				
Ksh. 30 Cover price	158%	190%	228%	274%
Ksh. 25 Cover price	86%	104%	124%	150%
Ksh. 20 Cover price	14%	18%	22%	26%
100% Debt Financing				
Ksh. 30 Cover price	148%	178%	214%	256%
Ksh. 25 Cover price	76%	92%	110%	132%
Ksh. 20 Cover price	4%	6%	6.6%	8%
c. 10,000 Weekly print run				
50% Debt Financing				
Ksh. 30 Cover price	78%	94%	112%	134%
Ksh. 25 Cover price	30%	36%	44%	52%
Ksh. 20 Cover price	(18%)	(14%)	(11%)	(9.2)
100% Debt Financing				
Ksh. 30 Cover price	68%	82%	98%	118%
Ksh. 25 Cover price	20%	24%	28%	34%
Ksh. 20 Cover price	(28%)	(22%)	(18%)	(14%)
d. 5,000 Weekly print run				
Unviable level of business.				



SCHEDULE 4: MONTHLY GROSS STAFF COSTS

1. Editorial

	Ksh.	Ksh.	
Executive Editor		60,000	
Senior Editor		35,000	
Mid-level Editor		30,000	
Junior Editor		<u>20,000</u>	
		145,000	
Purchase of stories		20,000	
Editorial Entertainment		20,000	<u>185,000</u>

2. Production

Production Manager		25,000	
Photographer		30,000	
Paste-up Artist		15,000	<u>70,000</u>

3. Marketing

Marketing/Advert Manager		35,000	
Driver		<u>3,000</u>	
		38,000	
Marketing Entertainment		20,000	<u>58,000</u>

4. Administration

Executive Secretary/ Administrative Officer		10,000	
Accountant		10,000	
Secretary		8,000	
Senior Driver		5,000	
Cleaner/messenger		1,500	<u>34,500</u>
			<u>347,500</u>

SCHEDULE 5: FIXED OPERATING COSTS PER MONTH

Vehicles running costs (15% of cost)	27,500
Staff costs	347,500
Rent and other office expenses	60,000
Depreciation charge	62,000
Interest on debt	
@ 50% debt-financing (2,500,000 x 20%)	42,000
@ 100% debt-financing (5,000,000 x 20%)	<u>84,000</u>
Total fixed costs	
@ 50% debt-financing	539,000
@ 100% debt-financing	<u>581,000</u>

SCHEDULE 6: FINANCING REQUIREMENTS

1. CAPITAL OUTLAY

	Ksh.	Ksh.
Vehicles		
Office vehicle (Standard Datsun/Corolla)	700,000	
Executive Editor's vehicle (Corolla 90)	750,000	
Marketing Manager's car (504 Saloon)	750,000	2,200,000
Computer Hardware 3PCs		180,000
Laser Printer		50,000
Office furnishing		110,000
Fax machine		30,000
Pre-launch promotion		<u>500,000</u>
		<u>3,070,000</u>

2. WORKING CAPITAL REQUIREMENTS

6 months rent	240,000
First month's print and distribution costs	460,000
Pre-launch legal and consultancy	200,000
First month's staff costs	347,500
First month's office expenses	<u>20,000</u>
	<u>1,267,500</u>

3. CONTINGENCY CAPITAL

Usually 10%-15% of total capital requirements 662,000

TOTAL FINANCING REQUIREMENTS 5,000,000

SCHEDULE 7: ASSETS DEPRECIATION SCHEDULE

ASSET	CAPITAL COST	DEPR. RATE	ANNUAL CHARGE
	Ksh.	%	Ksh.
Vehicles	2,200,000	25	550,000
PCs/Printer	230,000	30	69,000
Fax machine	30,000	25	7,500
Office furnishing/improve	110,000	15	16,500
Pre-launch promotion (Deferred expenditure)	500,000	20	100,000
	<u>3,070,000</u>	-	<u>743,000</u>

NOTE

It is recommended that the tangible assets be depreciated on a reducing balance basis, in which case the annual depreciation will be on a downward sliding scale. However the deferred expenditure should be written off in equal instalments.

#### 16. LAUNCH DATE

It is the consultants view that the magazine be launched during the first part of this year. First, it is important that a serious business magazine launches within the current climate so that it can establish its identity in the unclear market. Second, to launch now will give the magazine opportunity to show class within the confusion. Third, this will help it to show advertisers that it will be sober in its analysis.

The consultants therefore propose that the launch date be 20/3/92. This will enable the magazine to come launch with the extensive advertising for Easter and the Safari Rally. It will also give time for organising financing and hiring.



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A FEASIBILITY STUDY

muticon  
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## 1. PUBLICATION SIZE AND COVER PRICE

The optimum size of the Weekly Chronicle should be 32 pages of economic and business news from the PTA region. This is the objective given by the client. To achieve it, it will be important to build up first with a content which could be predominantly Kenyan but it is important that from the first issue, there be news on the rest of the PTA. This should be easy to collect for Nairobi is an important centre for serving the PTA region. Such news should be on banking, transportation, general trade, trade opportunities, tourism, shipping, commodities, development activities and the like.

Equally important would be the need to market the magazine regionally. The distribution systems of the region, like in Kenya, are dominated by the large papers in the various countries and distribution negotiations should be initiated before launch in the various countries. This is one of the main reasons we recommend early hiring the Marketing and Advertising Manager.

The planning Cover Price is Ksh. 30 but under the Financial Plan we suggest marketing at Ksh. 25 to take advantage of the relatively high cover prices of the competition which is Ksh. 30.

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It is clear that the level of disposable income cannot support editorial and marketing costs not to speak of capital and start up costs. To aid cost recovery, it is important that from the first issue at least 4 pages of advertising be carried. These should rise by the end of the first month to 8. At the end of the second month there should be 16 pages and by the end of month three 20 pages. Advertising is the key to profitability and if it cannot be met, the business potential shrinks.

## 2. STAFFING NORMS

The initial staff and their total cost per month, which includes pay, statutory deductions, utilities and transport claims for all and, gardener, cook, security and house help for the Executive Editor, are shown below.



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Senior Editor	Ksh. 40,000
Marketing/Advertising Manager	Ksh. 40,000
Middle Level Editor	Ksh. 30,000
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Secretary	Ksh. 8,000
Senior Driver	Ksh. 5,000
Driver	Ksh. 3,000
Cleaner/Messenger	<u>Ksh. 1,500</u>
Total	Ksh. 287,500

### 3. POSSIBLE STAFF

#### a. Economic and Business Writing Tradition

One of the key facts the investors must understand is the lack of tradition in economic and business writing. In Kenyan journalism there is very limited specialisation. One or two people have developed as very good writers on economic and business matters. Writers have not had outlets to enable them to specialise since no magazines or journals have systematically focused on economic and business writing. The daily newspapers have tried business columns over the past ten years with indifferent results. Currently they are trying to have one or two pages of local business news. Out of the writers of some of the business news pages, we have identified writer/editors. We suggest that the Weekly Chronicle look for the best graduates when it expands staff and develop them to build the tradition. An interesting pool of economic writers exists in the private sector and the universities. These should be tapped for they are not as expensive as hiring fulltime writers. In any case all top economic and business magazines usually rely on professionals in business and the university to give them the necessary cutting edge. This should be the practice for Weekly Chronicle.

Regionally, the initial strategy should be to identify some of the journalists writing economic and business stories in their countries. These should be recruited to supply at least a story every week. Since KNA will be supplied and it gets some regional stories, this will be another source of regional stories. For the long term, other business arrangements, including assigning regional writers to cover stories of specific interest, will have to be made.

b. Initial Core Staff

Given our comments above, we have surveyed the writing public and identified staff who have a good track record in writing and editing. We believe the individuals below can be welded into a viable team with creative management. The client will have to initiate negotiations with the individuals since this was outside our terms of reference.

Executive Editor	Philip Ochieng
Deputy Editor	Kwenda Opanga
Alternate	Peter Kariithi
Senior Editor	Nixon Kariithi
Junior Editor	Makena Aritho
Alternates	Daniel Kamanga
	Grey Phombeah
Photographer	Sam Duma
Alternate	Yahya Mohammed
Marketing/Advertising Manager	Karanja Kahia
Production Manager	Jared Ogutu
Pasteup Artist	-
Executive Sec/Admin	-
Secretary	-
Senior Driver	-
Driver	-
Cleaner/Messenger	-

4. PRINTING COSTS

The following quotations were obtained from the key printers in Nairobi.

Print Run	5,000	10,000	15,000	20,000
KTM Unit Cost (Ksh)	11.00	8.40	7.60	7.10
Kenya Litho	12.50	12.30	12.15	12.10

The quotes cover full colour separation and newsprint paper. Obviously the prudent approach is to print with KTM. Initially we recommend newsprint paper for higher grade paper will have significant cost implications over and above its supply problems.

For the recommended cover price of Ksh. 25, the KTM printing cost of Ksh. 7.10 would be 28.4%. If the client chooses to have a cover price of Ksh. 30, the Ksh. 7.10 would be 23.6%.

5. OFFICE SPACE NEEDS AND COSTS

It is estimated that there will be a need for four offices. The Executive Editor and the Marketing Manager will both need private

offices with secretarial space. Two largish offices will be needed for all other Editors first and secondly for the Pasteup Artist, Photographer and Production Manager.

Total space need is estimated as 1,000 square feet. If The Mall space costs, which cover both rent and service charge are used, 1,000 square feet would cost Ksh. 32,000 monthly. Currently, 704 square feet of office space are available in The Mall. This space would cost Ksh. 22,000 per month. It may be a good idea to locate the offices there and perhaps look for extra space later.

Recurrent Costs	
Rent Monthly	Ksh. 40,000
Phones/Utilities Monthly	<u>Ksh. 20,000</u>
Total	Ksh. 60,000

Equipment Costs	
Three Computers	Ksh.180,000
Furnishings	Ksh.110,000
Laser Printer	Ksh. 50,000
Fax	<u>Ksh. 30,000</u>
Total	Ksh.370,000

## 6. DISTRIBUTION COSTS

Distribution costs by both Nation and Standard are 40% of the cover price. This means that for the recommended price of Ksh. 25 the distribution cost would be Ksh. 10. The consultants' judgement is that the other available marketing channels are likely to be unstable and thus they are not to be trusted to distribute an important publication as Weekly Chronicle.

## 7. PRE-LAUNCH EXPENSES

It is highly recommended that there be a systematic pre-launch campaign. The reasons are simply that sales in this country are heavily dependent on vendors. If there is no public request for the weekly from the public then vendors will not have it available. Promotion must cover repeated advertising in:

- a. All Daily Newspapers
- b. KTN and KBC Television
- c. KBC Radio English
- d. Other Magazines especially Executive and Diners.

A budget of Ksh. 500,000 should be provided for this pre-launch advertising and marketing campaign.

## 8. CENTRALITY OF ADVERTISING REVENUE

It is estimated that a magazine with a cover price of Ksh. 30 can break even if it has a print run of 25,000 weekly and it does not have advertising. This of course does not cover the investment. Ksh. 30 is considered high for the local market. The mass market median price is about Ksh. 20.

More important for circulation is the issue of hot political content. When Weekly Review was perceived by the readership as containing hot political stories, it could have print runs of 35,000 plus. Since it is no longer so perceived its print run is about 25,000 to sell under 20,000.

Other magazines like Financial Review, Society and Finance have had to go the hot political story route to increase circulation. Of course when they do not have a hot story they drop immediately. Circulations have fluctuated for magazines between 10,000 and 50,000 locally. Occasionally, some have surpassed this when there is a really hot story.

The advertisers on their side have not liked to be too closely associated with hot political magazines. They shy away from them.

Given these historical developments, it is important to develop a strategy which will ensure that the new magazine will create stability as soon as possible. The key elements of this strategy are, sophisticated pre-launch publicity, systematic pre-launch lining up of advertising and hot economic/political issues. Pre-launch publicity has been covered already.

On systematic pre-launch advertising, there are two critical actions to be done by the owners. First is to hire the Marketing and Advertising Manager way before launch to prepare for the launch and to get the advertising lined up for at least a year. The second is for the owners and management to campaign within their network to line up the sister companies and others under their influence to commit the advertising for at least a year. The third point is that the Weekly Chronicle must carry some full colour advertising from the first issues. This will set it a class above every other magazine.

Above we have recommended that from the first issue at least 4 pages of advertising be carried. These should rise by the end of the first month to 8. At the end of the second month there should be 16 pages and by the end of month three 20 pages.

Perusal of the only other national news magazine, Weekly Review, shows that it hardly had colour in the past. Recently it has begun to carry four colour advertising pages. These are mainly for sister companies advertising. An example of trade magazines, the monthly Computer News, which normally is 32 pages, on average has 2-4

colour pages. Signature, which is given free to members of the Diners Club, has above 40 pages of colour advertising on each issue out of an average 80 pages. Another example is the bimonthly Swara, a specialised ecology magazine. Of its 40 pages, 10 to 12 pages are usually colour.

It is clear that the top market, who are the target clients for the Weekly Chronicle, expect colour advertising. Even the Weekly Review is interested in marketing its other products in colour. We are therefore of the opinion that colour advertising is mandatory.

The following is a sample of Advertising Rates per page:

	Black and White	Full Colour
Weekly Review	20,000	30,000
Executive	20,000	30,000
Computer News	12,000	22,000
Rainbow	10,000	20,000
Accountant	9,000	19,000

On the basis of the above figures and based on the need to stay on the top side of the market, it is recommended that the Weekly Chronicle charge the top rate for the first year. Thereafter, it can increase its rate.

Revenue from advertising can be projected as follows, assuming a ratio of 1 to 1 for black and white and full colour advertising pages. This is a key policy matter. If the magazine is to get class, it must maintain such a ratio. Colour advertising sells. It is expected of a high class business publication.

	Advertising Pages	Revenue
Month 1	4	100,000
Month 2	8	200,000
Month 3	12	300,000
Month 4	16	400,000
Month 5	20	500,000
Month 6-12	20	

On the straddling of hot economic/political issue, it is important that each issue contain a hot economic/political story. The idea is to commit editorial staff to do a major economic/political story rather than the personalistic or party stories. This way the magazine can create its hot arena in economic reporting for which there is no competition. Once editorial staff is in place, one of its first tasks should be to investigate the feasibility of having a regional hot economic/political story weekly. This should be relatively easy if editorial staff develop new contacts in the regional business community.

#### 9. SPECIAL EDITORIAL COSTS

It will be necessary at times for Editorial Department to commission stories from writers not employed by the Weekly Chronicle. A generous budget line item of Ksh. 20,000 monthly is provided for.

Editorial entertainment, to be based on claims, is estimated at Ksh. 20,000 per month.

#### 10. SPECIAL MARKETING AND ADVERTISING COSTS

The Marketing and Advertising Manager will have to entertain heavily initially. A monthly line item budget for Ksh. 20,000 is adequate. It can be reduced in six months depending on performance to Ksh. 10,000 for the rest of the year and held at Ksh. 5,000 afterwards.

#### 11. ACCOUNTING

It is not envisaged that a full fledged accountant be put in place initially. A line item provision of Ksh. 10,000 should suffice to hire the service from sister companies.

#### 12. PRE-PUBLICATION EXPENSES

The owners will have incurred legal and consulting expenses before the publication is in the streets. There are no precise figures yet but these are estimated as Ksh. 200,000.

#### 13. NEWS AGENCY COSTS

News agencies are expensive. Reuters would cost between Ksh. 650,000 and Ksh. 1,000,000. It is not clear that subscribing will be necessary for the editorial objective is to run local and regional stories. It is therefore envisaged that only KNA will be received. Its costs are not prohibitive. They are estimated at Ksh.5,000 monthly and do not impact on the financing and income. For editors information, Kenya Times and KTN can provide waste of the agencies they get at no cost.

#### 14. BUSINESS DEVELOPMENT PLAN

##### a. Initial Decisions

- 1.5 Month Before Launch 1. Decide on Financing Mechanism  
2. Initiate Senior Staff Negotiations
- 1 Month Before Launch 1. Hire Marketing/Advertising Manager  
2. Hire Executive Editor  
3. Hire Offices  
4. Buy Office Furniture and Equipment  
5. Buy 3 Cars: Executive Editor Corolla  
90 16 Valve Car, Marketing /Advertising  
Manager Peugeot 504 Car and Office Datsun  
120/ Standard Corolla Car
- 0.5 Month Before Launch 1. Hire All other Editorial Staff
- 0.25 Month Before Launch 1. Hire All other Staff

##### b. Operating Decisions

###### 1. Business Management

After discussion of the draft report the client raised the issue of oversight of the business. It is our understanding that this will be done by the client or by somebody responsible for oversight of his other businesses. We do not envisage an overall manager for the Weekly Chronicle although we recognise that the function must be attended to.

###### 2. Collection

Newspapers and Magazines in Kenya have chronic collection problems. We believe part of this is the fact that marketing and advertising staff have in the past operated as Nairobi bound management. This is unsatisfactory. We think the collection issue should be addressed from two points of view. First, there is no shortcut to systematic marketing and the individual hired must be able to market and to supervise collection. The individuals we have so identified must understand from the beginning that lax collection, characteristic of the industry, will not be accepted. Second, to guarantee systematic collection, the marketing manager will have to travel extensively and manage the process actively.

## 15. FINANCING, INCOME AND PROFITABILITY

### A. FINANCING

#### 1. General

The financial analysis presented here seeks to demonstrate the most appropriate package in terms of:

Debt-Equity financing options,  
Various levels of print-runs, and  
Various levels of cover prices.

#### 2. Operating Income per month

In Schedule 1 an analysis is made of the operating income per month based on:

Four alternative levels of print-runs per week  
Three alternative levels of cover prices, and  
Two alternative levels of debt financing.

The net income displayed in C of Schedule 1 reveals the following:

- a. Losses will be incurred at print runs of less than 10,000 copies per week combined with a cover price less than Ksh. 25.
- b. That net income is very sensitive to both volume of print runs and cover price.
- c. That net income is not significantly sensitive to the level of debt financing.

Therefore the most critical elements are volume of print runs and cover price. To secure a comfortable safety margin on net income, the volume of print runs should not be less than 10,000 per week and the cover price should not be less than Ksh. 25. Therefore, it is recommended that the initial weekly print run be 20,000 with a cover price of Ksh. 25.

The level of debt financing does not affect the net income significantly provided that volume of print runs and cover prices are maintained at safe margins. If debt financing is easier to obtain in terms of cost and floatation processes than equity, it would be advisable to go for 100% debt financing and progressively reduce the level through internal equity (retention of earnings).



## B. NET INCOME PROJECTION

The net income calculated in Schedule 1 is projected over four years on the following basis:

- Four alternative levels of print runs
- Three alternative levels of cover prices
- Two alternative levels of debt financing.

The four year projecting assumes a 20% annual growth in volume of sales and hence in net income.

The four year projections reveal comfortable net income levels for print runs of above 10,000 per week and cover prices of at least Ksh. 25. Again the projections do not reveal any significant impact on net income of the debt financing level. Thus over the four year projection period, the most crucial variables to business viability would be volume of print runs and cover price.

However, a very crucial variable that has been built into the analysis is advertising revenue. It has been assumed that advertising revenue would constitute about 40% of the total revenue. Should the advertising revenue fall below this ratio, the projected net income would not be realised.

The projected net income is a bit conservative because both volume of print runs and cover prices as well as advertising revenue are held constant over the four year period. In practice these variables would show an upward trend. Marketing the product regionally would secure accelerated upward trend in revenues as a cross-border sales would fetch higher prices than the cover prices.

## C. PROFITABILITY ANALYSIS

An analysis of the return on investment is carried out in Schedule 3 under the following alternatives:

- Two alternative levels of debt financing
- Three alternative levels of cover prices.
- Three alternative levels of print runs.

A profitability analysis at 5,000 weekly print run is not displayed as it has already been demonstrated in Schedules 1 and 2 that the business at this level is not viable.

At a weekly print run of 20,000, the returns on investment at the various debt financing levels and the various cover prices are very attractive and would compare very favourably with the most profitable business in any sector in the country. These returns range from 44% at the lowest level to 424% at the highest level.

At a weekly print run of 15,000, the returns range from 4% at the

lowest level to 274% at the highest level.

And at a weekly print run of 10,000, the returns range from a negative 28% at the lowest level to 134% at the highest level.

The print media industry is volatile and a return commensurate with the level of risk in the industry should not fall below 50%. Therefore, the critical minimum level of business operation to secure this kind of return is a 15,000 weekly print run with cover price of Ksh. 25 and an advertising revenue constituting 40% of total revenue.

#### D. PERSONNEL, PRINTING AND DISTRIBUTION EXPENSES MARGINS

A one month analysis based on various print-runs levels and different cover price levels is shown in Schedule 1 D.

Personnel cost, being fixed costs, show a dramatic reduction in the expense margin as volume of sales increase. This is because fixed costs per unit decrease as the volume of turnover increases. Therefore personnel costs per unit can be reduced drastically by simply increasing the sales volume.

Printing costs are variable and therefore respond less favourably to increases in sales volume. However the decrease in the expense margin is still significant and printing costs per unit can be significantly reduced by simply increasing the sales volume.

Distribution costs rise significantly as sales volume increases. This is because distribution costs are a fixed ratio of the sales volume. Therefore the only hope of reducing distribution costs is by rationalising the distribution channels and/or negotiating for competitive distribution charges. However distribution costs should be seen as marketing/sales costs and attempts to cut them without due care could compromise the envisaged sales volume.

#### SCHEDULE 1: FINANCING PLAN

##### a. Operating Revenue/Expense Analysis

Print Runs:				
Per Week	5,000	10,000	15,000	20,000
Per Month	20,000	40,000	60,000	80,000

##### Sales Revenue Per Month

Cover Price				
Ksh. 30	600,000	1,200,000	1,800,000	2,400,000
Ksh. 25	500,000	1,000,000	1,500,000	2,000,000
Ksh. 20	400,000	800,000	1,200,000	1,600,000

Advertising Revenue Per Month  
 (Assuming Ksh.100,000 per 5,000 print run and increasing @ 20%)

	400,000	480,000	576,000	691,200
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Total Revenue Per Month

Cover Price

Ksh.30	1,000,000	1,680,000	2,376,000	3,091,200
Ksh.25	900,000	1,480,000	2,076,000	2,691,200
Ksh.20	800,000	1,280,000	1,776,000	2,291,200

Variable Expenses Per Month

Printing	220,000	336,000	456,000	568,000
Distribution	240,000	480,000	720,000	960,000
Total	460,000	816,000	1,176,000	1,528,000

Operating Profit Before Fixed Costs:

Cover Price

Ksh.30	540,000	864,000	1,200,000	1,563,200
Ksh.25	440,000	664,000	900,000	1,163,200
Ksh.20	340,000	464,000	600,000	763,200

**b. Net Revenue/Expense Analysis: Alternative Financing Options**

Weekly Print Runs	5,000	10,000	15,000	20,000
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Operating Monthly Profit Before Fixed Costs

Cover Price

Ksh.30	540,000	864,000	1,200,000	1,563,200
Ksh.25	440,000	664,000	900,000	1,163,200
Ksh.20	340,000	464,000	600,000	763,200

Fixed costs:

50% Debt Financing	539,000	539,000	539,000	539,000
100% Debt Financing	581,000	581,000	581,000	581,000

**c. Net Monthly Income Before Tax**

50% Debt- Financing

Cover price

Ksh. 30	1,000	325,000	661,000	1,024,200
Ksh. 25	(99,000)	125,000	361,000	624,000
Ksh. 20	(199,000)	(75,000)	61,000	224,200

100% Debt-Financing

Cover price				
Ksh. 30	(41,000)	283,000	619,000	982,200
Ksh. 25	(141,000)	83,000	319,000	582,200
Ksh. 20	(241,000)	(117,000)	19,000	182,200

d. Personnel, Printing and Distribution Expenses Margins

Monthly print Run				
20,000	40,000	60,000	80,000	

1. Sales at Cover Price

	Ksh.	Ksh.	Ksh.	Ksh.
Ksh. 30	1,000,000	1,680,000	2,376,000	3,091,200
Ksh. 25	900,000	1,480,000	2,076,000	2,691,200
Ksh. 20	800,000	1,280,000	1,776,000	2,291,200

2. Operating Expenses

Person.	347,500	347,500	347,500	347,500
Printing	220,000	336,000	456,000	568,000
Distrib.	240,000	480,000	720,000	960,000

3. Operating Expenses: Margins (Expenses/Sales)

Personnel				
Ksh. 30	35%	21%	15%	11%
Ksh. 25	38%	24%	17%	13%
Ksh. 20	43%	27%	20%	15%
Printing				
Ksh. 30	22%	20%	19%	18%
Ksh. 25	24%	23%	22%	21%
Ksh. 20	28%	26%	26%	25%
Distribution				
Ksh. 30	24%	29%	30%	31%
Ksh. 25	27%	32%	35%	36%
Ksh. 20	30%	38%	41%	42%

**SCHEDULE 2: NET INCOME: FOUR YEAR PROJECTION**

**a. 20,000 Weekly Print Run**

	Yr1 (Ksh. million)	Yr2	Yr3	Yr4
50% Debt Financing				
Ksh. 30 Cover price	12.3	14.8	17.7	21.2
Ksh. 25 Cover price	7.5	9.0	10.8	12.9
Ksh. 20 Cover price	2.7	3.2	3.9	4.7
100% Debt Financing				
Ksh. 30 Cover price	11.8	14.1	17.0	20.4
Ksh. 25 Cover price	7.0	8.4	10.1	12.1
Ksh. 20 Cover price	2.2	2.6	3.2	3.8

**b. 15,000 Weekly Print Run**

50% Debt Financing				
Ksh. 30 Cover price	7.9	9.5	11.4	13.7
Ksh. 25 Cover price	4.3	5.2	6.2	7.5
Ksh. 20 Cover price	0.7	0.9	1.1	1.3
100% Debt Financing				
Ksh. 30 Cover price	7.4	8.9	10.7	12.8
Ksh. 25 Cover price	3.8	4.6	5.5	6.6
Ksh. 20 Cover price	0.2	0.3	0.33	0.4

**c. 10,000 Weekly Print Run**

50% Debt Financing				
Ksh. 30 Cover price	3.9	4.7	5.6	6.7
Ksh. 25 Cover price	1.5	1.8	2.2	2.6
Ksh. 20 Cover price	(0.9)	(0.7)	(0.56)	(0.46)
100% Debt Financing				
Ksh. 30 Cover price	3.4	4.1	4.9	5.9
Ksh. 25 Cover price	1.0	1.2	1.4	1.7
Ksh. 20 Cover price	(1.4)	(1.1)	(0.9)	(0.7)

**d. 5,000 Weekly Print Run**

	Yr1	Yr2	Yr3	Yr4
50% Debt Financing				
Ksh.30 Cover price	0.01	0.014	0.017	0.021
Ksh.25 Cover price	(1.2)	(0.9)	(0.76)	(0.6)
Ksh.20 Cover price	(2.4)	(1.9)	(1.5)	(1.2)
100% Debt Financing				
Ksh. 30 Cover price	(0.5)	(0.4)	(0.3)	(0.25)
Ksh. 25 Cover price	(1.7)	(1.4)	(1.1)	(0.9)
Ksh. 20 Cover price	(2.9)	(2.3)	(1.9)	(1.5)

NB The four-year projection assumes an annual net income growth of 20%.

**SCHEDULE 3: PROFITABILITY ANALYSIS**

(NB. Return on Investment = Net Income/Capital Outlay)

	Yr1	Yr2	Yr3	Yr4
<b>a. 20,000 Weekly Print Run</b>				
50% Debt Financing				
Ksh. 30 Cover price	246%	296%	354%	424%
Ksh. 25 Cover price	150%	180%	216%	258%
Ksh. 20 Cover price	54%	64%	78%	94%
100% Debt Financing				
Ksh. 30 Cover price	236%	282%	340%	408%
Ksh. 25 Cover price	140%	168%	202%	242%
Ksh. 20 Cover price	44%	52%	64%	76%
<b>b. 15,000 Weekly Print Run</b>				
50% Debt Financing				
Ksh. 30 Cover price	158%	190%	228%	274%
Ksh. 25 Cover price	86%	104%	124%	150%
Ksh. 20 Cover price	14%	18%	22%	26%
100% Debt Financing				
Ksh. 30 Cover price	148%	178%	214%	256%
Ksh. 25 Cover price	76%	92%	110%	132%
Ksh. 20 Cover price	4%	6%	6.6%	8%

c. 10,000 Weekly Print Run

50% Debt Financing

Ksh. 30 Cover price 78%	94%	112%	134%
Ksh. 25 Cover price 30%	36%	44%	52%
Ksh. 20 Cover price (18%)	(14%)	(11%)	(9.2)

100% Debt Financing

Ksh. 30 Cover price 68%	82%	98%	118%
Ksh. 25 Cover price 20%	24%	28%	34%
Ksh. 20 Cover price (28%)	(22%)	(18%)	(14%)

d. 5,000 Weekly Print Run

Unviable level of business.

SCHEDULE 4: MONTHLY GROSS STAFF COSTS

	Ksh.	Ksh.
1. Editorial		
Executive Editor	60,000	
Senior Editor	35,000	
Mid-level Editor	30,000	
Junior Editor	<u>20,000</u>	<u>145,000</u>
Purchase of stories	20,000	
Editorial Entertainment	<u>20,000</u>	<u>185,000</u>
2. Production		
Production Manager	25,000	
Photographer	30,000	
Paste-up Artist	<u>15,000</u>	<u>70,000</u>
3. Marketing		
Marketing/Advert Manager	35,000	
Driver	<u>3,000</u>	<u>38,000</u>
Marketing Entertainment	<u>20,000</u>	<u>58,000</u>
4. Administration		
Executive Secretary/ Administrative Officer	10,000	
Accountant	10,000	
Secretary	8,000	
Senior Driver	5,000	
Cleaner/messenger	1,500	<u>34,500</u>
		<u>347,500</u>

#### SCHEDULE 5: FIXED OPERATING COSTS PER MONTH

Vehicles running costs (15% of cost)	27,500
Staff costs	347,500
Rent and other office expenses	60,000
Depreciation charge	62,000
Interest on debt	
@ 50% debt-financing (2.500.000 x 20%)	42,000
@ 100% debt-financing (5000.000 x 20%)	<u>84,000</u>
Total fixed costs	
@ 50% debt-financing	539.000
@ 100% debt-financing	<u>581.000</u>

#### SCHEDULE 6: FINANCING REQUIREMENTS

##### 1. CAPITAL OUTLAY

	Ksh.	Ksh.
Vehicles		
Office vehicle (Standard Datsun/Corolla)	700,000	
Executive Editor's vehicle (Corolla 90)	750,000	
Marketing Manager's car (504 Saloon)	750,000	2,200,000
Computer Hardware 3PCs		180,000
Laser Printer		50,000
Office furnishing		110,000
Fax machine		30,000
Pre-launch promotion		<u>500,000</u>
		<u>3,070,000</u>

##### 2. WORKING CAPITAL REQUIREMENTS

6 months rent	240,000
First month's print and distribution costs	460,000
Pre-launch legal and consultancy	200,000
First month's staff costs	347,500
First month's office expenses	<u>20,000</u>
	<u>1,267,500</u>

##### 3. CONTINGENCY CAPITAL

Usually 10%-15% of total capital requirements	<u>662,000</u>
TOTAL FINANCING REQUIREMENTS	<u>5,000,000</u>



#### SCHEDULE 7: ASSETS DEPRECIATION SCHEDULE

ASSET	CAPITAL COST	DEPR. RATE	ANNUAL CHARGE
	Ksh.	%	Ksh.
Vehicles	2,200,000	25	550,000
PCs/Printer	230,000	30	69,000
Fax machine	30,000	25	7,500
Office furnishing/improve	110,000	15	16,500
Pre-launch promotion (Deferred expenditure)	500,000	20	100,000
	<u>3,070,000</u>	-	<u>743,000</u>

It is recommended that the tangible assets be depreciated on a reducing balance basis, in which case the annual depreciation will be on a downward sliding scale. However the deferred expenditure should be written off in equal instalments.

#### 16. LAUNCH DATE

It is the consultants view that the magazine be launched during the first part of this year. First, it is important that a serious business magazine launches within the current climate so that it can establish its identity in the unclear market. Second, to launch now will give the magazine opportunity to show class within the confusion. Third, this will help it to show advertisers that it will be sober in its analysis.

The consultants therefore propose that the launch date be 20/3/92. This will enable the magazine to come launch with the extensive advertising for Easter and the Safari Rally. It will also give time for organising financing and hiring.

