



Process Re-Engineering and Information Products

Delivering information, in whatever form, involves a process. It starts with market needs analyses and content creation/acquisition, moves through content maintenance/updating, and ends with delivery to the customer. Every so often, these processes need to be critically examined to ensure they are still doing what they were intended to do. Here are the tough questions product managers (and this includes CEOs, COOs, CMOs too) need to ask about each and every one of the processes used to create their products:

- Are we still producing the product we designed for the market, or has the product lost its way either due to shifts in our customers' needs or a loss of focus in the product's core value proposition?
- How reliable/valuable is our content? What is its "true value" to the end-user?
- Are we just producing this product the same way every year because our processes are perfect or because we're too busy to consider alternatives, too dependent on inflexible internal technology, or too risk-averse to try alternatives?
- If you had to do it all over again and were setting up your current product delivery team, what would you do differently?

Now, of course, most managers spend much of their time talking about and analyzing these very issues. There is a lot of value, however, in having a fresh set of eyes look at these problems. Just as the sprinter Harold Abrahams (of "Chariots of Fire" fame) brought in Sam Mussabini to shave a second off his time in the 100 meter-dash, or as George W. Bush hired Karl Rove to deliver his first presidential election win, it often takes an outsider's eyes to find solutions to issues that are hard for those "insiders" to see. The simple principle has, of course, kept McKinsey, Bain, BCG, IBM, etc. in business and growing for decades. The young turks of these firms are able to apply the lessons they learned via their Ivy League case studies and real-world trial and error to their firm's customers because they have often seen the same problem over and over again and have tried multiple approaches to see what works and what doesn't.

As someone who has struggled with publishing process re-engineering since 1986, both as a publishing company employee and a consultant to the industry,

I'd like to share my thoughts on the current best practices in the industry and point out areas where publishers could use a fresh (and seasoned) pair of eyes.

Market Need

The initial part of the publishing process often comes only once for any given product. The acquisitions editor and the marketing folks come up with their "next big thing" and get it funded by senior management. If it's a success, then the product makes it into the annual line-up and is produced, with tweaks along the way, forever and ever - or until industry conditions or competition cut the margins to the point where the product is no longer viable. Occasionally a product re-groups in mid-life -- spinning off sub-products; expanding coverage; adjusting its business model to include or exclude advertising; and other similarly difficult tasks - but most often they just chug along from year to year without any formal re-assessment of market needs.

One simple step most product managers can take is to perform a similar kind of analysis every year to assess each product or product line's financial performance, any current or looming risks to the product, and any opportunities to make more money from it that may have been over-looked.

Content Creation and Acquisition

The initial stage of content creation and acquisition is when every effort is taken to meet the needs of the market. Partly this is due to the prominent role of the marketing folks in the process. The opportunity for the editor to think "blue sky" about the product universe and the means of gathering, maintaining, and delivering the product, however, is also critical. Editors spend so much of their time nursing the backlist that it is often a rare opportunity for them to start with a blank slate, assessing true market size, analyzing information sources, coming up with a content acquisition strategy, forming a team, developing technology to gather, store, and deliver the content. This initial period is also a rare timeframe when they are allowed, if not encouraged, to adjust their plans in mid-stream as they see firsthand what part of their plan is working as planned and which part isn't.

The pay-off for acquisitions editors should come when the sales numbers come in and their efforts are either rewarded or in vain, but since a very successful launch is usually a wash (break-even being a great success) these editors rarely get the "rush" of success and are more likely to collapse out of exhaustion. The reward for on-going improvements is even less satisfying and more risky and, since a backlist project has a smaller budget, these mature products are often maintained at the most basic level, often with only token attempts to replace dead records or to find new sources of information. This is partly due to increasing editorial workloads as well as the inherent problem of being able to measure and reward incremental success. Whatever the reason, there is often little creative effort put into on-going editions of information products and this is a real threat to these products' viability.

Again, I believe the content acquisition stage needs to be an annual part of a product's cycle with a creative look at new data that can be gathered to add value to it.

Content Maintenance and Updating

The on-going maintenance of database-driven products also needs to be more active in order to avoid the pitfalls of getting out of touch with one's markets or getting tied to inflexible systems that can eventually drain budgets and close off important avenues for expansion and improvement. Often these issues creep up over the years and aren't addressed until the situation reaches a breaking point.

To avoid these situations I have found that a few critical steps are very useful:

- Auditing of content to get an accurate gauge of data quality at the record- and field-level (random sampling verification and analysis; data segment analysis).
- Soliciting client feedback (former customers' reasons for non-renewals, competitor's customers favorite features)
- Getting feedback from sales on growth, market needs, under-served areas, slowing markets, reviews of competitive products, etc.
- Analysis of record counts, price, and field-depth comparisons for competitive products and free information sources.

On the technology side, on-going monitoring should also be done to arrive at solid, fully loaded, cost-of-ownership metrics. Even estimates are better than nothing. Include dedicated resources, part-time resources, amounts for IT costs, pro-rated portions of sales and marketing expenses, etc. The objective should be to arrive at a true and total cost of ownership for the product that can be weighed against revenues to determine the product's profit margin. Once your methodology is established it should be run with each edition to keep an eye on the business "pulse" of the product.

Nota bene: there is a very effective method of increasing annual margins that also guarantees the death of the product, i.e., large annual price increases that sacrifice borderline customers thus decreasing production costs and causing a net increase in revenues. For this reason it is best to gauge product health by growth in both revenues and the number of users or by a "lifetime revenue" type of analysis. It often helps to group related products to get the best overall sense of product line health since revenues from different "tiers" (e.g., a free advertising supported level of access, SME subscription levels, and high-end enterprise subscriptions) are really all customers using the same information product.

In any event, the underlying principle that should be in play is that editors, group publishers, and everyone who has responsibility for product success are accurately monitoring revenues and costs of the products they manage and are incentivized to find ways to increase product value and decrease costs. Furthermore, costs should be looked at a few ways including the percentage of

costs by expense category and the cost-per-record. These metrics are critical when it comes time to look at the specific components of alternative production approaches.

Of course the division of operational responsibilities between editorial and IT and long-term commitments to both personnel and technology solutions can often make it tough for anyone but the CEO to truly re-engineer across departments to reduce costs, decrease the time spent per record, or increase quality. Whoever is responsible, whether a single person or a team, here are the best places to shift priorities and re-engineer production processes:

- Focus resources on high-value records and fields. You know what these are and so do your customers. The most valuable records are often private firms, larger firms, hard-to-find yet well-funded start-ups, or companies in particular industry niches. The most valuable fields are usually contacts, customer/client lists, and data on planned future activities. The converse of this principle is to know which records/fields do not typically change from year-to-year so those can be given lower priority.

- Use editorial resources for their “highest and best purpose.” Experienced editors are the best people to assess product quality and craft plans for product improvement at the field- and record-level and are often best re-purposed from routine maintenance to this task. Training and documentation is another excellent use of their time.

- Add value by moving to real-time updating. Re-engineering should never be purely about cost-efficiency, but also about adding value. These days timeliness is critical to content value so the mandate of any re-engineering effort should include moving away from print schedules and expansion into alert services.

- Look to remove redundancies and low-return, labor-intensive bottlenecks. If your technology investments allow for centralized management then it's often a small matter to re-engineer your processes to get more bang for your budget. If not, it's never too late to centralize. Beyond centralization is the principle of simplification where steps are removed, combined, or handled differently to speed them up. Almost every complex process has a few areas where there is room for such improvement.

Delivery

The final stage of the process has become refreshing simple for many publishers: i.e., simply posting content online for retrieval by customers rather than the nightmare of composition, printing, and (ouch) fulfillment. For those of us still delivering in print (the majority, for the moment) we are in one of those annoying transitional periods where we see the light at the end of the tunnel but the train never seems to arrive. The folks who maintained municipal gas lighting systems as electricity took over must have felt much the same way.

Like our predecessors, though, we need to move to embrace the new technology (in our case, centralized xml repositories with multi-format delivery options) as we continue to serve our legacy customers and look to expand delivery options for mobile devices. This methodology may not last forever, but it is a solid foundation and will serve most publishers well for at least the next decade and is a sound move.

Conclusion

Process re-engineering can, and should, be handled in many different ways depending on the current processes that are used to create and deliver a particular information product to its end-users. Regardless of the way you are handling your production now, however, there is almost certainly room for improvement. There is always a strong ROI on re-engineering analyses, sometimes to a surprising degree, and whether it's done in-house or out-of-house the process of assessing production systems on an annual basis ensures healthy products and healthy margins.

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