

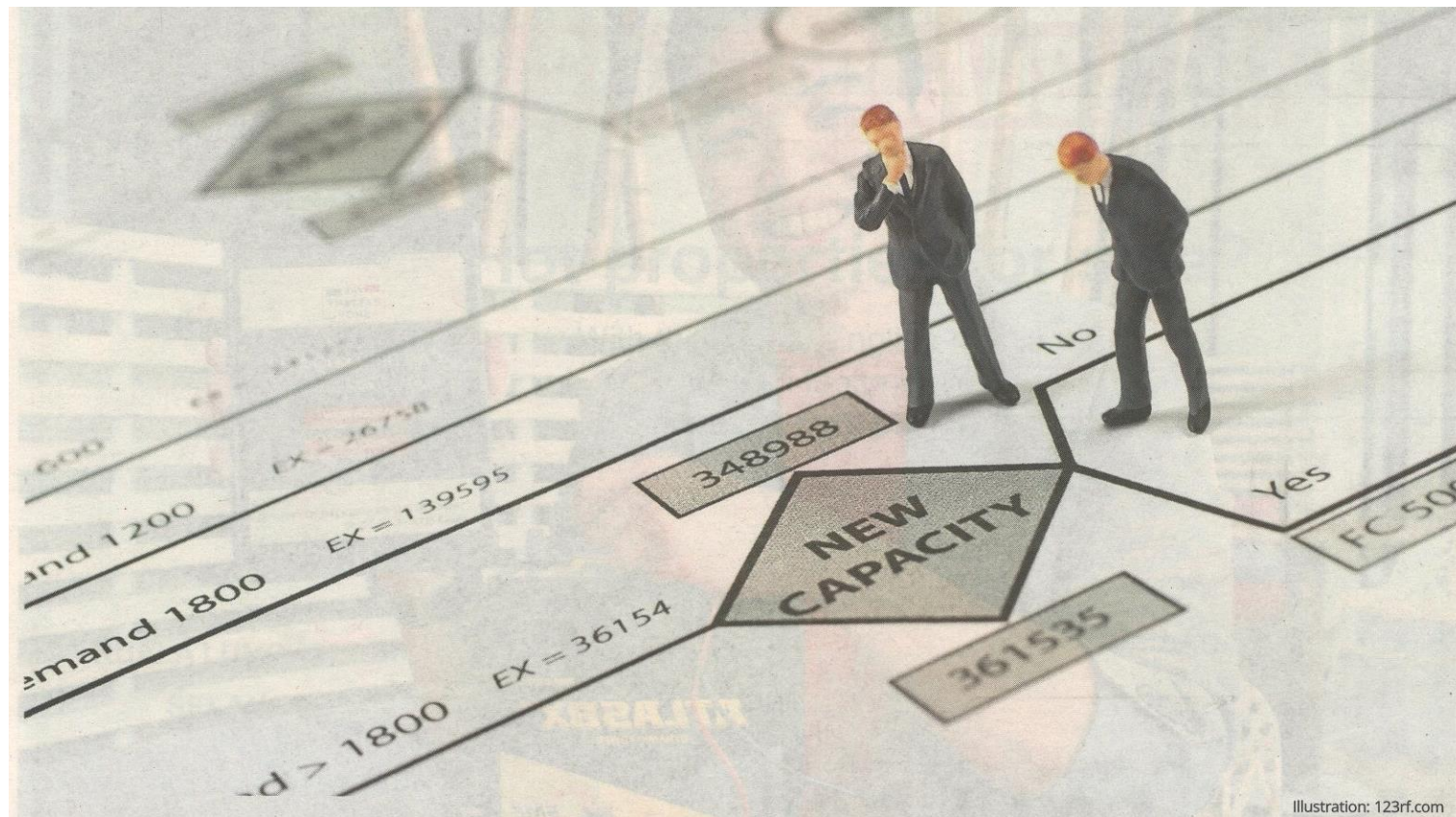


Illustration: 123rf.com

Giving your customers more

When customers demand more, you could oblige by raising prices or getting more investment. But whatever you do, the key thing to remember is this: Never risk your entire business by expanding too quickly and without a proper financial plan.

By Richard Branson

MY COUSIN and I launched a magazine last year. After an enormous struggle, we managed to get it off the ground and it started breaking even. These days, the publication has developed somewhat of a cult following, largely because it targets a specific niche. Our problem now is that readers are demanding more content — and more content means more pages, which means higher printing costs. In order to give our readers what they want, should we raise the price of the magazine, or should we keep the price unchanged and try to attract more investment? — Waleed Malik

Your question takes me back to the 1960s, to when my team and I started *Student* magazine. I knew next to nothing about business then, so I had to learn how to be an editor, ad salesman and print manager — fast! Later, as we grew, I also learned how to effectively delegate responsibilities so that I could focus on what I was really good at: closing deals for the magazine.

Back then, our team was selling small ads in the back of the magazine for products and services targeted at students. This section sparked the idea for our mail-or-

der records business, which turned into Virgin Records. By the time Virgin expanded into the airline industry, I had already learned a valuable lesson: You have to protect the downside.

Before we created any new Virgin enterprise, we had to make sure that we had secured the business we already had. You should never risk your entire business by expanding too fast, and without a stable financial plan. This is key for all startups. Since the vast majority of them fail within the first few years, it is wise to always keep a watchful eye on a new enterprise's financial performance and how it's affecting your other projects.

Try to remember that achieving your goals tends to take longer and cost more than you expect. In your case, Waleed, you mention that readers want more content, but perhaps you could dig deeper into what that means. Determine if they want fewer photos or less advertising, for example, or if they just want more of what you are already providing. Once you have this information, you can sharpen your strategy. Generally, an increase in the number of pages should allow you to get more ads into the magazine without disrupting the balance of content. In an ideal world, this additional revenue would cover

the additional printing costs. Another consideration should be your relationship with the printer. Is the printer you're using giving you the best price? Can you shop around and see if there is another printer willing to give you a better price, and perhaps even add a few more issues to the print run for a small additional cost?

Some cost savings can usually be found by printing more issues. If you experiment with an increased print run, that would enable you to sell a few more magazines or even allow potential new readers to try it out for free — thus boosting your circulation and perhaps your advertising rates. If extra ads will not cover your costs, here are a few alternatives:

Build a community: In today's digitally focused world, getting a print magazine off the ground and gaining a strong niche following is an impressive accomplishment — but don't forget to engage those followers online, since a strong digital presence might help you expand.

You could try asking your readers to sign up for an online club connected to the magazine, which will give you a direct link to your fans. You could use that and your subscription list to send your readers special offers.

Build up your advertising: Have you developed a refined pitch for advertisers who may be interested in your niche group of readers? If you have devoted subscribers, certain firms might be willing to pay a premium to advertise to them.

For example, when I was running *Student*, I found that big banks were keen to advertise their services to our audience of students because banks knew that once people opened an account with a financial institution, they rarely switch.

Crowdfunding: Crowdfunding allows entrepreneurs to reach out directly to their target audiences. You could launch a fundraising campaign on a site like Kickstarter, Crowdfunder or Indiegogo and, say, get potential customers to sign up to receive new or special editions of your magazine earlier than everyone else.

A strategy like this builds your market and leads to a secure source of funding. For example, the British publisher Unbound connects authors to their readers, who fund new books before they have been finished, creating a ready-made market when the books are ready to be published. Good luck with the expansion and keep us posted on your next steps. — Distributed by The New York Times Syndicate



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Sir Richard Charles Nicholas Branson is founder of the Virgin Group. He became an entrepreneur at 16 and made his first million at the age of 25.