

CHAPTER 14

METHODIST PUBLISHING HOUSE

Mr George Vine

1. FINANCIAL YEAR 2009/10 RESULTS

- 1.1 Audited results 2009/10 are not available yet but I expect a loss for the year of around R300.000 (compared to a similar amount of profit in 2008/9). It should, however, be noted that the new East London store will account for about half of this loss; it was originally budgeted to break even after two years of trading, so a loss was expected but not to the extent experienced (see point 2.3 below).

As expected 2009/10 proved to be a difficult year and we are satisfied to have come through it with a relatively small loss, if East London is taken out of the picture.

Excluding East London, sales grew by 8.3% overall; Wholesale grew by 15.4%, while the shops grew by 6.4%. It was pleasing to achieve sales growth in a difficult year.

- 1.2 It was equally pleasing that we were once again able to maintain a positive cash-flow throughout the year. Inventories are higher than they should be but we intend to make inroads into our overstocks in the coming months to further boost our cash resources.
- 1.3 Budget 2010/11: We have budgeted for a 19.9% increase in shop sales including East London (13.7% without EL) and 15.8% in wholesale sales.

2. STRATEGY – STATUS REPORT

- 2.1 Re-name the bookshops. We are still promoting Christian Connexion Resource Centre in conjunction with “Methodist” or “Methodist Bookshop”.
- 2.2 Install an IT system that links the shops and Head Office/Wholesale, and a Point of Sale system that provides comprehensive, easily accessible, management information that will result in more accurate buying and improved inventory control. ISOPOS was installed in the remaining two shops - Kimberley and Pietermaritzburg - during April 2010. We expect to reap the benefits of the investment in IsoPos this year. The Replenishment section is being restructured.
- 2.3 Review store performance and locations. During the latter part of the financial year the relocated Cape Town shop – which opened on 30 April 2007 - finally started to show the kind of growth that we originally anticipated from the new premises.

Sales in our Johannesburg shop continue to disappoint in spite of our having upgraded the fixtures and redecorated.

Sales in Kimberley were marginally better than budget (but the budget was for a negative growth of 6%). Sales have improved and we feel that business has stabilized. We anticipate growth of 10% during the current financial year and a return to profit

(with the help of a reduction in rent). A new manager was appointed on 1 February 2010.

East London: At the end of August 2009, we opened a shop in East London. The incremental sales growth was lower than expected so budgeted sales were not achieved. The trading loss to the end of the financial year will be around R150 000. Unless sales improve markedly, and expenses are reduced, we will not break even after two years of trading, as was budgeted. The original idea was to quickly turn the stop into our first franchised store but in view of the slow growth this is not likely to occur for some time.

We are keen to open stores in Bloemfontein and Nelspruit and are looking into the possibility of re-opening in Benoni where we have left a gap in the market. Investing in new shops runs away with funds and a new shop is also a drain on profit until it breaks even so, in the current climate, any expansion has to be done with much thought.

- 2.4 Improve our new-book and replenishment buying and thus reduce our inventory levels. As sales history builds up, the new POS system will come into its own enabling us to more accurately forecast sales trends and order accordingly.

3. STAFF

Staff training was shelved to save on expenses. The need remains.

4. ADVERTISING AND PROMOTIONS

The events calendar compiled by Rev Ken Leverton continues to be useful in ensuring our presence at significant events. We did little media advertising during the year preferring to concentrate our resources on providing in-store promotions and special offers backed by in-store point-of-sale material.

Work on the database of clergy is ongoing.

5. PUBLISHING

Good progress was made in putting the “publishing” back into Methodist Publishing House. The following new books and new editions were published in 2009/10:

Grace-side Up by Andrew Sieborger.

The Bible its Meaning and Purpose (updated)

Book of Constitutions of the Organisations

Your Ministry as a Steward (revised and updated)

Isaac Chinnasami – 50 years an Evangelist by Emmanuel Gabriel

What are we thinking? Ed Dion Forster and Wessel Bentley

The Sunday Service/ and Entry into the Church

Yearbook 2010

The programme for 2010/11 includes:

Catechism in N. Sotho

SiSwati hymnbook

Individual constitutions of the organisations

The Bible its Meaning and Purpose (updated in isiXhosa)

Translation of Dr Gqubule's 'Umnqamlezo ka Kristu' into Setswana

CONCLUSION

We came through the difficult 2009/10 year unscathed and financially sound. Our aim was to survive and to avoid job-losses and this has been achieved. This outcome was in no small measure due to our staff to whom tribute must be paid: they all had to forgo a salary increase in order to limit our expenses and this, in the face of a significant rise in cost-of-living expenses, was no mean sacrifice.