

# 3

## S-Curve Analysis

---

### *IN A NUTSHELL*

The S-Curve is a model for observing a business's progress through known phases from start-up to long-term sustainability. A tool like this is needed by the MDDA and its partner institutions to guide strategic interventions in grassroots publishing. S-Curve analysis may be used to determine who needs help, when they need it, and how to give it.

***Any enterprise moves through fairly predictable stages – and many will fail in their first few years, or even months.***

PUBLISHING enterprises do not spring fully formed from the minds of their creators. Businesses evolve to fit local circumstances and beat the competition. It takes time to build an enterprise of any kind, and, given the special complexities of publishing, a lot can go wrong between inception and success. From what we know of its project work, the MDDA at present lacks a coherent set of tools whereby to analyse and categorise the publishing ventures that come to it for help and financial support. The S-Curve proposed in this chapter is a simple enough concept but one that would give MDDA staffers and trainers a better grasp of just where on the evolutionary curve an enterprise lies – and take action accordingly.

The publishing processes with which this report is concerned – printing, distribution, circulation and marketing – closely correspond to the functions of any manufacturing company. Systems to manage these functions are as important in publishing as they are in any other industry. For this reason, an understanding of how organisations may rise, fall, and rise again in response to systemic challenges is likely to add a whole new dimension of thinking to MDDA project management. This chapter offers a powerful analytical and corrective tool to the MDDA, but with that promise comes the proviso that use of the tool will impose its own demands on the MDDA.

We refer to the model throughout the Report, so this chapter is placed at the beginning. The reader may choose to scan through the diagrams in the following pages to grasp the basic ideas, and go straight on to later chapters dealing with our findings. In what follows, we first outline the concept of life cycle modelling, then fit a number of case studies in grassroots publishing to the model.

## Life cycle typology

The model draws on “organisational life cycle” studies, especially from an essay on “The Five Stages of Small Business Growth” in a Harvard Business Review of 1983.<sup>1</sup> Since then, business theorists have realised that labelling the stages of enterprise development is only a step away from anticipating business problems, and taking pre-emptive action to solve them. In 1997 Adler and Swiercz wrote about. “Taming the Performance Bell Curve”<sup>2</sup> (the bell curve being a related business profiling model). Our approach is strongly influenced by the idea that predictable life stages may be foreseen and shaped to the advantage of the enterprise. The model is an organic one: it suggests parallels between enterprises and living organisms. Ventures that are said to pass through a recognizable life cycle are fundamentally impacted by external environmental circumstances (the “habitat”) as well as internal makeup (“DNA”). “Marketing experts acknowledge the existence of product-market life cycles. It seems reasonable to conclude that organisations also have life cycles.”<sup>3</sup>

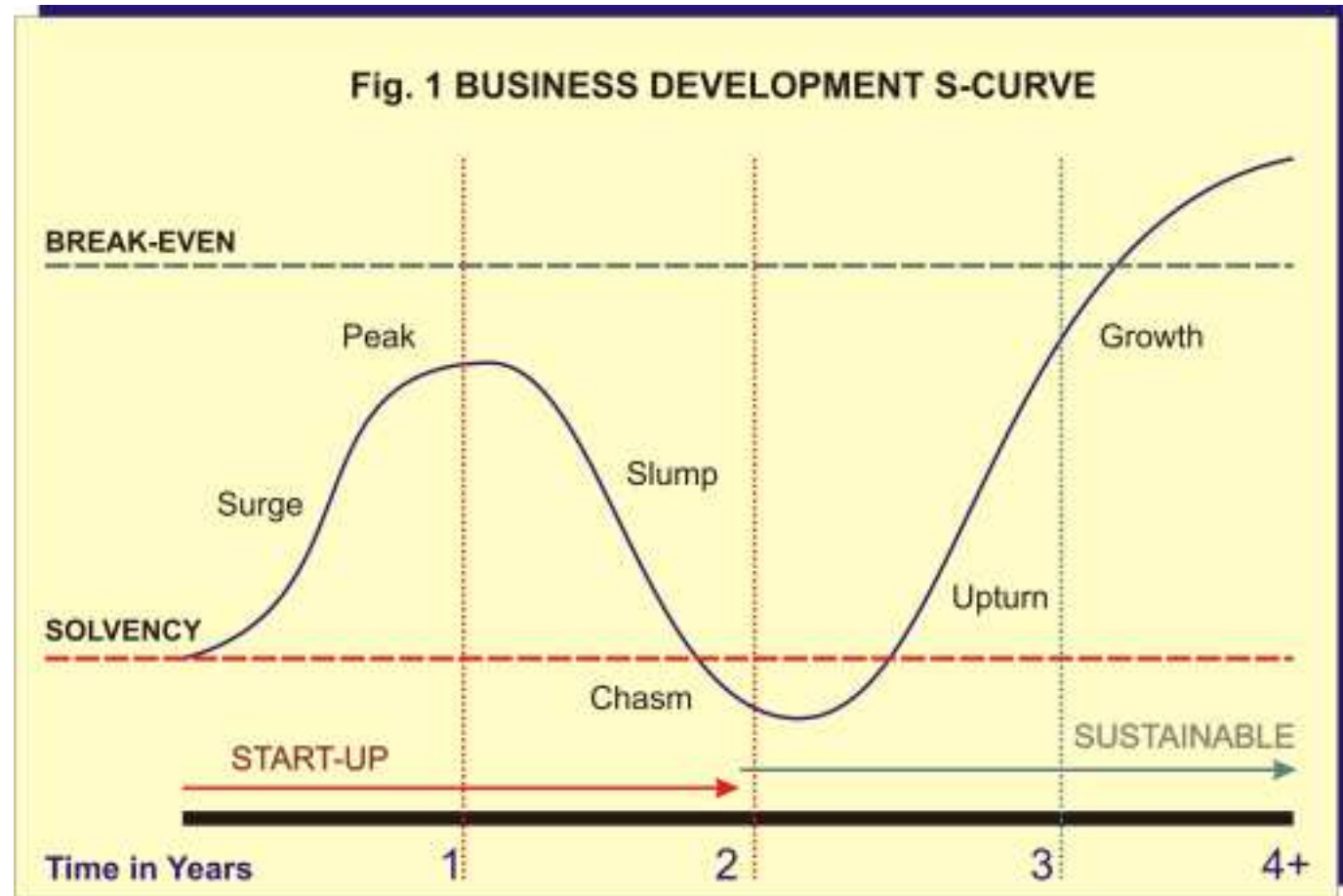
S-Curve sets out a typology that is predictable although individual cases may not altogether conform:

1. EARLY START-UPS and pre-start-ups aiming for launch
2. CONTINUING START-UPS reaching an early peak
3. SURVIVALISTS at any phase, simply subsisting
4. EARLY SUSTAINABLES who survive and go on to grow
5. SUSTAINABLES with a proven track record

This typology may not be accepted by all business analysts, but it is useful as a rule of thumb and should be used within the MDDA when considering applications for funding.

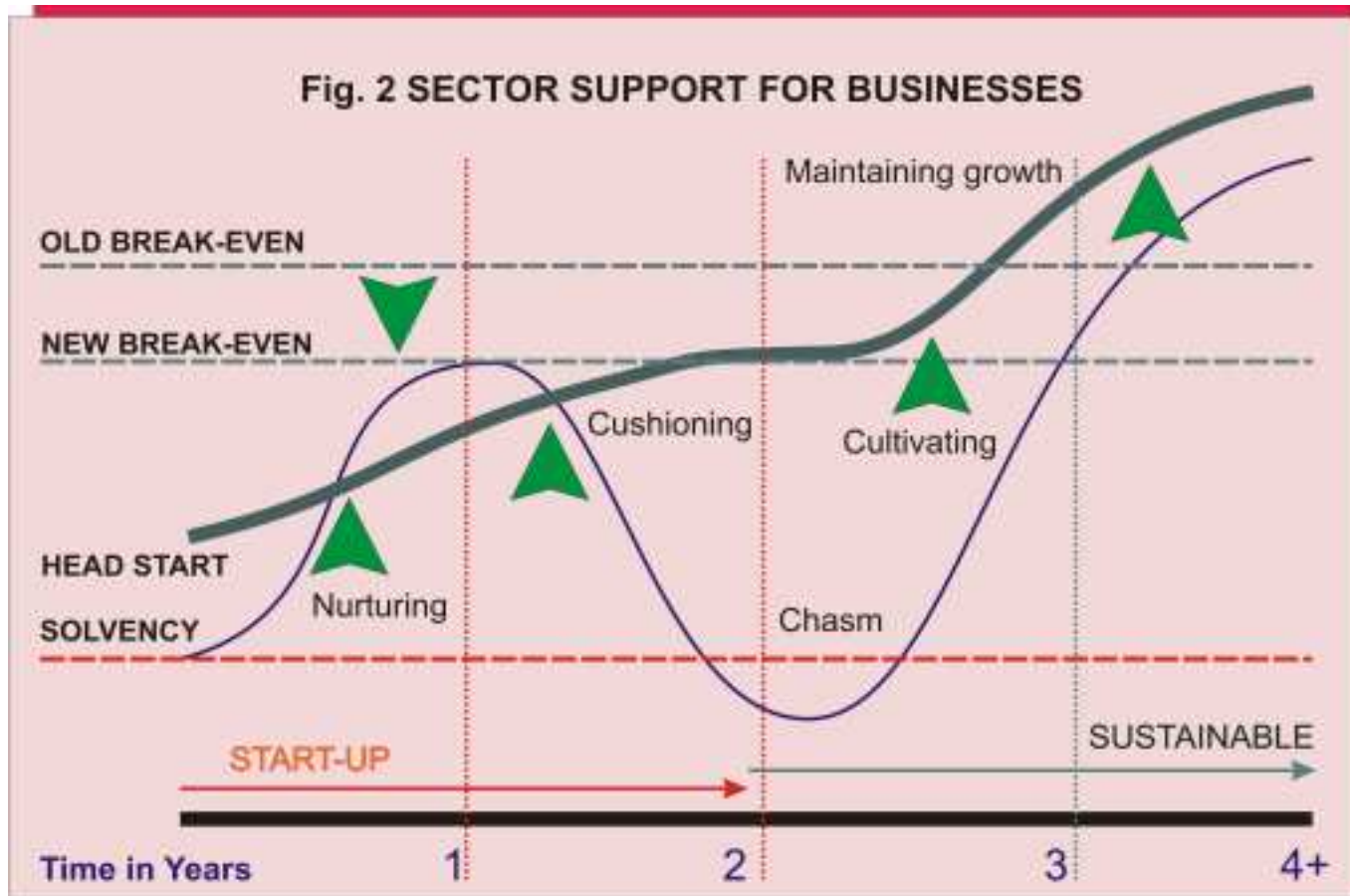
***The model builds on the well-documented fact that most new ventures will fail in their first six months to two years - but if they survive after that they are more likely to become sustainable.***

*The chasm has to be crossed in the gulf between start-up and sustainability. In this moment of crisis, unless the enterprise has robust systems it will fail.*



Graphic by Graeme Addison, 2005

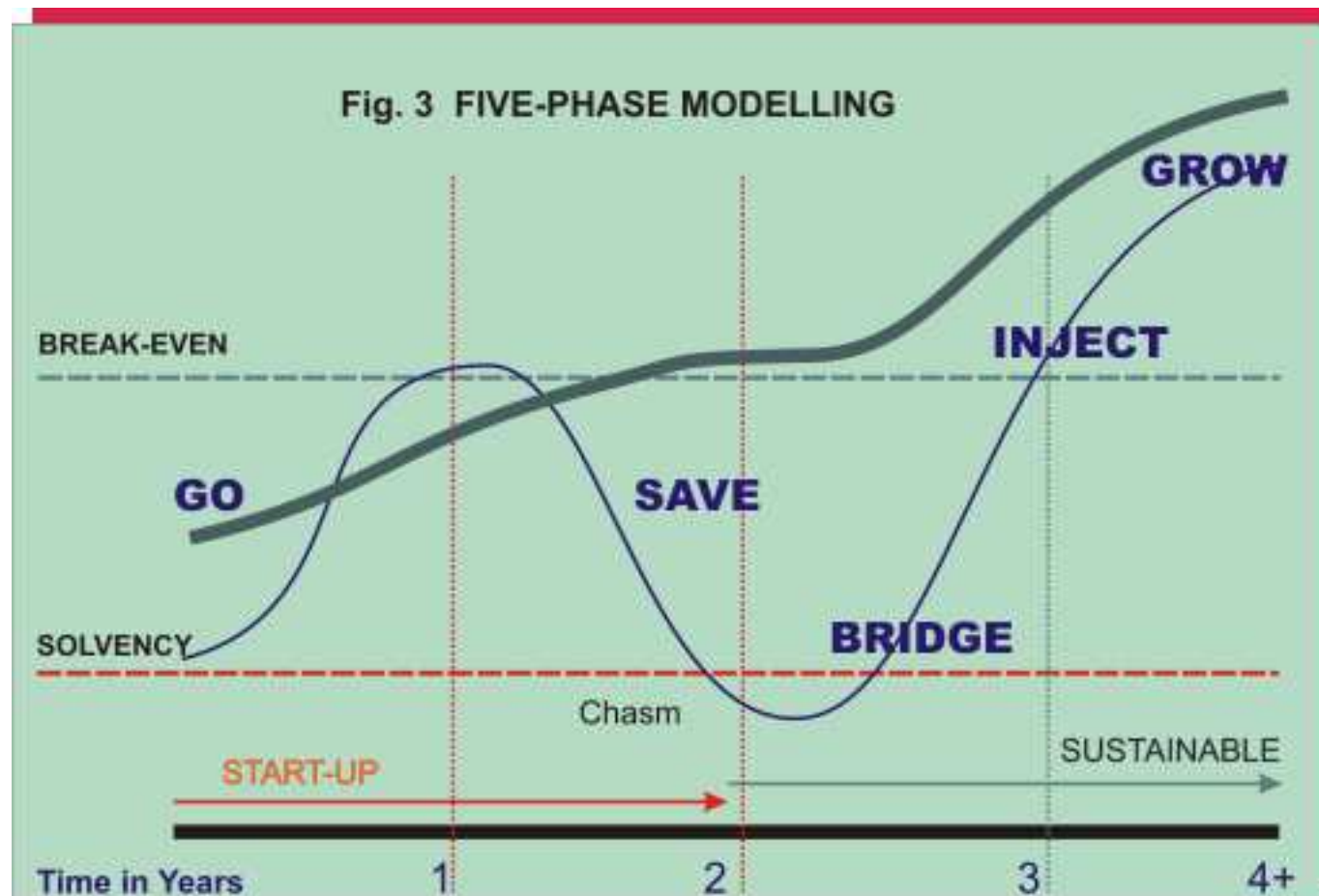
The classic S-Curve describing small business growth phases represents the enterprise life cycle in stylised form. The entrepreneurial start-up with some initial resources may experience a surge of growth as the market responds to the new offering. This peaks as financial and resources begin to become depleted and the need for skills and organisation increases. The slump that follows may carry some into insolvency as they fall into the “chasm”. Those who survive the fall may recover by dint of training, strict discipline and strategic vision (although some will remain in the chasm as survivalists). Eventually some (very few) will make it into the sustainable growth phase.



*Anticipating problems helps to solve them. The aim is to flatten the S-Curve so that start-ups have a better chance of survival, while publications that are growing can become more secure.*

Anticipating problems helps to solve them. The aim is to flatten the S-Curve so that start-ups have a better chance of survival, while publications that are growing can become more secure. This diagram suggests a range of techniques: A. Nurture newcomers by giving them a head-start through training and lower-cost financing, so narrowing the gap between solvency and break-even through financial mechanisms and efficiencies. B. Cushion entrepreneurs in the fall-off phase through support of admin, editorial, production, distribution and marketing. C. Cultivate winners with tools such as circulation audits, templates for business processes, legal advice, bulk buying, technology insertion, and staff skills development.

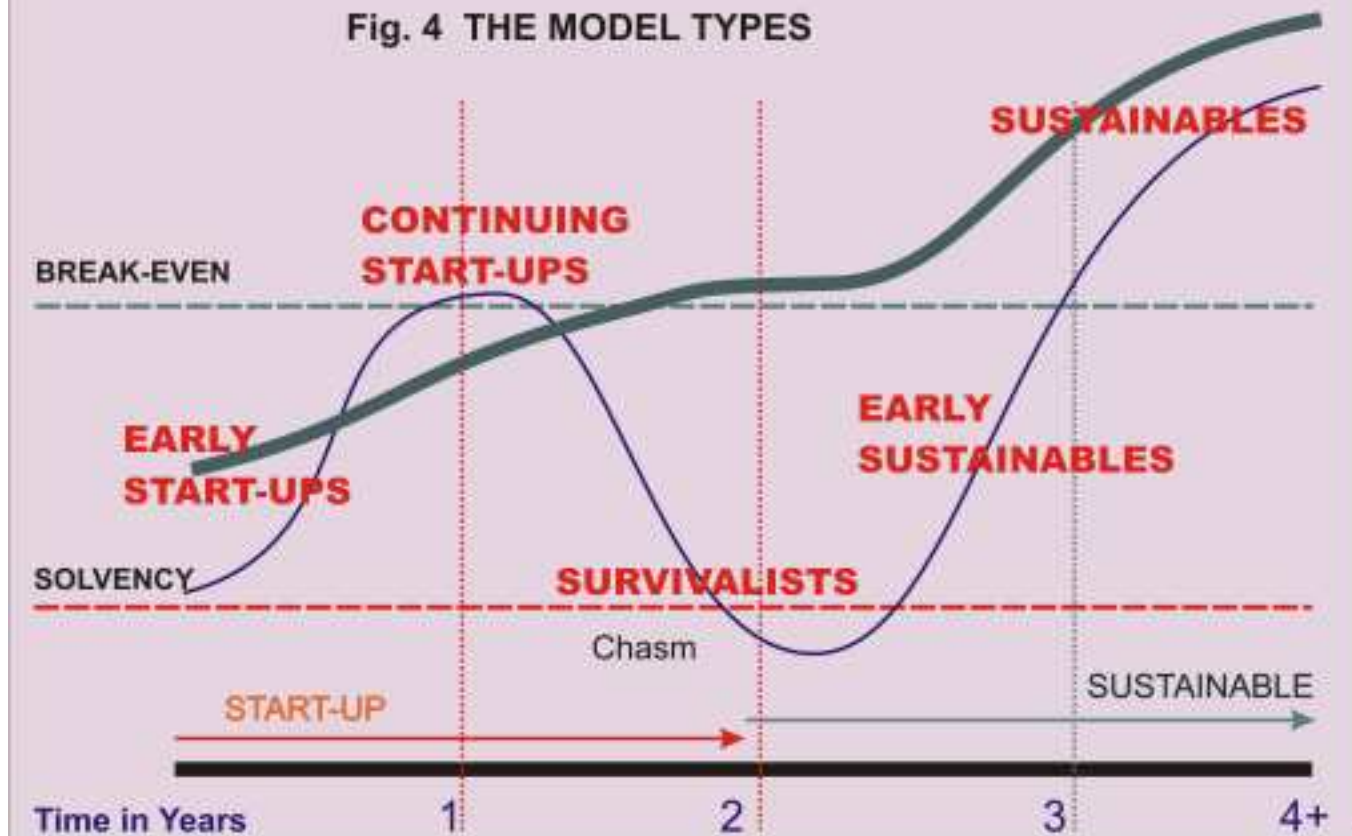
*The MDDA and partner institutions are in a position to influence the environment in which grassroots publications function, and channel the energies of the sector constructively.*



Graphic by Graeme Addison, 2005

From the business modelling shown above, four clear stages of development emerge – key points for intervention support agencies: A. **GO** – this is the traditional phase where support is requested and given, though often too little, too late and not followed through. B. **SAVE** – the critical period of the chasm demands close monitoring and direct interventions to avert collapse. C. **INJECT** – perhaps the most significant feature of the model is that it shows the need for strong support AFTER the start-up and chasm phase when enterprise show real growth potential. D. **GROW** – Continuing training, advice and facilitation in a toughly competitive press environment.

Fig. 4 THE MODEL TYPES



Graphic by Graeme Addison, 2005

*The life cycle stages proposed by various theorists have varied considerably over the years, but what they have in common is that changes follow a predictable pattern.*

This is our five-phase model for the grassroots press. The number of life cycle stages proposed in various works studying the life stages phenomenon have varied considerably over the years. Some analysts have delineated as many as ten different stages of an organizational life cycle, while others have reduced it to as few as three stages. What the models have in common is that changes that occur in organisations follow a predictable pattern, and because it can be predicted, it can be influenced. The developmental stages are sequential in nature and occur as a growth progression that teaches by experience.

***The curve can apply both to non-profit and commercial enterprises: the principles of coping with crises and learning to manage are the same.***

## **Adaptation**

The S-Curve typology builds on the well-documented fact that most new ventures will fail in their first six months to two years – fail because they may have misjudged the opportunities or overrated their own prospects, or are underfinanced, or ill-prepared to manage the business swings, or are beaten by smarter competitors, or simply lack the drive to keep going against the odds. Those that do manage to survive will be wiser and tougher, better able to adapt to their environment, foresee problems, and handle both routines and crises in a sensible manner: they are likely to go on to become sustainable.

The curve can apply both to non-profit and commercial enterprises although in different ways and with different intensity. Fully funded or sponsored publications do not face the same critical challenges that the commercial ones must tackle. But the principles of coping with crises and learning to manage are the same.

## **Demonstration table**

In the case studies table alongside, we apply S-Curve categorisation to a small number of publications amongst those that we have visited or got to know. This demonstrates the relevance of life cycle analysis by showing that particular kinds of intervention are required to suit publications in different phases of development.

## **Theoretical background**

The development of the S-Curve concept for this Report owes much to prior work done by Graeme Addison in his three-volume work, the Edge Series on Innovation in South Africa<sup>4</sup>. In particular, the book entitled *The Competitive Edge: Creating Innovations*, provided insights into the so-called “chasm” phenomenon facing entrepreneurs who come up with new, untried ideas and

PUBLICATION	PHASE	TYPICAL PROBLEMS	TYPICAL SOLUTIONS
Voice newspaper	<b>START-UP</b>	Incomplete business plan – no figures, no realistic forecasts or development outlook	Generic training in all aspects of management, personal advice to publisher
Leseding News	<b>CONTINUING START-UP</b>	Struggling with production and sales inconsistencies, cash flow, advertising	Needs renewed support to install systems and upgrade skills, can achieve more
uMgekethti	<b>CHASM</b>	Rapidly accumulating debt after 2 editions, no forward plan, publication failing	Management training, hands-on mentoring and continuity in funding desperately needed
Homeless Talk	<b>SURVIVALIST</b>	11 years and still on the edge, discussing changes to meet urban challenges	Ongoing training and support needed; tackle unstable policies & staffing churn; find more sponsors
Nkomazi Voice	<b>EARLY SUSTAINABLE</b>	Changing from NGO to independent to gain market status	Tailored expert advice needed on business setup, research and development of market
Zoutpansberger	<b>SUSTAINABLE</b>	Competition from corporate community press, rising costs	Industry synergies to support expansion and social responsibility activities

*The table shows that particular kinds of intervention are required to suit publications in different phases of development.*

- These cases are recorded in the Appendices. More discussion of the case studies follows below.

technologies. The chasm is where most innovations end up after an initial surge of optimism and some backing from early adopters. Unless the innovation can be sold into a broader marketplace – the “mainstreet” of customers – it will die, no matter how promising it seemed.

***To survive the crisis of the chasm, management needs to have firm control of manufacturing, distribution, marketing and administration***

### **Chasm**

For the average entrepreneur, a chasm has to be crossed in the gulf between start-up and sustainability. Growth is seldom steady, and is likely to lurch from periods of comparative calm to episodes of turmoil. These may be provoked by cash crises, staff departures, partnership break-downs, the sudden arrival of competition, and many other causes. In the start-up phase, a fresh optimism usually drives the production, but there comes a point where problems begin to pile up.

It is here that systems are needed: the moment of crisis comes where unless the enterprise has good management, it will break down. Management needs to take firm control of manufacturing, distribution, marketing and administration to survive the crisis. If it can do so, the enterprise should emerge stronger and be capable of sustainability. It will need systems in any climate dominated by established firms who already own the turf. Entrepreneurs are always, in some sense, innovators, because it is only by coming with a new product or process that the old can be beaten.

### **Nicheing**

In the case of grassroots publishing, the established media are unlikely to be beaten if they choose to invade the community turf. They are big, powerful and efficient, benefiting from economies of scale. (It needs to be said that communities will also benefit from the news and advertising disseminated through corporate publishing, adding to the diversity of the local media, provided this does not imply a takeover of independent voices).

The publisher should seek to lay claim to a community publishing niche where the content of the publication finds a willing audience of readers – and crucially, gets backing from advertisers or other sponsors who think that the audience is indeed being reached. Grassroots publishers may never make the transition from marginal voice to mainstreet paper: that is not their goal. It is still necessary to stabilise the publication by winning the hearts and minds of local readers and other stakeholders. The publication has to become rooted in the particular needs, interests and demographic characteristics of its community. Technically, anyway, all publications has essential layout and design needs, and editorial methods to make them work; as well as tested methods of applying advertising to editorial ratios to make them viable.(This is the main reason why a standard “newspaper in a box” may be hard to apply across a variety of community settings).

In our case studies we constantly found that publishers, even experienced ones, had difficulty in departmentalising and supervising the different business functions with proper attention to detail and controls: this is an area where expert mentoring can make all the difference. The lack of information technology (computers, networks) in many early phase publications makes such controls difficult to apply but is not the sole cause of breakdowns. The root of the problem lies in lack of organisational know-how. Thus, at the micro level, the MDDA should focus on enterprises management techniques to support all the functions of production, distribution, marketing and data capture.

***The publication has to become rooted in the unique needs, interests and demographic characteristics of its community, which is what makes applying any standard set of solutions difficult.***

# Public interest ‘franchise’ crutch for start-ups

If it could be made to succeed, the idea of a “newspaper in a box” could be turned into a public-interest style franchise. Entrepreneurial skills are complex and hard to learn, so a business franchise — which comes equipped with all systems — may be the way for start-ups to go.

Local communities, however, all differ and so to the problems confronting publishers. A comprehensive boxed solution to every problem is hard to imagine.

But what a franchise really amounts to a set of proven templates for doing business, which the franchisor sells on condition that the franchisee does things as instructed and laid out in manuals of procedures.

Franchises also, usually, are accompanied by preferential buying networks and marketing or branding which saves the individual business the cost and difficulty of setting up own channels. In return, the franchisor gets a substantial cut of turnover or profits, according to the franchise agreement.

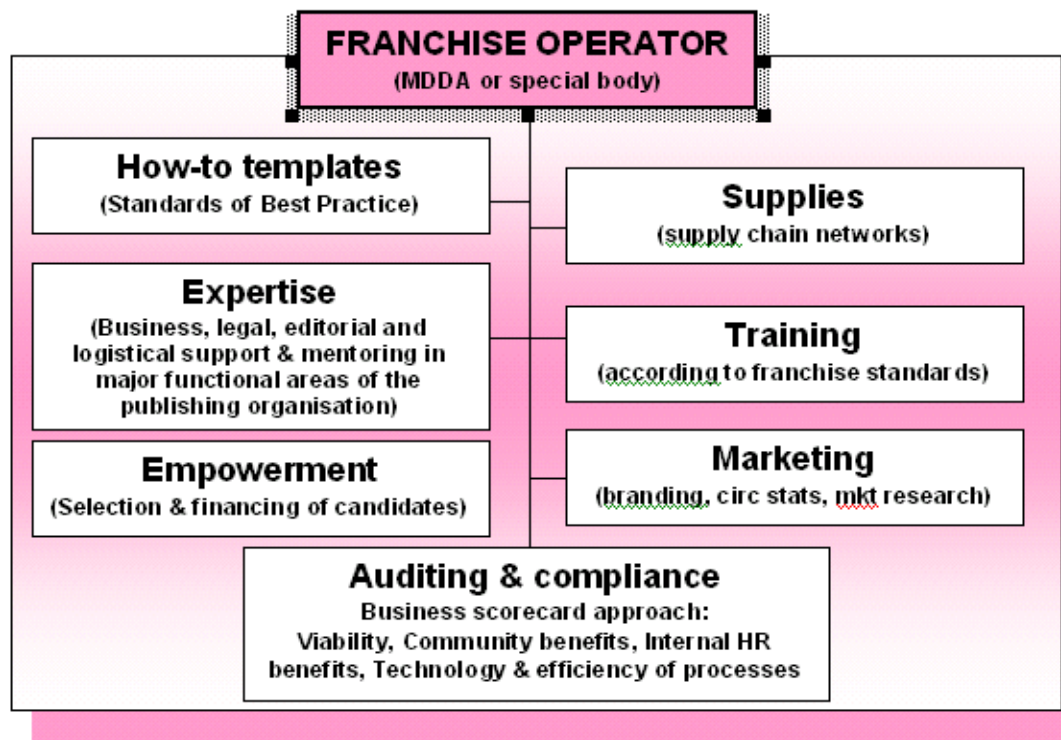
These principles could be applied by a body like the MDDA or an agency working on behalf of the MDDA to assist start-ups. A “public interest” franchise would have the discipline of a franchising contract and the advantages of business systems,

buying channels and branding, without the heavy commissions paid by franchisees in commercial arrangements. The discipline would arise from the agreement in which the “franchisor” (MDDA or agent) insists that systems should be applied as developed and proven, or no funding, mentoring or procedural templates will be forthcoming.

The franchise system could well run on a network with templates laid out according to the level at which the franchisee enters - from start-up to struggler or even later.

Franchising is becoming increasingly popular in South Africa because it provides ready-made business models for entrepreneurs.

Business writer Nico Swart’s book on franchising\* makes the point that taking up a franchise entails less risk than starting a business from scratch. Managerial advice is on tap; and financial arrangements usually accompany the first signing of the franchise contract, followed by further credit and financing arrangements at intervals. In any case, funds are more likely to be readily available from financial institutions with a known brand.



The downside is that strict controls on use of the brand and the franchise systems in general can limit freedom of action and hurt the business in a particular context, while interference by the franchisor can result in mistakes being made and opportunities being lost.

The diagram suggests the many levels at which franchising can be effective. The key, however, is that a proven model must exist whose systems can be replicated elsewhere. This is complex and difficult for newspapers in different social circumstances.

But limited franchising can work in several other ways. For example, an agency acting on behalf of grassroots newspapers could franchise advertising display sales to member newspapers. By building a top-notch sales crew, forging effective partnerships and identifying ways to satisfy market demands that will ensure a strong and sustainable customer base, a central agency can do for what publishers what many may not be able to do for themselves: gain the trust of market-ers.

This idea has already been considered as a possibility in speculating about the future role of Capro, the community newspapers procurement agency which has represented numerous commercial publications for many decades.

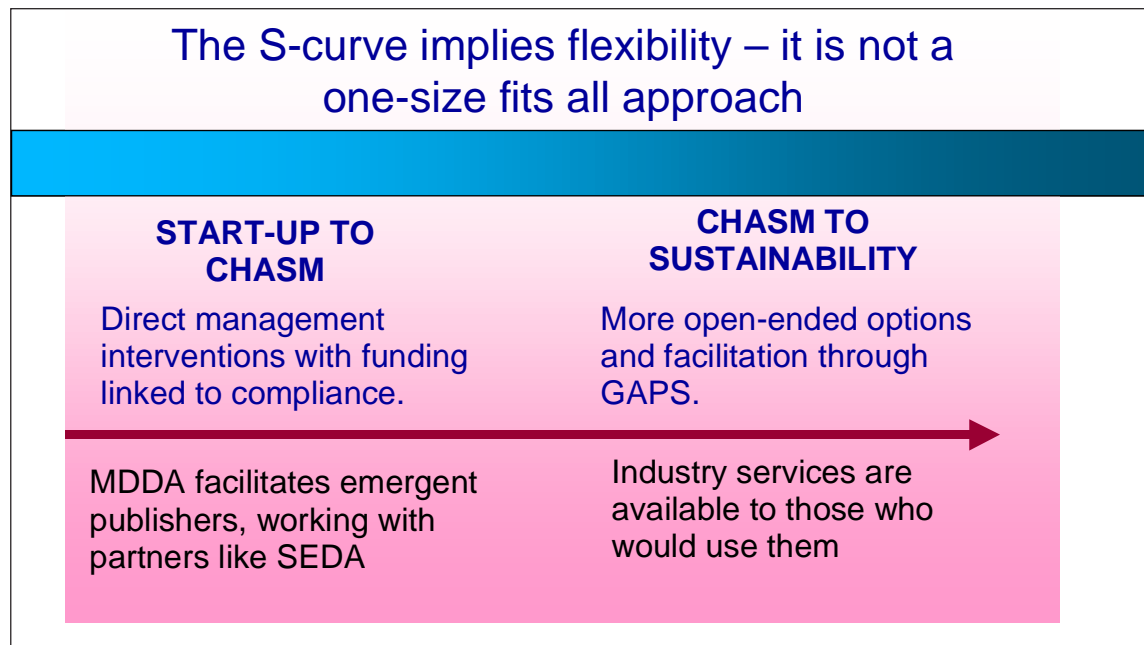
\* Swart, Nico - Starting or Buying Your Own Business or a Franchise. 2002. Juta. ISBN 0-7021-5841-0

- Our recommendation is that special attention should be paid to the development of niche thinking amongst editors and publishers. This will sharpen understanding of the interlocking nature of production, distribution and marketing.

**To ‘flatten the curve’ means to make access to markets easier and prevent internal collapses due to underfinancing and incompetence.**

### Principles of intervention

Our diagrams show that the objective of sectoral support mechanisms is to flatten the S-Curve. By lowering the bar to entry (cheaper finance, better skills, more economical production, efficient distribution, easier access to markets, higher credibility with stakeholders) the external support agency, in this case the MDDA and its partners, will enhance the diversity of the sector and promote steady improvements in community publishing. The overall objective – flattening the curve – should be kept in mind, and interventions undertaken in accordance with it. Key principles to keep in mind are:



- **Generic methods:** where a recurring problem is identified, money and expertise will be better applied creating solutions for the entire sector at meso and macro levels rather than helping individual publications.

- **Specific assistance:** at the micro level, where a publication has basic managerial know-how and skills, a clear business plan, and good nicheing strategy, support can be given tied to accountability.

- Continuity in project support is vital, and when assistance is first given there must be a ground plan for what is to follow without lengthy delays. (We have found this to be a serious shortcoming in MDDA projects).
- Infrastructure building: apart from direct mentoring or other assistance, the basis has to be laid for sector co-operation (aggregation) and collaboration (industry synergies) , which to a large extent depends on physical infrastructure such as networks. This theme is taken up in the chapter on Recommendations.
- Franchising principle: finally, the standardisation of tools and templates that is envisaged throughout this Report may be compared to a sort of “franchising” of MDDA techniques to its constituency of publishers. This theme is taken up below.

How can small community publishers be supported on the path to sustainability? Nobody doubts this is the goal – the problem is how to achieve it. Our proposal is that S-Curve analysis be used to determine who needs help, when they need it, and how to give it. Because it distinguishes different stages, or phases, in enterprise growth, the S-Curve implies flexibility – it is not a one-size fits all approach (see diagram).

### **Internal actions**

Interventions may have internal and external dimensions. It was said above that internally an enterprise is guided by its “DNA” – the “programming” of its functions according the goals, habits, knowledge and skills of the people that run it. One of the most insightful treatments of the lifecycle model, published in the Harvard Business Review in 1972, maintained that growth came about through a combination of five factors: creativity; managerial direction; delegation; coordination; and collaboration.<sup>5</sup> These factors can be turned on their head to yield negative effects: lack of creativity, poor management, failure to delegate, uncoordinated efforts, and no collaboration with peers, can be destructive.

***Market enablement of the grassroots press demands resourcing on an extensive scale – to be achieved through institutional partnerships.***

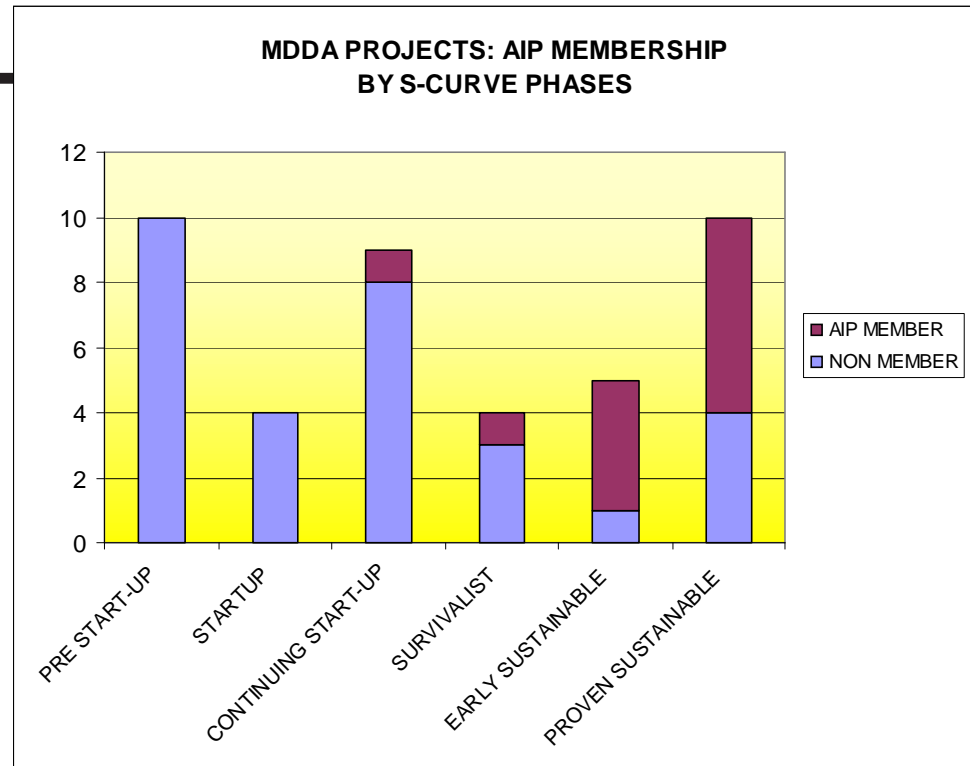
## Perspective

THE MDDA is already giving priority to assisting early phase publications — pre-startups, start-ups, continuing start-ups and those in the chasm (survivalists). Our research shows that the Association of Independent Publishers does not really cater for the early phase publications, although it has expressed enthusiasm for peer mentoring to help them.

Analysis of 42 projects supported by the MDDA (both community and commercial publications) shows that more than two-thirds were not members of the AIP. Graph 1 indicates that there is an inverse relationship between early phase status and AIP membership. This is understandable from the AIP's point of view as the association came into being from the ranks of independent publishers who had established themselves against tough competition. The MDDA has the resources to provide support to start-ups, including advice, capital facilitation, and basic training.

The pie chart (2) shows that 64% of all projects receiving support from the MDDA could be classed as "early phase". The balance of support has gone to those becoming sustainable or already proven as sustainable and needing special interventions such as market research or technology purchases. What emerges is that the MDDA already treats early phase development as its main focus for project funding.

To focus on start-ups alone, however, would be a mistake. There is also a strong case to be made for supporting early sustainables, who may be on a knife edge although they have

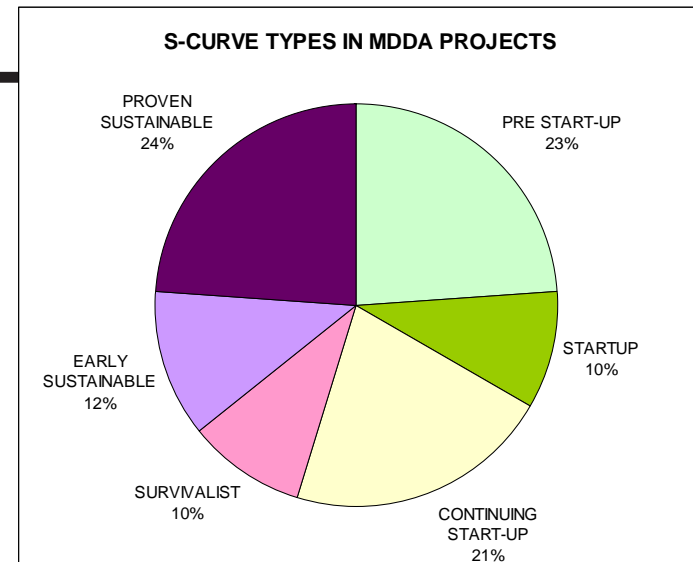


been in business for some time. The MDDA is doing so (for example, Nkomazi Voice) but the differences between start-ups and sustainables do need to be conceptualised. As the AIP keeps saying, grassroots publishers need more than basic finance and mentoring — they need “practical management tools, ranging from the kinds of tailored software systems used by the conglomerates, to templates, and automated 'calculators' for everything from calculating tax & payrolls, to calculating ad loading, print runs, and managing distribution/circulation)” (Quoted from the AIP Census 2006).

# Collaborate to strengthen training, research and development

Creative suggestions coming from the AIP should be incorporated into the support systems for both start-ups and more established publications. For example, the association has talked over running a “business systems laboratory” modelled on the Shaping the Future of the Newspaper project by theWorld Association of Newspapers (WAN) to provide grass-roots publishers with innovative new models, templates, and strategies for competing with the conglomerates.

Lack of resources for this R&D work could cripple the initiative, so an intervention here by the MDDA to support R&D would make a great deal of sense. This funding would make a difference not directly at the enterprise-level (micro) but at the sector-level (meso) by injecting innovative ideas into all publications.



The same applies to training. Countrywide training schemes at all levels from entry to professional in-service courses would upgrade the human resources of the sector, giving it a more competitive edge as a whole. A model for this is the Wits University based Institute for the Advancement of Journalism (IAJ) which in the eighties and nineties brought thousands of print and broadcasting journalists together in small groups to attend in-service workshops. Without this initiative, the mainstream media would have lacked the recruits needed to change the complexion of newsrooms from all white to more representative of the entire population. Perhaps a similar initiative needs to be launched today, with national or international funding, specifically to upgrade the skills of community media managers, distributors, marketers, and researchers, as well as journalists.

*It appears to us that the MDDA needs to look long and hard at its own internal organisation to see where restructuring may be necessary to equip it for incisive business analysis and market development functions.*

In the early phases, creativity and management can be guided, to some extent, by basic training and mentoring. Later, as the enterprise begins to mature and grow, procedures for staff delegation, coordination of departments, and collaboration with peers and other outsiders become necessary. In this progression, entrepreneurship steadily converts to routinised management, something that most originators of a new product or service find difficulty in doing.

### **External environment**

Externally, the environment of grassroots publishing presently leaves much to be desired. Apart from the predatory “Borg” phenomenon (corporate dominance), there is very little effective networking between members of the sector (aggregation), and only haphazard industry support for the sector (synergies). Enormous efforts lie ahead if the MDDA is to perform a catalyst function on the meso and macro levels. While enterprises have the chief responsibility of piloting their own progress and growing through good management and innovation, market development to enable small publishers to survive and thrive is sadly lacking.

It appears to us that the MDDA needs to look long and hard at its own internal organisation to see where restructuring may be necessary to equip it for incisive business analysis and market development functions. It also needs to broaden its base of consultation with stakeholders.

On the meso level, our strong recommendation is that the MDDA help to facilitate the formation of a National Community Publishers’ Forum (NCPF). This would be in parallel with the radio forum (NCRF) which has successfully networked within the radio sector and drawn attention to the sector’s needs. The Association of Independent Publishers (AIP) excludes pure start-ups and tends to represent mainly the later phases of grassroots publishing. (See box on succeeding pages).

On the macro level, the MDDA on its own is certainly too small to tackle all the macro challenges of market development at the community level; so partnerships with other, larger, public and private entities are vital. If not already formalised, contacts should be made and new standing consultative links established with

STATE AGENCIES such as the Small Enterprise Development Agency (SEDA, under the Department of Trade and Industry) as well as regional development bodies such as GEDA (Gauteng government); the GCIS (under the Department of Communications); SITA (the South African State Information Technology Agency that provides IT related services across national, provincial and local spheres of government); and the various sector education and training authorities with an interest in publishing (MAPPP-Seta) and financial and accounting (Fasset), services (SETA) – all of whom offer learnerships and expertise.

PRIVATE SECTOR BODIES such as the Banking Council and banks and insurance companies; NEDLAC ( National Economic Development and Labour Council); NAFCOC and its subcommittees (representing chambers of commerce); major corporates that might sponsor infrastructure, such as Microsoft, Telkom, the petrol companies and mining houses; and the advertising and marketing industry represented by AMASA and the AMF.

CIVIL SOCIETY & TERTIARY ORGANISATIONS such as Sanco (civics organisations); Cosatu and other labour unions; academics, researchers and educators specialising in civil society matters; universities offering training and internships in journalism, business and marketing; and representatives of the media such as Sanef (the national editors' forum), Misa (the media institute of Southern Africa), and IFX (Freedom of Expression Institute) and the Open Society Foundation (OSF).

***Credibility, which is so important for the survival grassroots publishers, can only be established through broad initiatives to build trust, understanding, and collaboration.***

***Idealism needs to be tempered by realism, and the pre start-up may be riding for a fall unless the publisher goes through a course of basic managerial and publishing familiarisation.***

There is a saying that the more people you seek to know, the more will know you. Until now, the grassroots press has been below the radar of most key State, private sector, civil society and tertiary bodies. Credibility, which is so important for the survival grassroots publishers, can only be established through broad initiatives to build trust, understanding, and collaboration.

It may be objected that reaching out to all these bodies will cause the MDDA to lose focus. The Agency will be stretched too thin, with few human and material resources to negotiate partnerships and settle on joint strategies for market development. But not everything has to be undertaken at once, and in our Recommendations we suggest what the priorities should be. The big picture should be kept firmly in mind while the details are worked on.

### **Typical cases**

Most small publishers show a lively understanding of the need for working capital. Yet the level of financial and managerial competence tends to be low, especially amongst start-ups who come to the publishing game with a passion for community journalism but lacking in business experience.

There has been a tendency for most start-ups with a new team to put huge effort into the first edition and to find that all resources both in terms of finance and editorial skills are fully blown without much thought to future editions that need to kick in immediately.

#### **Start-up: The Voice Newspaper**

It is sometimes difficult to distinguish between a pre start-up and a true start-up, because a paper that is not yet launched may be in the process of being so. Although a “pre start-up” is not really on the S-Curve it is worth drawing attention to the issues here. Pre- and existing Start-ups should not be given finance until they have produced a realistic business plan and show understanding of the true

managerial challenges ahead. Many, if not most, start-ups are driven by a passion for justice and community wellbeing. A ringing statement of newspaper ideals is contained in the “Voice Newspaper Prospectus” (appendices). Unfortunately what the prospectus also demonstrates is a lack of realism – no attention is given to the crucial issues of finance, management, technology and distribution. In fact none of these key words of sustainable publishing appear in the document at all. Advertising is mentioned only twice, in that it will be “cost effective”, accompanying “exceptional editorial content”. Clearly, idealism needs to be tempered by realism, and here is a case of a pre-start-up that is in all likelihood riding for a fall unless the publisher goes through a course of basic managerial and publishing familiarisation.

***Appropriate and timely remedies for common problems need to be in place before a publication gets itself into difficulties.***

### **Continuing Start-up: Leseding News**

Leseding News a small commercial local newspaper in Rustenburg, was started in November 2002 as a weekly, printed by the Rustnberg Herald, a Caxton paper. The publication has been inconsistent in publishing schedule, size and print order as well as its sales policy. The current edition of the newspaper at the time of our research was an 8-page paper with a print order of 3 000 at a printing cost of R3 500. The previous edition was 12 pages, also with a print order of 3 000 at a cost of R4090. The newspaper used to print 5 000 copies and on occasions 10 000 with 12 to 16 pages. The provincial government once sponsored its own showcase edition of 140 000 copies. In August 2004 the MDDA agreed to make a R109 000 grant available to Leseding News for marketing, research and training in layout and design and financial management.

When we did our case study, only marketing research has been funded. The publisher said “it was a very good job and provided useful material” but it took too long and arrived after the paper’s advertising team of graduates with no formal training in sales, had already broken up. Work plans submitted for the funding of marketing and training are still in obeyance. Our report suggests the need for advice on a whole range of functions that would be empowering for the team, from makeup to printing, distribution and training for an advertising sales team. Appropriate and timely remedies

for common problems need to be in place before a publication gets itself into difficulties. And support must be maintained, provided the publication abides by what is expected of it. This demands close monitoring.

***Certain publications serving the marginalised poor will require continuing advice, support and finance.***

### **Chasm: uMgekethti**

A new newspaper being published in Newcastle in KwaZulu Natal in isiZulu, uMgekethti (Newcastle) appeared to fail in its first year due to a combination of management inexperience and unrealistic ambitions and despite enthusiasm among the team. The MDDA had provided mentoring and training in management and marketing. Two editions were produced in two months, followed by plans for a third six months later, but by then the chairperson admitted that the paper had run into debt of nearly R250 000. Researcher Clive Emdon pointed out in his case study that MDDA funding should be based on careful financial assessment in advance; incrementally planned funding; more hands-on mentoring in the crucial start-up phase; and a soundly planned distribution system designed to grow over time.

The case study clearly indicates the difficulty of starting up a paper and maintaining its growth after the first flush of enthusiasm. External support needs to span both training and preparation, and monitoring of the development of any such business before it goes off the rails. To recover now will be difficult because of the debt burden and loss of reputation suffered by the principals.

### **Survivalist: Homeless Talk**

Certain publications serving the marginalised poor will require continuing advice, support and finance. Homeless Talk is a street newspaper in Johannesburg produced and sold by homeless people, thus providing self employment opportunities. The MDDA support to the project relates to improving the general health of the project through, amongst other things, providing training to

Homeless Talk writers, sales team and management. A unique co-operative publication written and edited by street people, has undergone several reviews in the recent past questioning its managerial structure, content and mission.

A workshop held in July 2006 (see Appendices) took this discussion further with a fullblown set of proposals to be revamped as a new publication with a different vision and purpose. This arose from a perception that of the generation of homeless writers and sellers who were present at the start-up of the newspaper, were no longer living on the streets and now had a sense of belonging to the city – of being ‘insiders’ rather than ‘outsiders’ or welfare cases depending on handouts. Most now live in informal settlements and are part of the growing informal sector. It is clear from experience that Homeless Talk could go through further revolutions and may remain a survivalist, always on the edge. There is considerable staff turnover and instability, by the very nature of the publication. It has been a training ground for many now-successful journalists but has limped along managerially and is chronically short of skills, finance and organisation.

### **Early Sustainables: Nkomazi Voice**

Support for independent publishers must be maintained even if they appear fairly sustainable. Apparently well established publications like the Nkomazi Voice struggle to maintain themselves against corporate competition, advertiser resistance, lack of funding, skills shortages, technology shortcomings and difficulties training and motivating staff. The Voice of Nkomazi is produced by Thembaletu Home Based Care which is situated in Schoemansdal in the Nkomazi District of Mpumalanga province. MDDA support included printing and production costs for 26 editions. “In our evaluation of the newspaper and its future as a community newspaper, we believe it necessary for it to go through a transformation from a funded publication owned or run by a welfare project, to an

*A paper currently owned by an NGO wants to go it alone as a business, bringing "the community as a whole into a business environment" and seeking more efficiency and productivity within the newspaper.*

***The model describes the enterprise as an “organic” inhabitant of the social terrain, with its own qualities (DNA) and facing the particular challenges of its local habitat.***

independent status with its own economic viability,” says the publisher. Included in this motivation is the intention to bring "the community as a whole into a business environment" and achieve more efficiency and productivity within the newspaper.

It is evident from this case study that there are differences of opinion within the paper, with some being more committed and hardworking than others. It is also a risk to undertake the transition: advertising revenue is far from healthy, as the group recognises. Though sustained through 132 issues, the Nkomazi Voice is not yet financially secure. A corporately owned competitor, the Gazette, has made its appearance. We were told that “The Gazette was started a year ago by Caxton’s and is aimed at knocking out the Voice”. By and large the Nkomazi Voice has many challenges to meet in order to establish its independence and viability.

### **Sustainable: Zoutnet group**

The Zoutnet group, in Limpopo Province, own the Zoutpansberger and Limpopo Mirror newspapers. Now fairly secure, with efficient production, distribution and marketing, and using sophisticated IT systems, the group has embarked on various projects to uplift and educate the local community, as well as offering peer mentoring a fellow publisher, the Kathorus Mail. The group has won several awards for its community newspapers and is in close touch with Capro, the advertising procurement agency representing a number of community publishers.

In this Report we refer frequently to the Zoutnet group as a model publisher. Their challenges today are those of any SMME: improving business efficiency and competitive position, upskilling the staff, handling production problems with ageing printers, doing reader research, and building a community-friendly reputation. The publisher has always been IT-savvy, fighting one of South Africa’s oldest Internet news sites, [www.zoutnet.co.za](http://www.zoutnet.co.za), and today continues to pioneer the development of Open Source software tools for grassroots publishers. The MDDA stands to learn from this case and it will benefit other publishers to reapply the lessons of peer mentoring and reader research.

## Longevity, not just survival

Many grassroots publishers can be judged successful at what they do – being innovative and sustainable well into the future. Our database, drawing on the AIP’s survey, shows that community papers are sustainable: the average number of years in publication is 11.78 – the oldest include three over 100 years old and several in their third decade. The titles include Grocotts Mail (135 years), the Volksrust Recorder (102), and Kokstad Advertiser (123). Longevity is the ultimate aim of any publisher, and achieving it depends on learning and applying enterprise techniques within an enabling environment strengthened by institutional support.

*The model itself is sure to evolve and ultimately and be extensively revised but it is a good starting point for analysis and action.*

## Review of the S-Curve model

To sum up, the organisational life cycle is an important model because it both describes and prescribes. The model describes the enterprise as an “organic” inhabitant of the social terrain, with its own qualities (DNA) and facing the particular challenges of its local habitat. Because it has a “life” to lead, the stages of that life pose particular requirements and threats both inside and outside the enterprise. For example, threats in the start-up stage differ from those in the maturity stage. It does not matter whether the enterprise is profit-seeking or not: it still aims to thrive in its given setting. How it does so, and how it can be nurtured by external agents, will vary depending on the stage of development in which it finds itself.

The organic model has been criticised by some business theorists as unrealistic and stereotypical. Both points carry weight. It is true that many enterprises simply do not follow the predictable pattern – they may even reverse it, beginning as sustainables and then falling into the chasm when external conditions change. However, for our purposes, and particularly in the light of the case study described below, the model is a fair approximation to grassroots publishing reality.

***We do not deal with the later phases of the maturity and decline of organisations because the priority for the MDDA's targeted interventions should lie with the start-ups and early sustainables.***

The importance of well thought-out niche strategies for community publishing cannot be overstressed. Good nicheing entails streamlined management with precise cost structures for editorial and production, efficient distribution so that the product reaches its target market, smart data collection to prove the publication's reach and frequency, and the right pitching of messages to stakeholders including financial backers and advertisers.

The MDDA, if it hopes to take advantage of S-Curve predictability and influence the environment or the DNA of enterprises, would need to workshop with staff and mentors. More sophisticated business analysts will apply their own tools, though some will use variants of the S-Curve. The model itself is sure to evolve and ultimately and be extensively revised.

The reader will note that we do not – as is the case with most evolutionary enterprise models – deal with the later phases of the maturity of the organisation or its possible decline and death. This is because the priority for the MDDA's targeted interventions should lie with the start-ups and early sustainables.

## **Footnotes**

<sup>1</sup> Churchill, N., and V. Lewis. "The Five Stages of Small Business Growth." Harvard Business Review. May-June 1983.

<sup>2</sup> Adler, Karen R., and Swiercz, Paul M - "Taming the Performance Bell Curve." Training & Development. October 1997.

<sup>3</sup> Encyclopaedia of Small Business. <http://business.enotes.com/small-business-encyclopedia/organizational-life-cycle>

<sup>4</sup> Addison, Graeme – The Hidden Edge, Innovation in South Africa 1900-2000; The Leading Edge, Innovation in South Africa 1994-2004; and The Competitive Edge: Innovation Lessons of South African Experience. 2005. SAVI, Johannesburg

<sup>5</sup> Greiner, L - "Evolution and Revolution as Organizations Grow," Harvard Business Review, July-August 1972.

# Summary

---

## Argument

The overriding purpose of the S-Curve as a descriptive-prescriptive tool are:

- To lower the bar to entry, by providing a safer launchpad
- To flatten the curve so that the chasm in particular is avoided
- To help publishers become sustainable more quickly

### Anticipation

The S-Curve model both categorises the enterprise in terms of its position in the life cycle, and suggests the kinds of problems it is most likely to face. By anticipating what these are, interventionists may be able to take pre-emptive action.

### Appropriate actions

The MDDA needs a tool like this because at the moment cases tend to be handled on a one-off basis. By distinguishing between enterprise types, it becomes easier to locate the origins of problems and respond appropriately - with ways and means that have proved successful in similar circumstances.

## Recommendations

- To use this or any other business analysis tool is going to require training for MDDA personnel and mentors. Of course, consensus should first be reached on what kinds of tools are best suited to the job.
- Again, whatever tool is selected, the enterprise has to be carefully watched and a follow-through strategy developed to suit its needs.
- Some of the best people to engage in business analysis will be experienced publishers.

# Summary

---

---

## Argument

The overriding purpose of the S-Curve as a descriptive/prescriptive tool are:

- To lower the bar to entry, by providing a safer launchpad
- To flatten the curve so that the chasm in particular is avoided
- To help publishers become sustainable more quickly

### Anticipation

The S-Curve model both categorises the enterprise in terms of its position in the life cycle, and suggests the kinds of problems it is most likely to face. By anticipating what these are, interventionists may be able to take pre-emptive action.

### Appropriate actions

The MDDA needs a tool like this because at the moment cases tend to be handled on a one-off basis. By distinguishing between enterprise types, it becomes easier to locate the origins of problems and respond appropriately - with ways and means that have proved successful in similar circumstances.

---

## Recommendations

To use this or any other business analysis tool is going to require discussion among MDDA personnel and mentors.

- Consensus should first be reached on whether the market development approach in general is the correct one for all enterprises, and whether this tool in particular is the right one.
- Again, whatever tool is selected, the enterprise has to be carefully watched and a follow-through strategy developed to suit its needs.
- Some of the best people to engage in business analysis will be experienced publishers, whose knowledge extends well beyond theory.