

## BENCH & BAR

**1. Description and Purpose** *Bench & Bar* is a magazine devoted to current issues and trends in the law and topics of professional interest to lawyers. It appears 11 times per year. The mission of *Bench & Bar* is to publish engaging, timely, concise, and durable information that advances the education, competence, ethical practice, and public responsibility of Minnesota lawyers, encourages participation in the life of the MSBA, and fosters a sense of community among members of the legal profession.

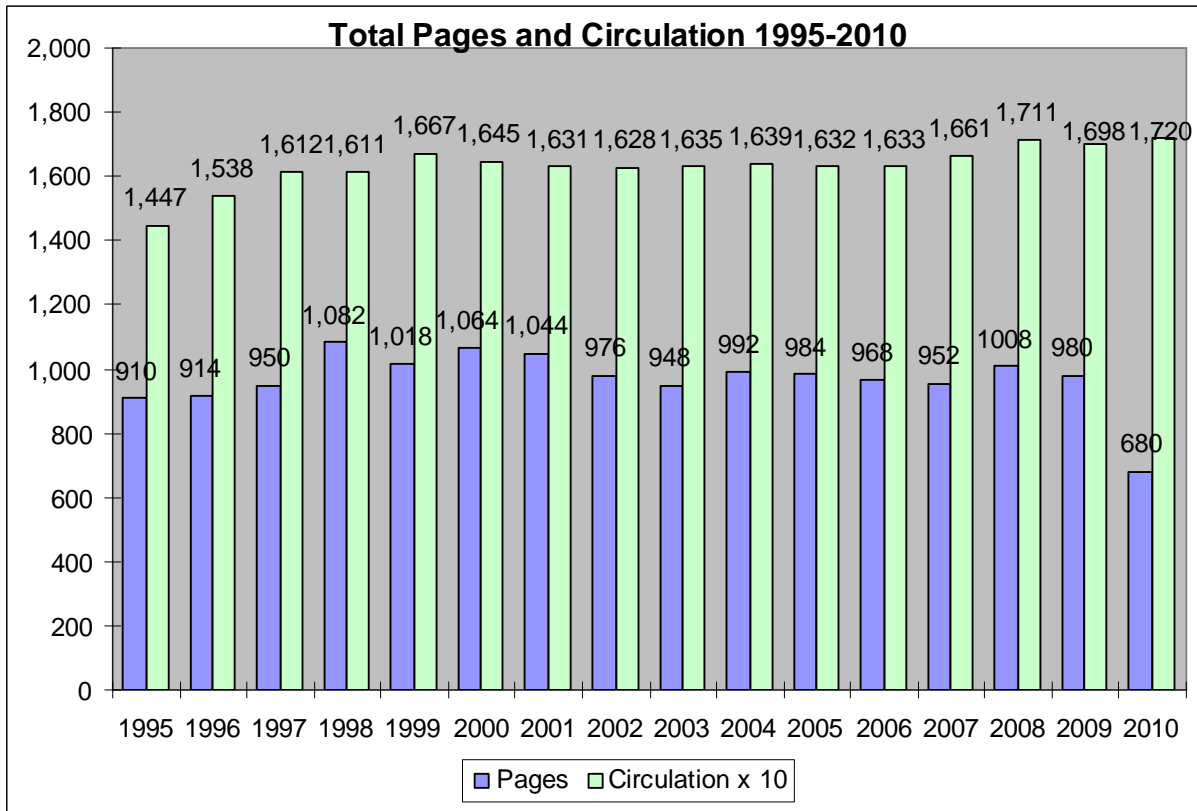
**2. Historical Information** *Bench & Bar* is the principal publication of the MSBA. As such, it serves simultaneously as a major communications link between the Association and its members, a leading benefit of membership, and a significant source of non-dues revenue for the Association.

*Bench & Bar* has been an official publication of the MSBA for nearly 80 years. First published in a tabloid newspaper format in the 1930s, it took the form of a digest-size magazine in the early 1940s and was redesigned as a full-size magazine in 1981. The design was updated in 1993 and a new design was unveiled in March 2006 in response to input from readers, changes in competing publications, and in anticipation of future postage and paper price increases. Selected articles, columns and departments of the magazine are also published via the MSBA website where article archives and an index to features and columns published over the last ten years can also be found. A digital “flip book” edition of the magazine is slated for launch in February 2010 and will be distributed to all members for whom we have email addresses via an email link.

*Bench & Bar* includes feature articles, columns, and departments covering developments and issues in substantive law, law practice, the MSBA, and the legal profession. MSBA members and staff provide most of the editorial content. Freelance writers are called upon to assist in selected circumstances, but most articles are submitted for publication by member volunteers. With the exception of the annual presidential portrait, which is commissioned, photographs and illustrations for the magazine are licensed from “stock” photo/art vendors, submitted by volunteers, or prepared by staff.

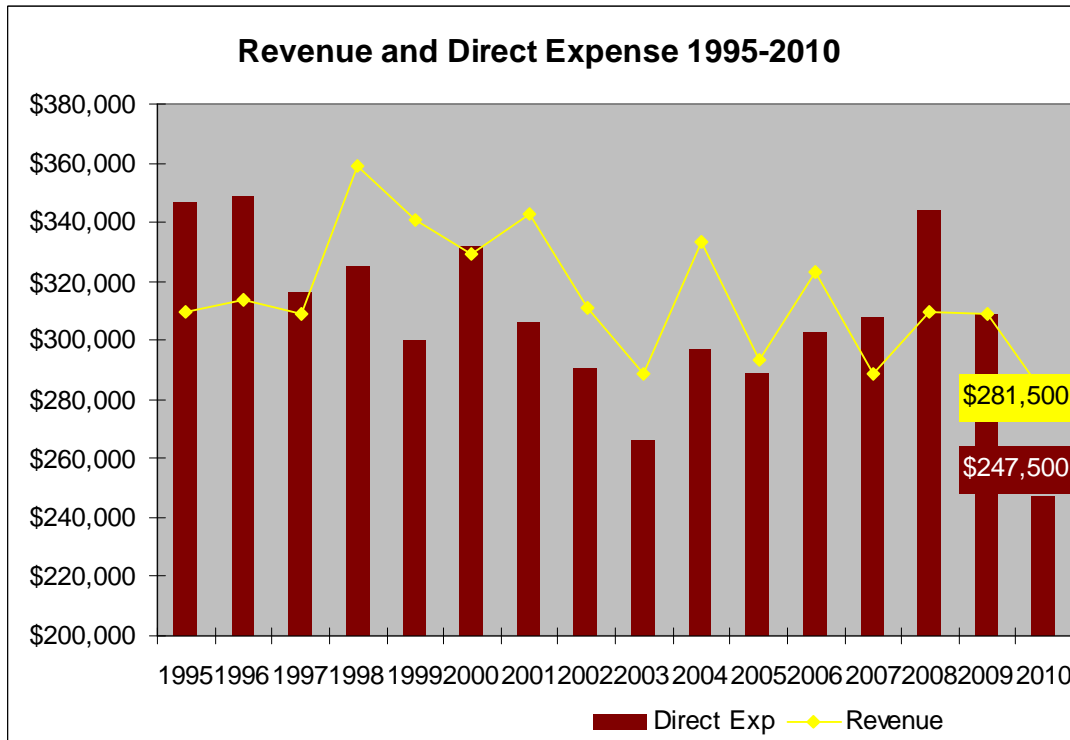
After showing steady growth throughout the 1990s, *Bench & Bar* circulation leveled off in the early 2000s. Circulation subsequently edged slowly upward, more or less tracking growth in MSBA membership. The number of pages published annually grew steadily through the late 1990s, declining subsequently in response to decreasing numbers of advertising pages in the early 2000s, but leveling off for the remainder of the decade. Page counts have dropped significantly in the past year as we discontinued print publication of the formerly annual *Bench & Bar* directory issue and replaced it with a regular January issue of the magazine. *Bench & Bar* continues to register growth: in the number of volunteers contributing regularly to the magazine, in the variety of its editorial offerings, and in the range of complex prepress responsibilities (formerly handled by outside vendors) that are being handled by staff.

Editorial pages consistently comprise 60-70% of the magazine and include feature articles, columns including the President’s Page, Professional Responsibility, and LegalOnline; and departments ranging from Notes & Trends to the popular Tips & Traps, Readers’ Forum, Books & Bytes, and others. A department devoted to law school news was added in 2006. The following chart shows the changes in circulation and page counts since 1995, including projections for 2009-10.



From the mid 1980s through 2000 the net direct cost (excluding personnel and overhead) of *Bench & Bar* per member decreased as circulation increased, expenses were reduced, and advertising revenues increased. Following the turn of the century, the magazine returned net revenue in excess of expenses to the Association in most years from 2001 through 2006 through a combination of improved production efficiency, display advertising sales, and growing revenue from classified ads, which are published online as well as in print. A downturn in classified ad revenue and increased printing and postal costs produced deficits in 2007 and 2008 but in 2009 revenues nearly matched direct expenses and in this fiscal year we expect a revenue surplus of \$34,000.

Since October 2006, for purpose of display advertising sales, we have been represented by a Twin Cities area firm of advertising sales representatives specializing in association publications, and both advertising page sales and display advertising revenues have rebounded from earlier lows. The onset of the economic downturn in fall 2008 immediately depressed our classified advertising revenues but display ad revenues and pages remained firm through fiscal 2009, closing that year \$18,000 over the total for 2007-08. In fiscal 2010 to date we've seen softening of display ad revenues, due in significant part to elimination of the directory, but through February are down \$15,000 relative to fiscal 2008-09 when the directory boosted revenue by over \$37,000. Meanwhile, classified revenues appear to have leveled off and are roughly on par with results through February 2009. Given the continued uncertain state of the economy, the picture for the balance of this bar year is uncertain. The following chart documents trends in *Bench & Bar* revenue and direct expenses from 1995 to date, including year-end projections for 2009-10.



In sum, while the history of *Bench & Bar* since 1995 has involved increasing production costs and reduced staffing, by bringing production functions in-house, maintaining significant non-dues revenues, and improving production efficiency we are today delivering a larger, better *Bench & Bar* to more members at less cost than at any point in the last 15 years. While our printer, R.R. Donnelley & Sons, has to date declined to take up our Fall 2009 offer to negotiate a two-year printing contract covering the period 2010-2012, they are honoring the pricing proposal they submitted when we sought printing bids earlier in 2009. Accordingly, we anticipate realizing substantial reduction in our printing costs for this fiscal year.

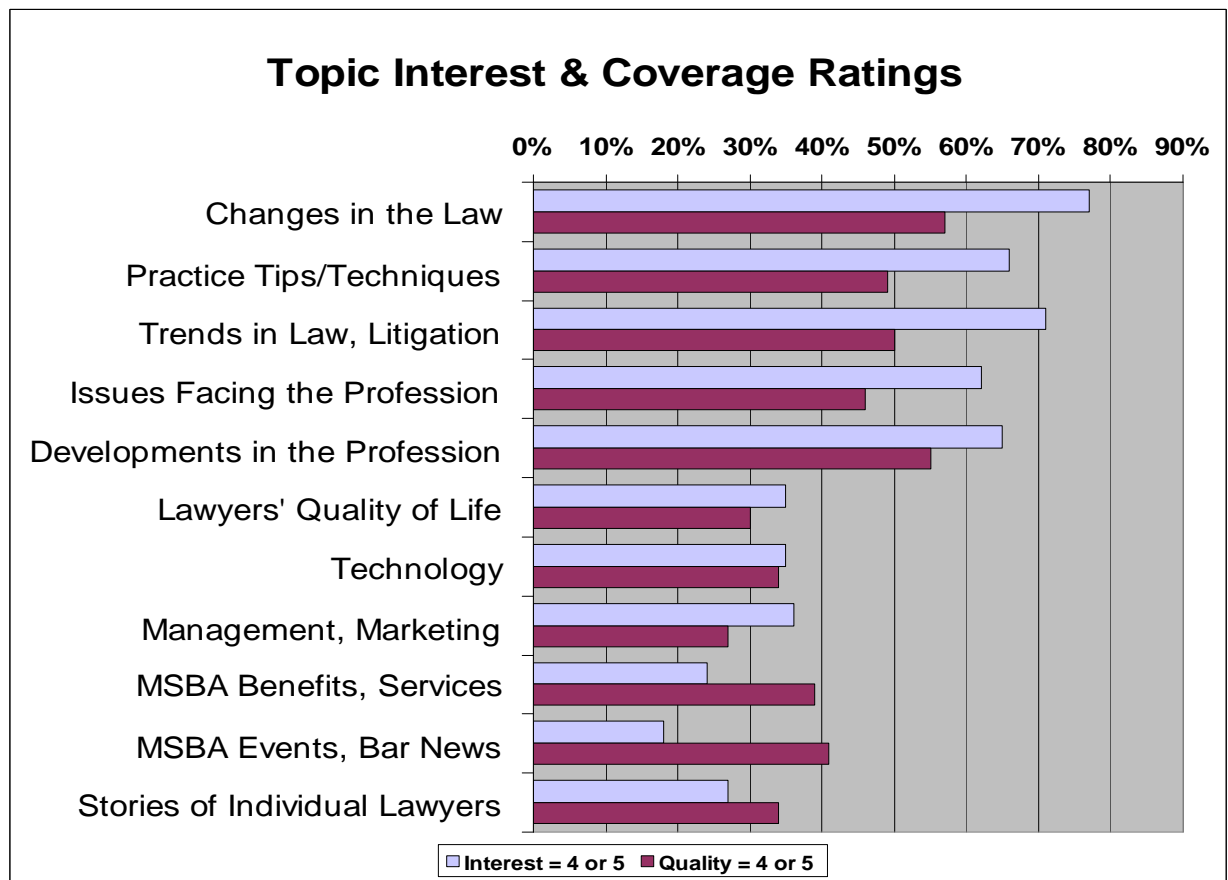
**3. Personnel** There are 2.16 FTE positions allocated to this program.

**4. Report on 2009-10 Performance Standards**

A. Value: With respect to the topic areas referenced below (“Topic Interest and Coverage Ratings”), members’ measured rating of *Bench & Bar* coverage of each subject will exceed or, at minimum, not lag the interest rating by more than 10%.

*In the spring of 2008 Bench & Bar commissioned readership research which was conducted by Readex, Inc., a Stillwater, Minnesota firm that specializes in surveys for publications. A random sample of 800 MSBA members was sent the survey and the survey was closed for tabulation with 348 usable responses, a 44% response rate. The margin of error for percentages based on this response is ± 5.2% at the 95% confidence level. Based on this research, we determined that the following five topic areas were of greatest interest to members reading Bench & Bar: 1. Changes in the Law; 2. Trends in the Law; 3. Developments in the Profession; 4. Practice Tips & Techniques; 5. Issues in the Profession. While members’ ratings of Bench & Bar coverage in these areas fell short of the goal in all areas except Developments in the Profession, in all five areas the ratings improved relative to ratings given in the 2003 survey and the difference between the interest ratings and coverage ratings in 2008 was less than in 2003. Comparing results from 2003 and 2008 based on average ratings overall, while members’ interest in the named topics remained the same, they rated Bench & Bar coverage of those topics higher*

by four percentage points. The chart below shows interest and coverage ratings from the 2008 survey.



**Scales: 1(no interest) 5(very interested); 1(poor) 5(excellent)**

We continue to take guidance from this research in planning and selecting articles for publication in *Bench & Bar* as evidenced by the following summary of coverage of various topics in calendar year 2009. 1. Changes in the Law: Monthly “Notes & Trends” coverage in 13 areas; courts coverage in “By the Court”; features including wrap up of legislative action and articles on changes to the Rules of Criminal Procedure, anticipated impact on business method patents from the Supreme Court’s *Bilski* case, the demise of the “single incident” rule regarding employee misconduct, and the flurry of Minnesota appellate cases in 2009 involving students. 2. Practice Tips & Techniques: Monthly coverage in “Tips & Traps,” “Professional Responsibility,” and “LegalOnline” columns and in “MSBA in action” when new resources became available from MSBA; features on negotiation ethics, cutting the cost of derivative claims, crafting nursing home agreements, appeals to the Minnesota Supreme Court, and counseling clients in financial distress, among others. 3. Trends in the Law: Monthly coverage in “Notes & Trends”; features examining trends in religious accommodations at work and the current state of the judiciary. 4. Issues Facing the Profession: Monthly coverage in the “President’s Page”; two parts of a three-part series begun in December 2008 covering the impact of budget cuts on the judiciary, public defenders, and legal assistance for the disadvantaged; features addressing proposed arrangements for judicial evaluation, the impact of domestic abuse on various areas of law, and contrasts between the military justice system and that of Minnesota. 5. Developments in the Profession: Monthly coverage in “MSBA in action,” “Law Schools in Focus,” “People & Practice,” and the “President’s Page”; features including the wrap-up of the legislative session, a profile of incoming MSBA President Leo Brisbois, Minnesotans’

*leadership of the Uniform Law Commission and new uniform laws, and the pro bono work of a group of lawyers from several firms to assist a wounded veteran. 6. Lawyers' Quality of Life: Monthly reporting of developments in lawyers' lives through "People & Practice."*

B. Value: Consistent with the mission to publish engaging, timely, concise, and durable information that advances the education, competence, ethical practice, and public responsibility of Minnesota lawyers, communicate MSBA involvement in the issues covered and the value of MSBA membership.

*In calendar year 2009 Bench & Bar communicated the value of MSBA membership both through advertising and editorial matter, including ads for individual programs, feature articles tied in to major MSBA activities, and ongoing coverage of MSBA news in "MSBA in brief," the "What, Where & When" calendar, and, when MSBA had petitions before the Supreme Court, coverage in "By the Court." Feature articles tied in to the installation of the new MSBA President, MSBA's efforts -- and outcomes achieved -- at the Legislature, and from the Bar's annual convention, the annual "State of the Judiciary" address. These served to communicate MSBA's involvement with issues and institutions of significance, positioning the MSBA as a vital player. To increase the effectiveness of advertising for MSBA programs and make full use of the full color capability of the magazine, we arranged for all "house" ads to be prepared as full color ads and kept a variety of such ads available for use as space permitted. Over the course of 2009 ads for programs and services of MSBA totaled 73.5 pages of advertising in Bench & Bar.*

C. Research: Determine through research which five of eleven topic areas identified in the "Topic Interest and Coverage Ratings" chart, below, are of greatest interest to members and employ "open-ended" research to identify where *Bench & Bar* can deliver greatest value in these areas of interest.

*The MSBA Publications Committee meets regularly to offer feedback to staff on the magazine, identify current issues and concerns, review readership research results, and suggest topics and authors for articles. Staff review other publications and online offerings for lawyers with a view to identify emerging trends, issues, and developments with probable significance for lawyers and check their perceptions of these with practicing lawyer members when opportunities arise. While these informal mechanisms cannot provide the definitive information that would be available from a readership survey, they provide guidance between surveys.*

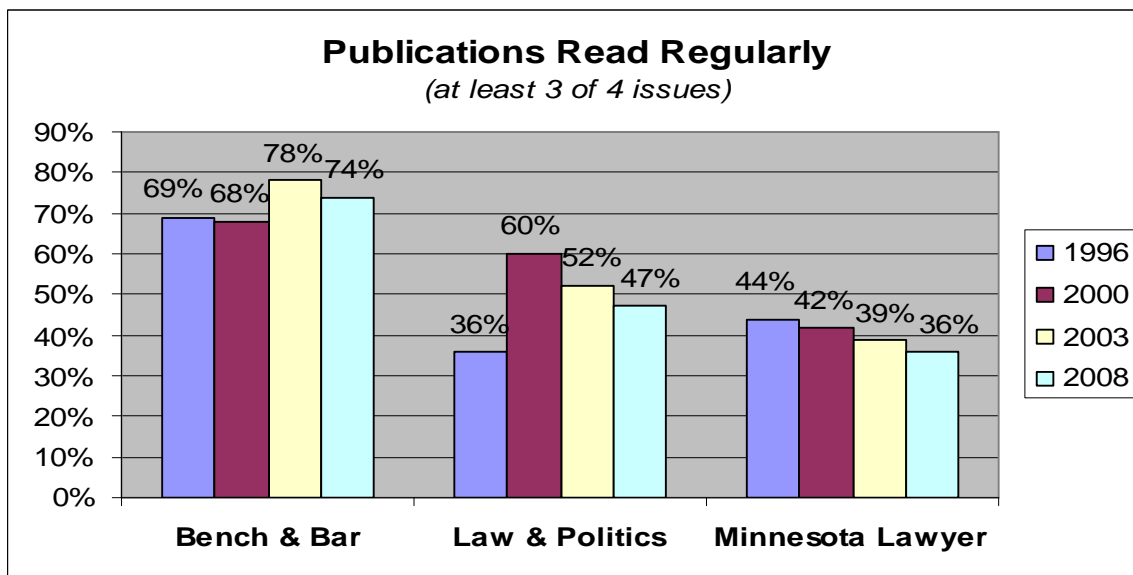
*Our readership research in 2008 measured, among other things, topics that would be of greatest interest to members and members' assessment of the quality of Bench & Bar coverage of these topics. The following chart shows high levels of member interest in coverage of changes in the law, practice tips and techniques, trends in law and litigation, and developments in and issues facing the legal profession. By contrast, members evinced significantly less interest in coverage of lawyers' quality of life, technology, management and marketing, MSBA benefits and services, MSBA events and Bar news, and stories of individual lawyers. While the data indicate that the magazine does the best job covering topics of highest interest, they also suggest that member service can best be enhanced by focusing editorial efforts on the topics of highest interest and where coverage of topics does not appear to be meeting readers' expectations. The success of our classified advertising in Bench & Bar and online suggests that members have significant interest in information on careers in the law, which has prompted development of additional articles related to this subject. At the same time, lawyers' increasing reliance on electronic communications for case updates and other time bound information, as well as production costs and member concerns for the environment, suggest that Bench & Bar should reconsider what types of information a monthly magazine is best suited to convey and whether a digital edition of the magazine, might*

not enable us to deliver greater value to members who would prefer reading Bench & Bar online.

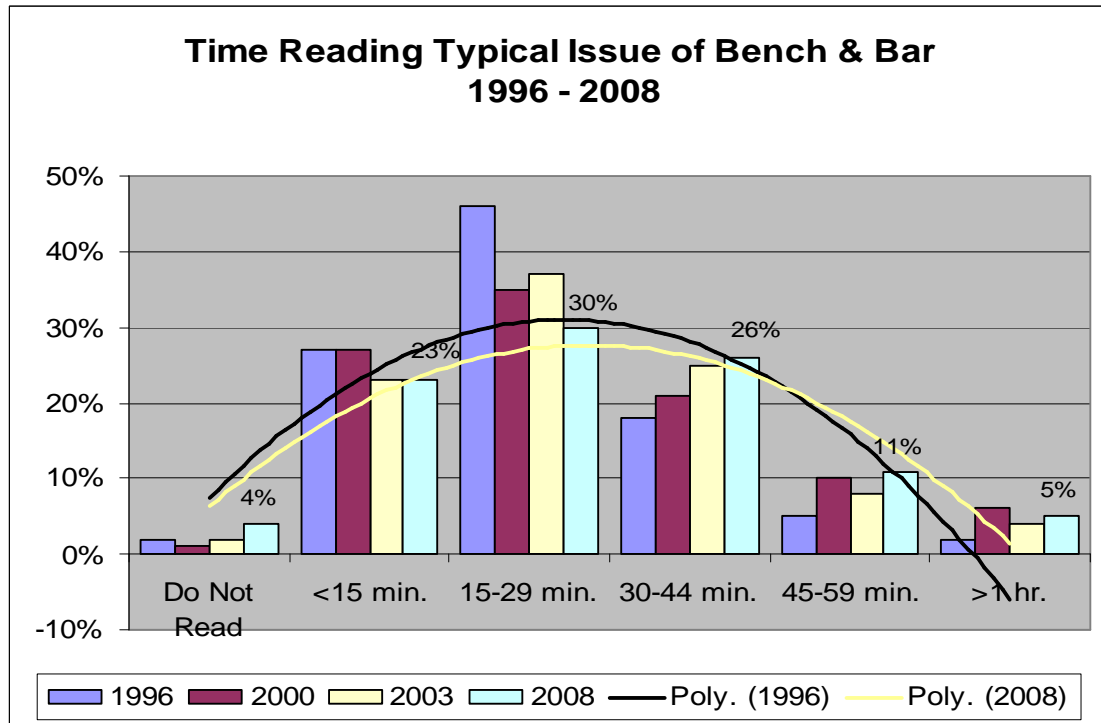
D. Readership: Results of a readership survey will demonstrate that the percentage of MSBA members who identify *Bench & Bar* as a publication they read regularly (three out of four issues) has increased relative to the results of the 2003 readership survey.

*Members' readership of Bench & Bar has been measured through readership surveys, conducted by Readex Inc. of Stillwater, Minnesota, in 1996, 2000, and 2003. This research was repeated in 2008. The readership surveys are designed to assess members' use, readership, and opinions of Bench & Bar, to identify their preferences for future editorial coverage, and to gather information about members, their jobs, and their organizations that would be useful in developing editorial material and in promoting advertising sales.*

*The following chart shows the change in readership of Bench & Bar, Law & Politics, and Minnesota Lawyer as measured in four surveys from 1996 through 2008. While, contrary to expectation, the percentage of Bench & Bar readers reporting they read three out of four issues declined from 2003 to 2008, that decline falls within the margin of error for the survey. Notably, the decline in readership of Bench & Bar is paralleled by comparable declines in readership of competing publications.*



*On another measure of readership, namely time spent reading a typical issue, the research data indicate that the average reader is spending marginally more time reading or looking through a typical issue. The following chart shows the change in percentages of reader/members reporting time spent reading a typical issue of Bench & Bar. While percentages reporting they spend less than one-half hour have declined over the four surveys, those percentages reporting spending more time have increased, and the trend lines for 1996 and 2008 show a shift toward more time spent reading Bench & Bar.*



E. Financial: For 2009-10, *Bench & Bar* revenues will equal or exceed direct costs. For 2009-10, *Bench & Bar* was budgeted to produce \$20,000 in nondues revenue after deduction of direct expenses. Based on revenues and expenses to date, we project net revenue for the year to total \$34,000 as of June 30, 2010. It is noteworthy that display advertising sales for the period July 2009 through January 2010 lagged sales for the same period in 2008-09 by less than \$8,500, despite elimination of directory advertising for January 2010. Continuing weakness in the economy leads us to anticipate reduced display advertising sales for the balance of this fiscal year but launch of our digital edition this spring may give sales an additional lift. Classified advertising revenues, which depend heavily on lawyer recruitment advertising, are falling short of budget and remain well below results achieved in 2007-08 as the recession has led to significant cutbacks in law firm recruiting. However, through February 2010 these revenues are \$2,000 over results for 2008-09 which leads us to be cautiously optimistic about prospects for the remainder of this fiscal year. With respect to expenses, by seeking bids from competing printers in spring 2009 we were able to negotiate substantial price reductions from our printer, R.R. Donnelley, Inc., which were implemented as of October, 2009. While we commenced negotiation of a contract with Donnelley to fix these prices for a two-year term, they have not to date responded to our latest proposal but are continuing to honor the pricing schedule they offered in fall 2009. We have further reduced costs by publishing fewer pages than budgeted. A "soft" paper market gives us confidence that paper prices will remain at current levels in the first six months of 2010. The following narrative documents trends in revenue and expenses over time.

**Revenue:**

From 1984-85, when *Bench & Bar* revenues totaled \$94,176, to 1999-00, the annual revenue realized from the magazine increased by approximately 350%. In the same period, the magazine's contribution to total revenue increased from 7.2% of total revenue in 1984-85 to 11.5% of total revenue in 1997-98, softening to 8.7% in 2002-03. In recent years the percentage hovered between 8% and 10% until the directory was eliminated.

The chart below traces Bench & Bar revenue growth both in dollars and as a percentage of total revenue from 1984-85 to date..

<b>Bar Year</b>	<b>Bench &amp; Bar Revenue</b>	<b>Percent of MSBA Revenue</b>
2010-11 proposed	\$307,500	7.3%
2009-10 projected	\$281,500	6.9%
2008-09	\$308,633	7.9%
2007-08	\$309,364	8%
2006-07	\$288,952	8%
2005-06	\$323,067	8.7%
2004-05	\$293,452	9.2%
2003-04	\$333,004	9.8%
2002-03	\$288,332	8.7%
2001-02	\$310,881	9.8%
2000-01	\$342,688	10.4%
1999-00	\$329,080	10.3%
1998-99	\$340,496	11.0%
1997-98	\$359,201	11.5%
1996-97	\$308,804	10.7%
1995-96	\$314,009	10.2 %
1994-95	\$309,682	10.9 %
1993-94	\$274,295	10.2 %
1992-93	\$242,303	9.5 %
1991-92	\$229,134	10.1 %
1990-91	\$218,377	9.5 %
1989-90	\$186,790	9.5 %
1988-89	\$115,182	6.2 %
1987-88	\$115,312	7.2 %
1986-87	\$127,300	8.2 %
1985-86	\$127,335	8.6 %
1984-85	\$94,176	7.2 %

*Advertising Revenue: Advertising is the principal source of Bench & Bar revenue and consists of display advertising and classified advertising. Display advertising is sold by units of space in the magazine, e.g., "full page," "one-half page," etc., while classified advertising is sold on a "per word" basis and published in text format. Both types of advertising have been included in the magazine since its earliest days, providing significant amounts of non-dues revenue to the Association and law-related commercial information to members.*

*Since 1989 we have relied on independent advertising sales representatives to sell display advertising on a commission basis. Since October 2006 Pierre Productions and Promotions, a local firm specializing in advertising sales for association publications, has been our sales representative. Two salespeople share responsibility for sales on our account. In 2007-08 display advertising accounted for 73.8% of Bench & Bar revenues, up from 71.9% in the prior bar year. For 2008-09 display advertising produced 83% of Bench & Bar revenues, or \$256,768. While, as noted above, elimination of the directory reduced display ad sales for January and there remains uncertainty regarding prospects for display advertising sales in the remaining months of this fiscal year, we project ending the year with \$231,000.*

Classified advertising is published both in Bench & Bar and on the MSBA website. Classified ad rates were last increased in July 2005 when an increase of 20% was implemented. Rates previously had remained constant since 2000. Members now pay \$1.25 per word for classified advertising and nonmembers pay at a rate of \$2.00 per word. There is a minimum charge of \$25.00 for classified ads, regardless of length; advertisers pay an extra \$15.00 for blind box service. Demand for such advertising has weakened with the downturn in the economy as firms have cut back their recruiting efforts. Classified ads produced \$70,436 in revenue in 2007-08, which was 22.8% of total Bench & Bar revenue. For bar year 2008-09 we brought in \$42,562 in classified ad revenue and we project \$43,000 in such revenue for 2009-10.

*Other Revenue:* In addition to advertising sales, Bench & Bar produces non-dues revenue for the Association through sale of subscriptions, single copies, article reprints, and royalties. In 2007-08 these sources accounted for 3.5%, or \$10,743 of Bench & Bar revenue. Subscription sales in 2008-09 totaled \$3,535 but in 2009-10 are lagging, possibly due to delayed invoicing of subscription renewals; given the uncertainty, we are projecting only \$2,500 in subscription revenue for this fiscal year. Elimination of the directory issue this year has revenue from single copy sales to a mere \$150 and we do not expect significant revenue from this source in years to come. Miscellaneous other revenues (royalties and reprints) totaled \$4,343 in 2008-09. Royalties are received from three outside vendors who license distribution of material from Bench & Bar either electronically or on microfiche. Based on these results and revenues realized through December 2009, we now project total other revenue for 2009-10 of \$7,500.

The chart below details the performance of Bench & Bar over the years as a source of non-dues revenue, when measured in terms of net revenue after deduction of direct expenses. Values in parentheses are “negative,” i.e., a value in parentheses represents excess direct expense after deduction of revenues.

Year	Net Revenue (Expense)	Circulation	Net Revenue (Expense) Per Recipient
2010-11 budget	\$31,000	17,500	\$1.77
2009-10 projected	\$34,000	17,200	\$1.98
2008-09	(\$448)	16,980	(\$.03)
2007-08	(\$34,638)	17,108	(\$2.02)
2006-07	(\$18,961)	16,370	(\$1.16)
2005-06	\$19,968	16,330	\$1.22
2004-05	\$4,912	16,320	\$0.30
2003-04	\$36,401	16,390	\$2.22
2002-03	\$21,996	16,350	\$1.35
2001-02	\$20,345	16,284	\$1.25
2000-01	\$36,524	16,311	\$2.24
1999-00	(\$2,657)	16,453	(\$0.16)
1998-99	\$40,239	16,668	\$2.41
1997-98	\$33,912	16,107	\$2.10
1996-97	(\$7,625)	16,122	(\$0.47)
1995-96	(\$35,134)	15,381	(\$2.28)
1994-95	(\$37,449)	14,465	(\$2.59)
1993-94	(\$42,839)	14,320	(\$2.99)
1992-93	(\$52,632)	13,865	(\$3.80)
1991-92	(\$61,905)	13,641	(\$4.54)

Year	Net Revenue (Expense)	Circulation	Net Revenue (Expense) Per Recipient
1990-91	(\$57,970)	13,425	(\$4.32)
1989-90	(\$61,211)	12,875	(\$4.75)
1988-89	(\$61,985)	12,533	(\$4.95)
1987-88	(\$51,299)	12,304	(\$4.17)
1986-87	(\$42,807)	12,049	(\$3.55)

**Expenses:**

*Direct expenses to produce Bench & Bar rose steadily from 1987 to 1996 when they peaked at \$349,143. Since that time, despite increases from suppliers in most categories of expense, total direct expenses to produce Bench & Bar have been significantly lower. Direct expenses were held under \$300,000 per year for the first five years following the turn of the millennium and totaled \$309,081 at the end of 2008-09. In light of elimination of the directory and our negotiation of reduced printing costs in 2009, we project that direct expenses for 2009-10 will total \$247,500. Component costs and our efforts to control these are detailed below.*

*Printing and Paper: Printing and paper are the two largest costs in producing Bench & Bar. By changing printers in January 1997 we were able to take advantage of the cost economies of web printing, reducing our annual printing and paper costs from \$211,000 to produce 914 pages in 1995-96 to \$163,000 to produce 1,018 pages for a larger audience in 1998-99. In July 2002 we implemented a new prepress workflow, based on .pdf technology, which has saved roughly \$1,000 in expense for each regular issue, and in 2006 we began uploading finished pages electronically to the printer's website, cutting two days from the production cycle and further reducing our prepress cost. Late in 2007, following our printer's acquisition by R.R. Donnelley and installation of several new presses, we requested and achieved price reductions in prepress and printing costs. The greater efficiency of these presses has also meant reduced paper consumption. In spring 2009 we sought printing bids from a dozen publication printers and used these results to negotiate substantial price increases from our printer, R.R. Donnelley & Sons, Inc., which were implemented in October 2009. For 2009-10 we expect total costs of \$95,000 for printing and paper to produce 680 pages. Omitting the directory issue in this fiscal year reduced printing costs by roughly \$16,000. Costs of color printing are expensed as advertising production expense and offset against advertising revenue. R.R. Donnelley is a full-service web magazine printer. Bench & Bar is printed at the company's short-run magazine production plant in Long Prairie, MN, with excellent connections for distribution throughout the state.*

*When R.R. Donnelley implemented reduced pricing for Bench & Bar in October 2009 they asked that MSBA in return commence negotiation of a printing contract including those terms to take effect January 1, 2010. We reviewed the proposed contract and sent them a proposal for revisions that would guarantee continuation of service at current levels but to date have not received their reply. They have, however, continued to honor the pricing they extended to us in October 2009. For 2010-11 we have budgeted anticipating a 5% increase in printing costs, covering both a potential increase in the number of pages and a potential 3% increase in manufacturing costs.*

*Projected paper costs are based on current costs per cwt. plus a margin to accommodate potential increases in prices at the mills. Paper prices are set at the point of delivery and the market for this commodity can fluctuate abruptly. Accordingly, we budget to anticipate the risk. In 2007 several major papermaking plants closed or discontinued producing magazine paper in response to reduced demand, which led in turn to increased paper prices. 2008*

saw increases in demand for paper, due to the elections and the Olympics, which kept supplies restricted. Price increases were the predictable result, but we were insulated from these somewhat by working with such a large national printer. Given its size, Donnelley has great leverage in negotiating paper prices with the mills. Eliminating the directory issue in 2009-10 reduced paper costs for this year by nearly \$26,000. For the remainder of fiscal 2009-10 we expect paper prices to remain relatively stable; however, economic recovery and elections this fall may prompt further increases in 2010-11.

*Postage:* While not publishing a directory issue in 2010 reduced our postage costs for January by over \$4,500, this apparent savings for this fiscal year is obscured by the fact that our postage expense for the July 2009 issue (postage check cut in June 2009) was expensed to 2008-09, thereby inflating the total for that year. We now project total postage costs for 2009-10 of \$44,500. Postal rates for periodicals class mail are limited to the C.P.I. and no increase is anticipated prior to the end of calendar year 2010. Given the parlous state of the economy, we anticipate that any increase taking effect in 2011 will not exceed 3%. Costs to prepare mailings are similarly expected to increase only modestly in the year ahead.

*Estimated postal costs for 2010-11 include 11 regular issues of Bench & Bar but exclude costs for mail distribution of the magazine to members outside the United States. Upon launching the digital edition of the magazine this spring we propose to discontinue international distribution of the print edition, which will reduce costs by approximately \$800 for fiscal year 2010-11.*

*Electronic edition:* Launch of our planned electronic edition has been delayed as we explored the offerings of several vendors offering similar products. We have now selected a vendor, Texterity, Inc., whose product is comparable in price to the alternatives and offers greater benefits to the user, including faster loading of pages, searchability using Google, and portability to a PC, Mac, or handheld device. Intending to launch the service with our March issue of Bench & Bar, we anticipate expenses for the electronic edition to total \$4,000 for the balance of this fiscal year, and are hopeful that the prospect of online exposure for their advertising will attract additional advertisers. For 2010-11 we have budgeted \$10,000 for the electronic edition, in keeping with the three-year plan.

*Other Editorial Expense:* Other editorial expenses, comprising creative services, equipment and supplies, editorial production services, and miscellaneous are expected to align with budget for 2009-10. For 2010-11 we have budgeted a modest increase in expected costs for creative services, expecting increases from suppliers as the economy recovers. Miscellaneous editorial expenses include funds to cover the costs of membership in Association Media & Publishing (formerly the Society of National Association Publications), the Minnesota Magazine Publishing Association, and the National Association of Bar Executives.

*Advertising Expense:* Direct advertising expenses for 2009-10 are expected to come in \$24,500 under budget, due primarily to reduced expenses for ad sales promotion, lower than anticipated ad production expenses, reduced commissions due to lower than expected display advertising sales, and a reduction in advertising production expenses realized as a result of our negotiating price reductions from R.R. Donnelley. For 2010-11 we have budgeted \$11,000 for advertising sales promotion, planning to incur the additional costs to promote the digital edition to advertisers and also to conduct research to measure reader and advertiser response to the digital edition. This research, originally slated for 2011-12 under the three-year plan, is deemed necessary in 2010-11 to support sale of advertising in the digital edition and also to establish a sound basis for deciding whether to offer members

*a choice of receiving a digital or print edition. Without such research any decision to convert some or all Bench & Bar subscriptions to the digital edition would risk loss of both readership and significant advertising revenue. Commissions for 2010-11 are budgeted at \$50,000, which is 20% of budgeted display advertising revenue, as specified in our contract with our advertising sales representatives. The budget for advertising production expense is set at \$29,500, consistent with a proportional increase in display advertising revenue. Other advertising-related expenses are budgeted at levels budgeted for 2009-10.*

*Committees: The Publications Committee is the only committee of the MSBA now associated with Bench & Bar and we have budgeted \$500 to cover committee expenses in 2010-11, in keeping with the three-year plan. The committee typically meets five times annually. Its costs include approximately \$250 for an annual author award and incidental meeting costs of up to \$25 per meeting. A second annual award to honor and encourage new contributors to the magazine is proposed at a cost of \$125.*

*Employee Expense, Travel, Education: This line item captures employee expenses for training, professional conference attendance, and reimbursement of miscellaneous expenses incurred in staffing MSBA events. The \$2500 requested includes funds for attendance of one person at the annual, NABE Communications Section Workshop in Portland, ME (\$1,700), attendance by one person at the regional Society of National Association Publications meeting in Chicago (\$700), and reimbursement of miscellaneous expenses (\$100).*

F. Publication: For 2009-10, each issue of *Bench & Bar* will be mailed to members by the 15th of the issue month.

*For calendar year 2009 the magazine was mailed to members before the 15th of the month in every month. Over the course of the year, on average we mailed the magazine six days ahead of schedule, i.e., on the 9th of the month.*

## **5. 2010-11 Performance Standards**

The 2010-11 Performance Standards are those identified in the three-year plan, below. Producing nondues revenue in excess of direct expenses remains our financial goal but will depend on our ability to develop new “products,” e.g., the planned electronic edition of the magazine, a revenue-generating online career center to pair with classified ad listings, or other online opportunities to associate with the *Bench & Bar* brand that we can offer to vendors. We also consider achievement of this goal to be dependent on treating directory revenues and expenses as a separate program.

## **6. Three-Year Plan Performance Standards**

A. Value: With respect to the topic areas referenced above (“Topic Interest and Coverage Ratings”), members’ measured rating of *Bench & Bar* coverage of each subject will exceed or, at minimum, not lag the interest rating by more than 10%.

B. Value: Consistent with the mission to publish engaging, timely, concise, and durable information that advances the education, competence, ethical practice, and public responsibility of Minnesota lawyers, *Bench & Bar* will communicate MSBA involvement in the issues covered and the value of MSBA membership.

C. Research: *Bench & Bar* will conduct research to determine which topic areas identified in the “Topic Interest and Coverage Ratings” chart, above, are of greatest interest to members and employ “open-ended” research to identify where *Bench & Bar* can deliver greatest value in at least five of these areas of interest.

D. Readership: Results of a readership survey will demonstrate that the percentage of MSBA members who identify *Bench & Bar* as a publication they read regularly (three out of four issues) has increased relative to the results of the 2008 readership survey. Member readership of the electronic edition of *Bench & Bar* will show measurable growth in numbers of page views.

E. Financial: For 2009-10 through 2011-12, *Bench & Bar* revenues will exceed direct costs by \$20,000 or more.

F. Publication: For 2009-10 through 2011-12, each issue of *Bench & Bar* will be mailed to members by the 10th of the issue month and concurrently published via an electronic edition.

## **7. Report on 2009-10 User Satisfaction**

Our 2009-10 goal for user satisfaction was that each succeeding readership survey will show members' level of agreement with six positive statements about *Bench & Bar* increasing relative to the results of prior surveys. The six positive statements are: 1) It contains practical, useful information; 2) It provides comprehensive coverage of the legal profession in Minnesota; 3) It publishes legal information that is reliable and authoritative; 4) It presents material in an attractive yet professional format; 5) It is an important service of the Bar Association; and 6) It is a magazine I look forward to receiving. We also proposed that the percentage of members who read or look through three or more of a series of four issues of *Bench & Bar* will not vary significantly depending on location of employment, firm size, or number of years in practice. Since under the three-year plan we were not scheduled to repeat our readership research until 2010-11, we first review results of the 2008 survey.

*Based on the results of the 2008 readership survey, it appears that MSBA members' satisfaction with Bench & Bar has remained steady on four of the measured dimensions and has declined on two. In 2008 members surveyed affirmed that Bench & Bar "contains practical, useful information" (78%), publishes legal information that is "reliable and authoritative" (70%), presents material in an "attractive, professional format" (65%), and provides "comprehensive coverage" of the legal profession in Minnesota (49%). These results, while showing there is room for improvement, are comparable within a few percentage points to results reported from the 2003 readership survey. Respondents were less supportive in 2008 of statements that Bench & Bar "is an important service of the MSBA" and a magazine "I look forward to receiving"; 66% of respondents affirmed the importance of the service, compared with 74% in 2003, and 53% reported looking forward to receiving the magazine, down from 60% in 2003. Given the range of additional services that MSBA has offered its members in recent years and the evidence of declining readership of print publications cited above, it's tempting to see these data as indicative of a more general shift in members attention from print media to alternative sources of information. However, we believe that Bench & Bar remains a valuable service of the MSBA and that it can be improved to deliver greater satisfaction to members.*

*The 2008 readership research suggests that members are equally well-satisfied with Bench & Bar regardless of their circumstances. The table below lists the percentages of readers who reported reading or looking through three or more of the last four issue of the magazine they had received according to location, firm size, years in practice, and gender. In all categories the percentages cluster within three to nine percentage points with a margin of error of  $\pm 5.2\%$ .*

Location of Employment			# of Attorneys at Location		
Twin Cities	TC Suburbs	Other	1-4	5-19	20+
75%	72%	75%	75%	79%	70%
# of Years Practicing Law			Gender		
<5	5-14	15+	Male	Female	
74%	70%	77%	78%	72%	

*While Bench & Bar conducted no independent research in 2009-10 to measure members' satisfaction with the magazine, results of research conducted by MSBA's membership marketing group suggest that we remain on the right track. That research, conducted in October 2009, indicated that Bench & Bar was the clear leader among 13 MSBA programs in terms of member awareness, perceived importance to members, and perceived effectiveness. Ninety-eight percent of members reported they were "very" or "somewhat" aware of Bench & Bar; 96% indicated it was "very" or "somewhat" important to them; and 92% reported it was "very" or "somewhat" effective.*

#### **8. 2010-11 User Satisfaction**

Results of a readership survey will show that MSBA members' level of agreement with six positive statements about *Bench & Bar* will have increased since the 2008 readership survey was conducted. The six positive statements are: 1) It contains practical, useful information; 2) It provides comprehensive coverage of the legal profession in Minnesota; 3) It publishes legal information that is reliable and authoritative; 4) It presents material in an attractive yet professional format; 5) It is an important service of the Bar Association; and 6) It is a magazine I look forward to receiving.

Results of the readership survey will show that the percentage of members who read or look through three or more of a series of four issues of *Bench & Bar* will not vary significantly depending on location of employment, firm size, number of years in practice, or gender.

#### **9. Market Penetration**

*Bench & Bar* is mailed without charge to every active member of the MSBA. While we therefore can be confident it reaches every member, we also closely monitor readership, as outlined in the performance standards, above, to assess how effectively the magazine engages members upon receipt. In this regard it is noteworthy that only four percent of respondents to the 2008 survey indicated they "do not read or look through" their copy of the magazine. We are therefore confident in claiming market penetration of 96%.

#### **10. Current Issues and Challenges:**

*Bench & Bar* in 2010 confronts challenges in terms of its editorial product, its delivery medium and its ability to continue growth in advertising revenue. Member-readers today have access to a variety of print and electronic media providing information and commentary on developments in the law, the profession, and the Bar Association. Members who have grown up with the Internet rely increasingly on electronic communications for timely and manipulable information. The challenge to deliver good information value to members, break through the "noise" of competing messages and information sources to capture and hold readers' attention, convince advertisers to spend their dollars on the chance similarly to capture readers' attention, and simultaneously to convey the value of MSBA membership to an increasingly diverse and fragmented audience is a task of increasing complexity. That this challenge must be met while controlling costs goes without saying.

With respect to the editorial product, we have striven to make the magazine more appealing to our increasingly diverse membership while continuing to rely primarily on member-contributors for articles. As the practice of law has moved further from the general to the particular—especially in larger firms from which we have historically received most article submissions, but also in smaller firms that are being challenged by increasing competition to survive—the articles offered for publication have become more esoteric and therefore less likely to have broad appeal. At the same time, attorneys have multiple outlets—client newsletters, section newsletters, and specialty bar publications, among others—for their writing. While individual volunteers can still be found to write on specific topics and seem to consider it a privilege to be published in *Bench & Bar*, more effort is required to identify topics with general appeal and to recruit authors with time, skill, and expertise necessary to produce a good article that will engage the interest of busy readers. Since the beginning of this fiscal year we have commissioned freelance writers to prepare two articles and relied on a staff member with help from a law firm to prepare a third. These articles introduced the new MSBA President, discussed a unique collaboration among lawyers in multiple firms to provide pro bono service to a Vietnam veteran, and offered a profile of Minnesotan's involvement in the Uniform Law Commission and the uniform laws going before the Minnesota Legislature in 2010. Such freelance resources will continue to be necessary if we are to address similar themes that cut across areas of practice and are of professional interest to a broad range of our members.

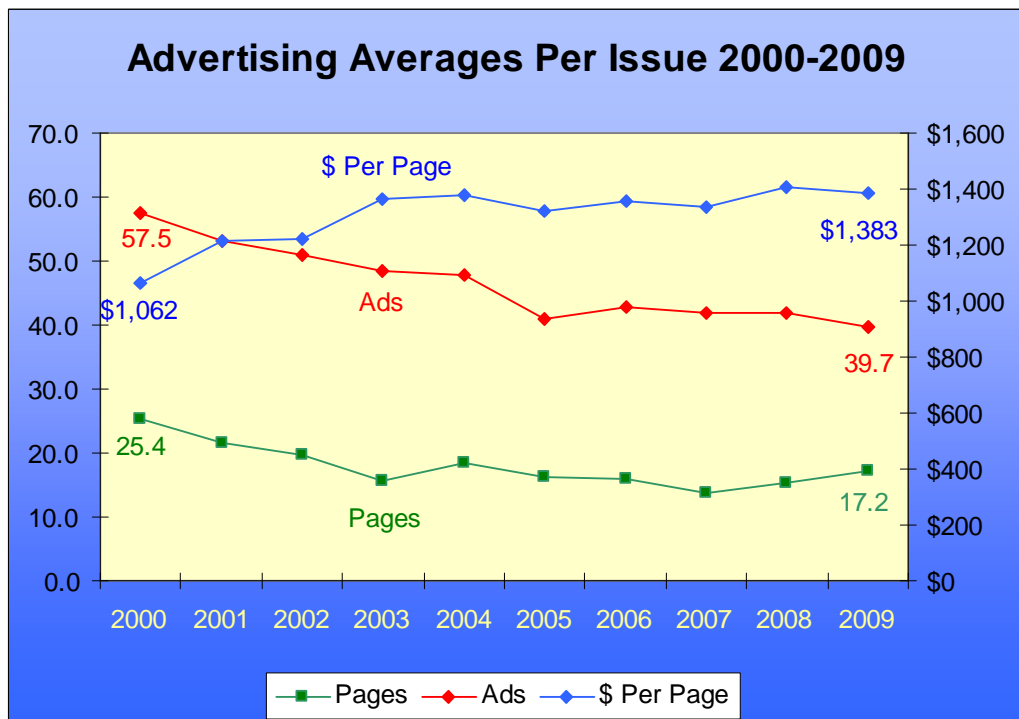
Apart from the feature articles which are the focus of each issue of *Bench & Bar* are the columns and departments that members rely on from month to month. Several of these, notably "Notes & Trends," which provides brief summaries of appellate caselaw and other developments in a variety of practice areas, and "By the Court," which includes recent orders of the Supreme Court, cover developments that are otherwise available if not delivered to readers by other means such as MSBA's "CourtOps," the Supreme Court website, and *Finance & Commerce*. While these are highly valued sections of *Bench & Bar*, it's timely to inquire what changes either in content or delivery of this information might enhance their value to members. In this regard the Publications Committee in the last year endorsed changes to reduce the space devoted to "Notes & Trends," appointed a subcommittee to evaluate the "Law Schools" column and recommend changes, and supported the launch of an electronic "flip-book" edition of the magazine to better engage those who get much of their professional information online.

While it is tempting to consider the cost savings that would be realized by reducing or eliminating distribution of *Bench & Bar* in print, the impact of such a decision on members/readers and advertising revenue must be carefully considered. User data indicate that in January 2010 the home page for *Bench & Bar* on the MSBA website received just over 2,500 page views; Even if one would assume that each of these represented a unique visitor who was also an MSBA member, these online visitors to *Bench & Bar* would comprise no more than 15 percent of MSBA membership. By contrast, our 2008 readership research indicates that 78 percent of members "regularly read" the print edition and members on average spend 27 minutes with a typical print issue of the magazine. Given the high valuation members place on *Bench & Bar* among MSBA programs, we should gather more information to assess members' response to a digital edition before reducing or eliminating print distribution. By the same token, since advertisers gauge the cost-effectiveness of print advertising in terms of their cost per thousand readers, curtailing print distribution would undercut the basis for our advertising rates—and presumably our advertising sales—if we were not able to demonstrate a significant countervailing uptick in online readership. *Bench & Bar* revenues in recent years have often covered if not exceeded direct expenses, and are expected to do so in the year ahead. We should have more information about advertisers' likely response to a digital edition before risking the possibility that this revenue stream might be lost or reduced below remaining direct expenses of production.

Research consistently indicates that readers have a very limited appetite for Association news per se, but it is equally apparent that they want better coverage of developments in the profession that bear on them as lawyers. MSBA is active in many areas of concern to lawyers and often has a role in developments involving the profession as a whole. By concentrating coverage on topics members have identified as important, providing information members find valuable, and demonstrating MSBA involvement with these topics and information, *Bench & Bar* can both serve members' identified needs and interests and effectively communicate the value of MSBA.

On the advertising front, while our sales representatives are bringing new advertisers to the magazine, display advertising revenues per issue in 2009-10 are lagging results for 2008-09 by roughly \$15,000; \$6,000 of this amount is attributable to discontinuation of the directory issue. While sales through December 2009 were roughly on par with those for the comparable period in 2007-08, and results for January 2010 exceeded \$30,000 due to our inclusion of a "buyers' guide" section in that issue, results for February 2010 were down \$6,500 relative to February 2009. While we anticipate that sales will rebound in the months remaining in this fiscal year, the outlook remains cautionary in light of the slow economic recovery.

Trends in business-to-business advertising nationally suggest that *Bench & Bar* is not alone in finding it challenging to produce revenue and sell advertising pages at former levels while relying on print distribution only. Nevertheless, we were encouraged to realize an increase of 3.5 pages in the number of display advertising pages sold in calendar year 2009 compared to 2008. As the following chart shows, while our revenues per page have increased or held steady in recent years, the number of advertisers has declined. Although the number of advertising pages per issue has shown modest increase in the last two years, much of this increase (and the corresponding decline in revenues per page) is attributable to "in-house" advertising billed at cost of production.



Considered separately, the decline in the number of ads is the trend of greatest concern since changes in numbers of pages and revenues per page can easily be explained by changes in rates and advertisers' choices to run smaller ads and color ads which produce greater revenue per page. More significant increases in numbers of ads and ad pages sold will be necessary

before we can consider the situation turned around. Advertisers' increasing ability to target their messages on narrow, specialized markets and to use a variety of electronic media as well as traditional advertising and direct mail for this purpose suggests that *Bench & Bar* will need to expand and diversify the range of its advertising "products" to realize significant revenue growth.

In spite of challenges, *Bench & Bar* remains the one tangible benefit MSBA offers to all of its members and member research demonstrates it is a well-recognized, effective, and valued benefit; as such, it is our one best vehicle for projecting the image of quality, authority, and professionalism we want members and the general public to associate with the MSBA.

Both our experience and results of our 2008 readership research demonstrate that there remain common interests among lawyers that can be served by a general circulation magazine, that readers retain a strong affinity for printed publications, and that *Bench & Bar* continues to enjoy the support of both readers and advertisers. However, it will increasingly become necessary to target, coordinate, and design our communications via *Bench & Bar* and other media to communicate the value of MSBA membership, optimize member service, control costs, and maintain a solid stream of advertising revenue.

## **11. Explanation of Budget Categories**

### *Revenues --*

*Classified:* Includes revenues from classified "text" advertising that appears in the "Opportunity Market" section of *Bench & Bar* and also on the MSBA website. Most of this is recruitment advertising placed by law firms and legal departments in Minnesota.

*Display:* Includes revenues from display advertising, i.e., all advertising sold as space in the magazine, ranging from 1/6 page to a full page, multiple pages, or inserts bound into or mailed with the magazine. Also includes revenue from services provided to advertisers in design and preparation of ad materials.

*Subscriptions:* Includes revenue from paid subscriptions, each of which is sold at a rate of \$35.00 per year.

*Single Copy Sales:* Includes revenue from sale of single copies of the magazine.

*Miscellaneous Other:* Includes revenue from sale of reprints of articles, royalties from companies licensed to distribute *Bench & Bar* content online or in microfiche, and revenue from advertising accounts previously written off and subsequently collected.

### *Expenses -- Direct Editorial*

*Creative Services:* Includes costs incurred to hire freelance writers and photographers, purchase rights in syndicated editorial material, and license use of photographs and art for use in *Bench & Bar*.

*Equipment & Supplies:* Covers disposable equipment and supplies such as CDs, backup media, software, stationary and office supplies ordered especially for *Bench & Bar*.

*Mailing Service:* Covers preparation and application of mailing labels for *Bench & Bar* including sorting of the list to optimize postal discounts, address verification and completion, and occasional special polybagging services.

*Printing – Outside:* Covers all outside expenses of file preparation and checking, imposition, plating, printing, ink, and binding except paper. Ink and presswork attributable to color printing

are categorized separately as “advertising production expense” (below) for tax purposes. Also includes costs of producing reprints ordered by authors.

*Paper:* Covers costs of text paper and cover paper for production of the magazine, supplements mailed with the magazine, and reprints.

*Postage:* Covers costs to mail *Bench & Bar* at periodicals class postal rates and first class mail expenses associated with invoicing, mailing statements, and general correspondence concerning the magazine.

*Production Services:* Covers costs associated with production and distribution of the editorial product including various courier services to transport materials and finished magazines to and from the printer, electronic scanning of photos and art for use in the magazine, freelancers’ telephone and travel expenses, etc.

*Miscellaneous Editorial:* Covers cost of long-distance telephone, producing bound volumes of the magazine for archiving, membership in professional organizations devoted to association publishing, and other miscellaneous direct editorial expenses not associated with particular issues of the magazine.

*Expenses -- Direct Advertising*

*Ad Sales Promotion:* Covers cost of producing rate cards, ad sales promotional materials, and cost of triennial readership research.

*Bad Debt:* Covers cost of uncollectible advertising revenue which must be written off after invoicing.

*Collection Costs:* Covers costs of attorney services and court costs incurred to collect delinquent accounts.

*Commissions:* Covers sales commissions paid to advertising sales representatives at a rate of 20% of net sales on sale of commercial advertising.

*Ad Production Services:* Covers costs of ink and presswork associated with printing the magazine in color.

*Miscellaneous Advertising:* Covers costs of advertising account services and sales support not covered elsewhere, including credit card chargebacks for advertising paid by credit card.

*Committees:* Covers costs of awards designated by the Publications Committee and incidental costs for meetings over the course of the year.

*Employee Exp, Travel & Education:* Covers staff training, attendance at professional conferences, and reimbursement of miscellaneous expenses incurred staffing MSBA events.