

## Macmillan has a Record Year

It is commonplace to boast about sales and profits and we are no exception. 2004 was a record for both.

Looking back over 2004, it is satisfying to see the results of the initiative, creativity, innovation and sheer bloody-mindedness displayed by so many of the Macmillan team. I'm not sure how long I'll be able to sustain an alphabetical approach to this newsletter, but having looked at five 'I's last year, (Innovation, Investment, Imprints, Impressions and Involvement), this year I want to concentrate on five 'P's – Profile, Partnerships, Progress, Publications and Prizes.

## Profile

In a business environment increasingly dominated by publicly-owned media corporations it is key to maintain and develop our profile as an independent, high quality, differentiated publishing house. In 2004 Macmillan continued to enhance its profile both from an industry and market perspective through a number of impressive endeavours and achievements.

**Nature Publishing Group (NPG)** journals improved their standing once again as the 2003 impact factor report was released by the Institute of Scientific Information. This report, which ranks journals according to the frequency with which articles within the journals are cited in other scholarly literature, is the best objective measure of the quality of a scientific journal. NPG journals had the highest rated impact factor in every discipline in which we publish; the newly-launched *Nature Reviews* showed impact factors 2-3 times higher than their long-established competitors which have been published for over 15 years, and *Nature Materials* debuted with an impact factor of 10.8, outstripping its main competitor, *Advanced Materials*, by over 3 points to be not only the highest ranked journal in Materials Science but in all of physics.

The Scoop of the Year award must also go to **Nature** for its Kerry/Bush interview which made it into a September issue of the journal 2 weeks ahead of its main (US-based) competitor, *Science*. It was the first time *Nature* had led on a political event on the front cover. The attention-grabbing front cover image featured close-up shots of Bush and Kerry, heralding a lead news feature on the science policies of Bush and Kerry. [News@nature.com](mailto:News@nature.com) expanded on the feature with a full blown election special on the web, including an ongoing blog, analysis and interactive graphics. Global coverage followed.

In October 2004 **Nature** published two papers which could be said to match the significance of some of the biggest discoveries in science history. The papers related to the discovery of a pygmy-sized, small-brained hominid which lived up to 18,000 years ago on the island of Flores, Southeast Asia. The research indicates that humans co-existed with another species much more recently than had been thought. The publication of this research reached an international audience with extensive media coverage from newspapers (*NY Times*, *Time Magazine*, *The Guardian*, *Telegraph* and *Independent* in the UK,) and television (BBC, CNN, Channel 4 News and Sky News).

**Palgrave Macmillan** also raised the bar when it came to recognition both within the academic and professional publishing industry and in terms of its academic and press profile, with a significant number of its authors and books receiving enviable attention: Stella Cottrell's *Study Skills Handbook* hit the number one slot in the Bookseller's Academic Bestseller List; one of Palgrave Macmillan's authors, Bryan Reynolds, was included in a list of the 6 'most brilliant Renaissance scholars in the world under 40' produced by the Hudson Strode Program in Renaissance Studies, and the company's own Steven Kennedy, Director and Publisher of Politics textbooks, was awarded 'Politics Publisher of the Year 2004' by the Political Studies Association.

Meanwhile, the publishing industry was caught unawares as news broke that **Pan Macmillan** had been chosen as publishing partner for a new *Richard and Judy* writing competition, launched on their early evening Channel 4 show in the summer. As might be expected, there has been a phenomenal response to the competition, with more than 40,000 entries being sent in by viewers. Dozens of editors at Pan Macmillan have been reading synopses and first chapters. Maria Rejt, the editor at Pan Macmillan who is overseeing the competition, reports that the level of entries has been surprisingly impressive. A shortlist of 6 titles will be announced by the end of January. The winning book will be published as an original paperback in November 2005.

## Partnerships

Macmillan companies won a number of high profile contracts with new publishing partners and clients in 2004, bringing with them further prestige and draw for the group.

**Palgrave Macmillan** won the biggest single publishing contract in its history when it became official publisher for the British Government's **Office for National Statistics (ONS)** in October. Under the terms of the new five-year contract, Palgrave Macmillan will print, publish, market, sell and distribute all of the print titles produced by the ONS, as well as working with the ONS on the strategic development of its portfolio. The portfolio includes such well-known flagships as *The UK Yearbook*, *Key Population and Vital Statistics*, *Economic Trends* and *Family Spending*, all of which contribute to the UK citizen's understanding of economy, population and society in Britain today. ONS titles are influential in policy development and in key academic research. Palgrave Macmillan won the contract from The Stationery Office (TSO) in competition with four other publishers.

Palgrave Macmillan also signed contracts with the **World Economic Forum** to publish the high profile and influential, "Global Competitiveness Report" edited by Michael Porter of Harvard Business School and others and two other related reports, "The Global Information Technology Report" and "The Arab World Competitiveness Report". All three reports came with substantial buy-backs of copies by the World Economic Forum in Geneva. The reports were previously published by Oxford University Press.

**NPG** developed its journal portfolio through further academic journal acquisitions including the major US journal, the *Journal of Investigative Dermatology*, which

came on board from the Society of Investigative Dermatology and the European Society of Dermatological Research.

**Macmillan Education** continued to build on a vital partnership with the Foreign Language Teaching and Research Press (FLTRP) in Beijing, China, one of the biggest potential growth areas for educational publishing worldwide. The sales of the primary level *New Standard English*, co-published with FLTRP, amounted to 28.6million copies in one year, which gives cumulative sales over the first three years of over 60 million units and a 40% increase in units over 2003. The writing of the High School editions of NSE is now almost complete and preliminary trials in Shandong province resulted in a 40% market share.

## Publications

It is difficult to pick out just a few publications from the thousands that we publish each year, and those mentioned here certainly don't constitute a complete list of our strongest titles, but the following gives just a taste of some of the highlights.

**Macmillan Children's Books** celebrated the best year ever in 2004, with UK trade sales growing by a massive 38% on 2003 and UK market share moving from 4.6% in 03 to 6.23% in 04. International markets also performed over budget. One outstanding performer was *The Gruffalo's Child* by Julia Donaldson and Axel Scheffler. It was number one in the UK for five weeks in the children's hardback chart and was published in 12 languages. It sold a massive 430,000 copies worldwide in just three months from publication.

Meanwhile, first-time novelist Kate Long's *Bad Mother's Handbook*, published by Picador, went straight to number one in the bestseller charts, clearly striking a chord with its humorous look at motherhood in the 21<sup>st</sup> century.

Scholarly books from **Palgrave Macmillan** including *History and the Media*, edited by David Cannadine, *Living With a Writer*, edited by Dale Salwak, and *Intimacy*, by Andrew and Nada Kakabadse all achieved unprecedented levels of press coverage across TV, radio and broadsheet media.

Other highlights for Palgrave Macmillan included a new edition of *Principles of Biochemistry* by Lehninger, which Palgrave Macmillan distributes for sister company Bedford Freeman & Worth (BFW), selling 22,000 copies of the 49,500 global sales since publication in April 2004. The year was also marked by the continued success of books published in 2003 including *Political Ideologies* by Heywood which has sold around 17,000 to date with over 8,000 in 2004 and *Human Resource Management* by Bratton & Gold which has sold over 4,000 copies in its second year.

A number of established textbooks have continued to do well, notably *Engineering Mathematics* by Stroud which has sold over 40,000 copies to date with more than 11,000 in 2004, *Nursing Research* by Parahoo which has sold around 5,000 copies annually since publication in 1997 and BFW's *Macroeconomics* by Mankiw which has sold over 84,000 copies globally since publication in 2002, with 16,000 copies sold by Palgrave Macmillan in 2004.

2004 saw **NPG's** strategic launch into clinical medical publishing with the launch of the first four *Nature Clinical Practice* journals. These journals represent a major

development for the Nature brand as Nature's highest editorial standards are delivered to the global medical community. The launches are in the therapeutic areas of cardiovascular medicine, gastroenterology & hepatology, urology and oncology. NPG secured the services of some of the world's leading specialists as Editor in Chief and to the Advisory Board. There will be a further 4 launches in the autumn of this year and the entire series is planned to extend to 16 journals - showing NPG's commitment to becoming the leading medical publisher.

October 2004 saw the successful launch of *Nature Methods*, a journal that is breaking new ground for NPG in several respects.

First, unlike all other Nature research titles which focus on publishing research articles that provide significant new scientific insight, *Nature Methods* aims to publish the best techniques papers that are of wide practical application for scientists working on the bench. As such it provides a medium very attractive to advertisers of laboratory equipment and chemical and biological reagents.

Second, the business model of *Nature Methods* is based on 'controlled circulation', where large numbers of copies of the journal are given away free to targeted individuals to attract more advertising in the journal.

Unique in the world of science publishing, significant site license revenue has been generated for *Nature Methods* despite the fact that it is a controlled circulation title where most of the print copies are given away free.

*Nature Methods* is also the first Nature-branded title produced in collaboration with another publisher. Cold Spring Harbor Laboratory Press of the United States, a world leader in the publication of laboratory manuals, is providing the Protocol section of the journal which gives detailed "recipes" on how to carry out leading-edge laboratory research.

## **Progress**

Macmillan has set the pace on a number of fronts in 2004, from the development of new technology through to the launch of new imprints and innovative services.

**MPS Technologies**, the publisher services division of Macmillan India, has had a busy first year. Highlights include the appointment of Ravi Singh as Chief Operating Officer based in India, the opening of a new office in Delhi, the signing of a partnership agreement with IBM to offer advanced usage data analysis tools to the publishing industry, the implementation of these usage data tools for NPG and Palgrave Macmillan and the ongoing project with NPG and Palgrave Macmillan to implement the Eclipse Fulfilment System which will manage print and online journal subscription fulfilment.

There has been a lot of market interest in MPS Technologies during its first year of operation and a number of publishing organisations are in active discussion with MPS Technologies in relation to a range of services.

The Information Processing Division of **Macmillan India** continued to grow with 680 employees hired in 2004. The Yellow Pages Advertising design unit doubled its turnover, and a new Book Typesetting Unit was created, which by the end of 2005 will have over 400 employees dedicated to book typesetting services.

Macmillan launched a new popular science books list in January 2004 which has already attracted press attention for its innovative approach. The new imprint, **Macmillan Science**, aims to publish entertaining, authoritative books about the drama, politics, history and implications of research and discovery, appealing to a broad readership. Four initial titles have already published: *Venomous Earth* by Andrew A Meharg, a book about how arsenic caused the world's worst mass poisoning, *The Whole Story* by Toby Murcott, which puts alternative medicine on trial, a new edition of the classic *Born-Einstein Letters* and *Mathematics with Love*, the courtship correspondence of Barnes Wallis, inventor of the bouncing bomb.

**NPG** steamed ahead both from a technological and sales point of view, extending institutional site license sales of its online version to reach over 8 million desktops, marking a 52% increase in site license sales over 2003. The company also laid down a marker for other publishers by introducing and applying RSS (really simple syndication) across nature.com. It also renewed its contract with the British Dental Association for a further ten years.

Around the globe, **Macmillan Education** continued to invest for the future in key geographical areas and to achieve growth despite difficulties in others. The acquisition of the educational publishing list of Ediciones Castillo, one of Mexico's leading Spanish language textbook publishers, completed in early 2004. The acquisition recognizes Mexico's importance and complements Macmillan's existing strengths in the region. In Poland, the company came into profit after several difficult years, and in China, a country with burgeoning potential for our educational publishing and other aspects of our business, we established a Macmillan Liaison Office in Beijing, the opening of which was celebrated with a party in November.

**Palgrave Macmillan** saw particular progress in its journals division, which it continued to grow. The company now publishes 34 journals including subscription products from ONS, with total sales of £2 million. Recent additions to the list include *European Political Science*, *The Geneva Papers on Risk and Insurance* and the *Journal of Public Health Policy and Polity*.

**Macmillan Distribution (MDL)** made great strides in the year, taking on eleven new third party distribution contracts in all. In May, it agreed a new distribution services contract with A&C Black Publishers Ltd, owned by Bloomsbury Publishing PLC, including an agreement to purchase A&C Black's Eaton Socon warehouse in Cambridgeshire of about 30,000 sq ft. In conjunction with the A&C Black distribution contract, MDL also negotiated a further extension to the Bloomsbury contract, which brings us distribution of the Harry Potter books.

Towards the end of the year MDL announced an investment of over £1m in an ambitious expansion of its Swansea warehouse facilities to cater for growing numbers of third party clients. The Welsh Assembly is contributing £275,000 of Regional Selective Assistance to the expansion, which will create some 40 full time equivalent jobs at the facility at Pontarddulais.

On the technical front, the first generation of the "**Macmillan Information Delivery & Analysis System**" (**MIDAS**) was developed during the last quarter of 2004. Demonstrations and planning for roll-out and training are in progress with UK book publishing companies and MDL's other clients. The first generation encompasses sales, stock and dues information from MDL's Vista system. Future

developments of MIDAS are expected to include stock and sales information from operations outside the UK and Booktrack in-store sales information from retailers. Gerry Mason negotiated a Macmillan group-wide license so that the software can be used by other Macmillan operations.

2004 was a year in which great progress was made for our publishing services company in Asia, too. Recently renamed **MPAL - Macmillan Production (Asia) Ltd** – the company manufactured books for Droemer in Germany and for Greece for the first time; it manufactured Macmillan's Spanish list for the first time; it printed books for Oxford University Press in the US; it broke the HKD 200 million in sales mark for the first time; it produced over 5,500 titles in Hong Kong, China, Malaysia and Thailand for intergroup companies around the world - an average of 105 titles a week; it consumed over 10,000 tonnes of paper; it shipped 640 containers of books all over the world; it gave customers even cheaper prices in 2004 with the help of a weak US Dollar; and it opened a new office in Thailand, establishing relationships with two new manufacturers there. We thank God for the fact that all staff managed to survive the Tsunami in South Asia.

In another sign of our technological progress, Basingstoke's IT and Central Services team demonstrated unrivalled resourcefulness in restoring the Hampshire offices to usual service after they lost all electrical power following an equipment failure and minor fire in the main transformer for the site in August. The effects of the failure had wide-ranging implications as computer systems in Basingstoke are used by other Macmillan offices, notably all MDL's warehouses.

Three hours after the power failure IT systems were running again on generator power. Seventeen hours after the initial problem the whole site was working normally. Generator power continued to run the site for many days until replacement transformer equipment could be installed and a switch back to mains power achieved.

2004 was also a year for anniversaries, it seems. **Macmillan do Brasil** celebrated its tenth anniversary in 2004, and **Macmillan Australia** its centenary. Macmillan also marked 40 years in its Basingstoke offices, an occasion marked by a double page spread in none other than the *Basingstoke Gazette*!

## Prizes

Endless lists of prizes can prove unedifying reading, but awards often drive increased sales and a round-up of the year would seem incomplete without some mention of the more notable ones....

Of course perhaps the highest profile event for us this year was when Alan Hollinghurst's *The Line of Beauty*, published by Picador, won the Man Booker Prize in a very close race between Alan, David Mitchell and our own Colm Toibin, who was also shortlisted for *The Master*. The chair of the judges, Chris Smith, said 'This was an incredibly difficult and close decision. It has resulted in a winning novel that is exciting, brilliantly written and gets deep under the skin of the Thatcherite 80s. The search for love, sex and beauty is rarely so exquisitely done.'

Other **Pan Macmillan** authors were also the recipients of prestigious prizes, including Glyn Maxwell, who won the Geoffrey Faber Memorial Prize for his 2002

poetry collection, *The Nerve*, and Charlotte Mendelson, who won the prestigious John Llewellyn Rhys Prize for her brilliant novel, *Daughters of Jerusalem*.

*Campaign*, a new English course for the Military published by **Macmillan Education**, won HRH The Duke of Edinburgh ESU English Language Award for 2004 - the most prestigious award in ELT - and was short-listed by the British Council for the 2005 Innovation Awards.

**The Macmillan School Dictionary** CD-ROM and website, also published by Macmillan Education, won the English-Speaking Union's President's Award 2004, an award which recognises and encourages the best use of free-standing new technology to enhance English teaching and learning worldwide.

Palgrave Macmillan's **Journey to Lean** by John Drew, Blair McCallum and Stefan Roggenhofer was awarded Best Management book by the Management Consultancies Association (MCA) in November; *Subversive Southerner, Anne Braden and the Struggle for Racial Justice in the Cold War South* by Catherine Fosl won both the Gustavus Myers Outstanding Book Award and the Oral History Association Book Award; and the Palgrave Macmillan journal, *The European Management Review* was awarded a Special Mention at the Association of Learned and Professional Society Publishers Awards 2004 in the category of Best New Journal.

Of course the sixth 'P', which I have not yet mentioned, is 'People'. This newsletter might run to another ten pages if I listed all those who have made a significant contribution to our achievements in 2004 individually. I hope it suffices to say a huge thank you to all of you for your contribution last year. All that remains is for me to wish you a Happy New Year; here's to even bigger and better things in 2005.

**Richard Charkin**