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HEARTBEAT/MEDIA PROJECTS, INC.

BUSINESS PLAN 1983-1988

June, 1983

OVERVIEW

The following pages represent the first phase of a five year business plan for Heartbeat/Media Projects, Inc., June 1983 through 1988.

This plan will enable us to expand our mission. Our past activities have opened vast new possibilities for reaching people. Our present not-for-profit approach by itself, however, presents certain limits to the new growth possible. Therefore, the present business plan envisions a not-for-profit entity that will enable us to expand our market to the thousands who are willing and able to pay for our materials. The resulting increased financial base, interlocked with our continuing efforts to secure gifts in the nonprofit area, will provide a new synergy for growth.

The plan begins with a statement of the guiding philosophies and then translates them into marketing approaches, products, and organizations. The financial implications are presented in detail.

Heartbeat has a demonstrable record of success in creating products based on Christian values that communicate in the secular world:

The "Heartbeat" programs heard by millions on network and independent radio;

The "Feeling Good About Yourself" live workshops attended by thousands in scores of cities;

"The Heart of the Fighter" film series being seen by thousands in churches across the country;

Numerous other print and cassette resources, including "The Course of Human Events," and the twelve-lesson "Feeling Good About Yourself" cassette course.

Product development, building on these successes, will continue as the core of the work. This plan deals with the major products to be introduced within the next 18 months. These will include a new film series, a home video ongoing training series, and a subscription letter, all of which are detailed in this plan.

The major shift in the next five years will be an increased emphasis on marketing. Our primary markets include the home, business/professional (including health), and churches. These markets have demonstrated sustained interest in our products. Our new products will penetrate them to a far greater degree than has been possible to date. The existing non-profit entity (Media Projects, Inc.) will be uniquely qualified to produce, market, and distribute certain Heartbeat products. The new for-profit marketing entity will be crucial, overcoming the legal, financial, and cultural barriers that would limit our non-profit organization for successful marketing on the largest possible scale.

The national awareness of Landon Saunders and the Heartbeat message must be increased. As the plan unfolds over the next five years, certain goals are being set:

- to expand radio from its present level of 100 million impressions per year to 400 million;
- to present film products to six million persons;
- to attract 50,000 subscribers to ongoing products;
- to increase commercial product sales to \$4,000,000 in annual gross revenues;
- to raise an annual base of contributed funds for the nonprofit work at a minimum level of \$700,000 a year.

The total income requirement for this plan is \$12 million.

BACKGROUND

For 13 years Landon Saunders has concentrated on putting a message based on Christian values into the secular marketplace. His message is personal and relational as opposed simply to mass, impersonal contact.

One of the areas of concentration has been the radio program which began in 1972 and has enjoyed wide acceptance by independent stations as well as both NBC and CBS networks. Response has come in from all 50 states and several foreign countries.

A unique personalized letter series followed up with those who responded. As many as 60,000 letters a month have been sent out. The ability to establish relational contact in a personal way was more than demonstrated.

Still pursuing person-to-person contact, a community workshop strategy was launched in 1977, and has now been marketed in scores of cities across the country. Up to 1200 persons an evening have been attracted, with 60% requesting followup courses, half of whom became involved in study groups led by trained group leaders.

The radio program and community workshops, along with the printed materials produced for each, captured interest in the business, educational and professional community which resulted in invitations for Landon Saunders to speak at their special events as well as to conduct workshops on personal relationships.

A counseling-by-mail program has accompanied all of these endeavors.

In 1982 Heartbeat launched its first film series. This film series, "The Heart of the Fighter," has just been released and is capturing widespread interest. Over 200 rentals have already been booked, prior to the beginning of the national marketing program. It was produced as an indepth educational program which included films, personal letters, key biblical concepts, a Minister's Notebook, and other resources for the leadership.

PHILOSOPHY

The mission of Heartbeat/Media Projects, Inc. is to make contact with people in a way that creates relationships and then mobilizes them in an active, purposeful search for wholeness. The content for this mission is based solidly on Christian values.

Heartbeat uses mass media to initiate relationships. A major part of this strategy has been the use of public service (free) time to make contact with millions of Americans. Over \$1.5 million per year is currently given by the CBS radio network and our independent stations.

Heartbeat/Media Projects' aim goes beyond putting messages on mass media. Its aim is to use the media to create relationships with people in communities across the land. We believe all effective communication must ultimately result in one-to-one relationships. All of Heartbeat's materials are created with this goal in mind.

Heartbeat/Media Projects, Inc. believes the living rooms of America are the places that a presence must be established if real change is to take place.

The development and training of leadership is also believed to be crucial to successfully achieving the mission.

Heartbeat believes in keeping the central staff small and effective. High quality control is demanded in all aspects of the work. It is also critical to success in the marketplace.

Heartbeat/Media Projects, Inc. believes that a re-fined strategy combining the advantages of both non-profit and for-profit structures provides a significant opportunity for maximum impact of its mission now and maximum growth for future outreaches.

Heartbeat/Media Projects, Inc. believes products must be developed that both initiate contact as well as nurture ongoing relationships.

Heartbeat/Media Projects, Inc. further emphasizes that groups must become self-sustaining, and then productive in outreach themselves.

AUDIENCE

Present Audience

Heartbeat to date has drawn a broad cross-section of Americans through radio, magazine, printed materials and film. These persons profile as basically middle-class, 25-60 years old, some flexible income, and above average level of stability, and showing above average capacity for leadership.

The audience is searching for values, a better understanding of whole life that can make a difference in their relationships, their homes, their work.

According to research done by Yankelovich Reports, the number of such individuals in America is growing -- well over a hundred million now.

Projected Audience

In addition to the audience described above, three target markets have been identified as areas of emphasis in the next phase of work. These three markets are the results of: 1) repeated demand for materials that can be used in the home; 2) enthusiastic response from a broad church market for the ideas and materials; and 3) invitations from the business/professional community for speeches, seminars, and materials.

Characteristics found in those responding in each of these three areas correspond with the present audience of Heartbeat.

Projected Audience

1. Home market. In no sector of society is there a more recognized need for the personal kinds of materials Heartbeat produces. Heartbeat can get in living rooms across America with success. Our aim is to become a best seller of ongoing video materials in the home market.

2. Church market. The need for personal enrichment and real values may be as great inside organized religion as elsewhere. Church leaders recognize the growing secularism and self-centeredness that have taken residence there. Over 30,000 churches now constitute the religious film market among the 230,000 total number of churches. This religious film market exceeds \$30 million annually and is growing. They are buying the kinds of films we specialize in.

Initial marketing of "The Heart of the Fighter" among Churches of Christ has shown an openness to our product that has been immediate, widespread and full of potential for years to come. A minimum 16% share of the 4000 Churches of Christ likely to rent films is reasonable. Similarly, a 16% share of the total church market (30,000) is envisioned for "The Heart of the Fighter" and a 14% share with our next film series.

3. Business/Professional market. The 2.6 million corporations spend more than \$1 billion annually on print, film, and video materials for training in personal growth, sales, productivity, and motivation. The four largest corporations spent over \$200 million last year in employer training. Based on past receptivity by business to Heartbeat marketing, and based on the current trends in business toward more training, we believe 5000 rentals are possible over the next five years in this market. Preliminary research indicates an especially ready market for Heartbeat's materials in the health field.

CURRENT PRODUCT LINE/MARKET MATCH

Current products include workshops, radio, lectures, cassette courses, printed booklets, and other materials. These attract new people as well as nurture continuing relationships.

Over the next five years our new commercial products will be developed to meet the needs of both our present constituencies and the new markets that we plan to enter. The commercial and public service products are as follows:

Commercial Products

The Heart of the Fighter Training Series

The materials in this film series had been developed and tested with audiences for more than five years in live seminars. The enthusiastic reception to the live seminar created an impossible scheduling problem which led to the creation of this film series. Two different versions of this series are being offered:

A twelve-film version renting for \$595 includes twelve 30-minute films and a Comprehensive Minister's Guide that contains everything a minister needs to make the series effective in his church. We are finding that the series is unique in its comprehensiveness. No competitor offers this total experience of multiple exposures to the materials during the week (letters and Key Biblical Concepts each week at home, sermons for the Sunday assembly, the film experience itself enhanced by specially prepared worship resources, and small group discussions in adult classes.) Our indications are that the concept itself is so new and so compelling that it is only after the churches have finished the series that they begin to see fully the impact of "The Heart of the Fighter" upon the life of the church.

There are churches, however, who cannot work the full series into their programs. For these we have produced a six-film version that rents for \$325 which includes many of the features of the full version but which fits more readily into the customary format of churches that rent film series.

Besides the materials that belong to the total package, we are offering other products for corollary and separate marketing:

Book: "The Heart of the Fighter" will appear in book format, marketed to users of the series, and distributed through retail book stores. This 150-page volume, now in production, will retail for \$9.95 hardcover and \$3.95 paperback.

Cassettes: A cassette set of the series will be available at \$29.95.

Publicity Helps: Other products being developed include coloring sheets for children, sheet music of the theme song for congregational use, and an assortment of posters and other advertising aids for churches to use in a public promotion.

New Film Series: "Feeling Good About Yourself" (working title)

To follow "The Heart of the Fighter" into the religious market, as well as to pioneer in the business and professional fields, we are developing a second film series. It will take the shape of three 50-minute films that will be available in both film and videotape. This new series will not only capitalize on our present religious marketing but will expand our market beyond the religious into the secular markets. This new series can stand alone or can be used to recruit people into small groups. Like its predecessor, the series will be accompanied by a full range of print (including a book) and audio materials that will deepen and expand its impact. One format difference will be the use of location filming to heighten and reinforce the messages being presented, somewhat like the Carl Sagan "Cosmos" series and the National Geographic specials.

Ongoing Video

The most promising new approach is to be found in continuing training through home video. Ongoing training material, designed to be viewed by families and small groups on a weekly basis, will be realized commercially through subscriptions. The heart of the initial market for ongoing video is found with groups already meeting across the country as a result of Heartbeat contracts. As the market for home video explodes during the next five years, and continues to rise every year until the end of the century, we will be there. By beginning Heartbeat ongoing video now we can make maximum impact on the living-room tomorrow.

The Courage Letter

From the very beginning of Heartbeat, one of its most powerful tools has been the medium of the personal letter. Heartbeat capitalized on this concept in the early 70's, and produced one of the most popular letter series ever used with mass media. Its circulation grew to 60,000 per month. It proved to be an effective way to share the message with people who are scattered over the country, unable to participate in groups, unable to find a church home, and unable to go it alone. Today we are developing an expanded version of that concept -- one that must meet commercial criteria. The Courage Letter will be a high quality monthly communication to encourage people in their work and love relationships. This monthly letter will be sold as an annual subscription, and will be competitive with business newsletters and other personal growth reports in the marketplace.

Other Existing Products

Several products which have already been produced in

the form of self-study courses, lectures on tape and printed material have potential to be marketed on a commercial basis. See Appendix for a listing of these.

Public Service Products

Radio. The Heartbeat radio programs will continue to attract our largest audiences and thus will be our most important initial contact/awareness product. Over the next five years, we will focus the messages more sharply to coincide with the themes of the commercial products. This thematic tie-in will make radio both a worthwhile venture in itself and a powerful market expander for commercial products.

Television. Because of our success in gaining acceptance with the networks and of their appreciation for the message, coupled with solid experiences in film and video production, it is now advantageous for us to aggressively seek a share of the cable and public television market. The new "Feeling Good About Yourself" series, with its three-film 50-minute format, is purposely designed to lead us into this mass market.

Workshops. The "Feeling Good About Yourself" workshop will continue to be a source for drawing individuals into small groups. The groups then become prime potential customers for our new ongoing training materials. The workshops will also continue to provide Landon Saunders with essential personal contact with groups and individuals throughout the United States.

Print. Over 500,000 people have received Heartbeat public service printed materials on themes like parenting, marriage, loneliness, and depression. These materials will continue in print, and other publications will be added to this list of more than 50 titles.

Public Appearances. Each year many requests are received by Landon Saunders to speak to church, educational, and business groups around the country. A limited number of these requests can be accepted. They help us maintain contact with present constituencies, offering opportunities for contacts in new growth areas, and provide settings for testing and polishing of the ongoing creative process.

AN EXPANDED MARKETING STRATEGY

When successful nonprofit organizations make a significant move into the commercial market, history shows that not all of them have brought their earlier success with them. Since there is no automatic carryover of successful principles from the nonprofit to the commercial area, we have taken steps to supply the necessary new strategies, personnel additions, and financial plans, to be ready to play by the new rules.

Unlike a new company beginning with no track record, we are starting from a base of proven acceptance for the content of all that we are trying to introduce. We know how to surface thousands of potential consumers. We know how to draw people who have had no previous exposure to our materials. We know how to work with people in an on-going relationship through groups. We know how to meet needs in churches. We know that our principles and our messages are in demand in the business and professional area more than we at present can satisfy. We have demonstrated an ability to produce high quality materials in all media, from film and video, to cassette and radio, to print in all of its forms.

Some of our limitations are inherent in being totally tied to the nonprofit sector. In the changing economy with its huge demands we simply cannot get to all of the areas of opportunity with donated funds. Part of this is due to the rising cost of fund raising, but it primarily stems from the drain on energy of the people closest to Heartbeat in having to keep the funds coming in. We do have a proven record as a nonprofit organization with an exceptionally high percentage of our funds going directly to their intended goals.

Adding a for-profit marketing arm to our work will provide new expansion leverage and faster growth as it will allow the marketplace itself to function. Many of our closest supporters and advisors have urged us to take this step.

In developing our marketing strategy we have been guided by three boundary conditions:

1. We will start with what we do best.

That means introducing Landon Saunders to millions. The heart of Heartbeat is its founder and speaker. Wherever Landon Saunders has become known he has become trusted and loved. Now his gifts must be shared on a national scale. His personal recognition must expand as never before, and then his vision for America can expand and multiply as never before.

2. We will design our products with the consumer's needs in mind.

Heartbeat has always designed materials with the personal needs of people uppermost. A responsible extension of that principle into marketing means that we must design our products with the most attractive appearance, the most useable design and the most affordable pricing, fully aware of habits and expectations of our target consumers. Testing each of these elements and releasing products only after the results are in is the best way to ensure their economic viability.

3. We will find ways for each product to serve all the others.

The effect of having several products in the marketplace offers many possibilities for synergism, just as has been true in our nonprofit ventures. "The Heart of the Fighter," for example, offers opportunities for both the sale of its spinoff products and for our previously produced materials as well as our future products. Our new film series will serve to expand the general market while also helping recruit people into groups which will use our ongoing video and other products. Most importantly, the nonprofit and for-profit entities will serve each other as each of these constituencies expand.

GETTING THE PRODUCTS INTO OUR MARKETS

A successful distribution system must be built not only upon knowledge of our constituencies' needs, but also through experience all along the marketing-advertising-distribution-sales chain. To assure that we have the necessary internal controls on these processes, we will be making two significant organizational moves during the rest of 1983 and 1984.

1. A For-Profit Company.

We will establish a for-profit marketing company as an arm of Media Projects. Even though IRS statutes limit Media Projects from functioning as both a tax-exempt organization and a marketing organization, the IRS does not prevent Media Projects from being the owner of a for-profit company. Such ownership by Media Projects will help ensure financial and quality control of the for-profit company.

2. Marketing Through Product Users.

To facilitate the most thorough and continuing penetration of our markets, we are developing a distribution arm composed of users of the products. The users of our material have always been its biggest promoters and advertisers. Through the years we have developed a broad network of intelligent, sensitive volunteers who are highly motivated to present our materials. After going through an orientation which we are developing, a selected number of these volunteers can be responsible for high volume sales.

The development of these two arms does not preclude our working with outside marketing entities. It does mean, however, that these relationships with outside marketers will be selected on a per-project basis and not through long-term contracts, just as we have done in producing our films, cassettes, and print materials to date.

Expanding into the commercial area will require some additions to the Heartbeat and Media Projects staff. The

basic policy will continue to be to draw upon the outstanding creative and communications resources of New York City and elsewhere while keeping quality and message control with the staff.

ORGANIZATION

Media Projects for Relationships, Inc. is the name of our New York-based nonprofit company. It is chartered by the State of New York and by the New York State Board of Education.

Media Projects for Relationships Inc. will own the proposed for-profit company. It will operate independently.

A second New York-based nonprofit company named Heartbeat, Inc., has been chartered by the State of New York, and is awaiting IRS approval of its nonprofit status.

Media Projects will handle all products aimed at the secular market while Heartbeat, Inc. will deal primarily with the religious market. The for-profit company will handle all marketing and sales in the profit sector.

SALES AND CASH FLOW PROJECTIONS

On the following pages are found charts that indicate our assumptions and goals regarding sales of the products outlined here over the next five years. These charts do not indicate the continued development of new products each year, though that is also an assumption. However, the charts do indicate how it is possible to blend certain products that bring high immediate return with others producing a lower return, resulting in a stable, expanding growth picture throughout the 1980s.