

MUI 440: Entrepreneurship in the Music Industry
Spring 2020



Rolling Stone

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Executive Summary

Our society looks to art and culture for entertainment. It connects people to each other on a deeper level and allows people to relay through a common activity and culture. The art eccentric population wants to be updated on all new pop culture and news and they need some sort of media outlet or source to find all the new trends in music. Providing information from one source allows people to connect in one place and be exposed to new art and culture together. Rolling Stone is an online media platform and magazine subscription company that provides people with new trends in art and music and releases other information about economics, politics, and important topics in our community. They provide music charts and release stories on different artists that are up and coming, or have achieved something great. From a simple click onto their site or reading their magazine, they provide people with a source to fulfill their need for music and to be entertained. Rolling Stone is a periodical that is owned under the parent company, Penske Media Corporation. The magazine aims to provide value to consumers through their innovation. Their overall mission statement is to “make outstanding content that prioritizes quality storytelling,” (Rolling Stone, 2018). They use a differentiation business strategy to show their consumers the quality of their organization and its value. They offer premium content for premium prices to try and stimulate brand loyalty amongst its readers. Rolling Stone’s primary target market is millennial males ages 25-34. Generation Z males aged 18-24 are their very close secondary target market. The average yearly income of their target market is \$50,000-\$60,000 per person. Disposable income per capita is extremely important for a company like Rolling Stone as they provide products that are very elastic. Most of their readers live in large metropolitan areas with heavy music and pop culture influences. As for their management team, the three members of the Business Management team are Gus Wenner, who runs the day-to-day operations of the company, Jann S. Wenner, who founded Rolling Stone, and Jason Fine, who is in charge of all content, editorial strategy and operations. There are 14 members on the Board of Directors that oversee all of Penske Media Corporation (PMC) publications and 34 members of the Executive Leadership team who serve as the Board of Advisors. This group of leaders for PMC oversee business plans, finances and accounting, risk management, product strategy, company expansion, advertising, sales, marketing, human resources, special projects, etc. Since the industry is declining around 4% per year, the financial projections mirror the same negative trend. The industry as a whole relies on revenue from advertisements and they have been experiencing a decline in the amount other companies are willing to spend on advertisements. Despite the decline, Rolling Stone still experiences a Net Income between 5-6% of sales every year. Similarly, the amount of cash they have on hand at the end of financial periods has been decreasing also. Rolling Stone is projected to have a profit margin of 6.56%. That being said, Rolling Stone has the opportunity to increase their revenue over the next five years by curating

their content to a niche market and incorporating new ways to deliver content to their readers to keep them engaged.

The Business

A. The Opportunity

People are always looking for new trends to hop on so they can find something new and share it with others. Whether people are looking at new upcoming artist charts or listening to the radio for new music, people are always looking for something else to satisfy their desire for art and culture. The entertainment industry is what keeps people interested and aware of art and culture. It exposes people to sounds and scenes that they have never come across. By having media platforms to keep society up to date on information in the industry, it will bring enjoyment and interest into topics that people have never witnessed or experienced. There is so much valuable content available, but it's hard to expose everyone to all of it; so creating a company that shares this information to society creates a place for them to look, and an opportunity to explore different aspects of entertainment. The need to be filled is for the art eccentric population that wants to be updated on all new pop culture and news, and Rolling Stone is what fills this need.

B. Description of the business

Rolling Stone is an online media platform that publishes information on sports, politics, and entertainment segments and is continuously being read to this day (Owler). It is a website and magazine that shares entertainment information to the public and exposes people to a wide variety of art and culture. It keeps readers updated on all new pop culture, entertainment and news through their monthly magazines and their website that is updated regularly. It was created in 1967 by Jann Wenner and was a magazine known for combining professionalism and passion to show artistic tastes and political sensibilities (The Editors of Encyclopaedia Britannica, 2019). They show up-and-coming artists, portray their tastes in music and show society what is becoming popular or who the next big thing is (The Editors of Encyclopaedia Britannica, 2019). It is known for being able to adapt with the times and constantly staying up to date on music trends and popular genres (The Editors of Encyclopaedia Britannica, 2019). Rolling Stone is also known for having “music and movie reviews, celebrity stories and photographs, information on new artists, fashion advice, and articles on politics”(The Editors of Encyclopaedia Britannica, 2019). They have their standard subscription, which includes the periodical and digital content, along with their “Rolling Stone Pro” subscription. Rolling Stone pro provides a “weekly newsletter that offers exclusive storytelling about the music business and it allows its users to be

the first to know about the launch of our on-site product, which will offer a wealth of deep coverage, research tools, and inside knowledge” (Rolling Stone Pro, 2020).

C. Competitive Advantage

Rolling Stone is always ahead of the game and its core competency is its innovation that keeps them on popular trends with their target markets (Patterson, 2018). They are always looking for a new way to expand their company and reach as many people as they can. Although magazines are a declining industry, Rolling Stone has done its best to get an upper hand in this industry and tries its hardest to stay relevant and be unique through media and events. Penske Media, the parent company of Rolling Stone, “is also developing new revenue streams for Rolling Stone, including events, e-commerce, and brand licensing” (Patterson, 2018). These events are giving the music community a chance to see new aspects and parts of the music industry. Amber Munding, the senior vice president of Penske media/Rolling Stone stated that events give them the ability to bring their editorial content to life and give subscribers, fans, and the industry a fresh way to connect with Rolling Stone (Patterson, 2018). She also stated that “events live beyond their in-person experience, with extensions across platforms that give us new content to share and they generate breaking news with compelling conversations or experiences and they can bring our social following there in real-time with live social and streaming” (Patterson, 2018). Having these events separates them from competitors and gives them more of an advantage in the market pale.

They are also starting to have more conversations involving politics and they “will house the space for conversations about pivotal issues that allow for communication on every side, all discerningly moderated by Rolling Stone editorial talent” (Patterson, 2018). This allows the company to bring in different target markets from not only the art and music eccentric communities but the political communities as well. According to Munding, these events are not only making the brand and company closer to the consumers but they are a “significant part of the brand's revenue diversification and are also a channel to create further brand loyalty, community and brand recognition” (Patterson, 2018).

Their core strategy and differentiation from other competition is that they are the first company to be ultimately music based. Their logo is known and they use their logo along with other marketing strategies to make them the best of the best. They are already a known company so they adapt to the changing market to help Rolling Stone fit the era and the different generations.

Rolling stone uses a differentiation business strategy to promote that it has higher quality products compared to its competitors. They compete with many other media sites to gain more market share and become more established in the industry. By following this differentiation

business strategy, they are showing their customers how valuable their organization is and why they are like no other out there. They use music and pop culture to the best of their advantage and know how to display the information to the public. Different marketing strategies are used in conjunction with their unique musical background to draw attention to their company. They use resource leverage to adapt to other opportunities in areas of politics, economics and other societal events or issues going on. By utilizing multiple different communication channels they have the ability to reach individuals beyond their target market. Their strategic asset is their logo (“Rolling Stone Media Kits”, 2015). The famous logo has been in standing since their creation and has classically conditioned people to associate it with reliable industry news.

PMC is a distinctive partnership that brings them above and beyond a lot of competition. Their partnership with PMC is critical in keeping them ahead in a declining market. This partnership had aided Rolling Stone in becoming more digital by providing the resources for them to do so. They are part of the supply chain that makes Rolling Stone what it is today. PMC acts as supply chain manager for all of the companies under it because it coordinates flow, materials, I.T. and establishes systems and relationships. Being under PMC expanded their partnership network and made things easier for them, especially when battling revenue loss across the industry. They have a very active customer interface by engaging with their readers and analyzing performance on their content. For example, they have changed their prices in the past to better suit their target market, and have added elements and stories based on suggestions. Their “We Want to Hear from You” section has multiple resources to contact employees at Rolling Stone, showing they want to have as much communication with consumers as possible (Rolling Stone, 2020).

D. Current Status & Requirements

Rolling Stone is still a popular company today and is positioned well amongst its competitors. Due to the number of subscriptions decreasing over the years, the industry is in decline (roughly -4% per year). Due to the highly competitive nature of this industry, Rolling Stone is estimated to have .66% of market share (\$172,500,000/\$25,900,000,000) (revenue of Rolling Stone/Industry Revenue) (McGinley, 2019). They already utilize multiple channels of distribution for their content. They send out issues of their magazine once per month, email newsletters on various topics multiple times per week, and update their app and website daily. They primarily report on current events and topics across all sectors of entertainment along with pop culture. They have started to branch into other areas like creating their own charts.

Rolling Stone needs to be targeting a niche market and catering content to be specific and refined. General content will not differentiate them as a company amongst competitors or other publications in the industry. Some of their competitors have more interactive models, such as BuzzFeed who utilities videos and quizzes in their content. Making sure they stay on top of

current trends is extremely important as their target market values this. The majority of their readers come from densely populated Metropolitan areas where art and cultural influences are heavy. Thus, curating their content to appeal to this group will help Rolling Stone attain more of the market.

The Management Team

A. Management Team

There are three members on the Business Management Team of Rolling Stone as of April 29th, 2020. Their experience, ability, and technical expertise will be discussed below (“Leadership”, 2020).

Gus Wenner: President and Chief Operating Officer of Wenner Media

Gus Wenner joined the company in 2012 and has transformed Rolling Stone from a print-based business to a multi-platform content brand with immense opportunities and a vision for the future. His position on the business management team is to run the day-to-day operations of the company. Since Wenner joined in 2012, his digital accounts for nearly half of Rolling Stone’s advertising revenue and in the past year, Rolling Stone has launched several long-form video projects. In December 2017, Wenner oversaw Penske Media Corporation’s strategic investment in Wenner Media and its majority interest in Rolling Stone, which will enable the company’s future success and growth. His expertise is in overseeing the digital operations, ad sales, marketing and digital editorial across the company. Wenner appeared on Variety’s New Power of New York list in 2017 and was named one of Adweek’s Young Influentials of 2016. He was also named one of min’s most Intriguing People in 2014 .

Jann S. Wenner: Editorial Director, Wenner Media

Jann Wenner founded Rolling Stone and his commitment to quality journalism has kept the magazine in the forefront of the popular dialogue, both recording and shaping the zeitgeist through definitive music coverage, provocative interviews, award-winning photography and incisive investigative and political reporting. Wenner has expertise in understanding the changing interests of his readers. He purchased *Us* magazine in 1985 and repositioned it into a cutting-edge source, featuring intimate celebrity interviews with award-winning journalists, and lush portfolios by esteemed photographers. In April 1997, Wenner became the youngest inductee in the history of the American Society of Magazine Editors Hall of Fame. In 1994, he was named Publishing Executive of the Year by *Adweek*, a leading industry trade publication. In March 2004, Wenner was inducted into the Rock and Roll Hall of Fame for lifetime achievement. In 2010, he received The Norman Mailer Center’s Prize for Lifetime Achievement in Magazine Publishing. He is also chairman of the Rock and Roll Hall of Fame Foundation, Inc., a 30-year-old nonprofit organization which honors artists and music industry professionals who have made significant contributions to rock & roll.

Jason Fine: Editor, Rolling Stone

Fine is the leading voice of music and popular culture and is in charge of all content, editorial strategy and operations. He manages a large staff of editors, writers, designers and producers. Fine has overseen growth and innovation on both print and online platforms. He has developed initiatives in short and long form video and branded content; a successful franchise of special-interest-publications on Rolling Stone-themed subjects, as well as creating branded documentary television and film projects. Since he came to Rolling Stone as an associate editor in 1997, Fine has written extensively about music, travel and adventure, including definitive interviews with Johnny Cash, Merle Haggard and The Beach Boys' Brian Wilson. His 2010 article on Haggard was chosen for the Best Music Writing Anthology and many stories that he edited have received ASME awards and nominations, the industry's top honor. Before joining Rolling Stone, Fine was editor in chief of Los Angeles-based magazine *Option* and culture editor of San Francisco Bay Guardian, as well as a writer covering music, politics and pop culture for publications including the San Francisco Chronicle, the San Jose Mercury News, Spin, Travel + Leisure, and the East Bay Express.

B. Board of Directors

There are currently 14 members on the Board of Directors that oversees all Penske Media Corporation publications as of April 29th, 2020 ("Leadership, 2020)..

Jay Penske: Chairman and CEO of PMC

Under Penske's leadership, PMC has been named one of the Top 100 Private Companies in the United States and is one of the largest digital media companies in the world. Additionally, he owns and operates Dragon Racing, a global racing team that participates in the Formula-E racing series and previously was the Co-Founder and Chairman of Firefly Mobile Inc. He is a graduate of The Wharton School of Business at the University of Pennsylvania, with concentrations in Finance, Management, and Information Systems, and was formerly on the board of the Wharton Entrepreneurial School.

Gerry Byrne: Vice Chairman, Board Member PMC

He's PMC's Vice Chairman, guiding business initiatives across PMC's entire portfolio of media brands. Byrne's decades of accomplishments as a media executive, entrepreneur and community leader are highlighted by his longtime run as publisher of *Variety*, where he dramatically transformed that business into a powerful, diversified, global media brand.

Steve Wozniak: Co-Founder of Apple Computer, PMC Advisor

Steve Wozniak is an electronics engineer who designed, built and introduced a user-friendly alternative to IBM's personal computer in 1976 with Steve Jobs. In 1977 he began working on a commercial model and that same year the Apple II made its debut. Three years

later, Apple went public and grew into a multibillion-dollar company. He left the company in 1985 and went on to pursue interests in home video and rich media delivery systems.

Connie Wong: President of Hutchinson Whampoa Americas, PMC Advisor

Connie Wong has more than 31 years of experience in management, sales, marketing, M&A, and business development. She is the President of Hutchinson Whampoa Americas and CEO/Founder of Vidiator Technology, Inc., a leader in mobile video streaming and encoding technologies. Wong has a strong record of building new start-ups and brands, as well as opening new markets in the wireless industry.

Paul Hazen: Chairman of Vodafone, Fmr. Chairman & CEO of Wells Fargo, PMC Advisor

Hazen is a former Chairman and CEO of Wells Fargo and Company from which he retired in 2001 as Chairman after a 30-year career with the bank. He was also a director of the Dodge Corporation until February 2003 and Chairman and Lead Independent Director of Vodafone Group Plc until July 2006. Mr. Hazen is currently Chairman of Accel-KKR and of KKR Financial Corporation and also serves as Lead Independent Director of Safeway, Inc.

Sophie Stenbeck: Founding Partner of Max Ventures, Board Member

Stenbeck is an anchor LP in and Senior Advisor for Max Ventures. Max Ventures is an early stage venture fund that focuses on digital health, digital media, and digital commerce. She works closely with the general partner on investment decisions and strategy. She has extensive experience investing globally for over a decade.

Dennis Repp: Entrepreneur, Investor, and Board Member

Repp has a lifetime record of extraordinary achievements in business and philanthropy. He has launched companies that exhibit incredible generosity and he's used the financial fruits of his success to make a significant difference in the lives of individuals worldwide. The financial success of his ventures has allowed Repp to build Opportunity International, which now annually impacts more than one million people in need.

George Hecksher: Investor, Board Member

Hecksher is a private investor who has been investing in growth companies for over 30 years. For 15 years before his retirement in 2001, he was a General Partner and Chief Investment Officer at Hintz, Holman and Hecksher, a New York based hedge fund. Before that, George managed the Alliance Technology Fund, a pioneering mutual fund dedicated to investing in technology companies.

Stephanie George: Former Vice Chairman Fairchild & EVP at Time Inc., PMC Advisor

George is a leading publishing and media executive. She joined WWD in 1988 as a sales representative in Fairchild's Atlanta bureau. Stephanie quickly rose through the publishing ranks,

ultimately serving as President of WWD and Executive Vice President of Fairchild. In those roles, Stephanie was instrumental in driving some of WWD's most dramatic growth years, overseeing the launch of numerous new revenue streams and special editions, including WWD Collections and Beauty Inc., a magazine originally launched as Beauty Biz.

George Grobar: Chief Operating Officer, Board Member PMC

Grobar is Chief Operating Officer (COO) at PMC with responsibility for overseeing the company's operating units and business plans. George joined PMC in 2009 and in addition to his role as COO is also currently a Director on the PMC Board. George has over 25 years of financial and operational experience in new media, consumer products and technology enterprises at PMC, The Walt Disney Company, and Unisys Corp.

Peter Bart: Deadline Editor-at Large, PMC Advisor

Bart is on PMC's Board of Advisors. He also serves as Editor-at-Large at Deadline. Prior to his current role at Deadline, Peter was Editor-at-Large at Variety and also served as Variety's Editor-in-Chief for twenty years, from 1989 until 2009.

Bonnie Fuller: President and Editor-in-Chief, Hollywood Life & PMC Senior Advisor

Fuller is President & Editor-in-Chief of HollywoodLife.com and a PMC Senior Advisor. HollywoodLife.com relaunched as a website and key destination for women ages 18 to 34 in November 2009. The site covers celebrity, fashion, beauty, entertainment and baby news. The site breaks traffic records on a near-monthly basis and currently attracts more than 36 million monthly uniques. Fuller also hosts a successful Hollywood Life weekly podcast with about 500,000 downloads per week.

Peter Liu: Founder & Chairman, WI Harper Group, Board Member

With over 20 years of experience in venture capital, Liu is widely regarded as a pioneer of venture capitalists in Asia. Prior to founding WI Harper Group, Peter was a general partner of Walden International Asia where he established joint venture partnerships with several Asian governments and leading enterprises and helped raise \$400 million, including its China Walden Fund. He has rich experience in investing in and advising high-tech companies throughout the United States and Asia, and has a track record of securing significant capital appreciation for investors.

Jann S. Wenner: (Editorial Director, Wenner Media

Jann Wenner founded Rolling Stone and his commitment to quality journalism has kept the magazine in the forefront of the popular dialogue, both recording and shaping the zeitgeist through definitive music coverage, provocative interviews, award-winning photography and

incisive investigative and political reporting. Wenner has expertise in understanding the changing interests of his readers.

C. Board of Advisors

There are 34 members of the Executive Leadership team for Penske Media Corporation as of April 29th, 2020 (“Leadership”, 2020).

Jay Penske: Chairman and CEO of PMC

PMC has been named one of the Top 100 Private Companies in the United States and is one of the largest digital media companies in the world under Penske’s leadership.

George Grobar: Chief Operating Officer, Board Member PMC

Grobar is Chief Operating Officer (COO) at PMC with responsibility for overseeing the company’s operating units and business plans. He has over 25 years of financial and operational experience in new media, consumer products and technology enterprises.

Sarlina See: Chief Accounting Officer

See is the Chief Accounting Officer (CAO) at PMC with responsibility for overseeing the company’s accounting, controllership, treasury and tax functions and has over 25 years of financial experience in Fortune 500 companies.

Todd Greene: Executive Vice President, Business Affairs & General Counsel

Greene serves as EVP Business Affairs & General Counsel for PMC and is responsible for all legal, compliance, risk management and human resources functions for PMC and its operating companies.

Craig Perreault: Executive Vice President, Business Development

As Executive Vice President of Business Development, Perreault leads product strategy, business development, monetization programs and audience development initiatives for PMC’s portfolio of digital brands.

Debashish Ghosh: Managing Director, International Markets

Ghosh is PMC’s Managing Director presently focused on expanding the company in Global markets. He has pioneered business strategies and technological advances while delivering revenue with profit gains.

Stacey Farish: Chief Revenue Officer & GM of Deadline, TVLine and Gold Derby

Farish is the Chief Revenue Officer and GM of Deadline and is responsible for overseeing all advertising strategy and revenue across PMC's various entertainment digital properties.

Michelle Sobrino-Stearns: Variety Chief Revenue Officer and Group Publisher & SVP PMC

Sobrino-Stearns is the Group Publisher & Chief Revenue Officer of Variety & IndieWire. She is responsible for revenue for the brands and manages the global sales and marketing teams.

Paul Jowdy: Chief Business Officer and Publisher, WWD & Fairchild Live

Jowdy serves as Chief Business Officer and Publisher, WWD & Fairchild Live. Prior to his appointment, Paul served as Senior VP, WWD & Group Publisher.

Ken DelAlcazar: Senior Vice President, Finance

As PMC's Senior Vice President of Finance, DelAlcazar has experience growing a finance organization from early start-up phase into maturity. He previously served as PMC's Vice President of Finance and has 13 years of experience in digital media.

Jenny Connelly: Senior Vice President of Product

Connelly is a senior digital executive with broad product strategy and digital operations expertise. As PMC's Senior Vice President of Product, she owns PMC's technology platforms and product roadmap and oversees the company's engineering and product management teams.

Tom Finn: Senior Vice President & General Manager, Operations

Finn is SVP and GM Operations at PMC with responsibility for working with the company's operating units and business plans.

Nelson Anderson: Vice President, Creative

Anderson was named Vice President, Creative of PMC in 2012 and oversees creative initiatives for the company's vast portfolio of digital brands, magazines, and products.

Joni Antonacci: Vice President, Production Operations

Antonacci is the Vice President of Production Operations. She has taken on positions of increasing responsibility in production, distribution and planning over the past 21 years.

Rebecca Bienstock: Vice President, Talent Relations

Bienstock is the VP of Talent Relations, overseeing strategy and talent initiatives across many of the unique PMC brands.

Gerard Brancato: Vice President, Digital Acquisition

Brancato is Vice President of PMC Digital Acquisition. He joined PMC in 2018 and leads the Audience Marketing team in all aspects of digital subscription acquisition and retention across all PMC digital properties.

Jacie Brandes: Vice President, Portfolio Sales

Jacie Brandes is Vice President of Portfolio Sales at PMC, and responsible for redefining the corporate sales strategy, process and revenue growth.

Mara Ginsberg: Vice President, Human Resources

Mara Ginsberg joins the PMC Human Resources team as Vice President, Human Resources. She serves as the primary HR business partner for a number of PMC brands and will also spearhead initiatives within the Talent Acquisition and Performance Management areas.

Anne Doyle: Vice President, Human Resources

As a PMC Vice President of Human Resources, Doyle works with various brands based out of our New York office with a focus on payroll, operations, employee engagement and facilities.

Young Ko: Vice President, Finance

As PMC's Vice President of Finance, Ko oversees the company's day-to-day finance and accounting, treasury functions, and long-term strategic tax initiatives.

Gabriel Koen: Vice President, Technology

Koen is PMC's Vice President, Technology, responsible for all technology initiatives across the company.

Kevin Labonge: Vice President, Global Partnerships and Licensing

Labonge is PMC's Vice President, Global Partnerships and Licensing. He joined PMC in 2017, coming on board to drive PMC's international growth.

Brian Levine: Vice President, Revenue Operations

Levine is PMC's Vice President, Revenue Operations, overseeing digital revenue strategy and development for all PMC brands across several key areas including direct and programmatic sales, ecommerce, subscriptions and audience data.

Noemi Lazo: Vice President, Customer Experience & Marketing Operations

Lazo is the Vice President of Customer Experience and Marketing Operations and represents Audience Marketing in several key areas pertaining to operations, infrastructure, and platform development.

Judith R. Margolin: Vice President, Deputy General Counsel

Margolin serves as Vice President, Deputy General Counsel of PMC and supports the General Counsel in all legal, compliance and risk management matters.

Julie Trinh: Vice President, Global Tax

Trinh is PMC's Vice President of Global Tax, managing all tax initiatives for the company and its subsidiaries.

Lauren Utecht: Vice President, Human Resources & Corporate Communications

Utecht is PMC's Vice President of Human Resources and Corporate Communications, leading employee relations in PMC's LA office and managing all corporate communications across the company.

Michael Ye: Vice President, Strategic Planning & Acquisitions

Ye is the Vice President of Strategic Planning and Acquisitions. He supports PMC's growth initiatives through acquisitions and special projects.

Christina Yeoh: Vice President, Technical Operations

Yeoh is PMC's Vice President of Technical Operations, overseeing Project Management, Network and Infrastructure Management, IT, and Web Operations for all of PMC.

Julie Zhu: Vice President, Audience Marketing and Subscriptions

Zhu leads PMC's Audience Marketing and Subscriptions team as Vice President. She is leading the digital transformation effort in serving content to paid subscribers.

Karl Walter: Associate Vice President, Content

Walter is Associate Vice President of PMC Content. He previously was PMC's Director of Content and has been a fixture of event photography in Los Angeles for 15 years.

Andy Limpus: Senior Director, Talent Acquisition

Limpus is the Senior Director of Talent Acquisition and is responsible for managing the recruitment efforts for PMC Corporate and the NY & LA based publications.

Amit Sannad: Senior Director, Engineering

Sannad is PMC's Senior Director of Engineering. He is responsible for all India operations, particularly in regard to technology platform and development initiatives across all PMC brands.

Derek Ramsay: Director, Product Management

As PMC's Director of Product Management, Ramsay drives the operational aspects of PMC's publishing platform with a focus on editorial training and content creation workflows.

Rolling Stone is dedicated to delivering the most unique and compelling content to their audiences. This team will be used to ensure all aspects of the business are running smoothly to ensure future success. Additionally, this leadership team oversees business plans, finances and accounting, risk management, product strategy, company expansion, advertising, sales, marketing, human resources, special projects, etc.

D. Key Professional Service Providers

Law Firm

Todd Greene serves as EVP Business Affairs & General Counsel for PMC and is responsible for all legal, compliance, risk management and human resources functions for PMC and its operating companies. Judith R. Margolin serves as Vice President, Deputy General Counsel of PMC and supports the General Counsel in all legal, compliance and risk management matters. Margolin reports to Greene and supports him in all legal, compliance and risk management matters for Penske Media Corporation.

Accounting Firm

Sarlina See is the Chief Accounting Officer at PMC with responsibility for overseeing the company's accounting, controllership, treasury and tax functions and has over 25 years of financial experience in Fortune 500 companies. She has worked in various finance roles such as internal audit, financial planning & analysis, corporate controller, CAO and CFO in multiple industries such as media content, technology, oil & gas, energy management, consumer finance, telecommunications, and health care. See is a Certified Public Accountant and a Chartered Global Management Accountant.

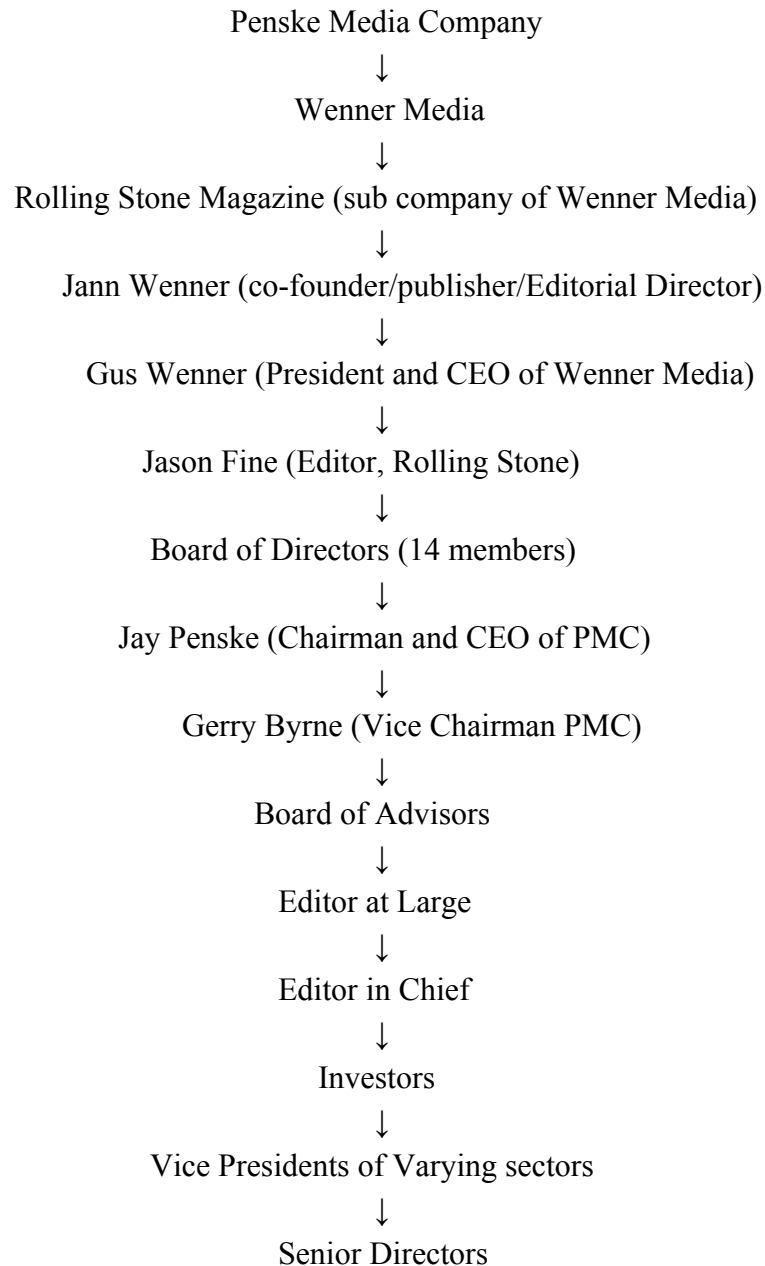
Business Consultants

In regards to the financial and business aspects of the company, Ken DelAlcazar serves as PMC's Senior Vice President of Finance and he has experience growing a finance organization from early start-up phase into maturity. Ken previously served as PMC's Vice President of Finance and has 13 years of experience in digital media. Young Ko is PMC's Vice President of Finance who oversees the company's day-to-day finance and accounting, treasury functions, and long-term strategic tax initiatives. He has led due diligence for the company's multiple acquisitions and has also been a key driver in the integration of those companies. In addition to building the growing accounting organization, Young has established the company's

international subsidiaries and banking relationships, taken the lead with external audit and tax partners, and migrated the company onto a new general ledger system.

Company Structure, Intellectual Property, and Ownership

A. Organizational Structure



The organizational structure of Rolling Stone Magazine has a large history in regards to ownerships and stakes in the company. At the start, Wenner Media was the sole owner of Rolling Stone Magazine along with others such as Men's Health Journal, Glixel, and U.S. Weekly. Wenner Media sold U.S Weekly to American Media Inc. in 2001 and Men's Health Journal to

Hearst in 2017. Jann Wenner said, “We weren’t proactively on the market with Men’s Journal, but the opportunity came up, and it kind of fits in with our plans and our desire to really continue to grow Rolling Stone,” regarding the sale of Men’s Health (npr.org, 2018). Glixel is a Video Game Magazine founded by Gus Wnner, Jann Wenner’s son, as a successful attempt to infiltrate the new age of Video Gaming into a media source. It was later sold to Variety and currently has its own domain not affiliated with Rolling Stone.

2017 was a big year for Rolling Stone, because it not only released Men’s Health Journal from their ownership, but also sold 51% of their ownership to Penske Media Corporation. Penske publishes over 20 major print brands and was thought to be a better move to progress Rolling Stone. In January 2019 Wenner Media sold the remaining 51% to Penske Media Corporation for 100 Million dollars, and PMC now has 100% ownership. Although Jann Wenner/ Wenner Media have no official ownership of Rolling Stone Magazine, Penske has allowed for most of the artistic decisions to fall on Wenner, allowing for him to still have control over the creative ideas of the company he founded.

B. Legal Structure

Penske Media Company is an LLC, Run by Jay Penske (PMC, 2020). Because it is a limited liability company, Jay Penske is not entitled to the liabilities that may come but rather the company as a whole is. Wenner Media is also an LLC, and therefore places few liabilities on the owner Jann Wenner. Neither of these corporations are accredited by the Better Business Bureau (BBB). An example of when being an LLC comes in handy is when Wenner Media was in debt and sold *U.S. Weekly* to Vanity. Instead of the debt coming directly from Wenner, the entire corporation profited from this sale and was relieved of their debt.

Both Penske Media Corporation and Wenner Media are privately run companies. This means that their shares are not traded on the stock market and there is a relatively small number of investors. Penske Media Corporation is the sole investor of Wenner Media. Along with Wenner Media it invests in Music Business Worldwide. PMC however has six acquisition companies, such as *SheKnows Media* and *Art Media Holdings*. All three of his companies (PMC, Wenner Media, and Rolling Stone Magazine) are for profit companies.

Rolling Stone Magazine has around 760 known employees (Owler, 2020). Ralph J. Gleason and Jann Wenner are the founders, Gleason still being a music critic and Wenner being a publisher for the company. Both have a majority of the artistic say in the magazine. Under the founders are the board of directors which has about 14 people, and the high ranking editors, Jason Fine being editor-in-chief. Alongside them are the presidents of various sectors in Wenner

Media. The two companies often merge together and converse daily according to Wenner. Investors and senior directors fall under them in the management structure.

C. Intellectual Property

Rolling Stone Magazine has over twenty-two registered trademarks, most of which are, “Paper, cardboard and goods made from these materials” (crunchbase, 2020). Many of these trademarks are regarding their name “Rolling Stone” which often comes with the question- who had the name first, the magazine or the band. Jann Wenner said, “You’re probably wondering what we’re trying to do. It’s hard to say: sort of a magazine and sort of a newspaper. The name of it is Rolling Stone which comes from an old saying, “A rolling stone gathers no moss.” Muddy Waters used the name for a song he wrote. The Rolling Stones took their name from Muddy’s song. “Like a Rolling Stone” was the title of Bob Dylan’s first rock and roll record. We have begun a new publication reflecting what we see are the changes in rock and roll and the changes related to rock and roll.” Penske Media has an estimated 52 trademarks with a majority falling under the “Education and Entertainment Category”. Wenner Media and Rolling Stone Magazine have trademarks that fall under both companies.

Rolling Stone’s patents are “Rolling Stone Hotel and Casino”, Rolling Stone Magazine Hotel”, “Rolling Stone Magazine Live From the Pit” and “Rolling Stone Magazine Productions”. These are all active as of April 29th 2020. Wenner Media has “W Wenner Media” as a patent and Penske Media Corporation has “PMC” as a live patent and “PMC Live Media” as a dead patent. Although there are currently no Copyrights that are public from these companies, it is safe to be under the impression that their company titles are protected under law.

Industry Analysis

A. Industry Description

The Magazine Periodical and Publishing Industry is one that has been around for decades. It has been evolving as technology, tastes and preferences of customers have changed to remain relevant to their respective target market. A traditional magazine or periodical comes in a physical paper form and is sent out to their subscribers as well as being available for purchase in some general retailers. Along with that, companies in this industry are releasing digital versions of their magazine along with more online content that is updated regularly. The switch in delivery and distribution has to do with a declining market for physical magazines and periodicals. This is an industry in decline, but has a lot of potential to extend itself and be more profitable in the future through online distribution. Between the years 2014-2019 the industry saw a -4.2% annual growth, but the annual projected growth between 2019-2024 is expected to be -4% (McGinley, 2019). As of 2019, there were around 4,150 businesses participating in this industry. The industry as a whole saw a \$25.9 billion revenue in 2019. The largest segment of revenue comes from entertainment magazines which holds 25.6%. The rest of the industry's revenue is divided between academic and professional periodicals that take 14.8%, political, social and business periodicals at 11.5%, home and living magazines at 10.8%, other products and services at 13.2% and all other periodicals at 24.1% of the revenue. The profit taken from this industry is about \$1.7 billion (McGinley, 2019). Advertising is the number one source of revenue for the magazine/periodical industry, and there has been a decline in the amount companies are willing to spend on a print advertisement, which has in turn damaged the printed media industry. To combat the declining revenue, companies have had to cut costs wherever they can, from laying off employees, to discontinuing certain titles. Some have also had to exit the business entirely or move to all digital format to accommodate its readers (McGinley, 2019). Additionally, publishers have offered discounts to try and increase subscriptions. The quicker companies can transform their content into an online form, the more costs they can avoid and the longer they can remain as a business. Publishing is an extremely fixed-costs associated business so the profit potential lies on the number of subscriptions the periodical has, as well as advertising revenue (McGinley, 2019).

Competitive Force	Threat Level		
	Low	Medium	High
Threat of Substitutes			X
Threat of New Entrants		X	
Rivalry Among Existing Firms			X
Power of Suppliers	X		
Power of Buyers		X	

There are a lot of different corporations in this industry that all have extremely low values for market share. Meredith Corporation is the only leading publisher at 8.8% market share (McGinley, 2019). Due to this, rivalry among firms is very high and continuously increasing (Leider, 2017). Especially in a not very attractive market, it is vital to appeal to the most people and hook as many readers as possible. Since the entertainment segment of the industry is the largest, it is densely populated with hundreds of competing firms (McGinley, 2019). Along with that, the barriers to entry here are medium and they do not plan on increasing or decreasing for a while. Start up costs for magazines are not high, but they can only address so much of the market especially in the early stages (Leider, 2017). Also, economies of scale are used here as the more circulation they are receiving, the less it will cost for them to produce. On the other hand for digital magazines, the barriers to entry are quite low considering the minimal amount of materials and funds needed to circulate online content. The threat of new substitutes in this industry is high considering a lot of companies are making the switch to digital content in order to keep in line with what customers are looking for (Leider, 2017). This is a declining market because people are finding more convenient and inexpensive ways to receive content. Evidently, the threat of substitutes is high and companies in this industry need to focus on delivering content in a context that is unsubstitutable. The power of buyers is relatively medium when considering the magazine industry (Leider, 2017). Looking at the trend of this industry, companies constantly play with their pricing to try and entice readers to subscribe or renew their subscriptions. With so many free periodicals that provide such general content, paid media needs to focus their content into a niche market to be able to provide value to their consumers (Leider, 2017). On the other hand, backward integration is quite unlikely for these companies as that incurs much more cost in a market where they have declining revenue. Buyer power for advertisers is slightly higher than customers, especially considering online advertising that is less expensive and easier to monitor and evaluate (Leider, 2017). Lastly, suppliers have low power in an industry like this one (Leider, 2017). The main suppliers for magazines and periodicals are printing services, and journalists (BizMinor, 2020). They are all fighting for a small piece of this industry therefore it is a “take what you can get” kind of situation. Strengths in this industry include low imports, low capital requirements, and low volatility which insinuates less risk. Weaknesses are that it is a declining market, high competition, low and steady level of assistance, low revenue per employee and high customer class concentration. Opportunities this industry has is potential for an increase in revenue within the next few years, along with external competition coming in from other industries. With that, there are threats such as low performance drivers, declining revenue from 2005-present and an increase in print advertising expenditures (McGinley, 2019).

B. Target Market

According to Rolling Stone, they say they reach about 60 million people monthly through physical and online subscriptions as well as website visitations. When regarding who they reach, they have a specific target market that their magazine appeals to. First of all, around 63% of their readers are male ("Rolling Stone Media Kit", 2015). Some say this drastic difference in male vs female readers is due to the way women have been portrayed in the magazine over time. Rolling Stone has been more aware of this in recent years, aiming to not over sexualize women. The primary age range that this magazine appeals to is closely split with Generation Z individuals aged 18-24 and Millennials aged 25-34, who have a slight upper hand ("Rolling Stone Media Kit", 2015). The magazine focuses on current trends and events in pop culture and art, so it is fitting for 18-24 year olds to be involved. But physical periodicals peaked during a time where Millennials were exposed to them the most. Generation Z is quicker to switch to an online format than a Millennial is. Their following target market is individuals 35-44 years old followed by those that are 45-54 years old ("Rolling Stone Media Kit", 2015). This is very expected as generally when age increases, the level of concern with pop culture and technology decrease. Per capita disposable income is extremely important to this industry as this is a product that is highly elastic. Drastic changes in price can cause a large response among customers. Therefore, since Rolling Stone targets a young age group that includes individuals that are still dependent on parents or guardians, this magazine targets those of a relatively medium income level. A majority of their readers lie in the \$50,000-\$60,000 range in terms of income ("Rolling Stone Media Kit", 2015). Geographically, those that read Rolling Stone are mainly located in large populated metropolitan areas with very present art and cultural influences, such as New York City or Los Angeles ("Rolling Stone Media Kit", 2015). Again, since this publication focuses on very current trends, it is read by those that are concerned with staying on top of industry news.

C. Competitor Analysis

Since rivalry is so high among competitors in this industry, Rolling Stone will have a lot of competitors to battle. Some direct competitors of Rolling Stone include BuzzFeed, Mashable, Paste, Variety and Pitchfork (Owler, 2020). Variety is owned by Penske Media Corporation who also owns Rolling Stone, but they both produce similar types of content. Variety has a large extensive entertainment section like Rolling Stone does, but they also have categories like real estate and awards and theater, which differentiate it from the rest of its competitors (Variety, 2020). Variety also has a paid subscription business model but offers a lot of its online content for free exactly like Rolling Stone. BuzzFeed is an online based periodical but they primarily report on pop culture current events like Rolling Stone does. They have a smaller entertainment section that includes TV and Movies. BuzzFeed is more interactive with their content as they post a lot of videos and quizzes to support their articles. It is also completely free to view BuzzFeed Material (Buzzfeed, 2020). Mashable is also another free publication that has similar content to Rolling Stone, but groups all aspects of their entertainment section together. Rolling Stone is

more specified as they have different sections for music, TV, and Movies as well as culture and politics sections. Mashable includes a culture section but also has sections dedicated to technology, science and social good (Mashable, 2020). Paste is another entertainment based periodical that includes some small sections on politics, travel and technology. It is offered for free online but there is the option to get physical copies sent to you. They only release four issues per year at a \$70 annual subscription fee (Paste, 2020). Pitchfork is a periodical primarily focused on music. They have a feature where readers can stream music featured on the website while they are browsing or reading right from their website (Pitchfork, 2020). This is the only competitor of Rolling Stone that has such a niche market that they target. Rolling Stone gives an option to readers to sign up for free newsletters that get emailed to them on daily, weekly or on an as seen warranted basis (Rolling Stone, 2020). Pitchfork also gives this option, but BuzzFeed and Mashable have the option for you to make a free account on their websites to access more material. Variety has the option for an online account only for subscribers, but some of their online content is available for free (Variety, 2020). Between Rolling Stone, Variety and Paste, (the three paid medias) Rolling Stone's subscription fee is the least expensive.

Some indirect competitors of Rolling Stone include NBC, Refinery 29, New York Times, Wall Street Journal, and the Washington Post (Owler, 2020). These are indirect competitors as they have similar business models but do not generate the same type of content as Rolling Stone. NBC is a popular news station that provides a lot of current events as well as breaking news. They also have an entertainment sector of their company that produces their own television shows to be broadcasted on their channel. They do not issue any physical content as they cater their content to the geographical location of the viewer, especially on TV (NBC, 2020). Refinery 29 is an online periodical specifically for women that provides a variety of topics like health, wellness, food, fashion, astrology, culture and politics (Refinery, 2020). Its content is free and the option for emailed newsletters is available. The New York Times, Wall Street Journal and Washington Post are all similar periodicals in their own form. They all focus on giving information about the economy and politics while still leaving some stories for entertainment, pop culture, movies or even fashion and art. They are all also paid subscriptions that cost significantly more than Rolling Stone. On the table below, Rolling stone was given a 6/10 for price, 10 being free and 1 being the most expensive. Rolling Stone is priced between \$49.95-59.95 for twelve issues for one year (Rolling Stone, 2020). A Wall Street Journal (WSJ) subscription for one year can be between \$234-270 for six magazines per week (Wall Street Journal, 2020). Of course WSJ comes with more issues for the cost, but it is much more expensive than Rolling Stone is. A yearly subscription of The New York Times and the Washington Post are \$204 and \$130-195, respectively.

Some future competitors of Rolling Stone include Billboard, National Public Radio (NPR), MTV, The Verge, and Pollstar (Owler, 2020). First, Billboard would be a future competitor because Rolling Stone started reporting on the music industry through charts similar

to Billboard within the past few years (Rolling Stone, 2020). They are the only entertainment periodical that has started incorporating this kind of data into their regular content. If they struggle to keep subscribers in years to come, they can transition to a trade periodical similar to Billboard's. NPR has a very unique format as they act like a periodical online but they also broadcast on the radio and have a podcast. They have also coined their own small concerts as "Tiny Desk Concerts" (NPR, 2020). This style of business model puts them in multiple industries beyond periodical publication. Similarly, MTV has their TV channel where they create their own shows but also uses it to broadcast new releases in the music industry. They specialize in visual content as they post a lot of videos from their shows, with celebrities regarding their music, and more (MTV, 2020). The Verge is a relatively new free online periodical. It was started in 2011 and focuses on "the intersection of technology, science, art and culture" (The Verge, 2020). Their entertainment section is very focused on current trends across all forms of entertainment; they have sections of their website dedicated to popular online game, Fortnite, and widely reached drama, Game of Thrones. They also have a category where they talk about popular creators and influencers rising in social media today (The Verge, 2020). Although they are small right now, they have the potential to be a large company in the industry due to their current growth and overall positive response from consumers. The last future competitor of Rolling Stone is Pollstar, which is a trade publication for the music industry, specifically concert promotion and production. On their website they feature major headlines from agencies and venues regarding artists' performances. They also have a large data section that shows metrics and statistics from concerts (ex. Average ticket price, number of tickets sold, capacity, promoter, ect.) (Pollstar, 2020). A charts section is also displayed which range from top 100 artists, to global concert pulse (Pollstar, 2020). Rolling Stone has started to display charts on their website as mentioned before, and further entering this part of the industry can make Pollstar a large competitor. Since it is a trade magazine, the annual subscription fee is \$598, but that includes a lot of access to different resources beyond the 46 issues of the magazine in the year (Pollstar, 2020). There is a free version of their subscription, but that just includes the online content that is already readily available to the public.

Competitor Analysis	Rolling Stone	Buzzfeed	Mashable	Paste	Variety	Pitchfork	NBC	Refinery29	New York Times	Wall Street Journal	Washington Post	Billboard	NPR	MTV	The Verge	Pollstar
Brand Awareness	10	10	4	3	7	4	10	6	10	10	8	8	8	10	4	4
Price	6	10	10	5	4	10	10	10	2	1	3	3	10	10	10	1
Channels of Distribution	10	7	3	3	8	7	9	6	8	10	9	7	7	8	6	3
Frequency of Distribution	7	10	8	8	10	8	10	7	9	10	9	7	7	6	8	8
Variety of Content	8	6	6	8	8	4	8	6	9	10	10	2	5	6	7	2
Ad Density	5	2	5	3	5	5	3	4	3	9	4	2	10	3	3	4

The following competitors were analyzed on several attributes to be compared to Rolling Stone. All of the attributes were ranked on a scale from 1-10. A ten for brand awareness means

they are well known. A ten for price means the periodical is free, vs a 1 which means it was the most expensive competitor. The higher the number for methods of distribution, frequency of distribution and variety of content, means there are multiple distribution channels, they send out periodicals/update their website regularly, and they have a wide variety of content available. The higher the number for ad density, the less advertisements were on their website. Rolling Stone positions itself well amongst its competitors. It is a globally known brand due to its seniority in the industry and celebrity association. Although it is paid for, they still offer a lot of free content to anyone that visits their website. It is also the least expensive paid media out of all of its competitors listed. They utilize multiple channels for distribution from physical mail, to an app, to email, on top of their website. They do not compete as well with frequency as they only send out one magazine per month. But they do send out emails almost every day, along with updating their website and app every day. They offer a wide variety of content while still focusing mainly on entertainment and culture. The addition of their charts section placed them above their competitors in this category. Lastly, they were evaluated by Ad density and Rolling Stone was placed in the median across the magazines. Some sites had severely fewer advertisements than Rolling Stone, but also some had many more. The more expensive subscriptions were the ones with fewer ads, as they generate much more revenue from their subscription fee.

Marketing Plan

A. Product Feasibility and Strategy

Rolling Stone prides itself in being an established beacon of information regarding pop culture, politics, entertainment and music for the last 50 years. Their mission, according to Jann Wenner, has remained “to make outstanding content that prioritizes quality storytelling... excellence remains core to all we do” (Rolling Stone 2018). John Lennon’s appearance for the debut issue set the precedent for the cover page becoming one of Rolling Stone’s strategic assets- an characteristic feature of their brand aesthetic, as well as a career-defining achievement for celebrities, politicians and musicians. While Rolling Stone’s target audience is split closely between millennials and generation z, it has a unique appeal to both these younger generations as well as Baby Boomers who have been readers since its beginning (“Rolling Stone Media Kits”, 2015). Consequently, the company focuses most of their online coverage around what’s important to its younger target market, but has the resources and capability to “stay on all the beats [it has] equity around.” “The truth is,” Gus Wenner confessed, “it’s a very big advantage and we are very aware of it” (FOLIO: 2019).

B. Pricing Strategy

Six months after Penske Media Corp. invested in Rolling Stone, subscriptions changed from bi-weekly to monthly, and newsstand prices for the magazine were raised from \$5.99 to \$9.99. The price of a single digital issue remained at \$4.99, but monthly subscriptions went from \$1.99 to \$6.99/month, and annual subscriptions from \$19.95 to \$49.99/year (Rolling Stone 2016; Apple Inc. 2020). Yearly subscriptions are billed annually and automatically renew. While a higher price covers expenses like the higher page count and thicker paper stock, it also indicates a shift from more competitive pricing to value-based pricing, which aligns with Rolling Stone’s goals for the future of the magazine itself as a not just a magazine, but a collector’s item or keepsake (FOLIO: 2019). Annual print subscriptions are currently available for \$49.95, and bundled print and digital subscription for an extra \$10 (Rolling Stone Magazine). Since the company is looking to expand its digital presence, offering to bundle these two together gives an incentive for consumers to acquire both without much sacrifice.

C. Channels of Distribution

Penske Media Corp. is responsible for all publishing of Rolling Stone in both digital and print formats, and follows a B2C model through their subscription services. However, Penske also sells B2B, the two other first tier buyers within the US being book/magazine/newspaper wholesalers and media buying agencies. Second tier buyers within this channel include professional services, convenience stores, book stores, and educational services within the US

(McGinley, 2019). After the relaunch of the website, digital traffic increased by 72% and content production by 30% from Q1 2018 to Q1 2019, with Rolling Stone generating upwards of 60 stories a day (FOLIO: 2019). Readers can opt in to a variety of newsletters and alerts, with daily and weekly updates in areas such as music, politics, entertainment and the music industry that are issued daily, weekly or as warranted. There are also options to receive special offers, magazine offers, and an occasional survey for Rolling Stone to receive feedback on its performance and satisfaction from a consumer perspective (Rolling Stone, 2020).

D. Promotions and Advertising

Rolling Stone provides links to connect via Facebook, Twitter and Youtube at the bottom of the home page on the website. The brand's Instagram feed is filled with photos and videos featuring music creators, celebrities and worldwide icons, and evokes the same imagery that gives Rolling Stone covers their unique edge. Cover photos, stories and interviews surely benefit whoever they feature, but additionally benefit Rolling Stone through indirect promotion any time a celebrity mentions or posts about that feature.

Operations Plan

A. Method of Production or Service Delivery

Rolling Stone is a subsidiary of Penske Media Corporation and they help Rolling Stone use a variety of ways to get their content out to the public efficiently and effectively. Through their magazines, their website, and their phone app, they want everyone to have access to their content and the entertainment they provide (Rolling Stone, 2018). They provide all of their information online. They release their information through digital subscriptions that are available on iPhone iPad and google play and through magazines that come once a month (Rolling Stone, 2018). They distribute their magazines to subscribers and individual magazines can be found in department stores across the country (Rolling Stone, 2018). They have 761 employees under Rolling Stone that all contribute to the production and service delivery of this magazine and they help manage and keep track of subscriptions on their website (Rolling Stone, 2018).

B. Availability of Qualified Labor Pool

Rolling Stone has around 761 employees currently working for their company and they are always looking for more experienced workers (Owler, 2020). Most career listings are on the Penske Media Corporation Site. When it comes to hiring in different departments, they hire people based on expertise and experience in certain areas. They are overall looking for people with 3-5 years for experience in the department or area of work, understanding for technology and programs they use, who have an understanding of creative, production and media, who have excellent time management and project management skills, who have experience with problem-solving, and who have positive attitudes (Penske Media Corporation, 2020).

All of their applicants must have many of these social skills as a background education so they can effectively complete tasks under each position. They want people who love the industry and are prepared to do what needs to be done to make this magazine successful. Many of the people who work for Rolling Stone are also working for other brands under the umbrella of Penske Media Corporation, so they are looking for people that can handle a lot of work and still be efficient with their tasks. Their employees range from finance departments to marketing managers and they have many departments that make this company come to life (Penske Media Corporation, 2020).

C. Business Partnerships

Rolling Stone is under the umbrella of Penske Media Corporation which is “a leading digital media and information services company whose award-winning content attracts a monthly audience of more than 260 million a month and reaches users in more than 175 countries as well as a collective 390 million social media followers” (Penske Media Corporation,

2020). They own many popular and famous brands such as Rolling Stone, Variety, Hollywood life, etc (Penske Media Corporation, 2020). With these brands, they deliver “exceptional content to consumers, business leaders and organizations around the world across multiple platforms: digital, mobile, social, print, video, broadcast, and dynamic live events” (Penske Media Corporation, 2020). Jay Penske fully purchased the remaining 49% of Rolling Stone he didn't already own in 2019 to fully be under Penske (Pompeo, 2019).

There was a partnership with Bandlab and they invested over 40 million dollars in shares of the publication (Pompeo, 2019). Also “Saudi Arabia’s Public Investment Fund gave P.M.C. a \$200 million cash infusion” (Pompeo, 2019). PMC also invested in Music-Business Worldwide which enriched “Rolling Stone’s coverage and analysis of the global music industry” (Rolling Stone, 2020). Under this partnership, it will provide “expert business coverage to Rolling Stone”, and Music-Business Worldwide will “play a role in RS Pro, Rolling Stone’s forthcoming suite of powerful tools for music-business professionals, and work alongside Alpha Data, the analytics company that powers the Rolling Stone Charts” (Rolling Stone, 2020). All of these partnerships have helped Rolling Stone stay in the industry and share new trends and media coverage that they hadn't done before.

D. Quality Control

Rolling Stone is always trying to make the quality of their magazines and media above and beyond the standards. They recently have tried to make their magazine covers better by altering and changing the logo and in one of their issues with Cardi B and Offset. “The magazine appears in a big, bold, glossy format, with more pages and richer photography” (Rolling Stone, 2018). They want their content to have higher quality not only with the artists they are showing, but with the small details in their magazines to make a bigger impact. They have a video showing the public how they want to keep the legacy of Rolling Stone in their logo, but how they wanted to enhance it and make it more appealing for the public (Rolling Stone, 2018).

They talk about how they want to keep their magazine “fresh but keep the iconic statist” (Rolling Stone, 2018). This shows how they not only want to keep the quality of their magazine, but maintain their identity and that is a great way to keep quality control. They really care for every detail and want the best for its consumers. Also signing over to Penske Media gave them better quality publication because this company is known for being the parent company of other brands and delivering quality in its products (Penske Media Corporation, 2020).

E. Customer Support

Rolling Stone wants to hear from its customers about anything and everything. One can contact Rolling Stone through various emails to submit a letter to the editor regarding something

you read in Rolling Stone magazine. There is also the option to reach the editors of Rolling Stone with the purpose of a press release, story idea, correction or news tips, permission to reprint any Rolling Stone content (covers, images, stories). Contacts are also given for subscription support and to manage your Rolling Stone magazine account (Rolling Stone, 2020). They can also contact PMC for various topics including advertising, press, investors, licensing, partnerships, and subscriptions and they have various numbers, emails, and locations for customers to contact them (Penske Media Corporation, 2020). These forms of communication allow them to gain insight from their customers to be able to correct inconsistencies in their website or content. They have multiple outlets to fulfill their customers' need for answers for questions they have regarding Rolling Stone and its content.

Financial Plan

A. Overview of Financial Projections

Income Statement

The estimated revenue of 2019 was used to calculate the sales in 2020. An industry growth rate of -4% was applied to the net sales each year to forecast the following years (Owler, 2020) (McGinley, 2019). As per an industry report, net sales comprised three components: Advertising Revenue (51.6%), Subscriptions (35.3%) and Other Revenue (13.1%) (McGinley, 2019). The percentage of Cost of Goods Sold is an average of the past 5 years in the industry. The operating expenses shown were common expenses more companies in this industry endure. They are each a percentage of sales computed again from the previous 5 years data. The industry average for Depreciation and Amortization is 5.9%. That got broken down further to be 1.3% for depreciation and 4.6% for amortization. Interest and Taxes were found again by taking the average amount for the expense from the past 5 years (Appendix A for Industry Income Statement).

Balance Sheet

The Total Assets was derived from previous years' financial data and applied the same -4% growth rate from year to year. The average amount of Intangible Assets from the previous 5 years is 38.68% of total assets. The average amount of Gross Fixed Assets and Net Fixed Assets for the industry is 52.85% and 31.41%, respectively. This meant that Accumulated Depreciation and Amortization is 21.44%, as $52.85 - 31.41 = 21.44$. Total Assets need to equal 100%, so this meant Total Current Assets had to be the last 29.91%. Current Assets are broken down into cash, receivables, inventory and other, as they are the most common current assets for the industry. Cash is represented as 8.05% of current assets, receivables 11.7%, inventory .74% and other 9.42%. The current liabilities for the magazine industry are Accounts Payable, Notes Payable and Other. Each again is an average percentage of total assets from the past 5 years' data (BizMinor, 2019). Total current liabilities as a percentage of total assets is 30.25%. Total Long Term Liabilities was estimated to be 27.14%, yielding Total Liabilities to be 57.39% of Total Assets. Therefore, that left the remaining 42.61% to be for Stockholders Equity, which ended up being around the average from the previous 5 years. Total Liabilities and Total Stockholders Equity are added together in the last line to give an amount of \$371,463,956 which is identical to the figure for Total Assets (Appendix B for Industry Balance Sheet).

Statement of Cash Flows

The Net Income figures from the Income Statement are at the beginning of the statement. The beginning and ending cash balances were taken from the Balance Sheet. For example, for

the year ending on December 31, 2020, the beginning cash balance is found under current assets for 2020 and the ending cash balance is the beginning cash balance for the following year. The Net Change in Cash was then computed by subtracting the beginning cash balance from the ending cash balance. Since the growth rate of -4% is applied, net change in cash is always negative as the ending balance is always smaller than the beginning. Each piece of the operating activities section was calculated by taking the average percentage in which cash is paid on that item and multiplying it by its value in the balance sheet. For example, Accounts Receivable is 2.4% of \$43,461,283 for 2020. The same process was done for inventory, current assets, accounts payable, and depreciation. Therefore, the total Net Cash from Operating Activities is \$4,066,504. The Net Cash from Financing Activities was calculated by taking 18.51% of the notes payable from the balance sheet. This came from an average from Meredith Corporation (appendix). The Net Cash from Operating and Financing Activities was then subtracted to find the Net Cash from Investing Activities. All three totals yield the Net Change in Cash for that year (Appendix C for Meredith Corporation Statement of Cash Flows).

Financial Ratios

All financial ratios were calculated based on figures from the income statement and balance sheet. Since an industry growth rate was applied over all 5 years, ratios did not change between the years. Of course this is not entirely accurate, since proxy data was used to construct these. See Appendix D for Industry Ratios,

B. Income Statement

Pro Forma Income Statement		For the Year Ending on December 31, 2020	For the Year Ending on December 31, 2021	For the Year Ending on December 31, 2022	For the Year Ending on December 31, 2023	For the Year Ending on December 31, 2024
Sales						
	Advertising Revenue	\$ 85,449,600	\$ 82,031,616	\$ 78,750,351	\$ 75,600,337	\$ 72,576,324
	Subscriptions	\$ 58,456,800	\$ 56,118,528	\$ 53,873,787	\$ 51,718,835	\$ 49,650,082
	Other	\$ 21,693,600	\$ 20,825,856	\$ 19,992,822	\$ 19,193,109	\$ 18,425,385
Net Sales		\$ 165,600,000	\$ 158,976,000	\$ 152,616,960	\$ 146,512,282	\$ 140,651,790
Less Cost of Goods Sold		\$ (54,648,000)	\$ (52,462,080)	\$ (50,363,597)	\$ (48,349,053)	\$ (46,415,091)
Gross Margin		\$ 110,952,000	\$ 106,513,920	\$ 102,253,363	\$ 98,163,229	\$ 94,236,700
Operating Expenses						
	Officers Compensation	\$ (3,312,000)	\$ (3,179,520)	\$ (3,052,339)	\$ (2,930,246)	\$ (2,813,036)
	Salary-Wages	\$ (32,292,000)	\$ (31,000,320)	\$ (29,760,307)	\$ (28,569,895)	\$ (27,427,099)
	Rent	\$ (3,196,080)	\$ (3,068,237)	\$ (2,945,507)	\$ (2,827,687)	\$ (2,714,580)
	Advertising	\$ (4,587,120)	\$ (4,403,635)	\$ (4,227,490)	\$ (4,058,390)	\$ (3,896,055)
	Bad Debt	\$ (1,440,720)	\$ (1,383,091)	\$ (1,327,768)	\$ (1,274,657)	\$ (1,223,671)
	Sales, General, Administrative	\$ (34,378,560)	\$ (33,003,418)	\$ (31,683,281)	\$ (30,415,950)	\$ (29,199,312)
Less Net Operating Expenses		\$ (79,206,480)	\$ (76,038,221)	\$ (72,996,692)	\$ (70,076,824)	\$ (67,273,751)
EBITDA		\$ 31,745,520	\$ 30,475,699	\$ 29,256,671	\$ 28,086,404	\$ 26,962,948
Less Depreciation		\$ (2,152,800)	\$ (2,066,688)	\$ (1,984,020)	\$ (1,904,660)	\$ (1,828,473)
Less Amortization		\$ (7,617,600)	\$ (7,312,896)	\$ (7,020,380)	\$ (6,739,565)	\$ (6,469,982)
EBIT		\$ 21,975,120	\$ 21,096,115	\$ 20,252,271	\$ 19,442,180	\$ 18,664,493
Less Interest		\$ (4,769,280)	\$ (4,578,509)	\$ (4,395,368)	\$ (4,219,554)	\$ (4,050,772)
EBT		\$ 17,205,840	\$ 16,517,606	\$ 15,856,902	\$ 15,222,626	\$ 14,613,721
Less Income Tax		\$ (6,342,480)	\$ (6,088,781)	\$ (5,845,230)	\$ (5,611,420)	\$ (5,386,964)
Net Income		\$ 10,863,360	\$ 10,428,826	\$ 10,011,673	\$ 9,611,206	\$ 9,226,757

C. Balance Sheet

Pro Forma Balance Sheet		2020	2021	2022	2023	2024
Current Assets						
	Cash	\$ 29,902,848	\$ 28,706,735	\$ 27,558,465	\$ 26,456,127	\$ 25,397,881
	Receivables	\$ 43,461,283	\$ 41,722,832	\$ 40,053,918	\$ 38,451,762	\$ 36,913,691
	Inventory	\$ 2,748,833	\$ 2,638,880	\$ 2,533,325	\$ 2,431,992	\$ 2,334,712
	Other	\$ 34,991,905	\$ 33,592,228	\$ 32,248,539	\$ 30,958,598	\$ 29,720,254
Total Current Assets		\$ 111,104,869	\$ 106,660,675	\$ 102,394,248	\$ 98,298,478	\$ 94,366,539
Gross Fixed Assets		\$ 196,318,701	\$ 188,465,953	\$ 180,927,315	\$ 173,690,222	\$ 166,742,613
Less Accumuated Depreciation and Amortization		\$ (79,641,872)	\$ (76,456,197)	\$ (73,397,949)	\$ (70,462,031)	\$ (67,643,550)
Net Fixed Assets		\$ 116,676,829	\$ 112,009,755	\$ 107,529,365	\$ 103,228,191	\$ 99,099,063
Intangible Assets		\$ 143,682,258	\$ 137,934,968	\$ 132,417,569	\$ 127,120,866	\$ 122,036,032
Total Assets		\$ 371,463,956	\$ 356,605,398	\$ 342,341,182	\$ 328,647,535	\$ 315,501,633
Current Liabilities						
	Accounts Payable	\$ 16,604,439	\$ 15,940,261	\$ 15,302,651	\$ 14,690,545	\$ 14,102,923
	Notes Payable	\$ 11,292,504	\$ 10,840,804	\$ 10,407,172	\$ 9,990,885	\$ 9,591,250
	Other	\$ 84,470,904	\$ 81,092,067	\$ 77,848,385	\$ 74,734,449	\$ 71,745,071
Total Current Liabilities		\$ 112,367,847	\$ 107,873,133	\$ 103,558,208	\$ 99,415,879	\$ 95,439,244
Total Long Term Liabiliites		\$ 100,815,318	\$ 96,782,705	\$ 92,911,397	\$ 89,194,941	\$ 85,627,143
Total Liabilities		\$ 213,183,164	\$ 204,655,838	\$ 196,469,604	\$ 188,610,820	\$ 181,066,387
Total Stockholders Equity		\$ 158,280,792	\$ 151,949,560	\$ 145,871,578	\$ 140,036,715	\$ 134,435,246
Total Liabilities and Stockholders Equity		\$ 371,463,956	\$ 356,605,398	\$ 342,341,182	\$ 328,647,535	\$ 315,501,633

D. Statement of Cash Flows

Pro Forma Cash Flow Statement		For the Year Ending on December 31, 2020	For the Year Ending on December 31, 2021	For the Year Ending on December 31, 2022	For the Year Ending on December 31, 2023	For the Year Ending on December 31, 2024
Net Income		\$ 10,863,360	\$ 10,428,826	\$ 10,011,673	\$ 9,611,206	\$ 9,226,757
Operating Activities						
	Accounts Receivable	\$ 1,043,071	\$ 1,001,348	\$ 961,294	\$ 922,842	\$ 885,929
	Inventory	\$ (27,488)	\$ (26,389)	\$ (25,333)	\$ (24,320)	\$ (23,347)
	Current Assets	\$ (1,315,696)	\$ (1,263,068)	\$ (1,212,545)	\$ (1,164,043)	\$ (1,117,482)
	Accounts Payable	\$ 1,142,385	\$ 1,096,690	\$ 1,052,822	\$ 1,010,709	\$ 970,281
	Depreciation	\$ 3,224,232	\$ 3,095,263	\$ 2,971,452	\$ 2,852,594	\$ 2,738,490
Net Cash from Operating Activities		\$ 4,066,504	\$ 3,903,844	\$ 3,747,690	\$ 3,597,783	\$ 3,453,871
Investing Activities						
	Property, Plant and Equipment	\$ (3,172,375)	\$ (3,045,480)	\$ (2,923,661)	\$ (2,806,715)	\$ (2,694,446)
Net Cash from Investing Activities		\$ (3,172,375)	\$ (3,045,480)	\$ (2,923,661)	\$ (2,806,715)	\$ (2,694,446)
Financing Activities						
	Notes Payable	\$ (2,090,243)	\$ (2,006,633)	\$ (1,926,368)	\$ (1,849,313)	\$ (1,775,340)
Net Cash from Financing Activities		\$ (2,090,243)	\$ (2,006,633)	\$ (1,926,368)	\$ (1,849,313)	\$ (1,775,340)
Net Change in Cash		\$ (1,196,114)	\$ (1,148,269)	\$ (1,102,339)	\$ (1,058,245)	\$ (1,015,915)
Beginning Cash Balance		\$ 29,902,848	\$ 28,706,735	\$ 27,558,465	\$ 26,456,127	\$ 25,397,881
Ending Cash Balance		\$ 28,706,735	\$ 27,558,465	\$ 26,456,127	\$ 25,397,881	\$ 24,381,966

E. Financial Ratios

Financial Ratios		2020-2024
Profitability Ratios		
	ROA	2.92%
	ROE	6.86%
	Profit Margin	6.56%
Liquidity Ratios		
	Current ratio	0.99
	Quick Ratio	0.96
Stability Ratios		
	Debt Ratio	0.57
	Debt to Equity	1.35

Critical Risk Factors

A. Management Risk

The print newspaper and magazine industry is in decline and the management team of PMC and especially Rolling Stone must think of effective ways to promote their publication to ensure their business stays successful. Newspapers and magazines must have an online presence if they have any chance of survival, which means Rolling Stone staff must have their content online and on social media. In order to stay away from the risks, the management must be ahead of their time to predict what the future could hold for journalism in the music industry. By constantly creating new ways to publish media, the business can stay successful.

B. Marketing Risks

Rolling Stone has a more specific demographic than other newspapers and magazines, so they must market their publication to the right audiences. Their marketing efforts should revolve around their target market, which are males aged 18-34 in large populated cities (“Rolling Stone Media Kits”, 2015). All marketing must also be truthful and accurate to uphold the integrity of the business and be sure not to mislead potential readers and buyers.

C. Operating Risks

Operational risks that Rolling Stone can face comes from unexpected failure in day-to-day operations. Published work must be accurate and fact checked, which means editors must be constantly checking sources and facts to make sure their audience is receiving accurate information. A major operating risk for a publication would be the publishing of false or misleading information. In order for Rolling Stone to stay successful in the future, they must eliminate day to day mistakes in their copy that could jeopardize their reputation.

D. Financial Risks

In order for Rolling Stone to stay successful, the company must be making a profit. There are financial risks that the company could face such as loss of advertisers that provide most of the revenue for the publication. The advertising department needs to have enough substantial advertisers to keep the revenue coming in. Another financial risk is doing business internationally, as exchange rates are always fluctuating and the revenue could frequency change. Depending on the exchange rates, a company could be making more or less every month and it is hard to gage what will happen in the economy. Rolling Stone should be prepared to anticipate economic changes that could occur.

E. Intellectual Property Infringement

An issue that faces publications around the world is plagiarism. Rolling Stone should monitor their publication and others to ensure their information is not being stolen and their writers are not crediting sources that they get their information from. It is always a risk that other companies may steal your information, which means staff at Rolling Stone needs to be on the lookout for that possibility. Editors should be constantly fact checking the work that Rolling Stone publishes to make sure their content is not duplicated from another publication.

Appendix

PROFIT LOSS (%): INCOME & EXPENSE - INDUSTRY

	Industry				
	2015	2016	2017	2018	2019
Business Revenue	100%	100%	100%	100%	100%
Cost of Sales	33.40%	33.48%	33.38%	33.40%	33.47%
Cost of Sales - Labor Portion	2.89%	2.75%	2.60%	2.55%	2.51%
Gross Margin	66.60%	66.52%	66.62%	66.60%	66.53%
Officers Comp.	2.29%	2.21%	2.12%	2.14%	1.58%
Salary-Wages	20.54%	19.76%	19.01%	19.14%	19.38%
Rent	1.98%	1.90%	1.83%	1.84%	2.12%
Taxes Paid	2.45%	2.36%	2.27%	2.28%	2.69%
Advertising	2.93%	2.82%	2.71%	2.73%	2.68%
Benefits-Pensions	4.03%	3.87%	3.73%	3.75%	3.75%
Repairs	0.50%	0.48%	0.46%	0.46%	0.72%
Bad Debt	0.90%	0.87%	0.84%	0.84%	0.37%
Sales, General, Admin & Misc.	22.11%	21.02%	20.22%	20.34%	20.13%
EBITDA	8.87%	11.23%	13.43%	13.08%	13.11%
Amortization Depreciation Depletion	5.95%	5.72%	5.51%	5.28%	5.97%
Operating Expenses	63.68%	61.01%	58.70%	58.80%	59.39%
Operating Income	2.92%	5.51%	7.92%	7.80%	7.14%
Interest Income	0.36%	0.38%	0.41%	0.43%	0.55%
Interest Expense	2.56%	2.68%	2.87%	2.98%	3.35%
Other Income	6.93%	8.04%	8.36%	8.78%	9.32%
Pre-Tax Net Profit	7.65%	11.25%	13.82%	14.03%	13.66%
Income Tax	2.62%	3.94%	4.84%	2.95%	4.78%
After Tax Net Profit	5.03%	7.31%	8.98%	11.08%	8.88%
Discretionary Owner Earnings	13.27%	15.24%	16.61%	18.50%	16.43%

A.

BALANCE SHEET (%): INDUSTRY

	Industry				
	2015	2016	2017	2018	2019
Cash	8.02%	8.11%	7.40%	8.16%	8.55%
Receivables	11.62%	11.77%	10.77%	11.89%	12.40%
Inventory	0.91%	0.92%	0.84%	0.93%	0.11%
Other Current Assets	9.36%	9.48%	8.66%	9.56%	10.02%
Total Current Assets	29.91%	30.28%	27.67%	30.54%	31.08%
Gross Fixed Assets	54.01%	53.68%	55.65%	48.87%	52.07%
Accum. Depreciation-Amortization-Depltn.	22.79%	22.65%	23.48%	17.97%	20.31%
Net Fixed Assets	31.22%	31.03%	32.17%	30.90%	31.76%
Other Non-Current Assets	38.87%	38.69%	40.16%	38.56%	37.16%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%
Accounts Payable	4.27%	4.79%	4.18%	4.21%	4.90%
Loans/Notes Payable	3.69%	3.64%	3.09%	2.79%	1.98%
Other Current Liabilities	21.66%	22.71%	21.68%	23.86%	23.78%
Total Current Liabilities	29.62%	31.14%	28.95%	30.86%	30.66%
Total Long Term Liabilities	24.82%	26.31%	26.75%	28.54%	29.30%
Total Liabilities	54.44%	57.45%	55.70%	59.40%	59.96%
Net Worth	45.56%	42.55%	44.30%	40.60%	40.04%
Total Liabilities & Net Worth	100.00%	100.00%	100.00%	100.00%	100.00%

B.

Meredith Corporation and Subsidiaries
Consolidated Statements of Cash Flows

Years ended June 30,	2018	2017	2016
<i>(In millions)</i>			
Cash flows from operating activities			
Net earnings	\$ 99.4	\$ 188.9	\$ 33.9
Adjustments to reconcile net earnings to net cash provided by operating activities			
Depreciation	54.2	34.8	39.4
Amortization	74.8	19.1	19.7
Share-based compensation	30.4	12.8	12.8
Amortization of original issue discount and debt issuance costs	6.1	—	—
Deferred income taxes	(116.5)	42.5	9.1
Amortization of broadcast rights	19.2	17.6	16.7
Payments for broadcast rights	(20.7)	(17.0)	(16.9)
Write-down of impaired assets	23.0	9.8	162.0
Fair value adjustment to contingent consideration	(4.8)	(19.5)	(4.1)
Excess tax benefits from share-based payments	—	(6.8)	(4.2)
Other operating activities, net	13.1	—	—
Changes in assets and liabilities, net of acquisitions/dispositions			
Accounts receivable	12.6	(15.2)	10.7
Inventories	(0.3)	(1.2)	3.5
Other current assets	(4.3)	4.7	(0.5)
Subscription acquisition costs	45.4	4.7	(3.1)
Other assets	(101.1)	(2.1)	4.9
Assets and liabilities held-for-sale	28.4	—	—
Accounts payable	(13.0)	(15.5)	(11.9)
Accrued expenses and other liabilities	73.6	8.3	(16.6)
Unearned subscription revenues	(68.7)	(16.9)	(31.3)
Other noncurrent liabilities	0.6	(29.7)	2.5
Net cash provided by operating activities	151.4	219.3	226.6
Cash flows from investing activities			
Acquisitions of and investments in businesses, net of cash acquired	(2,786.5)	(84.4)	(8.2)
Proceeds from disposition of assets, net of cash sold	219.2	1.5	1.8
Additions to property, plant, and equipment	(53.2)	(34.8)	(25.0)
Other	3.1	—	—
Net cash used in investing activities	(2,617.4)	(117.7)	(31.4)
Cash flows from financing activities			
Proceeds from issuance of long-term debt	3,260.0	380.0	167.5
Repayments of long-term debt	(765.1)	(374.4)	(267.5)
Issued preferred stock, warrants, and options proceeds, net of issuance costs	631.0	—	—
Dividends paid	(121.5)	(91.9)	(86.1)
Purchases of Company stock	(31.1)	(53.3)	(31.1)
Proceeds from common stock issued	19.3	38.0	20.9
Excess tax benefits from share-based payments	—	6.8	4.2
Payment of acquisition related contingent consideration	(5.1)	(8.0)	(0.8)
Debt acquisition costs	(70.8)	(1.5)	(0.1)
Net cash provided by (used in) financing activities	2,916.7	(104.3)	(193.0)
Effect of exchange rate changes on cash and cash equivalents	(4.1)	—	—
Change in cash held-for-sale	(31.3)	—	—
Net increase (decrease) in cash and cash equivalents	415.3	(2.7)	2.2
Cash and cash equivalents at beginning of year	22.3	25.0	22.8
Cash and cash equivalents at end of year	\$ 437.6	\$ 22.3	\$ 25.0

C.

Financial Ratios: Cash Flow-Solvency	Industry				
	2015	2016	2017	2018	2019
Accounts Payable: Business Revenue	7.54	6.78	8.09	7.83	11.46
Current Ratio	1.01	0.97	0.96	0.99	1.01
Quick Ratio	0.66	0.64	0.63	0.65	0.68
Days Payable	82.37	73.88	88.46	85.56	125.00
Current Liabilities: Inventory	32.55	33.85	34.46	33.18	278.73
Net Working Capital: Business Revenue	0.01	n/a	n/a	n/a	0.01
Cost of Sales: Accounts Payable	4.43	4.94	4.13	4.27	2.92
Cost of Sales: Inventory	20.79	25.72	20.53	19.31	130.08

D.

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