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Consultants to the Direct Market

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## An Introduction to Ordering Comics via Cycle Sheeting

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### What is Cycle Sheeting?

Cycle sheeting is a method of manual inventory control which has been customized to meet the specific needs of comics retailers. It was popularized and widely disseminated by comics industry old-timer Mike Smith. The actual process of Cycle Sheeting is simple, although time-consuming. Applying the information gathered by cycle sheeting is more laborious, but the comic retailer who is interested in running a profitable comics operation *must* use some form of cycle sheeting and analysis as part of their ordering process.

In general, new comics as a merchandise line is only profitable when comics retailers achieve sell-through ratios of 85% or better. This means if you purchase 100 copies of a comics title, you had better sell at least 85 copies before you pull the book of the newsstand. Copies which go into back stock don't count toward sell-through ratios. Many comics retailers are running at 65-70% sell-through, and in many cases which we've seen even worse ratios. A sell-through ratio of 60% represents a bare break-even sales level. If you discount subscriptions your sell-through rate has to be higher to compensate for giving away a significant part of your pre-tax profits.

How can a comics retailer increase their sell-through? The answer is ordering (as best as one can) to sell out. This is hard to do, given all the variables which affect comics sales. But if you don't try to order to sell out we guarantee that your sell-through ratios will be very disappointing.

There are always exceptions to ordering to sell out. If you are trying to promote a title which you believe is worthwhile, you are not going to be able to sell through during the extended period you are promoting the book. If you can afford to invest capital in a number of titles which add interest and quality to your comics inventory, not selling out of selected titles isn't a bad business decision. Consistently over-ordering through carelessness *is* a bad business practice.

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### Start with Current Inventory

The first step is recording what you have in inventory today. Take the Cycle Sheet Form which we've given you and make a Xerox copy for each Title that you carry. Write the Title in the upper right corner in the space which we've provided.

Three-hole punch the lower edge of the form and put the forms into a three-ring binder, in alphabetical order. You can buy divider pages for your binder in alphabetical order at your local stationary store.

### ☛ *Entering Current Inventory*

We recommend taking your last six weeks invoices and starting a cycle sheet for every title that arrived during that period. Use the first column to the right of the Category Descriptions for the oldest issue on the shelf as a "new" comic.

That should include almost all of the comics which are presently out on display on your shelves. Record the following information for each issue:

- ! Issue Number
- ! Quantity Received
- ! Start Cycle Date
- ! Cycle Pull Date

Then take your binder with all these cycle pages and inventory your comics. Enter the quantity which are currently on your shelves into the appropriate "Qty Week Left" column.

If you are not in Week-#1, you can back-fill to Week-#1 with today's inventory quantity for completeness.

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### Enter Comics Which are On-Order

#### ☛ *Entering Comics Which Have Been Ordered*

We recommend taking your comics distributor orders for the last two months and adding this information to any cycle forms which you already have created. Enter the *Issue Number* in the proper column. Then enter the *Order Date* and the *Order Quantity*.

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### Log in Each Week's Comics

#### ☛ *Logging in Each Week's Comics*

When you receive your comics shipments, be sure to check your invoice against the actual quantities that you received. Mark any deviations on your invoice.

Then go to your cycle sheet book and update it for all new issues which have arrived. You should have an entry "on-order" for each issue which arrives, once you have been cycle-sheeting for five or six months. Be sure to put in a "Pull Date" for each newly-arrived comic or a note concerning how many weeks you want the book to remain on the shelf as a "new comic". The

best time to enter this information is when you order the book in the first place.

Most retailers get their comics on Wednesday, so they often count books on Tuesday. *We recommend counting your comics within three days of their arrival, so you can get early warning of books which are selling through much faster or more slowly than expected.*

Old rules of thumb were that “popular” books were expected to achieve sell-throughs of 70-80% in the first 3-4 days they were in the store, and that other books where customers tended to buy them over a longer period of time would have first-week sell-throughs of 30% in their first week.

If certain issues sold much faster than normal in “week 1”, retailers would place re-orders for additional product or would check with other retailers to see if they had extra product. If issues were selling much slower than normal, retailers would start pushing the title in an attempt to make sure they didn’t get stuck with extras.

Whatever count day you choose, try to be consistent in counting.

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## How to Assign ‘Pull Dates’

### “What’s a Pull Date?”

A “pull date” is the term for the day on which you normally want to pull a particular issue of a comics title off your shelf. Left-over copies are traditionally bagged, boarded and have their price changed; and eventually reappear as back issues.

Many comics retailers used to assign all their monthly titles a four or five week pull cycle. The ideal was that they would sell the last copy of an issue just before the next month’s issue arrived to replace it. This is currently the rare exception rather than the norm.

We recommend that comics retailers assign pull dates to each comic title individually, based on its sales history in their store and its role in their comics marketing strategy as well as the amount of space you have to display merchandise.

*Some comics which have limited sales appeal deserve limited shelf space or time, as they only sell in the first week that they are in the store. You could keep them on the shelf for another 4-5 weeks, but if they don’t sell it doesn’t seem reasonable to tie up scarce selling space for a dead item.*

Other comics have long shelf lives, and you may want to keep multiple issues of that title on the shelf at the same time. *Bone* is a good example of this kind of title. Bear all this in mind when deciding how many weeks you want to keep a given comics title on your shelves.

## Ordering Comics

### ☛ *Placing Advance Re-Orders*

If you feel you need to order more copies of a comic prior to shipping, record your Advance Re-order on your cycle sheet. You may want to make a note on the page concerning which distributor the order went to and on what date.

### ☛ *Placing Re-Orders*

Record any re-orders after the book has shipped in the same manner. Be sure to note which distributor the order went to and what the re-order date was. Reorders have become an important part of some retailers inventory management process.

They write a minimal order for their monthly Diamond order, and then track pre-order sales carefully for the six-week period before the cutoff date to see whether they need to put in re-orders.

### ☛ *Writing Your Monthly Order*

Writing your monthly comics order is tedious at best, and using cycle sheets adds to the amount of time you’ll need to write your orders. But not using cycle sheets (whether manually or in some automated system) will cost you enough money that cycling is worth the time and trouble.

### *Step 1: Subscribers*

Go through your subscriber file and total the number of issues you must order for each title in order to satisfy your standing or one-shot subscriber orders. Transfer this data to the proper column on your cycle sheets. It’s worth taking time to record this information because after two or three months you’ll begin to see trends in your subscriber counts.

Subscriber trends are very valuable to you, as they often can identify books which are growing or failing before the changes show up on the newsstand. Remember that you are always ordering 2-3 months in advance of publication.

**If you have a title with a trend of declining subscribers, you probably want to order fewer titles than what you’d need if the books are to arrive next week.**

### *Step 2: Ordering First Issues*

You obviously will not have cycle sheets for titles which are being ordered for the first time. The customary method for ordering “first time” titles is to look up the sales history for three or four “analogous” titles, that is, titles which you think are similar in content and behavior as the book which you are ordering.

Check and see what their sales level is, not including subscribers. This should provide you with adequate guidance in ordering the new item. Make a note in the cycle sheet of the new title which analogous titles were used in generating the order.

**Step 3: Ordering Second and Third Issues**

It's unfortunate that second and third issues usually sell more poorly than the first issue of any new book. Since all comics are ordered on a non-returnable basis and are ordered at least sixty days in advance of publication; prudent comics retailers are well-advised to be very cautious when ordering issues two and three.

If you annotated your cycle sheet form for Issue #1 of the book, you can look up the analogous titles that helped you order the book in the first place and see if you have sell-through data for those titles early issues. If you are lucky you will have some information. Use the same proportions to adjust your orders for issues #2 and #3.

If, for example, issue #2 of the analogous title sold 60% of issue #1, order 60% of the title's initial order quantity. This means if you ordered 10 copies (not including subscribers) you'd order 6 for issue #2. If you don't have analogous sales data for issues #1-#4, you can safely assume that a typical sales curve is going to be roughly:

Issue #1	100%
Issue #2	60%
Issue #3	30%
Issue #4	20%

If you are wrong and under-order, then you have the much more preferable situation of chasing extra copies for your customers.

**Thirty comics retailers went out of business because of over-ordering for every comics retailer who went out of business because they under-ordered!**

**Step 3: Ordering Regularly-Carried Comics**

Look at your subscriber trends and see whether sales are growing, stable or diminishing. Decide how many subscriber copies you want to order to have on hand sixty days from now. Ignore newsstand sales when you decide upon this figure.

Then look at your newsstand sell-through (in units) to see whether the book is growing, stable or diminishing on the newsstand. You can't assume that a book is doing well or poorly with both subscribers and newsstand customers.

Examine your newsstand unit sales for the last few months to get a sense of probably unit sales. Once you have a base figure, adjust it up or down to allow for having to order 60+ days in advance. Then combine your subscriber and newsstand figures to get your total order quantity.

**Remember, the three questions to consider when ordering a comics issue are:**

**“How many copies do I need for Subscribers?”**  
**“How many copies can I sell on the newsstand?”**  
**“Do I want any extras for back-stock?”**

**Step 4: Ordering for Special Situations**

Comics retailers also adjust their orders up or down depending on special circumstances. When a popular artist does a “guest cover” a book's potential sales may be much greater than normal in your store. Other factors can be the death of a popular character, issues ending in “50” or “100”, or the start of a mini-series within the regular storyline.

Whenever you encounter a book with a unique set of characteristics which may affect sales, use the “Notes” section of the cycle sheet form to record this information. We also recommend putting an asterisk or other symbol next to the issue number to remind yourself that there's something unusual about this issue.

Be very cautious in increasing orders due to special circumstances. In the past, sales often did increase with cross-overs, character deaths, etc. In today's market such sales increases are much more rare. Enhanced covers just don't have the impact with consumers that they used to. Multiple covers are a good way to lose money!

**Some Cycling Definitions**

**☞ Definitions**

Here are definitions of the terms which we use concerning cycle sheeting:

<i>Order Date</i>	When the comic issue was ordered
<i>Adv Order</i>	Re-orders prior to shipping
<i>Start Date</i>	The date on which a comics cycle begins
<i>Pull Date</i>	The date on which an issue should be pulled
<i>Pulled</i>	Removing a ‘new comic’ from sale
<i>Shelf Weeks</i>	The number of on-sale weeks for an issue
<i>Sell-Through</i>	The percent of issues sold

Calculate *sell-through* two ways -

**! Total Sell-Through**

for all units sold on the newsstand plus subscriber sales, divided by the total number of units received

**! Newsstand Sell-Through**

for all units sold on the newsstand divided by (the total number of units received minus units sold to subscribers).

Both figures are useful but profitability is based on *Total Sell-Through*. Comics sell-throughs of 80% or more generate profitable sales. Sell-through rates below 80% usually indicate that new comics are an unprofitable category in your store. It's hard to generate high sell-through rates for comics titles with sales of ten or fewer copies, since random monthly sales variations can drop sell-throughs.

For example, if you normally order ten copies of *Mutant Programmers* and usually sell nine copies, you are achieving a profitable sell-through rate. If for some reason two customers buy *Mutant Programmers* at another store or just don't like this month's cover, your sell-through will drop to 70% for that issue and you'll break even, at best.

You need to differentiate between two classes of small-unit sales comics titles: titles which will never sell another copy no matter how long you keep them on the shelf, and titles which retain their saleability three or four months after their original arrival.

Part of the solution to this problem is to assign short shelf periods to poor-selling titles and cut orders until you sell out during their sales period. Titles which have longer shelf lives can be assigned multi-month cycle periods.

This doesn't mean that you can be careless when ordering your better-selling titles. You need every scrap of profit from these books to support your business.

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## Miscellaneous Topics

### 🍷 *Converting Your Paper Data to a Computer*

At some point most people find that maintaining and using cycle sheet data on paper is slow and burdensome. If you want to convert your data to electronic format, we recommend using a simple inexpensive database program such as *PC-File* or a commercial spreadsheet program such as Microsoft's *Excel*™.

You can create a template definition which mirrors the data which you record. Then enter the data from your cycle sheet binder. The advantage of a spreadsheet program is that you can calculate averages for ranges of data easily, which helps in calculating order quantities. It's disadvantage is that you will not be able to use the data to calculate order quantities.

The problem with spreadsheets is that as your cycle file grows larger, you'll need more and more RAM to accommodate your spreadsheet files. But spreadsheets and simple database programs will provide relief from many of the problems which you'll eventually run into with a paper system.

Eventually you will want to investigate a commercial system which integrates ordering and inventory information for subscribers, comics, back-issues and all re-orderable products.

### 🍷 *Getting Answers to Questions*

You can send e-mail to [mel@comtrac.net](mailto:mel@comtrac.net) and we'll try to reply within a day of receipt during the normal business week. Our web site at [www.comtrac.net](http://www.comtrac.net) has general information on automating the ordering and inventory control process.

### 🍷 *Suggestions*

If you have suggestions concerning this document or the cycle sheet form, we'd like to hear from you. The best way to share your thoughts with us is to send us an e-mail, Fax or letter with your ideas.

Thanks!  
Melchior Thompson  
President

