

What is this document for?

Below is a proposal to establish an NPO for the purpose of publishing literature in translation. It will be a Japanese NPO and therefore concentrate on translations between Japanese and other languages, but should eventually expand to include other language pairs. As an NPO it will obtain revenue from membership fees and book sales.

This document is being circulated to find out if there are any other people who would be seriously interested in becoming members--an expression of interest, not a promise to join. Comments and suggestions are also very welcome, and I hope that those of you seriously interested in getting involved will contact me directly. I'd like to hear your thoughts on the NPO's goals, and the proposed fee structure.

In particular, **if you think you would be interested in becoming a member of this NPO, under pretty much as described here, tell me.** Without about a dozen people members, it is impossible to create the NPO at all. Keep in mind that nothing here is immutable, but for now, at least, this is the outline.

And what's in it for you?

In addition to being able to help get more Japanese literature into English (to start), more English-language literature into Japanese (near future), and more literature translated from various languages into other various languages (eventually), you will also be able to interact with other people interested in the same type of work, as well as authors; be able to get involved in various aspects of book publishing; be able to improve your own skills; and be eligible to accept paid work as a translator, editor, designer or other specialist. Not to mention you get your name in print.

About Kurodahan Press

Kurodahan Press (KHP) was started about five years ago to publish Japanese literature in translation. We have translated and published about twenty books so far, with another dozen in so in various stages, and lots more proposals under discussion for the more distant future. More information on us is available at kurodahan.com

When we started KHP, we knew we wouldn't be making money for a long while, if ever. Our most optimistic estimate showed our first profitable year in about a decade, and sure enough, we are right on schedule... losing money steadily.

KHP is currently operating using funds from Intercom, Ltd., my own translation/production company. I invest a great deal of time, effort and capital on KHP business. I do not mind doing this, and in fact enjoy doing KHP work far more than I enjoy doing Intercom work. Because KHP is positioned as a part of Intercom, however, it is viewed from the outside world as a division of a profit-making corporation.

This makes it difficult for other people to contribute time and effort, because the immediate assumption is that profit created through their hard work will be gobbled up by the corporation. It also means that I get lots of email from people offering to do KHP work for money.

I feel that KHP is doing something valuable. It would be nice to make a profit and a living doing it, but that won't happen. If KHP has to continue the way it is now, that's fine, and I'll keep putting out two or three books a year. But it could be so much more. Below I try to clarify what I want to do, and what I might need to accomplish it.

What do I want?

I want to establish an organization that will publish translated literature.

At present this is primarily Japanese-to-English literature, but I will be publishing my first English-to-Japanese book later this year (three tales by Serbian author Zoran Zivkovic) and have a good backlog of English-speaking authors who are eager to get into Japanese, and worth putting there. Offering books being translated in both directions would be best, but without Japanese to handle it, it just isn't practical. Obviously, then, I am very interested in attracting Japanese members as well as English-speaking ones.

I would like to add Chinese and Korean to the list as well, but lack the needed resources. Eventually I would like to expand to many language pairs.

I would like to publish a magazine on all this and make it available worldwide, hopefully in a combination of printed and ebook formats.

And I would like the organization to operate from a broader management base than my own company.

What do I need to accomplish this goal?

Publishing requires time, resources and money, or at the most general level, money. As mentioned above, the more time I spend on KHP projects the less time I can spend on my own technical translation, which currently brings in cash to drive everything else.

KHP could make use of many different types of people: job managers, authors, translators, editors, layout and marketing, to name the major categories. The trouble is that while all of these people are available for a fee, few of them are willing to work for less. For the type of books I have been publishing, a book costs anywhere from US\$2000 up to about US\$20k, depending on how much everyone wants.

In the best of all possible worlds, KHP would be making enough revenue that it could afford to hire good people at reasonable wages. In practical terms, this won't happen for some time (if at all).

One of the major difficulties that I perceive is that outsiders note KHP is a division of Intercom, Ltd. Intercom, Ltd. is a for-profit corporation, and therefore is assumed to have profits. Naturally, everyone wants a piece of it, but unfortunately KHP is spending more money than it makes, and eats at least all the profit Intercom generates. When I invite people to donate their time and effort to KHP, they are naturally leery of, basically, contributing to Intercom's profitability.

In order to ensure that Kurodahan Press continues to exist in the future, I believe I have to separate KHP and Intercom from each other. There seem to be two ways to accomplish this:

- (1) Establish KHP as a corporation.
- (2) Establish KHP as an NPO.

Establishing KHP as a corporation

While this would cleanly separate KHP from Intercom, the fundamental issue would remain unchanged... it would still be a corporation. True, other people might be shareholders, but it would remain a for-profit organization making use of outside help. While this would get Intercom out of the picture, I would (almost certainly) be a major (or majority) shareholder, and most of the current problems would remain unchanged.

Establishing KHP as an NPO

An NPO has, apparently, three major forms of income: (1) memberships, (2) donations, and (3) sales.

- (1) Memberships are required, because the NPO needs at least ten members to exist (three of whom may be officers and one of whom may be the auditor). Japanese, non-Japanese and corporations can be members or officers, regardless of place of residence, making this the most common source of funds.
- (2) Donations obviously only come in if we can show evidence that it's worthwhile. For a corporation this probably means they get something they can boast about. For a grant or individual donation, it probably means they think we're doing something useful.

One possibility is offering "book sponsorships." The NPO would almost certainly have to treat these as gravy, excluding them from budget planning. For example, a company "sponsoring" a book might get its name on the front and back covers, plus a page explaining how enlightened they are to support literary translation, and introducing their extensive contributions to humanity. This might cost, for example, two million yen (which is about the minimum for a cash-up-front translation, with half to translator and half to author). Lesser contributions would be listed on the webpage and annual report.

- (3) Sales are clearly the proceeds of any KHP books sold. Most of the contracts that KHP has now, however, include percentage royalties on sales, and some (if not most) NPO contracts would also have to pay royalties.

NPO expenses

The NPO is allowed to pay no more than one-third of its officers, and paying officers is implicitly discouraged. In general there are three types of expenses, I think:

1. Costs related to running the NPO, such as accounting, preparing tax returns, telephone number, website, etc.
2. Costs related to doing business, such as inventory tax, storage space for inventory, paying tax, marketing materials and activities.
3. Production expenses. This will account for the vast majority of expenses, I think. Actual translation and production work would be outsourced to appropriate people, with priority given to members. Each book also requires a chunk of cash for free copies, promotion and advertising.

Given the guesstimated fees schedule (see bottom), and assuming fifty members at 50,000 yen/year, the NPO would probably be able to put out two or three books a year from member fees, and another one or two books from sales revenue. That is based on all sorts of assumptions including a minimal fee for management overhead and costs based on experience for books, plus past sales records, but (IMHO) not unreasonable.

Restrictions on NPOs

We have to present a budget for the next year at establishment, and annually.

We have to hold a General Plenum at least once a year. It is unclear if any quantity or ratio of members or officers must be present. The documentation suggests that at least half the membership should be present, but this is not explicitly spelled out. Instead they say the 定款 should specify a reasonable number “in keeping with the spirit of democratic government.”

Officers have to provide 住民票 or the equivalent; the ten or more members have to merely provide names and addresses. People are not required to reside in Japan, or to be Japanese.

A variety of paperwork has to be filed with the government, including strict accounting. I don't think either will present much of a problem, as the majority of it is much the same as required of corporations.

We have to file a variety of reports with various people to demonstrate we are really an NPO. I imagine the first bunch will be quite complex to complete, and then they can pretty much be copied every year thereafter.

Problems with the NPO idea

1. At present four people have expressed interest in becoming members, but only one (me) in becoming an officer.
2. 50,000 yen per member isn't all that much when you consider how much it costs to publish books, even via POD. Intercom lost a couple million on Kurodahan last year, and probably will again this year, not counting my time.
3. Intercom really only has inventory of two titles (*Speculative Japan*, an English SF anthology; and 夕焼けに回轉木馬, a Japanese novel by 眉村卓). We have a couple dozen copies of all our titles here, of course, but they've already been taken as expenses and can therefore be donated to the NPO easily. These two titles, however, were offset printed here in Japan (*Speculative Japan* for WorldCon 2007), and we have a lot of them. That would have to be covered somehow, although that is not a terribly complex problem.
4. Intercom has many contracts with authors and translators. None of them restricts transfer, but it would be a good idea to try to replace them with new contracts, if possible. Some contracts might be renegotiated to simply life for everyone (for example, some short story authors/translators receive a few hundred yen a year... it would make sense to just offer them a flat 10,000 yen or whatever and eliminate the hassle of bookkeeping for annual royalties).
5. Intercom has paid healthy advances to a number of authors and translators. Together they add up to serious money, and that money would have to be returned to Intercom, I think.

6. Intercom has a US bank account, website, agreements with the POD printer, etc. All of those will eventually have to be replaced by the NPO.

It could take years to clean up all these issues, but in the interim the NPO could legally ask Intercom to do things on its behalf, and settle up monies between the two firms transparently. Money would have to flow in both directions, but as long as it's all down on paper it would seem to be reasonably straightforward.

What's to stop me from taking all the money myself?

The honest answer is nothing. Just like a corporation, the people controlling the money can run off with it all. However, just like a corporation, there are considerable laws and regulations defining what officers can do with the money. In fact, NPOs operate under more restrictions than corporations.

The only way to help prevent this from happening is to ensure transparency and Board management, or some suitable alternative management system from the very start. Transparency can be ensured among members with little difficulty, and it is even possible that all NPO financials could be posted on the web (there are some issues about how to handle specific amounts to specific authors/translators, but anyway...).

So what then?

If the NPO is successful, what does Intercom get out of it? What do I get out of it? Intercom gets to stop investing into KHP, and possibly gets some translation or production work from the NPO.

Personally, given the above, I get a healthier Intercom (not a bad thing in itself), and in return for paying membership dues, and (probably) overseeing NPO activities for the first five years, and possibly loaning it (or donating) money, the pleasure of watching an NPO make a success out of KHP.

I believe that forming an NPO is the only (realistic) way to ensure that my top priority, publishing literature in translation, is achieved. It would be theoretically possible to have someone take over my corporation to do that, but I doubt that there would be anyone interested in taking on corporate responsibility.

A few other considerations:

1. A committee would be needed to decide which books to publish. This would have to be composed of multiple members, hopefully from various fields, to help ensure that the NPO doesn't end up only translating one crony author, or only works which can only be translated by one specific translator, for example.
2. A committee would be needed to decide who translates a book. This is likely to be a major problem, because there will probably be a relatively high ratio of translators in the membership roster. If the price paid for a translation is reasonable (not necessarily high, just reasonable), though, it becomes a business decision for everyone involved, and that would tend to take a lot of the acrimony out of it, I think. A committee is necessary to ensure that it *remains* a business decision.
3. Other expenses (office overhead, editing, design, layout, advertising, etc.) would also have to be decided transparently.

Information on NPOs can be found here, among other places:

<http://www.npo-homepage.go.jp/>

<http://www.nvc.pref.fukuoka.lg.jp/>

In addition, I asked a few specific questions:

1. Legally, what actions cannot be handled by the 理事会 and require a 総会?

Answer: 定款変更, 解散 and 合併

If possible, elections and financial reports would also be nice, they added.

2. The following membership categories are legal but may not be optimal. The fees shown are of course provisional:

正会員・個人: 5 万/year (voting rights)

賛助会員・個人: 1 万/year (no voting rights)

正会員・法人: 50 万/year (voting rights)

賛助会員・法人: 10 万/year (no voting rights)

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