

The Great Book Publishing Scam Business

by Kitty Werner, RSBPress LLC

Introduction

So, you want to become a publisher? Just how do you think you can make money at this game? Most people reckon on selling their treasured tome directly to a consumer, making a “mint” on the books, retiring to somewhere not so cold as Vermont, while raking in the cash.

Hate to tell you, but there is much more to selling books than simply getting them printed, offering them to the world, and emptying your garage quickly. It doesn't work like that.

Reality Check:

- 1) Publishing is a business. Therefore, you need a plan. A *business plan*. Not just any business plan, but one centered on retailing—and marketing.
- 2) You need a *marketing plan*. Study the market for your future book. Is there a market for it? Are you ready to promote the heck out of your title? If not, forget publishing.
- 3) You need an understanding of how a publisher earns the money from books, where the money comes from, what expenses are incurred, where the money goes. This is the scope of this project.
- 4) No matter what route you take—YOU have to market your book, YOU do the promotion, *you* are *your* publicity.

Since most questions from authors, and/or future publishers, concern the money aspect, and most business and marketing plans don't address this issue, this is your primer.

First Things First:

- 1) Have your manuscript edited! You'll need that extra pair of eyes to go over it to catch mistakes and typos. Also to find out if the story/book works as a complete book. As an author, the tendency to know your subject/story line so well that what may be obvious to you may not be so obvious to your readers can be a problem. Good editing will discover and rectify any of these issues. Remember, it isn't personal, it's a book.
- 2) Have your manuscript typeset and a professional cover created. If you are good at this—fine. If not, it *must* be of a *professional* standard! There are quite a few elements that are required on a book cover, without them, your book is written off as “amateur” and doesn't have much of a chance of getting the attention you want.
- 3) If going the Small or Independent Press (real business route) get your business name registered in your state, buy your ISBNs (minimum 10), even get a business bank account.

What route will you take with your book?

There are now several routes to take to get your book out to the public. As of this date, here are several options:

- 1) **The POD route:** Have your book designed professionally, establish yourself as a small business, order your ISBNs, establish yourself with an account at Ingram/Spark (aka Lightning Source or LSI) or CreateSpace, but that's limiting your options to only Amazon online, upload your title, accept your proof, order as many books as you wish and only pay for those. Anyone else who orders books pays for them as ordered—i.e. bookstores, online—paid for as ordered. Don't forget that PR! Cost: ISBNs \$250, business registration about \$100 depending on your state, Ingram/Spark uploads and proof \$105, and whatever it costs for design work anywhere from \$500 up. Figure for costs if starting from scratch: \$1,000+ depending on how many books you may order for your own supply and PR.
- 2) **The eBook route:** Depends on where you want to place your book. Smashwords, BookBaby, and Amazon's Kindle take Microsoft Word files and convert them for you. Cost=free and up. Smashwords will convert the file into the ebook formats of your choice, and sell them. They do take their bit of change from the sale, but it isn't onerous by any means. There are plenty of online conversion sites, free and otherwise. If someone else does the work, cost depends on the book: length, design factors (any art work? illustrations? photos? tables?), and skill of the person doing the conversion. It is a complicated process for anything other than a basic book.
- 3) **The Traditional publishing route:** Have your book designed professionally, have it printed by a book manufacturer, find a distributor to get your book out to the public, do a ton of PR to let the public know it's there. Cost: \$10,000–\$20,000+ for the design work, printing, and PR.

Going the POD You-Are-the-Publisher Route

- 1) How many pages is your book? Fortunately with POD, no signatures are involved (see the Traditional Route following), so there's a minimum of 48 pages (for LSI) and a page count in even numbers with a blank page at the end of the book for their use. The cost per book is based on the page count, and what format you wish printed: trade paperback or hard-cover (not so usual anymore as even libraries are buying tradepaper books).
- 2) Establish your account with the company you will be publishing with. Just be aware that many of the other companies aside from Lightning Source Ingram/Spark (LSI) use LSI to print their books—adding their profit on top of LSI's costs. My recommendation is: use LSI Ingram/Spark. It's quite easy to establish your own account, tell them where you want your publisher's compensation deposited (for any sales) as part of their contract, then upload your PDF files to your account, await your proof (either by overnight at \$30, or for free as an "eproof"), approve your book, then it is out to the public.

An advantage of dealing with LSI—all accounting is handled in one place, they take care of filling out the information for the national Books in Print database that goes out weekly to all bookstores, both online and off, and you don't have to do much more of anything aside from PR. A suggestion: go into your account at www.myidentifiers.com—where you bought your ISBNs and completely fill out the book information. Only the minimum is filled out by LSI.

Going the eBook Route

Since there aren't any boundaries on page length, story length, or much else for that matter, ebooks can be a fairly "easy" proposition. However, just as with any book, it still needs a professional cover (that's your marketing tool!), as well as, at least, looking professionally produced. Ebooks are HTML code. All ebooks have to be validated to match the standards for all ereaders. ThreePress has a validator that is essential. If you know coding, have at it! If you don't, learn from these websites:

Three Press—validation resources	http://threepress.org/tools
AAPSS's Best Practices:	http://www.spannet.org/page/ebooks-best-practices
Amazon's Kindle	https://kdp.amazon.com
Smashwords	http://www.smashwords.com/
Calibre	http://calibre-ebook.com/
Sigil (excellent for editing ebooks)	http://sigil.en.softonic.com/
Zen Garden (pretty interesting)	http://epubzengarden.com

Going the Traditional Route

What you need to know before you print your manuscript:

- 1) How many pages will the book contain? As printing presses print in "signatures" of 4, or 8, or 16 pages per "spread" — this has to be figured into the cost of printing. Do not go into a partial signature situation with your book. It will cost you a fortune in extra expense. Better to have the extra blank pages, or typeset the book to stay within the page count.
- 2) What program will you typeset your book with? If you think you can do it in any Microsoft product, you have just increased the cost exponentially. Don't. The book will look just plain awful, i.e., unprofessional. Use either InDesign, or Quark—or the equivalent. If you are on a Linux machine, perhaps LaTeX will work for you. The learning curve is much higher, but it is essentially free. All commercial printers worth the jobs they get can deal with files from any of the above. The ability to convert files to a professional "Press quality" standard PDF is even better. Learn it.
- 3) With the above advice taken—who will typeset your book? You, yourself? The gold standard, Adobe Creative Suite is now the Creative Cloud—a monthly fee that depends on how much of the software you sign up to use. If you only plan to do this once, save yourself time and money, and hire someone you trust. It will cost you considerably less in the long-run to hire someone—without the frustration and learning curve of the software.

Delays with a printer can cost you a fortune, as well. Suppose you have a marketing/publicity gig all lined up, and the book is delayed by months of you messing around with the typesetting. You've missed your chance to sell quantities of your book. You may never capture that chance again.

This all gets factored into the cost of the final book. Your time, your money. Of which do you have more?

- 4) Find a printer. Get quotes from several printers. Make sure all the printers are providing the same services. Go with the best. Not necessarily the cheapest. Some of the best printers are the least expensive in the long run. Paying for corrections, delays and the like can cost you a chance at a decent-selling book. Understand the terminology. If you don't understand—ask! If the personnel are respectful of you while asking questions, and you feel comfortable with them, use them!

If you plan to go with a subsidy/vanity operation (PublishAmerica, Xlibris, iUniverse, AuthorHouse, Trafford, et al) forget selling through traditional outlets, i.e., book stores, in the traditional way. There is a stigma to "vanity press" books, for

good reason. There isn't any profit for vanity sales as returns aren't allowed, and more importantly, there isn't any way for the book store to earn enough from the sale to justify the time and expense involved in purchasing your book for resale—as you will see. Besides, if you carefully read their contract—they own your book, not you. Their PR amounts to sending letters to people you give them the addresses for telling your friends, "XX wrote a book, buy it here."

Don't forget freight costs in your bid—nor the biggie—the 10% overage you will expected to pay.

Overage? Yes, it works this way. When you order, say 3,000 books from a printer, the printer will actually print at least 3,300—or 10% over. That way, if something goes wrong with the presses, the printer can just about guarantee that you will get your original order. Rarely does this happen, and it is in your contract that you buy the extra 10% overrun at a reduced cost. Get smart, factor this in with your original bids. Along with the freight costs.

How Do You Calculate A Book Price?

Assuming you have professionally typeset and edited your manuscript, and have it ready for a printer, let's work on the next facet of the "publishing game." The conundrums of publishing: where does the money go or come from. As in how do you price your book?

- 1) Go to your local bookstore, or hover over the computer and check out prices for similar books to yours. Look in the same genre, book length, size and see where yours fits in. Notice the prices of the books. If you price yours higher, it won't sell. You are not Stephen King, nor Gore Vidal. No one will buy your book based on your name alone. If you think they will, you are fantasizing.
- 2) To figure out how much you can spend on printing per book, figure 1/8 to 1/10th of the retail price of the book—as established by #1 above. Therefore if you established that books of your genre can only sell for \$14.95, printing costs should not go over \$1.50–\$1.87 per book.

POD (Print on Demand), which seems to be the first choice of new publishers for printing as it is infinitely easier to deal with (no stack of books sitting in a garage awaiting sales) by comparison with a full run of web or offset printed books, runs about \$3–\$9 per book. Another factor with POD printing is the cost of printing the book is always the same.

If you go with a **subsidy**, or **vanity**, press (AuthorHouse, iUniverse are two examples) wherein *you* pay to have another company publish it *with no regard as to the quality of the book*, you are slapping your book with instant failure, as it is immediately branded as "vanity" publishing. Therefore, whether this is true or not, the book is labeled "bad" and won't sell. Period. You will be stuck with thousands of copies—and you have already paid for the books. Don't believe me? While visiting Tulsa OK recently, my limo driver (don't laugh) told me about his wife's book, printed by Insight, a local Christian publishing company. Insight is a subsidy press. Ron and his unknowing wife were conned into paying for a full 10,000 copies, at \$3 each, of her tiny little book on why she believed in God. Trouble was, after unloading 3,000 copies through their church and friends, they are stuck with 7,000 books no one wants. The book was badly typeset, tiny and not even worth the \$3 each they paid for them. This retired couple (her stroke left her unable to work, so Ron is working fulltime at 70+ years old), is stuck with \$21,000 worth of books in their garage. Of their \$30,000 investment, they have recouped less than \$9,000 as they gave away a fair amount of the stack to clear out the garage. They were "taken," yes, robbed of their retirement.

Another factor to consider with vanity/subsidy publishers—it is pretty certain, according to their contract, that you have lost the rights to your own work. They own it! They put their ISBN on it, they own it. They are the publisher of record. You've lost your book.

There are plenty of ways around this now—using a book packager creating a professional-quality, edited product and publishing it through a non-vanity/subsidy publisher/printer. This doesn't have to clean out your retirement funds to do it. If your book packager/shepherd uses Lightning Source, owned by the parent company of Ingram, the largest U.S. wholesaler, then you have a quality product, distributed nationally and internationally for a reasonable sum.

Now that you have an idea of what you can spend per book to print, you need to reckon your market. How many books are you likely to sell? A typical first run is around 3,000 books. That's if you have a good marketing plan. A smaller run of 1,000 is quite reasonable. Just factor in this: the more books you have printed at any one time, the less per book you pay. *If* you can sell those books!

If you have a very good, comprehensive marketing plan, 3,000 books is a reasonable print run. Do not do more the first run, unless pre-sales are very, very good. The reason for this? If the book has flaws, and most do for the first printing, you can fix the typos and flaws for the subsequent runs. If there are no flaws (lucky you), and you need another print run, arrange with the printer to hit the print button.

Financing the Printing

If you don't have about \$10,000 to print your book, go look for financing. Hit up family and/or friends who believe in your project, or even better—with an excellent business plan and marketing plan (got to have both), take these to your local bank, credit union, development bank, or small business lender. If you have a solid set of plans for the business and marketing you will be heard. Otherwise, you are wasting their time.

For the record, small presses (which is what you want to become) don't have a great track record of success. Hence the need for excellent plans. Consider courses from the SBA or state development offices.

Start Up Expenses

Take into account the purchase of the ISBN (International Standard Book Number) numbers (required if you plan to sell through commercial outlets, i.e. stores) at \$250 for 10, registration fees to the state for your business (around \$100), software, computer, office supplies, telephone expense, graphic design for your cover, typesetting, editing—as a minimum. All these are before you even get to the printer. Don't forget your website! In this day and age, it's mandatory.

These have to be factored into the spreadsheet which can be used to figure your initial business expenses.

Most Important! Owning your own ISBN establishes *you*, the publisher, as a business. *You* own your book, *you* are the publisher of record.

If you go the web/offset press route — ordering large quantities of books to be distributed through a distributor and wholesaler: When having your book printed, you will pay half up front, the remainder (including freight and that overage charge) before the books are shipped anywhere. A good round figure to bank on is \$10,000. If you go this route, you, the publisher, have to find the distribution services to the wholesaler (Ingram or Baker & Taylor).

If you go the LSI POD route: your printing expenses drop to roughly \$105 more or less to get your book into the “system,” ready for the public to buy once the book is designed and typeset. Then you purchase the number of books you wish to buy for yourself, and others can buy the books directly through the LSI system (online, or through bookstores). The actual cost to purchase your book depends on number of pages in the book and how many books you want to order up front. There are discounts for ordering more than, say, 50 books at a time. LSI takes care of the printing, wholesale and distribution of your book for you.

Income!

Too many publishers don't take into account what percentage of the retail price of the book is actually coming back to them to pay all the expenses. You will not get all of the book's retail price back on each copy unless you sell each book by yourself. If you wish to stand on a street corner and hawk the book, more power to you. But, it's a tough way to make a living.

This is how the money is allocated for each book sold, if you wish to sell your book to the general public, as any other professional book is sold:

Out of 100% of the retail price of the book—

40% is typically the Bookstore's share—from this they pay their staff, rent, telephones, ordering computers, all their overhead. They earn it. Don't short change them. They can make or break your book. The smaller local stores are to be coddled and nurtured. They will keep your book on the shelf more than six months, unlike the box stores. (Unless your book is a total disaster.)

15%–20% is the Wholesaler's share—Ingram and Baker & Taylor are “it.” These two companies

are the only ones bookstores will order books from. Rather than write out hundreds of checks a month to individual publishers, bookstores will write one, to either Ingram (the bigger of the two), or B&T, to pay for all the books they have ordered and sold each month. Be aware that Ingram and B&T are trying to up their share/take to 15%, demanding a 55% discount (from the retail price). That would leave you with 30% of the total, not 35%. That's a huge cut to your income.

15% goes to the Distributor—this company is the one you contract with to warehouse your book and handle all the B&T, and Ingram sales. They may even, if you are lucky, sell your book via their own website (in which case you get more back

Where the Money Goes/Comes From---Bookstore Sales				
Percentage of \$20.00	Who Gets What	Actual \$ Amount	Share	
Each cell is 5% of \$20.00	Profit margin used by Bookstores. It is within this 40% that B&N and Amazon take their “30% discount” off the cover price (amounting to 75% of their profit margin). This is the amount used by bookstores to pay their rent, the staff, and their entire overhead.	\$8.00	40% off retail price	
	This is the 15%–20% that the wholesalers use for their income, which is increasing being upped, because they are greedy.	\$3–\$4.00	50-55% off retail	
	The Distributor's share, which amounts to 15% of the total, or 30% of 50% of the retail price of the book. From this amount, the distributor warehouses your books, sends out catalogs and sales staff, ships and receives orders, and sends you a monthly check.	\$3.00		
	Out of this portion comes ALL of your overhead: Marketing, Office Expense (telephone, paper, computer supplies, etc.), software, ISBN numbers, your “income” as in your wages/salary, any money paid to others, corporation taxes or expenses. If you pay royalties to anyone—it comes out of this amount	Your share	\$5–\$6.00	
	Cost of printing the book			

from these sales because Ingram and B&T are not in the money mix). Distributors market your book through a catalog and a traveling sales staff. They bring in the money from the sales and 90–120 days later, after a sales month closes, you should get a check for books sold minus returns from that month. For example, sales from September, minus returns from December, check should come in January.

30%–35% of the retail price is yours! Unless, of course, your distributor was forced to accept Ingram, or B&T's 55% discount. Then you get only 30%. Of this sum, you pay all printing costs, plus your overhead, marketing (which can be significant), dues to publishing organizations, freight, shipping and handling of PR books, PR expenses (not just marketing here), your salary, any expenses incurred to create your book including artwork, royalties, covers, typesetting and so on. If you plan to sell your book yourself, factor in gas, vehicle expenses, travel expenses, time, shipping costs if you are sending books out, website expenses (monthly, as well as one-time charges for domain names) and so on.

Going Print on Demand (POD)

If you go the POD route, your costs for each book, depending entirely on the page count, will run about \$3–\$6 or so per book. If you use Lightning Source (LSI) as your final wholesaler/distributor/printer you don't have to deal with stacks of books propping up your living room furniture, or filling your garage, or costing you warehouse space elsewhere. LSI does get their share of the money pie, too. But it is a direct route to the customer. Looking at the chart and using the breakdown information, figure retailing a book for \$14.95. The bookstore gets \$5.98 (their 40%), leaving \$8.97, but it costs \$5 to print, wholesale and distribute (by LSI)—leaving you with \$3.97 “profit.” With the new pricing at LSI — it does cost more to use them, but saves a tremendous amount of hassle and work on your part, or your publisher's part if your book isn't going to sell by the thousands. If you join Independent Book Publishers Association (IBPA) they offer discounts with LSI on uploading files and printing in quantity.

If your book suddenly does sell in huge quantities, you can still go the traditional route, and you would probably have quite a few big publishers clamoring for your book themselves.

Markets – Comparisons:

Book stores: as mentioned, bookstores get their 40% off the retail price of the book. But they are accessed through B&T and/or Ingram. If you manage to sell your books directly to a local bookstore, they still want that 40% margin. And books are offered on consignment. You can get them back—at any time, in any shape, resalable or not. That's your expense!

Direct Sales: anything you sell yourself. You get the full 100%. Sounds easy. It isn't. You aren't earning another income while doing this.

Book Clubs or “Direct Sales” (aka Special Sales): if you manage a direct sale to a big company as a “gift” or promotion, or to a book club, they are likely to take a hefty 80%–90% discount. If you are lucky, you can pay for the printing and make a few bucks. Good for your book's future marketing, not so good for the bottom line.

Website: this is something you create and maintain, or pay to have someone do this for you. You have to pay any sales tax, shipping and handling, credit card fees, and do the work yourself. Or hire someone to fulfill orders, should you be so lucky to get them. If you do this yourself, and spend a fair amount of time on it, who's minding the store? You can't do it all. Include the cost of supplies for shipping and handling. You have to supply the packaging, accounting, and so on. There is a way to do this through Amazon, Alibris, and other sites, if you can sell your book. That's a huge “if” as how are you going to get people to find your book among millions of others. If you don't market, you don't sell books. Period.

If you have slightly dinged copies of your book that have been returned, or aren't quite perfect, you can sell them as such through Amazon's Marketplace (and identify them as “used” or dinged), or offer them to a local charity for sale, give them away as promotions, or if the book isn't too bad, you can use them as PR copies.

Fulfillment: another option if a distributor won't take you, or you balk at the idea of you only getting 30%–35% of the retail price of the book. Be aware that a fulfillment house (such as Book Clearing House) will take about 35% of the retail price for the privilege of warehousing, selling and shipping your book, as well as collecting the funds owed you, and sending you a check and reconciliation each month. They do not do any advertising, but they will provide you with an 800-number for phone orders. Or perhaps a website. This is very impersonal and doesn't usually sell books very well.

Distribution: this is the “regular” or professional way, as described above. Books are printed and sent to the distributor where they are warehoused. The distributor handles everything else for you, warehousing, billing, fulfillment, paying you and including some marketing, if you have a very good distributor.

Always remember, books can and will be returned in any way, shape or form. Resalable or not, you eat the costs!

Now, the Conundrums — Going the Traditional Route

Suppose your marketing plan is very effective, and you have gone the traditional route of printing 3,000 copies of your book. Then, you sell all your books! You are indeed fortunate. Have enough money to reprint? Probably not. Those lovely checks haven't yet hit your mailbox. Remember from the description of the distributor, you don't start getting any checks

until at least 90–120 days after the month has closed. If you sell out of your book, or get close to selling out your book within six months of the first printing, you won't have much money coming in to reprint.

Don't forget you must have 50% of the printing costs (which go down after the initial run) up front before the presses roll. Plus, you have to plan backwards from the date you want the books delivered to wherever. It takes anywhere from three to six weeks for books to get printed, depending on the season, and the printer's waiting list of other jobs ahead of yours. Then there's freight time.

Having a line of credit is a very good idea.

If you have used the LSI route and suddenly have huge orders, LSI can handle them, and you don't have to deal with the "where is the money coming from to reprint" question. Trust me on this one—been there, dealt with it.

Sources

There are plenty of books on self-publishing including those by Dan Poynter, Tom & Marilyn Ross and others. However, some of these were written to entice one to self-publish with the idea that it is quite easy to do so, not that it is a business. Cracking the PR and getting noticed is downright tough.

Websites full of information for small presses:

www.midwestbookreview.com – loaded with info for small publishers, all the "how-tos"

www.ibpa-online.org – Independent Book Publishers Association, an excellent organization of and for small presses

www.ipne.org – Independent Publishers of New England

<http://book.sun-graphics.com/> – excellent book manufacturer, with info on getting your book to the printer

www.parapublishing.com – Dan Poynter's self-publishing website. He's one of the originals

www.mariongropen.com – mainstay of the self-publishing forum

www.directcontactpr.com – Paul Krupin's PR website – great place to learn PR and get it done right!

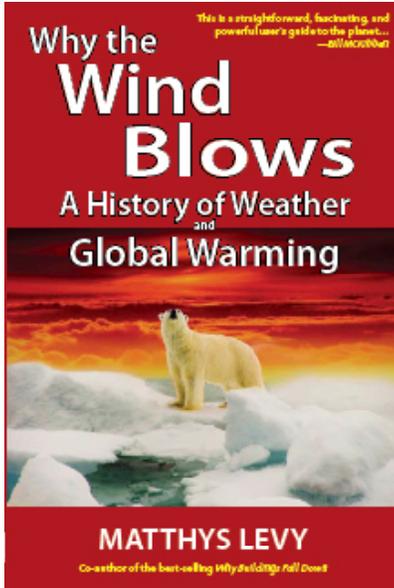
www.upperaccess.com – I design books and covers for Steve Carlson



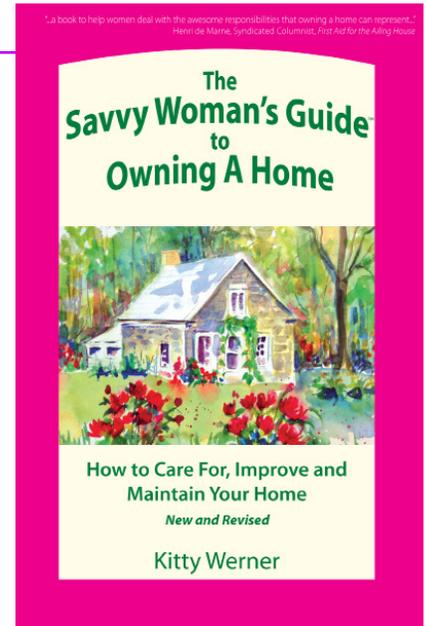
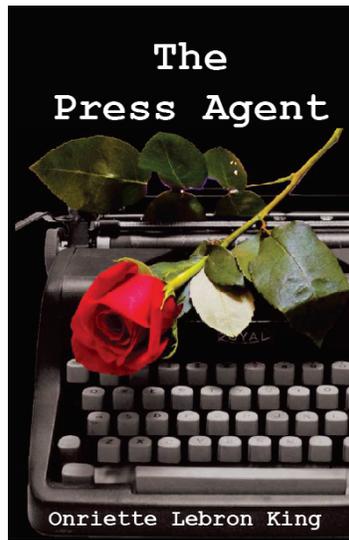
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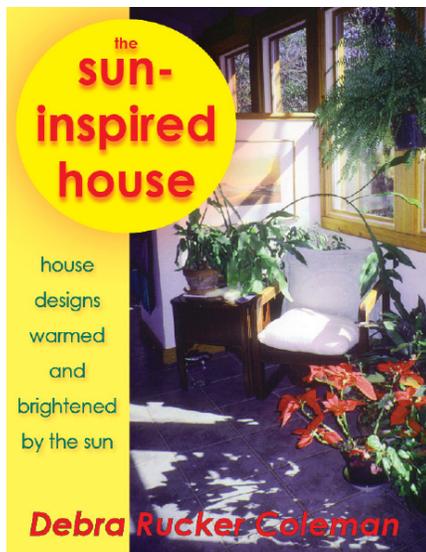
Books I've designed



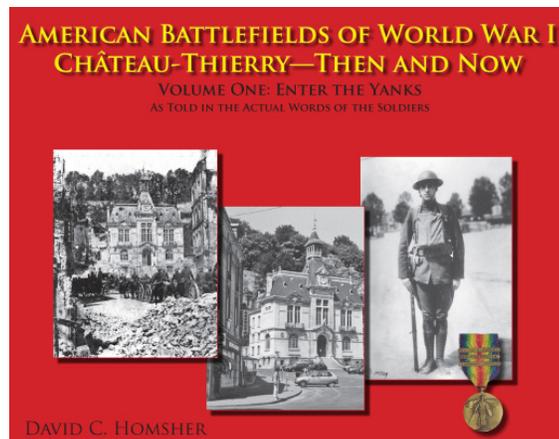
Upper Access, April 2007



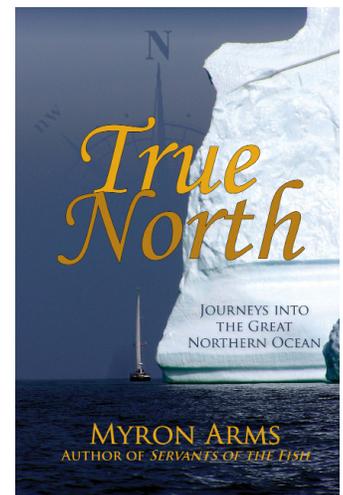
RSBPress, Jan 2007



Sun Plans, Aug 2005



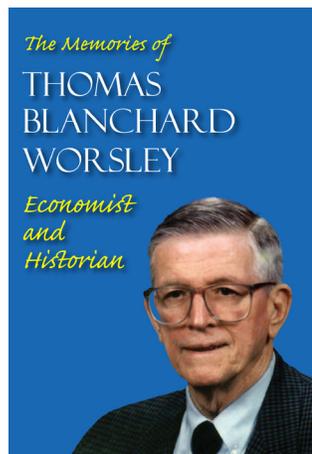
Battleground Productions, Jan 2006



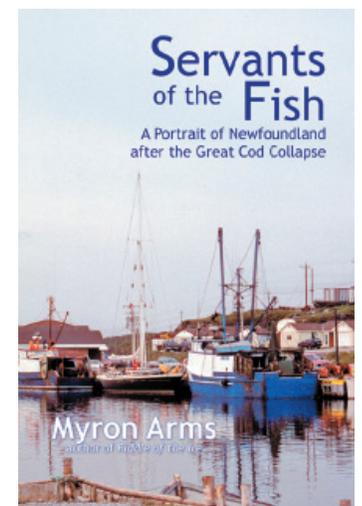
Upper Access, 2009



Mountain Publishing, 2001



Sacred Oaks, 2006



Upper Access, 2005