

The Finances of Books

Many authors don't realise that it's extremely hard to make a profit from "conventional" books, especially in the modern economic climate. Until around 1996, books in the UK – nowhere else, though – were protected by the Net Book Agreement, which stipulated that books had to be sold at the cover price, not discounted. This protected many small bookshops, but it also aided new writers; it was possible to make large profits on bestselling titles, and use the proceeds to cross-subsidise the newcomers. When the Net Book Agreement collapsed in the mid-1990s (under pressure from supermarkets and Waterstones), the whole edifice simply fell apart.

New authors need to be aware of the difficulties they – and publishers – face today. Typically, a 350-page fiction paperback novel will sell for, say, £7.99, perhaps less. Let's call it £8.00 in order to do the sums.

Large chains such as Waterstones insist on buying *only* through one of the big recognised wholesaler/distributors – in Waterstones' case that's Gardners, a firm in Eastbourne. Every book they'll stock on their shelves has to go to Eastbourne first, then to Waterstone's 'Hub', then on to individual stores. Gardners ask for a 60% cut of the total cost of the book. 40% goes to the shop, and they keep the other 20%, which pays for their costs of storing, distributing, and of course some profit. The remaining 40% goes to the publisher, which in the case of an £8.00 book amounts to £3.20. That £3.20 has to pay for – amongst other things –

- The cost of printing, which can be anything from £6.00 per copy for a small run hardback book, to 20p-50p for a mass-market paperback. The publisher has to guess how many copies they're going to sell. The cheapest I've ever managed for 100 paperbacks is £2.76 per copy; for a thousand, around £1.50 per copy.
- Storing the books. That's not cheap if you want them looked after properly. There's a place called Booksource in Cambuslang that stores them for £49.00 per month, plus 16% per copy of the cover price. They think that's a cheap option aimed at small publishers.
- The cost of getting the book(s) to their destination. Unsurprisingly, if Gardners will take them, doing it in bulk is good, but more often than not they'll only order books one at a time. Current postage by Royal Mail 2nd class is £2.80.
- Publicity. People won't buy books if they don't know they exist, which means printing leaflets, advertising (e.g. Maisie on buses), sending the author to do events all over the UK.
- The cost of giving a large number of books away. As many as half of your first print run might go for free, in review copies, complimentary copies, and as proof copies to get people to check for typos and so on.
- By the way, the publisher has staff of their own to pay.

You'll notice that there's no mention of an author's cut in there. Honestly, for a first book, you'd be very, very lucky to get £500 advance. Remember that advances are just that: you're entitled to a percentage of each sale, but if the book doesn't sell enough copies, you have to return the advance. (In practice that doesn't often happen, it's easier for the publisher just to cut its losses all round.) And of course since the author has been obliged to go through an agent in the first place, 15% of his/her gross earnings have to go there, too.

You're not going to get rich as an author if you just write one or two books. The real money is to be made on the extras, such as film & TV rights, toys of your book's characters, perhaps working as a journalist or reviewer, or making author appearances for fees and selling signed copies¹. One reason why many conventional publishers start with hardbacks is that you can charge far more for hardbacks and the unit net profit is so much greater.

Ian Rankin, Edinburgh's second-best-selling author, famously only sold around 250 copies of the first Rebus novel, *Knots And Crosses*, and not many of the next one, either. It wasn't until Rebus 5, I think, that he really took off, at which point everyone wanted to read the earlier ones, too. You have to keep writing.

What all this means is that, for a commercial publisher to take a chance on a book, they really have to be looking to sell 30,000 copies at least, or it's not worth it. If the book gets poor reviews, they might pull it there and then to cut their losses; it happens more often than people think. In that situation the author can keep the advance, but the book is gone for ever – the publisher has the rights. Even if they don't withdraw it, the publisher might decide it's not worth promoting/advertising the book, which amounts to the same thing.

That's why anyone in the business will tell you that there are three stages to any book.

1. Writing the book;
2. Getting it published;
3. Getting the book properly promoted.

(3) is the hardest part, (2) is next. Writing the book is the easy bit. Bear in mind that no matter how good you think your book is, there are plenty other 'good' books out there, too, and your job is to ensure that your book is both good enough and lucky enough to be chosen ahead of the rest.

Two more things. Modern technology is opening new routes. The first is ebooks, which actually generates good profits if you get lucky, and there are few outlays. (*Fifty Shades Of Gray* is the most famous, but Amanda Hocking was a multi-millionaire at the age of 22 publishing horror ebooks before she'd had a word in print.) Secondly, don't sneer at self-publishing. You're in control, you pay for the costs, sure, but you keep all the profits.² Don't confuse self-publishing with "vanity publishing", who offer to do all the work for you, take the rights, but ask you to pay for the service. There's a list of these on the web if you look.

The whole publishing business is changing almost weekly, and in no time at all, what seemed viable in 2014 will seem otherwise in 2018, and vice versa. Close your mind to nothing at all.

Good luck with whatever you write, though. If you don't write anything at all, it's all a little bit academic. But don't get lazy or arrogant; it's highly unlikely that the first thing you write is going to be good enough to make you a fortune. Making a living from writing requires hard work, and a willingness to keep going back to try again once you've just been given your latest kicking. But if you're good enough, try hard enough, and are lucky enough, your time will come.

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¹ It's expected that if an author is approached to come and speak, some of the audience should step up to make a purchase. The speaker's expenses have to be covered somehow.

² Comely Bank Publishing helps people minimise the costs of doing that, but the work has to be up to our standard.