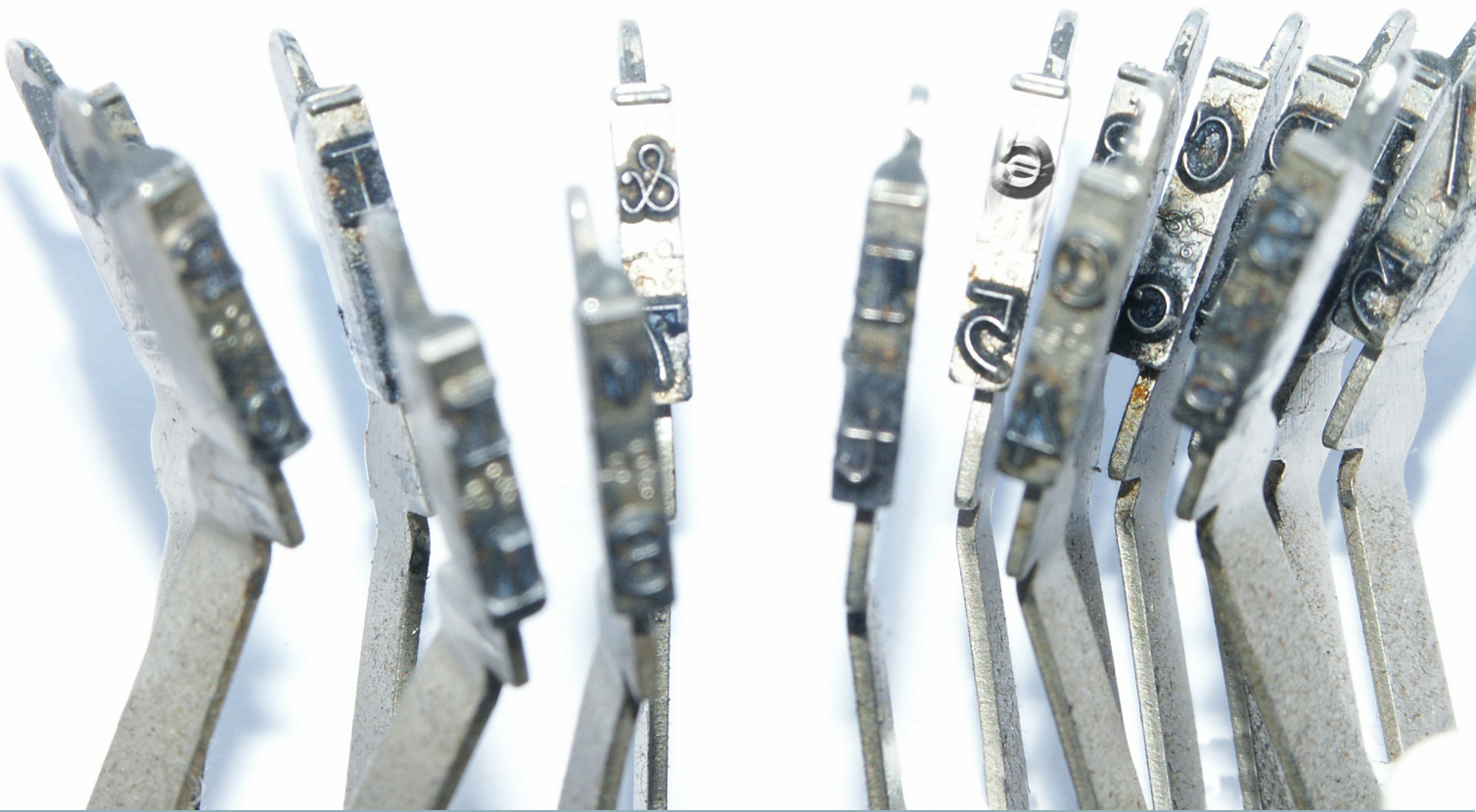


# The Whole World is Here

BOOKS IN THE DIGITAL AGE



For five hundred years, the book has been the central medium for conveying knowledge, entertainment, recreation, for the telling of tales and myths, poetry, for capturing and disseminating all the academic disciplines from anthropology to zoology.

But now it faces a new challenge.



## The Whole World is Here

Book publishing embraces every human activity from the most sublime to the most mundane. Even before there were books, there were publishers.

In the pre-Gutenberg era, every codex or manuscript that was copied could be read by the community of scholars and other literate people. With the invention of printing this process was vastly democratised.

The age of mass education and literacy has carried it even further forward and provided the basis for the modern publishing industry.

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## Publishing in the digital age

Won't everything change with the Internet?

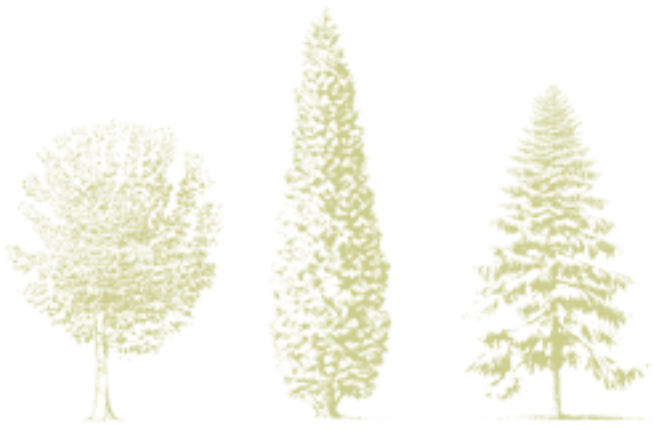
No. Publishing is fundamentally the management and dissemination of content. The digital world offers new delivery platforms, but does not eliminate the need for someone to host, manage and disseminate the digitised material. Free sites and wiki sites will, of course, have a place just as traditional books will retain their place, but in-copyright digital material will still require a business structure to prepare it, check it, disseminate it, sell it, collect the revenues and disburse the appropriate payments to the copyright holders.

Many of the functions associated with traditional publishing remain in place in the digital world. Indeed, a growing number of European publishers are drawing increasing proportions of their revenues from digital content. This is especially true in the scientific, technical and professional sectors, but it is an increasing reality everywhere.

The basic publishing impulses are the same in the digital as in the analogue age: we **invest**; we **create**; we **manage creativity**; we **innovate**.





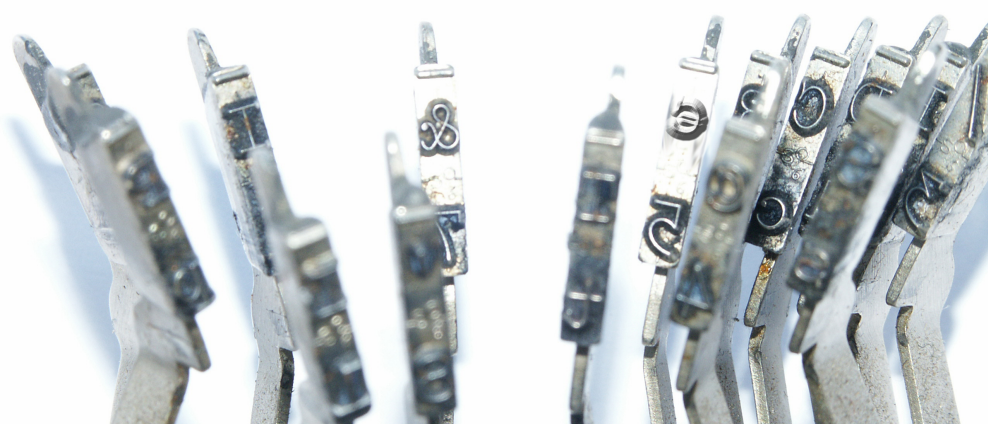


## What Do Publishers Do?

Publishing is basically a marketing activity, in which finance is the critical tool. The publisher's role is to place his authors' content in the market. He is then obliged, through marketing and publicity, to provide it with the oxygen that allows it to breathe in that marketplace.

The publisher provides the finance necessary to transform a writer's work into a manufactured book (or digital product). This process involves a series of costs: it is the publisher's job to assume these costs and to discharge them. A publisher therefore has a role similar in kind to a movie producer or a theatre impresario. Someone has to shoulder the financial risk of a project, manage that risk and turn it into a profit. That someone is the publisher.

No publisher will assume unnecessary expenditure in the course of a project. All the costs involved in publishing arise from the internal logic of the process itself. Once a person proposes himself as a publisher, these costs arise naturally. In the course of doing the job properly, the publisher adds value to the raw text – to the profit of both the author and himself.



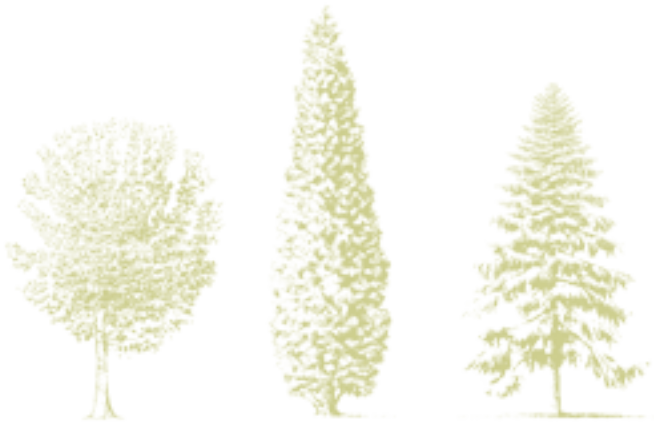
The principal costs and skills involved in turning a text into a finished book are these:



There are other critical skills that have to be acquired. A publisher must be familiar with:

- The principles of contract law
- The principles of defamation law
- The principles of copyright law

The publisher must be numerate as well as literate. He must be able to reckon the likely expenditures and revenues of every new book to a high degree of accuracy. If he makes too many mistakes in this area, he won't be a publisher for long. Even then, the failure rate for new publishing projects is higher than anyone would wish: it is a risky business. But publishers do their business with open eyes, knowing that risks must be assumed if success is to follow.



## How Does a Publishing House Work?

In order to manage all the functions listed above, the publisher needs an office and a warehouse. Heat, light, insurance and all the usual business costs flow from this. The most important cost, often accounting for half the total overhead of the publishing house, is the skilled people employed to do the work.

**A publishing house survives by generating sales revenues that exceed the total fixed overhead plus the aggregate production and royalty costs of the books published. This profit is then either re-invested or distributed to the shareholders.**

In order to generate the necessary profit, the publisher must identify a series of forward titles, i.e. new books. Think of them as new product lines. Indeed, here we see one of the structural weaknesses of publishing as an economic activity: continuity of production is weak relative to many other areas of business. If you have developed an outstanding mousetrap, you can keep manufacturing and selling it for years. In publishing, it is not so easy.

The commercial lives of many books are distressingly short. All publishers dream of maintaining a strong backlist – books that reprint and reprint in response to continuing demand, thus providing steady revenue streams at good profit margins.

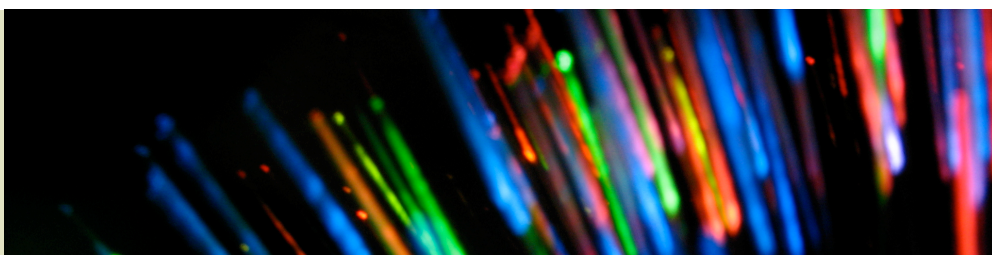


Even then, the development of a forward list of books – new product lines – is critical. This is done either by acquisition or commission. Acquisition means securing the rights directly from an author or from an author's agent: most fiction is generated this way. Commissioning means that the publisher has an idea that he thinks would make a profitable book and he offers the idea to an author or agent. Most non-fiction – practical and technical – books are commissioned, if only because an experienced publisher is more likely to know what the market needs than an author.

For each financial year, the publisher will identify a number of new titles, each of which will be forecasted to sell a certain number of copies and generate a certain level of revenue. The aggregate revenues of all the new titles, combined with the ongoing revenues from backlist titles still in print and finding a continuing sale, minus the returns from booksellers (the publisher sustains all the risk of innovation by allowing return of unsold copies from its customers) constitute the publisher's annual income. From that gross sum, he must subtract the following: the fixed costs of the business; the editorial, production and marketing costs of the various titles; and the royalties due to authors. Hopefully, that will leave a net profit which is then subject to corporation tax.

Publishing books is a risk business like any other. There is no guarantee of success. Sometimes a publisher wins big – and the whole world knows it! But the more common experience is that of a business that needs to be prudently and carefully managed to compensate for what can sometimes be dangerously slim margins. Even at its most successful, publishing will offer no more than a normal commercial return. At worst, it is possible to lose a lot of money very quickly. This is not a complaint. It is a simple acknowledgment of reality.

**Most of us who publish books love what we do, are proud of it and don't want to do anything else. It just helps to be realistic about the process.**





# The Publishing Process, Step by Step

Let us return to the series of steps, outlined above, that are required to take a text from the form in which the author delivers it to its final appearance in print. It is worth repeating that all these steps entail a cost to the publisher, that they are all a necessary part of professional publishing, and that they all require skilled people – either employed directly in the publishing house or on external contract – to fulfil these tasks.

## 1. EDITORIAL

### Commissioning & Acquisition

**Commissioning (or acquisition) editors are the key decision makers in a publishing house and are generally referred to simply as the publishers, so central is their function.**

They are responsible for the publishing decisions. In strategic terms, they determine publishing policy. What areas do we specialise in? Just as important, what areas do we avoid? Basic questions like do we publish fiction and if so, is it to be literary fiction, popular fiction, romantic fiction, crime fiction or some other genre: it is up to the publisher to determine these policies.





In non-fiction, they decide what subject areas to focus on and, by implication, which ones to avoid. Within each category, they are responsible for the individual decisions to commission a title or, in the case of a book on submission direct from an author or agent, to accept it or refuse it. They are the essential builders of the company's forward list of titles.

## Copy-editing

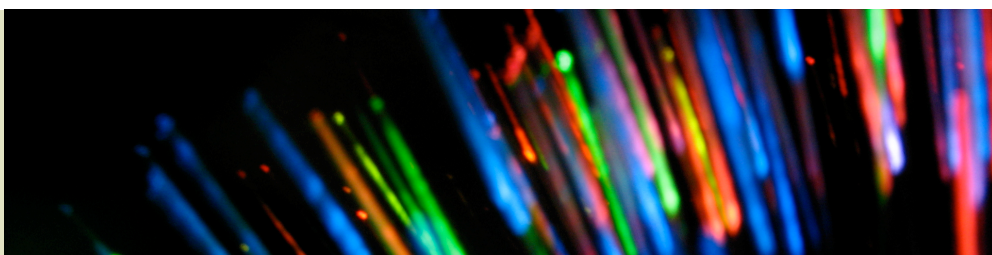
When the Author delivers the script, the Publisher must satisfy himself that it is structurally sound and otherwise in accordance with the original contract to publish. If for any reason he feels that it is not, it is his duty to enter a dialogue with the author in order to address any substantial editorial and structural shortcomings in the text as delivered. This is an important part of the publisher's skill, honed by experience.

**Publishing is a relationship of trust as well as of commerce: the publisher is the author's ideal reader.**

However, the publisher must also be aware that it is the author's book, not his. In these circumstances, a publisher can only propose; the author will dispose.

Once the publisher has formally accepted the script for publication he will pass it for copy-editing. Copy-editing is the refining of the text, similar (but not identical) to sub-editing on a newspaper. It means checking the text, word by word and line by line, for grammatical and spelling errors, stylistic inconsistencies, obscurities, contradictions and anything else that the copy-editor feels is potentially distracting or off-putting for the reader.

Every text that has ever been properly published has been through this copy-editing filter. Anyone who has ever drafted a simple press release understands this.



At a minimum, you can't expect people to pay money for a text that may be littered with spelling and grammatical errors, so in the process of checking these there is the opportunity to ensure the consistent presentation of all other material. Plus, the copy-editor will spot internal inconsistencies, contradictions and obscurities and draw them to the author's attention. In short, copy-editing is a filtering process designed to purify the text.

## Proof Reading

Once the text has been copy-edited, it is then set in type. This used to be a very elaborate craft. Now it is a much simpler matter of manipulating the copy-edited digital file in order to present it for the first time in its final physical appearance. There is more to it than simply outputting the text in a sophisticated printing font. Look at the page of any finished book. How are the running headlines styled (centred or flush left and right)? Where do the page numbers appear (on the same line as the running head or at the foot of the page, centred or flush)? How deep are the four margins to be, from the edge of the text block to the trim of the page, always remembering that you need sufficient room in the back margin to accommodate the binding of the book? All this before you even think of illustrations and how they might be laid out. **The point is that none of these decisions make themselves.**

**Someone has to decide.** In relatively straightforward text-driven books, the typesetter decides or works to a standard template approved by the publisher. In more elaborate, highly-illustrated books, a whole design team might be needed. Once all that is done, proofs of the laid out pages are generated. A proof is a sample for checking. And proof reading is just that, a careful check that all the amendments proposed to date have been faithfully carried into execution. It is also a chance to catch small blemishes previously overlooked: there are always some of these. For the author, it is a last chance for minor textual revisions.



## Index-Making

The corrected proofs are returned to the typesetter who makes the necessary updates and produces a second, or check, set of proofs. At this point, all text should be in final position – with no further page shift due to corrections – so it is time to employ a professional indexer. Almost all books are improved by a good index. The ability to prepare a good, detailed index is a great skill.

## Copyright Fees

While all these things are in hand, the publisher will ensure that all copyright fees, whether for in-copyright quoted text or for illustrations to be reproduced in the finished book, are discharged.

# 2. PRODUCTION

## Typesetting

We've already touched on typesetting and it's not necessary to add a great deal here. **It is worth pointing out one rather obvious point, namely, that the physical appearance of everything you read, including this essay, is the result of a typographical choice.**

The typesetter and / or designer will decide on what font to use, the size of type and the leading (i.e., the vertical space between each line), the measure (i.e., the length of each line of type), the styling of captions and chapter openings etc.



There are hundreds of typefaces from which to choose and well established conventions to guide the typographer's choice. There are particular considerations that need to be borne in mind. For instance, if a book is to be first published in hardback, with the intention of re-issuing it later in a smaller paperback format, the typography chosen must be capable of photo reduction to about 80% of its original size without any loss of visual clarity.

## Layout & Design

Think of the difference between the average page of an illustrated book and the average home page of a website. The differences in appearances are a function of the different media, but they are all the result of choices and decisions made by designers which are most appropriate to the medium in question. All the visual elements of a highly illustrated book – the precise positioning of the principal illustration and any subsidiary illustrations, the flowing of the text around these, decisions to reproduce illustrations in cut-out, circular or oval forms, the presentation of boxed features with a stippled coloured background and a typeface different to the main text – are all matters of skilled design choice. **Nothing happens randomly, accidentally or without thought.**

## Printing & Binding

The production department in a publishing house is responsible for the placing of all titles for printing and binding. This requires staff who are completely familiar with printing processes and with the rapid technological changes in this area. There's no point, for instance, in printing a book in the Far East if you want a fast reprint in December for the Christmas market. You won't get it in time, because of the shipping time involved.





The production department will also prepare estimates of costs for all titles on request from the publisher, to assist in making the initial decision to publish. **It's one thing for a publisher to like a particular idea. But there's little point in his publishing the book if the cost of doing so is excessive or if he has to print more copies than he thinks he can sell in order to hold his ideal retail price.** Without a production department to do the costings and to manage the printing and binding – usually the largest single element in any publishing project – the publisher would be at sea.

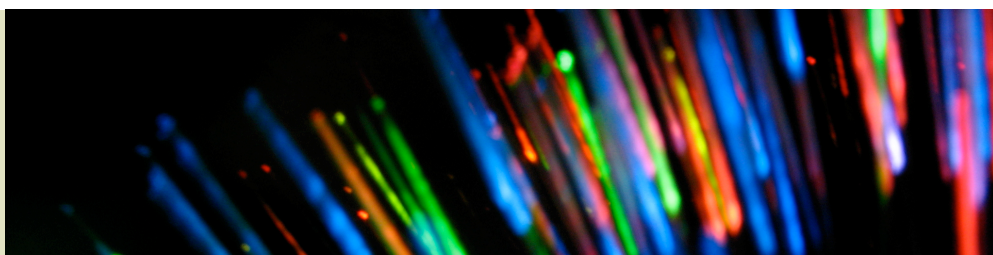
### Insurance & Shipping

Speaking of which, many books are printed outside the country of publication, in many cases overseas. One way or the other, someone has to arrange and pay for the transportation from the printing house to the publisher's warehouse and to make the arrangements for the insurance cover required.

## 3. SALES & MARKETING

### Representation and Generation of Orders

**Like any other product, books don't sell themselves.** The publisher has to employ representatives to visit the wholesale and retail book trade and generate orders. He can employ these people directly or on contract through a specialist sales agency. In addition, there will usually be a sales manager or director to manage the sales force. In larger publishing houses, there will be a number of these in different divisions.



## Marketing Plans & Promotions

To support the sales effort, publishers employ specialist marketing personnel to prepare marketing plans in support of their titles. These can comprise direct book shop promotions, author tours, conference appearances and lectures and such like. They also engage in ongoing market research in such areas as reader demographics, patterns of cover and jacket design in different genres, analysis of newspaper and magazine promotions, etc.

## Publicity

All general interest publishers require publicity staff to manage the media appearances of their authors. This usually requires people with journalism, media and public relations skills.

# 4. FULFILMENT & DISTRIBUTION

## Order Processing and Servicing

Once orders are secured by the sales representatives, the publisher needs to ensure that he has staff capable of processing these orders efficiently and passing them on to the warehouse.

## Fulfilment and Delivery

Books are generally ordered in small quantities per title with numbers of titles bundled for each customer. This requires warehouse staff to pick the correct quantity of each title ordered, packet and dispatch it as a single delivery.



## IT Systems

As with all businesses, publishing has major information technology requirements that run across all departments. This may, however, be the best place to mention IT, given the central importance of stock control and management in a warehouse with thousands of different product lines. **Nor is this a recent development. Publishers have been making intensive use of available computer systems since the 1970s.**

## Warehouse Management

In addition to IT, a warehouse has to be physically laid out in the most rational way, with modern machinery required to make the process as efficient as possible.

# 5. FINANCIAL

## Authors' Royalties

The usual contracted arrangement with authors is that they are paid a specified sum for every copy sold. Very often the amount of the royalty will increase after a certain number of copies have been sold and / or the book reprints. It's necessary to maintain a royalty department to manage and monitor this process and to render a regular account to the author or his agent of sales and earnings.

## Management Accounts/Creditors & Debtors

As with any other business, a publishing house will have a financial director and a team of accountants to ensure that the company's accounts are kept in accordance with the law and with the requirements of the publisher's management and board. Again, a normal business function which requires dedicated staff.



# FLOW CHART

Here's a flow chart summarising how the process works:

- *Publishers likes idea and wants to take it on.*
- *He draws up a specification for the book and asks the production department to produce an estimate of costs.*
- *If costs are okay, the publisher makes an offer by way of a draft contract to the author or his agent.*
- *Contract is agreed. Author either retains copyright and grants an exclusive licence to the Publisher or transfers the copyright, if appropriate and if possible. The Author promises to deliver text by a given date in return for royalties specified. Publisher undertakes to publish and to assume full financial risk.*
- *Author delivers.*
- *Editing.*
- *Typesetting, proof-reading and printing.*
- *Selling, marketing and publicity.*
- *Order fulfilment.*
- *Payment of royalties.*
- *Start all over again*





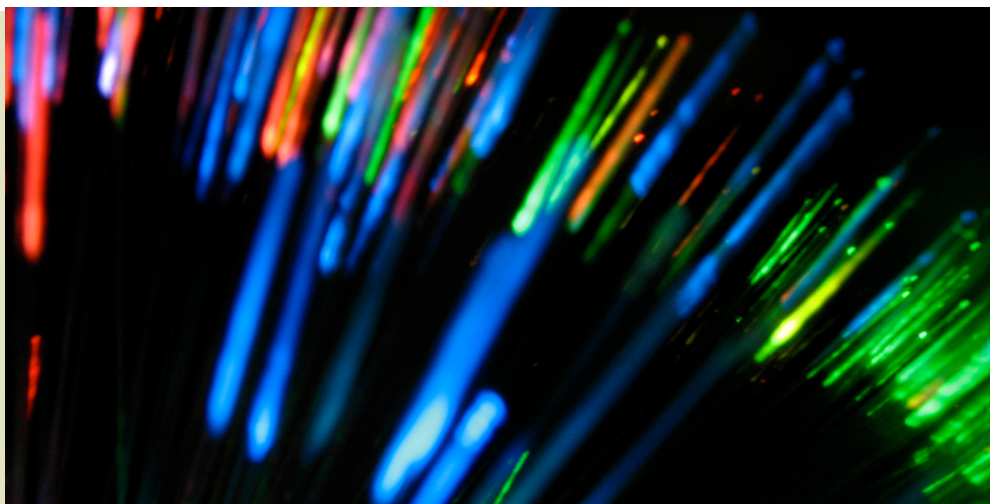


## What does it all add up to?

In the European Union, the publishing industry adds up to tens of thousands of publishing houses employing 140.000 people directly and hundreds of thousands indirectly. European publishing generates combined revenues of over €23 billion.

**European publishing is a world leader, the only knowledge and entertainment sector where this is so. Most of the world's largest publishing conglomerates are European.**

The world's three major international book fairs – Frankfurt, London and Bologna – are held in Europe. In no other comparable industry does Europe outrank the United States: indeed many major American publishing houses are owned by European multi-nationals. European publishing ranges from tiny enterprises employing a proprietor and one or two others to enormous international businesses employing many thousands of people. It is the means by which culture, literature, scholarship, science, technology and professional information are conveyed to the world.





## In short...

...if we didn't exist, you'd need to invent us.

The publishing industry is an indispensable matrix without which the democratic dissemination of content – often content of indispensable cultural, literary, intellectual and scientific value – could not find its audience.

**Like most things, the publishing industry exists for a good reason, and that reason is necessity.**

## Figures

Book publishing is the largest cultural industry in Europe.

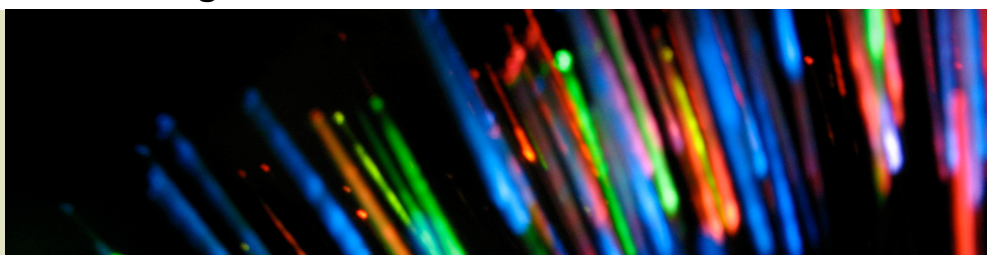
Total annual sales revenue of EU and EEA book publishers in 2006	€ 23.2 billion
Total number of new titles issued by publishers in 2006	475,000
Total number of people employed full-time in book publishing in 2006	140,000





## Members

- Austria** - Hauptverband des Österreichischen Buchhandels  
**Belgium** - Vlaamse Uitgevers Vereniging - Association des Editeurs Belges  
**Bulgaria** - Bulgarian Book Association  
**Czech Republic** - Svaz českých knihkupců a nakladatelů  
**Cyprus** - Publishers Association of Cyprus  
**Denmark** – Danske Forlæggerforeningen  
**Estonia** - Eesti Kirjastuste Liit  
**Finland** - Suomen Kustannusyhdistys Ry  
**France** - Syndicat National de l'Edition  
**Germany** - Börsenverein des Deutschen Buchhandels  
**Greece** - Hellenic Federation of Publishers and Booksellers  
**Hungary** - Magyar Könyvkiadók és Könyvterjesztők Egyesülése  
**Iceland** - Félags íslenskra bókaútgefenda  
**Ireland** - The Irish Book Publishers' Association  
**Italy** - Associazione Italiana Editori  
**Lithuania** - Lietuvos leidėjų asociacija  
**Luxembourg** - Federation Luxembourgeoise des Editeurs de Livres  
**The Netherlands** - Nederlands Uitgeversverbond  
**Norway** - Den Norske Forleggerforening  
**Poland** - Polska Izba Książki  
**Portugal** - Associação Portuguesa de Editores e Livreiros  
**Slovenia** - Slovenian Publishers Association  
**Spain** - Federación de Gremios de Editores de España  
**Sweden** - Svenska Förläggareföreningen  
**United Kingdom** – The Publishers Association



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