

## **Tuesday Keynote: The Future of Book Publishing**

By Mary Shafer

After a dazzling Special Events opener for the Publishing Business Expo on Tuesday morning, the energy level at New York's Marriott Marquis was palpable. Some of the earlier feeling of anxiety had been replaced with a mixture of relief, hope and—dare I say it?—enthusiasm about what lies ahead for the publishing industry.

### **Predictions and Prognostications**

The day's keynote session welcomed an illustrious roundtable of CEOs from all corners of the industry, discussing what the successful book publishing company of the future will look like. Margo Baldwin, President and Publisher of Chelsea Green Publishing, joined Clint Greenleaf, President and CEO of the Greenleaf Book Group (primarily a distributor that also does subsidy publishing), Robert Miller, President and Publisher of HarperStudio, and Sara Nelson, Books Editor of *O: The Oprah Magazine*. The panel was moderated by Larry Brewster of Ingram. Highlights included:

#### ***The viability of sustaining the traditional publishing model***

Miller says HarperStudio was founded on a new publishing model that pays \$100K or less advances against a 50/50 profit share with authors, and partners with them to publish books in a way that's effective, creative, and sustainable. This model seeks to eliminate the waste of huge print runs while evening out the revenue stream from its traditional front-loaded-then-tapering condition.

Chelsea Green has had to niche itself to survive as a small publisher and has tried to reinvent its model by limiting advances to \$25K and working only with authors with an established promotional platform. They choose titles that won't require a lot of marketing. They get books out quickly, going from completed manuscript to bound books in 3-5 weeks. An inhouse sales team allows them to diversify into markets outside the trade. Baldwin says, "It's a way to compete and still get the big name authors."

She's also frank about the issue of returns and distribution. "You need to have control over your cash flow, so you don't want to be at the mercy of your distributor. We don't do business with Borders. We don't think they're going to be in business very long. Our growth has been in specialty retailers."

Greenleaf's clients pay for upfront production costs and receive 35 percent of the cover price on the back end. "I don't ever want to take the risk if I don't have to," Greenleaf says. The company initially established itself as a trade distributor serving smaller presses, then got into subsidy publishing and ancillary editorial services. They maintain quality by accepting less than 3 percent of projects offered.

#### ***eBooks***

Miller emphasized that "eBooks are not the end of print. Literacy is more of a concern than format. Long-term, it appears digital publishing will grow as print shrinks. The whole pie is going to shrink." He cites pressures all industries—not just publishing—are

experiencing. “People are demanding lower prices. The economy is driving prices down.” He says bundling different formats can help sell books, including what’s termed “incremental sales,” or selling parts of books.

Everyone expressed that the “agency model” of eBook sales established by Apple’s iBookstore—where publishers set the price of their books and retailers take a commission on sales, right now averaging 30 percent—is the way the industry wants to see distribution move, as opposed to Amazon.com’s draconian, flat-rate demand.

Baldwin was more specific, saying she believed there will be different pricing over a whole range of formats, estimating it may shake out to: 99¢ for an app; \$4.99 for an eBook, \$7.99 for a paperback, \$15 hardcovers and \$25 for an encyclopedia reference. She sees it as positive overall, having the potential to expand the market for people who currently can’t afford books. Chelsea Green is experimenting with adding video to their “how-to” eBooks to add value for buyers. “If you’ve established a brand,” she says, “you can roll these things out.”

### ***Challenges and Opportunities***

Asked by Brewster what keeps them up at night, panelists were candid. Miller replied, “The realization that I’m becoming a technology company. Every job has to be re-thought. How do you hire for that? I’m not a techie—how do I evaluate new people?”

Baldwin says she thinks about the shrinkage of the retail landscape. She also acknowledges the positives: “As larger houses shrink their lists, there’s a chance for entrepreneurs within big houses or smaller publishers to pick up some of that work. When the financial basis is more collaborative, it’s a less adversarial relationship among all partners.” She sees the eBook revolution and tighter pBook models as an opportunity to eliminate environmental waste. “It’s completely unsustainable. In total, I think we’ll see an expanded marketplace.”

Greenleaf concurs. “This is a really cool opportunity that we have. It’s a huge fundamental shift from the last 600 years. We can either get down on ourselves or get excited that we’re here and we get to make this happen.”