

CHRISTIAN BOOK SERVICES

The Four Phases of Custom Publishing

Phase I- Consulting Phase

Includes 1 hour initial consulting call to discuss product strategy, production needs and product specs.

Second hour is spent assembling production team and getting printing quotes.

After second hour, client receives written production quote and estimated printing costs.

If project is approved, third hour is devoted to marketing strategy and tactics.

Cost is \$300

Duration is about 2-4 weeks.

Phase II- Production Phase

Here are the different services available to you and their approximate cost:

Cover design (\$700)

Interior layout design (\$700)

Content Edit (\$1500 to \$2000)

Copy Edit (\$500 to \$600)

ISBN, barcode and copyright (\$150)

Project management fee (\$1000)

Duration is about 2-4 months.

Here is an estimated range for your book:

Production with no edit \$2550

Production with copy edit \$3050

Production with copy and content edits \$4550

Phase III- Printing Phase

The average cost to print 1,000 copies of a 192 page trade paperback book using traditional offset printing (what you would know as a "printing press") is about \$2.25 per book. So the printing cost would be about \$2250. Freight for a split shipment to Ingram or STL and to you, would be about \$400. So total printing and freight would be about \$2650. The approximate time to print a book via offset printing is six to eight weeks.

To get a book printed quicker (2-3 weeks) we can use print on demand. However, the cost for this process is about a dollar a book higher. But the good thing is that you can choose to print less than 1,000 copies. If you printed just 100 copies, at \$3.25 per book, you could have copies of your book to get started for just \$325. This enables you to "tiptoe" in to the market, see how your book does, and then order more if the book takes off.

Phase IV- Sales and Distribution Phase

In addition to producing and printing your book, we would also sell and distribute your book. We do this through the largest book distributor in the world, Ingram Book Company. We take care of the basic distribution services, including warehousing, setting up the product on the retailer databases, sales, assistance with marketing, taking orders, fulfilling orders, credit and collections and processing returns. After collecting from the accounts, we subtract a fee of 37% of the net income (retail price minus the selling discount which

averages 50%). You get the inverse of that or 63% of net sales. So on a \$15.99 book, you would make \$5.04 per book sold ($\$16 \times .5 \times .63$). If we don't sell the book, you don't pay us.

The only fees outside this overall fee for services are:

1. Warehouse storage fee. In order to keep our clients from thinking of us as a "long term storage facility", we encourage them to keep only 2-3 months' worth of inventory in the warehouse at a time. So we charge \$.015 per unit per month. For 500 units, the charge would be \$7.50 per month.
2. All new products are required to be placed in the distributor's New Release Catalog. That's what we use to sell your products to the trade. A full page costs \$350.
3. All books are fully returnable from the trade. We charge 5% of the amount of the credit to receive the return back, clean it up, and put it back on the shelf so it can be sold again. So a \$15.99 book that is sold for \$8.00 and returned for a \$8.00 credit would be charged \$.40 as a return restocking fee.

Payment terms in the industry are 90 days from end of month. I receive a check from Ingram by the 15th of the following month, divide that up by my clients and pay you within 120 days. Bear in mind, that is only for the retail customers. You will be collecting much faster than that on your direct to consumer sales.

This contract only relates to sales to retailers and wholesalers. So you can continue to sell off your website, at your appearances, direct to consumers, etc. at full retail price.