

The Beautiful Plan

~ Publishing Strategies from Patron Saint Productions ~

Volume 1, Number 1 ~ January 2002

Will Whiskers Wag the Dog?

I was blessed to hear Buckminster Fuller speak at Michigan State University just two years before his death in 1983 at the age of 88. He rambled without pause, as people do when they don't have much time left but still have a lot to say. It was a remarkable stream-of-consciousness monologue, loose and lucid at the same time. And this is what Bucky said:

The progress of civilization can be measured in mankind's ability to do more and more with less and less.

If he were alive today, I'm sure Fuller would have softened that language to "humankind," but you get the point. He illustrated this concept with an anecdote about the declining cost to transport one human being one mile, in terms of both energy expended and cost of materials. He began with ambulatory locomotion (walking), then bicycling, boat travel, trains, automobiles, and finally airplanes. It's characteristic of great thinkers to make a complex theory sound self-evident. It was a profound day for me, because I carried away this little equation of efficiency, and it expanded in my mind to become one of the pillars of my belief system. I've created a corollary, which I believe is important for book publishers:

The trend of all information technology is to locate the world's greatest talent, package it in all formats possible, and market it worldwide.

Fuller had his transportation anecdote; I have baseball. When first played professionally, the potential audience for a baseball game was limited to those who could attend the

ballpark. Baseball revenues and, thus, player salaries, were likewise limited. With the advent of radio broadcast, the potential audience grew to those within signal range, and revenues grew with advertising and sponsorship dollars. Television brought a new format for baseball and new revenue streams. With network broadcasting, the events transpiring in that stadium were accessible nationwide. The Internet expanded that reach globally.

Today, a player such as Alex Rodriguez is able to command a salary averaging \$25 million per year because he is one of the world's greatest baseball talents, he is being packaged in all possible formats, and he is being sold worldwide. From the perspective of a publisher, you must admire all the rights deals that go into creating a salary that large: performance rights, video rights, endorsement rights, software rights, gaming rights, streaming rights, and so on.



For some time I have been concerned about the failure of book publishers to adequately exploit the huge basket of rights they own for almost every work they publish. Many of these rights, such as TV and motion picture rights, are worth far more than the print publication rights. I've heard it said that publishers controlling motion picture rights is like the tail wagging the dog, but in my opinion it's more like the nose wagging the dog: publishers own those rights because they get to the creators of content first.

Book publishing contracts typically call for the purchase of all rights.

Acquisitions editors with noses for good content are able to control and profit from the transformation of the manuscript into all subsequent formats. The reason creators of content are willing to sign away all their rights to a book publisher can partly be explained by the imbalance of economic power between publisher and author.

Another reason for this wholesale assignment of rights is timing, as pointed out by John Huenefeld recently in a performance on a par with Bucky's rant. Huenefeld is a publishing management consultant and author of *The Huenefeld Guide to Book Publishing*, just released by Mills & Sanderson in a sixth edition. As the headliner at the PubWest convention in Snowbird, Utah, this past Veterans Day, Huenefeld held forth over a room of hundreds of admirers, many of whom were not born when he began his consulting business 33 years ago.

Huenefeld pointed out that most video productions (TV, movies, streaming media)—as well as audio productions and even live events—begin with the written word. People like to work off scripts. The rights to these words are usually purchased first by publishers, and then parceled out through auction to those who would adapt them to other formats. "You're in the driver's seat," Huenefeld said, referring to the publisher's position vis-a-vis the new media. "Publishers control the relationship with the creators of content." Let that equation expand in your head for a moment!

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Whiskers

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The standard publishing contract makes the publisher a chauffeur, driving the author from deal to deal until the trunk full of rights is emptied. The problem is that most publishers drive straight to a print shop and park. They break down. They don't have a mechanism in place to market all the rights they've purchased. They know how to get books printed—some even know how to get them distributed and sold—but many are as clueless as a tourist wandering in the barrio when it comes to finding Hollywood.

Successful authors have learned the hard way that publishers often buy what they cannot sell. So authors hire their own chauffeurs—agents—to drive them around and make their deals. Then publishers no longer control the relationship with the creators of content—agents do. And publishers are allowed to buy only what they know how to manufacture, distribute, and sell: printed books. Once publishers realize that they are gatekeepers of content, and that print publication is just one of many formats (and not the most lucrative at that), they will be ready to don their caps and drive.

One twist in the road is the Internet. While it opens global markets for publishers, it also threatens to unseat them from their premier spot as first to contract with the creators of content, which is the source of so much publishing power and revenue. For 95% of all books published today, the electronic rights are worthless. I'll back that claim up in a future column; recent events with netLibrary have made it easier to get away with that statement at face value. The threat of e-books is not that they will steal the print publication market. The threat is that e-publishers will get first position with the creators of content, and will then control the sale of all other rights. The whiskers will wag the dog.

If book publishers slip to second position, all they'll get is print publication rights. Say goodbye to motion picture options, screenplay advances, foreign language deals, and

foreign language deals, and merchandising rights. Wave goodbye to the *brand of the author*, because he or she just pulled away from the curb in an electronic carriage.



There are two major strategic issues stemming from Steve's Corollary to Bucky's Law of Progress. The first is how to keep e-publishers from stealing first position with authors? One answer is to give the authors whatever they want for e-book publication rights. Give them 50% royalties if you have to; 50% of zero is zero. Let them retain electronic rights if they want—just insist on a clause that e-publication cannot precede print publication, or else they could throw a wrench in your marketing campaign. Publish in e-book format to keep cranky authors happy, but do it as cheaply as possible: distill the page layout into PDF and slap an ISBN on it. I'll save a more detailed discussion of electronic publishing for a bad day.

The second major issue is, how do you profitably exploit the multitude of format rights you own? I think the answer is to stop thinking of yourselves as book publishers. You are Kings and Queens of Content! You own the rights to words and pictures, and you're going to put into place a process for arranging those words and pictures into whatever format an audience is willing to pay for.

You're going to produce a conventional printed book for the trade, and use P.O.D. to produce custom editions for specialty markets. You're going to build a global network of contacts capable of absorbing the foreign language rights to your titles. You're going to analyze every book to see if there's a way to chunk it out by paragraph, page, or chapter for the online or mobile marketplaces. You're going to build alliances with audio book producers, DVD producers, and e-book specialists, so that if your properties have potential for those markets, you can sell the rights rather than try to manufacture the products yourself.

Even if you lose first position to the vanity e-presses, you'll retain the

coveted spot of *first payday* for the creators of content, and that should give you enough clout to keep the agents out. You're going to restructure your author contract so that it looks a lot more like an agent's contract and a lot less like a publisher's contract. You have to get a better hold on your authors. Otherwise, you won't be able to recoup the substantial investment in marketing the author. You'll make them famous, and they'll upgrade to a limo service the first chance they get.

The response of most publishers to talent flight has been to market books, not authors. But I think you need to go the other way on this one—market authors, not books, and get a piece of the action from every package that talent is put into. Authors want to be marketed by publishers. Authors *need to be* marketed by publishers. And since authors are the only unpaid members of your marketing team (except interns), it makes sense to work them as hard as possible in the promotion of a book. Encourage them. Support them. Coerce them. Drive them around. Don't forget to stop at the bank.

January is a good month for predictions, so here are a few of mine. If you follow this strategy of shapeshifting content into other formats, your sales *per title* will double in five years. One quarter of that increase will come from investing more in cover art and interior color, and amortizing that investment by creating a line of art-based products—calendars, gift cards, journals, and posters—that strengthen your brand and your author's brand. Fifty percent of that increase will come from using overseas P.O.D. to satisfy the demand for English-language books abroad. And 25% will come from increases in rights sales.

I almost forgot. My final prediction: for most of you, e-book profits will increase 1000 fold in the next five years (1000 times nothing is, well, you know).

Until next time, I remain,

STEVE O'KEEFE

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