

## Report of the Epworth Press Interim Reference Group

### Basic Information

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<b>Status of Paper</b>	Final
<b>Action Required</b>	Decision
<b>Draft Resolution</b>	<ol style="list-style-type: none"> <li>1. The Epworth Press moves to Printing on Demand for all titles which it is currently committed to produce.</li> <li>2. The Epworth Press commissions no new titles until a workable business model is agreed.</li> <li>3. The Reference Group continues its work to bring a report on an appropriate business model for the Epworth Press to Conference in 2010.</li> </ol>
<b>Alternative Options to Consider, if Any</b>	N/A

### Summary of Content

<b>Subject and Aims</b>	It is suggested that the Epworth Press moves to Printing on Demand to reduce the upfront costs of its titles and that the commissioning of new titles is suspended as work continues to define a workable business model.
<b>Main Points</b>	<ul style="list-style-type: none"> <li>• The formation of the Epworth Press Interim Reference Group</li> <li>• Reasons for moving the Epworth Press to Printing on Demand</li> <li>• Reasons for suspending the commissioning of new titles</li> <li>• Ongoing and future work to define an appropriate business model</li> </ul>
<b>Background Context and Relevant Documents</b>	SRC Minutes 09.2.8 and SRC/09/59 MC/10/16 – Epworth Press
<b>Consultations</b>	SCM Publishing, Epworth Press Editorial Committee

### Summary of Impact

<b>Standing Orders</b>	N/A
<b>Faith and Order</b>	N/A
<b>Financial</b>	Moving to Printing on Demand will not in itself resolve the financial problems experienced by Epworth Press but will reduce the up-front costs and cash outlay required.
<b>Personnel</b>	N/A
<b>Legal</b>	The Epworth Press must operate in compliance with Methodist Church obligations under charity law.
<b>Wider Connexional</b>	Conference has confirmed its desire to maintain the Epworth Press brand.
<b>External</b>	The Epworth Press has brand value outside of the Methodist Church which needs to be managed appropriately and preserved.
<b>Risk</b>	Titles that sell in large numbers can be limited by Printing on Demand. A full assessment of sales potential will be conducted before all titles go to press. Pausing the commissioning of new titles may mean some authors approach other publishers. However, this small risk needs to be weighed against the current losses being made by the Epworth Press.

## Report of the Epworth Press Interim Reference Group

1. The Epworth Press Reference Group was established following the meeting of the February Methodist Council. Council authorised the Group to report to the April Council on the appropriateness of the Epworth Press moving to Printing on Demand and, further to the papers presented to Council, to consider and propose what may be an appropriate future business model for the Epworth Press to the Conference of 2010.
2. The Interim Reference Group met for the first time in March 2010 where it agreed its terms of reference and considered further papers on Printing on Demand, the Economic Context of the Epworth Press and other information relating to the financial position of the Press. This work aimed to help the Group to be in the position to make an initial recommendation to the April Council on the appropriateness of moving Epworth Press titles to Printing on Demand.
3. In undertaking this work, the Group is conscious of having to work to a very tight timetable to address a substantial issue (one which is a consequence of the winding up of MPH) without the detailed level of historic financial and marketing information which would normally be expected. In light of this, the Group has worked hard to establish as accurate a financial record as is available; seeks in its own report to be as accurate as it can about any financial statements which it makes; and also recognises the need, in any potential future business model, for there to be clear and accurate procedures for financial forecasting and accounting.
4. The Group has also had to adjust following the absence of one of the proposed members, the Revd Michael Townsend who was taken ill just before the initial meeting. The Group has contacted another member of the Epworth Press Editorial Committee, the Revd Dr Martin Wellings, who has agreed to act as a substitute if required for subsequent meetings prior to Conference, and is grateful to him for this offer.
5. The principal recommendation that the Group makes to the April meeting of the Methodist Council is that the Epworth Press operates a policy of Printing on Demand for those titles on its backlist and those it is committed to publish.
6. Given the low level of sales currently reported on most Epworth Press titles, Printing on Demand is the most cost effective way of printing titles under the Epworth Press imprint. While there is little difference in the production costs, this move will significantly reduce the need to store unsold stock and reduce the up-front cash outlay - as it is not justifiable to continue to undertake and pay for large print runs when the demand for such books is so uncertain or low. It will also offer the possibility of making available for purchase titles from the Epworth Press backlist. This method is widely used by academic publishers for making available titles which only sell in small numbers. (See also *Appendices A & B* on Printing on Demand.)
7. Printing on Demand will not by itself resolve the financial problems currently being experienced by the Epworth Press. A move to this method acknowledges that in the current situation it is not possible to run the Epworth Press as a profit making entity. Indeed recent sales figures suggest that currently even the best-selling Epworth Press titles will struggle to meet much more than half of their production costs. Although Printing on Demand will be the most efficient and effective method of delivering Epworth Press titles, some level of subsidy will still be required while the Group continues its work on developing an appropriate business model for the Epworth Press.
8. Accordingly, this recommendation is accompanied by a proposal not to commission any further new works for publication by the Epworth Press beyond those titles which are already nearing publication. This will require the publication of a number of books to pause. (More details of the books currently in the Epworth Press pipeline, and the cost of these books, can be found in Appendix C.)

9. The Group believes this pause in production will offer all potential future publications the best chance to benefit from a more appropriate and effective set-up of the business functions of the Epworth Press. Indeed a book with value to the brand and any potential market will see a better readership and demonstrate greater value for money in such a situation than in the current environment. The Group feels this is both fair and reasonable – both for the authors and for the Church - as we seek to maintain the valuable and respected brand recognition of the Epworth Press.

10. Since October 2009, the CCEA Cluster budget has borne a cost of over £18,000 for the commissioning and publication of new titles, revised editions or reprints, as agreed by the Editorial Committee. The Group also estimates that at least £17,000 of costs will be incurred for four additional titles which the Epworth Press has been committed to publish in the next two months. Further details of commissioned titles and their incurred or anticipated costs can be found in Appendix C. A new business model will be the subject of the Group's report to the Conference in 2010 and work is currently ongoing to prepare more comprehensive financial information about existing Epworth Press commitments.

11. Having made these recommendations, and in advance of Conference, the Group will continue its work of exploring a more appropriate business model for the Epworth Press at its subsequent meetings. It is not possible at this point to say what form any subsequent recommendations may take, but in light of the situation in which the Epworth Press now finds itself, it is possible to indicate some of the concerns that will be addressed in any subsequent recommendations.

12. The first is that there will be a continuing need for some level of subsidy if the Epworth Press is to continue in any form. According to the latest sales figures, it appears unlikely that any Epworth Press publication will be able to break even, even at the production level. This does not mean that there is not a case to publish any of these titles but it does signify that there needs to be a clearer statement of the purpose of the Epworth Press which justifies any subsidy in terms of the aims and objectives of the Methodist Church. This will also enable a clear and rigorous editorial policy to be established.

13. The second is that there needs to be a much clearer and more comprehensive system of accountability, both to justify the level of subsidy and to account for how that works out in terms of sales and distribution. The Epworth Press may not be able to make a profit, but it cannot be anything less than businesslike and must be compliant with Methodist Church obligations under charity law. The Group will also be working to determine how the various functions of the publishing process (editing, production, sales, marketing, etc) can be best integrated within a future business model for the Epworth Press. At the moment there are no structures to support such a set-up. This, together with better management of the Epworth Press's backlist, may require a number of resources that do not currently exist, and therefore specific investment in these areas may need to be made.

14. The Group recognises that to propose a fully reasoned, evidence-based and workable model remains a large task within the timetable proposed, especially in light of the current conditions for publishing and the market for religious publications in particular. It is committed to do the work as best it can but gives notice that there is a substantial amount of work to be done and that there is no guarantee that it will be able to define a fully reasoned, evidence-based and workable model in time for Conference 2010. However, it recognises the value which the Methodist Church has attached to the work of the Epworth Press and undertakes to do its best to ensure that such work continues.

#### **Recommendations:**

- 1. The Epworth Press moves to Printing on Demand for all titles which it is currently committed to produce.**
- 2. The Epworth Press commissions no new titles until a workable business model is agreed.**
- 3. The Reference Group continues its work to bring a report on an appropriate business model for the Epworth Press to Conference in 2010.**

## Epworth Press and Printing on Demand

### Introduction

1. Printing on Demand is a way of producing books at a fixed cost per copy, regardless of the size of the print run. This method avoids the necessity of paying the high set-up costs required for traditional printing methods, particularly for a niche publisher where sales figures are low. Therefore, Printing on Demand makes it cheaper to produce books in smaller print-runs.
2. It also allows individual authors and professional publishers to print smaller runs of a wider range of books than would be feasible through off-set printing, the traditional method employed using plates and printing press to publish large numbers of copies of a book. This is because it allows the printing of as many or as few books as required at any particular time. In comparison, when using off-set printing methods, it is often only economical to print a larger number of copies as the larger the print run, the lower the unit cost of each book.
3. Printing on Demand has gained much of its reputation as a service offered directly to authors wishing to self-publish books, because this allows them to publish their own book outside the constraints of the traditional publishing world. This means many individuals are now able to publish their own books more quickly, with greater editorial independence and retain a greater share of income as profit.
4. Indeed, many traditional publishers are now moving to use Printing on Demand services for all or some of their books (see *Appendix B*). For example, a number of established publishers have moved their back list to Print on Demand to enable all titles to be retained in principle 'in print'. This form of production does not, in and of itself, change the business model but it does reduce the amount of stock that needs to be kept in storage or written-off if unsold as an efficiency and cost saving measure.

### Benefits of Printing on Demand

5. Printing on Demand could allow Epworth Press to print new copies of a book only when orders for that book are received, whether from individual customers or traditional book stockists. It would help the Epworth Press to retain its large backlist of 132 titles (including the Epworth Commentaries), whilst printing items on smaller print runs for a lower cost than could be produced by traditional offset printing, for which the set-up costs are much higher.
6. As at October 2009, Epworth Press had 12 forthcoming titles in production or pre-production, due for publication between October 2009 and November 2010. This was anticipated to cost the Methodist Church, via the Connexional Team budget which currently funds the Epworth Press, approximately £35,550. This cost could be reduced by an estimated 25% through a print saving of approximately £1,000 per title if the Epworth Press were to move to Printing on Demand, as advised by SCM who have indicated the potential availability of this with immediate effect.
7. The cost of new titles is made up of two components: production and printing. Printing on Demand reduces printing costs in certain circumstances but the production costs will remain the same no matter the method of printing employed. It can be beneficial if a publisher is doubtful about the sales of a title or if a book is likely to sell fewer than 200 copies in any one year. The slightly higher unit cost of Print on Demand titles can be offset against the storage costs or need to write off any unsold stock often involved in offset printing. This means that the publisher's cash flow is greatly improved as books are printed as and when they are more confident of sales.
8. Printing on Demand would also allow a faster technical set-up for the printing process, smaller inventories of books to be kept in stock and less waste from unsold products.

## **Mitigating the Risks of Printing on Demand**

9. Printing on Demand would not necessarily remove the physical presence of the Epworth Press from bricks and mortar bookshops. Hymns Ancient and Modern have put many of their own titles onto Print on Demand but maintain a small number of titles in the warehouse so as to be able to supply shops and distributors immediately and on usual terms - commonly known as an optimal inventory solution. This is the methodology Hymns Ancient and Modern would employ for Epworth Press titles and would ensure these books are distributed on the same terms as current sales arrangements.

10. It should be noted that very few titles from the Epworth Press are stocked by high street Christian bookshops, the number of which is rapidly shrinking. Almost all Christian booksellers are moving to direct selling techniques to mitigate the economic risks of traditional sales methods which have diminished drastically in the past six months. Therefore, publications from the Epworth Press, like those from its counterparts in the Christian literature industry, are likely in future to be sold mainly through online booksellers who consider optimal inventory to be a very acceptable way of working.

## **Costs**

11. It is not possible to make a direct comparison between the costs of offset printing and Printing on Demand because the two methods are used for different reasons. Nonetheless, the difference between the costing mechanisms for these processes means that Printing on Demand can be used to reduce the upfront costs payable. However, it does not affect the production costs of a title.

## **Conclusions**

12. Printing on Demand would help the Epworth Press to minimise the economic risk of publishing specialist and niche titles within the UK's shrinking Christian literature market. It would allow books to be produced quickly and in as large or small a print run as required, meaning there would be less waste stock and reduced storage costs for unsold inventory.

13. A move to Printing on Demand would not necessarily have any negative effect on the ability to effectively market Epworth Press titles, nor compromise selling arrangements with any bricks and mortar booksellers wishing to stock Epworth Press titles. This is because these arrangements will remain the same even if the method of production is changed.

## Other Publishers' Use of Printing on Demand

### Introduction

1. The range of publishers using Print on Demand services today includes academic, technical, trade, professional and religious publishers. It is also used by those seeking to break into international markets where they do not have an existing presence, small independent publishers and authors wishing to self-publish their work.

### Publishers and Printing on Demand

2. A number of mainstream and well-established publishers have turned to Print on Demand services for at least part of their publishing programme, as detailed below.

#### Faber Finds, Faber

3. Faber launched its Print on Demand imprint 'Faber Finds' in June 2008 with the aim of making available previously out-of-print classics (not all of which were originally published by Faber) that appeal to smaller audiences. It has since reissued nearly 550 titles, some selling as many as 600 copies and all having sold at least one<sup>1</sup>. Whilst these books are available both from bricks-and-mortar bookshops and on-line retailers, the titles do not appear on bookshop shelves and have to be ordered specifically as they are printed only when ordered, with no short-run printing to support any ongoing demand.

#### Cambridge University Press

4. In 1997, Cambridge University Press reviewed its academic sales and found that out of the 18,000 titles it sold, over 8,000 sold fewer than 50 copies a year and 3,500 sold fewer than 10. On average, each title sold 32 copies per year but CUP was holding an average of 120 copies of these books in stock.

5. Therefore, CUP turned to Printing on Demand for titles which were no longer affordable to publish using traditional printing methods. This included the paperbacks for which fewer than 300 copies were sold each year or hardbacks selling fewer than 100 units. This has since been expanded to include a wider range of new, out-of-print and low-selling books. They now set up almost 2000 Print on Demand titles per year, the majority of which are new titles in paperback format<sup>2</sup>.

#### Oxford University Press

6. Oxford University Press has utilised Printing on Demand technology to make available as many titles as possible from its backlist. Printing on Demand has allowed the OUP to keep low-demand titles in print so that they are readily available without having to store large levels of inventory. This has also reduced the need to put many authors' work out of print.

7. The OUP has over 10,000 titles in its digital library which it can produce through short-run printing or individually as orders are received, allowing the supply of a title to be responsive to its sales demands. It continues to use off-set printing for a relatively small proportion of academic books for which this process is economically viable but uses Printing on Demand to reduce the financial risk for titles with lower sales.

<sup>1</sup> <http://www.guardian.co.uk/books/booksblog/2009/jul/03/faber-finds-ebooks>

<sup>2</sup> *Cambridge University Press Redefines Out of Print*, Value Chain International Ltd, <http://www.azurn.com/Publishing%20CUP%20cases.htm>

*"The single most significant technological development to affect publishing since, arguably, the paperback revolution, is the maturing of Print on Demand technology. . . . publishers need not put a book out of print or overprint it by the hundreds of thousands. Presses can now simply meet demand as it arises, whether a single copy or a hundred. Print on Demand technology renders the economics of scale that have so fettered publishers, largely obsolete, to the advantage of all.*

*"We, and many other presses, both commercial and academic, are simply applying new technologies to do what we do best: publish good books and, now, with Print on Demand, keep them available ad infinitum."*

--- Niko Pfund, Oxford University Press in *The Nation*, May 20, 2002<sup>3</sup>

#### Augsburg Fortress

8. Augsburg Fortress is the Evangelical Lutheran Church in America's publishing house. It is funded from the profits made through the sale of its books (currently almost 100 titles a year across its various imprints) and other resources<sup>4</sup>.

9. It uses Printing on Demand to reduce the need to produce, store and dispose of excess inventory. Using Printing on Demand, it publishes some titles that sell only between 20 and 50 copies per year. This approach also allows Augsburg Fortress to continue to supply books published a number of year ago which have a long shelf though limited demand. In total, it now has more than 1,000 titles available for Printing on Demand<sup>5</sup>.

10. It decides whether or not to produce a book through Printing on Demand by analysing pre-orders and seeing how many books need to be printed, and therefore which method to employ. Titles that still justify larger print runs continue to be produced using traditional, off-set printing methods.

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<sup>3</sup> <http://www.windpub.com/podpresses.htm>

<sup>4</sup> <http://www.augsburgfortress.org/company/quickfacts.jsp>

<sup>5</sup> <http://www.lightningsource.com/ops/files/comm/CST140/Augsburg.pdf>

## Current Epworth Press Publication Schedule and Pipeline

Publication Stage	Original Pub Date	Title	Author	Extent	Price	Listed Pub Date	Estimated Committed Costs	Further Potential Costs	Costs Paid	Notes (* denotes POD)	
Published		Believing the Creed	John Ogden		£19.99	30-Sep-09	-	-	£3,306.25		
		Christian History: An Introduction	Diarmaid MacCulloch		£14.99	30-Nov-06	-	-	£1,844.75	Reprint	
		The Reflective Disciple	Roger Walton		£18.99	30-Oct-09	-	-	£3,565.00		
		<i>The Drama of Mark</i>	Morna D. Hooker & John J. Vincent	15k	£6.99	01-Jan-09	-	-	£1,715.50		
	Jan-10	<i>Joining in with the Spirit: world church and local mission</i>	Kirsteen Kim	75k	£25.00	29-Jan-10	-	-	£3,871*	Print on Demand plus 150 copies	
		<i>The Making of Methodism, second edition</i>	Barrie Tabraham	130 pp	£16.99	26-Feb-10	-	-	£3,905		
		<i>Living Holiness: Stanley Hauerwas and the Church</i>	John Thomson	60K	£19.99	27-Feb-10	£4,500	-	-		
Under contract with SCM	Press	<i>Buddhism for a Violent World: A Christian Reflection</i>	Elizabeth J. Harris	50k	£19.99	26-Feb-10	£4,500	-	-		
	Ready to go to press	Mar-10	<i>This Is Our Song: Women's Hymn Writing</i>	Janet Wootton (ed.)	80k	£25.00	30-Apr-10	£3,500*	-	-	Print on Demand title
			<i>Resourcing Renewal</i>	Martyn Atkins		£14.99	28-May-10	£4,500	-	-	Reissue
		Dec-09	<i>Nowhere to Lay our Head: Client Rulers, the Empire of Oil and the Anarchy of Jesus</i>	Wilf Wilde	80k	£25.00	30-Sep-10	-	£4,500	-	Delayed due to author circumstances (requested for authorisation Oct 09)
	Editorial	Jul-10	<i>Pursuit of Happiness: Blessing and Fulfilment in Christian Faith</i>	Sarah Lancaster	60K	£19.99	30-Jun-10	-	£4,500	-	Copyedit
		Jul-10	<i>'Where is the God of Justice?': The Old Testament and Suffering</i>	Michael E Thompson	75K	£19.99	01-Jan-09	-	£4,500	-	Copyedit has only just started
Pre-contract with SCM	Awaiting Manuscript	Sep-10	<i>God So Loved the World: the Attractiveness of John's Gospel</i>	Neil G Richardson	70K	£19.99	01-Jan-09	-	£4,500	-	
		Oct-10	<i>Holiness in Scripture</i>	Calvin Samuel	50k	£25		-	£4,500	-	
			<i>The Reflective Preacher</i>					-	£4,500	-	
			<i>Gathered into One</i>					-	£4,500	-	
							£17,000	£31,005	£18,208		

\*Denotes PoD title