

**PROFITABLE TEXTBOOK PUBLISHING AND WHAT
NEEDS TO BE UNDERSTOOD**

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1.0 Introduction

The topic of this presentation is “Profitable Textbook Publishing And What Needs To Be Understood”. Essentially, we will be looking at what needs to be understood in publishing textbooks profitably. To do this, we have divided the presentation into three parts. First, we will briefly consider what we mean by publishing and what textbook publishing is all about. Then, we will consider what it means to publish textbooks profitably. Next, we will look at important issues to understand to achieve profitability in textbook publishing. In all these, our focus will be on the African continent.

2.0 Book Publishing

Book Publishing is the process of coordinating the various economic activities needed to bring a book from an idea in the mind of the author to a printed product available for distribution to the relevant audience. It is the process of preparing, manufacturing and distributing books in printed or electronic form. The process begins with the submission and selection of manuscripts, evaluation, vetting, editing, copy editing, typesetting, design and layout, printing, distribution and marketing. Thus publishing involves significant economic activities such as Planning, Projecting, Investing, Marketing and Management of financial portfolio.

The history of book publishing in Africa could be traced back to the history of education and literacy in Africa brought about by the activities of the colonial masters specifically the British and the French in the 18th century. Before this time, paper was first made in China in 105 AD and printing had been invented also by the Chinese in the 8th century, reaching Britain by the 15th century. For instance, the setting up of Colleges of London University in Nigeria (Ibadan), Ghana (Legon) and Uganda (Makerere) in 1945 by the British government brought the offshoot of publishing companies such as Longman, Macmillan, Heinemann and Oxford University Press from UK to Africa as the first set of publishers (See Banjo: 2009).

Thus, book publishing has developed side by side with the development of education and literacy; a symbiotic relationship that has made textbook publishing to be very attractive.

Textbook publishing requires publication of books in line with curricula approved by relevant authorities to meet the needs of students at various levels, especially for core subject areas. Supplementary texts may find a good market in schools, even if not written in line with any particular curriculum.

Textbook publishing appears to be the most prevalent and viable type of publishing business in Africa. This could be due to the low level of reading culture and the low purchasing power of individuals across the continent. These have made leisure and other type of books outside the school curriculum unattractive to many publishers. In a society that elevates certification above literacy and knowledge acquisition, people will read to get certificates, without necessarily being educated. The emphasis would be on purchase of textbooks to prepare for examinations and not creative writings or other types of books that will improve general knowledge and exposure. This kind of environment exists in Africa. Although it may not be the best scenario for any society, publishers are attracted to the customers that are available. Thus, textbook publishing accounts for a significant percentage of books published in Africa. It must be pointed out that this is not an endorsement of this state of affairs in any country. It is only an acknowledgment of the reality of the situation as it is.

Ike (2004) asserts that about 90% of books published in Nigeria is in the area of Primary and Secondary school textbooks. There may not be documented accurate research to verify the exact figure, but there is no doubt that textbooks, especially at Primary and Secondary schools levels, represent an overwhelming majority of books published in Nigeria. According to Nwankwo (2005) most publishers in Africa are involved in publishing textbooks, which they see as their bread and butter products.

It could be argued that religious and motivational books are also popular and enjoy good sales. This trend can also be attributed to the above reasons. In an environment of poverty and lack, people turn to religious and motivational sources for consolation and hope. However, most of these are published outside Africa. The good business in this area appears to be in the importation and distribution of these books.

3.0 Profitable Book Publishing

Some publishing organizations exist for the purpose of disseminating information for public good, and there are many publications that are not produced with the aim of making profit. However, most publishing organizations exist for the primary purpose of making profit from their investments. This is more so in the case of textbook publishing, which is related to the production and marketing of books that are for use in schools.

For a publishing business to survive, the expenses of creating, producing and distributing a book or other publications should not exceed the income derived from their sale. For a publishing business to go beyond survival and be profitable, it is not enough for the expenses not to exceed the income derived from sales; the expenses must actually be below the income. The lower the expenses, the more profitable the business will be. Put in another way, the higher the income from sales is above the expenses, the more profitable the publishing business will be. Thus, profitable textbook publishing is about making more money from selling a textbook than the entire amount spent on producing and distributing it.

Flowing from the above, three basic areas have to be properly understood in textbook publishing in order to stand a good chance of making profit. In a reverse order, these areas are Sales, Marketing/Distribution and Production. The reverse order approach is a deliberate deviation as we will soon see.

4.0 What Needs to be Understood

4.1 The Publishing Process and Profitability

In 3.0 above, we identified three areas that have to be understood to ensure profitable publishing. In this section, we will be explaining what needs to be understood within the framework of these three areas.

4.1.1 Sales of the Textbook

Although the normal sequence in the publishing process is Production-Marketing/Distribution-Sales, we have deliberately reversed the order in this presentation because whatever is produced, if it is not sold, the publisher cannot even think of breaking even, much less making profit. So to make profit from textbook publication, the book has to be sold.

The expression, ‘Sales’, within this context, goes beyond the act of exchanging the textbook for money. It is meant to cover all that goes into making the buyer decide to purchase a textbook. To achieve profit, all factors that influence the purchase of a textbook have to be understood. When we remember that textbooks are usually produced according to specified curricula and, in many countries, a compliance with the curriculum is necessary for the adoption of a book, then we will realize that for any profitable textbook publishing, it is important to ensure that the book is not only in line with approved curriculum but also adequately meets the needs of the students. Textbooks that are not in line with approved curriculum are more likely to result in loss for the publisher.

In many countries across Africa, publishers depend on government patronage for survival because government purchases constitute a major source of revenue. Governments in many of these countries have welfare programmes that involve purchase of books for free distribution to students. Examples of this include the Universal Basic Education (UBE) programme in Nigeria and Free Compulsory Universal Basic Education (FCUBE) programme in Ghana. Some other African countries with similar programmes include

Tanzania, Mozambique and Uganda. Since governments set out curricula for use, compliance with set curricula can greatly influence their purchase decisions.

Mere compliance with curriculum is not enough. Many competitors will also be curriculum-compliant. So, the textbook has to offer something different from or better than what competitors have to offer in order to have good market share and make profit.

As stated earlier, some school books are not based on any specific curriculum. Examples include books on Grammar, Comprehension, Quantitative Reasoning and Verbal Reasoning. For these books, they must meet the particular needs of customers. Customers' needs can only be ascertained through proper research.

4.1.2 Marketing/Distribution of Textbooks

This covers all the activities involved in creating awareness about a textbook and getting it from the publisher to the customer. These activities include workshops for teachers, promotion to schools, advertisements, distribution to the publisher's warehouses, relationships with booksellers/distributors, direct sales to schools (where applicable), etc.

One of the important things that need to be understood in this area is that all the expenses involved in these activities form part of the costs of publishing the textbook. Therefore, in calculating book publishing expenses, the publisher has to factor all these in. We have earlier observed that, for textbook publishing to be profitable, the entire costs of publishing the book must be lower than the income derived from its sale. Therefore, to increase the chances of making profit, these expenses must be managed and kept within reasonable limits.

The danger here is to miss the fact that the costs of every flier printed, every promotional workshop and visit, every advertisement, etc. are all to be spread on the costs of producing all the company's books published. If these costs are not properly managed, they will either eat into the profit of the publisher or make the publisher's books too

expensive for consumers. Either way, the result is loss for the publisher. When these costs are properly managed, the company can be competitive and operate profitably. To be profitable, every expense incurred must be necessary and reasonable. The publisher must not make the common mistake that many people make, believing that the profit of a publisher is the difference between the cost of printing a book and the price for which it is sold. Many people, in government, will wonder why a book has to cost so much, considering the cost of printing. This misconception is responsible for the belief that publishers make too much profit. The error is in ignoring overhead expenses incurred in administration and marketing/distribution, amongst others.

Still on this, the distribution channel should be efficiently managed to keep costs down. Ideally, a publisher is supposed to be a wholesaler that should not be involved in retail trade. The normal chain of distribution should be from the publisher to the bookseller or agent, and from the bookseller to the final consumers. This is easier and cheaper than being involved in retail trade. However, the ideal situation no longer operates in some countries and publishers are getting involved in the cumbersome and expensive model of retail trade. The propriety or otherwise of this method is not the focus of this presentation. The important thing is for the publisher to avoid unnecessary costs and be cost conscious.

It is also important to understand that the more products a publisher has, the more this type of expenses can be spread and the more profitable the company can be. With multiple products, the publisher can take advantage of economies of scale. For example, an educational Sales Representative will incur basically the same transport cost going to promote a single textbook to a particular customer as he/she would incur promoting three or four different textbooks.

4.1.3 Production of the Textbook

The production process in book publishing starts from the manuscript stage to the final printing. While already-prepared and unsolicited manuscripts may flood publishers' offices from many aspiring and established authors, it is more common in textbook publishing to actually solicit and commission authors to write in line with approved curriculum and in accordance with specific styles identified by a publisher to fill identified gaps in the market. Except a very good unsolicited manuscript turns up, it is a better method in textbook publishing to commission authors to write. This way, the quality of the manuscript can be monitored and the writing method and style can be guided to ensure that quality is achieved.

The entire process of writing workshops, manuscript assessments, typesetting, book design, illustrations, pre-press and printing must be carefully and efficiently managed to keep costs down and improve profitability of the textbook. This area could be a serious area of drain on profitability. If costs are not managed at this level, costs can be built up that will eventually affect the price and profitability of the book. Unfortunately, this is an area that many publishers ignore and take for granted.

Managing costs in this area does not necessarily have to be by a reduction in quality. No matter how rich the content of a textbook may be, if it is not well-designed, illustrated and printed, it may not even attract enough interest to get anyone to look into and appreciate the content. Although workshop expenses can be deducted from author's royalties, incurring so much workshop expenses against future royalties is a risky speculation. If the book does not attract enough patronage, this can amount to a loan or investment that may never be recovered.

To be profitable, the publisher must have the end in mind from the beginning. It is not impossible to envisage a published price even at manuscript stage and work towards achieving that price profitably. With proper research, the publisher can decide on the appropriate page extent, colours, size and paper quality that will enable him/her achieve the desired profitability. If need be, some aspects of the process can be outsourced to maintain a lean structure that will enhance profitability. It is not necessary to have in-house editor for every subject area or to maintain so many illustrators, typesetters and book designers that will earn regular salaries and bloat expenses, if their contributions can be outsourced without compromising quality. Outsourcing can even help to bring variety in terms of style. If the same illustrator is used over and over again, all the publisher's books will look alike because every illustrator has his/her own distinct style.

Outsourcing can greatly improve quality. With globalization and developments in technology, outsourcing does not have to be confined to the publisher's immediate environment. Outsourcing has become international in nature and it is giving small and emerging publishers the opportunity to compete favourably even with the best publishers around. However, in deciding outsource partners, care has to be taken to ensure that local content and flavour are not lost. Foreign inputs have to be properly domesticated in order to gain acceptability. Cooperation with other publishers to publish co-editions can also enhance quality with reasonable costs.

4.2 The Environment and Profitable Publishing

In 4.1, we explained the implications of various activities in the publishing process on the profitability of textbook publishing. We are convinced that being conscious of these implications can assist publishers in taking decisions that will have a positive impact on

profitability. The concentration was on the process involved in publishing the textbook itself. However, profitable textbook publishing goes beyond managing costs in the actual publishing process.

The environment in which the publisher operates can also greatly impact profitability. While the publisher may have relative control over choices in the publishing process, the environment is usually not that easy to influence or control. Since the environment is important, there is a need to understand how it can impact profitability so that the publisher, though not able to exercise considerable control, can adapt to it and exploit it to achieve the desired profitability.

In this presentation, the environment has been categorized under political, business and technological influences on the publishing business.

4.2.1 Political Environment

There is no doubt that government plays an important role in the existence, survival and profitability of textbook publishers in Africa. As stated earlier, governments, through their various educational development programmes, remain a major revenue source for many textbook publishers. Government decisions as to which book to purchase for distribution to schools affect the fortune of publishers. When the textbooks of a few publishers are bought for distribution, the fortunes of those publishers improve while the fortunes of those left out are negatively impacted. In an environment where the government does not see any sense in patronizing as many publishers as possible, it is a very risky business to invest in textbook publishing. This is because the books bought are distributed to schools and parents would not need to buy other textbooks, especially considering the low purchasing power which is prevalent.

Apart from this, government regulation of the educational sector also affects the fortune and profitability of textbook publishers. The government basically determines the curriculum and other policies relating to education, the industry in which the publisher operates. The reality of the environment is that governments in Africa do not appear to see publishers as social service providers or important partners in their quest for the educational advancement of the people. That would seem to explain the failure of many governments to involve publishers in policy formulation. Despite the fact that publishers are expected to publish books based on curriculum set, their involvement in the development of curriculum is limited and they have no say in the timing of any curriculum change. With policy inconsistency, the danger for the publisher is that the curriculum upon which he/she has developed a textbook could be changed even before the book is published. Even more painful is the fact that the curriculum could change just after publication.

There are even cases, as experienced recently in Nigeria, where a new curriculum is released a few months before it is expected to take effect and publishers are expected to produce new books at short notice to meet the new curriculum and to dispose (at their own loss) of the existing books they have produced in large quantities based on existing curriculum.

More worrisome is the trend of involvement of government parastatals or agencies in book publishing. For example, in Nigeria, the Nigerian Educational Research and Development Council (NERDC) which is saddled with curriculum development and empowered to approve textbooks to be used in schools, has been partnering with a number of publishers to write and publish textbooks for use in schools. In essence, the umpire and regulator is involved in the business itself. In this case, which book is expected to be approved for use in schools and what are the odds of survival for the

majority of publishers not involved in the scheme? Closely related to this is that some state governments in Nigeria have actually developed textbooks for use in public schools in their states! Governments and their agencies involved in these kinds of activities need to realize that the ideal situation is for them to provide the enabling environment and play the role of regulators rather than descend into the arena and become both a regulator and a player at the same time.

However, every textbook publisher or intending textbook publisher needs to understand this scenario and realize that it is actually a threat to the existence of textbook publishers.

4.2.2 The Business Environment

The business environment presents a lot of challenges for the efforts of textbook publishers to be profitable.

Textbook publishing in Africa is still largely in the physical, conventional form. While giant strides have been made in developed countries on ebook and other technology-enabled mode of publication like Print-on-Demand, the bulk of textbook publishing in Africa still remains physical. The implication on profitability is obvious, especially in the area of distribution. Storing and distribution of physical books is more demanding on the resources, especially with the challenge of low level of infrastructural development.

This is also compounded by the skewed distribution system in some countries which is eliminating bookshops and resulting in retail trade by publishers.

Lack of proper protection of copyright and the resultant endemic challenge of piracy also impacts profitability negatively. This, perhaps, is one of the biggest drains on profitability. Pirates have been encouraged by the low purchasing power that encourages buyers to seek for the cheapest option available, and improvement in technology that has made reproduction of printed materials easier and faster, such that they now threaten the very existence of the publishing business. Investments in the publication of a textbook can be wiped out by the activities of pirates and their existence affects the returns that a publisher can derive from all the efforts put into publishing a successful textbook.

4.2.3 Technological Environment

Recent technological developments have changed the Publishing business dramatically across the developed world. As mentioned earlier, the emergence of ebook and Print-on-Demand as well as improvement in digital reproduction technology have changed the way books are perceived. In Africa, traditional markets and business models continue to generate the majority of sales, but new online and digital technologies are affecting every point in the book publishing value chain. Although forecasts do not portend a collapse of physical books as a product, or of book publishing as an industry, it will become increasingly difficult to be competitive without adopting appropriate digital processes, including digital distribution of content divorced from the physical book.

The challenge is that due to globalization and the effects of the recent world economic meltdown, a lot of publishers from Asia and Europe are focusing on the African market and pushing their products to Africa. With their level of technological development, they have the upper-hand in their competition with African publishers. Without government protection, the challenge can be overwhelming and threaten not only profitability but the very survival of publishers. It is still possible for textbook publishers in Africa to collaborate with foreign publishers to co-publish and benefit from the advantages that

technology provides in order to avoid being swept away by the wave of technology that is giving a new meaning to what we have come to know as book and book publishing.

5.0 The Round up

Publishing is a resilient business. Textbook publishing is not only resilient but it also possesses great potential for profit. This potential cannot be achieved without being conscious of, and dealing with all the challenges that characterize the publishing process as well as those that are posed by the operating environment.

Highlighting the potential and the challenges, with a view to stimulating textbook publishers in Africa to properly focus on achieving profitability, is the aim of this presentation. While not pretending to have provided all the solutions, it is hoped that this presentation has succeeded in stimulating the interest of textbook publishers in the right areas that can impact their profitability. It is also hoped that the attention of governments and their agencies have been drawn to areas in which they need to act to provide the appropriate environment for profitable textbook publishing to thrive.

Thank you all for your attention.

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