**PRINT ON DEMAND
UNDERSTAND THE NATURE, STRUCTURE, AND REALIZATIONS OF POD**

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**Nature**

Print-on-Demand is an approach to publishing books as the demand (sales) for them are generated. Digital printing has allowed for the capacity to generate small numbers of books, even individual copies and has facilitated publishing/printing to join the growing numbers of businesses that rely on just-in-time inventory, saving the massive costs of warehousing long-term inventory.

**Structure**

The structure of POD is pretty simple: as a sale comes in to the distributor, the distributor requests a book copy from the printer or the publisher. (In our case, the request goes straight to the printer.) The printer generates the book; the publisher is charged the cost of the book, and the distributor collects the sales price from the purchaser, passing along the revenue minus a % (typically, 40%-55%) for the distribution/seller fee. Generally, of that fee, 40% goes to the retail or online store and 15% to the distributor/wholesaler. (For more information, see our Distribution and Sales Policy document at the Author Hub.)

**Realizations**

There are at least three typical misunderstandings about POD, which can cause disappointment. These include print runs, inventory, and returns.

***Print runs***

POD books are printed individually or in print runs. Print runs can range from two books to thousands. A print run refers to all books printed at the same time. What authors fail to realize in many cases is that the color in digital printing will vary from print run (batch of books printed together at one time) to print run. The tone and brightness of individual colors may vary so that a book printed in 2022 in one print run may look slightly different from a book printed in 2023 in another print run.

**Inventory**

Authors often think that there is no inventory involved with print runs, but there is. Typically, bookstores that stock MSI Press books will order at least one copy when a new book comes out. If there appears to be an interest among the bookseller’s clientele, i.e. they get a few dozen orders the first month (we like to see about 100 orders the first month on a new book), they will generally order a few dozen copies to have in inventory going forward. Think about it – it would be an ineffective model of selling to wait until someone comes along and orders the book to ask that customer to wait until the book is printed, shipped to the seller, and then re-shipped to the purchaser. Customers expect orders to be shipped out nearly same day, not to have to wait for a book to be printed. It would be like ordering a fan or chair through an online store and being told to wait until the item is constructed, obtained by the store, and then shipped. That model would not work! So, yes, there is inventory.

In POD, inventory is limited, and how much inventory depends on the turnover on any given book over time. If a book is selling 30 copies a day, then inventory will be much larger; it a book is selling 3 copies a month, inventory will be much lower. It is not cost-effective for any business to have inventory just lying around unsold and unselling.

The bottom line, though, is that there *will* be inventory. This can be confusing for authors (not so for publishers and distributors) when it comes to payment of royalties. If a book is sold as part of inventory acquisition to a bookseller, that is the date in which the distributor reports the sale to the publisher and the date on which the royalties are added to the author’s account with the publisher. If a bookseller acquires 30 books and sells 20 right away and 10 over the next year or more, an author might learn that a book had sold subsequent to receipt of a royalty check and therefore expect to see that sale in the next check when, in reality, that royalty was already paid (at the time of the sale to the bookseller – whenever the bookseller sells the book has nothing to do with royalties since royalties have already been paid). This document does not discuss the timetable for distribution of royalties. Please see the timetable document at this site for that information.

**Returns**

Authors are sometimes surprised to learn that a POD book would have returns, but, given that booksellers “stock up” (i.e. have inventory), it is reasonable that some of them would “overstock.” In time, typically 6 months or a year, that overstocking (inventory) gets returned to the distributor, who has to reimburse the bookseller. The distributor then returns the book to us, and we have to reimburse the distributor as well as pay the shipping and handling fees, a serious revenue loss for us.

**Excess Inventory**

In some cases of returns, we can sell the “boomeranging” copies and recover some of our expense. (We cannot usually recover more than about 50% because we have to eat the shipping costs and generally have to sell the book as a used book, which carries a lower retail price.)

In other cases of returns, we cannot sell all or even close to all of the “boomeranging” copies and never recover our loss. In such cases, we often offer copies at less than cost to authors to avoid the cost of warehousing.