

The
Wow

e-newsletter

by Ken and Dahlynn McKowen

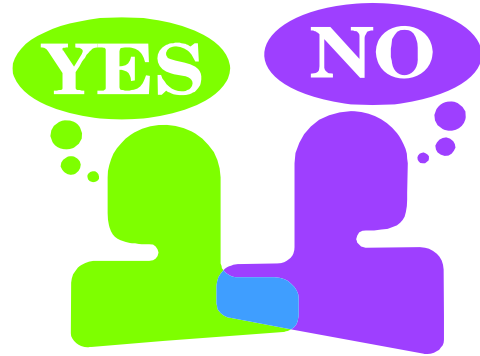
Principles

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Ebooks: An Op-Ed

by Dahlynn McKowen



Our December *Wow Principles* e-newsletter announcement about Publishing Syndicate becoming a publishing house brought with it a whole slew of ideas to be considered and questions to be answered. Taking on such a large professional challenge, especially in this down economy, was, at first, daunting, but more so exhilarating due to the revolution of the ebook.

I first heard about an “ebook” (or e-book) in late 2000 when attending a book launch for *Chicken Soup for the Writer’s Soul*. My mentor and “second” dad Bud Gardner coauthored the book with Jack Canfield and Mark Victor Hansen. At the party were many writing greats, from Jack to Bud to Dan Millman to Dan Poynter. Meeting the latter Dan for the first time was interesting: I remember him telling me—almost preaching to me—about the “next big thing in books—ebooks.” Again, it was the year 2000, the turn of the century, and technology was slowly gaining steam after surviving the unwarranted panic of Y2K. A new acronym was now all the rage—“AOL”—and people were blown away that the then mega-giant tech company had just bought Time Warner. So this so-called ebook idea Dan was telling me about didn’t seem too far fetched, but as an author, it was a little scary. No more books to hold? No more pages to physically touch and turn? No more ink to smell? No way that would ever come to be.



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Ebooks: An Op-Ed

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More than 10 years later, ebooks are a part of our everyday culture. Even our own *Chicken Soup for the Soul* books and travel books are sold as ebooks at Amazon.com. So looking into the world of ebooks when it came to our new company was a natural avenue to follow. And we have learned a lot in the last few weeks. But let's take a look at some numbers first, all courtesy of the world-wide web. Note that the items below were posted for public review within the last week:

- Barnes & Noble forecasts that their consumer book market will grow from \$23 billion in 2010 to \$27 billion in 2013, *with all of that growth coming from ebook sales*. This \$4 billion dollar increase will be a result of ebooks going up \$6 billion and the sale of print books falling \$2 billion.
- Random House reported that their sale of ebooks increased 300% in the first half of 2010.
- John Gresham sold 70,000 ebooks of "The Confession" during the book's first week on the market.
- According to the Association of American Publishers, trade ebooks sales were \$39 million in August 2010, which was a 172.4-percent increase over August 2009.



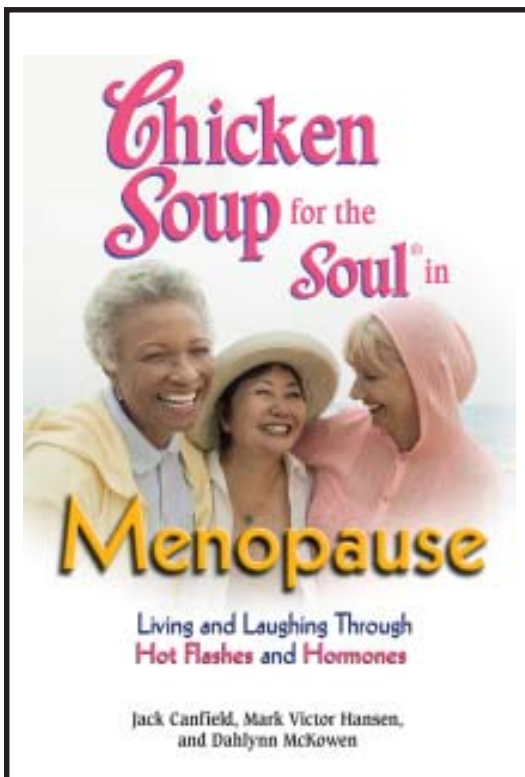
The rising popularity of ebooks should concern one aspect of the publishing business: the behind-the-scenes and powerful distribution industry. These distributors act as the sales middleman between publishing houses and bookstores. We have experienced first-hand how the bigger distributors rule the publishing industry: for instance, if they don't like the cover of the book or even a title, they'll insist the publisher change it before they will even *consider* wholesaling the book to their customers.

Case in point: when working on *Chicken Soup for the Soul in Menopause*—which I coauthored with Jack Canfield and Mark Victor Hansen in 2007—the distributors wanted us to replace the word "Menopause" with another word because they didn't like it. What? *Chicken Soup for the Soul in Change? Chicken Soup for the Soul: Hot Flashes? Chicken Soup for*

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Soul: Women Growing Chin Hairs and Hating Their Sagging Boobs? The crazy thing was when they insisted we change the title or they wouldn't consider picking it up for distribution, Whoopi Goldberg had agreed to be the book's fourth coauthor. Her involvement alone would bring huge sales regardless of the title. (Note: Whoopi had to eventually pass due to contractual conflicts with another publisher.) After much frustration and back-and-forth, the publisher dug in its heels and the title remained. The book sold very well, especially among those of us having hot flashes, growing extra chin hairs and trying to hold up our sagging boobs!

Now in the case of ebooks—in which the book is sold electronically—distributors will have less physical product to resell to their brick-and-mortar store customers. This technological reality will hopefully force distributors to be

more tolerable when negotiating with publishers. And we have heard inklings that the race is on amongst the giant distributors to get their cut of ebooks.

This brings us back to our new publishing company: I'll be darned if I'm going to let a distributor dictate our business model. But Ken is open to using a major distributor. His argument: distributors sell the books on our behalf, saving us time and trouble. One of my many arguments regarding Ken's particular point? We don't want returns. For example, when our travel publisher giddily informed us they were printing an additional 3,000 books to meet a distributor's urgent request so they could, in turn, fulfill a special Costco order, we gagged. Costco is notorious for ordering a zillion books and then returning most of them. Bigger publishing houses can absorb the returns, but smaller houses cannot, thus impacting their positive cash flow and profits. By the time we received our bi-annual royalty report, our anticipated royalty check due to us for books actually sold to other stores was wiped out due to returns from Costco. We're still in the negative column for that one book, and it's been nearly a year.

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Thus, as new publishers, we must seriously look at the overall value of the ebook market from all aspects. No overhead. No shipping, thus removing the entire storage issue. No end-of-year-inventory taxes. We're not putting all of our eggs in one basket when it comes to ebooks, so we will also have books printed and warehoused, but only about a third of what we would normally have printed. Considering we're projecting releasing upwards of six to ten titles a year by 2013, and that the ebook market will increase even more by that time, the business cost savings could be significant.

Let's not forget the technological advances the ebook world is making. We learned from our new printer that ebooks are now including video and website links, something that could bring great marketing value to our company. Example: A recipe in our Wine Wherever

cookbook comes from XYZ winery, thus the ebook can 1) link to their website, 2) provide video about their winery, or 3) link certain sections to show the actual preparation or a feature of the recipe. We could even post the material on social marketing venues such as YouTube. The marketing possibilities are endless.

In closing, here's some food for thought regarding the future of brick-and-mortar stores:

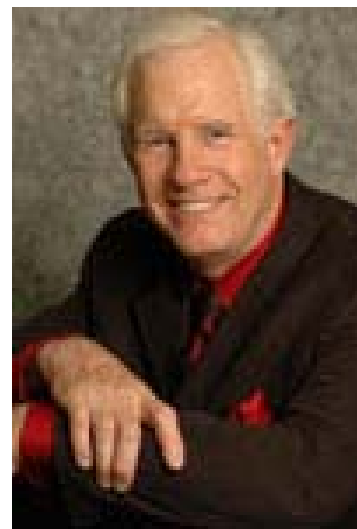
Borders is the second largest bookstore chain in the United States, behind Barnes & Noble. Just this past week it was announced that Borders is teetering on the brink of bankruptcy and is negotiating with publishers because they cannot meet their financial obligations. Our best guess is that Borders can't pay the distributors—who, in turn, typically pay the publishers—forcing Borders to move up the food chain. If Borders can renegotiate the amounts owed to the publishing houses, an invoice adjustment would pass down to the distributors who will collect the amount due from Borders and then pay their invoice to the publishing houses. But beware the poor author who is at the bottom of that food chain: royalties are small enough as is—imagine getting paid pennies on what you're owed due to a bankruptcy negotiation from a mega bookstore company that once was.



Dan Poynter's Free Newsletter!

Dan Poynter is the leader in everything having to do with publishing books. For nearly 40 years, he has seen the publishing industry change and evolve and has stayed one step ahead of those changes, including understanding the value behind the ebook. We strongly recommend you sign up for his monthly electronic newsletter.

Go to www.ParaPublishing.com and you'll see the subscription form in the left-hand column. And be sure to check out the rest of Dan's site: it is a wealth of writing information!



Writer's Digest February Contests

This just in from Writer's Digest. We added the website addresses for easier access, but you may want to pop into Writer's Digest site, too, for more info: www.WritersDigest.com:



[Anhinga Prize for Poetry](#) is offered annually for a book-length collection of poetry by an author who has not published more than one book of poetry. Submissions open February 15 and run through May 1. Winners receive \$2,000, publication and copies of their book. www.anhinga.org/books/contest.cfm

[The Malahat Review Long Poem Prize](#) is offered in odd-numbered years for unpublished long poems. Two winners receive \$500, plus payment for publication (\$40/page), and one-year subscription to *The Malahat Review*. www.malahatreview.ca/long_poem_prize/info.html

[Work-in-Progress Grants](#) are offered by the Society of Children's Book Writers & Illustrators in seven different categories. Grants of \$2,000 and \$500 are offered to writers and illustrators. Submissions open on February 15 (postmark) and close on March 15 (received). [www.scbwi.org/Pages.aspx/WIP-Grant\(1\)](http://www.scbwi.org/Pages.aspx/WIP-Grant(1))

The Wow Principles e-newsletter

HOT STUFF! HOT STUFF! HOT STUFF! HOT STUFF! HOT STUFF!

As of January 16, 2011:

Chicken Soup for the Soul

www.ChickenSoup.com

Canada: Deadline: January 30, 2011

Devotional Stories for Times of Trouble: Deadline: Feb. 28, 2011

Brides and Weddings: Deadline: April 30, 2011

Marriage and Married Life: Deadline: May 30, 2011



Find Your Path to Happiness: Deadline: May 30, 2011



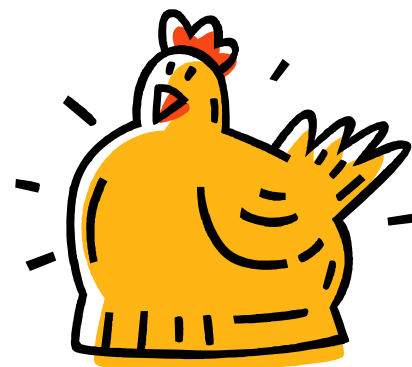
Christmas Stories: Deadline: June 30, 2011



Home Sweet Home: Deadline: August 30, 2011



Think Positive for Kids: Deadline: December 31, 2011



Dream of Things

www.DreamofThings.com

Coffee Shop Stories

Great Customer Service Stories

Stories of Forgiveness

Internet Dating Stories

Stories that Exemplify Teamwork

Stories about Great Teachers

Humorous Travel Stories

Advice You'd Like to Pass On to Others

Cubicle Stories: Life in the Modern Workplace

It's Only a Game: Lessons Learned from Playing/Coaching Sports

Making Waves: Stories about Role Models and People Who Inspire and Motivate Us

Stories that Exemplify Leadership

Awe-inspiring Travel Stories

Holiday Stories

All *Dream of Things* anthology call-outs are open until there are enough stories to fill a book.

Go for it! Get published! 