

**“HOW TO MAKE IT HAPPEN”: PROCESS IMPROVEMENTS IN THE BOOK  
PUBLISHING INDUSTRY**

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**ABSTRACT**

This case applies operations management principles to an industry traditionally not covered in such courses: the publishing industry. Describing operations of a small book publisher, this case reviews principles of process strategy and design, quality management, and scheduling. The case requires solving an operations problem, and improving the publishing process.

**KEYWORDS**

Teaching case, process improvements, publishing industry

## **THE BOOK PUBLISHING INDUSTRY**

The book publishing industry consists of approximately 63,000 publishers [1]. Industry revenue is growing, for example from around \$14 Million in 2005 to \$15 Million in 2007 [2], with slow growth projected to continue in the future [2]. Despite increasing pressure from alternate technologies, the Book Industry Study Group (BISG), a nonprofit industry group setting standards and conducting research retains a positive outlook for the industry [2]. The top five publishers in 2005 are Random House, HarperCollins, Penguin Group, Simon & Schuster, and Time Warner [1]. The industry publishes approximately 175,000 books annually [3].

Key to understanding the book publishing business is to be familiar with a few basic realities. The first reality is that quality manuscripts are paramount. A quality manuscript starts with a concept or idea that appeals to a large segment of the population. Then, the idea is crafted into a story that makes the finished product hard, or impossible, to put down and when people read the story they can't wait to tell others about it. Finally, the manuscript is delivered on time to the publisher, needing minimal development or revision.

The challenge of discovering quality manuscripts usually requires the talents of everyone in the organization. In many publishing companies, every employee is charged with being on the lookout for creative, unique ideas for publishing projects. Of course, the editors and executives are primarily responsible for selecting the projects and then turning those ideas into highly salable products.

The next reality is that there are two selling seasons in the book publishing industry. The first is the Spring Season where books are produced and distributed for the summer buying season. The summer buying season caters to people who have additional leisure time due to work or school vacations. The second season is the Fall Season where books are produced and distributed for the December holiday season. During the Fall Season, books are not only purchased for personal enjoyment but also to be given as gifts. These two seasons significantly impact overall revenue.

This creates the last reality: books have to be created, printed, and shipped prior to the new season's start. If a project misses the season's start, it will most likely fail to achieve projected sales. This is due to the flood of books hitting the market during each season.

After the season books are backlisted<sup>1</sup>. Once a book is backlisted, book buyers are not enthusiastic about ordering it due to the large quantity of new books coming on the market, unless the book showed extraordinary sales promise.

## **TPG PUBLISHING COMPANY**

TPG is a book and magazine publishing company located in the Dallas-Ft. Worth Metroplex. The company grew out of a small advertising agency originally located in Ft. Worth, Texas. Initially, the company enjoyed surprising success on its early publishing projects. That early success caused the company to cease agency operations in order to devote all of its resources to book and magazine publishing. After a few years, the magazine division split from the book division and formed a separate corporation. Soon both companies were thriving with very exciting futures ahead.

TPG mainly produces trade books for adults; however, occasionally there are projects that catered to children. In a typical year the number of publishing projects fluctuates between

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<sup>1</sup> For explanation of this and other terms used in the publishing industry, refer to Appendix B.

twenty-five and fifty. The total number of projects is dictated by the number of quality manuscripts “discovered” prior to the start of the “season”.

## **The Operations Department**

The Operations division turns raw manuscripts into finished books – this is the place where everything comes together! TPG just has enough employees to accomplish the required tasks. The positions in Operations are the following: The Managing Editor (ME) is primarily responsible for finding quality manuscripts or developing ideas into quality manuscripts. Additionally, this position is responsible for editing the manuscripts for content and readability.

- The Assistant Editor (AE) is primarily responsible for editing projects as assigned by the Managing Editor. Additionally, this position is responsible for coordinating the manuscript development with outside resources such as indexers and copy editors.
- The Art Director (AD) is primarily responsible for designing both the exterior and the interior of the book. The exterior of the book encompasses the front cover, back cover and the spine. The interior of the book covers the type font, type size, art, call outs, etc. Of course, the most important design element is the front cover because it is the prominent selling feature of the book.
- The Assistant Art Director (ADD) is primarily responsible for the actual layout of the interior of the book. The AAD takes the edited manuscript and create the finished interior look according to the design provided by the Art Director. The AAD is also responsible for imputing the interior art.
- The Production Manager (PM) is primarily responsible for coordinating the various steps in the production process and for developing a production schedule. The PM ensures that projects were kept on schedule. One of the PM’s most important duties is to find the best printer for each publishing project, obtain printing quotes, and ensure that the printers deliver products on time.
- The Warehouse Manager (WM) is primarily responsible for receiving printing jobs and processing shipments to retailers. The WM ensure efficient and timely shipping and controls the inventory.

## **The Book Production Process at TPG**

During the manuscript selection process, the Chief Operating Officer, Vice President of Marketing, Managing Editor, and Production Manager discuss each project to determine what the final product should look like. The initial specifications become the objectives that guide the Operations team during the production process. Some of the specifications cover physical size, number of pages, cover type, and interior art. These specifications are also used to determine a budget and production schedule.

### **Production steps**

1. Manuscript received: This is the starting point of the production process. The author of the manuscript sends the completed manuscript to the Managing Editor. If the author misses the agreed upon deadline, the production process suffers.

2. First edit: At this step the editor reviews the manuscript to see if it is worth publishing. Then a thorough reading of the manuscript was done to make sure the story was logical and complete. Also, any writing style changes were done here.
3. Second edit: During this step, the manuscript is edited a second time with a focus on readability and punctuation. At the completion of this step, the manuscript is considered “clean” and ready to be flowed into the final layout of the book.
4. Interior design creation and book cover art (dust jacket) initiation: In this step, the Art Director creates an interior design that matches the books unique features. For instance, if the book is about baseball, the Art Director tries to pick a type font and other features that would appeal to this particular audience. The AD might choose to add baseballs with numbers in them as the folios (page numbers). The cover art is one of the most important tasks for the Art Director. Typically, he creates up to a dozen different designs for each project.
5. Interior layout (pagination): In this step, the Assistant Art Director flows the edited manuscript onto the blank pages of the book. Also, during the step, the interior artwork is added.
6. Final proofreading before printing: Once the interior of the book is completed, the book is sent back to the editors for one final read through. This is the last chance to make changes before sending the project to the printer.
7. Cover marketing created: The marketing department usually takes charge of developing copy for the dust jacket including back cover copy and the inside flaps copy. This is a very important task because customers are motivated to purchase books through back cover and flap copy. These areas explain why the book is appealing to a particular audience. Then the Art Director is be responsible for creating a “look” that matches the front cover artwork.
8. Printer selection: At the beginning of the production process, the production manager starts looking for the right printer to print each particular job. At some point in the production process, a printer has to be selected in order to have the job put on the printer’s production schedule. (Printers vary in their ability to produce books, and are fore example specialized on black or white, standard books; soft cover and short run; four color books; oversize books; or long run.)
9. Project send to printer: When all of the creative decisions are made and the details checked, the book is sent to the printer.
10. Galley approval: Once the initial work is done by the printer and just before the last step of actually printing the book, a sample of what the finished book looks like is sent back to the publisher for final approval.
11. Project received into the warehouse: This is always an exciting event, with everyone being thrilled when a new project is completed and send out for distribution.
12. Project shipping to booksellers: The last step in the production process: books are delivered to the bookstores.

### Production schedule

The company uses Gantt charts to schedule each project. As each project is received from the author, it is entered onto the production schedule. Estimates for each step of the production process are put into the production schedule. Each week the schedule is reviewed and updated by the entire production team. During this review, production team members discuss production problems and the team works together to resolve them.

One of the challenges the production division continually faces is how to effectively schedule the various projects. Given that each project has many unique requirements, estimating time to

complete each step is one of the first challenges. For instance, one project might have a great deal of text, which places extra burden on the editing and proofing steps. Another project might have a lot of graphics or art, which places extra burden on the Art Director and the Assistant Art Director. Of course, inexperienced authors are one of the most common scheduling problems. They often want extra time to complete the manuscript or worse, they submit a poorly written manuscript, which then requires extensive editing.

Typical schedules for different project types are provided in Table 1.

Table 1: General processing times for various book projects.

Task	Processing time Regular Book (days)	Processing Time Small Book (days)	Processing Time with interior artwork (days)
First Edit	5	3	3
Second Edit	5	3	3
Interior Design	5	5	5
Interior Layout	3	2	20
Final Proofreading	4	3	5
Cover Selected	10	10	10

Usually, every step in the production process is accomplished with TPG's employees. If the production schedule encounters difficulty, the production manager can use outside resources to solve bottlenecks. These outside resources are only to be used when absolutely necessary. Over time, TPG developed a backup for each of the primary production steps. For example, backup people are provided for the editing, proofing, cover art, and the interior layout steps. These outside resources are experienced professionals who work as independent contractors. As independent contractors, it is hard to control when and where they work. It is also difficult to insure that they are indeed available when needed for specific projects, as backups typically work for several publishers. Additionally, the cost to employ these independent contractors is considerably less than what it would cost to hire them on a full time basis.

#### Rules for Scheduling Projects

1. Manuscripts are given priority if they are front-listed. Front-listed means the new projects are in the "front" of the catalog and are due out before the start of the next selling season. These are the books that the retailers are expecting to meet their sales goals with and failure to meet these deadlines causes the retailers to lose confidence in the publisher's ability to produce and deliver the promised projects.
2. Projects are ranked at the beginning of each season, with highest priority going to those projects with the best sales potential. The sales potential of each project is gauged through a survey of the national sales teams and the major book retailers. Based on each project's sales potential, the Vice President of Sales negotiated a delivery date to maximize sales revenues.
3. If a project developed production problems, it is considered "derailed" (like a train that has fallen off the track), and is taken out of the production schedule. Then all remaining

projects are rescheduled and moved up on the production schedule. Typical problems that derail projects:

- a. Manuscript delivered late from the author.
  - b. Manuscript needs major revisions.
  - c. Missing photos (interior artwork).
  - d. Missing cover quotes from famous people.
  - e. Preface and forward arrive late.
  - f. Cover art requires major revision.
  - g. Trouble completing the index.
  - h. Late delivery from the printer.
4. High priority projects can be reinserted into the production schedule if they get back on track.
  5. Simple projects, such as those with text only, usually go through the production process quicker. These projects are used to quickly fill-in the production schedule to keep everyone at maximum productivity.
  6. If a scheduling bottleneck occurs, an independent contractor is utilized to handle the conflicting production step.

### **REALITY KICKS IN...**

TPG just secured the rights to publish one of the biggest sports books of all time. A very popular sports hero is about to break the record for the most career games played. This record has not been broken in over 50 years! The operations team is excited! The project is expected to be one of the biggest sports books of the year. In such a situation, timing is critically important. Finished books have to be available just prior to the athlete breaking the record. Everyone connected with the project hopes for two things to drive sales: the massive publicity from the media and consumer excitement to obtain a remembrance of the event.

The TPG staff performs very well in moving the project through the production process. The project is ready and sent to the printer right on schedule. However, the printer experiences difficulty in producing the oversized, four-color book and notifies the company that it would miss the promised delivery date by one week. At the end of the printing process, the finished books are delivered the day before the warehouse has to ship to the book retailers. It is Wednesday afternoon, 10,000 books are crowding the warehouse. The production and the warehouse manager look at each other in desperation! TPG can not miss its promised delivery date to the retailers regardless of the late delivery of finished books by the printer. The warehouse staff consists of five employees and on their best production day the staff can ship approximately 1,000 books. This means that the staff would need at least 10 workdays to ship the initial order of 10,000 books. How can all these books get shipped within the next 24 hours? Should they call in the rest of the team for help? They know though that all of their colleagues are already busy with keeping the next critical project on track. With exactly one employee per task, nobody can just pitch in, as other project schedules would slip. How much overtime can they ask from the warehouse employees? And of course, there is also a budget limitation on shipping cost. What to do next?