BIC INDUSTRY RETURNS INITIATIVE (IRI) REVIEW TASK & FINISH WORKING GROUP (T&FWG) MEETING – Minutes

Location: CILIP Building, 7 Ridgmount Street, London WC1E 7AE / Conference Call
Date and time: Thursday 24th August 2017, 2pm
Minutes taken by: Alaina-Marie Bassett

Present
Alaina-Marie Bassett, BIC (AMB)
Vincent Bull, Waterstones (dialled in)
Doug Culham, Penguin Random House
Simon Edwards, Consultant (Deputy)
Matt Griffin, Hachette
Sarah Hassenpflug, Blackwell's
Karina Luke, BIC
Alex Milne-White, Hungerford Bookshop (AMW)

Peter Morley, Ingenta (Chair)

Apologies
Luisa Keep, Macmillan Distribution
Jonathan King, Batch
Andrew MacBeth, Waterstones (AM)
Adam Miles, Pearson
Simon Parker, Batch

1. **Welcome and apologies**
   PM welcomed the Group to the meeting and the apologies were delivered.

2. **Competition Law – Conduct Reminder**
   The Group was reminded about BIC's Competition Law Policy – for further information regarding this policy, click here: http://www.bic.org.uk/149/BIC-Competition-Law-Policy/

3. **Review minutes and follow up on actions from the last meeting**
   The minutes from the last meeting of this T&FWG were approved without corrections. The following actions were discussed:

   - Firm Sale
     AMB reported that she has not, to date, received a response from Macmillan Distribution regarding whether the status of a sale can be accessed by its system. She agreed to ask this question directly during her visit to the organisation on Tuesday 19th September 2017.
     ➢ **ACTION**: AMB to liaise with Macmillan Distribution (MDL) ASAP   and report back.

   - IRI Folder on Google Docs
     PM reported that a solution was identified to stop Google Docs from creating duplicates in the IRI Folder. He suggested adding a modification table to the top of each document for the members of this Group to fill in each time they add feedback / corrections.
     ➢ **ACTION**: AMB to include a modification table to the beginning of each document on Google Docs for the members of this Group to fill in.
     ➢ **ACTION**: AMB to change all documents to Google Docs in the IRI folder.
     ➢ **ACTION**: PM / SE to ensure that the latest version of each document (containing all the amendments / feedback received to date) is included in the IRI folder on Google Docs and the draft / outdated documents are moved to the Drafts sub-folder.

The book industry's supply chain organisation

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- Existing returns systems

   PM confirmed that a list of distributors which use Ingenta systems was added to Google Docs following the last meeting however no feedback has been received from this Group to date. He noted that information about other existing returns systems should be added to this document ASAP. SE suggested that a question could be added to the forthcoming IRI survey about existing returns systems in order to collate further information. MG reported that Hachette is building returns into its Systems, Applications and Products (SAP) system; as such, Hachette is using IRI but it may be difficult to identify the system itself. SE and DC informed the Group that Penguin Random House (PRH) recently switched off its IRI feed due to its forthcoming new system which will go live imminently.

   ➢ **ACTION**: ALL to review PM's document on Google Docs ASAP and add information for distributors which use <u>any</u> existing returns system by Friday 8th September 2017.

- Returns window

   PM noted that organisations will need to develop their systems going forwards to ensure that returns are applied to the earliest period within the 15 month returns window. SE noted that the current IRI Rules are correct but are worded too simplistically and will need to be revised in addition. He also noted that applying returns to the earliest period in the 15-month returns window may be problematic / difficult for organisations which order across multiple branches.

- IRI Survey

   SH suggested that it may be too early to send out this survey to the wider industry; she suggested that this Group should identify the potential answers that are likely to be received before its dissemination. KL noted that the survey will need to be worded carefully to ensure that the IRI Rulebook does not appear to be open to extensive amendments since this Group was set up to clarify the rules rather than change or add to them. SE noted that the IRI Rulebook was produced a decade ago, before IRI was live / in use within the book industry supply chain, so some minor changes may be required. KL noted that proposed changes will need to be circulated to the BIC Physical Supply Chain Committee for its approval. The Group agreed that the survey should be disseminated only after this stage in the review process. SE noted that this Group will need to identify IRI users and non-users in due course in order to send them the survey.

- IRI Rulebook

   PM noted that any proposed changes to the IRI Rulebook from this Group will effectively be plugging the identified holes (which were unforeseen by its creators) that have subsequently caused issues for IRI users since the standard went live. SH and KL agreed that the technical guidelines for IRI are not clear enough at present, leading to misinterpretations. MG noted that the IRI rules should not differ between organisations. SE agreed but noted that there may be some exceptions to the IRI Rulebook which are agreed between organisations. He suggested that systems are able to cope with this flexibility but that organisations wishing to amend the IRI Rulebook for their business

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partners should ensure that it is there system and not their staff (i.e. via a manual process) that carries out the work; systems need to enforce the IRI rules in this way. PM noted that retailers drive returns so it is the responsibility of these organisations to ensure that stock is returned appropriately using IRI (via their systems).

4. **Identified IRI Issues**
   - Testing the Returns window
     PM reported that Ingenta is able to amend the timeframe for its returns window (providing there is a returns slot available in that period) at publisher level.

   - B10 (seasonal / events stock)
     PM and DC noted that a document relating to B10 stock was added to Google Docs following the last meeting of this Group. DC noted that, at present, PRH's workaround to make B10 stock viable involves adjusting the reason code for B10 orders; these have to be manually approved by PRH staff and can take up to 24 hours longer to process as a result. DC noted that very few of PRH's business partners use B10 at present but it works well for those that do. SE noted that MDL already accepts returns outside of the 3-15 month returns window using B10.

   - Supermarkets' requirements
     PM reminded the Group that supermarkets would like to be able to return stock two months after the purchase date, rather than using the standard 3-15 month returns window. SH commented that this amendment to the IRI rules is likely to cause a lot of additional, manual work for the organisations involved. DC noted that this requirement is not linked to B10 / events / seasonal stock. KL suggested that a rule for exclusions of this nature could be agreed by this Group. SE noted that it may be beneficial for publishers and/or distributors to receive smaller batches of returns frequently rather than in one large return. PM raised his concerns about the number of workarounds that are currently in use by a variety of organisations which bend the current set of IRI rules; he suggested that this Group will need to set the exclusions rule out in a precise manner, detailing the process step by step, to ensure that there are no variations on the revised process.

   - Returns metadata – POD / Firm Sale
     KL reminded the Group that Firm Sale can be expressed in ONIX, however the field isn't currently in use. MG noted that it is only possible to state that a product is Firm Sale if that is the case for all of the organisations the product is sold to. PM noted that Nielsen Book doesn't currently provide / disseminate information about the status of a sale in its feeds. SE commented that wholesalers often don't inform organisations that a title is Firm Sale until after the order has been processed, i.e. this information is included on the invoice received. He noted that a workaround exists to counter this however the process is manual. SE suggested that this Group should review the process for products that go Firm Sale (i.e. backlist titles that have become Firm Sale over time, rather than new titles which entered the market as Firm Sale products).

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PM noted that the feedback received to date from publishers suggests that most titles are Firm Sale as a product, i.e. they enter the market as new titles with a Firm Sale status. He noted however that for products that go Firm Sale over time, organisations still accept returns up to 3 months after the status of the sale has changed. KL suggested that this issue could be passed over to the BIC Price & Availability (P&A) T&FWG to agree on a solution. SH suggested instead that this Group should put forward its proposed solution for the P&A T&FWG's consideration. MG suggested that this process should be managed / agreed by wholesalers and their customers instead. SH noted that it is not currently clear how to express that a product is Firm Sale in ONIX. She suggested that best practice guidelines should be included in the IRI Rulebook for this reason.

- Returns metadata – Out of Print (OP)
  SH and VB reported that their respective organisations currently have a number of different processes in place to deal with OP titles. The Group agreed that the IRI rules need to be clarified for this reason. KL informed the Group that the BIC P&A T&FWG is currently in the process of reviewing TRADACOMS List 54 however a best practice document for the other TRADACOMS code lists in relation to IRI will need to be produced by this Group. VB reported that the TRADACOMS List 54 document will be finalised shortly. SE noted that when sending acknowledgements for reprint (RP) products they should be accompanied by an Availability Date); he suggested that a date should also be added as a requirement for OP titles so that if a past date is shown on the metadata record, that is the date on which the title went OP. SH agreed to write the first draft of this document. VB noted that information about OP titles will be included in the forthcoming BIC Metadata Map.
  ➢ **ACTION**: SH to produce the first draft of the Best Practice document for OP and add it to Google Docs before the next meeting of this Group.
  ➢ **ACTION**: ALL to ensure they review SH's draft document before the next meeting.
  ➢ **ACTION**: AMB to add "Reviewing the first draft of the OP Best Practice document" as an item to the agenda for the next meeting of this Group.

  It was noted that wholesalers have a 15-month returns window while booksellers have 12-months. If a title goes OP it must be returned within 3 months and this timeframe makes OP returns very difficult for booksellers since, if they return stock to a wholesaler, there is no time for the wholesaler to return the stock to the original supplier. A one month recall notice should be provided for this reason. PM suggested that a CSV file could be created and uploaded into organisations' returns system to facilitate this process.

- Order Cancellation
  SE reported that he did not receive any feedback or raw data from this Group in relation to order cancellations. Examples are therefore required for back orders that have not been cancelled properly, resulting in the number of accepted returns being reached / exceeded. KL noted that this issue is out of scope for this project as it relates to how organisations manage their orders rather than being a direct result of IRI issues. She suggested that a brief paragraph can be included in the IRI Rulebook regarding avoiding

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unnecessary returns. MG noted that managing back orders properly is in every organisation's best interests since, if done badly, this process can have cost implications.

➢ **ACTION**: ALL to ensure that a note regarding how to avoid unnecessary returns is included in the final documentation for this Group.

- Distribution

KL reported that the BIC Acquisitions & Divestments (A&C) T&FWG is now in the process of addressing issues related to a change of distributor for print books; the A&C T&FWG's work (in relation to IRI) will be reviewed by this Group in due course.

- RO1 - Quantity Higher than Supplied

PM noted that this Group's proposed solution needs to be put in place ASAP in order for the correct data to mount up; this will take 15-months in total due to the length of returns window. KL suggested that information about RO1 should be included in the revised IRI documentation as a technical annex / appendix for this reason.

➢ **ACTION**: SH to re-send her document on RO1 to PM, ASAP.

The Group agreed that it is not necessary to discuss each topic under Item 4 at every meeting.

➢ **ACTION**: AMB to remove IRI Issues (Item 4) from the agenda for the next meeting.

5. **Update on the Group's trading partners' reservations / concerns about IRI**

➢ **ACTION**: AMB to remove this item from the agenda for the next meeting of this Group.

6. **Feedback from the BIC Operational Board on liaising with non-IRI users**

KL reported that the BIC Operational Board is not comfortable asking publishers to share information about trading partners that currently do and do not use IRI. Instead, the Board members suggested that publishers should ask their trading partners to liaise with BIC directly regarding IRI. SE commented that the proposed survey should provide an overview of which organisations are and are not using IRI to date. KL noted that this information is required to ascertain the reasons why organisations are not using IRI. PM suggested that the survey could turn this question on its head, asking instead why organisations have chosen to use IRI.

KL agreed that the primary reasons why organisations do not use IRI to date are already know to a certain extent. These include: 1) lack of control for returns (which is a common misunderstanding on publishers' parts) and 2) lack of flexibility for retailers. PM noted that the cost implications of setting up IRI into their systems may be a deterrent to smaller publishers also. KL noted that organisations are able to apply for funding for IRI however this is out of scope for this project. PM suggested that this Group should recommend that organisations try out IRI for themselves. SE asked whether the BIC Operational Board might be able to provide statistics to this Group for the number of business partners that are using IRI to date in comparison to their total number of business partners. He also suggested that the BIC Operational Board could provide the name of their largest business partner that is not using IRI and the region that organisation is in.

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7. **Feedback on the governance of IRI from the BIC Physical Supply Chain (PSC) Committee**

KL confirmed that the BIC Physical Supply Chain Committee is willing to take up governance of IRI once this T&FWG has been disbanded. She also reported that the Committee unanimously agreed that a date from which retros should be excluded from IRI should not be stated in the IRI Rulebook. This date should instead be agreed between trading partners. SE noted that retros are counter-productive to sales and are already excluded in the IRI Rulebook accordingly. KL suggested that a note could be included in the revised IRI Rulebook to explain why they are excluded.

➢ **ACTION CARRIED OVER**: SE to amend the wording of the IRI Rulebook.
➢ **ACTION**: AMB to remove this item from the agenda for the next meeting of this Group.

8. **Actions for the BIC Training, Events & Communications (TEC) Committee**

The Group agreed that these communications will be discussed in due course. KL noted that the documentation produced by this T&FWG will need to be signed off by the BIC Physical Supply Chain Committee prior to its dissemination and subsequent promotion.

9. **A.O.B.**
   - Agenda for the next meeting

     KL suggested that this Group should agree on specific agenda items for the next meeting in order to drive the progress of this T&FWG. She suggested by way of an example that the IRI Rulebook could be displayed on screen in order to amend it during the meeting. PM suggested that a Sub-Group should be formed to make the initial amendments / highlight the sections that require further discussion prior to the next T&FWG meeting. PM, SE and MG volunteered to be on the Sub-Group. PM suggested that it may be advantageous to write the original rules out in full in the revised IRI documentation and include an explanation for the changes / amendments beneath each rule. KL suggested that examples should be included in the revised documentation also.

     ➢ **ACTION**: AMB to add "Amending the IRI Rulebook onscreen" to the agenda for the next meeting of this Group.
     ➢ **ACTION**: AMB to arrange a sub-group meeting via Doodle Poll, between PM, SE and MG, to discuss and amend the ambiguities of the current IRI rulebook.
     ➢ **ACTION**: ALL to volunteer ASAP if they would like to take part in this Sub-Group meeting, informing AMB by Friday 1st September 2017.
     ➢ **ACTION**: PM, SE and MG to ensure that the draft IRI Rulebook document is circulated to the Group for their review prior to the next meeting.

     Post-Meeting Update: the Sub-Group meeting took place on Monday 18th September 2017.

   - Minutes
     ➢ **ONGOING ACTION**: AMB to add the minutes for this T&FWG to Google Docs.

10. **Date of next meeting**

Wednesday 15th November 2017.