



BIC Task & Finish Working Groups Project Briefing Document

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BIC Committee Review

Reviewed by	Name	Organisation	Date
Physical Supply Chain Committee		BIC	22 nd June 2016
Operational Board		BIC	22 nd June 2016

BIC Committee Approval

Approved by	Name	Organisation	Date
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1. PURPOSE

In 2005 BIC launched the Industry Returns Initiative after several years of work bringing the industry together to agree to implement a solution to take much of the cost out of managing returns. Towards the end of 2015 BIC held a workshop to review IRI and see whether it was still fit for purpose or required updating. The workshop identified several issues and a Task & Finish Working Group (T&FWG) will now be commissioned to work on these issues and deliver appropriate solutions.

2. BACKGROUND

The IRI Workshop identified that although IRI had been very successful, several areas need to be addressed as follows:

- Check on the IRI Rule book and ensure understanding and standard implementation
- Clarify areas that could be open to misinterpretation by new users/implementers
- Refusal of some returns – is this a systems issue? A misinterpretation issue? (see above)
- Accurate and timely sending of the 3rd message – many booksellers seem unaware of this requirement in the process.
- the importance of the 3rd message in improving returns at goods-in at distributors
- Investigation of the reason(s) for the slow take up of IRI by distributors in the last few years
- Reluctance by some publishers to implement IRI
- Specific problems with returns EDI messages e.g. identifiers

3. PROJECT DEFINITION

3.1. PROJECT OBJECTIVES

The project objectives are:

1. To breathe new life into The Industry Returns Initiative (IRI), sharpen up Best Practice and increase uptake.
2. To ensure that the system/standard is still running smoothly since its creation 11 years ago.
3. To solve any issues raised and identified by IRI participants/the project team.
4. To maximise the benefits gained from using IRI on both sides of the supply chain.
5. To educate and promote IRI to existing and new users and other interested parties such as publishers, retailers, distributors, and so on.

The effort involved is envisaged to be:

1. A Call for Volunteers (by the BIC team)
2. A single face to face meeting of the T&FWG. This will be held at BIC HQ and will involve hiring a room etc.

2.1 This first face to face meeting is important in introducing members of the T&FWG to each other so that they work better together especially via conference calls. (T&FWG)

2.2 Electing a chair and deputy chair and agreeing rules on confidentiality and participation

3. Ongoing regular meetings of the T&FWG either by conference call or face to face, depending on the nature of the agenda/work in hand, to address all project objectives and deliverables.
4. One of the issues raised involves potential issues with distributor software which is causing refusal of legitimate credits due to incorrect implementation of the IRI Rules. The T&FWG will analyse this issue and recommend appropriate collaborative solutions.
5. Analysis of the IRI market and development of a marketing plan to boost adoption and usage if appropriate

Business benefits include solving current issues raised by BIC members. These issues are reducing the effectiveness of IRI and preventing its full value from being realised. The specific issues involving refusal of some credits are directly affecting booksellers and reducing their faith in the system/standard and in return, actual bookseller practice could be improved to provide more benefits to distributors e.g. by supplying the 3rd message which confirms the actual contents of a returns delivery. By sharpening up best practice on both sides, IRI will be strengthened and bookseller and distributor costs will be reduced.

Failure to undertake and resolve this work will lead to a gradual decline in IRI and a failure to take further costs out of the returns area of the book supply chain.

3.2. PROJECT SCOPE

The formal deliverables are:

1. An outline Project Plan
2. A reviewed and revised IRI rulebook
3. A refreshed set of IRI guidelines to educate new starters and others new to IRI
4. A review of the IRI market to establish current usage and gaps
5. A marketing plan to attract BIC members and others to join IRI.
6. A documented consideration as to whether or not any specific training in this area might be needed

Note that the original IRI Rule book was negotiated and agreed by all sides of the industry after a very difficult, pro-longed and expensive project. This T&FWG will not seek to alter the fundamental framework of IRI because any significant change might threaten to alter the balance between the two sides of the supply chain. Instead the T&FWG will seek to review the rules and ensure that they are fully understood, not open to misinterpretation, and applied correctly and universally. Returns is an important part of the supply chain but one which can generate very large unnecessary costs. The focus will be on improving automation rather than

looking at one side or the other trying to gain a commercial advantage. This project is explicitly not going to revisit the commercial implications of returns but is going to seek to reduce for both sides, the administration costs involved.

Note that the success of this project will depend on BIC members getting fully involved with the T&FWG, for example, providing issues to be reviewed and resolved. Members of the group will be expected to provide feedback on any potential solutions when requested.

3.3. OUTLINE PROJECT DELIVERABLES AND/OR DESIRED OUTCOMES

1. A refreshed IRI Rule book
2. IRI Guidelines including a beginners guide to IRI and perhaps individually targeted guides to IRI specifically for a) booksellers and b) publishers.
3. Q & A Document on common issues encountered with advice on how to resolve/where to go for more help
4. Test scripts or plans for distributors to enable them to test their current software and ensure that it is implementing the IRI rule book correctly
5. A marketing plan for IRI to boost engagement and membership
6. A documented consideration of any training that may be required and what BIC might be able to do to help.
7. Progress reports to the BIC Physical Supply Chain Committee and also the Operational Board (as required).

3.4. CONSTRAINTS

It will be vital to recruit a competent chair and a committed Task & Finish Working Group to work on this project and these individuals must all buy into the Project Brief and the Task & finish Working Group Terms of Reference from the outset. They will need to be informed in advance of the following:

- Time needed from them in total and how this breaks down over the course of the duration of the project.
- What actions are likely to be expected of them and when

The workload of some key individuals could be a potential constraint. The involvement and support of key members such as Batch Returns, which provides a major component of IRI and Ingenta, who are a major supplier of IRI capable software to distributors.

Budget is a potential constraint. BIC's Executive Director needs clarity on exactly what the overall costs incurred will be. The main costs for BIC are likely to be the involvement of one consultant, Simon Edwards.

Time could be a constraint particularly for members of the T&F WG who all have "day" jobs. Therefore, in order to manage expectations and respect everyone's time, a firm timeline needs to be agreed with the T&FWG and communicated to BIC's Executive Director before any work is begun.

The constraints on the project are as follows:

1. Time available for the chair of the group to chair meetings and provide feedback, usage data and suggestions for improvement. A competent, neutral but interested chair will be needed.
2. Consultant's availability.
3. It is envisaged that the T&FWG will start with a face to face project meeting at CILIP necessitating a room hire. Then every month or two, a conference call will be held to discuss progress made and any issues raised.
4. The project should take about 9 - 12 months to complete its analysis and provide solutions for the issues raised by members.

3.5. INTERFACES

IRI is primarily of interest to publishers, their distributor(s), their bookseller(s) and wholesaler customer(s). This interest can be international and this is one area that the T&FWG might look at e.g. what is the international take up of IRI and should this be improved? Organisations such as The Booksellers Association (BA), The Publishers Association (PA), and the Independent Publishers Guild (IPG) may be interested in the group's progress. Systems developers might be interested in developing solutions for IRI – one of the problems distributors may have in purchasing new software, could be that many other software suppliers have no IRI solution. Many years ago, the original idea of 3rd party destruction was trialed and subsequently shelved. There could be a re-visit, but it might be better just to review authorised and audited destruction at hubs and large retailers.

4. OUTLINE BUSINESS/INDUSTRY CASE

Business benefits include:

1. Potentially further cost saving in returns
2. Protection of current benefits already obtained
3. Greater understanding/knowledge base of how IRI works across the industry

(Participants in the group may be willing to contribute information towards a formal business case i.e. what is the on-going admin cost of workarounds to the current problems?)

Negative aspects of not doing this work could in the worst case see an eventual breakdown in IRI and a loss to the industry of all the gains made over the last several years. If IRI becomes too much of a hassle with expensive workarounds and disagreements between parties, this could occur. The physical supply chain has got to have a very slick returns solution if it is to remain competitive versus digital.

5. QUALITY EXPECTATIONS

This project will not take very long to deliver and it should not be a very expensive project for BIC, so the key measure will be quality:

- High quality guidelines and marketing plan.
- Successful resolution of IRI issues leading to increased cooperation and trust.
- A campaign to educate and inform the industry about IRI

The priority sequence should be Quality, Time, Cost.

6. ACCEPTANCE CRITERIA

Acceptance criteria

Refreshed IRI Rule book accepted unanimously by the T&FWG and the BIC Physical Supply Chain Committee and if appropriate approved by the Ops Board and management of the BA and PA.

IRI Guidelines and Beginner's Guides (and if required, a BIC training course and accompanying materials) to be reviewed (and trialed) and accepted by the T&FWG and the BIC Physical Supply Chain Committee

System tests accepted by Ingenta and any other software suppliers and the distributors involved.

Ideally success would be shown by increasing IRI usage and new distributors/booksellers using the system.

7. RISKS

IRI is a successful part of the book supply chain and it has run for many years. Now there is an opportunity to ensure that it is still fit for purpose and that it is still being run and managed correctly to the benefit of all. There are some risks attached to this project. The most serious would be a breakdown in cooperation between booksellers and distributors due to one or other party trying to re-negotiate the fundamentals of the IRI. The focus must stay on reducing mutual administration costs by processing returns more efficiently.

Another risk is that if some programming error is identified at distributors, then there will be a cost to correct this. It is possible that this would have to be funded by the distributors themselves and they would have to see a positive business case to doing this work.

It is difficult to establish returns costs so there is a risk that the business case cannot quantify the benefit to be gained from the project. In the original analysis undertaken by KPMG in 1998 at huge cost to the book industry (and the DTI) the "prize" was identified as a nice round £100million in costs. Clearly a sizeable part of this sum has been mitigated already by 10 years of IRI but given the many distributors who are not on the system and the number of publishers who are not participating even though their distributor is on IRI, there must be a large amount of this cost left which could still be reduced.

8. OUTLINE PROJECT PLAN

It will take some time to get approval for this project and then to set up the first meeting so the timescale is estimated to look like the following:

July 2016 – Project Brief authorised/signed off by Physical Supply Chain Committee and Operational Board.

July 2016 – call for volunteers

September 2016 – first face to face meeting

Monthly conference calls/meetings: October 2016 – June 2017

Likely completion of the project in July 2017.

Project Costs

BIC's costs are limited to room hire (first meeting) and consultant's fees plus involvement of BIC staff for meeting bookings, minute taking etc.

If the project over runs then it will be necessary to obtain permission from the Executive Director and the Board before any additional cost is incurred.

9. BUDGET/COSTS

Room fees are a matter for BIC.

If training was to be provided this would need to be paid for. The trainer would need to develop a suitable course and this should be covered by training fees charged to members.

BIC Consultant's fees will be incurred by Simon Edwards during this project.

This work will involve attending meetings, writing test scripts, guidelines, marketing materials etc.

The fees are estimated as follows:

Involvement in writing the project brief, identifying volunteers, reviewing Terms of Reference, attending first set up meeting, assisting with electing appropriate chair: 6 hours

10 meetings from September 2016 – July 2017: 20 hours

Possible deputy project lead role, agendas, minutes review, project progress forms, reporting to BIC Physical Supply Chain Committee/BIC management and contribution to the various deliverables including guidelines, test scripts etc. = approximately 22 hours.

Total (including contingency of 4 hours): 52 hours.

If the project overruns or identifies any additional work or deliverables, then it will be necessary to obtain permission from the Executive Director and the Board before any additional cost is incurred.

10. AUTHORITY RESPONSIBLE

Executive Director, BIC.

11. PROPOSED TASK & FINISH WORKING GROUP LEADER/PROJECT MANAGER

The Proposed Chair of the group is not yet identified – this will be agreed in the first meeting of the T&FWG.

Note that the neutrality and commitment of the chair will be important

Temporary Deputy Chair will start as: Simon Edwards, BIC Consultant. An alternative deputy chair can be elected at the first (or at subsequent meetings if required).

12. CUSTOMERS AND USERS

The starting point will be the BIC member organisations which attended the BIC IRI workshop in November 2015 including:

(Surnames first)

Bevin Nicola	Head of Sales Operations	HarperCollins Publishers
Cole David	Senior Business Consultant	Ingenta
Coltman Sarah	Business Analyst, Publishing Systems	HarperCollins Publishers
Culham Douglas	General Manager Returns	The Book Service/PRH Group
Edwards Simon	Consultant	
Garrould John	Head of Information Technology	Connect Group/Bertrams
Griffin Matt	Trade Operations Manager	Little, Brown Book Group
Hassenpflug Sarah	Central Returns Manager	Blackwell's
Hogg Matthew	Commercial Director	Macmillan Distribution
Keep Luisa	Key Accounts Manager	Macmillan Distribution
King Jonathan	Account Manager	Batch
Levaggi Mike	Group Production Director	HarperCollins Publishers
Long James	Publishing Operations Director	Pan Macmillan
MacBeth Andrew	Hub Stock and Supply Manager	Waterstones
McFarlan Kate	Strategic Director	Clays
Miles Adam	Director Customer Operations	Pearson
Morley Peter	Customer Services Consultant	Publishing Technology
Parker Simon	Business Development Manager	Batch
Peck Chris	Development Manager	Publishing Technology
Preusse Kate	Stock Flow & Returns Manager	Waterstones
Sidwell Roger	Head of Solutions & Development	Penguin Random House
Skone Peter	Key Accounts Relationship Manager	Penguin Random House

The call for volunteers will also go more widely to the BIC Physical Supply Chain Committee, the Operational Board and the wider BIC membership. Note that some of these organisations may wish to nominate a technical expert and a business contact to be involved. In addition, BIC is keen to see representation from as many systems vendors as possible.

Numbers should be limited. A minimum of about 10 is required to be quorate and meetings and conference calls with over 20 get difficult to manage.

13. REPORTING

It is assumed that the T&FWG will report to the BIC Physical Supply Chain Committee which meets quarterly. Previous experience has shown that reporting on a monthly basis is probably too frequent. Quarterly reporting coincides with the expected schedule of the BIC Physical Supply Chain Committee.

The reporting mechanism will be the standard reporting form as in current use. In addition, progress can be shown on BIC's project tracker.

Note: The costs to date and projected to budget ought to be managed by the BIC Executive Director rather than the chair of the project as the only project costs for BIC are the room hire (within BIC's control) and the consultancy fees which are also within BIC's control.