

THE NEW RETURNS PROCESS

- **What it is**
- **How to take part**
- **How it will help you manage your returns**

The new returns process is the result of the work initiated by the Booksellers and Publishers Associations to take cost and inefficiency out of the book industry supply chain.

The most conspicuous change is that publishers' representatives and sales departments will no longer authorise returns. Instead, requests to return should be sent direct to your supplier, if possible using electronic means, and will be subjected to industry-agreed parameters which are built into their computer programs.

What are these parameters?

The most important are as follows:

- No automatic request will be granted until three months after the publication date of the title.
- No automatic request will be granted once fifteen months have elapsed since the end of the calendar month in which that title was last supplied.
- The quantity for return must not exceed the total number of copies supplied in the fifteen months leading up to the returns request, net of previous returns and pending valid authorisations.
- Requests for return of more copies than have been supplied by the recipient of the request in the book's lifetime will be rejected.

In addition, requests will be rejected for books supplied on firm sale or in excess of existing returns caps.

How should returns requests be made?

Electronic transmission of returns requests is the key to increasing the speed and reliability of the new returns process. The requests you make will be automatically downloaded and will generate a speedy response which will confirm that your returns request has been authorised (or the reason why it has not). You may include titles from any publisher whose books are distributed by the supplier to whom you send the message in a single returns request.

You can choose the request method most appropriate to your organisation:

- If you are an EDI user, there are EDIFACT messages available which will enable you to send returns requests and receive an automatic response. In addition, there is a further third message which will enable you to confirm the quantity of books you are returning against a particular authorisation and acts as an electronic delivery note. Implementation guidelines for these messages can be downloaded from the BIC web site at www.bic.org.uk/returns.html. If

you have a PC or Mac and a connection to the Internet you will be able to send and receive returns messages electronically at no cost by registering on the returns web page on the batch.co.uk site (www.batch.co.uk/returns). Batch will deliver your returns request to the supplier and return a response within hours.

- Alternative methods of making electronic returns requests may become available in the future – for instance, using PubEasy or Whitaker Web (using the TeleOrdering network). Further information will be available on these in due course.
- If you are unable to send electronic returns requests, you can for the time being continue to use the standard BA returns form. However, in future returns requests will not be accepted in any other written form or by telephone.

Handling authorised returns

The response to your returns request will come back to you in two parts: one including titles which are required to put back to stock, together with any requests which have been rejected; and one including titles for which stock is not wanted back. You should pack and return the books listed on each authorisation separately. All possible care should be taken in handling titles returned where the books are required back for resale, and all stickers and other markings should be carefully removed from these books, as in the past.

Each authorisation message will also include:

- the reference number allocated to the authorisation (RAN);
- the value of the credit per unit which will be given;
- and, for information only, the discount off the current recommended retail price which the credit will represent.

The authorisation number must be clearly displayed on the outside of each parcel of returns you dispatch, if possible in bar-coded form. Batch users will be provided with barcoded labels as part of the authorisation process. These can be printed either two up on standard A4 label sheets (Avery L7168 for laser or J8168 for inkjet printers) or singly on plain paper for taping onto parcels. Use of these labels will enable the supplier to process your returns more quickly when they arrive back in the warehouse.

Whilst every effort will be made to inform you of books received in error or other obvious problems, suppliers reserve the right not to credit returns received which do not have the authorisation number and number of parcels clearly marked and to pulp the books without further notification. In order to minimise any disputes about the receipt of goods you are strongly encouraged to use a carrier who can easily provide Proof of Delivery.

Credit arrangements

There will also be a change to the way in which the value of your returns credit is calculated. In future, credit notes will be raised at a weighted average cost, which in the simplest case will be identical to the price paid for a single purchase. The calculation adds up the value of your transactions relating to the title in question in the month in which the latest supply was made and the preceding eleven calendar months and divides the total by the total quantity supplied to arrive

at a unit credit value. This method of calculation, which will in due course become universal throughout the industry and replace the various different calculations adopted by publishers at present, is not only transparently fair but will also remove uncertainty about the value of the credit you receive, since it will appear on your returns authorisation.

The terms applying to credit notes will be the same as for invoices and deductions must not be made from payments until the credit notes fall due. So that you are not penalised for any delays in the handling of returns, credits posted to your account will be debt-aged to reflect the month in which your returns arrived in the warehouse.

The automation of the returns authorisation process will significantly speed up the issuing of credit notes and help to eliminate the disputes about credit value which have been so time-consuming, costly and unproductive in the past.

Does the new process only affect overstock returns?

The process is primarily designed to enable overstocks to be returned in a fair and efficient manner. However, the automatic processes may also be used to return misdelivered or damaged stock, manufacturing imperfections and books supplied on specific exceptional terms by using the appropriate returns code; it will also be possible to report delivery shortages for action by your suppliers' customer services departments.

In the majority of these cases, it will be necessary for you to quote the original invoice number and/or a publisher reference number; and you should note that where an invoice reference is provided credit will be given at the actual amount originally charged rather than the weighted average calculation adopted for overstocks. Overstock returns will, however, be credited at the weighted average valuation even if an invoice number is quoted.

Further information

Further information about the new returns process is available on the Book Industry Communication web site at www.bic.org.uk/returns.html or from BIC, 39/41 North Road, London N7 9DP, telephone 020 7607 0021, e-mail peter@bic.org.uk, or from the Booksellers Association.