BIC Bites

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The Book Industry Returns Initiative Review 2018

Known in the industry as IRI, this project is an on-going collaboration between booksellers, publishers and distributors to improve the management of overstock and other forms of returns by agreeing rules and implementing automation, which enables much of the work of returns processing to be undertaken by computer systems. Books subsequently returned under the IRI authority will be credited with more certainty and faster, improving cash flow.

Why should booksellers use IRI?

Booksellers need quick answers to returns requests. Shop space is at a premium and swift processing of book returns is crucial to running a successful bookshop. The Booksellers Association's Batch Returns web-based system enables booksellers to request permission to return books and receive a swift response.

Why should publishers use IRI?

An industry system which can look at title status and sales history, and automatically grant or refuse returns authorisation based on a standardised set of rules and agreed caps, saves publishers' time and resources with regards to returns processing. Distributors benefit from receiving returns parcels bearing a barcoded label detailing the contents returned. Credit accuracy is also improved, and credits have bookseller payment terms applied so credit is actually received 30 days later, etc. Overall the IRI helps publishers and distributors to control and reduce returns handling costs.

Rules

The IRI Rules agreed by all sides of the book industry were designed to update hundreds of individual policies and agreements between trading partners and replace them with a single set of simple rules which act as a default for optimised trade practice. These rules are as follows:

- **RULE 1**: Pre-authorisation is required via standard electronic communications, e.g. EDI, Batch returns or *BIC Realtime*.
- **RULE 2**: Sale or Return items are accepted and Firm Sale (pre-informed) items are refused.
- **RULE 3**: Returns window – returns are allowed 3 months after publication and within 15 months of the last invoice.
- **RULE 4**: Returns are not to exceed the sold volume (at organisation level).
- **RULE 5**: Where applicable, returns are not to exceed the agreed cap limits (at organisation level).
- **RULE 6**: Credit to be given using the agreed standard credit calculation (average of last 12 month's sales).
- **RULE 7**: Terms of credit will be applied to a) non-conformance returns or b) overstock returns according to the description of both in the IRI Rule Book.
- **RULE 8**: Returns authorisations are only valid for 3 months from the date of authorisation.

UPDATE: A clarification has been agreed that retrospective deals between booksellers and publishers should not include returns and should be negotiated and agreed in advance on this basis.

Exceptions

IRI Rules enable booksellers and publishers to agree a default position to enable them to manage returns as efficiently as possible. However, there may be some circumstances in which both sides require to amend these rules to suit their particular type of publishing/bookselling. For example:

the book industry's supply chain organisation

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- If a supermarket chain wishes to sell books for only 2 months before being able to return them, and if the publishers involved agree, then the 3 month rule may be amended.
- Some travel publishers with travel guides which are published every 3 years might like to encourage retailers to hold stock of a wide range over the full 3-year period and only return any unsolds at the end of the period when the new guides are published. Again, by agreement between the parties concerned, a 3-year window from publication could be implemented.

The key to IRI is to see it as an enabler which encourages agreement but doesn't stand in the way of specific needs. These arrangements should still be automated and obey all the other rules but parameters controlling say the 3 month rule would simply be amended to 2 months. Note parameter driven bookseller systems would have to be amended to match.

There should be no reason why any bookselling or publishing organisation would not want to be part of IRI. The exceptions to this would be very specific, e.g. publishers who only publish on firm sale or who trade mostly outside the book industry.

Key Points
- IRI Rules must be implemented (subject to the agreed exceptions described above).
- Bookseller confirmation messages must be accurate.
- Distributor systems must calculate returns correctly (accounting for previous returns and returns in progress).
- Publishers' representatives should not intervene with manual returns outside IRI but should instead use Batch Returns and authorise returns online.
- Systems vendors who supply order processing software should consider developing returns processing software which implements the IRI Rule Book.
- Publishers should give distributors permission to have their books included in IRI processing.
- Booksellers should use Batch Returns rather than emailing publishers' representatives or telephoning customer service departments at publishers/distributors.
- Smaller publishers who do their own distribution should use Batch returns to access hundreds of their bookseller customers and they should use the online service to authorise returns using standard messages.

The benefits of IRI accrue to all parts of the supply chain, improving relationships and reducing administrative costs. The higher the returns volume processed via IRI the more benefit accrues to the industry.

Further information
Documentation regarding IRI – including the IRI Rule Book, An Introduction to IRI for Booksellers, Distributors & Publishers, the Benefits of IRI, FAQs and much more – can be found on the BIC website, here: http://ww.bic.org.uk/24/_Industry-Returns-Initiative/. BIC members can raise questions about IRI with the BIC Physical Supply Chain Committee.