



MARK LEVINE

# THE FINE PRINT OF SELF-PUBLISHING

a primer on contracts, printing costs, royalties,  
distribution, e-books, and marketing **FIFTH EDITION**



"If you're self-publishing, you **MUST** read this book."  
—Mick Rooney, *The Independent Publishing Magazine*



*The Fine Print of Self-Publishing* has been lauded by many experts as the Consumer Reports of the self-publishing industry. This book has helped thousands of authors choose the right self-publishing company and avoid the ones with unfair contracts or low-quality services.

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a primer on contracts, printing costs, royalties,  
distribution, e-books, and marketing FIFTH EDITION

**MARK LEVINE**

BASCOM HILL PUBLISHING GROUP  
MINNEAPOLIS, MN

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This book is dedicated to all the writers who know  
there is a book inside of them. One of the most  
amazing publishing experiences you can have is to hold  
a printed and bound copy of your own book for the  
first time. I hope *The Fine Print of Self-Publishing* helps  
you find the right publisher for your book.



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# INTRODUCTION

If you've been considering self-publishing for any length of time, your head probably feels like it's about to explode. Between the books, the blogs, the publishing-related websites, and the opinions of writers, friends, enemies, frenemies, true publishing professionals, and people who hold themselves out as publishing gurus or divas, you may just want to throw your arms up in the air and scream.

The publishing world, as you probably know, is changing so rapidly it's hard to keep up. Amazon.com has eclipsed Barnes & Noble as the largest retailer of books in the United States.<sup>1</sup> Borders, Waldenbooks, and many iconic independent bookstores around the country (including Blue Elephant Book Shop in Decatur, Georgia; Robin's Books in Philadelphia, Pennsylvania; and Edgartown Books in Martha's Vineyard) are now buried in the same literary graveyard<sup>2</sup>—and Barnes & Noble may be joining them, cutting its retail stores by one-third and planning to close twenty stores a year for the next ten years.<sup>3</sup> Barnes & Noble still won't sell titles published by Amazon,<sup>4</sup> and both Walmart and Target have dumped Kindle faster than a crazy bachelorette gets sent home on *The Bachelor*.<sup>5</sup> Throw in which retailers are picking whose sides, and you've got the makings of a reality show that would put a *Real Housewives* cast to shame. And, just for fun, toss in the multibillion-dollar world of e-book

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1 "Amazon, Barnes & Noble and Bookstore Sales Numbers Annual Update," Foner Books website, accessed May 2013, <http://www.fonerbooks.com/booksale.htm>.

2 "Independent Bookstores Continue to Close," February 17, 2012, <http://www.care2.com/causes/independent-bookstores-continue-to-close.html>.

3 "Barnes & Noble closing 20 stores a year over next decade — report," January 29, 2013, <http://blog.zap2it.com/pop2it/2013/01/barnes-noble-closing-20-stores-a-year-over-next-decade---report.html>.

4 "Barnes & Noble vs. Amazon: Book Wars Get More Interesting," October 10, 2012, <http://www.forbes.com/sites/lauraheller/2012/10/02/barnes-noble-vs-amazon-book-wars-get-more-interesting/>.

5 "Target Kicks Kindle to the Curb, Will Best Buy Be Next?" May 3, 2013, <http://www.forbes.com/sites/lauraheller/2012/05/03/target-kicks-kindle-to-the-curb-will-best-buy-be-next/>.

publishing (which has exploded since the last edition of this book was published), and, well, it's about as interesting as it gets.

There are the headline-grabbing changes, and then there are the ones that affect the writers trying to get their books published. If you are reading this book, you probably already know that it's harder than ever to get published "traditionally." One fiction editor estimated that only 1 in 100 novels get published by a traditional publisher.<sup>6</sup> In 2011, there were approximately 20,000 fewer titles traditionally published than in 2010.<sup>7</sup> This means that more authors are competing for fewer spots on a publisher's roster.

You should look at statistics like these as blessings in disguise. They force writers to abandon the notion that nabbing a contract from a traditional publisher is some kind of Holy Grail. For writers "lucky" enough to get such a contract, the reality is that many traditional publishers, especially smaller ones, have small or even nonexistent marketing budgets for books by new authors. Many of these publishers make the expenses of book marketing the responsibility of the author, who gets a minuscule royalty from each sale. In most of these cases, if a title by a new author is successful, it is due to the author's efforts.

Of course, you have to balance that with the fact that the publisher, big or small, took the risk of all of the upfront production costs. In the event that the book is successful, the traditional publisher gets the lion's share of the reward, even though the author may have spent a lot of time and money marketing the book. Fair? Depends on how much risk the author wants to take. Since traditional publishing contracts are harder to get these days, only the author who secures a publishing deal will have the opportunity to weigh such options.

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6 "4.7 Million Novels Rejected Annually," Bella Rosa Books, accessed May 2013, <http://writersinfo.info/mediakit%20Folder/5MillionRejections.pdf>.

7 "Publishing Market Shows Steady Title Growth in 2011 Fueled Largely by Self-Publishing Sector," June 5, 2012, [http://www.bowker.com/en-US/aboutus/press\\_room/2012/pr\\_06052012.shtml](http://www.bowker.com/en-US/aboutus/press_room/2012/pr_06052012.shtml).

While it's great to be a dreamer, in book publishing it's smarter to be a realist. One of the best reports chronicling the reality of book sales was done in 2004 by Nielsen BookScan, which tracked the sales of 1,200,000 books through retail locations (including online retailers) in the United States. Of all books sold, 79 percent sold less than ninety-nine copies.<sup>8</sup> Another 200,000, or 16.67 percent, sold less than 1,000 copies.<sup>9</sup> Only 25,000 books, or 2.1 percent, sold more than 5,000 copies.<sup>10</sup> Fewer than 500 books, or 0.04 percent, sold more than 100,000 copies, and only ten books, or 0.0008 percent, sold more than a million copies each.<sup>11</sup> Remember, these figures are almost a decade old, so when you factor in the explosive growth of self-published titles since 2004, the percentage of books selling fewer than 1,000 copies would be greater still.

If you're serious about publishing your book, self-publishing (either on your own or through a good self-publishing company) might be your only option—and your best one, even if a traditional publisher is interested. The biggest growth area in book publishing is in self-publishing. The number of self-published print titles in the US alone has exploded by 287 percent since 2006.<sup>12</sup> In 2011, there were 148,424 self-published titles in the United States.<sup>13</sup> Add in e-books, and the total surges to 235,000 titles.<sup>14</sup> In 2012, self-published titles surged to 391,000, an increase of 59 percent over 2011 and 422 percent over 2007.<sup>15</sup>

Yes, the marketplace is more crowded than ever before. But the opportunities to distribute and market your book have also expanded like

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8 Chris Anderson, "A Bookselling Tail: Why Publishers Should Focus on the Misses Instead of the Hits," Soapbox, *Publisher's Weekly*, July 14, 2006, <http://www.publishersweekly.com/pw/by-topic/columns-and-blogs/soapbox/article/6153-a-bookselling-tail.html>.

9 Ibid.

10 Ibid.

11 Ibid.

12 "Self-Publishing Sees Triple-Digit Growth in Just Five Years, Says Bowker," October 24, 2012, [http://www.bowker.com/en-US/aboutus/press\\_room/2012/pr\\_10242012.shtml](http://www.bowker.com/en-US/aboutus/press_room/2012/pr_10242012.shtml).

13 Ibid.

14 Ibid.

15 Self-Publishing in the United States, 2007–2012. [http://www.bowker.com/assets/downloads/products/selfpublishingpubcounts\\_2007\\_2012.pdf](http://www.bowker.com/assets/downloads/products/selfpublishingpubcounts_2007_2012.pdf).

never before. The Internet has helped to level the playing field, but it takes more than having a website and a Facebook account to be successful online. There are many facets to effective book marketing, both on- and offline. Chapter 7 touches on several of them, but believe me: online book marketing could fill a book by itself.

If you want proof that online marketing works, you're reading it right now. When I published the first edition of *The Fine Print of Self-Publishing* in 2004, I couldn't afford any traditional book publicity efforts, such as hiring a publicist to get me on radio programs, or buying ads in relevant print publications, like *Writer's Digest*. So, I marketed this book exclusively online. I've still never purchased an ad in a magazine, on the radio, or on television. The website for this book is search engine optimized (SEO) and ranks high on search engines for terms that I know authors use when looking for information on self-publishing over the Internet. I also purchase pay-per-click ads on most major search engines, which helps put my book in front of people who are already searching online for information about book publishing.

Combining smart online marketing with an e-book-only release can take your publication to a whole new level. By cutting out the costs of a printed book, the postage fees, and the customer's wait for delivery, you ensure a nirvanic book experience can be enjoyed by all (with the exception of those who prefer the smell and feel of a physical book).

This isn't to say that printed books are going away. They aren't. But the advances in e-book reading technology and continued price reductions in e-book readers and tablets make e-books a must for almost every author. In the first quarter of 2012, e-book sales (based on data from 1,189 publishers) surpassed hardcover book sales at \$282.2 million (compared to \$229.6 million for hardcover books).<sup>16</sup> E-book sales were

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<sup>16</sup> Jason Boog, "E-Book Revenues Top Hardcover," June 15, 2012, [http://www.mediabistro.com/galleycat/e-books-top-hardcover-revenues-in-q1\\_b53090](http://www.mediabistro.com/galleycat/e-books-top-hardcover-revenues-in-q1_b53090).

barely behind adult paperback sales, which did \$299.8 million during that same quarter.<sup>17</sup> But, e-book sales blew away mass-market paperback sales during the same time period, as mass-market sales stumbled in at \$98.9 million.<sup>18</sup> By March of 2012, e-book sales were up by 28.1 percent, while hardcover sales were up by just 2.7 percent; paperback sales were down by 10.5 percent and mass-market paperback sales really took a nosedive, down 20.8 percent.<sup>19</sup> As of November 2012, almost 30 percent of books purchased in the United States were e-books.<sup>20</sup>

As e-readers move down in price and consumers become more comfortable curling up with a device instead of with a print book, e-book sales will grow even faster. The Book Industry Study Group's November 2012 report, *Consumer Attitudes Toward E-Book Reading*, revealed how and why American book buyers are turning toward e-books. Sixty percent of people who purchased an e-book over the eighteen months of the study exclusively bought books in e-book format.<sup>21</sup> In the last edition of this book, I said there was an e-book revolution happening. It's no longer a revolution, it just is. That's why you'll find an entire section of this book (chapter 6) dedicated to e-book publishing.

As the publishing world evolves, authors like you and me have more opportunity than ever before to carve out our slice of the publishing pie without waiting for traditional publishers to open the door for us. What makes *The Fine Print* unique among books on self-publishing is that I've experienced the industry as an author, a book publisher, and a marketer. I know what it feels like to hold a copy of my own finished book for the first time. I also know what it takes to publish, print, and market

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17 Ibid.

18 Ibid.

19 AAP Monthly StatShot, March 2012, <http://www.publishersweekly.com/pw/by-topic/industry-news/financial-reporting/article/52611-aap-monthly-statshot-march-2012.html>.

20 Jason Greenfield, "E-Retailers Now Accounting for Nearly Half of Book Purchases by Volume, Overtake Physical Retail," March 18, 2013, <http://www.digitalbookworld.com/2013/e-retailers-now-accounting-for-nearly-half-of-book-purchases-by-volume/>.

21 *Consumer Attitudes Toward E-Book Reading*, The Book Industry Study Group, November 2012.

that book. In addition to this publication (and its four previous versions), I've published two of my own novels. I've made every mistake you can make in publishing and have tried just about every type of marketing tool available.

Being a successful author can mean a lot of different things. For some, it's making enough money to write full-time, or using the book as part of an ongoing business strategy. For others, it's having a book to share with your family and friends. For still others, it's the fulfillment of a dream. For me, "success" was a combination of all of these, and the definition has evolved over time. In August of 1992, I decided I wanted to write a novel. Although my manuscript was finished by 1995, I had no idea what to do with it. In 1999, I started Click Industries, a company that does online business filings, including copyrights for authors. In putting together strategic partners for the company, I found a small book publisher who accepted my manuscript. Sadly, the publisher went out of business in 2004.

That same year, I published the first version of *The Fine Print*. Since many who have read this book ask me how I came up with the idea, I'll tell you. I'd like to say I did a lot of research into self-publishing and thought it would be a good idea, but I didn't. The idea fell into my lap. One day I got a call from an author who had been published by the same publisher that released my first novel. He told me that he had signed a contract with a self-publishing company and wanted to get out of it. He asked if I had any ideas and sent me the contract, which he had signed despite the fact that it contained a clause that gave the self-publishing company the rights to the book for the term of the copyright. (The term of a copyright is the life of the author plus seventy years.) This author was a professor at the University of California, Berkeley. I figured that if a professor from a top university would sign such a ridiculous contract just to be published, thousands of other authors might do the same thing.

That was my market research—one author. I started researching other self-publishing companies. Soon I had a book. In 2004 and 2005, *The Fine Print* was only available as an e-book through my website, BookPublishersCompared.com. In early 2005, the president of one of the companies I covered in an earlier version of my book called me to complain about the way that I ranked his company. I was selling a lot of copies from my site, but it never occurred to me that people in the industry would find out about the book. From that day on, I knew this book had legs. I published the second edition in paperback in 2006. With each year and with each edition, I sell more and more copies. The more established this book becomes, the more people buy it and talk about it. The same thing can happen for you.

Don't plan on your book becoming an overnight sensation. Spreading the word about you and your book takes time. Despite what you may think, it's never about you or your book. It's about what potential readers think your book can do for them.

A few important lessons from the story of how and why I published *The Fine Print* apply to most books. The first is that a book needs to fill a void or create a market that didn't exist before. So, if you don't have a first-class book (as judged by the public, not just by people you know), forget it.

The second lesson is that you need to spend time and money marketing the book. I spend most of my marketing dollars on creating (and maintaining) a search engine optimized website and advertising online. I can't stress enough the importance of having an online base of operations that you control, namely your own website. While I use Facebook, Twitter, Pinterest, Tumblr, and other third-party platforms, I wouldn't use any of them in place of a website, because I have no control over what these companies may do that could affect how my information appears on their sites. How important is having your own website? Well,

in July of 2011 and August of 2012, I was quoted in *The New York Times* on major stories about the self-publishing industry.<sup>22</sup> Both reporters found me through my website. After each story had been published, my book sales briefly skyrocketed.

The third lesson is that, above all, you need to get lucky—or else the first two lessons might not even matter. This book was first published when the self-publishing industry as we know it was barely a blip on the radar. No one had ever published a book that focused on the companies in the industry. *The Fine Print* filled the void, and that got me noticed. I was invited to speak at writers' conferences all over the country. In 2008, I was invited to speak at the Erma Bombeck Writers' Workshop, one of the most prestigious in the industry. That really helped propel the book to greater heights. There I was, speaking at a conference with major authors like Garrison Keillor. You know why I received an invitation? A year or so earlier, the director of the conference bought a copy of my book online and found it helpful in his self-publishing process. Every book needs lucky breaks to really make it. That was mine. It came more than three years after the first edition of the book was published. Sometimes it can take awhile to become an overnight sensation. Keep that in mind.

Print-on-demand (POD) technology, which allows a book to be printed in quantities as small as one copy, is probably the main factor in the explosion of self-published titles over the past decade. But this technology also makes it even harder for self-published authors to be competitive in the marketplace. Printing in such small quantities is costly. When self-publishing companies mark up the printing costs significantly, the author has already lost the game—in most cases, before it even started. Most companies reviewed in this book mark up

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22 Alina Tugend, "Options for Self-Publishing Proliferate, Easing the Bar to Entry," July 29, 2011, <http://www.nytimes.com/2011/07/30/your-money/the-rise-in-self-publishing-opens-the-door-for-aspiring-writers.html>.

printing from 50 to 100 percent, and some even more. Since most self-publishing companies use the same printer, it's easy to demonstrate the exact markup.

As I was writing the 2006 edition of *The Fine Print*, I realized this was an inherent flaw in the self-publishing company business model: this inflated printing “cost” (to the author) leads to an artificially inflated wholesale price, which of course leads to an even more inflated retail price. Most self-publishing companies also take a piece of each sale, and so by the time they build some royalty in for the author, the retail price gets ridiculous. Retailers never overpay for books, so if the price point is too high, your book won't be bought. I'm going to show you the math and teach you to determine how much a company is really charging you to print a copy of your book. This topic is covered extensively in chapter 4.

With few exceptions, the inflated printing cost model severely damages an author's ability to sell his or her book to anyone other than family and friends, or at speaking engagements and promotional events. Once this became clear to me, I discussed it with the CEOs of several self-publishing companies. The response was a collective “Hey, that's the business.” One CEO told me, “If you think you're so smart, do it yourself. You can't make any money if you don't make it on printing.”

Well, I did do it myself, and it turns out you can make money without marking up printing. In 2006, my company invested in Hillcrest Media Group, then a startup self-publishing company known as Mill City Press, which now is a division of our larger company. Back in 2006, nearly every self-publishing company took a piece of royalties and had huge printing markups, making the opportunity to invest in one that didn't do either of those interesting from a positioning standpoint, yet a bit scary. We gambled that authors would see the value we saw in keeping printing prices low and royalties as high as possible.

Mill City is also one of the few self-publishing companies that offer traditional book distribution in addition to print-on-demand (POD) distribution. As you'll read later in this book, POD distribution can be great for some types of books, but constricting for others. If you can afford the additional costs associated with traditional distribution and have a book with decent retail sales potential, traditional distribution offers a bit of flexibility. About half of Mill City's authors participate in traditional book distribution channels.

The self-publishing world has developed so rapidly since Hillcrest was born in 2006 that our company has since launched several new divisions that provide services to authors at various stages of publishing, ideal for those who may not be looking for a typical publishing package. For example, in 2009 we added a division that just provides book printing and distribution services to authors with press-ready files (BookPrinting.com) and in 2010 added one that strictly offers e-book publishing services (PublishGreen.com). In 2013, we started to license our publishing workflow system to other self-publishing companies.

Just like Hillcrest has evolved to meet the changing demands of the marketplace, so has this book. The fifth edition of *The Fine Print* delves into more topics than ever before, including book printing and distribution options, e-book publishing, and online and traditional book marketing. If you're thinking about hiring a self-publishing company, e-book publisher, or publishing services provider, this book will be helpful.

*The Fine Print of Self-Publishing* used to take a more down-in-the-weeds approach, examining nearly every service by major self-publishers in detail. The problem with that approach was that many of the specific service offerings, namely publishing packages, changed in scope and/or price by the time the book came out. Over the various editions of this book, I've found that the printing markups, contract terms, and other core

indicators of a publisher's author-friendliness remained the same. Thus, I've been able to do a better apples-to-apples comparison on objective factors of self-publishing companies, such as royalties, and whether the publisher returns production files. This updated version of the book gives you more tools than ever before to compare the companies you're interested in. This version teaches *you* how to analyze self-publishing companies—whether the company appears in this book or not—by looking specifically at the following concrete, measurable aspects of a self-publisher:

1. Author's ability to set retail price
2. Publisher's printing markups and author discounts
3. Author/Publisher royalty splits
4. Publisher's policy regarding the return of original production files
5. Author's ability to gather information prior to submitting his/her book

*The Fine Print* offers a detailed look at self-publishing essentials, from sticking to your budget and assessing your market to choosing a cover design and release date. I'll explain the difference between self-publishing, vanity publishing, and traditional publishing, and I'll give you a handy checklist you can use to make sure you're hitting all the points—regardless of whether you're self-publishing on your own, with a consultant, or through a company. You'll also find two chapters new to this edition, "E-Book Publishing" (chapter 6) and "Marketing Your Book" (chapter 7), which are now simply too much a part of the self-publishing discussion to leave out.

As always, I'll explain how to navigate the self-publishing contracts—the good, the bad, and the ugly—and provide detailed definitions of contract terms to help you know what to expect, how to identify red flags, and what you're signing before you sign it. If you were signing a contract with Hachette, you'd hire a lawyer, right? But when you sign with a self-

publishing company, your legal fees to have the contract reviewed could in some cases exceed all or part of the cost to publish the book. I'm not suggesting that you don't hire a lawyer. You should do whatever will make you the most comfortable. But, for some of the more boilerplate stuff—which publishers aren't going to change anyway, lawyer or no lawyer—chapter 5 of this book should come in handy. You'll learn which terms are red flags and which are standard and acceptable. If you have specific legal issues regarding your book, such as permissions for use of images or excerpts taken from previously published works, I'd strongly suggest hiring a lawyer who specializes in copyright law.

One contract term in particular is always an issue for me. If you pay a company to format your book, you should get those original production files back so you can publish and print elsewhere should you decide to leave your publisher. I'll teach you how to ask the right questions to determine which companies will provide you with the original production files.

Finally, this latest version of *The Fine Print* features appendices with at-a-glance information you can easily refer back to along your publishing journey. Supplementary resources are included on my website, [BookPublishersCompared.com](http://BookPublishersCompared.com).

The most important thing to remember is that if you've actually completed a manuscript, you've accomplished a lot. You should be incredibly proud, regardless of what happens to your book commercially. Most people want to write a book someday. Few of us really do it. So, if you've done it, congratulations. If you're still writing, keep going. Finish your manuscript before you start worrying about publishing options. If you're just thinking about starting a book, write the first page soon. You have to start somewhere.

As you read through *The Fine Print*, know that publishing a book can be your reality. There will be highs and lows in this process, but the first



*The Fine Print of Self-Publishing* has been lauded by many experts as the Consumer Reports of the self-publishing industry. This book has helped thousands of authors choose the right self-publishing company and avoid the ones with unfair contracts or low-quality services.

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