

Having a book published means you'll have to deal with business issues. This situation occurs whether or not you want it to happen. Since this is a fact, you really do need to learn how to deal with these pesky business issues. This statement, while upsetting on the surface, isn't all that bad. Thousands of others have coped with the business issues involved and so can you. Don't be discouraged. This book won't earn you an MBA, but it will give you some inkling into the essential business matters that authors must face.

## Chapter 1: Getting Started

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The purpose of this book is to give authors an introduction to a few fundamentals involved in running a business. "And why do authors need this?" I hear you ask. Because once you publish a book – no matter how it becomes published – the author owns a business. Therefore, the author needs to understand business practices.

It's not the same situation if you write and sell short stories, essays, articles or poems. In these cases, the market that bought the item will pay a set fee for the right to publish your piece. Your compensation in this case doesn't change whether the market sells a hundred or a thousand copies of the magazine. With book publication, the author's compensation (royalties) depends entirely on book sales. No book sales, no royalties.

In the process of selling the books, you will incur expenses. These could be marketing costs or they could be expenses incurred with self-publishing another book.

You'll need money to pay these expenses. Where does it come from? Preferably, it comes from royalties or possibly from a loan. Or you could fund the money from your personal accounts. If the money earned exceeds these expenses, you and your company will show a profit and you can pay back the loan.

Here's another factor as to why you need some business skills. Do you know that selling book is a taxable event? Say what?

If the book is sold through Amazon, for instance, it will take care of the tax issue. If you sell the book at an event, you will be responsible for addressing the tax issue. And then there are the royalties: they are taxable income.

To deal with revenue and expenses correctly, you have to develop a business-like approach to your book company.

Do I have your attention yet? Hopefully, my book will explain these issues and give you a leg up on these matters.

This book is written with the self-published author in mind, but you also need this information if your book was published by an indie publishing house. Even if you have a contract with a big publisher, you can still use the material in this book.

If you have one book published, and if you don't plan to market the book, you won't have much need for this book. In this case most of the information here will fall under the category 'nice to know' because any royalties from book sales will be more or-less accidental.

If you have a single book published and you plan to market it, you can use the information in this book. If you plan to write and publish more books, you definitely need the stuff in this book.

The bulk of this book talks about a business (yours!) whose purpose is to market your books.

The book won't make you an expert in the publishing business, and it won't earn you an MBA, but it will give you some insights into business and business planning. Both are essential to your success. You can research and study additional topics to increase your knowledge. There is plenty of material on the web and in libraries if you wish to search for it. If nothing else, this book will get you started on asking the correct questions.

### *Think like a CEO*

I believe a major reason that authors fail to sell books is because they don't think like a business owner. Businesses use highly developed marketing plans to introduce a new product to the public. These businesses do that because it has been proven to work.

Many inexperienced authors use a shotgun approach to marketing (when they do any marketing!). Their efforts are without a focus and are piecemeal instead of continuous. In other words, the marketing proceeds without a plan to direct the activities. Most often, the author business, too, will be without a plan.

A business plan will focus the energies of the company (you!) on the important aspects. A marketing plan organizes your efforts to tell the world about the book.

You are the Chief Executive Officer or CEO of the author business and you are the also Marketing Manager for the book. Since you are also responsible for the budget and tracking revenue, you are the Chief Financial Officer or CFO. Because you are the author, you get to create all the copy required by the marketing manager.

A business needs an organization chart so everyone in the company can see where they stand in the hierarchy. Here is the organization chart for your company.



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A brutal fact about publishing is that several thousand books were published the same day yours was. With all these books showing up at once, no one knows about your book and no one cares about it. Your job as Marketing Manager is to tell people about your book and make them care

enough to buy a copy. This requires a marketing plan, not an occasional foray into social media.

With you in the role of all these company executives, you may need help handling the various functions.

A few of my books may come in handy here. *How to Self-publish and Market a Book* represents a six month project plan to launch and market a new book. *Book Marketing Fundamentals* discusses book marketing from a beginner's perspective.

Both books are available in ebook and print editions and are available from Amazon, Barnes & Noble and other book sellers.

### *Introduction to SWOT charts*

Let's examine your probable starting point in your new business endeavors. I'll use a SWOT chart for this analysis.

SWOT stands for Strengths, Weaknesses, Opportunities and Threats. It is a popular way to analyze a situation in order to identify ways of improving that situation.

Whenever you start a new endeavor you face a learning curve. When you graduate from college and start a job, there's a learning curve. Enter a trade school and you'll be on a learning curve for the entire term. Want to take up knitting as a hobby? There's a learning curve for that. So, too, with your new business. It has a learning curve.

The purpose of a SWOT analysis is to point out where you are at this point in time. In your case, you are probably at the starting point of the learning curve. If you have previous business experience, your situation may not be as described here.

This SWOT analysis isn't meant to discourage you. Rather, it will roadmap the way forward and give you a starting point to develop a plan.

The main value of a SWOT analysis is to point out areas that can be worked on to improve the situation. It's essential that you view the SWOT analysis in that light. Don't take it as an insurmountable list of obstacles.

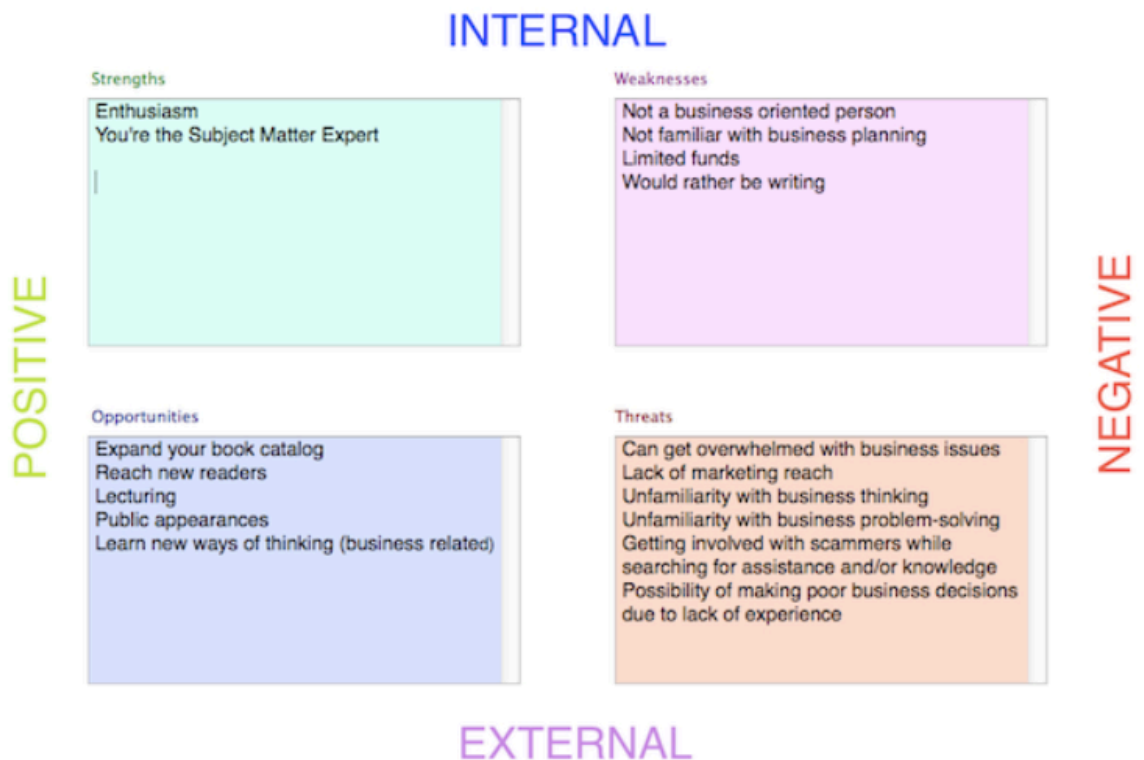
This SWOT analysis may not be an exact fit for your situation, but it will be pretty close. You can adjust it to satisfy your unique situation.

#### *Business Basics SWOT Chart*

The focus of this analysis is your business rather than your book, and it fits most authors with little or no business experience.

As previously mentioned, it may come as a surprise to learn that once you publish a book, you own a business. The purpose of the business is to market your book. A popular way to depict a SWOT chart is in the four quadrants shown below. There are many variants of this diagram, but this is one most used.

This diagram represents the starting position of many newbie authors.



Let's examine each quadrant separately.

### Strengths:

- Enthusiasm
- Subject matter expert

*Enthusiasm:* As a writer with a published book, you are probably brimming with enthusiasm and ready to sell your book and to improve your marketing clout. This is a great strength in your business and you have to work to keep it at a high pitch.

*Subject matter expert:* You wrote the book. If it's non-fiction, you are now a subject matter expert on whatever topic your book covers. You can use this expertise to point potential readers towards where they can buy your book. If your book is fiction, you are still a subject matter expert.

You're the expert on the world you built for your book. Use this expertise to get people interested in your world, your book and your business.

Opportunities:

- Expand your book catalog
- Reach new readers
- Lectures
- Learn new ways of thinking

*Expand your book catalog:* You're a writer and an author. So, author more books. That's what authors do. An Amazon page with a single book on it looks a bit barren. An Amazon page with two books looks much more impressive. Adding to your book catalog greatly increases the presence of your company.

*Reach new readers:* With each addition to your book catalog, you can reach more readers. This is a big opportunity for you and your company. Find these people. Everyone who reads and likes your books can help to spread the word to others.

*Lectures:* As a subject matter expert, you can develop a lecture and give it in libraries and schools. Often, these venues will pay a stipend for a lecture, and these public appearances present additional opportunities to sell your book to the people who attend the lecture.

*Learn new ways of thinking:* As a CEO, you'll be forced to think differently. You'll have to learn new techniques. These are good things; embrace them.

Weaknesses:

Naturally, there are weaknesses in your current situation.

- Not a business-oriented person
- Not familiar with business planning
- Limited funds
- Would rather be writing

*Not a business-oriented person:* If you're like most authors, you enjoy writing and would rather not be bothered with business nonsense. Unfortunately, the business nonsense has to be attended to, and you're the only one who can handle it. Dealing with the business issues may not come naturally to you, and you may elect to ignore these issues until forced to deal with them. In other words, your business will languish, and that's not good for your marketing reach or your business.

*Not familiar with business planning:* Similar to the last item, as an author your main concern is writing your next book. Business planning is not your priority, but without a business plan, your company will simply drift and will have no focus.

*Limited funds:* This weakness assumes you are not independently wealthy. If you are wealthy, why are you bothering with this stuff? Hire someone to do it for you and go back to writing. If you aren't wealthy, this fact has implications for your business and your marketing since many elements in both areas will require funds.

*Would rather be writing:* This is similar to other weaknesses. You get up in the morning thinking about what you can write today, not what business issue you can deal with. This is just a fact of life for authors; the business issues are obviously a punishment for something evil you did in a previous life.

#### Threats:

These threats are real and are part of the everyday world.

- Business issues can get overwhelming
- Lack of marketing reach
- Unfamiliarity with business thinking
- Unfamiliarity with business problem solving
- Possibility of involvement with scammers
- Possibility of making poor business decisions

*Business issues can get overwhelming:* Dealing with these pesky business issues can inundate you at times, and this can cause you to ignore the issues, leaving them to fester and become even more of a problem.

*Lack of marketing reach:* Let's face it, when you're a newbie author, your marketing reach is limited. Extremely limited, and this does not bode well for your marketing efforts or your company. Even if you accept the need to think like a business owner, you still have a limited marketing reach and this threat has to be addressed.

*Unfamiliarity with business thinking:* Running a business requires different ways of thinking. In this case, a minor business problem that can be easily solved may not be recognized until it becomes a major issue and demands attention.

*Unfamiliarity with business problem solving:* With the plot in a novel, your characters get in big trouble and you fix the problem by coming up with a

creative solution, but your solution is fiction. It isn't real. Business issues don't get solved with creative fiction solutions. They are real world issues that have to be fixed or solved with real world solutions. Developing real world solutions requires a different mind set than fictional world solutions.

*Possibility of involvement with scammers while searching for assistance and/or knowledge:* The internet swarms with con artists and scammers searching for newbie authors. This is a real threat. The offers from the scam artists, whether in marketing, publishing or solving business issues, aren't about helping you. The offers are an attempt to steal money. Your money. Backed up with slick web sites, they look professional, but that is part of their cover.

*Possibility of making poor business decisions* due to lack of experience: You may make mistakes because you aren't trained in business, and you aren't about to take business courses in a local college, are you? You could, you know.

In summary I'll stress again. Don't let the SWOT analysis discourage you. Use it as an opportunity to improve the situation and strengthen your business.