



BIC Industry Returns Initiative

Stakeholders

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The Book Industry's Supply Chain Organisation

This Industry Returns Initiative (IRI) document is one of a set that Book Industry Communication has produced.

Together, these documents provide a detailed operational, commercial and technical overview of IRI.

BIC strongly recommends that you download and read the full set of documents. These currently comprise:

1. BIC Bite
2. Introduction
3. Stakeholders
4. Process Specification
5. Sales and Returns History
6. IRI Rule Book
7. Process Flow
8. FAQs
9. Glossary
10. Technical Specifications

A single document including all the above is also available.



Much like efficient ordering processes in our industry, IRI is based on understanding the roles of the respective players in the returns process and the tools available to them to:

1. Key the returns request once, and once only.
2. Automate the routing and subsequent authorisation or rejection of that request.
3. Make the returns status clearly visible.
4. Integrate returns management with related systems to avoid delays, manual intervention and the risk of errors occurring.

IRI is an agreement between booksellers, publishers and their distributors that enables the automation of returns. It includes sale or return (conformance) stock as well as other types of returns claims (non-conformance) such as shortages, damages and event stock:

1. Implementing IRI significantly reduces the cost of returns handling and associated administration.
2. It replaces thousands of publisher specific returns policies which cause confusion and delay, with one trade wide negotiated set of rules that is balanced and transparent. No one party can gain an unfair commercial or competitive advantage.
3. The IRI rules set out how returns should be managed and the roles of the respective parties in the physical returns supply chain.
4. Some trading partners may wish to vary the rules to better suit the needs of their business and clients. This is done by exception and requires prior agreement between the parties. Care should be taken not to undermine the purpose of IRI, which is to speed up the authorisation/ rejection process and remove the need for manual intervention.

The Role of the Bookseller

IRI enables booksellers to efficiently request permission to return books to self-distributed publishers, distributors and wholesalers. Booksellers receive very rapid authorisation or rejection of the requests based on clearly defined and understood cross industry rules.

There are four main ways of managing IRI processes: via Batch Returns, EDI, BIC Realtime or pre-defined text files.

Batch Returns

Batch Returns is a web-based returns authorisation request service owned by the Booksellers Association. It is used by independent booksellers and several chains.

- Booksellers register for and then log into Batch Returns, input details of the books they wish to return, and receive an authorisation or rejection message, based on the IRI rules.
- If the request has been authorised, booksellers confirm the quantities of the ISBNs being returned with a confirmation message. They then affix a barcode to the parcel.
- Batch Returns does not enforce IRI rules or make any returns decisions. It is simply



a means of communication, enabling booksellers and publishers/ distributors to exchange returns requests, authorisations and rejections.

- For more information visit: <http://www.batch.co.uk>

EDI

Some larger booksellers (chains and independents) using bookshop management systems may wish to use EDI protocols to exchange returns messages with distributors.

Three EDIFACT EDI messages are required:

- The RETANN for the returns request from the bookseller to the distributor. Otherwise known as the first message.
- RETINS1 for the distributor's response, granting authorisation or informing of rejection. Otherwise known as the second message.
- RETINS2 for the bookseller to confirm what is actually being returned. Final quantities can be no higher than those quoted in RETINS1. This final message is known as the third message.

BIC Realtime

BIC Realtime is a suite of APIs / web services supported by BIC to improve communication in the book supply chain. The messages and their responses are received live or in 'real time'.

- APIs may be an alternative to EDI returns or Batch Returns, or simply complement these services.
- APIs enable booksellers to send returns requests.
- Distributor systems can reply with an authorisation or rejection as appropriate.
- Booksellers confirm the final quantity of books being returned.

Text Files

When the use of EDI is not appropriate, it is possible to use a set of pre-defined text files to communicate the same data. This requires both trading partners to support the BIC approved text file format.

Booksellers are advised to talk to their major trading partners and their own systems provider to determine the best way of creating and exchanging IRI messages.

The Role of the Distributor

Distributors wishing to join IRI must have or must develop the necessary systems to handle electronic returns requests. This includes:

- The automatic look up of product metadata.
- The retention of at least 30-calendar months' sales and returns history.
- The generation of automated returns authorisations and rejections.
- Create and read a barcode on a box of returns.



- Access the data contained in the returns confirmation message (EDI RETINS2 or the equivalent message from Batch Returns, or comparable API or text file message).
- Close off any confirmed returns that are complete or within the recommended BIC tolerance, or failing that, clear any outstanding / pending returns after 3-calendar months have elapsed.
- Issue credit notes aged appropriately according to the bookseller's contractual payment terms.

It is important that the distributor's system is parameter driven to enable it to accommodate rule variations by exception. For example, supermarkets may wish to return books after 2 rather than 3-calendar months. If the client publisher agrees, it is essential that the distributor system can accommodate rule changes.

It is also critical that all the distributor's client publishers agree to the distributor's role in IRI. Some distributors have allowed some publishers to opt out. This is not good practice. It means managing two distinct returns processes – one automated, the other manual. This not only impacts the distributor, but booksellers too. BIC recommends that distributors make IRI a mandatory part of their service. This maximises the value and impact of IRI as well as helping to cost-justify the development of the necessary returns systems and processes.

At a minimum, distributors should be capable of exchanging returns messages via Batch Returns and EDI. In addition, pre-defined text files or APIs using BIC Realtime can be considered if there is a business case.

The Role of the Publisher

The publisher gives permission to distributors to join IRI. Publishers should see returns as an important part of managing their supply chains. Whilst the distributor must have the systems necessary to deploy IRI, it is publisher support that is critical to enabling IRI to work.

Publishers will need to:

- Let go of the routine authorisation of manual returns requests.
- Ensure that their sales representatives do not circumvent IRI.
- Delegate the authorisation and rejection function to their distributor's systems.

These can be difficult steps to take. It is vital that the value and impact of IRI are fully understood by publishers before IRI is implemented.

The value and impact come from:

- Systems authorising returns automatically.
- Systems making the vast majority, if not all, returns decisions according to the industry negotiated rule book.
- Minimising workarounds and exception handling.
- Improved returns management and lower costs.
- The automatic secure granting of credit, subject to contractually agreed credit terms.



- This is not about losing sales, but efficient stock management. This may include reducing the need to sanction costly reprints, proactively reallocating stock according to demand and freeing up bookseller budgets and physical space to order new or faster selling titles.
- Improved sustainability and green credentials by reducing unnecessary returns.

Ideally, publishers that use a third-party distributor should adopt IRI by authorising their distributor to manage IRI on their behalf. Non-IRI compliant publishers should encourage their distributor to adopt the industry recognised standard. If publishers have their own concerns about adoption, BIC can offer an insight into the positive impact that IRI has made on the industry and provide details of reference sites.

Publishers that do their own distribution should adopt IRI either by developing the necessary systems or by electing to use Batch returns to manage returns requests.

Batch Returns for Publishers:

Publishers can log into Batch Returns to:

- View all their returns requests from booksellers.
- Create authorisation messages or reject returns requests using drop down menu options.
- Immediately communicate results back to booksellers.
- Generate a RAN (returns authorisation number) that the bookseller can print out and place on the returns parcel.
- View confirmation messages coming back from booksellers stating what is being returned.

Publishers can register online and start to manage returns immediately. Large numbers of booksellers use Batch Returns as they are familiar with the process.

Batch Returns also enables publishers to manage returns from non-standard customers, such as supermarkets, that may have negotiated different terms and conditions for returns.

