



BIC Industry Returns Initiative

Role of Sales and Returns History

Version 2.0 July 2022

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Prepared by Stephen Long, Book Industry Communication Limited, July 2022.



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.



The returns authorisation process is complex at the best of times. Even with IRI's automation underpinning the process, occasionally valid returns may be rejected, simply because of the way in which booksellers manage their orders and returns.

Having complete and accurate sales and returns history is essential in a number of situations:

1. In cases of appeals by booksellers against returns rejections generally.
2. When invoice and/ or credit transactions are aged and gradually move out of the current 15-calendar month window for sales and returns, unforeseen rejections may occur.
3. Where a publisher, imprint or list is divested or acquired, and distribution arrangements change.
4. When a distributor or self-distributed publisher transitions to IRI for the management of automated returns.

Each new returns request should be apportioned against the oldest invoice in the current 15-calendar month window. Any surplus should be apportioned against a newer invoice. At no point does IRI attempt to tie back individual returns requests to specific sales of the same product.

These returns could relate to multiple previous sales of the same ISBN and it is not possible to consistently or accurately match a return to a specific sales invoice. The retailer is not required to identify the invoice to which a returns request relates (except for non-conformance returns), and the application of returns groups (collective sales history across multiple accounts of the same customer) makes this impossible.

When reviewing a customer's net sales history, it is impossible to know precisely which period a prior credit note belongs to. For simplicity, when looking at the net units available to authorise a new request, distributors may extend the sales window by up to 15-calendar months from the date of the most recent credit to see if there are further transactions, particularly invoice transactions, for the affected ISBN, that would materially change the original decision to reject the returns request. It is important to note that this does not mean that returns quantities should automatically be authorised up to 30-calendar months after invoicing.

The 'calendar month' as a unit of time is very important to IRI and informs various rules and processes. There are also blocks of time that have important functions in the IRI process.

The purpose of 15-calendar months:

The returns window for newly published titles is from 3-calendar months after publication date and within 15-calendar months of the last (most recent) invoice, assuming that there have been sales of the ISBN within the current sales window equal to or in excess of the requested returns quantity. For backlist titles, returns are permitted within 15-calendar months of the last (most recent) invoice, assuming that there have been sales of the ISBN in the current 15-calendar month sales window.



The purpose of 30-calendar months:**1. Acquisitions and Divestments:**

It is recognised that distributors may not hold full lifetime sales and returns records for all titles. This becomes more likely given that book trade organisations are constantly acquiring and divesting themselves of publishers, imprints and partial lists. This often results in changes in physical distribution arrangements. However, it is important that sales and returns data is built and maintained to capture the BIC recommended minimum of 30-calendar months history for the purposes of IRI (trading partner relations, acquisitions and divestments, continuity).

Where distribution arrangements do change, it is strongly suggested that a transition period is negotiated (usually 3-calendar months) to facilitate the receipt of returns by the old distributor and to allow the new distributor to upload sales history to facilitate returns longer term. It is also recommended that the full sales and returns history, covering a minimum of 30-calendar months for every title and customer, is transferred to the new distributor as part of the transition process. It is important to note that this does not mean that returns quantities should automatically be authorised up to 30-calendar months after invoicing.

Sales and returns history for newly published titles should be built up as a matter of routine from publication date.

2. Exception Handling:

Up to 30-calendar months' sales and returns history is also recommended for exception handling. Namely, to authorise rejected returns correctly in limited circumstances, as well as for more pragmatic customer relationship purposes.

However, it should be noted that if there have been insufficient sales of a specific ISBN in the current 15-calendar month sales window, then there is no automatic returns allowance and no automatic authority to return. To authorise returns correctly it is not sufficient to have only the 15-calendar months' history since the book was most recently invoiced. 30-calendar months' sales history is required to accurately and fairly authorise returns for books invoiced, because the ageing of invoice and returns transactions moves them beyond the current 15-calendar month window and may affect returns allowances in the present window. Again, it is important to note that this does not mean that returns quantities should automatically be authorised up to 30-calendar months after invoicing.

