Industry Returns Initiative (IRI) Review

The Value of IRI

Prepared by Stephen Long
June 2025 Version 1.0

Introduction

The purpose of this document is to summarise the role and importance of the Industry Returns Initiative, otherwise known as IRI, in today's physical supply chain.

Returns management has always been complex, labour intensive and time consuming. IRI automates the process from the point of requesting authorisation, through approval or rejection steps, to the granting of credit.

That automation reduces manual intervention and cost overheads, as well as setting industry wide ground rules for returns management. What it cannot do is remove the complexity entirely, nor the perception that in adopting IRI, a retailer, supplier or publisher is losing control of the returns process, with a detrimental effect on sales or returns volumes. That is *not* the case.

Read on to find out more and better understand the positive impact that the Industry Returns Initiative is having on the wider book market.

More information about IRI is available on the BIC website:

www.bic.org.uk

1) Context

a) Sustainability is front of mind. It takes different forms:

   i. Environmental (carbon footprint, book miles, product reuse, product recycling)
   ii. Economic (a sustainable approach to sales opportunities, costs and processes)
   iii. Societal (our responsibilities as employees and private individuals to ourselves, other employees, other family members and friends)

b) BIC is the UK and Ireland's supply chain organisation. It is responsible for the development, implementation and management of key industry standards that make a meaningful, sustainable impact.

c) These standards, and the associated best practice, are recognised as not only delivering the best results, but reflect the optimum way of working in our industry, as documented by BIC subject matter experts.

d) Our specific roles and responsibilities in the supply chain inform how we can be more sustainable. For example:

   i. A more considered approach by booksellers to back list and front list ordering directly impacts returns volumes, which in turn reduce booksellers' carbon footprint.
   ii. Returns practices that are transparent and provide end to end visibility of what is being returned inform publishers', sometimes costly, reprint decisions.
   iii. A distribution centre with improved stock turn should lead to reduced warehouse costs for the distributor's clients.

e) BIC regularly reviews key standards with the membership to ensure each standard's continued fitness for purpose and relevance in an everchanging, increasingly interconnected and global supply chain.

2) What is IRI?

a) In the late 1990s, returns were seen as the big opportunity to cut costs, reduce manual intervention and automate what was and remains a labour intensive and complex facet of our industry.

b) Complex because:

   i. Manual returns processes and paperwork vary by retailer and/ or distributor and/ or publisher.

   ii. Manual returns rules are not consistent across the industry.

   iii. Without automation and consistency, returns requests and negotiations can be adversarial.

   iv. The adversarial nature may lead to financial disputes, with implications for cashflow and inventory.

c) All returns stakeholders came together under the auspices of BIC to develop, test and implement what we now know as IRI.

d) IRI represents the automation of the returns process - from the point of requesting authorisation, through approval or rejection steps, to the granting of credit. It takes account of sales and returns between a specific supplier and a specific retailer in a given period.

e) ~20 years after its launch, IRI is considered best-in-class and widely adopted in the UK and Ireland, with some overseas booksellers participating too.

f) There is still room to grow awareness of IRI and increase adoption.

3) For the Bookseller

a) IRI separates buying or selling and returning or crediting into separate sets of processes and actions. There are no direct dependencies between these.

b) It offers a more consistent approach to returns management across key distributors and publishers.

c) It represents a proven, optimum and industry recognised way of managing returns.

d) It provides a clear audit trail for what are time and financially critical transactions.

e) The process is based on a transparent set of returns parameters, clear to all parties.

f) It's quick. Normally, returns requests are authorised or rejected within 24 hours.

g) The standard is supported, scalable and extendable.

h) It is parameter driven.

i) IRI is not just about sale or return stock. Think shortages and discount errors.

j) It can reflect the needs of different organisation types (e.g., grocer, online retailer).

k) There are proven routes via EDI, text format and Batch Returns.

l) No one party can gain an unfair commercial advantage from the returns process. IRI is based on existing commercial terms where the terms for invoicing are mirrored when applying credit notes to the same account.

m) It improves cashflow.

n) It releases open to buy budget.

o) It frees physical space.

p) It delivers greater automation, reducing the manual overhead, allowing resources to be redeployed to add value elsewhere.

q) IRI enhances booksellers' sustainability credentials.

r) It puts booksellers at the heart of the commercial relationship, to focus on sales, marketing and customer service.

4) For the Publisher

a) IRI separates buying or selling and returning or crediting into separate sets of processes and actions. There are no direct dependencies between these.

b) There is transparency about what's being returned.

c) IRI simplifies the authorisation or rejection of returns, with fewer steps involved.
d) There is no loss of publisher autonomy (unless agreed with their distributor).

e) Anecdotal evidence suggests that IRI does not significantly increase levels of authorised returns.

f) It represents the proven, optimum and industry recognised way of managing returns.

g) Standards are a way of extending supply chain relationships.

h) The standard is supported, scalable and extendable.

i) It is parameter driven. It can reflect the needs of different organisation types (e.g., grocer, online retailer).

j) IRI allows for the flexing of the parameters where this is agreed by both parties in advance. All standards have a degree of built in flexibility to reflect different business models. This flexibility does not undermine the rules and principles underpinning the standard.

k) This is not just about sale or return stock. Think shortages and discount discrepancies.

l) There are proven routes via EDI, text format and Batch Returns.

m) It is a positive statement about a business's supply chain credentials.

n) It provides a clear audit trail for what are time and financially critical transactions.

o) The process is based on a transparent set of returns parameters, clear to all parties.

p) No one party can gain an unfair commercial advantage from the returns process. It is based on existing commercial terms where the terms for invoicing are mirrored when applying credit notes to the same account.

q) It improves cashflow.

r) Stock is recycled or repurposed.

s) It potentially avoids the need for costly reprints.
t) It avoids unnecessary availability issues with inventory.

u) It delivers greater automation, reducing the manual overhead, allowing resources to be redeployed to add value elsewhere.

v) IRI enhances sustainability credentials.

w) It puts booksellers at the heart of the commercial relationship with the publisher, so that they can focus on sales, marketing and customer service.

5) For the Distributor

a) IRI separates buying or selling and returning or crediting into separate sets of processes and actions. There are no direct dependencies between these.

b) There is a consistent approach to and management of returns from all clients.

c) There is visibility of what is being returned.

d) IRI simplifies the management of returns with fewer steps involved.

e) It represents the proven, optimum and industry recognised way of managing returns.

f) It extends the range of standards and best practice in the supply chain.

g) The standard is supported, scalable and extendable.

h) There are proven routes via EDI, text format and Batch Returns.

i) Standards are a way of extending supply chain relationships.

j) It is parameter driven. It can reflect the needs of different organisation types (e.g., grocer, online retailer).

k) IRI allows for the flexing of the parameters where this is agreed by the parties in advance. All standards have a degree of built in flexibility to reflect different business models. This flexibility does not undermine the rules and principles underpinning the standard.

l) This is not just about sale or return stock. Think shortages and discount discrepancies.

m) It is a positive statement about a business's supply chain credentials.

n) It provides a clear audit trail for what are time and financially critical transactions.

o) The process is based on a transparent set of returns parameters, clear to all parties.

p) No one party can gain an unfair commercial advantage from the returns process. It is based on existing commercial terms where the terms for invoicing are mirrored when applying the terms for credit notes to the same account.

q) It improves cashflow.

r) It helps manage warehouse space and routines.

s) Stock is recycled or repurposed.

t) It helps avoid potential availability issues with inventory.

u) It delivers greater automation, reducing the manual overhead, allowing resources to be redeployed to add value elsewhere.

v) IRI enhances sustainability credentials.