

## The Guide to Production Costs and Budgets

### Production Costs

Below is a breakdown of industry standard prices for the kinds of services you might be expected to need when self-publishing. None of these are exact and most will vary according to the nature of your manuscript (full colour non-fiction, short fiction, picture book etc.).

#### *Editorial*

Standard editing	\$50 per hour (assume an editor can do 1500 words per hour)
Proofreading	\$40 per hour (assume the proofreader can do 15 pages per hour)
Indexing	\$700–\$1300 (depends on the size and complexity of the index)

#### *Design*

Text design and template	\$500–\$1200 (a plain fiction text would be at the lower end while a more complicated template, like for a cookbook, would be at the higher end)
Cover design and format	\$1200–\$1500

#### *Typesetting*

Simple text only	\$4 per page (for fiction, assume there's approximately 350 words per page – this will help you work out the page extent)
Simple illustrated	\$10–12 per page
Complex illustrated	\$20–40 per page
Author corrections	\$65 per hour (author covers this cost if more than 10%)

#### *Original Illustrations and photos*

Line art/drawings/cartoons	\$60–100 each (for small pieces. Larger works will cost considerably more)
Maps	\$200 upwards
Photo shoot	\$1500–2500 per day
Scanning	\$10–15 per image (rate depends on colour and size. Not required if images are already digital)

**Permissions**

Text permissions (quotes, song lyrics etc.)	\$0 upwards (some quotes are permission free but you'll find song lyrics can be very expensive)
Cover image	\$400 upwards (some picture agencies may vary their permission fee according to the print run)
4 colour text images	\$80 upwards (you may also be charged a \$30–60 duplication fee per image)
B/W text images	\$50–120

**Budgeting: so how does this all work?**

When embarking on a self-publishing endeavour, it's smart to first create a budget. Of course, you'll never be able to work out the exact costs in advance but it's wise to have an approximate idea so you don't run out of money halfway through or find yourself having to fork over more than expected.

We're going to take you on a run-through of a basic book costing. Marketing and distribution costs are not included in this example as they are far too variable (they aren't included in a publisher's book costing either). Don't forget this is only a book costing. This means it only takes into account the fixed costs of producing a book. Your budget will **also** need to consider variable costs such as distribution, marketing and publicity, postage, telephone and fax, office stationery, petrol, your time, ISBN and barcode, and, if relevant, a book launch.

Let's imagine I'm self-publishing an 80,000 word crime novel. First, I'm going to make some decisions on the format. It's going to be:

- Format: A format 181 x 111mm (because it's a commercial, mass-market genre)
- Binding: perfect (because it's the cheapest and it works with the A format)
- Paper: 70 gsm offset
- Extent: 240pp (remember, approximately 350 words per page. Your page extent should be a multiple of 16)

Now, I need to think about what I want it to sell for (the RRP). I've had a look at other mass market crime books and I've seen that they're all pretty much around \$20.95. When working out a budget, you need to take the GST off the RRP, so that makes my book \$19.05 (Remember, you must charge your customers GST on the books you sell, and that this cost must be passed on to the government. For more information on GST please see the Australian Tax Office ([www.ato.gov.au](http://www.ato.gov.au))).

I also need to decide how many books I'm going to print. I'm pretty optimistic so I'm going to have 1000 printed.

I've decided that I'm going to sell my book to bookshops and I'm going to offer them a 40% discount (booksellers need to make money on the book too so they will only purchase your book at a discount). That means I'll be selling each book to them for \$11.43 (that's my RRP ex GST minus 40%).

If I sell my entire print run I can expect to make \$11,430. Of course, I may only sell half my books to booksellers and keep the other half for direct sales. In that case I'll be assuming that 500 are sold at \$11.43 and the other 500 are sold for the RRP ex GST (\$19.05), earning me \$15,240 all up. I'm going to budget according to this second amount as I'm keen to sell half the books myself so I can maximise my profit.

But I don't get to keep that \$15,240 all to myself because I have production costs to cover. Using industry standard **production costs** (see above) I'm going to use a table to work out how much producing the book will cost me.

Printing	\$2500 (printing costs vary – get a quote from a printers)
Editing	\$2600 (80,000 divided by 1500 multiplied by \$50)
Proofreading	\$640 (240pp divided by 15 multiplied by \$40)
Text design	\$500
Page make-up	\$960 (\$4 multiplied by 240pp)
Cover design	\$1200
<b>Total production costs</b>	<b>\$8400</b>
Unit production costs (production costs per book)	\$8.40 (this is how much each book costs to produce)

Because I'm both the publisher and the author, I don't have to factor in royalties – I get one hundred per cent of the profit. Which is good! So, assuming I sell **every copy** of my 1000 print run then I will be making \$6840 (my total profit minus my total production costs). If I sell all my books through booksellers, I can expect to make \$3030.

Of course, all of this is assuming that I sell *every copy*, which, let's face it, is a pretty unrealistic assumption for a first time self-published author. In reality, I may only be able to sell 50% of my stock (at best). So, if I only sell 500 of my books (again, assuming 250 are sold through shops and the other 250 are sold by me), my profit is \$7150 less productions costs (these don't half – your production costs stay the same no matter how many you sell) so I'm now in the red having lost \$780. And I haven't even included marketing, distribution, office costs ...

As you can see, there's a lot to consider and it's important to be aware of the financial pitfalls in advance. This is, of course, a purely hypothetical situation and you will need to make the decisions that are right for your book (you might be a deft hand at Photoshop and be able to spare yourself the \$1200 for a professional cover design, for instance).

What is glaringly obvious is the need to budget so you can embark on self-publishing your book with eyes wide open. Happy budgeting!

See also: 'The Guide to Self-publishing' on the Writers Victoria website.