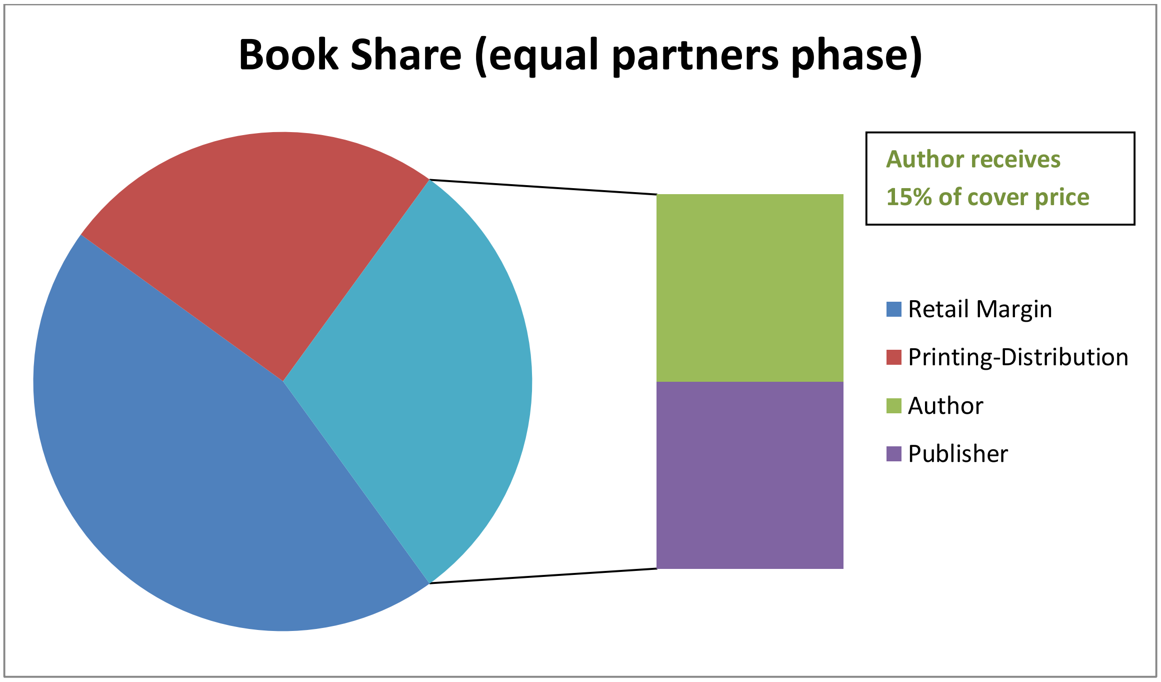

Publishers incur up-front editorial, production (layout), and marketing costs in creating a book. These costs are typically recouped through the sale of the first 10,000 copies of a work. This is accomplished through a profit and loss (P&L) analysis to set the cover price of the book based on that volume of sales. In truth, small publishers may play this even more conservatively, looking to recoup all up-front costs based on an initial print run more like 4,000 to 5,000 books. The outcome of this process was a $39.95 cover price (call it $40) for *Holistic Orchard.*

Book contracts typically establish tiers whereby royalty rates for the author are increased slightly upon reaching the next tier. This clause for *Holistic Orchard* in 2011 read accordingly:

> *A royalty on each copy of the softcover trade edition sold by the Publisher (except as provided otherwise in the subparagraphs below) of twelve percent (12%) of the amount received by the Publisher on the first 10,000 copies sold; fourteen percent (14%) of the amount received by the Publisher on the next 15,000 copies; and sixteen percent (16%) of the amount the Publisher receives on all copies thereafter.*

The "amount received by the publisher" is typically predetermined to be 50% of the cover price, thereby absorbing a portion of ongoing distribution costs. Let's just say publishers are well-versed in interpreting contracts in favor of the house. Still, recordkeeping is more straightforward assuming every sale is made on the same terms.

Long Term Goal: The original premise of the author being an equal partner with the publisher can be restored after the initial phase of cost recovery (based on 10,000 copies of the work selling) has been accomplished. Accordingly, the light blue portion of the pie graph should be split 50-50. The royalty rate for all additional copies sold would then become 30% as based on the wholesale price, amounting to $6 per copy (15% of cover price) to the creator of the work. It goes without saying that the "deep discount" baloney needs to come to an end for this long term goal to be consistently met.