

## **Finding Money to Publish Your Book**

by Mack E. Smith and Sara Freeman Smith

After months or years of squeezing in time to write, you've finally finished your manuscript. You had already ruled out traditional publishing because you knew self-publishing was your best option. However, you have a new challenge: finding the money to print your book. In business terms, you need financing. Now you have to change hats from writer to entrepreneur.

The good news is, money is available to finance the production and promotion of your book. The bad news is, you have to find it—because money is not looking for you. Let's explore several financing options including:

- friends and family
- banks
- grants, awards and contests
- creative financing.

Most important is to determine how much money you will need to finance your book production and promotion. Consider the many elements when you calculate the amount of financing needed. A few major elements are listed below:

<u>Production</u>	<u>Professional Services</u>	<u>Promotion</u>
-printing -shipping -business filings	-editing -layout/cover design -publicist	-advertising -travel expenses -promotional items

## **Friends and Family**

For some, friends and family is their number one choice while for others it will be their last choice. If your friends and family urged you to write your book, maybe they can help you financially. Ask those who supported you to loan a portion of the money. Offer to draft a basic loan document, listing the amount, interest rate, payments and maturity (payoff) date. A written agreement shows you are serious and professional, and suggests you plan to pay them back.

## **Banks**

Banks are not excited about making new business loans or what they call “venture capital” loans. They are especially not interested in financing small publishing companies. Let’s face it, books are questionable collateral and banks are not booksellers. However, most banks will make loans for personal purposes, such as purchasing furniture, vacations, etc. Usually, these loans are unsecured, meaning

they are made on your signature alone without requiring collateral. Many individuals request personal loans or lines of credit and later use them in their businesses.

Some banks have unsecured business loan programs that use credit scoring to approve the lines of credit. Larger banks sometimes participate in consortium programs through community development corporations. Under these programs, coalitions of major banks make loans to small emerging businesses that may not qualify for conventional bank financing. The best way to check these programs is to contact an officer in the small business or community lending department or pick up a brochure that explains the bank's lending programs.

If you are unsuccessful with one of these methods, there are government programs that may provide financial resources. A popular option is through the U.S. Small Business Administration (SBA). Working with banks, the SBA guarantees bank loans they have certified. Further, the banks awarded "Preferred Lender" status may make loans without prior approval from the SBA. The SBA guarantees up to 80 percent of the loan amount. You should have a detailed business plan completed before you approach a bank for an SBA loan.

## **Grants, Awards and Contests**

Grants, awards and contests are another way writers finance book projects.

Although grants may not be the most expeditious way to fund your book project, numerous organizations are available to help you. Many foundations give writing or publishing grants to organizations or individuals who meet their guidelines.

Often, writing awards have cash components that can be used to publish a book.

Some writing contests finance the publishing of a book as the grand prize. If you can link a book to the mission of a foundation, they may be willing to pay the costs to print the book. All of these options require much effort on your part; however, the potential payoff is that you get your book published free.

Other sources may be found through Internet search engines using keywords such as “grants for writing books,” “writing grants,” “writing contests” or “writing awards.” The *Literary Market Place* is another resource available in the reference section of your local library or online at [www.literarymarketplace.com](http://www.literarymarketplace.com). Your local librarian is also an excellent source for assistance. And be sure to check the National Endowment for the Arts online at [www.arts.gov](http://www.arts.gov) for any awards and grants.

## **Credit Cards**

The number of writers who use this option may surprise you. If your credit card has a routine fixed low rate (currently up to 10 percent), this option may be feasible. But be aware that many of the so-called low rate cards are traps for much higher interest rates—the lower rates are only temporary and will go back up to a level possibly even higher than the original interest rate. Furthermore, if you are ever late on a payment, the low rate could be raised substantially. It's best to check with the bank to clarify any "what if" questions before you transfer balances or charge purchases under these promotional credit cards. Be certain you can pay significantly more than the minimum monthly payment. Remember, it may take up to four months before you are paid if your book is purchased through a bookstore or online bookseller. Should your book generate less than anticipated sales, you want to be able to pay the debt off in one to two years. Paying only the minimum amount could take as much as 30 years to retire the debt, depending on the interest rate and amount borrowed on your credit card. Obviously, you should think carefully about this option.

## **Creative Financing/Alter Tax Withholdings**

Starting a publishing company entitles you to several business deductions. As a result, you may find your tax liability lower your first year. Many individuals who

work and also start a business reduce their withholdings in anticipation of a lower tax liability. This is done through their employer by altering their W-4 form. They then use the extra money to finance their book project. Before you pursue this option, you should check with a tax specialist or tax accountant to verify your business project warrants this approach. Additionally, the accountant can advise you on how to alter your withholdings. A word of caution: If you use this option unwisely, you could end up with a tax bill you cannot pay.

### **Creative Financing/Co-publishing**

Authors who want a financial or experienced partner, more **control**, or more profits may decide to co-publish. An aspiring author may have a book idea but not enough money or experience to publish. A small press or experienced author may agree to finance the book's production, provided the aspiring author agrees to perform other duties. The two parties agree, in writing, on their mutual responsibilities and how to divide the profits. Ideally, the aspiring author promotes the book and shares part of the financial risk.

Co-publishing is not the same as vanity publishing. A publisher willing to co-publish does so because they believe they can earn a profit. They are not charging the author a fee to publish the book. In fact, they are assuming part or all of the

financial risks involved in publishing and promoting the book. The Spencer Johnson Company and G.P. Putnam co-published the hardcover version of the bestseller *Who Moved My Cheese?* in 1998. Today, over 14 million hardcover copies of this bestseller have been sold worldwide. Obviously, co-publishing can be a profitable alternative for many writers. This publishing option is becoming more popular, but is not easy to secure. You will have to convince someone you are worth the risk. The risks for the financier can be high if all parties involved are not totally committed to the project.

Fortunately, there are other options for you to consider, such as e-books, print-on-demand or small print runs.

### **Creative Financing/Special Market and Premium Sales**

Special market sales consist of finding niches or nontraditional ways to sell books.

A premium sale involves giving away books as part of a marketing promotion.

Suppose your book covers the subject of parenting. You have a manuscript and a sample book cover design. You know the director of a local hospital. All you have to do now is work out a deal where the hospital gives the book to new mothers.

The hospital later agrees to purchase 1,000 books for \$7,000. You require 50

percent down and 50 percent upon delivery of the books. With the \$3,500 you receive from the hospital, you have enough money to print 2,000 books. You have just financed 1,000 books for you and 1,000 for the hospital.

Although this example may be easier said than done, it does illustrate how you can use creative financing to print your books. Think of how you may apply this concept with book clubs, catalogs, associations, etc.

## **Other Sources**

Common sources of funds include 401K plans, credit unions, stock, savings, and home equity loans, garage sales, and auction site sales. Another option is to publish your book thorough a digital or print-on-demand publisher. For example, your book can be produced for less than \$1,000 by using publishers such as Author House or Xlibris. All of the above sources assume you have a well-written, marketable book. If not, you are just wasting time and money. It's to your advantage to bring in other professionals to help you make your book project well worth your efforts.

## **Financial Resources**

### **Banks**

Small Business Administration

[www.sba.gov](http://www.sba.gov)

## **Grants and Awards**

The Academy of American Poets  
584 Broadway, Suite 1208  
New York, 10012  
[www.](http://www.)

American Academy of Arts and Letters  
633 West 155<sup>th</sup> Street  
New York, NY 10032  
[www.](http://www.)

American Library Association  
50 E. huron Street  
Chicago, IL 60611  
[www.](http://www.)

The Foundation Center  
79 Fifth Avenue  
New York, NY 10003-3050  
[www.](http://www.)

National Endowment for the Arts  
1100 Pennsylvania Avenue NW  
Washington, DC 20506  
[www.arts.gov](http://www.arts.gov)

PEN American Center  
568 Broadway  
New York, NY 10012-3225  
[www.](http://www.)

Poets & Writers  
72 Spring Street  
New York, NY 10012  
[www.](http://www.)

Writer's Digest  
4700 E. Galbraith Rd.  
Cincinnati, OH 45236  
[www.writersdigest.com](http://www.writersdigest.com)

Mack and Sara are the authors of *How to Self-Publish & Market Your Own Book*. They conduct workshops at writing events and consult with writers on self-publishing and marketing. This article is a condensed version of a report available on [www.writershelpdesk.com](http://www.writershelpdesk.com) where you may also sign up for a free publishing e-course.

Copyright © 2004 Mack E. Smith and Sara Freeman Smith