

How can a writer determine whether royalty or purchase (possibly with advance) will prove most advantageous?

Q: A number of publishers state that they either offer royalties or buy work outright. Sometimes terms are stated in their guidelines, such as “5% royalty based on wholesale price or outright purchase (range: \$25-500),” or, “10-14% royalty based on wholesale price or outright purchase for \$2000 min.” Sometimes advances are available, sometimes not. How can a writer determine whether royalty or purchase (possibly with advance) will prove most advantageous?

Nancy Gallt, literary agent and owner of the Nancy Gallt Agency replies: “All of the publishers I deal with pay advances against royalties, and I wouldn’t recommend ever selling anything outright. I suppose smaller publishers can claim they aren’t set up to calculate royalties, but if they know how many copies they print and how many they’re likely to sell, it should be possible to pay the author a royalty. I feel royalties are fair — everyone shares in the success if a book does well.

“However, if the author does want to calculate whether to take royalties or to sell outright, the questions she should ask are: the format (hardcover, paperback, board book, etc.), the retail price, and the first print quantity. She needs to know the format to know if the retail price is realistic. If a publisher says they’re going to do a four-color picture book and sell it for \$5.95, there’s something wrong with their math (probably that they’re not calculating any money for the author). The wholesale price would be 50% of the retail price, since publishers sell to booksellers at a 50% discount. So the formula to figure out what would be fair would be the royalty rate x 50% of the retail price x the print quantity. Compare that to the outright purchase price. If it’s less, then go for the purchase. If it’s more, then ask why the publisher can’t continue to pay royalties on sales.” 1-2/03