SALE OF UNITED NATIONS PUBLICATIONS

Report to the Secretary-General

adopted by the Publications Board at its 374th meeting on 3 May 1961

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TRANSFER TO PUBLISHING SERVICE

1. On 1 February 1960, the functions of the Sales and Circulation Section of the Press, Publications and Public Services Division of the Office of Public Information were transferred to the Publishing Service of the Office of Conference Services.

2. The Distribution Unit of the Sales and Circulation Section was integrated into the Distribution Section of the Publishing Service. This Unit continues to provide those special distribution services required by the Office of Public Information with respect to publications. The remaining elements of the Sales and Circulation Section constitute a newly created Sales Section in the Publishing Service and this is the central point for administration of the publications sales programme.

3. The Secretary-General's Bulletin announcing the new arrangements (ST/SGB/122/Amend. 4) provides that, in carrying out its responsibilities for the sale of publications, the Publishing Service will be guided by the directives of the Publications Board and that the Board will submit to the Secretary-General an annual report on the sale of publications with an analysis and evaluation of the operations in financial terms.

REASONS FOR RE-EXAMINATION AND POSSIBLE REORGANIZATION OF THE SALES SYSTEM

4. In 1959, as a part of the general examination of the activities of the Office of Public Information, a survey of sales operations was carried out under the general direction of the Administrative Management Unit of the Office of the Controller, by a number of groups inquiring into special aspects of these operations. The findings of the groups were combined into a report which was submitted to the Secretary-General in July 1959 and which serves as the basis for the reorganization of the sales of the United Nations publications.
5. The Board noted, however, that the report was largely confined to matters of policy, basic organization and general procedures. Far-reaching proposals were put forward which, if adopted, would require many procedural adjustments; these could be worked out only through intensive study by operational personnel following decisions regarding the basic changes proposed in the report. The Board agreed that the detailed arrangements required for the smooth running of the sales operations required further consideration and that it might even prove necessary, in the light of experience, to vary the emphasis in certain of the report's conclusions on matters of principle.

6. In carrying out its responsibilities with regard to the sale of publications the Board has taken the view that its directives on the sales operation may, when necessary, enter into considerable detail on, say, the number of sales agencies and the types of contracts or the relative merits of space advertising as opposed to direct mail promotion, but that normally the Board should deal with these matters in general rather than in their application to particular cases. Similarly, the Board believes that it should not concern itself with administrative details of the sales operation, such as the staffing of the Sales Section. It reserves the right, however, to comment on such matters in general terms in so far as they affect the effectiveness and cost of the programme.

THE SALES SYSTEM AS THE BOARD FOUND IT

7. The structure of the sales system that had evolved over the years was a complex structure cutting across the work of many departments and offices. Timing of publications, sales promotion, the sales agency system, the Headquarters Bookshop, stock control, warehousing services, shipping facilities and accounting and invoicing functions were only some of the many questions requiring attention. It was apparent from the outset that a thorough review and a fortiori overhaul of the system was bound to take time and must be accomplished in stages.
8. While the minimum financial results expected from the sale of publications - that is that the operation should be self-supporting - had in the main been achieved, the margin was small and, indeed, in respect of 1958 and 1959 the operation, after charges for indirect expenses borne on the regular budget, showed a loss of \( £1,000 \) and \( £5,000 \) respectively. Further, the sale of United Nations publications was being subsidized to a certain extent by the sale of informational material, consigned publications, and postcards and similar items, through the United Nations Bookshop at Headquarters.

9. One of the basic problems confronting the board was the uncertainty prevailing as to the character of the sales operation, or more precisely what should be the proper relationship between free distribution and sales within the terms of the policy directives laid down in the basic principles approved by the General Assembly in resolution 595 (VI) and, in greater detail, in the Board's report on the pricing of United Nations publications for sale (ST/PE/6).

10. The Office of Public Information which, up to February 1960, had been responsible both for promoting an informed understanding of the work and purposes of the United Nations and for the sale of United Nations publications, had had to balance its responsibilities for free dissemination and public service with the business management processes involved in the sales operation. The emphasis placed on the dissemination of information tended to obscure the other aims, including the financial aims, of the operation. The practice, for example, of having a sales agent in every member state and of sending that agent stocks of publications on a consignment basis regardless of the local market might ensure that United Nations publications were readily available throughout the world but it was not productive in terms of either financial self-liquidation or efficiency. The transfer of the Sales Section to the Office of Conference

services should eliminate this dichotomy, leaving the Office of Public Information free to concentrate on the dissemination of information.

11. From the outset the Board took the view that greater emphasis in the sales operation should be placed on business efficiency, but that, even so, United Nations publishing activities could not be approached on a purely commercial basis.

12. The Board believes that the sales system must be such that anyone desiring to purchase United Nations publications anywhere should be able to obtain them without undue difficulty and that the Publishing Service should provide these facilities on a self-supporting basis.

REPLACEMENT OF THE UNITED STATES SALES AGENT BY DIRECT SALES

13. The report prepared by the Administrative Management Unit recommended that any new plan of sales operations should include the replacement of the sales agent system by direct sales services by the United Nations itself, wherever there were not the most persuasive reasons for operating through middlemen. The location of the Headquarters of the United Nations in the largest market area for sales publications, namely the United States, made it possible to consider switching to a direct sales arrangement for a key area without having to create an entirely new mechanism.

14. At its 354th meeting the Board approved a proposal by the Publishing Service that the contract between the United States sales agent (Columbia University Press - CUP) and the United Nations should be ended, the United Nations itself assuming responsibility for the sales of its publications in the United States.

15. The decision to give first priority to the question of sales in the United States was based on the following considerations, in addition to the question of proximity mentioned in paragraph 13 above:
(a) As the United Nations publications which formed the bulk of the United Nations sales of CUP were relatively easy to sell (a large part of the business, indeed, consisted of standing orders and periodical subscriptions), it was felt that, with little additional help, the sales section could benefit from the gross returns from those sales; the commissions being paid to CUP as an agent were larger than the estimated additional cost.

(b) As CUP has its own publications programme, it was understandable that it might not devote as much attention to the sale of United Nations publications as would the United Nations itself.

16. The Board noted that termination of the contract with CUP was an operation of considerable magnitude and complexity:

(a) The United Nations Yearbook was published by CUP and the Bookshop was operated by CUP (on a non-profit management contract basis) and both those arrangements would have to be reconsidered.

(b) Detailed agreement would have to be reached with the agent on stocks, warehousing, and reconciliation and settlement of accounts.

(c) The United Nations would have to accept responsibility for the fulfilment of standing orders for United Nations publications and subscriptions to United Nations periodicals. The mailing of promotion for subscription renewals would gradually have to be shifted from the agent to the United Nations and an announcement to the public would eventually have to be made.

(d) The work of the Distribution section would have to be rearranged so as to enable it to handle the work previously undertaken by the agent.
17. Discussions with CUP were begun in July 1960 and agreements were reached at the end of September on a time table and arrangements for the termination of the contract. The Board approved these arrangements at its 360th meeting on 19 October 1960.

18. The contract with CUP was terminated on 31 March 1961. The United Nations had already undertaken, however, to accept responsibility for the fulfilment of all subscriptions and standing orders for United Nations publications on 1 January 1961. CUP has made its strip lists of addresses available to the United Nations and they will be integrated into the United Nations system.

19. The final statement of account will be submitted to CUP by 1 May 1961 and CUP has agreed to make final settlement by 30 June 1961.

20. Under the new arrangements the United Nations will be able to offer the retail book trade better terms than CUP did. The sale of substantial quantities of United Nations publications through general book retailers is unlikely and the United Nations sales operation will remain primarily a mail order and subscription business; but the possibility of offering special terms to particular outlets, if it would be advantageous to do so, remains open.

21. The management contract for the United Nations Bookshop is conterminous with the agency contract (31 March 1961). A number of new contractual arrangements have been explored including direct management through an arrangement similar to that for the United Nations Sales Service and operation by the United Nations Co-operative. The change in the management contractor will not in practice result in any great change, as the Bookshop's policy and actual commercial operations are now directed by the Sales Section and not by the contractor.

22. The publication of the Yearbook has been the subject of special study. As the publication of the Yearbook yields a profit, no difficulties are anticipated in reaching a satisfactory solution.

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2/ A contract with the United Nations Co-operative was approved in March 1961.
23. The Board was informed and is pleased to record that throughout the negotiations on the termination of the contract and the actual transfer of activity, CUP was most co-operative and understanding.

24. The sales structure is built around a network of eighty-five sales agents representing the United Nations in various countries. The contract with the agent does not provide for exclusivity, although the practice has been to channel business to him. Discounts vary from 40 to 50 per cent. In all cases shipping and mailing charges are borne by the United Nations. Two types of accounts are maintained with the agents:

(a) A firm sales account, under which all material shipped is a firm sale to the agent payable within sixty days of the invoice date; and

(b) A consignment account, under which (i) material shipped remains United Nations stock, in care of the agent, until sold; (ii) annual reports of sales and unsold stock are required of the agent with annual payment for stock sold; (iii) credit for all unsold stock is available to the agent.

25. The basic problems posed by the present arrangements may be summarized as follows:

(a) Few of the agents can be called large producers in terms of net returns (only seventy-one have active contracts and less than fifty are really active in any sense);

(b) The paperwork involved in arranging contracts and corresponding with the agents requires efforts far out of line with the results achieved;

(c) Many small agents fail to file full or timely inventory and accounting reports making it virtually impossible to evaluate results properly or to maintain proper inventory and sales records of individual agents;
(d) Agents have tended to concentrate their efforts on other more profitable publications despite the relatively high commissions provided by the United Nations;

(e) The sales agents system has the effect of limiting the market, in as much as other reputable dealers in a given area with regular clienteles are not prepared to purchase through the intermediary of the nationally designated sales agents;

(f) A number of agents are not in a position to provide national, as opposed to local coverage;

(g) High commissions to agents contributed to low net income and thus to the general financial difficulties facing the sales programme;

(h) Sub-standard distribution and sales conditions too often exist among the agents.

26. The greatest problems have arisen in connexion with the consignment accounts and it is in that area that remedies are first to be applied.

27. Consignment arrangements are standard in the book trade and are satisfactory in those cases where the agent fulfils his contractual obligations to a reasonable degree. Where it is evident that the agent is not fulfilling his obligations even to a minimum degree, consignments will be suspended or the agent may even be replaced altogether, new agencies being developed either with reputable book-sellers who will fulfil their contractual obligations or with multiple trade outlets through protected sales accounts. Under the protected sales account, book-sellers will have, after ninety days, to pay for all books received and they will be responsible for shipping charges. On the other hand, they will be permitted to return any unsold books and will receive credit for them. The resulting reduction in the number of books sent on consignment and the transfer of shipping charges to the agents will be financially advantageous to the United Nations.

28. The task of identifying unsatisfactory agents was initiated with the dispatch of statements to agents as of 30 September 1960. The results should be known some time after 31 March 1961, which is the latest date
provided in the contract for the annual accounting of consigned stock sold. Once the unsatisfactory agents have been identified, consignment privileges can be confined to sales areas where experience justifies such arrangements. Even in those areas, however, more advantageous contracts will be negotiated wherever possible. Changes may include restricting consignment privileges to publications issued, for example, in the last two years, requiring the agent to pay shipping charges, removing Official Records and periodicals from the consignment privilege and establishing a reduced commission for periodical subscriptions serviced by the United Nations.

29. The Board believes that implementation of this programme will improve the sales of United Nations publications, bring the time spent on the sales effort reasonably into line with the results, and permit the Sales Section to concentrate more on sales promotion work for the future improvement of the sales programme.

30. The general changes outlined above will have their greatest impact on Asia and Latin America, the latter in particular. The problem is very different in the two areas: in Asia the sales agents are on the whole satisfactory but more agencies have to be developed; in Latin America, on the other hand, the agency system is yielding very poor results. A particular effort will be required to improve the situation there and some steps have already been taken. As a first step, a complete catalogue of Spanish language publications has been published and some 1,500 copies have been distributed in Latin America. Space advertising in excess of 1,000 has been taken to promote the sale of UN titles and plans are being formulated for a major sales effort on the revista. Close co-operation will have to be established with the information centres and UNA. The Board believes that once the United Nations begins to promote its own publications more actively in Latin America, it will be in a position to be more demanding of its Latin American sales agents.
31. Sales of publications in France are not as high as would be hoped, but the situation should improve as a result of the programme outlined in paragraphs 27 and 28 above. At a later date, efforts will be made to promote direct United Nations (Geneva) accounts with book-sellers active in the sale of UNNCO publications.

32. The sales operation at the United Nations Office at Geneva is to be reviewed. More trade outlets will be opened up, there will be closer supervision of the performance of sales agents and a continuous promotion campaign for United Nations titles in as many languages as required. It is hoped eventually to appoint an additional officer at Geneva to supervise the Geneva sales operation and to be responsible for sales promotion in Europe and, at least initially, Africa and the Middle East. Subject always to the provisions of ST/SG/82/rev. 2, the sales section at Geneva will continue to work under the instructions of the Chief of the Sales section at Headquarters.

SALES STATISTICS

33. The part of the annual budget estimates dealing with income includes a section giving estimates of the revenue and expenses in respect of the sale of publications. (For figures see paragraph 46 below). It has long been recognized that the figures for receipts from the sale of publications by agents are not comparable from year to year because a figure for a given year represents not the sales in that year but rather the sales reported by the agents during the year. In the past, agents have reported very irregularly and the United Nations has had no other source of information, since the publications were largely sent out under the consignment accounts arrangement. Apart from its adverse impact from the budgetary and the accounting point of view, this unsatisfactory situation has also rendered difficult the Board’s task in planning the volume of the printing programme.

34. Once consignment privileges are restricted, it should be possible to maintain a statistical record of distribution, and sales figures by
title should be more readily available. Arrangements are being introduced for maintaining a separate record – by separate new title – of the number of copies distributed for promotional purposes and the number of copies issued on (a) a firm sale basis and (b) a consignment basis. In addition it will be possible to check consignment accounts where necessary and determine consigned stock sold. The computation involved will be complex, but the Board understands that, by the end of 1961, statements of sales by title should be available, at least for the most important publications.

PUBLICITY

35. During 1960, and pending the reorganization of sales operations, which must be developed to ensure prompt and efficient filling of the orders which sales promotion produces, a modest publicity programme was carried out.

36. This programme can be approximately divided into four main types of publicity:

   (a) Direct mail (catalogues, brochures, flyers, etc., and related work in the distribution of this type of material);
   (b) Space advertising (space in appropriate journals purchased for the promotion of the sale of United Nations publications);
   (c) Review copy service (distribution of complimentary copies of United Nations publications to potential reviewers in selected media);
   (d) Exhibits (participation in meetings, conventions, exhibitions, book fairs, etc.).

Direct mail

37. A basic change to direct mail was initiated in 1960. Previously the programme was developed around an annual catalogue, in English and French, and a group of brochures and flyers, each covering one of the most important United Nations publications, with a few related titles.
The 1960 programme was made up of:

(a) A Books in Print 1960 Catalogue, in English, French and Spanish, which covered all publications available back to 1953;

(b) Three separate Advance Catalogues covering the whole of the 1960 publications programme and dealing respectively with Economic, Financial and Statistical Questions, Social Questions, and International Law;

(c) Miscellaneous brochures and flyers to cover specific direct mail needs.

Approximately 300,000 pieces have been distributed by the Sales Section, either directly to consumer prospects, or indirectly through, for example, agents, information centres, Governments, and non-governmental organizations.

Space advertising

38. Space was purchased in suitable journals published in France, the Federal Republic of Germany, India, Italy, South America, the United Kingdom, and the United States. Generally speaking, the main criteria for the space advertising of United Nations publications and periodicals are:

(a) the editorial character of the advertising medium;

(b) the geographic pattern of its circulation.

Review copy service

39. The review service is provided to:

(a) those journals on the lists maintained by the Sales Section which have previously demonstrated a willingness to review United Nations publications;

(b) journals recommended by author departments;

(c) journals recommended, inter alia, by information centres and sales distributors.

Other journals which have expressed interest are advised of new publications and invited to apply for a review copy.
40. During the year 1960, thirty-three titles were distributed for review purposes in the total amount of approximately 1,100 copies. The reviews and listings received for one of the more important publications, *Patterns of Industrial Growth*, are given below by way of example:

United States of America: *New York Times*
Israel: *Business Diary*
Italy: *Rivista di Politica Economica* (Savaria)
United Kingdom: *Machinery Lloyd*
Pakistan: *Morning News, Karachi*
Netherlands: *Overijzer Economist*
Argentina: *Economic Survey*

**Exhibits**

41. United Nations publications were exhibited at the Warsaw Book Fair, the Frankfurt Book Fair, the Turin Trade Fair, the Annual Meeting of the American Academy of Political and Social Science and the Annual Meeting of the National Education Association (Los Angeles). Special United Nations Week displays were organized in the United Kingdom (1960), the United States (San Francisco), and Argentina (Buenos Aires), and at the addresses of the main sales distributors.

**STAFF**

42. At the time of the transfer to publishing service the sales staff of the Sales and Circulation Section consisted of fourteen staff members (two on Temporary Assistance).

43. An additional staff member was recruited on Temporary Assistance in 1960, making a total of fifteen. With the direct assumption of the United States market in 1961 an additional five staff members on Temporary Assistance have been authorized, to accommodate the additional workload.

44. Priority has been, and continues to be, given to operational reorganization within the Sales Section. It is considered that the best encouragement to increased sales is efficient execution of orders,
and numerous changes have been made to improve methods for order processing, distribution, accounting, etc.

45. Additionally, the reorganization is designed to improve a rationalized and automatic work flow, reducing the supervisory role of the Sales Officers to a minimum. The main objective here, apart from efficiency in operation, is to free the Sales Officers from administrative detail, and permit them to give their full attention to the development of sales in the areas allotted to them. The positions of Sales Promotion Officer and Business Management Officer have been abolished, and the following established in their place:

Sales Officer, North America
Sales Officer, South America, Asia and the Far East
Sales Officer, Europe, Africa and the Middle East.

FINANCIAL RESULTS OF THE SALES PROGRAMME

46. As an indication of the financial results of the sales programme, the following analysis provides a comparison for the years 1959 to 1962.
### RESULTS OF THE SALES PROGRAMME

<table>
<thead>
<tr>
<th></th>
<th>Revenue from Sales</th>
<th>United Nations Bookshop</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Agents and other income</td>
<td>Actual</td>
<td>Revised Estimate</td>
</tr>
<tr>
<td>Gross Sales</td>
<td>266,566</td>
<td>328,789</td>
<td>415,000</td>
</tr>
<tr>
<td>Less: Cost of sales</td>
<td>17,045</td>
<td>22,184</td>
<td>18,000</td>
</tr>
<tr>
<td>Discounts</td>
<td>6,221</td>
<td>6,500</td>
<td>7,000</td>
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<td></td>
<td>243,300</td>
<td>306,605</td>
<td>390,500</td>
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<tr>
<td>Expenses charged</td>
<td>60,407</td>
<td>49,075</td>
<td>140,600</td>
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<tr>
<td>against revenue</td>
<td>257,530</td>
<td>249,900</td>
<td>268,200</td>
</tr>
<tr>
<td>Credit to income</td>
<td>182,893</td>
<td>257,530</td>
<td>249,900</td>
</tr>
</tbody>
</table>

Additional expenses under regular budget appropriations: 278,356 291,343 259,500 268,000

Difference between "credit to income" and additional expenses: (7,800) 53,254 82,900 98,400

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2/ This is not an accounting statement. The 1959 and 1960 figures are tentative pending final audit. The 1961 revised estimates and 1962 estimates are shown as proposed by the Publishing Service and endorsed by the Publications Board.