

FIVE

Reinventing Distribution

John Wood was inspired to found Room to Read while backpacking through Nepal. Residents of a mountain village impressed Wood with their eagerness to read, but lack of resources. After returning to the United States, Wood asked family and friends to mail book donations to his home, at their own expense. From there, Wood and his father packed them up in suitcases and boxes to take as baggage on their international flight. Once on the ground in Nepal, both passengers and cargo traveled by truck to the base of the mountain. From there, yak drivers actually loaded the books onto the animals' backs to ascend the steep paths. Yak-back transportation may be unique to Nepal, but the need for innovative

methods of moving books to where they are needed is universal.

During my research, I asked nearly everyone which they have found to be more difficult: Creating wonderful new books that meet the needs of all readers? Or solving the logistical challenge of how to get those books into the hands of all the people who need them? It was not a close contest. Respondents were unanimous that distribution is harder. Developing countries especially contend with limited transportation infrastructure and unreliable postal systems.

Even in the United States, however, the “last mile” challenge is enormous. Erica Perl, vice president of First Book, encapsulates her organization’s concern for distribution. “Even though there are books that aren’t being written, I do feel like there is still a huge issue with that. There are great books that aren’t getting to the readers.” First Book’s president Kyle Zimmer adds, “We are deliriously happy to reach 164,000 groups. But at the same time, we have to remember that what we reach is perhaps 10 percent or 12 percent of the kids who need us. We are such a long way from cracking it open.”

Melody Zavala of Books for Asia echoes this view. “I think the last mile is always the most difficult in any program; making sure that the books really reach the most

disadvantaged people who most need them.” In addition to cost and language barriers, geographic barriers cut many communities off from books. Zavala continues, “Having that reach all the way out to far-flung communities that don’t have all of this infrastructure, being able to really reach a product that far is definitely the most difficult part.” Imagination Library confronts the same challenge when serving rural and Native communities in North America. “There’s a lot of empty space in Canada,” David Dotson points out. “We don’t take that infrastructure for granted.” For readers isolated by snow and simple extreme distance, books must come in by plane.

From Pratham Books’ perspective, “Creating access is infinitely harder than creating books,” Suzanne Singh states unequivocally. “Getting books into the last village in the last state that is very underserved is really, really hard. We have constantly had to innovate and do really radical stuff.” Singh describes some of the creative approaches her organization has tried. “We have worked with the postal system, since that is available in every little village: can they be the carriers of our books? And there are companies that sell soaps and detergent. We partnered with them to load books onto their trucks. Solar companies that sell lights and cookers in underserved areas.” None of these methods proved satisfactory.

“Creating access to reach the underserved child is probably the biggest and most challenging thing that we’ve done.”

Books for Asia

Not far from the Oakland port on the San Francisco Bay, four or five staff members occupy offices at the front of a large warehouse. This is the global headquarters of Books for Asia. At the front of Books for Asia’s California warehouse, large bay doors slide up to allow trucks twenty to forty feet long to offload pallets stacked high with books donated by U.S. publishers. The floor is dotted with twenty or so large pallets, each stacked with simple but colorful paperbacks. The back portion of the warehouse resembles the self-service section of an IKEA store. Towering shelves support boxes upon boxes of books that will move more slowly: overstocked medical textbooks, dictionaries, and academic titles that underperformed the publishers’ hopes for crossover appeal. A typical book might spend three to six months in this warehouse before shipping out.

Along several rows of folding tables, two young women pick books from various piles to complete a specific packing list. Each box is destined for a particular country. Today, the team is at work preparing a forty-foot shipping

container destined for Myanmar. Later this month they will send shipments to Vietnam and Pakistan. The deliveries are carefully planned to use the space of a standard shipping container as efficiently as possible. Once overseas, some of these containers will be loaded onto trucks, others on railroad cars. Each will ultimately find its way to overseas schools, universities, and community organizations. “Fortunately we have an Asia Foundation office and staff with great networks in just about every country where we distribute books,” Zavala notes. The Asia Foundation has negotiated duty-free arrangements with each government, so that no taxes are imposed on the entry of Books for Asia containers.

The Books for Asia program works similarly to food-rescue organizations, which distribute donations of unsold food items to charitable pantries across a city. The U.S. publishing industry operates on consignment, meaning that booksellers can generally return books they are unable to sell to the publisher. If too many books are returned, the publisher has to find ways to dispose of them. This has long meant that publishers are eager to collaborate with book charities by donating remaindered copies. Wendy Rocket, Books for Asia’s communications director, explains: “With our book donations from American publishers, because we have been doing this for a

while, we are able to get the volume needed to achieve economies of scale.” Their stock is generally in English, but they are sought after by universities and lower schools where English is the second language. “Because we have this access to this particular supply of books, we are able to meet a very specific, and from what we are told, a still very relevant demand in Asia.” Ironically, a book may be printed in Singapore, then travel through California and Ohio to end up on a book shelf in New York City; later, it returns through Ohio and California to find its way back to Singapore.

“We talk about our work sometimes as matchmaking,” Rocket explains. “We see what books our publishers have to donate, and we have a system of choosing and collecting. And then we coordinate with our staff in Asia.” This work is vital to ensure that books end up in places where they will actually be useful. Some countries have significant need for medical textbooks, while others cannot use them. A nursing college in Vietnam might report that it particularly needs drug reference handbooks. Books about Christmas will delight children in the Philippines but not in Afghanistan. India cannot accept any books with maps that “misrepresent” its disputed Kashmiri border with Pakistan. And every partner has a limit on the number of copies of any one title that it can usefully distribute.

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Although the books are donated by publishers at no cost, “shipping and handling” expenses are significant. Books for Asia does the work of unloading, sorting, storing, matchmaking, planning, packing, and sending. It can take anywhere from two to six weeks to process a large donation from a publisher. Correctly labeled boxes full of the same book are easiest to sort and stack. Many boxes, however, come with a hodgepodge of remaindered books returned by a single bookstore. These must be individually catalogued and stacked on shelves. Staff time is needed for cultivating publisher partnerships, managing the warehouse, coordinating with overseas partners, and planning shipments. Increasingly, U.S. publishers expect the charity to pick up the cost of transporting donated books from their midwestern hubs to the Bay Area. In recent years, the organization has gone from shipping approximately a million books per year to less than half that number, because of budgetary pressure. The funds simply are not there to move the books.

On the other side of the ocean, local partners must manage a similarly challenging set of logistics. Melody Zavala, also of Books for Asia, explains: “There is a whole variety of distribution methods at that point. In many places, there are always people coming to the capital city for some reason. In some places, it is easy enough and

cheap enough to send it through the postal system or by truck or by boat. In another place, all the school principals come to the capital for their annual meeting with the ministry, and they are empowered to do the pickup. There is an incredible variety of ways, sometimes going out with other Asia Foundation programs. In Vietnam, the national library of Vietnam has big and tiny libraries across the country, all the way down to village level, and they take on the distribution.”

Supply Chain Innovation

Whether commercial or charitable, distribution at large scale requires sophisticated logistics. There are a million ways to move books, but not all approaches are equally efficient. Dedicated brick-and-mortar bookstores are incredibly expensive. Amazon.com disrupted this market by cutting costs in the supply chain through innovations such as online shopping, the Amazon.com second-hand marketplace, regional fulfillment centers, Kindles, and e-books. To reach even a fraction of the global population hungry for books, similarly radical supply-chain innovations are needed. First Book and Imagination Library—both introduced in Chapter 2—have been particularly successful in driving down the cost of delivery in order to expand the population they can serve.

First Book's earliest distribution model, the National Book Bank, took a very businesslike approach to squeezing every drop of value out of a transaction. The charity found it could take advantage of donated warehouse space to temporarily hold large volumes of remaindered books. First Book emailed its literacy partners on a monthly or biweekly basis to let them know what titles were in stock. A national network of volunteers handled packaging, loading, and delivery of the resulting orders. These cost-cutting measures helped First Book drive costs down to fifty-five to seventy-five cents per book, while offering teachers the ability to choose specific titles in bulk.

Today, First Book's literacy partners can also shop online. In this newer delivery model, First Book purchases books from publishers at a discount. Paying for books, rather than waiting for donations, makes the model highly scalable. First Book now processes more purchased books than donated ones. Each order is mailed via UPS at discounted rates. Partners may order any number of copies, with free shipping on orders of twenty-five dollars or more. The challenge to scale lies at the periphery of the distribution network. Literacy organizations and classrooms are the crucial final link in the supply chain. To fully leverage this link, First Book launched a national marketing campaign to make teachers aware of the service.

Imagination Library approaches the last-mile problem in a different way, by mailing books directly to children's homes. Publishers specially print the books to order and ship them to Imagination Library's hub in Knoxville, Tennessee. From there, distribution to each participating community is handled by Direct Mail Services, a family-owned business that has worked with Imagination Library from the very beginning. This shipping method takes advantage of bulk mail rates offered by the United States Postal Service, more commonly used by magazines and shopping catalogs. Tall stacks of paperback books are delivered to postal distribution centers in low-income neighborhoods. Mail carriers distribute books to the designated addresses along with other mail. Print runs are calculated to cover exactly the number of copies to be delivered, without warehousing.

"We spend cents on shipment here in the U.S.," Dotson says. Cost-effective distribution has allowed the organization to expand greatly. Imagination Library currently reaches 4 percent of all children up to five years old in the United States. Dotson hopes this will soon reach 10 percent of the target age group. "This would be bigger than WIC, bigger than Head Start," Dotson explains. "Things that you think are giant, ten percent would dwarf that."

Imagination Library already operates in Canada, England, and Australia, Dotson notes, meaning that the program “will soon exhaust the supply of English-speaking countries with postal systems.” Imagination Library would like to work in more countries, but this will require further supply-chain innovation. A pilot program in Belize ships books from the U.S. every three months to achieve the necessary volume, hand-delivering them monthly through a network of local churches. The goal is to work at scale in several more countries by 2020. Latin America is the obvious first target, because Spanish is used throughout the region.

So far, no organization has attempted Imagination Library’s direct-to-the-child delivery model in a multilingual context. Theoretically, it could be quite efficient. Parents already give their child’s age and address at signup; they could also list a language preference. Local networks could be leveraged to sign up a critical mass of families speaking a certain language. At least in neighborhoods with a high concentration of families speaking a certain language the economics should work out. The approach should work well for Spanish-speaking families in the United States, or Arabic-speaking families in France and Germany. For developing countries with an underdeveloped postal system and intense linguistic diversity, the challenges are even greater.

The Limits of Print Distribution

Pratham Books sells around one million print copies of its books to major charities and schools each year. Figuring out how to grow outside of these institutional channels has been more challenging. Purvi Shah came from a background in marketing and distribution. Since joining Pratham Books, she has exhaustively experimented with creative approaches to deliver books to villages across India. The challenge is extraordinarily complicated.

“Say for argument’s sake we ride a Coca-Cola distribution network,” Shah suggests, imagining a corporate partnership to ship books alongside crates of Coke. “Theirs is probably the deepest and farthest in India. But I do not know what languages they need in which villages, and the level of the child there.” Books present a complex distribution challenge. Anyone can enjoy a Coke. The same product can be shipped to anywhere in the world. Soap, sugar, gasoline, matches, and even vaccinations work similarly. Pratham Books has more than two thousand different products, however; hundreds of titles in dozens of languages at varying reading levels. And this is just for children in primary schools. Teenagers and adults have even more individualized information needs and genre preferences. For books to be useful, it is essential that each reader is matched with the appropriate product.

With physical distribution, Shah realized, “We could never get that match out.” This insight has pushed Pratham Books to emphasize digital distribution in its strategic planning. Shah has moved from working on corporate distribution partnerships to heading Digital Projects. Through the Internet, any school in any community can locate books in the right language, at the right level, on a particular theme of interest. The desired title can then be promptly delivered anywhere in the country, with zero shipping and handling costs. For communities without reliable Internet service, hundreds of digital books can fit onto a tiny memory card, traveling easily in a pocket or bag.

Where postal systems are strong, they offer a convenient and cost-effective way to deliver hard-copy books. In the United States, Imagination Library spends pennies per book to ship directly to children’s homes. The trade-off, however, is that the recipients have no ability to select particular books of interest. The distributional economies of scale depend on sending the same book at the same time to every child in a particular zip code. To provide greater inventory and choice, First Book manages an even more sophisticated distribution system, mimicking that of online book retailers. In this model, distribution costs around one dollar per book.

These methods are more challenging to deploy in developing countries, because of greater geographic barriers, underdeveloped infrastructure, and unreliable postal systems. “That kind of distribution system is not set up in these places,” explains Susan Rimerman of Worldreader. “When a publisher came from South Africa to our summit in Kenya, they brought two huge suitcases of books. That was part of their distribution method!” Because Books for Asia serves overseas readers, its distribution costs are higher, around \$2.50 per book. That investment pays off handsomely for a medical textbook that retails for more than \$100. The value proposition is much less compelling for children’s paperbacks, though country partners are desperate for these much-needed materials. Rimerman points out: “In the U.S., you can order books from Amazon and have them on your doorstep in three days. They just magically appear. People don’t think about the infrastructure that made that happen.”

Digital technology offers to make books “magically appear” in a different way. When an e-book is requested, you do not need to pay an employee to check whether it is in stock, find it on the shelf, and pack it. You do not need to load and insure and ship and unload. You do not need to warehouse a local supply or wait weeks for arrival from halfway around the world. Yes, software still has to

be designed, but this can scale to deliver millions of books at less than a penny apiece. The software you need may already exist. For charities looking to make their budgets stretch, these potential cost savings are significant and very attractive. For this reason, literacy charities in the developing world are increasingly emphasizing digital content.