First, gather materials.
You can't do a decent, deep revision of your book without a printed manuscript copy of it. Don't try revising on the computer screen. Words look and feel different on the printed page that they do on a monitor, and you'll find mistakes in hard copy that your eye would slide right over on the screen. So you'll need:

1. A manuscript copy of your novel, appropriately double-spaced and with wide margins. Don't go with anything less than an inch and a quarter all the way around.

2. A new single-subject spiral-bound notebook -- you'll be writing down continuity errors in this, ideas that you'll need to include later in the story, notes about threads you dropped, and more.

3. Pens with three or four colors of ink (colored ink optional).

4. The background notebook or notes that you created while working on the book, plus any maps, charts, diagrams, character descriptions, etc. that you used while you were writing it.

Second, set a completion date for the revision.
You need to keep yourself going with deadlines. It's easy to fall into a nasty cycle of second-guessing yourself, revising your revisions, and never getting to the point of actually sending the manuscript out. So you have to remind yourself that the book you're writing right now isn't going to be the best book you will ever write. (If it were, that would be really sad, because it would mean your entire career from this moment on would be downhill.) Your objective is to make it the best book that you are capable of writing right now. Worry about next year next year.

I can do a complete revision of a 125,000 novel in one to two weeks. It might take you less time than that, or more -- but if you're spending more than two or three months on this, consider the possibility that you might be malingering because you've developed a sudden case of cold feet about mailing the thing. A little self-honesty never hurt -- much.

Now, sit down with notebook, background, and pens in hand, and start reading from the beginning. It helps if you pretend you've never read this stuff before. If, like me, you end up doing much of your writing in that almost-metaphysical fugue state where you're watching events in the story happen and typing what you see, there will be whole huge chunks of it that you won't have read before. Those will generally be the good bits.

From word one, ask yourself the following questions:

- Does this character appear all the way through the book, or disappear with an explanation? (Death, travel, etc.) If not, does this character have a place in this book?

  I introduced a character on page one, chapter one of the book I'm currently working on that I discovered in my read-through never appeared again. My ideas for the novel shifted as I wrote, and he just vanished. So now I'm having to follow up and add him back in, especially at the end where he will add a lot.

- Does this character still look and act the way he did at the beginning of the book? If not, have I shown the character development that accounts for the changes? Or did I just screw up?

  I am hell on wheels for giving people hair and eye color changes, adding six inches to their height, adding or removing foreign or regional accents as the story progresses. In first draft, this is no big deal. But you can't let the book go out the door with those sorts of errors still in there.
If this scene introduces a new idea or new action, is it something that I remembered to follow through all the way to the end? If you add subplots, introduce new characters, throw in red herrings or real herrings that you intend to make use of at the end of the story, you have to make sure that you pick up on them by the end of the book.

I'm a "kitchen sink" writer -- that is, if I have a good idea while I'm writing but I'm not sure where it's going, I'll throw it anyway and trust my subconscious to make it work. Most of the time it does. Sometimes my imagination is a little too fertile and I'll end up with promising subplots that simply vanish because I forgot about them in the press of the main storyline. This is the point where I mark each of those dropped threads and figure out where I can fit it in (or else figure out how to extract it without crashing the book.)

Have you met the objectives of your story? Did you resolve your theme and your major and minor character conflicts (excluding those thrown in to give some meat to the next book in a series, if relevant), bring your plot to a logical conclusion, and give the reader something to cheer about at the end?

Have you followed your header, chapter, and quote scheme consistently? If you use subheads for each chapter at the beginning, did you remember them at the end. (I didn't in this current book. Oops!) Do you have quotes at the start of the front chapters, but not the back ones? How about chapter titles? Did you write out Chapter One at the start of the book, but just go to 35 by the time you hit the end?

Does this scene matter? Not "Is it well written?" or "Is it interesting?" or "Do you love it because it's funny, cool, sexy, or brilliantly written?" Does it matter? Does it move the story forward, develop a character, flesh out the plot, and create the forward momentum that will keep your reader reading?

I've written a lot of great scenes and even some great chapters that never survived to the mailing draft of the book. I fell in love with my own writing, got distracted by secondary characters that took off on a tangent, and because of the way I write, I followed them. But in rereading, I discovered that I wasn't following them anyplace that mattered to my book.

You have to be willing to ruthlessly cut stuff you love if it serves no real purpose to your story -- at least if you hope to be published.

Have you demonstrated an acceptable level of literacy?
It isn't more important than everything above, but it is as important. Is your spelling correct? Is your grammar grammatical? Do your sentences parse logically? Do you have paragraphs, and do the break at logical points? Do you use the best word for what you're trying to say? Have you used a lot of unnecessary words, or re-used the same word over and over and over?

As you read, correct any little mistakes in the manuscript margins. This includes spelling and typing errors, awkward sentences, vague bits of dialogue, and places that just don't read right as you go through them. It also includes little continuity errors like hair and eye color, height, age, and dialect. Those corrections fit pretty well into margins and are easy to edit from page to screen as is. Get rid of all those florid descriptions So do chapter, section, and quote corrections.
At the same time, mark off the big errors that you find. These are the continuity and story errors that I described above. These are rarely "fix-it-in-the-margin" errors. Mark each one that you find with an asterisk, and in your spiral-bound notebook, describe the problem you found and what you need to do to fix it. For example:

"John Brown appears at the front door with a package for Murphy, and is carrying a knife, but after Murphy opens the package, I never use John Brown again. He needs to show up in the parking lot scene before the end of the book and threaten Murphy with the knife."

This is where different-colored ink comes in handy. If you edit each day's work with a different colored ink (or rotate between three or four) it becomes a whole lot easier to locate your notes to yourself and connect them to the appropriate asterisk.

When you finish your read-through, go back and start adding pages. Don't do this before you've done one complete read-through, because as you get to the end of the book, you'll find places where you jumped to conclusions that you'll need to support earlier in the book. If you're a thrifty writer (as I try to be, since I always seem to be writing with a constrictively short word limit -- and, yes, there are days when fitting my 200,000 word idea into a 125,000 word novel can feel like writing haiku), you'll figure out ways that you can kill two or three or even four really big goofs with a single new scene.

Finally, re-read the book in manuscript form one time after your major edit. Writing uses a lot of paper, a lot of toner, and a lot of time and patience. But the end goal is to get your manuscript in front of an editor who wants to buy it, and in order to do that, you have to demonstrate professionalism. Don't edit, and then forget to check your changes.

For the read-through of your manuscript, you can print it in small type with small margins and on both sides of the paper if you want. You're mostly going to see if you've introduced any new mistakes with your new sections. I have discovered that I always add a few spelling mistakes at this stage, and invariably I'll take out part of a sentence, edit the rest of it . . . and then leave a section of the old sentence dangling there at the end. Don't just skim this part. Be vigilant.

And when that's done, kick the thing out the door. And have yourself a party. You've earned the right to celebrate.