Interview / Harry Moore

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Against the Grain

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People

An Interview With Harry Moore, Managing Director, Collets by Katina Strauch

Several of us have heard of the financial difficulties of Collets. We called Harry Moore in England to talk to him about some of these problems. He was incredibly charming and very forthcoming about the company's problems. Here is what he said . . .

Q: Would you tell us what is going on with Collets?

A: There are three levels of financial difficulty in England (somewhat like Chapter 11 in the U.S.) — liquidation, receivership, and administration. Collets is in the "administration" or first stage. We want to recover the company. We will resolve our problems by injecting cash into the business. The company has been placed in administration to protect it from creditors and to reduce staff cost. I have a history of going into companies which are in financial difficulty and helping them come out of it. I have injected some of my own cash into the company. Seventy percent of the business has been sold as equity shares to Philip Wilson Publishers Ltd. of London and thirty percent of the company has been bought by me. We are going forward. We are looking toward a successful future.

Q: What sort of "time line" are you working on?

A: We met with our creditors on Wednesday, September 1, and they agreed with our proposals. This is very good news. The plan for financial recovery will be completed by the end of September. The United States is a large and good market. We will come out of this and we very much want to continue to do business in the U.S. Currently we are operating normally. Most of our customers are staying with us. We sell books in to and out of the United States. At some point we would like to open a Russian Book Center in the U.S.A.

Q: Have you closed down your U.S. office?

A: No. It is currently not staffed and we are very interested in finding someone to act as our American representative. We wish to pursue selling in the U.S. aggressively. We want publishers to think of Collets as a friend not an enemy. We are interested in the distribution of materials in and out of the United States and throughout the world. We are recruiting for a person in this position in the U.S.

Q: How did Collets come to be in financial difficulty?

A: Collets was founded in 1933 by Eva Collet Reckitt and Olive Parsons (who is now 101!). It was known for selling "radical" books and for selling books that others did not sell. It has a fascinating history. It was not profit oriented. It was for the selling of niche market books and did not have a policy of retaining profits or returning them to the company for reserve. The company lost two million pounds of annual book sales to Russia due to the political and economic collapse of the Soviet Union. Two shops were blown up in the Salman Rushdie Satanic Verses problem causing further losses. The Board of Collets has changed completely and has changed its policy. Profit is very important.

Q: We understand that Collets had a Book Fair in Moscow in June?

A: Yes. It is called the Collets Book Fair. We took 3500 titles and sold 2000 in two weeks. We did very well. There was only a 25% discount off the retail price. We sold largely English language books — American and British English. The BBC books sold very well. We largely sold in rubles to be converted to US dollars, the major foreign currency. We sold some in pounds as well. The dollar is the first currency and the DM is the second currency. Currently there are 1000 rubles to the dollar. It's pretty easy to be a millionaire in rubles.

Q: We hear so much about how it is impossible to convert rubles to dollars.

A: We have bank accounts in several currencies and it is now possible to convert rubles to U.S. dollars.

Q: What kinds of books do the Russian people buy?

A: Largely the English language books (British) are used by academics and the American language books are used in business. The Russians are buying business and technical materials and a lot of language books. For popular reading, they like detective books, especially Dick Tracy and Agatha Christie. Libraries are very short of books. They
have no money for them. We are working with the Lenin Library to help them acquire some books as well.

Q: Are you a lawyer?
A: No. I am an engineer by qualification. I have managed several companies in Europe and in England. I was also a management consultant with KPMG Peat Marwick and specialize in work with companies with problems. I was called in to help Collets about 12 months ago and fell in love with the company and the people. After all, business is business regardless of the company.

Q: Do you travel to these countries each year?
A: Yes. I travel an average of ten to twelve days per month throughout Eastern Europe and in the next few months I am going to Russia, Rumania, and Slovakia.

Q: Do you plan to come to the U.S.?
A: Yes. I am planning to come to find new outlets for books, recruit a U.S. representative, and to attend the Charleston Conference in November.

Q: Have you been to the States before?
A: No and I am really looking forward to it. I am very excited about meeting the people and seeing the country.

A Service Charge is a Service Charge

It is renewal time again, when serials librarians are faced with myriad important decisions - what to cut, what to keep and what to order from whom. It is the latter decision I would like to address.

When making the decision about which agency to use, the service charge is certainly a primary concern of most librarians. However, the complexities of a service charge are sometimes not fully understood. This has recently become evident in a situation where some libraries, when approached to do so, are splitting selected European titles from their main subscription list (usually ordered through one vendor) and giving them to another vendor — a "specialty" vendor — who has offered to handle them free of a service charge. In some cases, libraries are shifting "selected" titles from their subscription agent to direct ordering from the publishers. While this seems initially like a frugal and attractive option, it may cost the library more money and a loss of efficiency in the long run.

To make my point, a discussion of service charge assessment is in order. Most major U.S. subscription agencies assess library service charges according to the mix of titles on the library's list. The "mix" can be loosely defined as the ratio of low-maintenance titles to high-maintenance titles from the agency's standpoint. For practical reasons, the agency assesses a higher service charge to titles which are more difficult to handle. Commonly, these are titles from publishers who cannot accept electronic orders, titles which are infrequently published or frequently delayed (i.e. often claimed) or from publishers who are generally unorganized or difficult for the agency to work with.

Conversely, a smaller service charge, or sometimes a discount, is often required for low-maintenance titles. Traditionally, these titles are produced by a handful of major European publishers that are more organized, can accept electronic orders and claims, publish journals on schedule (requiring fewer claims) and provide a discount to the subscription agent. So, the total service charge for the low-maintenance titles — even if they include only a small portion of the total number of subscriptions — may offset the service charge for the high-maintenance titles.

It is for this reason one must carefully consider giving European journals to a vendor that may offer to handle them at "no service charge." Doing this may force the primary vendor to raise the charge on the remaining list, since it would then consist of primarily high-maintenance titles — many in number yet more difficult to handle. The service charge rises because the less problematic European journals are not on the list to offset the cost of handling the others.

Additionally, splitting titles like this makes it more difficult for the library to analyze the collection as the library is forced to look at the collection in parts instead of as a whole. Collection development decisions become more cumbersome. Additionally, electronic management services such as invoice downloading and on-line ordering and claiming will involve several steps instead of one — so you may lose efficiency.

Another question to ask is "does the specialty vendor offer any value-added services or even full service for that small group of titles? Would that vendor take your other more troublesome titles if you asked and give the same service and price as your primary vendor?"

You will do yourself and your library a long-term favor if you discuss the possible shifting of these titles with your primary vendor before you make a final decision. Ask what will happen to your service charge if you delete these titles from your list and what your current, effective service charge for those titles is. This will help you make a better informed decision.