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Papa Abel Remembers -- The Tale of a Band of Booksellers, Fasicle 6: 1959 -- A Year of Uncertainty and Turmoil, Followed by Radical Change

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to ensure that all fonts and graphics files are present and correct, and then prints locally. Books for libraries in, say, Australia can be printed and delivered locally. The customer and the publisher both benefit.

Distribute and Print Services Already Exist

- International Print Network (www.ipnglobal.com) is a consortium of 50 companies in 189 cities around the world with a gross annual turnover in excess of US$2billion. It was formed in 1993 to stimulate international business for its member printers.
- Because printing costs in the USA are high, a number of US printers have already incorporated “Distribute and Print” in their future development. Most of them are based in the USA, simply because US conventional printing costs are high. Examples include Odyssey Press, based in New Hampshire, and The Sheridan Group.

Distribute and Print may be no more than POD writ large. The foremost exponent of POD is Lightning Source, a subsidiary of Ingram Industries and a sister company of Ingram Digital, Ingram Book Group and Coutts Information Services. It operates digital printing facilities at two locations in the USA and one in the UK. It is examining the establishment of locations around the world. Lightning Source is an interesting example of how digital printing is changing the way business may be done.

First and foremost, Lightning Source is a digital print contractor. It receives orders direct from the publisher, prints the order from a PDF file supplied by the publisher and stored by Lightning Source, and dispatched. At its UK plant, roughly half of its output is delivered back to the publisher, and the other half is dispatched (“drop-shipped”) direct to the customer. It can print the publisher’s invoice and include it with the individual order.

What makes Lightning Source a good example of how Distribute and Print might operate in the library market is its business model for dealing with book wholesalers and library vendors. A license agreement between Lightning Source and the publisher permits it to sell the publisher’s titles in specific markets (for example, a US publisher might license it for sales in Europe, the Middle East and Africa, or a UK publisher licenses it to sell its titles in the USA and Canada), through agreed sales and distribution channels, e.g., online booksellers such as Amazon or Barnes & Noble, and/or wholesalers and library vendors such as Baker & Taylor, Ingram Book Group, Gardners or Bertrams THE. The selling price is set by the publisher. The books supplied are manufactured by Lightning Source from PDF files supplied by the publisher.

But the whole transaction is handled by Lightning Source, with the publisher receiving the net revenue received by Lightning Source after trade discount, and its print and distribution costs have been deducted — not unlike a royalty on sales.

The technology on which digital printing is based is expensive. The market is dominated by Océ and Xerox. Their equipment can print in black and white, or two or colors, or full color. But the equipment is expensive to install and run. Downtime is significant, as the equipment needs a high level of servicing. At present, suppliers have to build in redundancy into their plant and equipment in order to meet the fast delivery times promised to publishers. The problem is that the technology is not yet robust enough to guarantee fault-free running. Nevertheless, the technology will improve. It is only the beginning of a transformation in scholarly and professional publishing.

The consequences for scholarly book publishing are interesting. While the cost of warehousing and distribution may diminish, the management of the supply chain from publisher to library may become more complex to manage. Every publisher will use a mixture of offset and digital printing to produce its program, including licensing library vendors and booksellers to print locally. The choice of production method is not one of digital versus offset; it is more a question of selecting the most appropriate and effective technology to produce each title. It is a choice to be made book-by-book.

What digital printing brings to the publishing table is the opportunity to meet scholarly needs better. It makes low print runs cost-effective. It meets continuing demand for back list titles. It reduces costs by matching printing to actual sales. It provides a more rational way of meeting worldwide demand by local printing. In short, more books in print for longer, and a greener world. Not bad for a medium that pundits dismissed as obsolete. The printed book is by no means dead. It has just become modern. ☛

Papa Abel Remembers — The Tale of A Band of Booksellers, Fasicle 6: 1959 — A Year of Uncertainty and Turmoil, Followed by Radical Change

by Richard Abel (Aged Independent Learner) <rabel@easystreet.net>

As 1959 approached, it appeared that all was moving forward in an orderly way, and the firm was well postured to deal with an increasing purchasing volume as well as an increasing number of West Coast academic and research library accounts. However, as the ever-changing evolution of all human affairs and the ever-unforeseeable cycles of achievement and vicissitude seem to dictate, 1959 turned into a year of uncertainty and turmoil, followed by radical change. This altered state of affairs gave rise to a 1959 U.S. Court of Appeals decision (C.F. Mueller Co. v. Commissioner) that declared the profits of C.F. Mueller Co. could not be exempt from income taxes even though Mueller had organized as a Delaware corporation in 1947 to donate its profits to the New York University School of Law, an educational non-profit institution, and thus avoid taxes. As is the wont of all tax collectors, the IRS issued a draconian body of rules governing the kinds of income that not-for-profits could claim as exempt from taxes. The Reed College Board and legal counsel assessed these new rules and concluded that Reed College Bookstore, Inc., a taxing corporation, jeopardized the not-for-profit tax status of the College. Thus, in late summer or early fall, a committee of the Board instructed me to close all operations and disband the corporation as quickly as possible or, at the very latest, by the end of the calendar year.

Now what? Reed College’s name — and mine — might readily be tarred for reneging on the mutual commitments inherent in every market exchange between the Bookstore and the libraries or publishers. I went to the committee of the Board to argue that this was not a wise decision. But my pleas and arguments could not sway the judgment that the College ran too grave a tax risk to modify or rescind its earlier decision.

I spent a long and troubled weekend mulling over the matter. On Sunday afternoon I sought out an old friend of mine, who was also a longtime friend of Reed College, to recommend a good attorney who could represent me and implement a strategy of resolution, which I had developed over the previous days (and nights), with the Board. He put me in touch with Alan Hart, who would become a long-term advisor as well as counsel to the firm over subsequent years. Alan agreed to help and we were off, rolling the dice once again.

My plan was the essence of simplicity but involved some delicate negotiations, which Alan carried through with admirable tact — and success. I offered to buy the firm for its then book value, including all inventory, receivables, payables, bookshelves, and few pieces of office furniture and equipment. I

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would locate and train a new manager of the Co-op. I would change the name and move the operation off the Reed College campus by June 1960.

I had little in the way of savings, but my family gave me some money and Fred Gullette agreed to give me some accumulated savings to help piece together a down payment. I asked that Reed College take a substantial note for the balance, with a five-year payoff. The Board agreed to this plan and Alan drew up the contract.

The balance of 1959 and the first half of 1960 were spent in a kaleidoscopic fog of activities, fulfilling all the obligations incident to the terms of the agreement with the College, keeping the new firm financially viable and advising the library customers of the change in ownership. The latter required some considerable effort, as the libraries, members of educational and research institutions, had felt very comfortable with another institution (Reed College) backing the firm. Suddenly, they were dealing with a private firm, recently founded and lacking any kind of significant financial backing other than the commitment and intelligences of the small staff.

That academic year remains a blur in my memory, but in early June we had successfully located to a former garage about a mile away from the campus and produced a year-end statement with no profits because of moving expenses.

During the fall of 1959 I located a Reed College graduate presently working in Spokane. I had known him and his wife in our undergraduate years at the College. He had been the editor of the student paper and student body president, so I was certain of his long-term devotion to the well-being of the College, students and faculty. He agreed to take the new job and arrived before the turn of the year to begin learning the ropes of the book trade.

Now, as should be evident on a college campus always populated by a small but vocal group of activist-students, who were perpetually devoted to theories of dark conspiracies motivated by various baleful objectives, we had to proceed with all the care of the proverbial Caesar’s wife in separating the book inventory. Heretofore I simply ordered inventory to serve the collective book needs of a retail college bookstore and also as a dealer in scholarly books for libraries. As a consequence, there were hazy lines between the retail inventory and the library customers’ scholarly inventory — both might be drawn on to serve either audience. Therefore, we had to distinguish with great care the books ordered for retail bookstore needs and those for libraries’ needs. To aid in effecting this demarcation, I implemented a system to merge publisher orders of both entities for reasons of discount but then readily separate them upon receipt of the book shipments. Central to this system was a 3” x 5”, multicopy form printed on the newly introduced NCR paper. The forms were four-part, so they could be reused up to four times. The forms for the Co-op inventory were printed on one color of paper, and those for Reed College Bookstore on another. For library orders, if the order was OS, NYP, etc., we reported this status to the ordering library via one of the form parts. That system was used by the company for its entire life and later by the spin-off companies. Reed College Bookstore did all the ordering, and then billed the Co-op for books purchased for its inventory. The upshot of this innovation was that by May 1960 the College’s auditor could certify that a clean break had been effected in the principal asset of both entities — the book inventories — per the sales agreement.

In the winter of 1959-60 it was clear that a local office in the Southern California area was a necessity because of the Southwest’s sales volume. In addition, a “local” manager could take over some of the sales calls I had been making, would know their purchasing, billing, and shipping needs, and would give these libraries a contact to readily correct any problems. Based on the terms of the contract with Reed College, we had to obtain the permission of the Board to engineer such an office. Alan and I negotiated an arrangement to form a sole proprietorship firm for this purpose. Thus, Richard Abel, Bookseller, came into existence a few months later to serve the needs of the Southern California branch. Again, the operation of this third entity required a careful allocation of costs and inventories. Fortunately, we had a system already in place to deal with this contingency. All that was required was to print another batch of inventory forms on a paper of a third color for the new office.

Tom Martin agreed to open that office. He went to Los Angeles and in a very short time found a space we could afford. As became somewhat typical for our facilities, it was a former auto repair garage. It served our purposes despite its quite different early life. With a lease in hand, Tom set to work installing our own computer for the order was OS, NYP, etc., we reported this status to the ordering library via one of the form parts. That system was used by the company for its entire life and later by the spin-off companies. Reed College Bookstore did all the ordering, and then billed the Co-op for books purchased for its inventory. The upshot of this innovation was that by May 1960 the College’s auditor could certify that a clean break had been effected in the principal asset of both entities — the book inventories — per the sales agreement.

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any part of it, but after reflecting on my offer he decided to let us lease the back half. At that time the book trade depended almost exclusively upon the Post Office to ship books. So, a Post Office branch within a couple of blocks made this former garage even more appealing. The building was located a half mile from the College on a main city thoroughfare, so it would not be difficult to move shelves, the book inventory, and the office furniture and equipment. In short, we had found a new home for the small enterprise.

We located a retired carpenter who installed both new and acquired shelving, and constructed a receiving/packing dock with associated worktables on which order file boxes were kept. Our carpenter also built a number of two-sided, five-shelf carts for receiving. The publishers’ orders for each shipment were placed on these carts, and these went on to the pricing and billing staff, who were located under a balcony, a space built for accounting and managerial functions. Our entire inventory control — ordering, receiving, pricing, billing, and accounting system — was as plain and straightforward as our new physical facilities, far from an imposing setup.

Now this recital of the outfitting of our new space and our major in-house routines may seem to some readers a minor indeed boring matter. But all of this was the consequence of a good deal of careful thinking and planning to yield the greatest efficiency we could engineer. Obviously, we were forced to these quarters and exercises by the fact that we no longer enjoyed free rent, utilities, and maintenance, or access to a cheap student labor pool. In short, we faced a second major real-world reality. We now had to continue to operate within the profit margins established by wholesalers to retail bookstores and newsdealers, not the margins comfortable for a specialist dealer who placed low volume orders for a multitude of titles to university and research libraries. Our future was, therefore, entirely at the hands of the keenest most efficient operation we could design.

The final major change in our mode of operation was to obtain the keenest and most current factual analysis and accounting that would guide us in making informed decisions with respect to the increasing complexity of the business. To solve this problem we hired an assistant who worked for our CPA and auditor.

By June 1960 we had a new space equipped and laid out for an efficient book operation. We had a dependable staff dedicated to the business of serving academic and research libraries with the specialized books they required. We had met all the terms contained in the purchase agreement with Reed College. We had explained the changes to our present library customers and publishers, and we had received no negative feedback. We had taken the first step to regionalize our relationships with the Southwest libraries through the formation of the Los Angeles office. A new creature was now ready to step out on its own. We completed the move in two days over a mid-June weekend thanks to a can-do staff who exerted the strengths needed to make the move without interrupting the business.

The new creature, Richard Abel & Company, Inc., a name that reflects the conception of the staff as the company or band, stepped out, bent on establishing itself as a first-rate, specialist regional bookseller to serve specialist institutions.