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## Jim Ulsamer-President-Baker & Taylor Books

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*Against the Grain*

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# Interview with Jim Ulsamer

President, Baker & Taylor Books

by Bruce Strauch (Publisher, *Against the Grain*)

*The recent False Claims Act suit brought against Baker & Taylor and joined by the Department of Justice led us to phone Jim Ulsamer several weeks ago. We had the conversation reproduced below. — BS*

**ATG:** What is the basis of this lawsuit? When did B&T first learn about it? What is going on?

**JU:** Basically this is a whistleblower suit alleging that we overcharged libraries for books based on a stated discount off a publisher's list price. Our position is that all discounts given customers were consistent with what we agreed to give them.

We have been providing documents and files to the government for a period of 18 months, but there was no lawsuit filed until just recently. Of course, we tried to figure out what was going on in that previous time period, though we were not given any specific information about claims or charges that were leveled against us.

Until January 31 — when a suit was filed against us by two individuals under a whistleblower statute — the complaint was “under seal” — in limbo and not open to the public. I think that it is important for you to understand the context of this claim. Under this whistleblower statute, if any damages are assessed, these individuals get a cut on it. Typically, this type of “bounty hunter” action is supposed to be acted upon by the government in a sixty-day period. As I said, this has been going on for considerably longer. The government kept asking the Court for extensions.

What happened finally is that the judge ordered the complaint unsealed even though the government had asked for more time again. The judge actually admonished the Justice Department for doing this one-sided discovery for so long and leaving B&T in the dark. If there had been more of an exchange during this period, we might have been able to get this resolved. But, since this didn't happen, when the judge ordered the complaint unsealed, the government either had to join in the suit or not. And they had already invested 17 months in it.

**ATG:** Who are the individuals who started this whole thing? What happened? There was an audit in Richmond, Virginia?

**JU:** Yes. These allegations appear to grow out of an audit done in Richmond back around the end of 1992. The City Library took books that they bought from B&T and asked for pricing quotes from other vendors. They picked some number of books and got price comparisons from another vendor. Then they took the 100 books that B&T gave a low (short) discount on and showed that some of the other vendors would have sold them cheaper. B&T was more interested in keeping the customer so we issued a credit in that case. Let me make it clear, though, that the audit wasn't done against the contract with B&T, it was done against the price quotes received from other vendors. Books were not supplied by the other vendor, only price quotes. Overall, there was no pattern of overcharging found by the

City of Richmond audit. But we wanted to preserve our relationship with the customer and, so, we issued a credit.

**ATG:** What have you done to prove your case to the Department of Justice? What sorts of documents were provided?

**JU:** The government did “discovery” (the legal kind) on their side. We were asked to deliver documents about business practices, personnel, that

kind of thing. We delivered the information, but we were not told what kind of charges were leveled against us until the complaint was unsealed just a few weeks ago.

So, for us, the process is just getting started right now. We will go through our own period of discovery and the government has to prove its case.

**ATG:** How is the marketplace reacting? I understand that the Michigan librarians network has been asking for help in looking at their B&T invoices so they can perhaps join suit with the Michigan attorney general.

**JU:** At ALA, some people came up to me and said: “this is lousy timing, your having to be here just after this news broke.” But our reaction was just the reverse. We were happy that ALA took place right after this. We could see our customers and talk to them. And, by an overwhelming majority, customers came up to us and expressed support of B&T. They commented on our good service and excellent pricing. I am aware of some of the activity on listservs. I welcome it. If libraries want to check their invoices against their agreement with B&T that is fine. We are not trying to hide anything from our customers.

**ATG:** What's the publisher reaction? I was reading in *PW* (2/10/97) about the small publisher who said that he gave you a trade discount of 40% but you just gave libraries a 5% discount.

**JU:** There was a misunderstanding about selling terms and the issue with that publisher has been resolved amicably. On the whole, publishers, too, have been very supportive. I have met with many of them in the past few weeks. Publishers understand government investigations — many of them were involved in FTC investigations that went on for years — and they understand how these things can happen. They have been very supportive.

**ATG:** What do you think will be the impact of this kind of thing on other vendors?

**JU:** I don't know. Overall, the marketplace is extremely competitive, and we are all out there trying to compete every day for our customers' business. The

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has 1 professional and 1 paraprofessional. We have a new position (advertised in January) in acquisitions for another paraprofessional. I am the only professional — they do the work! The library is a matrix organization — all department heads report directly to the director.

**ATG:** *You are hiring a new director. How's that going?*

**JA:** We interviewed 5 people and brought 2 people back in. The decision is about to be made, I believe.

**ATG:** *What are your issues for the future?*

**JA:** Ah, my personal concerns for the future for libraryland. We are doing what everybody else is doing. The director sent me to the ARL Resource Management Institute, the Collection Analysis Institute, the ALCTS Collection Development Institute. We hired a consultant to teach us to write collection policy statements and assessments using the RLG *Conspectus* for each department. We are very proud that we have done this and are in the mainstream. We have created standard forms to be used for accreditation. I really don't have too many concerns. Of course, we are worried about space — we will need a place to put all of these new resources. And we need more professional librarians. We don't get new faculty lines for librarians. We have increased training responsibilities for Internet training and we

are, frankly, going crazy. Recently, Sprint contributed a learning center where we can do training. Sort of a BI room. The new Sprint lab is all great computers, but the librarians are so spread out and then there's the normal bibliographic instruction that's needed. We don't have enough people to do all the things that need to be done.

**ATG:** *Have you done any outsourcing?*

**JA:** No. The only thing we have done so far is that we outsourced **Brodart** to catalog our Curriculum Materials Center. And we have **Marcive** for the cataloging of government documents. But we are looking to find someone to do **CIS** cataloging and **NTIS** report cataloging. We are not doing away with our catalog department!

**ATG:** *How about reorganization?*

**JA:** We have access services, circulation, serials, reference, cataloging and collection development and acquisitions. The only reorganization we have done is that access services and circulation were split up. Of course now that we are hiring a new director, I don't know what will happen ...

I don't feel threatened by change. When new people come aboard, they usually have new ideas. I will continue to make contributions to the library no matter what. I try to keep up with the field. I am really a very laid back person. I don't have to fill the room with my presence. I am fortunate to have mentors with confidence in my ability.

**ATG:** *Tell us more about Joseph. What's his personal life like?*

**JA:** Let's see. I am not married and I have no dogs or cats. Please don't send me stuff! I have a family which I am very close to. No one lives here in Florida but me, but I have a brother, sister and uncle and nieces and cousins. My sis is in NY, one of my cousins is in Virginia, other cousins are located in Texas, and NY and I have nieces in NY and Michigan. Since I live in Florida, I am never lonely. Plenty of family come down and bring their kids. It's fun for me, too. I get lots of food and beverages out of the deal!

**ATG:** *What you do for fun?*

**JA:** I used to love music. But, basically, I throw myself into reading about business in general. I want to know how to become a more effective leader. I keep up with what's going on in libraryland and am interested in organizational changes, but not to the point of driving me up the wall. I read magazines and newspaper articles that dictate where life is going to be for you and me. After I went to St. John's I realized I didn't have to pretend to be an intellectual, only be myself! 🌻

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*I have to tell y'all that I LOVE doing these interviews. I can't thank y'all enough for making it possible for me to do them. I learn so much about people and come to know and love them! I certainly did in this one with Joseph. Thank you. — KS*

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dynamics are such that library customers shop around for the best price and the best service. I think that this isn't going to change. B&T will continue to offer the best prices and service that we have built our reputation on.

**ATG:** *Why don't you just sell off of one discount schedule to libraries? You can differentiate it by type of library if necessary.*

**JU:** We would be happy to do that. However, the moment we do that, our experience shows that the library will seek a better offer from our competitors. Libraries seem to prefer competitive pricing to a standard schedule. Competitive pricing allows the library to continue to improve pricing from their distributor.

The discount which we give, obviously, is tied to the type of publisher and the classification of the book. We try to do our best to extend a discount in accor-

dance with our agreement with our customers.

**ATG:** *What kind of books do you give a short discount on?*

**JU:** There are a number of factors leading to how to price a book. Is it a slow-moving book, one which we purchase one or two at a time? Does the publisher require prepayment? Is it non-returnable to the publisher? What is the binding? Paperbacks are low-priced; therefore, our distribution costs are relatively higher. Of course, the price which we are charged by the publisher is another factor.

**ATG:** *What can librarians do to audit their own invoices?*

**JU:** Check *Books in Print* or *TitleSource* for current list price. Take a sample of purchases and compare prices with other vendors. Ask for quotations in advance. You can always ask the vendor if a book is classed correctly for discount purposes.

**ATG:** *How about the Hawaii outsourcing case? That was about pricing as well.*

**JU:** There is no connection whatsoever between that case and this one. The arrangement with Hawaii was for a flat price per book and it was as straightforward as it could be. And the price included selection, acquisition, cataloging, and processing of each book.

**ATG:** *Any parting words?*

**JU:** I have told the press that we believe that the charges are groundless and that we will do whatever it takes to preserve our good reputation. We will not allow these false allegations to affect our business or our relationship with America's libraries. We have a good corporate reputation which we have been building for 169 years. We are pleased that our customers have expressed overwhelming solid support for B&T. 🌻