The following is one of a series of interviews on the history of the Richard Abel Company. During the summer of 1998, we talked with Don Chvatal, who held various positions during his tenure with the company, including Director of Marketing, Manager of the Approvals and Standing Orders departments, and Manager of the Cataloging and Book Processing Division. Don’s story may be of special interest now that Academic Book Center, which he co-founded, is being acquired by Blackwell’s. Don is currently consulting to integrated library system vendors and publishers. He is also a part owner of International Specialized Book Services (ISBS), a Portland-based distributor of academic books for approximately seventy English-language, non-US publishers. He can be reached in Oregon at 503-977-1313 or at dchvatal@teleport.com.

NB: Don says his name is pronounced “Kwo-tall” or “Qua-tall.” It’s Czech. This is not the correct pronunciation. However... we must compromise... he says. — KS

**ATG:** Don, thanks for this opportunity to talk about the past. First, tell us, how did you start to work in libraries?

**DC:** I attended high school at St. John’s Preparatory School in Collegeville, Minnesota, and I continued college there at St. John’s University. This covered the years 1954 through 1963. St. John’s is also a Benedictine monastery and it is home to a seminary. I was then thinking of becoming a Roman Catholic priest. In the spring of 1961, I dropped out of college to spend eighteen months in Nassau, Bahamas (British West Indies) at St. Augustine’s College. This was a Benedictine priory affiliated with the abbey at St. John’s. When I decided to volunteer my services in the Bahamas, I consulted with my mentors at the abbey community about how to be of service and they said, “We need a librarian.” So before leaving St. John’s, I spent several months training in the abbey library. I was taught rudimentary cataloging by Brother Pascal, who was also the monastic beekeeper.

The abbey library at St. John’s maintained an accession list for most of the books stored in the Bahamian library. I would search the card catalog of the abbey collection and where I made a title match, I would retrieve the library card and then type a brand-new card copy from scratch. Later that year, after I arrived in Nassau, I would type the subject, title, and other added entry cards. Then for those titles where I didn’t have cataloging, I would “make up” my own cataloging entries the best way I knew how. I devised my own ideas about where the particular books would fit within the classification—using the Dewey classification scheme. So for books similar to those for which I already had cataloging, I would use the identical class numbers. Obvious! I trained myself in the use of Dewey classification schedules, and Cutter tables as well.

Upon my return to St. John’s in 1961, I finished a major in Philosophy. I was also deciding that I wanted to be a librarian. So I went to Illinois in summer school, between my junior-senior years, not yet having graduated, and took what was then defined as those library science courses comprising the core curriculum. I scored very high on all the entrance exams because of my library experience, and so Illinois gave me an assistantship requiring work in the bookstacks of the University Library.

**ATG:** So by this time you had decided that you weren’t going to go into the priesthood?

**DC:** Oh, yes, I knew in 1960 that my priestly study was over. Still, I didn’t know what to do with my life, so I went to the Bahamas. I was hoping to “find myself” while being useful in the process.

**ATG:** Were you then involved in acquisitions?

**DC:** As part of my duties I did buy a few books. I provided reference help, did do some acquisitions, some cataloging, swept the floor, and I was just kind of a one-man band. Prior to my arrival, there was no library—just a collection of books, mostly theology, and of little value to Bahamian students. In the evenings, I would travel downtown to the Catholic information center, and I cataloged their collection of about fifteen hundred volumes. I simply learned about cataloging by doing it.

From the University of Illinois, graduating in sixty-four, I spent a year at Florida Atlantic University, where I also did some cataloging as input into their computer book catalog project. We purchased nearly all of our books pre-processed from Brodart, as listed in their pre-published rendition of Books for College Libraries. We threw away all of their pre-printed LC catalog cards, except for the shelflist cards, which we used as part of a master input form for computer processing and updating. We had anticipated the MARC format by a few years. As I now recall, MARC was in its first version (MARC-I) to be replaced in 1968 with MARC-II, which is still the current basic communications standard for machine-readable cataloging records.

**ATG:** So, this was outsourcing right at the beginning. How did you meet Richard Abel?

**DC:** Actually, the first time I met Dick Abel, was at a PNLA (Pacific Northwest Library Association) conference in Portland, Oregon; I think it was in 1966 or 67. I was on staff at the University of Montana as a reference librarian, and came with the head of Tech Services to Portland in August of that year. Jack Murray, a very special friend of Jim Cameron’s, introduced me to Dick. Dick was an exhibit at that conference and we spent quite a bit of time together during the meetings. Jack was publisher’s rep for Golden Books, and several other publishers. He used to travel around the Pacific Northwest in a rotorized home. Calling on libraries, he could sell and sometimes deliver books on the spot. I thought he had a really exciting life.

Jack kept telling me how impressed he was with the activity of the guy [Richard Abel], how he had started from nothing and was “selling thousands of books to libraries around the west”. I didn’t really think much of it at the time, but I believe Jack was setting me up for the possibility I might eventually go to work for Abel. Some time later, Jack came to Missoula at the same time Jim Cameron was in town. Both were on sales trips. Jim called on the University of Montana, and later he and Jack spent the evening at my home with my wife and kids. Jim loved beer and he was happy to drink my “home brew.” It was Jack who introduced me to Jim. This started a friendship between Jim and me that endured until Jim’s untimely death. Jim believed in me, I think, as potentially good enough to do what he was doing, and he recommended me to Dick as a candidate for becoming a sales representative for Abel.

I really admired Jim’s apparent freedom to be on the road, and by the spring of 1968, Jim had Dick to interview me in Portland. I met Dick in the old Macadam Avenue Building, which was the second location for his operations after moving off the campus at Reed [College].

**ATG:** Were you buying books from him at all?

**DC:** No, I wasn’t in that position—at that time I was Director of Public Services for the University of Montana Library.

**ATG:** So you were head of public services when this opportunity came up, and the only interest you thought you had was the lifestyle?

**DC:** That’s right. Two things impressed me. One was the lifestyle of Jim Cameron. He was just such a likable, lovable fellow that I didn’t think anything would be better than having the kind of life he led and being like him. And I was really impressed with Jim Quick, who was my escort during the day that I was at Richard

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Abel’s offices. I was impressed with the fact that not only did he park his car at the Portland Airport, but he went in with me to make sure I got on the plane for my return trip to Montana. He bought me a drink and put me on the plane. It was Jim Quick’s hospitality, and I was just taken with that feeling that this company must be some good outfit to work for. In the interview Dick did also give me a piece of his vision. But it didn’t matter much then—I was already “sold.” And I think it true also that even before meeting me, I was hired—on the recommendation of Jim Cameron.

**ATG:** I’ve also heard from other people that Abel preferred people who had trained for the ministry because they had good grounding in the Classics, they had an excellent education, very good background in languages.

**DC:** Yes, I believe this is true. I also think I can enhance this idea with a little bit of psychological insight. I imagine many individuals who worked for Dick were looking for a ‘father figure,’ as this was true for me, at least. I grew up as a Catholic who very much believed in the authority and teaching power of the church. Your orientation in life is to the rules of the church and its views on how to live well in society—and certainly that you are required to follow these rules. These rules are “external.” So for me it was natural to be attracted to the authority figure represented by Dick. He was very much that for me. I liked him, I admired him, and I respected him. He was always “right.” Basing on the Jungian ideals, a person “must” grow his or her own selfhood from within, through a psychological and individual process. Part of that personal work requires us to come into our own ‘authority.’ I now believe that I, as with many others who worked for Dick, did so completely because it was easy and “right” to follow his compelling leadership. Dick could mesmerize us with his charismatic vision. And, in line with the Classics, I was certainly grounded in Latin and traditional liberal arts disciplines and thinking.

**ATG:** Do you think that, in the ‘50s, people were used to getting that from their work, and they looked for a hierarchical or paternalistic organization as a good place to work?

**DC:** Yes, and for me, the model that I held was one where the man provides, and the wife works within the home. The man is supposed to put in long hours at his work, which I certainly did for Dick. Sixty-hour weeks, and even more, were quite common for many of his staff. Even beyond this, I think—in my case, at least—becoming a librarian was the result of believing that an individual also had to give service to society. This was also a “Catholic thing.” So the service professions, including teaching and librarianship, were sought by people who held a similar mind set. Part of Dick’s vision was service. He used to characterize this as “providing information to people who needed it, wherever they needed it, anywhere in the world, even if they didn’t know they needed it.”

**ATG:** I think you’re right. I’ve heard that before. So you came on board right after that interview?

**DC:** The end of June. The interview was in the spring, around Easter, and I know that I was in Portland by the first day of July of that year, 1968. I went into training for two months. I spent July and August in Portland. Then I spent three months in Denver, under Jim Cameron’s direction, learning the operation of a branch office and traveling some into my new territory, which was to be headquartered in Texas.

**ATG:** What were you hired to do, really?

**DC:** I was hired to open one of Dick’s branch offices in Texas. From Denver, I made a trip to Dallas to look for warehouse space, and I selected the office location on a street in between Dallas and Ft. Worth, contracted for it, built shelving, and got the place ready to receive orders and process books.

**ATG:** So in 1968, it was still the time when the reps had quite a bit of autonomy.

**DC:** Yes, all of the offices were autonomous. By that time, along with Denver there were offices in Zion [Illinois], Los Angeles, San Francisco, Atlanta, Blackwood [New Jersey], Boston—others maybe. Marion, Ohio was about to be opened. John Coutts was opening an office for Abel in Toronto. This was before he broke away to establish Coutts Library Service. Actually, I can’t remember now when this office was established.

**ATG:** You said you started as a branch office manager, and you worked in Dallas for how long?

**DC:** A little more than a year. I remember driving there with my wife and three children from my parents’ home in Cresco, Iowa, where we had spent Christmas that year, so it would have been right around Christmas time in 1968. The man who was my assistant manager was Dan Halloran. Dan was a graduate of Portland State, and had worked for a while; Dick selected Dan to work as my assistant manager in Dallas.

What I would do, typically, was every day I would get up in the morning and head for Love Field, the Dallas airport, and fly off someplace to make sales calls. Sometimes I’d be gone for just the day, and sometimes I’d be gone for the week. But, basically, within a year, I had visited virtually every academic library in the four-state area of Arkansas, Louisiana, Oklahoma, and Texas.

**ATG:** That’s a huge area.

**DC:** During this period, Dick started asking me to return to Portland. Dick had started the process of printing catalog cards by computer. Because of my library science training, Dick felt I would be a good technical person to supervise the cataloging and book processing departments. Prior to this time, cards were being printed using *Ficelwriter*, which were elaborate electric typewriters driven by punched paper tape. This was the same technology used to print approval book selection forms. Abel had started using computer-line printers with cardstock on large rolls. The vision was to print catalog cards for those books that were being sent on approval plans, while building a cataloging database for later printing of cards for titles acquired retroactively. In the processing department, we pioneered pre-processing techniques for fixing computerized spine labels to those books ordered for colleges such as the University of Wisconsin at Parkside and Evergreen State College in Olympia, Washington. These were two of the many “opening day” collections being developed for new universities. We also matched card sets to these books, covered books with protective jackets, pasted in circulation pockets, edge-marked books for property identification, etc.

Coming into the year 1970, this work was being performed in a second facility on Macadam Avenue, while the computer was in a third building on Kelby Street. The major challenge to that work was that I think one of my single greatest personnel coups for Abel was that while traveling to the University of Nebraska, I recruited Kent Hendrickson to run the book processing division. Under his successful leadership in these departments, I could be moved to operations in the Standing Order department, which was then just beginning to be automated.

**ATG:** What was the company like at the time? It was a big operation, so how had it grown?

**DC:** I don’t remember how large the Portland office was. As I recall, the Portland office served not only as a branch for serving libraries in the Pacific Northwest, but also as a regional distribution office for the branch offices in Denver, Los Angeles, San Francisco. As the corporate office, it was buying the books for the approval plan, with Dick himself doing most of the individual title selections, except where we had blanket orders, as with the university presses, for example. Portland was also serving as the purchase center for regular (non-approval) books for library customers of the Portland, Los Angeles, Denver, and the San Francisco offices. Perhaps we were doing collectively out of these offices, five to six million dollars a year in sales. But also by then, the Zion, Illinois office had been set up under Fred Guillelu, assisted by Lyman Newlin, as a regional and branch office. (By the way, I formed some life-long friends as a result of these experiences, notably Harold Billings, retired director at UT Austin, and both Fred and Lyman have been wonderful personal friends and great business associates over the years.)

So Zion supplied books for my original office in Texas, for the Ohio office, and for their local customers in Illinois. The Zion location was almost always the biggest office in terms of sales volume. Tom Martin opened the New Jersey office, or at least he was in charge there by the time I was hired by Abel. It was also buying books for the Boston and Atlanta offices, as well as for it own customers in the Philadelphia area. So, remember, there were three regional support offices serving as their own branches while providing services to other branch offices. It was an effective organization.

What was also happening at this time was that we were developing many "opening-day" collections. New university libraries were being created. Certainly this was the beginning of "outsourcing" as we now commonly think of it. Also there was a tremendous push by colleges and universities to expand their collections, using *Books for College Libraries* as a standard guide to selection. Many of the titles in that list had gone out-of-print and were now being reprinted. There was an explosion of new...
and reprint publication, so-to-speak, and this was supported by enhanced funding for academic libraries in general.

Abel finally decided to centrally warehouse reprints, as a category, in one location, the Zion office. Engaged as we were in bookselling, Abel had overages from the approval returns. Eventually we got to the position that, except for a very few academic publishers, all publishers were split so that all inventory for each publisher was held in a single location. Wiley might be inventoried in all three offices, because this was a big scientific house and especially important to our markets, but smaller, east-coast publishers would be housed only in New Jersey. In New Jersey we also housed the UK publishers for a time, although in my remembering about this, I think we changed policies a number of times because we eventually opened a London buying office. And the reprint houses, of which there were about forty or fifty, were under Fred's management in Zion.

The support for supplying books to my branch office would work as follows: I would split the orders by publisher—most would go directly to Zion anyway, because it was my regional support office. But, if I had orders for books warehoused in Portland, I would send them there first—to be supplied from that inventory, if possible. I would daily put all of my library orders in an airmail packet to Zion or Portland, respectively, where they'd be picked against inventory. What wasn't in stock would be backordered.

**ATG:** Dick described to me the autonomy of each office, where each manager made his own decisions, went out and made sales calls, came back and did the things that people wanted them to do, like setting up the multi-part forms individually for each customer. Then he mentioned that there were too many disparities in the services offered at the different offices. Dick said he drove his motivation for pulling the offices together under a central control. He did all the ordering, or it was done centrally—it took some of the autonomy away from those offices. How did you see it?

**DC:** Well, for my year in Texas, I liked my autonomy. I had tremendous freedom of operation. I would send my bills to the accounting department and they'd be paid. I traveled with a corporate credit card. I didn't even have one in my own name. It was just the *Richard Abel Company.* I think all branch managers at that time felt the pleasure of this freedom. However, with the advent of computerization and the growing scale of corporate operations, it probably was necessary to establish more uniformity in the policies and the procedures rather than doing all of these one-of-a-kinds.

One classic example of this individual customization that is often cited is the situation for printing forms for the approval plans. The *Moore Business Forms* company produced the 3x5 paper approval forms. When I arrived at Abel, these forms were printed on *Flexowriters,* driven by paper tape. They were customized and printed to individual library specification, in terms of their numbers of parts, varying weights to paper, colors, style, and designated use. When the forms were converted to computer printing, they became more "standard." A major change was simply that the computer printed the name of the library on the form; it wasn't pre-printed as part of this elegant, multi-part carbon form. I know for sure the libraries loved the original forms and were dismayed when they were changed. With computer printing you could have a choice as to the number of parts for your approval form, but you could no longer have color schemes and many other attributes of the "old way." In retrospect, I think for people who had been used to receiving forms in a certain way, the fact of change meant, "Oh my God—how can we do this?" But I remember, too, that by then, libraries were beginning to automate. So librarians were beginning to have to face the reality of what the computer was doing to their operations.

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<http://www.against-the-grain.com>
As for another similar example, the Abel catalog cards, printed by computer, could not reproduce subject headings in red. As OCLC copied the Abel style, headings were printed in black, all upper-case characters. When first introduced, many traditional librarians were horrified.

To show how much things have changed, I also remember shortly after leaving Abel that in designing acquisitions systems for the Academic Bookseller, I just simply used a computer-printed purchase order form from a blank sheet of continuous-feed paper. This was quite inexpensive because we didn’t require customized forms anymore. The computer could print our corporate name and address at the top, in a distinctive style.

**ATG:** So in some ways it was a cost saving, taking advantage of automated services, and other possibilities, for economies of scale. And the idea was to make it look the same, no matter what part of the country you were in.

**DC:** Yes. And, in fact, because of the individuality of the managers, and their local practices, we had the responsibility to maintain records for our local distribution of approval and standing order books. Some managers took this responsibility seriously, others did not. It was very important, for example, to honor the library’s choice as to how they would receive books published as parts of series. If the library order was placed on what was called “an approval standing order,” that meant one kind of treatment, where the book was simply sent “on approval,” but so designated. If there were no specific instructions, the title was treated as a normal monograph, with all other profiling criteria applied. Finally, the book could be supplied as part of the library’s standing order program, insuring all volumes would be sent against standing orders, and not on approval. Such practices could also vary according to local Abel manager’s wishes.

This required careful record keeping. Often the corporate new title distribution records were incorrect because they only designated that a next volume had been treated for approval. Yet the physical distribution for all libraries had not, in fact, occurred. This required the local office to “trouble-shoot” distribution problems, where there were library-initiated “claims”. Marked differences among the offices developed. Jim Cameron’s Denver Office, for example, had the reputation of being the tightest operation for handling standing orders. This was due in part to Jim’s insistence on keeping secondary distribution records for all books shipped from his office to all library customers. While I believe the decision to pull those branch activities back to a regional level—and ultimately to the corporate level—might have been ultimately wise and necessary, our implementation did result in erratic service. Our open culture prompted many debates about our service ideals. Dick’s views usually prevailed, rightly or wrongly. There were few other vendors, and maybe none, really, who appreciated the varying needs of academic and research libraries. So we were the right kind of organization for our time.

**ATG:** One of the things people remember so nostalgically about the old Abel days was that the reps had a very strong mandate; go out there! And Dick even said this to me, that he would tell them, “Go out there and find out what their problems are. Ask them what’s wrong, and we can fix it.”

**DC:** That was the culture. And there was another aspect to this culture, something you might like to think about, something else, too, that’s obviously changed. Here we are interviewing at an American Library Association meeting. Years ago, companies played more hospitality in conjunction with their exhibits at these meetings. The Richard Abel hospitality suite was a gathering place for academic deans, directors of libraries, heads of acquisitions, and various levels of library staff. We ran, typically, an open bar in our suite from 4:00 PM as the exhibits closed for the day, until the middle of the night, for three or four nights for a typical ALA convention. I remember many of those parties. It was a tremendous community gathering, where certain cultural elite of the academic library community would meet. We were, as Abel staff, individuals very proud of what we were doing. We were all caught up in the mystique of what this happening was. It was a glorious time. It was great for me to be a librarian, great to work for Abel, and fun to be in this environment.

**ATG:** Let’s talk about the inventory a little—you tantalized me when you said that you divided the inventory, with Wiley housed in all three offices, and the UK materials in New Jersey—tell me about that.

**DC:** Well, I might need a memory refresher on this myself. I recall that our management of inventory, for how we ordered books, from what offices, and so on, really changed over time, primarily motivated to improve service and cut costs. In his original vision, as Dick recalls, Dick held the idea that he would be the worldwide book provider to all libraries, implemented by establishing offices in various countries. We had an office in Amsterdam, and you know Elsevier material came out of there, as an example. We also had offices in Australia and England, and an office, in Bern, Switzerland, which attempted to secure Russian books. These offices were established to not only buy books for approval customers in the United States but to sell American books overseas to other libraries.

So, the broader ideal behind the approval plan was to incorporate not only university press books on approval, but eventually that you could also have what was called a “Full-bore ELAP Program,” an English Language Approval Plan for books coming worldwide, thus the need for buying offices in these English-speaking countries. In fact our gathering of books from foreign countries for U.S. libraries created enormous cataloging backlogs within the libraries, thus pressuring the Library of Congress. Then, later as the company matured toward the end of its life, we were developing other foreign-language approval plans (FLAP), for Spanish, German, and French. We even supplied Russian books during an awkward political period between Russia and the United States. When we didn’t have sufficient copies for our initial distributions, we would order more to fill the approval needs; or we might be lucky enough to fill the subsequent approval quantity needs from books being returned as “overstock” from other libraries. When problems developed, especially when return rates became excessive or buying mistakes occurred, we were left with excess overstock. Where publishers were open to acceptance of “returns,” it was easy enough to return the books for credit, assuming that they were in good condition.

And the thrust of your question points to one of the causes for the demise of the Abel company: failure to maintain good inventory management. Excess inventory was being carried on the books at an ever-escalating value.

**ATG:** You mean it was an accounting practice?

**DC:** Yes, Abel accounting practice was to continuously establish an average value for the inventory because we didn’t have a computerized inventory and it was virtually impossible to count all books at their true cost. So if you averaged the books according to an average for current books being sold, the inventory value would keep going up every year with the price of books (their cost) also continually going up. So this means that an older book, that might have been acquired at a lower cost months or years earlier, was going to be reassigned a higher value, because the average book cost was rising. Yet, over time the book was diminishing in value, because it was less likely to ever be sold. Meanwhile the company was borrowing money to finance these purchases. Profits were, in effect, going back into inventory, and Abel was “cash poor.”

Whatever your perspective, whether you could say we were dishonest; some even asserted we were falsifying inventory. But whatever the truth, the inventory as a percentage of sales was growing, and always being used as an asset to secure bank borrowing to finance the business. Looking at it again, in another way, the borrowing base was decreasing in real value while apparently increasing in value. You are borrowing more extensively to finance not only the current business activity, but also the financing of that non-productive inventory. Had Abel been able to maintain liquidity, the bank never would have recalled its line of credit, which was the proximate reason for the company going under. During periods of rapidly escalation sales, the reality of this situation can remain hidden.

I’m dubious whether we were very profitable on an operational basis year by year. Certainly we weren’t profitable enough to finance our computer developments and our sales growth from earnings alone, without additional capital. We owed U.S. Bank something like $8 million, with accounts receivable and inventory as collateral. Something happened to give the bank pause. It would have been better, certainly, in retrospect, for the company to be more adequately capitalized. Maybe the return on investment wouldn’t have been great, but if we didn’t have to finance the interest cost for eight to ten million dollars, it would have had a profound effect on our ability to operate. I hold to the belief that our failure continued on page 35.
Chvatal Interview
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ure to perceive this and to act on it was a significant factor in the decline of the company.

**ATG:** Fred Gultette told me about another story about the inventory. He said that the English inventory—the British books—were held in New Jersey, but when you opened up the office in London, you shipped the entire inventory over to London.

**DC:** I think we did, and I think we sent it back to New Jersey at another time and then back again to England. I think it went across the Pond about three times. A joke in the company was that we could never do a stock pick for a British book because it was always in transit on a ship.

**ATG:** That's what really struck me—not only was it misestimated in value, but then it got shipped back and forth at a tremendous cost each time. I'm sure, where each voyage diminished it even more.

**DC:** Right, I suppose. And another interesting facet of the business in those days was the amount of co-publishing in the academic world, and a book that was originally published in the UK by, say, Methuen?

**ATG:** Or a university press.

**DC:** A title from an overseas university press, or one with similar academic scope, might be republished in the United States by a publisher such as Humanities Press. Typically, the books published in the United States were at higher cost than their equivalent overseas versions. Even considering the higher discount that we might get from the American source, we believed that we could buy a book in its country of origin, ship it to the library in the United States at a lower net cost to the library, and still have a successful enough margin to operate on. We thought we could undo that "rights business." I think Dick philosophically believed that it was wrong for rights to be sold that way. He believed there should only be one edition for a book, the source-country edition, with him [Abel] being the source for its supply worldwide.

**ATG:** I was haunted by this question when I managed the library's approval plan: where was it first published? Especially for publishers like Wiley and Academic. Is it UK or US origin? And it mattered tremendously because we were always having arguments in the library about how to predict if a specific title is going to come. How do we know we're going to get it? How do we know it's going to be the right edition?

**DC:** There were a couple of overlays on this, too, in terms of dealing with publishers—in handling our publisher and library relationships in profiling approval books. We had to develop the concept of "country of origin" to manage this. Take for example some publishers who were originally UK publishers—very notably like Cambridge. Cambridge University Press ended up, as did Oxford, establishing offices in New York. American libraries tried to define these as both British and American publishers. It was often an issue of practicality. Did their books originate in the US or in the UK? Some librarians wanted them to be considered UK publishers, simply because maybe they couldn’t afford to buy their material as part of a university press plan. Other libraries said, "Ah, we'll treat them like American university presses." Using a "country of origin" designation, we could profile each title. Cambridge might occasionally do a book only in the United States, and therefore we would profile it as having a U.S. origin. Along with specific publisher inclusion and exclusion techniques, we could pretty much give librarians what they wanted.

The American counterpart sales managers for these publishers didn't like it that Abel had an office in London to buy the Cambridge and Oxford books and ship them over for resale, thus voiding their sales opportunities. It remained quite clear to me that we engaged in this kind of "buying around" because Dick retained a vision that this was "how things should be." Indeed there was an economic model we were trying to serve, and a service model as well. We were determined to get these books to American libraries faster than the traditional distribution methods would allow, and we were pretty successful at it.

**ATG:** So now we're getting pretty close to "73—here's this development. Did you have a hint, or any idea that there were problems coming down the pike?

**DC:** Well, I suspected by late 1973, along with other staff, that we were heading for serious trouble. In October of that year, I remember saying in a casual conversation, "The bank is going to call the line in a year, and it will be one year: from now, and it will be this particular Monday in October."

**ATG:** Why did you say that?

**DC:** I don't know. We were just talking and having 'un. I remember looking at a calendar...continued on page 36
Op Ed — Opinions and Editorials
Ferguson’s Good Idea — A Response to Back Talk, April, 1999

by Albert Henderson

Anthony W. Ferguson’s suggestion (ATG, April 1999, Back Talk, p. 94) is the wish, I believe, of most of your readers. Good faith collaboration of publishers and librarians promises better solutions for library users than the plans of misers who aim only to further cut costs.

The worst flaw in his good idea is that the purse strings are still gripped by managers who remind us of the commercial HMO. They believe that their mission is best satisfied by denying the needs of their paying customers. I have seen them justify library cuts with opaque phrases such as “just can’t” and “no money.” Some offer the bizarre delusion that financial support of collection development only feeds publishers’ profits and must therefore be carefully avoided.

The second-worst flaw springs from a moral quagmire. The managers of many learned associations, pledged to represent the interests of scientists and scholars, are cast from the same “HMO” mold. They, too, have no problem denying their members’ needs in order to achieve competitive advantages and financial gains. Their influence on policy and their power of accreditation could clear up the library crisis fast. Instead, their voluntary silence prolongs the torture of researchers with decimated collections and the red tape of interlibrary borrowing. Having rewritten history to claim that associations, rather than entrepreneurs, invented science publishing, these petty demagogues are blind to the bullseyes marked on their own profits by certain provosts.

Federal science agencies control sixty percent of academic research. They support only ten percent of library spending at research universities. Why don’t they pay their fair share of library overhead?

Money is clearly the highest priority of the so-called nonprofit educational institution. Knowledge may well be doomed. The handwriting on the wall is reflected in Digest of Education Statistics. (1997. Tables 327 and 334) My analysis indicates that colleges and universities not only raised their revenues, but they increased their profits (unspent revenues) by cutting libraries and instruction. Using constant dollars to remove the effects of inflation, we find that academic profits tripled during 1977-1995. Organized research doubled. Administrativeness spending increased 96%, more than the 84% rise of total revenue. Instruction rose only 68%. Library spending barely moved—a pitiful 41%! The 7:5 to 1 inequity between profit and library growth dramatizes the declining status of libraries. More practically speaking, the 5:1 imbalance between research and library growth cripples the effectiveness of research and instruction. If you seek further signs of importance, the start of the period shows more library spending than profits. Since the mid-1980s, profits were larger. If any doubt remains about the preeminence of “nonprofit” profits, check out the IRS forms reported by Chronicle of Higher Education. It appears that many private research universities retained ten times what they spent on their libraries in 1996/97, according to their tax returns and ARL statistics (Oct. 23, 1998 A39-58).

It is also difficult for us to collaborate when the bureaucrats’ propaganda blitz resorts to calling publishers “profiteers.” Publishers have turned the other cheek to this insult. Perhaps their no-nonsenseobre lends the accusation credibility to some. Publishers have indeed raised prices and report earnings from operations. Reasonable earnings are a virtue, not a vice, in our society. This ignores, however, who provoked the sharp rise of prices. In 1970, research universities started slashing their libraries’ growth. In 1986/87, colleges and universities chopped over $110 from library spending, a unique event according to Chronicle of Higher Education Statistics. (1997. Table 334) These cuts created major losses of sales for publishers and forced widespread price increases. Universities increased research spending, which generates articles.

Suddenly the “library crisis” ruptured into view. Just as the coward blaming the victim for the crime, universities called publishers “profiteers.” They branded researchers for “excessive publishing” and attacked the “publish or perish” tenure system. Since 1975, the proportion of disissinable full-time teachers rose by half. (Chronicle of Higher Education April 9, 1999 A14-16) I have no doubt many librarians were also brutally laid off during the last 30 years. Columbia even sacrificed its famous library school to bureaucrats’ “financial need,” didn’t it?

Our acumen is justified, but it should be aimed at the real villains: the misers who dominate the budgets. Even former Speaker Newt Gingrich criticized the process that provides huge grants and makes no claims on effectiveness. Public agencies spend $2 trillion on higher education each year without getting or demanding their money’s worth. Must we wait for another Sputnik to get treated fairly? Or is there something that librarians and publishers can do together?

Chvala Interview

Chvala interview from page 35

and saying, “Well, they [the bank] won’t really do it on that day [in 1974] because it’ll be Columbus Day; they’ll do it the day after.” And in fact it was the following Monday of that year [1974] when the bank called his line of credit. I didn’t feel so smart then. But I did express those thoughts, many of us were really worried, and we felt powerless.

ATG: But you just told me that ’73 was the largest sales year ever; thirty-three million dollars...

DC: Yes, but in 1972 our sales were about thirty-one million. And the year before they were at similar levels—so we had stopped growing. For one of those years I even think sales declined slightly.

ATG: So we’re talking about three areas of weakness so far: financial, organizational, and sales and marketing mistakes.

DC: I think that the causes—this would be my assessment—are that we had first a marketing lack of success. We introduced cost-plus, and that was a marketing mistake; it quickly turned into a financial mistake because we lost sales and sales revenue. Secondly, in terms of market segmentation, we were becoming overextended in terms of the kind of li-
libraries were selling to, trying to secure incremental sales volume. We were selling to smaller and smaller academic institutions that could appreciate less and less the value of Abel services. They couldn't afford approval plans, and they didn't want to pay higher prices for material based on service. Our discounts, on average, were not really as good as they might get from competitors, and we were gradually raising prices.

Our average discount for a book sold to a library was probably in a range of 7%. It was certainly higher in my earlier years with the company. But toward the end we were not, on the average, giving big discounts, except selectively on higher-priced trade books. Discount policy also depended on specific library contracts, so the measurement of average discount didn't mean much.

But, here's an example of our strategy. We were engaged in the formation of approval plans for law libraries. Law libraries were very marginal in terms of overall sales activity and there were few of them compared to our mainline business. We paid two law library consultants for their assistance in developing the Abel law thesaurus for approvals, and their assistance in marketing was not productive. Our service costs to this segment were excessive. Here was an arena where one could argue we were stretching our resources.

Dick and I had testified before the House Appropriations Committee for the Library of Congress, and, as a result, developed some tremendous animosity among some academic librarians; thus our public image in libraries was being tarnished. Add to that the fact that our service levels for book delivery were falling off, and you have the setting for catastrophe. We were not delivering books because we were “cut off” from selective publishers intermittently because of our poor payments record.

**ATG:** Was this due to the slow payment problem?

**DC:** Perhaps the slow payment problem. But you see, I never thought that librarians were particularly slow in paying Abel. There are some who now say, “Well, it was the libraries' fault that the company went under because librarians weren’t paying on time.” I think that the average receivables didn’t age very much. And where receivables aged, it would have been because we were selling more books overseas where there was a physical slowness in payments. Some domestic institutions would cut checks within thirty days from invoice date. My belief is that, by and large, the American institutions paid in less than ninety days, with the average payment probably being around fifty-five days. There were some libraries that were notable by paying faster, and a few that were notable by paying slowly.

**ATG:** But you still had to pay the publisher.

**DC:** Typically we had ninety-day payment terms. Sometimes longer, depending on the publisher. And you could “push” many publishers, as a practical matter. Some publishers were pretty lenient about extending additional credit. Now it is true that, toward the end, when things really got bad, nearly all publishers were, as we say, “stretched out” and we couldn't pay because the bank was not extending additional credit. Payroll costs were high, sales languished. At that point, some of our staff knew there would be a crunch and we were especially distressed because we knew libraries were being hurt. The non-delivery of a book would cause a library to cancel their order, possibly to get material elsewhere. So our service levels were falling off in direct proportion to not paying the publishers. And we couldn’t pay full attention to the business because we were so fractured as an organization. I guess this is why there isn’t one cause for the demise of the company. It’s a whole series of things, although my emphasis should be regarded simply as my unique perspective.

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Against the Grain / June 1999
There are no individual entries for indexes like Japan's Nikkei or Germany's DAX (names familiar to most viewers of CNN). In fact, they are merely listed in the articles on their respective countries. Entries are arranged alphabetically and contain "see also" references to related articles. There are no individual bibliographies following entries, which is a drawback. However, there is an annotated bibliography of other major reference sources at the back of the book. The appendices also include a directory of finance, trade and banking organizations and an essay on emerging stock markets. One other quirk is with the index. It is cumbersome with broad topics broken into extensive subcategories, and in the above search for information on the Nikkei and the DAX, the index was of little help. However, in spite of these concerns, the **International Encyclopedia of the Stock Market** is a valuable reference. With its generally rich content and international scope, it can act as a primer for the novice, as well as a handy resource for the seasoned investor. Suitable for both academic and public libraries, this encyclopedia will be a worthy addition to business reference collections.

Ten years ago the publication of an encyclopedia devoted to the world's stock markets may have drawn an collective yawn, but not today. With the Dow topping the 10,000 mark and millions of dollars pouring into mutual funds each month, American stock markets have an obvious fascination. However, the growing global interdependence of today's economies has also increased the interest in worldwide investment. The **International Encyclopedia of the Stock Market** capitalizes on this interest. It is a two-volume set which provides definitions and explanations for 2,000 terms related to the world's stock markets. Arranged alphabetically, the articles cover a diverse range of topics. The major world markets are covered in detailed articles on individual countries which name the various stock exchanges and financial institutions as well as the methods of trading, listing requirements, investor taxation and purchase limitations. Discussions of specific investment vehicles are included, as are those related to particularly influential brokerage houses and banks. In addition, there are articles that cover historic financiers like the Rothschilds and J.P. Morgan, current investment giants like Warren Buffett and George Soros, and modern corporate raiders like T. Boone Pickens and Carl Icahn. However, there is one disappointment regarding content. While I could find individual articles on American market indexes like the Dow and Standard and Poor's, information about the foreign indexes was not so readily available.
actual price increase in the form of cost-plus. We had experience in managing cost-plus contracts for government agencies, particularly for the old Atomic Energy Commission, which was also a business partner in the sense that we used them for the development of our approval threshold radius in many cases. Their purchase contract was based on cost-plus: cost of the book, our cost as what we paid to the publisher plus an additional “mark-up” for our required handling charge.

Let’s create an example. A $10 list price book for which Abel might receive a 40% discount would have been $6 net to the company. Ignore shipping for sake of simplicity. So $6 was the raw cost of the book to which we would add $2.20, or similar amount, for delivery of that book to the library. As we developed the cost-plus model for general use, we created four tiers of pricing. We elected to use differing service charges based on list price. For less expensive books, adding $2.20 to the book’s cost would often propel the price to the library at something in excess of list price—obviously not acceptable in traditional pricing. On the $5.00 book, for which you got only a 20% discount, the library would pay $6.20 or something close to that.

We skewed our model so that on the lower-priced books Abel charged a smaller fee, thereby taking a smaller gross margin; on the more expensive books, such as for the $20 trade book in art—which would cost the company $30, we would add a slightly higher service fee, but I can’t recall the exact mark-up.

As you know quite well, librarians really didn’t accept cost-plus pricing. They didn’t understand it, they didn’t want it, and it was a classic business mistake. As the “point person” in the company who had to defend this policy, I originally resisted pressures from sales staff and librarians “to back down.” Our sales organization became totally disorganized and unmanageable. Within a few weeks, Dick chose to deal with his staff on an individual basis, while bypassing me as they refused to support me. Dick ultimately removed me from my position as Director of Marketing. As a consequence, I like to believe because at that point, his own “sales manager,” with himself back in the mode of dealing with each member of his sales team individually, although strapped for time because of other duties. It was characteristic of Dick, however, to help an individual in time of crisis.

**ATG:** So you didn’t get the learning part of it, and the people—the company—didn’t get the reinforcement that this is an organization, this is how the organization does its work, the way the hierarchy runs. You’re saying he did everyone a disservice, in a sense, by coming in like Dad and saying, “I’ll fix it.”

**DC:** Yes, in a way. If we had done this by the book, I could have been fired for non-performance. But of course the other side is that Dick himself was never quite able to delegate responsibility and hold individuals, myself in this case, accountable. The question of how to do the pricing was not one he would be willing to simply delegate. He kept his hands in. It was too important. And, in his background was the desire to make enough profit on current activity to support a public stock offering. I could also assert that the cost-plus pricing idea was not really mine. I could say, “He made me do it.” But then, in my ideal business model, it would be my responsibility to say “no” to Dick, at that time in my career, was impossible.

Such a management issue on this scale is all at the heart of developing the critical skills for successful business growth. No doubt we missed our window on this particular opportunity. I was very saddened by a sense of personal loss in the experience of this as my first major demotion. I still think about it now and then, because it was such a significant event in my life.

**ATG:** I understand. When you look at the organization that he created, and the camaraderie that existed in this close-knit team, even though it was a huge organization, it seems that the fall—the breakup—really injured people very deeply because they believed so much in Dick and in the vision he stood for. I’ve heard from others that it was a feeling of “we’re all in this together.”

**DC:** It was that, and more. In a way, I suppose, it may have been naïve for us to think that we could have kept on. I know that we held hope to the end—from March of 1973 until October of 1974—you know the bank kept sixty or so people working for an interim period from mid-October, 1974, until roughly mid-January, 1975, when the Blackwell asset acquisition was complete. Initially, the company was not technically bankrupted; its assets were purchased. Only later was there a court-directed procedure for liquidation. I’m certain that those staff who were retained by the bank were initially perceived by Dick as having permanent value to the continuance of the operation of the company when, and if, it could have a rebirth, which it certainly did under Blackwell, even to the point that Dick was its first President for a brief period in early 1975. Perhaps some sixty or more ex-Abel personnel did hire on at Blackwell’s, from a workforce of several hundreds.

In retrospect, I am content that I did not go to work for Blackwell’s, although I was offered a position with the new company [Blackwell North America], Three of us, Fred Gullette, Keith Barker, and I, formed the Academic Book Center in January, 1975, creating our own form of success from the opportunity that Abel’s demise—the company’s demise—gave us in the academic library marketplace. Most of those same libraries served by Abel needed the services that we could now provide. Initially, Blackwell’s was slow to capitalize on its new opportunity. I think the lessons I learned under Dick helped insure my later successes at Academic and in the subsequent development of integrated library systems for commercial systems vendors.