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Papa Abel Remembers -- The Tale of A Band of Booksellers, Fasicle 15: Competition!

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Papa Abel Remembers — The Tale of A Band of Booksellers, Fasicle 15: Competition!

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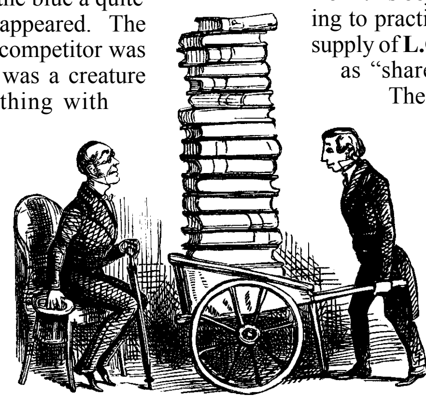
We Argonauts had become hardened by and adroit at dealing with competition by the late 1960s. We had afterall put out there in the open marketplace of ideas our Approval Plan, with the complete specifications for the ways to effectively reduce the cost of getting books responsive to the differing collecting interests of scholarly/research libraries and getting them into these libraries upon publication to better serve the needs of their users. We had integrated the differing decisions respecting the need for receiving/not receiving books in all classes of series into the Approval Plan (books bearing some sort of series identification represented roughly 40% of all scholarly books published).

We had created a nearly worldwide system for the provision of virtually all the scholarly books published in the then scholarly languages of the world to academic/research libraries in most of the then major teaching/research nations of the world. (It might be said that we were at the leading edge of what is now styled "globalization.") This integrated acquisition system permitted us to provide libraries with books well beyond those published in their particular countries, extending their collecting scope to those published in other countries.

The bibliographic information relating to and identifying this vast array of book writings in a variety of languages was all readily available in the massive computer files growing out of the Approval Plan. We had developed a computer-based cataloging system incorporating not only **Library of Congress** cataloging records but also those generated by the firm for libraries unwilling to wait for the arrival of **L.C.** cataloging, and cataloging for the backlist titles derived from the supply of both turn-key undergraduate collections and turn-key opening-day collections for newly established libraries. This extensive and growing cataloging database was all in our computer and readily available as card set, microfiche, and/or computer tape outputs.

We had developed first the bibliographies for both classes of turnkey libraries (undergraduate and opening day collections) and then a sophisticated computer-based system for selecting books for both the latter *de novo* species of libraries and then for generating the orders to fulfill the book requirements, and finally to provide them fully-cataloged and processed with the requisite property indicators, circulation pockets/cards, shelf labels, etc., for shelf-ready use. All of these flexible, "mix & match" services were, as noted above, readily and fully-knowable in the public square of ideas.

In putting all this large body of interrelated ideas out into the public square we well understood that imitators would quickly latch onto them and fashion various replicas of them. We also believed, a belief later confirmed in fact, that they would do so in a cheapened, watered-down fashion, as none seemed to be as driven by the imperative of advancing scholarly knowledge as were we — all of us bookmen. We also understood from our years in the scholarly book trade that the first line of attack of competitors touting their Approval Plans and other copies of our systems would be price, just as it had been for all the earlier years of our experience. They were not fundamentally committed to full service, which had governed our firm's policies and practices from its inception. Such a marketing strategy mounted by competitors manifestly entailed a cheapening of the quality and extent of service being offered. So, we were well-prepared to deal progressively with what we were convinced would be the shape of the private sector competitive environment in which we lived.



But suddenly out of the blue a quite unexpected competitor appeared. The very nature of this new competitor was highly problematic. It was a creature far different than anything with which we had coped for years. It was created out of munificent financial support from its opening and supported by continuing subventions along the way. It was obliged to incur few of the costs for space, support utilities, taxes, or the enormous financial commitments to computer hardware attending the private sector. It was given all manner of software that merely required integration, not the staggering costs of designing, programming, and debugging the programs then required by the hardware available. Quite why it ever came into being escaped our understanding. How to deal with it while still maintaining the vitality and financial well-being of our firm and our staff was equally beyond immediate reckoning.

As described earlier, and as feared in trying to decipher the meaning of the behavior of the Federal contingent and the single **ARL** Librarian, all three of whom refused to take a seat at that meeting but remained fixed at the door in that riotous 1967 lunch meeting we had mounted for the **ARL** Librarians at an **ALA** meeting in Washington, some other still undisclosed initiative was in the wings. We had planned that meeting as a solicitation to participate in a program aimed at making cataloging for overseas books available much more quickly, little expecting neither the outburst of criticism aimed at the **L.C.** contingent nor their refusal to overtly join the meeting. We learned soon enough that the recently-formed **Council for Library Resources** would fund this unheralded move in large measure. The **Ford Foundation**, which funded the **CLR**, had declared its interest in providing a model for libraries to guide future development of a computer-based system for libraries. The first initiative in 1966 involved a large grant to **MIT** for the development of such a model system. That effort proved largely fruitless — only a few working modules were developed. In due course we next learned that a new corporate entity was to be launched and to be known by its initials-based acronym, **OCLC**. **OCLC** then developed and was housed in space provided by **Ohio State University Library** and was to use a mainframe computer provided by **OSU Library**. The initial purpose of this new not-for-profit was conceived to be the central, national online cataloging center. Participating library demand quickly diverted from this objective to that of conforming to practicing library needs for the supply of **L.C.** catalog card sets as well as "shared cataloging" card sets. The organization started with the generous funding of **CLR** plus membership dues. **OCLC** continued to receive subventions from a variety of sources as well as revenues from sales of card sets. Several library-developed software programs were donated. So, the "new kid on the block" was not only well and continuously funded and enjoyed two streams of steady income but also benefited from free or very inexpensive facilities and operational support.

Not long after learning of the nature of this new and novel creature, several librarians who had been acquiring cataloging from us shifted their catalog purchases to the "new kid." A couple of them, following our inquiries, advised *sotto voce* that they believed they must deal with **OCLC** out of a loyalty to their profession. It was a belief akin to loyalty for mom and apple pie. How respond to such a response? We were baffled and forced to admit that emotion had trumped reason.

The nature of the new competitor was becoming increasingly clear and presented a quite different and grave threat not simply on the grounds of cost of operation but of emotional appeal. We Argonauts now faced a competitive threat for which we had no answers arising out of past experience with competition.

Our firm had a fully-operational facility in the market-place for cataloging up and running at a competitive price. We were actually doing everything **OCLC** claimed to be doing. We were supporting the catalogs, using both

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L.C. and **Dewey** call numbers of libraries not just in North America but also in Europe and the Antipodes. Why, we wondered, this duplication of systems expensive to develop and then to operate, as was the training of skilled staff? Why the investment in developing a market costly to develop? Dealing with what we conceived as an unnecessary duplication of services readily and as cheaply available, coupled with its guaranteed financial and operational support, led to the making of a kind a creature with which we had no experience, nor could we develop a thesis respecting how we might deal with it.

Finally, reluctantly cognizant of our empty intellectual kit bag, we turned to the remaining option of trying to explore with them common grounds on which our firm might work cooperatively with **OCLC**. We tried to open the door to an exchange of ideas, only to have our overture rejected. In the next few months we tried on two further occasions to seek a meeting. All three of our overtures were cast off out-of-hand. The sense informing these refusals rather reminded me of the sense of the unofficial title used within the group of several of the university presses prior to the formation of the **American Association of University Presses**: "The Pure Tobacco Growers Association."

So, the only avenue remaining open to us was to simply soldier on. This course demanded that we view the investment in our system, the costs related to building the supporting database, and the long-term welfare of a first-rate staff as of markedly reduced value — in short a substantial loss of corporate value and the worth of commitments to staff. But that was the way a substantial gamble had to be viewed and so substantially depreciated. So, we had to live with the long-term loss and proceed with the implementation of other developmental plans.

While the move to our new, now-completed Portland quarters in 1970 was very disruptive for a period of several weeks, thanks to the excellent planning of the staff we were soon back up in full operation. Having the entire operation in a single facility made for a much smoother and cohesive way of conducting the business. Staff morale was visibly improved, thanks to the far better working conditions. This was the first purpose-designed, new setting in which to conduct the operations — a great improvement over the make-shift arrangements cobbled together in run-down, cheap quarters, which had marked our history until then.

The firm had for some months been growing quite rapidly, particularly in the area of overseas business — both in terms of number of libraries served and in purchases from overseas publishers, as increasing numbers of these libraries had turned to us to supply books from world-wide sources. **Max Gnehm**, together with the managers of our overseas offices, had succeeded in markedly improving the conduct of our overseas operations. This significant growth volume, and particularly that of the overseas offices, generated the need for additional financial muscle. **Keith Barker's** projections of future capital needs forcibly returned management focus to matters financial. It was now clear that we would be compelled to take the company public whatever reluctance might be felt about assuming the burdens, financial and managerial, that such a move brought in its train.

We were now approaching the size that major investment banks minimally demanded. We selected one of the leading Wall Street firms as the one we wished to provide advice, underwrite the public offering, and provide an after-market for the stock. Following **Keith's** inquiry the bank agreed to accept us as a client. After some months of investigation by the bank's underwriting staff, they supplied a comprehensive plan for the financial way forward. All of this took the best part of a year. They lined up a couple of additional funding sources to provide added bridging financing until the firm had reached sales of a volume to support a share offering at $10 per share. We estimated that we could reach that objective in 1974, which would permit making the offering in 1975. The plan also advised that the firm maximize the amount of debt it would take on. This plan formed the basis for further negotiation which, when concluded, was to lead to the signing of an agreement with the investment bank and the bridging of financing institutions and the issuance of convertible bonds to be redeemed by the proceeds from the share offering.

I went to New York to complete the signing, which was completed on a Friday. On the flight back to Portland I was, needless to say, much preoccupied with what had been done that day. As I contemplated the repeatedly-proven historical maxim that things frequently do not work out the way in which they have been planned, I became very concerned that things might go wrong but that no provision had been made for such a contingency. So, on Saturday I called the broker with whom we were working and shared my concerns. He suggested we meet the New York officer handling the transaction on the following Monday. So, I flew back on Sunday and went into the bank's office on Monday. I again voiced my concerns, at which the New York officer stood up, pulled down his vest and announced, "Our firm never lets down a client." With that the meeting ended, and I returned to Portland.

(The reader may well be wondering why this detailed, and perhaps boring, exposition of such arcane matters as corporate financial planning rather than matters relating more directly to library interests. This exercise has been undertaken simply because this protracted event consumed much management time for the best part of a year and, more importantly, this plan set the firm's management course for the next several years and established stringent limits on our financial options henceforward.)

So, confident in the requisite financial backing, off we went to support the continuing momentum of sales and the continued forward thrust of services aimed at further assisting libraries in serving their users in more cost-effective ways. On the collection supply side we began to offer increasing amounts of so-called "gray literature" on the Approval Plan. This initiative was taken on the twin observations that research libraries were increasingly ordering such fleeting and obscure material from us and that as the sheer volume of research findings ballooned-up (witnessed by the related multiplication of the number of journal pages required to carry the burgeoning research results being produced), increasing numbers of significant research results were being published neither as books nor as journal articles but as stand-alone, "gray" publications. This form of disseminating research results arose from the fact that such reports were too brief for books and too lengthy for journal articles. Further, increasing numbers of such publications were proprietary publications often bearing substantial prices and so simply not generally available through any of the more typical channels of dissemination.

On the cataloging side we put substantial resources to bear on the cataloging infrastructure of authority files, which were no longer being given the support needed to keep collections coherent. We also well understood that we had to turn to developing online capabilities, moving away from punched card input and access. Given the sheer intractability of the then main-frame computers, this was not a negligible undertaking.

Internally and driven by increasing volumes we had to both bring more of the book and library expertise out in the branch offices in-house and put them in charge of the various operating departments supporting the services we were offering or planned to offer. This requirement entailed in turn stepping up the search for and training of prospective branch managers. We also transferred substantial amounts of the book "profiling" for the some 95,000 titles now passing through the Approval Plan to other locations. Thus, "profiling" the books from the United Kingdom and continental Europe was transferred to the London office, now under the supervision of **Tom Slatner**. A very substantial fraction of the "profiling" of books published in the United States was transferred to the New Jersey office under **Tom Martin's** supervision. These moves compelled the locating and training of other "profilers" — not an easy task. And, of course, we simply needed more staff, and that matching the intelligence and dedication of present staff to support the volume of books moving through, many of which required the addition of other components from our "mix-and-match" offerings.

In short, management attention and time had to be much more focused on recruitment and training of good book people. We had resolved our long-fraught financial riddle but now needed to deal with staff matters. We thought we were making great progress in the staffing aspect of the development of the firm — a confidence which was to be shaken shortly.