November 2013

ATG Interviews Gary Shirk

Katina Strauch
Against the Grain, kstrauch@comcast.net

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Recommended Citation
DOI: https://doi.org/10.7771/2380-176X.4483

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of whatever sources suit their particular situations and Internet booksellers are certainly among those sources. They have opened up new and useful possibilities. They are particularly useful for locating used and out-of-print books. Some may provide useful reviews, access to out of the way titles, specialized subjects, or other desirable features. Nevertheless, some things remain the same — buyer beware. As this study shows, for this sample of new books in print in North America, the traditional library book vendor was able to provide better prices on all but sixteen items. The greater library-oriented services available from the traditional library book vendor certainly further tips the scales in its favor. In their excellent, broad analysis of Internet booksellers, Kruse and Holtzman discuss both the increased options and added administrative costs libraries encounter and offer wise counsel to libraries purchasing books of many types over the Internet. They note price competition as one advantage to Internet purchasing. Our particular focus on prices for new books reveals that Internet booksellers are not even price competitive for such materials. It also worth remembering that relationships matter. Having developed a relationship with a vendor over a period of time creates an atmosphere of trust beneficial to both parties. A book vendor acquired with the acquisitions librarian at a particular institution will know much about that library’s track record — how quickly payments are made, whether the library is likely to be affected by a state budget crisis, whether there are many returns and why items are returned, will know that the librarian is reliable and fair, etc. If a problem arises, it can be talked through. Slow payment may be tolerated. Special requests may receive a more serious hearing. An out-of-print dealer with whom the library has a long-standing relationship will know that the library actually purchases most items for which it requests searches and will likely pursue new requests with more enthusiasm than for a library that seldom follows through after an item is found. This kind of knowledge base and relationship is nearly impossible to build while clicking through cyberspace. In both cases the Internet booksellers offered no contact person like the customer service representative one tends to get from the traditional library book vendors. In fact, one bookseller doesn’t even offer a telephone number; instead one is offered several FAQ screens and a pathway leading to an email option, but even then the email address remains hidden. Bottom line: Although the hype of three years ago has cooled and the Internet has become a routine vehicle for commerce, our basic conclusions of 2000 still stand. Librarians must do their homework, make their own studies and comparisons and place orders based on national examination of service and price from various sources. And just as one needs to remain wary of hidden costs, it is also necessary to remain alert to genuine value. Again, the basic tenets of the profession demand that librarians make the best use of the resources entrusted to them. It takes some effort to do this, but that is the nature of the job and certainly part of what makes it interesting and of some consequence.

Citations
4. Windwalker, 54.

ATG Interviews Gary Shirk
President and Chief Operating Officer, YBP Library Services
A Baker and Taylor Company <GShirk@YBP.com>

by Katina Strauch (Head, Collection Development, College of Charleston Libraries) <kstrauch@cofc.edu>

ATG: Gary, what does this acquisition of YBP’s parent company, B&T by Willis Stein & Partners mean in practical terms for those of us doing business with YBP?

GS: While the process of selling B&T took many months to proceed, the time between the announcement and the close of the sale took just a matter of days. We announced the sale on July 3rd and it was completed on July 18th. The new CEO, Richard Willis, immediately took the reins and announced the appointment of a new CFO, Bob Agres whose experience in publicly traded companies confirms Willis Stein’s intention to aggressive grow the corporation and, when conditions permit, take it public. I hesitate to speculate what this might mean for our customers. I suppose that in the short term the answer is simply, “business as usual.” In practical terms, our customers will continue to see the same faces, talk to the same people, and—most important—enjoy the benefits of our first-class service and continued investments to benefit our customers. In the long term, who knows, maybe we’ll all be able to buy stock in a terrific company. I’m lining up for the opportunity already!

ATG: What are some of the businesses that Willis Stein & Partners own? Are they compatible with B&T, or are they very different?

GS: We’ve learned that Willis Stein & Partners is a leading private equity investment firm specializing in negotiated investments in profitable, well-managed and growing companies. They support excellent management teams in acquiring and building middle-market companies focused generally in the media, business services, information technology, telecommunications, manufacturing and health care industries. They have extraordinary experience in information services and media related companies. Baker & Taylor is their 11th investment in media-related companies. It’s now part of their business services portfolio which also includes Aurum Technology, Protocol Communications, USApubs, WAN Technologies, Inc., and Zeborg. Willis Stein & Partners portfolios include about 40 companies in total and while many are specifically in book distribution they are all active, well-managed companies with substantial growth potential.

ATG: Are there any plans for operating changes in either company? Will management remain the same?

GS: As I’ve said, Willis Stein came to B&T with their own CEO and CFO. Changes at that level are normal business procedures in acquisitions like this and was fully expected. We should expect and welcome the fresh perspective and urgency that these new executives will bring to the organization. It’s probably too soon to tell if other changes to management will be necessary. At YBP, we’ve got a terrific team and it remains intact. We expect no changes as a result of the acquisition. Willis Stein appreciates what we’ve achieved and has assured me of their support. I’m excited about being part of company’s growth, and I’m already charting a path for the years ahead. Regarding other changes in operations and business relationships, I’m sure that we’ll see some. But we expect them to originate from within YBP. We are always looking for changes that will lower costs, improve services, and gain market place advantages.

continued on page 66

<http://www.against-the-grain.com>
Interview — Gary Shirk
from page 64

ATG: Is Willis Stein committed to the diverse marketplace and locations of B&T?

GS: My interaction with Willis Stein & Partners has been very limited. However, everything so far points to a solid commitment to all of B&T’s distribution facilities and markets. We are looking to grow in retail and institutional markets and are fully committed to providing value-added services to both. The growth we have in mind will assure our customers of a continued development and investment.

ATG: Is Willis Stein publicly traded? How would this affect either company?

GS: Willis Stein is not publicly traded; nor is it actively involved in the daily operations of its portfolio companies. Willis Stein provides help to company management in areas where they have valuable contacts or expertise such as strategic direction, executive recruitment to augment management teams, capital raising and structuring, reviewing potential acquisitions, and exiting investments. They also provide incremental capital to allow for synergistic add-on acquisitions that will ultimately improve operating results and enhance equity value. While there are no immediate plans to take B&T public, it is one of the alternatives for the company as it grows and develops over the next 3-5 years. It’s too early to speculate on the affects that this would have on either YBP or B&T at this time.

ATG: Does Willis Stein plan to keep YBP as a wholly owned subsidiary of B&T or spin it off?

GS: YBP will remain a wholly owned subsidiary of B&T. It will NOT be closed or merged; nor will it’s name be changed by the new owners. In fact, we’re delighted by the support that B&T continues to give us and the assurances that we’ve received from Richard Willis, B&T’s CEO. We are firmly in B&T’s stable of companies and look forward to enjoying a period of rapid growth and expansion. Naturally such growth will be difficult with library budgets strained as they are, so we are already looking for strategic acquisitions or mergers with other companies in the information industry, who will complement and strengthen YBP.

ATG: You have a long history with YBP. Can you refresh our memory as to when you joined YBP?

GS: I joined YBP (then known as Yankee Book Peddler Inc) in June 1984 but didn’t actually arrive in New Hampshire until July 4th of that year. As you well know, JohnSecor, our founder and CEO, had quite a flair for the dramatic gesture. He insisted that I take time out from my moving preparations to join YBP during the ALA conference in Dallas that year. I was surprised to discover on arrival that he planned to announce my appointment at a customer reception. It was a wonderful way to familiarize myself with the business, the world of book supply. I returned home to Minnesota, packed up the family, and drove to New Hampshire where we arrived to witness a real New England Independence Day. My son Dan, who was just four years old at the time was very excited to see us greeted with parades and fireworks as we passed through the small towns in western New Hampshire. He asked, “Dad, why are they so glad to see us?” I’ll admit that I’d never been greeted like that before on any of my earlier job changes. It was a good omen.

ATG: You used to be an acquisitions librarian in another life. How will libraries feel the change? Will discounts be increased or reduced? Will turnaround time suffer?

GS: Willis Stein’s acquisition of B&T will have no direct impact on the terms and conditions we offer to libraries. Underlying economic trends, competition in the marketplace, changing library needs, technological innovation, and changing societal priorities are the factors that drive changes to our terms. We should expect a fresh look at everything we do at B&T and YBP. We’ll re-examine all parts of our business and make improvements where we can. So far, we’ve seen an intense focus on delivering customer satisfaction through improved responsiveness and performance. Willis Stein is interested in growing and developing a profitable company, and I’m convinced that we will receive the support we need to do this.

ATG: Will Willis Stein & Partners keep the current YBP administrative staff and give them the authority to continue to run things as they have? Or will they see a need to consolidate YBP into B&T?

GS: Richard Willis, our new CEO, has gone out of his way to assure me that my senior staff and I will remain firmly in the driver’s seat at YBP. Richard and the investment managers at Willis Stein understand and appreciate YBP’s role within B&T and can be counted on to give us full support. I and my team will look for synergies within B&T’s family of companies, but we will not be consolidated into B&T’s structure or lose our identity. However, I hope that everyone realizes that, as in the past, we at YBP will make changes. But, rest assured, they will be YBP’s changes and not those driven by Willis Stein or B&T.

ATG: Where and to whom will you report? What can you tell us about the new structure?

GS: While a few of the Executive staff have left the company, they’ve been replaced, so the organizational structure hasn’t changed. I continue to report to George Coe, President of B&T Institutional, and he reports to Richard Willis, CEO. The three of us work closely together on matters of strategic planning and budgeting. Bob Agres, the new CFO has just joined the B&T Executive Team, and I haven’t yet met him, but I suspect that we will work closely together in the coming months. Most of our work with B&T occurs in teams that crisscross organizational boundaries and move up and down the formal hierarchies. For example, Linda Gagnon, YBP’s VP for Domestic Sales and Marketing, works directly with George Coe on sales and marketing strategies where YBP and B&T overlap, e.g., eBooks. YBP’s Operations VP, George Rego, regularly meets with B&T’s Distribution Center Managers, who report to Arnie Wight, B&T’s Executive VP Mike Williams, YBP’s Informational Technology VP, regular communicates with Matt Carroll, B&T’s Chief Information Officer. In this way, YBP’s senior management team, keeps its fingers on the pulse of change at B&T, enabling us to take advantage of any synergies that develop.

ATG: Since Willis Stein & Partners is an investment firm, how soon will they bail out if and when the investment does not produce the anticipated results?

GS: While venture capitalists generally enter new investments with exit plans in hand, I think it would be wrong to interpret Willis Stein’s approach in this simplistic way. They have a proven record of working with the company’s management to achieve the results they expect and have shown that they provide solid support even under difficult circumstances. A perfunctory bail out is not a planned option. They are neither harsh task masters nor simply benign observers. They are part of the process whereby they can bring their special expertise, contacts, influence, and access to capital. From what I’m able to observe so far, they form a partnership with management to achieve extraordinary results. I’m excited about working with them to build YBP/B&T into the undisputed world leader in book distribution.

ATG: As an old acquisitions librarian, what is your opinion of where libraries will be if there are only one or two domestic approval plan vendors?

GS: I suppose that after nearly 30 years in the profession I deserve the tag “old acquisitions librarian,” but I’m hoping that you mean “former acquisitions librarian” rather pointing to the obvious toll of years. This aside, I’ve been thinking a lot recently about the issue you raise. Budget issues in the public sector have taken quite a toll on academic libraries in the past year and will take more this year. We who serve these libraries have been affected as well. While YBP has felt the pinch, we’ve been fortunate. Our working relationship with B&T and the breadth of its market reach, has helped us to do fairly well. Elsewhere in the industry I fear that this may not be so and that further consolidation is likely. Your question is very timely and important.

In 1984, my last year as an acquisitions librarian, competition among vendors wasn’t very strong. There seemed to be room for a stable of healthy vendors, each capable of providing for most of our needs. But, now, nearly 20 years later, the picture has changed dramatically. For some libraries whose requirements are very sophisticated, competition has already been limited in practical terms to just two or three vendors. The vendors competing for the market whose needs are less demanding have been pressured by new entrants like Amazon.com and continued on page 68

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ATG Interviews Rolf A. Janke
Vice President and Publisher, Sage Reference, www.sageresearch.com

by Tom Gilson (Head, Reference Services, Robert Scott Small Library, College of Charleston, Charleston, SC 29424; Phone: 843-953-8014; Fax: 843-953-8019) <gilson@cofc.edu>

ATG: A couple of years ago, Sage Publications made, what some might consider, a bold move. You started a new imprint, Sage Reference. How did a publisher known for quality journals and books decide to get into reference publishing?

RJ: In the 1990's, the Sage book program had experienced a decline in revenue generated from the declining markets for monographs so we needed to identify new products that would fit our strategy and would preserve the Sage brand. We had already started to publish textbooks but the only reference products of significance were our handbooks. And, at that time, our journals program was as strong as ever which meant we were no strangers to the academic library market. The final piece of the puzzle was my experience from Blackwell Publishers and ABC-CLIO where encyclopedia publishing was prosperous. So, we decided that the book-publishing program should include encyclopedias.

But the "bold move" came when we created Sage Reference, which would be a dedicated imprint for publishing encyclopedias in the Social Sciences for academic and public libraries. The Sage brand is very strong in the library market and as long as we adhered to the same quality that Sage has always delivered, we knew that our chances were good — yes, even in a time when library budgets are declining. However, we had so many reference librarians tell us that even with shrinking budgets, they always try to keep their collections current so we knew that if we put the right plan in motion, Sage Reference could make an impact.

ATG: It's been a while since you took the plunge, how is it working out?

RJ: Great! We launched four titles last year, three of which were in the criminal justice discipline. This was by design since Sage is very well known and respected for the books and journals we publish in this area. Two of the four titles, the Encyclopedia of Crime and Punishment and the Encyclopedia of Terrorism, have won several awards. This year, we will launch eight titles and we have twelve scheduled for next year. Many ask us, starting so late in the game, are there any more topics that would be unique, or different enough, to capture the librarians' attention? I look at this as the ultimate challenge, selecting topics, and then watching the titles go on to be successful (or hopefully so!). We are still experiencing some growing pains, but so far the plunge has been a refreshing one!

ATG: Growing pains? What type of growing pains are you referring to?

RJ: Encyclopedias are more complex than a traditional monograph or even textbook when you take into consideration the number of people involved. Instead of a single authored book, we are introducing multi-volume encyclopedias that would consist of editors, editorial board members and hundreds of contributors — just on one title! Then you throw in an aggressive writing schedule, so keeping track of everybody presented some real challenges, or growing pains. We have since set up in-house developmental, while adding Web based, project management tools, so even with a small staff, we are now able to manage over forty major works.

ATG: Being new in reference publishing, how have you separated yourselves from the pack? What is unique about Sage Reference?

RJ: There are many established reference publishers but in order to sustain growth from a new imprint, we felt that instead of trying to differentiate ourselves from the pack, we would build upon the same strengths that have made Sage so successful. An independent, higher education publisher of books, journals and electronic media in the Social Sciences that now offers handbooks is a great story. We are not trying to knock the big guys off. That would be a tall task, considering all the mergers and acquisitions in the industry. But, we feel that our story will entice librarians to look at what we are doing.

ATG: And the unique part...?

RJ: I believe the unique component of Sage Reference is that every title we publish has a strong interdisciplinary focus to it. The Social Sciences are made up of many disciplines and no matter what the topic, we feel that we can give the end user of our product a wider view of that particular topic. For example, in the Encyclopedia of Community, there are articles that fall under topics such as politics, economics, gender, race, psychology, criminal justice, health and so on. It is not possible to pull this interdisciplinary approach off on every project, but we try. So far, the response from our customers has been wonderful. They expect more usage from such a product. It also makes it easier to select topics, knowing that you can take a niche topic, health psychology, for example, and add more disciplinary perspectives and turn it into a health and behavior approach making it more resourceful to a wider audience.

ATG: Has this interdisciplinary approach made it easier, or harder, to market and sell these reference works? Do they appeal as much to public libraries as they do to academic libraries?

RJ: I believe it has made it easier since you can identify more of a reason one should purchase a particular work. Librarians have told us that since an interdisciplinary work would appeal to a wider audience, they would feel more compelled to purchase it. I look at it as a good "cost-benefit" for our customers. As far as appealing to public libraries? Yes, as long as the topic itself fits their needs.

ATG: We know that Sage is known for its scholarly, academic content, but with reference works, value added features are important. How do you insure the necessary glossaries, chronologies, appendices and indexes are included in each of your works?

RJ: We the editors directly hire the contributors, making sure they recognize the importance of these added features. I study reviews of encyclopedias and notice that reviewers are very appreciative of these components so it is not that we are adding fluff, we are adding valuable additions that hopefully will be utilized by the end user. I remember when we launched the Encyclopedia of Crime and Punishment, Sage Reference's first...continued on page 70.

BarnesandNoble.com. As a result, competition is no longer the primary driver when negotiating terms and conditions. Instead, we vendors find ourselves trying to hold the line on costs in the face of the growing technological and service needs of our customers. In this environment we're discovering an unlikely paradox: less, not more, competition brings greater benefits to libraries. When suppliers consolidate, they can spread the cost of maintaining knowledgeable staff, large scale databases, innovative systems, facilities, etc. across a much larger number of units. The resulting cost reduction decreases the upward pressure on prices. The US Steel industry, after two decades of consolidation, is an example of this. Only now are they beginning to be able to compete with foreign suppliers. Will our industry go the way of steel? It's something we should all ponder in quiet moments this winter. I know I will.

68 Against the Grain / September 2003

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