

Of windmills, bookstores and a serious man named Fred . . .

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The last time I saw Fred was outside the Co-op in the rain, after the Co-op held a gripe session that only one student showed up at. He said to me then, "Maybe you're right. Maybe we can't do anything. Just let it ride." He walked off toward the Law School and he walked a little slower.

Well, anyway, Fred, when I first was going to interview him about the Co-op, asked if he could just say something and me take it down word for word and print it that way. That shows how much we journalists are trusted.

I said I would try to.
"No, I mean, could I just make a statement and you run it that way?"
"Why don't you just write it up Fred, and we'll run your opinion."

So Fred said he would, and did.

Emerald didn't want run
But the Emerald didn't want to run it because it was too dry and it was right. It was really a position paper and not appropriate to a newspaper style. After all, no one would read it. And I think that is one defect of both newspapers and their readership. So I wrote it up into journalese and it looked like an interview and that was a lie or maybe just a slight distortion of the truth. It was still boring because business is boring. So I am rewriting that now.

I told Fred that I would quote what he had to say and so I am going to do that. I can only hope people will read it because Fred does have something to say.

Here is what Fred wrote:
"The duties and responsibilities of the board and the

manager seem to be confused. (He cited the Co-op's bylaws in those areas to prove his point.)

"Even the most casual observer of the Co-op's management will recognize that in practice the manager operates autonomously with respect to the board. The board seems to feel that exercise of its power of supervision and control will somehow suggest a lack of confidence in the manager. The board does no checking or investigating on its own and is quite content to routinely accept the manager's analysis of the matters which he brings before the board.

Information not presented

"Relevant information and data concerning the operation of the store is not presented to board members. The manager has yet to issue a meaningful report of the store's situation since I have been on the board.

"The general attitude of the board members is one of apathy and indifference. Once elected, board members are content to sporadically attend meetings. At least half of the board members have failed to contribute anything, thus far, that indicated they have spent time outside of the meetings working to improve the Co-op.

"The board, however, is just a reflection of the lack of concern of the membership in general. Members are content to grumble about the Co-op, but they are not willing to take the time to change it. Perhaps when the rebate is eliminated entirely . . ."

Fred also suggested changes in the Co-op operations.

"There is no good reason why Co-op members should have to wait until the end of the year before they are given any indication of what the rebate will be. A forecast should be made during each term . . . so that the actual rebate will not be a total surprise. This will also encourage more responsible management throughout the year.

No evaluation

"Currently, there is no meaningful way to evaluate the performance of the Co-op management—there is nothing to compare it to. We are expected to unquestionably accept the manager's own evaluation of his performance. We know how the management performed, but we don't know how it could have performed.

"To acquire some standards of comparison it will be necessary to gather and analyze data from our bookstore as well as similar stores (perhaps at other west coast campuses). When this data is obtained we will have a meaningful basis for determining the strengths and weaknesses of our own operation.

"Currently, the manager receives a fixed salary come hell or high water. Perhaps it would serve as an incentive if a portion were to vary proportionately to the rebate or to another standard of performance. This would serve to help maintain the manager's interest in his performance and allow him to share more directly in the fruits of his labor.

"If the trend of decreasing profit (and rebate) continues, is may be in the best interest of the Co-op to investigate the possibility of leasing the store to a private individual at a fixed percentage of gross sales.

"Losses from internal theft and shoplifting deserve immediate attention. All losses not otherwise identified are presently attributed to shoplifting. No losses are categorized as due to internal theft. The layout of the store may have to be changed and internal security measures adopted to curtail future losses.



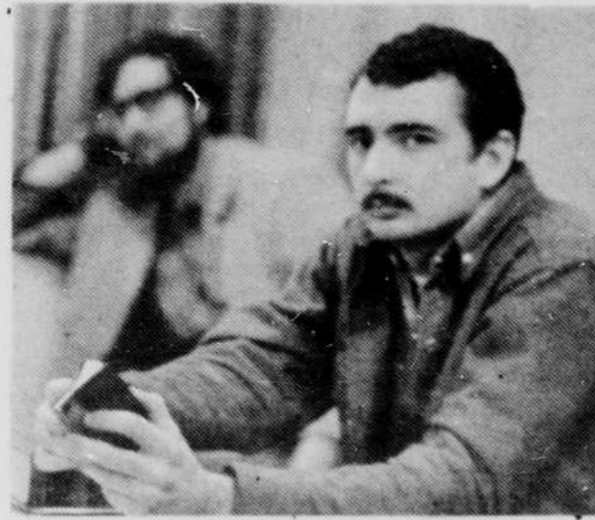
G. L. Henson: caught in the bind



Frank McCarthy: b.s. for the press



Dave Hytowitz: gets report from Henson



Fred Hugl: walks a little slower

"Generally, the store does not have a favorable image among those with whom it deals. The store must become more responsive and communicate this responsiveness. Errors must be acknowledged and corrected. The textbook ordering process must be simplified and facilitated so that errors in the process can be accurately pinpointed, not routinely blamed on the next link in the chain (the publisher).

"Business school expertise should be solicited and utilized. Practical applications of modern business management procedures can be made on the Co-op by business students through the Co-op board.

"Business students and professors should be encouraged to use the Co-op as a laboratory to apply modern business theory."

I will get back to Fred later, but next I talked to Frank McCarthy who is the new faculty advisor to the Co-op board.

Frank McCarthy is an assistant professor of accounting. Well, anyway, I told him what I was doing—these articles on the Co-op—and asked if I could interview him in connection with them.

He says sure.
I say all right.

Right away he says, as I am starting to ask my first question: "Now is this between us or is this for print?"

For print

"For print," I say.
"All right," he says.
I can see there is going to be some distortion of truth here. I am at that point of being no longer interested in wasting my time to get the suffering truth. But I start the interview anyway, discouraged and bored, playing my role as a journalist, knowing I'm going to have to turn something in to print.

Eventually we decide that McCarthy, too, will write a position paper like Fred.

But unlike Fred's, McCarthy's paper turns out to be the usual b.s. for the press—words, but no important content (my value judgement entirely). Unlike Fred, McCarthy has not been on the board long. He has been to only one meeting—no one can tell anything from just one meeting. Unlike Fred, McCarthy does not have the frustration with his role on the board. McCarthy is not likely, in my opinion, to gain the same degree of frustration, if any at all, as Fred because his role is different. Fred is one of the active participants in the board with all of the obligations and responsibilities thereof, while McCarthy is just an advisor. His role is one of talking through glass. Fred is encased in the glass.

McCarthy is very important to the board, though. Fred's face reflects it when he talks of him. "Now that McCarthy is here things should start moving," Fred says. "McCarthy knows about these things. He knows what the manager is talking about."

McCarthy has told me that he hopes the board does not rely on him too much since his role is that of just an advisor. McCarthy stressed his role of raising questions. What some members of the board need are answers.

And so it goes.
The person involved here who is the one caught in the bind is really G.L. Henson, manager of the bookstore.

Flak catcher

Henson catches flak from everyone.

I get the impression that if any student were asked about the Co-op, he or she would go into a tirade about how somebody is ripping somebody off, etc. And almost invariably that first somebody would be G. L. Henson and that second somebody would be the student asked.

All this flak flies around and, of course, Henson gets defensive. He points out that even though the Co-op gave only a six per cent rebate last year, it was the first year in over twenty that it has been less than ten per cent.

He points out that the Co-op has to get book orders from all of the faculty, process them and send them off to over 150 publishers and then get the books back. If anything happens to the books during the whole process, the Co-op gets all of the blame. The cause could be anywhere.

He points out that college bookstores are constantly concerned with their public relations. He will be available to all students at nearly all times who wish to voice complaints. I personally have seen him take notes when those complaints are voiced and get an answer to the student within a day. But not that many students visit him.

He is proud of the fact that the Co-op has the largest selection of titles—over 16,000—of any bookstore in Oregon.

Yet still the flak flies.
Somebody better put their finger on exactly what is the matter. If anything is really the matter.
Just for the record this is generally how the Co-op is operated. (Facts provided by Henson.)

The Co-op is one of three per cent of cooperative bookstores out of over 2,000 bookstores. 80 per cent are institutionally owned. 17 per cent are private institutions such as at Wisconsin or Berkeley.

Sixty per cent of the Co-op's two million dollar volume is in the textbook trade.

The mark up on texts is 20 per cent and the Co-op pays all of the handling.

In other words, the publisher does control the price of texts. A \$7 paperback costs \$7 because the publisher says so.

Most publishers allow a return of only 20 per cent of the original order.
It is a recession year and students are not buying as many books. Normal returns usually barely exceed 10 per cent of the order and now in some cases exceed 30 per cent. Stanford had a return factor of 50 per cent on all of their texts.

Shoplifting is on a steep upward curve. Losses come directly out of profit and thus rebate.

Inflationary spiral

The inflationary spiral has hurt the college bookstore trade especially because they do not have the

profit margin to absorb rising costs of postage, taxes and wages.

The Co-op has six or seven permanent full-time employees.

There are 18-22 part-time student employees. Student wives and other University community employees fill out the staff of about 100. Textbook trade at the Co-op is a "loss-break even" proposition.

Profits come in the general merchandise trade and in paperbacks.

The Co-op had a net profit last year of \$73,000 which they turned back to the students in the rebate. 57 per cent of the students turned in their receipts. The rebate was 6.18 per cent.

The Co-op gets a break by being a member of the College Bookstore Association. Through the Association the Co-op gets its filler paper, typing paper, binders, notebooks, etc. An example of the savings is a spiral notebook that has 100 pages costs 50 cents at the Co-op—at Safeway, one with 48 pages costs 49 cents. Another is plain index cards—100 for 20 cents at the Co-op, at Payless, 100 for 29 cents.

Well, now, let's get back to Fred's statements.
The manager does operate autonomously of the board in some matters—that is in the actual running of the store. But what can we expect? As yet there has not been expertise on the board to operate the store. The manager is hired to provide that expertise, and he does.

The real problem is that the board directors have a feeling of impotence. The Co-op is run on exactly the fine line that will provide a profit and continues to be run on that line. The board feels impotent because they don't have any real decisions to make and they feel they have to.

The nature of the business is such that present policies are geared to maintain that profit, or at least some profit.

To make a decision to alter the present policies has so many ramifications for the store. Will the decision increase the profit and thus rebate or could the decision blow the rebate all to hell?

Here's where the business expertise enters. What will happen?

The board directors don't have the expertise. Frustration. Will a student board ever have that expertise?

Frustration

Now another possibility that Fred raises is maybe it is in "the best interest of the Co-op to investigate the possibility of leasing the store to a private individual at a fixed percentage of gross sales." Maybe?

But then again the gross sales of the Co-op were around two million dollars. To get even a 10 per cent return would entail a rent rate of about \$200,000. Since the net profit was around \$73,000, it is highly unlikely that this is going to be a real winner.

In other words, if the students persistently feel that they are being ripped off by the "student's own store" then instead of ripping ourselves off, why not let someone else do it?

Another possibility is letting the store go to the University. In the bylaws it says "in the event of dissolution or liquidation of the cooperative all surplus shall be distributed to the University of Oregon." The University will have to run the store because the store is vital to the operation of educational process. Maybe that would be better?

What happens here is that the school could run the store like we're doing it (no savings over present conditions) or they could run it with higher prices with little restriction (rip off) or conceivably they could run it at a loss. They could run it at a loss and pass the savings on to the students because they have another source of income, namely the taxpayers, to make up for that loss. But selling that proposition to the taxpayers would be no easy task.

I will leave these and the rest of Fred's comments up to the consideration of the reader.

Let us consider this paragraph of Fred's statement: "The general attitude of the board members is one of apathy and indifference. Once elected, board members are content to sporadically attend meetings. At least half of the board members have failed to contribute anything, thus far, that indicated they have spent time outside of the meetings working to improve the Co-op."

That's true.
How can we rank down people for only being human?

Fred Hugl, of the board members, appears to be the most concerned.

Phil Barnhart, near as I can tell, presides over the meetings.

Steve Cassani is very eloquent but has the frustration that he doesn't know how to fix his frustration. He has a dog that comes to the meetings and snores.

Dave Hytowitz is the treasurer and reads the treasurer's report which he gets from Henson. He seems exasperated at times.

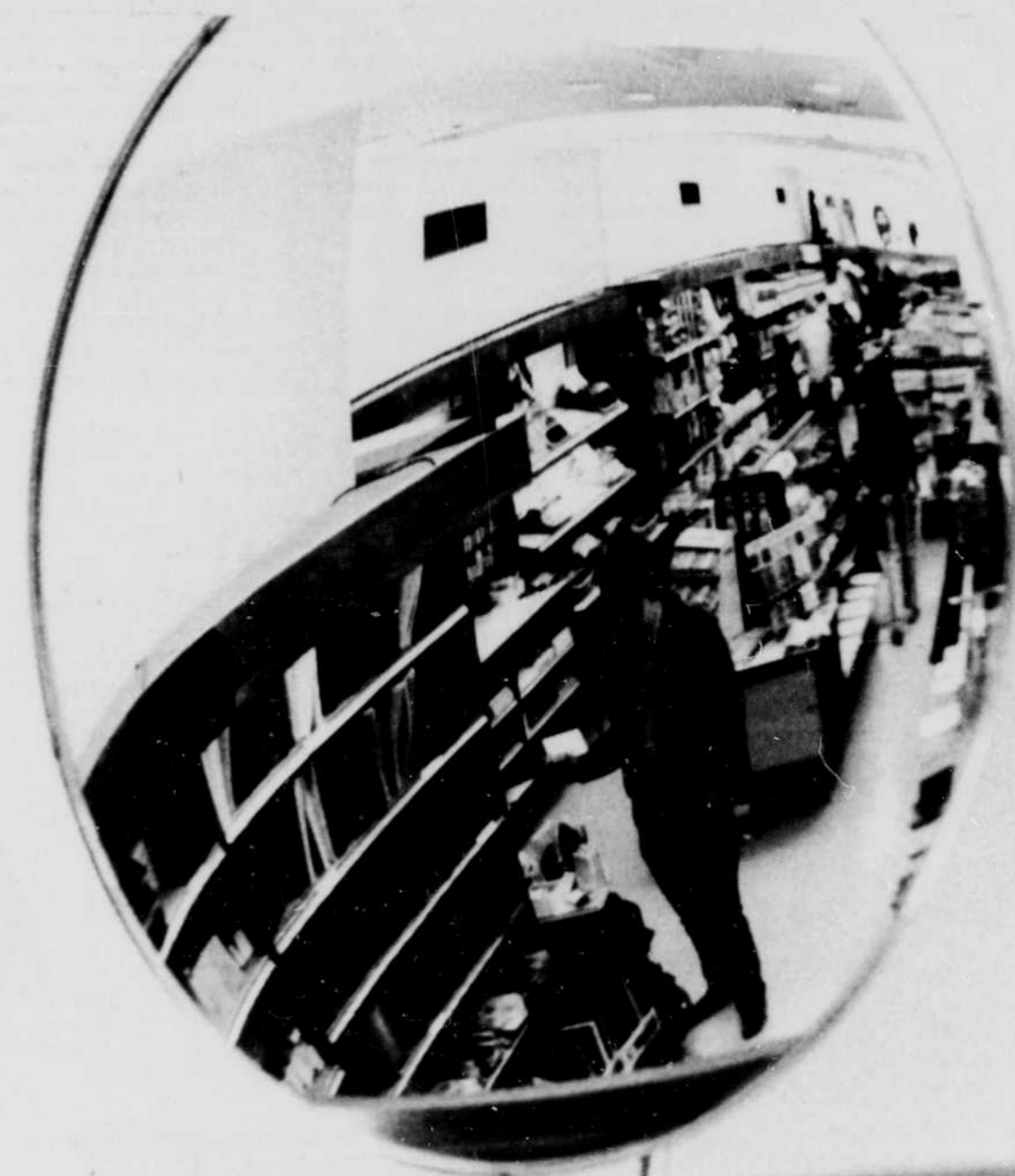
Jeff Weller is new to the board and appears to me to be impressed with Cassani's eloquence.

Steve Baker has said very little except that he would accept the leadership of the book committee or something like that. Anyway, the book committee hasn't been heard from since.

Colleen Swanton once said "second."
Darcy Warburton records the minutes.

If I have forgotten any of the other board members they had better reevaluate their existence.

Personally, I think we ought to forget the whole thing or else take one last quixotic charge at the windmills.



Hugl says, "Losses from internal theft and shoplifting deserve immediate attention."



"The Co-op has the largest selection of titles of any bookstore in Oregon."