

Bookstore Committee

Report to Faculty Senate Executive Committee

February 21, 2005

The Bookstore Committee met on December 8, 2005. Due to computer problems, the Bookstore's complete annual report was not available. Bookstore Director Dave Hansen reviewed the store's "dashboard" of annual data with the committee, and ASUSU Extension Chair Kiersten Hewitt presented some textbook-related problems for extension students. No other issues were put forward for discussion.

In response to the annual report, the committee offered several suggestions, including:

- Find ways to reduce the price of USU clothing offered.
- Offer special pricing on USU clothing at the beginning of the year and prior to graduation.
- Offer reward points for textbook purchases which can be applied to the purchase of USU clothing.

Dave Hansen told the committee that the Computer Solutions operation will be soon be carrying more PC-related products in addition to the present focus on Macintosh.

Kiersten Hewitt discussed the difficulties extension students have obtaining textbooks for their classes in a timely manner. She identified the following problem issues and suggested some possible causes and solutions. The committee expressed their support for seeking ways to address these issues. Problems identified by Hewitt:

- Extension students do not order books until the first week of class.
- Faculty members use new editions of their texts every semester, eliminating the used book option and increasing costs to students.
- Faculty select text books late.
- When ordering on-line from the Bookstore, students cannot always tell whether the book they receive and pay for will be new or used.
- Shipping fees add to the cost of textbooks.
- Extension students have few purchase options other than the bookstore.

USU Bookstore

Compact Plan Update

2005-2006

David Hansen
Director
435-797-1645
daveh@bookstore.usu.edu

Introduction

I. Vision

Our vision is to be an active team member in contributing to the success of the academic, research, and community life of the University. We are committed to the highest level of benefit at the least cost. Our customers mean everything to us!

II. Mission

The Bookstore operates at world-class status. We communicate, educate, set goals, and link rewards to specific performance accomplishments. We plan, align strategic initiatives with appropriate desired results, allocate resources to pre-established highest leverage opportunities, and establish clear, measurable milestones. We invite feedback to improve understanding and are committed to continued improvement.

III. Departments

A. Selling Departments:

- School and Office Supplies
- Textbooks
- General Books
- Athletic Concessions
- Gifts and Clothing
- Computers and Accessories (Computer Solutions)

B. Non-selling departments

- Accounting
- Shipping & Receiving
- Information Systems
- Customer Service & Cashiers
- Store administration

IV. Context for Initiatives

For the past three years, enrollments have declined and university operating budgets have been cut or not funded. Since the store's financial success is materially affected by these two elements, focus has been placed on increasing internal efficiencies, reviewing pricing strategies and reorganizing the store's structure to achieve greater value with a more efficient staff.

V. Upcoming Challenges

There are four major challenges impacting the store this next year:

1. Adjusting to a project enrollment decrease of 400+ students;
2. Retargeting our marketing efforts to cater to smaller, targeted customer groups and signature categories to increase customer value;
3. Reorganize the store's internal structure so it we are positioned to deliver on the commitments we have made;
4. Complete the Banner interfaces with our retail inventory control system and general ledger and balance our subsidiary records to the Controller's Office records.

Store Initiatives

I. Initiatives Supporting University Goals

A. *Curriculum-related materials will be available at the lowest possible cost for use three weeks before the start of classes.*

Objective: Have all course materials, or information about the location of class materials, available to students three weeks before the first day of class.

Strategy: Textbooks follows a term management plan to assure faculty responses to course request information.

Schedule: Ongoing management plan within Textbooks.

Cost: No additional cost.

Measurement:

1. Four "Faculty Adoption Reports" are prepared each term to the Provost, Deans, and Vice Presidents.
2. Percentage of Used Books available to students

University Goals: {3, 4}

Status:

1. Testing was completed on electronic Textbook Adoptions giving faculty an online means to submit their course material adoptions.
2. Implemented a new marketing campaign called "Get It campaign." The marketing objective is to encourage more students to shop at the Bookstore or via website. It consisted of a series of photographs of students and their testimonials of why they shop at the Bookstore for textbooks.
3. Book-it (textbook reservations) transactions increased 71% over last year. There were 1,192 orders placed, 5,756 items shipped with an average order size of \$256.20.¹
4. Visited USU Uintah Basin Bookstore to evaluate it at the request of Continuing Education.
5. Completed a major project transitioning Express-a-Book (which handles mail order, web orders and special orders) from a cash register based system to order-entry via workstations. This has increased our ability to handle more transactions and made internal processes more efficient and less paper intensive.
6. Conducted Textbook price surveys for brick and mortar stores as well as online competitors to ensure our book offerings were at the lowest possible price.
7. Increased our custom course reader business by \$7,617.15 with no write-offs of unsold materials.

B. *Be an informed source and an active influence to facilitate campus-wide understanding of copyright issues.*

Objective: Ensure custom course materials and enhanced syllabi are clean, legal and available to students three weeks before the first day of class.

Strategy: The Bookstore will be proactive in educating the campus on the legal use of copyrighted materials for classroom use and the supporting services we offer to for citation clearance, royalty payment and retail sale to students.

Schedule: Ongoing management plan within Textbooks with visits starting Summer Term 2005.

Cost: No additional cost.

Measurement: Four "Faculty Adoption Reports" are prepared each term to the Provost, Deans, and Vice Presidents.

University Goals: {3, 4}

Status: Faculty visits and faculty meetings targeted to provide educational materials. We're also monitoring customer responses to digital textbooks at two other universities.

¹ Express-a-Book 2004-2005 Activity Report

II. Initiatives Supporting Unit Goals

A. Continue to improve customer service.

Objective: The Bookstore will set a new standard of excellence in customer service. This service ideal influences our decisions in meeting the needs and expectations of each and every customer.

Strategy: Through ongoing customer surveys, student focus groups, NACS Faculty Satisfaction Surveys and Store Director Visits with deans and administrators essential feedback continues to be received and operations/processes changed. Specific programs being considered are

1. Storewide customer loyalty program;
2. Expansion of “Book-it” our textbook reservation service.
3. Focus on smaller market segments and creating sales reports to match segments.
4. Marketing will focus on four principles:
 - a. Retain existing customers so a net gain is achieved in customer base.
 - b. New customer Development (esp. new students)
 - c. Reactivation of old customers
 - d. Each customer can articulate why the Bookstore is the best place to shop.

Schedule: Student government focus groups, new student orientations and Dean’s visits will begin June 2005. Customer Satisfaction and Faculty surveys will begin with Fall Term 2005.

Cost: No additional cost.

Measurement: Student Survey Index, Wait time to Checkout, Sales Per headcount and FTE.

University Goals: {1, 3, 4, 8}

Status:

1. Storewide customer loyalty program now functioning in General Books. Textbooks will be the next focus.
2. Expansion of “Book-it” our textbook reservation service – completed.
3. Focus on smaller market segments and creating sales reports to match segments – customer database is being built. Re-engineering our storewide training to focus on a sales culture rather than “order taking.” Sales reports now exist and are being tested that summarize sales activity by sales channel (i.e. web, special order, telephone and walk-in).
4. Marketing will focus on four principles – ongoing at yearend. Orientations with the A-Team will be held in the fall again along with ASUSU and other major stakeholders who are responsible for orienting or leading student opinions.

Other activities related to customer service or employee development to support our customer service values were:

5. Customer wait times averaged 8 minutes; an improvement over the 11 minutes of Fall Term 2003. We used full-time line monitors that improved our customer throughput. We also used more “full-time” temporary employees, which improved customer service during class break times when student employees come and go.
6. A separate checkout for campus departments continued to be popular for those customers desiring to shop during the rush period.
7. All senior staff went to Mountain States College Store Association (MSCSA) Annual meeting and vendor show held at Salt Lake City, Utah. We had excellent speakers who talked about customer service, leadership skills and Textbook issues.
8. Valerie Hansen, who replaced Lori Cano in September as Gift and Clothing Department Manager, continues her training. She has lowered the price points on T-shirts, hooded sweatshirts and women’s clothing to increase merchandise appeal to students.
9. Student employees are scheduled based upon the store needs rather than the student’s schedule. Every effort is made to be flexible with students as long as it does not conflict with our customer service goals.
10. Trish Blair was previously elected to the board of directors for the Campus Computer Resellers Alliance. She attended the CCRA Council and VIP annual meetings in Atlanta, GA. October 16-20. The focus of the meetings was to plan the next annual conference to be held April of 2005. Also this group is making great headway in

negotiations with new vendors to help smaller schools see greater gains from computer and accessory sales while assisting the well-established schools with improved vendor relations.

11. Completed development of a new gift card program with the objective being to abandon our existing paper gift certificates in favor of a plastic card the size of a credit card. The same card is used for our Aggie Readers Club and allows us to track customer purchases allowing us to adjust our merchandise mix more quickly. The cards are also cheaper to purchase and manage than the Aggie Express cards.
12. Hired an outside sales person to develop campus office sales. Presently off-campus firms such as Office Depot serve the campus. This individual's primary responsibility is to increase sales from this market segment, educate campus staff to the store's value proposition and build positive relationships.
13. We introduced the Aggie Readers' Club during the second quarter. This club allows customers to purchase books and accumulate points redeemable for discounts on their next General Book Purchase. We ended the quarter with 425 new sign-ups for the program.
14. For the third year we have employed a student concessions manager for all outside sales events for the store. This has improved sales at athletic events and reduced inventory costs and labor costs.
15. For a second year we hired a merchandising student intern to assist us with visual merchandising. This significantly improved our displays, end caps and promotional setups increasing the visibility and salability of merchandise. It also provides a valuable educational experience for the intern.
16. Dave Hansen was voted the President Elect of the Mountain States College Store Association. Its membership is made up of college stores serving universities Utah and Idaho and includes Utah's Applied Technology Colleges. He is also a member of the Cache Chamber and a member of the Board of Directors for USU Credit Union. This broader exposure to other college stores and private sector businesses provides valuable insights on customer service, business planning, budgeting and best practices in store operations.

B: The Bookstore will achieve a 13% contribution to the university

Objective: A 13% contribution will be made back to the university to allocate to overhead, rent, indirect costs, and bond contingency.

Strategy:

1. Implement a revised retail budgeting system to streamline forecasts, budgeting and variance tracking.
2. Create a rolling sales growth forecast to support contribution and net profit goals.
3. Restructure the store's internal organization to deliver efficiencies, increase staff production and improve compensation.
4. Implement rolling budgets to capture information on sales trends as each accounting period closes.

Schedule: Preplanning for staff meetings begins with HR 5/23/05. Completion expected 8/30/05.

Cost: Salary costs will be impacted by role changes and position consolidations. The net effect will be determined prior to plan execution.

Measurement: The Bookstore's gross margin minus direct operating expenses. Each selling department has the following metrics monitored monthly and reported quarterly:

1. Gross Margin contribution to store
2. Labor ratio.
3. Inventory stock turn.
4. Inventory variance as percent of sales.

University Goals: {2, 3, 5}

Status: Lagging sales due to reduced enrollments have slowed our progress in achieving this objective. Store reorganization began in May 2005 by establishing the strategic direction with Associate VP of Business and Finance and HR. Project begins 5/23/05. Market segment analysis

project started 4/18/05. Rolling budgets will begin with the financial reports of Fall 2005. Other metrics appear on the attached dashboard.

C: Achieve an annual net profit of 9%.

Objective: A 9% net profit is needed to provide for long-term capital equipment needs, bond contingencies and operational reserves.

Strategy:

1. Monitor monthly operational performance with variance report.
2. Create metrics that increase focus on gross margin by selling department.
3. Develop standard statistic reports that are comparable to peer stores our size.
4. Compute margin contributions down to the SKU level to provide actionable data on SKU's not supporting this goal.
5. Proposal to assume operations of the Uintah Basin Bookstore.
6. Execute improvements to concession sales.

Schedule:²

2006	4.12%
2007	5.0%
2008	6.0%

Measurement: The Bookstore's gross margin minus direct operating expenses. Each selling department has the following metrics monitored monthly and reported quarterly:

1. Contribution to store
2. Labor ratio and
3. Inventory stock turn.

University Goals: {2, 3, 8, 9}

Status: Strategy items 1,2,3 are ongoing. Item 4 will start June 1, 2005 and item 6 has started.

D. Reduce the labor ratio to 12% or less of gross sales.

Objective: Labor costs are the largest controllable operating expenses of the Bookstore. Effective management of employees, both full-time and part-time student help, is critical to ongoing contributions to the University.

Strategy:

1. Restructure the store's internal organization to deliver efficiencies, increase staff production and improve compensation.
2. Implement training systems to reinforce culture and establish essential retail skills in the large pool of student employees.
3. Implement ongoing retail and leadership training for career personnel.

Schedule: Preplanning for staff meetings begins with HR 5/23/05. Completion expected 8/30/05.

Cost: \$5,000 in training materials.

Measurement: Monthly labor costs as percent of sales.
Percent of employees at 90% of their career ladder predicted salary.
Percent of career employees completing retail training
Voluntary and involuntary terminations.

University Goals: {2, 5}

Status: Strategic direction set with Associate VP of Business and Finance and HR for store reorganization 5/23/05. In the Fall of 2005, we decided against using career ladders and maintained existing salary scales.

Rolling budgets will begin with the financial reports of November 2005. Due to leadership changes in Business and Finance along with Banner implementation, our schedule was delayed. We expect to complete the store reorganization and rewrite job descriptions of all personnel by June 30, 2006. Redesign of store training has not started.

² These targets were set at a time when it was not expected enrollment trends would decline for multiple consecutive years. We are reconsidering the viability of these goals and/or their timeline.

E. Continue to improve inventory management

Objective: Sustained financial performance requires inventory management that provides the right products in the right quantities at the time customers want them.

Strategy:

1. Review and/or revise existing merchandise category plans based upon performance. Develop annual merchandising plans down to the category level.
2. Inventory purchases controlled by open-to-buy that supports the merchandise plan for sales, stock turns, margins and markdowns.
3. Review non-performing SKU's monthly as part of the monthly plan overview.
4. Drop non-performing SKU's quarterly rather than annually.
5. Develop a category growth plan to support contribution and net profit goals.
6. Refine pricing strategies to support a good, better and best perspective on product assortments.

Schedule: Merchandise plans for FY2006 completed. Open to buy plan by category completed. Non-performing SKU's are currently being evaluated under old annual review process. New process will begin at the end of first quarter. Category growth plan to be finished by 9/30/05. Merchandise category structure review to be completed by July 31, 2005.

Measurements:

1. Gross margin return on investment by category (GMROI)
2. Gross margin return on labor by department (GMROL)
3. Inventory turns by category for each department.
4. Average transaction size.
5. Average number of items per transaction.
6. Percentage comparison of active and inactive SKU's.
7. Months on plan by merchandise category

University Goals: {2, 5}

Status: Strategy items one and two have been completed for the FY2006 budget. Items three through five will be implemented in phases with final completion December 31, 2006. Pricing strategy review has started and will affect retail pricing in phases beginning the 3rd quarter of FY2006.

F. Continue to use technology to improve the Bookstore processes.

Objective: We will continue to maximize technology to support the store's seven other goals.

Strategy:

1. Upgrade current POS server to improve operational stability of POS system.
2. Create a storewide loyalty program with ABA standard electronic cards.
3. Evaluate the benefits of customer relationship management software to track customer segments, contacts and individual customer contacts.
4. Implement a store server to improve sharing of common files, staff scheduling and reduce software license costs.
5. Establish metrics for IT to demonstrate contribution to store.

Schedule: Strategy item one was completed 5/13/05. Item two has been started with completion expected 8/30/05. Item three has been started with completion expected 9/30/05. Item four has not been started.

Measurements:

1. POS down time.
2. Number of store loyalty cards issued.

University Goals: {2, 3}

Status:

1. A data warehouse for customer names has been built and 425 names have been added. Customers can "Opt-in" for store news, promotions and online incentives. Existing methods of managing this information overwhelmed our current processes. Once completed, we will be able to email customers information about their offers, special orders or communicate Aggie Reader Club point balances to customers.
2. The IT Office has successfully created a ranked depreciation list for Bookstore management that can provide basic guidelines for implementing a hardware and software replacement plan. The store's compact plan includes a consideration for the

impact that technology plays on providing world-class customer services. Customers expect information system responses consistent with contemporary technology and private business shopping experiences.

3. Supporting the Textbooks department buyback operations has been very successful. The IT Office, working with Sue Ezola of the Bookstore Text department and the non-USU book buying entities, has repeatedly and successfully deployed multiple computers to remote locations for the express purpose of providing Textbook buyback services for USU students. Without the direct support and involvement of the IT Office this operation would not succeed and the IT Office is very aware of this critical support responsibility. These remote activities involve at least 3 long-term IT issues:
 - a. Linux operating system – reducing our security risks and licensing costs
 - b. Wireless networking – greater flexibility in locating remote buyback stations
 - c. Remote or Satellite Operations – increases remote sales opportunities
4. The IT Office has researched and deployed a Contact Management software program, GoldMine, that meets three immediate Bookstore customer service requirements for the Aggie Reader Club and the Supply department. The goals of this project are:
 - a. To increase sales through direct marketing efforts.
 - b. Provide a centralized method of tracking customer contacts and customer interests so as to improve customer service levels and downstream sales.
 - c. The Supply department has added an outside sales person to their staff. She relies heavily on the GoldMine contact management software to coordinate and track her interactions with customers and their product or support requests.
5. Consistent with a recognized need to reinstall workstations as quickly as possible, the IT Office has developed a procedure where we use a KNOPPIX Linux distribution to create and store images of workstations. We can reinstall a basic workstation image in less than an hour and have some of the basic machines back in service in less than 3 hours. This includes POS cash register units. KNOPPIX software is open-source and entails no licensing costs.
6. The accounting department has purchased Prophix software for budget processing. The IT Office has been responsible for configuring, installing and deploying the hardware and basic software for this project.
7. Additional cash registers must be assembled for high traffic volume periods and then disassembled to increase floor space availability for resale inventory. To achieve these assembly and disassembly activities, the IT Office has utilized staff from other Bookstore departments rather than bringing in temporary assistance. Part-time employee retention is a concern for the Bookstore. This cross department labor utilization has provided existing employees with the opportunity to increase their payroll earnings consistent with University guidelines and eliminated the need to train temporary staff. While the basic cash register manipulations are achieved, it is also true that employee retention is enhanced while labor and associated training costs are controlled consistent with the Bookstore's compact plan.

End of Report
Dashboards Follow