Summary

In an effort to deal with negative fund balances, industry challenges and future bookstore viability, UAF Auxiliary & Business Services presented a Bookstore restructuring plan to University of Alaska and UAF upper Administration in 2007. The plan proposed change in order to modify an out of date, inventory intensive process business model into a modern and efficient way of doing business that today’s technology savvy clients and customers have become accustomed to.

Since the 2nd quarter of fiscal year 2008, the Bookstore started a phased approach in transitioning to an outsourced online textbook service. A trial phase of operations with Missouri Book Store’s (MBS) Direct online ordering services transitioned to a partial system rollout with Follett in December 2008. This is in preparation for full online services by the following fall semester (FY 2010). Also slated for outsourcing, is the downstairs convenience portion of bookstore operations (C-Store). The bookstore’s new business model and primary mission on campus will be to unify all trademark sales of UAF products under one location through focused efforts with internal and external merchandise marketing. A new POS system slated for acquisition in the 4th quarter of fiscal year 2009 will help facilitate better operations and provide for a much needed upgrade to the bookstore’s web presence and e-commerce capability. Once the Bookstore transitions to all online textbook sales and all general and trademark merchandise on the main floor, the leased off campus warehouse square footage usage for textbook inventory shipping and receiving operations will be downsized, ultimately contributing to lowered costs in maintaining storage space. The personnel organization will see some changes in duties and assignment and will require some evolution of traditional responsibilities to more updated job descriptions.

This restructuring is expected to trim excessive costs (and service requirements) from operations that have previously resisted management efforts to reach any consistent profitability. The restructuring design also carries the expectation of long-term stable financial performance as well as providing progressive positive contributions to the fund balance.
Chronology
Path to outsourcing

- **2001** Outsourcing Committee Review of Bookstore
- **2002** Internal audit
  - 27 essential recommendations
- **2002** Auxiliary Review Committee
  - Committee finds Bookstore should be under parent department already operating like enterprises. A recommendation to absorb UAF Bookstore under operations of ADM. Scvs, Procurement and Business Services which was already operating UATC, Printing Scvs & PolarExpress
- **2003** Bookstore Transition / Hand over from Student Services to VCAS (UA Press is also part of a temporary management hand over)
  - Address / answer audit findings for both UAF Bookstore and UA Press
    - Corrections and Compliance
    - UAF Finance and Procurement
    - Risk Management
    - Business Practices
    - Human Resources
    - Physical space & Security
- **2003-2004** AUXBUS/CLMP (intent)
  - Addressing Student's complaints and desire for new facilities for Bookstore, UA Technology Center & Dining Services. Committee is formed represented by all levels of UAF community to develop capital project to address this. Bookstore is planned for outsourcing when new venue is created.
- **2004** CMT / ACAS
  - UA Considers consolidation of Bookstores state wide. ACAS considers consolidation of Bookstore and UATC in one location.

- **2005** Physical merger of Bookstore and UATC into campus store location.
- **2006** RFI (Executive expectation for new facility provided by vendor) Findings:
  - No New Facility
  - No major investment by vendors
  - Resource management (imported Managers) limited investment in current venue
  - RFI committee unable to find clear benefits / advantage for UAF
- **2006** Bookstore Strategic Plan (with chronology since 2003) to VCAS
- **2006** Ops challenges dictate action. Multi-Sourcing (focused out-sourcing) concept by Gartner Group is adopted by AUXBUS management
• 2007 Restructure Plan introducing multi-sourcing concept presented to VCAS and Key stakeholders
• 2008 Recovery Plan (Current Plan) presented at 2008 Statewide Spring Management Review
• Address chronic operation issues
  • Space (CLMP horizon)
    o Floor load
      ▪ Will create one floor access to core trademark with new C-store downstairs
    o Off site warehouse cost/logistics/operations
  • POS – new system needed
  • Access (parking, split floor operation)
  • Competition
    o Publisher Monopoly (pricing and packaging)
    o Modern Customers (online – future e-text)
      National Association of College Stores (NACS) studies.
    o Cost of Doing Business i.e. 500K Annual textbooks returned (due to canceled classes / change in use)
    o Text costs/ industry Trend (industry slump 10b to 9b within last 3 years)
    o Freight (200k a year) could double with fuel
    o Core Identity focus-trademark, trade books, electronics, souvenirs, pouring efforts into large community merchandising of UAF brand/mark
    o Outsource Large cost center (Text books operations)
    o Outsource other low producing units (Sundry, supplies, drinks...) to C-Store operation
    o Sustainability
    o Roadmap since October 2007 (where are we). Ref. 2008 Plan
    o Projection (based on conservative estimates of return 8% plus 1/3 of existing volume)

• June 26, 2008 Presentation to the Chancellor’s Student Services Transition Team
• July 30, 2008 Original RFP Timeline delayed by 2 weeks: Executive intervention and rewording of RFP to address new expectations.
• August 7, 2008 presentation to Chancellor Rogers
• August 8, 2008 New Timeline
  • RFP issued August 14, 2008
  • Pre-proposal teleconference August 26, 2008
  • Closing Date RFP submittals September 22, 2008
  • Issue Letter of Intent September 30, 2008
  • Contract Award September 30, 2008
  • Test Version Products November 1, 2008
  • Training Period November 1 -15, 2008
  • Faculty Adoptions Live November 1, 2008
• Student Text Purchases Live December 1, 2008
• **September 15, 2008** Presentation to Chancellor's Cabinet
• **October 1, 2008** RFP Protest: delay of 2 more weeks - as of 10/14 no contract signed but selected vendor (Follett) and UAF start implementation talks.
• **October 13th** Presentation to Faculty Senate regarding online textbooks.
• October 26-November 1
  • Frequently Asked Questions Posted on the Bookstore's website. (10/27)
  • Question regarding online textbooks submitted to the "Grapevine." (10/27 & 10/31)
• **November 2-8**
  • Article in the Cornerstone (11/3)
  • E-mail to all Staff, Faculty and Students. (11/7)
  • Began visits to every academic department on Campus. Provided the admins with:
    • Text2U web address
    • FAQ address
    • Opportunity to ask questions
    • Contact information for additional questions
• **November 9-15**
  • Sun Star Article (11/11)
  • Flyers distributed to all on campus residents, including graduate and Faculty housing (11/13)
  • Complete visits to all academic departments
• **November 16-22**
  • Ad in TVC Course Schedule (11/17)
  • Ad in UAF Course Schedule (11/17)
  • Flyers at Bookstore cash registers (11/17)
  • Flyers to Registrar's office, Business Office, Financial Aid (11/17)
  • Mass posting of flyers on all bulletin boards on campus (11/18-11/19)
• **November 23-26**
  • Create e-mail, FAQ flyer and other marketing items for distribution on 12/1.
  • PSA on KSUA and KSUA T.V.
• **December 1, 2008** Follett, UAFtext2U.com Launch
Roadmap and Timeline
Recovery Plan and Business Model Modernization

The roadmap establishes the chronological phases of implementation, key quarterly and fiscal year milestones through 2011. Many of these milestones have sub-details and sub-tasks under development. Already started from this past spring semester (January 2008) the entire process extends through fiscal year 2010 with follow-up quantifications and expansions through 2011. Some milestones are understated but do require extensive development and implementation. Pending resource availability, many milestones can occur concurrently. Projection of 3 years and beyond is greatly dependent on final analysis of available funding resources, and the timing circumstances of the multiple objectives.

This course of action will provide positive change as we adapt to the industry challenges and customer/client demands. This will also establish good footing in keeping pace with the industry as well as providing services in the most cost effective and efficient means possible. The anticipated outcome is improved operations and financial stability.

Phase I

- Identify Implementation lead / professional
- Establish initial pilot program with MBS Direct online ordering.
- Develop HR alignment to new overall Bookstore organization/operations
- Merge UATC product line with Bookstore POS system: Phase out UATC operations, redevelop computer systems sales model to online offering rather than housing inventory.
  Continue to stock computer technology products as in Ipods, peripherals, software, etc.
- Begin transition of Textbook department to online ordering business model
  - Start pilot (Spring Semester, January '08) with online ordering through MBS Direct for Ft. Wainwright, Eielson AFB and Ft. Greely.
- Refine and develop detail roadmap and strategic plan
- Present refined Road Map
- Identify sources of funding / develop financial plan.

3rd Quarter FY08

- MBS contract negotiations.
- Develop RFP for online text sales.
- Finalize specifications for new POS with improved e-commerce.
- UATC-
  - 60% reduction in sales of Apple products.
- VCAS review and evaluation – executive review

Phase II

4th Quarter FY08

- Identify new POS system implementation team.
- Coordinate with OIT for UA Online referral to online text sales.
- Restrict buyback and textbook purchases for Fall 08 in anticipation of textbook inventory liquidation.
• Finalize Online Text Sales RFP.
• Continue negotiations with MBS Direct.
• Expand Web services. Include Athletic Department's concerns.
• Work with Statewide to bring in auditors to address our concerns regarding inventory valuation.

1st Quarter FY09
• Select Vendor from RFP for online text sales.
  o Coordinate between Vendor and OIT for UAOnline referral.
• Select Vendor for new POS with improved e-commerce.
• Assess space utilization at warehouse and Constitution Hall for future reassignment or remodeling.
• Design main floor and basement floor layouts in preparation for campus services realignment (Fall 2009 or Spring 2010)
  o True C-store in Basement (to include sundry supplies)
  o Apparel, souvenirs, tech sales, art supply, trade books, etc. on main floor.
• Public information and stakeholder campaign regarding online book sales.
  o Stake holders to include but not limited to:
    ▪ ASUAF
    ▪ Business Office/ Financial Services
    ▪ Faculty Senate
    ▪ Procurement
    ▪ Rural Campuses, TVC
    ▪ Student Services (Enrollment, Financial Aid. Etc)
    ▪ Summers Sessions
    ▪ SW, MyUA online
    ▪ UAF DDC
    ▪ UAF Facilities Services
• Prepare for online delivery implementation in Spring 2009
  o Develop plan for computer terminal / Kiosks at TVC, UAF Bookstore and other (to be determined) sites
  o Information Campaign for TVC students (with help from TVC, MBS Direct, and other stakeholders)
  o Catalogs, orientations and packet deadlines
• UATC
  o Review financial impact of Apple products program change.
  o Operations cost savings: Staff restructure
  o Establish online IT product sales relationship i.e. CDW and Lenovo.
• VCAS review and evaluation – executive review

Phase III
2nd Quarter FY09
• Train all Faculty regarding textbook adoption process by October 1.
• Return for credit or sell all text inventories in preparation for online text sales.
  o November 1st goal.
• Restructure Store Services and Operations
• Remodel Floor Space
  o Move all sales operations to 2nd floor
  o Begin basement remodel for outsource of C-store.
• New POS system implementation. Go live date November 17.
• Prepare help center to assist students with online text purchases.
• Implement online text sales.

3rd Quarter FY09
• Grand Re-opening
• Students purchase their books through online text sales.
• $1,000,000.00 reduction in text purchases for the quarter.
• $1,200,000.00 reduction in revenue for the quarter.
• $75,000.00 reduction in freight costs for the quarter due to no textbook inventory.
• Revenue from Online Text Sales – estimate $40,000.00 for the quarter.
  o Revenue depends highly on success of UA Online referrals.
• Assess Quantifiable outcomes of plan.
• Open outsourced C-Store.

4th Quarter FY09
• Reduce footprint of warehouse: $20,000 annual savings.
• Review quantitative outcomes. Address and refine ProForma.

Phase IV
FY10
• Focus on new business model.
• Explore other outsourcing opportunities i.e. expanding Trademark program.
• Explore new marketing opportunities to Alumni

FY11
• Bookstore-Reduced FY07 negative fund balance by 75%
• Technology Center-Reduced FY07 negative fund balance by 10%.
• Review – Quantify outcomes, assess potentials, analyze success (or failure) of the resource
• Identify larger area benefits and feasibility for economies of scale utilizing the resource
• Present findings to Executive Branch