

¹ Gaspereau Press 1 – Teaching Note

Conor Vibert developed this teaching note to guide the use of the multimedia case entitled Gaspereau Press 1 for instructional purposes. It is not the purpose of this material to serve as an illustration of how to effectively or ineffectively address a managerial situation.

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SUMMARY

In this multimedia case, Co-Publisher and Owner of Gaspereau Press Andrew Steeves deals with the pressing issue of whether his company should manufacture in house. Advice is being sought as to how to proceed in resolving this real life issue. Students are offered access to a set of transcribed video clips that outline the issue and its cause along with providing context for the issue. In order to arrive at alternative solutions and justify their choice of a solution, students are expected to use sources of information not found in the case.

KEYWORDS

- Book Publishing
- Outsourcing
- Transaction Cost Theory

CASENET VIDEOS

Each video in this multimedia case features a segment of an interview with one of the organization's key decision makers. The videos describe:

1. the *Issue* facing the individual or organization
2. the *Cause* of the issue
3. *Background* information for the individual, organization and industry
4. *Alternatives* for addressing the issue
5. A suggested *Solution* and justification

Transcriptions for each video are also available. Students may not access the *Alternatives* and *Solution* videos or transcripts.

OBJECTIVES FOR TEACHING

There are a number of instructional objectives for this case.

- To enhance the decision making skills of students by having them address a real life issue faced by managers of Canadian or international companies.
- To provide students with a brief introduction to the booking publishing industry.

¹ The Author wishes to thank Andrew Steeves for his/her support of this project. At Acadia University, thanks are in order for Dave Sheehan.

- To offer students an opportunity to analyze a situation using concepts that illustrate transaction cost theory.

POSSIBLE TEACHING STRATEGY

This case is ideal for in-class case analysis or as an assignment. Assuming an 80 minute class, here is an approximate class schedule:

Time (minutes)	Task
5	Introduce case and divide students into groups.
15	Students view <i>Background</i> case videos and make notes.
5	Instructor plays the <i>Issue</i> and <i>Cause</i> clip(s).
25	Students identify alternatives, a solution and rationale.
20	Instructor guides a discussion around alternatives, solution and rationale.
10	Instructor plays the <i>Alternatives</i> and <i>Solution</i> clips.

If the case is used as an assignment, the instructor may want to focus assessment on:

- 1) **Decision-making process.** The instructor would evaluate writing style, appropriateness of information sources, alternatives, solution and rationale. This approach recognizes that the alternatives and solutions offered in the case are not necessarily optimal, and other choices may be equally effective. Students can be rewarded for their selection of decision making approaches, analytical frameworks and cited reference material.
- 2) **Outcomes.** The instructor would evaluate how closely student responses match those offered in the *Alternatives* and *Solution* video clips. Or, the instructor could use the insight of an existing research paper or analytical framework as the basis for judging outcomes.
- 3) **A combination of process and outcome.** The instructor may apportion the grade between process and outcomes.

POSSIBLE QUESTIONS FOR ASSIGNMENTS

Students can be asked to identify a set of alternatives to address the issue outlined in the case, a solution and rationale. Other questions that will help students prepare for their case analysis include:

- How can overhead costs affect growth within a publishing company? (Example, costs associated with publishing a novel, poem etc.)
- What are current publishing sales and revenues in Atlantic Canada, and from where do they stem?
- What potential liabilities cause financial constraints within a publishing company?

CASE ANALYSIS

Issue: The *Issue* and *Cause* video clips outline the problem or challenge of the case.

- Hi I am Andrew Steeves of Gaspereau Press. The issue for Gaspereau Press was whether or not we should do our own manufacturing in house. Traditionally publishing is a white collar where you produce the content and then you hire other people to do the manufacturing. The question for us was would we be able to increase

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the quality of our product and better control the costs of our product if we controlled the manufacturing as well.

Analysis:

To start their analysis of the case, students should view the *Background* video clips. These clips should help students grasp the following points or case facts.

- Gaspereau Press is a small privately owned book printing business located in Nova Scotia, with a Canadian community focus.
- Gaspereau Press is primarily run by Andrew Steeves and Gary Dunfield with only 5 other full-time employees.
- Gaspereau Press prides itself in producing higher quality ‘unique’ generation worthy books.
- Values and attachment to the community are very important to Steeves and his business partner. Making money is not the end all and be all for them.

Researching information sources other than the content of the cases should enable students to garner the following insights:

- Three-quarters of operating revenues in 2012 were earned from Canadian publishers’ “own titles and their exclusive agency titles,” (Statistics Canada).
- “Over 80% of Canadian-authored titles are published by the Canadian-owned sector,” (ACP).
- In 2009 Gaspereau Press decreased overhead and reduced full-time staff due to financial constraints (Gaspereau Press).
- In 2012 ebooks accounted for 15% of book sales (Book Net Canada).
- Andrew Steeves of Gaspereau Press received 5 prizes in the annual Excellence in Book Design in Canada competition (based on 232 entries from 107 publishers in eight provinces) (Atlantic Publishers).

With this information in hand students can be challenged to identify an analytic framework that will help them organize their thoughts.

- <FRAMEWORK>

Effort focused on research coupled with analysis should enable students to present a series of options. These can be compared to the options offered by the interviewee which are also summarized below and found in the Alternatives video clip.

- As we saw it at that point, we had three alternatives. One alternative was to do nothing. To continue as we had in the early days of the business to hire printers and binders and so on and to basically create and deliver the product in house. The second alternative was to form a strategic alliance with another company. They would bring expertise. We would bring some capital and equipment. We would not be dealing with this alone. We would be dealing with this with a partner in an alliance. The third option was to make a capital purchase to buy equipment, to rent space, to learn skills and to control that process entirely.

The *Solutions* video clip offers the interviewees' solution to the issue along with a rationale. Highlighted below, this can be compared to the student response and explanation.

- In the end the decision was to jump in with both feet and to purchase the equipment and to hire staff though initially we just learned those skills ourselves, and to do the manufacturing in house. We actually had made an attempt at the second option which was we went to a printer that we had been using, another small entrepreneurial shop and essentially said, 'What would you think about us buying a bigger press? Here is the volume we need to do next year. Clearly we cannot use you because you are not big enough will you expand will you partner with us on this?' We were rebuffed actually. There was a fear of change essentially there was a disinterest in that kind of risk and so in some ways we kind of toppled into the third solution somewhat by accident somewhat because of that decision of that potential partner. But in the end it was probably the model that we would have drifted towards even that second option may have been an interim solution that would have led eventually to the third. Both my partner and I grew up in New Brunswick in the 1970s when the Irvings and the McCains were really rolling and so there was very much a business model in the air everywhere of this integration where the fewer check you wrote outside of the company the better off you were if you were able to control most things in house. There was an initial start-up cost and risk but really in the long term it was all control. And they were fixed cost. The cost of understanding what a loan payment on a printing press is very fixed other than some maintenance you can predict it as opposed to printing bills going up and down depending on the project quality going up and down with it. So a lot of it came down to control.

SUGGESTED COURSES

We suggest that this case would be suitable for a number of courses. These courses include:

- Organization Theory
- Strategy
- Management

ADDITIONAL RESEARCH

The case offers students opportunities to undertake interesting additional research.

Students may want to delve deeper into how managers make decisions. Classic approaches to decision making include works by Cyert and March (1963) and Tversky and Kahnemann (1974).

Students interested in learning more about the industry in general might make use of numerous online information sources some of which are noted below.

- Association of Canadian Publishers, www.publishers.ca, national collective voice of English-language Canadian-owned book publishers.

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- Atlantic Publishers Marketing Association, <http://atlanticpublishers.ca/>, industry support association for publishers located in Atlantic Canada.
- Gaspereau Press, <http://www.gaspereau.com/>, publishing company.
- Industry Canada, <http://www.ic.gc.ca/cis-sic/cis-sic.nsf/IDE/cis-sic511defe.html>, Canadian industry statistics for book publishing
- Livres Canada Book <http://www.livrescanadabooks.com/en/> Association that focuses of supporting international sales of Canadian books
- Retail Council of Canada <http://www.retailcouncil.org/mystore/bookseillers> Information on independent booksellers in Canada

REFERENCES

A number of articles, referenced below, offer insight that might help instructors effectively explore this case with students.

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