

The Case for Consolidating The Publishing Houses

by Dort F. Tikker

The denominational goal of sharing the Gospel with the world requires the highest possible efficiency in the church's publishing work. Yet, the current system here in North America does not work as well as it might—in large part, I believe, because of its lack of coherent structure. In this article, I will briefly describe this structure, suggest why it is inadequate, and set down a proposal as to how it might be improved.

The present structure involves, of course, three major publishing institutions in three separate sections of the United States. Each one is at least semiautonomous; each one acts more or less independently.

The printing function of these institutions has become the “tail that wags the dog,” overriding generally accepted, basic publishing principles and even internal editorial expertise. Each publishing house has developed its own history, pride, tradition, regional prerogatives, etc., and has become a jealously guarded barony, production oriented, tradition bound, and quite generally hostile to new market and editorial concepts. This is

only to be expected, since they were set up to serve different parts of the country 70 to 80 years ago, when communication between them was, understandably, almost nonexistent.

This situation has led to the following problems:

1) Territorial protectionism, resulting in obsolete marketing programs.

2) Redundant and inefficient inventory and distribution systems.

3) Tactically arranged, and often misleading, data on costs, expenses and cost control, resulting in large subsidies where none should be needed.

4) No meaningful or organized new product development program, resulting in neglected markets and out-of-date products.

5) Tolerance of poor quality for long periods of time—particularly in editorial quality.

6) No overall, denominationally significant goals or objectives, pursued in common effort to the benefit of the parent organization.

The current group of “cooperating” autonomous units cannot function optimally to further the goals of their parent organization, the church. The lack of coherent directional planning and of cooperation in production,

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distribution and marketing, all indicate that this is so.

Leading students of business and institutions have for many years accepted the premise that an enterprise's level of achievement is strongly affected, if not largely determined, by its structural organization.¹ But why is proper structural organization so important, and how does one determine what is an appropriate structure for an enterprise?

Any large enterprise consists, of course, of a number of subsystems, all of them dependent on each other for optimum performance. The more smoothly each of these subsystems integrates with the others, the fewer resources an organization uses for a given quantity of achievement.

Redundancy, waste of time, waste of material and manpower, friction and lack of direction—all occur when the structure does not require cooperative and timely effort among all of the organization's subsegments. Thus, the structure must be purposefully designed, designed to achieve a maximum effect for the enterprise.

Any reflection upon structure must stress certain organizational design criteria. These

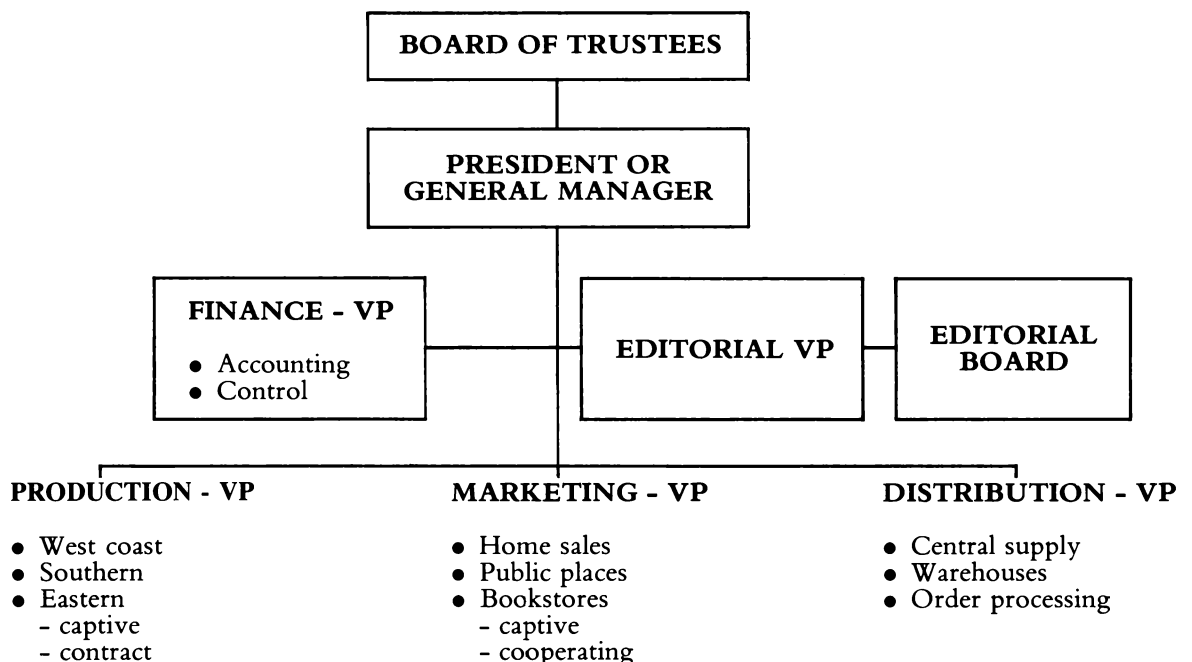
include: latitude and flexibility for managers, clearly defined responsibility and authority, as few decisional levels as possible and well-defined and operational control mechanisms.

Moreover, each department of the enterprise must also have its own goals, plans, program, budgets, controls, discipline, standards and regular review mechanisms. And it is especially important in the design of the organization to keep all relationships simple. The simpler the design, the less there is to go wrong.

Now the structure that works best for an enterprise (such as Adventist publishing) that has multiple units with a common goal, these units being geographically dispersed both in production and marketing, is the familiar and commonly used "federal decentralization" structure.

This is the simplest, most responsive, and most productive, structure available for the kind of business we are discussing. It is used for both large and small businesses, and has been the most successful structure for this type of enterprise for the past 50 years. This structure has logic, clarity, clearly defined responsibility and adaptability to a wide variety of situations. The accompanying chart illustrates such a structure.

FEDERAL DECENTRALIZED STRUCTURE AN EXAMPLE



Among the advantages of such a structure are the following:

1) *Planning*. Obviously, effective planning must occur in an appropriate organizational structure.² It should be clear that the publishing work cannot carry out the goals of the parent denomination if planning is done by disparate groups of people or institutions, each with their own individual goals first in mind.

2) *Marketing*. Whom are we trying to reach with our publications? What are we trying to tell them? What is the most cost-effective way to reach them? What causes people to buy printed material of a given editorial content and style? Where do they buy it? When? What is the effect of price?

The answers to these questions affect how products are designed, edited, produced and marketed. Only a central planning and managerial function will or can focus the resources and direction to do this as it should be done.

The best evidence for this proposition is the performance to date of the publishing units as they now are organized. Obvious mass markets are not now reached, e.g., paperback editions for racks in airports, "good" bookstores in major cities, drugstore racks and others. Products will have to be redesigned to take advantage of these markets.

3) *Production*. The proper "federal" structure would allow the optimization of printing runs as determined by press capability and market demand. This is a multifaceted problem, involving cost of printing at a given location, cost of inventory, cost of shipping, quality of presswork and primary markets for the products.

The savings in a consolidated organization could run in the millions when compared to what are now taken for granted as necessary costs.

4) *Distribution*. In a structure such as the one advocated here, the distribution system would be designed to get the greatest amount of published goods to the greatest number of people at the least cost. While this may seem a radical, if not heretical, idea to those beholden to the current traditional methods, it is the basis of all mass merchandising.

It involves selecting scientifically the points of distribution so as to give the lowest cost of distribution to the greatest market. It means inventories and product flow would be studied so as to minimize inventory and printing costs for any given product line. While this is a complex analysis, it is done routinely by commercial and industrial firms.

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5) *Editorial Design*. The proper organizational structure would encourage, if not enforce, a stronger, more competent overall editorial program, one designed to fulfill more effectively the stated objectives of the parent organization.

With the exceptions of our better periodicals, the publishing work seems now to be a rather randomly inspired, all too often unappealing, unplanned program without specific goals or objectives.

The proper structure would give specific responsibility to carefully chosen people to design and develop effective and attractive products for the mass markets, i.e., "the world." These products would meet all standards of reasonable editorial orthodoxy, but would be designed to encourage purchase and ease of communication with the average reader or selected readerships.

6) *Board Responsibility and Effectiveness*. While a restructuring of the publishing work would not automatically guarantee improvement in this area, it would give the denomination a chance to try. What we have now is the traditional bureaucratic problem, namely, the placement of well-meaning, but ineffectual members of parent organizations on boards. They are often placed there for

political reasons, having little or no pertinent skill, expertise, or ability to make a contribution, however much they may try. At the same time, other people with specific skills and expertise who would be valuable to the enterprise are seldom used on such boards.

The new board, clearly, would include "outside" people representing the various key productive functions of the enterprise. Such a board, drawn from a wide range of executive and professional situations, would be able to understand, establish and implement that most fundamental responsibility of a board, namely, the development of goals and objectives, and of the strategy to attain these goals and objectives.

7) *Structure and Climate*. The structure of an enterprise can and does effect the personal behavior of those working in an organization. A diffuse, multilayered, multiheaded organization encourages personal and group politics, lack of standards, and poor performance by individual and institution.³ Experience in hundreds of organizations has shown that only in an appropriately structured enterprise can you develop a corporate climate that will allow significant achievement by individuals and the enterprise.⁴

The usual objections to reorganization have centered on what is supposedly a difficult and complex legal and financial problem. But in fact, unit consolidations and reorganizations have for many years been done with reason-

able ease and relatively low cost.⁵

There are several ways in which the publishing and distribution units being discussed could be consolidated, though the technical aspects of this cannot be pursued in detail here.

1) The individual units could be merged (pooled) into a new legal entity with stock or long-term debentures given as payment for the assets.

2) The newly formed corporation could assume liability and lease the assets from the current owners on long-term leases.

3) The newly formed corporation could assume all operating responsibility, liabilities and assets, making an arrangement for the long-term payment of the value of the assets, adding as an incentive a pro rata distribution of a portion of the profits as generated.

Consolidation could be made reasonable and attractive to the current "owners" if they could only agree to consolidation. The real obstacle to consolidation is seldom, if ever, legal and economic. Persons who have responsibility, status and power seldom eagerly give those things up.⁶ But that, for the sake of this church's mission, may be required. For it is exceedingly unlikely that any experienced manager would expect the current structure of the publishing effort to accomplish anywhere near what a consolidated structure, under competent management, could accomplish with the same resources.

NOTES AND REFERENCES

1. See, for example, Drucker, *Management*, Harper and Row, 1973, Part 3, "Tasks, Organization and Strategies"; Ross and Kami, *Corporate Management in Crisis*, Prentice Hall, 1973, p. 30, 167; and Litterer, *The Analysis of Organizations*, John Wiley and Sons, 1973.

2. See LeBreton and Henning, *Planning Theory*, Prentice-Hall, Inc., 1961, chapter 2.

3. See Tullock, *The Politics of Bureaucracy*, Public Affairs Press, chapters 8 and 9.

4. See McKinsey, *Arts of Top Management*, McGraw Hill, 1971, p. 66.

5. See Miskhin, *Techniques in Corporate Reorganization*, Presidents Publishing House, 1972.

6. See Berle, *Power*, Harcourt, Brace and World, 1967, pp. 37, 39, 40.