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# Duke University Press

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Duke University Press (DUP) publishes journals and books, both of very high academic quality. It is a service organization in many ways, but its product is realized in book and journal form. As such, the organization is an interesting hybrid. You will need to guess on some of the inputs. Examine your answers carefully to see that you are comfortable with your responses.

## Organizational Description

Duke University Press is a not-for-profit publisher dedicated to the publication of peer-reviewed scholarly books and journals. It published its first book in 1922. The Press is a semiautonomous unit of Duke University; the Press director answers directly to the university provost, but is not connected organizationally to any other unit of the university. However, the Press is permitted to use the services of general university support departments (e.g., payroll, purchasing, employment).

The Press is unusual among university presses in that it is largely self-supporting. Most university presses receive approximately 10-15 percent of their operating funds as subsidies from their universities. Duke Press receives only 1-2 percent of its operating funds from subsidies provided by Duke University; the remainder comes from revenues generated from the sales of books and journals. For FY 1989-1990, the Press expenses will total approximately \$2.8 million.

The Press currently publishes eighteen journals. Journals represent a predictable source of revenues, since subscription levels remain stable or increase slightly over time. Journals are easy to price, because the price elasticity of demand in each market has generally already been determined, especially for those journals that have been in existence for a number of years. There is very little uncertainty in terms of outside competition, since most of the Press journals are aimed at niche markets that may be served by one or two other journals at most. Since the market each journal covers is limited, marketing can be accomplished fairly efficiently through journal-specific direct mail campaigns. The "selling life" of a journal is indefinite because of the potential for renewals, and because each journal is produced continuously for its respective market, it can be constantly developed and refined to better meet the needs of its subscribers.

Books are more problematic. The Press publishes approximately 70 new books per year, and continues to market books produced in previous years if they are still deemed salable. It is extremely difficult to predict how well a new book will sell; this presents problems in pricing because books are priced only to cover fixed and variable costs, not to make a profit. If a book is predicted to sell fewer copies, it will be priced higher than a book that is predicted to sell a greater number of copies. Because predictions cannot always be accurate, it can be easy to lose money on any given book project. Each book produced can have its own distinct niche (e.g., economists, musicologists, etc.) among the general market for academic books, which can make marketing difficult, (typically, university press books are marketed through catalogs which contain all of a press's products). In addition, books have variable selling lives. Some address current public policy issues and have short (two-year) selling lives; others that are written on more timeless topics (e.g., literary criticism) may have selling lives as long as twenty

years. There is also a great deal of competition among university presses for the acquisition of book manuscripts.

These two distinct product types (books and journals) have affected the organization of the Press. Originally, the Press was set up as a functional organization, with departments dedicated to editorial, production, marketing, and "business," which includes finance and fulfillment (i.e., shipping and customer service). ("Production" refers to design, typesetting, and printing. All typesetting and printing is performed by subcontractors, with Press personnel gathering bids for each project and coordinating the traffic of materials between editorial workers and the subcontractors.) A functional structure is typical of small publishing companies. Within each functional department at Duke Press, some personnel were dedicated to journals and some to books, while some could float between the two. All personnel in a particular department reported to their functional manager, who in turn reported to the director.

Over time, due in part to the different nature of the market for books and the market for journals, and due in part to the rapid growth of the number of journals produced by the Press (from nine in 1985 to eighteen in 1990) and the proportion of revenue represented by journals (approximately 50 percent of total Press revenues in FY 1989-1990), the Press began to evolve toward a hybrid divisional/functional structure. Journals are organized separately from books, with a journals manager overseeing the work of editorial, production, marketing, and customer service personnel that work exclusively on journals. The journals manager reports to the director. Mid-level books managers in the functional areas of editorial, production, and marketing report both to the director and to an associate director/editorial director. "Business" is still a separate functional department serving both divisions, although it continues to encompass some dedicated book personnel.

Although the Press has begun to move toward a more divisional structure, decision making is still moderately centralized in the director. Middle managers must have budgets, new projects, major purchases, and most major personnel decisions (such as firing) approved by the director. The books division is further constrained in that it must have new books approved by the Press' editorial board (similar in function to the board of trustees of a corporation). However, all middle managers have considerable latitude in hiring and firing personnel, determining employee rewards, and handling work exceptions. The journals manager is also attempting to gain more power in setting his division's budget, because the Press often borrows funds from the journals division (which is usually in the black) to support the book division (which is often in the red).

Although major decision making responsibility is centralized in the director, he is rarely involved in gathering information for decision making purposes or in executing decisions himself. This is because the middle managers are attempting to reinforce the newly emerging structure by minimizing contact between the personnel beneath them and upper management. Only three levels separate the lowest-level employee from the director, so on occasion the director will directly ask a lower-level employee to perform a task. The middle managers are beginning to insist that he approach them first so they can have control over who is given the assignment and how they are evaluated.

Because the Press is part of Duke University and thus must comply with the university's personnel policies, all Press personnel (including upper management) have written job descriptions. However, those descriptions are largely ignored, and personnel are free to develop in other directions. The journals manager is particularly lenient in allowing his subordinates to pursue unusual functional combinations - for example, one journal editor is also allowed to develop marketing campaigns for her journal because she has several years of marketing experience. This latitude is possible because organization-specific rules and procedures are generally non-existent. As long as managers and personnel comply with general university requirements (i.e., regulations for firing personnel), they are allowed considerable individual latitude.

Most of the technology involved in publishing can be characterized as engineering technology - fairly routine, but with a large number of analyzable exceptions. For example, although

all editors basically follow the grammatical rules of the Chicago Manual of Style, they may apply the rules slightly differently to each article or book because of the subject matter, the writing ability of the author, and the particular market they are editing for. In marketing, although there are generally accepted methods of promoting books and journals, each campaign and each catalog description must be written for a particular market. In design, the only rules are that the product be in book or journal format (e.g., with a cover, table of contents, text pages, etc.) and that it be readable. Customer service is slightly more rigid, but only because most orders for a particular journal or book are entered into the computer system the same way (the computer prompts the data entry clerk for information). But even in customer service there is some latitude in deciding, for example, whether to allow a customer to pay for a journal subscription at a "personal" rate when they are actually paying with an institutional check. It should be noted that there is no real difference in technology between producing books and producing journals.

Duke Press employs approximately 50 full-time equivalent employees, which classifies it as a medium-size university press. Most of the Press' employees have bachelor's degrees, and approximately 15 percent also have advanced degrees. This is typical of the publishing industry in general, which can be very selective in hiring personnel because of the large pool of qualified applicants that want to work in the industry. For example, a recent job search by the Press for an editorial assistant (a low-paying position) yielded over sixty applicants. The candidate that was offered the job had a Ph.D. in English. Because the Press has a small number of personnel producing a large number of products, there are almost as many job titles as there are employees.

Most of the Press employees work at a central site located on the East Campus of Duke University. Because of its expanded staff size, most of the journals department has moved to a separate office on Broad Street. (The journals manager maintains offices both at the central office and at the Broad Street site.) Three employees work in the Press' warehouse, which is located on Pettigrew Street. A few editorial staff members who are dedicated to a particular journal work in academic departments in the university; usually these are the departments that began publishing the journal before handing control over to the Press. Although many members of the Press are scattered, they are all located within a two-mile radius. Communication is easily achieved via telephone, interoffice mail, or personal visits.

Although there can be considerable environmental uncertainty in terms of customer demand and competitor actions, the Press faces little uncertainty from suppliers. For most books and journals, prices from printers, typesetters, and other subcontractors are negotiated in advance. (Printers are responsible for obtaining paper and other supplies, and must absorb the cost of fluctuations in those markets.) The Press does not have to contend with labor unions, and it faces only those government regulations that apply to Duke University as a whole (e.g., regarding hiring and firing).

## Questions for Consideration

1. Are there any strategic misfits? How serious are they and do they require management to re-think the strategic situation before considering the best organization for Duke University Press (DUP)?
2. The case discusses both functional and divisional aspects of publishing. Intuitively, do you think that a divisional configuration of journals and books would be appropriate? Did OrgCon give you that recommendation? If not, you may want to do a delta analysis on the size of DUP. Should it operate as if it were a larger organization, how would you support such a recommendation?
3. There are numerous functions in publishing. Do you think a functional configuration would be appropriate?

4. There is some speculation that the publishing world will become electronic and paperless. How should DUP prepare itself for this NEW world?