The Catamount Stores Task Force, appointed by Executive Council, met during the fall 2014 semester. The Chancellor had charged Campus Services with reviewing and evaluating related business practices in order to maximize revenues in support of the University’s mission and strategic plan. Nationally, issues surrounding course texts and materials represent an on-going dialogue and dynamic space for innovation with the emergence of e-texts, pedagogical experimentation, privatization/virtual bookstores, and the emergence of alternative content delivery business models. Given this context, the Catamount Stores Task Force was appointed by Executive Council with the charge of studying these issues and making recommendations.

Membership included:

1. Anna McFadden (Chair/IT)
2. Pam Degraffenreid or Sandra Seiler (Catamount Stores)
3. Chris Cooper (Faculty Senate)
4. David Rathbone (Staff Senate)
5. Allison Haddon (SGA)
6. Elizabeth Nissly (GSA)
7. Brandon Schwab (Academic Affairs)
8. Kristen Crosson (Administration & Finance)
9. Kevin Koett (Student Affairs)
10. Larry Arbaugh (Athletics)
11. Beth Lofquist (Retired Faculty)
12. Keith Corzine (Campus Services) / Debbie West and Amy Williams (Residential Living) – Task Force Support

Note: SGA membership changed but attendance continued to be sporadic and there was no undergraduate present for the final vote.

The Task Force was asked to propose and recommend a sustainable business model that:

1. Is financially sound and supports WCU’s mission
2. Supports current and future instructional needs for engaged learning
3. Provides an exceptional cost/value proposition for WCU students and their families

In addition, the group was asked to consider the following issues:

1. The sustainability of the current business model
2. Dynamic innovations in the field of college texts/materials
3. Institutional needs for pedagogical materials
4. Implications of strategies for change
5. Compliance environment (financial, HEOA, etc.)

The group read relevant literature and assessed the results from the Campus Bookstore Survey.
The following groups presented to or were interviewed by the Task Force:

1. UNC Systems Bookstores (self-ops Appalachian State and UNC Pembroke as well as vendor campus A&T)
2. Campus Services Staff
3. Financial / Audit Staff
4. Coulter Faculty Commons
5. Faculty Affairs Council
6. Student Government and Graduate Student Senate
7. Catamount Club/Athletics
8. Consultant – Campus Bookstore Consulting

All minutes of these meetings may be found on the Bookstore Task Force site on the WCU Hub.

In addition, the Task Force conducted an Open Forum for the campus, maintained a SharePoint Site visible to the campus, and toured the Bookstore. Tom Byrne of CBC developed and presented an in-depth report on the current state of the bookstore, pros and cons of continuing as a self-operation, and pros and cons of going with a vendor. Task Force members read the report in advance of our final meeting and had the opportunity to ask questions of Tom and to discuss issues among the group.

Financially the bookstore is currently operating at a profit. In addition, though sales projections may be greater with a vendor operation, the increase is marginal. See table below from CBC.

### 8B. ACTUAL FINANCIAL PERFORMANCE VS. CONTRACT MANAGEMENT PROJECTIONS

#### SELF-OPERATION ACTUAL FINANCIAL PERFORMANCE

<table>
<thead>
<tr>
<th></th>
<th>FY '12</th>
<th>FY '13</th>
<th>FY '14</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>($138,744)</td>
<td>$94,661</td>
<td>$2,100</td>
<td>($41,983)</td>
</tr>
<tr>
<td>Indirect / Overhead</td>
<td>$329,005</td>
<td>$132,720</td>
<td>$180,494</td>
<td>$642,219</td>
</tr>
<tr>
<td>Total Contribution</td>
<td>$190,261</td>
<td>$227,381</td>
<td>$182,594</td>
<td>$600,236</td>
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</tbody>
</table>

#### CONTRACT MANAGEMENT PROJECTIONS

<table>
<thead>
<tr>
<th></th>
<th>YEAR 1 TOTAL BENEFIT</th>
<th>YEAR 2 TOTAL BENEFIT</th>
<th>YEAR 3 TOTAL BENEFIT</th>
<th>TOTAL 3-YEAR BENEFIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Mgmt. 12.0% Rent</td>
<td>$257,554</td>
<td>$253,242</td>
<td>$249,018</td>
<td>$759,814</td>
</tr>
<tr>
<td>Contract Mgmt. 13.0% Rent</td>
<td>$277,699</td>
<td>$273,023</td>
<td>$268,441</td>
<td>$819,163</td>
</tr>
</tbody>
</table>

The taskforce would like to recognize that analysis of bookstore operations should include increased operating or capital expenses and revenues that would be expected and necessary in either the Self-Op or Vendor models. These increased operating and revenues would result from re-organization of the leadership model to ensure expertise, adequate staffing for desired services, information technology upgrades, renovation needs, and possible receipt increases due to these implemented changes.
IT is difficult at this time to recommend a sustainable business model. We have not captured what students are paying when shopping, for instance, for supplemental books on Amazon. A group needs to examine what students are really paying, what they are being assigned and what they are using.

The Task Force wishes to offer considerations on the various models. There are more pros and cons provided in great detail on p. 62-65 of the CBC report. The number of pros and cons below simply reflects items we discussed.

Self-Operation- Pros

1. The goal of providing first-rate instruction to our students can be considered along with (or even above) profit.
2. Control stays local. Some argue that outsourcing to a national chain is antithetical to WCU’s regional mission
3. The opportunity exists to explore hybrid models such as virtual stores for some components.
4. Profits remain on campus.
5. Flexibility from year to year. Whereas we may be subject to a rather static contract were we to outsource, keeping the bookstore in house allows us to continuously adjust our delivery methods and models as the market and pedagogies shift.

Self-Operation- Cons

1. Renovations are needed related to use of space, ADA compliance, and parking issues. Capital costs will be involved including technology.
2. Additional personnel costs may be necessary to provide the high quality/quantity of desired services and to remain nimble and responsive to faculty needs and fluid marketplace changes.
3. There will be administrative time involved in the supervision and assurance of needed changes. Campus Service must be empowered to make changes.
4. WCU would have to negotiate directly with publishers.
5. There is no guaranteed financial return as with vendors.

Vendor-operated Pros

1. Vendors have buying and negotiating power to get better prices.
2. WCU is relieved of personnel, operating, and capital costs.
3. Expertise likely available to meet fluid marketplace changes.
4. The potential exists for marginally greater revenue and a guaranteed financial return.
5. Relief exists from the daily management of the textbook rental program.

Vendor-operated Cons
1. Some fear that the vendor’s desire to maximize profits above all else might serve counter to faculty and student instructional needs.

2. An RFP would have to be carefully worded to build in quality control and satisfaction.

3. It is very difficult to revert to self-operation if contract management is not successful.

Following the discussion and consideration of these options, the Task Force conducted a secret ballot vote. Six Task Force members voted to continue self-operation and four voted to go with a vendor.

**Whatever direction is chosen, we feel very strongly that WCU should:**

1. Focus on supporting the instructional needs of faculty to provide the best experience to their students. This involves providing much more flexibility than the current system allows, creating an easier process for textbook requests, and providing for technology enhancements for instruction. We recommend a faculty-driven advisory board to enhance bookstore-faculty communication and, ultimately, to provide better instruction to our students.

2. Re-examine the organizational and leadership model to ensure effectiveness and efficiency as well as responsiveness to the campus. Management must determine if the current organizational structure and/or leadership can efficiently and effectively facilitate the delivery of the four recommended Strategic Initiatives identified for improvement by College Bookstore Consulting in its report and act accordingly.

3. Re-examine the fee-based book rental. The students love the low cost but many complain about never using the rental textbook and then having to buy supplemental materials. Perhaps there is a way to provide faculty flexibility within the rental system to assign the materials they really want, rather than being subject to the “one book per course” rule. An assessment is needed of what students are really paying, being assigned, and actually using.

4. Establish a strong marketing emphasis enhanced by a redesigned website and the use of social media and state-of-the-art technology to run the operation.

5. Use consultant assistance no matter what direction is chosen. If self-op, consultant assistance is needed for the four recommended changes in the CBC report which our group fully endorses. If vendor operation is chosen, consultant assistance is needed with a detailed RFP to be certain that WCU gets what it needs.

In summary, the Catamount Stores Task Force appreciates the opportunity to study this critical issue and to make recommendations. We see this as an excellent window of opportunity to make needed changes. Regardless of which model is chosen- self-operation or contract management- significant and potentially difficult changes are needed to support the academic mission of the institution.