

**RePro** | Real-Life Business Projects in  
**Project** | Multicultural Student Centered Learning



**RePro Case**

**Ośrodek Doradztwa i Doskonalenia Kadr /  
The Consulting and Personnel Development  
Centre**

## 1. The beginning...

In 1987 three cooperatives (ODiTK – Ośrodek Doradztwa i Treningu Kadr<sup>1</sup> is one of them, which is still operating) set up various small partnerships. ODDK was one of the established companies. It is worth mentioning that a lot of such partnerships were created at this time, mainly because of legislative changes that simplified the whole procedure.

The person who played the crucial role in this process was the current chairman of the ODiTK – Mr Jan Repiński. He appointed trusted people to run new created companies. Jerzy Marcinek was one of them. He became the first chairman of ODDK. Mr Marcinek was historian and didn't have any experience in business, therefore he started to look for someone with economic background to help him running the company. This person was Andrzej Popławski who became the board member of the newly created company.

ODDK started its activity with trainings offered mainly to state-owned enterprises (SOE), which were very popular on Polish market. The SOE were very interested in cooperation with ODDK, also because it was the company owned by cooperatives, not private persons. The first year of its activity, the partnership ended up with satisfactory market and financial situation. In 1989 the board members bought up all the shares of the company and changed its legal form – from joint-stock to limited liability company owned by two shareholders: Andrzej Popławski and Jerzy Marcinek.

Since that moment – the company development speeded up. The market for trainings (especially in accounting) was growing very fast due to the enterprises' accountancy liberation that took place at this time. It became obvious soon, that accountants were not prepared for those changes and needed the assistance: both in form of trainings, and handbooks. ODDK noticed those needs and decided to broaden its activities scope by entering the publishing sector. It already had had some experience in trainings materials preparation.

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<sup>1</sup> The Consulting and Personnel Training Centre

## 2. The market and the company development...

In 1990 ODDK published its leading book written by Jerzy Gierusz "The comment to the plan of accounts". This book became very popular on the market and facilitated work of thousands of accountants in Poland (it still remains one of the bestselling publication of ODDK). The company decided to widen the offer by publishing books concerning accountancy addressed to specific sectors and other issues important in business running.

One of the biggest challenges that the company was facing at the beginning of nineties was the problem of book prices. For many years clients and booksellers were used to relatively low prices of books (owing to state subsidies). ODDK had to offer its books by market price which was perceived as very high. "We had to explain to our clients and distributors that our books are more expensive because we do not sale the printed paper, but the knowledge. And this knowledge is what our buyers need and buy. And the knowledge is expensive..." says Andrzej Popławski. There were also other problems: difficulties with materials purchasing, state-owned publishing companies dominance and still existing and active censorship.

One of the most important period in whole history of the company was the tax reform at the beginning of nineties that had few stages. It started with introduction of the personal income taxes - ODDK published and sold a lot of books and handbook concerning that issue. At this time the company decided to extend its offer and sell so called druki akcydensowe<sup>2</sup>. During the next stage of the reform (1993 – the Value Added Tax introduction) ODDK was the first that issued the registers of purchases and sales. This was also the period of development of training offer addressed mainly to accountants - in 1994 the new accountancy act came into force. A lot of ventures of that time was carried out together with academic teachers working at the University of Gdańsk.

Because of the very specific market segment that the company was interested in, it decided to use a direct selling as the distribution channel. At the

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<sup>2</sup> Druki akcydensowe – are formal forms such as invoice

end the nineties ODDK started to send to its potential clients new - published books without previous order. They were adding the bill and request for the payment to the mail.

In the mid nineties the growing market interest in issues concerning quality, work conditions and environmental issues was noticed. So ODDK started to publish handbooks and other materials facilitating companies the adoption of safety and quality standards.

The dynamic development of publishing and training activity didn't go together with development of technical abilities. The main problem was storing of printed books, so the company invested in new store-house of about 1000 m<sup>2</sup>.

The company still concentrates its activity on publishing practical textbooks and offering trainings for business people. It still sales most of its books by mail, with little help of traditional distribution channel (booksellers).

In the mid nineties two shareholders of the company decided to divide it. Jerzy Marcinek concentrated on distribution of druki akcydensowe, while Andrzej Popławski took over the publishing activity. Partners came to conclusion that they would use the same logo in spite of being two separate enterprises operating in two different sectors. The decision was caused by the fact, that ODDK was well-known trade mark in both sectors. The publishing company is now owned by two shareholders: Mr. and Mrs. Popławski, but all the everyday decisions are made by Andrzej Popławski. "It makes the process of management much easier" – he says.

Since the end of nineties ODDK has been one of the biggest companies publishing professional, practical books and materials for business (it ranks to five biggest publishing houses offering that kind of books on Polish market). Publishing activity is now the main source of companies' incomes - it makes up near 70% of its turnovers. Trainings are treated as a kind the supplement of bookish offer and make no more than 10 to 15% of total sales. "We do not give up trainings, because it is a very good source of inspiration for us. They give us the chance to talk directly to managers, accountants and other people working for enterprises and learn about their needs and expectations" – says Andrzej

Popławski. One of such idea was the corresponding course for accountants – the form of training very popular in mid nineties (there was a time, when over thousand of people monthly participated in this kind of course).

In 1996 the owners of the company started to look for new possibilities of money investment. They decided to get involved in building sector concentrating on commercial buildings (office buildings), which are perceived by them as long term investment with relatively low risk. This activity makes about 12 – 15% of firm's total sales.

### **3. How the book is published...**

Running the publishing business requires employees possessing certain skills:

- editors who perform a lot of conceptional tasks,
- people dealing with distribution of books,
- technical staff (graphic artists, proof-readers),
- administration staff responsible for personnel management and book-keeping.

ODDK employs about 50 full-time employees, most of them for many years now. According to Andrzej Popławski the stability of employment and regular salaries payment are the most important issues from the personnel point of view (salaries in ODDK are on comparable level to those paid in other enterprises operating in the publishing sector). “Even in periods of lowered demand for books we do not dismiss our employees, nor send them on compulsory holidays” he says. Except for full-time workers there is also a group of about 20 persons cooperating with ODDK. They deal mainly with graphic work, texts rewriting and correction. About 400 authors, who prepare texts, make up separate, co-operating with the company group.

The are several departments in the company:

- editorial office (16 persons),

- sales department responsible for orders acceptance, completion and invoicing (20 persons),
- accounting department (4 persons),
- the three-person section of marketing responsible, among other things, for co-operation with wholesalers and bookshops,
- training department (3 persons),
- 2 drivers.

To avoid conflicts owners of the company do not employ their relatives and family members. If they seek new worker they look for them using informal sources of information (for example personnel of the company). They employ new people basing on the documents presented by the candidates, the interview and trustworthy recommendations. There are 4 handicapped persons that have been working for the company for several years now. They were hired some time ago, when ODDK was taking part in a program financed by the State Fund for the Disabled Persons Development (PFRON). Those people stayed in ODDK despite the fact that the company didn't participate in this project. They gave up participation in this project mainly because of complicated procedures and bureaucracy connected with it. For the same reason ODDK does not co-operate with Employment Agencies. Book-keepers employed in ODDK can improve their qualifications participating in trainings organized by ODDK for external customers. Other workers (mainly editors) take part in external trainings occasionally. "The employee development depends, first of all, on themselves alone." – says Andrzej Popławski. At least once a year the company events are organized – usually to celebrate the anniversary of the company rise.

ODDK possesses its own, good technical back-office: first of all set of tools for editors and graphics, communication systems (to communicate with customers and suppliers) and warehouse objects. There are also the social back-office for workers – small kitchen and dining-room. ODDK owns 2 bookshops - one of them is situated in company's headquarter in Gdańsk - Oliwa, the other one – in Gdańsk – Wrzeszcz.

Book publishing process is a very complex one. The crucial thing is the idea – the editorial office is responsible for analyzing all the changes that occur in the environment and identification and interpretation of market signals. There are plenty of sources of information: customers, training participants or authors. The editorial office prepares the first thematic outline of future publication and searches for the author, who could write such a book. It usually starts with authors co-operating with the company, but sometimes it is necessary to gain a new one. It is very common to enter into collaboration with practitioners, who possess not only suitable knowledge, but also considerable experience. Material prepared by the author is analyzed with great care by the editorial office. The analysis concerns the merits and its adjustment to expectations of potential buyers. Then the linguistic and technical dimension of the text is checked up by the leading editor. After the verification the text goes back to the author, who makes necessary corrections. Finally, after author's acceptance the text is sent to printing. The average time necessary for the book preparation is about 2-3 months, but it depends on many elements: urgency, volume and quality of text. In some cases publications are ready in 3 - 4 weeks (since the moment of the first version of the text delivery to the publisher). Printing takes about 2 - 3 weeks. The average edition of the book is 1000 copies, though in some cases it reaches 3000, 5000, 10.000 and even 15.000 copies. According to Andrzej Popławski offering relatively small editions of many titles is one of the key success factors on this market. Such a relatively small amount of copies is caused by the specificity of the product: professional textbooks concerning current issues must be up-to-date and contain reliable information. For that reasons updated reissues make almost 80% of all titles published each year. For the very same reason ODDK does not organize bargain sales of out-of-date books – they are utilized (about 20% of total edition of all the books is assigned for waste paper each year). According to Andrzej Popławski only 20% of titles retains up-to-date for 2 years, 50% - for 1 year and 30% needs to be updated even few times a year. There are over 1.500 titles (mainly books) in ODDK offer.

The owner of ODDK estimates that total cost of book publishing includes:

- printing cost (~ 10%)
- authors' commissions (10 % – 15%)
- marketing and distribution expenditure (~ 30%)
- editorial works (20 %– 30%).

The printing services are one of the most important component of total costs of the publishing house. Printing sector in Poland is dispersed and it is easy to find the subcontractor. ODDK cooperates with 3 local printing companies, situated nearby which print rather small things (brochures, catalogs). In case of larger orders the company chooses from 6 - 7 large printing-firm offering the high quality of services (they are situated in different parts of Poland). Making a choice the company has to take into account several factors: the kind of publication, its format and cover. Other important criterions are: the quality of services, cost, time of service realization, the earlier co-operation.

#### **4. Book selling...**

Mail-ordering makes a significant part of company's total sales. For that reason ODDK spends a lot of money on post services (the company is one of the most important client of the Post Office in Gdańsk – it mails about 100.000 brochures monthly). Sending out brochures and offers is not the only way ODDK reaches its potential buyers. Catalogues presenting its offer are added to periodicals and presented in bookshops. The company communicates with the market also via Internet.

The firm advertise its offer by sending newly issued books to professional periodicals, central and local government offices, ministries. It also takes part in specialistic trade fairs and other events (for example The Regional Accountancy Chambers or The Accountants' Association in Poland meetings). Other forms of advertisement (press advertisement, book prizes funding) is used rather incidentally.



ODDK collaborates with several bookshops. It avoids co-operation with wholesalers due to their activity specificity - they act as the commission shops, which means that publishing houses bear the whole risk connected with book selling. Wholesalers usually keep the goods for a long time and often detain the payments. The chairman of the company estimates, that the bookseller profit margin is about 20% - 25% of the final book price, while the wholesaler profit margin is about 30% - 35%. ODDK continues to send to its customers new books (yet not ordered by them) together with the bill and request of its payment or the return of received books.

During the interview, Andrzej Popławski pointed out some challenges for his company today. One of them is the development of professional periodicals which offer to customers the most valuable thing - the current information. Multimedia publication also become more and more popular, but according to Andrzej Popławski clients still prefer traditional book.

It is worth mentioning, that the highest sale of books occurs in autumn and winter (November to February) – in summer time (July – August) the company observes about 30% decline in sales.

Since 1998 the company's turnovers remains on the similar level, and its sales profitability is about 30 - 40%.