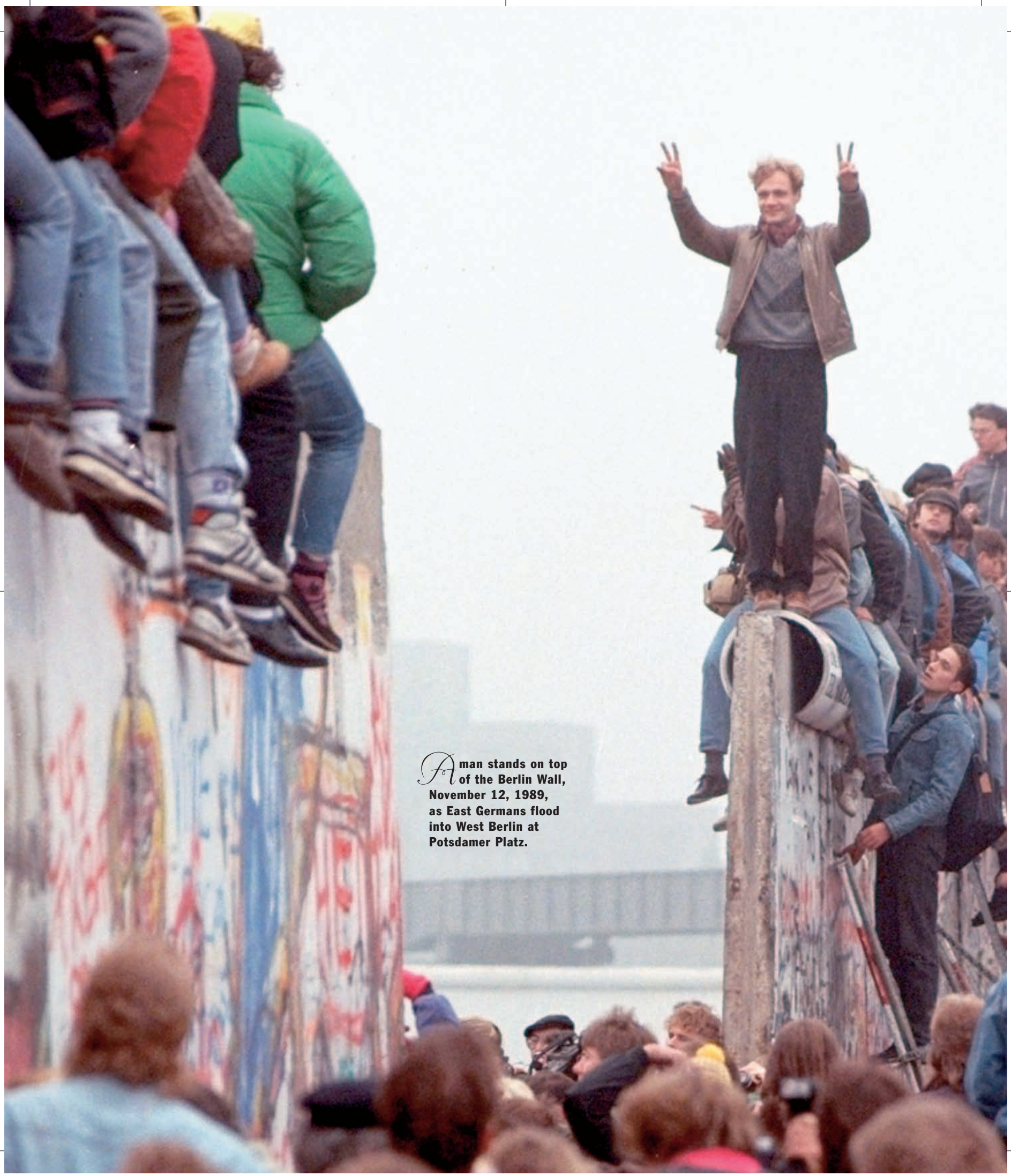
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A man stands on top of the Berlin Wall, November 12, 1989, as East Germans flood into West Berlin at Potsdamer Platz.

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Renaissance: Rebirth as a Global Company 1989 and Beyond

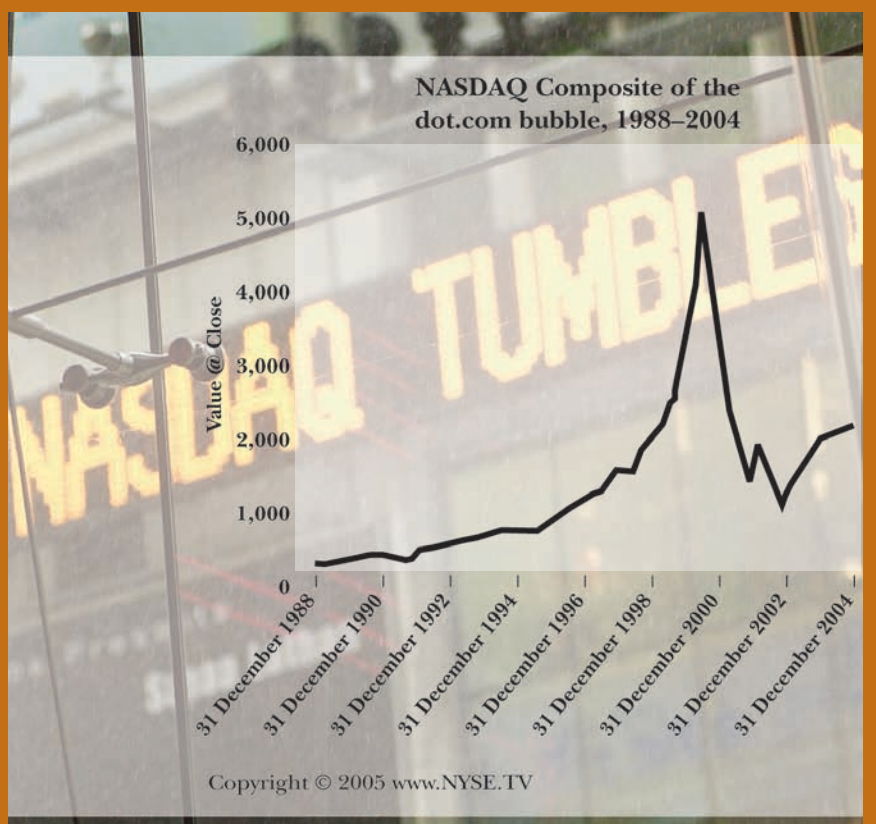
Chapter Eight

A New World

For Wiley, 1989 marked the beginning of an era of rapid transformations, the first of which was the restoration of Wiley's reputation as a world class publisher. The company's textbook operation required radical reorientation, while the Scientific, Technical and Medical (STM) and the Professional/Trade (P/T) businesses were more in need of the support and investment that would permit them to continue to build already successful programs. Central to sustained growth was the generation of sufficient cash to make larger and larger acquisitions and effectively integrate the acquired publishing programs into the Wiley portfolio. The Liss acquisition, consummated in 1989, was only the first step. As growth accelerated, Wiley became a truly global enterprise with a fully realized capability to deliver the content of books and journals via the World Wide Web.

In the world beyond Wiley, 1989 was a tumultuous year. The most striking events took place in the Communist world, as citizens' movements in Czechoslovakia, Hungary, Poland, and Romania swept Communist regimes from power. In November the German Democratic Republic announced it would allow its citizens to cross through the checkpoints in the Berlin Wall. In an extraordinary outburst of popular sentiment, Germans east and west joined hands to tear down the barrier that had kept them apart for nearly thirty years. In China,







students occupied Tiananmen Square, but their hopes for democracy were crushed by tanks. In Afghanistan, the Soviet withdrawal left a wasteland of despair and violence that would breed a new global enterprise called al Qaeda.

For a time the U.S. economy appeared to be recovering from the Black Monday stock market collapse of October 1987, only to be rocked again in October 1989, by the Friday the Thirteenth mini-crash, thought to have been brought on by the excesses of junk bond dealers. Other events, however, propelled the U.S. economy into giddy expansion. "The essential background to growth in the 1990s," wrote London School of Economics historian Nicholas F. R. Crafts, "was the unprecedented extension and intensification of globalization in terms of the international integration of capital and product markets." Global merchandise exports grew at an unprecedented rate. More impressive, according to Crafts, was "the surge in international capital mobility." Underlying these trends were technological changes in the worlds of information and communications worthy of comparison to the steam engine and electricity.

In 1989, Oxford graduate Timothy Berners-Lee, working at the particle physics laboratory of the European Organization for Nuclear Research (CERN), wrote a proposal for an Internet communications tool, which connected Internet browsers to servers, called the World Wide Web. The next year, using a NeXT computer as a server, he wrote the first Web browser code. On August 6, 1991, Berners-Lee made the Web publicly

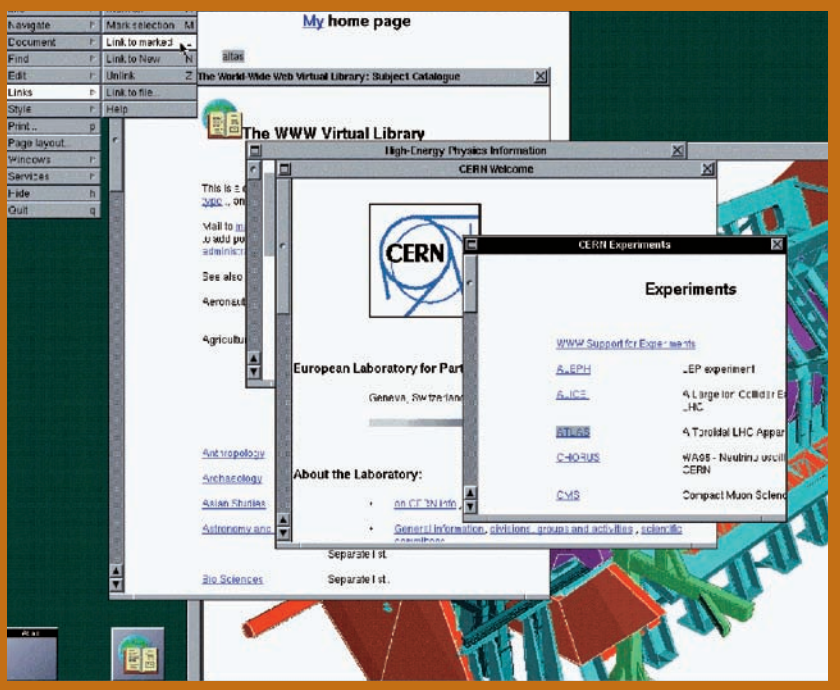
Hubble Space Telescope (above), launched 1994.

Nasdaq tumbles, Nasdaq offices, New York, January 5, 2001 (left). The Nasdaq Composite Index plunged 159.18 points, or 6.20 percent.

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available for the first time. Two years later CERN announced that the World Wide Web would be free to everybody. A new information exchange system and a new industry were launched on a global basis. The World Wide Web forever changed the nature of communication and with it the very nature of publishing, which soon began the greatest transformation since Gutenberg invented a press that used movable type in 1448.

The World Wide Web pulled together the most remote corners of the global economy, ultimately benefiting every country. The economic consequences of globalization were another story. The United States experienced a decade of expansion, while Japan suffered through a decade of minimal growth, as did Europe, Africa, and Latin America. In what Crafts described as "the most dramatic arrival on the world scene since that of Japan in the 1960s," China's economy grew at a staggering pace, with India following not far behind.[1]



Jim Berners-Lee's original World Wide Web browser in 1993.

Jiananmen Square, China, June 5, 1989



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New Leadership, New Energy

Efforts to refocus and realign Wiley's core businesses began under Andrew Neilly and continued under Ruth McMullin, but signs of a true renewal were not evident until Wiley found a new leader in Charles Ellis, a publisher with extensive international experience who initiated Wiley's transition to a truly global company. Under Ellis, Wiley regained its reputation as an outstanding publisher of quality content. Ellis dedicated the first half of the 1990s to renewing and restoring Wiley's basic publishing skills. The introduction of a planning process that tied plans to results was essential to this renewal. Next, Ellis, and after him Will Pesce, who succeeded Ellis in 1998, turned to acquisitions to enhance Wiley's position in the global publishing community. In 1996, Wiley bought the VCH Publishing Group, the publishing house of the German chemical and pharmaceutical societies, an acquisition that drove STM management to take further steps toward global planning and integration. Three years later, Wiley bought Jossey-Bass, a well-known professional house with an important presence in education, psychology, and leadership. In a particularly bold move in 2001, Wiley, now led by Pesce, acquired Hungry Minds, and with it a collection of brands—Betty Crocker, CliffsNotes, For Dummies, Frommer's, Webster's New World Dictionaries—known far and wide. This acquisition, and specifically the acquisition of For Dummies, accelerated Wiley's globalization. For Dummies came with publishing operations in Australia, Canada, and, four years later, Germany. For Dummies would enhance local publishing programs in these countries and England, leading to the beginnings of global planning in P/T.

The combined efforts of Ellis, Pesce, and their colleagues were impressive. In May 2003, the company reported that its revenue had grown at the rate of 11 percent per year from $282 million in fiscal year 1990 to $854 million in fiscal year 2003. Between 1992 and 2002, Wiley's Class A stock had appreciated in value at a compound annual rate of 27 percent. Wiley's shares split four times in the 1990s. To put it another way, a person who invested $100 in Wiley in 1993, designated Wiley's turnaround year by Ellis, would have seen the investment swell to about $793 in 2003. Wiley shares had outperformed those of the publishers with whom it is usually compared. Wiley had become not only larger but more profitable and far more attractive to investors.[2]

Charles Ellis: Focus and Renewal

When the time came to replace McMullin, the board saw Ellis, who had been hired to run Professional and Reference Publishing in 1988 and was promoted to president of the Publishing Division in 1989, as the logical in-house candidate. He had a successful track record, having overseen the Liss acquisition, and a feel for the mindset of colleagues, authors, and customers. Ellis accepted the assignment "as perhaps the most interesting" one in all of U.S. publishing and served as Wiley's CEO from June 1990 until May 1998. Gracious and diplomatic, he fit well with the Wiley culture. Ellis brought "joy and laughter everywhere," according to Brad Wiley Sr. "including meetings of board committees."[3]

With the departure of McMullin, Ellis replaced her staff with talent from within the company. Robert Wilder became CFO, William Arlington, head of Human Relations, and Timothy King, head of Planning and Development. Will Pesce remained as head of Higher Education (Higher Ed) and Stephen Kippur as head of Professional and Trade (P/T). Eric Swanson, former executive vice president at Alan R. Liss, Inc., became head of the Scientific, Technical, and Medical Division (STM), reporting to Stephen Kippur but working directly with Ellis on journals and electronic publishing. John Collins, head of the Australian company, and Michael Foyle, head of the British company, also

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Profile

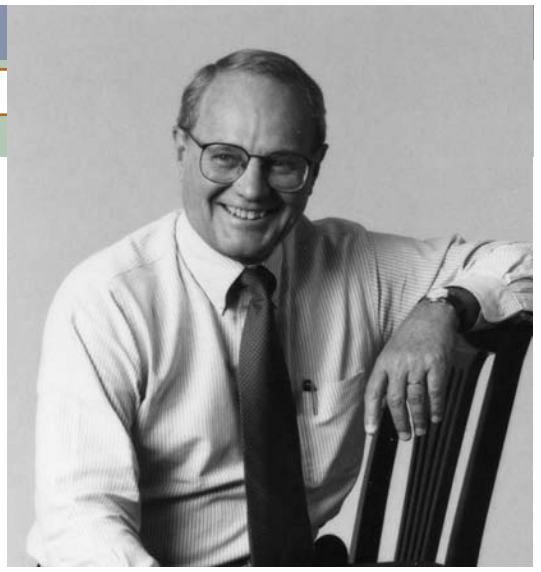


Charles Ellis

Charles Ellis was a publisher by temperament and by trade. He came to Wiley in 1988 after successful stints in executive positions at Pergamon Press, D.C. Heath, and Elsevier. He had proved to be a skilled manager, revivifying the Dutch publisher Elsevier's troubled North American operations in the early 1980s at a time when Wiley was experiencing the beginnings of intense global competition. Before Wiley, Ellis had spent a decade in Europe, giving him valuable international experience.[4]

During McMullin's tenure, Ellis was hired to run Professional and Reference Publishing, which included a Scientific, Technical, and Medical division (STM) and Business, Law, and General (BLG) Books. He improved performance there while encouraging Stephen Kippur to build Wiley's trade list. He also played the leading role in the acquisition of Alan R. Liss, which occurred after he was appointed president of the Publishing Division in 1989.[5]

Ellis served as Wiley's CEO from June 1990 until May 1998. He tended to industry activities, serving, for instance, as chair of the Association of American Publishers (AAP) from 1992 until 1994 and promoting the efforts of the Copyright Clearance Center (CCC) in copyright protection. Ellis was an avid supporter of the Digital Object Identifier (DOI), a code embedded in digital content that would facilitate the tracking of content use and the enforcement of copyright laws. With his industry contacts, he was influential in promoting the essential nature of the DOI and later served as the first chair of the DOI Foundation.[6]



From a modest background, Ellis graduated from Princeton thanks to a scholarship offered by the DuPont family. He taught at a preparatory school and then worked for Bertrand Russell, the British philosopher and peace activist. To support a growing family, he forsook his initial ambition to earn a Ph.D. and teach, in favor of a business career. But "if I went into a business," he recalled, "it would have to be a business in which I placed some value upon the product or the service." Publishing fit that criterion perfectly, a blend of the intellectual life with the practical concerns of making a living. He gravitated toward educational publishing at first but then broadened his interests to all areas of knowledge publishing, including the journals business.[7]

reported to Ellis.* Richard Rudick remained as corporate counsel. Appointed in 1978, he was responsible for all company legal and secretarial functions, including corporate governance as well as acquisition and litigation matters. He kept Wiley's contracts and copyright notices up to date, comprehensible, and sensible. He pursued pirates and promoted improvements in copyright laws in the United States and around the world. Rudick was very much of the Wiley mold, promoting these issues in various industry leadership roles.[8]

In 1992, Josephine Bacchi became corporate secretary. Bacchi had been at Wiley longer than any of her colleagues, having signed up as a secretary when there *were* secretaries, in 1966, at 19 years of age. She served as Brad Wiley Sr.'s assistant for 24 years until she was appointed corporate secretary, at his request, when he retired as chairman in 1992.

Both Charles Ellis and Eric Swanson, *before* coming to Wiley, questioned Wiley's need for an

* The names of Wiley's three *core* businesses changed in the 1980s and early 1990s, although their publishing programs remained consistent. In this chapter, the authors use the names of Wiley's businesses as of 2006. In 2007, STM became Wiley-Blackwell or STMS.

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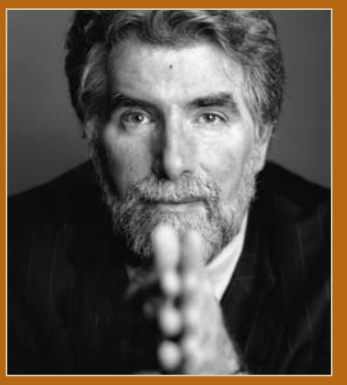
The Ellis Team



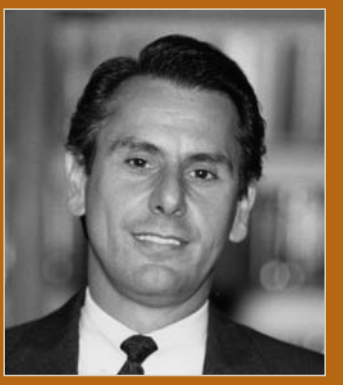
Charles Ellis and team, July 12, 1995, at Wiley's joining the New York Stock Exchange. From left to right: Stephen Kippur, Josephine Bacchi, Richard Rudick, Charles Ellis, Robert Wilder, William Bradford Wiley II, Will Pesce.



Peter Donoughue



Eric Swanson



William Arlington

International Division. Ellis once described the division as akin to the Colonial Office in the British Foreign Office—that is, a remnant of the past. Since its formation in the 1960s, the division had been the connective tissue between Wiley's home office and its overseas subsidiaries and joint ventures, which were seemingly remote outposts that required servicing in an era before faxes and email. To Ellis's way of thinking, it was a barrier rather than an aid to global coordination. Accordingly, one of Ellis's first steps was to eliminate the International Division. As an STM publisher with extensive international experience and contacts, he knew that the worlds of research and related publishing demanded closer, more direct relationships, and that this community, with the growth of the Internet and the invention of the World Wide Web, was becoming increasingly global.[9]

Planning for a Renewal

Ellis argued that Wiley needed to turn its attention to what he saw as the company's most important, but neglected, asset—its core businesses. Management's fascination with Wilson Learning and the prospects for creating new lines of business, he believed, had resulted in serious underinvestment across the board—in new products, marketing, management, and technology. The sale of Wilson Learning allowed him to focus all his attention on Wiley's publishing strengths. The company was reorganized into two major reporting groups. Higher Education continued to publish textbooks while Professional/Trade published trade books for general readers and books and subscription products for professionals. Scientific, Technical, and Medical published books, journals, reference works, and some high-level texts. With the Liss acquisition and the

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steady growth of the P/T lists, P/T and STM accounted for more than half of the business.[10] Almost all of Wiley's profits came from STM and some of the international operations. The trade part of P/T was a growing and promising business, but small. Higher Ed presented the most daunting challenge: its pipeline of new projects had gone dry and had to be meticulously refilled, morale had plummeted, people had left or been forced out, and the marketing department had been shut down.[11]

To renew and grow these businesses, Wiley needed a planning process that linked plans to execution. The challenge, as Ellis and his team saw it, was to remain focused and agile at the same time. Wiley had been through a dizzying period when the industry was consolidating, great houses were disappearing or changing hands, competition was growing more cutthroat, and Wiley's largest business, textbooks, was being undermined by the used book business. When a 1988 memo suggested a radical reorganization of the company as a means to improving the implementation of strategy, Ellis disputed the memo's key assertion, that "organization [necessarily] follows strategy." The basic task, he believed, was to get the planning process right—to relate plans to changes in the market, communicate them effectively, and motivate managers to execute them consistently. This was no small feat at a time when some publishing experts were arguing that long-term forecasting was "of very limited value in an era of rapid technological change."[12]

Between 1991 and 1995, Wiley's strategic plans consistently identified five core strategies that were central to Ellis's approach to recovery and growth:[13]

- increase Wiley's revenue, earnings, cash flow, and return on equity by investing in the development of Wiley's core businesses organically and through acquisition
- grow internationally
- emphasize subscription and "continuity products" over unique, "one-off" books in the STM and P/T businesses
- pursue acquisitions to take advantage of the fact that Wiley's infrastructure (warehouse, information technology systems, financial and human resources systems, etc.) could support a larger business
- apply new information technologies to existing and new assets.

The judicious application of technology provided a particular opportunity. By 1990, 105.2 million computers were in use worldwide, 51.3 million in the United States alone, foreshadowing a market not just for software but also for books about software, computing, and even an emerging "cyber culture." The World Wide Web, launched in 1991 and made freely available two years later, opened up even more possibilities. Wiley was poised to take advantage of the commoditization of PC, CD-ROM, and DVD technologies, the growth of the World Wide Web, and the explosion of e-commerce.[14] The company was already offering a sampling of electronic products ranging from academic journals to online databases to CD data supplements; computer software applications in accounting, chemistry, and other scientific disciplines; and computerized test banks as textbook ancillaries for professors. Although some of Wiley's early experiments with technology had failed, the experience was cumulative. In 1992, the Boston Consulting Group urged Wiley to ride along the cutting edge of digital publishing technology. Wiley, having already suffered the consequences of this type of journey, was determined to let customers set the pace this time around.[15]

With board support for its five core strategies, Ellis and his team mandated fiscal 1993 as the turning point for Wiley. Success was defined as record revenue and profits, driven by the expected turnaround of Higher Education by April 30, 1993. "To put it bluntly," Ellis explained to one of his overseas managers, if the company's financial performance did not improve by then, "management will lose all credibility . . . and the future of Wiley as an independent company [will be] very seriously

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Improvements at Wiley's U.S. Distribution Center



In the atmosphere of continuous improvement inspired by Charles Ellis and carried out under the direction of Robert Wilder and Clifford Kline, who joined Wiley in 1996 as vice president of Customer Service and Distribution, changes were introduced in the Wiley warehouse. For example, picking and packing areas of the warehouse, shown here, were reorganized to increase efficiency and reduce work stress.

at risk." Thus Ellis established a deadline to improve people's "basic blocking and tackling skills," as he liked to say, and to rebuild the company around "quality assets and quality people."[16]

Ellis's way of setting "reasonable goals," mixing urgency with charm, was a welcome change from the hard-nosed tone of the McMullin years. He knew that publishing was a creative profession in a rough-and-tumble industry, but it had to be made more efficient. That Wiley remained a pleasant place to work was due to the time-honored belief that the work was worthwhile and the renewed feeling that Wiley was a very decent place with a future, for both employees and authors. Robert Wilder, the new CFO, working with Peter Clifford, senior vice president of Finance, corporate controller, and chief accounting officer, reorganized Wiley's financial operations, a move essential to restoring transparency in financial reporting and reassuring the investor community about the validity of Wiley's numbers. Wilder then turned his attention to bringing the company's distribution system (centered in the United States at the New Jersey warehouse) up to and beyond industry standards. Confidence and the right kind of jokes returned, too: "If we don't have a good year this year," said Robert Long, a U.K. marketing executive, "I shall eat my catalogue." It was all part of a steady shift in Wiley's corporate culture. Ellis's exhortations worked wonders for morale. Human Resources senior vice president William Arlington worked with Ellis to foster workplace improvements and job satisfaction among all Wiley employees. Employee turnover dropped, thanks also to a revamped compensation program.[17]

Wiley's plans over the decade grew more sophisticated and detailed. In 1993, STM began to work with a new planning methodology, which would replace the traditional planning methods that Wiley had employed in previous decades. The new methodology, "multiple scenario planning," assumed that the future would not be a linear projection of past or present observable trends. Instead, this broader approach brought the larger socioeconomic environment into the center of the process while keeping managers alert to the possibilities for change. One company in particular, the Global Business Network (GBN), was gaining recognition for its work with varied clients such as Royal Dutch Shell and South Africa's African National Congress, which had turned to GBN to help fashion a strategy for post-liberation economic development. Timothy King met with GBN's Lawrence Wilkinson and then approached Eric Swanson, who was running Wiley's STM business and was willing to experiment. Swanson explained his affinity for scenario planning

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this way: "You cannot chart the future. You can anticipate it, you can prepare for it, and, with luck, you can survive it." He was attracted to the idea that one might "pin the corners" of alternative futures and then develop and implement plans that would serve Wiley well in a variety of possible circumstances. Further, he knew that the introduction of the World Wide Web had the potential to change the way research was published, either undermining Wiley's essential journals business or providing a tremendous opportunity for growth. Scenario planning offered the opportunity to think about how to prepare for unpredictable change.[18]

Scenario planning employed by Wiley's STM called for an analysis of possibilities, looking at critical uncertainties such as the competitive environment, the quality of demand, and importance of copyright. Within this construct, the following questions were explored: What might happen in an environment where customers were willing to pay in an industry characterized by a rush of new products and services, new business models, and new entrants? What might happen when customers were willing to pay with the industry remaining more or less static, yet competitive? What might happen in a world where customers were price-resistant under conditions where new entrants rushed in, providing new channels of distribution and new business models? What might happen if online delivery of content led to a demand for free content and widespread violation of copyright laws? Finally, what might happen under conditions of price resistance in an industry where revenue barely covered costs?

Scenario planning offered the opportunity to . . . prepare for unpredictable change.

The exercise enabled STM to position itself to remain successful under all four of those "what if" scenarios and everything in between. For example, the process enabled planners to consider how STM should respond if U.S. copyright laws were undermined by the Web, or if scientists bypassed publishers and self-published their research online, or if massive new research funding for government and university laboratories became available, as well as many other possibilities.[19] As a result, STM's business-level plan provided that it would increase its capabilities to "incorporate technology into the publishing process as much as possible." It would champion the need to safeguard copyright protection, strengthen its relationships with authors and journals, participate in new technology projects, and develop new products in tune with the changing marketplace. Through the 1990s, implementation required energetic devotion to keeping up with technological and market innovation; getting closer to customers and their needs; reducing costs wherever possible to enable greater investments to increase productivity in administration, production, and distribution; increasing global integration; and seeking out partners to compensate for areas of weakness.[20]

In 1994, Ellis and his corporate staff embraced the scenario-planning methodology used first by STM, as, eventually, would Higher Ed. P/T carried on with its own proven strategy, carefully extending and refining its category management approach and broadening its publishing for each category into related lines of publishing—"straight ahead," said Tim King—without any loss in momentum. The results, across the board, were increasingly impressive, largely because the plans tracked the larger market realities and were effectively implemented. Scenario planning became essential to Wiley's strategic thinking and contributed to the mental agility required to adjust quickly to changes in market realities. At a time when all publishers were becoming more efficient and competitive, Ellis articulated a new theme for Wiley: "reasonable progress, not instant success." Making it work was key—the mantra became "blocking and tackling." Implementation of strategic

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plans had been Wiley's Achilles' heel. Ellis and his team were determined that this would no longer be the case. Indeed, Wiley did make its turnaround goals, posting double-digit increases and market share growth in every division at the end of fiscal year 1993.[21]

In executing their strategies, Wiley's business managers had several things working in their favor. Recent divestitures had left the company with excess capacity in its infrastructure; it could add more published content by growth or acquisition without increasing back-office operations. In addition, more and more of Wiley's publishing lines, led by the growing journals program, were generating the cash flow with which to pay down any debt needed in an acquisition. Building on funds that Wiley had accumulated from several divestitures, including Harwal, which was sold soon after Wilson Learning, Ellis built an acquisitions war chest to augment Wiley's organic growth, while Tim King and his staff put together a list of potential acquisitions and updated it constantly.[22]

The business environment helped. Demographic and macroeconomic variables became more favorable after the 1990–1991 recession, as the United States resumed a briefly interrupted surge of economic growth. The markets for Wiley's new technology products grew rapidly throughout the decade, as computers and the Internet changed the way people got their information. The technological revolution also boosted the traditional book market, despite fears to the contrary, through the online sale of books, especially technology books, and enrollments in electrical engineering and computer science courses. College enrollments also nudged upward again, from the so-called "baby boom echo" and the increase in nontraditional students. Such favorable developments made Ellis's job easier, but they did not guarantee success. Success came from Ellis and his team's ability to mobilize a staff demoralized by McMullin. It was not just a question of working harder, but of working smarter in ever more competitive markets. Ellis hired and led an impressive group of publishing professionals, and this team and their colleagues delivered one of the most impressive records of financial performance in Wiley's long history.[23]

Ellis's team and their colleagues delivered one of the most impressive records of financial performance in Wiley's long history.

As operating efficiencies and net income improved, the company managed to repay all of its long-term debt by 1995, freeing itself from interest rates and covenants that might put a brake on further expansion. During Ellis's tenure, Wiley's revenue and earnings were restored to a pattern of consistent and robust growth, generally meeting the ambitious targets he set in his plans. From 1991 through 1998, the year Ellis turned the reins over to Will Pesce, Wiley's revenue increased nearly twofold, from $237 million to $467 million, growing at 11% per year. Net income grew from $4.1 million in fiscal year 1991 to $27 million in fiscal year 1998, while net income per share increased appreciably during that same period.[24] As a measure of Ellis's and his team's achievements, the *Financial Times* in 1998 ranked Wiley as the world's 27th most respected company, tied with Dell, Honda, and Japan Railway East, and the only publisher on the 40-company list. What was fascinating about the survey was how well known Wiley was among Asian CEOs. Ellis, who spoke modestly to the board about the company's "increased resilience," had every reason to take pride in his achievements. Without the renewal led by Ellis, Wiley might not have been able to survive as an independent company. With the renewal, the company was poised for even greater accomplishments. The board acknowledged his achievements, noting that "his personal respect for the Company's traditions of independence, integrity, and quality enabled him to survive a period of organizational confusion

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about the competitive meaning and value of these principles," and that "he brought us the intellect, vision, energy, and discipline, as well as a wealth of publishing experience, needed to improve our financial performance, expand and focus our business, prepare us for the digital world, and restore to the staff its pride in the industry and the firm."[25]


FINANCIAL TIMES SURVEY

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WORLD'S MOST RESPECTED COMPANIES

MONDAY NOVEMBER 30 1998

It pays to be big and it pays to be American

In this first worldwide version of the FT's annual survey of corporate reputation **Tony Jackson** analyses the winners – and the losers

When it comes to business reputation, it appears, big is beautiful. The world's two largest companies by market value, at around $300bn apiece, are General Electric and Microsoft. Sure enough, they turn out also to be the world's most respected, while their bosses, Jack Welch and Bill Gates, top the poll of business leaders.

In this first worldwide version of the FT's annual survey of corporate reputation – previously restricted to Europe – America takes most of the prizes. Of the top 40 companies on the list, 23 are from the US, 13 from Europe and four from Japan. The rest of the world does not figure at all.

Granted, there are special factors at work. Though chief executives were polled from 48 countries worldwide, it seemed logical to weight their responses according to their importance. The main way of doing that was by the size of their home economy: and since America is the world's largest, US votes counted for the most.

That said, there were clear differences in the scores of the top US companies. GE, remarkably, received twice the vote of Microsoft, which received twice that of Coca-Cola, which received twice that of IBM.

It seems that Microsoft's strong-arm tactics may have dented its reputation among its peers – both other American CEOs and its rivals worldwide in the broad electrical and IT sector. Among US CEOs it received one sixth the votes of GE, and ranked lower than Toyota and in its sector it came eighth, behind British Telecom, Emerson Electric and Ericsson.

Toyota's fifth place in the world rankings is remarkable, given the battering received by corporate Japan in recent years. Significantly, support was particularly strong among US senior executives, who doubtless recall how much Toyota had to teach them about lean manufacturing back in the 1980s.

Nor was Toyota the only carmaker to score highly in the world rankings. The auto industry can often seem lumbering and old-fashioned, with a penchant for overcapacity and making periodic losses. But no fewer than five car companies figured among the top 13 besides Toyota: in order, Daimler-Benz, Ford, General Motors, BMW and Honda.

Daimler-Benz's position is perhaps not unexpected. The field work for the survey was conducted in the autumn, and in May Daimler galvanised the auto world by merging with – or, more realistically, taking over – Chrysler. Among European CEOs, Daimler took top position of any company.

And what of ABB? In the previous four years of the survey, which covered only Europe, ABB came top. Now it ranks seventh in the world, one place behind Daimler-Benz. In the specifically European rankings, astonishingly, it does not figure in the top 10.

Changes in survey methodology make comparisons with former years difficult. But this time, almost all ABB's support came from Asia. Little came from within its own sector of engineering, where it ranked equal sixth with Bosch of Germany and Valeo of France and Crown Cork & Seal of the US.

Since last year's survey Percy Barnevik, ABB's former and highly respected boss, has moved on to run Investor, the top company of the Wallenberg empire. Investor, as a holding company, does not figure in the rankings. But Mr Barnevik does, coming sixth in the world listing of most respected leaders – 10 places ahead of his successor at ABB, Goran Lindahl.

Which other sectors were heavily represented among the world's top 40? One is unsurprising: the group covering electricals, IT and telecommunications. Of the 10 from this sector, we already know about GE, Microsoft and IBM. Other high rankers include the US giants Intel and Hewlett-Packard, and Dell Computer.

The picture given by CEOs within the sector itself is rather different. GE and IBM come first and second in the sector rankings, followed by Hewlett-Packard and Matsushita of Japan. Intel comes nowhere: which, given its grip on the personal computer industry, is quite as striking as the humble sector ranking of Microsoft.

Equally surprising, perhaps, the only phone company in the sector top 10 is British Telecommunications. After its failure last year to take over MCI of the US, BT is seen by some as being in strategic disarray. Indeed, it does not figure in the world-wide top 40 – though to be fair, no other telephone company does either.

The other sector to figure prominently in the world rankings is consumer goods manufacturing, with eight in the top 40. All the big names are there: Coca-Cola at no 3 and Nestlé at number seven, followed at some distance by Procter & Gamble, Philip Morris and Colgate Palmolive. Unilever makes it, but at the bottom at joint 36th.

One company figuring higher than that is the US grain giant Cargill, at joint 17th. The interesting point is that Cargill is a private company – America's largest, with sales of more than $60bn.

After the field work was completed, it came to some prominence with the purchase of the global commodity business of another private company, Continental Grain, thus taking a one-eighth share of the North American grain market. In general, though, this family-controlled company keeps a low profile. All its votes came either from US CEOs, or from within its sector.

One sector which figured scarcely at all in the world rankings was financial services. The only entrant in the top 40 was Swiss Reinsurance, at joint 32nd. As ranked by its peers in the sector, however, it came only third, behind Citicorp and GE Capital.

Citicorp's standing may prove temporary. In April, it announced its $150bn merger with Travelers Group. More recently, it has become plain that the merger is troubled, with one co-chairman saying publicly that parts of the business were "just not going it together."

Spectacular mergers though, do not necessarily guarantee a high ranking. BP does not make the world rankings at all, while Shell comes in 12th. This despite the fact that in August, in good time for the survey, BP pulled off the world's biggest industrial merger with its $90bn purchase of Amoco.

It has to be said, in fact that UK companies did not make much of a showing: Shell and Unilever do not quite count, being Anglo-Dutch: nor does Allied-

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FINANCIAL TIMES
No FT, no comment.
PRICEWATERHOUSECOOPERS
World's Most Respected Companies Survey

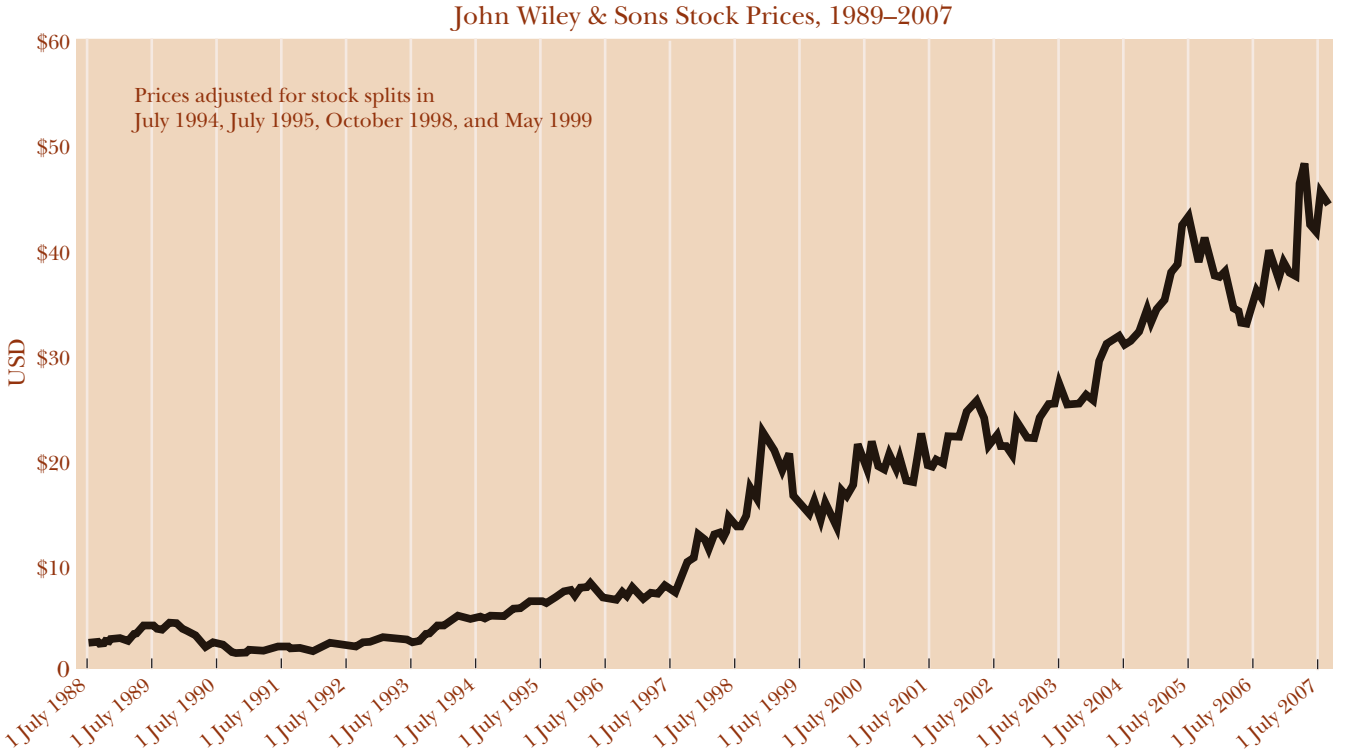
World's top companies
(how all respondents' top 40 nominations)

Rank	Company	Country	Sector
1	General Electric	US	Electrical/IT/Telecoms
2	Microsoft	US	Electrical/IT/Telecoms
3	Coca-Cola	US	Food/Beverages/Consumer Goods
4	IBM	US	Electrical/IT/Telecoms
5	Toyota	US	Engineering
6	Daimler-Benz	Japan	Engineering
7=	ABB	Germany	Engineering
7=	Nestlé	Switzerland/Sweden	Food/Beverages/Consumer Goods
9=	Ford	Switzerland	Engineering
9=	Intel	US	Electrical/IT/Telecoms
11	General Motors	US	Engineering
12	Royal Dutch/Shell	US	Energy/Chemicals
13	BMW	Netherlands/UK	Engineering
14=	Hewlett-Packard	Germany	Electrical/IT/Telecoms
14=	Procter & Gamble	US	Engineering
16	Philip Morris	US	Food/Beverages/Consumer Goods
17=	Alcatel	US	Electrical/IT/Telecoms
17=	Cargill	France/UK	Food/Beverages/Consumer Goods
17=	Colgate-Palmolive	US	Engineering
17=	Johnson & Johnson	US	Food/Beverages/Consumer Goods
17=	McDonald's	US	Food/Beverages/Consumer Goods
17=	Swissair	US	Healthcare
17=	Wal-Mart	US	Media/Leisure
24=	Aol	US	Retail
24=	Motorola	US	Food/Beverages/Consumer Goods
24=	Sony	US	Energy/Chemicals
27=	Body Shop International	Japan	Electrical/IT/Telecoms
27=	Dell	UK	Engineering
27=	Honda	US	Retail
27=	Japan Railway East	Japan	Electrical/IT/Telecoms
27=	Wiley (J) & Sons	Japan	Engineering
32=	Benetton	US	Transport
32=	Mitsubishi	Italy	Media/Leisure
32=	Swiss Reinsurance	US	Retail
35=	Boeing	Switzerland	Electrical/IT/Telecoms
35=	British Airways	US	Financial
35=	DuPont	UK	Engineering
35=	Marks and Spencer	US	Transport
35=	Nokia	UK	Energy/Chemicals
35=	Unilever	Finland	Retail
		Netherlands/UK	Electrical/IT/Telecoms
			Food/Beverages/Consumer Goods

Research for this survey was conducted by PricewaterhouseCoopers.
Analysis by Financial Times writers.

An article in the *Financial Times*, November 30, 1998, naming Wiley the 27th most respected company in the world.

John Wiley & Sons Stock Prices, 1989–2007



Source: Yahoo! stock prices at finance.Yahoo.com

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Will Pesce: Vision and Execution

Brad Wiley Sr. passed away on February 3, 1998, in his 88th year. He had been chairman emeritus since 1993 and for decades Wiley's most earnest ambassador to the world, pressing hard to the end his belief that China was the next great publishing horizon. He missed the transition between Ellis and his successor by three months. Wiley lost a great publisher, but was soon benefiting from the ascendancy of a talented new leader.

Will Pesce, who became Wiley's tenth president and CEO on May 1, 1998, was a seasoned publisher and a healthy blend of the old and new. The hand-off was orderly and sophisticated. Ellis and William Arlington, senior vice president of Human Resources, had developed a careful succession-planning process that stretched down into the ranks of the organization, identifying at least one successor for every manager. As Ellis approached his sixty-third birthday and the anticipated end of his contract, the process produced its first successor at the very top of the organization. Pesce had been primed for the position by increasing the span of his responsibilities: in 1996, he was named executive vice president of Educational and International Publishing, and in 1997, he became chief operating officer. The transition was smooth in other ways. Pesce retained Stephen Kippur, Eric Swanson, John Jarvis, Stephen Smith, and Peter Donoughue in senior publishing positions. Bonnie Lieberman became the new head of Higher Education in 1996, and William Arlington, Timothy King, Richard Rudick, and Robert Wilder continued as Pesce's staff. Wilder retired as CFO in 2001, to be replaced by Ellis Cousens; Rudick retired as corporate counsel in 2004, to be replaced by Gary Rinck.[26]

Pesce's appointment as CEO represented a matured understanding of the sort of leader that this publicly held, family-controlled knowledge publishing company required. Building on Ellis and Arlington's successful efforts to restore morale, Pesce was committed, as he had been since his arrival, to making Wiley "the place to be." By this he meant a working culture committed to ethical behavior, openness, mutual respect, deliberative career planning, the extension of performance-based compensation deep into the organization, and the understanding that people at Wiley, while asked to give 100+ percent at work, had a life beyond the office.

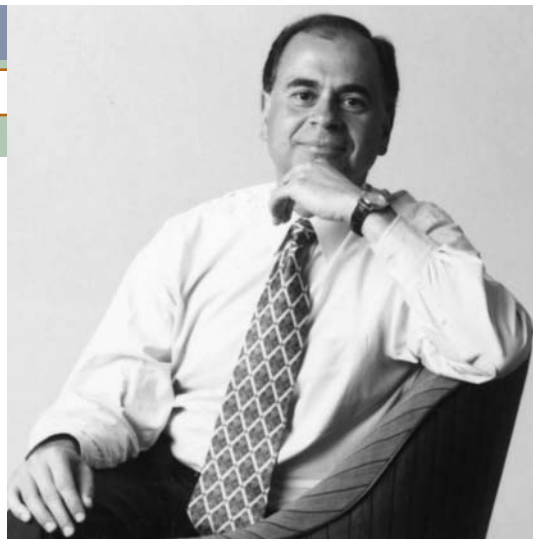
Pesce never forgot what Wiley had been like in 1989 when he arrived, a time when the perilous consequence of great plans poorly executed was most evident and the ranks of first-rate managers very thin. He saw how far an honorable but poorly led organization could slip away from simple principles and sound strategies and get tied up in its own visions. From the moment he was chosen for Wiley's top job nine years later, he resolved that the company would not go in directions where it couldn't turn words into actions and do the job well. Pesce was chosen to succeed Ellis precisely because he had not only the craft and business skills required of successful publishing executives but also a nice touch with people. He believed that leaders had to inspire followers to succeed, so he set out to win the trust of those he served at Wiley. For Pesce, Wiley was and had to remain a people-centered business. "Unlike other companies," he would explain to the company's shareholders, "we have not forgotten that this is still a business built on the strength and character of human relationships."[27]

As Wiley navigated an ever-changing publishing environment with Pesce at the helm, he identified three overarching goals. He put Wiley as *the place to be* at the top of the list. The next two goals sounded ordinary enough, though hardly easy: to sustain long-term relationships with customers and to increase the firm's profitability, cash flow, and return on investment. Charles Ellis had led a successful effort to restore the vitality of Wiley's core businesses while moving Wiley well along one of the paths toward globalization and the digital future. Pesce wanted to build on that momentum by exploiting Wiley's global positions and brands, and by improving collaboration across organizational and geographic boundaries and so improve the quality of

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PROFILE

WILLIAM J. PESCE



A native of New Jersey from an Italian immigrant neighborhood, Pesce was the son of a functionally illiterate plumber. As a youngster, Pesce was fascinated by books, which quickly expanded his insular world. He had few opportunities for travel, so he read. His father encouraged his education, and he graduated from William Paterson University in 1973. The first in his family to earn a college degree, he financed his studies by paving roads and working at a local supermarket. A campus activist, Pesce was also a participant in student government. In 1975, he received an MBA in finance from New York University, leaving with self-confidence and "an approach to problem solving and critical thinking" inspired by his mentors. Years later, Pesce took a seat on the NYU Stern School's Board of Overseers and the William Paterson University Board of Trustees.

After a couple of years in the pharmaceutical industry, Will Pesce joined CBS, where he stayed for ten years, eventually becoming president of W. B. Saunders, the medical publisher. "Those were the glory days at CBS," Pesce said, recalling a time when he personally presented Saunders' strategic plan to the legendary Bill Paley. Pesce started at CBS in financial analysis, then moved to planning and development, including work in acquisitions and new media. As president of Saunders, Pesce steered through the shoals of intense industry competition, sluggish sales, and increasing costs. After recruiting a new management team, introducing formal strategic planning, restructuring marketing and sales, and sharply cutting costs, he was able to improve Saunders' market position to the point where it was one of the most profitable companies in medical publishing.[28]

In 1987, after CBS divested its publishing operations to Harcourt Brace Jovanovich, Pesce departed to start MediVisuals, a venture staffed with medical illustrators who created demonstrative evidence to support the testimony of experts involved in malpractice, personal injury, and product liability litigation. After successfully launching the company, he realized he missed the interaction with diverse groups of people in corporate life. When a search firm called, offering to introduce him to Charles Ellis at Wiley, he responded out of more than curiosity. After many discussions with Wiley executives about taking on a turnaround challenge, he joined the company in September 1989 to lead Higher Education along with Wiley's Canadian operations. "I joined Wiley because it is a great brand," Pesce later recalled. "I had a high level of confidence that the Wiley family was in it for the long haul. And I had a lot of faith in Charles and the people around him. I thought that we could actually get this right."[29]

After leading a successful turnaround effort, Pesce became Wiley's chief operating officer in 1997 and Wiley's president and CEO on May 1, 1998.

Wiley's products and its service. His strategies also included pursuing partnerships and alliances with highly regarded organizations around the world that would add content and capabilities to Wiley's portfolio of businesses. In addition, Pesce aimed to build on the company's record of growth by pursuing acquisitions that made strategic and financial sense, then integrating them into Wiley according to best practices. Finally, he advocated engaging technology to improve service to customers and increase internal productivity.[30]

Pesce started out with a simple yet fresh insight: Wiley must be guided by inclusive decision making and reject what he called "either/or" thinking. The company did not have to choose between satisfying stockholders or sustaining a superior work environment for colleagues. It did not have to choose between being financially driven or author-friendly. Conventional wisdom held that such objectives were naturally at odds. Pesce disagreed, viewing the interests of stockholders, employees, and authors as intertwined. Trained in

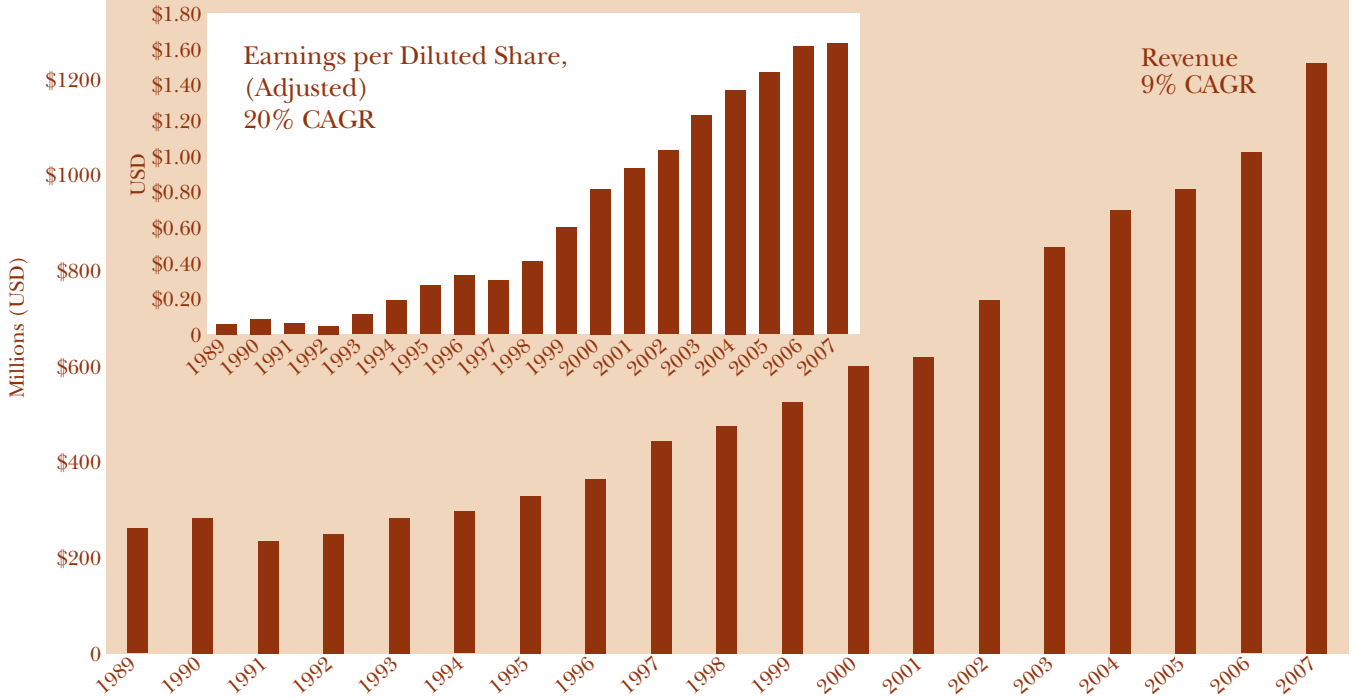
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finance, but a people-oriented person, he knew intuitively, as well as from his extensive experience in both STM and educational publishing, that people served customers most effectively by working collaboratively. When collaboration improved, financial performance improved as well.

Building and maintaining long-term relationships with customers was vital to success. It was time to make collaboration a priority. Customers did not care whether Wiley content was published by Higher Education, P/T, or STM; turf battles were the very human results of group allegiances and competitiveness. Pesce attacked this problem by setting up a series of collaborative cross-divisional teams that could sell content published in one business into another business's market, publish material that crossed organizational boundaries, and exploit skills found in one business for application in another. If collaboration could work within a business, then why not across businesses, or for that matter across international boundaries? To ensure progress, this approach was backed up with monetary incentives tying collaboration objectives to compensation. Still, old habits die hard and change came gradually.

To begin, Pesce reorganized Wiley's businesses into Higher Education, Professional/Trade (P/T), and Scientific, Technical, and Medical (STM). Bonnie Lieberman was appointed Pesce's successor in Higher Education. STM, still led by Eric Swanson, was separated from P/T, which was still managed by Stephen Kippur. The three-business portfolio clarified reporting responsibilities.[31]

John Wiley & Sons, 1989–2007



Source: John Wiley & Sons Annual Reports.
CAGR stands for Compound Annual Growth Rate.
Adjusted for stock splits, for illustrative purposes.

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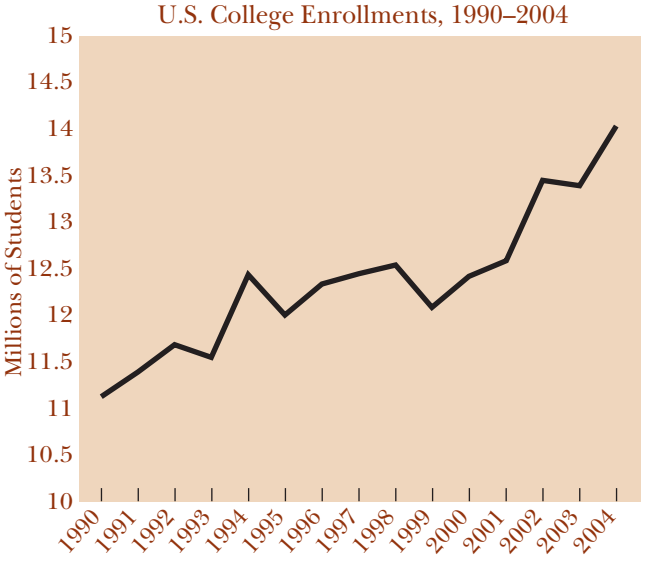
Higher Education

In 1989, the Education Publishing Group, once known as College and after 1998 as Higher Education, was no longer Wiley's largest business as it had been for half a century. The prized backlist authored by well-known academicians had atrophied. The marketing staff had been the victim of cost-cutting. Morale was terrible. "The company had not been investing competitively in new product acquisitions," recalled Pesce. The higher education business "was in such bad shape," Ellis said, "that we used to wonder whether it could be resuscitated."[32]

The textbook industry was "in the midst of . . . rapid and traumatic change." Eight companies controlled 80 percent of the U.S. market, and the battles for market share were fierce. The market was plagued by a variety of ills, including college "funding cutbacks and the aging of the baby boom generation." As prices rose, students were seeing less and less value in textbooks. The frustrations of a larger, more diverse, and less affluent student body were exacerbated by a sharp rise in tuition and other costs of education, especially as more and more states passed legislation modeled after California's 1978 Proposition 13, which limited increases in property taxes, a major source of funding for public education. As tuition and fees rose faster than inflation, students turned increasingly to the used book market. At the same time, consolidation in the college distribution channels—as the likes of Barnes & Noble and Follett were taking over college bookstores and as independent stores were forming buying consortia—was shifting pricing power to these sales intermediaries. Some students bought no textbooks at all. Toward the end of the decade, students began to turn to Internet-based Amazon.com, a new player in the book distribution business. Amazon offered new and used textbooks on its Web site.[33]

Not all the news was negative. By 1992, higher education enrollments were expanding, thanks in part to strong growth in the number of nontraditional students,

U.S. College Enrollments, 1990–2004



Source: U. S. Census Bureau. College Enrollment of Students 14 Years Old and Over, by Type of College, Attendance Status, Age, and Gender: October 1970 to 2004

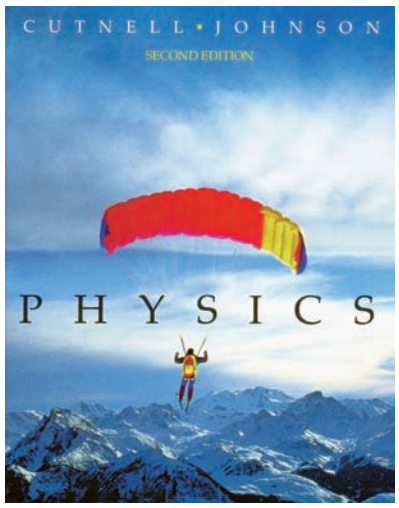
particularly working adults seeking to improve their skills and credentials. Distance education and for-profit career colleges, such as DeVry (established in 1931) and the University of Phoenix (established in 1976), became major features of the educational landscape in the 1990s. These institutions, through online courses, geared their programs to people in the workforce seeking two- and four-year degrees, mostly in business and technical disciplines. The prospects for publishers in a market once served by the divested Occupational Division were bright.[34]

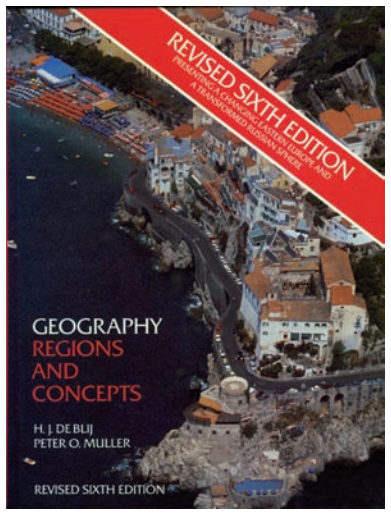
There were new possibilities in the publishing of electronic media, too. At first, Wiley looked forward to producing video and digital simulations on compact disks to supplement (rather than replace) textbooks. By 1996, as faculty and students were migrating to the Internet, it would become increasingly possible—and necessary—to bypass intermediaries and deliver content plus learning and teaching tools to the ultimate customer via the Internet. The challenge, though, was that the educational community would need time to feel comfortable in the new digital environment.[35]

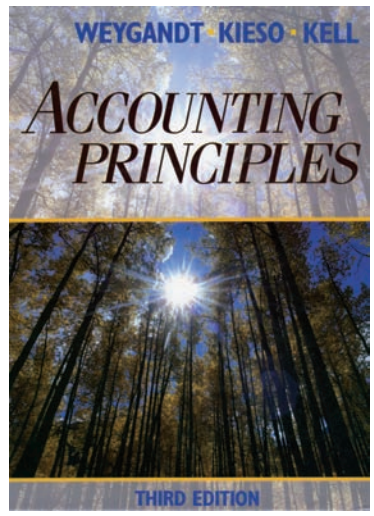
Yes, there were problems in higher education and textbook publishing, but when Pesce was hired to

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Successful Higher Education Revisions







turn the Higher Ed business around in 1989, he emphasized that "most of Wiley's problems in higher education were internal, not external. The market was sluggish, but there were opportunities to grow. We just were really not executing." In addition to its diminished pipeline of new titles, its weakened backlist, and its lack of marketing, Higher Ed was poorly structured for competitive growth. As Pesce observed, "Higher Education was not organized and led in a way that supported a collaborative publishing model, i.e., editorial, production, marketing, and sales working together to launch new products and revisions." Instead, publishing decisions were editorially driven, then handed off to production and sales without much input.[36]

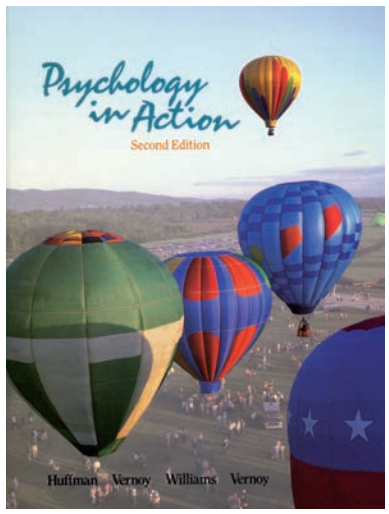
Higher Ed's fortunes depended on a new leadership team, one that could return Wiley to the ranks of quality publishing. Pesce hired Bonnie Lieberman initially as a publisher and eventually to lead all product development, and Steven Kraham to lead marketing. Pamela Fleisher joined Wiley to manage the business's finances shortly before Pesce's arrival. James Nye came on board first as a publisher, then moved over quickly to lead sales. They met and coordinated their efforts as a team, enhancing the effectiveness of the total business.

In his first presentation to the board of directors in 1989, Pesce made some startling statements: He promised to deliver three years of *declining* revenue and profits, saying that he was proud of his proclamation. "Wiley," Pesce explained, "had to prune the list while rebuilding and investing in the future." Pesce set the end of fiscal year 1993 (April 30, 1993) as the deadline for the revitalization of Higher Ed and the delivery of record financial results.[37]

To start, Higher Ed began to exploit one of Wiley's traditional strengths—its almost familial ties with authors such as Howard Anton (calculus), Harm de Blij and Peter Muller (geography), Donald E. Kieso and Jerry J. Weygandt (accounting), and T. W. Graham Solomons (organic chemistry), to name just a few—inducing authors to make the substantial revisions in existing texts required to increase the likelihood of sales. The team's approach to revisions followed the new, collaborative process, in which editorial, production, marketing, and sales worked together at every stage of the publishing process, including planning, development, product launch, and closing adoptions. Two revisions in particular symbolized Higher Ed's commitment and capability to tackle the intensely competitive introductory

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John Cutnell and Kenneth Johnson, Harm de Blij and Peter Muller, Donald Kieso and Jerry Weygandt, Karen Huffman, and Howard Anton are just a few of the authors whose successful revisions, in highly competitive introductory markets, factored into the Higher Ed turnaround.





Karen Huffman



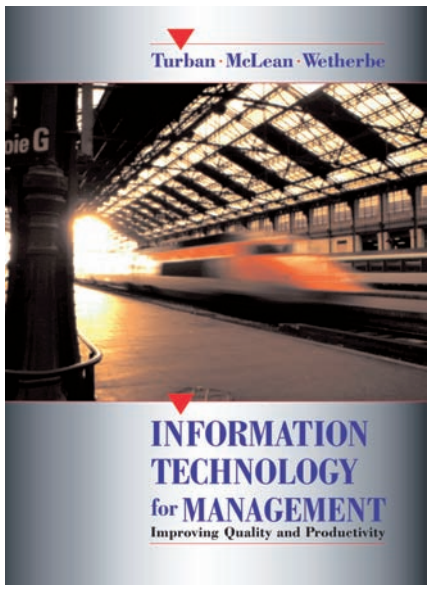
Howard Anton

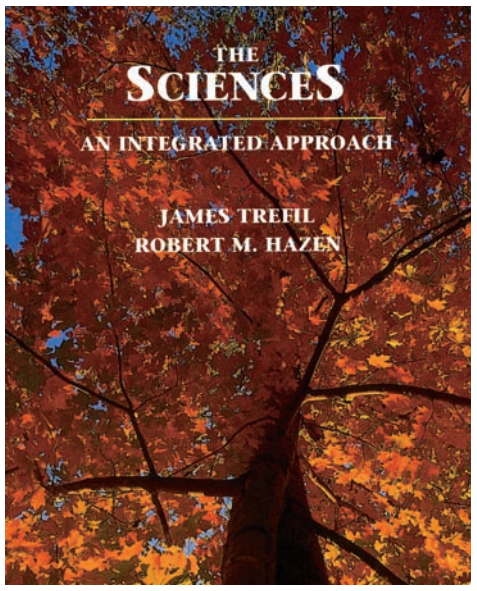
markets and demonstrated the effectiveness of the collaborative process: the second edition of *Psychology in Action* by Karen Huffman, Mark Vernoy, and Barbara Williams, and the third edition of *Accounting Principles*, by Jerry J. Weygandt, Donald E. Kieso, and Walter G. Kell.[38]

The second edition of *Psychology in Action*, published in 1991, reflected a shift from the conventional textbook formula, with its traditional, static content supported by extensive pedagogy, to a dynamic, student-centered learning environment. The theme of active learning, which motivated student involvement with the material and was embraced by the academic community as a meaningful educational philosophy, was the centerpiece of the new edition. As Steve Kraham recalled, the goal of the second edition paralleled the promise of Higher Ed to "help teachers teach and students learn." Editorial and production ensured that the active learning theme was highly visible throughout the product in part by incorporating feedback from student focus groups. Marketing developed a compelling message linking active learning and student motivation, reflecting that message in the book's cover and reinforcing it with an innovative promotional campaign. The sales strategy revolved around organizing faculty workshops throughout the academic community. The workshops, conducted by Karen Huffman, focused on methods of integrating active learning techniques into classroom presentations. The result? The book took its place among the leaders in the introductory psychology market, with sales of the second edition more than tripling first-edition sales. The collaborative process became rooted as the basis for producing quality products and successful sales results. Books like this reestablished Wiley as a major college publisher.[39]

The third edition of *Accounting Principles*, by Weygandt, Kieso, and Kell, also demonstrated the effectiveness of the collaborative process. With this title, Higher Ed committed to doubling its market share in the principles of accounting market and devoted the resources to make that happen. According to Susan Elbe, senior marketing manager at the time for business and economics, the third edition was completely revised and revamped with a stunning design, eye-catching photographs, and rewriting of chapters. The theme of "Breaking Through to a New Perspective" was used throughout with a ground-breaking marketing and advertising campaign. A true segmentation strategy was

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The Higher Ed pipeline began to fill with first editions, such as *Information Technology for Management: Improving Quality and Productivity* by Efraim Turban, Ephraim McLean, and James Wetherbe and *The Sciences: An Integrated Approach* by James Trefil and Robert Hazen.

employed, with sales and marketing strategies tailored to different segments, such as prior users, four-year colleges, or two-year colleges. Workshops around the country were devoted to teaching critical thinking skills in accounting. Published in 1993, the book surpassed its ambitious goal, achieving 250 percent of prior-edition sales.[40]

These and other results were striking. In August 1992, Pesce, with James Brown's "I Feel Good" playing in the background, described some of Higher Education's early successes at a rowdy sales meeting. The revised edition of de Blij and Muller's *Geography: Realms, Regions, and Concepts* sold 36,000 units and Solomons' *Organic Chemistry* sold 28,000 in an equally short period, while the second edition of John Cutnell and Ken Johnson's *Physics* sold 36,000. At the end of fiscal year 1993, Higher Ed exceeded every major financial goal. At the August 1994 sales meeting, Pesce reviewed Higher Ed's successful turnaround. Between May 1990 and April 1994, the business grew at a rate of 12 percent per year. The industry, in comparison, grew at 3 to 4 percent. Operating income grew at an annual rate of 30 percent. The cumulative operating income over four years was a staggering 14 percent over budget.

Pesce was equally proud of his hiring and retention record. When he arrived, Higher Education had been plagued by the highest rate of involuntary turnover that anyone could remember at Wiley. He had promised his colleagues at his first sales meeting in 1989 that his most important personal challenge was "to create an environment in which quality people will thrive." By 1994, Higher Ed had promoted 100 colleagues and hired 150 people away from the competition.[41]

An active program of first editions helped diversify Higher Ed's offerings and expand its market presence during this period. *Information Technology for Management: Improving Quality and Productivity*, by Efraim Turban, Ephraim McLean, and James Wetherbe, was supplemented by software and computerized texts. *The Sciences: An Integrated Approach*, by James Trefil and Robert Hazen, signed by publisher Kaye Pace, created a new course and was developed with a preliminary edition, to incorporate student feedback into the publishing process.

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Embedded in the Curriculum Reform Movement

While nurturing its backlist and publishing successful first editions, Higher Education again involved itself in a curriculum reform effort as it had after the Soviets launched *Sputnik* in 1957. This movement was initiated in 1986 at a meeting in Washington, D.C. hosted by the National Science Foundation's National Science Board. Among the NSB participants was Dr. Warren Baker, a civil engineer and president of California Polytechnic State University, who became a member of Wiley's board of directors in 1995. "The major thrust of the meeting," Baker later recalled, "was a growing concern that the undergraduate engineering curriculum was not addressing things like design, manufacturing processes, and reliability, quality control, project-based and hands-on learning and had become increasingly focused on analysis and science. There were some discussions that this was in part responsible for our declining ability to compete internationally (read Japan)." More and more students were entering four-year institutions ill prepared for or turned off to math, science, and technology. The results were alarming: the country was no longer educating the scientists and technicians needed to sustain its economy. Instead, colleges and corporations were turning to foreigners to fill the gap.[42]

In the early 1990s, the NSF funded a number of coalitions made up of six or more engineering schools working together to develop new curricula and new ways of teaching and learning engineering. The goals were to attract and retain more minorities and women and to make engineering more appealing to all. Following the NSF mandate that coalitions partner with publishers, Wiley's Higher Education engineering group joined the Synthesis Coalition in 1991. Wiley's responsibility was to help the coalition develop and distribute new teaching tools based on the latest technologies. Publisher Wayne Anderson worked with professors at Cornell, University of California Berkeley, Stanford, California Polytechnic State University at San Luis Obispo, Iowa State, and Hampton University.[43]

This partnership did not lead to any immediate publishing opportunities, but it did mark the beginning of a relationship with Stanford Professor Sheri D. Sheppard, who co-authored two mechanical engineering titles with Berkeley Professor Benson H. Tongue in the early 2000s. Moreover, Wiley learned a great deal about what worked and did not work in the engineering classroom and how professors used and did not use new technologies in teaching. One of the Synthesis Coalition's projects was to develop a database of "units of learning" that professors around the world could access through the Internet and use in their teaching. The coalition spent a great deal of time and NSF money developing "Internet Navigator," a Web browser that became useless when Mosaic (eventually released as Netscape) became available and captured the early Web browser market. But the effort turned out to be Wiley's first exposure to ideas about the development of modular digital content that could be customized into a series of unique products.

In the mid-1990s, Wiley and the coalition sponsored an annual award for a faculty member who developed the most innovative and useful new technology product for teaching and learning. Wiley built a few of these products, but most had limited success because many instructors were not yet comfortable using new technology products in their teaching. "This project got us thinking about what new technology tools we should be developing for teaching and learning," according to Anderson.[44]

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Calculus Reform

Ruth Baruth, a newly minted math editor in her first months at Wiley, found out about the Calculus Consortium at Harvard by accident on a visit to the University of Arizona in 1990 to make routine calls on math professors. The project, aimed at improving calculus instruction, had been launched two years earlier with a $2 million National Science Foundation (NSF) grant. Consortium members had just met with publishers at the annual Joint Mathematics Meeting, but they had not invited Wiley. They assumed that, since Wiley already published a number of traditional math titles, the company would not be interested. The members, who hailed from a diverse range of schools, from Harvard to the University of Southern Mississippi to a Massachusetts high school, were not pleased with the publishers' proposals. When Baruth found this out, she scrambled to visit every project member on their respective campuses, something competing publishers neglected to do. With encouragement from Bonnie Lieberman, head of Higher Education publishing, and Wayne Anderson, her publisher, and with Will Pesce's participation, Baruth submitted a proposal, which was accepted in January 1991.

The publishing process was an unusual one. A second draft of the Consortium's first title, *Calculus*, by a group of authors headed by Deborah Hughes-Hallett and Andrew M. Gleason, was already being class tested when Wiley inked the contract. Because of Harvard's cachet, reform-minded instructors were on the lookout for this new title. After class testing, a draft version was circulated to a limited number of professors, which only increased the buzz. The marketing effort, led by Susan Elbe, played on this scarcity principle. A preliminary edition, published in 1992, sold 93,000 units. The first edition, which followed a year later, sold 120,000 units. "It was the best-selling first-edition calculus book ever published. Twenty thousand units was considered . . . good for a first edition," Baruth recalled. Three other titles followed: *Multivariable Calculus* in 1994, *Applied Calculus* in 1995, and *Functions Modeling Change: A Preparation for Calculus* in 1996.[45]

The Consortium's slogan was "A pump, not a filter," by which the authors meant that calculus was filtering too many students out of engineering and science. *Calculus* was designed to push students through calculus so that they could move on to degrees in these disciplines. The NSF had charged the Harvard Consortium with dissemination of their reform curriculum. To help faculty understand this new approach to teaching calculus, Higher Education published a newsletter and hosted a series of annual summer conferences on the teaching and learning of calculus. The authors of competing texts were invited to participate. The conferences were supplemented by workshops on individual campuses.

The Harvard calculus titles further enhanced Wiley's reputation as a major publisher in math and contributed significantly to the turnaround effort of Higher Ed.[46]







Ruth Baruth, math editor (top); Nancy Prinz, senior production editor (middle); Rob Meador, copy chief, Advertising & Promotion, and Susan Elbe, senior marketing manager (bottom).

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Leveraging Technology

Participation in the NSF coalitions was a formative experience for Higher Education. For the first time, Wiley *partnered* with authors and institutions of higher education to shape content, develop new uses for technology, and reform the curriculum. From his first days at Wiley, Pesce insisted that, unlike established practice, his colleagues needed to pay attention to what students had to say about textbooks. Focus groups with students became a way of doing business in Higher Education. Students—with their concerns about the effectiveness of textbook pedagogy and the uses and price of content—also contributed to Wiley's thinking about technology. Technology over the 1990s came to be seen as central to the teaching *and* learning experience. Higher Ed was entering the most innovative phase of Wiley's history as a textbook publisher. Unlike STM, where research behaviors and library buying practices were somewhat predictable, the nature and consequences of changes in teaching and learning in a digital environment were less apparent.

As the first generation of students to grow up with computers hit college campuses in the 1990s, Higher Ed began to incorporate digital technology into its products in a variety of ways. As with any new medium, the process included a certain amount of trial and error. A strategy emerged by the end of the decade in which technology was no longer regarded as a support for printed text, but was seen as a delivery system for integrating content with essential learning and teaching activities, as embodied in *WileyPLUS,* the educational platform introduced in 2005.

Soon after Will Pesce took over the leadership of Higher Ed in 1989, he appointed Susan Saltrick as technology "guru." In those days, according to Pesce, he and Susan had to bribe colleagues to attend new media discussions by providing a free lunch. "Initially she had no staff," recalled Bonnie Lieberman. "The idea was really just to get technology on our radar screen." Early efforts focused on the sciences and were carried out with various vendors and partners. "We were approached by SmartBooks in 1991," said Kaye Pace, publisher for the sciences, "with a proposal to do an electronic version of our Halliday *Physics* text. It was very advanced, with hyperlinked text on a CD. They released it and we distributed it, but they went out of business, which ended the venture. We did get some traction with the concept, however."[47]

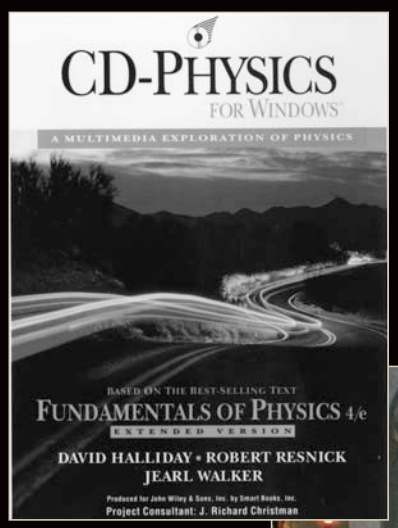
In 1992, Wiley teamed up with IntelliPro, a New Jersey-based interactive multimedia development company, to build software simulations supplementing a new edition of Michael J. Moran and Howard N. Shapiro's *Fundamentals of Engineering Thermodynamics*, delivered on Windows-compatible CDs. Two years later, Wiley purchased an equity interest in IntelliPro.[48] The creation of ancillaries, such as test banks and teachers' guides, had greatly increased the cost of the textbook package. Digital ancillaries provided a binary solution: they provided tools that would help students and faculty while reducing the cost of texts. The IntelliPro alliance was a useful step in the migration of printed text to electronic media that supplemented print and then, finally, to electronic media that would supplant print. In the short term, the alliance provided Wiley with cost reductions for a number of ancillaries. More than a dozen were published, mostly in engineering and mathematics, but the market uptake was not sufficient to justify the investment. IntelliPro foreshadowed one aspect of Wiley's emerging technology strategy: learn from a partner until the learning process suggests the next steps—whether to acquire the partner and its skills, continue to work on the same basis, or seek a new partnership.[49]

Another early effort targeted a specific student and instructor need. Students complained that they were paying for textbook content they never used, while

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instructors were looking for flexibility when selecting materials for a course. Rather than assign the entire text, professors were in the habit of bringing selected content to shops where it was copied and bound for sale to students, often at a price lower than for a typical textbook. Although they posted notices warning against violations of the copyright law, copy shops, by and large, did not insist on the need to get permission to reproduce multiple copies of a text. To find a solution that worked for faculty, for students, *and* for Wiley, Wiley first had to take on the illegal activities of copy shops, like Kinko's, that proliferated around college campuses. Kinko's activities clearly violated U.S. copyright law, but publishers were reluctant for a time to move legally against the company for fear that the professors who made buying decisions for students would view the action negatively. In 1991 Wiley and a number of other publishers successfully sued Kinko's, substantially reducing the amount of illegal copying while creating both a market and an obligation to replace what Kinko's had produced.[50]

Evolving Technology in Higher Education



CD-Physics for Windows, based on *Fundamentals of Physics,* fourth edition, by David Halliday, Richard Resnick, and Jearl Walker, was developed for Wiley in 1999 by Maris Technologies. In 2002, Wiley acquired Maris, run by a team of Russian software engineers, many of them from the Russian space program, and renamed it Training and Educational Services (TES).



July 24, 2002, at the Boris Godunov restaurant near Red Square (Moscow, Russia). Members of the Wiley and Maris teams dine together as Wiley does due diligence prior to acquiring Maris's Russian software development operation. From left to right: Gregory St. John, Vadim Karpov, Andrew Townsend, Fedor Terlov, Alexander Schetinnikov, Frank Lyman, Eugeny Drozdov, Deni Auclair, Tatiana Chernosvitova, Scott Penny, Deirdre Silver, Irina Vsanova, Julian Clayton.

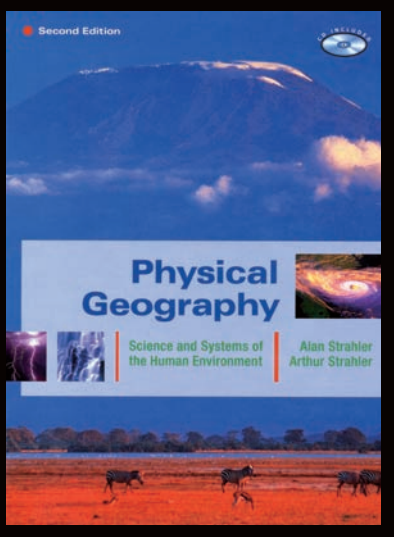
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At the time, many professors of introductory engineering were teaching without textbooks, preferring to assemble their own instructional material. Executive editor Charity Robey developed an electronic interface that allowed professors to browse chapters from Wiley's introductory engineering titles on a CD and select what they wanted, adding their own content if desired, and then order the resulting custom book electronically through their college bookstores. The program was launched in the fall of 1993 as the Wiley Custom Publishing System; it was not large enough to be self-sustaining, but it was perhaps the most technologically advanced custom publishing solution at the time. Nevertheless, Higher Education was moving gradually toward the idea of fully customized content.[51]

Some projects showed where *not* to go. "In 1998, we made a significant commitment to a multimedia project out of the University of California at Berkeley that was funded by the National Science Foundation," said Kaye Pace. "The plan was to develop

***GeoDiscoveries*, a CD-ROM whose prototype was sketched by Ryan Flahive and constructed by Tom Kulesa in 2000, was published in 2001 to accompany the tenth edition of de Blij and Muller's *Geography: Realms, Regions, and Concepts* and the second edition of Alan and Arthur Strahler's *Physical Geography: Science and Systems of the Human Environment*.**



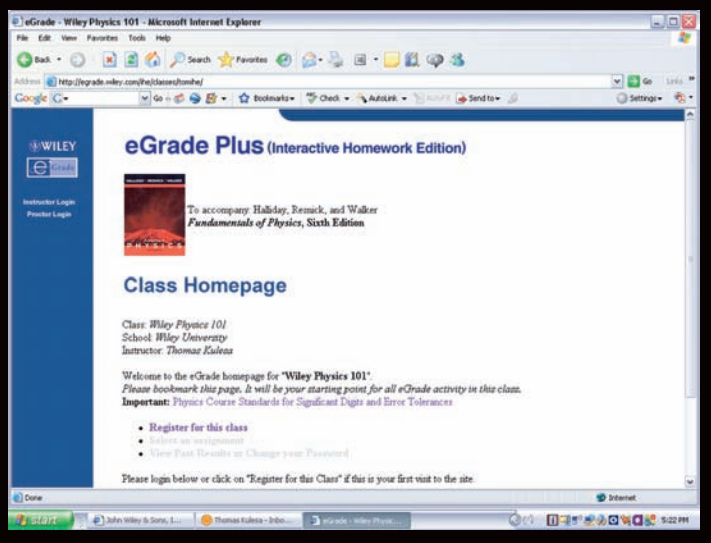


Below, a screen shot from the CD. The former Maris team, now known as TES, went on to develop *WileyPLUS* (2005), a teaching and learning platform, which evolved from *eGrade Plus*.





Screen shot from *eGrade Plus* (2003), a website designed by TES to accompany the fourth edition of Halliday, Resnick, and Walker's *Fundamentals of Physics*. *eGrade Plus* was Wiley's first electronic product to combine teaching and learning tools with an e-book.





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Bonnie E. Lieberman, senior vice president and general manager, Higher Education. Bonnie joined Wiley in 1990 as publisher of the Sciences, Foreign Language, and Psychology group in Higher Education, after having held various positions at other publishing houses, including editorial director at Macmillan and editorial, marketing, and sales positions at McGraw-Hill. Later the same year, she was promoted to vice president and editorial director for the College Division, where she was responsible for product acquisition and development. With Will Pesce, she led the turnaround of the division in the mid-1990s. In 1996, she was named senior vice president of Higher Education, with the responsibility for overseeing the company's Higher Education business, helping teachers to teach and students to learn, in media from print to the Web.

a set of multimedia modules for teaching chemistry. But it became substantially more expensive than anticipated, and the market did not respond enthusiastically to the concept," so it was not published.[52]

The next step was a big one. Early in 1999, David Sidman, who worked in Timothy King's Planning and Development group, set up a meeting between Higher Ed and an entrepreneur he knew named Nick Maris. Greek-born and a British citizen, Maris owned a company, Maris Technologies, which specialized in creating educational simulations and animations, tapping the expertise of a team of Russian programmers and designers based in the city of Korolev and formerly employed by the Soviet space program.

Maris showed the Higher Ed team one of their consumer products, called *RedShift*. It was a "mathematically accurate multimedia model of the universe, very impressive," recalled Frank Lyman, director of new media. "What struck us was that they weren't just good programmers; they really knew science, too." Wiley's first project with Maris was *CD-Physics* (1999), an interactive multimedia companion to the celebrated David Halliday, Robert Resnick, and Jearl Walker text. It was soon followed by *GeoDiscoveries*, for the geography texts by Alan and Arthur Strahler and by Harm de Blij and Peter Muller, and the *Interactions* series, keyed to Gerard Tortora and Sandra Grabowski's *Principles of Anatomy and Physiology*.[53]

"We had acquired Tortora with the Pearson Education list in May of 1999," said Bonnie Lieberman. "We had two years during which we could sell it with its original software component. For the next edition we needed to develop our own. It was really quite an achievement to come out with a competing product in that time, a testament to our working relationship with Maris."[54]

As the Maris collaboration was blossoming, something else was germinating at the University of Nebraska–Lincoln. Plagued by a shortage of teaching assistants to grade exams, professors John Orr and William Lewis of the Department of Mathematics and Statistics began administering basic skills tests for their students through computers and the Internet with automatic grading. By 1999, their students were practicing homework problems on their own at their computers. Following an initial contact by Ruth Baruth, Wiley

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began to partner with Orr and Lewis to produce Wiley Web Tests, and in 2000 expanded the offering by adding homework assignment, delivery, and grading capability, tying it to specific Wiley texts, and rebranding it as *eGrade*.[55]

"We thought we had a new learning model when we created products that integrated text and multimedia," said Kaye Pace, "but what really got us traction in the use of technology for teaching and learning was becoming part of the homework assignment with *eGrade*. It allowed us to tap into students' motivation through the activities they needed to perform to get their grades."[56]

Higher Ed had an exciting new product, and with the dot.com frenzy peaking, Internet startup companies approached Wiley with proposals on a regular basis. "But we knew that it wasn't sustainable to keep doing 'one-off' projects," said Joe Heider, who managed Higher Ed's editorial and technology teams. "We needed a coherent, scalable approach" across all disciplines. Coordinating multiple vendors had become burdensome, their viability could be an issue, and there was always the concern that a technology developed for Wiley might be passed along to a competitor.

These considerations led to an intensive planning effort in the summer of 2000, in which management formulated a technology strategy that would protect the core print business while existing products migrated to digital formats. The idea of having an in-house development capability became increasingly attractive; Maris was the candidate of choice. Maris had developed its own teaching and learning platform, called Edugen, which allowed Maris to create products relatively economically, without the need to reprogram them for revisions or upgrades. "They were the first company we had found with reusable programming," recalled Heider, "and we knew that would benefit the scalable approach we had decided on. That, and the successes we had had with them, gave us the conviction that Maris was the right company for us to acquire."

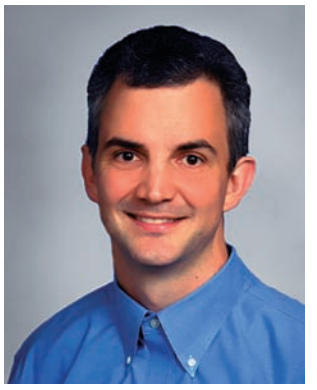
Wiley acquired Maris in November 2002, incorporating it into the new Web Publishing Technology (WPT) group and renaming it Training and Educational Services (TES). The process of acquiring a company in Russia was no small achievement, requiring a concerted due-diligence effort by a team that included Deni Auclair, Deirdre Silver, and Gregory St. John, the head of WPT, with Frank Lyman as the Higher Ed representative.[57]



The Training and Educational Services (TES) staff

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Marsha Gordon, director, Wiley Faculty Network, and Brad Franklin, consultant, Learning Technologies

Working with Maris between 2001 and 2003, the Physics team developed an online synthesis of *CD-Physics* and *eGrade*, based on a successful pilot at the Pennsylvania State University known as the Interactive Homework Edition (IHE). Cutnell and Johnson's *Physics* was also adapted to the new product model after research and publishing experience showed that students will generally read a text only when they become stuck on a homework problem. The IHE provided a direct link from each assigned problem to the relevant section of the electronic text or multimedia content.[58]

Another outcome of the summer 2000 strategic plan was the decision to create a series of stand-alone electronic learning courses. Known as Wiley eLearning, the initiative was headed by Jerry Weissberg, hired in May 2001 to assemble a team and work with Maris on building a dedicated electronic learning platform. It ultimately proved too costly to support two separate platforms, but the effort provided useful insight into online content delivery.

In the summer of 2002, Higher Ed management resolved to expand the IHE product model significantly, beginning with an in-depth examination of the instructional process. "We knew we had excellent content and technology resources for students and instructors alike," said Bruce Spatz, who managed Higher Ed's Digital Publishing Group, "but our offerings had become quite complex; there was no direct way to go from one resource to another." Higher Ed needed a more integrated product model and began by holding focus groups with instructors and students. "We didn't start by talking about technology," said Spatz, "but by asking about their teaching and learning challenges, and we continued to consult with them as we developed our prototype." The new product—*eGrade Plus*—launched in the fall of 2003 and was available for 35 titles by January 2004. Begun at the University of Nebraska, *eGrade Plus* was ultimately developed through the efforts of Higher Ed in collaboration with the Web Publishing Technology group and their Russian colleagues.[59]

By this time, *eGrade Plus* had evolved well beyond the function implicit in its name into a platform for all types of content, including a complete electronic version of the text, with unique views for instructors and students and in a broadening range of subject areas. To recognize this and to capitalize on Wiley's good name in the market, the product was relaunched as *WileyPLUS* in the fall of 2005.

While students who grew up with video games were, for the most part, comfortable in a digital environment, faculty responses ranged from enthusiasm to

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fear, even hostility. As Higher Ed gained insights from the NSF coalitions and the various projects that preceded the launch of *WileyPLUS*, it became clear that faculty would need support in the new technological environment. All through the 1990s, Wiley sales representatives and editors made connections with "Lone Rangers," who were using technology for the first time. They inspired Higher Ed to think about how to use the lessons learned from technophiles to deal with the problems of technophobes. Regional sales manager Howard Weiner, for example, recognized the need to encourage faculty by developing a peer-to-peer support system. In 2000, Dr. Marsha Butler (later Gordon), an educational and counseling psychologist teaching at the University of Tennessee and Roane State Community College, was hired to build the Faculty Resource Network (later renamed the Wiley Faculty Network). The WFN began by using four faculty mentors in accounting and biology to connect with customers online. One of the first mentors, Brad Franklin, was already informally consulting with faculty about how to use *EGrade Plus*. (In 2003, Franklin joined Wiley full time as a learning technologies consultant with the WFN.)

The WFN experienced immediate success with the academic community and soon expanded into additional disciplines. As *eGrade Plus* evolved into *WileyPLUS*, the WFN continued to grow and to support it. In 2007, the WFN network included 60 mentors supporting all Higher Ed disciplines, and the program, in addition to virtual presentations, included workshops, guest lecture series, and a Web site that provided access to teaching kits, faculty tutorials, and showcase courses. According to Gordon, "The network also provides a product feedback loop that goes back into editorial and product development, thus increasing our effectiveness. This way, we can build stronger products while partnering with faculty to help them be successful at using them."[60]

Higher Education Acquisitions and Partnerships

Throughout the 1990s, the acquisition of existing titles from competing publishers augmented the recovery of Higher Education. In 1994, for example, Wiley acquired a college engineering list from Houghton Mifflin. Buying lists, or even individual titles, was somewhat safer and less costly than developing books from scratch. Following some smaller acquisitions, Wiley paid Pearson $57 million in 1999 for 55 college textbooks and instructional packages in biology, engineering, mathematics, teacher education, economics, and general social sciences. It was an opportune move. The U.S. Department of Justice had forced the sale of these lists as a condition for Pearson's acquisition of Prentice Hall from Simon & Schuster's Higher Education business because the combination would give Pearson too much market power in these disciplines. As the negotiations drew to a close, the excitement at Wiley was so palpable that Pesce felt he had to remind the board to "remember the words of that esteemed philosopher, Yogi Berra: 'It ain't over till it's over.'" Wiley's stature as a middle-sized educational publisher assured the Justice Department's approval of the sale.[61]

The Pearson lists were a bargain. Among the Pearson titles were gems such as Jacquelyn Black's *Microbiology;* Abraham Silberschatz's *Operating System Concepts;* J. David Irwin's *Circuits;* Gary Musser and William Burger's *Mathematics for Elementary Teachers;* and a new list in teacher education. The biggest prize of all was *Principles of Anatomy and Physiology* by Gerard J. Tortora and Sandra Grabowski, a leading introductory textbook in its field and one that generated $10 million in revenue per annum.

The Pearson acquisition offered an opportunity to begin to address another Higher Ed challenge with a

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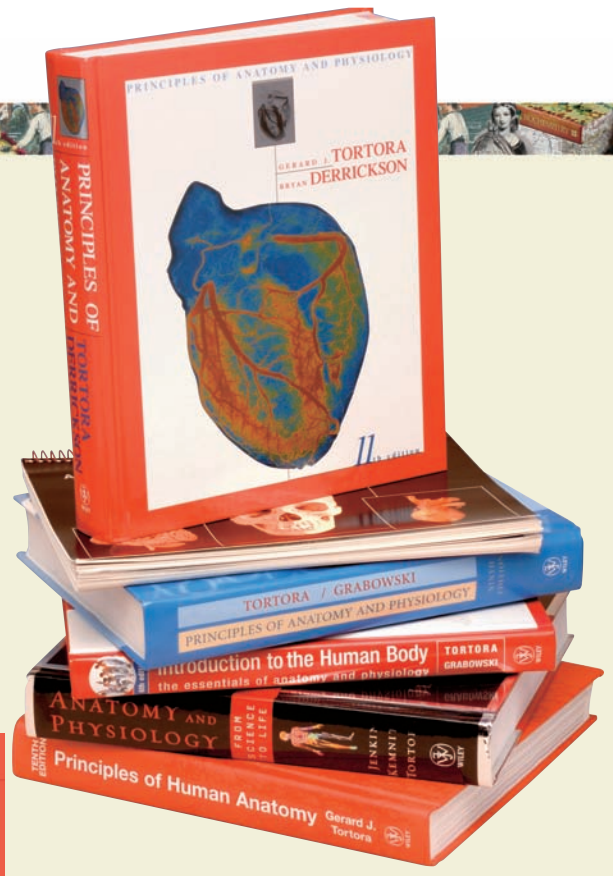
Inside the Books

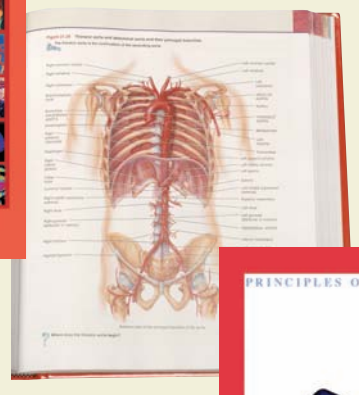
Tortora's *Anatomy and Physiology* Titles

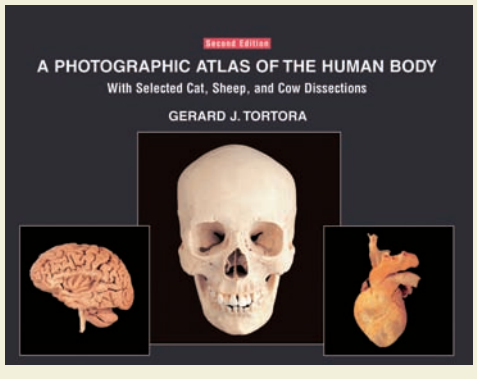


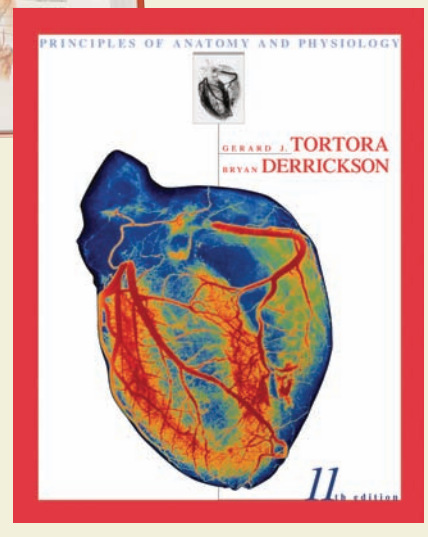
Gerard Tortora







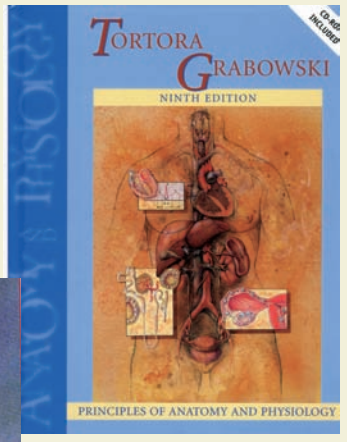


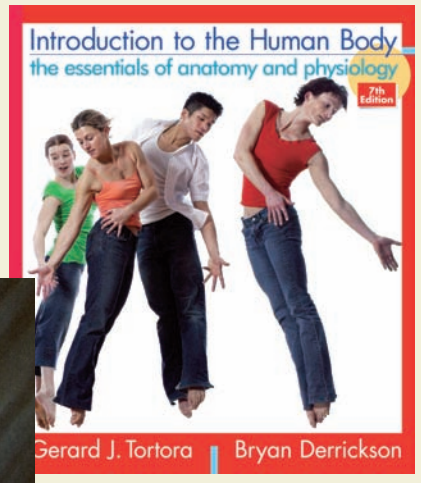


Since 1975, when the first edition of Gerard J. Tortora's *Principles of Anatomy and Physiology* exploded onto the scene, nearly 5 million nurses, nutritionists, and allied health and medical professionals have been introduced to the human body using a text written by this astonishingly successful author. The immediate success of *PAP* led to the development and publication of best-selling texts for related courses: for the one-semester anatomy course, *Principles of Human Anatomy*; an essentials version of *PAP, Introduction to the Human Body (IHB);* and laboratory manuals for the co-requisite courses. In addition, Tortora and two co-authors produced the leading microbiology text on the market.

As a competitor once noted, Gerard Tortora is perhaps the most successful author in all of college publishing. His commitment to his students as well as to excellence in his texts ensures that he will continue on this road for a long time to come.







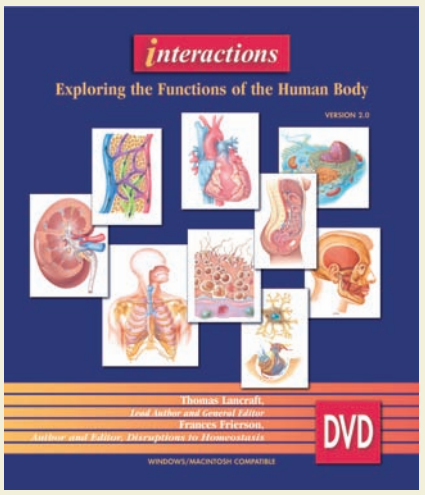


Sandra Grabowski

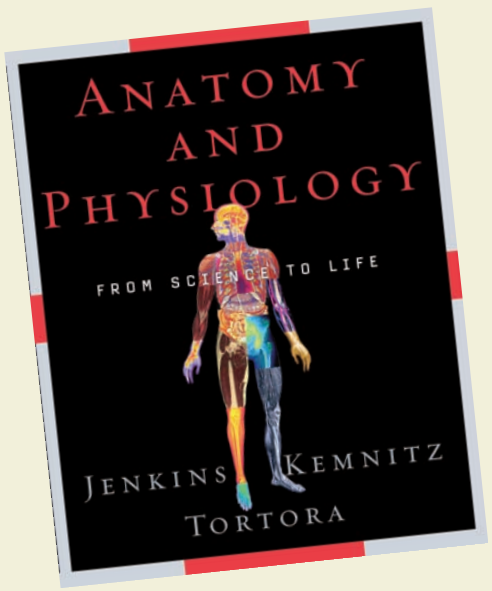


Bryan Derrickson

With the Pearson acquisition in the summer of 1999, Wiley acquired the rights to all of the Tortora anatomy and physiology texts, two of which were at the time co-authored with Sandra Grabowski of Purdue University. New co-authors have joined Tortora since that acquisition. Bryan Derrickson from Valencia College became co-author of both *PAP* and *IHB*, while Mark Nielsen of the University of Utah joined Tortora on the eleventh edition of *Principles of Human Anatomy*. The breadth of the franchise continued to grow as well. Gail Jenkins of Montgomery College in Maryland, and Christopher Kemnitz of the University of Wisconsin–Superior, teamed up with Tortora to produce a new first edition for the two-semester A&P course in the spring of 2006. *Anatomy and Physiology: From Science to Life* took a unique modular, case-driven approach, offering an alternative to the comprehensive and traditionally organized texts like *Principles*.



***Interactions* focused on the physiological processes within each system of the body using animations, interactivity, and clinical correlations to enhance student understanding.**





Gail W. Jenkins



Christopher P. Kemnitz



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small step toward diversifying into new disciplines and reducing the reliance on the limited number of disciplines in which it published. Pearson's education titles, for example, brought more than the beginning of a textbook presence in a new discipline. They also complemented Jossey-Bass's highly esteemed educational list for professionals. The result was more cross-business collaboration, one of Pesce's highest priorities. Pesce referred to "the incredible leverage that can be achieved by making product-line acquisitions in core publishing areas." Higher Ed continued to troll for properties, acquiring in 2001 nearly 50 titles that International Thomson was required to divest as a result of its acquisition of Harcourt. These titles added more power in key Wiley markets—environmental science, chemistry, business, math, psychology, and modern language. They included *Environment* by Peter Raven and Linda Berg*; Foundations of College Chemistry* by Morris Hein and Susan Arena; *The Earth Through Time* by Harold Levin; *Marketing Research Essentials* by Carl McDaniel and Roger Gates; *Financial Institutions, Markets, and Money* by David Kidwell et al.; *Analytic Trigonometry with Applications* by Raymond Barnett et al.; *Psychology and the Challenges of Life* by Jeffrey Nevid and Spencer Rathus; *Cognition* by Margaret Matlin; and *Horizontes* by Graciela Gilman and K. Josu Bijuesca. In the same year, Higher Ed also bought out Fitzgerald Publishing, a small publisher of life sciences textbooks.[62]

Higher Ed also partnered with companies that could provide complementary skills, capabilities, or content. For example, in 1996, Higher Ed formed an alliance with the Public Broadcasting System's Nightly Business Report, which at the time was the most-watched business news program in the United States. Wiley repackaged videos of the programs and sold them to supplement business texts. In 1997, Wiley formed an alliance with Dow Jones Interactive Publishing to develop the Wiley Business Extra program, featuring content from Dow Jones and *The Wall Street Journal Interactive Edition.* The full text of selected Dow Jones stories was posted on the Business Extra electronic news folder hosted at Wiley's Web site, along with discussion questions for classroom assignments.

In 1997, Pesce became Wiley's chief operating officer and Bonnie Lieberman had been head of Higher Education for a year. The sum of their efforts was the restoration of Wiley's venerable higher education publishing business to profitability and growth. Higher Ed had outrun the industry average in revenue growth by annual multiples of two to four times consistently since 1992. The Group's operating income and cash flows had improved for the fourth straight year, reflecting consistent improvements in performance in all aspects of the business. In a mature, competitive market, Wiley was regularly taking market share. The formula for that success was a nice combination of returning to the fundamentals of collaborative publishing, systematic revision of established titles, aggressive cultivation of new authors, sensitivity to the market, and the judicious application of technology.

By 2003, Higher Ed's evolving relationship to the academic world was summed up in words that were heard frequently at Wiley: helping teachers to teach and students to learn. In a change of direction unlike any in its history as a textbook publisher, Wiley had moved ahead following its fiscal year 2000 strategic plan. It had become a partner in the educational process by working closely with faculty. It had worked with technology companies and content providers to explore alternative product development. To do this, selling and marketing had to change. Sales representatives and their marketing allies were moving into a consulting role, helping faculty make decisions about course materials and the ways in which Wiley's technology could enhance the learning

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Joe Heider



Steve Kraham



Kaye Pace



Susan Elbe



Anne Smith, Jay O'Callaghan, and Bruce Spatz

experience. Higher Ed continued to publish traditional textbooks, but technology supplemented and improved the traditional approach. For students in particular, Higher Ed's new strategic direction laid the groundwork for additional changes that would improve the educational experience while reducing the price of texts.[63]

Higher Ed revenue by 2003 reached $176 million, having grown from $112 million in 1998. Lieberman had also built a highly collaborative team consisting of Joseph Heider, vice president of Product and e-Business Development; Steve Kraham, vice president of Marketing; Ann Berlin, vice president of Production; Patty Stark, vice president of Sales; Frank Lyman in New Media development; and publishers Kaye Pace, Susan Elbe, Anne Smith, and Bruce Spatz. Although Higher Ed remained a difficult and not entirely predictable business, Lieberman and her team continued to outperform the best in the industry.

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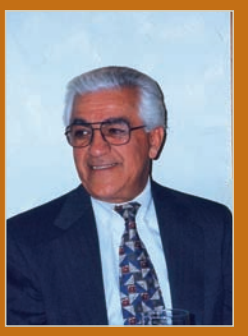




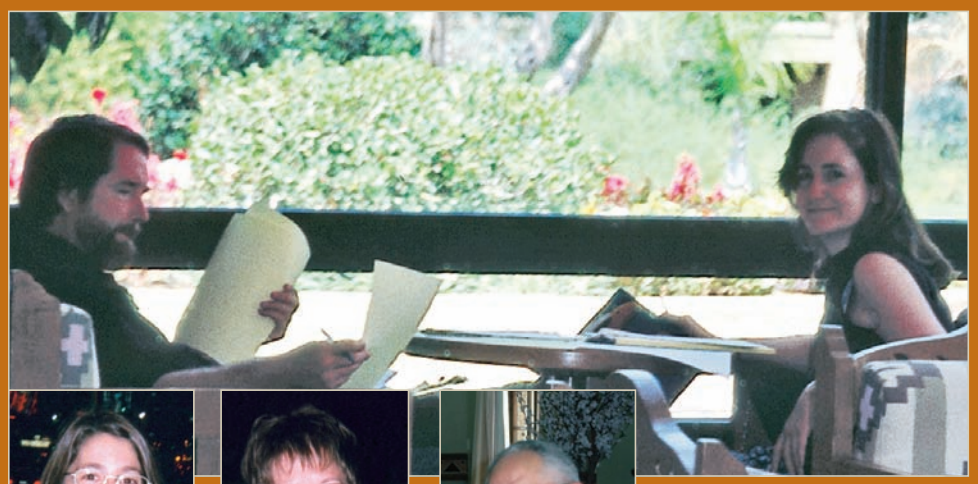








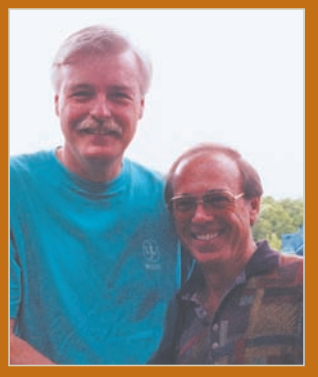














WILEY

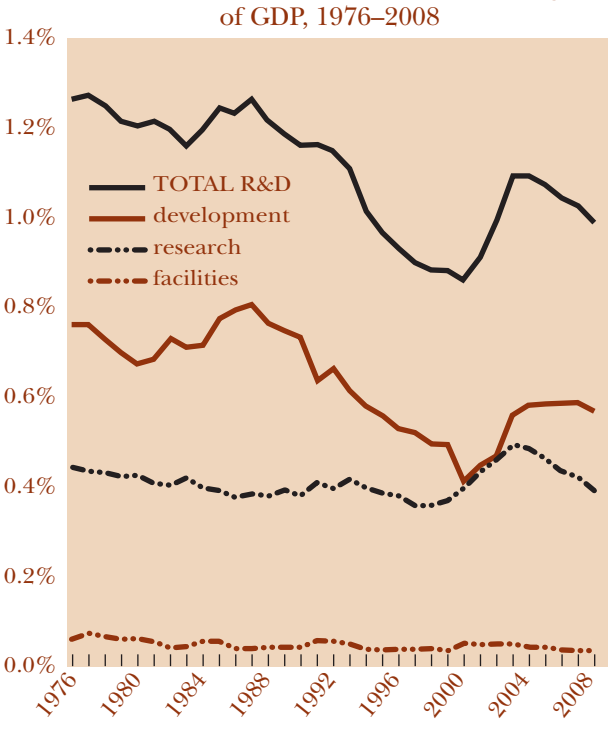

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Scientific, Technical, and Medical

The 1989 Liss acquisition, skillfully engineered by Charles Ellis, brought new talent and new energy to Wiley's scientific, technical, and medical publishing operations. The acquisition doubled the number of Wiley journals published in the United States and added to its book list. Over the next two years, Liss and InterScience, Wiley's existing STM business, were brought together into a new STM division under the leadership of Eric Swanson.

The STM market in the 1990s, both in the United States and abroad, was in flux as research funding patterns shifted. In the United States, federal research and development (R&D) spending declined from 1989 until 2001 when it picked up a bit in the first two years of George W. Bush's presidency. The most significant increases in federal R&D funding came from the doubling, at the expense of other programs, of the National Institutes of Health's budget between 1998 and 2003. Defense-related programs continued to consume a significant and growing share of the federal R&D budget. At colleges and universities, federal R&D funding doubled between 1989 and 2003, with the bulk of the increase coming again from the NIH. Funding from the National Science Foundation (NSF) also doubled. But while the NIH provided 63 percent of total academic R&D funding, the NSF was responsible for only 14 percent. In a continuation of a trend that began in the 1960s, more R&D funding came from the corporate sector than from the federal government; the growing gap between private and government research funding reflected a continuing shift away from basic to applied research. The R&D funding picture in the United Kingdom and Germany was unimpressive, showing annual increases of 1 and 3 percent of GDP, respectively, while countries such as China and Korea increased their R&D budgets to 10 percent and more of GDP.[64]

Trends in U.S. Federal R&D as Percentage of GDP, 1976–2008



Source: AAAS analysis of R&D in annual AAAS R&D reports. 2008 figures are President's request. R&D includes conduct of R&D and R&D facilities. Data to 1984 are obligations from the NSF Federal Fund survey. GDP figures are from OMB, Budget of the U.S. Government FY 2008. FEB/'07 PRELIMINARY © 2007 AAAS

Despite sectoral and geographic shifts in research spending patterns, one thing was clear: research activity—knowledge development—grew dramatically in the 1990s. So did STM publishing, which provided essential research content in numerous formats, including databases, journals, handbooks, and major reference works. The accelerated pace of innovation in areas such as computing and biotechnology meant a growth in research materials. Wiley authors Simon M. Sze and Kwok K. Ng, for example, noted that 250,000 papers on semiconductor devices alone were published between 1981 and 2006. However, this research growth did not always translate into increased sales of content.[65]

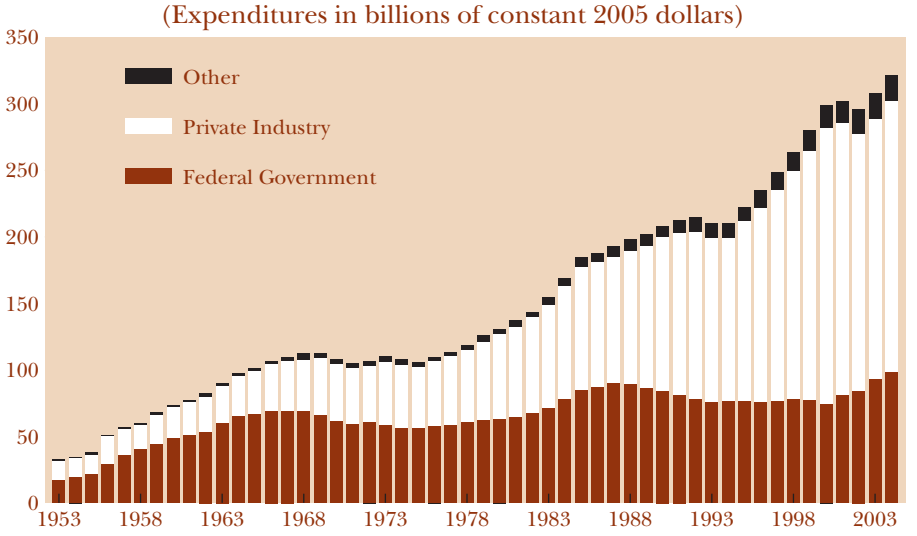
While increases in certain aspects of R&D funding, such as increases in the NIH budget in the United States, looked impressive, they did not translate readily into expanding markets for STM publishers. STM publishing was still a difficult business. The continued underfunding of public higher education, combined with universities' reducing the percentage of

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funds allocated to libraries, meant that academic library budgets were constrained. With budgets growing slowly and costs mounting, librarians purchased fewer research monographs, one important component of the STM publishing program, while they and academic administrators complained that too many journals had become both redundant and expensive, not a good combination. Journal prices had always been higher than mass-market books or magazines because of the costs of bringing high-quality information to relatively few people. Nonetheless, the hard fact was that library budgets did not keep pace with the growth of scholarly output. As journal prices continued to rise in the early 1990s, more and more libraries turned to cutting subscriptions, while others formed buying consortia to increase their buying power.[66]

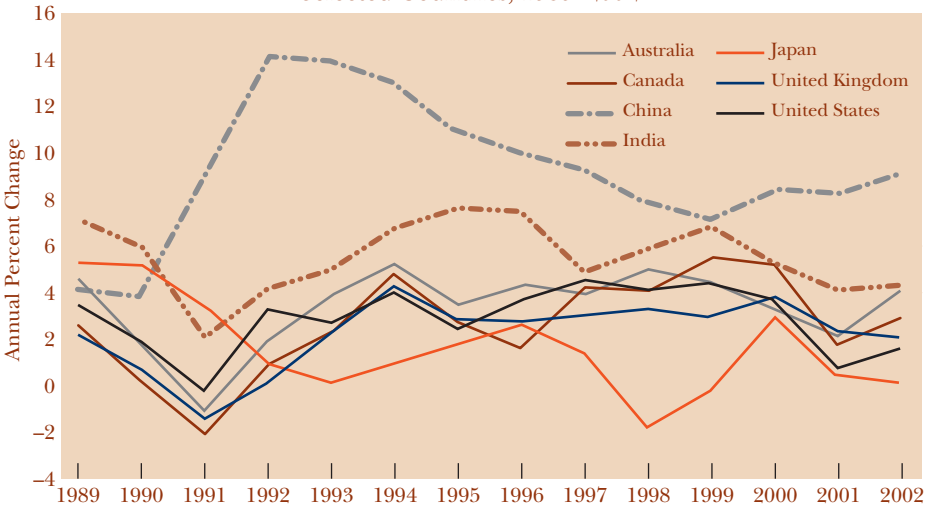
For publishers, then, the growth of journals revenue was slowing as research libraries had their budget growth trimmed. New journal titles had become difficult to launch successfully, while the continuing growth in content and price of existing journals constricted library spending on scholarly content. It was clear, moreover, that the online world would transform journal publishing—and STM's leadership had examined the possibilities through scenario planning—but no one knew exactly how or when.

U.S. R&D Funding by Source, 1953–2004
(Expenditures in billions of constant 2005 dollars)



Source: NSF, Division of Science Resources Statistics. (Data for 2004 are preliminary.)
MAY '06 © 2006 AAAS

Annual Growth Rate for Gross Domestic Product, Selected Countries, 1989–2002



Source: Based on International Monetary Fund, World Economic Outlook Database, September 2006.

Responding to these trends, STM publishing at Wiley changed dramatically in this era. Wiley began the decade with two journals publishing centers, New York and Chichester, from which the company served increasingly globalized research communities. The number of both overseas journal editors and contributors grew, while journal sales reached beyond the traditional centers of research in North America, Europe, and Japan. These changes were driven by the ways in which researchers and journal authors were using the computer and the World Wide Web to share research. Wiley's STM managers recognized both the opportunities and

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the challenges in these trends, and ultimately, none had a negative impact on Wiley's STM business.

Bert Sutherland, a Wiley board member with intimate knowledge of the research world, liked to say "Watch the physicists," because he saw them as the vanguard when it came to new uses of the Internet. Wiley staff paid particular attention, for example, in 1991 when Paul Ginsparg, a physicist at the Los Alamos National Laboratory, launched arXiv, a digital archive for preprints of journal articles in physics. This successful experiment suggested that the next logical step would be for scientists in the same discipline to create their own online journal—effectively bypassing peer review and both commercial and professional-society publishers. In the 1980s, Wiley had conducted its own experiments with the Internet, putting the *Harvard Business Review* online in 1984 and its own polymer journals online in cooperation with the American Chemical Society in 1986. Ginsparg's arXiv, experiments with open source content, and questions about peer review were part of the business terrain through which Wiley had to maneuver.

In 1992, Eric Swanson, head of STM publishing in the United States, and John Jarvis, his British counterpart, analyzed how Wiley's competitors in the journals business—Elsevier, Wolters Kluwer, Springer-Verlag, McGraw-Hill, Thomson, and Blackwell—were using technology and determined on a flexible response to the changes in the journals market. They partnered with the competition when it was opportune and found their own way when necessary. In one experiment, Wiley arranged to deliver individual journal articles to readers by using an automated order fulfillment system—an IBM 486 running OS/2, a fax machine, and a dial-up modem! Wiley quickly realized, though, that by leveraging the rapidly evolving technology of the Internet—which within a couple of years included graphical Web browsers, broadband connections, PDF files, and the like—it could deliver digital content directly to end users or their libraries. Wiley teamed up with TRW (a company with strength in information systems), Wide Area Information Servers (WAIS), Inc., Sun Microsystems, and a coalition of eight universities to create a digital library for engineers known as the "Colibratory." During the same period, Wiley, Springer, and AT&T took part in the Red Sage Project, a pilot program that delivered journals electronically on the campus of the University of California at San Francisco, one of the country's leading medical schools. After printing the journals, the publishers scanned them, then sent them to AT&T for storage and distribution. Wiley's contribution was some 15 of its biology journals. As part of the Red Sage Project, Wiley became a node on an intranet system.[67]



Gregory St. John came to Wiley from Liss, where in the 1980s he led the effort to digitize journal subscription lists. At Wiley, he was charged with building STM's presence on the Internet, including, at first, the construction of an electronic delivery system for journals and then for all Wiley content when he became head of Web Publishing Technology in May 2002.

The expectation of Wiley's most sophisticated customers that journals would be made available online was very much on the minds of STM's managers when they embarked on Wiley's first scenario planning exercise in 1994. More than one of the scenarios posited just such a marketplace. Having gone through this anticipatory exercise, STM came to appreciate that the electronic dissemination of scholarship—far from being a threat—offered opportunities to serve customers better. After this planning exercise, both corporate Wiley and STM stepped up investment in the company's digital presence, while STM invested in the technology needed to move Wiley's journals online.[68]

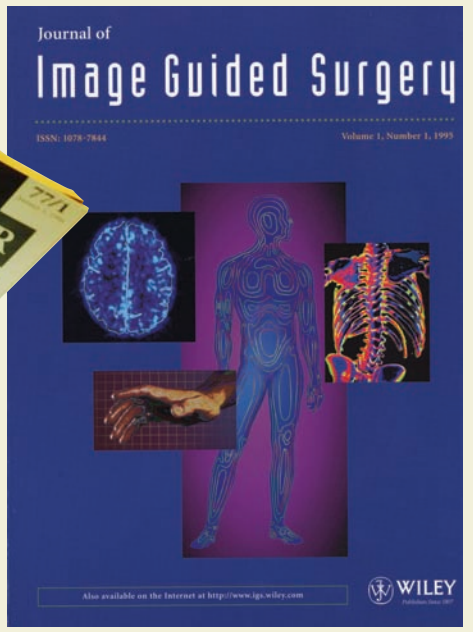
In 1995, in an effort led by Rosemary Altoft and Gregory St. John, STM launched a path-breaking new publication. The *Journal of Image Guided Surgery* was

Inside the Journals

InterScience



The journal *Cancer*



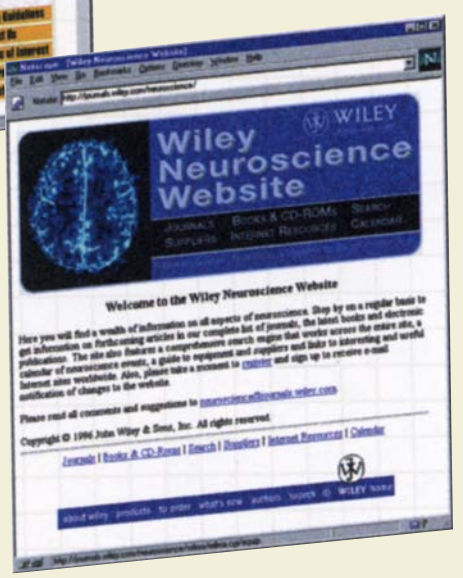
The cover of the *Journal of Image Guided Surgery*, print version

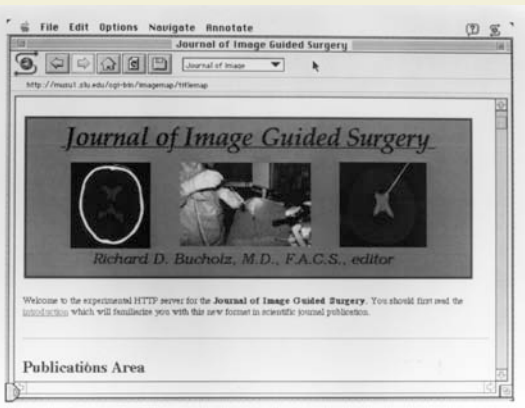


Louise Page, media editor, STM journals, 1995



The home pages of *Cancer Online* and *Wiley Neuroscience Website*





A page from the online *Journal of Image Guided Surgery*

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The home page of Wiley InterScience

both interactive *and* available via the World Wide Web. A review in *JAMA*, the Journal of the American Medical Association, applauded Wiley and the editors for "conducting an innovative, scientific experiment in technology publishing." A panel of more than 60 expert judges agreed, awarding the journal's development team with the Literary Market Place Award for Technical Achievement/Innovation.[69]

In February 1996, Eric Swanson and John Jarvis, the head of the U.K. business, began the initiative that moved Wiley's journals to the World Wide Web. By October, an analysis of the likely growth of Wiley's journal business with and without an investment in the Internet distribution of journal content was ready for top-level review. Initial investment was approved, and discussions of how to create such a service began. In late 1996, Wiley engaged Zuno Digital Publishers, a subsidiary of Mitsubishi Europe, to develop its electronic delivery platform, which was named Wiley InterScience. While a prototype was up and running in beta testing by the fall of 1997, critical flaws still existed, and Zuno was faltering. When Zuno failed to find other clients, and Mitsubishi suffered huge losses in Japan and elsewhere, Mitsubishi withdrew its support for Zuno, leaving Wiley, in early 1998, in a precarious position. Pesce and Swanson flew to Europe to negotiate with Mitsubishi. Wiley gladly accepted $1 million from Mitsubishi for failure to fulfill its contract (in accordance with a stipulation originally inserted into the contract by Wiley attorney Marjorie Normand and tenaciously maintained in hard negotiations).[70]

Wiley then hired engineering director Andrew Townsend and eight software engineers from Zuno to continue the project. Wiley's team set up shop in Ealing, a suburb of London, and their colleagues began to speak of "the spirit of Ealing," heralding the company's aggressive drive in technological innovation. Gregory St. John moved to Ealing for a year, co-managing the nascent operation with Rosemary Altoft. Board member Bert Sutherland offered insights as the project unfolded. Meanwhile, the 1997 beta version of Wiley InterScience remained up and running. Wiley InterScience represented an effective alternative to the traditional annual subscriptions for paper journals with licenses that were based on use and could extend for a number of years. Reed Elfenbein of STM Marketing and attorney Normand worked with customers, including members of STM's Library Advisory Boards, to hammer out licensing terms that would be beneficial for both Wiley and its major customers. Wiley's Library and Advisory Boards had been set up in Europe and the United States in 1992.[71]

Wiley InterScience was a huge step in the transformation of Wiley's journals

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Library Consortia and Digital Content

The online licensing of journals content, begun by Academic Press in 1997, led to a movement among libraries to form consortia as a way to bargain with publishers over the amount and price of content to be delivered online. In the print world, libraries bought journal subscriptions on an annual basis. With the advent of electronic journal delivery, each academic library no longer had to buy its own set of print journals. Instead, libraries banded together to license the right to access journals, and later books, in digital format, based on the number of students, instructors, and researchers who would be using the content. The transactions were essentially as follows: The publisher would offer all the content subscribed to by each of the consortium members to the entire constituency of all the members, at a total price fractionally higher than the total sum already being spent by the consortium members on print subscriptions. Thus was born the so-called "Big Deal." The Big Deal was originally controversial, with some librarians protesting that it was an attempt to force their university to license more content than it wished to acquire. Publishers responded by building more flexibility into their initial offer, with the understanding that the more content an institution licensed the better the deal. Wiley's Big Deal has given millions of researchers worldwide instant access at their desktop computers to more content than was ever available in their institutions' libraries. Moreover, access is concurrent without limitation: 20 or 200 readers can read the same content online simultaneously and can print it out for themselves.

STM launched the commercial version of Wiley InterScience in early 1999. By April 30, over $8 million dollars in annual revenue were under license. "Customer uptake has been encouraging," Eric Swanson proclaimed in June 1999, adding that "more than 2,400 institutional customers" had signed up and that the platform's "customer base is increasing rapidly."[72]



Craig Van Dyck, former vice president for Production and Manufacturing and vice president, Global Content Management

On the basis of these strong results, Wiley InterScience's managers pushed for additional funding, largely to establish a new sales force, skilled in relationship building, that could convert customers from print subscriptions to electronic-access licensing and obtain customer feedback. The most important forums for customer feedback were Wiley's Library Advisory Boards. "Electronic publishing is far and away the primary thing we discuss," said Craig Van Dyck, vice president for Production and Manufacturing and the advisory boards' liaison. "We're talking about the same issues as before—product development, sales models, and distribution channels—but in a new environment. Everything needs to be revisited." Thanks to the librarians' input, Wiley InterScience permitted users to set up personalized home pages through which they could get quick access to their favorite functions and features, making Wiley the first commercial publisher to provide this service.[73]

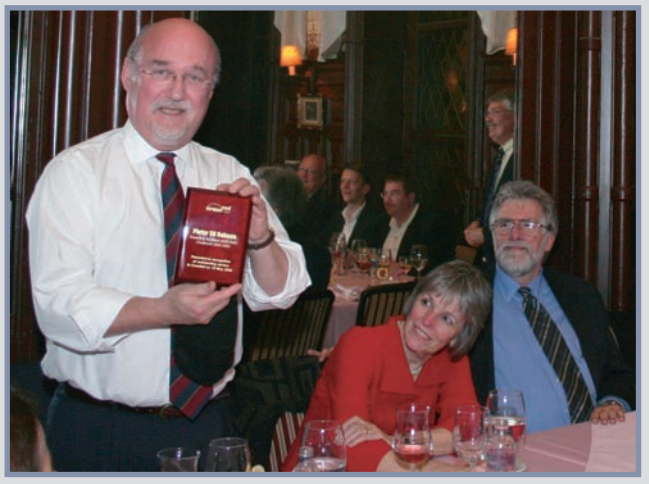
Wiley InterScience was a huge step in the transformation of Wiley's journals business. Its impact was important not only for STM books as well, but also for the ways in which people in Higher Education and Professional/Trade thought about their businesses. According to Pesce, "we were really on our way when we realized that Wiley InterScience was not a project with a beginning, middle, and end. It was a way of life for our STM business." Thus STM grew while simultaneously finding its way in the evolving digital

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CrossRef

One of Wiley's most important industry contributions in the 1990s was its leadership in the development of CrossRef. This reference-linking service was initially developed by Wiley and Academic Press, who were joined at its launch by an alliance of 14 others. CrossRef allows a researcher who, for example, is reading a Wiley journal online to click on a reference citation in the article and then link directly to the cited content on another publisher's platform, subject to the target publisher's access control practices.[74]

CrossRef had its genesis in the Digital Object Identifier (DOI) technology (a kind of indelible electronic watermark that allows publishers to track the uses of their content) developed in 1996–1997 by the Association of American Publishers' Enabling Technologies Committee. Timothy King was the Committee's first chair, followed by Craig Van Dyck, who at the time was working for Springer-Verlag in a partnership with the Corporation for National Research Initiatives (CNRI). Once the Committee was established, Charles Ellis, Wiley CEO and chairman of a joint committee of the International Publishers Association and the international STM organization, led efforts to rally publishers around the DOI as the industry standard. Subsequently, Wiley's Andrew Stevens and David Sidman worked with CNRI, using DOI to create the metadata database that became CrossRef's technological backbone. In a task they likened to "herding cats," Eric Swanson and Pieter Bolman of Academic Press (CrossRef's first two chairmen) recruited 14 other publishers to test the concept in a reference-linking pilot. Van Dyck, who subsequently joined Wiley, worked with Ed Pentz at Academic Press to bring CrossRef to life technically, and Wiley's Susan Spilka and Roy Kaufman contributed communications and legal expertise to the new alliance.



CrossRef board dinner, Budapest, 2006. Left to right: Pieter Bolman, receiving plaque of Service for CrossRef, Carol Bekar, Eric Swanson.

CrossRef was launched in June 2000. Since then, under the leadership of executive director Pentz, CrossRef has grown and evolved, extending services for online research to include forward linking, sophisticated searching tools, and other cutting edge technology. By 2007, over 2,400 publishers were members of CrossRef.

landscape. Between 1991 and 1995, the number of Wiley journals, both those published in New York and those published in Chichester, jumped from 223 to 307, and total pages increased from 164,868 to 255,084. By the end of 1995, all Wiley journals accepted electronic submission of manuscripts (up from just two in 1993). By the end of Charles Ellis's tenure in 1998, half of Wiley's some 400 journals were available online. Within two years, virtually all of the company's journals were available via its Wiley InterScience platform.[75]

To describe the company's response to the rapidly changing environment, Pesce likes to say, "Wiley has created more new business models in the past five years than in all previous years." Wiley InterScience

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was the first of these. People in STM emphasized that Wiley InterScience, once established, was a service provider as well as a content delivery system. To further their cause, Wiley InterScience's managers circulated a five-page memo called "The Secret Diary of Jörg Muller: A Day in the Life of An Academic." A hapless stereotype of a scientist, Jörg rose at 8 a.m., an hour and a half after his alarm went off, and began a long day of tussling with ill-conceived, haphazard computer systems, pining for the day when he would be able to read, write, submit, review, and edit journal articles painlessly, online. Actually, Jörg was a real person, a software engineer on the original Ealing team that built Wiley InterScience. His "diary" helped Wiley to understand the consumption and use of online information.

Working through Ealing, STM added enhanced features to Wiley InterScience, including EarlyView, which provided articles before the print issues became available, MobileEdition, which gave access to abstracts on handheld devices, and ArticleSelect and Pay-Per-View, which allowed users to purchase individual articles not covered by their subscriptions. Such functionality added significant value to the user experience, further differentiating what publishers like Wiley did from self-publishing online.[76]

By 2002, over six million scientists and other professionals accessed Wiley InterScience through academic and corporate libraries. Daily user sessions numbered over 31,000. By the end of 2003, InterScience generated 60 percent of the company's global journals subscription revenue. STM also strove to lower costs to users by speeding the process of publication. In 2000, its production team managed to cut the time between article acceptance and publication for the important *Journal of Polymer Science* from 26 to 10 weeks and later to 8. This compression attracted more and better articles from scientists and researchers eager to make their research available as quickly as possible, an important achievement in an increasingly author-driven business.[77]

STM Acquisitions

Acquisitions were another important aspect of STM's strategy. As it kept pace with technology, Wiley's corporate management constantly raised their expectations for STM. Acquisitions increased in frequency and scale, further enhancing STM's global status. In 1992, Wiley U.K. bought REDEL, a Paris-based publisher of "English Audio Reviews—The Biomedical Sciences," which provided a platform for broadening Wiley's list in professional language training. Belhaven Press was then acquired from Pinter Publishers in Great Britain, with its list of earth and environmental science titles. In the United States, in 1996 Wiley acquired Technical Insights, a New Jersey–based publisher of print and electronic newsletters in science and technology. Its titles, such as *Insider R&D* and *Genetic Technology News,* were targeted to very specific audiences, usually technology managers. Wiley paid $4 million for the company, which had an annual revenue of about $2.5 million. Wiley quickly built on its list by acquiring, a la carte, such titles as *Nutrition Research Newsletter* and *Science & Government Report*.[78]

These acquisitions, though they cost several millions, were small compared to what took place in June 1996, when Wiley acquired a 90 percent stake in a leading but financially strapped and poorly managed German journals and book publisher, VCH Publishing Group. The price after Wiley acquired the final 10 percent was a lofty $100 million, a huge commitment by Wiley's standards. (By comparison, Wiley bought Liss in 1989 for $38 million, the costliest acquisition to that time.)

The VCH acquisition was to be Charles Ellis's crowning achievement, but it took some scrambling. VCH began by running an auction on a confidential basis. Both Wiley and the Dutch publisher Elsevier were preparing to submit bids when Elsevier pre-empted the auction process and persuaded VCH to accept its bid on an exclusive basis. Elsevier was struggling through its

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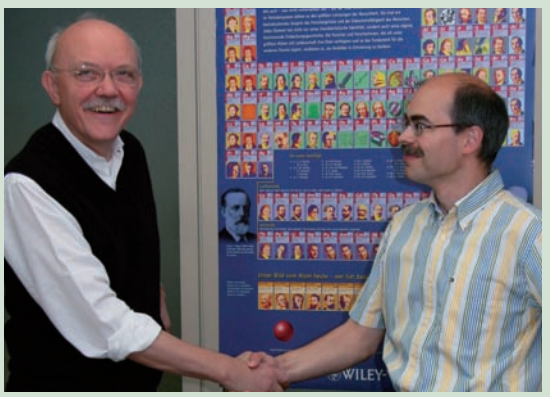
PROFILE

VCH

In 1921, three German chemical societies—Deutsche Chemische Gesellschaft (DChG: German Chemical Society), Verein Deutscher Chemiker (VDCh: Association of German Chemists), and the Verein zur Wahrung der Interessen der chemischen Industrie Deutschlands (Association for the Protection of the Interests of the German Chemical Industry)—founded Verlag Chemie to provide information for their members about the latest research in the sciences and the chemical industry. Verlag Chemie's first offices were in Berlin and Leipzig.

At first, Verlag Chemie published the journals of its founding societies, *Berichte der Deutschen Chemischen Gesellschaft*, *Zeitschrift für Angewandte Chemie*, *Die Chemische Industrie*, and *Chemisches Zentralblatt* (in those days the leading chemical abstracting service). In time, other societies arranged to have their journals published by Verlag Chemie, such as the Deutsche Bunsen-Gesellschaft für Physikalische Chemie (*Zeitschrift für Elektrochemie*, later renamed *Berichte der Bunsengesellschaft für Physikalische Chemie*), the Deutsche Vereinigung für gewerblichen Rechtsschutz und Urheberrecht (*GRUR*), the Deutsche Pharmazeutische Gesellschaft (*Archiv der Pharmazie*), the Deutsche Bodenkundliche Gesellschaft and Deutsche Gesellschaft für Pflanzenernährung (*Zeitschrift für Pflanzenernährung und Bodenkunde*). Biographies and well-known reference works and series were also published under the Verlag Chemie imprint, including DECHEMA's *ACHEMA* catalogs and the *Corrosion Handbook*, the *Gmelins Handbuch der anorganischen Chemie*, *Poggendorffs biographisch-literarisches Handwörterbuch für Mathematik, Astronomie, Physik mit Geophysik, Chemie, kristallographie, und verwandte Wissensgebiete*, and *Vom Wasser*. All publications were in German, the lingua franca of science in those days, and a significant share of Verlag Chemie's revenue came from the export of their publications.

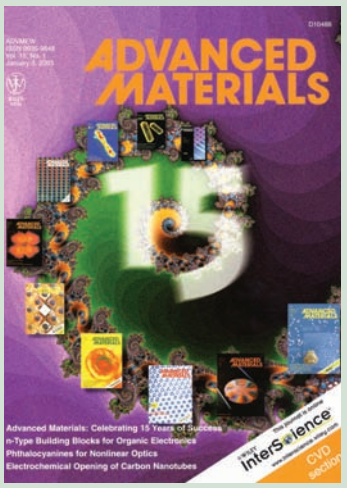
The rise of the Nazi party in Germany in the 1930s affected German scientists and their publications. In 1936, the VDCh incorporated Nazi content into its statutes, but the DChG avoided such concessions for a time. By 1938, the chemical societies had been brought into the Nationalsozialistischer Bund Deutscher Technik. Limited availability of paper during World War II led to drastically reduced volumes of all journals as well as affecting the book program. During the war, Verlag Chemie's Berlin offices were destroyed in a bombing raid. After the war, the managing director, Eduard Kreuzhage, together with renowned chemists (functioning as trustees of the founding chemical



Peter Gölitz congratulating Haymo Ross, deputy editor of *Angewandte Chemie* on the tenth anniversary of the journal.







WILEY-VCH

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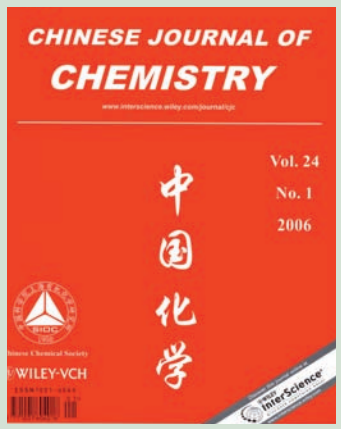


societies, which had not officially been refounded) restarted the publishing house in 1947 in Heidelberg. The offices were soon relocated to Weinheim, a small town north of Heidelberg where appropriate offices and housing were available.[79]

In 1956 and in 1967, the refounded societies took over the shares directly, and from 1967 onward, Verlag Chemie was 90 percent owned by the GDCh (Gesellschaft Deutscher Chemiker) and 8 percent owned by the DPhG (Deutsche Pharmazeutische Gesellschaft).

From the 1960s to the 1980s, Verlag Chemie broadened its publishing program to include physics (co-owning the Physik Verlag), biology, pharmacology, medicine (founding Edition Medizin), geology, and humanities (founding Acta Humaniora). Verlag Chemie became the official publisher of Deutsche Forschungsgemeinschaft (DFG, German Research Foundation) and acquired Ernst & Sohn (a Berlin-based traditional civil engineering and architectural publishing house, founded in 1827). Parallel to this, Verlag Chemie expanded its English-speaking program and established subsidiaries: the first one in 1976 in New York, later in Switzerland, England, and Japan. Becoming more and more international, and having grown beyond chemistry, Verlag Chemie changed its name and became known as VCH.

When the Berlin Wall fell in 1989, VCH had won the race to acquire and integrate East Germany's largest and most prominent science and humanities publishing house, Akademie Verlag. Its program embraced several hundred scientific journals, series, and many renowned special editions.[80]











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merger with Reed, the British publisher, an integration that left VCH puzzled by the role of the different representatives of the new company with whom they met. Elsevier failed to deliver its offer by the time the exclusive ran out, and Wiley was back in the race. The Gesellschaft Deutscher Chemiker (GDCh), owner of VCH's most important chemistry journals, had apparently no interest in selling to Elsevier, something Elsevier did not find out until the final moment of the negotiation.[81]

"It was like the movies," recalled Ellis. "A James Bond film," according to U.K. managing director Jarvis. Wiley's team (Peter Clifford, James Dicks, Ernest Kirkwood, Robert Long, Jarvis, Timothy King, and Richard Rudick) was working out of the German Chemical Society's office one night, waiting for King to return from a 3 a.m. meeting with their lawyers. King had called to ask Jarvis to be ready to open the door, which Jarvis, by then exhausted, forgot to do. "About 15 minutes later, we all heard stones sporadically hitting the window . . . 'Could that be Elsevier spies?' was the general comment, but when I looked out the window," said Jarvis, "there was Tim standing in the shrubbery looking like a vagrant and clearly not happy with his forgetful colleagues."[82]



Timothy King, a British citizen with a degree in natural sciences from Cambridge University, joined Wiley in 1987. His experience ranged from sales to editorial to general management, and from Europe to Mexico, where he ran McGraw-Hill's operations. Under Charles Ellis, he became senior vice president, Strategic Planning. King became interim managing director of Wiley-VCH for a year after the VCH acquisition.

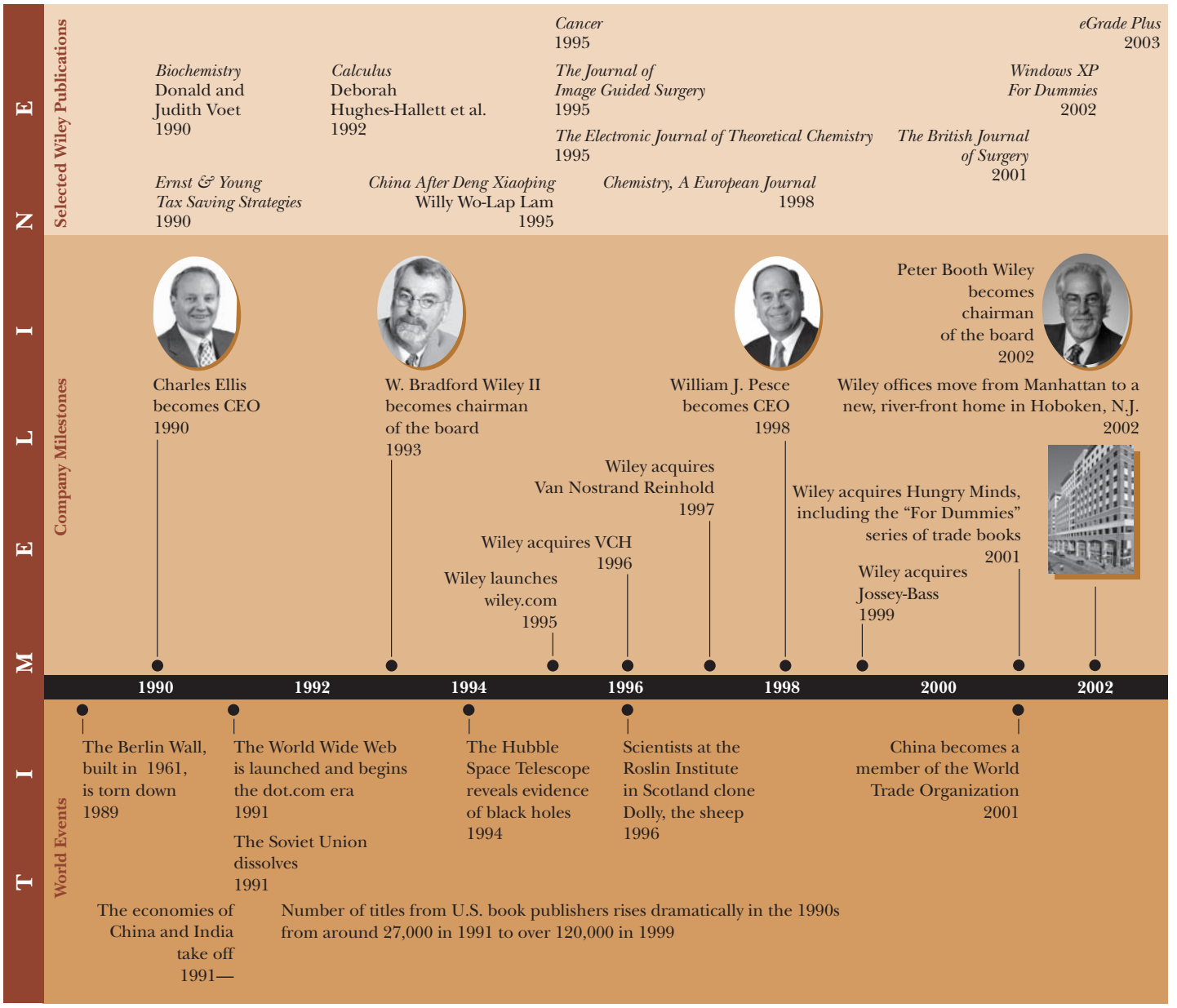
With Elsevier in the bidding, the price tag for VCH was higher than Wiley might otherwise have paid, but the acquisition made Wiley one of the largest chemistry publishers in the world, while bringing a wealth of journals, books, and major reference works. "What we have purchased is a jewel in the field of high-quality STM publishing, as well as a partnership with a leading chemistry society in continental Europe," said Ellis. VCH's integration proceeded smoothly, exceeding the financial targets set in the acquisition model. The new business, now under the name Wiley-VCH, became profitable within a year, thanks in large part to the efforts of Timothy King, who spoke German and spent a year as interim managing director in Weinheim, where VCH was located. He was responsible for bringing *Helvetica Chimica Acta*, the Swiss Chemical Society's primary research journal, to Wiley-VCH. Wiley appointed Dr. Manfred Antoni managing director, reporting to Jarvis, who became the company's senior vice president, Europe.[83]

VCH brought a unique capability to Wiley in the form of an in-house editorial operation managed by Peter Gölitz, who also served as editor of *Angewandte Chemie*, which was now the global journals program's largest revenue producer. Wiley's journals were assembled by editorial boards—with the help of Wiley colleagues, of course—whose members were not Wiley employees. In VCH's case, Gölitz and his colleagues, assisted by editorial boards and advisors, published nearly 100 journals per year from their Weinheim offices.

In August 1997, Wiley-VCH sold Akademie Verlag, its humanities book and journals program, to Oldenbourg, allowing it to focus on the much larger STM and professional publishing areas, which expanded further with the creation of a pan-European journals program in February 1997. This was an important initiative

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in which Wiley-VCH joined forces with the chemical societies of five European countries to merge their national journals into two pan-European journals, *European Journal of Organic Chemistry* and *European Journal of Inorganic Chemistry*. Instrumental in this had been Professor Heindirk tom Dieck, the secretary general of the GDCh, and Dr. Eva E. Wille, a VCH veteran of the pre-Wiley era; tom Dieck, the driver behind the plan to sell to Wiley, argued that an American partner would enhance Wiley-VCH's ability to develop European journals. Wiley augmented its Wiley-VCH list with the acquisition of Hüthig Publishing Group's scientific books and journals program (except its astronomy program) in 1998. Hüthig's list included the famous

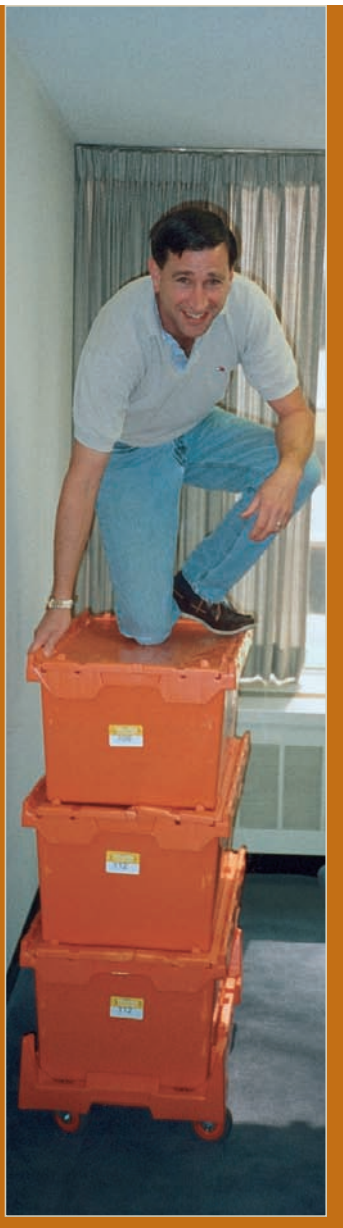









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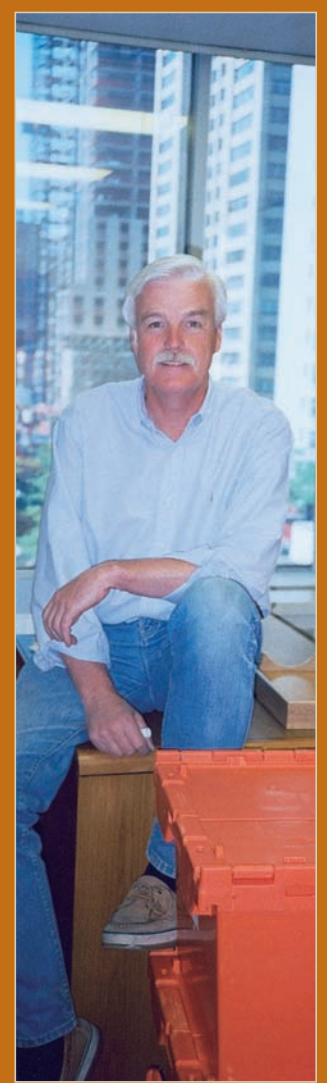














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German polymer journals founded by the Nobel laureate Hermann Staudinger as well as the program of Johann Ambrosius Barth, a famous German (later East-German) publishing house founded at the end of the eighteenth century. Among Johann Ambrosius Barth's journals had been the *Annalen der Physik* (founded in 1799, and the publisher of all the important Einstein papers), *Astronomische Nachrichten* (the oldest astronomical journal, founded in 1821), as well as important chemistry journals like *Journal für praktische Chemie* and *Zeitschrift für anorganische und allgemeine Chemie* and leading textbooks like *Organikum*, by Heinz Becker. Wiley-VCH paid about $8 million for Hüthig, which had revenue of about $4 million, fighting off last-minute attempts by Elsevier and Wolters Kluwer to push Wiley aside. In 2001, Wiley-VCH acquired GIT Verlag, a controlled-circulation magazine business based in Darmstadt.[84]

The Societies Initiative

With three publishing centers, New York, Chichester, and Weinheim, STM was more global—and more expansive—than ever. STM seized every opportunity to grow its journals program, acquiring titles and occasionally publishers in the life sciences, material sciences, chemicals, agrochemicals, petrochemicals, biochemistry, engineering, health sciences, pharmaceuticals, and medical robotics. STM's next major initiative was really an intensification of efforts begun first in Chichester in the 1960s and later built on in New York. Professional society publishing originated in seventeenth-century England with the formation of the Royal Society and its first serial publication, *Philosophical Transactions* (1665). Society publishing expanded dramatically in Europe and the United States in the nineteenth century as part of the self-organization and definition of professional

Publishing with Scientific Societies



Ernest Kirkwood, formerly e-business development director, presently vice president and publishing director, Physical Sciences, in the United Kingdom.



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The Cochrane Collaboration

Wiley's partnerships with nonprofit organizations have extended beyond societies to the famous Cochrane Collaboration, a network of research groups that maintains a database on evidence-based medicine. Recognizing that its STM business served "mature" markets that would not generate the degree of revenue growth that the company was seeking to achieve, Wiley set out to identify and develop tangentially related businesses and publishing programs. Some of these ventures were more successful than others. The extension of Wiley's growing life and medical sciences publishing program into the nascent field of evidence-based medicine (EBM) was among the most successful.

In April 2003, The Cochrane Collaboration named Wiley as its publishing partner, an important step into EBM. Cochrane is an international not-for-profit organization that enables well-informed decisions about healthcare by preparing, maintaining, and making accessible systematic reviews of the effects of healthcare interventions. It serves the information needs of physicians, clinical researchers, nurses, midwives, dentists, patients, and healthcare policymakers at medical institutions, universities, corporations, and healthcare organizations around the world.

Michael Davis, vice president and publishing director, Life Sciences, and Deborah Dixon, vice president and journals publishing director, Medicine, Europe, were instrumental in forging the partnership. Wiley and Cochrane, according to Davis, wanted to "extend both the reach and the commercial potential of The Cochrane Collaboration's publications, such as *The Cochrane Database of Systematic Reviews*, by leveraging the *Wiley InterScience* online platform and Wiley's global marketing and sales capabilities."

Wiley built on the successful alliance with Cochrane to launch other EBM initiatives, including the acquisition in 2005 of InfoPOEM, Inc., a leading provider of EBM content and Web-based search tools, and in 2006 of the Health Economic Evaluations Database (HEED), an online source of health economic information and evaluations.[85]

life. Until 1961, when Wiley acquired Interscience Publishers, Wiley had avoided the journals business even though William Halsted Wiley, William O. Wiley, and Edward P. Hamilton were active members of engineering societies. Both New York and Chichester acquired journals with the purchase of Interscience Publishers in 1961. Chichester continued to build partnerships with societies, but on a limited basis.[86]

Prior to the acquisition of Interscience Publishers, Wiley showed almost no interest in journals publishing with one exception, the publication in 1955 of a journal for the Operations Research Society of America. Following the acquisition of Interscience in 1961 with its well-known journals program in polymer chemistry and the establishment of a publishing program in England during the 1960s, Wiley editors grew the journals list. The company acquired additional journals, including many with society relationships, when it bought Alan R. Liss in 1989. Liss's oldest journal, *The Anatomical Record*, was the product of a partnership with the American Association of Anatomists, the original agreement for which was signed in 1923 by a company Liss acquired.

In 1985, Liss had acquired the publishing contract for the *International Journal of Cancer*, the journal of the Union Internationale Contre le Cancer (UICC), the Geneva-based umbrella organization of national cancer societies. Then secretary-general of the UICC, Dr. Gerald Murphy, was a long-time "friend of the house," a relationship that continued through Swanson and Wiley medical publisher Thomas Mackey after Alan Liss's death in 1992. By the early nineties, Murphy was senior vice president, Medical Affairs, at the American Cancer Society, when the ACS decided it was unhappy with the publisher of its flagship journal *Cancer*. In 1995, when the *Cancer* contract was up for renewal, Murphy was able to ensure that Wiley got a chance to bid. Although Wiley's sale of its medical business in the late 1980s was a strike against it, Wiley's position as the publisher of the UICC journal helped. Publisher Brian

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Crawford led an all-hands, no-efforts-spared presentation to the society, which included creation of an online version of *Cancer* by Gregory St. John and his team, based on *Image Guided Surgery,* their earlier online journal.[87]

Simultaneously, in the 1980s, Wiley U.K. was pursuing new society relationships. But it was the ACS contract that really marked the beginning of the rapid growth of Wiley's medical society publishing program and spurred the expansion of advertising sales operations to develop a rapidly growing revenue stream, as advertising contributes significant revenue to many medical journals. Meanwhile, the acquisition in 1996 of VCH, with its long-standing relationship with the German chemical and pharmaceutical societies, brought important new relationships in the sciences to Wiley. Among the journals acquired was *Angewandte Chemie*, one of the world's leading chemistry journals.

Part of the rationale for the acquisition of VCH was its status as a premier professional-society publisher. By 2001 Wiley had established journal publishing relationships with such important societies as the American Neurological Society, the American College of Rheumatology, the Movement Disorder Society, and the French chemical society. Strong society partnerships inevitably paid off for STM's book program as well. In 2001, for example, Wiley formed an alliance with the Institute of Electrical and Electronic Engineers (IEEE) for a book series.[88]

Managing a society relationship was a more intricate and financially less lucrative affair than managing journals for which Wiley owned the copyright. First, Wiley people had to invest considerable personal time in building and sustaining a society relationship. Like so much of publishing, society publishing was very much about people and relationships. In the competitive environment in which a handful of publishers were competing for contracts, societies, who owned the copyrights, had leverage to exact the best terms possible from publishers. Among those with whom Wiley was competing were Blackwell, Elsevier, Wolters Kluwers' Lippincott Williams & Wilkins brand, and the Nature group of publications owned by the Von Holtzbrinck family. Societies, naturally enough, wanted the best royalties possible and a commitment from publishers to build and sustain society Web sites at the highest standards. For the publisher, margins were reduced by the need to pay royalties and provide other services to the society. On the positive side of the equation, societies themselves took responsibility for editorial work and for sustaining a high-quality editorial team. In the end, the resulting relationships with the greater world of researchers and scholars made this financial model not only palatable but desirable.

Further steps called for a more systematic campaign. In 2002, Ernest Kirkwood, the e-business development director in the United Kingdom, took on the task of building a vast database that would track all society journals, providing information on length and terms of contracts so that Wiley would be prepared to compete more aggressively for society journals when their contracts came up for renewal. Part of what Wiley had to offer societies was innovative Web services. Wiley was already building community practice sites for disciplines such as physics. These sites facilitated communication among researchers and professionals for discussion, resource sharing, and developing ways to address particular issues endemic to their work. Kirkwood's e-business group transformed these sites into society microsites and society networks. "The offer of such services," Kirkwood recalled, "proved a major differentiator from the competition in our proposals when we won over two major new pieces of society business." This new initiative led to more society business, including *The British Journal of Surgery* (agreement signed in 2001) and *Hepatology*, the journal of the American Association for the Study of Liver Diseases (agreement signed in 2002). Ultimately, STM's society initiative, its experience competing successfully for society contracts, and its emergence as important force in the global STM market, led to the most dramatic event in Wiley's 46-year history of acquisitions—the acquisition in Wiley's 200th year of Blackwell Publishers, the world's preeminent society publisher.[89]

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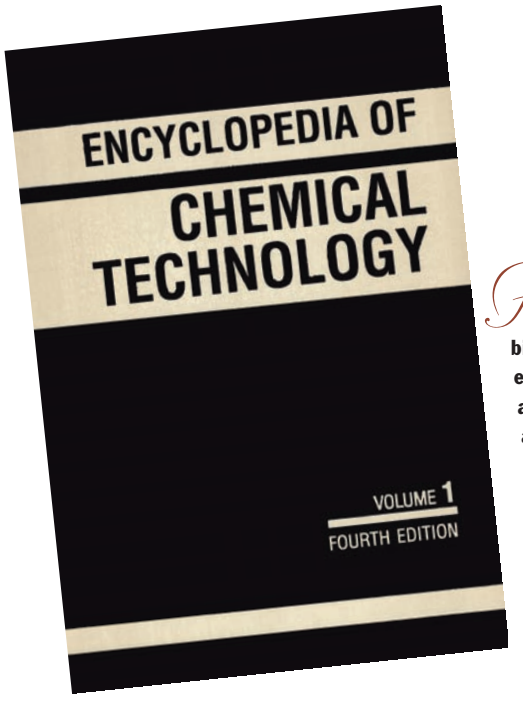
STM Books

While STM's journals business flourished, its books were a thornier problem. Wiley's renown as a publisher of handbooks and series of books in science and technology stretched back to the nineteenth century. With the Interscience acquisition in 1961, Wiley became known worldwide as a leading publisher of such major reference works as the *Kirk-Othmer Encyclopedia of Chemical Technology*, first published in 1947, and the *Encyclopedia of Polymer Science and Technology*, which Wiley launched in 1964. Over the following decades, Wiley's STM book program was extended by the growth of Chichester as a major STM publishing center, the Liss acquisition in 1989, and the VCH acquisition in 1996. By the end of the 1980s, it was clear that two types of books—printed research monographs and conference proceedings, of which Wiley published quite a few—had an uncertain future. Pressures to deliver research outcomes in a timely manner favored dissemination by journal article via the Internet over the more deliberative book publishing and distribution systems. At the same time, library budgets were coming under increasing pressure, and so sales of short-run monographs and proceedings declined, and the economics of monograph publishing became less favorable—though still profitable, as Eric Swanson was quick to point out. Other book products—STM's venerable series, handbooks, upper level texts, and major reference works—were essential in the worlds of education and research, but they also faced market pressure. Swanson, Jarvis, and their colleagues planned for the eventuality that book content would join journal content on the Web. But with librarians putting the highest priority on sustaining their journals collections, the question became when. The challenge was finding the proper level of investment in the right kind of book development while funding the migration of all content to the web.[90]

Journal publishing is characteristically more profitable than STM book publishing, providing a steady flow of subscription revenue (with high renewal rates) and lacking the promotional expenses associated with each new book title. But STM book publishing has certain advantages over trade publishing. Sales are more stable, with fewer returns. The average price point is substantially higher, and production values need not be as high; royalties, too, are generally lower.

Through the mid-1990s, one successful editorial strategy was to focus on advanced textbooks, which were not only not dependent on library purchases, but could also in some cases command a dual audience of students and professionals. "A book like *March's Advanced Organic Chemistry* contains thousands of reactions," said Janet Bailey, publishing director for physical sciences books. "It's used as an advanced textbook, but it also serves as a reference to the field, something organic and synthetic chemists want to have on their shelves." Other books targeting narrow markets also did well, such as books for electrical engineers and statisticians, as well as a program of occupational health and safety titles acquired from Van Nostrand-Rinehold.[91]

Another fruitful endeavor was the publication of long-standing series, some in cooperation with societies, some published serially in numbered volumes,



A mainstay for chemists, biochemists, and engineers at academic, industrial, and government institutions, *Kirk-Othmer Encyclopedia of Chemical Technology*, fourth edition, published in 27 volumes.

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many of them continuing to this day with 50 to 100 volumes or more. Two of the long-standing encyclopedias are *Ullman's Encyclopedia of Industrial Chemistry* and *Patty's Industrial Hygiene and Toxicology*. These have been especially successful in the discipline of chemistry, meeting the scientist's need to know what reactions and transformations have been documented in the literature. While the number of standing library orders for these titles has diminished over time, a number continue to sell well to individuals who need an ongoing update in their fields.

Wiley's strategies toward the STM book market varied according to the time and location of publishing. As other publishers pulled back from this market, Swanson commented in a 1993 memo, "we are now increasing both our revenue and our profits from this core business." While librarians in the United States bought fewer books, European libraries continued to buy books, and European bookstores, which traditionally stocked substantially more STM books than their American counterparts, generated stronger individual sales. Asian libraries followed suit often because they lacked the electronic infrastructure for the delivery of digital content. In the United States, Swanson trimmed investment in the book business as he and his team steered the journals business into the digital era. VCH brought its own book titles to Wiley and after 1996, continued to publish significant numbers of books. In the United Kingdom, John Jarvis, later dubbed the "International Book Cheese" by Brad Wiley II, continued to invest in the STM book program.[92]

The big question was when non-journal content would become viable on the Web. The answer came with the new 24-volume *Wiley Encyclopedia of Electrical and Electronics Engineering*, launched in print in March 1999 and online in January 2000. By the end of 2001, it was joined by the electronic *Kirk-Othmer*, the fourth edition of which had been published in print over seven years through 1999, and *Ullmann's Encyclopedia of Industrial Chemistry*, a landmark work first published in 1914 and acquired with VCH. The online *Kirk-Othmer* was Wiley's first major reference work to incorporate monthly updating. In late 2001, Wiley InterScience OnlineBooks launched with a search capability that integrated book, journal, and major reference work content, another Wiley first. By the end of 2002, more than 200 titles were available through this new service.[93]

Throughout the 1990s, the strategy for major reference works called for a mix of new multivolume sets, new editions of established works, CD (and, later, online) versions, and spin-off products such as concise versions of *Kirk-Othmer* and the *Encyclopedia Of Polymer Science and Technology*. Beginning in 1999, after Will Pesce called for a financial review for all book programs, there was a concerted effort to improve the organization of the STM book publishing operation. Janet Bailey was brought in to coordinate production, marketing, and editorial colleagues in Hoboken into a more effective team. At the same time, a decision was made to focus on chemistry, electrical engineering, statistics, and some of the life sciences, through handbooks, reference works, and advanced-level text references, and also by seeking to publish works of an applied and practical nature that would appeal to individual scientists, engineers, and researchers, such as the Wiley-IEEE Press book series described earlier.[94]

As Wiley's international sales force generated strong STM book sales, the results also began to reflect growing activity through Amazon.com, which had opened its virtual doors in 1995. Amazon endowed STM books with visibility traditionally denied them in the brick-and-mortar world—in this regard, the Amazon effect was more significant for STM titles than for trade—and gave equal billing to backlist and front-list titles.

At the time of Wiley's move to Hoboken in 2002, 20 percent of STM's total global revenue came from its book program. A further resurgence of the business still lay ahead. In the fall of 2003, an all-out

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campaign to revitalize STM book publishing was mounted when Steven Miron, Wiley's managing director in Asia, was appointed the new "International Book Cheese."[95]

After the VCH merger, STM was the largest line of business at Wiley, accounting for 47 percent of revenue and an even higher percentage of earnings in fiscal 1997. STM's leadership, which had reported to the head of professional reference and trade books, was elevated to coequal status in 1998 when Will Pesce, who became the company's chief executive that year, asked Eric Swanson to report directly to him because he thought the challenges and opportunities in STM warranted his close attention. Throughout the 1990s, STM led the way in the delivery of digital content and in the development of tools that facilitated researchers' use of content, learning lessons that would over time be transferred to Wiley's other businesses. STM, too, was Wiley's most global operation. Wiley U.K. had been building its journals and books program since the company first opened its doors in London. The VCH acquisition brought another important STM location into the fold. What followed was the development of global planning, an idea that Wiley had embraced as early as the 1980s.[96]

Stephen Kippur and his team [turned] Wiley's professional and reference book business . . . into an industry powerhouse.

Professional/Trade

While Higher Education was recovering and STM was adapting to the digital world and growing as a global enterprise, Stephen Kippur and his team were, at first quietly, then dramatically, rebuilding Wiley's traditional professional and reference book business, moving it from relative obscurity into an industry powerhouse. In 20 years, beginning in 1985 when Kippur became head of what was then known as the Business, Law, and General Books Division, this business grew from a mere $13 million in revenue and 22 employees to some $400 million and 800 employees. Wiley had been a trade publisher in the nineteenth century and in the intervening years had come out with an occasional trade title, but it focused primarily on educational, professional, scientific, and technical publishing—at least until the early 1960s, when it formed a joint venture with Basic Books to publish Science Editions. That experiment faltered, but trade publishing returned as a focus for Wiley in the 1980s under Kippur's leadership.

Charles Ellis, who had experience with trade publishing in England, made P/T's growth a corporate priority. There was no question in his mind that the company had to search for new sources of revenue following the Wilson divestiture. Professional and trade books fit Ellis's broader strategy of refocusing on core businesses and were closer to Wiley's traditional competencies than running training seminars, writing computer software, or any of the other diversification alleys it had explored in the 1980s. "We will publish serious nonfiction," Ellis explained, "as an extension of the other kinds of publishing we do," and sell trade books through bookstores and other wholesale and retail channels. The expansion of P/T coincided with the exit of Wiley's long-time rival McGraw-Hill from the trade business after 60 years. Another competitor, Addison-Wesley, also gave up trade publishing. Wiley took care to enter (or reenter) the trade business on its own terms, however. "We won't allow ourselves to heed the siren call of trying to publish best sellers, with high advances and high [book] returns," Ellis explained.[97]

Kippur began the mid-1980s working with Jeffrey Brown, Ruth Greif, Gwenyth Jones, Margie

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Stephen Kippur, executive vice president of Wiley and president, Professional/Trade, with some of his team members and their titles as of 2007.



Jeffrey Brown, vice president and general manager, Business and Psychology



Gwenyth Jones, vice president, Publishing Information Systems and Technologies



Margie Schustack, vice president, Marketing Operations



Kathleen Schowalter, senior vice president, Professional and Consumer Publishing

Schustack, and Katherine Schowalter. The team grew to include Kitt Allan, Robert Chiarelli, Jack Day, Elizabeth Doble, Dean Karrel, Joseph Marchetti, Larry Olson, Joan O'Neil, and George Stanley. Their ideas were not circumscribed by established trade practices, so they could build the business according to what made sense to them. In fact, they developed a highly unusual collaborative publishing approach unmatched in the industry. By convention, trade book publishing was editorially driven. All else involved in producing a book—marketing, sales, distribution, financial, production, and manufacturing—was subordinated to the judgments of the editorial staff, or the "editorial mandarins," as one former Wiley publisher described the editors at a competing trade house. Almost from the beginning, Kippur jettisoned that convention in favor of a process in which all the functional personnel required to produce a book were brought together in collegial synchronization. Running through the whole process was financial discipline. Known to his team as "Mr. Gross Margins," Kippur demanded that everyone involved in a book project understand the financial consequences of their publishing decisions and work together to achieve their financial goals. Forecasting and re-forecasting were facts of life for the group's editors and managers, as they constantly recalibrated the financial prospects of each publishing project. Jack Day, a vice president for retail sales, once remarked, tongue-in-cheek, "I've spent more time forecasting than I have with my kids!" Morale was high at P/T, and its collaborative model kept everyone it touched fully engaged. All this, vice president and marketing director Larry Olson opined, was a "distinctive advantage for Wiley" over its trade book competitors, which subsequently adopted Wiley's model.[98]

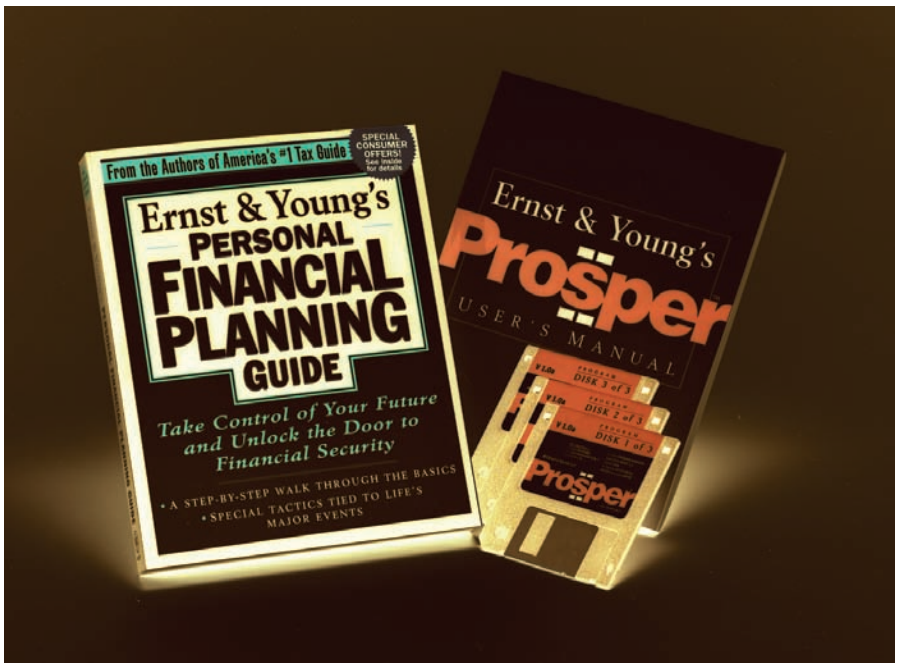
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Expansion of the Trade List

In its 1992 strategic plan, P/T set forth its vision to grow its lists to be a leader in selected categories, specifically management, marketing, real estate, investment, careers, small business, technology, travel, hospitality, math, psychology, architecture, and general interest. Some books, such as *Architectural Graphic Standards*, sold only to professionals. But the distinction between professional and trade titles was not always clear. "We recognized by the early 1990s that that line had blurred," said Kippur. "A finance book can go to a practitioner or to someone just interested in the field. On the other hand, a book like Christopher M. Byron's *Martha Inc.: The Incredible Story of Martha Stewart Living Omnimedia,* a bestselling trade title, may be used by business professionals as a case study." Over the next decade, P/T pursued both professional and trade markets through careful category management, alliance building, multi-channel sales, and acquisitions of small—and increasingly larger—publishers in complementary categories. Its trade list filled out nicely in terms of both the range and number of titles and the variety of media formats (hardcover, paperback, CD) it offered.[99]

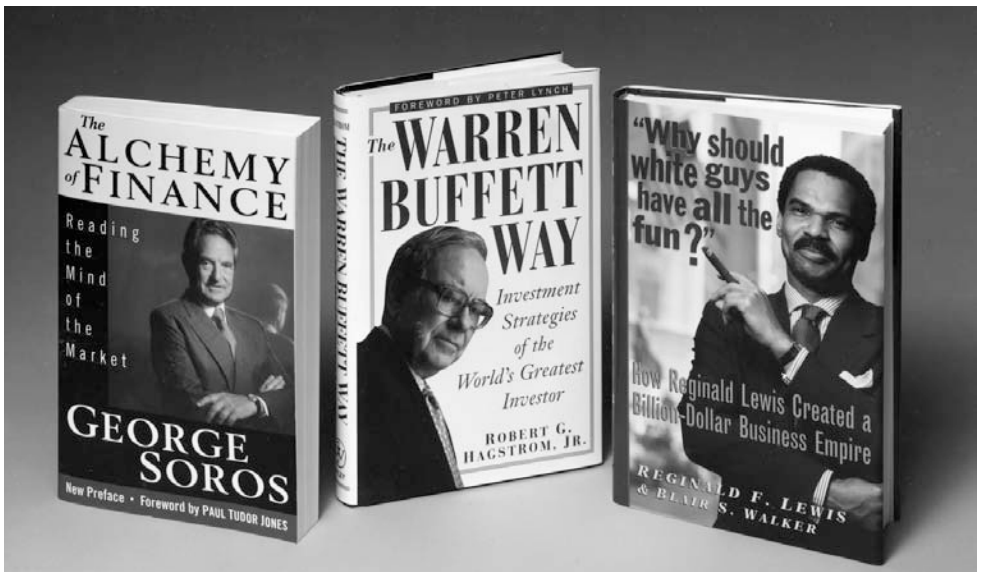
The acquisition of a single title, the *Ernst & Young Tax Guide*, in 1990, enabled Wiley's unique type of trade publishing to take off. That best-seller, Kippur recalled, "totally changed our profile with bookstores," which previously had regarded Wiley's trade offerings as low-volume, niche, sci-tech, and professional products that did not merit much shelf space. Because every bookseller had to have the *Tax Guide*, it now became easier for Wiley's trade salespeople to get a hearing with buyers for bookstores and distributors, who gave them three minutes to show Wiley's other titles. The *Tax Guide* also helped Wiley get into "big-box" stores, such as Wal-Mart, and to expand its presence in the emerging bookstore chains, such as Barnes & Noble and Borders. "After that . . . we felt much more accomplished, much more prepared to take on visible projects" said Joan O'Neil, vice president and publisher, Wiley Finance. P/T began to climb into the ranks of the *New York Times* bestseller lists with books like Robert Hagstrom's *The Warren Buffet Way* (1994) and Peter Bernstein's *Against the Gods: The Remarkable Story of Risk* (1996).[100]

The experience highlighted a trend that P/T could exploit as new and changing distribution channels reshaped trade book retailing. The expansion of efficient chain "superstores," such as Barnes & Noble and Borders, was good for his group, Kippur explained, as "they did not discriminate among publishers." The emergence of such "warehouse clubs" as Sam's and Costco boded well for Wiley, too. These big outlets enabled P/T to reach mass markets quickly with books that had potential for big sales, such as Byron's *Martha Inc.,* Adeline Yen Mah's *Falling Leaves: Memoir of an Unwanted Chinese Daughter,* and George Soros's *Soros on Soros: Staying Ahead of the Curve*. And no one benefited more than the P/T group from the impact that online booksellers would have on the book business. Amazon.com and its



The publication of the *Ernst & Young Tax Guide* in 1990 led to the signing of additional titles, such as the two above.

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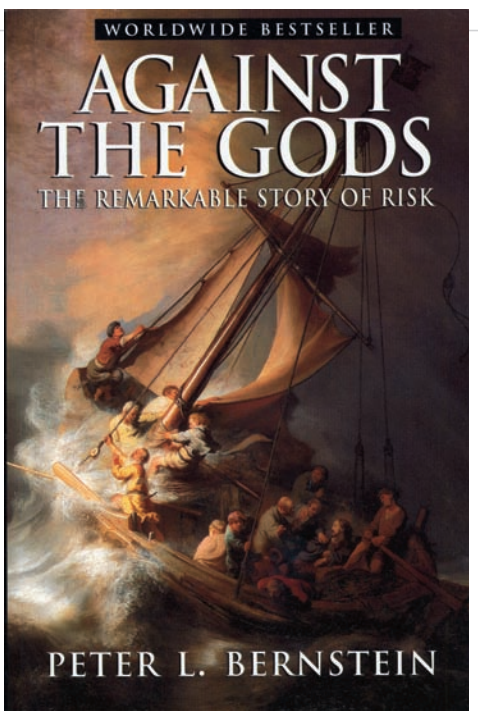
The Alchemy of Finance, ***The Warren Buffet Way***, and ***Why Should White Guys Have All the Fun?***

subsequent imitators empowered buyers by making it easy to search for and find books that were not readily available in most bookstores. That anyone with a snippet of a title or author's name could order a book and have it delivered to the door within a day proved to be a blessing to publishers and readers alike. By offering continuing access to Wiley's backlist, Amazon and other outlets, such as Books 24x7, brought in millions of dollars in sales on an annual basis by the end of the decade. In fact, online outlets were responsible for most of P/T's annual sales increases on a year-to-year basis.[101]

The growth of its trade publishing program brought Wiley into interesting new areas like children's nonfiction books. Among the most successful were those of juvenile science writer Janice VanCleave, who by 1995 had written 24 books of interactive science experiments and projects that sold, in aggregate, 900,000 copies. Wiley was becoming a "need to know" company even for kids, especially those who loved VanCleave's "gooey, slippery, slimy" experiments. Other juvenile books, such as David Suzuki's popular Looking At series, also sold well. Many were done in black and white to keep prices low.[102]

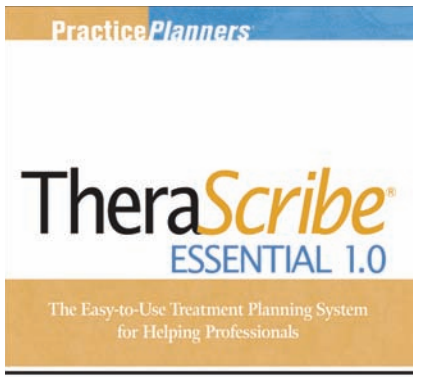


Peter L. Bernstein and his book *Against the Gods: The Remarkable Story of Risk*. In this unique exploration of the role of risk in our society, Bernstein argues that the notion of bringing risk under control is one of the central ideas that distinguishes modern times from the distant past. *Against the Gods* chronicles the remarkable intellectual adventure that liberated humanity from oracles and soothsayers by means of the powerful tools of risk management that are available to us today.

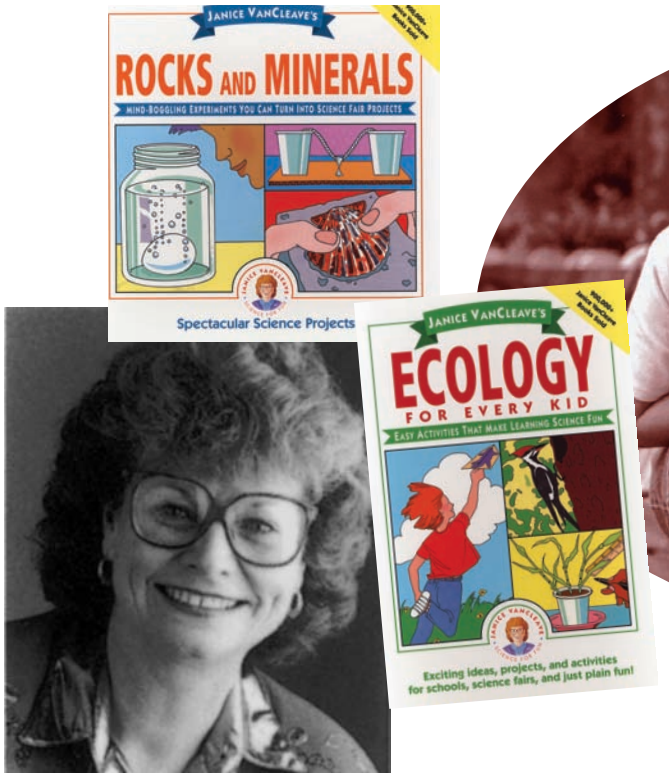


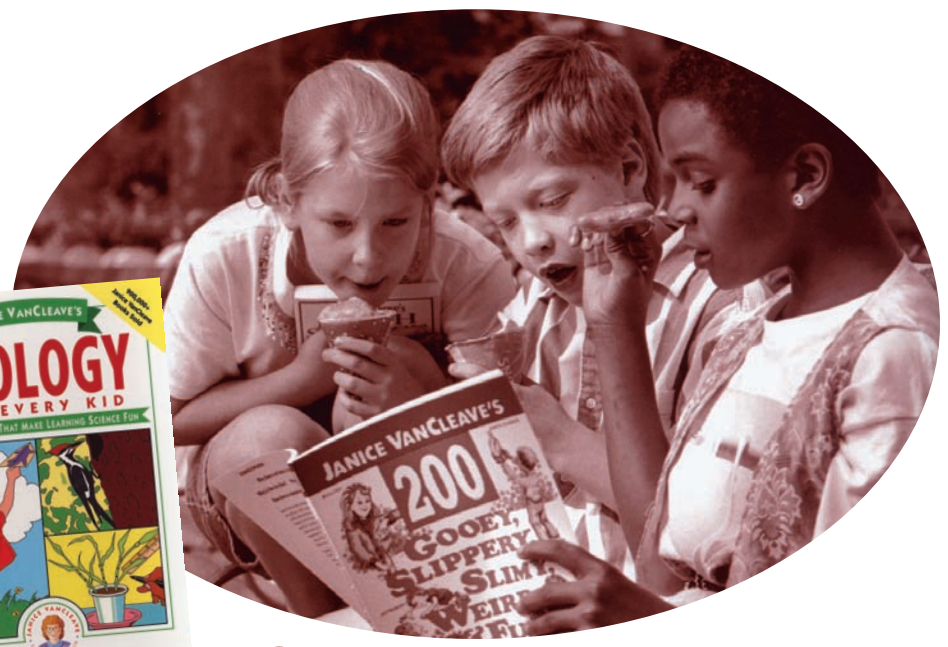
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Thera*Scribe*, launched in January 1996, was a software product that provided mental health professionals with a template for creating effective treatment plans rapidly and efficiently, using behavioral definitions, therapeutic interventions, and diagnostic suggestions that were provided on CD modules. Each module focused on a specific client population or treatment setting, with adult psychology, child psychology, adolescent psychology, and addiction treatment among the top sellers; print editions of the modules were offered as well. Wiley developed Thera*Scribe* jointly with Dr. Arthur E. Jongsma Jr., who as a consulting psychologist in the mid-1990s had identified a strong need for a tool that would assist practitioners in writing treatment plans that would meet the requirements of accrediting bodies, insurance companies, and third-party payors. Thera*Scribe* 5.0, released in 2007, was the first version to incorporate evidence-based treatment interventions, required by a growing number of funding sources and insurers. The first successful productivity-enhancing CD-ROM–based products in Professional/Trade, with annual revenue that by 2007 had topped $1 million, Thera*Scribe* also provided a model for subsequent products that delivered Wiley content directly into customer workflows, an increasingly important area of publishing activity across the company.



Van Cleave was one of a number of franchise authors whose names acquired the force of a brand through multiple successes in a focused area. Within the business arena, Patrick Lencioni's 1998 *The Five Temptations of a CEO* launched a top-selling series of concise and engaging "leadership fables" that continued on with unabated strength nearly a decade later, including a training package released in late 2007 that was keyed to Lencioni's 2002 *The Five Dysfunctions of a Team*. James M. Kouzes and Barry Z. Posner's *The Leadership Challenge*, first published in 1987, advanced the then-novel proposition that leadership is a learnable skill embodying quantifiable behavior; it provided the cornerstone of a franchise that by late 2002 had migrated successfully to the Web with *LPI Online*, an electronic version of its *Leadership Practices Inventory* evaluation and feedback component. Additionally, P/T saw tremendous developments with Thera*Scribe*—the leading mental health treatment planning and clinical record management software system. This new branded product allowed one to easily maintain professional treatment plans and clinical records.





Children reading from the *200 Gooey, Slippery, Slimy, Weird & Fun Experiments* by Janice VanCleave. A former public school science teacher turned author and lecturer, VanCleave has sold two million books.

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Jeff Bezos, CEO of Amazon.com, Dec. 1, 2000

Professional and Trade was able to handle any dip in the trade market better than most because of the company's "multiple channels of distribution." As channels grew or atrophied, P/T Sales, led by George Stanley, made constant adjustments in the way it deployed its sales force, working closely with customers to ensure the highest level of service. Even with the decline of the independent bookstore, P/T continued to field an independent-store sales force, which was deeply appreciated by independent bookstore owners. Simultaneously, Stanley and his colleagues built specialized sales teams to work with Amazon and Barnes & Noble, its largest customers. Using sophisticated point-of-sale data, sales people worked hand in hand with large retailers who were developing and refining the organization of their stores by category. P/T used other sophisticated means to sell its product. During the 1990s, P/T set up a telemarketing unit in Colorado Springs under the leadership of Thomas Conter, who also ran Wiley Law. When the Internet overtook telemarketing as a sales channel, Wiley scaled back and then reorganized this operation, taking advantage of individual customer calls to "upsell" product. Equipped with databases of product information, Wiley's customer service operators could find a book for a customer who called asking, for example, for a book about performance-based compensation. The customer service person would then also offer a related title at a discount.[103]

P/T tracked the trends in the bookselling world and responded with flexibility and precision. For example, Amazon required that publishers provide data feeds to populate features, such as author information and "Search Inside the Book," on its website. P/T not only complied quickly by creating systems that fed digital information seamlessly into Amazon's systems; it also set up an Amazon sales force under Charles Deane, who was also responsible for mass-market, online, and business-development channels. The result: Amazon rated Wiley as its most cooperative publisher and became responsible for significant increases in P/T sales while helping to reduce returns.

P/T Acquisitions

As with Wiley's other businesses, acquisitions were integral to P/T's strategy. They were aimed at building strength in categories where Wiley could lead. The push began modestly in 1991, when Wiley Law purchased the James Publishing Group, with its 15 subscription-based titles for paralegals, and the law assets of Professional Education Systems, Inc. (PESI) to bolster its presence in medical malpractice, trial practice, and bankruptcy law. Wiley purchased QED Information Sciences' book assets in 1993, including Robert Chapman's *OS/2 Presentation Manager Programming for COBOL Programmers* and Kenneth Pugh's *Learn C and Save Your Job*. This purchase significantly increased the size and weight of Wiley's already large computer book list. Wiley's purchase of QED made sense for both parties. QED had a good reputation but insufficient scale to make its publications highly profitable. Because of its

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larger presence in the market, Wiley was able to increase print runs and use its buying power with printers to reduce per-copy costs. By 1996, Wiley published over 90 Internet-related titles.[104]

Kippur and his team were unafraid to divest when the opportunity beckoned or threats surfaced. In 1997 Wiley sold off its Colorado Springs–based Wiley Law publishing program to Wolters Kluwer for $26.5 million, because P/T "could not be a leading contender without substantial further investments" in a field increasingly dominated by three major players. The proceeds from the sale were plowed into the purchase of key publishing assets from Van Nostrand Reinhold (VNR). Van Nostrand had been a major Wiley competitor since the 1840s. Having merged with Reinhold in 1969, it was later sold to Thomson, which put VNR up for sale in 1997.[105]

VNR's lists reinforced Wiley's position in architecture, the culinary arts, industrial science, and business technology. Among its best-selling titles were the Culinary Institute of America's *The Professional Chef*, a title that generated almost 40 percent of VNR's revenue, and Frank Ching's *Building Construction Illustrated*. *The Professional Chef* was a "must-have" book for every culinary student and professional chef. It fit well on the shelf with a growing list of educational and professional cooking titles, including those by bestseller Wayne Gisslen, which was moved to P/T when Wiley's Occupational Division was closed down in the 1980s. Ching's title, another "must have" book, complemented Wiley's venerable *Architectural Graphic Standards*.[106]

Both the culinary and architecture lists were good examples of the way in which P/T was able to drive growth through alliances with a broad range of corporations and organizations, combining content, services, and capabilities to reach new markets across its publishing categories. *Architectural Graphic Standards* was the fruit of a partnership with the American Institute of Architects that dated back to 1932. *The Professional Chef*, the flagship of a line of products created jointly with the Culinary Institute of America, was also complemented by offerings that derived from robust relationships with Weight Watchers International and General Mills. Other partners included the American Society of Interior Designers, for its ASID-branded professional books, and Morningstar, for a series of investment guides.[107]

By early 1997, P/T reported its revenue was up for the eleventh straight year, at a time when most other trade publishers had been suffering serious setbacks. Inside Wiley, excitement abounded. And then came a series of large and transformative acquisitions. The first was Jossey-Bass, a well-respected San Francisco–based publisher known for its series in leadership, social sciences, and higher education. P/T had offered $18 million for Jossey-Bass back in 1993. Then part of Macmillan, which was on the block due to the bankruptcy of its parent, Maxwell Communication Corporation, Jossey-Bass was acquired by Simon & Schuster when it offered to buy all of Macmillan in 1994. In 1999, after Simon & Schuster was sold to Pearson Education in 1998 and Pearson put Jossey-Bass on the block, Wiley was ready. With sales of about $34 million per year on approximately 200 new book titles and 35 periodicals, Jossey-Bass joined the Wiley family for $82 million in cash as part of the P/T group.[108]

What Wiley saw in Jossey-Bass was another knowledge publisher—one that took a long-term view of its markets and sold high-quality books in subject areas that fit with the existing P/T list through trade, library, direct sales, college, and international channels. The Jossey-Bass mission, "to develop healthy and responsible organizations, communities, and leaders" by publishing high-quality books, periodicals, training materials, and other media, had kept it prosperous. Nevertheless, integration of the company into Wiley posed a more formidable challenge than anticipated.[109]

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Profile

Jossey-Bass

In San Francisco in 1967, the year of the Human Be-In, Jann Wenner launched *Rolling Stone,* with the iconic image of John Lennon on the cover. In the same year and place, Allen Jossey-Bass also launched his first publication, *Aging and Mental Disorder in San Francisco* by Marjorie Fiske Lowenthal, a professional title for psychologists and psychiatrists. Allen Jossey-Bass had traded on his twelve-year career at Prentice-Hall in New York to start a small house that published books written for "the thoughtful reader." The basic formula was to produce research-based books that moved their readers, mostly professionals, from theory to practice, often in partnership with a burgeoning number of new practitioner associations, such as the American Association for Higher Education. With contracts with a number of leading academics and social scientists, an initial investment of $40,000, and frugal living on borrowed money in a sublet flat in San Francisco's bohemian North Beach, Jossey-Bass turned a profit within a year.[110]

Emphasizing high-quality titles in the social sciences—higher education, business, healthcare, religion, human resources, psychology, parenting, and leadership—and high-quality staff, Jossey-Bass continued to grow. By the early 1970s, the publishing house had an established reputation in its chosen areas. Management, public administration, and health series were added in the 1980s. The company forged prestigious partnerships with many organizations, including the Peter F. Drucker Foundation for Nonprofit Management (now the Leader to Leader Institute), the Center for Creative Leadership, the Carnegie Foundation for the Advancement of Teaching, and the American Hospital Association. In 1996, Jossey-Bass acquired Pfeiffer & Company, a leading publisher of human resource development training materials.[111]



Allen Jossey-Bass

After prolonged negotiations during which Jossey-Bass attempted to ensure that the reputation of his publishing house would not suffer, he sold the company in 1989 to Maxwell Communications. But when Robert Maxwell and his company got into financial trouble, they cut Jossey-Bass's budget and instituted a hiring freeze even though the company was profitable. CEO Steve Piersanti, who refused to follow Maxwell's dictates, was summarily fired. Under the guidance of Lynn Luckow, the new CEO, the company expanded its publishing agenda in the 1990s to include K–12 educational reform, leadership, and nonprofit management titles.[112]

To get the most synergy and to serve the broader vision of a collaborative company, the integration had to be accomplished quickly and completely, Stephen Kippur explained. In particular, Jossey-Bass's book acquisitions process had to conform to the P/T group's collaborative, bottom-line-oriented regimen. Wiley had long since learned that acquired assets had to be monitored carefully and be brought into reasonable operating conformity with the rest of the enterprise while protecting the company's publishing culture. Through a series of careful deliberations about best practices—who employed them and whose to use—compromises were struck, and books continued to be signed and sold. Part of the solution was to assign key Jossey-Bass managers larger responsibilities in the rest of Wiley. Thus, Jossey Bass's head of journals, Susan Lewis, was made responsible for all P/T journals, while Lenny Friedman, Jossey-Bass's manager of direct marketing, took on a larger role in P/T and STM. In 2000, Jossey-Bass's Debra S. Hunter was appointed its president. According

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to Hunter, "Wiley understood who we were." P/T's ability to work all the potential sales channels, including overseas sales, for Jossey-Bass titles—text, trade and professional—worked wonders for her organization.[113]



Debra S. Hunter, president of Jossey-Bass

With the new strengths brought by the Jossey-Bass acquisition, P/T continued to follow its plan to become a leading publisher in each of its chosen categories. It expanded its professional lists in accounting, environmental management, and human resources; it developed both software and print publications in business valuation; and it acquired titles in computing, manufacturing, architecture, and psychology. The 1999 acquisition of the J. K. Lasser tax guides built on P/T's already strong presence in the area of financial planning; through careful management, the brand became the market leader, regarded as the most trusted name in the tax preparation category. P/T's global revenue increased from about $131 million, or 28 percent of Wiley's total, in fiscal year 1998, to some $196 million, or 32 percent of Wiley's total, in fiscal 2001.[114]

Two niche acquisitions, of Frank J. Fabozzi Publishing (U.S.) and Wrightbooks Pty. Ltd. (Australia), contributed nicely to P/T's growth in fiscal year 2002. Fabozzi published professional finance titles, while Wrightbooks emphasized personal finance. The increasing publication of business and finance titles overseas pointed to the need for global editorial and marketing coordination.[115]

Then in September 2001, just ten days after the terrorist attacks on the Pentagon and World Trade Center, Wiley bought Hungry Minds (formerly IDG Books), an Indianapolis-based publisher known for its For Dummies and CliffsNotes series in addition to such other powerful brands as the Bible technology series, Frommer's travel guides, Betty Crocker cookbooks, Howell Book House pet books, and Webster's New World Dictionaries. At $184.7 million, Wiley paid a good price for an undervalued (read undermanaged) company which in 2000 had earned only $12.1 million on $243.3 million in revenue. The move was particularly bold given that the dot.com bubble had burst and Hungry Minds was a major technology publisher that had invested heavily in putting its content online, with only limited success. But Kippur and his technology publishing team were not scared off. Some had experienced the mid-1980s shakeout in the computer industry and survived. They did not see the latest downturn, as dramatic as it was, as a reason not to invest in building an essential technology list.[116]

It was an acquisition by invitation, and negotiations went smoothly. Wiley's balance sheet was sufficiently robust to obtain financing for the deal quickly on good terms. Wiley's first tender offer ever included $90.2 million for all the common stock and $92.5 million to extinguish Hungry Minds' outstanding debt, plus acquisition fees. The negotiations were unique in the annals of American publishing: Kippur and King reached a final agreement on the price with Pesce, who was calling on a cell phone from a rental truck he was driving while helping his son move into a college dormitory. With the acquisition came some 2,500 active titles. When Stephen Kippur and his team showed up for their first meeting with the Hungry Minds staff at their headquarters in Indianapolis, they were overwhelmed by their greeting: a standing ovation. The integration of Hungry Minds, following the "best practices" approach developed with Jossey-Bass, proceeded quickly and smoothly. The integration of the companies proved to be a boon for Wiley, reinvigorating Wiley's new colleagues. Within a short time, for example, publisher Mike Spring and his colleagues moved Frommer's up to the top position on the travel book list, where Frommer's resided, with one or two slips, for the next six years.[117]

Hungry Minds brought a number of competitive strengths that complemented P/T's own and allowed Wiley to build on its already strong organization.

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Hungry Minds' superior branding and marketing skills represented a quantum leap over Wiley's branding capabilities and were transferable to Wiley's other publishing businesses. A state-of-the-art production operation, with special talents in rapid turnaround and full color, came with the Indianapolis offices and was soon leveraged for a wide range of P/T titles and for some from Higher Education. Hungry Minds introduced Wiley to a proven teaching methodology which was embedded in every For Dummies title and to a sophisticated form of book "packaging." Each title was carefully organized with chapter outlines, step-by-step instruction, paragraphs

Profile

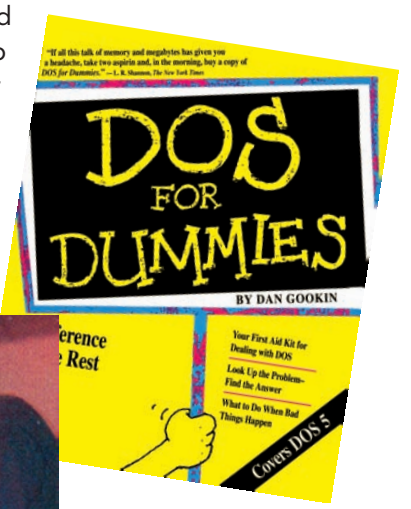
For Dummies

The brand that launched a thousand titles had its genesis in a chance remark. In 1987, John Kilcullen, then a national accounts manager for Bantam Doubleday Dell's new electronic publishing division, heard from a friend about a customer in a Software Etc. store who was looking for a basic book on the DOS operating system—"Something like DOS for dummies," as the friend put it. The words stuck. Opportunity followed later, when Kilcullen was invited to sign on as founding vice president of sales and marketing for IDG Books Worldwide, Inc., launched in early 1990 by IDG (International Data Group), a publisher of magazines such as *PC World* and *Macworld*. Promoted almost immediately to publisher, he began putting out a series of computer books, co-branded with the magazines and in niche topic areas, with mixed results.



Needing a hit to sustain the venture, Kilcullen retrieved the For Dummies idea, linking it to Microsoft's upcoming release of MS-DOS 5.0. "It took him some time to find the right author for *DOS For Dummies*," recalled Marc Mikulich, known as "original employee number nine" for his May 1991 start at IDG Books, and later vice president of brand management at Wiley. "Then he heard Dan Gookin speaking at a conference, talking about how he would write great material and editors would then 'wave a creative magnet over it.' Dan's irreverent humor clicked with John's own perspective, and what he wanted *DOS For Dummies* to be."[118]

But *DOS For Dummies* launched with two strikes against it. First, it violated conventional "day-and-date" wisdom that the release of a book on software should coincide with the release of the software itself. MS-DOS 5.0 had been out for five months by the time *DOS For Dummies* appeared in November 1991. Second, there was considerable resistance to the title, both within IDG and from bookstore chains, where it was feared customers would be embarrassed to walk up to the checkout counter with it. But Kilcullen stood by his conviction that the word "dummies" would be perceived as sympa-

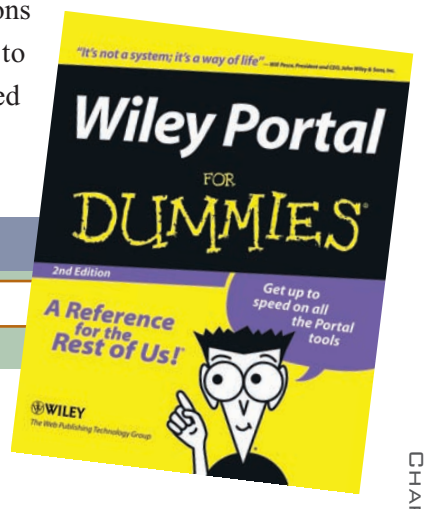




Steven Berkowitz (president) and John J. Kilcullen (CEO) of Dummies, 1998.

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marked "Remember," "Technical Stuff," "Tip," etc. for easy use. Not only could For Dummies titles be sold to students; their template influenced the way in which some new Higher Education textbooks were shaped to be more effective teaching tools. Also new to Wiley was the way in which the For Dummies series was built around an editorial process that required close contact between editors, authors, and freelancers. For Dummies authors were commissioned, while Wiley retained all rights. For Dummies translations were carefully monitored to ensure that the books retained



For Dummies even provided a guide to Wiley's home portal for Wiley colleagues.

thetic, a "term of endearment," even, as it has since been called.

"The board finally agreed to a print run of 7,500 copies," Mikulich said. "They were gone in a week. The same thing happened with the next 7,500. And then we got an order for 50,000 copies, from Costco." Success followed success with *Macs For Dummies*, and the brand was off and running. Soon other publishers were gunning for IDG with copycat series like Complete Idiot's Guides, but none gained traction. "We had two advantages," Mikulich explained. "We were first, and people bonded with For Dummies. But we also did what we did very well. The first book was the template for the entire series, with its eye-catching yellow and black cover, its icons, cartoons, trademark humor, and the 'Dummies Man' character. We delivered consistency."

Hungry Minds touted For Dummies as a "Reference for the Rest of Us," and its "need-to-know" orientation attracted Wiley. Millions of perfectly smart consumers flocked to the series for help, a timely response to a world chock full of problems that Dummies authors, following a carefully crafted pedagogical template, reduced to clear and simple instructions. As the editors explain, "For Dummies products give you the easiest and best way (or two) to get the job done, so that you can move on with more important things—like your life! . . . For Dummies gives you everything you *need* to know without making it seem like a big deal." That was a great way to pitch to the MTV generation and a society that has always valued "know-how" while simultaneously deprecating intellectuals as "nerds," "geeks," and "brainiacs."[119]

The brand also moved with the market. Emerging just as the personal computer was making the transition from "geek gadget" to essential business productivity tool, it followed a run of technology titles with *Personal Finance For Dummies* in 1994, and caught the wave of the Internet with *The Internet For Dummies*. Dr. Ruth's 1995 bestseller, *Sex For Dummies*, was a prime example of the brand's successful extension into almost every area of human interest.

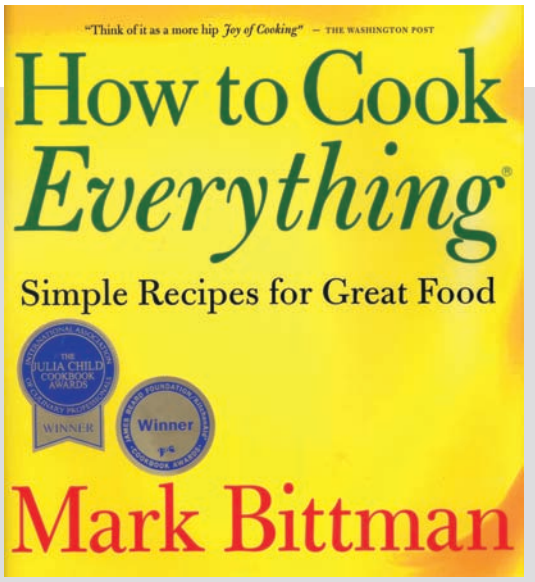
In fact, saying that the brand has launched a thousand titles is an understatement. A 2007 "For Dummies" search on the Wiley Web site, www.wiley.com, yielded 1,368 matches. More than 125 million For Dummies books were in print, in categories such as "At Home, "Health, Mind & Spirit," and "Travel," translated into 39 languages, and distributed in over 40 countries.[120]



Arthur Frommer, founder of the Frommer's travel guides, and Dr. Ruth Westheimer, both For Dummies authors, celebrate Wiley's anniversary.

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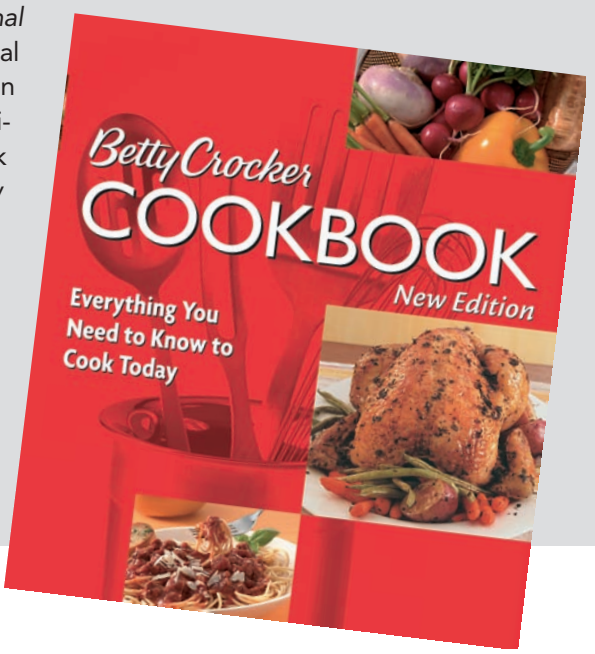
Culinary Publishing





Mark Bittman

With the Hungry Minds acquisition in 2001, Wiley became a leading culinary publisher, with offerings that ranged from trade cookbooks for novices and dedicated foodies alike to professional and educational publications in areas such as food safety, beverages, and restaurant management. Much of Wiley's culinary publishing tapped the power of well-known consumer brands, several of which were managed through partnerships with leading corporations, educational institutions, and nonprofit organizations. Partners included General Mills (Betty Crocker and Pillsbury cookbooks), Weight Watchers International (*Weight Watchers New Complete Cookbook* and other titles), The Culinary Institute of America (*The Professional Chef* and other titles), Condé Nast (*The Bon Appétit Cookbook*), the National Restaurant Association Educational Foundation (*ServSafe* titles), and Barton Brands (*Mr. Boston Official Bartender's and Party Guide*, 2005). Wiley's culinary partnerships were part of a larger program that also included cookbook series like *1000 Recipes*, must-have basic cookbooks like Mark Bittman's *How to Cook Everything*, standard textbooks like Wayne Gisslen's *Professional Cooking* and *Professional Baking*, and standout individual titles like Marcus Samuelsson's *The Soul of a New Cuisine* (2006) and M.F.K. Fisher's classic *The Art of Eating* (2004).



General Mills, one of the world's largest packaged food companies, published the first edition of *Betty Crocker's Picture Cook Book* in 1950. Later renamed, the *Betty Crocker Cookbook* is generally acknowledged to be the best-selling cookbook ever published. The Wiley–General Mills partnership that originated with the Hungry

their framework and witty edge even in French, Spanish, or some 37 other languages. The transfer of expertise worked both ways. While Hungry Minds excelled at moving products to markets quickly, Wiley excelled at distribution, especially on the Web and outside the United States, areas where Hungry Minds was weak. The combination was a powerful tonic for the newly wed companies.[121]

Together, Wiley and Hungry Minds dealt with the softness in the technology market by emphasizing titles that appealed to consumers, such as *Digital Photography For Dummies*, which helped carry the list until corporate technology spending once again increased. In this market, the breadth and depth of Hungry Minds' technology list was a boon to Wiley's technology program, which had more titles geared to professionals.[122]

With its collection of some of the best-known brands in the country, the acquisition of the Hungry Minds list sent a clear message: Wiley was becoming a leading force in trade publishing, especially in its chosen

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Minds acquisition represented a conjunction of strengths. "The food business and the cookbook business are both tough and highly competitive," said vice president and group executive publisher Robert Garber, "and each partner appreciates the expertise and experience that the other brings to the relationship. Teams meet regularly to exchange information and plan upcoming projects in a creative process that goes far beyond simply developing manuscripts and turning them into books."[123]



Robert Garber, vice president and group executive publisher for Travel, Cooking, Architecture/Design, and Engineering.

As a partner, Wiley was able to extend the reach of the General Mills books and the brands they represent through its experience in multi-channel marketing and distribution. For decades, a Betty Crocker cookbook was expected to sell into all channels at a single price and in one format. With the rapid diversification of sales channels, however, the publishing program came to include products in a variety of formats at appropriate price points. New titles included *Cocina Betty Crocker* (2005), a dual English/Spanish-language version of the *Betty Crocker Cookbook*. P/T's custom publishing team headed by Lisa Coleman put together special editions for companies such as Avon Products and USA Detergent, as well as a cluster of inexpensive topic-specific cookbooks targeting customers in the grocery and discount club channels, while P/T's proprietary publishing team under Robert Ipsen worked with the cookbook publishing group to create *the Betty Crocker Sunday Dinner Cookbook* (2007), which appeared under the imprint of the Deseret Books chain.

With a partner of General Mills' size and reputation—boasting a portfolio of more than 100 leading food brands—there are potent opportunities for cross-promotion. When Wiley published *Betty Crocker Baking for Today* (2005), which used Gold Medal flour in all of the recipes, according to vice president and publisher Natalie Chapman, "General Mills featured it on 59 million packages of Gold Medal flour." Additionally, when General Mills redesigned their magazines to reach out to a younger audience, they shared the results of that effort with Wiley, which informed Wiley product designs as well.

An underlying rapport supports the collaboration. "Both organizations are disciplined, fiscally responsible, and focused on growth," said Garber. "Both sides understand each other's priorities. We value their brand equities, and they know they can depend on us to protect and promote them."[124]

categories. The acquisition soon increased both the P/T group's margins and its contribution to corporate profits. Hungry Minds also boosted P/T's U.S. revenue to $253.1 million for fiscal year 2002, or nearly double the group's U.S. revenue prior to the acquisition. P/T was now the largest of Wiley's businesses, accounting for 35 percent of global revenue (the European and Asian operations, broken out separately for reporting purposes, also benefited from revenue generated by Hungry Minds products). Higher Ed stood at $141.3 million and STM at $164.9 million; these two businesses had grown nicely, too, if not quite as dramatically in financial terms. Wiley successfully published volume after volume and Web page after Web page of quality content and services while delivering impressive financial results. As the dot.com era unfolded, it was becoming clearer that Wiley needed to move incrementally, but quickly, to the post–dot.com world, in which those who controlled content and understood how to deliver it to their customers would play a leading role.[125]

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Toward Global Publishing

By 2002, STM, with worldwide revenue of $277 million, was Wiley's closest thing to a global business. There were strong publishing centers in New York, Chichester, and Weinheim. The market for STM products in Asia, particularly China and India, was beginning to outpace the mature markets in Europe, Japan, and North America. Over the 1990s, the logic of every STM initiative—whether the launching of Wiley InterScience, the acquisition of VCH, or the society journals initiative—pointed to a need for greater global coordination that would eventually lead to truly global planning.

That STM moved faster toward global coordination than other parts of the company was understandable: despite national and regional research journals, and national competition, research was increasingly conducted across borders, with the results communicated through journals with international editorial boards. In the decade and a half after 1989, the growth of Higher Education and Professional/Trade also called for greater global coordination as overseas offices that started out as sales and marketing operations evolved into publishing centers in their own right. Building the foundation for a truly global Wiley was one of Ellis's and his team's most vital contributions. Pesce and his colleagues would take globalization to the next level.[126]

Wiley had experimented tentatively with global editorial coordination for almost a decade, and Brad Sr. had proclaimed the advent of global strategy formulation in 1988, the year of Ellis's arrival. Global meetings in the 1980s, however, produced little of substance. The leaders of Wiley's international companies would return to their bailiwicks and continue working as they had before. Ellis could not compel global coordination, but he eased the way. In 1989, he eliminated the International Division. He believed that senior managers should live and/or work for a time beyond their own backyards, and he supported the necessary increase in expenditures that permitted people to travel more frequently and to accept overseas assignments. Technology also played a major role in global coordination. With the World Wide Web and the construction of Wiley's global digital infrastructure known as the CORE system, publishers, editors, sales, and marketing could communicate directly, eliminating the need for international support staff in New York. The bifurcation of the globe into an American home office and a group of foreign subsidiaries had made sense in the time of Brad Sr., but technology and freer trade blurred the lines between "home" and "abroad" and dictated a more integrated cross-border approach. Global markets were becoming both more integrated and more complex, and the distinctions spelled out in the 1982 strategic plan between a developed and a developing world were too rigid to capture the nuances of change in both areas.[127]

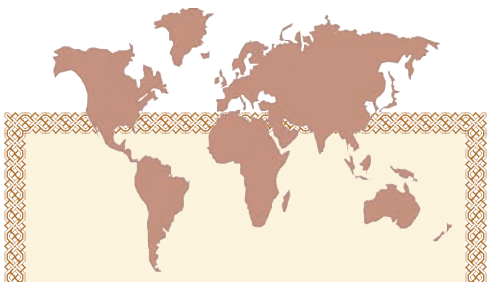
The 1990s were also an era of intensifying globalization in the world economy. The European economy became more fully integrated as the European Economic Community, formed in 1958, evolved into the European Community, as set out in the Maastricht Treaty of 1992. The next year the euro, a new currency, was introduced and soon joined the dollar and the pound as an important global currency. As the economies of the Asian "Tigers" (Hong Kong, South Korea, Singapore, and Taiwan) took off, their governments invested more heavily in education and research. The Tigers were soon joined by a second group of tigers (Indonesia, Malaysia, Thailand, and the Philippines) and then, within a decade, both were overshadowed by the economies of China and India.[128]

For Wiley, global change was no small matter. In the mid-1990s, about 40 percent of Wiley's revenue came from outside the United States. After the VCH acquisition, for a time nearly half of Wiley's revenue derived from international markets. That percentage came down again with the acquisition of Hungry Minds, but increased again in 2007 with the acquisition of Blackwell Publishing. As Wiley's business globalized, so did its managers. The ability to "manage across cultures"

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began to appear as a desired competency in individual performance evaluations and development plans. As a cadre of global managers began to emerge, high-potential employees from various locations were temporarily assigned to positions in different locales to enhance this particular skill.[129]

Traditionally, like most multinationals, Wiley had given its foreign companies wide berth to operate their businesses as they saw fit. Brad Sr.'s philosophy was to find the best local manager and give him room to operate. Home rule by country worked well enough in a world that had not yet conquered time and distance, at least not cost-effectively, and where vast gaps in development existed between countries. At Wiley, home rule was for the most part profitable, though local conditions varied greatly. With its International Editions Wiley set prices that students, whether in Sweden or Indonesia, could afford. In the United Kingdom, professors taught from notes rather than textbooks, so rather than adopting a book, as was common in the United States, they merely listed books as "recommended" or "highly recommended," giving students more discretion regarding which books (if any!) to buy. Similarly, New York–centric editorial practices were doomed to fail, Peter Wiley argued in 1992, because they were based, for example, on "premises that may not apply in Asia and the less developed parts of the world." Big, four-color textbooks, the growing predominance of scientific journals over monographs, and the progress toward digital delivery systems preoccupied publishers in the developed economies (Western Europe, North America, and Japan) but not in the emerging ones, where books, especially inexpensive ones, still held sway during this period.[130]



STM led the way in the globalization of publishing decisions.

STM led the way in the globalization of publishing decisions. In the early 1990s, there were two distinct centers of STM publishing, New York and Chichester, both with forceful leaders in Eric Swanson and John Jarvis. The acquisition of VCH in 1996 required a higher level of global coordination, particularly in chemistry where Eva Wille, the head of book publishing at VCH, joined the STM team representing both her own book program and her husband, Peter Gölitz's chemistry journals program. The development of Wiley InterScience also furthered global coordination. "Working globally on Wiley InterScience was a natural catalyst to spur global editorial coordination," recalled Jarvis. "From this period onward, the frequency and regularity of global STM meetings increased." They were face to face when possible, by video conference when not.[131]

In 1998, Pesce, when he became CEO, appointed Swanson and Jarvis as co-leaders of Wiley's global STM business, giving Swanson primary responsibility for journals and Jarvis primary responsibility for books. With Pesce's support, they formed a global STM management team that met regularly to discuss strategic issues. These were then translated into operational action plans, the majority of which were implemented locally. The arrangement affected not only editorial strategy but also production, fulfillment, and distribution, all of which became globally coordinated activities, with incentive structures realigned accordingly. Managers selected for the Global STM team in both editorial and non-editorial roles, in turn, had the major share of their performance-based compensation tied to global performance. "These individuals retained their local responsibilities," explained Jarvis, "but gradually their role transitioned into global strategic leadership around their subject area."[132]

In 1998, Pesce also announced the formation of leadership teams for Higher Education under

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Information Technology: Going Global

Information technology has helped Wiley overcome geographic and business boundaries, guided by a strategy that rests on two underlying components working together: a global platform that enables uniformity of operations, and a global network through which collaborative communication flows across the organization.

A Global Platform

By 1960, computers had begun to handle Wiley's billing and payroll operations and to provide detailed sales analyses. It would be nearly three decades, however, before a system was initiated that could integrate the operations of all Wiley locations worldwide. "Before then, our businesses around the world had disparate technologies," said Warren Fristensky, Wiley's chief information officer. "Every quarter, everyone would roll up their numbers, and we'd see where we were. But apart from Brad Wiley Sr.'s travels, there wasn't much connection between locations when it came to technology."[133]

A mid-1980s effort at modernization did not fare well. However, new, affordable hardware—specifically, IBM's AS/400 system, in 1988—brought hope of realizing Brad Sr.'s vision of globalization. By using common systems and databases for distribution, royalty, production, sales, and reporting operations, said Fristensky, Wiley "could share people, practices, and technology around the world seamlessly. We would reduce costs, and give ourselves the flexibility to expand the business."

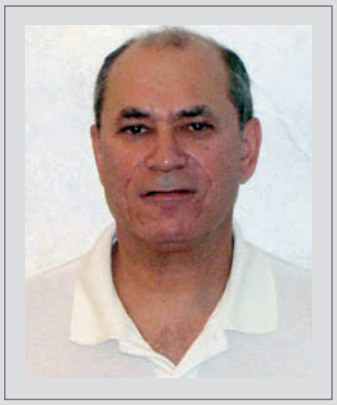
Wiley's new global information system, launched in stages between 1989 and 1996, was called CORE—not, as one might assume, an acronym, but a true core at the center of things, as playfully acknowledged by the bushels of apples distributed to all participants in the U.S. launch. The first CORE implementation was in Singapore. "We decided to start with the smallest place," said Edward Russell, chief architect of CORE. "It proved to be the most complex, because of its multiple currencies and the nature of its markets."

Each iteration of CORE informed the next; the 1990 Australian version improved on Singapore's, and the 1991–1992 U.K. version improved on that. When Fristensky joined Wiley in May 1992, he spent his first month assembling a team, chaired by Robert Wilder and including Susan Kantrowitz, Anthony DiNinno, Debra Hill, and others, to visit and see the U.K. CORE in operation. With the team reassured that the system could handle the U.S. load, U.S. CORE was phased in between 1994 and 1995, with the Canadian version following about a year later.

In 1992, the Technology Steering Committee (TSC), a senior management team, under Stephen Kippur, was convened to help manage the company's change to the IBM AS/400 common platform worldwide. This platform was the foundation of unified information systems that permitted global fulfillment, inventory management, and sales processes. No longer did a sales representative in Australia have to wait a day to get an answer from someone in New York to a question about titles, pricing, or stock availability.



Warren Fristensky, chief information officer



Dominic Coppola, vice president of Electronic Support Services

CORE is made up of modules—thousands of them, organized by functional area (sales, marketing, finance, etc.) and sharing a common set of databases. Order processing, for example, includes modules for pricing, discounting, and customer management. "The elegance of the architecture is that it's simple and integrated," said Fristensky. "When the Internet came along and we wanted to enable people to order online, we just took the appropriate existing order-processing pieces and wrapped them in some Web functionality, and that became the wiley.com shopping cart."

CORE provides the behind-the-scenes functionality for many of Wiley's customer-facing Web applications, including wiley.com, *WileyPLUS*, dummies.com, frommers.com, and Wiley InterScience. All tap into CORE's data and functionality to display and sell Wiley products, with Wiley's Coltrane system providing book cover images and marketing information, and OTIS (Online Title Information System) doing the same for online products. CORE also supports such internal systems as Camps.com (Contact Account Management Planning System), used by Higher Ed sales reps.

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After the global rollout of WileyNet in 1995, the next efforts focused on adding systems around CORE, such as Book Project Management, the Coltrane title and marketing information system, and the J. D. Edwards accounting system. "Upgrades enabled us to do things other publishers weren't doing, like provide authors with online statements and direct deposit for their royalties," Fristensky said. Customers could now track orders in real time regardless of whether they were placed online, by phone, or by fax. In 2004, *eCORE* was added to handle all online products and Wiley InterScience's complex subscription licenses database. Fristensky explained, "CORE can be extended without disrupting the business; it's like changing a tire while the car is rolling."[134]

A Global Network

Long before the "e-" prefix became ubiquitous, WileyNet, the company's internal data network, was designed and created. In the fall of 1986, mainframe systems engineers, working in Wiley's Eastern Distribution Center in New Jersey, planned the company's first network, which initially linked 200 employees in New York to systems in New Jersey. The first local area network (LAN) was deployed in New York in 1990, linking personal computers together. Soon after, network bridges were added to connect the New York and New Jersey systems. People could share information seamlessly, sending and receiving files and documents electronically within seconds. Voice and fax services were subsequently added over these new links.[135]

WileyNet officially evolved into a U.S. wide-area network (WAN) in late 1990. In 1991, it was extended to Canada and then to Chichester the next year, thanks to Wiley-leased circuits running beneath the Atlantic Ocean.

"Beginning in the 1990s," explained Dominick Coppola, vice president of Electronic Support Services, "Wiley adopted a strategy to consolidate its distributed systems, networks, and services, such as e-mail and calendaring." The first e-mail services of WileyNet were created in 1993.[136]

By March 2000, the entire company was live, with Lotus Notes as its unified e-mail and calendaring system, supported by standard address conventions and support practices. WileyNet and its related local area networks were now enabling colleagues throughout Wiley—in 25 cities and 10 countries, in different time zones—to experience a level of collaboration that would have been inconceivable just a few years before.

Wiley's Web Site

For its first few years, the TSC focused on internal business systems. By 1994, with the growth of the Internet and other digital information technologies, technology was playing a greater role in product development. Moreover, boundaries—geographic and otherwise—were blurring as a more global marketplace began to emerge. The TSC formed the Internet Product Management Team (IPMT) in 1995 to oversee the delivery of products and services over the Internet. Convened by Timothy King, this cross-business task force included Gregory St. John (STM), Reed Elfenbein (STM Marketing), Dominick Coppola (Information Technology), Lee Northshield Thompson (P/T Marketing), Gwen Jones (P/T), Susan Spilka (Corporate Communications); Robert Ipsen (P/T Computer Books Editorial), Susan Saltrick (Higher Ed), and Stephen Kraham (Higher Ed Marketing), among others. The team focused on the creation of wiley.com, which launched in 1995, and provided information about the company and its products. Within a year, a Web catalogue of Wiley's U.S. titles was developed, a static brochure that relied on existing fulfillment procedures. It took five more years to launch a fully e-commerce–enabled site. The work of the IPMT formed the basis for later product development, cross-company collaboration, enabling e-commerce with a shopping-basket application programming interface and access-control systems, and Web-based production and content management systems.

Wiley's "solid systems foundation and infrastructure framework . . . allowed Wiley to meet and exceed the global challenges of customer-facing and content-delivery applications," said Coppola, and its standards, practices, and services have evolved, continuing to provide a firm basis for improvement and growth. Michael Silverstein, vice president, Technology Services, provided examples. "Wiley InterScience," he noted, "launched commercially in January 1999, marking the beginning of the Internet hosting era for Wiley." Frommers.com, dummies.com, and cliffsnotes.com followed. Higher Education's *eGrade Plus* was launched in 2003 and relaunched as *WileyPLUS* in 2005. With a broad range of business systems and a growing family of external Web sites meeting customer needs worldwide, Wiley had become a more global enterprise than ever before. In 1998, the TSC was disbanded after Will Pesce created leadership councils for each of the publishing groups and the company's approach to technology development moved deeper into each of the three businesses.[137]

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Bonnie Lieberman and P/T under Stephen Kippur. "With each passing day," Pesce wrote, "geographical and organizational boundaries are blurring . . . As a result of the evolution of technology and the geographic expansion of wholesalers, distributors, and intermediaries [such as Amazon], many customer relationships are being transformed from local, regional, or national accounts to global ones." Pesce noted that while reorganization might appear to have negative consequences at a particular location, "it may actually generate long-term benefits for the Company globally. We must recognize that our customers do not care how we are organized internally. They want their needs satisfied with a high level of service at the best price." The new leadership teams were assigned responsibility for the financial performance of the core businesses on a global basis.[138]

In 2001, after Pesce, Swanson, and Jarvis moved the global STM organization to the next level, they announced that the leadership team would prepare "one global strategic plan" for STM. The objective was to facilitate "more effective allocation of human and financial resources and more customer-centric product development, sales, and marketing activities." While STM was leading the way toward greater global planning, Australia, Canada, Germany, and Singapore were adding more and more indigenous publishing to their operations. They would be followed by China, India, and Japan early in the new millennium. Over time, more local publishing would require greater global coordination in all of Wiley's businesses.[139]

United Kingdom

Beginning in 1989, the British operation developed in several related strategic directions, first under the continuing leadership of Michael Foyle and then under John Jarvis, who succeeded Foyle as managing director of the British company in May 1993. Jarvis, a cell biologist Ph.D., came to Wiley from Elsevier in 1979 as a medical editor with a brief to accelerate the development of the British journals program, which Jamie Cameron had directed throughout the 1970s. Foyle and Jarvis focused first on expansion through organic growth in STM publishing, particularly journals, hiring new editors and increasing productivity targets for existing commissioning editors. The British STM business, composed almost exclusively of high-level research journals and books, had been nurtured for almost three decades and was highly profitable, but was feared to be approaching maturity as academic funding declined, revenue growth became harder to achieve, and the necessity of digitizing content became apparent. Much of the growth would have to come from taking market share from others and later from the society journals publishing initiative. Wiley U.K. was eager to publish more titles with industrial and commercial applications, as opposed to those for purely academic audiences, while the publication of conference proceedings and specialist monographs was curtailed.

By the mid-1990s, with the digital transition well under way, Jarvis introduced a new strategic theme—"Repositioning the Business"—that ran through all facets of the company for many years. It was intended to facilitate the launch of new business models and to change the way in which business processes and those who administered them were organized. Moving away from the traditional vertical organizational silos of editorial, marketing, and production, the editorial and marketing teams merged into cross-functional publishing teams in 1995. In 2001, Production was renamed "Content Management" and content management specialists were assigned to publishing teams.

The digital revolution was unfolding quickly. Academics, scientists, and librarians were calling for journal content to be available electronically as well as in print. As Wiley InterScience was being developed, U.K. editors were also experimenting with digitization of other products. Verity Waite, who had joined Wiley in 1978 as Foyle's personal assistant when he was marketing director, had progressed to medical editor and was responsible for Wiley U.K.'s first commercial software product, PatientWise, launched in 1995. Directed at the

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At Wiley U.K.



John Jarvis, managing director (retired)



Verity Waite, communications advisor



Sally Smith, associate editorial director

mon disorders, medical investigations, and surgical procedures for patients. It forced a reevaluation of many systems and processes and facilitated the transformation of many of them. Such CD-based products were already being surpassed, however, by the rapid development of the Web. In response, Chichester launched its first electronic journal, *Electronic Journal of Theoretical Chemistry,* in 1995.[140]

The e-journal's launch was written up in *Wiley Europe*, the first issue of the renamed house newsletter. The issue's theme was "Eurocentricity," reinforcing Charles Ellis's and then Will Pesce's push for Chichester to focus more on continental Europe. Small steps had already been taken with the opening in 1990 of offices in Strasbourg (publishing engineering), Berne (chemistry), and Chantilly (biomedicine). Little did anyone realize then that these European adventures would be dwarfed by the acquisition of VCH less than a year later. In June 1996, *Wiley Europe* announced—"We are really Wiley Europe now!"[141]

In addition to continuing the development of the STM business, the U.K. leadership team was keen to develop into adjacent publishing disciplines, investing in more textbook publishing and, in April 1992, acquiring Chancery Law from Bloomsbury Publishing, which comprised a list of journals, books, and looseleaf manuals for lawyers specializing in European Community law. In 1993, Chancery was folded into the newly established Professional Division, headed by Steven Mair. The new division was intentionally symbolic of the equal status of professional publishing in what had been fundamentally an STM company. Chancery Law was later sold, in 1999 when Wiley exited legal publishing.[142]

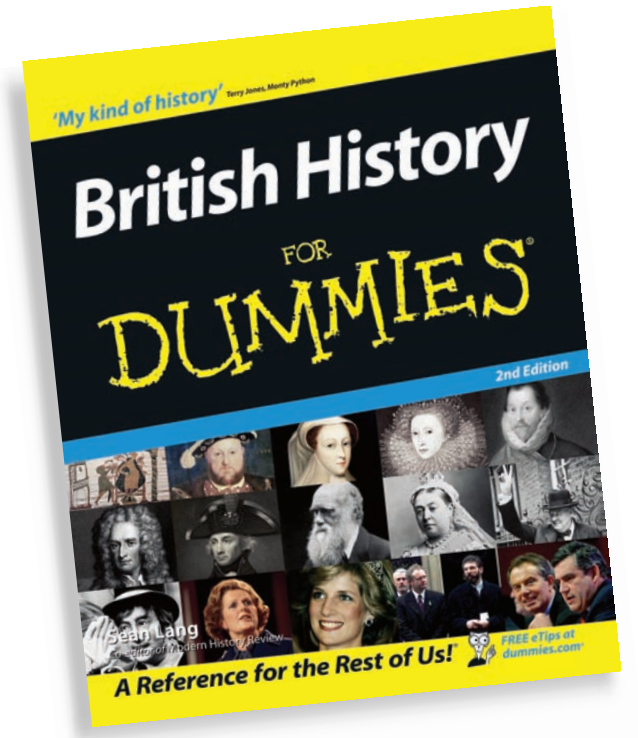
As P/T publishing expanded in the United States in the early 1990s, U.K. editors, such as Michael Coombs, Diane Taylor, and David Wilson, turned out a limited number of trade titles in popular science, psychology, and business as part of the Professional Division, building on the solid reputation of the journals list in these subjects. The importation of American trade titles added to Wiley U.K.'s offerings for trade outlets. In

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April 2000, Wiley U.K. set up its own trade publishing operation under the direction of Stephen Smith, paralleling more closely the directions being taken in the United States. Also in 2000, U.K. P/T bought Capstone, a small publisher with 40 titles in business and management founded by Mark Allin and Richard Burton. Allin and Burton then launched a digital series of management titles known as ExpressExec. The growing trade list was enhanced by new titles in current events and science edited by Sally Smith.[143]

As elsewhere, the Hungry Minds acquisition in 2001 forever changed Wiley's profile in the U.K. and European publishing scene. Generally viewed as an STM and text publisher, Wiley could now clearly claim shelf space in retail outlets, particularly with its For Dummies titles. Amazon U.K. and wholesalers such as Gardners began to take notice. Jarvis observed that Wiley U.K. had barely existed for some of these trade players, but suddenly he was invited to lunches to describe Chichester's latest consumer titles.[144]

The next step was for Wiley U.K. to publish its own Dummies titles, which it quickly did with *Rugby For Dummies* by Patrick Guthrie et al. (2004), *British History For Dummies* by Sean Lang (2004), *Arthritis For Dummies* by Barry Fox and Nadine Taylor (2004), *Formula One Racing For Dummies* by Jonathan Noble and Mark Hughes (2004), *Diabetes For Dummies* by Sara Jarvic and Alan L. Rubin (2003), and *Sudoku For Dummies* by Andrew Heron and Edmund James (2005). The last two titles made it clear: P/T in the United Kingdom was publishing for more than the domestic market, and its titles could be sold in any market where For Dummies titles were bought. *Sudoku For Dummies* brought in $6 million in revenue and spawned an entire line of *Sudoku For Dummies* titles. To expand the reach of the Frommer's brand, better known in the United States than overseas, P/T published titles such as *Frommer's Brazil* by Shawn Blore and Alexandra de Vries (2002), and *Frommer's British Columbia and the Canadian Rockies* by Bill McRae with Shawn Blore (2002).[145]



The establishment of a P/T publishing program in the United Kingdom complemented a similar program that was initiated in Germany in 2001 by managing director Manfred Antoni and publisher Jürgen Boos. Their business and finance list included titles such as the translations of Robert G. Eccles' *ValueReporting Revolution* and Laurence J. Brahm's *China's Century* and Barabara Bierach's *Das dämliche Geschlecht*,* which made it to the top ten of German business bestsellers of 2002. Boos's team then turned to established German authorities, such as Professor Jürgen Weber, a German specialist in financial accounting at the Wissenschaftliche Hochschule für Unternehmensführung (Scientific University of Leadership and Management). The German P/T list expanded dramatically with the acquisition of the German For Dummies list in 2005. Publishing Director Hartmut Gante began to work closely with his global counterparts to build a global For Dummies list and coordinate editorial plans in other P/T subjects.

Several new faces arrived to steer Chichester from an STM print publisher to a European STM/P&T/

* The book is about women in business. This title is a pun that does not readily translate.

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Higher Ed multimedia publisher. Paul Holmes came from Mercury Communications in 1993 to assist Robert Long in developing a marketing organization suitable for the new digital landscape, and Sally Morris came in 1995 to augment and professionalize the management of information assets in an increasingly complex world of digital rights and permissions. A further sign of growth was the arrival of Angela Poulter from Elsevier, also in 1995, to lead a local Human Resources team.

Wiley U.K. had produced undergraduate textbooks since the early days of its indigenous publishing program when New York and London were squabbling over the direction of the U.K. publishing program. A major problem was to sort out the appropriate educational levels for which U.S. and British texts could be sold. The United States published extensively for introductory-level courses, while some colleagues in the U.K. argued that British content was better suited for the advanced secondary level in the United Kingdom. Nevertheless, the U.S. texts, given their superior production values (e.g., illustration programs and uses of color), sold well to first-year undergraduates in the United Kingdom. In the 1960s and 1970s, Wiley's U.S. texts were used in many major scientific and technical first-year undergraduate courses in the United Kingdom, while the United Kingdom focused on the second- and third-year undergraduate and postgraduate texts. Subsequently, this trend continued, but with a much greater focus given to adaptations of U.S. titles for the U.K., Scandinavian, and other European markets. Strategic liaison between the U.S. and U.K. offices increased under the U.K. leadership first of Lynn Udall in the 1980s and then of Simon Plumtree in the 1990s.[146]

Chichester began publishing for the pharmaceutical industry in collaboration with the New York Medical Division in the 1980s, a program that was abandoned with the sale of Park Row in the late 1980s. Wiley U.K. returned to the business with the acquisition of A&M Publishing in 2002, but this time the interface with the pharmaceutical industry was built around co-development and information management, although reprint sales and space advertising remained significant.[147]

In little more than a decade Chichester moved from a largely British publisher working in relative isolation from New York to a European publisher whose publishing programs were more closely aligned with those in New York and Weinheim. And because of its four-decade-long history as an STM publishing center, Chichester under Jarvis took a coequal role with Eric Swanson in moving STM toward a global planning regime. The U.K. operation had grown from a company with sales (in U.S. dollars) of $37.1 million and 277 people at the end of fiscal year 1989 to $106.6 million and 491 people at the end of fiscal year 2002.[148]

Australia

After Great Britain, Australia was Wiley's second outpost, having been founded soon after the company went public in 1962. Originally in the textbook import business, the Australian company broadened its publishing program with the acquisition of Jacaranda and its elementary and high school publishing in 1976. Jacaranda Wiley, the company's new name until 1999, when it became Wiley Australia, would follow a pattern similar to that in Great Britain, Canada, and Singapore. Through the 1990s and into the new century, Australia sustained and built its existing businesses—Jacaranda plus the import of American textbooks—while establishing a larger local publishing presence.

The early 1990s in Australia were difficult times for textbook publishers at all educational levels. The economy was in deep recession, particularly in the state of Victoria, which was Jacaranda's prime market because of its "booklist" system, which required that parents purchase texts for secondary school students. Financially, Jacaranda Wiley was also badly affected by its 1991 agreement to acquire the local subsidiary of Houghton Mifflin, a small and unprofitable operation in Melbourne, which the parent company in Boston wanted to be rid of.

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Wiley Around the World











Asia



Australia





Canada









Indianapolis



Chichester



Cleveland











Germany







San Francisco











Hoboken







Moscow



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The planned synergies with Wiley's new P/T division never developed as the dozen or so U.K. agencies with which Houghton Mifflin had marketing and distribution agreements (Andre Deutsch, Victor Gollancz, Element, Aurum, and others) led to overstocking and severe inventory write-offs, major turmoil, and cost blowouts in distribution plus internal strains between Houghton Mifflin's trade culture and Wiley's professional publishing orientation. Fiscal years 1992 and 1993 were therefore disastrous for Wiley Australia. Operating profit declined from 9.7 percent in 1991 to a substantial loss in 1993.[149]

In 1993, Peter Donoughue, who joined the company in 1982 from McGraw-Hill, was promoted to managing director of Jacaranda Wiley after heading Jacaranda. With guidance from Will Pesce, who assumed corporate responsibility for Australia at the same time, Donoughue's first task was to draw up a plan to bring the company back to substantial profitability as quickly as possible. This meant downsizing (21 staff members were let go in April 1993), the sale of Jacaranda's barely profitable primary school business to Heinemann (Reed), and the winding up or sale of a number of production operation profit centers (Jacaranda Software, Jacaranda Photographics, Jacaranda Cartographics). The process of terminating the multitude of small and very unprofitable trade agencies was also begun. As Donoughue described it, "1993 was the year of downsizing, restructure, market focus, and service improvement."[150]

John Draper, an experienced distribution logistics manager, was hired to transform the company's customer service and distribution operation. Major investments were made in a new warehouse and new technologies, such as barcoding/scanning, radio frequency terminals, and laser printing of invoices. By the end of 1994, the service turnaround was complete, and the company was acknowledged by the industry as a benchmark performer.

In the meantime, Donoughue had hired Peter Van Noorden to head Jacaranda and Lucy Russell to head the College operation. Van Noorden had worked previously for Jacaranda as an editor in the Melbourne office but had been poached by Heinemann to develop a new secondary school atlas to compete with the dominant Jacaranda Atlas. Donoughue attracted him back with the mandate to build Wiley's by now stagnant secondary school business where revenue growth had stalled and profitability was declining. Van Noorden brought talented teachers and authors into publishing for the first time and initiated new programs such as Science Quest, Society and Environment, and Maths Quest that would become established brands and propel the division into the high-growth decade to come. Revenue bounced back in fiscal year 1997 with 14% growth, reaching pinnacles of growth in fiscal years 2000 and 2001 of 32% and 29%, respectively. Jacaranda achieved number one market share status in the year 2000 and increased its dominance in the new decade.[151]

Lucy Russell faced challenges of a different, perhaps more complex, sort. In the late 1990s, the Australian dollar suffered a sharp decline during the Asian financial crisis, substantially eroding Higher Education's margins on imported product. Prices could only be increased so far without causing a severe backlash from students. Moreover, the indigenous list was heavily weighted to accounting around a few strong titles such as the adaptation of *Principles of Accounting*, by John Helmkamp, Leroy Imdieke, and Ralph Smith, an older U.S. title that U.S. Higher Ed no longer supported. Revenue, dependent on new edition cycles, fluctuated dramatically. Financial results in the late 1990s were poor.

Russell cut sales overhead by adopting a risky strategy of using mostly in-house sales representatives and cutting the number of representatives in the field. At the same time, the investment in local publishing was substantially increased. The business strongly recovered. Revenue growth in fiscal year 2002, the first full year of the new sales model, was 22 percent. The local publishing list was expanded beyond accounting to include management, marketing, and psychology.[152]

In the 1990s, Wiley Australia also built up its local trade program with titles in history, current events,

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Australian prime minister John Howard (right) and Peter Donoughue attend the 2006 launch of *Cricket For Dummies* in Canberra.

and personal finance. To enhance its trade presence, the company in 2001 purchased Wrightbooks, a Melbourne-based publisher of 40 titles a year in the field of personal finance and investment, with revenue of $2.5 million. Lesley Beaumont, the daughter of owner/founder Geoff Wright, joined Wiley's P/T group as publisher. After Wiley acquired the For Dummies brand in 2001, the Australian P/T organization under Shawn Casey added local titles, such as *Weight Training For Dummies* by Kelly Baker, Liz Neporent, and Suzanne Schlosberg and *MYOB For Dummies* by Veechi Curtis, to a growing list of imports, further building the trade list. With these new titles, P/T's revenue represented 40 percent of the Australian operation's sales, making P/T the strongest growth driver in the division.[153]

By the end of 2002, a decade after Donoughue's appointment, Wiley Australia had become a high-performing, highly respected company with a reputation for excellent performance and service. At the end of fiscal year 1989, Australia had sales of U.S. $13.8 million and employed 118 people; at the end of fiscal year 2002, a staff of 142 produced U.S. $32.7 million in revenue. The School Group won the Australian Publishers Association's annual Excellence in Educational Publishing award six times out of the award's seven-year history, which began in 1994. The Higher Education group won the Australian Campus Booksellers Association's Tertiary Publisher of the Year award. The company was recognized as a best practices organization because of its human relations policies and programs, specifically as they addressed the Australian government's agenda for the advancement of women in the workplace. By 2006, the company had been given Employer of Choice status for the previous five years, an accreditation granted by the Equal Opportunity in the Workplace agency to only 100 or so companies a year. No other publisher has ever been similarly recognized.[154]

Canada

Canada, with an office that opened in Toronto in 1968, was another early Wiley outpost. By the 1990s, efforts to build Canadian publishing programs for elementary and high school students and the trade were faltering. The Canadians, led by John Dill, continued to import U.S. college texts while adapting selected U.S. titles, such as Donald Kieso and Jerry Weygandt's *Intermediate Accounting* and John Schermerhorn's *Management: The*

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Competitive Advantage, for the Canadian market. They also published a series of Canadian accounting casebooks and an outdoor recreation title. But the Higher Education editorial department lacked stability. Developmental editors who left were not replaced; freelancers were hired instead.

Like Australia, Canada was experiencing a serious recession, accompanied by new taxes on goods and services. Professors trimmed adoption lists, and students turned more frequently to used books and the all-too-popular photocopy machine. Dill moved quickly to rebuild the text publishing program, hiring Diane Wood in 1990 to manage Higher Education. In 1994, Dill sold the Canadian high school publishing program and used the funds to acquire twelve business and economics texts from Butterworth, including the respected *Managerial Finance in a Canadian Setting* by Peter A. Lusztig and Bernhard Schwab. At this time, Carolyn Wells joined Wiley Canada from Butterworth as a marketing manager and played a huge role in the success of the accounting program. By 1995, when John Horne was hired to head the editorial department, Wiley Canada had established its reputation as the leading publisher in intermediate accounting.[155]

Horne moved quickly to broaden the accounting list. He hired Maureen Fizzell, an instructor at Simon Fraser University, to adapt Robert E. Hoskin's *Financial Accounting*, recently published in the United States, and then signed Nicola Young of Saint Mary's University to join the Kieso author team. She worked with V. Bruce Irvine and W. Harold Silvester, the original Canadian authors, on the fifth Canadian edition of *Intermediate Accounting*. A few years later Irvine and Silvester retired, and Young was joined by Irene Wiecek, from the University of Toronto, for the next edition. To further build the list, Horne signed Barbara Trenholm from the University of New Brunswick to adapt and co-author a Canadian edition of Jerry Weygandt's *Accounting Principles*. This text, with editorial direction from Karen Staudinger and marketing support from Carolyn Wells, was the most successful accounting text in Canadian history. With the publication of Trenholm's next adaptation, Weygandt, Kieso, and Paul Kimmel's *Financial Accounting: Tools for Business Decision-Making* (2001), Wiley Canada became the leading publisher in the accounting market. Horne pressed on into other business disciplines, including management, human resources, and finance. In 1996, Wiley was named Campus Publisher of the Year by the Canadian College Booksellers Association.[156]

Dill was adamant about the need to expand Wiley's indigenous list while protecting the company's position in its chosen fields. When Dill departed from Wiley, Pesce appointed Wood in 1993, who became the first woman to lead one of Wiley's international companies. Wood agreed with Dill's emphasis on indigenous publishing and sent the same message to her colleagues. "By the late 1990s," recalled Wood, "the publishing landscape had really changed in Canada. Our competitors were publishing adaptations in markets that had not previously required Canadian content, such as psychology, statistics, information technology, and others. They had also significantly ramped up their local programs . . . bringing out four-color titles whose main attraction was that they were home-grown."[157]

The decision was made to expand the publishing program beyond the business disciplines. So Higher



William Zerter, president, Wiley Canada



John Dill, past president, Wiley Canada



Diane Wood, past president, Wiley Canada

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Success in Canadian Accounting Publishing

Working with Barbara Trenholm of the University of New Brunswick to adapt Jerry Weygandt's *Accounting Principles*, Karen Staudinger, editorial manager, and Carolyn Wells, marketing manager, helped produce a best seller.



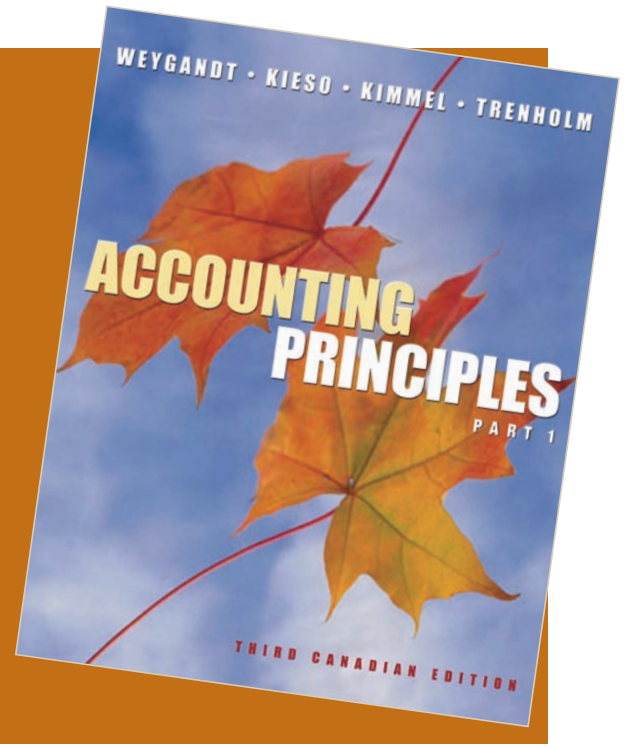
Carolyn Wells, marketing manager, Wiley Canada



Karen Staudinger, editorial manager, Wiley Canada



Barbara Trenholm

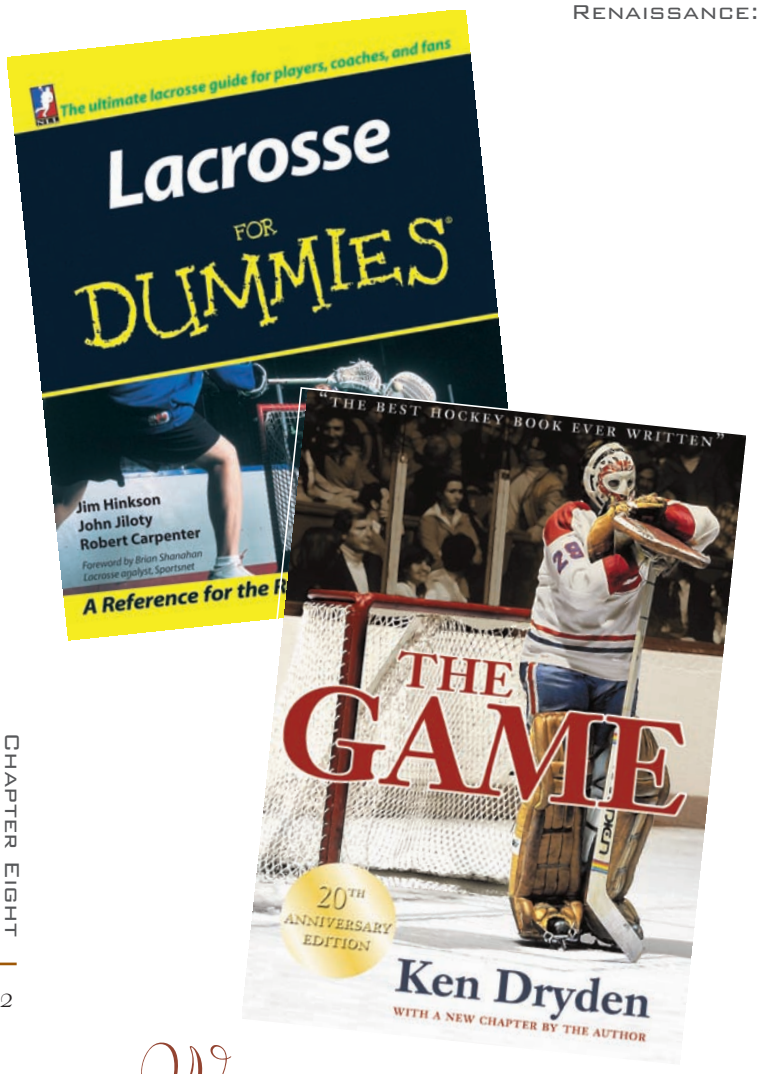


Education focused on adapting market-leading titles in Wiley's core disciplines, starting with Gerald C. Davison and John M. Neale's *Abnormal Psychology,* which was a success from the start. Adaptations of leading titles in geography and environmental science were also added to the list. Simultaneously, Wells, now head of marketing in Higher Education, worked closely with U.S. Professional/Trade to adapt Wayne Gisslen's *Professional Cooking*. When Wood was replaced by William Zerter in 2002, Higher Education's Canadian editorial program was responsible for 20 percent of the company's revenue.[158]

On the trade side, Dill hired Julia Woods in 1988 as vice president of Professional, Reference, and Trade. Dill and Woods charged Karen Milner, a young marketer turned editor, with building a new professional and trade list specifically for the Canadian market. The old trade list had disappeared from sight. "I walked into my new office on the first day of my new job to find a completely clean slate," Milner recalled. "Not a scrap of paper or a single lead." Following the model used in Higher Education, Milner started by publishing Canadian adaptations of U.S. books and subscription products for professional accountants.[159]

With the recession in the early 1990s, Milner found it difficult to get accounting firms to support authors who would be giving up billable hours to work on book projects. She turned instead to trade publishing. Her first book, by Ranjit Kumar and Barbara Murck, *On Common Ground: Managing Human–Planet Relationships,* was about sustainable development. Published in 1992 in conjunction with the Foundation for International Training, it was just in time for the Earth Summit in Brazil. Milner spread her list over subjects such as technology, project management, finance, and personal finance. Personal finance produced a winner: Sandra Foster's *You Can't Take It With You: The Common Sense Guide to Estate Planning for Canadians* (1996), the first Canadian book on the subject. Foster became a franchise author for Wiley Canada, publishing other books and multiple editions of her initial bestseller, which by 2006 had sold 100,000 in five editions. With

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Wiley Canada launched sports titles in the fall of 2003 with hockey star Ken Dryden's classic, *The Game,* 20th Anniversary Edition and *Lacrosse For Dummies* by Jim Hinckson, John Jiloty, and Robert Carpenter.

this success, Wood and P/T vice president Beth Bruder encouraged Milner to grow her list in personal finance and business, subjects that aligned nicely with P/T publishing in the United States. The Canadians soon published titles that sold beyond their relatively small market, such as Stanley Brown's *Strategic Customer Care* (1999) and *Customer Relationship Management* (2000), Ian Gordon's *Relationship Marketing* (1998), and Judy Allen's *Event Planning* (2000). Milner's list was unique; a handful of authors returned repeatedly to Wiley to write successful books.[160]

As with the U.K., the 2001 purchase of Hungry Minds brought both titles and talent to the Toronto office. Robert Harris, the For Dummies publisher, became P/T's general manager, and Jennifer Smith moved from head of sales to vice president and publisher. Under Harris and Smith, Canadian P/T added For Dummies and Frommer's titles to their list. The Canadian trade list grew accordingly, branching out to health, parenting, current affairs, and even true crime and sports. The sports titles were launched in the fall of 2003 with hockey star Ken Dryden's classic, *The Game, 20th Anniversary Edition* and Jim Hinckson, John Jiloty, and Robert Carpenter's *Lacrosse For Dummies*.

By the end of fiscal year 2002, Canadian textbook sales had increased from $8 million in 1989 to $17 million. The trade list brought in more than $9 million, up from less than $4 million in 1989. With 101 employees, Canada's total revenue was nearly $28 million in 2002. The strength of the Canadian operation was recognized by the Great Place to Work Institute Canada in 2005 when Wiley Canada was named to the Top 30 Employers to work for in British Columbia.[161]

Asia

Charles Ellis regarded Asia in the early 1990s as a weak operation, yet one with significant potential. Japan had become an economic powerhouse, while the Asian Tigers, plus Malaysia, Thailand, Indonesia, and the Philippines, were making their own contributions to growth despite the post–Gulf War recession, which continued to plague the region. Wiley's Singapore operation handled the printing, warehousing, and distribution of Wiley International Editions, textbooks priced to local markets that accounted for 60 percent of Asian sales. STM books and journals, including major reference works, made up an additional 30 percent of revenue, with P/T business and technology books the remaining 10 percent. Wiley's fiscal year 1993 operating plan for Asia captured some of the problems Wiley faced in the region. Growth rates for the Asian Tigers, particularly South Korea and Taiwan, had fallen; the size of the market in Bangladesh, China, India, Pakistan, and the Philippines was limited by their

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poverty; government spending on higher education and scientific research was declining; India, encouraged by the International Monetary Fund, was limiting imports; and piracy was rampant.[162]

Hoping to strengthen ties with their Asian colleagues, Ellis and Peter Wiley visited Tokyo, Hong Kong, and Singapore in early 1992. It was not an encouraging trip. Singapore's managing director had run things too informally for too long, resulting in botched agency relationships, excessive returns, and high levels of overstocking at Wiley distributors. To make matters worse, U.S. publishers were losing an estimated $300 million a year to Asian pirates, $100 million in China alone.[163]

Ellis believed that the key to renewal in Asia would be new management. In September 1992, he hired Stephen Smith, an experienced manager from Simon & Schuster who had spent much of his professional life outside of his native England, to head the Asian operation. Ellis charged him with devising and implementing a plan to accelerate Wiley's growth. Smith set about building a new sales and marketing team, forging closer links between Asian colleagues and the rest of the company, expanding the customer base, and developing new product and pricing strategies to capture market growth opportunities. In fiscal 1993, revenue in Asia outside Japan was nearly (U.S.) $4.7 million, well below plan. By the end of fiscal year 2002, revenue had grown to (U.S.) $25 million, including Japanese revenue of (U.S.) $3.92 million. Most significantly, Smith and his colleagues had added new sources of revenue via journal and foreign rights sales. Asian journal sales outside of Japan grew from less than $5 million in fiscal year 1993 to $21 million in 2002. Smith recognized that Singapore's distribution and customer service operations were among the best in Asia, staffed by a team of long-serving and talented individuals headed by Khee How Foo, general manager of Finance and Organizations, and Manamshan Appesamy, warehouse manager, and that the old autocratic management had not come close to realizing its potential. In 1994, Smith relocated the company's Singapore headquarters from a dreary industrial estate to a more attractive setting, a move that helped improve operations and also symbolized a new approach to the business. In March 1993, Smith convened the first Asian regional sales meeting. Twelve people attended, only five of them dedicated to sales and marketing. The company clearly lacked the sales power to take advantage of its excellent infrastructure.[164]



Stephen M. Smith

Stephen M. Smith joined Wiley in September 1992, prior to which he was president of Simon & Schuster's U.K. Academic and Professional Group, with management responsibility for the European operations of Simon & Schuster and Prentice Hall. During his time with Simon & Schuster, he spent two years in the Middle East and six years as managing director of the Asian subsidiary in Singapore.

As vice president of Wiley Asia, Smith resided for four years in Singapore, where he was a significant contributor to the rapid growth of Wiley's revenue and profits in the Asian market. As senior vice president for international development, he was responsible for Wiley's operations in Asia and Australia, a post that he has held since September 1995. He has been a member of Wiley's leadership team since 1996. Smith was appointed a member of the management board of Wiley Europe with responsibility for professional and trade publishing in May 2000. Named Wiley Europe's chief operating officer in early 2006, Smith assumed responsibility for the overall direction and leadership of Wiley's businesses in Europe on May 1, 2007, upon the retirement of John Jarvis. Smith also retained corporate responsibility for Wiley Asia and Wiley Australia.

Smith received his B.S. from Oxford Brookes University. He has been an active participant in industry campaigns to combat copyright infringement around the world.

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Wiley Asia's growth can be seen in the increasing number of people attending its sales meetings. At left, Steven Miron, who joined Wiley Asia as regional manager for South Korea and Taiwan and who was promoted in 1996 to head Wiley Asia.

First under Smith and then under Steven Miron, who succeeded Smith in 1996, Wiley Asia embarked on an ambitious program of organizational growth matched by correspondingly rapid revenue growth. Smith brought in P. C. Tham to head sales, Miron as regional sales manager for South Korea and Taiwan, Audrey Wee as promotions manager, and Derek Lee as Hong Kong sales manager. With Miron's advancement to Asian head, Hee-Jeong Ihn became Korea's country manager, adding new dynamism to that sales and marketing operation. Ihn was Wiley's second female country manager. The new energy and esprit were palpable as Wiley's Asian colleagues gained a reputation for working incredibly long hours and leading active social lives. At Wiley's Asian sales meeting in Bangkok in 1998, fully 60 Wiley colleagues from 11 countries participated, the vast majority of whom were directly involved in sales and marketing.

Wiley's Asian revenue doubled from fiscal year 1993 to fiscal 1995 and then doubled again in the three years to fiscal 1998. "We turned on the tap," as Smith put it. With product from the United States, Great Britain, and Germany, the Asian organization was able to match Wiley content to the growing demand for texts, research materials, and professional, business, finance, and technology books in the English-language markets of the region.[165]

At the end of 1997, a run on the Malay and Thai currencies triggered a recession that spread to other Asian economies. Miron and his associates made some quick

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adjustments in Wiley's prices, betting that it was better to lose some revenue in the short run in order to maintain strong customer relationships for the long haul. They were right. By 1999, the regional economy was on the road to recovery, and sales picked up again.

As the Asian economy maintained its overall growth profile, Wiley's Asian managers recognized a need for content that was relevant to Asian readers. At the same time, academic and professional interest in all aspects of the Asian growth phenomenon was increasing. In response, Smith hired Henry Leung in 1994 to develop a line of trade books, which included Willy Wo-Lap Lam's *China after Deng Xiaoping*, published in 1995. Over time, the P/T list evolved under the editorial direction of Nick Wallwork, focusing on books in business and finance for both Asian and global markets.



Hee-Jeong Ihn, area manager, Territory Sales, Korea

Following the reinvigoration of the book-sales infrastructure, the Asian management team looked for other ways in which Wiley's presence in Asian markets could benefit the company more widely. Prior to 1995, the Asian sales force focused almost exclusively on books, while Wiley's Tokyo office actively promoted and sold journal subscriptions and STM books. Starting in fiscal 1996, Wiley instituted a new incentive plan aimed at rewarding the sales force for supporting both the journals and the translation and licensing businesses. From then on, journals revenue grew dramatically in the rapidly maturing Asian economies. Asia continued to emerge as a vital source of STM content as well as a dynamic market for it; from 2000 to 2004, the number of Wiley journal articles authored by Asian researchers increased dramatically.

India

Smith also assumed responsibility for Wiley's Indian operation known as Wiley Eastern, in which corporate Wiley held a minority interest. The Indian company was poorly managed, while all foreign publishers were plagued by the incredible bureaucratic inefficiencies of India's infamous "License-permit Raj." Most vexing, according to Ellis, was the government's "self-imposed embargo" that required a punitive deposit in the central bank before importing published material. "Unusual accounting procedures," extreme slowness in settling accounts, and "ambivalence about copyright"—that is, piracy—were other big problems. In early 1993 Wiley decided to sell the company it had established in 1965 and set up a new operation. In March 1995, Wiley sold its share of Wiley Eastern to its majority joint venture partners, by which time Wiley had set up a liaison office in New Delhi to facilitate the distribution of its imported titles into the Indian market.[166]

India's ruling Congress Party had already recognized that the limitations imposed by its state-directed economy caused the country's growth rate to lag. In 1980, Prime Minister Rajiv Ghandi introduced the first economic reforms, followed in the early 1990s by Prime Minister P. V. Narasimha Rao's economic liberalization program. These spelled the end of the License-permit Raj, and the Indian economy began to take off.

In 1994, Arun Bharti was appointed general manager of the new Wiley India, and it began to prosper. Bharti expanded the sales force with dramatic results. In line with the rest of the Asian organization, the sale of journals and, once Wiley InterScience was established, the licensing of journal and book content added to the impressive results. India sales grew from $1.8 million in fiscal year 1989 to $5.1 million at the end of fiscal year 2002. Bharti was promoted to vice president in 2005.[167]

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Arun Bharti, director, Sales and Marketing, Wiley India



Vikas Gupta, managing director, Wiley India

With the purchase of Hungry Minds in 2001, Wiley acquired partial, and later in 2006, full ownership of Dreamtech, which was run by Vikas Gupta. Dreamtech reprinted For Dummies titles and also published its own computer books, 16 of which were authored or coauthored by Gupta himself. India was added to the growing list of international publishing centers. With its editorial capabilities, Dreamtech began to play a role in global Wiley—reviewing and editing content for computer books published in the United States while exploring ways to adapt educational materials, particularly with engineering content, for the Indian market. Upon completion of the Blackwell acquisition in 2007, Gupta was appointed managing director while Bharti became director of sales and marketing for Wiley-Blackwell.[168]

China

The world's and Wiley's interest in China, Asia's other great population center, surged after Deng Xiaoping's and later Jiang Zemin's economic reforms (starting in the late 1970s) turned the country into an economic powerhouse. But it would take sustained attention to this market—and a radical shift in the government's attitude toward some aspects of piracy—before Wiley saw significant levels of sales and reliable profits.[169]

Between the late 1970s and the early 2000s, the Chinese market imported small quantities of research-level STM books, with all imports passing through a handful of government-owned entities, most notably the China National Publications Import Export Corporation. Some years were better than others, but overall the business was not enticing. The scholarly journals market was virtually nonexistent, as rampant piracy meant that Wiley sold but few subscriptions to most of its journal titles. The government had barred joint ventures, Wiley's first ambition in China, and though co-publishing arrangements were important, they produced limited results. The first book co-published by Wiley and its local partner, Higher Education Press, the publishing arm of the Ministry of Education, was Zhilun Xu's *Applied Elasticity*, appearing in early 1992. Within a year, Wiley added more co-publishing deals for titles in accounting, engineering, and computers. Miron's fluency in Mandarin and support from his Chinese-speaking colleagues in Hong Kong, Singapore, and Taiwan were key in building these new relationships.[170]

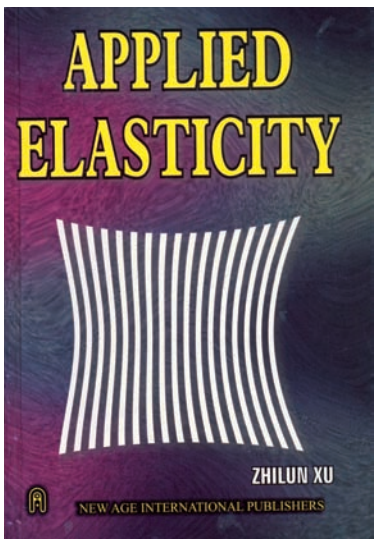
Under international pressure, the Chinese government's response to piracy was a contradictory one. Starting in 1979, various Wiley colleagues discussed the importance of an international copyright regime with Chinese officials and their publishing counterparts. In 2000, after a concerted campaign by the Publishers' Association in the United Kingdom, the Association of American Publishers, the International Publishers Association, Wiley, and other publishing companies, the Chinese government signed the Berne Convention for the Protection of Literary and Artistic Works. It quickly became apparent that the government was ready—no official explanation was ever offered—to limit journals piracy, probably because China was on the threshold of World Trade Organization membership. The change was a boon for Wiley's journals business, leading to a rapid

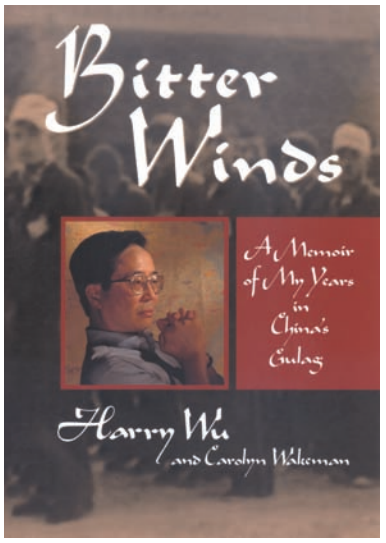
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increase in licensing to major consortia, such as the China Academic Library Information System (CALIS), and in article submissions from Chinese scholars. Simultaneously, Wiley extended its co-publishing program and opened a Beijing office in early 2001 under the direction of Wendy Ding, who, a few years later, became country manager. On the P/T front, Wiley launched a Chinese For Dummies translation program in 2003, licensing rights to China Machine Press, one of its largest Asian partners. By 2004, about 20 business and lifestyle titles had been published and new titles on China-specific subjects were being developed, establishing a solid Asian beachhead for the global brand. The Chinese government also announced preliminary steps to open up the textbook market, mandating that 10 percent of Chinese texts be published in English. Illegal copying of texts remained a serious problem, however, encouraging Wiley to be cautious about entering the textbook market outside its relationship with Higher Education Press. China, now a sizeable scientific, technical, and medical journal and translation rights market, still demanded great patience.[171]

Japan

Japan presented another set of challenges. As early as Wiley's 1982 strategic plan, Japan was grouped with the industrialized economies of the world as an important Wiley market. During the decade, as Japanese per capita income surpassed that of the United States, trade tensions rose, together with a growing and often exaggerated fear, in the United States, of Japan's global economic hegemony. With its sophisticated economy, Japan produced a steady demand for research materials, while Japanese researchers, both corporate and academic, also contributed their content to Wiley journals. As a market for books and journals, Japan usually accounted for about 10 percent of Asian sales. But then, in 1992–1993, the so-called Bubble Economy burst, and Japan entered a period of economic stagnation. Starting in 1992, research and development funding began to decline, bottoming out two years later. After that, R&D expenditures increased slowly (2 to 5 percent) during the rest of the decade. Government funding in the 1990s focused on medical technology (human genomes, cloning, transplants) and on nanotechnology, particularly after the invention of the carbon nanotube by Sumio Iijima in 1991.[172]





Wiley's publications ranged from Xhilun Xu's *Applied Elasticity*, the first book Wiley published with Higher Education Press, its local partner in China, to Chinese memoirs published for Western markets, such as Harry Wu's *Bitter Winds*, a 1995 memoir covering Wu's 19-year imprisonment in the Chinese labor camp system.



Starting as a sales representative in Taiwan in 1993, Theresa Liu became the general manager for China and Taiwan in 2005, making her Wiley's third female country manager.

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In 1991, long-time managing director Hiroshi Tsukabe retired and was replaced by Tadashi Hase, who had begun working for Wiley as a sales representative in 1984. Hase, assisted by Setsuko Saito, stepped up direct-marketing efforts for Wiley journals, including greater attendance at society exhibitions. When Wiley InterScience was launched in 1999, Hase hired two new colleagues to work on securing new licensing agreements. For a number of years, Wiley in Japan hired freelancers to help Japanese researchers prepare their journal articles in English. In 1998, Antoine Bocquet was hired as a permanent staff member with the same responsibility. In 2001, Wiley Japan launched its first journal, *The Chemical Record*, in a partnership with seven Japanese chemical societies. By the end of fiscal year 2002, there were seven employees in the Tokyo office overseeing a $25.8 million business, 85 per cent of which was journal sales.[173]

By 2002, Wiley's Asia business was, in Stephen Smith's estimation, "unrecognizable" compared to the collection of underperforming fiefdoms it had been a decade earlier. Thirty Wiley colleagues in Singapore became 100, and revenue grew to $33 million. Wiley weathered the regional financial crisis of 1997–1998 by working closely with its customers to sustain their journal subscriptions, even as book sales faltered, returns increased, and booksellers defaulted. Bear Stearns analysts praised the company for keeping its eye on profits rather than "simply stuffing its pipeline with deeply discounted products to gain market share." As a bonus, sales of George Soros's *The Alchemy of Finance* (1994) and *Soros on Soros* (1995) jumped every time Malaysian Prime Minister Mahathir accused the famous financial speculator of causing the crisis. Despite tough times for a few years after the crisis, Brad II's prediction proved correct that "the morale and self-confidence" of the Wiley Asia team was "strong enough . . . to withstand several years of flat sales and unstable business conditions." Smith and Miron had prepared the ground for greater growth in the twenty-first century.[174]



Tadashi Hase, director of Sales & Marketing, Wiley-Blackwell, Japan



Ryoji Noyori, one of Wiley Japan's authors, won the Nobel Prize in Chemistry in 2001.

Latin America, The Middle East, and Africa

Patient nurturing of markets was a Wiley hallmark, and Wiley had long been committed to its customers in Latin America, the Middle East, and Africa. In 1996, Stephen Smith assumed responsibility for these areas, too.

In Latin America, Smith continued to support the company's long relationship with the Noriega family and their company, Limusa, the largest distributor in Latin America. Fully 90 percent of Limusa's list was composed of Wiley titles. From New York and later Hoboken, Laurie Rubin oversaw the sale of P/T titles south of the U.S. border. The company continued to look for ways to expand its presence in Latin America,

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though persistent illegal copying, the elitist nature of higher education, and an underdeveloped R&D infrastructure were stubborn constraints.[175]

In the Middle East, Wiley sold its International Editions, especially in the sciences, technology, and engineering, in markets that included Saudi Arabia, Jordan, Egypt, Lebanon, and Turkey. In 2001, Wiley opened an office in Tehran, run by Mehdi Omranloo, to meet strong demand for scholarly and academic books and journals from Iranian universities and professionals.[176]

In South Africa, Nelson Mandela's election as president in 1994 marked the end of apartheid and the beginning of a new era in which the country's institutions of higher education were open to all. The next year, Charles Ellis, Peter Wiley, and Robert Long, Sales and Marketing director, visited Johannesburg, Pretoria, and Capetown, meeting with wholesalers, academic bookstore owners, local publishers, officials in the Ministry of Education, and various academics. Ellis and Long were eager to increase Wiley's sales in the continent's leading economy, while exploring the possibility of an acquisition or at least a co-publishing arrangement. Wiley was represented by May Bowden, a sales representative whose life on the road was a dangerous one given the number of killings and carjackings at the time. Peter found it moving to visit Mamelodi, a segregated township outside Pretoria known as a center of African National Congress support, where he discovered Deborah Hughes-Hallett and Andrew Gleason's *Calculus* being taught in a brand new community college. In the long run, Ellis and Long decided that Wiley was best represented by increasing its sales efforts. Publishing opportunities at the post-secondary level remained modest, but opportunity existed to develop sales of market-priced college textbooks as well as professional and trade books for business readers. Wiley long ago had learned the lesson that a patient presence in a less-developed country could eventually lead to larger sales.

The Move to Hoboken

While Wiley became a global publishing company, its headquarters moved across the Hudson River to Hoboken. New York had long been one of the United States' two capital cities. Washington (where Brad Sr. once thought about moving Wiley) ruled in politics; New York in finance, fashion, the performing arts, and publishing. Because Manhattan, in particular, symbolized publishing as powerfully as Wall Street symbolized finance, it was hard for some to think of publishing happening anywhere else. But Wiley, by the end of the millennium, had long since become more than a New York publishing company; its publishing offices and markets extended around the world. As Wiley outgrew its offices at 605 Third Avenue in New York, its senior managers looked elsewhere, reviewing sites inside and outside the city. Hoboken, across the Hudson River to the west, beckoned, and in the summer of 2002, after 195 years in Manhattan, the company began moving its headquarters to a new building on Hoboken's waterfront.

The move across the river cut lease costs dramatically. Wiley's lease for eight floors in the Waterfront Corporate Center began with an initial rental rate that was a little more than half the rental rate for the New York offices. Wiley also benefited from a package of tax and other incentives worth $17 million over the 15 years of the lease. "There are lots of different ways to spend money," Pesce noted. "I wanted to take it from the landlord and give it back to stockholders and invest in technology." Yet the move was animated by far more than cost savings. The new building had significantly more community space (conference rooms, cafeteria, pantries) than the cramped New York building, where board meetings, Peter Wiley recalled, were "enhanced by the noise of the nearby elevator bank, which made it sound like we were meeting in a bowling alley." From Pesce's standpoint, the new facility would be "more supportive of Wiley's culture"—more collegial, more technology-friendly. "What we hoped to accomplish,"

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The 2002 ribbon-cutting ceremony in Hoboken, with, from left, Deborah Wiley, Stephen Kippur, Bonnie Lieberman, John Jarvis, Stephen Smith, Richard Rudick, Hoboken Mayor David Roberts, Will Pesce, SJP Properties CEO Steven J. Pozycki, Peter Wiley, Clifford Kline, Eric Swanson, William Arlington, Timothy King, and Ellis Cousens.

he said, "was to have more collaborative meeting space, to have the technology more seamlessly integrated into the facility, to have it be a more open environment."[177]

Since the unsettled days of the late 1980s, Wiley had become not only "the place to be" but a place where talented people came to stay, and the company did not want to lose personnel because of the move. As a consequence, under Timothy King's supervision, the move was undertaken only after much deliberation and with a strategic and tactical precision that was typical of how the *new* Wiley executed its plans. Committees were organized to discuss and plan the move, and delegations of colleagues visited the new space. The process was as collaborative as possible, with colleagues helping to design their own new work spaces and define the relationships among them. Steps were taken, such as the establishment of a bus service from Grand Central Station in New York to Wiley's new office and commuting subsidies, to ease the transition. Quality-of-life surveys conducted before and after the move indicated a strong consensus that work life was better in New Jersey. In turn, Wiley made life better for Hoboken, where the presence of its relatively well paid employees attracted better retailers and restaurateurs as well as other solid businesses. Wiley's efforts to be a good corporate citizen, evidenced by working with the public school system, became more effective in Hoboken, where the company could have a bigger impact in a smaller community.[178]

The relocation of Wiley's headquarters was accompanied by significant investments in new offices elsewhere in the world. Having grown too large for the converted Corn Exchange in Chichester, the British office was moved to the Atrium, a new building in the center of town. In Germany, VCH added a new wing to its Weinheim offices. Canada moved its warehouse to a new facility in 2004, while the Australian headquarters in Brisbane moved to a new building in 2005. The days of foreign subsidiaries were over. Wiley was no longer an American company with overseas markets and operations. Now there were publishing programs in nine countries outside the United States—Australia, Canada, China, England, India, Singapore, Japan, Korea, and Germany. Out of necessity, global planning, which Brad Sr. had evoked in 1982, was finally becoming a reality.[179]

Computers and Worklife at Wiley

The pace of change at Wiley accelerated in the 1990s with the advent of voice mail, e-mail, video conferencing, and especially the Internet as a vehicle of content delivery. "If there ever was a leisurely pace to publishing, that changed dramatically in the '90s," said Jeff Brown, who managed Professional/Trade's business and psychology programs. "Communication became more direct. Where once you'd send a letter to an author through the U.S. mail, or leave a message with an assistant, now there was e-mail, which compressed the whole manuscript development process."[180]

Computers and e-mail dramatically increased expectations of "how much you could accomplish in a day," Brown continued. Authors' ability to prepare their manuscripts on computers, and the capacity for subsequent electronic editing, saved a great deal of time and paper. "But some fundamentals don't change," he cautioned. "You still have to take time to read a 400-page manuscript, and editorial recommendations and choices

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are still human judgments." Nor did computers, even with their word-counting functions, make estimating book length easier. In the old days, "typewriters had only two sizes of type," said George Telecki, associate publisher of electrical and computer engineering books—"pica and elite. An experienced editor could look over a typewritten manuscript and quickly estimate a proposed book's final page count quite accurately." Moreover, the computer's capacity for formatting and for inserting illustrations sometimes led authors to "think they've done everything necessary short of actually printing the book," said Telecki, but "considerations of layout, design, and typography . . . often preclude our accommodating their ideas."[181]

Nevertheless, computerization and the Internet had a powerful effect on how Wiley did business. "From my perspective, the Web has changed everything," said Gregory St. John, vice president of web publishing technology. Wiley's host of technology solutions "have utterly changed our dialogue with customers, sales channel partners, and suppliers. With our authors and typesetters, we think 'online first' now for a sizable portion of our content." Online sales, either directly through wiley.com or through channel partners like amazon.com and barnesandnoble.com, became increasingly important. In addition, "Wiley InterScience and *WileyPLUS* have brought us a whole new relationship with our customers by allowing us to see how they are using our information, which then helps us design better products for them . . . As our products evolve, so do our business models, as well as our approaches to marketing and sales." In short, concluded St. John, "The Web has fundamentally changed customer expectations . . . It really is a different world, and it's only just beginning."[182]

Susan Elbe, vice president and publisher for business disciplines, elaborated on how this new dialogue with customers played out in Higher Education. "*WileyPLUS* combines electronic texts with resources for online study and administration of homework, tests, and other course elements," she said. "We can monitor overall activity in it, and learn how students interact with the content. In the future, we'll be communicating much more directly with them through blogs, podcasts, and e-mail, and we'll be able to give them more choices about how they access our products—online, e-book, or print, offered in a range of price points to fit their budgets."[183]

"In essence, our customers are becoming virtual focus groups," said Margie Schustack, head of Professional/Trade marketing operations. "We can listen to constituencies and communities on the Internet, and have direct access to what they think and feel in ways we never could before. It's less and less about us coming up with a catchy slogan and advertising it to everyone, and more and more about giving people the information they want, when and how they want it." But as with the fundamentals of editing, some things don't change. "Brands have taken on a new importance," concluded Schustack. "People like to know that the information they're getting is coming from a source they can trust."[184]

Protective Engagement

As distinctions diminished between home and abroad, and as Wiley committed itself to growth as a global entity composed of a diversified and balanced portfolio of businesses, the firm's governance also demanded renewal. On January 1, 1993, Brad II replaced his father as Wiley's chairman. Form followed fact here; with Brad Sr. aging in the late 1980s, Brad II had stepped in already as a de facto leader of the board. He participated in the decisions about the transitions in leadership from Neilly to McMullin and on to Ellis. During the troubled 1980s, Brad and his siblings, drawing a clear line between oversight and management, spelled out their commitment to active participation in governance and support for professional management. The board with Brad II in the chair resembled in some ways the board his father had chaired. The tasks were the same: critical oversight, including an annual review of management's strategic plan, review of quarterly financial

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THE *Publishing craft*

DIGITAL PRODUCTION COMES OF AGE

In the 1990s, faster computers with greater capacities for graphics and new typesetting technologies transformed the printing craft. Instead of standing at drafting tables and working with pens, pencils, T-squares, waxers, and loupes, creative artists began doing it all on computer screens. The change was a little slow in coming. "We had to write a long proposal to justify the [1993] purchase of our first computer used for design, a little Mac," said Jean Morley, head of the team that created book covers as well as advertising and promotional materials for Professional/Trade and STM. "Within a month, it had proven its worth."[185]



Jean Morley, vice president, Creative Services

But some new issues have arisen. "You can't make an oil painting look like a watercolor; it's a different medium," said Morley. "The same is true of an image as it appears on screen, compared to a [digital] printout . . . or its final printed version. Designers have to know what the end result is going to look like, and our challenge is not just to educate ourselves, but the publishing teams, too." As elsewhere, the fundamentals of line, shape, color, form, and texture still apply, said Morley. "It's important when I'm hiring that I find people who still have intuition and a sensibility for those things, and not just the technical skill."[186]

At the same time, cultural reverberations from the media—television, and, increasingly, the Internet—began to inform product design and development, particularly in Higher Education. "MTV and electronic devices, with their intense color and visual fragmentation, have affected the way students learn," said Madelyn Lesure, who designs textbooks and the packaging for their supplementary media. "Our designs had to reflect that, while keeping the integrity of our content."[187]

Typesetting, too, changed dramatically. Digital typesetting allowed for data transfer, enabling publishers to outsource manuscripts to keyboarders, typesetters, illustrators, and media producers worldwide. Offshore outsourcing of composition was a cost-saving measure that often improved quality while allowing resources to be allocated toward additional services.

The development of Portable Document Format (PDF) by Adobe Systems in the early 1990s, and its subsequent refinements, allowed for the transfer of exact duplicates of pages, including fonts and artwork, between different computer platforms (Macs and PCs). Files could be saved at different resolutions, allowing for screen or print views. Plating technology soon allowed printers to plot plates directly from PDF files and eventually to develop direct-to-press printing technology that bypassed plates completely. Proofing, too, began to be computerized: Authors, designers, and production people began to proofread PDFs, marking them up electronically in Adobe Acrobat and avoiding the mail delay and the sometimes illegible handwriting of traditional proofing. "Electronically, everything is trackable," said Morley. It also saved time and rendered geographical boundaries irrelevant.[188]

The development of PDF also created a boom in short-run digital printing, and print on demand (POD), which made it economically possible to print one book at a time, allowed publishers to keep low-selling books in print. POD was also used for custom printing and for personalizing mailing pieces, while



Madelyn Lesure, senior designer and manager, Media Design

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Ann Berlin, vice president, Production and Manufacturing, Higher Education

PDF was used in the production of electronic books.

The launch of the World Wide Web in the early 1990s had a profound impact on distribution. Online publications could be sold individually or by subscription, and interactivity made products more useful and entertaining. Expanding beyond print products, publishers produced and sold content in myriad formats. To do so, they had to move beyond QuarkXPress page layout and PDF to HTML, Java, Flash, and an ever-expanding array of other tools.[189]

Content management systems and digital archives became important tools for the management and storage of content for easy retrieval and reuse, and coding systems were developed to allow file sharing and the generation of both electronic and print products. SGML (Standard Generalized Markup Language) was originally developed so that the government and large industries could share documents that had to be available over decades. The idea was to code elements within documents by element function, not appearance. The coded document could be used to generate myriad products. A successor, XML (Extensible Markup Language), was developed by the World Wide Web Committee and released in 1997. Similar to SGML but simpler to use, it gained much wider usage. XML also allowed the production of alternative versions of texts, for example, for physically impaired readers.[190]

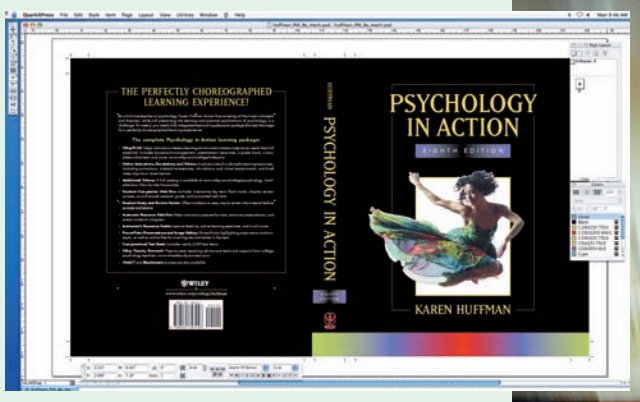


Elizabeth Doble, vice president, Production and Manufacturing, P/T

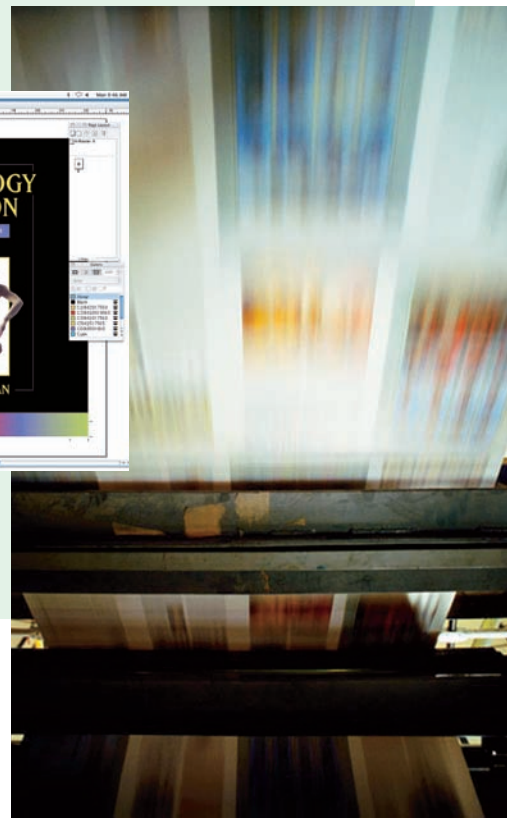
Electronic books combined text content with the ability to search inside the book, and online books allowed for links outside the book, to other Web sites and to content such as simulations, online quizzes, audio, and video. Although slow to gain in popularity, hundreds of thousands of electronic books were available for sale by 2007.



Anna Melhorn, senior illustration editor, Higher Education, working with Adobe Acrobat files for this book, ***Knowledge for Generations***



The Quark file for the cover of ***Psychology in Action*** by Karen Huffman



Full speed on web printing press

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results, evaluation of the CEO's performance, planning for CEO succession, and reviewing and setting compensation levels for the CEO and his leadership team. Essential to maintaining best governance practices was diligent and supportive monitoring of the relationships among the family, the board, and management. Rigorous board recruitment procedures were initiated in the 1980s and improved on in the 1990s. The board began to evaluate its own performance starting in 1995, well before the Sarbanes-Oxley law of 2002 mandated it.[191]

Under Brad II, the board continued to reflect a diverse range of professional experiences. Andrew H. Neilly Jr. and Charles B. Stoll, respectively vice chairman and a Wiley retiree, represented continuity with the company's publishing past, as did H. Allen Fernald, president and CEO of Down East Enterprises, a family publishing firm based in Maine. Gary J. Fernandes, senior vice president of Electronic Data Systems, and William R. Sutherland, director of Sun Microsystems Laboratories, came from companies that were both



Chichester



Indianapolis



Toronto



Somerset



Brisbane



San Francisco



Weinheim



Hoboken

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customers and companions in the effort to master the intricacies of technological change. Marketing was represented, as were banking and the chemical industry, another large Wiley R&D-driven customer. What was missing since the retirement of Dr. Robert Sproull, a Wiley author and president of the University of Rochester, was an eminent academic. That seat was filled in 1993 by Dr. Warren Baker, president of California Polytechnic State University San Luis Obispo. The three Wileys brought the board's size to 15. The emerging board was characterized by fewer long-standing interpersonal relationships, more careful selection of board candidates, and a greater geographical diversity than before.[192]



Brad Wiley II, past chairman of the board and current board member

Brad's first challenge came almost immediately, when the Bass Management Trust bought 8.4 percent of Wiley's A shares in 1994. The Bass fortune came from Texas oilman Sid Richardson and was managed by Thomas Taylor. Taylor contacted Wiley, proposing that he, as the purported representative of Wiley's A shareholders, should name five members to Wiley's board. Taylor appeared to have the support of the largest non-family owner of A shares. To outsiders, it must have looked like Wiley was still struggling to survive despite two new CEOs and the transition from Brad Sr. to the sixth generation. From the inside, it was apparent that under Ellis's leadership, Wiley was well on its way to a dramatic turnaround. There had been a number of buyout offers in the 1980s, all of which were rejected by the family. At the same time as the Bass purchase, Wiley B shares were also being acquired by Theodore L. Cross, a publisher with experience in start-ups and mergers. No one at Wiley had ever encountered the kind of blustery Texas hardball favored by Taylor. After a series of negotiations between Ellis, Peter Wiley, who chaired the Committee on Directors, and Taylor, it was agreed, under threat of a proxy fight, that Taylor would join two other candidates of his choice on the board slate for the annual election in September 1993.[193]

Taylor's contributions as a board member were mixed. The presence of a large outside investor encouraged Ellis and CFO Robert Wilder to increase their communication with the investing community, which meant more opportunities to explain just how well Wiley had done since the 1993 turnaround. Taylor called for a business unit analysis. He was particularly interested in the underperforming Higher Education business, leading the Wileys and Ellis to suspect that the analysis might be the first step in an attempt to break up the company. In fact, the analysis demonstrated that despite Higher Education's lagging performance, which was improving, Wiley's three core businesses fit well together, linking students to postgraduates and ultimately to professionals in Wiley's selected disciplines.[194]

Taylor's presence changed the tone and substance of board meetings. Discussions were guarded, while Taylor showed little interest in the underlying issues facing a publishing business, focusing instead on the ownership structure and quarterly financial performance. At times, he seemed consumed with following stock prices on a small hand-held device. As a consequence, discussions of financial issues increased at the expense of strategic analysis. During the board debate prior to the VCH acquisition in 1996, one Bass board member complained that the purchase would have a negative impact on the quarter's earnings per share.

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"Five weeks is a long time in this business," he announced, to the astonishment of other board members. ("I assume," Peter remarked, "he was discussing the investment, not the publishing business." To those familiar with publishing, "the five-week [earnings per share] impact of an acquisition with the strategic importance of VCH is totally inconsequential.")[195]

When Will Pesce was elected CEO in 1998, he, Brad, and Henry McKinnell Jr., the chairman and CEO of Pfizer, who had joined the board in 1996, agreed that a smaller board would enhance discussions of both financial and strategic issues. The slate of board candidates presented to shareholders in the summer of 1999 contained ten directors. One of the Bass directors had left earlier due to lack of interest and nonparticipation. A second was dropped from the slate. Deborah Wiley also withdrew from the slate: With only ten board members, the Wileys preferred to give up one seat on the board so as to increase the proportion of outside directors and make clear their commitment to board independence. The next year, the Bass family replaced Taylor with John L. Marion Jr., and Marion was added to Wiley's board with the strong support of board members and management. Board discussions improved dramatically, with Marion, a thoughtful student of publishing and publishing technology, making important contributions.[196]

As performance improved and it became clear that the sixth generation of Wileys was fulfilling their governance responsibilities, Wiley was no longer considered a takeover target. When Harcourt General made a cautious inquiry in 1997, the Wileys discussed with the board why, as the majority shareholders, they were declining Harcourt's offer. Speaking on behalf of the family, Peter explained that the family believed the value of the company could best be maximized by realizing the company's strategic planning under the existing management and ownership structure, and that discussions with Harcourt would have a destabilizing effect on the company, its staff, and its authors, which could undermine its value. Harcourt General's owners, it turned out, did not have a long-term interest in publishing. They sold Harcourt General's publishing operations to Elsevier shortly thereafter.[197]

There had been differences of opinion on the board about the impact of family control on share price and valuation. Taylor raised the issue soon after his election to the board, pointing to a study that argued that shares in companies with a control group traded at a discount—meaning that Wiley was undervalued because of the family's presence. But, insofar as the public equity market provides one form of valuation for publicly traded firms with a family control group, the steady appreciation of Wiley shares during the 1990s appeared to refute Taylor's argument. A 2003 study in the *Journal of Law and Economics* based on more recent research on family firms argued that "in large publicly traded companies, firms with founding family presence outperform those with more dispersed ownership structures [and] that the salient element in limiting family opportunism in U.S. firms is the relative influence of independent and family directors." The consensus at Wiley was that family control protected the corporation—its financial health, its ability to plan for the long term, and its necessarily creative culture—while a board with a majority that was independent encouraged the critical oversight necessary to stay the course.[198]

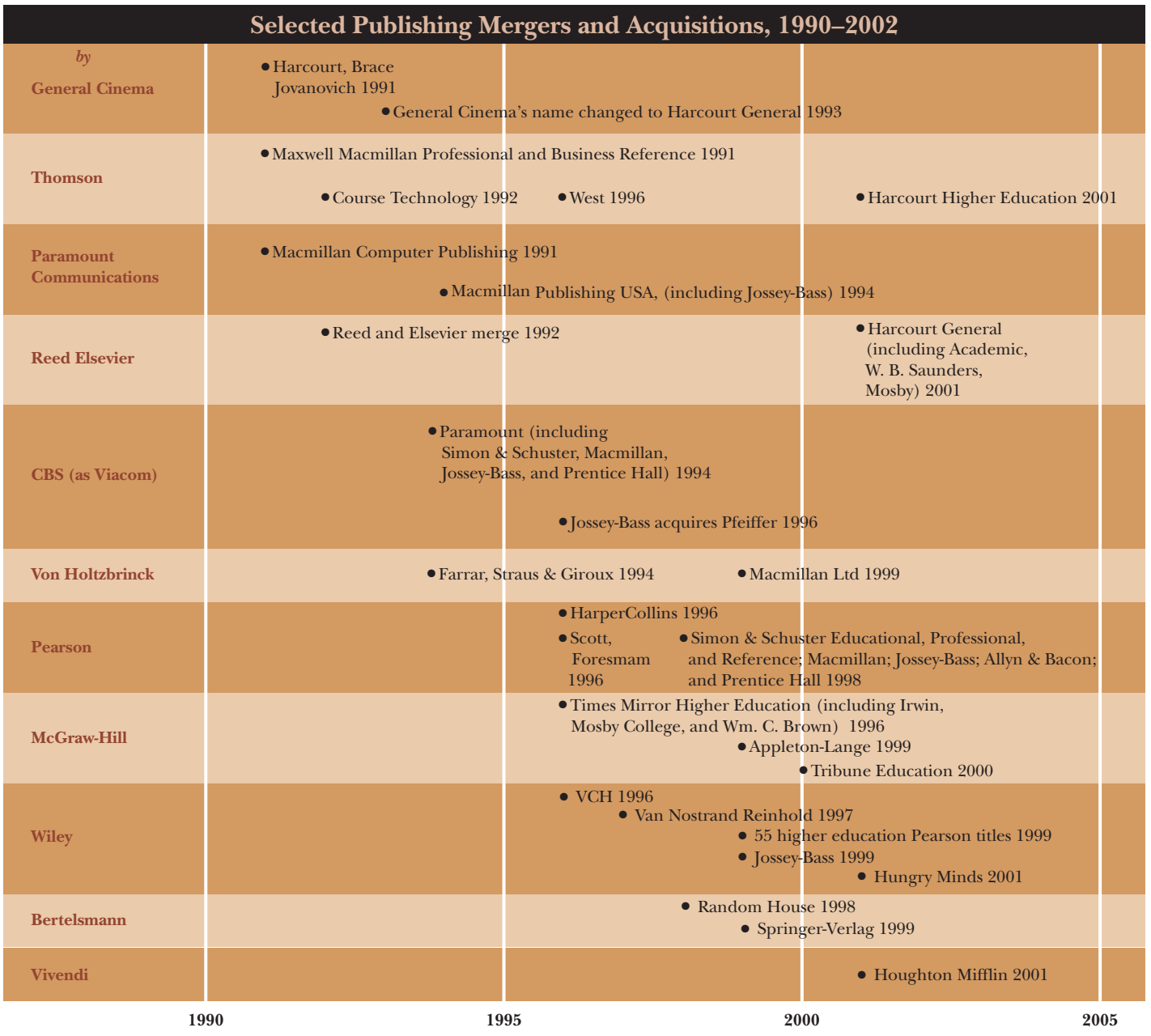
In 2002, Brad II passed the baton to his younger brother Peter who felt strongly that he had to continue to preside over an active board of directors. Brad II, with board input and support, had insisted on best governance practices. Peter would do the same. The "professionalization" of the Wiley board, which paralleled Brad Sr.'s earlier insistence on the professionalization of management, would continue.

In all matters pertaining to the company, the family spoke less in shouts than in whispers. After he left the board, McKinnell described the Wileys less as supervisors than facilitators among equals on the board. The Wileys used their influence prudently, their veto never. "You would think," McKinnell continued, "in a two-tier board structure like Wiley's that it would matter

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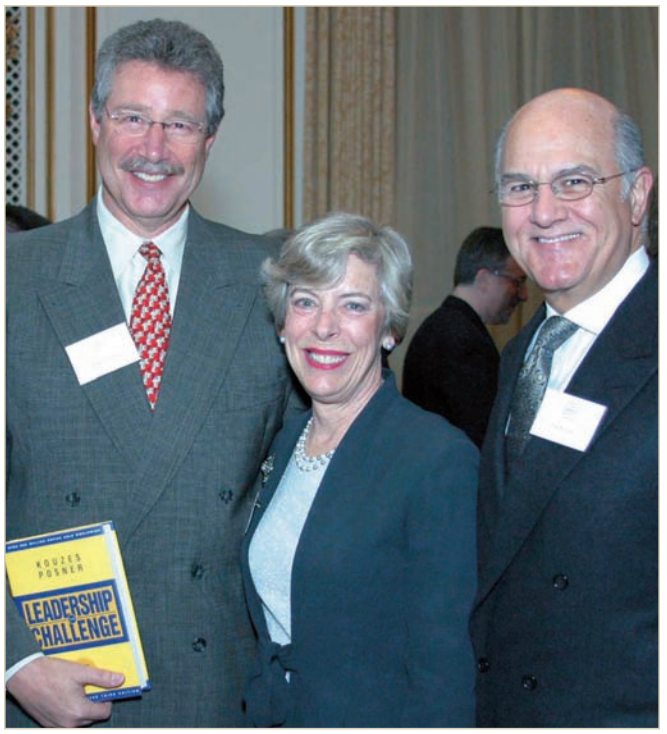
who was elected by the family and who was elected by the shareholders. Nobody ever knew. If you ask me was I an A director or a B director, I didn't know."[199]

Family involvement was also based on the idea that presence was an important aspect of protective engagement. Each sibling brought a different background to this presence, Brad as a magazine, newspaper, and Higher Education editor; Peter as an editor, journalist, and author; and Deborah as a long-time Wiley editor with a long history of industry involvement. Presence meant attending events such as sales meetings, where family members could interact with large numbers of



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The Columbia Electronic Encyclopedia 6th edition, 2006 Columbia University Press (website)
Mergers, Acquisitions and Access STM Publishing Today, by Kathleen Robertson. Library and Information Services in Astronomy IV July 2-5, 2002
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Deborah Wiley with, from left, Barry Z. Posner and James M. Kouzes, authors of ***The Leadership Challenge***.

their colleagues, or visiting Wiley's increasingly far-flung offices. It meant meeting with individuals or small groups of colleagues, whether editors or warehouse staff, to find out more about their work lives and their publishing insights, and with authors and customers whenever called upon to do so. Peter liked to describe Wiley as having "a listening culture" where each colleague was respected and plumbed for his or her special knowledge. Presence also meant continuing their father's involvement in industry affairs. Deborah Wiley raised funds for the New York Public Library, sat on the boards of the Association of American Publishers and the Book Industry Study Group, and chaired both the AAP's International Committee and its International Copyright Protection Committee. She also chaired the National Book Foundation from 1996 to 2007. "They are very interested in people's thoughts and perceptions of the market," Bonnie Lieberman observed, adding that the Wileys often met with author prospects to speak about Wiley and the Wiley family commitment.[200]

One concern tempered the advantages of family control: the fear of lassitude. Brad II once observed that family ownership "can generate an atmosphere internally of unwarranted security, complacency, and uncritical loyalty to an enterprise whose ownership structure is relatively independent of market influences." The Wiley family was patient, but patience had limits. "Management requires a degree of autonomy to run the business," the Wileys wrote, "*as long as performance is satisfactory*" (emphasis added). On the positive side, Brad II said, family ownership could engender a "corporate environment conducive to creativity and integrity in product and staff." From the mailroom to the boardroom, Wiley employees knew they need not fear a takeover as long as the Wiley family controlled the company, and thus they could focus confidently on the long term, not the next quarter. Veteran Wiley editor Wayne Anderson said that though he frequently heard the mantra that the company was too small and would soon be gobbled up by one of the big players, he took solace in family control, adding that Brad made it a point "to assure the staff that we were not going to be sold. We were encouraged by what he said." Eric Swanson explained that "the influence of family . . . is one of the powerful plusses here" and makes Wiley decidedly different from other companies.[201]

Small publishers tend to be nimble, with low overhead, lean staffs, and close ties to niche markets, but they also must play it safe or risk swift annihilation. Large publishers face fewer financial constraints and can better weather market turbulence, but they can also be difficult to manage and can lose touch with authors and customers. Wiley consciously strove for a middle position that, according to the 1997 Annual Report, "allows us to be highly focused and agile, with short lines of communication, and to identify opportunity and move quickly to capitalize on it." The best validation of this approach was that the company, using scenario planning, was able to write *and* execute its strategic plans. It produced reliable organic growth, and after earlier disappointments,

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such as Wilson Learning, all of Wiley's large acquisitions under Ellis and Pesce proved wise decisions.[202]

The Wileys' engagement, the family argued, was designed to protect Wiley's independence. The Wileys were often heard to say that they would worry about independence and the resulting stability of the company so that their colleagues could focus on quality publishing without concerns about who might be their next owner, as the employees of so many other publishing companies had over the years. Independence was a strategic asset: it was beneficial to Wiley's staff and to its authors, customers, and shareholders. The family could point to the continuation of Wiley's long history of quality publishing and the company's financial results as proof of their argument.

The Wiley family's continuing and carefully institutionalized relationship with the firm infused the organization with a mood of steadfastness plus excitement. It communicated to employees, and not just employees near the top, that work life could be both stable and mobile and that time spent on the job for Wiley was time spent for themselves and for larger communities too.

The years between 1989 and 2002 bore witness to the most radical transformations in Wiley's 200-year history. Wiley was still deeply committed to publishing, but publishing itself had changed. And Wiley, having mastered judicious and controlled experimentation, had sometimes kept pace with those changes, at other times had forged ahead. Charles Ellis brought Wiley back from the brink of disaster by focusing on publishing fundamentals and Wiley's three core businesses. He and his colleagues introduced Wiley to scenario planning, which brought both rigor and flexibility to Wiley's strategic planning process. Scenario planning, among other things, guided a dramatic step-up in investment in technology, supporting not only the creation of an internal global communications system replete with new publishing tools, but also—in the most profound shift in modern publishing—the transformation of Wiley content to a digital format and from there its delivery to customers via the World Wide Web. In another breakthrough, Ellis and company moved Wiley away from the traditional organization of an American company with foreign subsidiaries toward global coordination and then planning.

With Ellis's departure, Will Pesce took up the leadership reins, emphasizing as he had in his successful turnaround of the Higher Education business that Wiley needed to continue to build on positive changes in the company's work culture in a highly self-conscious way. Wiley was to become "the place to be." Pesce urged his colleagues to challenge themselves to follow through with their ideas about change in the workplace by measuring the results *and* making additional changes in areas where the company had fallen short. Collaboration became a Pesce watchword: collaboration among colleagues in Wiley's three businesses and greater collaboration across geographical boundaries. Collaboration would eventually lead to global planning, another radical departure, in STM, and to the beginnings of global planning in P/T and Higher Education. Both the Ellis and Pesce leadership teams added to Wiley's underlying growth by making larger and larger acquisitions, the most important of which were Alan R. Liss, VCH, Jossey-Bass, and Hungry Minds. They chose companies that complemented and built on Wiley's core businesses and then, with great skill, carefully integrated these new enterprises into global Wiley. The company's mastery of the strategic planning process meant that when Ellis and Pesce told Wiley's board of directors on an annual basis that they would deliver certain financial results, they did at least that and often much better. In the ten years between 1992 and 2002, Wiley's revenue grew from $255 million to $734 million, more than tripling in size, while earnings per share rose from $.05 to $1.03, and the stock price, after stock splits were taken into account, grew by a factor of ten from $2.52 to $26.60. Over these years, Wiley had changed from a venerable publisher struggling to sustain its traditions to a recognized leader in the global publishing industry.[203]