

Family of Book Industry Companies for Library and School Markets



Gary Jaffe
CEO

About GL Group

In 1906, Morris Jaffe opened a retail clothing outlet called the Good Luck Store in downtown St. Louis on Franklin Ave and 8th. He passed the clothing store on to his sons Meyer and Irv Jaffe. Meyer & Irv ran the business until the mid 1970's when the city took over the property for the future location of the convention center.

Morris' grandson, Sandy Jaffe, became a business owner in 1974 with the purchase of Paperback Supply, which eventually became Booksource, and led to the family of companies known as GL group today.

Referencing the Good Luck Store in the name GL group is symbolic because the same philosophies, values, cultural practices started by Morris Jaffe are still being practiced

today by his great grandchildren.

GL group, Inc. has been a family-owned company since our founding in 1974. We attribute our success to a corporate culture that places a strong emphasis on caring and respect for our employees, our customers, and our partners.

Please take a stroll through our site to learn about our history, core values, culture and family of companies. Have questions? Please contact us. We're pretty social so we like that kind of thing. Also, don't forget to check out what's in the news about GL Group, Inc.

We're glad you're here!

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

CEOCFO: Mr. Jaffe, what is GL Group?

Mr. Jaffe: GL Group consists of four different companies all related to the book industry in some way or selling products for kids. Our largest division is called Booksource, which sells trade books to schools. We also own Peaceable Kingdom, which creates and sells games, cards and stickers for kids. Jaffe Book Solutions is our bindery division here in St. Louis. And the Turtleback Book Division is our hardback book division. We have been around for forty years.

CEOCFO: Why divisions rather than separate companies? What is the strategy?

Mr. Rygelski: Turtleback Books is actually a separate company, which is wholly owned by GL Group. The other companies are divisions of GL group, Inc. The structure was decided when these businesses were form based on discussions with our accounting and tax advisors. GL group Inc. is a sub S corporation.

CEOCFO: What do you understand, fundamentally, about selling books and selling to children that perhaps others do not?

Mr. Rygelski: It is really more the customer service and the additional things that we do. We are not a publisher, so we do not have unique books. We are selling books from over one hundred and sixty to one hundred and seventy publishers, to schools around the country. So we do not have any propriety product per se. However, what we understand better is how to best arrange those books into collections and guided reading levels and interest levels of students. We understand how to help teachers educate the children in a much easier fashion for the teachers and for the kids than other companies.

Mr. Jaffe: To add to that; we do a very good job of trying to figure out where the market is now, based on an individual teacher all the way up to the principals in district level, so that we can also say, "Here is where we believe the market is going," so we can plan our strategy for the future.



Mark Rygelski
CFO

CEOCFO: How are you able to do that? For example, there is so much talk about core curriculum and people fighting it and not fighting it. How are you able to look ahead with any degree of certainty?

Mr. Jaffe: We have advocates around the country who are promoting BooksSource. These are well known people. We get their feedback, because their feet are to the ground all over the place. Since they do not work for us; they are just aligned with us from a different aspect, we get a different feeling than we do from our sale reps. Therefore, we try to use all resources to try to figure out where the industry is headed. No one knows for sure. However, I think if we ask enough people we get a pretty good idea.



CEOCFO: Many people are not reading books. They are looking online and they are looking on different devices. I know it is not going to change tomorrow, but where are your concerns? How do you prepare for the less physical book future?

Mr. Rygelski: We do have over thirty thousand titles in eBook format. As you said, we know it is coming. It is a much different model that what most people are familiar with, which is the individual consumer purchasing eBooks for their personal device. But, it is a whole different model, from the publishers all the way down to the schools. Concerns exist around copyrights

and protecting the electronic files, schools being able to afford devices for children to use as opposed to buying individual books, distribution and management of eBook files, and even schools determining how to use eBooks. We know it is coming. As I said we have over thirty thousand titles that we can sell to schools right now. We like to look at ourselves as providers of reading material, not necessarily the narrow focus of selling of books.

“We take such pride in trying to treat everyone as individuals.” - Gary Jaffe

CEOCFO: Are your sources on the ground telling you if there are any movements to get back to books?

Mr. Jaffe: Our sales have actually increased dramatically with the print book over the last two years. We know there are going to be tablets and /or laptops in each classroom. However, right now our sweet spot is in the K-4 market, although we sell all the way up through high school. Charter schools; they may be giving out tablets, but we have not seen it. Many of our markets are in the urban environment and I do not think that widespread usage of eBooks is going to come any time soon. Where they are putting the tablets and the laptops are maybe in the back of the room near the shelf of books and utilizing them for reading some eBooks, but also for other things as well. Therefore, I do not think it is going to be any time soon for the market that we sell.

Mr. Rygelski: One other thing that has become clear to us is that, as you mentioned, there is still a strong opinion regarding these children’s books, especially the lower primary grades. Much of it is the illustrations. It is not a novel like To Kill a Mockingbird, which a high school could absolutely read easily off of some type of electronic device. However, when you talk about some of the children’s books, it is huge for them to read while seeing the illustrations, the colors and maybe even the shape of the book. It is something that is unique. Some of that can be replicated with a very nice color tablet or iPad, but there are far cheaper devices to read a novel on, it is two different experiences altogether.

CEOCFO: What is the competitive landscape? There are many companies in the industry, but when you come down to the level that you are dealing at is there much competition?

Mr. Jaffe: What I like to say around here is that we are in competition with ourselves. We want to know exactly what is going on in the market with our competition. However, in reality there are things that we do that are different than our competition. For example, Scholastic only has twenty five hundred titles and their stuff is proprietary. We have thirty five thousand titles. Therefore, we can give the teacher much more variety. Other people who are in the library school market are trying to enter our space. However, they are having a difficult time because some of the services that we offer are very hard to replicate. We have a great team of people who are just working with our reps, who are internal employees, creating quotes so that the reps do not have to do that work which is difficult. That is because we have professional people, who are ex-teachers, who are able to put these lists together so that they know where the teachers are coming from and what they need.

CEOCFO: Would you tell us a bit more about Peaceable Kingdom?

Mr. Jaffe: We have owned Peaceable Kingdom for about fifteen years. They sell cards, games and stickers and other products such as board game types of things and match up games. We are about five or six million dollars is where we will end up this year. Right now my sister is running that company out of Berkeley, California. All of the operations are here in St Louis, but the creative work gets done out of Berkeley. It is a lot of toy and gift marketing. We have about one hundred around the country selling that product.

Mr. Rygelski: Those products have been featured on the Today Show, because they won the Oppenheim Award. The Today Show has a little segment where they present games and toys that win these awards that are highly recommended for children. Our winners are cooperative games that teach children how to work together to beat the ogre or to feed the woazel. They are fun and interactive.

CEOCFO: *Might a consumer look for a Peaceable Kingdom game or do they just know when they get the end product that it is a quality offering?*

Mr. Jaffe: It depends on who you ask. If you ask my sister she would say, “We are definitely looking for Peaceable Kingdom”. No, I do not think they go specifically out there. However, what we are trying to do is build the brand name through the cooperative market. There is not anyone in competition with us right now. Will there be at some point? Probably. She just got into all of the Target stores. They are about to go into seventeen hundred Targets on an end cap. We think that is going to help boost things. As to where we are going, she just had a meeting with Toys’R’Us recently and a bunch of different chains and she feels like it is going to hit at some point; whether it is one or two games out of sixteen that we currently have, all it takes is one. Therefore, we are trying to stick with this model. We think it is going to be successful for us. We only got into the games market about two years ago.

Mr. Rygelski: Up until now, other than us getting into Target stores, most of our products are sold in unique toy and gift shops. There is information and education that we deliver to the shop owners or operators which helps them know our products when someone comes in and says, “I am looking for a game for a ten year old”. We have sales reps on the ground explaining, showing and demonstrating games. However, as far as mass advertising, we do not have that sort of budget to compete with a giant game company.

Mr. Jaffe: That is the hardest part for us in all of our divisions. It is still name recognition.

“We like to look at ourselves as providers of reading material, not necessarily the narrow focus of selling of books.” - Mark Rygelski

CEOCFO: *What are some of the challenges in a family business, particularly for people in the company who are not family?*

Mr. Rygelski: I am not family. I have worked for other family businesses that were large. Edward Jones started as a family business and I was there for ten years and some other smaller, two hundred million size family owned companies. It is unique, because many people will say, “Oh, a family business! Are you concerned? Because we all know how certain families operate within family businesses.” The way this family business operates is that the children, which are Neil, Gary and Donna, have been in the business a long time. I think this is the key difference from many family businesses, they are competent. Gary did not get CEO position because he just happens to have the right last name. Sandy, his father, understands that people have to have the right skill set and he put each of his children into positions where they can be successful. Gary fits as a CEO, so Gary is the CEO. They are talented, qualified people in the right spot. The second part is; and this is going to sound corny Lynn, but they treat each other with great love and respect. Whether they are family or not family, there are going to be disagreements, but it does not rise to a level that affects the non- family members. Disagreements are handled professionally, it is done respectfully, there is no ill will, and there are no divisions, such as “Gary’s team” or “Neil’s team.” They are in it together and it is working very well.

Mr. Rygelski: One of the challenges, much like in any partnership and we have four owners. Of course there are directions that come from owners. You know you are working for owners, but they each have titles and different responsibilities. Neil may say something and it may come back to, “No, even though you are an owner; that is really not your responsibility. That is the CEOs responsibility,” or visa versa, and it gets resolved pretty quickly. They know their roles. Neil, Donna and Sandy are definitely owners, but if it a CEO decision, Gary gets their input and he has final call.

Mr. Jaffe: For me, the biggest problem that I have is kind of where Mark just ended up, is that my siblings seem to have their owner hat on far too much. I was told that maybe the owner hat should only be on five percent of the time and I think that they have their hats on about seventy percent of the time. So when final decisions have to be made we almost have to have a family meeting. That is because, especially with my sister, I am a younger brother and I do not know as much about Peaceable Kingdom as she does, but I have a good handle on what is happening all of the divisions. Sometimes when I make a decision and she puts her owner hat on it gets very frustrating. That is because, if she were only an employee I would not have had to take the steps that I needed to, whether I am right or wrong.

CEOCFO: *Will there be more acquisitions or new divisions? What is ahead?*

Mr. Jaffe: We always have our door open. We do have a prospect right now that we are kind of in the working stages of. They are really into the eBook market already. They have developed many different things. They might be a strategic partnership with us. That is the only thing that we will do at this point. We would not look for something outside of our scope. Peaceable Kingdom is as far off of the path that we would want to go. We are trying to just see where we can go with our four divisions right now. We have much more potential on each of those. Therefore, that is more the focus than any acquisition.

Mr. Rygelski: Unlike years ago, there is no strategic reason to buy another book wholesaler in say California, because we can serve the whole country and North America from our current location. Buying another book wholesaler would be buying a customer list and we already know who all of the customers are. Instead of buying them, we would just try to win the customer, quite honestly.

Mr. Jaffe: If we were to go after anyone who is a little bit off of the path I think it would be someone in the IT space; whether it be buying a company who is already supporting an eBook model that we think is the best out there. It is something along the same lines, but we would not want to go after many people who are already doing what we are doing. Unless they are so small that we could gobble up a great deal of them, but we have not gone in that direction yet.

CEOCFO: *Why is GL Group an exceptional company?*

Mr. Jaffe: I do not like to pat my Dad on the back, or myself, but I believe it all starts at the top. We take such pride in trying to treat everyone as individuals and know that everyone has their own special things that they worry about or that they need. We try to engage our employees as much as possible. We are very transparent here and we want to share the good and the bad, whatever they are, and where we are going. I think that by giving people that knowledge and kind of taking what I call recess at least once every two weeks by; whether a snow cone truck shows up or whether we pull everyone out back and have a balloon toss. Tomorrow is our big company picnic where everyone takes off of work. We take busses to Crown Valley Winery, which is about an hour away. We serve Bar-B-Q to everyone. There are also many small type things where we recognize employees, but that is only fifteen minutes or one day out of the month. There are all of the other times where I try to say to hello to every employee over at least three of our four facilities every single day. I think that means a lot to people when the owners are walking around saying hello.

Mr. Rygelski: I think he summed it up great. It is our culture, Lynn; all of those things that Gary said. Obviously, everyone has core values. They write them down and they put them on their website. I do not know how many companies can actually eat, live and breathe those values and we do it here about as best as any place in the country.



**1230 Macklind Avenue
St. Louis, MO 63110
877.687.9530
www.nhsinc.com**