

Frequently Asked Questions About Owning A Bookstore

Q: Am I crazy to be thinking about opening a bookstore when all I hear about is how many are closing?

A: If only the media would report success stories like they do tragedies! According to industry insiders, there are as many new bookstores opening each year as there are ones that close.

Q: What are the reasons independent bookstores are still closing today?

A: In the 1980s, corporate big-box store expansion presented some market challenges that proved too difficult to overcome. That was followed by escalating commercial real estate prices, when rents skyrocketed and simply became too expensive. In addition, there will always be dynamics like local economic hardship and shifting demographics that present challenges for all businesses. We also see stores closing because owners are retiring.

Q: Are there any independent booksellers doing well?

A: Absolutely! The booksellers who are doing well not only have the right community dynamics and demographics, but they run their bookstores as businesses, rather than a hobby. We know of booksellers whose average sales per square foot is double and triple the industry averages.

Q: How do things look for bookselling during economic hard times?

A: In the past, bookselling has been considered recession-proof, mostly because books have been considered a bargain compared to other entertainment options. Some say more people come into the bookstore for programs and to browse, other good ways to spend leisure time. What is true, however, that aggressive marketing needs to be done to keep others mindful of the value of reading no matter the economic climate.

Q: What's the prediction about electronic hand-held books eventually causing the demise of the printed book?

A: The industry has now seen several generations of electronic books and they're getting easier to read and more comfortable to use. Like all who are drawn to gadgets, there will be some early users who are willing to pay higher prices and who know that hardware and software upgrades are necessary as technology advances. There are, however, many kinds of books that still benefit from a printed format, like children's picture books, adult novels, gardening and craft books, coffee table art books and many other categories. Besides, for a true booklover, the smell of a freshly printed book and feel of the pages can never be replaced by an electronic substitute. Once upon a time, the book industry thought the introduction of paperback books and audio books were threats to the printed book. What happened instead was not a replacement of the book, but just another format available to readers.

Q: I'm planning to open a small bookstore. How hard can that be?

A: Regardless of size, bookstores operate with the same principles. The primary difference between larger and smaller stores is volume and staff size. You'll still need to understand all of the fundamentals of running a business, paying sales taxes, buying and managing inventory, using a computer system if you intend to excel at customer service, creating a reason for customers to buy from you, how to apply for publisher co-op and manage special events – plus more. And smaller stores tend to be more challenged to turn a profit, so business savvy is even more critical to a small store's success.

Q: Can I make a living owning a bookstore?

A: That depends on your personal financial needs and how much you expect to earn. Before you talk with landlords or even think about signing a lease, we believe that it's critical to not only determine how much income you need and want, but also to consider how a career change like this might impact your life. Success and happiness have many

definitions. If you begin with a clear picture of what you want your life (and bank account) to look like, you'll have a better sense of whether owning a bookstore is right for you.

Q: I'm thrilled at the prospect of being surrounded by books, and envision having more time to read. Is this realistic?

A: Some new owners tell us that they find more they want to read, but less time to read – and no time to do anything more than skim catalogs and advance copies of new books during the work day. New owners who haven't considered themselves voracious readers admit that they are reading more and skimming more too. All agree the work day is packed with things to do and many regularly take work home.

Q: My dream has been to own a bookstore, but I'd like to have someone else manage daily operations until I can transition into the business full-time. Where can I find a manager?

A: There are a couple of considerations here. First, the financial dynamics often won't accommodate both hiring a full-time manager and offering any financial return for a non-working owner. Second, the book industry has not done a good job creating career paths in bookselling, publishing, marketing and agency work. As a result, many managers have only learned by trial-and-error from another bookstore operation. If you're considering employing someone who has worked at another bookstore, you'll want to know whether the store was profitable, what roles your potential employee held, and what technologies were used on the job. You want to avoid the assumption that just because a person worked in a bookstore, they will be beneficial to your bookstore.

Q: How important is it to have had retail experience?

A: It's useful, but not critical, unless you're trying to secure a bank loan where a lender is wanting more assurance that you know what you're getting in to. Over the many years that we've helped professionals bridge their skills into the bookstore business, we've seen plenty who do quite well. We often say that some of the most critical skills are the ability to multi-task, stand on your feet all day,

smile and truly love working with people, think creatively and be willing to fill in the gaps of your knowledge.

Q: I'm considering buying an existing bookstore. How do I know what it is worth?

A: We love hearing that an existing bookstore may have a new chapter in its life. One thing we've seen time and again is the assumption that since a bookstore has been in business for decades, it must be successful. A word of caution: some sellers believe that they should be compensated for their "sweat equity" when they establish an asking price for the business. You'll need to review tax records and several other aspects of the business to know whether it stands on its own and would provide you with the livelihood you need. A business valuation will help you assess the store's strengths and project the financial dynamics under new ownership.

Q: How should I proceed to learn more about the bookstore business and become familiar with the book industry?

A: There are a number of resources available to help you. Join the American Booksellers Association, www.bookweb.org, and read their e-newsletter *Bookselling This Week*. Subscribe to *Shelf-Awareness*, www.shelf-awareness.com, a free daily e-newsletter, to learn more about the industry. You'll find a number of publications and workshops that we offer that are geared specifically to those like you who want to own a bookstore. We are partners with the American Booksellers Association and dedicate our work to new owners. To get a sense of what owning a bookstore is really like, contact your regional association of independent booksellers and some current owners. While owners are tremendously busy, most will be willing to give you fifteen minutes or so to tell you what owning a bookstore is like.

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