<PENTER'S PUBLISHING>

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Case #1

**Prepared for
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Overview of Business

- By 2010 Penter publishing was a $300 MM company.
- The company have the rights to the work and can publish them.
- Headquarter of the company is in Carbondale, Illinois.
- It was founded back by Jack Penter in 1972.
- Present CEO of the company is Garry III .
- The company is of 250 employee.
- On average its been 20 years for the author to be with the Penter's.
- They company almost distributes 3500 books across UK, US and Canada.
- The company deals with the customers to identify which books should be on shelves.
- They almost distributes their catalog via email to approx. 25000 email addresses.
- They fulfill their orders almost by direct shipment that concludes to approximately 5% of the revenue.
- They haven't used the internet and they are concerned about current retails methods.
- Northstar company is the biggest competitor for the company, which have 1100 employ and has a revenue of $2.5B.

Overview of IT

- Tom Wallace is the IT Director, who reports to the CFO of the company.
- They set the priorities in harmonic with CFO and senior management employee.
- There are 11 people working in IT, that includes 4 infrastructure staff, 2 system operators, 1 assistant to the director and 4 people for development.
- Salary for staff is $680k.
- Maintenance of hardware is $72k and software is $55k.
- Spending on IT supplies: $32k.
- Spending on Telecom: $68k.
- Miscellaneous expenditure is $18k.
- They work on Unix system which were purchased years ago.
- The company have systems that have operating systems such as Windows Vista, Windows 7, Windows 2000 etc.

Findings

- The average profit margin is $30MM.
  - Its stated that the company has a business of $300MM.
- They don't use internet to distribute there catalog orders.
  - Penter's didn't explored the internet part for direct shipment.
  - There main concern is about ongoing retail partnership.
- There authors are affiliated to the company for more than 20 years.
  - Its been stated that on average the affiliation of author is for 20 years.
- The IT director should be more competent in the IT field.
  - The director is the CEO's friend and has an experience in business and associate degree in computing technology.
- 11 staffs listed for IT department.
  - As shown below in the figure.
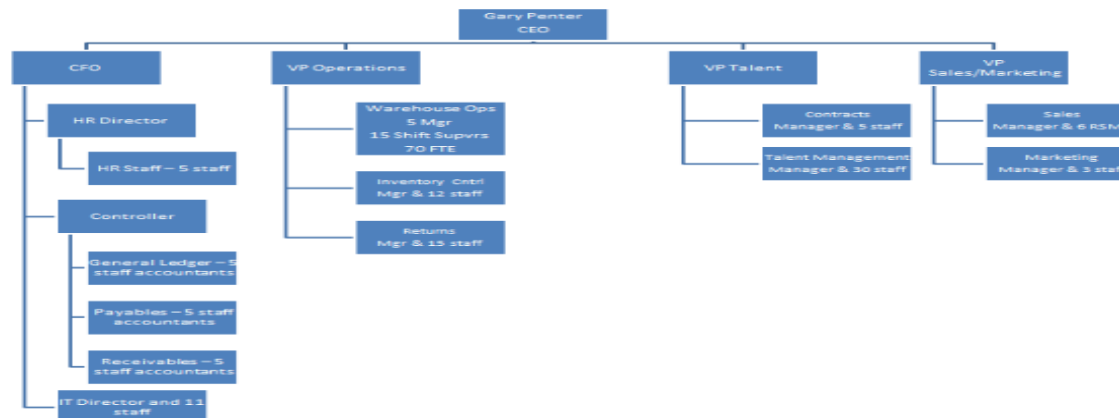
- Annual budget of IT should be approx. $960K/annual.
  - Annually an average spending on IT is 3.2-3.5% of the revenue.

- Applications mostly run on systems which were purchased years ago.
  - Its stated that the applications runs on Java and old systems as stated.
- Turnover rate is low
  - The HR Director said that they have a low turnover rate but created a world class structure.
- They work hard to keep the systems running.
  - IT Director said that it gets lot of efforts to make the systems running while uptime.
- North star is great rival to Penter's publishing company.
  - There revenue is $2.5B.
  - 1100 employee.
  - The CEO of Penter's wants to up high like North star as he stated.

HURRY! STAFF NEEDED , UPDATE THE SYSTEMS AND GO HAND IN HAND WITH TECHNOLOGY.

- They should start expanding and direct ship by exploring the internet side.
  - As they have not explored the internet side yet
- They should bring new authors to work with them so that they can get new interesting stuff to attract the customers.
  - Its been stated that on average the affiliation of author is for 20 years.
- They should appoint a director with more experience in managing the IT department , has a knowledge about IT and studied from a renowned college.
  - CEO favors nepotism as the IT director is his friend.
- IT needs more staff to work with.
  - They just have 11 staffs.
  - Atleast 5 in operations department ,10 in infrastructure and 10 in development team.
- They should spend more on IT atleast 3.2% of revenue
  - They spend $925 which is less then 3.2% of the revenue.
- They should update all the systems and go hand in hand with the technology.
  -They work on Unix system which were purchased years ago.

  -The company have systems that have operating systems such as Windows Vista, Windows 7, Windows 2000 etc.

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- 1 – 10% IS generally profit that is equal to
- 2 – 3.2% is minimum IT budget of revenue that is $960k
- 3 – The system are old that's why the need lot of effort's to work on with the systems
- 4 - Managing is not easy with less staff..

Working Notes