

TEXTBOOKS FOR CHANGE

Shannon Wright wrote this case under the supervision of Elizabeth M.A. Grasby solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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It was May 2015, and Chris Janssen, chief executive officer of Textbooks for Change (T4C), was evaluating the success of T4C's April textbook drive. In addition to T4C's textbook drives in Southwestern Ontario and the Greater Toronto Area (GTA), for the first time, Janssen's team had run a textbook drive through a student group at Queen's University (Queen's) in Kingston, Ontario. This new drive had been successful, and Janssen was considering developing a more permanent presence at Queen's.

This new endeavour would involve establishing relationships with student groups, professors, and university administration so that textbook-collection boxes (dropboxes) could be permanently located in central areas on campus. The boxes would then be monitored so the textbooks could be picked up regularly and shipped to the T4C headquarters, where the books would then be donated to schools across East Africa, sold online to fund shipping and implementation costs, donated to student clubs at Canadian universities, or recycled appropriately. While considering this eastward expansion, Janssen also wanted to investigate the viability of undergoing similar expansions to Carleton University (Carleton) and the University of Ottawa (uOttawa), both located in Ottawa, Ontario. He wanted to evaluate the financial feasibility of each of these proposed locations before making any final decisions.

TEXTBOOKS FOR CHANGE

History

T4C was inspired by a trip Janssen took to East Africa in 2013. While teaching at the University of Rwanda School of Finance and Banking, Janssen noticed a deficit in the educational materials available at the institution. He knew there were thousands of textbooks in Canada that were no longer being used, which could be redistributed to students in need in East Africa. After graduating from Western University with an honours degree in business from the Ivey Business School (London, Ontario) in 2013, Janssen partnered with classmate Tom Hartford to found T4C in London, Ontario.

In the beginning, T4C collected textbooks from the Western University campus and soon expanded to other schools in Southwestern Ontario and the GTA. A list of campus locations with T4C dropboxes can be found in Exhibit 1. To be more central to the GTA and Eastern Ontario textbook collections, Janssen and his team were in the process of moving T4C's headquarters from London to Hamilton, Ontario. The move would be

complete by August 2015, before textbook collections from the 2015-16 school year would begin. Textbook collections had grown by over 200 per cent, so Janssen was optimistic about T4C's future.

Operations

Post-secondary¹ textbooks were inserted by their owners into dropboxes or given to student representatives through student-club textbook-collection drives on behalf of T4C. Canada's academic school year ran primarily from September to April, so the majority of textbooks were collected in April. The textbooks were collected and transported to T4C headquarters at a cost of \$0.20² per kilometre and \$14 per hour for the drivers' wages. Six hundred books could be shipped in a single shipment, although the average shipment consisted of only 250 books. Drivers were located in Hamilton and were compensated for the round trip from the collection school to headquarters, as well as for one hour of time at the collection school. After reaching T4C's warehouse, the books were sorted by warehouse workers. Warehouse workers were paid \$11 per hour, and they scanned, sorted, shelved, and tracked 30 books in an hour.

Twenty-five per cent of the textbooks collected were sorted for listing on Amazon; half of those books listed had been sold at an average price of \$40. After a period of time, any listed unsold books were deemed unsalable and were then donated to schools in East Africa. Fifty per cent of the textbooks collected were immediately categorized for donation to East Africa. Donated textbooks were shipped to East Africa once 24,000 books (deemed appropriate for donation) had been collected. Shipping costs fluctuated widely due to a variety of factors (e.g., distance from the East African coast and the number of border crossings required) and averaged \$16,000 per shipment. The remaining 25 per cent of books collected were too out of date to sell online or to donate, so they were recycled. Since textbooks were difficult to recycle responsibly, all textbook recycling was done through an eco-reliable partner in the United States at a recycling cost of \$15 (including transportation) for every 500 textbooks.

Management Team

T4C had five members on its management team, including Janssen and Hartford, who assumed corporate financial officer roles. These members were employed full time by T4C. All were recent graduates of Western University, McMaster University, or Wilfrid Laurier University. All five management team members had travelled to Africa to witness T4C's impact on the post-secondary education system, and to learn how they could maximize their contributions on behalf of T4C.

Outcomes

As of May 2015, T4C had donated 24,000 books to East African universities, provided \$69,300 in micro loans, donated \$37,600 to Canadian non-profits,³ and reused or recycled 37,000 textbooks. In the 2014-15 post-secondary academic year, 88,000 books had been collected. Janssen was proud of the contribution his team was making to their local and global communities, but he was eager to further that impact through more growth and expansion.

¹ University or college level.

² All currency amounts are in Canadian dollars unless otherwise specified.

³ Non-profits that received donations from T4C included Shinerama, a fundraiser that supported cystic fibrosis research, and Get Real, a movement promoting LGBTQ equality. In the future, Janssen planned to focus these donations towards entrepreneurs in East Africa.

EXPANSION OPPORTUNITIES

T4C had already executed successful expansions into the Kitchener-Waterloo Region, the GTA, and the Niagara Region. Eventually, Janssen wanted to expand T4C textbook collections to other provinces, but he understood that achieving successful local expansion should be the first step. Expansions were executed by forming relationships with student clubs, school administration (staff), and faculty departments and members. Through these relationships, T4C obtained permission to place dropboxes in central locations and hired student ambassadors at each institution to monitor the dropboxes. The majority of student ambassadors were volunteers, but T4C paid one student ambassador at each school an annual salary of up to \$1,750.

Any expansion to a new location would follow the same collection process, and textbook collections would be similarly shipped to T4C's warehouse. In order to manage additional student ambassadors and relationships with collection schools, Janssen planned to hire a campus community manager if the eastern expansion was pursued. The campus community manager would work full time and earn an annual salary of \$40,000. Seventy-five per cent of the manager's time would be spent on managing the eastern expansion, and 25 per cent would be spent on managing existing dropbox locations where T4C presence was lacking. Janssen expected that historical proportions of textbooks sold, donated, and recycled would be the same for all new locations. An expansion would be considered successful if T4C could break even and increase its exposure and book donations; however, Janssen and Hartford would consider an expansion a financial success if T4C could earn a 5 per cent profit.

T4C's new warehouse would have the capacity to sort and store textbooks from all three proposed universities. However, Hartford was concerned about potential roadblocks to transporting textbooks from the collection universities to T4C's warehouse. The textbooks would need to be stored at the collection universities until enough books had been collected to warrant the driver's pickup time. If pickups took longer than anticipated, the driver might need to stay overnight in the region due to regulatory requirements. Hartford was unsure how this constraint would affect the financial feasibility of the expansion, so he wanted to ensure that any expansion that T4C pursued would have a healthy margin of safety.

Queen's University

Queen's was located in Kingston, Ontario, approximately 330 kilometres east of Hamilton.⁴ Queen's was home to 17,400 full-time, undergraduate students and over 4,000 graduate and post-graduate students. These students studied at one of the university's six faculties, the largest of which was the Faculty of Arts and Sciences. Queen's was known for its school spirit, its long history, and its attractive waterfront campus.⁵

Queen's student government, the Alma Mater Society (AMS), included the Campus Activities Commission (CAC). CAC was responsible for running campus events and programs to promote school spirit and social awareness (including mental-health awareness initiatives)⁶ at Queen's. If T4C decided to start an on-campus textbook collection at Queen's, Janssen thought CAC would make a good partner. T4C had hosted a textbook-collection drive in April 2015 with AMS members and potential campus ambassadors. Based on this experience, Janssen was optimistic about Queen's students' support of on-campus dropboxes, so he estimated that 12,250 books could be collected in the 2015-16 school year at Queen's.

⁴ Driving from Queen's to the T4C headquarters took approximately three hours and 15 minutes.

⁵ Queen's University website, Quick Facts, accessed March 8, 2016, www.queensu.ca/about/quickfacts.

⁶ Queen's University Student Government website, About AMS, accessed March 8, 2016, www.myams.org/about-us.

Carleton University

Carleton was located just south of Ottawa, Ontario, 520 kilometres east of Hamilton.⁷ The university enrolled 24,100 undergraduate students and 3,700 graduate students.⁸ Carleton was known for its interdisciplinary and flexible degree program options, a global focus, and its self-contained campus that fostered a sense of campus community. Carleton offered more than 65 degree programs across a wide range of disciplines.⁹

Carleton's undergraduate students were represented by the Carleton University Student's Association (CUSA). CUSA did not have a committee similar to CAC at Queen's, but CUSA regularly funded and supported over 250 student clubs.¹⁰ Since T4C had not yet performed any on-campus marketing at Carleton, Janssen estimated that 5,500 books could be collected in T4C's first year.

The University of Ottawa

Located in Canada's capital city of Ottawa, uOttawa was the largest bilingual (English-French) university in the world, and it was situated 540 kilometres east of Hamilton.¹¹ The campus was also within walking distance of Canada's government buildings on Parliament Hill. The school was known for its co-operative education program, bilingualism, and research. Over 36,000 undergraduate, 4,500 masters and 1,900 doctorate and post-graduate students studied on uOttawa's campus. At uOttawa, the largest faculty was social science, which registered almost 25 per cent of the student population. The balance of the students studied at one of uOttawa's nine other faculties.¹²

The Student Federation of the University of Ottawa (SFUO), the university's student council, managed over 250 clubs and organized awareness campaigns, philanthropic initiatives, and on-campus social events.¹³ The federation was committed to advocating for affordable post-secondary education in Canada; therefore, Janssen believed that T4C's mission to support education in developing regions would align with the interests of uOttawa's students. Since uOttawa was larger than Carleton, Janssen estimated that 12,250 books could be collected from uOttawa in T4C's first year.

DECISION

T4C had already established partnerships with students at Queen's while conducting its April textbook drive, so Janssen was confident that T4C would be able to do the same at Carleton and uOttawa. It would, however, take time to gain permission to place the dropboxes around each campus. Janssen was open to expanding to all three schools eventually, but he wanted to select one school to expand to first, if at all. This approach would give Janssen and his team time to improve the textbook collection and transportation model without expanding too quickly. Since T4C management would not be able to visit campuses very often, it would be important to hire a dedicated team of volunteer campus ambassadors. Janssen was anxious to make a decision about his next steps so that T4C's team would have time to place dropboxes on the campuses during the first semester of the 2015-16 academic year.

⁷ Driving from Carleton to the T4C headquarters took approximately five hours.

⁸ Carleton University website, Quick Facts, accessed November 30, 2015, <https://carleton.ca/about/facts/>.

⁹ Carleton University website, University Admissions Viewbook, accessed November 30, 2015, <http://admissions.carleton.ca/guides/GeneralViewbook.pdf>.

¹⁰ Carleton University Students Association website, Clubs, accessed November 30, 2015, <http://cusaonline.ca/clubs/>.

¹¹ Driving from uOttawa to the T4C headquarters took approximately five hours.

¹² University of Ottawa website, accessed March 8, 2016, www.uottawa.ca/institutional-research-planning/resources/facts-figures/quick-facts.

¹³ University of Ottawa Student Federation website, accessed November 30, 2015, <http://sfuo.ca>.

EXHIBIT 1: CAMPUS LOCATIONS WITH T4C DROPBOXES

1. Western University
2. Fanshawe College
3. Wilfrid Laurier University
4. Wilfrid Laurier University — Brantford Campus
5. University of Waterloo
6. University of Guelph
7. Sheridan College
8. McMaster University
9. Niagara College
10. Brock University
11. Humber College
12. University of Toronto — St. George Campus
13. York University

Source: Company files.